



# Doing Business in Thailand 2009: A Country Commercial Guide for U.S. Companies

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# Chapter 1: Doing Business In Thailand

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## Market Overview

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- Thailand is the United States' 24th largest trading partner. Two-way trade in 2008 was about US\$ 32.62 billion, with \$23.55 billion in Thai exports to the U.S. and \$9.07 billion in U.S. exports to Thailand. From 2007 to 2008, U.S. exports to Thailand grew by 7.2 percent, while imports to the U.S. grew by about 3.5 percent. In Asia, Thailand ranks as the United States' 8th largest trading partner after China, Japan, South Korea, Taiwan, Singapore, India and Malaysia.
- The Thai economy is export-dependent with exports accounting for 64% of its GDP. GDP performance has averaged 5-6% since recovery from the Asian financial crisis. 2008 GDP growth stood at 2.6%. 2009 forecast is 0-2%, reflecting a contraction in exports and tourism as a result of gloomier outlook of the world's economy. GDP per capita is \$4,072.5.
- Thailand, like the rest of the world, is being severely impacted by the world financial crisis. Exports have plummeted and the government has enacted a fiscal stimulus plan which they hope will maintain positive growth for the Thai economy.
- The U.S. and Thailand have enjoyed a special commercial relationship for 175 years under the Treaty of Amity and Commerce. Under the treaty, with the exception of a few sectors, U.S. companies operating in Thailand are afforded national treatment or an "equal playing field with Thai companies.
- Current risks to Thailand's economy include an uncertain political situation, violence in the three southernmost Muslim-majority provinces, as well as the effects of the global economic downturn.

## Market Challenges

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- Thailand's businesses and consumers are extremely price-conscious, often favoring lower prices over product quality or other benefits. Exporters with products that are competitive for reasons other than price should plan to work with their local partner to undertake an extensive marketing strategy.
- While Thailand's average applied MFN tariff rate is 11 percent (24 percent for the agricultural sector and 9 percent for the industrial sector), the highest tariff rates apply to imports competing with locally produced goods often leading to even further price pressures for U.S. exporters hoping to succeed in the market. Furthermore, Thailand has preferential trade agreements with countries such as Japan, Australia and New Zealand, U.S. firms with direct competitors from those countries could face further price pressures.
- Corruption and lack of transparency in government procurements, as well as widespread piracy of intellectual property rights are still major concerns for U.S. companies.

## **Market Opportunities**

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- Thailand's economic growth has created opportunities for U.S. companies in a number of infrastructure sectors, including electrical power, telecommunications, and renewable energy. Thai consumers are creating opportunities for new sales of U.S. medical products, cosmetics, security equipment, food supplements and educational services. Thailand also continues to look for U.S. suppliers of automotive accessories, defense equipment, broadcast equipment, food processing and packaging equipment, and laboratory and scientific instruments.
- The newly elected government is focusing resources on the development of ongoing infrastructure projects, including the expansion of the Bangkok Skytrain and subway systems. U.S. firms engaged in these sectors will find opportunities for success.
- For more information on best prospects, please see Chapter 4.

## **Market Entry Strategy**

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- Obtaining a local partner, such as an agent or distributor, is still the preferred means of entering the Thailand market for the first time as it is one of the most efficient and effective ways to reach Thai buyers. The agent or distributor can facilitate and expedite the market entry with their market knowledge and established networks. With the business culture of Thailand, interpersonal relationships are a vital factor for successful business transactions.
- The Commercial Service in Bangkok provides a variety of services to assist U.S. firms with market entry. Please refer to Chapter 10 of the Country Commercial Guide for further information on our services.

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## Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/p/eap/ci/th/>

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## Chapter 3: Selling U.S. Products and Services

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### Using an Agent or Distributor

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Although Thai law does not require use of local agents and distributors, it is one of the most efficient and effective ways to enter the market in Thailand. The agent and distributor facilitate and expedite the market entry with their market knowledge and established network. Among many business cultures in Thailand, interpersonal relationships are a vital factor for successful business transactions. Local agents and distributors are accustomed to local business practices and requirements. They are in the market and can deliver what is required for a successful business arrangement that companies in the U.S. cannot conveniently provide from afar. In addition, local agents and distributors will take care of regulatory affairs and acquire import permits for U.S. exporters.

U.S. exporters must invest sufficient time and attention in selecting a qualified agent and provide training for marketing and technical support staff. Frequent contact with local representatives is essential in order to build a good relationship.

Some of the best ways to locate an agent and/or distributor in Thailand are to:

Use the International Partner Search Service (IPS), Gold Key Service (GKS), or Video Gold Key Service available from the U.S. Commercial Service, U.S. Embassy Bangkok (see our website at <http://www.buyusa.gov/thailand/en> for more information). Read the IPS report. This report provides a list of Thai companies that have been hand-selected by our Commercial Specialist responsible for your industry sector. These companies have examined your product literature and company profile, been interviewed by our

Commercial Specialist, and have expressed strong interest in holding further discussions with you about representing your company. We provide you with a company profile and contact information for each Thai company. Following your receipt of the IPS report and your company's initial follow-up, should you plan to visit Thailand, we recommend you use our Gold Key Service, whereby we will set up meetings with each potential Thai representative. We will arrange hotel and transportation, and provide the appropriate Commercial Specialist from our staff to accompany you to the meetings. Should you not be in a position to travel from the U.S. to Thailand but wish to have face-to-face discussions with the Thai candidates, we can arrange "virtual" meetings by videoconference under our Video Gold Key Service. If you do not have access to videoconferencing equipment, you would simply go to the nearest U.S. Department of Commerce Export Assistance Center for the video hookup in the United States. A searchable directory of these centers may be found at the following website [http://www.export.gov/comm\\_svc/eac.html](http://www.export.gov/comm_svc/eac.html).

Participate in related trade exhibitions in Thailand. Trade exhibitions are a good means to test the market and locate serious agents and/or distributors in Thailand who visit the trade exhibitions to find new products and services.

## **Establishing an Office**

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The primary organizational forms for commercial enterprises are the sole proprietorship, partnership, limited liability company, joint venture and foreign branch. All are similar in nature to those found in the United States. Limited liability companies, however, are more often privately held rather than public corporations. The majority of foreign corporations operating in Thailand do so through private limited liability companies.

There are 3 major forms of partnership in Thailand:

1. an unregistered ordinary partnership,
2. a registered ordinary partnership, and
3. a limited partnership.

As in the United States, each form of partnership has different levels of liability for partners and different tax consequences for the partners and partnership. If a firm chooses a more formal type of organization, it may decide to form a private limited company or a public limited company. Generally speaking, a private limited company is similar to a U.S. privately held corporation while the latter may offer shares to the public.

Thailand also offers the possibility of establishing a representative or regional office for those companies engaged in non-revenue generating activities. These may be offices engaged in market research and assessment, providing quality control or purchasing services to a head foreign office, or providing warranty support services for products sold by its head office to the Thai market.

In any process of establishing an office, individuals and firms are strongly advised to consult at an early stage with legal or other professional advisors to ensure compliance with all applicable laws and regulations and to ensure selection of the optimal business structure for their activities in Thailand. The U.S. Commercial Service website (<http://www.buyusa.gov/thailand/en>) offers listings of law firms operating in Thailand.

Other considerations for American firms are to ensure there are no restrictions on foreign entity participation in a particular sector - whether there are import or other special licenses required and whether there are any special incentives available from Thai organizations such as the Board of Investment (BOI) and the Industrial Estate Authority (IEAT).

The U.S.-Thai Treaty of Amity and Economic Relations of 1966 allows U.S. majority-owned businesses, incorporated either in the United States or in Thailand, to operate on a nearly equal footing with Thai corporate entities. As a result, U.S. corporations may establish wholly owned subsidiaries or branch offices in Thailand without the constraints that other foreign firms face from the Alien Business Law. However, there are still government restrictions in the communications, transport and banking sectors, the exploitation of land and natural resources and the trade of domestic agricultural products. To register under the Treaty of Amity, a U.S. company needs to obtain documents from the U.S. Commercial Service office and to file an application with the Department of Commercial Registration at the Thai Ministry of Commerce. The U.S. Commercial Service at the U.S. Embassy in Bangkok has further information available for interested firms or individuals. Information on the Treaty of Amity may also be found at: <http://www.buyusa.gov/thailand/en/treatyofamity>

## **Franchising**

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The franchise industry is still very popular among Thai investors because it is perceived as an attractive and relatively safe form of investment. According to the Thai Franchise Association, at the end of 2008, the total number of franchisers in Thailand was 411, with 365 of those being Thai-developed franchises, and 46 being international franchise systems. Fifty percent were in convenience stores and 30 percent in the food and restaurant business. The franchise industry is expected to continue to grow at an average of 30 percent over the next few years due to changing consumer buying patterns, urbanization, and improvements in Thailand's transportation and communications network. International franchises control 70 percent of the total market. The U.S. dominates with 65 percent of the international franchising market. The quality, standards, brands, and innovations offered by U.S. franchises are well known to potential Thai investors. However, franchising fees required by U.S. companies are perceived as very high and start-ups require a huge capital investment.

There is a 25 percent failure rate for local franchise operations, due to their poor standards and low quality. Nevertheless, local franchises have better growth potential than international franchises due to its lower initial investment and lower offer prices. The number of local franchises is still growing very fast due to the flexibility of franchisers and their ability to know the tastes and purchasing influences of local consumers. Local sources mentioned that most Thai investors are willing to pay about US\$2,500-25,000 for franchise fees and will consider their budget as the priority in making the decision on a franchise.

Many of the U.S. famous franchises are already in Thailand, such as McDonalds, Burger King, Starbucks, KFC, Pizza Hut, Mrs. Fields, A&W, Post Net, Mail Boxes Etc., Subway, Radio Shack, Outback Steak, Sizzler, Dunkin Donuts, Gymboree, etc. The best prospects for U.S. franchise concepts are in the following areas: hotel management,

education and computer schools, automotive after-market, and health and beauty services.

## **Direct Marketing**

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Direct marketing is considered to be an effective means of marketing in Thailand and is expected to grow steadily. Since the onset of the Asian financial crisis in mid-1997, many of those made redundant joined the direct marketing workforce. Often, these people possess business experience and are highly motivated. Direct marketing is used widely in the sale of life insurance, cosmetics, health products, cleaning and household items, and electrical appliances. Major U.S. cosmetics brands that are sold via direct marketing are Amway, Nu Skin, Herbal Life, and Avon. Even though direct marketing has proved to be very successful in the Thai market, many problems still need to be solved such as poor product quality, loss during delivery, imitation, and poor enforcement of consumer protection laws by the government of Thailand.

Direct marketing and mail order sales to some extent have benefited from use of individual credit cards in Thailand. Credit cards stretch the buying power of Thai consumers and facilitate retail sales through non-traditional means, such as mail order and electronic commerce. Leading the market in this sector are American Express (Amex) and Citibank (which issues both Visa and MasterCard). Most major department stores in Thailand conduct direct marketing via mail order campaigns through their own networks of discount cardholders. Installment plan sales of household consumer goods and electrical appliances are gaining popularity among consumers, especially in rural areas.

TV home shopping was introduced several years ago and had been moderately accepted. Within the last few years however, it has been gaining ground. Currently, it generates an annual turnover of over US\$50 million. Still, the poor quality of some products has lessened consumer confidence in this channel. The Thai consumers' buying pattern of seeing and touching products that they are buying is another limitation of the TV home shopping

## **Joint Ventures/Licensing**

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Joint ventures (JVs) and licensing agreements are important market entry strategies for American exporters to Thailand. In many cases, the only way to overcome costly freight charges, high tariffs and competition from cheaper local goods is via local production. Thai firms need to become more technologically advanced to offset competition from lower cost producers. Thailand's Civil and Commercial Code has a section on General Contracts, which broadly governs all contractual business relationships and transactions. Depending on the nature of the contract, the Public Companies Act and Alien Business Act include provisions pertaining to joint venture agreements which American firms should be aware of before signing with any local partners. Joint venture partnerships with funding support, technology transfer and training components are effective mechanisms to achieve this.

Many Thai firms are actively seeking U.S. joint venture partners which, along with much needed capital, can also bring technical, marketing and management skills to a business relationship. In turn, Thai firms generally offer assets, valuable local vendor and government contacts, and established business relationships throughout the region. A number of aggressive U.S. companies have already entered into strategic joint-venture relationships with Thai partners in Indochina and China.

The U.S. Commercial Service at the U.S. Embassy in Bangkok can provide assistance to American firms seeking potential joint venture partners in Thailand through various marketing services. Visit their website at <http://www.buyusa.gov/thailand/en> or visit <http://www.export.gov> for more information.

## **Selling to the Government**

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Government procurement represented a substantial portion of Thailand's economy – about 15 percent of the country's GDP, or around US\$101 billion in 2008. U.S. exporters interested in selling to the Thai government have opportunities in such key fields as petroleum refining and petrochemicals, telecommunications, transportation, information and communications technology, the environment, health care and commercial defense.

Further information may be found with the Commercial Service in Bangkok or on the Royal Thai Government National Economic and Social Development Board's website at <http://www.modernizethailand.com/>.

The key to successful bidding on Thai government contracts and supply tenders is to have a reputable local representative with good access to the procuring agency and knowledge of specific procurement requirements. Without this intermediary, it is very difficult to win a government project – procurement is decentralized among more than 200 government agencies and state enterprises. Representatives are accepted as legitimate players in the bidding process. Agents often provide an early "heads up" to U.S. firms when they hear of attractive tenders. Before these tenders are even issued, they can help to ensure that a principal's product will meet all of the required tender specifications.

It should also be noted by companies bidding on government projects that training on all equipment purchases is an important feature considered in the review of all proposals. A U.S. company should expect additional training costs and expenses on top of the product cost and should plan to build these costs into the bid. American firms may find it more cost-effective to send engineers or specialists to train bigger groups of employees at a plant or specialized government facility, such as a military installation.

