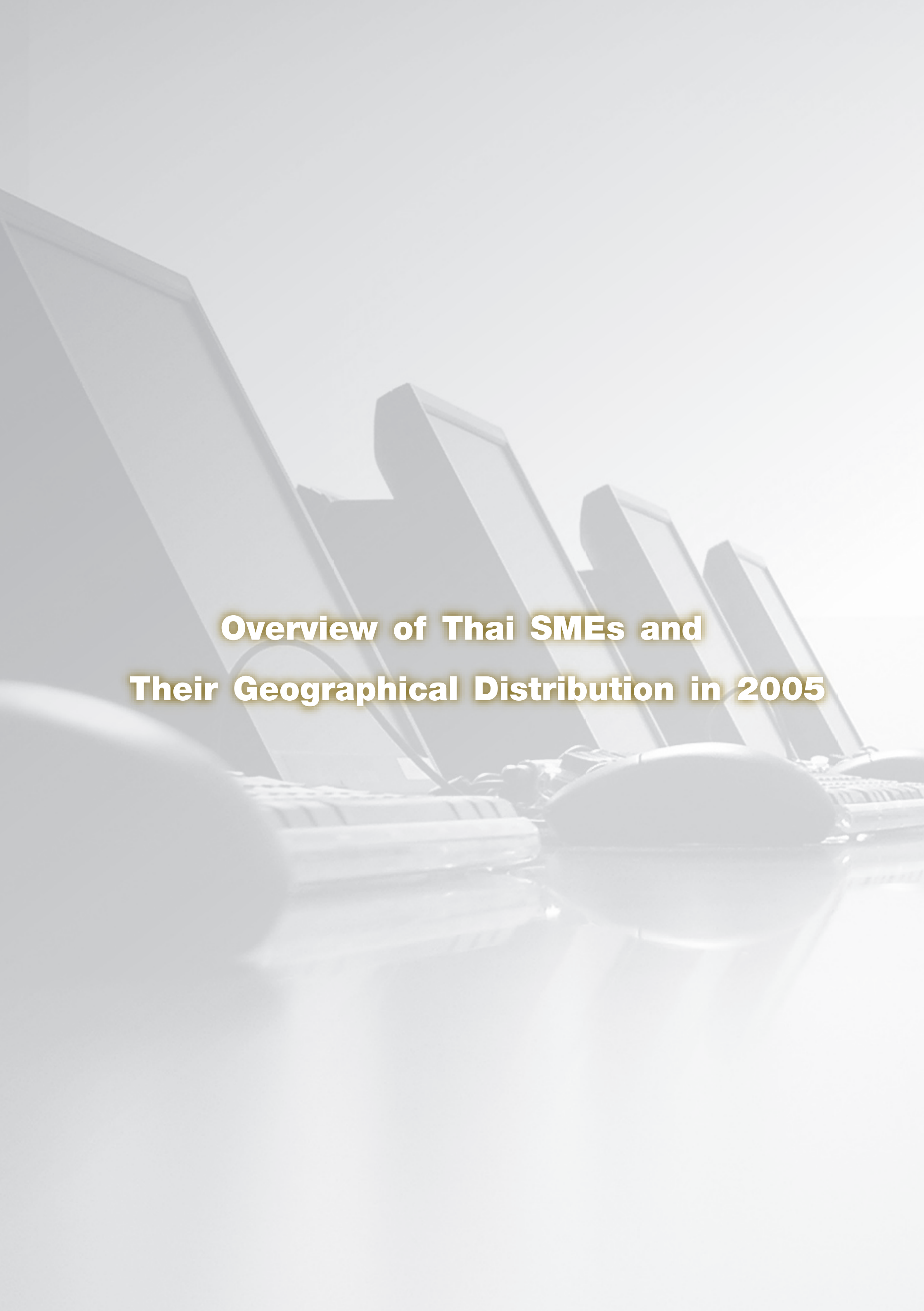


# Overview of Thai SMEs and Their Geographical Distribution in 2005

# Chapter 2

## Overview of Thai SMEs and Their Geographical Distribution in 2005

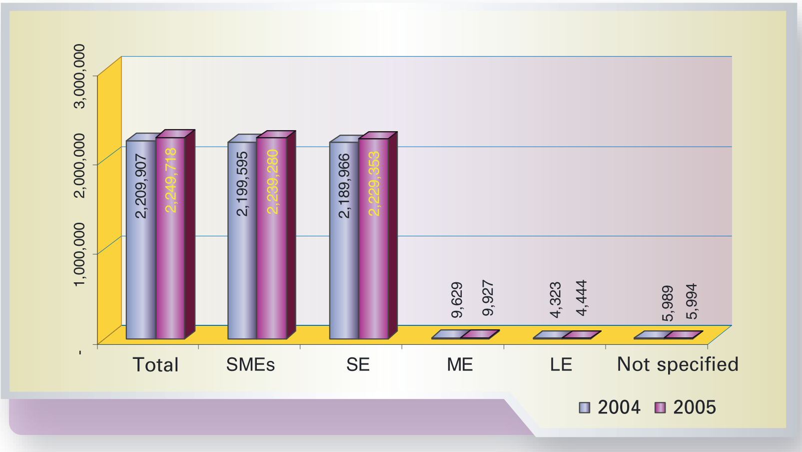
The Office of Small and Medium Enterprises Promotion has developed a database on entrepreneurs and enterprises by compiling the numbers of those registered with the Department of Business Development, the Department of Industrial Works, the Social Security Office, the Industrial Estate Authority of Thailand and the Bangkok Metropolitan Administration together with data from the 1997 Report on the Industrial Business Census and the 2002 Report on the Trade and Services Business Census published by the National Statistical Office. The database includes information on juristic and natural persons. Enterprises were classified by size in accordance with ISIC by mainly considering the value of fixed assets and/or the number of employees. The 10.4 percent of the total enterprises for whom no information was available on the value of fixed assets or the number of employees were classified based on their registered capital (details appear in Annex 1). The data on classification of enterprises by size was used to make databases on the distribution of SMEs, employment, exports and imports, investment, and analysis of the trends of SMEs in major sectors. This report includes all the above information.

### 2.1 Overview: Number of Small and Medium Enterprises

In 2005 there were 2,249,718 enterprises. Of these, 4,444, or 0.2 percent, were large enterprises; 2,239,280, or 99.5 percent, were SMEs, of which 9,927 were medium and 2,229,353 were small enterprises. The remainder, 5,994 or 0.3 percent, were unspecified as to size (Figure 2.1).

From the above-mentioned information, it can be seen that the number of enterprises in 2005 increased by 39,811 from the previous year. Of the increased number, 39,685 were SMEs and 121 were large enterprises.

**Figure 2.1 Number of Enterprises Classified by Size, 2004 and 2005**

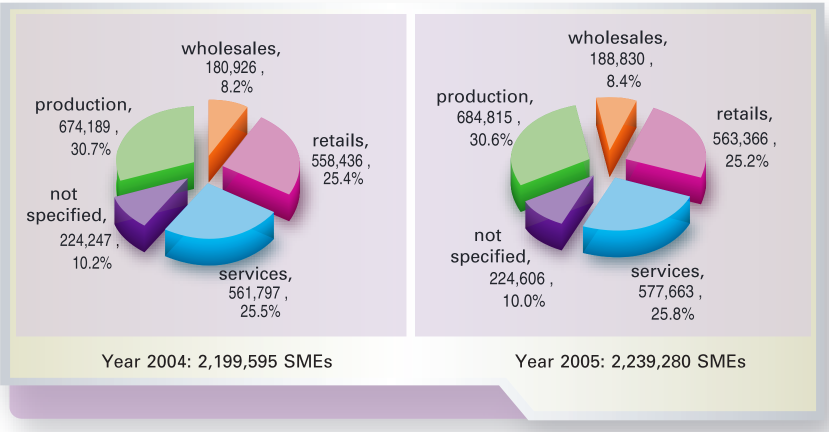



Source: The Office of Small and Medium Enterprises Promotion

## 2.2 SMEs The Numbers by Sector

In 2005 the structure of SMEs was similar to that of 2004. The manufacturing sector included the greatest number of enterprises with 30.6 percent (684,815 enterprises). The service sector included 25.8 percent (577,663 enterprises) and the retail sector held 25.2 percent (563,366 enterprises), while the wholesale sector included only 8.4 percent, or 188,830 enterprises. The remaining 10.0 percent, or 224,606 enterprises, were from unspecified sectors (Figure 2.2).

