

# **GOVERNMENT POLICY, LIBERALISATION AND GLOBALISATION OF THE AUTOMOBILE INDUSTRY IN THAILAND**

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## **I. INTRODUCTION**

This paper examines development trends in the Thai automobile industry over the past four decades. In particular, the paper seeks to analyse the impact of liberalisation, globalisation and the recent financial crisis on the automobile industry in Thailand. Since it was set up four decades ago, the industry has been the subject of long government intervention. The industry has driven industrial development and experienced upgraded domestic technological capabilities of local firms (Humphrey, 1999 and Abdulsomad, 1999). Thailand began deregulating its automobile industry in the early 1990s in response to external pressures from the World Trade Organisation (WTO) and ASEAN Free Trade Area (AFTA). Since the early 1990s, the industry has shifted from high to low protective measures and become more outward-oriented. The question the remains is, what are the implications of these liberalisation and internationalisation processes for the Thai automobile industry?