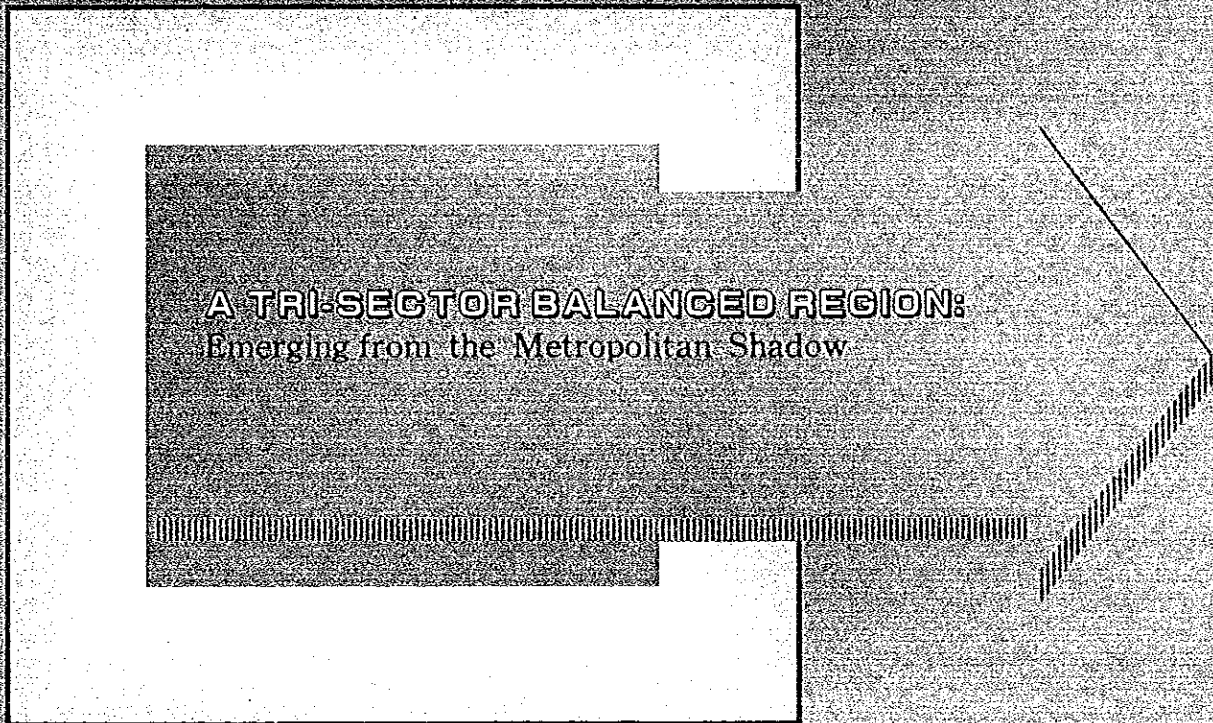


THE ROYAL THAI GOVERNMENT
NATIONAL ECONOMIC AND SOCIAL DEVELOPMENT BOARD

UPPER CENTRAL REGION STUDY

SECTOR REPORT Vol. 6:
DISTRIBUTION AND MARKETING



A TRI-SECTOR BALANCED REGION:
Emerging from the Metropolitan Shadow

FINAL REPORT NOVEMBER 1990

JAPAN INTERNATIONAL COOPERATION AGENCY

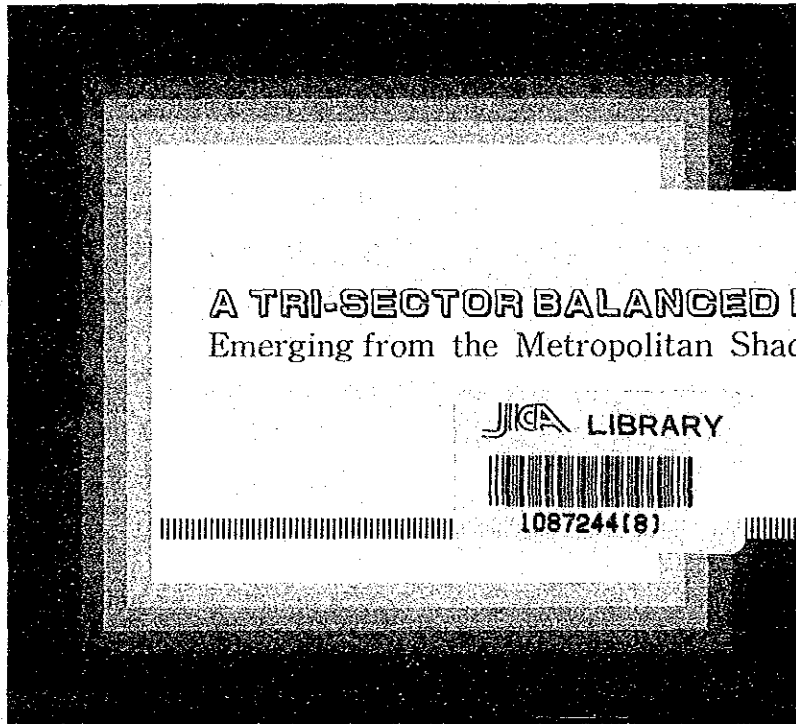
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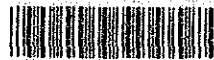
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PREFACE

In response to a request from the Government of the Kingdom of Thailand, the Japanese Government decided to conduct the Upper Central Region Study and entrusted the study to the Japan International Cooperation Agency (JICA).