**Figure 2.2 Distribution of SMEs by Sector in 2004 and 2005**



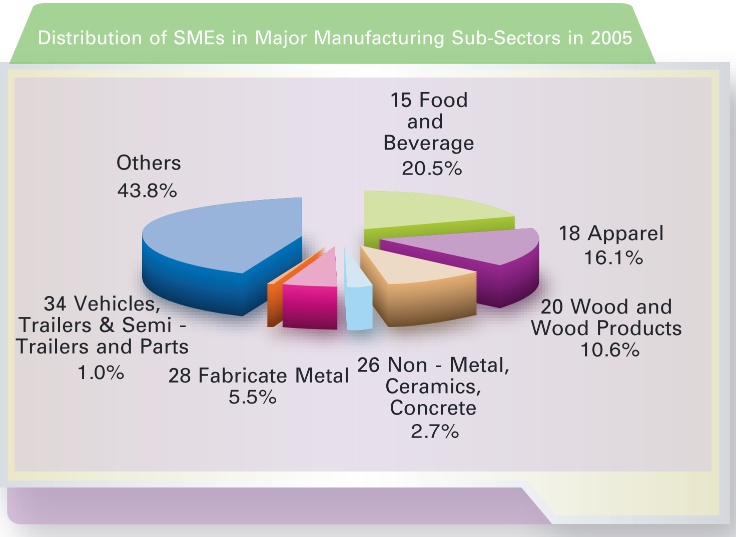

Source: The Office of Small and Medium Enterprises Promotion

### 2.2.1 The Number of SMEs in the Manufacturing Sector

In 2005 there were 686,965 enterprises in the manufacturing sector, of which 1,819 were large enterprises and 684,815 were SMEs, the latter accounting for 99.7 percent of the total enterprises in this sector.

If the SMEs in this sector are classified into major sub-sectors (using 2-digit ISIC codes), it can be seen in Figure 2.3 that, the highest concentration, 20.5 percent, were in the food and beverage industry. The second highest, 16.1 percent, were in apparel.

**Figure 2.3 Distribution of SMEs in Major Manufacturing Sub–Sectors in 2005**




Source: The Office of Small and Medium Enterprises Promotion

**Table 2.1 Number of Enterprises in Major Manufacturing Sectors Classified by Size in 2005**

unit : case

| 2-digit ISIC | Unspecified Size (unit) | Large (unit) | Medium (unit) | Small (unit) | SMEs (unit) | Total |
|---|---|---|---|---|---|---|
| 15 Food and Beverage | 45 | 290 | 519 | 139,681 | 140,200 | 140,535 |
| 18 Apparel | 8 | 43 | 178 | 109,746 | 109,924 | 109,975 |
| 20 Wood and Wood Products | 8 | 26 | 117 | 72,307 | 72,424 | 72,458 |
| 26 Non-Metallic Mineral Products | 1 | 81 | 161 | 18,032 | 18,193 | 18,275 |
| 28 Fabricated Metal | 6 | 93 | 238 | 37,290 | 37,528 | 37,627 |
| 34 Motor Vehicles, Trailers & Semi-Trailers | 2 | 165 | 181 | 6,418 | 6,599 | 6,766 |
| Total | 70 | 698 | 1,394 | 383,474 | 384,868 | 385,636 |
| Others | 261 | 1,121 | 2,683 | 297,264 | 299,947 | 301,329 |
| Total Manufacturing | 331 | 1,819 | 4,077 | 680,738 | 684,815 | 686,965 |

Source: The Office of Small and Medium Enterprises Promotion

From 5-digit ISIC codes, it was found that the 5 manufacturing sub-sectors with the highest numbers of SMEs were as follows:

- apparel, exclusive of those made of fur, 105,354 enterprises, amount to 15.4 percent of the total number of SMEs in the manufacturing sector

- grain products, 87,234 enterprises, or 12.7 percent

- preparational fibres, spinning of textile fibers, weaving of textiles businesses. 80,287 enterprises, or 1.7 percent

- products of wood; manufacture of articles of cork, straw and plaiting materials, 59,178 enterprises, or 8.6 percent

- construction business, 47,116 enterprises, or 6.9 percent.

**Table 2.2 Number of Enterprises in 5-digit ISIC code Manufacturing Sub-Sectors**

| 5-digit ISIC code | Sub-sector | Total Enterprises (Unit) | Large Enterprises (Unit) | SMEs (Unit) | Enterprises of unspecified size (Unit) | SME s as a percentage of all enterprises in the sub-sector | SMEs in the sub-sector as a percentage of all SMEs |
|---|---|---|---|---|---|---|---|
| 18100 | Apparels except fur | 105,361 | 3 | 105,354 | 4 | 100.0 | 15.4 |
| 15310 | Grain products | 87,234 | | 87,234 | | 100.0 | 12.7 |
| 17110 | Preparational spinning of textile fibres; weaving of textiles | 80,287 | | 80,287 | | 100.0 | 11.7 |
| 20290 | Products of wood; manufacture of articles of cork, straw and plaiting materials, except furniture | 59,178 | | 59,178 | | 100.0 | 8.6 |
| 45201 | Construction | 47,232 | 56 | 47,116 | 60 | 99.8 | 6.9 |
| 28110 | Structured metal products | 16,118 | 4 | 16,114 | | 100.0 | 2.4 |
| 36990 | Other manufacturing n.e.c | 14,627 | 18 | 14,608 | 1 | 99.9 | 2.1 |
| 45200 | Building of complete construction or parts thereof; civil engineering | 12,830 | 1 | 12,826 | 3 | 100.0 | 1.9 |
| 36100 | Furniture | 12,197 | 21 | 12,173 | 3 | 99.8 | 1.8 |
| 17210 | made-up textile articles, except apparel | 9,762 | 7 | 9,755 | | 99.9 | 1.4 |
| 36910 | Jewellery and related articles | 8,509 | | 8,509 | | 100.0 | 1.2 |
| 17220 | Carpets and rugs | 7,855 | 6 | 7,849 | | 99.9 | 1.1 |
| 20230 | Wooden containers | 7,617 | | 7,617 | | 100.0 | 1.1 |
| 28920 | Treatment and coating of metals | 7,289 | 9 | 7,276 | 4 | 99.8 | 1.1 |
| 45301 | Building installation | 7,212 | 4 | 7,192 | 16 | 99.7 | 1.1 |
| 15440 | Macaroni, noodles, couscous and similar farinaceous products | 6,906 | 5 | 6,901 | | 99.9 | 1.0 |
| 26950 | Articles of concrete, cement and plaster | 6,862 | | 6,862 | | 100.0 | 1.0 |
| 15110 | Processing and preserving of meat and meat products | 6,852 | 4 | 6,848 | | 99.9 | 1.0 |
| 28910 | Forging, pressing, stamping, and roll-forming of metal; powder metallurgy | 6,822 | 1 | 6,821 | | 100.0 | 1.0 |
| 22210 | Printing | 6,475 | 5 | 6,461 | 9 | 99.8 | 0.9 |
| | Top 20 | 517,225 | 144 | 516,981 | 100 | 100.0 | 75.5 |
| | Others | 169,740 | 1,675 | 167,834 | 231 | 98.9 | 24.5 |
| | Total | 686,965 | 1,819 | 684,815 | 331 | 99.7 | 100.0 |

Source: The Office of Small and Medium Enterprises Promotion

### 2.2.2 The Number of SMEs in the Service Sector

In 2005, when classified by the 5-digit ISIC codes, there were 579,228 enterprises in the service sector of which 1,042 were large enterprises, and 577,663 were SMEs, or 99.7 percent. The highest concentration, 133,923 enterprises, was in the restaurants and bars businesses, of which 133,922 enterprises were SMEs. This latter number accounted for virtually 100 percent of enterprises in the catering business and 23.2 percent of all SMEs in the service sector. The second highest density was in the hair and beauty salon business. There were 67,171 enterprises of which 67,170 enterprises were SMEs. This accounted for 100.0 percent of enterprises in this business and 11.6 percent of SMEs in the service sector (Table 2.3).