A specific set of rules, commonly referred to as the "Prime Minister's Procurement Regulations," governs public sector procurement. These regulations require that non-discriminatory treatment and open competition be accorded to all potential bidders. However, in reality the system is not entirely transparent, and the Thai government is not a signatory to the WTO Agreement on Government Procurement. Many feel that the Royal Thai Government does not always provide a level playing field for foreign bidders. Generally, the procuring government agency provides preferential treatment to domestic suppliers who under a "Buy Thai" policy receive an automatic price advantage of 3-7%

rate (depending on the product) over foreign bidders in initial bid round evaluations. The specific laws that apply to international tenders are Regulations 87 and 89. These adhere to established international procedures. International companies may bid, without having an agent, if the government agency or state enterprise in charge of the project does not specify in the terms of reference (TOR) to *only* open for bid proposals from Thai companies, and if the project is funded by foreign loans, then it will be treated as an international bid. The "two envelope" system is commonly used, with technical evaluations of bids conducted separately from cost evaluations. The procuring government agency reserves the right to accept or reject any or all bids at any time, and is not bound to approve the lowest bid. The procuring government agency may also modify the technical requirements during the bidding process. This flexibility can prove frustrating to bidders. Charges leveled that changes are made for special considerations have been common in the past.

On January 13, 2005, in an effort to encourage greater transparency, the Ministry of Finance announced regulations creating electronic auctions for government procurement. E-auction works like a reverse auction, with the purchasing agency announcing that it wants to buy a certain good or service, and prospective suppliers bidding via the Internet. The lowest qualified bidder wins. E-auction must be used on procurements greater than 2 million baht (US\$50,000), but agencies are free to use e-auction for lesser value procurements as well if they wish to.

The status and powers of the National Counter Corruption Commission (NCCC) have been enhanced, giving it independence from all branches of government. The members of the Commission sit on the NCCC for a term of nine years with no renewal, and report to their own chairperson. Individuals holding high political offices, and members of their immediate families, are now required to list their assets and liabilities before taking office and upon leaving office. It appears that there is an increasing will to enforce transparency in government procurements. However, the autonomy and transparency of the NCCC, has not truly been tested; the appointment of individual commission members, and accusations of conflicts of interest are still being publicly questioned in the Thai media.

## **Distribution and Sales Channels**

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Distribution and sales of industrial goods in Thailand are normally conducted through two channels: 1) from U.S. exporter to Thai importer, to Thai end-user, and 2) from U.S. exporter to Thai end-user. The selection of distribution and sales channels depends largely on the type of product and the end-user. Exporters of products that require after-sales service should have a Thai importer representing them locally. A local agent or distributor can respond more quickly to provide service and parts replacement. Accordingly, the end-user's confidence will increase if there is a place where they can receive near-immediate assistance any time a machine breaks down. Also, the end-user normally feels more comfortable dealing with a local agent or distributor since there are no language or distance barriers. The agent or distributor also facilitates customs procedures for end-users. It should be noted that, in general, only local agents, distributors, or manufacturer's branch offices in Thailand are eligible to enter day-to-day bidding for routine government tenders. Please also see the sections in this chapter on "Selling Factors" and "Selling to the Government" for more detailed information on bidding on projects by international bidders.

For consumer goods, there are generally three distribution and sales channels: 1) from U.S. exporter, to Thai importer, to Thai retailer, to Thai end-user; 2) from U.S. exporter, to Thai importer, to Thai wholesaler, retailer, and end-user; 3) from U.S. exporter, to Thai retailer, to end-user. Perishable consumer goods tend to go through the first channel, which is the fastest. In this instance, importers tend to act as wholesalers at the same time. Non-perishable consumer goods normally go through the second or third channel. The second channel seems to be the most favored, especially with lower-priced items, since there are over 250,000 (mostly small) retail outlets in Thailand. Working through wholesalers will promote better market coverage.

## **Selling Factors/Techniques**

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To differentiate themselves from local and third country competitors, U.S. firms should emphasize their strengths in quality, innovation, technology enhancements and customer service. Thai customers have come to expect more, and better, styles and designs, regular product upgrades and updated technology from U.S. companies. They will often choose U.S. products and services on the basis of "value for money," not solely on cost factors. To gain a competitive advantage in the marketplace, U.S. firms should develop and maintain good customer relationships and be able to reference success with existing customers when seeking new clients. American companies should also choose strong local partners or distributors offering high service standards and capabilities.

A competent marketing strategy is important for doing business in Thailand because the market structure is changing rapidly in several respects. Successful companies use the following techniques and strategies to maintain and expand their market shares in Thailand:

- Identify potential customers in the appropriate business community(ies);
- Understand end users' behavior and their cultural environment in order to offer the most suitable products to them;
- Promote themselves in business communities by advertising through the media, participating in trade shows, and organizing seminars to launch new products;
- Educate buyers on new technologies, and provide high reliability and unbiased advice through direct sales to end users;
- Sell consulting services together with solutions;
- Identify the features and benefits of specific product or service solutions;
- Use training as an effective means to make potential customers aware of the quality of products and services, and
- Create end user awareness in order to expand services.

Large U.S. firms have their own subsidiaries in Thailand to sell products and provide technical services. Opening a representative office and a company-owned support facility will also underscore the company's commitment to the market. Following the 1997-98 Asian financial crisis, most Thai buyers are requiring longer-term or more flexible and creative financing terms. Thai distributors prefer to deal directly with U.S. vendors over regional distributors and to be appointed as a sole distributor in most cases.

Thai law permits all foreign companies, with or without a local representative, to submit bids on public sector tenders. A consortium of U.S. companies is acceptable for the supply of a wide range of products in large tenders. For example, when bidding was conducted for the New Bangkok International Airport, the U.S. bidders were able to submit without having a local agent but many had a joint venture partner in place even though this was not a condition of the tender. Direct international bids have also been accepted for major power plants. Conversely, day-to-day procurements by public sector agencies and ministries almost always make local representation a condition for bidders. The U.S. Commercial Service can certify notarized documents presented by American firms and their local partners prior to bid submissions to meet the requirements of the agency or ministry tendering the bid. Most foreign firms have found it advantageous to appoint a local agent who can deal with problems related to communications, bureaucratic procedures, local business practices and marketing when competing and bidding on government projects. For more detailed information, please also see the section on "Selling To The Government", in this chapter.

U.S. firms should be aware that while the purchasing company may simply accept the lowest bid that meets specifications, it might also attempt to bargain with one or more of the lowest bidders to negotiate better terms. Therefore, U.S. firms should be prepared to empower their agents to take measures to increase competitiveness. On major contracts, it is advisable to have an American representative involved when such bargaining ensues. In addition, the public agencies may request credit in their procurement tenders. A supplier who offers credit will have a better chance of winning bids. Sales without credit are sometimes made if other factors such as price, quality, and delivery schedules are of greater importance.

The most important requirements for new U.S. suppliers are: continuous upgrading and development of new products; suitable promotional activities; good service, and hiring qualified representatives in the local market. In addition, flexible sales policies are also important to attract potential long-term users. A Thai language manual for users is also important.

## **Electronic Commerce**

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E-commerce is expected to become more widely used in Thailand, but is currently only a fledgling sector. Globalization and the Internet have made E-commerce in Thailand more viable as a marketing channel because people can check product prices from everywhere in the world without adding transportation costs, and fees and taxes. When local companies add transportation costs, handling fees and taxes to their products, local consumers will become more conscious of competitive pricing. At present, though, most Thai consumers still prefer to see goods before purchasing.

## **Trade Promotion and Advertising**

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Advertising and trade promotion are important marketing tools in Thailand, especially for the sale of consumer goods. In particular, foodstuffs and consumer products should be promoted heavily via a full range of mass media. In 2008, advertising on television is

the most popular and commands 58 percent, newspapers 20 percent, radio 8 percent, magazine 8 percent, outdoor billboards 4 percent, and others 4 percent. There are six free television channels and 30 user-fee based cable television channels. Although the Royal Thai Government does not permit commercial advertisement on the cable television network, at least three channels feature infomercials and home shopping-style programs twenty-four hours a day under the guise of "regular television programming". This is a very successful medium for the promotion of a wide range of American consumer products. There are two popular English-language newspapers in Thailand, "The Bangkok Post" and "The Nation". For advertising, U.S. companies should also consider Thai-language publications as other essential means to promote their products and services. The most popular daily business newspapers in Thai are "Krung Thep Thurakit" (Bangkok Business News) and "Manager." Special promotional campaigns should be conducted at local shopping centers, hotels and convention halls. The most popular campaign is giving away free samples at major business and commercial buildings.

The Internet has become a far more dynamic and effective marketing tool and can be developed much more as a selling medium in almost every industry for both durable and non-durable goods. Electronic advertisements serve as channels to reach a broader client base, develop stronger customer relations, generate customer feedback, and enhance a company's image.

Commercial promotions are an equally important marketing tool for both consumer and industrial products in Thailand. Consumer trade promotion in Thailand is frequently conducted by using gift premiums, discount coupons, or drawings for items such as package tours, cars, or electrical appliances. Consumer trade promotion events are frequently held in supermarkets and shopping malls. Exhibiting firms repeatedly take part in these events because the cost of attending is much lower than participating in a privately organized trade fair. That said, the Department of Export Promotion in Thailand has been actively holding sectoral exhibitions to promote Thai exports to international buyer audiences during "trade days" and increase domestic awareness by staging "public days" at such fairs.

Industrial product promotion, on the other hand, varies from industry to industry. The two most efficient methods of promotion for industrial products are trade exhibitions and placement of advertisements in trade magazines. Trade fairs with a sectoral focus serve as a screening tool since exhibitors can be certain that they will have access to the appropriate group of customers. The U.S. Commercial Service in Bangkok includes a list of suggested industry events staged in Thailand as well as solo fairs, U.S. Pavilions at local events and trade missions in Chapter 9 of this Country Commercial Guide. This information is also published on its website in English (<http://www.buyusa.gov/thailand/en> or <http://www.export.gov> ) and in Thai at <http://www.buyusa.gov/thailand/th> . It is advisable to translate all product literature and technical specifications into Thai when advertising in trade journals, participating in trade shows or organizing technical seminars. Successful firms also arrange for their agents to receive specialized training at offices or factories in the U.S.

*Major Newspapers:*

The Bangkok Post <http://www.bangkokpost.net>

The Nation <http://www.nationmultimedia.com>

Krung Thep Thurakit (Bangkok Business News) <http://www.bangkokbiznews.com>

Post Today (Thai): <http://www.posttoday.com>  
 Business Day Newspaper: <http://www.bday.net>  
 Magazines: Business in Thailand Magazine (<http://www.businessinthailandmag.com>)  
 Business Web Sites: <http://www.buyusa.gov/thailand/en>, <http://www.ustbc.org>,  
<http://www.indo-siam.com>

## Pricing

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The market in Thailand is open and very competitive. Thai customers agree that price is a significant factor in selecting which products to purchase. U.S. firms need to study such factors as the channels of distribution, necessary sales and promotional techniques and the current pricing practices of key competitors. Standard credit payments, as in most international trade, apply in Thailand as well.

Importers of large equipment or machinery charge a commission of 5-10 percent and allow their customers to open L/Cs themselves. Manufacturers or wholesalers normally receive a 5-10 percent profit margin. Retailers and distributors of local products require a 25-35 percent margin. There is a 7% V.A.T. charged on consumer goods as well.

Thai consumers are very price conscious. In fact, less than half of Thai consumers report buying based on brand-name recognition and first time buyers often buy on price alone. Consumers are often offered free gifts or extra options with their purchases. In addition, midnight sales or occasional sales have proven to be quite successful. Retailers' pricing depends on the product and the frequency of turnover. In general, the margin structure is as follows:

Convenience Stores	18-20 %
Discount Stores	8-10 %
Department Stores	40%
Manufacturers or Wholesalers	5-10 %
Distributors of Local Products	10-15 %
Direct sale of specialty products	60-80 %
Direct sale of general product	40 % max.
Importers of large equipment or machinery	5-10 %
Importers of luxury products	60 % min.

## Sales Service/Customer Support

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Training, after sales service, reliable customer support, and the availability of spare parts are the most important factors cited by Thai customers in evaluating services related to their purchasing decisions. These factors are especially important when marketing industrial products. Buyers seek a quick turn around time on their requests

for technical assistance and perceive such service as being provided by reliable suppliers. In case a local branch cannot provide the service, suppliers should be able to acquire support from overseas branches. Spare parts should also be available in a timely manner.

Better support and after-sales-service have placed U.S. suppliers in a much better position, compared with their European competitors selling products of equal quality or Asian competitors that provide lower priced products. Thai customers generally have greater confidence in U.S. suppliers' service and support, due to their well-trained service and support teams, availability of concisely written manuals, and willingness to modify product offerings. Some Thai buyers would rather invest in higher-quality, more expensive products, in order to save expensive maintenance costs following warranty expirations.

Suppliers of products that have complicated technologies should hire and train a team of highly qualified and experienced technical people as well as provide technical training to their customers. It is also advisable to set up a customer help desk. High-end Thai customers usually consider quality, service and price respectively when purchasing products. A well-trained after-sales service team can increase the possibility of repeat orders from satisfied customers. In addition, Thai customers appreciate receiving periodic technical updates and information from their suppliers. Often, engineers or specialists are sent by the U.S. firm to stay for extended periods in Thailand to conduct larger scale training of big groups of employees who will operate new equipment.

It is important for U.S. suppliers to appoint a qualified partner who can provide their customers with quality services in the Bangkok area and elsewhere. Major suppliers noted that competitive pressures and slim margins have forced them to place higher priority on service and support in order to retain old customers and gain new ones. Positive word of mouth recommendations from customers can increase the supplier's reputation and sales volume. Conversely, bad service can severely hamper a company's chance for increasing sales in this market.

## **Protecting Your Intellectual Property**

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### **Introduction**

Several general principles are important for effective management of intellectual property rights in Thailand. First, it is important to have an overall strategy to protect IPR. Second, IPR is protected differently in Thailand than in the U.S. Third, rights must be registered and enforced in Thailand under local laws. Companies may wish to seek advice from local attorneys or IP consultants. The U.S. Commercial Service can often provide a list of local lawyers upon request.