JICA sent to Thailand a study team headed by Mr. Jinichiro Yabuta, and composed of members from International Development Center of Japan and Pacific Consultants International Inc., from December 1988 to July 1990.

The team held discussions with concerned officials of the Government of the Kingdom of Thailand, and conducted field surveys. After the team returned to Japan, further studies were made and the present report was prepared.

I hope that this report will contribute to the promotion of development in the said region and to the enhancement of friendly relations between our two countries.

I wish to express my sincere appreciation to the officials concerned of the Government of the Kingdom of Thailand for their close cooperation extended to the team.

November 1990



Kensuke Yanagiya

President

Japan International Cooperation Agency

ACKNOWLEDGEMENT

The impetus for this study was the intention of the Royal Thai Government to revitalize the Upper Central Region (UCR), which had been stagnant under the shadow of the growing Bangkok Metropolitan Region (BMR). The rationale was the need to adjust the agricultural-based economic and spatial structure of the UCR to the rapidly industrializing national economy, and thus to create the tri-sector balanced economy (agriculture, industry and services) in this region.

The main task of this study was to examine whether, and in what way, the UCR could respond to the national intent. The results of the study thus far are summarized in this report and suggest that the UCR will play an important role in the following aspects:

- Retaining the strategic agricultural and forestry space for food self-sufficiency and disaster control
- Decentralizing the BMR systematically for the economies of scale to be maintained
- Developing the agricultural-industrial linkages for high value resource utilization and diversified rural nonfarm employment opportunities

Under the proposed strategies above, the Study Team recommends the incorporation of four priority project packages, which include an Integrated Pasak River Basin Development, Agro-Industrial Linkage Development, the Greater Sara Buri Industrial Core (GSIC) Development, and Human Resource Development.

In order to be useful, these strategies need to be supported by continuous improvement in development administration. This effort for the UCR could accelerate an overall reform of regional development administration in Thailand, because the UCR is an early region which will address itself to the growing national need of balancing industry against

agriculture, development against environmental considerations, and urban development against rural development. Bearing this in mind, the Study Team recommends improvements in conventional development administration, with a focus on water resource management, environmental management, and urban management.

