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Fonds: Records of the Office of the President

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THE WORLD BANK

Washington, D.C.

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The World Bank

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Washington DC 20433

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90000/008
PRESIDENT CLAUSEN
ITINERARY FILES

THAILAND

1982


Archives



1773737

A1995-264 Other # 19 Box # 209428B
President A. W. Clausen Itinerary / Briefing files: Thailand, October 1982 -
Correspondence 01

DECLASSIFIED
WBG Archives

THAILAND

By A

BANGKOK

BANGKOK BRANCH (6204)

297 Surawong Road, Bangkok, Thailand

G.P.O. Box 158, Tel. 233-0930

| | |
|--------------------------------|--|
| Ahlers, Alfred | Vice President & Manager |
| Boonchote, Ainslee, Mrs. | Senior Supervisor (DPC) |
| Boontanvart, Suvimol, Mrs | Assistant Cashier |
| Bunthuwong, Rabeib, Mrs. | International Loan Officer |
| Chuaprasert, Vira | Senior Utility Officer |
| Chutima, Somanat (Otto) | Assistant Manager |
| Giannotti, Christopher (Chris) | Assistant Vice President |
| Grant, Henry (Hank) | Vice President (Operations) |
| Han, Chien-Kwang (Jimmy) | Assistant Vice President |
| Jivabutr, Srirat | Senior Supervisor (Audit) |
| Jotikasthira, S. | Assistant Manager |
| Kamolnate, Vudhiphorn | Senior Supervisor (Loan Services) |
| Mekanandha, Phensri | Senior Supervisor (Letters Of Credit) |

BANGKOK BRANCH (6204) (Continued)

| | |
|---------------------------------|--|
| Mekanapayup, Sumalee | Senior Supervisor (Credit Analyst) |
| Pattamasaevi, Harong (Dan) | Loan Officer |
| Phan Araya, Weerapon, Mr. | Economic Research Officer |
| Phathanapiromya, Prida | Senior Supervisor (Administrative Services) |
| Piyachat, Visal (Henry) | Senior Supervisor (Letters of Credit) |
| Prayong, Nonthanit, Miss | International Loan Officer |
| Prichacharn, Voravit | International Loan Officer |
| Rugchati, Amphon | International Loan Officer |
| Rugchati, Amphon, (Mrs) | Assistant Cashier |
| Sharp, Richard B. | Vice President |
| Singhapanich, Boonlert | Bank Card Representative |
| Sinhaseni, Tanudee, Mrs. (Anna) | Loan Officer |
| Smuthkochorn, Pradist | Senior Supervisor (Accounting) |
| Srichalumpa, Viyada, Mrs. | Assistant Vice President |
| Srinakar, Chintana, Mrs. | Assistant Manager |
| Sriratanobhas, Supuck | Senior Supervisor (Remittance) |
| Suchirakul, Manit | Senior Supervisor (Collections) |
| Sudhikam, Noparat | Assistant Vice President |
| Sutliff, Ronald W. | Assistant Vice President |
| Tan, S. K. | Assistant Manager |
| Thipayaboonthong, Peerapong | Travelers Cheques Representative |
| Tipsanit, Tiraphon | Assistant Vice President |
| Unenanond, Atisri (Tik) | Training Officer |
| Varutbangkul, Pravit | Assistant Vice President |
| Virochpoka, Paitoon | Operations Research Analyst |
| Vithayasai, Terdkiat, Mr. | Loan Officer |
| Yamada, S. | Assistant Vice President |

THE WORLD BANK

| | | | |
|-------------------------|--|------------------------|------------------|
| ROUTING SLIP | | DATE: Oct. 25, 1983 | |
| NAME | | ROOM NO. | |
| Mr. Southworth | | E-1227 | |
| | | | |
| | | | |
| | | | |
| | | | |
| APPROPRIATE DISPOSITION | | NOTE AND RETURN | |
| APPROVAL | | NOTE AND SEND ON | |
| CLEARANCE | | PER OUR CONVERSATION | |
| COMMENT | | X PER YOUR REQUEST | |
| FOR ACTION | | PREPARE REPLY | |
| INFORMATION | | RECOMMENDATION | |
| INITIAL | | SIGNATURE | |
| NOTE AND FILE | | URGENT | |
| REMARKS: | | | |
| Thank you. | | | |
| FROM: P. Landell-Mills | | ROOM NO.: D-344 | EXTENSION: 74538 |



Thailand - 1982

*
↑
Mrs. Clausen

Oct. 6 - 4 p.m.

Mr. SOUTHWORTH

ITINERARY FOR TRAVEL TO THAILAND AND INDONESIA

OCTOBER 19 - NOVEMBER 1, 1982

Date/Time

Tuesday, October 19

| | | |
|---------|--|------------------------|
| 5:30 pm | Depart Washington/Dulles (Flt. TW063F) | Non-stop |
| 8:08 pm | Arrive San Francisco | 5-1/2 hrs. flying time |

Wednesday, October 20

| | | |
|------------|---|----------------|
| 9:30-11 am | Invest-in-America Press Conference St. Francis Hotel - California Room West, 2nd Floor | |
| 1:00 pm | Depart San Francisco (Flt. JL001P) | B-747 non-stop |

Thursday, October 21

| | | |
|----------|----------------------------|---------------------|
| 3:35 pm | Arrive Tokyo | |
| 7:00 pm | Depart Tokyo (Flt. JL477F) | DC-8 non-stop |
| 11:25 pm | Arrive Bangkok | 17 hrs. flying time |

Friday, October 22

| | | |
|----------------|---|--|
| 8:30-9:30 am | Breakfast briefing by RMTI staff at Oriental Hotel | |
| 9:30-10:00 am | River boat from Oriental Hotel to Ministry of Finance | |
| 10:00-10:15 am | Courtesy meeting with H.E. Khun Sommai Hoontrakool, Minister of Finance H.E. Khun Suthee Singhasaneh, Deputy Finance Minister Khun Chanchai Leetavorn, Undersecretary of State | |
| 10:15-10:30 am | Drive to Government House | |
| 10:30-10:45 am | Courtesy meeting with Prime Minister Prem Tinsulanonda, accompanied by H.E. Finance Minister Sommai | |
| 10:45-12:30 | Working meeting, chaired by Maj.Gen. Pramarn Adireksarn, Deputy Prime Minister for Economic Affairs, with Ministers and their senior officials: NESDB (Dr. Snoh Unakul) Energy (H.E. Sulee Mahasantana, Minister in PM's office) Agriculture (H.E. Maj.Gen. Chatichai Choonhavan, Minister of Industry) Communications (Admiral Amorn Sirikava, Minister of Communications) | |
| 12:20-12:45 pm | Drive to lunch at Bank of Thailand. | |
| 12:45-2:15 pm | Lunch hosted by Minister of Finance Sommai, with Governor, Bank of Thailand, and about 4 representatives of Thai banks, and also 4 representatives of foreign banks. | |

Friday, October 22 (Cont'd)

- 2:15-5:00 pm Drive back to Oriental Hotel and rest
- 5:00-6:00 pm Tea Party at Oriental Hotel to meet and discuss with small group of about 6 leading Thai industrialists hosted by Khun Paron Isarasena, President of Industrial Association of Thailand
- 6:00-7:00 pm Free
- 7:00-7:45 pm Drive to Prime Minister's Residence
- 7:45-9:45 pm Dinner hosted by Prime Minister
- 9:45-10:30 pm Drive back to Oriental Hotel and overnight.

Saturday, October 23

- 8:30-9:10 am Oriental Hotel to Don Muang Airport - by car.
- 9:20-10:40 am Don Muang to Khon Kaen by plane.
- 10:50-11:00 am By helicopter to Ban Tha Sawan, Amphoe Manjakiri (30 kms)
- 11:00-11:30 am Inspect Poverty Village, Ban Tha Sawan.
Largely untouched by development. Will receive assistance under NESDB Poverty Program, supported by proposed World Bank Rural Development Loan.
- 11:30-11:35 am By helicopter to Ban Non Phan Chat (8 kms.)
- 11:35-12:00 Inspect village, Ban Non Phan Chat, which has received development assistance, including rural roads and wells (ARD) financed under Bank loan.
- 12:00-12:15 pm By helicopter to Amphoe Kosum Phisai (35 kms.)
- 12:15-12:45 pm Inspect Agriculture Research Station for Field Crops, briefing on Bank project to upgrade key research stations, such as this one, to undertake multi-disciplinary research into farming systems.
- 12:45-1:10 pm By helicopter to Roi-Et.
- 1:10-2:30 pm Lunch hosted by PEA officials, followed by briefing, and review on the ground, of rural electrification program at Ban Na Pho.
- 2:30-3:15 pm By helicopter to Ban Lek, Kalasin Province--flying over North East Irrigation I, II Project areas to see extent of work undertaken with Bank assistance.
- 3:15-4:15 pm At Ban Lek, and by car to next village, Ban Don Po, review implementation of N.E. Irrigation II Project financed by World Bank, meet BAAC field officers providing agricultural credit financed by World Bank, and meet extension agents and contact farmers whose activities are supported by World Bank loan funds.
- 4:15-4:50 pm Return by helicopter to Khon Kaen (80 kms.)
- 5:00-6:20 pm Return by plane to Don Maung.
- 6:30-7:10 pm By car from Don Muang to Oriental Hotel.

Sunday, October 24 (Thailand)

- 8:45-9:30 am Travel by boat from Oriental Hotel to EGAT.
- 9:30-10:30 am Travel by helicopter to PTT gas pipeline terminal at Mab Ta Pud.
- 10:30-11:15 am Briefing on Eastern Seaboard development program by NESDB.
- 11:15-12:00 Briefing on gas development program and petro-chemical industries by PTT.
- 12:00-1:15 pm Lunch hosted by PTT Governor, Dr. Tongchat Hongladaromp.
- 1:15-2:15 pm Travel by helicopter to EGAT's Bang Pakong Thermal Power Plant.
- 2:15-3:00 pm Visit power plant with Dr. Kasame Chatikavanij, General Manager EGAT.
- 3:00-4:15 pm Return to Oriental Hotel by car.
- 4:15-6:15 pm At leisure.
- 6:25-7:00 pm Drive to Palace.
- 7:00-9:00 pm Audience, followed by dinner with Their Majesties, The King and Queen.

Monday, October 25

- 9:30-10:00 am Drive from Oriental Hotel to ESCAP.
- 10:00-10:45 am Meeting with Dr. S.A.M.S. Kibria, Executive Secretary, ESCAP.
- 10:45-11:00 am Drive from ESCAP to Government House.
- 11:00-12:00 Wrap-up meeting with Prime Minister Prem and H.E. Khun Sommai.
- 12:00-12:45 pm Drive from Government House to Don Muang Airport.
- 12:45-1:30 pm Informal lunch at Airport, VIP Lounge.
- 1:45 pm Depart Don Muang Airport for Jakarta - Flight GA-893.

INDONESIAMonday, October 25

- 8:35 pm Arrive from Bangkok. Proceed directly to Hilton Hotel. Briefing by S. Husain and R. Cheetham.

Tuesday, October 26

- 8:30 am Leave Hilton Hotel - by helicopter.
- 9:45 am Arrive Sukani Air Force Base, Central Java.
- 9:50 am Leave Sukani, by car
- 10:00 am Arrive Rentang, Central Java. Inspection of Barrage and briefing on Irrigation Development by Mr. Sudaryoko, Director General of Water Resources Dev.
- 11:30 am Leave Rentang for Sukani, by car.
- 11:45 am Leave Sukani, by helicopter. Overview from air of proposed location of Jatigede Dam, Rentang left bank irrigation, Cimanuk River Flood Control Works and Coastal Area Drainage Works.

Tuesday, October 26 (Cont'd)

- 12:15 pm Arrive Cirebon , transfer to car.
- 12:30 pm Arrive Patra Jasa Hotel, Cirebon.
- 1:00 pm Leave Patra Jasa Hotel, by car.
- 1:15 pm Arrive at Residence of Vice Governor, Cirebon,
for lunch. Official host: Vice Governor.
- 2:30 pm Leave Cirebon, by car.
- 3:00 pm Arrive Plumbon. Briefing on Agricultural
Extension in Indonesia, and Secondary Crop
Production and Marketing by Mr. Wardoyo,
Director General of Food Crops Agriculture.
Inspection of Agricultural Development Center.
Meeting with Training Staff and Extension Students.
- 4:00 pm Leave Plumbon, by car.
- 4:15 pm Arrive Rural Extension Center.
Meeting with Farmers' Group and Field Extension Agents.
- 5:45 pm Leave Rural Extension Center, by car.
- 6:00 pm Arrive Cirebon.
- 7:30 pm Dinner at Patra Jasa Hotel, Cirebon
Official Host, Mr. Sudaryoko, Director General
of Water Resources Development.
Spend night at Patra Jasa Hotel, Cirebon.

Wednesday, October 27

- 7:30 am Leave Patra Jasa Hotel, by car.
- 7:45 am Arrive Family Planning Center, Cirebon (tentative).
Briefing to be given by a representative of BKKBN
(the National Family Planning Coordinating Board).
- 10:45 am Leave Cirebon, by helicopter.
- 11:30 am Inspection of Saguling Hydroelectric Project (Loan 1950-IND)
construction site, followed by lunch.
Lunch hosted by: Mr. Sardjono, President Director, PLN,
(the National Electricity Authority).
Lunch will be followed by briefing on energy and power
development in Indonesia by Mr. Samaun Samadikun,
Director General of Mines and Energy.
- 2:30 pm Leave Saguling, by helicopter.
- 3:30 pm Arrive Jakarta.
- 4:00 pm Transfer to Hilton Hotel.
- 6:30 pm Cocktail Party at Mr. Cheetham's Residence.
- 8:00 pm Evening free.

(INDONESIA)

Thursday, October 28

7:00 am Leave Jakarta by Private Plane
 8:00 am Arrive Palembang, South Sumatra

8:00 am Leave Palembang, by helicopter.
 9:00 am Arrive Baturaja Transmigration site (Loan 1318-IND).
 Briefing by Mr. Bambang Sumantri, Secretary to the
 Minister of Manpower and Transmigration on Transmigration
 in Indonesia, inspection of settlement areas, including
 stops at village settler house, rubber plots, food crop
 plots, and discussions with settlers.

