

ABSTRACT

Thesis Title : Problem and Obstructions of The Public Enterprise Privatization for Investing in The Securities Exchange of Thailand (SET) : case study Electricity Generating Authority of Thailand (EGAT).

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As the government has a policy to privatize many private enterprises, the first national economic and social development planning (1961-1966) was set up so as to open the green light for the private sectors to take part in such privatization. As for the privatization of the Electricity Generating Authority of Thailand (EGAT), the policy of the government was that on 6 August 1991 the cabinet passed a resolution for EGAT to build up a company in order to buy the projects of the Rayong combined cycle power plant and the Khanom thermal power plant from EGAT. The way to do as above - said is to mobilize the funds through the mechanism of the Securities Exchange of Thailand (SET). EGAT has therefore set up Electricity Generating Public Company Limited (EGCO) to conduct the resolution of the cabinet. Because of this, it can be said that the company is the first Independent Power Producer (IPP) in Thailand and also is part of the privatization of EGAT for the private sector to do according to the policy of the government. Besides, for opening

the way to the private sector to participate in producing more electric current, the project for buying electric energy from IPP has been created so far.

Later, the cabinet again passed the resolution on 12 September 1992 to privatize the complete EGAT body within 1996 so as to sell its share in the SET, but in vain, because such resolution was later than scheduled, so EGAT re-revised that resolution. Again, the new resolution was issued on 5 March 1996, and the content was that there was no need for EGAT to privatize the total part of EGAT body, except for some parts, that is, the subsidiary company in the groups for electric productivity which are divided into three groups - Bangpakong power plant, Ratchaburi power plant and Mae-Moh power plant, was set up. After the company limited had been completed, the privatization from the aforesaid company limited to the company limited public was done. Then, both the registering and the expansion of share in SET will have to be gone slow in the fiscal year of 1998 the same with the style of EGCO.

As for the government, it tries to find a way to privatize its affairs by appointing a committee being in charge of considering the way to privatize and also considering the drafting of the privatization law. At last, the bill on the funds of the private enterprises for privatizing all the private enterprise affairs is drawn by the committee; however, until now (February 1997) the drafting of such bill has not been debated in parliament for considering it the law at all.

In a study, the reason why EGAT has to be privatized is to answer the government's demand in case of wishing the private sector to play a key role in the matter of investing in many state businesses, reducing the burden for the investment of EGAT as well as limiting the ceiling of the foreign loans of EGAT. As to EGAT, there is necessary for finding its financial sources to invest in its businesses, averaging about 50,000 - 60,000 million baht a year. Such amount of money is more than the ceiling of the foreign loans set up by the government. Thus, the privatization of EGAT

for mobilizing its fund through the mechanism of SET is in line with the way that EGAT accepts. Again, after studying the possibility of the total privatization of EGAT for the purpose of the fund as above - said, various problems and obstacles both before and after the privatization can be found.

These four stages are the researcher's suggestions:

The first stage : The structure of administration in EGAT has to be changed from the bureaucratic method to the more private one. Also, such a structure must be clearly ameliorated for all the working levels.

The second stage : The fund sources should be reduced, but the way to do is to ask for the approval of the cabinet to sell more power plants of EGAT to EGCO, together with the gradual changing of structure of EGAT as aforesaid.

The third stage : The privatization of the total EGAT body for mobilizing the funds in SET by drafting the privatization law for only the EGAT or revising the 1968 bill of EGAT to be relevant to the measure of mobilization of the funds in SET according to the 1992 bills of the Asset and the Securities Exchange of Thailand has to be made, but the state of the private enterprise is maintained until the readiness for the privatization of the electric affairs throughout the country is ripen.

The fourth stage : The combination of EGAT, the Metropolitan Electricity Authority (MEA) and the Provincial Electricity Authority (PEA) into one body by calling the Electricity Authority of Thailand (EAT) or EGAT should be made and then the privatization of the total electric affairs all over the country must be completely made. The responsibility on the system for releasing and distributing electric energy belongs to EGAT, but the duty for producing electric power is the responsibility of the private sector only. Also, the independent agency for controlling quantity, quality and electric bill to be fair to the people nationwide has to be set up.