It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Thailand. It is the responsibility of the rights holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. While the U.S. Government is willing to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely

fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a lawsuit. In no instance should USG advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Thailand require constant attention. Work with legal counsel familiar with Thai's laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IPR and stop counterfeiting. There are a number of these organizations, both Thailand or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)
- The Pharmaceutical Research and Manufacturers Association (PhRMA)

## **IPR Resources**

A wealth of information on protecting IPR is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the U.S. and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at [www.StopFakes.gov](http://www.StopFakes.gov).
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the U.S. Copyright Office at: **1-202-707-5959**.
- For U.S. small and medium-size companies, the Department of Commerce offers a "SME IPR Advisory Program" available through the American Bar Association that provides one hour of free IPR legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and Thailand. For details and to register, visit: [http://www.abanet.org/intlaw/intlproj/iprprogram\\_consultation.html](http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html)
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: [www.StopFakes.gov](http://www.StopFakes.gov). This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record

registered trademarks and copyrighted works (to assist customs in blocking imports of IPR-infringing products) and features online training courses and Webinars on protecting IPR.

- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers **Thailand** at [http://www.buyusa.gov/thailand/en/contact\\_us.html](http://www.buyusa.gov/thailand/en/contact_us.html).

## **IPR Climate in Thailand**

Widespread commercial IPR counterfeiting and piracy continue to plague intellectual property rights owners in Thailand. The lack of sustained, aggressive, and coordinated enforcement and prosecution remains a substantial problem. U.S. copyright industries reported an estimated annual trade loss of more than \$308.5 million in 2006 from IPR infringement in Thailand. An increasing volume of pirated and counterfeited products manufactured in Thailand is exported. Thailand has been on the U.S. Special 301 Watch List since November 1994. In 2007, Thailand was elevated to the Priority Watch List, reflecting an overall deterioration in the protection and enforcement of IPR. The United States and Thailand held extensive consultations on IPR issues under the TIFA and during the FTA negotiations aimed at strengthening Thailand's regime, but progress has been slow.

## **Patents, Data, Trade Secrets, and Plant Variety Protection**

Thailand's patent regime generally provides adequate protection for most innovations. However, U.S. industry has expressed concerns that the legislation that Thailand enacted to implement its data protection obligations under the TRIPS Agreement would not provide adequate protection of confidential information from disclosure. U.S. industry is also concerned that Thailand does not have a formal patent linkage system to prevent the regulatory approval of copies of pharmaceuticals that are still patented. There has been a recent increase in the number of such copies receiving Thai FDA approval while the original product is still under patent.

Thailand's patent office lacks sufficient resources to keep up with the volume of applications, and patent examinations can take more than five years, and eight to ten years or more for pharmaceutical patents. While patent filings have increased in recent years, the patent issuance numbers continue to decrease. The Department of Intellectual Property ("DIP") is reportedly subject to a hiring freeze that prevents hiring more than the current sixteen examiners. Thailand has been discussing accession to accede the Paris Convention and the Patent Cooperation Treaty for several years but has not yet taken the necessary steps.

Thailand's Ministry of Public Health has pursued the issuance of compulsory licenses on certain patented drugs and has indicated it may consider using compulsory licensing with respect to drugs for treating a broad range of medical conditions. The United States acknowledges Thailand's ability to issue compulsory licenses to address public health emergencies, subject to its own law and its obligations as a member of the WTO. At the same time, the United States has expressed concern regarding a lack of transparency and consultation in the Thai government's pursuit of this policy and about the potentially expansive use of compulsory licenses. The United States has urged Thailand to

address judiciously the complex intersection between health and intellectual property policy, and to do so in ways that recognize the role of intellectual property in the development of new drugs.

On January 30, 2007, the Ministry of Public Health issued implementing regulations for the 2002 Trade Secrets Act. The regulations restrict the government from releasing protected data for a period of five years, but do not provide data exclusivity that would prevent unfair commercial use.

Registration of new plant varieties under the Plant Variety Protection Act began in April 2006. Private sector representatives have expressed concern about the implementation and enforcement of the Act, noting the wide availability of pirated counterfeit seeds and other products in Thailand. The United States has urged Thailand to strengthen the 1999 Act to make it consistent with the 1991 International Convention for the Protection of New Varieties of Plants (UPOV) and to accede to this convention.

## **Copyright**

Thailand's copyright law, intended to bring Thailand into conformity with international standards under TRIPS and the Berne Convention, became effective in March 1995. During the FTA negotiations, Thailand enacted optical disc legislation but it lacked many key elements, and U.S. officials continue to press Thailand to address these deficiencies.

The Thai government is in the process of amending the Copyright Law in several ways. A current set of amendments deals with collecting societies and creates fair use exceptions for disabled users. Additional amendments, which are unlikely to pass prior to the December 2007 elections, would implement certain provisions of two 1996 World Intellectual Property Organization (WIPO) treaties, the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty. Thailand has stated that it does not intend to ratify these treaties.

## **Trademarks and Geographical Indications**

The Thai government amended its trademark law in 1992, increasing penalties for infringement and extending protection to service, certification, and collective marks. The Thai government also streamlined trademark application procedures, addressing issues raised by the U.S. Government. Additional amendments designed to bring Thailand's trademark law into compliance with the TRIPS Agreement were enacted in June 2000, broadening the legal definition of a mark. Further amendments have been drafted but will not likely be passed prior to the December 2007 elections. Thailand has been considering joining the Madrid Protocol, but has not yet taken steps to do so.

The Geographical Indications Act was passed by the Thai Parliament in September 2003 and went into effect in April 2004. This legislation allows rights holders to seek protection for indications that identify a good as originating in the territory of a member or a region or locality in that territory, where a given quality, reputation, or other characteristic of the good is essentially attributable to its geographic origin. It is not clear how this law will be applied to U.S. geographical indications ("GI"s), because it requires explicit evidence that the GI is protected under the law of the foreign country in order to receive protection in Thailand. In addition, the existence of a similar previously

registered trademark does not constitute grounds for refusal of a GI registration in Thailand.

## **Enforcement**

Thailand's IPR enforcement efforts have been inconsistent. Corruption and a cultural climate of leniency can complicate both enforcement actions and prosecution of cases. The frequency of raids compromised by leaks from police sources remains a concern. Rightsholders complain that seized materials disappear and are used to reward enforcement officials and even the press. Pirates, including those associated with transnational crime syndicates, have responded to intensified levels of enforcement with intimidation against rights holders' representatives and enforcement authorities.

The Ministry of Commerce has the lead in promoting interagency cooperation on IPR enforcement issues. In August 2006, the Ministry concluded a Memorandum of Understanding (MOU) between enforcement authorities, retail establishments and rights holders to better coordinate operations. While the MOU is an important step, the Thai government has yet to take action against any of the retail outlets where pirate and counterfeit goods represent the majority of the merchandise.

The Department of Special Investigations (DSI) was established in 2004 and took on an IPR enforcement role, focusing on major infringing production, warehousing and trafficking operations, as well as those activities associated with organized crime. In January 2006, the threshold for cases to be referred to DSI was lowered to 500,000 baht (\$13,400), promising stronger investigative action into more cases. However, DSI has been embroiled in internal political issues for the past year and has not taken effective action against IP crimes in this period.

The Thai government established a specialized intellectual property court in 1997, which has improved judicial procedures and imposed tougher penalties. Criminal cases generally are disposed of within 6 months to 12 months from the time of a raid to the rendering of a conviction. However, courts frequently hand down light sentences that are not considered a deterrent to criminal behavior. For example—there was a good statistic from rightholders this year—out of 2000 cases, only 16? were found criminally liable?. Over the past year, rightholders and even the Royal Thai Police complain that the IP Court is increasingly unwilling to issue search warrants and civil search orders. For many rightholders, this is the primary obstacle to enforcement.

U.S. copyright industries continue to express serious concerns over the rapid and unchecked growth of optical media piracy in Thailand. In August 2005, the Optical Disk Manufacturing Control Act went into force. This Act is designed to enhance the authority and capabilities of the Thai government to act against operators of illicit optical disc factories and to control the production materials and machines of legal producers. U.S. copyright industries are concerned that the Optical Disk Act is deficient in several respects, including that penalties are not high enough to deter pirates and do not enhance the Thai government's enforcement and oversight powers sufficiently. There have been no significant actions taken under the Optical Disk Act since it came into force.

Cable piracy continues to be a major problem throughout Thailand, as pirate providers expand their reach in the provinces. The Royal Thai Government is expected to pass new broadcasting legislation in the near future, but the new legislation is not likely to substantially improve the situation.

Book publishers have raised concerns that the existing copyright law is being interpreted in a manner that is allowing extensive book piracy, especially in the form of illegal photocopying, to go unchecked. According to industry, annual losses are estimated at about approximately \$30 million.

Trademark infringement remains a serious problem. U.S. companies with an established presence in Thailand and a record of sustained cooperation with Thai law enforcement officials have had some success in defending trademarks, but the process remains time-consuming and costly. Penalties for proven trademark violations are insufficiently high to have a deterrent effect.

The Government organization that mainly responsible for IPR matters in Thailand is the Ministry of Commerce, Department of Intellectual Property. Please find their contact address including the addresses of the responsible enforcement agencies as follows:

**Department of Intellectual Property, Ministry of Commerce:**

<http://www.ipthailand.org/dip/>

44/100 Sa Nam Bin Nam Road, Muang Nonthaburi 11000

Phone: (662) 547-4621

Fax: (662) 547-4699

**The Central Intellectual Property and International Trade Court**

Si Ayutthaya Road, Ratchatewi District, Bangkok 10400

Tel: (662) 245-8401

Fax: (662) 245-8898

**The Department of Intellectual Property and International Trade Litigation, The Office of the Attorney General**

Thai Military Bank Building, 3<sup>rd</sup> Floor, Si Ayutthaya Road, Ratchatewi District, Bangkok 10400

Tel: (662) 246-2100

Fax: (662) 246-2622

**The Royal Thai Police; Economic Crime Investigation Division, Central Investigation Bureau**

North Sathorn Road, Bangrak District, Bangkok 10110

Tel: (662) 235-2827

Fax: (662) 234-6806

**The Customs Department; Policy and Planning Bureau, The Royal Thai Customs Department, Ministry of Finance**

Sunthornkosa, Klong Toey, Bangkok 10110

Tel: (662) 240-2617

Fax: (662) 249-4016

## Due Diligence

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The 1997-98 financial crisis in Thailand was due, in part, to excessive risks taken in the financial sector that were not discovered or checked because of legal, regulatory, institutional and information deficiencies, and the nation's weak supervisory system.

American buyers/investors considering any ventures in Thailand should be cautious, and exercise extreme due diligence. A number of local companies still lack transparency in their accounting practices. Commercial Service Bangkok offers our International Company Profile (ICP) service that provides basic information on Thai firms such as: date founded; number of employees; officers; bank references; product lines, and foreign business contacts. More information on this service is available on the website <http://www.export.gov>.

For more in-depth information, U.S. buyers/investors are advised to hire professional accountancy companies, lawyers, asset appraisers/valuers, and other experts in due diligence work to check bona fides of the bank or company they want to buy, extend credit to, or with whom they want to form joint partnership or any type of licensing agreement. A number of leading American accounting and consulting companies with expertise in due diligence are active in Thailand.

American firms may also need to check with government agencies which have information on firms listed in the Stock Exchange of Thailand (SET) for their listing status. Organizations worth checking for this type of information are the Stock Exchange of Thailand and the Securities and Exchange Commission (SEC). Each has their own data bank which include mandatory information that all listed firms need to report on a quarterly and/or annual basis. For information related to other non-listed companies or private owned firms, the Department of Business Development at the Ministry of Commerce should be contacted.

## Local Professional Services

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It is highly recommended that U.S. firms obtain relevant legal advice from a local attorney who can provide guidance on drafting and enforcing commercial agreements, company registration, and applying for requisite permits. The services of a local attorney are required for executing distributorship agreements, setting up offices in Thailand, registering patents and trademarks, and for taking legal measures to protect a product from intellectual property right infringement.

As literature on commercial law in Thailand (in English) is scarce, it is recommended that a firm wishing to do business in Thailand gather information on regulations and legal processes prior to arriving in Thailand. This will also ensure that the firm is aware of practices and benefits that it is entitled to, granted by the Board of Investment (BOI) and the Industrial Estate Authority of Thailand (IEAT).

The U.S. Commercial Service at the American Embassy in Bangkok can provide a list of Thai lawyers and American legal consultants who specialize in Thai commercial law and

service international clients. The list can also be downloaded from the Commercial Service Bangkok website at <http://www.buyusa.gov/thailand/en>.

Although Thai law does not require use of local agents and distributors, it is one of the most efficient and effective ways to enter the market in Thailand. The agent and distributor facilitate and expedite the market entry with their market knowledge and established network. Among many business cultures in Thailand, interpersonal relationships are a vital factor for successful business transactions. Local agents and distributors are accustomed to local business practices and requirements. They are in the market and can deliver what is required for a successful business arrangement that companies in the U.S. cannot conveniently provide from afar. In addition, local agents and distributors will take care of regulatory affairs and acquire import permits for U.S. exporters.

U.S. exporters must invest sufficient time and attention in selecting a qualified agent and provide training for marketing and technical support staff. Frequent contact with local representatives is essential in order to build a good relationship. The Commercial Service Bangkok offers services to assist you in identifying a qualified agent. Please refer to the first section of this chapter.