11:30 am Leave Baturaja, by helicopter.
 12:30 pm Arrive Tebenan for lunch.
 Lunch: Briefing by General Pang Suparto, Director General
 for Estates, on Nucleus Estates and Smallholders
 development, visit to rubber and oil palm estates
 and smallholders area, and discussions with
 settlers.

4:00 pm Leave Tebenan, by helicopter.
 4:15 pm Arrive Palembang.

4:15 pm Leave Palembang, by private plane.
 5:15 pm Arrive Jakarta.

6:00 pm Transfer to Hilton Hotel.
 Evening free.

Friday, October 29

10:00 am Meeting with Coordinating Minister for Economic
 Affairs, Professor Widjojo; At Central Bank
 H.E. Ali Wardhana, Minister of Finance;
 Mr. Rachmat Saleh, Governor, Bank Indonesia
 (the Central Bank); and other economic ministers.

12:30 pm Lunch with Economic Ministers. At Central Bank

3:30 pm Meeting with staff of Resident Mission.

5:30 pm Transfer to Hilton Hotel.

7:30 pm Dinner at Mr. Cheetham's residence, with prominent
 Indonesian intellectuals.

Saturday, October 30

11:00 am Istana Presidential Palace. Meeting with
 President Soeharto.

11:30 am Hotel Borobudur---Press Conference.

~~11:30 am Free for Television Interview.~~

12:30 pm Lunch with Bankers and Industrialists.

3:00 pm Return to Hilton Hotel.

4:30 pm Leave Hotel for Airport.

6:00 pm Leave Jakarta (Flt. GA-896F)

B747

(Flt. GA-896F-Return to USA)

Saturday, October 30 (Cont'd)

8:35 pm Arrive Singapore
 10:10 pm Depart Singapore (same flight)

Sunday, October 31

1:25 am Arrive Abu Dhabi
 2:55 am Depart Abu Dhabi " "
 6:05 am Arrive Zurich
 7:05 am Depart Zurich " "
 8:15 am Arrive Paris -CDG
 11:00 am Depart Paris -CDG AF001R - SST Concorde non-stop
 8:45 am Arrive New York -JFK

NEW YORK

Monday, November 1

a.m. Meeting with ACC
 Lunch hosted by Secretary-General

PROGRAM FOR MR. CLAUSEN'S VISIT TO THAILAND
(October 21-25, 1982)

| <u>Date/Time</u> | | <u>Remarks</u> |
|-----------------------------|---|--|
| <u>Thursday, October 21</u> | | |
| 11:25 pm | Arrive Bangkok (JAL flight 477), Proceed to Oriental Hotel by car | To be met by Minister of Finance, Khun SOMMAI, and Mr. Husain |
| <u>Friday October 22</u> | | |
| 9:30 am | Leave hotel by car for offices of Regional Mission for Thailand & Indochina (RMTI) | |
| 9:50 am | Briefing at RMTI by Messrs. Husain and Davar and RMTI staff | |
| 11:00 am | Leave RMTI by car for Ministry of Finance, Grand Palace | |
| 11:20 am | Working meeting with Minister of Finance and senior Finance staff | |
| 12:15 am | Travel by car to Bank of Thailand | |
| 12:30 pm | Lunch at Bank of Thailand | Hosted by Minister of Finance, Khun SOMMAI, and Governor of Bank of Thailand, Khun NUKUL |
| 2:00 pm | Leave for Government House by car | |
| 2:15 pm | Courtesy visit with Prime Minister, General PREM | Accompanied by H.E. Khun SOMMAI |
| 2:30 pm | Briefing by Economic Planning Team | To be chaired by the Prime Minister, General PREM |
| | Briefing by Dr. SNOH, Secretary General NESDB on macroeconomic situation and Fifth Plan | |
| | Briefing by Ministers of Industry (CHATICHAI) and of Science, Tech- nology and Energy (THINAKORN) | |
| | Briefing by Ministers of Agriculture (CHUAN) and Commerce (PUNNAMEE) | |

4:45 pm Leave for Oriental Hotel by car

8:00 pm Dinner at Oriental Hotel with Thai intellectuals and industrialists Hosted by Mr. Davar

Saturday, October 23

8:30 am Leave hotel by car for airport

9:15 am Leave for Khon Kaen by plane

10:45 am Arrive Khon Kaen airport

11:00 am Depart by helicopter for Ban Kok Samran village

11:15 am Arrive Ban Kok Samran village. Short briefing by Government officials. See village school, health center, rural electrification, rice mill, silk weaving.

12:30 pm Depart by helicopter for Nong Wai, Royal Irrigation Department (RID) regional office

12:45 pm Arrive Nong Wai for lunch followed by briefing on irrigated agriculture in Northeast Briefing by officials of RID, Department of Agricultural Extension and Bank for Agriculture and Agricultural Cooperatives (BAAC)

2:00 pm Depart by helicopter for aerial tour of Nam Pong irrigation works

2:30 pm Arrive Ban Don Yang village Visit village; meet contact farmers, BAAC borrowers and water user association members

3:15 pm Depart by helicopter for Khon Kaen airport

3:30 pm Leave by plane for U-Tapao airport

5:00 pm Leave by car for Royal Cliff Hotel, Pattaya

5:30 pm Arrive Royal Cliff Hotel

7:00 pm Briefing at hotel by Dr. SNOH on regional development issues and prospects in the eastern seaboard area

8:00 pm Dinner

Hosted by Dr. SNOH and his wife

Sunday, October 24

9:00 am Over-flight of eastern seaboard by helicopter, landing at Map Ta Pud

Aerial view of Laem Chabang deep sea port site and of port facilities at Si Racha and Sattahip

10:00 am Arrive Map Ta Pud.

Tour of gas terminal, followed by briefing by Deputy Minister of Industry CHIRAYU and Governor of Petroleum Authority of Thailand (THONGCHAT) on energy and related industries

11:00 am Leave for Bang Pakong thermal station by helicopter

11:45 am Lunch at Bang Pakong, followed by briefing on power sector and tour of plant

Hosted by EGAT General Manager KASAME

12:45 pm Leave for EGAT headquarters in Bangkok by helicopter

1:30 pm Travel by boat to Oriental hotel

3:30 pm Leave for Palace by car

4:00 pm Audience with Her Majesty the Queen of Thailand

8:00 pm Dinner at Prime Minister's residence

Monday, October 25

- 9:15 am Leave hotel by car for ESCAP headquarters
- 9:30 am Meeting with ESCAP Executive Secretary, KIBRIA
- 10:15 am Leave by car for Government House
- 10:30 am Wrap-up meeting with Prime Minister and Minister of Finance
- 11:30 am Leave for airport by car
- 12:30 pm Snacks and Press Conference at VIP lounge
- 1:45 pm Departure for Indonesia (Flight GA893)

PROGRAM FOR FRIDAY, OCTOBER 22

- 09:30 - 09:45 - Drive from Oriental Hotel to World Bank Regional Mission for Thailand and Indochina (RMTI)
- 09:45 - 10:45 - Meeting and briefing with RMTI staff
- 10:45 - 11:15 - Drive to Ministry of Finance, Grand Palace
- 11:15 - 12:25 - Courtesy call on H.E. Khun Sommai Hoontrakool, Ministry of Finance, followed by working meeting with the Finance Minister and senior officials from the Ministry of Finance and Bank of Thailand
- 12:25 - 12:45 - Drive to Bank of Thailand
- 12:45 - 14:15 - Lunch hosted by Minister Sommai with 14 Thai 6 World Bank officials
- 14:15 - 14:30 - Drive to Government House
- 14:30 - 14:45 - Meeting with Prime Minister General Prem Tinsulanonda, accompanied by Minister Sommai
- 14:45 - 16:30 - Meeting on economic matters chaired by Prime Minister Prem, with presentations (45 minutes) on
- (1) Macro-economic perspective and Fifth Development Plan--Dr. Snoh Unakul, Secretary-General, National Economic and Social Development Board
 - (2) Industry--H.E. Major Gen. Chaticchai Choonhavan, Minister of Industry
 - (3) Energy--H.E. Dr. Chirayu Israngun Na Ayudhya
 - (4) Agriculture--H.E. Chuan Leekpai, Minister of Agriculture and Cooperatives
- followed by refreshments and informal discussions (1 hr.)
- 16:30 - 17:00 - Drive from Government House to Oriental Hotel
- 17:00 - 19:30 - At leisure
- 19:30 - 21:30 - Dinner hosted by Mr. Adi Davar, Chief, RMTI, at the Embassy Room, Oriental Hotel, with 5 Thai guests and their wives

THAILAND/INDONESIA

TUESDAY, OCTOBER 19

5:25 p.m. lv Washington (Dulles) TW #63 DINNER
 seats 8&9 - Row 2

8:08 p.m. ar San Francisco
 (Use courtesy phone at terminal
 to ask for shuttle bus to hotel)

S.F. AIRPORT HILTON
 415-589-0770

WEDNESDAY, OCTOBER 20

8:30 a.m. (Louis Durer)
 B of A driver/will pick you up and drop
 Mrs. Clausen at the Heritage and you at
 the St. Francis

9:30 a.m. Invest-in-America Press Conference
 to St. Francis Hotel, California Rm. West
 11:00 a.m. 2nd floor

Driver will be outside (Post St.) for you; then
 pick up Mrs. Clausen and head to airport

1:00 p.m. lv San Francisco JAL 001P LUNCH
 seats 5A&B

THURSDAY, OCTOBER 21

3:35 p.m. ar Tokyo (Narita)
 (Use Sakura Lounge during stopover)

7:00 p.m. lv Tokyo JAL 477 DINNER
 11:25 p.m. ar Bangkok

(You will be met by Mr. Husain &
 Minister of Finance Khun Somma)

ORIENTAL HOTEL
 2348621
 Tx 82997

FRIDAY, OCTOBER 22

In Bangkok
 (see separate itinerary)

(Mrs. Clausen has
 different program
 during the day)

SATURDAY, OCTOBER 23

8:30 a.m. lv hotel
 9:15 a.m. lv Don Muang Airport by government aircraft
 10:15 a.m. ar Khon Kaen Airport

(see separate itinerary for remainder of day)

3:30 p.m. lv Khon Kaen Airport
 5:00 p.m. ar U-Tapao Airport
 5:30 p.m. ar Pattaya

(see separate itinerary)

ROYAL CLIFF BEACH
HOTEL
 418513
 Tx 81907

SUNDAY, OCTOBER 24

9:00 a.m. lv Pattaya
10:00 a.m. ar Map Ta Pud

(see separate itinerary for remainder of morning)

12:45 p.m. lv Ban Pakong
1:30 p.m. ar Bangkok

(see separate itinerary for remainder of day)

ORIENTAL HOTEL
2348621
Tx 82997

MONDAY, OCTOBER 25

9:15 a.m. lv hotel for ESCAP headquarters

(see separate itinerary for remainder of morning)

11:30 a.m. lv for airport

12:30 p.m. Press Conference at airport (snacks served)

1:45 p.m. lv Bangkok GA 893

LUNCH

5:00 p.m. ar Singapore

6:00 p.m. lv Singapore

8:35 p.m. ar Djakarta

SNACK

(briefing by Messrs. Husain and Cheetham)

DJAKARTA HILTON
587981
Tx 46673

TUESDAY, OCTOBER 26

8:35 a.m. lv hotel (by helicopter)

9:45 a.m. ar Sukani Air Force Base, Central Java

(see separate itinerary for remainder of morning)

11:45 a.m. lv Sukani

12:15 p.m. ar Cirebon

(see separate itinerary for remainder of day)

PATRA JASA HOTEL
no number available

WEDNESDAY, OCTOBER 27

8:00 a.m. Briefing at hotel

to

8:30 a.m. (see separate itinerary for remainder of day)

4:00 p.m. lv Muara Karang (car)

4:30 p.m. ar Djakarta

(see separate agenda)

DJAKARTA HILTON
587981
Tx 46673

THURSDAY, OCTOBER 28

7:00 a.m. lv Djakarta (Military aircraft)
8:00 a.m. ar Palembang, South Sumatra
(see separate itinerary for remainder of day)
4:15 p.m. lv Palembang (Military aircraft)
5:15 p.m. ar Djakarta
Evening Free

MRS. CLAUSEN
HAS TOTALLY
DIFFERENT PRO-
GRAM FOR THIS
DAY. SHE GOES
TO YOGYAKARTA
AND STAYS OVER
NIGHT..

FRIDAY, OCTOBER 29

In Djakarta
(see separate itinerary)

Mrs. Clausen has
different program
until 5 p.m.

SATURDAY, OCTOBER 30

In Djakarta
(see separate itinerary)

Mrs. Clausen has
different program
until departure tim

5:15 p.m. lv hotel for airport
6:00 p.m. lv Djakarta GA 896
8:35 p.m. ar Singapore
10:10 p.m. lv Singapore

SNACK

DINNER

SUNDAY, OCTOBER 31 HAPPY HALLOWEEN!!!

1:25 a.m. ar Abu Dhabi
2:55 a.m. lv Abu Dhabi
6:05 a.m. ar Zurich
7:05 a.m. lv Zurich
8:15 a.m. ar Paris (de Gaulle)

SNACK

BREAKFAST

(Air France will accommodate you in
the Concorde Salon during transit)

11:00 a.m. lv Paris AF 001R
8:45 a.m. ar New York (Kennedy)

LUNCH

(American Express rep will meet you,
assist with bags, transfer you by car
to Regency)

REGENCY HOTEL
Park at 61st
212-759-4100

NOTE: Let driver know if you will need
him for anything further on Sunday)

THEATER?

