

Executive Summary

The White Paper consists of 4 sections: 1) role of SMEs in economic development and employment, 2) overview and trend of SMEs, 3) analysis of factors supporting SMEs development, and 4) SMEs promoting and supporting policies.

The data shown in chapter 1 and 2 were secondary data obtained from several official and reliable agencies. These data are latest official reports. The data is supplemented by data from other reliable sources where necessary.

Chapter 1

The Role of Small and Medium Enterprises (SMEs)

1.1 Introduction

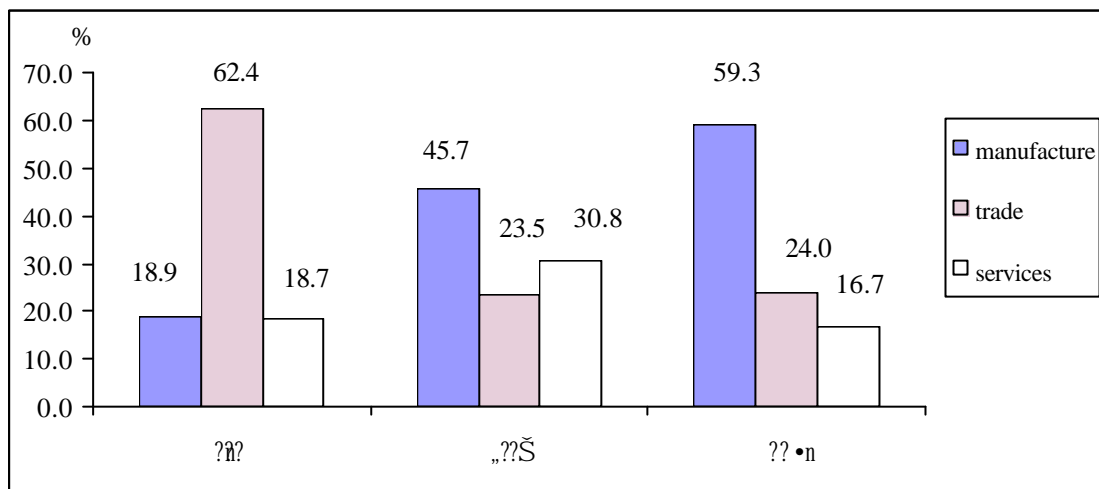
In 2001, the growth rate of Gross Domestic Product (GDP) was 1.8 percent compared to 4.6 percent in 2000. This slow growth was due to the slow down in export and import, domestic spending, investment in fixed assets, and total government expenditure.

Since the financial crisis in 1997, the country's financial situations have gradually recovered and commercial banks' liquidity has increased while lending and saving interest rates are low. SMEs, however, have difficulty in obtaining loans because of lack of confidence among commercial banks for a number of reasons.

1.2 Overview and Trends of SMEs

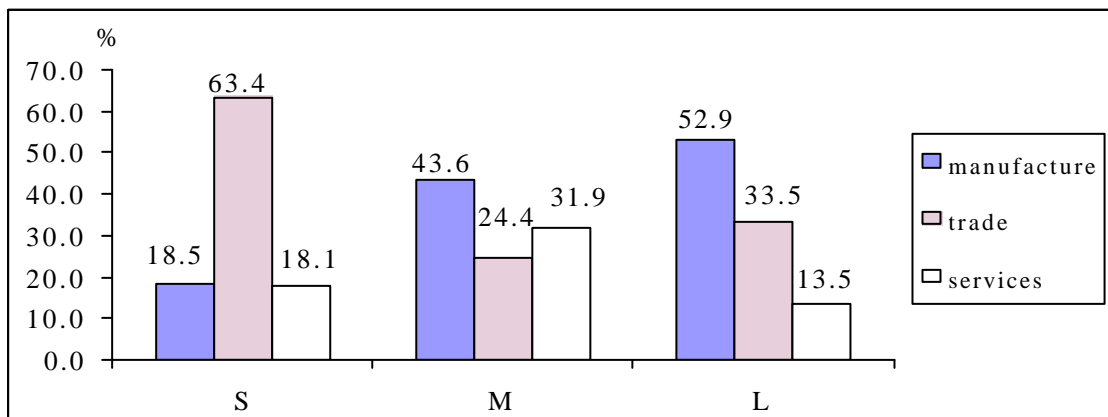
SMEs consisted of 437,905 and 524,960 enterprises in 1994 and 1999. The annual growth rate in that period was 3.7 percent. The annual growth rates in descending order were trade, manufacturing, and service sectors. Share of SMEs distribution across sectors was shown in Figures 1 and 2:

