

CHAPTER I

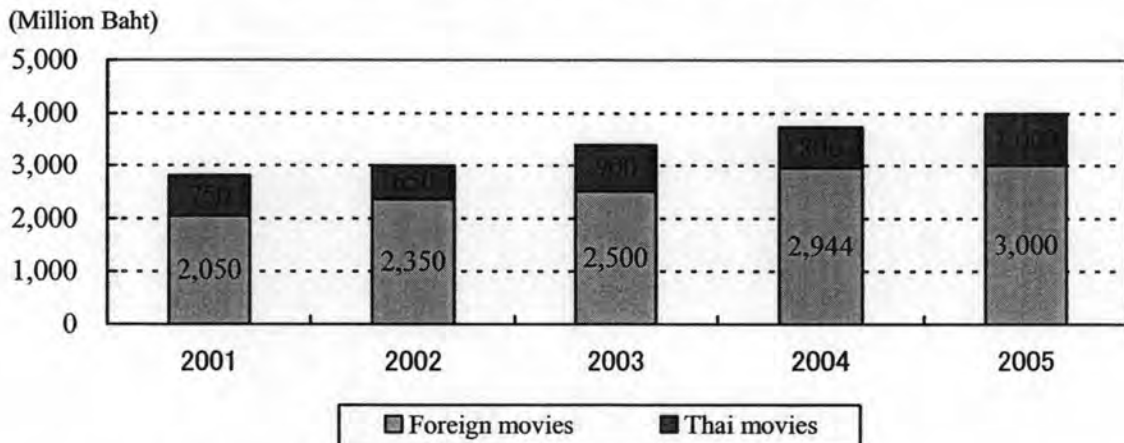
INTRODUCTION

1.1. Background / Statement of problem

The Thai movie industry has been booming since its revival in 1997 when new wave directors such debuted with *Fan Bar Karaoke* and *Deang Bailey and His Young Gangsters* respectively. Since then, some of Thai movies have been earning highest box office revenues domestically and have been internationally acclaimed at several film festivals abroad. In 2005, the domestic market turnover of Thai movie industry reached 1 billion baht (See Figure 1.1), while the exports of Thai movies abroad also increased to 960 million baht (Kasikorn Research Center, 2006:1).

Figure 1.1

Domestic Market Value of Thai Movie Industry



Source: Kasikorn Research Center

Although the value of exports of Thai movies is not so high comparing with other manufacturers, it is important in a sense that the exposure of Thai movies abroad can

disseminate Thai cultures and Thainess to the world¹. Thus, it is not surprising to know that the Ministry of Culture in Thailand is now planning to support the Thai movie industry through the establishment of the Institute of Art and Cultural Industry Development, in hope to promote the exports of Thai movies as well as to disseminate Thai culture abroad.

As for the exports of Thai movies abroad, take the example in the case of the Japanese market. In Japan Thai movies have so long been regarded as one of educational resources to learn Thai cultures. They were mainly introduced through film festivals organized by governmental entities such as the Japan Foundation (the organizer of Thai Film Festivals) and Fukuoka municipal office (the organizer of Asia Focus Fukuoka International Film Festival). The entry of Thai movies for commercial release to the Japanese market was limited before 1999.

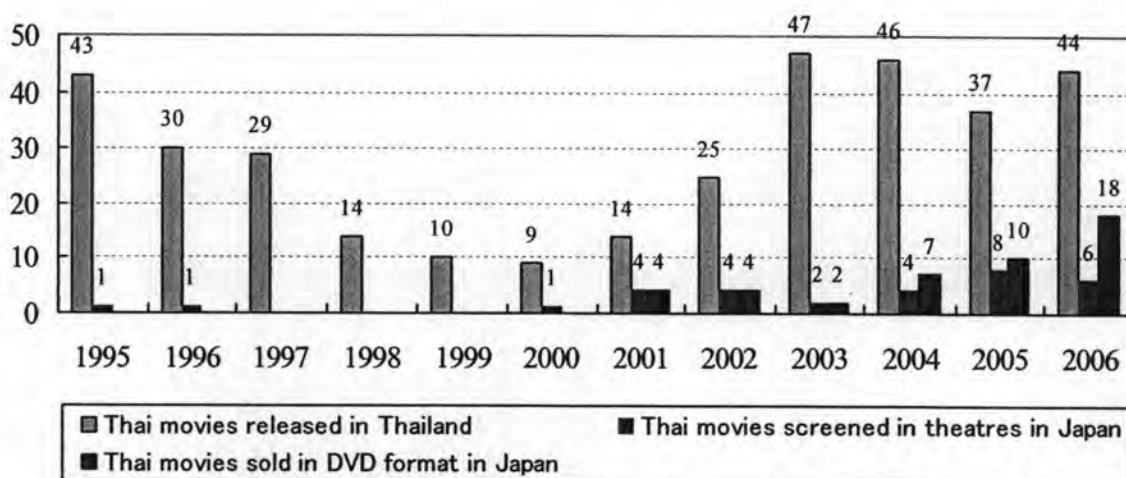
Along with the revival of Thai movie industry, however, the exports of Thai movies to Japan have become constant since 2000, if not many in number. 28 Thai movies in total in 2000 – 2006 are commercially screened in Japanese theatres, while 45 titles are commercially released in a DVD format (see Figure 1.2).