MONDAY, NOVEMBER 1 MORE DETAILS FOR THIS DAY WILL BE AT HOTEL

? Driver will pick you up
11:00 a.m. ACC meeting (place not known as yet)
1:15 p.m. Lunch with Secretary General
3 Sutton Place

? lv New York (La Guardia) EASTERN SHUTTLE
? ar Washington (National)

(you will be met) (call with time of arrival)

Program for Mrs. Clausen's Visit to Thailand
(October 21-25, 1982)

(revised)

| <u>Date/Time</u> | | <u>Remarks</u> |
|-----------------------------|---|---|
| <u>Thursday, October 21</u> | | |
| 11:25 pm | Arrive Bangkok (JAL flight 477), Proceed to Oriental Hotel by car | To be met by Minister of Finance, Khun SOMMAI, and Mr. Husain |
| <u>Friday, October 22</u> | | |
| 9:00 am | Depart hotel for day of sight- seeing and shopping in Bangkok. Program to include boat trip, tour of Grand Palace, visit to King Petch slum to see community programs and handicrafts, lunch at Imperial Hotel and shopping. Afternoon activities tentative. | Day's activities to be hosted by Khunying SOMSRI Hoontrakul, wife of Finance Minister, accompanied by Dr. NONGNOOT Unakul, wife of NESDB Secretary-General, Mrs. Pervin Davar, wife of RMTI Chief, and Mrs. Nelle Temple, wife of RMTI Deputy Chief. |
| | | <u>DAYTIME PROGRAM IS DIFFERENT FROM MR. CLAUSEN'S</u> |
| 4:30 pm | Return to hotel | |
| 8:00 pm | Dinner at Oriental Hotel with Thai intellectuals and industrialists | Hosted by Mr. Davar |
| <u>Saturday, October 23</u> | | |
| 8:30 am | Leave hotel by car for airport | |
| 9:15 am | Leave for Khon Kaen by plane | |
| 10:45 am | Arrive Khon Kaen airport | |
| 11:00 am | Depart by helicopter for Ban Kok Samran village | |
| 11:15 am | Arrive Ban Kok Samran village. Short briefing by Government officials. | See village school, health center, rural electrifica- tion, rice mill, silk weaving. |
| 12:30 pm | Depart by helicopter for Nong Wai, Royal Irrigation Department (RID) regional office | |

- 12:45 pm Arrive Nong Wai for lunch followed by briefing on irrigated agriculture in Northeast
- 2:00 pm Depart by helicopter for aerial tour of Nam Pong irrigation works
- 2:30 pm Arrive Ban Don Yang village
- 3:15 pm Depart by helicopter for Khon Kaen airport
- 3:30 pm Leave by plane for U-Tapao airport
- 5:00 pm Leave by car for Royal Cliff Hotel, Pattaya
- 5:30 pm Arrive Royal Cliff Hotel
- 8:00 pm Dinner
- Briefing by officials of RID, Department of Agricultural Extension and Bank for Agriculture and Agricultural Cooperatives (BAAC)
- Visit village; meet contact farmers, BAAC borrowers and water user association members
- Hosted by Dr. SNOH and his wife

Sunday, October 24

- 9:00 am Over-flight of eastern seaboard by helicopter, landing at Map Ta Pud
- 10:00 am Arrive Map Ta Pud.
- 11:00 am Leave for Bang Pakong thermal station by helicopter
- 11:45 am Lunch at Bang Pakong, followed by briefing on power sector and tour of plant
- 12:45 pm Leave for EGAT headquarters in Bangkok by helicopter
- Aerial view of Laem Chabang deep sea port site and of port facilities at Si Racha and Sattahip
- Tour of gas terminal, followed by briefing by Deputy Minister of Industry CHIRAYU and Governor of Petroleum Authority of Thailand (THONGCHAT) on energy and related industries
- Hosted by EGAT General Manager KASAME

- 1:30 pm Travel by boat to Oriental hotel.
- 3:30 pm Leave for Palace by car
- 4:00 pm Audience with Her Majesty the Queen of Thailand
- 8:00 pm Dinner at Prime Minister's residence

Monday, October 25

Tentative program of sightseeing and shopping. Tour and lunch at Suan Pakard Palace has been proposed (beautiful garden, traditional architecture, collection of antiquities and art.

Program will depend on Mrs. Clausen's preferences.

- 11:30 am Leave for airport by car
- 12:30 pm Snacks and Press Conference at VIP lounge
- 1:45 pm Departure for Indonesia (Flight GA893)

Welcome to Thailand!

With best wishes
Perin + Adi Davar.

Welcome to Thailand
Sommai Hoontrakul
Minister of Finance

The Oriental

Oriental Avenue, Bangkok 10500, Thailand. Cable: ORIENTHOTEL. Telex: TH 82997, 82168 Tel. 234-8691-9, 234-8621-9

10.21-82

Dear Tom & Peggy:

Heard yesterday of your visit to Thailand. Jan & I are here for few days with mgr. meeting. Understand you are very busy but wanted to say hello. Jan will be here until Sat. Room 621.

Hope all is well with you both - save some time for us when you come to Manila.

Warm Regards

John & Jan Lucchesi

BANK OF AMERICA

ALFRED AHLERS
Vice President & Manager

October 20, 1982

Mr. A. W. Clausen
President
The World Bank
c/o Oriental Hotel
Bangkok

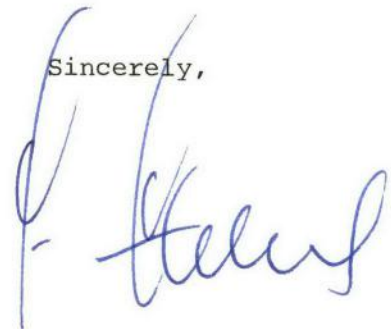
Dear Mr. Clausen:

Welcome to Bangkok! From what I hear, you will have a very hectic schedule while here in Thailand.

I know that your people will take good care of you. However, if there is anything we at Bank of America can do for you or your wife, please let me know.

Best regards,

Sincerely,

A handwritten signature in blue ink, appearing to read 'A. Ahlers', is written over the word 'Sincerely,'.

AA:pu

Tel # 233-0930-9 (Business)
234-3541 (Private)

Mr. A.W. Clausen

In honor of Mr. A.W. Clausen, President of The World Bank



The Minister of Finance
requests the pleasure of the company of

Mr. A.W. Clausen

at Luncheon

on Friday 22nd October, 1982, at 12:50 hours
at Bank of Thailand, Bangkhunprom

Lounge Suit

R.S.V.P.

Tel. 2228186-90

THAILAND - Arrival, Thursday, October 21/82

11:25 Arrive Bangkok via JAL 477.

To be met by Min.of Fin. Khun Somma,
and Shahid Husain.

Proceed to Oriental Hotel by car.

10-21-82

RIOGwell

53 + 2nd

TAVERNON
du Meer

VEAL
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Pingoued Helen

Unité de
NORWEGIEN
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Hedemund

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center

6000



THE ORIENTAL
Bangkok

MRS. Clausen,

a colleague of mine
pointed this little book out to
me - I thought it fun and
interesting and thought you might
enjoy it as well.

Frank Vogl

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WASHINGTON DC 22 OCT 82
MR. A.W. CLAUSEN
ROYAL CLIFF BEACH HOTEL
BANGKOK
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PAGE 3 OF 3

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REGARDS, KOELLE.

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ABOVE VIA RCA FROM 248423 WORLDEKV*
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Regional Mission for Thailand and Indochina

A decision was taken last year consequent to the approval of the Thailand CPP to build up the staff capabilities of the Regional Mission for Thailand and Indochina by transferring a few Programs and Projects staff from headquarters divisions. The objective is to intensify our policy dialogue with the RTG (particularly in relation to our SAL program), to carry out economic and sector work in closer collaboration with local universities, research institutions and government policy planners, to play a more continuous role in institution building, and to strengthen the project pipeline. To date, one Senior Economist has been added to the mission and a Loan Officer will be posted to Bangkok shortly. It is also intended to transfer two more staff members from the Thailand Agricultural Projects Division. As it gains full strength, the RMTI will gradually assume lead responsibility for developing further, and supervising, our lending program for Laos.

Staff Listing

| <u>Name</u> | <u>Title</u> |
|-----------------------------------|------------------|
| Davar, Adi (Pervin*) | Chief of Mission |
| Temple, Frederick T. (Nelle*) | Deputy Chief |
| Morton, Robert (Kularb*) | Sr. Engineer |
| Chaudhri, Fateh M. (Parveen*) | Sr. Economist |
| Sigrist, Kenneth E. (Caroline*) | Agric. Economist |
| Pantitanonta, Somphoon (Somsook*) | Admin. Assistant |

Local Hire

| | |
|------------------------------------|------------------------|
| Aduldej-Charas, Nitprapha (Nita**) | Sr. Secretary |
| Anantasin, Phadej | Driver/Messenger |
| Anurutdhikorn, Achariya (Ordie**) | Secretary |
| Chambundabongse, Kantima (Jim**) | Secretary |
| Chantapasa, Phairoj | Driver/Mechanic |
| Prasertwaree, Boonsri (Sri**) | Receptionist/Secretary |
| Somkiatkul, Shanisa (Tuk**) | Admin. Secretary |
| Suppipat, Pathama (Pat**) | Secretary |
| Sutithon, Phairoj | Driver |

* Wife's name.

** Nick-name.

STATEMENT TO THE PRESS

OCTOBER 25, 1982, BANGKOK

BY A.W. CLAUSEN

PRESIDENT, THE WORLD BANK AND IFC

We have just completed a very full and most interesting visit to this country. We have learned a great deal and we owe much to the Royal Government of Thailand for this opportunity to see and to listen and to exchange views.

Global economic conditions today are most serious, posing great difficulties for all nations and forcing all to take politically difficult decisions. Thailand has done remarkably well and the prudence and wisdom of the economic management here has been and continues to be most impressive.

We have travelled considerably in our brief visit, from the North East to the Eastern Seaboard and we are glad to see that major steps have been taken to secure more equitable development across the various regions of the country. We met yesterday with Her Majesty the Queen and we certainly share the deep concern of the Thai Royal family for the problems of the poorest people. Indeed, the alleviation of poverty is a major aim of the World Bank.

Thailand was one of the first developing nations to borrow from the World Bank and our relationship over some 30 years, where we have loaned some \$3 billion, has been a most productive one. It has covered almost every economic sector, from agriculture and rural development to ^{ENERGY} ~~power~~, communications, urban and transportation. In this period Thailand has made great strides forward in raising the living standards of its people. As we look ahead we feel there is good reason to be confident that the momentum of development will be sustained here.

This part of the world may well be the most dynamic area of global economic growth in the next couple of decades and Thailand appears equipped to share fully in this growth. And in securing its growth and in setting the base for future dynamic development, it is impressive to see how much use this country has made of foreign funds and how prudent it has been in the management of its external borrowings. This is certainly not a country that has over-extended itself. Our loan, for example, to the Phumibol dam project, has just been fully repaid.

In the current fiscal year we expect to help Thailand not only in agriculture, energy and transportation, but also in regard to the Government's structural adjustment efforts. Our total programme for Thailand this year is likely to be around \$700 million.

Let me finally underline the point that we have been deeply impressed by what we have seen here. Our relationship with Thailand has been a most fruitful and productive one. Our philosophy is to help countries help themselves. And we are committed to continue to assist this nation, through advice and through loans, to continue along the successful road it has taken and to give our support, especially now when tough decisions are being taken in a most strained and challenging world economy.

I and my colleagues here, Mr. Shahid Husain, our Vice President for East Asia and Mr. Adi Davar, who heads our regional mission here, will gladly try and answer any questions you may have.

Thank you.

1. Borrowing needs
2. Balance must not fall
3. KLD management in Asia
4. Managing well.

5. Budget
6. Budget regulation

| | | |
|---|-------------------------|----------------------|
| ROUTING SLIP | | DATE: 11/16 |
| NAME | | ROOM NO. |
| Mr. Southworth | | E-1227 |
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| <input checked="" type="checkbox"/> | APPROPRIATE DISPOSITION | NOTE AND RETURN |
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| REMARKS: | | |
| <p>Report from the regional mission on Mr. Clausen's visit.</p> <p style="text-align: right;">let's file this</p> | | |
| FROM: | ROOM NO.: | EXTENSION: |
| G. Hermans Thailand Div. | | 73571 |

OFFICE MEMORANDUM

TO: Memorandum for the Record

FROM: ~~Adi J. Davar~~, Chief, RMTI

SUBJECT: THAILAND: Visit of Mr. Clausen

DATE: November 5, 1982

1. Mr. and Mrs. Clausen visited Thailand between October 22-25, accompanied by Messrs. Husain and Vogl. This memorandum and attachment, summarise the essence of the discussions held with the Thai authorities.

Highlights of the Visit

2. Following a meeting with the staff of the Regional Mission for Thailand and Indochina and a briefing by them on the current economic situation and key emerging issues in the economy, Mr. Clausen met with the Finance Minister and the senior staff of the Ministry as well as of the Bank of Thailand, on Oct. 22. The discussions focussed on major fiscal and monetary policy issues, the Government's recent policy actions and their future policy approach towards such issues. That afternoon, following a courtesy call on Prime Minister Prem, Mr. Clausen met the Economic Ministers in a session chaired by the Prime Minister. Presentations, followed by discussions, were made on the Fifth Plan, the energy/industry sector and the agricultural sector.

3. The substance of these meetings, as also of those held on Oct. 23 thru 25, are summarised in Annex 1.

4. At a meeting, over dinner on Oct. 22, Mr. Clausen met prominent Thais, knowledgeable about the private sector, domestic politics and family planning.

5. A field trip on Oct. 23 to the Khon Kaen province in the North East, provided an opportunity to observe the impact of programs intended to alleviate poverty. Mr. and Mrs. Clausen visited two villages, had an aerial tour of the Nam Pong irrigation works, and met with farmers participating in the Bank's T & V extension system. During these visits, as the party stopped at different points such as the health clinic, school, rice mill, silk weaving centre in each village, the Thai authorities concerned made brief presentations giving an overview of: (a) the Thai education programs; (b) the Thai health programs to meet basic needs in the area; (c) the rural electrification efforts; (d) the scope of agricultural credit operations and arrangements and (e) problems faced, and efforts made, in providing irrigation in the North-east.

