

Title: State Enterprises and Privatization in Thailand: Problems, Progress and Prospects

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Abstract: This paper examines the role and the significance of state enterprises in Thailand in the past few decades. It provides a brief overview of their problems related to inefficiency and the worsening of public debt burden. It also reviews past attempts by governments to reduce the role and number of state enterprises and to improve their performance. A series of minor changes eventually culminated in a comprehensive master plan for state enterprise reform, which was approved by the government in September 1998. The plan, as part of a package for post-crisis economic recovery, was designed primarily for public-utility enterprises (electricity, telecommunication, water supplies, and public transport). It proposes privatization in service-providing activities, a clear role separation among policy formulation, regulation, and service provision, as well as a creation of independent regulatory bodies. Subsequent implementation of the plan straddles two administrations, under the leadership of Chuan Leekpai and Thaksin Shinawatra. The paper assesses the progress of the reform, and offers some explanations on factors and issues affecting the pace and direction of the reform under the dynamic political and economic environment during the past three years. Finally, the paper provides a list of research issues which are related to the state enterprises reform and need to be addressed in the future.