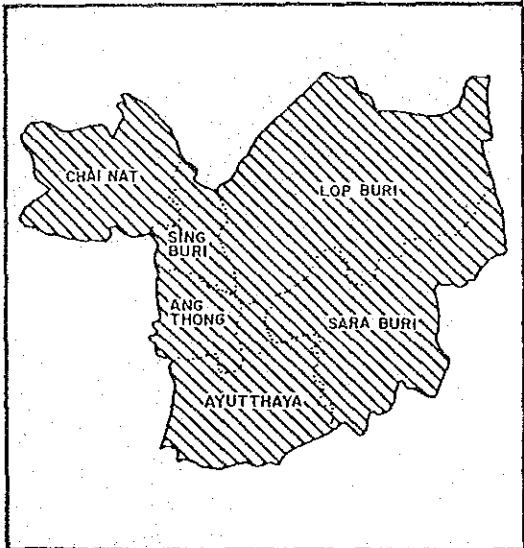
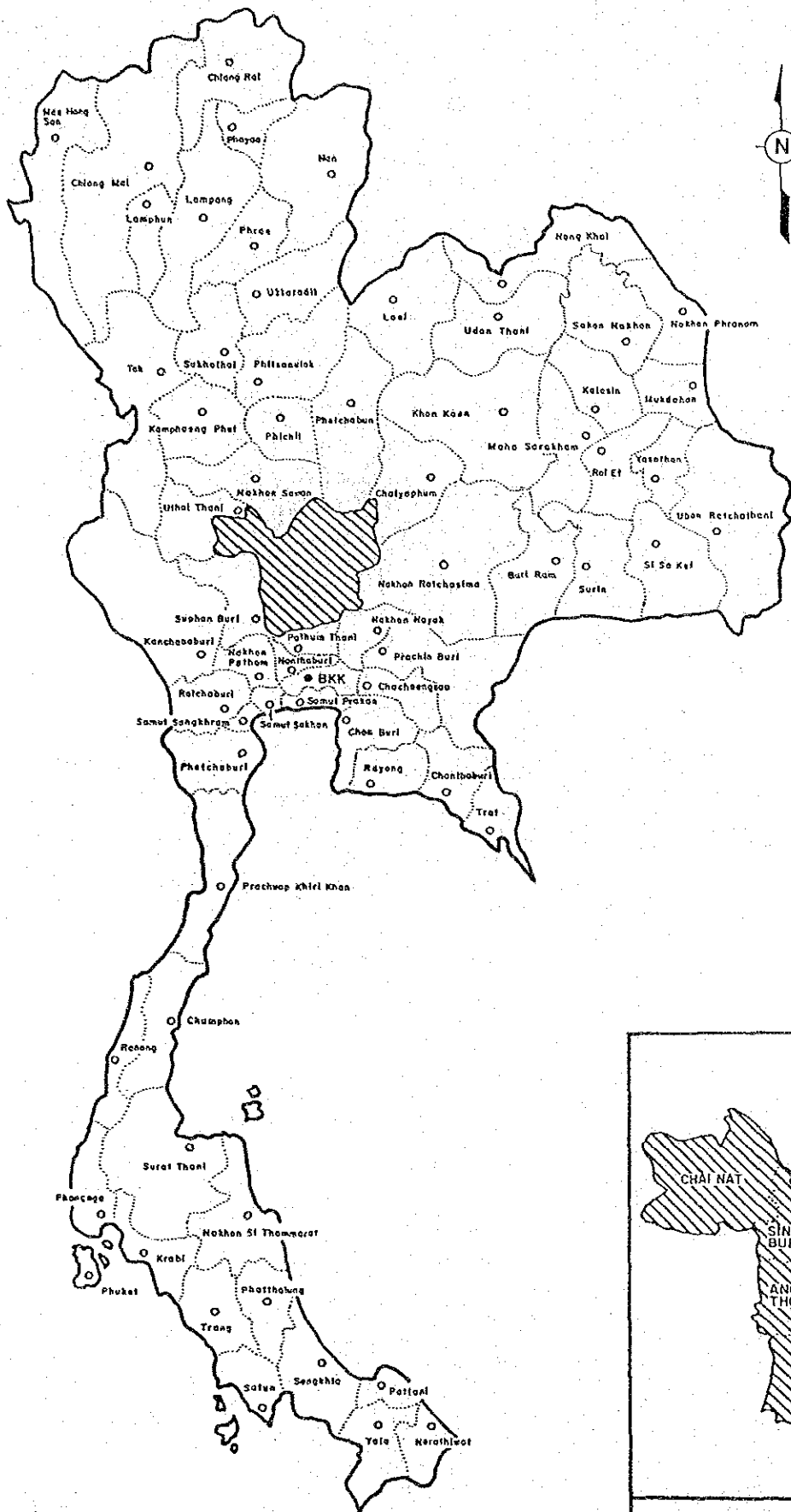
The Study Team acknowledges that its study has been guided by many past studies, such as the Bangkok Metropolitan Region Study by the National Economic and Social Development Board (NESDB), the Upper Central Region Planning Study by the Department of Town and Country Planning, the Road Development Study in the Central Region by the Japan International Cooperation Agency (JICA), and the Rural Industries and Employment in Thailand Study by The Thailand Development Research Institute. In preparing this report, the team was supported by the staff of the NESDB, other central ministries, and local authorities in the UCR throughout its stay in Thailand for nearly fourteen months. Equally important, the team benefited a great deal from cooperation extended by the officers in charge and the advisory committee members of the JICA and other concerned agencies of the Government of Japan. The team also wishes to recognize with gratitude the contributions of the participants in the National Seminar on the Upper Central Region Development: Policies and Programs, held on 28 and 29 July 1990 in Jomtien, Chonburi, to the wide-ranging discussions on the proposals contained in the draft final report of the Study Team.

We wish to add that we sincerely hope that this report will provide an important basis for planning and implementation in the Upper Central Region of Thailand.

