

VIII. Thailand*

Introduction

1. Role of the textile industry

The textiles sector in Thailand has played an important role in the country's economy in terms of value-added, employment opportunities and export earnings. The impacts of this sector include:

- (a) The creation of the highest percentage of GDP in the manufacturing sector, amounting to 13 per cent of the total manufacturing value-added in 2005;
- (b) The creation of the top rate of employment in the manufacturing sector, amounting to 19.9 per cent (an estimated 1,100,000 employees) of the total industrial workforce in 2005;
- (c) Being one of the highest export earners, with a 5.3 per cent share of the total export value in 2006.

2. Number of factories

In 2006, 4,464 operating textile mills were registered with the Industrial Works Department, an increase 0.54 per cent from 2005 (table 1). This total was divided into 17 man-made fibre mills, 147 spinning mills, 659 weaving mills, 731 knitting mills, 415 dyeing, printing and finishing mills, and 2,495 garment mills. Approximately 90 per cent of the plants were located in Bangkok and its vicinity (Samut Prakarn, Samut Sakhon, Nonthaburi, Pathum Thani and Nakhon Pathom), many of which were involved in clothing manufacturing.

Table 1. Number of registered factories in operation

Industry	Number of Establishments				
	2002	2003	2004	2005	2006p
Fiber	18	18	17	17	17
Spinning	150	154	152	153	147
Weaving	681	673	661	636	659
Knitting	664	675	658	684	731
Dyeing, Printing & Finishing	409	414	404	409	415
Garment	2 648	2 658	2 588	2 541	2 495
Total (Mills)	4 570	4 592	4 480	4 440	4 464

2006p = Preliminary

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3. Workforce

In 2006, 1,069,560 workers were employed in the textile industry, an increase of 0.52 per cent from 2005 (table 2). Of that total, 828,880 employees (77.6 per cent) were working in the clothing subsector. The man-made fibre, spinning, weaving, knitting, and dyeing, printing and finishing subsectors accounted for employment rates of 1.4 per cent, 5.7 per cent, 5.2 per cent, 5.7 per cent and 4.4 per cent, respectively.

Table 2. Number of employees by subsector

Industry	Number of Workers				
	2002	2003	2004	2005	2006p
Fiber	15 600	15 500	14 550	14 430	14 430
Spinning	60 580	61 750	61 360	61 100	60 550
Weaving	58 980	57 880	56 760	55 250	56 700
Knitting	59 930	60 280	59 710	60 790	62 150
Dyeing, Printing & Finishing	46 930	47 200	46 560	46 770	46 850
Garment	840 850	841 520	837 680	825 650	828 880
Total	1 082 870	1 084 130	1 076 620	1 063 990	1 069 560

2006p = Preliminary

4. Capacity in terms of installed machinery

By the end of 2006, a total of 3,863,850 spindles for spinning and 141,220 weaving machines had been installed. The installation of knitting and sewing machinery in knitting and clothing plants totalled 125,320 and 752,842 machines, respectively.