6. The Clausen party flew from Khon Kaen to spend the night at Pattaya, on the Eastern Seaboard. The same evening, the NESDB's Secretary-General elaborated on the Government's rationale, plans and approach toward the development of the Eastern Seaboard Region.

7. After a helicopter tour of the planned and existing port sites at Laem Chabang and Sattahip, on Oct. 24, Mr. and Mrs. Clausen arrived at Mab Ta Pud. This is the site of the control point for the Bank-financed off-shore natural gas pipeline and the gas separation project. Dr. Tongchat of PTT gave an overview of the oil/gas potential as well as the prospects for their development. This was followed by a superb presentation by Deputy Industry Minister Chirayu, elaborating the type of prudent policies which Government proposed to adopt to develop the energy and industrial potential in the Eastern Seaboard Region, in order that it could contribute to, rather than draw resources away from, the critical development of other sectors and national programs of poverty alleviation. The party then visited Bang Pakong, where EGAT is constructing a Bank-financed thermal power plant. Mr. Kasame of EGAT highlighted the growth of EGAT, the Bank's contribution in its development and its plans to meet future power demand. Mrs. Clausen inaugurated the operation of one of the gas turbines.

8. The same evening, prior to a dinner hosted by Prime Minister Prem with senior ministers in attendance, Mr. and Mrs. Clausen met Her Majesty Queen Sirikit, in her capacity as Regent, over tea.

9. On Oct. 25, Mr. Clausen met ESCAP's Secretary-General Kibria. Both concurred on the mutuality of interests between the two institutions and the resource constraints both faced. Mr. Clausen also concurred with Mr. Kibria's proposal that specific areas of cooperation between the two institutions should be identified and developed; a Bank mission from Washington in the near future would visit ESCAP to develop detailed proposals for such cooperation. At the subsequent wrap-up meeting with the Prime Minister, Mr. Clausen lauded Thailand on its sound economic management, confirmed the Bank's willingness to lend \$700 million during FY83 and in response to Prime Minister's queries, indicated that he expected SAL II to be approved within 5 to 6 months and explained the Bank's new interest rate policies.

10. Prior to his departure for Indonesia, Mr. Clausen gave a 40-minute press conference. His statement attached as Annex 2, was followed by a lively question-answer session. The press conference as well as his arrival statement and daily activities, were well covered in the English-language press and to a lesser extent, in the Thai-language papers.

Principal Themes During the Visits

11. Although Mr. Clausen discussed a wide range of subjects, he reiterated the following general observations on many occasions:

- (a) He complimented Thailand on its commendable record of economic growth and taking politically difficult initiatives to restructure the domestic economy during a period of considerable international economic adversity. He especially praised the Government for its prudent management of external debt and its cautious approach towards oil/gas development, to avoid the trap into which other countries finding these resources had fallen.
- (b) He repeatedly expressed his pleasure at the close working relationship between the Government and the Bank, and harmony of views on development macro-economic and sector issues as well as on approaches for facing up to them.
- (c) He reinforced the Bank's and IMF's on-going dialogue about Thailand's budgetary deficits, by emphasizing the importance of efforts not merely to increase resources through revenue generation and tariff measures, but also to financialise savings through appropriate monetary policies, and in addition, to review its investment program followed by needed modifications.
- (d) While recognizing the opportunities for new patterns of economic growth through exploitation of domestic energy resources, Mr. Clausen cautioned the Government that it cannot afford to ignore agriculture and rural development. He cited the economic problems which Venezuela and Nigeria are facing, as examples of what can happen if this mistake is made.
- (e) He encouraged the Government to exercise stronger central management over its externally-financed development program, to avoid wasteful competition among agencies and to develop more rational policies for distributing concessionary funds among implementing agencies. He especially emphasized the advantages to the Government of considering on-lending aid funds at a uniform rate reflecting their average cost, or charging a guarantee fee for funds obtained on highly concessionary term.

cc: Mr. Clausen's Office (2)

Messrs. Stern, Husain, Jaycox, Kirmani, Vogl, Blaxall, Hermans, RMTI staff and Mr. M. Wiehen (para 9).

AJDavar/FTTemple/FChaudhri:jim

Meeting with the Finance Minister (October 22)

1. This meeting was devoted to presentations by and discussions with senior Ministry and Bank of Thailand (BOT) officials on fiscal and monetary issues.
2. The presentation on fiscal strategy, elaborated measures taken in October as part of the forthcoming SAL II process, to: (a) increase resource mobilization through improved tax administration, a broadened tax base and some increases in rates; (b) rationalize and reduce import duties and reform of excise duties as well as business taxes; (c) contain increase in government staffing (2% p.a.) and strictly evaluate future public investments; (d) improve the management efficiency of state enterprises, as well as their financial performance through forthcoming staggered rate increases; and (e) undertake prudent external borrowing.
3. The objectives of monetary policy were presented as: internal and external monetary stability, and channelling of funds to priority areas. These were being achieved through an approach which characterised: flexibility (illustrated by changes in deposit rates, revision of usury laws, new BOT windows to meet the changing needs of banks), timeliness (e.g. swapping arrangements to support exchange rate changes in 1981), self-reliance (by limiting foreign borrowings and raising real interest rates to mobilize domestic resources) and priority-oriented channelling of funds (e.g. requiring commercial banks to lend 11% of deposits to agriculture and 2% to agro-business).
4. In response, Mr. Clausen congratulated the Government on its courageous steps to mobilize resources, and raised some questions: (a) what revenue/GDP ratio was Thailand aiming at, and how close it was to that goal as a result of the measures taken in October? (b) what is the current rate of savings, was it at an appropriate level and if not, what monetary policies were envisaged to achieve that? (c) what is being done to scrutinize the public investment program, and make it compatible with the limited budgetary resources and counterpart funds? (d) how difficult is it for the farmers to get credit? and, (e) as in the case of usury laws, will the process of deregulating interest rates continue?
5. The Ministry officials responded that there was a big gap between the revenue/GDP ratio of about 14% that should be achieved as a result of the October measures, and the goal of 18%. On savings ratio and credit to farmers, the BOT representatives stated that: (a) in response to real interest rates, commercial banks' deposits had increased annually at over 20% and the ratio of total loans to deposits, which was well over 100% (because of foreign funds, the banks also borrowed), has been reduced to 100%, signifying satisfactory increases in the mobilization of domestic savings and (b) BAAC's concessionary funds, together with the commercial banks' lending

target for agriculture (13% of total deposits), were making enough resources available to farmers. The Finance Ministry added that counterpart funds would be available for all worthwhile projects; but absorptive/implementation capacity might be a problem and an urgent review of the key items in the investment program was needed to see how it could be modified to fit available resources.

6. In conclusion, Mr. Clausen stressed the need for: (a) continuation of sound fiscal as well as monetary policies, to generate both revenues and more savings; and (b) blending of external funds from various sources by the Finance Ministry, and their allocation by the Ministry on uniform terms to various line ministries, public enterprises and agencies so that the latter did not compete for soft funds for their projects, and the benefit of concessionary funds went to the country and not to individual agencies or public enterprises. The Ministry officials while stating that certain legal difficulties might make such arrangements difficult, promised to consider the matter in view of its obvious advantages to Thailand.

7. In response to another query, the Minister stated that in his judgement, the October package also met the IMF requirement of raising additional Baht 10 billion through taxes (including Baht 2.2 billion from temporary import surcharges). Hence, the way should now be clear for the consideration of a new Standby by the IMF Board in mid-November. The session ended with Mr. Clausen urging the advantages of frequent small adjustments in tariff rates to make them politically more palatable, and the Minister agreeing on the usefulness of all points made by Mr. Clausen.

Meeting with the Economic Ministers (October 22)

8. Prime Minister Prem chaired this meeting, where NESDB Secretary-General Dr. Snoh, Deputy Industry Minister Dr. Chirayu and Agriculture Under-Secretary Dr. Thalerng made presentations on the 5th Plan, energy/industry restructuring issues and agriculture sector issues respectively, on behalf of the NESDB, Industries Minister and Agriculture Minister.

9. The thrust of Dr. Snoh's presentation was that the Plan aimed at: (a) meeting the challenge of growing internal and external financial imbalances, as well as rural poverty and restructuring needs; (b) developing and utilizing the national resources, in particular the gas/oil, decentralizing the growth process and diversifying the industrial/agricultural sectors; and (c) designing an administrative/operational plan to achieve these objectives. The programming priorities included: (i) maintenance of general economic growth, by appropriate macro and sectoral policies, (ii) Eastern Seaboard Development (ESD) for diversification and natural resource utilization, and (iii) rural development programs to ensure productivity increases in agriculture and poverty redressal. A regular dialogue, under the chairmanship of the Prime Minister himself, to improve the public and private sector collaboration was stressed as an important instrument for achieving the Plan objectives.

10. Following this presentation, Mr. Clausen remarked that while the potential for industrial diversification and locational dispersion through ESD appeared substantial, there might be a danger that resources might get diverted away from urgent programs for: (a) reducing income and regional disparities, (b) continued growth of agriculture, based on increased productivity, (c) increased employment, particularly outside Bangkok and (d) poverty alleviation in the North and North East.

11. Dr. Snoh responded that: (a) projects in ESD would strictly adhere to the economic return criteria, would concentrate not only on further processing of natural resources like oil and gas-including chemicals, fertilizer and insecticides for agriculture--rather than on expensive, heavy industries like steel and metals--and also develop labor-intensive-light industry and export processing zones to generate more jobs, (b) increased cost-effectiveness of rural development programs will be achieved, through better coordination and (c) detailed data on income disparities, right up to the tambon levels all over the country had now been developed, and that would provide a better basis to develop appropriate programs, over time, to reduce disparities. The Bank team was also told that the target of 1.5% p.a. population growth by 1986, was being pursued vigorously; and once this was achieved, the next Plan would emphasize human capital development and improved quality of life.

12. Dr. Chirayu's presentation on the Energy Sector issues stressed the following: (a) on supply side, the substitution of imported oil with local production (80,000 barrels only by 1985/86) and increased exploitation of proven reserves (about 16 billion cf gas and 125 million ton of lignite) were major programs; (b) on demand side, lower dependence on imported oil from 85% to 46% between 1981 to 1986, and reduction in the growth rate of energy consumption from 7-8% p.a. to 4-5 p.a., were major achievable goals. Government aimed at achieving this through appropriate pricing policies, and those for energy conservation and restrictions of energy-intensive industry and transport modes.

13. Mr. Clausen stressed the need for using the opportunity of oil/gas discoveries wisely, and avoiding the trap some other countries had fallen into. He urged again that longer-term issues of social sectors should not be ignored and economic diversification should remain an important objective.

14. Dr. Thalernq's presentation on the agricultural sector stressed the Government's objective to (a) maintain a steady 5% p.a. growth; (b) introduce a new strategy to produce more food and raw-materials, through efficient land use by concentrating on supply of intensive irrigation facilities, quality seeds, and fertilizers; (c) diversify away from crops with limited potential such as rubber, tapioca and rice, into industrial raw-materials, fisheries, livestock etc.; (d) give more emphasis, with the Bank's future help, to rain-fed

agriculture practised over 70-80% of cultivable area; (e) provide land to some 40% of landless farmers and turn 4 million farmers on forest lands, into 'economic units'; (f) move into the second phase of irrigation, distribution and drainage systems; (g) get the private sector as well as the Bank involved in agro-processing/agri-business.

15. Mr. Clausen again, stressed that especially in the agriculture sector, "approaches alleviating poverty, are fundamental to us". He recapitulated that evidence from other countries showed that once oil/gas came, they neglected agriculture thus breaking the backbone of their economies. The Bank team also commented that it supported the Government's new strategy, but the Bank was not able to lend as much to agriculture in Thailand as it wanted to - particularly in rain-fed areas - and urged, "let us not only define objectives, but also work together on developing a concrete program of action in this area." Mr. Clausen also took the opportunity to reiterate the points made in the morning with the Finance Minister to blend the terms of external funds and provide resources for development projects to all agencies and enterprises on uniform terms. The session ended with Prime Minister Prem saying "We welcome all your proposals very much; my colleagues will take your observations into consideration".

Eastern Seaboard Development (October 23)

16. The overview of the Eastern Seaboard Development (ESD), presented by Drs. Snoh and Savit, emphasized the objectives of: (a) decentralizing growth from Bangkok, (b) promoting a new phase of industrialization, emphasizing resource-based heavy industries, export-oriented and labor-generating activities and new technologies and (c) establishing transport linkages between the ESD and the Northeast. Although the heavy oil/gas based industries at Mab Ta Pud would not create many jobs, the export processing zone and other industries planned for the port-based urban-industrial complex at Laem Chabang are expected to provide the region's major source of employment growth. The emerging prospects of companies like Toshiba coming to Laem Chabang to establish labor-intensive electric assembly plants, were mentioned.

17. While the whole long-term development program could cost up to \$5 billion, NESDB anticipated that the year-by-year expenditures would not be so large that they would distort the public investment program for other sectors or for poverty alleviation.

18. NESDB would continue to play a critical role coordinating the planning and initial implementation of the ESD program. The existing institutional framework of high-level committees, working groups and inter-agency coordination was considered satisfactory only for now, given the current emphasis on planning rather than implementation. But in the discussion after the presentation, the Thai officials emphasized that despite the grandiose sounding plans, they will proceed

cautiously and scrutinize projects carefully; after all, they said, nothing ever happens quickly in Thailand!

Energy-Based Industrial Development in ESD (October 24)

19. Deputy Industry Minister Chirayu, while making this presentation, placed the ESD in a national context. The ESD is only an element of the national industrialization strategy, which also emphasizes small industries, agro-industries and decentralization. Heavy oil/gas based industry projects will only be implemented, if careful review shows that they can be undertaken based on the process of oil/gas and such projects have positive value added; and the overall program would be monitored, to ensure that it is not implemented at the expense of important developments outside the ESD. The decision-makers are conscious that the ESD program, especially the exploitation of natural gas as a national resource, must be in the interest of the whole country. The LPG project will provide cheaper fuel for urban and rural consumers throughout the country; regional distribution facilities, are an essential project component; the fertilizer project would directly serve the nation's farmers; a second deepwater port at Laem Chabang is as much needed to facilitate the export of the primary and processed commodities which dominate Thailand's national economy, as to stimulate labor-intensive export-oriented industrial production at Laem Chabang to provide the employment necessary to absorb surplus rural labor.