November 20, 1990



Jinichiro Yabuta
Study Team Leader



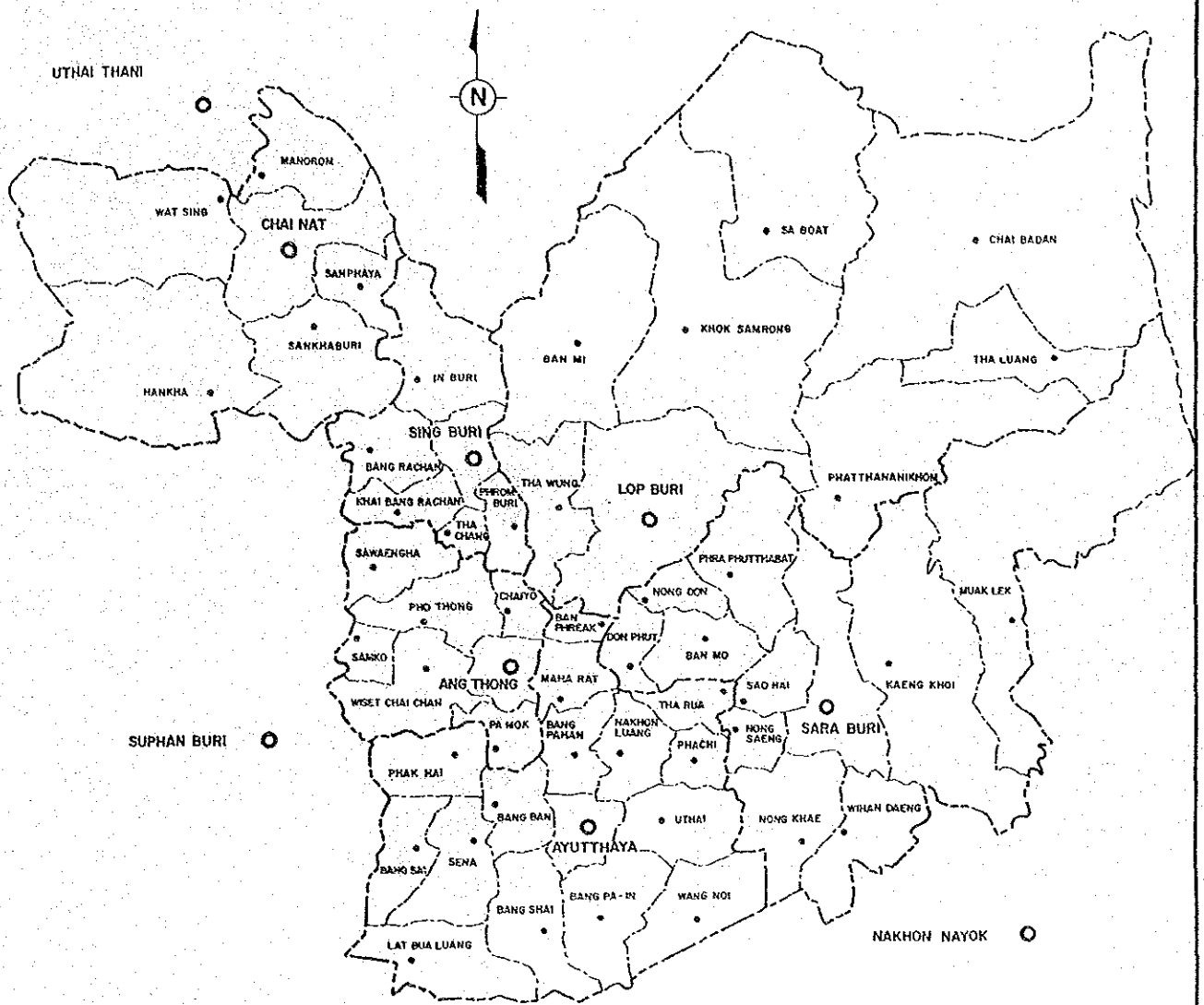
UPPER CENTRAL REGION STUDY PROJECT

SHOW:

LOCATION MAP

SCALE:

Fig.



LEGEND :

- CHANGWAT LOCATION
- AMPHOE LOCATION
- CHANGWAT BOUNDARY
- AMPHOE BOUNDARY

UPPER CENTRAL REGION STUDY PROJECT

SHOW:

**ADMINISTRATIVE BOUNDARY
OF STUDY AREA**

SCALE:

Fig.

**A Summary :
Policies and Strategies**

Upper Central Region Development

Why Upper Central Region (UCR)

Toward the year 2010, Thailand will have to get through the challenges of :

- (1) shifting export-led to domestic market-based growth,
- (2) balancing development and environment, and
- (3) smoothly transitioning rural to urban employment.

In the national space, these challenges call particularly for :

- (1) decentralizing the capital region systematically, and
- (2) strengthening the linkages between ESB, SSB and other parts of the country, and
- (3) sustaining strategic agricultural and forestry space.

Under these national perspectives, it is the UCR that potentially plays a combined role of :

- (1) National Food Supply Center,
- (2) Subnational Distribution Center, and
- (3) A New Inland Industrial Base,

if this region can overcome :

- (1) the presently unstable rural sector,
- (2) the weak urban sector, and
- (3) consequent regional out-migration.

The UCR is at a crossroads between a tri-sector (agriculture, industry and services) balanced region or a mere transit region over-ridden by sporadic external industrial investments.

Development Policies & Strategies

Objectives of the UCR development are :

1. Maintaining and restoring the ecological environment,
2. Deepening and widening of regional economy, and
3. Enhancing regional human resource base to support the two objectives above.