Iron Ladies (2000), which is a sports comedy about transvestite volleyball team, and *Ong-Bak (2003)* & *Tom-Yam-Kung (2005)*, which are action movies uniquely choreographed with Thai martial arts, Muay Thai, became considerably popular among Japanese audience as well as media. The exposure of Thai movies in Japan since early 2000 made many critics and media think that the boom of Thai movies might come after Korean movies.

¹ Ministry of Culture (2007:9), for example, reports that the number of membership for the Muay Thai club in Paris, France, increased drastically up to 25,000 persons after the commercial screenings of *Tom-Yam-Kung (2005)*, which is heavily promoted in the help of a popular French director, Luc Besson.

Figure 1.2

The numbers of Thai movies commercially released in Thailand and Japan



Source: Made by the author from several sources such as the Federation of National Film Association of Thailand, Kasikorn Research Center, and other websites in Japan

As we can clearly see the Korean booms both in Thailand and Japan these years, South Korea was believed to be successful in drastically expanding their movie markets abroad by their government's strategic policy since the Asian financial crisis in 1998, generated by Korean Film Council (KOFIC). The number of Korean movies screened in Thailand was zero in 2000, but it drastically increased into 25 in 2004 (The Federation of National Film Association of Thailand, 2005:154).

The Japanese government also became aware the importance of the contents sector and established Visual Industry Promotion Organization (VIPO) in 2004 with the aim to make Japanese visual media contents industries – movies, television, animation, music & etc., - competitive sectors globally by supporting creation, production and distribution of high-quality and competitive contents in both domestic and global markets. In 2006, the theatrical revenue share of Japanese movies in Japanese domestic market reached over 50%, with more numbers of screenings of Japanese movies than other foreign movies (Motion Picture Producers Association of Japan, 2007).

Thailand seems to join in this competition in movie industries among Asian countries which have more internationalized along with the globalization, to promote more of its national movies abroad. The plan to establish the Institute of Art and Cultural

Industry Development follows Korean and Japanese cases. However, surprisingly speaking, in spite of intensive debates on the government support to the Thai movie industry these years, little of study on the Thai movie industry per se has been conducted so far. This might be partially due to the reason that the discussions and debates are mainly initiated by the Ministry of Culture who concern mostly about cultural aspects of the movies.

From the view point of international trade, this trend in the movie industry can be called intra-industry trade – trade in which each country both imports and exports in the same industry. While Thailand enjoys the variety of foreign movies including Japanese cinema by importing them, she also tries to expand the market for Thai movies abroad by strengthening international competitiveness. If the Thai government is concerned about how to promote such trade, especially export of Thai movies abroad, it is essential for us to explore the possible explanations for the pattern of trade, the internationalization of the Thai movie industry so that we can shape efficient and effective policies and strategies to generate the trend of export of Thai movies in the future. Thus, it is important and interesting to study the characteristics of the Thai movie industry as well as to identify the factors which compose of the competitiveness of the Thai movie industry at this juncture.

1.2. Objectives and scopes of the study

Objectives

The objectives of this study are:

1. To understand the development and the current situation of the Thai movie industry
2. To identify the factors which compose of the competitiveness of the Thai movie industry and Thai movies to commercially export abroad
3. To investigate the role of the government and give recommendations for public policies to promote export of Thai movies abroad

Scopes

The scopes of this study are:

1. A movie is defined here as a film commercially made to be shown primarily at the theatres first, followed by the other exhibition windows such as DVD, pay-per-view, pay cable and network TV. Therefore such movies made directly in a VCD format without screening at the cinema are excluded from this study.
2. Thai movies, which are investigated in this study, are produced and financed by or partially by Thai production companies. The copyrights of the movies essentially or partially belong to the Thai production companies.
3. This study focuses on the Thai movies which are released at least in more than two theatres in Thailand from 1999 to 2005. Thus, such Thai movies as *Innocence (2005)* and other independent movies which were screened only in one theatre such as Lido are excluded from the list of the Thai movies here and not counted in the terms of number.
4. The behaviors of targeted production/distribution companies are investigated in this study. The behaviors of the exhibition sectors and production houses are not included, although some behaviors might be taken into account from in-depth interviews and literatures, if necessary.
5. The Japanese market is chosen as the case study for investigating the competitiveness of the Thai movie industry to export Thai movies abroad.
6. The purchases of copyrights of Thai movies by Japanese distributors are essentially regarded as the proxy for Japanese demand for Thai movies, because we assume that the distributors make their decision to maximize their profits by serving the existing demand and/or potential demand pulled by the promotion of the Thai movies.

1.3. Organization of the study

In this chapter, we provided the introductory information to conduct this study. Chapter II is devoted for providing the past literatures related to the several theories and

concepts which we adopt for our analyses. Chapter III is provided to serve for the first objectives of this study by describing the brief history and its development of the Thai movie industry and current situation. Having provided such information, we conduct the data analyses in Chapter IV, followed by conclusion and recommendation in Chapter V.