20. Incidentally, at the press conference at the conclusion of his visit, Mr. Clausen answered a question by stating that the ESD has great potential, but cautioned that the Government cannot afford to ignore other important programs while developing that potential.

Meeting With Queen Sirikit (October 24)

21. The meeting over tea with Queen Sirikit, in her capacity as the Regent in the King's absence, essentially focussed on the Royal Family's concern on poverty alleviation and improving the health and education facilities for the poor segments of the population.

22. The Queen essentially stressed 3 points: (a) The Royal Family does not favor the approach of concentrating the poverty alleviation thrust only in the North-east. Rather, it wants the strategy of increasing-incomes and improving the quality of life, first in villages located on Thailand's neighbouring northern, northeastern and southern borders with neighbouring countries. Thereafter, other villages in these regions could be covered by rural development programs. According to her, these border villages, especially in the provinces adjacent to Malaysia, are poorer than most in the Northeast and especially in the Khon Kaen province; and by first alleviating poverty in border villages, one could also blunt the potential threat of communist influence in those areas, which the Royal Family fears. (b) Substantial

money had already been spent in Khon Kaen and adjacent provinces, and also in upgrading the faculty and training in agricultural schools at Khon Kaen University; it was now important to have the benefit of agricultural research and training built up at the University, translated into action programs by its teachers so as to help the farmers in the whole of the Northeastern region. (c) Development of ancillary and cottage industries, like those fostered by the Queen, could be an important element in increasing incomes in the poverty areas in Thailand, and incorporated as part of the rural development programs. The Queen deplored that when rural electrification was done, the villagers spent their savings not on better education or health facilities for their families, but often on buying more than 1 TV set; in that context, she commented that perhaps it might be better not to electrify villages, if that was how villagers would spend their money.

Wrap-Up Session with Prime Minister (October 25)

23. The Finance Minister, Minister Sulee, Foreign Minister Siddhi and other senior RTG officials, joined the Prime Minister at this meeting. Mr. Clausen thanked the Government for a fruitful and well-arranged visit. He lauded Thailand on its remarkable growth performance, for successfully withstanding the oil price shocks and falls in commodity prices, and managing the economy through policies that boded well for the future. He congratulated Government on taking tough political decisions on economic issues, and indicated that if sound economic projects could be found, the Bank could lend up to \$700 million a year to Thailand, including the current fiscal year. He again stressed the need to "resist the temptation to get into very large modern projects, with narrow economic impact" and hoped that a balance would be maintained between large-scale projects and agriculture, education, health, and population - particularly because of large income disparities and pockets of poverty in the north-east and the south.

24. The Prime Minister assured Mr. Clausen, that Bank funding would continue to be 'utilized most effectively', and take into account his repeated stress on poverty alleviation. He however raised two points: (i) he wanted SAL II to go ahead smoothly and expeditiously, before the forthcoming elections; and (ii) he was concerned as to whether the high Bank interest rates would continue.

25. In response, the Prime Minister was told that SAL I was well designed and extremely favorably received by our Board, that Dr. Phaichitr's presence as ED should help in educating his fellow Board members on how the SAL process worked, and that the Bank expected SAL II to be processed for Board consideration within a few months. Mr. Clausen also explained the Bank's variable interest rate system and the rationale of the front end fees, and their relevance for allowing the Bank to fund \$30 billion of loans committed at 8.5%

interest and to continue to have a reasonable profits in order to have continued access to capital markets. He concluded that he was pleased by the Bank's excellent rapport with RTG, encouraged by the identity of views on key issues and the opportunity provided through this visit, to learn about the Thai development problems and the aspiration of its policy makers.

OFFICE MEMORANDUM

TO: Memorandum for the Record

DATE: November 5, 1982

FROM: Adi J. Davar, Chief, RMTI

SUBJECT: THAILAND: Visit of Mr. Clausen

1. Mr. and Mrs. Clausen visited Thailand between October 22-25, accompanied by Messrs. Husain and Vogl. This memorandum and attachment, summarise the essence of the discussions held with the Thai authorities.

Highlights of the Visit

2. Following a meeting with the staff of the Regional Mission for Thailand and Indochina and a briefing by them on the current economic situation and key emerging issues in the economy, Mr. Clausen met with the Finance Minister and the senior staff of the Ministry as well as of the Bank of Thailand, on Oct. 22. The discussions focussed on major fiscal and monetary policy issues, the Government's recent policy actions and their future policy approach towards such issues. That afternoon, following a courtesy call on Prime Minister Prem, Mr. Clausen met the Economic Ministers in a session chaired by the Prime Minister. Presentations, followed by discussions, were made on the Fifth Plan, the energy/industry sector and the agricultural sector.

3. The substance of these meetings, as also of those held on Oct. 23 thru 25, are summarised in Annex 1.

4. At a meeting, over dinner on Oct. 22, Mr. Clausen met prominent Thais, knowledgeable about the private sector, domestic politics and family planning.

5. A field trip on Oct. 23 to the Khon Kaen province in the North East, provided an opportunity to observe the impact of programs intended to alleviate poverty. Mr. and Mrs. Clausen visited two villages, had an aerial tour of the Nam Pong irrigation works, and met with farmers participating in the Bank's T & V extension system. During these visits, as the party stopped at different points such as the health clinic, school, rice mill, silk weaving centre in each village, the Thai authorities concerned made brief presentations giving an overview of: (a) the Thai education programs; (b) the Thai health programs to meet basic needs in the area; (c) the rural electrification efforts; (d) the scope of agricultural credit operations and arrangements and (e) problems faced, and efforts made, in providing irrigation in the North-east.

6. The Clausen party flew from Khon Kaen to spend the night at Pattaya, on the Eastern Seaboard. The same evening, the NESDB's Secretary-General elaborated on the Government's rationale, plans and approach toward the development of the Eastern Seaboard Region.

7. After a helicopter tour of the planned and existing port sites at Laem Chabang and Sattahip, on Oct. 24, Mr. and Mrs. Clausen arrived at Mab Ta Pud. This is the site of the control point for the Bank-financed off-shore natural gas pipeline and the gas separation project. Dr. Tongchat of PTT gave an overview of the oil/gas potential as well as the prospects for their development. This was followed by a superb presentation by Deputy Industry Minister Chirayu, elaborating the type of prudent policies which Government proposed to adopt to develop the energy and industrial potential in the Eastern Seaboard Region, in order that it could contribute to, rather than draw resources away from, the critical development of other sectors and national programs of poverty alleviation. The party then visited Bang Pakong, where EGAT is constructing a Bank-financed thermal power plant. Mr. Kasame of EGAT highlighted the growth of EGAT, the Bank's contribution in its development and its plans to meet future power demand. Mrs. Clausen inaugurated the operation of one of the gas turbines.

8. The same evening, prior to a dinner hosted by Prime Minister Prem with senior ministers in attendance, Mr. and Mrs. Clausen met Her Majesty Queen Sirikit, in her capacity as Regent, over tea.

9. On Oct. 25, Mr. Clausen met ESCAP's Secretary-General Kibria. Both concurred on the mutuality of interests between the two institutions and the resource constraints both faced. Mr. Clausen also concurred with Mr. Kibria's proposal that specific areas of cooperation between the two institutions should be identified and developed; a Bank mission from Washington in the near future would visit ESCAP to develop detailed proposals for such cooperation. At the subsequent wrap-up meeting with the Prime Minister, Mr. Clausen lauded Thailand on its sound economic management, confirmed the Bank's willingness to lend \$700 million during FY83 and in response to Prime Minister's queries, indicated that he expected SAL II to be approved within 5 to 6 months and explained the Bank's new interest rate policies.

10. Prior to his departure for Indonesia, Mr. Clausen gave a 40-minute press conference. His statement attached as Annex 2, was followed by a lively question-answer session. The press conference as well as his arrival statement and daily activities, were well covered in the English-language press and to a lesser extent, in the Thai-language papers.

Principal Themes During the Visits

11. Although Mr. Clausen discussed a wide range of subjects, he reiterated the following general observations on many occasions:

- (a) He complimented Thailand on its commendable record of economic growth and taking politically difficult initiatives to restructure the domestic economy during a period of considerable international economic adversity. He especially praised the Government for its prudent management of external debt and its cautious approach towards oil/gas development, to avoid the trap into which other countries finding these resources had fallen.
- (b) He repeatedly expressed his pleasure at the close working relationship between the Government and the Bank, and harmony of views on development macro-economic and sector issues as well as on approaches for facing up to them.
- (c) He reinforced the Bank's and IMF's on-going dialogue about Thailand's budgetary deficits, by emphasizing the importance of efforts not merely to increase resources through revenue generation and tariff measures, but also to financialise savings through appropriate monetary policies, and in addition, to review its investment program followed by needed modifications.
- (d) While recognizing the opportunities for new patterns of economic growth through exploitation of domestic energy resources, Mr. Clausen cautioned the Government that it cannot afford to ignore agriculture and rural development. He cited the economic problems which Venezuela and Nigeria are facing, as examples of what can happen if this mistake is made.
- (e) He encouraged the Government to exercise stronger central management over its externally-financed development program, to avoid wasteful competition among agencies and to develop more rational policies for distributing concessionary funds among implementing agencies. He especially emphasized the advantages to the Government of considering on-lending aid funds at a uniform rate reflecting their average cost, or charging a guarantee fee for funds obtained on highly concessionary term.

cc: Mr. Clausen's Office (2)
Messrs. Stern, Husain, Jaycox, Kirmani, Vogl, Blaxall, Hermans,
RMTI staff and Mr. M. Wiehen (para 9).

AJDavar/FTTemple/FChaudhri:jim

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22. The Queen essentially stressed 3 points: (a) The Royal Family does not favor the approach of concentrating the poverty alleviation thrust only in the North-east. Rather, it wants the strategy of increasing-incomes and improving the quality of life, first in villages located on Thailand's neighbouring northern, northeastern and southern borders with neighbouring countries. Thereafter, other villages in these regions could be covered by rural development programs. According to her, these border villages, especially in the provinces adjacent to Malaysia, are poorer than most in the Northeast and especially in the Khon Kaen province; and by first alleviating poverty in border villages, one could also blunt the potential threat of communist influence in those areas, which the Royal Family fears. (b) Substantial

money had already been spent in Khon Kaen and adjacent provinces, and also in upgrading the faculty and training in agricultural schools at Khon Kaen University; it was now important to have the benefit of agricultural research and training built up at the University, translated into action programs by its teachers so as to help the farmers in the whole of the Northeastern region. (c) Development of ancillary and cottage industries, like those fostered by the Queen, could be an important element in increasing incomes in the poverty areas in Thailand, and incorporated as part of the rural development programs. The Queen deplored that when rural electrification was done, the villagers spent their savings not on better education or health facilities for their families, but often on buying more than 1 TV set; in that context, she commented that perhaps it might be better not to electrify villages, if that was how villagers would spend their money.

Wrap-Up Session with Prime Minister (October 25)

23. The Finance Minister, Minister Sulee, Foreign Minister Siddhi and other senior RTG officials, joined the Prime Minister at this meeting. Mr. Clausen thanked the Government for a fruitful and well-arranged visit. He lauded Thailand on its remarkable growth performance, for successfully withstanding the oil price shocks and falls in commodity prices, and managing the economy through policies that boded well for the future. He congratulated Government on taking tough political decisions on economic issues, and indicated that if sound economic projects could be found, the Bank could lend up to \$700 million a year to Thailand, including the current fiscal year. He again stressed the need to "resist the temptation to get into very large modern projects, with narrow economic impact" and hoped that a balance would be maintained between large-scale projects and agriculture, education, health, and population - particularly because of large income disparities and pockets of poverty in the north-east and the south.

24. The Prime Minister assured Mr. Clausen, that Bank funding would continue to be 'utilized most effectively', and take into account his repeated stress on poverty alleviation. He however raised two points: (i) he wanted SAL II to go ahead smoothly and expeditiously, before the forthcoming elections; and (ii) he was concerned as to whether the high Bank interest rates would continue.

25. In response, the Prime Minister was told that SAL I was well designed and extremely favorably received by our Board, that Dr. Phaichitr's presence as ED should help in educating his fellow Board members on how the SAL process worked, and that the Bank expected SAL II to be processed for Board consideration within a few months. Mr. Clausen also explained the Bank's variable interest rate system and the rationale of the front end fees, and their relevance for allowing the Bank to fund \$30 billion of loans committed at 8.5%

interest and to continue to have a reasonable profits in order to have continued access to capital markets. He concluded that he was pleased by the Bank's excellent rapport with RTG, encouraged by the identity of views on key issues and the opportunity provided through this visit, to learn about the Thai development problems and the aspiration of its policy makers.

OFFICE MEMORANDUM

TO: Mr. Roy Southworth, EXC
FROM: James Adams, Acting Chief, AEADC
SUBJECT: Mr. & Mrs. Clausen's Visit to Indonesia

DATE: November 15, 1982

Please find attached a letter from Mr. Zincir of RSI with a list of the presents given to the Clausens as well as expected arrival dates. I will forward the various gifts to your office as they arrive. If I can be of further assistance please let me know.

Attachment

cc: Messrs. S. Husain (RVP) and Cheetham (RSI)

JWAdams:ot

November 9, 1982

Letter No. 315

Mr. James W. Adams
Acting Division Chief
World Bank
Washington D.C.