Figure 1: Share of SMEs' Distribution Classified by Sizes and Sectors, 1994



Source : White Paper on Small and Medium Enterprises 2001

Figure 2: Share of SMEs' Distribution Classified by Sizes and Sectors, 1999



Source : White Paper on Small and Medium Enterprises 2001

According to the Department of Commercial Registration, in 2001, there were 19,675 newly registered enterprises, growing 18.9 percent from that in 2000 while 547 enterprises ceased their operation.

Preliminary Information
Business and Services Census, 2002

Currently, the National Statistical Office (NSO) is compiling the Business and Services Census, 2002. The results of preliminary information are published on the NSO's web site (www.nso.go.th). There are 1.64 million establishments totally. The following tables show numbers of establishments classified by economic activity:

Number of Establishments Classified by Economic Activity

units

Economic Activity	BKK Pattaya Municipal	SAO	Total
Total	812,945	828,305	1,641,250
Sale, maintenance and repair motor vehicles and motorcycles, retail sale of automotive fuel	66,093	69,715	135,808
Wholesale trade and commission trade, except for motor vehicles and motorcycles	33,395	16,389	49,784
Retail trade, except for motor vehicles and motorcycles; repair of personal and household goods	288,199	309,210	597,409
Hotels and restaurants	115,345	63,534	178,879
Real estate activities	34,931	11,320	46,251
Computer and related activities	3,604	476	4,080
Renting of machinery and equipment without operator, research and development and other business activities	30,089	10,560	40,649
Recreational and other service activities	84,828	39,179	124,007
Manufacturing	118,076	240,849	358,925
Construction	9,588	14,368	23,956
Other land transport and activities of travel agencies	28,797	52,705	81,502

Note : BKK = Bangkok, SAO = Sub-district Administration Organization

Source : www.nso.go.th

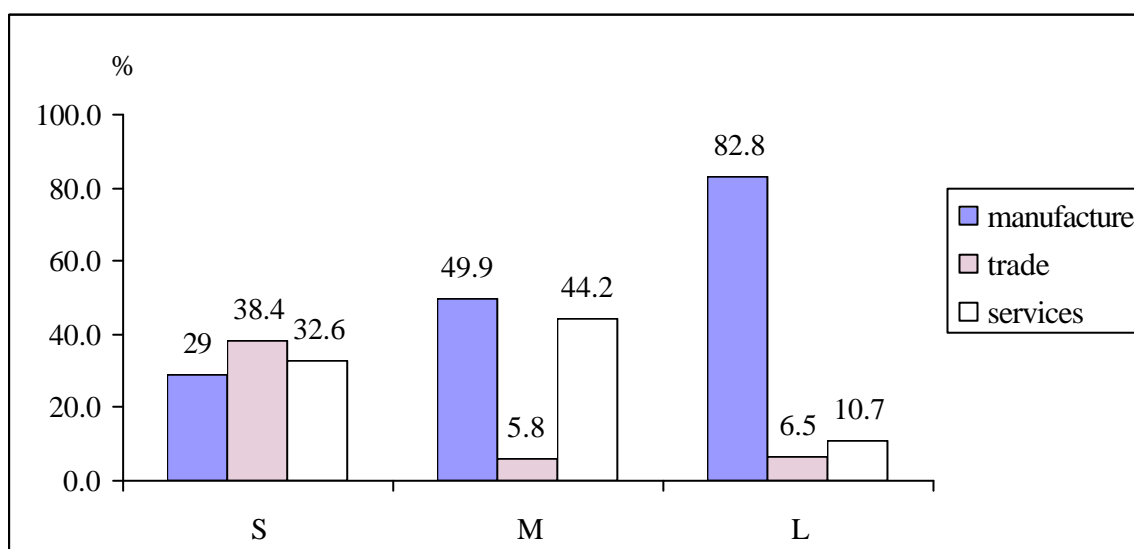
Number of Establishments Classified by Number of Employees and Economic Activity for Sub-district Administration Organization								
Economic Activity	Total	Number of Employees (persons)						
		< 5	5-9	10-19	20-49	50-99	100-199	≤ 200
Total	828,305	795,081	15,192	8,497	4,981	1,817	1,237	1,500
Sale, maintenance and repair motor vehicles and motorcycles, retail sale of automotive fuel	69,715	66,486	1,967	831	377	47	6	1
Wholesale trade and commission trade, except for motor vehicles and motorcycles	16,389	14,103	1,202	627	320	92	34	11
Retail trade, except for motor vehicles and motorcycles; repair of personal and household goods	309,210	307,077	1,329	564	187	25	11	17
Hotels and restaurants	63,534	60,825	1,653	656	252	84	44	20
Real estate activities	11,320	11,140	98	46	29	1	5	1
Computer and related activities	476	446	20	6	3	0	1	0
Renting of machinery and equipment without operator, research and development and other business activities	10,560	9,868	363	190	80	27	19	13
Recreational and other service activities	39,179	37,317	678	689	362	81	45	7
Manufacturing	240,849	225,673	5,069	3,421	2,877	1,364	1,036	1,409
Construction	14,368	10,021	2,526	1,325	389	73	21	13
Other land transport and activities of travel agencies	52,705	52,125	287	142	105	23	15	8
Note : SAO = Sub-district Administration Organization								
Source : www.nso.go.th								

