

THAILAND – PAKISTAN TRADE AND ECONOMIC RELATIONS

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A Review from 1987-88 to 1996-97

Abstract

The actual purpose of this article is to see the trade and economic relations of Thailand and Pakistan. The data have been collected by various secondary sources. The review cover the period 1987-88 to 1996-97.

INTRODUCTION

The Kingdom of Thailand, located in Southeast Asia on the Gulf of Thailand and the Andaman sea, shares boundaries with Burma on the west and northwest, Laos on the east and northeast, Cambodia on the southeast, and Malaysia on the South. Known also as Siam (before 1939 and from 1945 to 1949), the country was named Thailand, meaning "Land of the free", in 1939. Thailand was never colonized by Europeans and has existed as a unified monarchy since 1350. The capital, Bangkok, was established in 1782.¹

Thailand consists of a compact heartland, or mainland, and a long southern peninsular extension of the MALAY PENINSULA. The total land of Thailand is 513,115 km and total population in 1990 estimated 55,115,683 and the population of capital and largest city Bangkok in 1988 was estimated 5,716,779. Density 107.4 persons per km. Distribution in 1990 was 18% urban, 82% rural, official language is the Thai and major religions are Buddhism and Islam. The economy of Thailand GNP was in 1989\$ 69.95 billion; \$ 1,238 per capita, labour distribution in the year 1990 was in this way: agricultural 58%, commerce and services 10%, manufacturing 8%, government and public authorities 6% construction 3% and foreign trade in 1990

estimated imports were \$31.7 billion; exports were 23.3 billion and currency: 1 baht=100 satangs.

The literacy in the year 1990 was 70% of adult population and universities and technical institutes were 16 in 1988. In the year 1987 the hospital beds were 88,262 and physicians 9580 in the same period. Life expectancy in 1990: women-70; men-64. Infant mortality in 1990 was 34 per 1000 live births.²

Agriculture accounts for one fourth of the gross national product. Rice, the principal crop and the leading export, is grown mainly in the Chao Phraya basin. Rubber, the second most important export, is produced in the Southern peninsula. Plantation estates are generally small.

Manufacturing accounts for about one fifth of the country's gross national product. The major industries are fining, as well as the production of jute sacking, cotton textiles, clothing, footwear, refined sugar, cement, and Tobacco. In addition, Silk articles, jewelry carved wood items, and cigarettes are produced in many homes, both in cities and villages.

Most traffic moves by water or along the nation's 3,855 km long rail system radiating from Bangkok. Many routs are passable only in the dry season. The chief post is Bangkok. The principal exports are rice, rubber and tin. Petroleum, machinery, and chemicals are the leading imports.³

The Islamic République of Pakistan emerged on the map of the world as an independent sovereign state on 14th August 1947, as a result of the division of the former British India. The total area of the country is 796,096 sq.km with a population of 84.3 million according to population census 1981. It is divided into your provinces viz. Sindh, Punjab, NWFP, and Balochistan. Climatically, Pakistan enjoys a considerable measure of variety. The country has an agricultural economy with a net-work of canals irrigating a major part of its cultivated land. Cotton, wheat, rice millet and sugarcane are the principal crops. Among fruits: Mango, oranges, banana and apples are grown in abundance in different pasts of the country. The main natural resources are natural gas,

coal, salt and iron. The country has an expanding industry. Sugar, textiles, cement, fertilizer and chemicals etc play an important role in its economy. It is fed by vast hydroelectric power Urdu is the national language and is used as a medium of understanding throughout the country.⁴

Thailand and Pakistan Economic and Trade Relations:

Thailand and Pakistan are traditionally good friends for from fifty year's. Usual bilateral cooperation between the two countries in the international arena remain positive dignitaries exchange their visits.

The trade and economic relations between Thailand and Pakistan are old and deep. These relationships have been enhanced ever since the establishment of diplomatic relations in 1951. After that trade agreement of 1969 and 1984 come into existence between Pakistan and Thailand, which helped in the convention for avoidance of double taxation and the prevention of fiscal evasion with respect to taxes and income.

The trade volume between the two countries is satisfactory progressing year by year. Important Thai exports to Pakistan are machinery, auto parts, garments, leather finished goods, tyre and tubes rubber products molasses and fishery products. Major Pakistani exports to Thailand are textile, citrus fruits, cotton and cotton yarn.⁵

Study reveals that the Thailand is one of the good trade partner of our country. The trade between the two countries has increased. The following Table-I shows the position of trade development during the period from 1987-88 to 1996-97.