Dear Jim:

We have now checked the various gifts for Mr. and Mrs. Clausen which we have here. They are as follows:

Mr. Clausen

- (a) Silver tea service and tray from Minister Ali Wardhana
- (b) Silver bowl from Governor Rachmat Saleh
- (c) Set of 3 books entitled "30 Years of Indonesia Independence" from President Soeharto
- (d) Set of 3 photo albums from Bank Indonesia
- (e) Set of 3 photo albums from DG Water Resources
- (f) Carved wood panel from Mr. Sardjono, PLN

Items (c), (d) and (e) were mailed to you on November 9, 1982 via UNDP pouch for transmittal to Mr. Clausen. We will arrange for the shipment of the other items separately and keep you posted accordingly.

Mrs. Clausen

- (a) Silver tray from Madame Soeharto
- (b) Silver "Man and Buffalo" in glass case from Mr. Suparman Widjaja, Bank Indonesia's local manager in Yogyakarta
- (c) Set of 1 photo album from Bank Indonesia
- (d) Book entitled "3 Faces of Indonesia" from Madame Soeharto
- (e) Book entitled "What and Who in Beautiful Indonesia" from Madame Soeharto

The last item on the list is the book which you agreed to bring back to Washington. The items (c) and (d) were mailed to you on November 9, 1982 via UNDP pouch for transmittal to Mrs. Clausen. We plan to send the rest with other travellers. The silverware will have to await the next staff member who is resettling in Washington.

I would be grateful if you could pass on this list to Mr. Clausen's office. The thank you letters from Mr. Clausen have already made reference to his gifts, but Mrs. Clausen is writing her own letters and no doubt will want to have that list at hand.

Letter No. 315

November 9, 1982

With best wishes,

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Izzet Zincir', written in a cursive style.

Izzet Zincir
Senior Operations Officer

c.c. Mr. R.J. Cheetham

THE WORLD BANK/INTERNATIONAL FINANCE CORPORATION
OFFICE MEMORANDUM

Clausen
16

DATE: November 16, 1982
TO: Distribution
FROM: Quill Hermans (Chief, AEADA)
EXTENSION: 73571
SUBJECT: Mr. Clausen's Visit to Thailand

Attached is a record of the recent visit to Thailand of Mr. and Mrs. Clausen for your information.

Attachment

Distribution:

Messrs. Beach, Gould, Howlett, Price, Rodley, Sud, ter Weele (AEP),
McCarthy (EGY), Saunders (TWD), Segura (IPD), D. Scott (IMF),
C. Tan (IFC), Mr. Hang (IPD), Mr. Hussein (PHN)

AEADA Staff

QHermans/dw

OFFICE MEMORANDUM

TO: Memorandum for the Record

FROM: ~~Adi J. Dayar~~, Chief, RMTI

SUBJECT: THAILAND: Visit of Mr. Clausen

DATE: November 5, 1982

1. Mr. and Mrs. Clausen visited Thailand between October 22-25, accompanied by Messrs. Husain and Vogl. This memorandum and attachment, summarise the essence of the discussions held with the Thai authorities.

Highlights of the Visit

2. Following a meeting with the staff of the Regional Mission for Thailand and Indochina and a briefing by them on the current economic situation and key emerging issues in the economy, Mr. Clausen met with the Finance Minister and the senior staff of the Ministry as well as of the Bank of Thailand, on Oct. 22. The discussions focussed on major fiscal and monetary policy issues, the Government's recent policy actions and their future policy approach towards such issues. That afternoon, following a courtesy call on Prime Minister Prem, Mr. Clausen met the Economic Ministers in a session chaired by the Prime Minister. Presentations, followed by discussions, were made on the Fifth Plan, the energy/industry sector and the agricultural sector.
3. The substance of these meetings, as also of those held on Oct. 23 thru 25, are summarised in Annex 1.
4. At a meeting, over dinner on Oct. 22, Mr. Clausen met prominent Thais, knowledgeable about the private sector, domestic politics and family planning.
5. A field trip on Oct. 23 to the Khon Kaen province in the North East, provided an opportunity to observe the impact of programs intended to alleviate poverty. Mr. and Mrs. Clausen visited two villages, had an aerial tour of the Nam Pong irrigation works, and met with farmers participating in the Bank's T & V extension system. During these visits, as the party stopped at different points such as the health clinic, school, rice mill, silk weaving centre in each village, the Thai authorities concerned made brief presentations giving an overview of: (a) the Thai education programs; (b) the Thai health programs to meet basic needs in the area; (c) the rural electrification efforts; (d) the scope of agricultural credit operations and arrangements and (e) problems faced, and efforts made, in providing irrigation in the North-east.

6. The Clausen party flew from Khon Kaen to spend the night at Pattaya, on the Eastern Seaboard. The same evening, the NESDB's Secretary-General elaborated on the Government's rationale, plans and approach toward the development of the Eastern Seaboard Region.

7. After a helicopter tour of the planned and existing port sites at Laem Chabang and Sattahip, on Oct. 24, Mr. and Mrs. Clausen arrived at Mab Ta Pud. This is the site of the control point for the Bank-financed off-shore natural gas pipeline and the gas separation project. Dr. Tongchat of PTT gave an overview of the oil/gas potential as well as the prospects for their development. This was followed by a superb presentation by Deputy Industry Minister Chirayu, elaborating the type of prudent policies which Government proposed to adopt to develop the energy and industrial potential in the Eastern Seaboard Region, in order that it could contribute to, rather than draw resources away from, the critical development of other sectors and national programs of poverty alleviation. The party then visited Bang Pakong, where EGAT is constructing a Bank-financed thermal power plant. Mr. Kasame of EGAT highlighted the growth of EGAT, the Bank's contribution in its development and its plans to meet future power demand. Mrs. Clausen inaugurated the operation of one of the gas turbines.

8. The same evening, prior to a dinner hosted by Prime Minister Prem with senior ministers in attendance, Mr. and Mrs. Clausen met Her Majesty Queen Sirikit, in her capacity as Regent, over tea.

9. On Oct. 25, Mr. Clausen met ESCAP's Secretary-General Kibria. Both concurred on the mutuality of interests between the two institutions and the resource constraints both faced. Mr. Clausen also concurred with Mr. Kibria's proposal that specific areas of cooperation between the two institutions should be identified and developed; a Bank mission from Washington in the near future would visit ESCAP to develop detailed proposals for such cooperation. At the subsequent wrap-up meeting with the Prime Minister, Mr. Clausen lauded Thailand on its sound economic management, confirmed the Bank's willingness to lend \$700 million during FY83 and in response to Prime Minister's queries, indicated that he expected SAL II to be approved within 5 to 6 months and explained the Bank's new interest rate policies.

10. Prior to his departure for Indonesia, Mr. Clausen gave a 40-minute press conference. His statement attached as Annex 2, was followed by a lively question-answer session. The press conference as well as his arrival statement and daily activities, were well covered in the English-language press and to a lesser extent, in the Thai-language papers.

Principal Themes During the Visits

11. Although Mr. Clausen discussed a wide range of subjects, he reiterated the following general observations on many occasions:

- (a) He complimented Thailand on its commendable record of economic growth and taking politically difficult initiatives to restructure the domestic economy during a period of considerable international economic adversity. He especially praised the Government for its prudent management of external debt and its cautious approach towards oil/gas development, to avoid the trap into which other countries finding these resources had fallen.
- (b) He repeatedly expressed his pleasure at the close working relationship between the Government and the Bank, and harmony of views on development macro-economic and sector issues as well as on approaches for facing upto them.
- (c) He reinforced the Bank's and IMF's on-going dialogue about Thailand's budgetary deficits, by emphasizing the importance of efforts not merely to increase resources through revenue generation and tariff measures, but also to financialise savings through appropriate monetary policies, and in addition, to review its investment program followed by needed modifications.
- (d) While recognizing the opportunities for new patterns of economic growth through exploitation of domestic energy resources, Mr. Clausen cautioned the Government that it cannot afford to ignore agriculture and rural development. He cited the economic problems which Venezuela and Nigeria are facing, as examples of what can happen if this mistake is made.
- (e) He encouraged the Government to exercise stronger central management over its externally-financed development program, to avoid wasteful competition among agencies and to develop more rational policies for distributing concessionary funds among implementing agencies. He especially emphasized the advantages to the Government of considering on-lending aid funds at a uniform rate reflecting their average cost, or charging a guarantee fee for funds obtained on highly concessionary term.

cc: Mr. Clausen's Office (2)
Messrs. Stern, Husain, Jaycox, Kirmani, Vogl, Blaxall, Hermans,
RMTI staff and Mr. M. Wiehen (para 9).

AJDavar/FTTemple/FChaudhri:jim

Meeting with the Finance Minister (October 22)

1. This meeting was devoted to presentations by and discussions with senior Ministry and Bank of Thailand (BOT) officials on fiscal and monetary issues.
2. The presentation on fiscal strategy, elaborated measures taken in October as part of the forthcoming SAL II process, to: (a) increase resource mobilization through improved tax administration, a broadened tax base and some increases in rates; (b) rationalize and reduce import duties and reform of excise duties as well as business taxes; (c) contain increase in government staffing (2% p.a.) and strictly evaluate future public investments; (d) improve the management efficiency of state enterprises, as well as their financial performance through forthcoming staggered rate increases; and (e) undertake prudent external borrowing.
3. The objectives of monetary policy were presented as: internal and external monetary stability, and channelling of funds to priority areas. These were being achieved through an approach which characterised: flexibility (illustrated by changes in deposit rates, revision of usury laws, new BOT windows to meet the changing needs of banks), timeliness (e.g. swapping arrangements to support exchange rate changes in 1991), self-reliance (by limiting foreign borrowings and raising real interest rates to mobilize domestic resources) and priority-oriented channelling of funds (e.g. requiring commercial banks to lend 11% of deposits to agriculture and 2% to agro-business).
4. In response, Mr. Clausen congratulated the Government on its courageous steps to mobilize resources, and raised some questions: (a) what revenue/GDP ratio was Thailand aiming at, and how close it was to that goal as a result of the measures taken in October? (b) what is the current rate of savings, was it at an appropriate level and if not, what monetary policies were envisaged to achieve that? (c) what is being done to scrutinize the public investment program, and make it compatible with the limited budgetary resources and counterpart funds? (d) how difficult is it for the farmers to get credit? and, (e) as in the case of usury laws, will the process of deregulating interest rates continue?
5. The Ministry officials responded that there was a big gap between the revenue/GDP ratio of about 14% that should be achieved as a result of the October measures, and the goal of 18%. On savings ratio and credit to farmers, the BOT representatives stated that: (a) in response to real interest rates, commercial banks' deposits had increased annually at over 20% and the ratio of total loans to deposits, which was well over 100% (because of foreign funds, the banks also borrowed), has been reduced to 100%, signifying satisfactory increases in the mobilization of domestic savings and (b) BAAC's concessionary funds, together with the commercial banks' lending

target for agriculture (13% of total deposits), were making enough resources available to farmers. The Finance Ministry added that counterpart funds would be available for all worthwhile projects; but absorptive/implementation capacity might be a problem and an urgent review of the key items in the investment program was needed to see how it could be modified to fit available resources.

6. In conclusion, Mr. Clausen stressed the need for: (a) continuation of sound fiscal as well as monetary policies, to generate both revenues and more savings; and (b) blending of external funds from various sources by the Finance Ministry, and their allocation by the Ministry on uniform terms to various line ministries, public enterprises and agencies so that the latter did not compete for soft funds for their projects, and the benefit of concessionary funds went to the country and not to individual agencies or public enterprises. The Ministry officials while stating that certain legal difficulties might make such arrangements difficult, promised to consider the matter in view of its obvious advantages to Thailand.

7. In response to another query, the Minister stated that in his judgement, the October package also met the IMF requirement of raising additional Baht 10 billion through taxes (including Baht 2.2 billion from temporary import surcharges). Hence, the way should now be clear for the consideration of a new Standby by the IMF Board in mid-November. The session ended with Mr. Clausen urging the advantages of frequent small adjustments in tariff rates to make them politically more palatable, and the Minister agreeing on the usefulness of all points made by Mr. Clausen.

Meeting with the Economic Ministers (October 22)

8. Prime Minister Prem chaired this meeting, where NESDB Secretary-General Dr. Snoh, Deputy Industry Minister Dr. Chirayu and Agriculture Under-Secretary Dr. Thalerng made presentations on the 5th Plan, energy/industry restructuring issues and agriculture sector issues respectively, on behalf of the NESDB, Industries Minister and Agriculture Minister.

9. The thrust of Dr. Snoh's presentation was that the Plan aimed at: (a) meeting the challenge of growing internal and external financial imbalances, as well as rural poverty and restructuring needs; (b) developing and utilizing the national resources, in particular the gas/oil, decentralizing the growth process and diversifying the industrial/agricultural sectors; and (c) designing an administrative/operational plan to achieve these objectives. The programming priorities included: (i) maintenance of general economic growth, by appropriate macro and sectoral policies, (ii) Eastern Seaboard Development (ESD) for diversification and natural resource utilization, and (iii) rural development programs to ensure productivity increases in agriculture and poverty redressal. A regular dialogue, under the chairmanship of the Prime Minister himself, to improve the public and private sector collaboration was stressed as an important instrument for achieving the Plan objectives.

10. Following this presentation, Mr. Clausen remarked that while the potential for industrial diversification and locational dispersion through ESD appeared substantial, there might be a danger that resources might get diverted away from urgent programs for: (a) reducing income and regional disparities, (b) continued growth of agriculture, based on increased productivity, (c) increased employment, particularly outside Bangkok and (d) poverty alleviation in the North and North East.

11. Dr. Snoh responded that: (a) projects in ESD would strictly adhere to the economic return criteria, would concentrate not only on further processing of natural resources like oil and gas-including chemicals, fertilizer and insecticides for agriculture--rather than on expensive, heavy industries like steel and metals--and also develop labor-intensive-light industry and export processing zones to generate more jobs, (b) increased cost-effectiveness of rural development programs will be achieved, through better coordination and (c) detailed data on income disparities, right up to the tambon levels all over the country had now been developed, and that would provide a better basis to develop appropriate programs, over time, to reduce disparities. The Bank team was also told that the target of 1.5% p.a. population growth by 1986, was being pursued vigorously; and once this was achieved, the next Plan would emphasize human capital development and improved quality of life.