1.3 Roles of SMEs in Economic Development and Employment

SMEs have been playing a major role in economic development. SMEs accounted for 42.0 percent of GDP in 2000. Its contribution to GDP increased from 2.7 in 1999 to 5.2 percent in 2000. The growth occurred in every SMEs sector, services, manufacturing, and trade.

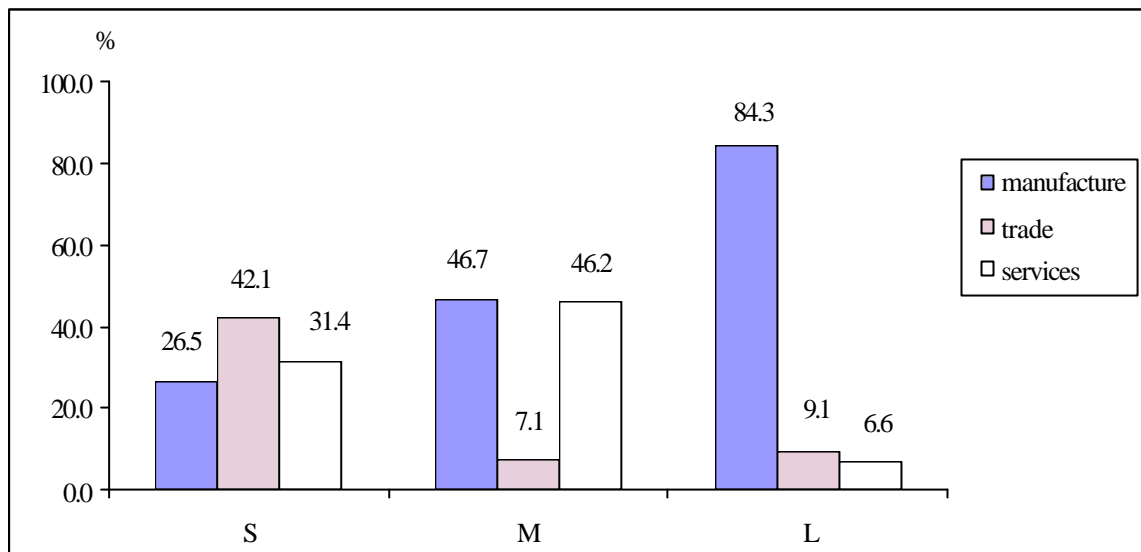
Employment in SMEs was 6.6 million in 1999, accounting for 79.2 percent of the total employment. Between 1994 to 1999 the annual growth rate of SMEs' employment was 4.7 percent. The share of employment classified by sizes and sectors of SMEs was shown in Figures 3 and 4.

Figure 3: Share of SMEs' Employment Classified by Sizes and Sectors, 1994



Source : White Paper on Small and Medium Enterprises 2001

Figure 4: Share of SMEs' Employment Classified by Sizes and Sectors, 1999



Source : White Paper on Small and Medium Enterprises 2001