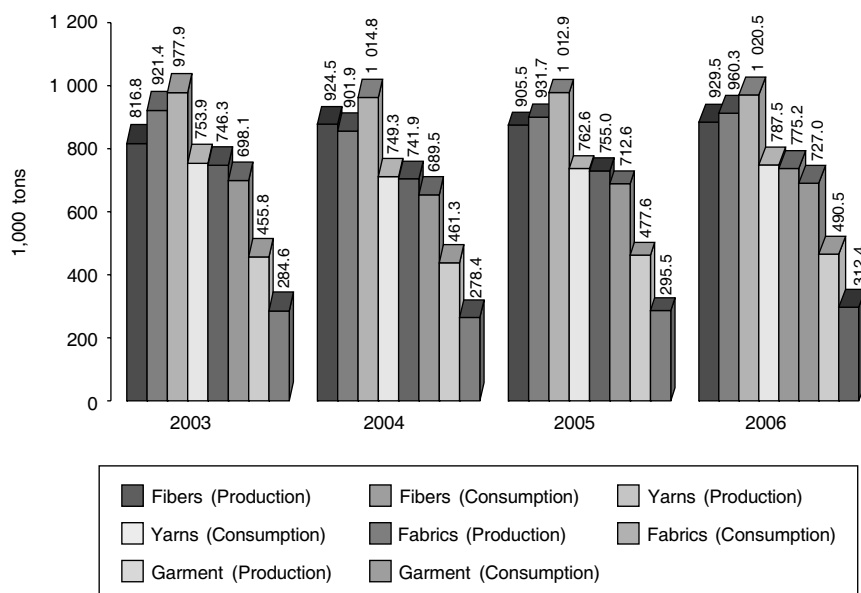
A. Production

1. Man-made fibres

In 2006, production of man-made fibres totalled 929,500 tons,¹ an increase 2.7 per cent from 2005 (see figure I). Of the total production, staple fibres accounted for 547,000 tons while filament made up the remaining 382,500 tons. The principal varieties of man-made fibres comprised polyester staple fibre, polyester filament yarn, polyester pre-oriented yarn, nylon filament yarn, nylon pre-oriented yarn, acrylic stable fibre and rayon staple fibre.

¹ References to production output in this report are in metric tons.

Textile and garment production and consumption, 2003-2006



2. Yarn

Production of cotton yarn and man-made yarn in 2006 totalled 1,200,500 tons, an increase of 0.75 per cent from 2005. Of total production, cotton yarn accounted for 430,000 tons while synthetic yarn made up the balance.

3. Fabric

Production of woven and knitted fabrics amounted to 510,300 tons and 264,900 tons, respectively, in 2006, which was an increase of 2.7 per cent from 2005. Woven products comprised cotton and man-made fabrics amounting to 238,200 tons and 283,500 tons, respectively.

4. Clothing

Total production of clothing in 2006 amounted to 490,500 tons, an increase of 2.7 per cent from 2005. The items comprised made from woven and knitted fabrics accounted for 283,200 tons and 207,500 tons.

5. Overall growth rate

Overall, textile and garment production is expected to show a slower rate of growth than in recent years because of strong competition in the global markets, especially with regard to lower-value products.

B. Consumption

1. Fibres

Domestic consumption of textile fibres totalled 960,300 tons (figure 1), an increase 3.1 per cent from 2005. Of this amount, 450,000 tons were cotton fibre and 510,300 tons were man-made fibres. Of the total consumption of man-made fibres, 260,500 tons were staple fibre, while 247,200 tons represented filament.

2. Yarn

Domestic consumption of 360,500 tons of cotton yarn and of 427,000 tons man-made yarn made up the total yarn consumption of 787,500 tons in 2006, an increase 3.3 per cent from 2005.

3. Fabric

The consumption of fabrics in 2006 totalled 727,000 tons, an increase of 2 per cent from 2005. Man-made fabrics led with 238,200 tons, followed by cotton and knitted fabrics at 220,500 and 268,300 tons, respectively.

4. Clothing

Of the total consumption of 312,400 tons of clothing, which was an increase 5.7 per cent from 2005, 218,500 tons comprised woven fabrics. The remainder comprised knitted fabrics.

C. Exports

1. Fibres

In 2006, fibre exports totalled 349,062.1 tons, worth US\$ 465,930,000. Man-made fibres made up the largest proportion at 310,873.3 tons, worth US\$ 446,680,000. Woollen and cotton exports amounted to 2,288.7 tons, worth US\$ 13,550,000, and 992.2 tons, worth US\$ 820,000, respectively.

2. Yarn

Yarn exports in 2006 totalled 307,649.9 tons worth US\$ 772,090,000, of which man-made yarn and cotton yarn accounted for 253,821.8 tons, worth US\$ 73,850,000, and 48,555.9 tons, worth US\$ 138,760,000, respectively.

3. Fabrics

Exports of fabrics in 2006 totalled 160,460.7 tons, worth US\$ 969,220,000, comprising 92,746.6 tons of man-made fabrics (US\$ 522,720,000), 58,248 tons of cotton fabrics (US\$ 383,440,000) and 8,503.6 tons of knitted fabrics (US\$ 42,910,000).

4. Clothing

Clothing exports in 2006 totalled 4,401,722.8 tons, worth US\$ 3,464,700,000, accounted for 58.2 per cent of the total value of textile exports in that year. Clothing made from woven and knitted fabrics amounted to 68,426.46 tons and 4,333,296.4 tons, worth US\$ 1,475,630,000, and US\$ 1,989,070,000, respectively.

D. Imports

1. Fibres

Imports of textiles in 2006 totalled 502,409.6 tons, worth US\$ 707,980,000. Cotton and man-made fibres accounted for 422,055.1 tons and 56,983.2 tons, worth US\$ 562 million and US\$ 96.7 million, respectively. The United States was the main supplier of cotton fibre.