12. Dr. Chirayu's presentation on the Energy Sector issues stressed the following: (a) on supply side, the substitution of imported oil with local production (80,000 barrels only by 1985/86) and increased exploitation of proven reserves (about 16 billion cf gas and 125 million ton of lignite) were major programs; (b) on demand side, lower dependence on imported oil from 85% to 46% between 1981 to 1986, and reduction in the growth rate of energy consumption from 7-8% p.a. to 4-5 p.a., were major achievable goals. Government aimed at achieving this through appropriate pricing policies, and those for energy conservation and restrictions of energy-intensive industry and transport modes.

13. Mr. Clausen stressed the need for using the opportunity of oil/gas discoveries wisely, and avoiding the trap some other countries had fallen into. He urged again that longer-term issues of social sectors should not be ignored and economic diversification should remain an important objective.

14. Dr. Thalerng's presentation on the agricultural sector stressed the Government's objective to (a) maintain a steady 5% p.a. growth; (b) introduce a new strategy to produce more food and raw-materials, through efficient land use by concentrating on supply of intensive irrigation facilities, quality seeds, and fertilizers; (c) diversify away from crops with limited potential such as rubber, tapioca and rice, into industrial raw-materials, fisheries, livestock etc.; (d) give more emphasis, with the Bank's future help, to rain-fed

agriculture practised over 70-80% of cultivable area; (e) provide land to some 40% of landless farmers and turn 4 million farmers on forest lands, into 'economic units'; (f) move into the second phase of irrigation, distribution and drainage systems; (g) get the private sector as well as the Bank involved in agro-processing/agri-business.

15. Mr. Clausen again, stressed that especially in the agriculture sector, "approaches alleviating poverty, are fundamental to us". He recapitulated that evidence from other countries showed that once oil/gas came, they neglected agriculture thus breaking the backbone of their economies. The Bank team also commented that it supported the Government's new strategy, but the Bank was not able to lend as much to agriculture in Thailand as it wanted to - particularly in rain-fed areas - and urged, "let us not only define objectives, but also work together on developing a concrete program of action in this area." Mr. Clausen also took the opportunity to reiterate the points made in the morning with the Finance Minister to blend the terms of external funds and provide resources for development projects to all agencies and enterprises on uniform terms. The session ended with Prime Minister Prem saying "We welcome all your proposals very much; my colleagues will take your observations into consideration".

Eastern Seaboard Development (October 23)

16. The overview of the Eastern Seaboard Development (ESD), presented by Drs. Snoh and Savit, emphasized the objectives of: (a) decentralizing growth from Bangkok, (b) promoting a new phase of industrialization, emphasizing resource-based heavy industries, export-oriented and labor-generating activities and new technologies and (c) establishing transport linkages between the ESD and the Northeast. Although the heavy oil/gas based industries at Mab Ta Pud would not create many jobs, the export processing zone and other industries planned for the port-based urban-industrial complex at Laem Chabang are expected to provide the region's major source of employment growth. The emerging prospects of companies like Toshiba coming to Laem Chabang to establish labor-intensive electric assembly plants, were mentioned.

17. While the whole long-term development program could cost up to \$5 billion, NESDB anticipated that the year-by-year expenditures would not be so large that they would distort the public investment program for other sectors or for poverty alleviation.

18. NESDB would continue to play a critical role coordinating the planning and initial implementation of the ESD program. The existing institutional framework of high-level committees, working groups and inter-agency coordination was considered satisfactory only for now, given the current emphasis on planning rather than implementation. But in the discussion after the presentation, the Thai officials emphasized that despite the grandiose sounding plans, they will proceed

cautiously and scrutinize projects carefully; after all, they said, nothing ever happens quickly in Thailand!

Energy-Based Industrial Development in ESD (October 24)

19. Deputy Industry Minister Chirayu, while making this presentation, placed the ESD in a national context. The ESD is only an element of the national industrialization strategy, which also emphasizes small industries, agro-industries and decentralization. Heavy oil/gas based industry projects will only be implemented, if careful review shows that they can be undertaken based on the process of oil/gas and such projects have positive value added; and the overall program would be monitored, to ensure that it is not implemented at the expense of important developments outside the ESD. The decision-makers are conscious that the ESD program, especially the exploitation of natural gas as a national resource, must be in the interest of the whole country. The LPG project will provide cheaper fuel for urban and rural consumers throughout the country; regional distribution facilities, are an essential project component; the fertilizer project would directly serve the nation's farmers; a second deepwater port at Laem Chabang is as much needed to facilitate the export of the primary and processed commodities which dominate Thailand's national economy, as to stimulate labor-intensive export-oriented industrial production at Laem Chabang to provide the employment necessary to absorb surplus rural labor.

20. Incidentally, at the press conference at the conclusion of his visit, Mr. Clausen answered a question by stating that the ESD has great potential, but cautioned that the Government cannot afford to ignore other important programs while developing that potential.

Meeting With Queen Sirikit (October 24)

21. The meeting over tea with Queen Sirikit, in her capacity as the Regent in the King's absence, essentially focussed on the Royal Family's concern on poverty alleviation and improving the health and education facilities for the poor segments of the population.

22. The Queen essentially stressed 3 points: (a) The Royal Family does not favor the approach of concentrating the poverty alleviation thrust only in the North-east. Rather, it wants the strategy of increasing-incomes and improving the quality of life, first in villages located on Thailand's neighbouring northern, northeastern and southern borders with neighbouring countries. Thereafter, other villages in these regions could be covered by rural development programs. According to her, these border villages, especially in the provinces adjacent to Malaysia, are poorer than most in the Northeast and especially in the Khon Kaen province; and by first alleviating poverty in border villages, one could also blunt the potential threat of communist influence in those areas, which the Royal Family fears. (b) Substantial



บันทึก

สำนักเลขาธิการนายกรัฐมนตรี

เรื่อง

Relation of Private sector
w/ public.

★ Are there ways in which
W/B can play a better role
in private sector?

Agree that poverty has



January Co., Ltd.

2nd FLOOR ORIENTAL PLAZA BUILDING
30-32 CHARTER BANK LANE, NEW ROAD,
BANGKOK, THAILAND.

TEL. 2341320.9 EXT. 31, 36

*Peggy
Clauser*

Thai Silks and Cottons
Stuffed toys
Flowers made by Thai Silk
Local Gifts
Ready made Clothing
Dress making to order
Retail and Wholesale.

Dear Peggy -

This is the place I
went to for a suit to
be made up. If you
want one by Monday go
today as a fitting is
best. The shop closes at
7pm. Its at the Oriental
Plaza opposite this hotel.
Have a great visit. Love, Dawn.

MR. & MRS. CLAUSEN

ROOM 8000

Dear Mr. & Mrs. Clausen:

Welcome to Thailand.

With best wishes.

A handwritten signature in black ink, appearing to read 'B. Rojanastien', written in a cursive style. The signature is positioned above the printed name.

Boonchu Rojanastien



บันทึก

สำนักเลขาธิการนายกรัฐมนตรี

เรื่อง

Agriculture:

Rice, Rubber, + Manizze
exports.

concern with comparative
advantage.

Fertilizer, seeds, pesticides,
credit, water supply
systems.

Only 30% is irrigated.
70% of agriculture is supported
by rain fed environment.

Land tenure problem.

In honour of World Bank President and Mrs. Clausen



Mr. Sunthorn Hongladarom
Chairman

The National Economic and Social Development Board
requests the honour of the company of

Mr. A. W. Clausen and Madame

for _____ **a dinner** _____

at **Panorama Room, Royal Cliff Hotel** _____

on **Saturday, October 23, 1982 at 20.30-22.00 o'clock**

Lounge Suit **Casual**

R.S.V.P.
(Regrets only)
To remind *Tel. 2811012*



บันทึก

สำนักเลขาธิการนายกรัฐมนตรี

เรื่อง

OFFENSIVE STRATEGIES

- ① Resource Utilization (Good Oil)
- ② Decentralization of economic growth in Bangkok.
- ③ Diversification of Industrial Base.
 - a) expanding export capacity
 - b) INFRASTRUCTURE IN PLACE

LOCATION ..

SOFTWARE SERVICES ..

Development of Eastern Szealand is key.

★ Strengthening of relationships between private & public sectors.



บันทึก

สำนักเลขาธิการนายกรัฐมนตรี

เรื่อง

- ① 5 yr. plan -
digestive
& strategies
- ② Energy program & restructuring
- ③ agricultural & Rural Development
& other high priority.

Macro Objectives:
eradicating Poverty

FINANCIAL DISTORTIONS
INCOME DISTRIBUTION -

Rural Poverty ERADICATION.

STRUCTURAL ADJUSTMENT:

a) ENERGY

b) INDUSTRY - TO MORE ADVANCED

c) AGRICULTURE PRODUCTIVITY.



Handwritten signature and initials inside a large oval.

Handwritten signature and initials.

Faint, illegible handwritten text, possibly bleed-through from the reverse side of the page.

FISCAL POLICY

POVERTY.
DR. PANAS

MONEY POLICIES

> TAX REVENUE - PLAN TO CONTINUE TO EMPHASIZE.

* What is an appropriate level of Tax revenue in GNP?

MORE EFFICIENCY IN TAX COLLECTION, & OFFICES NOW.

LAND TAXES; INCOME TAXES; EXCISE TAXES;

ADVALOREM TAXES

GOV'T BUDGET EXPENDITURES.

DEFICITS will be financed by selling Bonds.

Public investment program will be incorporated into the budgeting system.

* What about counterpart financing?

* If public investment program is going to be scrutinized - what is absorptive capacity of Bank lending program?

* What about debt management?

* Where do most of the miseries the Fund?

MONETARY POLICY - DR. SUPACHAI

① INTERNAL STABILITY

② EXTERNAL "

③ CHANNELING TO APPROPRIATE ECONOMIC SECTORS

EMPHASIZES FLEXIBILITY, Repression needed.

★ What is saving rate?

Foreign exchange rates.

Swap arrangements have been implemented.

What % of total debt

| | |
|-----|----------------|
| 2.2 | Private sector |
| 5.6 | Public sector |

Credit^{to} agriculture sector - all sectors.

Expansion of ^{new} money market instruments.

complement or revenue enhancement.

need for constant adjustment

Tariffs &

THE WORLD BANK
Washington, D. C. 20433
U. S. A.

A. W. CLAUSEN
President

November 22, 1982

H.E. Sommai Hoontrakool
Minister of Finance
Ministry of Finance
Grand Palace
Bangkok 2, Thailand

Excellency

My associates and I are most grateful to you and Khunying Somari for your kind hospitality during our visit to Thailand last month. Your staff in the Finance Ministry made excellent arrangements for your visit. The trip was pleasant as well as fruitful, and I hope that you will convey our appreciation to them.

Our discussions in Bangkok and the field trips to the Northeast and Eastern Seaboard gave us a firsthand opportunity to observe Thailand's impressive economic development. Your country's record of economic growth is commendable, and we strongly support the initiatives which your Government has been taking to restructure Thailand's economy during a period of unfavorable international economic conditions. I was particularly impressed by the prudence of Thailand's external debt management policies and your recent efforts to reduce the Government's budgetary deficits. In addition to further efforts to increase public revenue generation through taxation and tariff measures, it is also likely to be necessary to restructure and rephase the public investment program and retrench recurrent expenditures. The World Bank is prepared to continue to support your efforts to restructure the economy through SALs as well as our ongoing discussions of economic issues.

Our program was thoughtfully planned to enable us to discuss and visit both rural development programs and recent energy projects. While I appreciate the potential importance of energy and energy-related industrial developments for Thailand's future economic expansion, I was pleased to hear that these large investments will be approached cautiously, based on thorough, careful analyses of their economic merits, and that your Government recognizes that these developments should not be allowed to divert attention and resources from agriculture, rural development and other poverty-oriented programs.

As I mentioned during the visit, The World Bank is prepared to sustain a substantial lending program to Thailand during the next five years if suitable projects can be prepared. I would strongly encourage your Ministry to strengthen its management of the programs financed by The World Bank and other external aid agencies to maximize the complementarities among

November 22, 1982

these programs and to rationalize the distribution of concessionary funds among implementing agencies. In particular, I would like to suggest that your Government consider onlending aid funds at a uniform rate reflecting their average cost or charging a guarantee fee for funds obtained on highly concessionary terms.

I am pleased that Thailand is the first East Asian country I have visited since becoming President of The World Bank. I was impressed with the quality of the close working relationship between the Bank and your Government, and I look forward to strengthening this already close relationship in the future. Mrs. Clausen joins me in expressing appreciation for the gracious hospitality extended to us during our visit.

Sincerely,

A. W. Clausen
President

bcc: Mr. Husain

ADavar:AWClausen:m1

OFFICE MEMORANDUM

TO: Mr. Roy Southworth, EXC

DATE: November 12, 1982

FROM: James W. Adams

SUBJECT: Mr. and Mrs. Clausen's Visit to Indonesia

1. Please find attached the thank you letters which Mr. Clausen signed before departing Jakarta. The remaining letters for his signature (those for President Soeharto, Minister Ali Wardhana, Minister Widjojo and Governor Rachmat Saleh) are being finalized and will be forwarded for Mr. Clausen's review and signature shortly.

2. In addition please find attached a book Mrs. Soeharto presented to Mrs. Clausen. I assume you will give it to Mrs. Clausen. The remaining gifts given to the Clausens will be forwarded with returning staff from Jakarta over the next few weeks. We have not prepared any letters for Mrs. Clausen; in Jakarta she indicated that she wished to do them personally. For her information Mrs. Soeharto's address is:

Jalan Cendana No. 8
Jakarta Pusat
Indonesia

Attachments

JW:ot

cc: Messrs. S. Husain (RVP), Cheetham (RSI) and
Ms. Higgins (EXC)

November 26, 1982

Mr. Roy Southworth
Administrative Assistant to the President
Office of the President
The World Bank
Washington, D.C.