TABLE NO. 1

THAILAND – PAKISTAN TRADE BALANCE OF TRADE

Year	Export to Thailand	%Decrease(+) Increase(-)	Import from Thailand	%Decrease(+) Increase(-)	Balance of Trade	%Decrease(+) Increase(-)
1987-88	1007	—	657	—	350	53.27
1988-89	2143	112.8	1086	65.3	1057	97.32
1989-90	1237	- 42.3	2231	105.4	- 994	- 44.55
1990-91	1760	42.3	1437	- 35.6	323	22.48
1991-92	2359	34.03	1838	27.90	521	77.31
1992-93	1987	- 15.76	1637	- 10.9	350	21.38
1993-94	1569	- 21.0	1884	15.1	- 315	- 16.72
1994-95	1617	3.0	2629	39.5	- 1012	- 38.49
1995-96	3822	136.4	4367	66.1	- 545	- 12.47
1996-97	821	- 78.5	5468	25.21	- 4647	- 84.98
Total	18322		23234		- 4912	
Average	1832.2		2323.4	—	—	—

Source: Economic Survey 1997-98, Government of Pakistan, Finance Division, Economic Adviser's Wing, Islamabad, pp.187-188.

Of is evident from the about table-1 that export and import increased by 112.8% and 65.3% in 1988-89. When compared with 1987-88. Export declined and import rise by 42.3% and 105.4% in 1989-90 when compared with 1989-89. Similarly export and import increased by 136.4% and 66.1% in 1995-96. In the year 1996-97 export declined by 78.5% and import increased by 25.21% when compared with 1995-96.

Study reveals that the export declined by 18.47% and import increased 732.26% in the year 1996-97 when compared with 1987-88. It is also clear from the above study that the export to Thailand averagely was Rs. 1832.2 million and import from Thailand was averagely Rs. 2323.4 million during the period from 1987-88 to 1996-97.⁶

THAILAND AND PAKISTAN ARE TRADITIONALLY GOOD FRIENDS

Thailand and Pakistan are traditionally good friends for many decades. The usual bilateral cooperation between the two countries in the international arenas remains positive. Both the countries have supported each other on many international issues. Their Majesties King Bhumibol Adulyadej and queen Sirikit had paid a state visit to Pakistan in 1962. Later His Royal Highness crown Prince Maha Vajiralongkorn visited Pakistan twice – First in 1991 and then recently in March 1998. Her Royal Highness Princess Chulabhorn D. Mahidol also visited Pakistan in 1994.⁷

Pakistani Leaders and higher ranking officials have also visited Thailand in the recent years. There are annual visit exchanges between the delegations and students of the National Defence College of Pakistan and Thailand.

Mr. Gohar Ayoob Khan, former foreign Minister of Pakistan, during his visit to Thailand signed an agreement to establish the Joint Economic Commission and also exchanged the instrument of ratification of the bilateral cultural agreement already signed in 1991. These two agreements immediately came into force and cover a wide spectrum of bilateral relationship, providing an institutionalized framework for further enhancing the existing ties in the field of trade and investment, human resources development, technical cooperation, education, science, culture and arts, bringing the two people and governments ever closer.

During the past two years, the Thai government has provided Pakistan to offer candidacy for many fully sponsored, free short training courses in the fields of health, social welfare, education, telecommunication, rural development, etc. This was done as a part of the technical cooperation among the third world countries.

The volume of trade between Pakistan and Thailand had progressed despite economic crises in the region and it is hoped that in the year 1999, the trade volume will enhance in a satisfactory manner.⁸

CONCLUSIONS AND SUGGESTIONS

Of is concluded from the above study that, the Thailand and Pakistan are good trade partners. These relationships have been enhanced ever since the establishment of diplomatic relations in 1951.

It is also clear from the above study that the trade volume between the Thailand and Pakistan is satisfactory progressing year by year. In the year 1987-88 export to Thailand was Rs.1007 million and import from Thailand was 657 and in this way balance of trade was 350 which was favourable. But during the study period from 1987-88 to 1996-97 the balance of trade remain negative of Rs. 4912 millions.

This however, our main pursuit is to balance our import and exports so that we do not land up with a negative trade balance as it will not benefit us in the long run study reveals that the Joint Economic Commission will be a frame work for closer trade and economic cooperation between the private sector especially direct cooperation among the Chambers of Commerce and industry of both Pakistan and Thailand. It is hoped that the existing relations will further enhance in fields of human resources development, investment, education and technical and cultural and cooperation. This kind of cooperation will ensure the prosperity and well-being of our two peoples at large.

Thus it is finally suggested that the country must control on luxury items and export more and more required commodities to the Thailand, in this way our balance of payment will remain favourable.

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