Recommended policies and strategies are thus as follows:

Agriculture

1. Strengthen capability and willingness of rice farmers,
2. Rehabilitate upland agricultural environment, and
3. Promote linkages between production, processing and market.

Industry

1. Build-up, step-by-step, an industrial development core at Sara Buri,
2. Intensify agro-industrial linkages within the UCR,
3. Foster local entrepreneurship of potential business men, and
4. Control rapidly dispersing industries in Ayutthaya.

Services

1. Develop secondary order centers
2. Develop extensive urban, technological and managerial supporting services at sub-regional urban centers,
3. Strengthen hierarchical system of agricultural distribution, processing and transport network, and
4. Promote tourism especially at Ayutthaya, Lop Buri and Chai Nat.

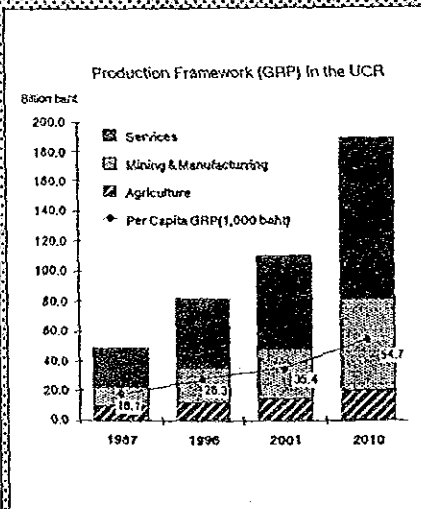
Development Target

Economic Growth: Toward 2010, it is targeted that per capita GPP growth of the UCR will be accelerated up to that of national average growth rate, 5% p.a. The GPP growth rate will be 6.1% p.a. toward 2010, and sector growth rates are: Agriculture : 1.3%; Manufacturing : 7.0%; and Services : 6.3%.

Population Growth: Population is targeted to growth at a rate of 1.0% so that the targeted per capita GPP will be attained. It will be 3.46 million in 2010, compared with 2.74 million in 1987.

Urbanization: Urban population will increase at a 2.5% growth rate, compared with 1.1% p.a. between 1981 and 1987. The urban population ratio will be 37.2% in 2010.

Employments: Additional 421 thousand job opportunities will newly be created, and a total will be 1.9 million in 2010. The employments in both manufacturing and service sectors shall increase by 568 thousand, while that in agriculture sector will decrease by 147 thousand.



Profile of Upper Central Region

The Upper Central Region (the UCR) consists of 6 Changwats: Ayutthaya, Sara Buri, Ang Thong, Sing Buri, Lop Buri and Chai Nat, having the population of about 2.7 million and the area of 16,6 thousand sq. km. The UCR is located in the Chao Phraya River Basin Area, an agricultural (particularly rice) advanced region in the Kingdom, and environmentally sensitive.

The UCR is on a frontage of the expanding Bangkok economy, and has been pressured by urbanization and industrialization. Thus, the UCR is a pioneer to the national challenge of agro-industrial coexistence by widening and deepening the UCR economy. For the second generation development of the Thai economy, the UCR's gateway function would be more significant.

Key Concepts for the Upper Central Region Development

Agricultural Diversification and Agro-Industrial Linkage

In order to stabilize income of the farmers, being the leading players in sustaining agricultural and ecological environment, a must is the agricultural diversification at the farmer level. With good access to the expanding and diversifying market in Bangkok, the agricultural diversification should be supported by the intensified linkages among crop production, livestock and processing networks as well as by the improved urban and transport infrastructures.

Industrialization for A New Industrial Base

The country will call in the UCR a strong magnet as (1) one of the centers to facilitate deconcentration of Bangkok, (2) a means to prevent extensive industrial pollution and agro-industrial conflicts, (3) a base to attain agro-processing agglomeration, and (4) an inland supporting base for the Eastern Sea-Board to maximize its spread effect.

Sara Buri offers the best seat of this magnet. Local infrastructure, urban and human resource development should be integrated in timely response to ongoing and forthcoming national projects.

Gateway as A Subnational Distribution Center

The UCR is situated at the gateway of Bangkok to the North and Northeast Regions. In other words, the UCR is in a best position to make use of development in other regions. In addition to traditional concentration of agricultural products, new transport and energy infrastructure inputs will boost various industrial and business opportunities.

Integrated Urbanization and Service Sector Encouragement

Urban and service sector encouragement is strategic to regional development especially in the UCR in order to (1) support externally dependent and thus unstable rural sector, (2) provide nonagricultural job opportunities for decelerating out-migration to Bangkok and (3) offset a missing link existing between foreign-investment-led industrial expansion and regional economic development.

Of particular importance are to meet Basic Urban Needs (BUNs), encourage local entrepreneurship and improve goods distribution functions in selected urban centers at regional level.