**Table 2.3 Number of Enterprises in 5-digit ISIC code Service Sub-Sectors**

| Sub-sector | Total Enterprises (Unit) | Large Enterprises (Unit) | SMEs (Unit) | Enterprises of unspecified size (Unit) | SMEs as a percentage of all enterprises in the sub-sector | SMEs in the sub-sector as a percentage of all SMEs |
|---|---|---|---|---|---|---|
| 1. Restaurants and bars | 133,923 | 1 | 133,922 | | 100.0 | 23.2 |
| 2. Hair and beauty salons | 67,171 | | 67,170 | 1 | 100.0 | 11.6 |
| 3. Vehicle repair & maintenance | 41,450 | 5 | 41,441 | 4 | 100.0 | 7.2 |
| 4. Unscheduled land public transport | 35,024 | 1 | 35,023 | | 100.0 | 6.1 |
| 5. Property services (owned or rented) | 33,255 | | 33,255 | | 100.0 | 5.8 |
| 6. Other services | 24,670 | 63 | 24,380 | 227 | 98.8 | 4.2 |
| 7. Scheduled land public transport | 21,106 | 3 | 21,102 | 1 | 100.0 | 3.7 |
| 8. Repair of personal and household items | 19,007 | 1 | 19,001 | 5 | 100.0 | 3.3 |
| 9. Land goods transport | 17,133 | 18 | 17,105 | 10 | 99.8 | 3.0 |
| 10. Property rental, sale, purchase and services | 16,208 | 116 | 16,087 | 5 | 99.3 | 2.8 |
| 11. Others services | 170,281 | 834 | 169,177 | 270 | 99.4 | 29.3 |
| Total | 579,228 | 1,042 | 577,663 | 523 | 99.7 | 100.0 |

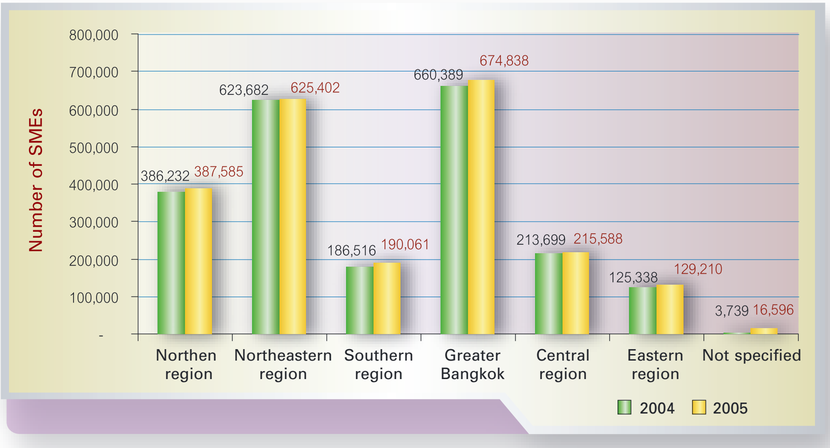
Source: The Office of Small and Medium Enterprises Promotion

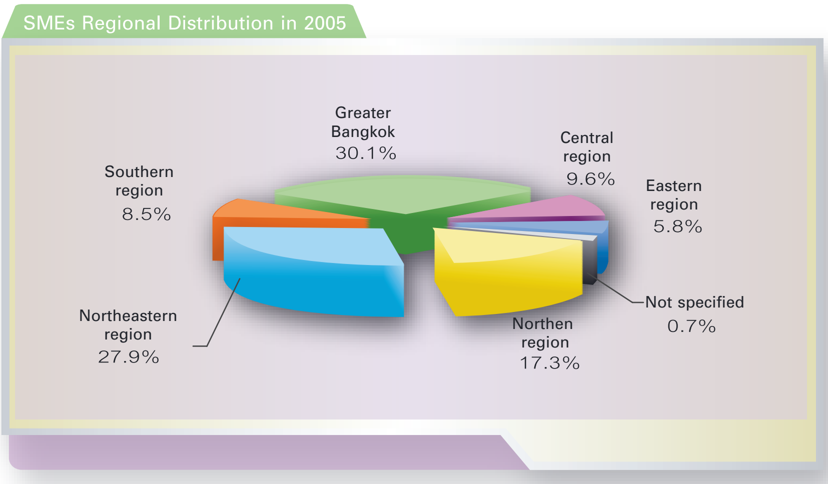
## 2.3 Distribution SMEs in Major Provinces of each Region

### 2.3.1 The Distribution of small and medium enterprises in regions and provincial clusters

In 2005, all regions witnessed an increase in the number of small and medium enterprises (SMEs) over 2004. Bangkok and Vicinity had the greatest number of enterprises, 674,838 or 30.1 percent of all the SMEs in Thailand. This was an increase of 14,449 SMEs from 660,389 SMEs in 2004. The second highest number was in the Northeastern region where SMEs increased by 1,720 to 625,402, or 27.9 percent of all SMEs in Thailand. Northern Thailand had 387,585 SMEs or 17.3 percent, an increase of 1,353 SMEs over 2004. Central Thailand saw an increase of 1,889 SMEs to 215,588 SMEs or 9.6 percent of all SMEs. The South had an increase of 3,545 SMEs from 2004 to 190,061 SMEs or 8.5 percent of all SMEs. The lowest number, 129,210 SMEs or 5.8 percent of all SMEs, was in the east. This represented an increase of 3,872 enterprises over 2004. The remainder of 16,596 SMEs, 0.7 percent of all SMEs in Thailand, could not be specified by region.

**Figure 2.4 Regional Distribution of SMEs in 2004 and 2005**




Source: The Office of Small and Medium Enterprises Promotion

Considering the distribution of SMEs in each region in 2005, it was found that SMEs were strongly concentrated in provinces that were economic hubs of the regions (Figure 2.5).

In the case of Bangkok and Vicinity, there were 674,838 SMEs of which 542,720 SMEs or 80.4 percent were in Bangkok. The rest, 132,118 SMEs or 19.6 percent, were in 5 vicinal provinces.

The 17 provinces of the Northern region had 387,585 SMEs, of which 145,528 SMEs or 37.5 percent of SMEs in the North were located in just three provinces: Chiang Mai, Chiang Rai and Nakhorn Sawan.

The 19 provinces of the Northeastern region had 625,402 SMEs, with 179,225 SMEs, or 28.7 percent, located in the three provinces of Khon Kaen, Nakhon Ratchasima and Kalasin.

The 14 provinces of the Southern region had 190,061 SMEs, of which 77,109 SMEs or 40.6 percent were located in the three provinces of Nakhon Si Thammarat, Songkha and Surat Thani

The 14 provinces of the Central region had 215,588 SMEs of which 77,323 SMEs or 35.9 percent were located in the three provinces of Ayutthaya, Kanchanaburi and Ratchaburi.

The 6 provinces of the Eastern region had 129,210 SMEs, of which 88,562 SMEs or 68.5 percent were located in the three provinces of Chanthaburi, Chachoengsao and Chonburi.