2. Yarn

Imports of yarn in 2006 amounted to 112,955.3 tons, worth US\$ 420,550,000. Man-made yarn and cotton yarn amounted to 96,062.0 tons and 14,450.6 tons, worth US\$ 337,810,000 and US\$ 56,940,000, respectively.

The major cotton yarn suppliers are China, Pakistan, the Republic of Korea, India, Taiwan Province of China, Japan and France. Japan is the principal supplier of man-made yarn, followed by Taiwan Province of China, Indonesia, the Republic of Korea, China and the United States.

3. Fabrics

Fabrics comprised the highest portion of total textile product imports (34.3 per cent) in 2006, amounting to 132,199.1 tons, worth US\$ 687.5 million. Of that, man-made fabrics accounted for 70,899.5 tons worth US\$ 306,730,000. Cotton and knitted fabrics amounted to 47,572.2 tons and 11,220.1 tons, worth US\$ 264,950,000 and US\$ 67,130,000, respectively.

Hong Kong, China followed by Japan, China, the Republic of Korea, Taiwan Province of China, Singapore, India and Pakistan are the main suppliers of cotton fabrics. The main suppliers of man-made fabrics are China, Taiwan Province of China, the Republic of Korea, Japan and Indonesia. Knitted fabric suppliers are Taiwan Province of China, Hong Kong, China, the Republic of Korea, Japan and China.

4. Clothing

Imports of clothing in 2006 totalled 16,180.3 tons, worth US\$ 173,350,000. Of those amounts, clothing made from woven and knitted fabrics accounted for 7,352.3 tons and 8,828.1 tons, worth US\$ 113.7 million and US\$ 61,660,000, respectively.

E. Problems

Although Thailand's textile sector has been growing rapidly and has become the country's leading industry, it is still facing the following problems:

- (a) Most exported textile products are commodity types that are subject to fierce competition and which attract lower prices;
- (b) The lack of product variety and quality, due to the shortage of skilled technical manpower and state-of-the-art technology;
- (c) The loss of its competitive advantage to lower cost countries, especially with regard to the labour wage rate. Currently, the comparatively higher wage rate in the Thai textile industry is pushing up the cost of production;
- (d) Few or no research and development activities and a lack of testing facilities for basic quality control in factories;
- (e) Reliance to a large degree on raw material imports (such as high-quality fabrics and yarn).

F. Opportunities

Although the Thai textile sector is still experiencing some constraints, the potential remains for investment that will to serve local and export demands as:

- (a) Wage levels in the Thai textile sector still offer an advantage over countries/areas with a more developed textile industry such as the Republic of Korea, Hong Kong, China, and Taiwan Province of China. Although Thailand may be at a disadvantage compared to lower-cost countries, the Thai textile workforce is still comparatively more efficient, especially in terms of skilled labour;
- (b) There are still opportunities for the Thai textile sector to expand its exports from the quota markets (such as the United States and the European Union) to non-quota markets and other new markets such as Indochina (the Lao People's Democratic Republic, Cambodia and Viet Nam), Myanmar and Eastern Europe (such as Poland and the Russian Federation). Indochina and Myanmar, in particular apart from serving as our market.
- (c) Reductions in tariffs and other barriers based on the ASEAN Free Trade Agreement and the GATT/WTO Agreement will enable further expansion of investment and trading in textiles and garments.

G. Development policy guidelines

Following the removal of quotas in 2005, policy guidelines for the development of the Thai textile and garment sector were defined in a master plan. The main points of the master plan are summarised below:

- (a) Increase competitiveness by –
 - (i) Improving productivity through the introduction of the latest technology (including machinery);
 - (ii) Upgrading manpower skills and introducing modern management;

- (iii) Moving towards higher-value added products with a “Bangkok Fashion City” project;
 - (iv) Upgrading product quality and standards;
 - (v) Promoting foreign investment;
 - (vi) Encouraging Thai textile businesses to invest abroad.
- (b) Decentralize the textile and clothing industry, especially small and medium-sized enterprises, to rural areas;
 - (c) Concentrate on environmental and natural resources conservation through the introduction of new technology, in order to save raw materials, water and energy.
 - (d) Penetration of traditional and new markets by introducing a more aggressive marketing strategy.