Human Resource Development

Focusing on (1) Middle level manpower for industries, (2) Community leaders for environmental management and (3) potential local entrepreneurs.

Implementation & Development Management Systems

Unlike the regional development triggered by intensive central government investments, the UCR development will need not only central initiative but effective management particularly at the local level. Of particular importance are (1) local planning system to meet the cross-boundary expansion of urban and industrial activities, (2) institutional measures to realize the scale of economy in urban services and (3) strengthened financial base of local authorities so as to encourage local initiatives in public investments and business promotion.

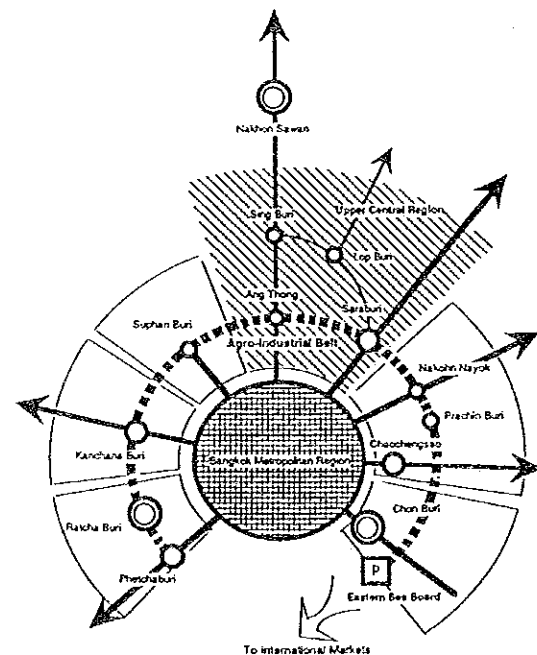
Environment and Water Resources Management

Special importance lies in (1) keeping the Chao Phraya River clean and conserving flood retarding areas for the survival of Bangkok and (2) maximizing water use efficiency and rehabilitating upland soils for the UCR's agriculture of national importance to be maintained. High priority should be given to (1) the integrated management of water and land use for two river basins of Chao Phraya and the Pasak and (2) the strengthened institutions at not only central but local levels to explore environmental control.

Spatial Setting

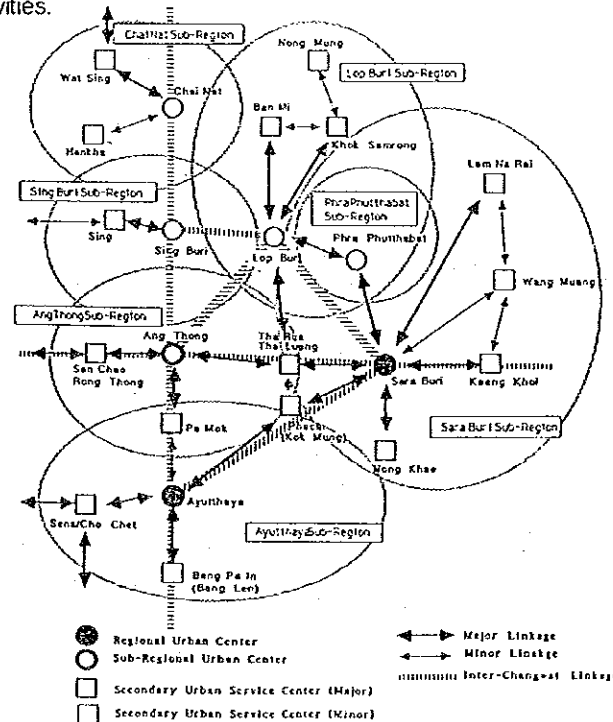
Macro-Spatial Framework

To assure effective economic links between major urban centers centering on Bangkok and the Eastern Sea-Board functions, a well organized macro-spatial network is necessary. The UCR may be situated in the Suburban Agro-Industrial Belt.



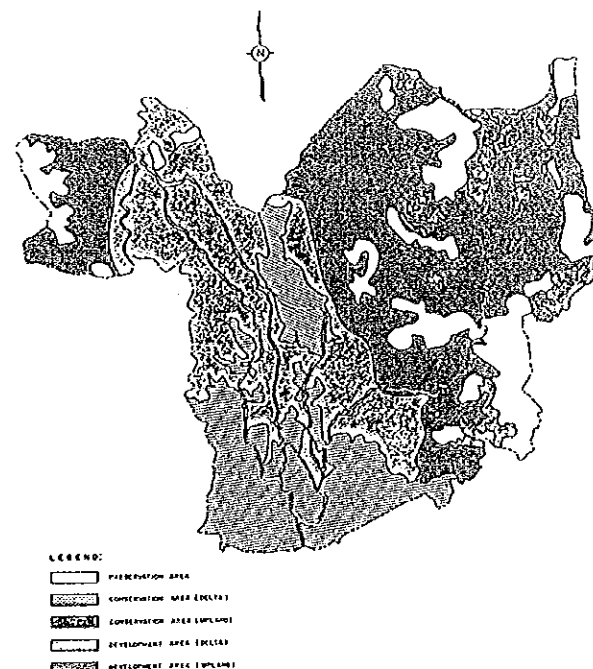
Human Settlement System

Sub-regional system with a urban center hierarchy should be formulated as a basis of regional development. This system assure relations between urban functions and their hinterland activities.