**Figure 2.5 Distribution of SMEs in Major Provinces for Each Region in 2005**


Source: The Office of Small and Medium Enterprises Promotion

### 2.3.2 Number of Small and Medium Enterprises by Region, Classified by Business Sector

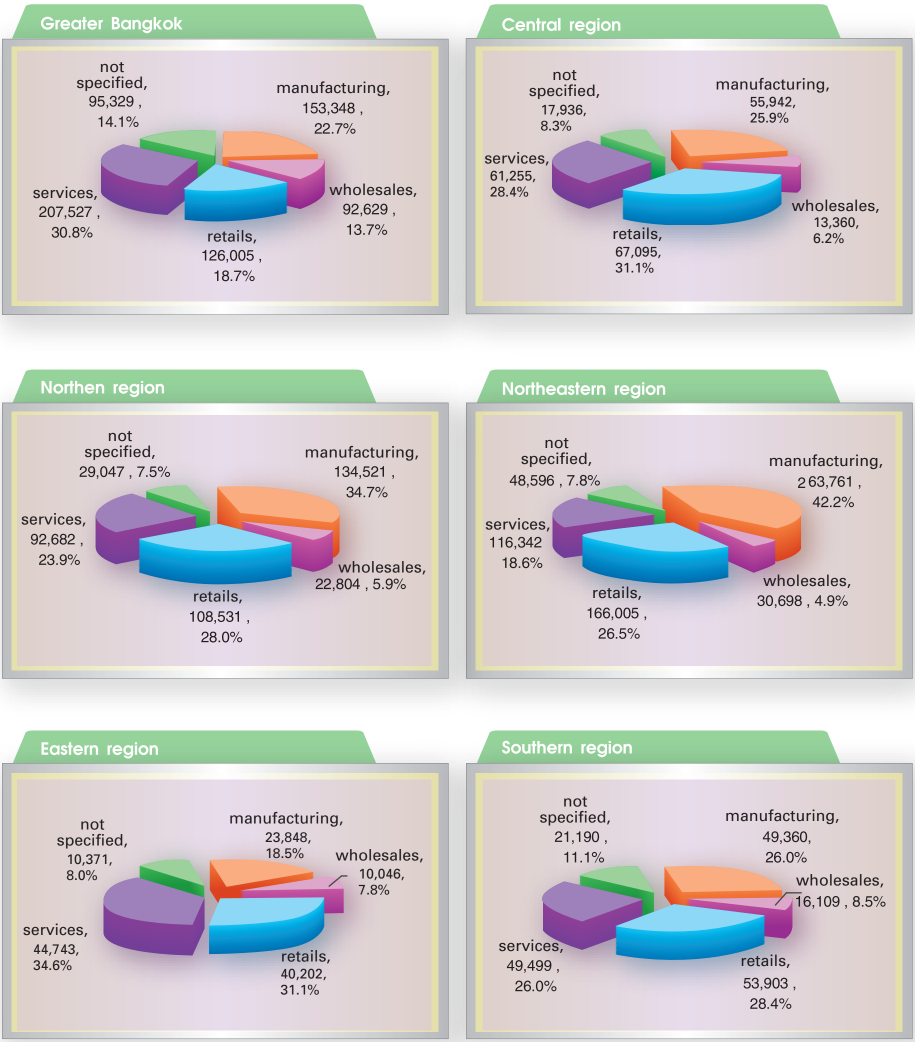
In 2005, distribution of SMEs classified by sectors in each region was similar to that of 2004, namely that the numbers of SMEs in both the retail sector and the service sector were higher than that of the manufacturing sector, except the Northeastern region in which the number of SMEs in the manufacturing sector, or 263,761 enterprises or 42.2 percent, was higher than that of the service sector. Moreover, on a regional basis the number of SMEs in the manufacturing sector was highest in the Northeastern region, whereas the number of SMEs in the service sector was the lowest in this same region. This reflected economic activities in each region. The Northern region had the second highest number of SMEs in the manufacturing sector: 134,521 enterprises or 34.7 percent. The Eastern region had the lowest proportion of SMEs in the same sector, which was 18.6 percent.

At the same time, the Eastern region had the highest proportion of SMEs in the service sector, at 37.1 percent. The second highest, 30.8 percent, was in Bangkok and Vicinity. The Northeastern region had the lowest proportion at 18.6 percent.

In the retail sector, the Central region had the highest proportion of SMEs, at 32.4 percent. The second highest, 28.4 percent, was the Southern region. The lowest proportion, 18.7 percent, was in Bangkok and Vicinity.

In the wholesale sector, most regions had their proportions of SMEs ranging between 4 and 9 percent. Only Bangkok and Vicinity exceeded this, with 13.7 percent, the highest of all regions (Figure 2.6).

**Figure 2.6 Numbers and Distribution of SMEs Classified by Sectors in Each Region in 2005**




Source: The Office of Small and Medium Enterprises Promotion

### 2.3.3 Number and Types of SMEs in 19 Provincial Clusters according to the Provincial Cluster Development Strategy

**Bangkok and Vicinity** had the highest number of SMEs, a total of 542,720 such enterprises. The number increased by 9,145 SMEs over 2004. The most concentrated sector was the service sector with 173,104 SMEs or 31.9 percent of the SMEs in the region. The second most concentrated sector was the manufacturing sector with 113,673 SMEs, or 20.9 percent. There were 100,466 SMEs in the retail sector, or 18.5 percent, and 75,848 in the wholesale sector, or 14.0 percent.

**Cluster 1, The Upper Northern Provincial Cluster**, consisting of Chiang Rai, Chiang Mai, Mae Hong Son, Payao, Lamphun, Lampang, Nan and Phrae, has been strategically planned to be a gateway for trade, linking transportation networks with the Greater Mekong Sub-region and with South Asia. This region is prominent in tourism, environmentally-friendly handicraft businesses and organic farming. The region is also a hub for various businesses including health services, software businesses and international trade. In 2005, the number of SMEs increased from 228,396 in 2004 to 229,397, representing the highest number of SMEs compared to other clusters except Bangkok. In the service sector, there was the highest increase of 344 SMEs to 53,010 SMEs, or 23.1 percent. In the manufacturing sector, there was an increase of 226 to 93,119 SMEs, or 40.6 percent. In the retail and wholesale sectors, there was an increase of 211 SMEs. There were 12,462 SMEs, or 5.4 percent, in the wholesale sector and 53,921, or 23.5 percent, in the retail sector.

**Cluster 2, The Central Northern Provincial Cluster**, consisting of Tak, Sukhothai, Phitsanulok, Uttaradit and Phetchabun, has been strategically planned to be a supporting and coordinating base for border trade, manufacturing, marketing, agriculture and tourism for the lower Northern Region. In 2005, the number of SMEs increased by 166 to 84,198, of which 29,469 SMEs, or 35 percent, were in the retail sector, 21,967, or 26.1 percent, in the manufacturing sector, 20,626, or 24.5 percent, were in the service sector and 5,494, or 6.5 percent, were in the wholesale sector.

**Cluster 3, The Lower Northern Provincial Cluster**, consisting of Nakhon Sawan, Pichit, Kamphaeng Phet and Uthai Thani, has been strategically planned to be a rice trade hub and an export hub. In 2005, the number of SMEs increased by 186 to 73,990, of which 25,141, or 34.0 percent, were in the retail sector, 19,435, or 26.3 percent, were in the manufacturing sector, 19,046, or 25.7 percent, were in the service sector and 4,848, or 6.6 percent, were in the wholesale sector.

**Cluster 4, The Upper Central Provincial Cluster (sub-group 1)**, consisting of Nonthaburi, Pathum Thani, Ayutthaya and Ang Thong, has been strategically planned to be a society of knowledge and technology adding economic value to the Central Region and a transportation hub for the distribution of goods and services. In 2005, this cluster recorded the second highest increase of SMEs. The number of SMEs increased by 3,691 to 90,332, of which 27,385 SMEs (30.3 percent, were in the manufacturing sector, 25,869 (28.6 percent, were in the service sector, 20,133 (22.3 percent, were in the retail sector and 10,170, or 11.3 percent, were in the wholesale sector.

**Cluster 5, The Upper Central Provincial Cluster (sub-group 2)**, consisting of Chai Nat, Lopburi, Saraburi and, Sing Buri, has been strategically planned to be an agricultural production and collection base for export and, a logistics and commercial hub. In 2005, the number of SMEs increased by 371 to 55,396, of which 18,993 SMEs, or 34.3 percent, were in the retail sector, 16,309, or 29.4 percent, were in the service sector, 12,917, or 23.3 percent, were in the manufacturing sector and 3,351, or 6.0 percent, were in the wholesale sector.

**Cluster 6, The Lower Central Provincial Cluster (sub-group 1)**, consisting of Nakhon Pathom, Kanchanaburi, Suphanburi and Ratchaburi, has been strategically planned to be a processed agricultural goods production and export hub for the western border and other nations. In 2005, this region recorded the lowest number of SMEs of all three of the Lower Central cluster sub-groups. The number of SMEs increased by 555 to 93,092, of which 26,693 SMEs, or 28.7 percent, were in the retail sector, 24,914, or 26.8 percent, were in the service sector, 24,687, or 26.5 percent, were in the manufacturing sector and 6,493, or 7 percent, were in the wholesale sector.

**Cluster 7, The Lower Central Provincial Cluster (sub–group 2)**, consisting of Samut Sakhon, Samut Songkhram, Phetchaburi and Prachuap Khiri Khan, has been strategically planned to be a production base for processed agricultural goods and seafood, and hubs for eco-tourism and for major transportation routes to the South. In 2005, the number of SMEs increased by 995 to 51,053, of which 14,462 SMEs, or 28.3 percent, were in the service sector, 13,612, or 26.7 percent, were in the retail sector, 12,715, or 24.9 percent, were in the manufacturing sector and 3,942, or 7.7 percent, were in the wholesale sector.