Dear Mr. Southworth,


As you know, President Clausen and Mrs. Clausen visited Thailand recently as guests of the Government. During her visit to the villages in the Northeast of Thailand, Mrs. Clausen was presented with many gifts from the Thai officials and villagers. We have disposed of some of the bulky ones to the local charity, as per copy of our letter dated November 22 attached.

....

However, there are three or four pieces of silk and shirts which we are sending to you with this letter. Mrs. Clausen seemed to like some of them as possible mementos of her visit to Thailand. In this connection, you may wish to discuss with Mrs. Clausen and Mr. Twining, and arrange for appropriate disposal.

With many thanks.

Sincerely yours,


(Somphoon Pantitanonta)

The World Bank /

Udom Vidhya Building (5th Floor), 956 Rama IV Road, Sala Daeng, Bangkok 5, Thailand
Telephone : 235-9115/9 • Cable Address: INTBAFRAD • Telex No: 2817-TH

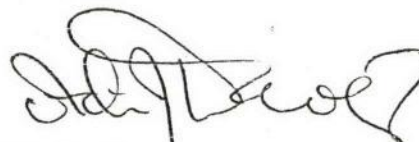
November 22, 1982

Mrs. Surekha Gokhale
Co-Chairman
Diplomatic Participants Committee
& Chairman of the Raffle Committee
The Embassy of India
46 Soi Prasarnmitr (23)
Sukhumvit Road
BANGKOK

Dear Mrs. Gokhale,

.....
As you probably know, Mr. A.W. Clausen, President of the World Bank, and Mrs. Clausen visited Thailand, October 22-25, as guests of the Government of Thailand. During her visit to villages in the Northeast as part of the program organized by the Thai Government, Mrs. Clausen was quite impressed upon receiving many gifts and warm welcome from villagers. It is Mrs. Clausen's wishes that these gifts be auctioned here in Thailand and the proceeds given to local charity. You may therefore wish to use these gifts, which we are forwarding herewith, as prizes for the Red Cross Diplomatic Raffle Draw in February 1983, but as gifts of the World Bank Regional Mission.

Sincerely yours,



Adi J. Davar
Chief, World Bank Regional Mission
for Thailand and Indochina

cc: Mr. J.E. Twining, ADM, Room L-4500, HQ

THE WORLD BANK
Washington, D. C. 20433
U S A.

A W CLAUSEN
President

November 22, 1982

Dear Governor Chamnan:

Now that my associates and I have returned to Washington, I would like to express our gratitude for the excellent arrangements that were made for our visit to the Northeast and for your generous hospitality.

The field trip to Khon Kaen Province provided us with an opportunity to observe firsthand the impact of your Government's programs. The accomplishments to date have been very impressive. The Bank stands ready to support Thailand in its continuing efforts to develop its poorer regions and to improve the living standards of the populace.

Mrs. Clausen joins me in thanking you for the gifts received during our field trip and particularly the lovely piece of silk.

Sincerely,

A. W. Clausen

Khun Chamnan Pojana
Provincial Governor
City Hall
Khon Kaen Province
Thailand

bcc: Mr. Husain

MHazzah:AWClausen:ml

THE WORLD BANK
Washington, D. C. 20433
U. S. A.

A. W. CLAUSEN
President

November 22, 1982

Dear Dr. Snoh:

Now that my associates and I have returned to Washington, I would like to express our gratitude for a fruitful and well-arranged visit.

I greatly appreciated the opportunity to discuss with you prospects for Thailand's development and the Government's objectives under the Fifth Five-Year Plan. The field trips gave me an opportunity to see firsthand the impact of your Government's programs on people's lives and their hopes for a better future. Our program was thoughtfully planned to enable us to discuss and visit both rural development programs and recent energy projects. While I appreciate the potential importance of energy and energy-related industrial developments for Thailand's future economic expansion, I was pleased to hear that these large investments will be approached cautiously, based on thorough, careful analyses of their economic merits, and that your Government recognizes that these developments should not be allowed to divert attention and resources from agriculture, rural development and other poverty-oriented programs.

Thailand's growth performance has been truly remarkable, and the Government is to be congratulated for taking the tough political decisions which circumstances warranted. Please be assured that the Bank will do its utmost to support Thailand in achieving its goals in the future.

Please convey my personal thanks to your wife for making Mrs. Clausen's trip so enjoyable. She really loved her visit to your country!

Sincerely,

A. W. Clausen

Dr. Snoh Unakul
Secretary General
National Economic and Social
Development Board
962 Krung Kasem Road
Bangkok 1, Thailand

bcc: Mr. Husain

MHazzah:AWClausen:m1

THE WORLD BANK
Washington, D. C. 20433
U. S. A.

A. W. CLAUSEN
President

November 22, 1982

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Sincerely,

A. W. Clausen

Khun Chamman Pojana
Provincial Governor
City Hall
Khon Kaen Province
Thailand

bcc: Mr. Husain

MHazzah:AWClausen:ml

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Washington, D. C. 20433
U. S. A.

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November 22, 1982

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Sincerely,

A. W. Clausen

Dr. Snoh Unakul
Secretary General
National Economic and Social
Development Board
962 Krung Kasem Road
Bangkok 1, Thailand

bcc: Mr. Husain

MHazzah:AWClausen:ml

THE WORLD BANK
Washington, D. C. 20433
U. S. A.

A. W. CLAUSEN
President

November 22, 1982

H.E. Sommai Hoontrakool
Minister of Finance
Ministry of Finance
Grand Palace
Bangkok 2, Thailand

Excellency

My associates and I are most grateful to you and Khunying Somari for your kind hospitality during our visit to Thailand last month. Your staff in the Finance Ministry made excellent arrangements for your visit. The trip was pleasant as well as fruitful, and I hope that you will convey our appreciation to them.

Our discussions in Bangkok and the field trips to the Northeast and Eastern Seaboard gave us a firsthand opportunity to observe Thailand's impressive economic development. Your country's record of economic growth is commendable, and we strongly support the initiatives which your Government has been taking to restructure Thailand's economy during a period of unfavorable international economic conditions. I was particularly impressed by the prudence of Thailand's external debt management policies and your recent efforts to reduce the Government's budgetary deficits. In addition to further efforts to increase public revenue generation through taxation and tariff measures, it is also likely to be necessary to restructure and rephase the public investment program and retrench recurrent expenditures. The World Bank is prepared to continue to support your efforts to restructure the economy through SALs as well as our ongoing discussions of economic issues.

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November 22, 1982

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I am pleased that Thailand is the first East Asian country I have visited since becoming President of The World Bank. I was impressed with the quality of the close working relationship between the Bank and your Government, and I look forward to strengthening this already close relationship in the future. Mrs. Clausen joins me in expressing appreciation for the gracious hospitality extended to us during our visit.

Sincerely,

A. W. Clausen
President

bcc: Mr. Husain

ADavar:AWClausen:ml

THE WORLD BANK
Washington, D. C. 20433
U. S. A.

November 22, 1982

A. W. CLAUSEN
President

H.E. Prem Tinsulanonda
Prime Minister
Government House
Bangkok, Thailand

Excellency:

Thank you and your colleagues in Government for your splendid hospitality during our visit to Thailand last month. The trip provided an excellent opportunity for us to observe the impressive developments occurring in your beautiful country as well as to have a fruitful exchange of views with you and your senior economic decision makers. Mrs. Clausen and our other World Bank associates join me in expressing appreciation for the elegant dinner party you hosted for us during our stay.

The visit confirmed our impression of Thailand's commendable record of economic growth and the wisdom of the measures which your Government has taken to restructure the domestic economy during a period of considerable international economic distress. Since the international environment is unlikely to improve quickly, it is particularly important for Thailand to continue restructuring the domestic economy, to pursue the prudent external debt management policies you have been following and to take further measures to reduce budgetary deficits. In addition to increasing public revenues through taxation and tariff measures, it may also be necessary to restructure and rephase the public investment program and retrench recurrent spending.

Our discussions in Bangkok and the visit to the eastern seaboard gave us an opportunity to learn about your Government's ambitious plans to exploit Thailand's domestic energy resources to promote new patterns of energy consumption and industrialization. I was very pleased by the emphasis your officials placed on ensuring that projects are economically sound before commitments are made to them as well as by their assurances that these important energy and related developments will not be allowed to divert attention and financial resources from agriculture, rural development and the social sectors and other poverty-oriented programs.

It was gratifying to observe the general harmony of views between your Government and the Bank on the major economic issues facing Thailand. I would again encourage your Government to take measures to strengthen the central management of the development activities financed by the Bank and other external assistance agencies. Such measures should foster complementarities rather than competition among the various aid agencies' programs and rationalize the distribution of concessionary funds among the implementing agencies.

H.E. Prem Tinsulanonda

- 2 -

November 22, 1982

Thailand is the first East Asian country I have visited since becoming President of The World Bank. The visit was enjoyable as well as very informative, and I look forward to continuing the already close relationship between your Government and the Bank in the future.

Sincerely,

A. W. Clausen
President

bcc: Mr. Husain

ADavar:AWClausen:ml

November 20, 1982

Dear Khun Sunthorn:

Now that my associates and I have returned to Washington, I would like to express our gratitude for the excellent arrangements that were made for our visit to the Northeast and for your generous hospitality.

Your briefings on the northeast irrigation development program was most informative as was the aerial tour of Ubon Ratana dam, Nam Pong and Nongwai irrigation works. The opportunity of meeting the farmers and observing the various occupational groups at work was very much appreciated.

Sincerely,

A.W. Clausen

Captain Sunthorn Ruanglek
Director-General
Royal Irrigation Department
Samsen Road
Bangkok, Thailand

K MHazzah:sc

OFFICIAL FILE COPY

THE WORLD BANK
Washington, D. C. 20433
U. S. A.

A. W. CLAUSEN
President

November 22, 1982

Dear Adi:

Just a brief note of appreciation for the fine program you arranged for our stay in Thailand.

Our appointments with the various government officials were worthwhile and, hopefully, will be fruitful from the Bank's standpoint. In addition, the trips to the outlying areas and the visits to the various projects in which we are involved were extremely interesting and enlightening. There is nothing like a firsthand viewing to give one a true understanding and appreciation for what is being accomplished.

The dinner you hosted was very delightful and you brought together a select group of industrialists. Since my time was limited, it otherwise would have been impossible for me to meet so many important and knowledgeable people.

Again, my thanks for all your help in the planning and execution of our visit and all the best to both you and Pervin in this challenging new assignment.

Warm regards.

Sincerely,

Mr. Adi J. Davar
Chief, Regional Mission
The World Bank
Udom Vidhya Building
956 Rama IV Road
Sala Daeng
Bangkok, Thailand

BC: S. Husain
C. Hermans

November 20, 1982

Dear Mr. Kibria:

I am glad to have had the opportunity of meeting with you during my visit to Thailand and to discuss with you the mutuality of interests and future cooperation between our institutions.


You may by now have received a letter from Michael Wiehen, Director of the South Asia Programs Department, firming up the plans for a Bank mission to visit ESCAP in January 1983. This mission may well be the first of regular-periodic meetings which could possibly identify and develop specific areas of cooperation between our organizations.

Many thanks also for your kind hospitality.

Sincerely,

A.W. Clausen

Mr. S.A.M.S. Kibria
Executive Secretary
Economic and Social Commission
for Asia and the Pacific
The United Nations Building
Rajadamnern Avenue
Bangkok 2, Thailand

 MHazzah:sc

OFFICIAL FILE COPY

OFFICE MEMORANDUM

TO: Memorandum for the Record DATE: September 22, 1982

FROM: Dan Morrow, ^{DM} Loan Officer, AEA

SUBJECT: THAILAND - Meeting between Mr. Clausen and Sommai Hoontrakool,
Minister of Finance, September 9, 1982, Annual
Meetings, Toronto, Canada

1. A meeting was held between Mr. Clausen and Minister Hoontrakool on September 9, 1982, at the Sheraton Centre, Toronto, Canada. Also present were Choedchai Khannabha, Fiscal Policy Office, Ministry of Finance; and Messrs. Stern, Jaycox, and Morrow.

2. Mr. Clausen congratulated the Minister on Thailand's good economic performance in these difficult times. The Minister commented that Euromoney magazine had recently ranked Thailand fifth in terms of economic performance in 1981/82. Mr. Clausen stated that this was not the result of luck but reflects the willingness to take tough decisions.

3. Mr. Clausen said that he looks forward to his visit to Thailand at the end of October. The Minister noted that he had invited Mr. Zain Azraai to come to Thailand at the same time; this will allow him to meet with Mr. Phaichitr Uathavikul, who will take his place as Executive Director.

4. Responding to Mr. Stern's comment that Mr. Phaichitr had helped prepare the Structural Adjustment Loan for Thailand and would be helpful in explaining SALs to the Board of Executive Directors, the Minister commented that the SAL has been very helpful to Thailand. Mr. Clausen noted that the Thailand SAL had been very well received by the Board. Mr. Jaycox added that work is now under way on a second SAL, which the Government hopes to get as soon as possible.

cc: Messrs. Clausen, Stern, Husain, Jaycox, Kirmani, Hasan, Hermans, Davar

DMorrow/cjw

CURRICULUM VITAE

KASEM SAMOSORN KASEMSRI

Born 9 March 1931

Education Trinity Hall, Cambridge University

Married To Revadee Kasemsri

Career

1955 Entered the Ministry of Foreign Affairs

1963-1965 First Secretary, Manila

1965-1968 Charge d' Affaires, Ottawa

1968-1971 Alternate and later Council
Representative for Thailand to SEATO

1971-1972 Counselor, Deputy Chief of Mission,
London

1972-1975 Ambassador to Indonesia

1975-1979 Ambassador to the People's Republic of
China and concurrently to the
Democratic People's Republic of Korea

1979 Director-General, ASEAN, Thailand

1979-1980 Director-General of the Political
Department

May 1980-November 1982 Under Secretary of State for Foreign
Affairs

1981-December 1982 Appointed Senator, Parliament of
Thailand

November 1982-Present Ambassador to the United States

Decorations Special Grand Cordor of the Most Noble
Order of the Crown of Thailand