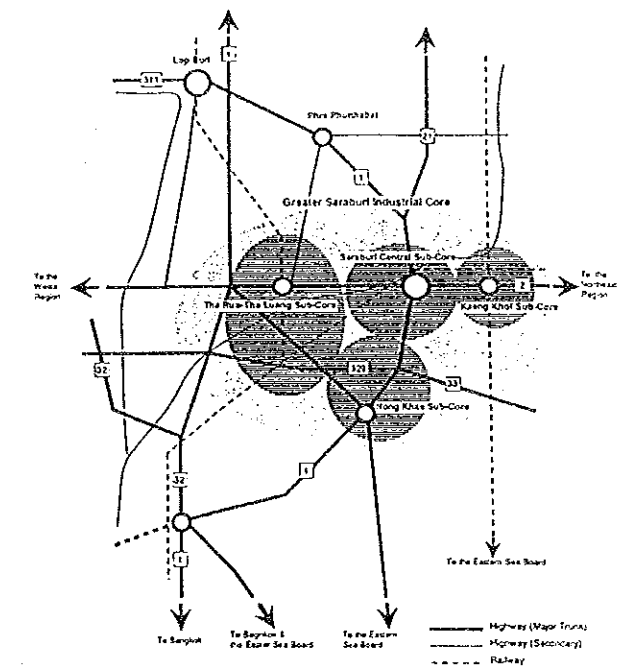
Appropriate Land Use

A clear-cut land use zoning system is essential for a balanced development with an appropriate use of natural environmental resources.



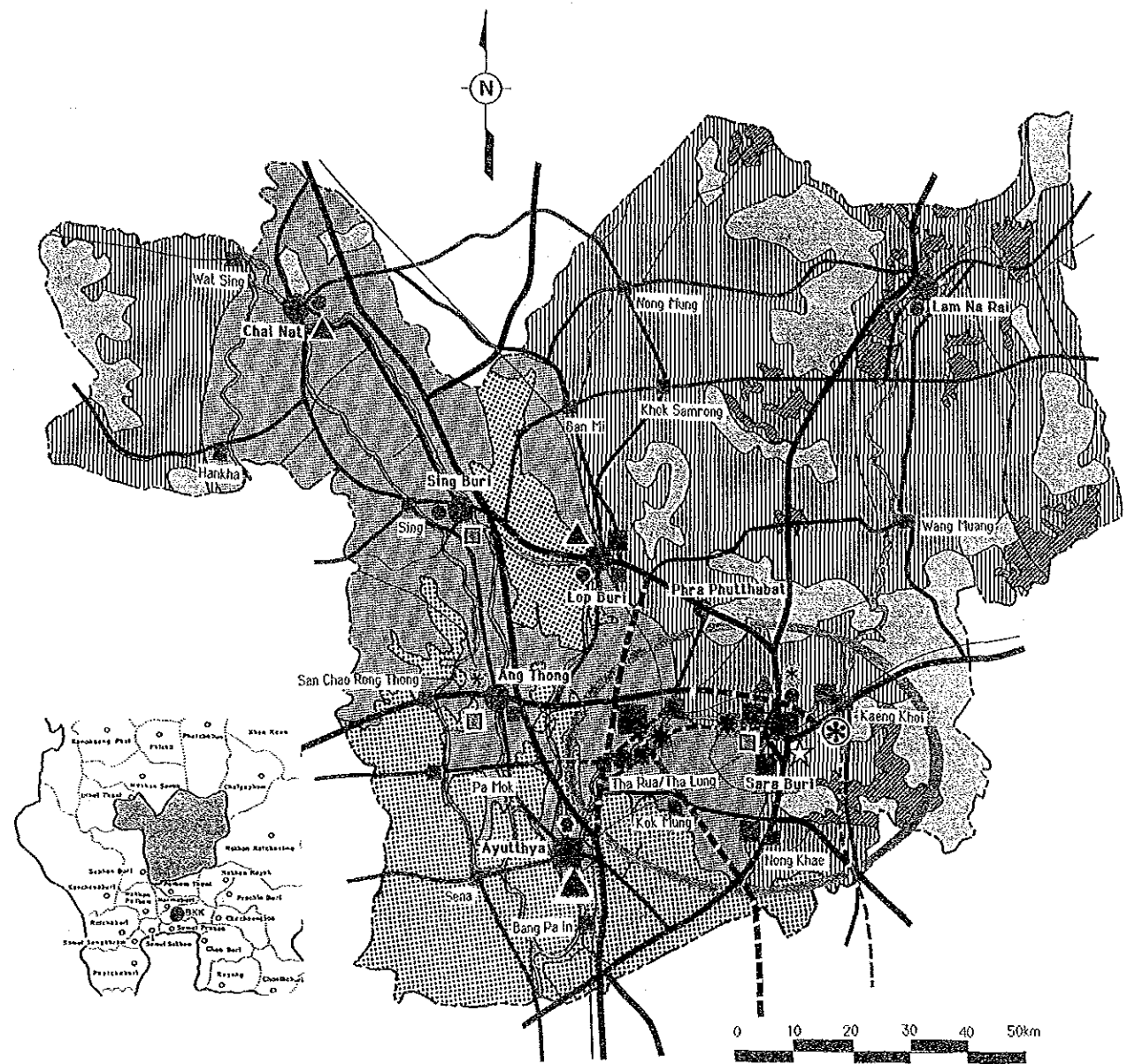
Greater Sara Buri Industrial Core (GSIC) Development