## Web Resources

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- U.S. Commercial Service Home Page (English Version): <http://www.buyusa.gov/thailand/en>
- U.S. Government Export Portal: <http://www.export.gov>
- U.S. Commercial Service Home Page (Thai Version): <http://www.buyusa.gov/thailand/th>
- U.S. Department of Commerce Export Assistance Center: [http://www.export.gov/comm\\_svc/eac.html](http://www.export.gov/comm_svc/eac.html).
- Business in Thailand Magazine: <http://www.businessinthailandmag.com>
- Business Web Sites: <http://www.ustbc.org>, <http://www.indo-siam.com>
- Board of Investment: <http://www.boi.go.th>
- The Bangkok Post: <http://www.bangkokpost.net>
- The Nation: <http://www.nationmultimedia.com>
- Krung Thep Thurakit (Bangkok Business News): <http://www.bangkokbiznews.com>
- Post Today (Thai): <http://www.posttoday.com>
- Business Day Newspaper: <http://www.bday.net>

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## Chapter 4: Leading Sectors for U.S. Export and Investment

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## BEST PROSPECTS FOR AGRICULTURAL PRODUCTS

**Best Agricultural Industry Sector Prospects for Thailand are as follows:**

### COTTON

Thailand relies on imported cotton due to limited domestic production, which supplies less than 5 percent of domestic demand. Despite an economic slowdown at the end of 2008, cotton imports totaled 437,904 metric tons, up 10 percent from the previous year as the industry built up stocks during the first half of the year when Thailand's economic health appeared to gain strength. Upward pressure on cotton prices was offset by the strengthening Thai baht in the first half of the year. Thai textile manufacturers, particularly those who moved toward the high-end of the market, invested conservatively. Meanwhile, world cotton prices continued to increase as major suppliers were adversely affected by drought, particularly in Australia. As a result, the value of cotton imports increased by 25 percent. However, in CY 2009, cotton imports will likely drop significantly as Thailand's export-oriented textile industry is expected to be negatively affected by global economic recession. Most spinners are reportedly looking to bring down large yarn stocks that may take several months to sell off. Also, despite current declining cotton prices, liquidity concerns and a more stringent credit policy in Thai commercial banks has made spinners reluctant to buy.

In CY 2008, U.S. cotton imports increased to 183,811 metric tons, a 26 percent increase from the previous year. The US has consistently been the largest supplier of cotton to Thailand. U.S. market share increased to 42 percent in 2008 due to limited exportable supplies of major competitors like Australia following drought. Import demand for U.S. cotton will likely remain strong as cotton utilization continues to shift to higher quality fine-count yarn stable cotton and extra-long staple cotton. Thai spinners will continue to rely on U.S. cotton to ensure yarn quality of fine-count yarn. However, CY 2009 U.S. cotton imports will likely decline, driven by lower global demand for textiles and a possible shift in utilization of cheaper Indian and West African cotton among price sensitive spinners.

Annual Imports from All Origins (thousand US dollars)					Annual Imports from the US (thousand US dollars)				
2004	2005	2006	2007	2008	2004	2005	2006	2007	2008
553,561	614,651	573,413	584,500	729,176	179,356	217,264	160,719	225,203	306,306

### WHEAT

Thailand's relies heavily on imported wheat as domestic production remains unsubstantial. Wheat imports are typically wheat grain, which accounts for about 90 percent of total wheat/flour imports. In CY 2008, Thailand's imports of wheat/flour declined to 0.9 million tons due to high global wheat prices. Conversely, the value of wheat imports increased significantly. However, in CY 2009, import demand for wheat is expected to grow as most millers ran down their stocks last year when wheat prices

reached record highs. Australia could present itself as a competitive threat in 2009 as their wheat crop is expected to recover after suffering drought through 2008.

U.S. wheat accounts for around half of total wheat grain imports. In CY 2008, imports of U.S. wheat grain totaled 346,433 metric tons, down significantly from the previous year. Australia's return to the Thai market reduced U.S. and Canadian wheat volumes due to price competitiveness. Australian wheat prices were reportedly below U.S. wheat, particularly for low-protein wheat. In CY 2009, U.S. wheat market share will likely decline as imports from Australia increase.

Annual Imports from All Origins (thousand US dollars)					Annual Imports from the US (thousand US dollars)				
2004	2005	2006	2007	2008	2004	2005	2006	2007	2008
217,861	264,210	251,814	346,206	413,540	90,887	115,338	100,836	153,490	179,521

## SOYBEANS

Domestic soybean production remains insignificant. Soybean production in recent years has been hovering around 200,000 tons mainly because of low productivity and a reduction in planted area. The lack of improved seed varieties has prevented any substantial increase in productivity. This trend is expected to continue as Thai producers focus on growing other crops. Soybean production in MY 2008/09 is forecast at 180,000 tons, as compared to 210,000 tons in MY 2007/08.

Soybean consumption is forecast to increase from 1.82 MMT in MY 2007/08 to 1.95 MMT in MY 2008/09, driven by growing demand from crushing mills and soy-based food processors. According to trade sources, demand from the soybean oil processing industry should grow steadily for the next few years as imported soybean meal competes well with domestically produced meal in terms of price and quality. Demand for soy-based foods is also forecast to increase as consumers shift towards healthy eating habits. Historically, soy food processors prefer domestic soybeans to imported beans for freshness and the GM-free assurance. However, a few large food soymilk processors regularly import non-GM food grade soybeans (mainly from the US and Canada) due to insufficient domestic supplies.

Although there are about 10 soybean crushing mills in Thailand, Thai Vegetable Oil Co. (TVO) and Thanakorn Vegetable Oil Products Co. (TVOP) are currently the two largest crushers, representing almost 90 percent of total soybean utilization by oil crushers. Due to financial limitations and rising soybean prices, smaller crushers have scaled down production, with some running at less than 50 percent of their capacity. The TVO Company, the largest soybean crusher in Thailand, has benefited from its large scale operation and recently announced it plans to open a new facility in 2010. Once this plant comes online, TVO's capacity will reach almost 2 million tons of soybeans while the TVOP Company maintains its annual capacity of 500,000 tons.

Thailand is a growing market for imported soybeans as demand continues to grow. Soybean imports in MY 2008/09 should reach 1.7 million tons, in line with increased

demand from oil crushers and soy-based food manufacturers. However, U.S. market share of Thai soybean imports dropped from 26 percent in 2007 to 10 percent in 2008, edged out by less-expensive Brazilian soybeans.

Trade sources report soybean crushers, especially the TVO Company, are beginning to prefer Brazilian soybeans due to price competitiveness and higher protein levels than in U.S. soybeans. Although some soybean crushers have avoided using Brazilian soybeans due to their dark-color, TVO has reportedly been able to contract light-colored soybean supplies from various growing provinces in Brazil. In addition, scaled-down production among smaller oil crushers makes it more difficult for individual crushers to import soybeans as each shipment must be 50-60,000 tons bulk.

While soybean growers no longer receive any production support from the Government, import controls remain the key tool to stabilize domestic soybean prices. Eligible soybean importers, under the current tariff-rate-quota (TRQ) system, are required to purchase domestic soybeans at government-determined prices. There have been no changes in TRQ administration from the previous years. In 2008 and 2009, imports from WTO country members are unlimited with no import duty. In addition to TRQ system, imports from neighboring countries Cambodia, Burma, and Laos are subject to a zero tariff under the Ayeyarwaddy-Chao Phaya-Mekong Economic Cooperation Strategy (ACMECS), but these imports must be derived from contract farming with Thai companies.

Annual Imports from All Origins (thousand US dollars)					Annual Imports from the US (thousand US dollars)				
2004	2005	2006	2007	2008	2004	2005	2006	2007	2008
467,693	459,024	379,867	606,843	975,960	118,536	133,969	94,912	157,600	97,899

## FRESH FRUIT

Thailand's fresh fruit imports increased to \$219 million in 2008 as compared to \$184 million in 2007. The 30-40 percent import tariff on U.S. fresh fruits remains a major constraint hindering the growth of U.S. fresh fruit exports to this market. In addition, U.S. fruit exports face strong competition countries holding a Free Trade Agreement with Thailand such as China, Australia and New Zealand. Fresh fruit is popular in Thailand as fresh fruit is been a staple in the Thai diet and is often purchased as a gift item for various Thai and Chinese celebrations. Apples, grapes, and cherries are the major U.S. fruits exported to Thailand, followed by strawberries, stone fruits and citrus.

Grapes: California seedless grapes (Flame, Crimson, and Autumn Royal) are popular among Thai consumers. Other suppliers of grapes into Thailand are China, Australia, South Africa, and Chile. Despite fierce competition from these countries, imports of California grapes have grown annually, going from 5,374 metric tons in 2006 to 6,752 metric tons in 2008. Most retailers focus on price to attract consumers to buy Red Globe grapes. Although China has gained significant market share for Red Globes, consumer surveys show U.S. grapes are firmer, look and taste better, and the size and quality is more consistent than Chinese grapes. Growing supplies of affordable domestic fruit and low-cost Chinese fruits have created intense competition in the Thai fruit market.

Furthermore, Thai consumers are relatively price conscious and easily substitute high-

priced grapes with lower-priced Chinese or domestic fruits.

**Cherries:** Cherries are one of the most popular U.S. fruits among Thai consumers due to their consistent good taste and high quality, and often serve as a popular gift for special occasions. However, seasonal availability and relatively high prices limit Thai imports of U.S. cherries. Major competitors of U.S. cherries include Australia, Chile and New Zealand. However, the U.S. is still a leading exporter with 38 percent market share followed by New Zealand with 33 percent, Australia with 18 percent, and Chile with 8 percent.

**U.S. Apples:** Imports of U.S. apples increased 14 percent from \$11 million in 2007 to \$13 million in 2008. Washington Red Delicious, Gala and Granny Smith varieties are popular and well established in Thailand. New varieties of Washington apples such as Fuji, Cameo, Golden Delicious and Washington Pink have been introduced in up-scale markets. Chinese apples still dominate the Thai market with a market share of 71 percent against 14 percent for U.S. apples. The major competitors of U.S. apples are China, New Zealand and France.

**Other stone fruits:** Imports of stone fruits (i.e., peach, pear, plum, and nectarine) totaled \$30 million in 2008, 11 percent increased from \$27 million in 2007. The major U.S. competitor for the stone fruit market in Thailand is China and Australia.

Annual Imports from All Origins (Thousand US dollars)					Annual Imports from the US (Thousand US dollars)				
2004	2005	2006	2007	2008	2004	2005	2006	2007	2008
93,370	100,693	134,591	183,597	219,168	15,023	18,178	19,616	24,438	27,396

## WINE

Thailand imports most of its wine from France, Australia, Italy, Chile and the United States. The value of imported wines has grown 31 percent from \$25 million in 2007 to \$33 million in 2008. France leads with 46 percent market share, followed by Australia with 27 percent, Italy with 9 percent, and Chile with 6 percent. The U.S. is currently ranked as the fifth largest supplier with 3 percent market share.

Wine consumption in Thailand is forecast to increase annually due to growing consumption among mid- and high-income consumers in urban areas. Wine is gaining popularity as Thai consumers consider wine a healthy drink in moderation. However, consumption remains limited due to high tariffs, excise taxes and other tax burdens on imported wines. U.S. wines are distinctly disadvantaged by wines from Australia due to FTA tariff differentials. Consequently Thai consumers perceive U.S. wines as expensive, and for the high-end market. Meanwhile, Australian, Italian and Chilean wines are viewed as more affordable. Although consumers now enjoy a greater variety of wine available on the shelves in hypermarkets, supermarkets and wine shops, price is still the key factor hindering the growth in consumption. In Thailand, red wine accounts for 82 percent of the total wine market and the balance goes to other wines. The most popular varieties for red wines are Cabernet Sauvignon, Shiraz, and Merlot. There is potential growth in the market segments of dry white, sweet, and dessert wine.

Chardonnay and Sauvignon Blanc are well known in the white wine category.

Annual Imports from All Origins (Thousand US dollars)					Annual Imports from the US (Thousand US dollars)				
2004	2005	2006	2007	2008	2004	2005	2006	2007	2008
10,679	11,440	16,641	25,175	32,904	558	557	682	1,364	1,093

## DRIED FRUITS

Thailand is a developing market for dried fruits, with imports totaling 5,959 metric tons (\$10 million in value) in 2008. Consumer demand is expected to grow due to an increased use of dried fruits in the bakery and snack food sector. Demand for U.S. dried fruits will be stimulated by growth in the bakery sector as well as a continued shift in eating preferences toward higher quality food and a greater willingness to try new foods.

Bakery manufacturers compete by highlighting the quality of their ingredients and their marketable health benefits. Consequently, demand for U.S. dried fruits in the Thai market should remain strong for raisins, cranberries, blueberries, cherries, figs, prunes, and dried apricots.

Annual Imports from All Origins (Thousand US dollars)					Annual Imports from the US (Thousand US dollars)				
2004	2005	2006	2007	2008	2004	2005	2006	2007	2008
2,955	6,117	6,202	10,460	9,666	744	1,311	2,301	3,738	3,429

## SNACK FOOD

Thailand's snack food market is one of the largest and most diverse in the Asia-Pacific region, with strong potential for growth. Per capita consumption of Western style snacks in Thailand is only half that of high-income Asian countries like South Korea and Japan.

The overall market for imported snacks, excluding nuts, is \$136 million of which the U.S. holds a 5 percent market share. The market continues to grow annually as consumer tastes and preferences become increasingly sophisticated. The increased awareness among Thai consumers of healthy eating is expected to drive demand for products that are low in sugar, cholesterol and salt. Additionally, taste and price continue to drive consumers purchasing decisions, which create opportunities for U.S. potato chips, extruded snacks, confectionaries, dried fruits and nuts.

Annual Imports from All Origins (Thousand US dollars)					Annual Imports from the US (Thousand US dollars)				
2004	2005	2006	2007	2008	2004	2005	2006	2007	2008
59,711	74,928	89,122	107,841	136,350	4,471	4,246	5,905	6,304	7,012

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## Aircraft and Aircraft Parts

### Overview

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	2006	2007	2008 (estimated)
Total Market Size	1,135	1,239	1,523
Total Local Production	0.002	-	-
Total Re-Exports	1,466	1,738	2,135
Total Imports	1,135	1,239	1,523
Imports from the U.S.	82	335	412

*Note: All figures in US\$ millions.  
The above statistics are unofficial estimates based on Thai Customs' data.*

In general there are two major market segments for aircraft and aircraft parts in Thailand, the civilian or commercial market and the Thai government and military market. In terms of market demand, Thailand lacks sufficient aircraft manufacturing industry to support local demand. Therefore, it has to rely on imported equipment including: aircraft, communication equipment, avionics, and parts used in maintaining and servicing aircraft.

The total market size for aircraft and parts in Thailand is around 1-1.5 billion U.S. dollars with an expected market growth rate of up to 2%. The volume of U.S. products sold in Thai commercial markets is subject to major procurements of new aircraft each year from both commercial and military buyers, but normally about 200-500 million dollars a year depending on market competition and bid awards for aircraft sales and sales maintenance and replacement parts.

