

ABSTRACT

Thesis Title : An Analysis of External Debt Servicing Capacity of
Thailand

Student ' s Name : Mr. Narong Plong-uan

Degree Sought : Master of Economics

Academic Year : 1998

Advisory Committee :

1. Assoc. Prof. Dr.Kesorn Homkachorn
2. Assoc. Prof Virach Tharnasuan
3. Mr. Komol Prachkatunyou

The objectives of this thesis are as follows (1) to study the external debt structure of public and private (2) to study the factors that indicate the foreign capital inflow to Thailand (3) to study the dimension of index relation that indicate the crisis of foreign debt and to analyze the indexes and the relationship of indexes that indicate the capacity to pay external debt during 1981-1996 by using " Factor Analysis " and Factor Extraction by " Principal Component " in the estimation.

From the study , it is found out that , through 16 years of foreign debt structure of Thailand , there have been spectacular changes in such structure since 1987. Those changes come from foreign public debt to private debt especially when the government allows financial bank to

operate BIBF_s (Bangkok Investment Banking Facilities) . As studying about the factor of capital inflow , it is found out that the important factors are the differences of interest rate , economic issues , political issues , financial policy , exchange rate , and also credit rating.

From index analysis , it is found out that the dimension of relation between indexes that indicate foreign debt crisis are the dimension of relation between the growth rate of external debt and total short-term external debt to total external debt which is equal to 60.4 in coincident characteristic. The dimension of relation between the growth rate of external debt and growth rate of export of goods and services are equal to 6.3 in conflict characteristic. When 16 indexes are analyzed through " Factor Analysis " , the growth rate of external debt and the growth rate of export of goods and services are conflict instead of coincident according to DHONTE's study. Thailand has been facing trade deficit for a long time. Many import goods are not for production. Export are rather less diversified and mostly Thai economy depends on significant short-term capital. From the above mentioned reasons the capacity in debt service of Thailand is in severe situation.