**Cluster 8, The Lower Central Provincial Cluster (sub–group 3)**, consisting of Chachoengsao, Nakhon Nayok, Sa Kaeo, Samut Prakan and Prachinburi, has been strategically planned to support the expansion of the capital and Suwannabhumi airport. It has also been planned to be a hub for eco-tourism, high-quality agricultural products, vehicle-related cluster, electronic parts-related cluster, textile cluster, leather cluster, processed food cluster and trade services and, logistics. In 2005, this region recorded the highest increase of SMEs in all three of the Lower Central cluster sub-groups. The number of SMEs increased by 1,756 to 86,859, of which 25,335 SMEs, or 29.2 percent, were in the retail sector, 23,145, or 26.6 percent, were in the manufacturing sector, 21,748, or 25 percent, were in the service sector and 8,284, or 9.5 percent, were in the wholesale sector.

**Cluster 9, The Eastern Provincial Cluster**, consisting of Chonburi, Rayong, Chantaburi and Trat, has been strategically planned to be an export hub for manufacturing and agricultural products, an international tourism hub and, a gateway to the Indochina region. In 2005, this cluster recorded the highest increase of SMEs of all clusters. The number of SMEs increased by 3,697 to 100,184, of which 37,119 SMEs, or 37.1 percent, were in the service sector, 28,070, or 28 percent, were in the retail sector, 18,616, or 18.6 percent, were in the manufacturing sector and 7,947, or 7.9 percent, were in the wholesale sector.

**Cluster 10, The Upper Northeastern Provincial Cluster (sub-group 1)**, consisting of Udon Thani, Nongbua Lamphu, Nong Khai and Loei, has been strategically planned to a production and distribution centre for the upper Isan. In 2005, this cluster recorded the lowest number of SMEs of all five Northeastern clusters. The number of SMEs increased by 340 to 88,402, of which 30,151 SMEs, or 34.1 percent, were in the manufacturing sector, 26,397, or 29.9 percent, were in the retail sector, 17,851, or 20.2 percent, were in the service sector and 5,311, or 6 percent, were in the wholesale sector.

**Cluster 11, The Upper Northeastern Provincial Cluster (sub-group 2)**, consisting of Mukdahan, Sakon Nakhon, Nakhon Phanom and Kalasin, has been strategically planned to be a trading and tourism centre, a gateway for the east to Indochina and the Far East. In 2005, the number of SMEs increased by 228 to 115,573, of which 58,809 SMEs, or 50.9 percent, were in the manufacturing sector, 22,987, or 19.9 percent, were in the retail sector, 21,625 enterprises, or 18.7 percent, were in the service sector and 4,744 enterprises, or 4.1 percent, were in the wholesale sector.

**Cluster 12, The Upper Northeastern Provincial Cluster (sub-group 3),** consisting of Khon Kaen, Maha Sarakham and Roi Et, has been strategically planned to be an international trade, investment and service centre. In 2005, this cluster recorded the second highest number of SMEs of all five Northeastern clusters. The number of SMEs increased by 322 to 140,550, of which 54,898, or 39.1 percent, were in the manufacturing sector, 34,023, or 24.2 percent, were in the retail sector, 31,069, or 22.1 percent, were in the service sector and 7,269, or 5.2 percent, were in the wholesale sector.

**Cluster 13, The Lower Northeastern Provincial Cluster (sub-group 1)**, consisting of Nakhon Ratchasima, Chaiyaphum, Surin and Buriram, has been strategically planned to be a gateway to the world In 2005, this region recorded the highest number of SMEs in all Northeastern regions. The number of SMEs increased by 593 to 175,790, of which 69,213, or 39.4 percent, were in the manufacturing sector, 53,875, or 30.6 percent, were in the retail sector, 30,965, or 17.6 percent, were in the service sector and 8,410, or 4.8 percent, were in the wholesale sector.

**Cluster 14, The Lower Northeastern Provincial Cluster (sub-group 2)**, consisting of Yasothon, Si Sa Ket, Amnat Charoen and Ubon Ratchathani, has been strategically planned to be an economic partner with neighboring countries in tourism, manufacturing, trade and investment. In 2005, the number of SMEs increased by 237 to 105,087, of which 50,690, or 48.2 percent, were in the manufacturing sector, 28,723, or 27.3 percent, were in the retail sector, 14,832, or 14.1 percent, were in the service sector and 4,964, or 4.7 percent, were in the wholesale sector.

**Cluster 15, The Upper Southern Provincial Cluster (sub-group 1)**, consisting of Surat Thani, Ranong and Chumphon, has been strategically planned to be a shipping hub between Thailand (Gulf of Thailand) and the countries around the Andaman sea, a tourism hub and an agricultural products centre. In 2005, this cluster recorded the highest increase of SMEs of the five Southern clusters. The number of SMEs increased by 1,525 to 31,297, of which 10,701, or 34.2 percent, were in the retail sector, 8,693, or 27.8 percent, were in the service sector, 6,887, or 22.0 percent, were in the manufacturing sector and 2,798, or 8.9 percent, were in the wholesale sector.

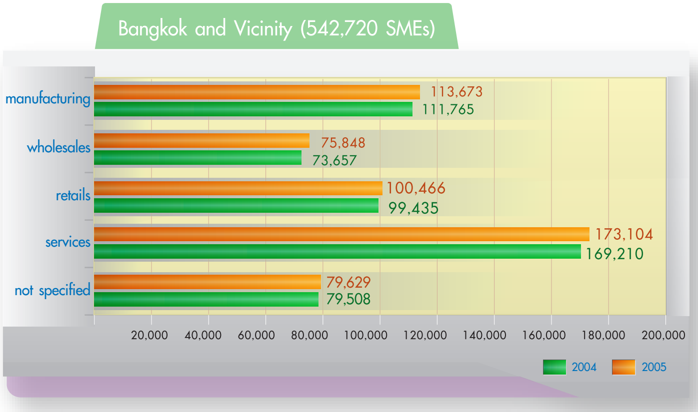
**Cluster 16, The Upper Southern Provincial Cluster (sub-group 2)**, consisting of Nakhon Si Thammarat, Phattalung and Trang, has been strategically planned to be a centre for manufacturing, marketing, agriculture and eco-tourism. In 2005, this cluster recorded the highest number of SMEs of the five Southern clusters. The number of SMEs increased by 217 to 61,529, of which 19,438, or 31.6 percent, were in the manufacturing sector, 17,465, or 28.4 percent, were in the retail sector, 14,428, or 37.3 percent, were in the service sector and 4,425, or 7.2 percent, were in the wholesale sector.

**Cluster 17, The Upper Southern Provincial Cluster (sub-group 3)**, consisting of Krabi, Phang Nga and Phuket, has been strategically planned to have world-class beach attractions and an economic gateway to South Asia. In 2005, the number of SMEs was 32,715, of which 12,188, or 37.3 percent, were in the service sector, 8,072, or 24.7 percent, were in the retail sector, 5,827, or 17.8 percent, were in the manufacturing sector and 2,606, or 8.0 percent, were in the wholesale sector.

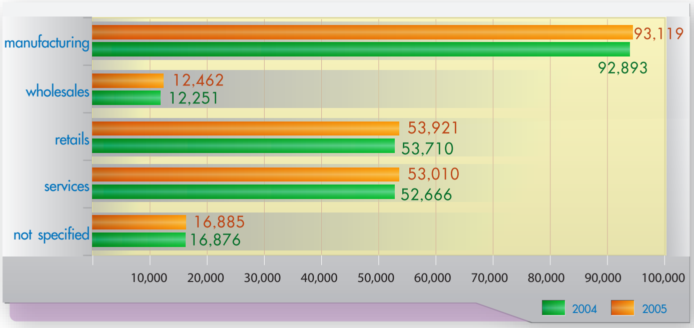
**Cluster 18, The Lower Southern Provincial Cluster (sub-group 1)**, consisting of Pattani, Yala and Narathiwat, has been strategically planned to be a centre for the Halal food industry, international Islamic studies, trade with neighbouring countries and with the Muslim world. In 2005, this cluster recorded the lowest number of SMEs. The number of SMEs increased by 72 to 30,950, of which 9,203, or 29.7 percent, were in the manufacturing sector, 8,702, or 28.1 percent, were in the retail sector, 6,570, or 21.2 percent, were in the service sector and 2,568, or 8.3 percent, were in the wholesale sector.

**Cluster 19, The Lower Southern Provincial Cluster (sub-group 2)**, consisting of Songkha and Satun, has been strategically planned to have harbours on 2 seas, and to be a world centre for rubber trees, a trading city and a tourism and education hub for the South. In 2005, the number of SMEs increased by 312 to 33,570, of which 8,963, or 26.7 percent, were in the retail sector, 8,005, or 23.8 percent, were in the manufacturing sector, 7,566, or 22.5 percent, were in the service sector and 3,712, or 11.1 percent, were in the wholesale sector.