Thailand relies on imported aircraft and parts to support the relatively high number of aircraft currently operated by local airlines and Thai government agencies including the military. The market growth for aircraft and parts in Thailand is relatively stable due to the delay of aircraft fleet replacement and expansion plans of local airlines, and pending upgrade and repair of military aircraft.

### Best Products/Services

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The best sales prospects in Thailand for U.S.-made aircraft and parts cover a wide-range of equipment, particularly aircraft and accessories. The following have high market potential in Thailand: aircraft and related parts; avionics; airframe; engines and engine components; maintenance/overhaul services; facility equipment; aircraft security equipment and systems; aircraft interior equipment; and training service for pilots and other aviation personnel.

Major buyers comprises commercial airlines, air-charter service companies, flying clubs operating small/ultra-light aircraft, the Royal Thai Air Force (RTAF), the Air Wing of the

Royal Thai Navy (RTN), the Aviation Center of the Royal Thai Army (RTA), the Royal Thai Police's Aviation Division, and the Ministry of Agriculture's Bureau of Royal Rainmaking & Agricultural Aviation.

## **Opportunities**

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In the past few years the most active buyers in the civilian/commercial market have been Thai Airways, Bangkok Airways, and low-cost carriers (LCCs) such as Orient Thai Airlines, Thai Air Asia, and NokAir. The Thai Airways in particular has a 10-year (2008-2017) aircraft procurement plan, which targeted to acquire 65 new aircraft, to replace 47 aircraft that will be decommissioned from the fleet. In addition, the Thai Airways has signed contracts to purchase six Airbus A330s; however, the delivery has been postponed due to liquidity problem.

As to military aircraft and related parts market, these are all relying on the government's budget. Procurement of new aircraft is contingent on the armed forces' need to maintain air superiority over neighboring countries as well as interoperability with its military allies especially the United States. The Thai military is expected to remain focused on the maintenance and upgrade of existing aircraft fleets; however, predictions of long-term expectations include the replacement of old fighter jets and administrative helicopters.

## **Resources**

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Ministry of Transport  
Ratchadamnoen Nok Ave.,  
Bangkok 10100  
Tel. 662-283-3091, 662-282-3713  
Fax. 662-280-0801  
Web-site: <http://www.mot.go.th>

Thai Airways International Public Co., Ltd.  
89 Vibhavadi Rangsit Road  
Bangkok 10900, Thailand  
Tel: (662) 545-2113  
Fax: (662) 545-3971  
Website: <http://www.thaiair.com>

Department of Civil Aviation (DCA)  
71 Soi Ngarm Duplee, Tung Mahamek  
Yannawa, Bangkok 10210  
Tel: 662 287-0320-9  
Fax: 662 286-3373  
Website: <http://www.aviation.go.th>

Aeronautical Radio of Thailand Ltd. (Aerothai)  
102 Ngamduplee, Rama IV Road  
Tungmahamek, Sathorn, Bangkok 10120  
Tel: 662 287-3531-41  
Fax: 662 287-3131  
Website: <http://www.aerothai.co.th>

Airports of Thailand Public Co., Ltd. (AOT)  
171 Vibhavadi Rangsit Road  
Don Muang, Bangkok 10210  
Tel: 662 535 1111  
Fax: 662 531 4061  
Websites : <http://www.airportthai.co.th>  
<http://www.airportthai.com>  
<http://www.suvarnabhumiairport.com>

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## Automotive Parts and Services/Equipment (APS)

### Overview

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#### Automobiles & Parts

	2006	2007	2008
Total Market Size*	9,432	8,725	8,506
Total Local Production*	13,292	14,222	14,360
Total Exports	10,088	13,803	15,176
Total Imports	4,107	4,576	5,115**
Imports from the U.S.	79	97	86**

Exchange rate Baht 34 = \$1

\*Estimated

\*\*Jan-Nov

Source: The Federation of Thai Industries

Thailand's 2008 annual vehicle production increased eight percent from 2007 to reach 1.39 million units. The increase is driven mainly by exports which increase 17% in value which includes 778,000 vehicles, original equipment manufactured parts (OEMs), engines, jig & die, and replacement parts. Pickup trucks exports accounted for more than two-thirds (68%) of the industry's 974,775 units assembled, and the number of passenger cars exported totaled just over one-third (about 44%) of the 401,474 units assembled.

Japanese manufacturers dominate the market and have a combined market share of 92.6%. The five best selling brands are Toyota (42.6% share), Isuzu (21.7% share), Honda (14.8% share), Nissan (5.2% share), and Mitsubishi (3.8% share). They all have assembling operations in Thailand that manufacture for both domestic and export markets. Ford/Mazda, General Motors, BENZ, BMW, Hino also have local manufacturing facilities for both markets.

This year, the industry projects a 24% decline in production, estimating an output of 1.1 million units. The domestic market is expected to decline by 20% from 2008's 615,720 units to below half a million units and exports are expected to decrease by as much as 27% to approximately 580,000 units. A sharper decline in demand for vehicle imports from Thailand is forecasted in key destination markets in Asia, Central and South America, and particularly Europe, due to the global economic recession. A less severe decline in Thailand's domestic market is forecasted as industry believes in Thailand's strong economic fundamentals and expects the market to pick up in the later-half of 2009. Notably, Toyota has confirmed its plan to invest in the local assembling of the Camry Hybrid and to further expand its CNG-powered vehicles this year. In fact, some industry experts believe Thailand's automotive industry could benefit due to possible relocations of vehicles production from Japan to Thailand.

Consequently, the medium and long-term outlook for Thailand's automotive industry is positive. No fundamental change is foreseen among global automotive players that play a key role in the industry.

## Best Prospects/Services

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As the Southeast Asian regional manufacturing hub for the world majors, Thailand presents significant automotive opportunities for U.S. companies. Building on the success of its initial plan to make Thailand one of the world's major pickup manufacturers, the Royal Thai Government will soon launch its second master plan for the development of the country's automotive industry from 2007 to 2011. Becoming a manufacturing hub for the "Eco car" is among the key elements in this new plan, with the objective to uphold Thailand's competitive level and position as a production hub in the global market. This will increase opportunities for parts manufacturing, automotive technologies and related services both in OEM manufacturing and subsequently in the after-service industry.

Best prospects for the automotive parts and service equipment sector include:

- Accessories & performance parts
- General automotive service equipment & tools
- Tire (wheel) & brake service equipment
- Body and paint repair service equipment

## Resources

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<http://www.thaiauto.or.th>

<http://www.customs.go.th>

<http://www.oie.go.th>

### Trade Shows:

#### **BANGKOK INTERNATIONAL MOTOR SHOW**

Consumer show for automobile and accessories with primary focus on end users market.

Date: March 26 – April 6, 2009  
Venue: Bangkok International Trade Exhibition Center (BITEC)  
Organizer: Grand Prix International  
4/299 Moo 3 Lardplakaow 66 Road  
Anusaowary, Bangkhen  
Bangkok 10220  
Tel: (662) 971-6450 to 6485, (662) 522-1731 to 1738  
Fax: (662) 522-1730  
Website: <http://www.bangkok-motorshow.com>

#### **MOTOR EXPO 2009**

Consumer show for automobile and accessories with primary focus on end users market.

Date: 28 November -10 December 2009  
Venue: Impact Exhibition & Convention Center, Bangkok  
Organizer: Inter-Media Consultant Co., Ltd.  
1143/1 Soi Suthiporn  
Rachadapisek Road, Dindaeng  
Bangkok 10400  
Tel: 662-641-8444  
Fax: 662-641-8480  
Website: [www.motorexpo.com](http://www.motorexpo.com)

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## Broadcast Equipment

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Thailand's new Broadcasting Act came into force in March 2008. This act has replaced the 1955 Broadcasting Act, which was outdated with the present and future developments of broadcasting technology. The 2008 Act governs the licensing of all categories of radio and television operations, whether through frequency bands, cable, or satellite networks. As a result, there are many opportunities for U.S. broadcast equipment suppliers to expand their businesses in Thailand.

Television and radio are the key sub-sectors comprising Thailand's broadcasting industry. Both markets fall under the control of three major government bodies: the Mass Communications Organization of Thailand (MCOT), the Public Relations Department of Thailand (PRD), and the Royal Thai Army Radio and Television (RTA). These three key players own more than two-thirds of the airwaves nationwide. Moreover, the government actively supports the development of communication technologies, investing in two north-south fiber-optic cable networks, international submarine links with several countries in the region, and domestic satellite communications.

The media and broadcasting industry is growing in tandem with the expanding consumer market in Thailand. There are five major media formats that are used for advertising campaigns in Thailand:

- T.V. and Radio (65%)
- Newspaper (17%)
- Magazines (6.5%)
- Outdoor Advertising (5%)
- Movie Theatres (5%)
- Miscellaneous (2.5%)

## Overview

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The Harmonized System (HS) code lists import statistics related to broadcast equipment/products from the Customs Department of Thailand. The estimated market size is provided in the following table:

	2006	2007	2008
Total Market Size	1,200	1,285	1,300
Total Exports	2,438	4,894.6	4,460.3
Total Imports	3,122	2,838.5	2,799
Imports from the U.S.	17.4	26.7	25.4

*Remark: All figures are in US\$ millions. The above statistics are unofficial estimates  
Source: The Customs Department of Thailand*

## Best Prospects

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The best selling U.S. products for Thailand's broadcast industry include:

- Transmission
  - Radio
  - Television

- Console (Radio)
- Studio Equipment
  - Radio
  - Television
- Software systems, e.g. automation and advertising solutions
- Microwave communications equipment

## Opportunities

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Presently, most broadcast communications equipment is imported. Products from the United States, Germany, and Japan are more popular than products from other parts of the world. This is driven by customer perceptions about the innovators of the latest technology and the quality of broadcast communication devices.

Most Chinese manufacturers concentrate on non-linear equipment and software automation, which involves low production and R&D costs. Importantly, the lower prices of Chinese products have a major impact on the purchasing decision.

For broadcast communications equipment, the key competitors are Itelco (Italy), Rohde&Schwarz (German), Sony (Japan), NEC (Japan), Dayang (China), and Sobey (China).

## Resources

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Public Relation Department (PRD)  
Rama VI Road, Soi 30, Bangkok 10400  
Tel: 662-618-2323 ext 1700  
Fax: 662-618-2358  
URL: [www.prd.go.th](http://www.prd.go.th)

Mass Communication Organization of Thailand (MCOT)  
63/1 Rama 9 Road, Huay Kwang, Bangkok 10320  
Tel: 662-201-6000  
Fax: 662-245-1435  
URL: [www.mcot.net](http://www.mcot.net)

Royal Thai Army Radio and Television  
210 Phaholyotin Rd., Sanampao Phayatai, Bangkok 10400  
Tel: 662-278-1697  
Fax: 662-615-2066  
URL: [www.tv5.co.th](http://www.tv5.co.th)

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## Education Services (EDS)

### Overview

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	2006	2007	2008
Total Sales	720	785	855
Sales by Local Firms	0	0	0
Sales by International Firms	720	785	855
Sales by U.S. Firms	288	302	370

*Remark: All figures are in US\$ million.  
The above statistics are unofficial estimates.  
The exchange rate is 35 baht/dollar.*

For Thai students attending academic programs abroad, graduate students compose 55 percent of the total, undergraduates make up 30 percent, and the remaining 15 percent are ESL and short-term exchange students. Business administration is the leading subject chosen by Thai students as their major subject. Engineering, computer science and mass communication are also majors that Thai students show interest in. ESL programs in universities where students can directly enroll into degree programs after passing the language requirement gain high acceptance among students.

In 2007, there were a total of 24,731 Thai students in the United States according to the US Immigration report. The numbers of Thai students in Australia is estimated to have between 11,000 to 12,000 students. The number of Thai students in the United Kingdom is estimated to be growing and should be in the range of 9,000 to 10,000 students. It is estimated that there are around 3,500 Thai students in New Zealand and approximately around 1,500 Thai students in Canada.

### Opportunities

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One year exchange student programs in the U.S. remain very popular among students in Thailand. There were officially over 1,300 Thai students under the J-1 visa exchange program in 2007. The growth potential of this program is very high. A lot of study-abroad consulting companies in Thailand have recently offered these programs because of the increasing demand.

There is a strong growth potential for undergraduate students from Thailand because of the continued growth of high school graduates from international schools in Thailand. With limited seats available in local universities for these international school graduates, studying abroad would be a good alternative. In addition, acceptance of community college among parents and students as an alternative for higher education in the United States is growing. The slow but growing popularity of the community college has increased the number of undergraduate students from this country. Many schools in the US have experienced growing numbers of undergraduate student enrollments during the past few years although the numbers are still very small.

## Best Products/Services

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Major programs that the students in Thailand interested in pursuing:

- MBA
- Computer Science and Engineering
- Engineering
- One Year Exchange Program (High School)
- Computer Graphic and Designs
- Summer Language Training and Cultural Programs
- Short and Long ESL Program

## Resources

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### Upcoming Trade Shows/events:

OCSC International Education Fair  
November 2009  
Mr. Punroung Puntuhong – Director  
Education and Training Abroad Branch  
Office of the Civil Service Commission  
Phitsanulok Road  
Bangkok 10300, Thailand  
Tel: 662-281-9549, 662-281-3333, ext. 2132  
Fax: 662-628-6202  
E-mail: [punroung@ocsc.go.th](mailto:punroung@ocsc.go.th)

IIE Fair  
October 2009  
Mrs. Chalintorn N. Burian, PhD  
Regional Director, SE Asia  
Institute of International Education  
6<sup>th</sup> Floor, Maneeya Center North  
518/3 Ploenchit Road  
Pathumwan, Bangkok 10330, Thailand  
Tel: 662-652-0653  
Fax: 662-652-0633  
Website: [www.iiethai.org](http://www.iiethai.org)

### CS Bangkok Contact:

Mr. Nalin Phupoksakul – Commercial Specialist  
U.S. Commercial Service  
American Embassy  
E-mail: [nphupoks@mail.doc.gov](mailto:nphupoks@mail.doc.gov)  
[www.buyusa.gov/thailand/en](http://www.buyusa.gov/thailand/en)

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## Electronic Components (ELC)

### Overview

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	2006	2007	2008 (estimated)
Total Market Size	26,792.42	29,185.92	27,784.99
Total Local Production	33,086.06	37,012.03	35,235.45
Total Exports	26,468.85	29,609.62	28,188.36
Total Imports	20,175.21	21,783.51	20,737.90
Imports from the U.S.	2,360.44	2,338.33	2,081.70

*Remark: All figures are in US\$ million.  
The above statistics are unofficial estimates.  
The exchange rate is 34 baht/dollar*

*Source: The Electrical and Electronics Institute  
The Customs Department*

Thailand is a strong exporter of electronics components and continues to rely heavily on importing electronic components, as Thailand lacks capacity and research and development to carry out quality local production of electronics components. More than 80 percent of raw materials used in the production and assembling processes of Hard Disk Drive (HDD), Integrated Circuit (IC), and consumer electronics appliances are imported every year. Given the reasons, Thailand has become the world's largest manufacturing base for HDD production and top producer in IC production for export.