The GSIC development is recommended to receive the potential activities for industrialization and urbanization, being a new inland industrial basis linking with the sea-board development.



Development Strategies & Phasing

	1996	2001	2010
	Short-Term	Medium-Term	Long-Term
National Development	Economy Export-led Industrialization Back-supported by Regional Economy	Expanding Development Opportunities All Over the Country	Domestic Market Based Economic Diversification
	Strengthening Human Resource Base		
	Space Infrastructure Investments to Debottleneck Growth	Development-Environmental Balance	National Space Integration with Locally managed environment
UCR Development	Agriculture Reinforcing Natural Resource Base and Marketing Capabilities	Upland Development by Agricultural Diversification	Distribution/Processing Network Development
	Industry Agro-based industrialization & Local Entrepreneurship Development	Inducement of Modern & High Technology Types of Industries	Formation of Industrial Base Linked with ESB & BMR Industries
	Urban & Services Meeting Basic Urban Needs in Subregional Urban Centers	Regional Center (Sara Buri) Urban development	Establishing Urban Agglomeration as Business Incubator
	Tourism Development in Ayutthaya and Lop Buri	Inducing Higher Urban Functions, R & D, and Amenities	
Key Integrated Projects			
Integrated Pasak River Basin Development			
Greater Sara Buri Industrial Core (GSIC) Development			
Agro-Industrial Linkage Development			
National Management Issues	Environmental and Water Resource Management of Chao Phraya River Basin		
	National Land Use Zoning for Development and Conservation		
	Reinforcement of Planning and Financial Instruments for Urban Management		
	Short-Term	Medium-Term	Long-Term




Legend

- | | | |
|---|---|--|
| Land Use Zoning
Development Area (Delta)
Conservation Area (Delta)
Development Area (Upland)
Conservation Area (Upland)
Preservation Area | Transportation & Energy
Arterial Road (Existing)
Arterial Road (Proposed)
Collector Road (Existing)
Collector Road (Proposed)
Railway (Existing)
Railway (Planned)
Goods Distribution Center
Inter-Modal Transport Facilities (Container Yard & Inland Depot)
Energy Center | Industrial and Urban Facilities
Industrial Estates
Agro-industrial Park
Business Incubator Center
Agro-Tech Center
Handicraft Promotion Center
Wholesale Food Market
Higher Educational Facility
Regional Medical Center
Regional Tourism Center
Tourism Promotion Areas
Greater Sara Buri Industrial Core |
|---|---|--|

General Development Plan 2010 in the Upper Central Region

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(This volume is indicated by )

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- Vol. 2 Urban Management
- Vol. 3 Environmental Management
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- Vol. 5 Industrial Development
-  Vol. 6  Distribution and Marketing
- Vol. 7 Energy
- Vol. 8 Social Development in Rural Economies
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LIST OF ABBREVIATIONS USED

BAAC	Bank for Agriculture and Agricultural Cooperatives
BKB	Bangkok Bank
BMR	Bangkok Metropolitan Region
BOI	Board of Investments
CPP	Charoen Pokphand Produce Company
DOAE	Department of Agricultural Economics
EIO	Express Transportation Organization
FAO	Food and Agricultural Organization
FMO	Fish Marketing Organization
FOB	Free on Board
GPP	Gross Provincial Product
IAS	Integrated Agribusiness System
LTD	Land Transport Department
OAE	Office of Agricultural Economics
PMC	Production and Marketing Contract
PWO	Public Warehouse Organization
RTG	Royal Thai Government
TISTR	Thai Institute for Science and Technological Research
UCR	Upper Central Region