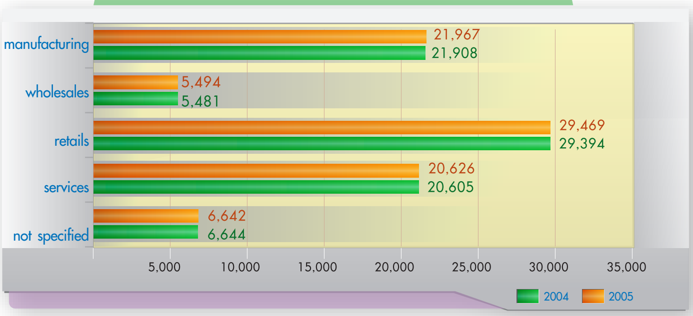
**Figure 2.7 Distribution of SMEs by Provincial Clusters in 2005**



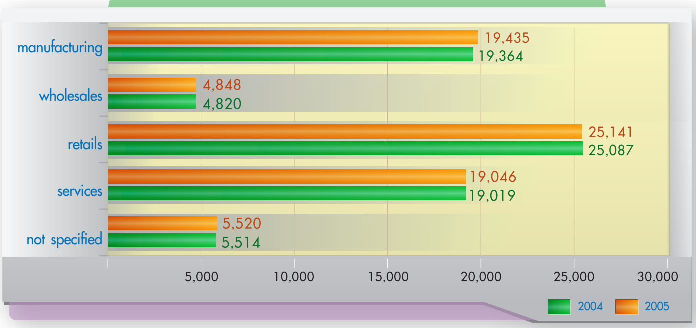
## Cluster 1, Upper Northern Provincial Cluster (229,397 SMEs)

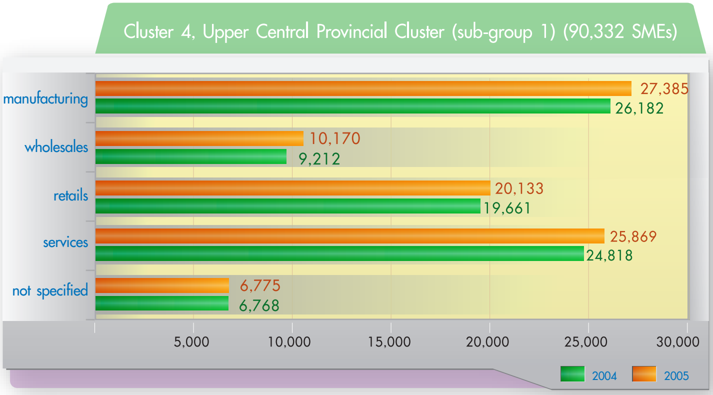


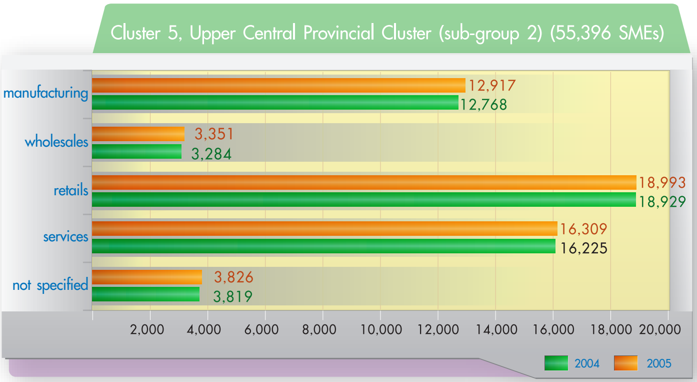

## Cluster 2, Central Northern Provincial Cluster (84,198 SMEs)

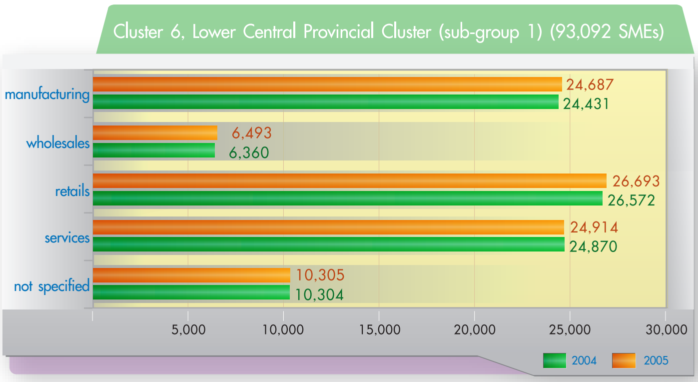


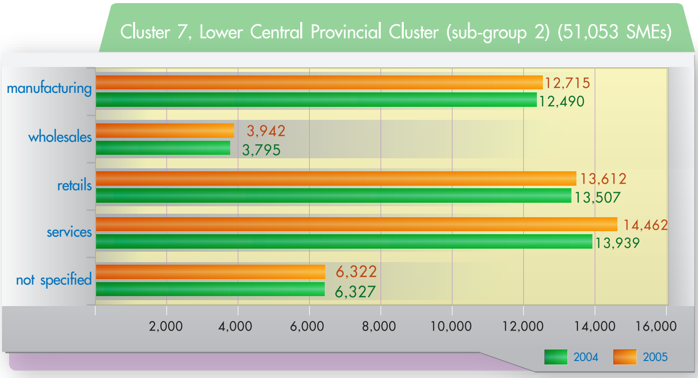

## Cluster 3, Lower Northern Provincial Cluster (73,990 SMEs)

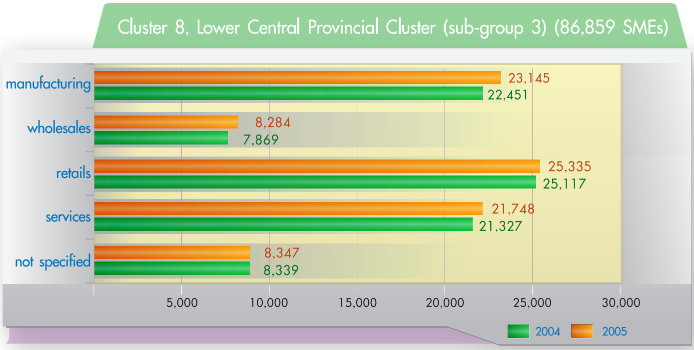


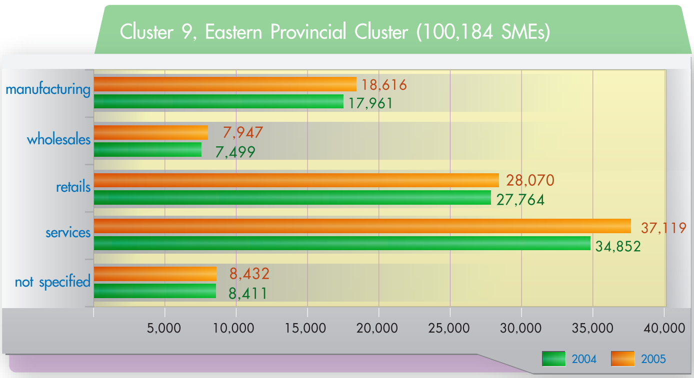

Cluster 4. Upper Central Provincial Cluster (sub-group 1) (90,332 SMEs)
manufacturing
27,385
26,182
wholesales
10,170
9,212
retails
20,133
19,661
services
25,869
24,818
not specified
6,775
6,768
5,000
10,000
15,000
20,000
25,000
30,000
2004
2005


Cluster 5. Upper Central Provincial Cluster (sub-group 2) (55,396 SMEs)
manufacturing
12,917
12,768
wholesales
3,351
3,284
retails
18,993
18,929
services
16,309
16,225
not specified
3,826
3,819
2,000
4,000
6,000
8,000
10,000
12,000
14,000
16,000
18,000
20,000
2004
2005