In 2008, more than 73.38 percent of total Thailand electronic components value imported was IC and Computer Components. Of this, \$8.6 billion are IC (42.49%) and \$6.2 billion are for Computer Components (30.89%) as currently Thailand is the manufacturing base for 4 out of 5 major HDD producers, which are Seagate Technologies, Western Digital, Hitachi Global Storage and Fujitsu.

Having been the major electronic parts and components manufacturing base in Southeast Asia; Thailand's electronic production increased to 24 percent since 2007. As a result of the global expansion of HDD and IC demand for Hard Disk Drives (HDD) and Integrated Circuit (IC) to supply the high-technology production of consumer products such as MP3, external disks, digital cameras, LCD TVs, DVD players, notebooks, personal computers and household appliances. The electronic parts and component manufacturing remained strong through the first 3 quarters and slightly slow down due to a global economic slowdown and declining consumer confidence. However, Thailand has received a replacement order from emerging countries such as India and Middle East that still have a strong demand in computer components and consumer electronics.

Thailand's Electrical and Electronics Institute (EEI) projected the electronics manufacturing production will decrease due to the Industry demand now driven by both enterprise and consumer spending, which consistent with the Semiconductor Industry

Association (SIA) annual forecast of global semiconductor sales worldwide sales will decline by 5.6 percent to \$246.7 billion before resuming growth in 2010. Sales will grow by 7.4 percent in 2010 to \$264.9 billion and by 7.5 percent in 2011 to \$284.7 billion. SIA also forecasted sales of MP3 and Portable Multimedia Player (PMP) to grow by 8 percent, and digital still camera to grow by 7 percent.

### Best Products/Services

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- Integrated Circuit (wafers, dice and chips, substrates and lead frames)
- Computer components (CPU, HDD, FDD, CD Rom Drive, Tape drive, Monitor, Printer, LCD Projector, Keyboard, Mouse, Network equipment)

### Opportunities

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Thailand Board of Investment (BOI) focused on promoting value-added projects and more advanced technology in automotive and electronics industries as well as in knowledge-based industries such as biotechnology, RFID, LED, LCD panels and renewable energy. Strengthen competitive sectors, such as HDD, electronics and electrical products, automotive and parts. BOI expects to attract more foreign investments of approximately US\$ 9 billion by 2011.

### Resources

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U.S. Commercial Service  
Room 302, 3rd Floor, GPF Witthayu Tower A,  
Wireless Road, Pathumwan, BKK 10330  
Tel: 662-205-5090  
Fax: 662-255-2915  
Contact: Thanyathorn Voravongsatit, Commercial Specialist  
E-mail: [tvoravon@mail.doc.gov](mailto:tvoravon@mail.doc.gov)

#### **Thailand Board of Investment (BOI)**

Head Office: 555 Vibhavadi-Rangsit Rd.,  
Chatuchak, Bangkok 10900, Thailand  
Tel. (66)2537-8111-55, 2537-8555,  
Fax: (66)2537-8177,  
Website: <http://www.boi.go.th>,  
E-Mail: [head@boi.go.th](mailto:head@boi.go.th)

#### **Electrical and Electronics Institute (EEI)**

57 Department of Industrial Works Building,  
6th floor, Phrasumen Road, Banglumphu,  
Phranakorn, Bangkok 10200 Thailand  
Tel: (662)280-7272  
Fax: (662)280-7277  
Website: <http://www.thaieei.com>  
Email: [general@thaieei.com](mailto:general@thaieei.com)

#### **The Office of Industrial Economics (OIE)**

75/6 Rama VI Road, Rajathevee,

Bangkok, Thailand 10400  
Telephone: (66) 0-2202-4395  
Fax: 0-2644-7139  
Website: <http://www.oie.go.th>

**The Customs Department**

Soonthornkosa Road, Klong Toey  
Bangkok 10110  
Tel: (662) 249-0442, 249-9494  
Fax: 662-249-1279  
Website: <http://www.customs.go.th>

**Local event:**

**SUBCON Thailand 2009**

May 13 - 16, 2009  
Bangkok International Trade & Exhibition Center (BITEC) Bangkok, Thailand.  
Organizer: CMP Media (Thailand) Co Ltd  
503/23 K.S.L. Tower 14th Floor, Sri Ayuthaya Road,  
Phyathai, Rajathewe, Bangkok, 10400 Thailand  
Tel. +66 (0) 2642 6911-8  
Fax. +66 (0) 2642 6919-20  
Website: <http://www.subconthailand.com>

**NEPCON Thailand 2009**

June 25 – 28, 2009  
Bangkok International Trade & Exhibition Center (BITEC) Bangkok, Thailand.  
Organizer: Reed Tradex Company  
32nd fl., Sathorn Nakorn Tower  
100/68-69 North Sathorn Rd  
Silom, Bangrak  
Bangkok 10500 Thailand  
Tel: + 662 686 7299  
Fax: + 662 686 7288  
Email: [rtdx@reedtradex.co.th](mailto:rtdx@reedtradex.co.th)  
Website: <http://www.nepconthailand.com>

## ELECTRICAL POWER SYSTEMS (ELP)

### Overview

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	2006	2007	2008 (estimated)
Total Market Size	3,739	4,297	5,281
Total Local Production	2,759	3,147	3,867
Total Exports	2,706	3,088	3,795
Total Imports	3,687	4,238	5,208
Imports from the U.S.	364	318	391

*Note: All figures in US\$ millions.*

*The above statistics are unofficial estimates based on Thai Customs' data.*

Thailand's market size for the electric power equipment import market is over three billion U.S. dollars. The U.S. plays an important role as an equipment supplier and technology providers. Although the growth of energy and electric power demand in Thailand has slowed down to about two percent from five to six percent over the past five years, the power sector remains relatively attractive especially in the areas of alternative and renewable energy sources.

Therefore, there are opportunities for U.S. companies providing products and services related to energy sectors including conventional energy (fuel, gas, coal), alternative and renewable energy, and nuclear energy. The energy industry is important to Thailand as the country strives to achieve economic growth while maintaining energy security - with at least 15% power reserve. Thailand 2007's Power Development Plan (PDP), covering electrical power demand from 2011 to 2021, requires 10,541 MW additional power from 2011 to 2015; and 21,250 MW from 2016 to 2021, with which 4,000MW is expecting to come from nuclear energy.

Moreover, one of the important objectives of the PDP 2007 is to diversify the energy resources. The Ministry of Energy has a plan to increase the participation from renewable energy to 14% in 2011. This will enhance the needs for renewable energy technology and equipment in Thailand.

### Best Products/Services

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The best sales prospects are: conventional and alternative energy development technologies (including nuclear), power generators, transmission and distribution infrastructure, substations, distribution networks, capacitors, transformers and converters, switching apparatus and energy efficiency products.

Major buyers include government owned electric power authorities such as EGAT, private power producers (IPPs, SPPs), the Metropolitan Electricity Authority of Thailand (MEA), and the Provincial Electricity Authority of Thailand (PEA).

### Opportunities

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- Power generators, clean coal technology and alternative/renewable energy technology for the Electricity Generating Authority of Thailand (EGAT) and other private power producers.
- Transmission and distribution equipment for the Metropolitan Electricity Authority of Thailand (MEA), and the Provincial Electricity Authority of Thailand (PEA).
- Assistance and advice on nuclear power technology for the preparation and development of nuclear power plant for the Ministry of Energy and the Ministry of Science and Technology.

## Resources

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EGAT Public Co., Ltd.  
53 Charan Sanitwong Road  
Bang Kruay, Nonthaburi 11130  
Phone: 662-436-3000  
Fax: 662-436-3090  
Web Site: <http://www.egat.or.th>

Metropolitan Electricity Authority (MEA)  
30 Soi Chidlom, Ploenchit Rd.  
Lumpini, Pathumwan, Bangkok 10330  
Phone: 662-256-3094, 662-251-6691  
Fax: 02-253-1424  
Web Site: <http://www.mea.or.th>

Ministry of Energy (MOEN)  
Pibultham Villa (1897), 17 Rama 1 Rd., Rongmuang  
Pathumwan, Bangkok 10330  
Phone: 662-225-2468, 226-4123  
Fax: 662-226-4468  
Web Site: <http://www.energy.go.th>

Provincial Electricity Authority (PEA)  
200 Ngam Wong Wan Road  
Chatuchak, Bangkok 10900  
Phone: 662-953-0670, 02-590-5100  
Fax: 662-590-5047, 02-589-4990, 02-590-5048  
Web Site: <http://www.pea.or.th>

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## Food Processing and Packaging Equipment (FPP)

### Overview

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	2006	2007	2008
Total Market Size	755	906	977
Total Local Production	415	536	402
Total Exports	103	108	105
Total Imports	443	334	680
Imports from the U.S.	24	56	50.5

Remarks: All figures are in US\$ million.

The above statistics are unofficial estimates.

The exchange rate is 35 baht/dollar.

Source: The Customs Department

Food constitutes approximately 14% of Thailand's total exports. In 2007, Thailand was the world's 7th leading food exporter. In 2008, China's food safety reputation was severely damaged by the melamine scandal. This has given Thailand the opportunity to increase food exports. Good quality and safety standards are recognized as the strengths of the Thai food industry. From January to October, 2008, Thailand's export of agricultural and food products increased 32.47%, and the import of agricultural and food products increased 47.28%, compared to that of 2007. In the fourth quarter of the year, the food exports decreased as a result of political uncertainty.

Thailand has over 10,000 food processing companies which export just over half of their annual output. For some sectors or specific companies a greater proportion may be exported – as much as 85%. Most major food processors in Thailand use imported machines and accessories or turnkey facilities from abroad in their production line. Foreign suppliers generally serve the larger export-oriented food processors, while local manufacturers serve the smaller domestic-oriented food manufacturers. The market for food processing and food packaging machinery usually enjoys an annual growth rate of 15-20%. For over a year, food manufacturers have put off their investment in production line expansion. Although the import of food processing and packaging machinery doubled in 2008, this was the result of orders placed by food manufacturers the year before when the market prospect looked more promising. Consequently, the orders for food processing and packaging machinery have dropped since the second quarter of 2008. Nevertheless, Thai business people's confidence has returned due to the new government's economic stimulus package. Therefore, industry experts anticipate the machinery orders to pick up from the third quarter of 2009 onwards.

### Best Products/Services

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The best sales prospects for U.S. food processing and packaging equipment include:

- Packaging machinery and supplies
- Food and drink processing equipment
- Cooking or heating food machinery
- Fruit, vegetable and herb processing equipment
- Snack foods and confectionery equipment
- Meat processing equipment

## Opportunities

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Major suppliers of food processing and packaging equipment in 2008 were Japan (19.6%), China (11%), Italy (9.5%), Germany (8%) and the U.S. (7.4%). The import from the U.S. is expected to rise over 10% for the next few years due to the weak U.S. dollar against other currencies. U.S. food processing and packaging equipment is well-known for its high-quality, durability, as well as for being easy to operate and maintain. Thai manufacturers normally use Chinese, Taiwanese or Italian food processing equipment when they start their business. Once established, they are likely to shift to higher-grade machinery.

For the majority of food giants, such as Frito-Lay and Kellogg's, Thailand is their processing and distribution center for the Southeast Asian market due to the abundant supply and competitive prices of major agricultural products.

Presently, Thailand is going through a period of industrial upgrading. This results from a greater need to conform to international standards and practices. New methods of food preservation as well as new packaging materials and techniques are sought after.

## Resources

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### US Embassy Contact

Kornluck Tantisaeree  
Commercial Specialist, U.S. Commercial Service  
Tel: 662-205-5242  
Fax: 662-255-2915  
Email Address: [ktantisa@mail.doc.gov](mailto:ktantisa@mail.doc.gov)

### ProPak Asia 2009

June 17-20, 2009  
Venue at Bangkok International Trade Exhibition Center (BITEC)  
Organized by Bangkok Exhibition Services Ltd.  
SPE Tower, 9<sup>th</sup> Floor, 252 Phahonyothin Rd.,  
Samsennai, Phayathai  
Bangkok 10400, Thailand  
Tel: 662-615-1255  
Fax: 662-615-2991-3  
Website: [www.propakasia.com](http://www.propakasia.com)  
Email: [propak@besallworld.com](mailto:propak@besallworld.com)

### PACK PRINT INTERNATIONAL 2009

September 23-26, 2009  
Venue at Bangkok International Trade Exhibition Center (BITEC)  
Organized by BLI (Thailand) Co Ltd  
170/70 22nd Floor, Ocean Tower 1,  
Soi Sukhumvit 16, Ratchadapisek Road  
Klongtoey, Bangkok 10110  
Tel : (66) 2204 2594  
Fax : (66) 2204 2596  
Website: <http://www.pack-print.de/event.html>

Email: [contact@blithailand.com](mailto:contact@blithailand.com)

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## Franchise Services (FRA)

### Overview

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(US\$ million)

	2006	2007	2008 (estimated)
Total franchise sales	2,160	2,300	2,645
Sales by local firms	540	575	661
Sales by international firms	1,620	1,725	1,984
Sales by U.S. firms	1,053	1,121	1,290

*Note: The above statistics are unofficial estimate and average exchange rate is \$1:35 Baht*

The franchise industry is still very popular among Thai investors and has been successful in the Thai market. There are many investors looking for opportunities in this sector because it is perceived as an attractive and relatively safe form of investment. According to local industry sources, there were approximately 400 franchise systems operating about 30,000 units in 2007 with a total value of about \$2.3 billion USD. The number of Thai developed franchises in 2007 was 320 systems while the other 80 systems were belonging to international franchise. Though international franchise systems are few in number, they control 75 percent of the total market value.

The total market value is expected to grow 15% in the next few years. Strong growth is expected due to government policies to help training and educating 80,000 people (who loss jobs from global economic crisis) to know how to operate franchise system successfully. Thai government realized that franchise is the fast route to create jobs. The growth is also enhanced by investors who lose their businesses from economic crisis and is looking for new business opportunities.

International franchise controlled market value of \$1,725 million in 2007. The U.S. is the leader among international franchise and controls 65% of the international market. The quality, standards, brands, and innovations offered by U.S. franchises are well known to potential Thai investor. However, franchising fees required by the U.S. companies are perceived as very high and start-ups require a huge capital investment.

There is a 25 percent failure rate for local franchise operations, due to their poor standards and low quality. Nevertheless, local franchise have better growth potential than international franchises due to its lower initial investment and offer lower prices. The number of local franchises is still growing very fast due to the flexibility of franchisers and their ability to know the tastes and purchasing influences of local consumers. Local sources mentioned that most of Thai investors are willing to pay about 3,000-30,000 USD for franchise fees and will considered their budget as priority in making decision to pick franchise.

Most of U.S. famous franchises have already in Thailand such as Mc Donald, Berger King, Starbuck, KFC, Pizza Hut, Mrs. Field, A&W, Post Net, Mail Box, Subway, Radio

Shack, Out Black Steak, Sizzler, Dunkin Donuts, Gymboree, Best Western, Quality Inn, etc.

### **Best Products/Services**

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The best sales prospects for franchise industry include:

Hotel management  
Education and computer training  
Automotive after-market service  
Health and beauty services  
Real estate management and security services  
Home improvement  
Pet products

### **Opportunities**

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N/A

### **Resources**

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#### **Trade Show**

The 13<sup>th</sup> Thailand Business Opportunities and Franchise 2009  
February 26-28, 2009  
Location at IMPACT Muangthong Thani  
Organizer: Franchise Focus  
Website: [www.franchisefocus.co.th](http://www.franchisefocus.co.th)

5<sup>th</sup> Thailand Franchise & Business Opportunities 2009  
July 16-19, 2009  
Location at Bangkok International Trade & Exhibition Center (BITEC)  
Organizer: Kavin Intertrade Co.,Ltd.  
Website: [www.thailandfranchising.com](http://www.thailandfranchising.com)

US Embassy Contact  
Pramot Wongvarnrungruang  
Commercial Specialist  
Tel: 662-205-5273  
Fax: 662-255-2915  
Email Address: Pwongvar@mail.doc.gov

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## Medical Device Market (MED)

### Overview

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	2006	2007	2008 Estimated
Total Market Size	939	977	1,135
Total Local Production	651	716	788
Total Exports*	433	476	502
Total Imports*	721	737	849
Imports from the U.S.	190	205	218

*Remarks: All figures are in US\$ million.*

*The above statistics are unofficial estimates.*

*The exchange rate is 35 baht/dollar*

*Source: The Thai Customs Department, Ministry of Finance*

The market for medical devices in Thailand is expected to grow 16 percent in 2008, mainly due to continued healthcare facility upgrade. Thailand remains heavily dependent on imported medical devices. Imports dominate the market with a 75 percent share, and local production still concentrates on low technology and less sophisticated medical devices and accessories. Imports from the United States lead the import market with a 26 percent share and are expected to have an average growth of 10 percent in 2008. Most major international manufacturers are well represented in the Thai market.

Thailand relies on the import of medical devices, especially sophisticated, higher-end devices. Local production of medical devices in Thailand is limited to less sophisticated devices, because of limited number of qualified researchers and limited investment in R&D required to produce more sophisticated devices. Locally produced products include reagents, simple disposable test kits, disposable syringes, artificial legs and other orthopedic accessories, and other simple disposable items. In addition, Thailand is a major producer of examination and surgical latex gloves and non-disposable medical gowns and uniforms.

Public hospitals are still a major consumer of medical devices and supplies in Thailand. They account for approximately 60 percent of total purchases. Private hospitals have approximately a 40 percent share of the demand. The Ministry of Public Health reported that in 2007 there were 978 public hospitals with a combined 105,600 beds. There were 356 private hospitals with a combined 35,900 beds.

Medical devices are normally imported by, and brought to the market through, agents and/or distributors. Generally, an agent is appointed for a limited period of time, with the agreement renewable at the end of each term. Normally, the agent will keep stocks of low-priced items only. Stocks of large or more costly items will be ordered on an as-needed basis. The agent's role not only covers marketing of the medical devices, but also covers clearing customs with the Thai Customs Department and taking necessary steps to arrange for product registration and import authorization from the Thai Food and

Drug Administration (FDA). Thai FDA regulates importation of medical devices and accessories. Product registration with the Thai FDA is required prior to importation.

Use of local agents or distributors is highly recommended for marketing medical devices in Thailand. The agent provides immediate access to an established marketing network and in-depth knowledge about pertinent regulations. Buyers and end-users expect a local representative to handle after-sales service and stock spare parts. The agent also should be expected to develop close personal relationships with the buyers and end-users, an important factor in future procurement decisions.

## **Opportunities**

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The market growth in the next two years (2009 to 2010) will continue to derive mainly from the demands for an upgrade of health care facilities and medical devices as well as accessories replacement. Medical tourism and increasing numbers of international patients at most of the leading private hospitals are a major driving force for the healthcare facilities upgrades. A special international ward with foreign language speaking nurses and physicians to attract and treat international patients is another approach for hospitals to increase the customers. Medical specializations are another venue used by most private hospitals to differentiate themselves and attract patients. Uses of cutting edge medical equipment have been used as a promotional campaign to draw customers' attention.

Investment in new healthcare facilities will still be very limited due mainly to the poor economy and investment climate.

## **Best Products/Services**

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Best prospects for medical devices from the U.S. include:

- Heart valves and artificial blood vessels.
- Disposable diagnostic test kits.
- Quick diagnostic testing devices.
- Respiratory devices and oxygen therapy.
- Rehabilitation equipment and accessories.
- Orthopaedic and Implant devices and accessories
- Minimum invasive surgical devices.
- Neurosurgical and other surgical devices and accessories.

## **Resources**

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### **Upcoming Trade Shows/Events**

Name: HospiMedica Thailand 2009  
Date: September 2009  
Venue: Queen Sirikit National Convention Center, Bangkok, Thailand  
Profile: International Exhibition on Hospital, Diagnostics, Pharmaceutical, Medical and Rehabilitation Equipment and Supplies.  
Organizer: Messe Dusseldorf Asia Pte Ltd.

9 Temasek Blvd. #23-03 Suntec Tower Two  
Singapore 038989  
Tel: 65-633-29620  
Fax: 65-633-74633  
E-mail: [hospimedica-thai@mda.com.sg](mailto:hospimedica-thai@mda.com.sg)  
Website: <http://www.hospimedica-thailand.com/about.html>

### **Importance Website**

Food and Drug Administration  
Ministry of Public Health  
[www.fda.moph.go.th](http://www.fda.moph.go.th)

### **CS Bangkok Contact:**

Mr. Nalin Phupoksakul – Commercial Specialist  
U.S. Commercial Service  
American Embassy  
E-mail: [nphupoks@mail.doc.gov](mailto:nphupoks@mail.doc.gov)  
[www.buyusa.gov/thailand/en](http://www.buyusa.gov/thailand/en)

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## Printing/Graphic Arts Equipment (PGA)

### Overview

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	2006	2007	2008 (estimated)
Total Market Size	215.74	851.01	1,111.28
Total Local Production	118.03	903.63	1,260.68
Total Exports	94.42	722.90	1,008.54
Total Imports	192.13	670.28	859.14
Imports from the U.S.	8.98	18.40	21.85

*Remark: All figures are in US\$ million.  
The above statistics are unofficial estimates.  
The exchange rate is 34 baht/dollar*

*Source: The Customs Department*

In 2008, Thailand's printing industry experienced continued growth driven by high demand for printed materials in the global market, especially the United States and the United Kingdom where the major importers of printed materials are located. Last year, this industry performed strongly with export value increasing 715 per cent to US\$840 million, its highest value to date, compared with US\$103 million in 2006. This is a result of continually improving production efficiency, basic infrastructure and human resources. Thailand has made huge investments in imported high technology printing machinery and printing accessories during the past few years. This is in line with the government's policy to support the development of the printing industry in cooperation with the Printing and Paper Packaging Industry Club, the Federation of the Thai Printing Industry, and the Thai Printing Association to promote Thailand as the ASEAN Printing Hub and a cost effective alternative to Singapore.

Machinery comprises the highest proportion of investment for the Thai printing industry due to the lack of capacity to produce sophisticated printing equipment domestically. Thailand must import 100 percent of its offset and digital printing machinery, while gravure, flexographic and screen printing machinery is both imported and produced domestically.

During the past few years, Thailand has imported German and Japanese printing machinery, which is known for its premium printing quality and cutting edge technology. Key suppliers to local companies are Heidelberg, Man Roland, Ryobi, GOSS, Mitsubishi, Komori and Canon. Imports from China, Singapore, and Malaysia have also increased recently, with most of these brands having sales offices or local distributors to personally represent their products and services at competitive prices.

Imports of printing machinery to Thailand have increased dramatically during the past several years from US\$180.8 million in 2000 to US\$599.6 million in 2004 and to US\$670.3 million in 2007. Although heavy machinery in printing houses is still important, digital printing devices, such as laser and inkjet printers, are playing an ever increasing role in the printing business, especially personalized printing. These printers are suitable for color separation

and plate making as well as for Micro business and Smart Office Home Office (SOHO), providing inkjet large format (indoor-outdoor) or print on demand (POD). The leading manufacturers of digital printing devices are HP, Canon, Epson, Kodak, Konica, Océ and Fuji Xerox.

The primary buyers are printing houses, packaging companies, educational institutions, and smart office home office. Main purchase factors are price, brand, reputation, reliability, quality, speed, color separation, versatility and enhanced capabilities that can add value and create new business possibilities. Budget constraints for some Thai printers have created a market for imported used machinery as well.

### **Best Products/Services**

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- A promising area is 'computer to plate' (CtP) in offset printing, which involves production workflow software that controls the entire process, reducing labor costs and processing time while increasing accuracy and quality.
- High-quality inkjet printers (digital photography, printer-based multi-function office devices, and digital presses in imaging and graphic space) and high-quality printing ink.

### **Opportunities**

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Statistics from the Global Trade Atlas indicate that the global printing market continues to expand, with total import volume increasing from US\$33,771 million in 2005 to US\$35,778.5 million in 2006 and to US\$40,800.3 million in 2007. Currently, Thailand represents only 2 per cent of this volume, thus there are many opportunities for Thai printers to expand their presence in the market.

Since 2005, more than 100 printing products, including machinery, equipment and accessories (e.g. printing ink), have been exempt from customs duties to support and promote the industry. These items range from initial processes to end products in printing production, e.g. new and used imported machinery and materials used for printing and producing goods for export.

### **Resources**

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U.S. Commercial Service  
Room 302, 3rd Floor, GPF Witthayu Tower A,  
Wireless Road, Pathumwan, BKK 10330  
Tel: 662-205-5090  
Fax: 662-255-2915  
Contact: Thanyathorn Voravongsatit, Commercial Specialist  
E-mail: [voravon@mail.doc.gov](mailto:voravon@mail.doc.gov)

#### **The Thai Printing Association**

311-311/1 Soi Soonvijai 4,  
New Petchburi Road, Bangkok,  
Huay Khwang Bangkok 10310 Thailand  
Tel: 662-719-6685-7  
Fax: 662-719-6688  
Email: [thaiprint@thaiprint.org](mailto:thaiprint@thaiprint.org)

Website: <http://www.thaiprint.org>

**Ministry of Commerce**

44/100 Nonthaburi 1 Rd., Amphur Muang,  
Nonthaburi 10110 Thailand

Tel: 662-507-8000

Fax: 662-547-5210, 662-507-6305

Email: [webmaster@moc.go.th](mailto:webmaster@moc.go.th)

Website: <http://www.moc.go.th>

**Office of Industrial Economics**

75/6 Rama VI Road, Rajathevee,  
Bangkok, Thailand

Tel: 662-202-4274, 662-202-4284

Website: <http://www.oie.go.th>

**Customs Department**

1 Soonthorn Kosa Rd,  
Klongtoey, Bangkok 10110  
Thailand

Tel: 662-249-0431-40

Fax: 662-249-2874

Website: <http://www.customs.go.th>

Trade Events

Pack Print International 2009

23-26 September 2009

BITEC, Bangkok

<http://www.pack-print.de/event.html>

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## Security and Safety Equipment (SEC)

### Overview

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	2006	2007	2008
Total Market Size	225	250	275
Total Local Production	23	25	27
Total Exports	-	-	-
Total Imports	202	225	248
Imports from the U.S.	67	75	82

*Note: The above statistics are unofficial estimates.*

*Exchange rates are \$1= Baht 34*

The market for safety and security equipment is expected to grow at between 5-10% over the next few years. Demand for security equipment has grown in both the public and private sectors. The ongoing unrest in Thailand's three southern most provinces sustains the Royal Thai Government's spending to ensure the protection of citizens and government's property. Additionally, an increasing threat on personal property and business establishments due to the country's overall economic slowdown has increased the demand for safety equipment in the private sector.

CCTV is the largest segment (70%) of the overall security equipment market. Industry experts believe it will continue to be the most popular security option and, hence, offer the greatest growth potential. This market segment attracts a large number of players supplying products of a wide variety of quality. Imports from China and Taiwan are at the lower end of the market, while American, European and Japan are at the high to medium end.