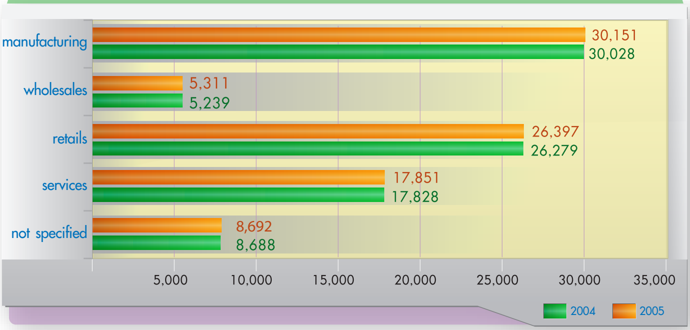

Cluster 6. Lower Central Provincial Cluster (sub-group 1) (93,092 SMEs)
manufacturing
24,687
24,431
wholesales
6,493
6,360
retails
26,693
26,572
services
24,914
24,870
not specified
10,305
10,304
5,000
10,000
15,000
20,000
25,000
30,000
2004
2005


Cluster 7, Lower Central Provincial Cluster (sub-group 2) (51,053 SMEs)
manufacturing
12,715
12,490
wholesales
3,942
3,795
retails
13,612
13,507
services
14,462
13,939
not specified
6,322
6,327
2,000
4,000
6,000
8,000
10,000
12,000
14,000
16,000
2004
2005

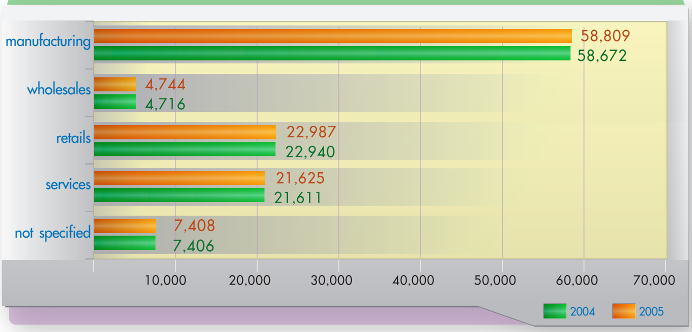

Cluster 8, Lower Central Provincial Cluster (sub-group 3) (86,859 SMEs)
manufacturing
23,145
22,451
wholesales
8,284
7,869
retails
25,335
25,117
services
21,748
21,327
not specified
8,347
8,339
5,000
10,000
15,000
20,000
25,000
30,000
2004
2005


Cluster 9, Eastern Provincial Cluster (100,184 SMEs)
manufacturing
18,616
17,961
wholesales
7,947
7,499
retails
28,070
27,764
services
37,119
34,852
not specified
8,432
8,411
5,000
10,000
15,000
20,000
25,000
30,000
35,000
40,000
2004
2005

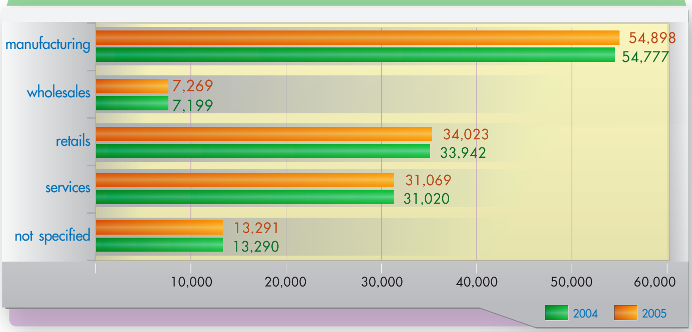
Cluster 10, Upper Northeastern Provincial Cluster (sub-group 1) (88,402 SMEs)

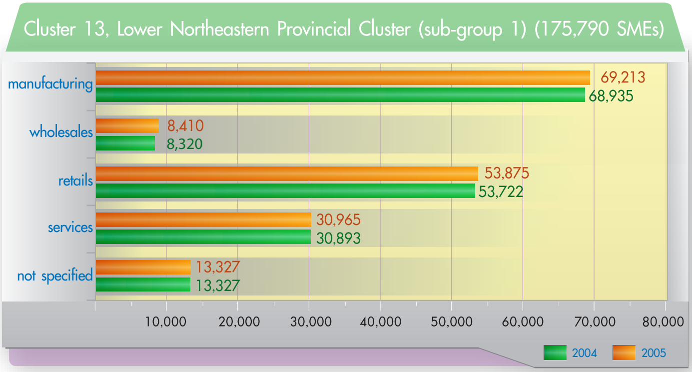


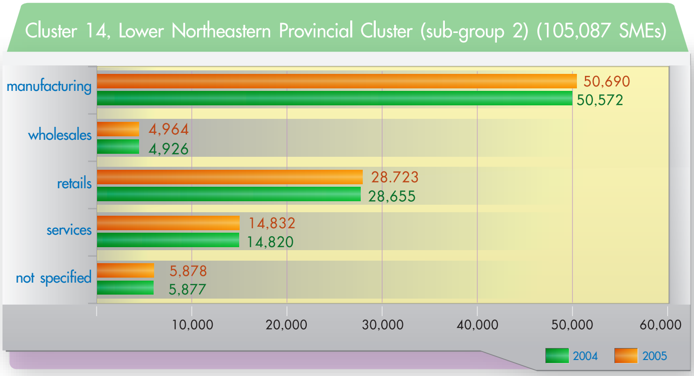

Cluster 11, Upper Northeastern Provincial Cluster (sub-group 2) (115,573 SMEs)

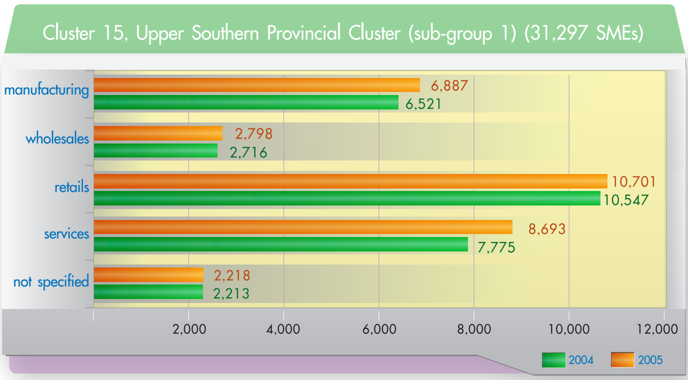



Cluster 12, Upper Northeastern Provincial Cluster (sub-group 3) (140,550 SMEs)

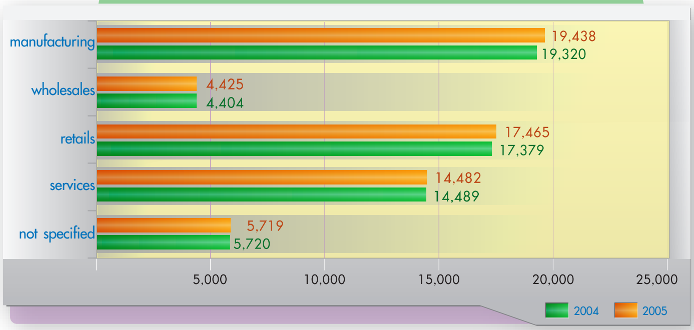



Cluster 13, Lower Northeastern Provincial Cluster (sub-group 1) (175,790 SMEs)
manufacturing
69,213
68,935
wholesales
8,410
8,320
retails
53,875
53,722
services
30,965
30,893
not specified
13,327
13,327
10,000 20,000 30,000 40,000 50,000 60,000 70,000 80,000
2004
2005


Cluster 14, Lower Northeastern Provincial Cluster (sub-group 2) (105,087 SMEs)
manufacturing
50,690
50,572
wholesales
4,964
4,926
retails
28,723
28,655
services
14,832
14,820
not specified
5,878
5,877
10,000 20,000 30,000 40,000 50,000 60,000
2004
2005

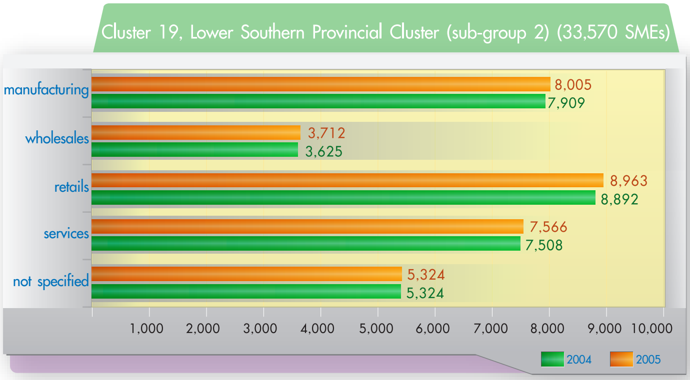

Cluster 15, Upper Southern Provincial Cluster (sub-group 1) (31,297 SMEs)
manufacturing
6,887
6,521
wholesales
2,798
2,716
retails
10,701
10,547
services
8,693
7,775
not specified
2,218
2,213
2,000 4,000 6,000 8,000 10,000 12,000
2004
2005

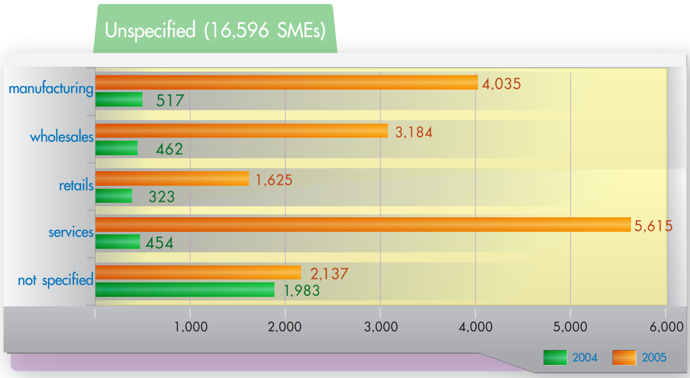
Cluster 16, Upper Southern Provincial Cluster (sub-group 2) (61,529 SMEs)




Cluster 17, Upper Southern Provincial Cluster (sub-group 3) (32,715 SMEs)


Cluster 18, Lower Southern Provincial Cluster (sub-group 1) (30,950 SMEs)




Source: The Office of Small and Medium Enterprises Promotion

## 2.4 Business Establishment and Dissolution

The information on registration of juristic persons with the Department of Business Development of the Ministry of Commerce, gives an overall picture of juristic persons in Thailand without classifying their size. Hence, it can only give an overview of newly registered juristic persons and their dissolution.

In Figure 2.4, in 2005 the number of newly registered juristic persons increased by 1,951 units or 4.1 percent over 2004. Dissolutions also increased, by 3,061 units or 13.3 percent in the same period.

**Figure 2.4 Numbers of New Registrations and Dissolutions of Juristic Persons, 2002 – 2005**

| Year of Registration | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|
| New Registrations (number) | 35,381 | 43,440 | 47,583 | 49,534 |
| Annual percentage change | 11.4 | 22.8 | 9.5 | 4.1 |
| Dissolutions (number) | 24,397 | 28,136 | 22,980 | 26,041 |
| Annual percentage change | 26.9 | 15.3 | -18.3 | 13.3 |

Source: Department of Business Development, Ministry of Commerce (as of June 1, 2006)

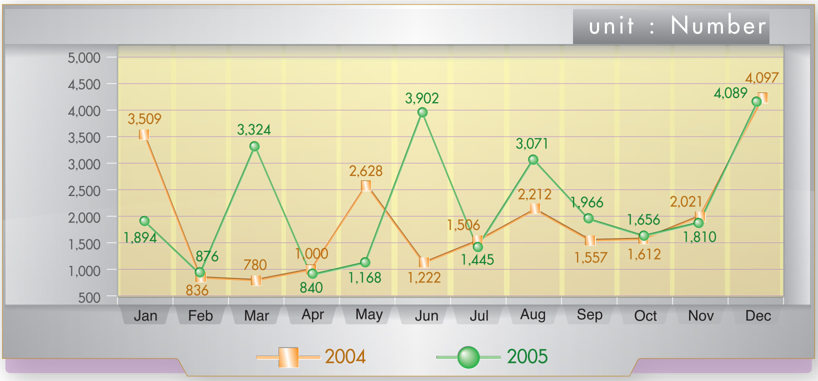
From the information on registration of juristic persons for 2004 and 2005, it can be seen that 4,874 new juristic persons, the highest number in 2005, were registered in March. The lowest number, 2,625 new juristic persons, was in December. The total number of the new registrations of juristic persons for 2005 was 49,534 units, an average of 4,127 per month. (Figure 2.8)

It can be seen that in 2005, dissolutions were highest in December with 4,089 units and lowest in April with 840. The total number of dissolutions for 2005 was 26,041 units, an average of 2,170 per month. (Figure 2.9)

**Figure 2.8 Monthly New Registrations of Juristic Persons, 2004 and 2005.**

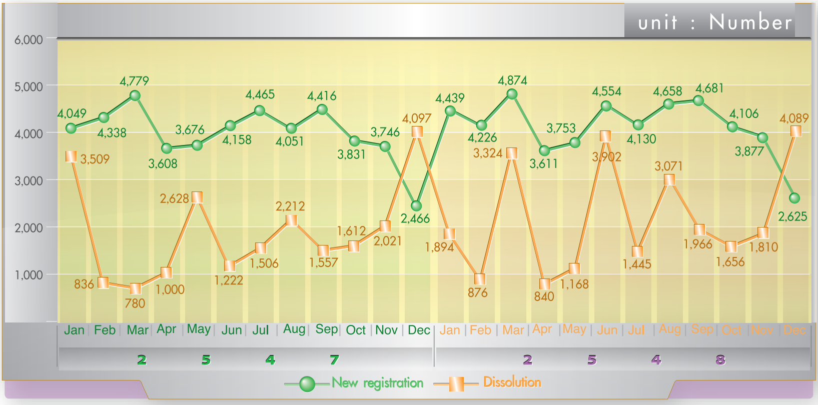

Source: Department of Business Development, Ministry of Commerce

**Figure 2.9 Monthly Dissolutions of Juristic Persons, 2004 and 2005.**



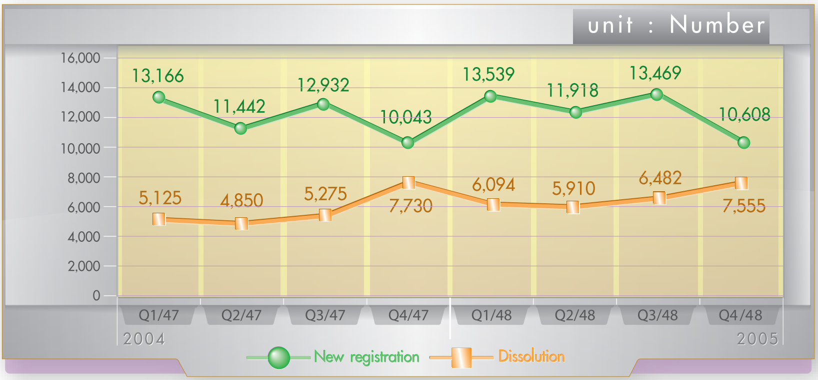

Source: Department of Business Development, Ministry of Commerce

**Figure 2.10 Monthly New Registrations and Dissolutions of Juristic Persons, 2004-2005**




Source: Department of Business Development, Ministry of Commerce

**Figure 2.11 Quarterly New Registrations and Dissolutions of Juristic Persons, 2004 and 2005**




Source: Department of Business Development, Ministry of Commerce

From the information on the newly registered juristic persons in 2005, it was found that the highest number, 16,552 newly registered juristic persons or 33.4 percent, were in the 'wholesale, retail, vehicle & bicycle repair, personal and household items' sub-sector (Table 2.5).

**Table 2.5 The 5 Sub-sectors with the Highest Numbers of New Registrations of Juristic Persons in 2005**

| No. | Sub - Sectors | Units |
|---|---|---|
| 1 | Wholesale, Retail, Vehicle & Bicycle Repair, Personal and Household Items | 16,552 |
| 2 | Real Estate Activities, Renting, Services | 10,953 |
| 3 | Construction | 6,783 |
| 4 | Manufacturing | 5,614 |
| 5 | Others | 2,257 |

Source: Department of Business Development, Ministry of Commerce

In 2005, the highest number of dissolutions, 10,798 units or 41.5 percent, was also in the 'wholesale, retail, vehicle & bicycle repair, personal & household items' sub-sector (Table 2.6).

**Table 2.6 The 5 Sub-sectors with the Highest Numbers of Dissolutions of Juristic Persons in 2005**

| No. | Sub - Sectors | Units |
|---|---|---|
| 1 | Wholesale, retail, vehicle & bicycle repair, personal and household Items | 10,798 |
| 2 | Real estate services, renting, services | 3,828 |
| 3 | Construction | 3,605 |
| 4 | Manufacturing | 3,402 |
| 5 | Logistics, warehousing and transportation | 1,490 |

Source: Department of Business Development, Ministry of Commerce