Current estimates value the fire alarm market at approximately \$60 million, and demand for fire alarm system is expected to grow ten-folds with the legal enforcement of the Building Inspection Law. This soon-to-be implemented regulation will create a market of 15,000 to 20,000 building units that need new fire alarm systems. Thus, companies in the security industry are optimistic about the growth of this market segment.

American safety & security equipment competes particularly well in the high-end market. Quality and technology that result in greater reliability are the key competitive advantages for American products in market segment for which the costs of device failure are formidable.

### Best Prospects/Services

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- Video Surveillance Systems
  - Digital video recording and network transmission
  - CCTV and night vision equipment
- Anti-Intrusion Device
  - Alarm systems
  - Fire / Intruder alarm system

- Detection Equipment
  - Handheld / Walkthrough metal detectors
  - Motion detectors
  - X-ray / Screening equipment
- Access Control Systems
  - Card technology systems
  - Biometrics devices
  - Security doors and power fences

## Resources

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<http://www.customs.go.th>

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## Telecommunications Equipment

The current market for information technology products and services was projected to reach \$18 billion in 2008, representing 13.1% growth over the year 2007. Telecommunications accounted for 72% of the total ICT market in Thailand, followed by computer hardware, computer software, and services, respectively, according to the Thailand Information and Communication Technology Market Survey 2007.

The same survey indicates the mobile voice service market was worth \$4,795.1 million in 2007, accounting for 85.4% of the voice communications market. Currently, Thailand has a mature 2G market with 56.2 million subscribers, or with 88.3% penetration rate. The figure is expected to reach 100% by the middle of 2009.

The overall Internet penetration rate is expected to reach 15% with a market worth of more than \$322 million this year. Five to ten million Thais are expected to be using the Internet by 2009, according to the Thailand Internet Service Provider Association. High-speed broadband Internet alone is likely to grow by 30% to 1.3 million subscribers (from 750,000 in 2007) in a market worth \$161 million in 2008. Dial-up Internet demand will continue to decline due to more affordable broadband services.

The rapid growth of demand for hi-speed and broadband Internet in Thailand during the past year has driven several Internet Service Providers (ISPs) to offer better Internet connections for Thai cyberspace surfers than regular dial-up systems. This has also increased the need for broadband wireless accessibility and service in the market.

The market size for broadband wireless equipment and technology is estimated at around \$15-20 million per year, and this number is expected to grow exponentially in the near future when the price of the technology declines, according to ISP forecasts.

## Overview

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The Harmonized System (HS) code lists import statistics related to telecommunications equipment/products from the Customs Department of Thailand. The estimated market size is provided in the following table. The statistical data below does not cover consumer telecommunications-related products such as telephone answering machines, televisions, or radio broadcast receivers.

	2006	2007	2008 (estimated)
Total Market Size	3,271	3,924	4,316.4
Total Local Production	11,215.9	11,984.9	12,115.5
Total Exports	24,741.4	21,595.9	20,716.1
Total Imports	16,796.5	13,535	12,917
Imports from the U.S.	1,634.4	1,486	1,310.8

*Remark: All figures are in US\$ millions. The above statistics are unofficial estimates.*

*Sources: The Customs Department of Thailand, CISCO Corp. (Thailand)*

## Best Prospects and Opportunities

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The demand for telecommunications equipment is expected to rise over the next few years, fuelled by changing lifestyles that necessitate high-speed data communications. Advanced wireless technology provides greater convenience, reducing the need for work-related moves and saving travel time. Technologies such as wireless broadband and Internet enable users to access the Internet at home, over mobile phones, or through laptops and PDAs.

Thailand's investment in telecommunications network development is expected to reach approximately \$2 billion in 2009. Capital investment has chiefly been in the GSM network platform; the two market leaders, AIS and DTAC, are expected to invest a combined \$0.8 billion this year to expand their networks to meet the demand.

The rapid expansion of the telecom market, including Internet usage, and the strong competition among existing operators have boosted demand for infrastructure, subscriber equipment and application software. This is creating excellent opportunities for U.S. telecommunications suppliers.

U.S. exporters are highly encouraged to appoint a local agent to manage issues related to regulations, bureaucratic procedures, local business practices and marketing. To sell telecommunications equipment, foreign suppliers require a distributor to submit a type approval application to the National Telecommunications Commission.

## Resources

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Ministry of Information and Communication Technology  
89/2 Moo 3 TOT Corporation Pcl. Building 9,  
ICT 2 Floor, Chang Watana Road, Laksi  
Bangkok 10210, Thailand  
Tel: 662-568-2584  
Fax: 662-568-2583  
Contact: Sue Lor- Uthai, Permanent Secretary

The National Telecommunications Commission  
87 Paholyothin Soi 8, Samsennai, Payathai  
Bangkok, 10400  
Tel: 662-279-1842  
Fax: 662-616-7499  
Contact: General Chuchart Promprasid, Chairman of National Telecommunication  
Business Commission

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## Chapter 5: Trade Regulations and Standards

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- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
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### Import Tariffs

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The Thai Government is behind in its WTO tariff reduction commitments but has significantly eased other barriers for a small, select group of agricultural and food products in the past several years. The United States has benefited from these measures through increased sales and/or additional market share.

Nevertheless, Thailand's high tariff structure remains a major market access impediment. Duties on many high-value fresh and processed food products are especially high. Even though the rates will decline by 33 to 50 percent under the WTO, most items remained in the 30 to 40 percent range by 2005 -- high compared with Malaysia, Singapore and Indonesia. Thus, producers of meats, certain fresh and dried fruits, juices, and other packaged items may still find it difficult to penetrate the Thai market.

Thailand's tariff rate quotas for a selected number of agricultural products were adjusted in 1996. In some cases, Thailand has lowered applied tariffs on agricultural and food products below its WTO commitments. For example, Thailand eliminated the quota for soybeans and reduced tariffs on soybean meal when specific domestic purchase requirements were met. Corn is still subject to a tariff-rate quota based on domestic wholesale corn prices. Rice is subject to a "safeguard" on importation and price levels, pursuant to WTO rules.

### Trade Barriers

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In addition to high duties, other Thai policies continue to impose tough barriers on imports of products. For example, Thailand's food registration and labeling requirements are time-consuming and costly for suppliers of processed food products.

Phytosanitary (SPS) standards continue to be a source of concern for the United States. SPS Standards for certain agricultural products also often appear to be applied arbitrarily and without prior notification.

## **Import Requirements and Documentation**

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### IMPORT LICENSE REQUIREMENTS

Import licenses are required for 26 categories of items, down from 42 categories in 1995-1996. Licenses are required for the import of many raw materials, petroleum, industrial, textiles, pharmaceuticals, and agricultural items. Imports of some items not requiring licenses nevertheless must comply with applicable regulations of concerned agencies, including, in some cases, extra fees and certificate of origin requirements.

Additionally, a number of products are subjected to import control under other laws:

- Importation of processed foods, medical devices, pharmaceuticals, vitamins, and cosmetics require licensing from the Food and Drug Administration, Ministry of Public Health.
- Importation of tungstic oxide, tin ores, and metallic tin in quantity exceeding two kilograms require permission from the Department of Mineral Resources, Ministry of Industry.
- Importation of arms, ammunition, or explosive devices requires licensing from the Ministry of Interior.
- Importation of antiques or objects of art, whether registered or not, require permission from the Fine Arts Department, Ministry of Education.

### IMPORT/EXPORT DOCUMENTATION REQUIREMENTS AND CERTIFICATION

General customs clearing procedures for both imports and exports in Thailand require the submission of a Customs' export entry form or import entry form. The form should be accompanied by standard shipping documents, which include: commercial invoice, packing list, bill of lading/airway bill, and letter of credit. Some products may require import/export license and/or authorization from relevant agencies. These include food products (processed or unprocessed), pharmaceuticals, medical devices, healthcare products, cosmetics, hazardous substances, animals, and some agricultural products. As of January 29, 2002, Thailand has already eliminated its requirement of a certificate of origin for information technology imports pursuant to the WTO Information Technology Agreement. In general, use of a freight forwarder to deal with import and export customs clearing in Thailand is highly recommended.

## **U.S. Export Controls**

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For information on the latest U.S. export and re-export regulations, please go to the following website: <http://www.bis.doc.gov/>

As a member of the World Customs Organization, Thailand has been using A.T.A. Carnet. This treaty facilitates the duty exemption of goods temporarily imported for exhibitions, exposition meetings, training, seminars and international conferences. Imported goods used for free distribution (such as T-shirts, caps, scarves, pens, etc.) or for exchange between attendees of international meetings (related to the development of economy, social and/or technology aspects) are exempt from duty. The goods should have a logo or symbol related to the meeting, and the value of goods should be relatively inexpensive. At present, the Thai Customs grants duty exemption on exhibition goods for use only at exhibition sites, for the repair of professional equipment, product samples, and scientific/technological equipment. If the goods are not re-exported within six months, duties and tax will then be levied. The entry of temporary imported goods and exhibit materials can be handled by freight forwarding companies for customs clearance and other required procedures. For further information, please see chapter 9 – Temporary Entry of Goods and Exhibit Materials and visit the section on Customs Procedures at the Thai Customs Department web site: <http://www.customs.go.th>

#### WARRANTY AND NON-WARRANTY REPAIRS

U.S. companies based in Thailand can be exempted from import duties for items which are brought into the country and which had left the country before. This is normally the case of repair and service products.

Goods imported for repairing means:

- 1) Exported goods that were damaged then shipped back to for repair and re-exported to the same buyer;
- 2) Exported goods not meeting required standards shipped back for repair by the vendor and re-exported to the same buyer;
- 3) Goods sent to Thailand by a foreign customer for repair and then sent back to the customer;
- 4) Any goods imported for repair and then sent back to any country.

There are two scenarios:

- a. Tax of the previous shipment has been reimbursed from the Customs Department. In case the company has applied and been reimbursed for tax from the transaction related to previous shipment, the local company has to process a permit/certificate to allow re-entry of the goods. The said permit application must be placed at the same port as the port of departure from previous outbound shipments. The authorities will check the record of the product to ensure that there has been no modification and changes to product attributes. The goods can stay in Thailand initially up to one year with the possibility of renewal for another year.
- b. If the exporter in Thailand did not apply for a tax reimbursement, the exporter can collect the goods. No special permit is required. The same time

frame as the above case is allowed. Outbound re-shipment of products involves no duties.

## **Labeling and Marking Requirements**

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Labels must be approved by the Thai Food and Drug Administration and affixed to imported food products. Labels must bear the product name, description, net weight or volume and manufacturing/expiration dates. The label must also identify the manufacturer or distributor's name and address, and the product/label registration number. All labels must be printed in Thai with the exception of alcoholic beverages.

To apply for label approval from the Thai Food and Drug Administration Office, one needs to present a certificate of Food Analysis Report issued by the government of the country of origin or any accredited private laboratory. This certificate should be issued not more than one year from the date of the label approval application. The result of the analysis must comply with the quality or standards specified in the Ministry of Public Health's ministerial notification. A copy of the ministerial notification can be obtained in English, free of charge, from the Food and Drug Administration, Ministry of Public Health, Royal Thai government.

Five copies of the original label, together with the Thai labels attached in the way that the food product will be presented for marketing, must be attached to the application. More information can be found at the Thai Food and Drug Administration website, at: <http://www.fda.moph.go.th/>

## **Prohibited and Restricted Imports**

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Imports of used motorcycles and parts, household refrigerators using CFCs, refurbished medical devices, and gaming machines are prohibited.

## **Customs Contact Information**

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Thai Customs uses value of the imported goods, as specified by the importers and where the transaction value of the goods can be determined, to value the goods for import tax purposes. Where there is a debate between parties on the value of the goods, or where the price of the goods cannot be used as the basis of a Customs valuation, Thai Customs will use the GATT Valuation System (GVS) to determine a value for the goods. Since January 1, 2000, Thai Customs has enforced the GVS to value the goods. Under the GVS, there are 6 methods in order of relevance to calculate the import duty. The price specified by the importer is not used as a reference.

- Method 1: Transaction Value of the Imported Goods
- Method 2: Transaction Value of Identical Goods
- Method 3: Transaction Value of Similar Goods

Method 4: Deductive Value

Method 5: Computed Value

Method 6: Fall Back Value

These regulations have alleviated many valuation problems, although some importers complain of uneven implementation, particularly in the area of intra-company transfers, discounted goods, and promotional items. Progress has been made in reforming payment procedures and broker licensing, but the process continues to be hampered by considerable paperwork and formalities and lack of coordination between customs and other import regulating agencies.

By nature, regulations at the Customs Department are subjected to frequent changes, which may be difficult for foreigners to observe and follow. It is highly advisable for foreign exporters to have reliable freight forwarding and Customs Clearing companies representing them in the goods clearing process and customs relations in Thailand.

Detailed information on the customs regulations can be obtained from the Customs Department's website at <http://www.customs.go.th>

In addition to import duties handled by the Customs Department, certain import items are also subject to excise tax. These include gasoline and products thereof, automobiles (less than 10 seats), electrical appliances, beverages, perfume, yachts and vessels for entertainment, lead crystal and other crystals, carpets and woven fur items, motorcycles, batteries, marble and granite, liquor, tobacco, and playing cards. It is worth mentioning that an excise tax is also imposed on local products in the same categories as well as on certain entertainment service providers such as horse racing grounds/clubs and golf clubs.

Excise tax is calculated on CIF value plus import duty, special fees pursuant to the Investment Promotion Act and any other taxes or fees as prescribed by Royal Decree (Excluding VAT). Further information on excise taxes can be obtained from the website of the Excise Tax Department, Ministry of Finance at <http://www.mof.go.th/> Import-export statistics and import tax rates can be accessed from the customs website at <http://www.customs.go.th>

Thai Customs Department of Thailand  
Soonthornkosa Road, Klongtoey  
Bangkok 10110  
Tel: (66-2) 249-0442, 249-9494  
Fax: (66-2) 249-1279  
Website: <http://www.customs.go.th/>

**Standards**

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## Overview

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Thailand's emphasis on exporting makes compliance with international standards important to companies manufacturing here. There are now 67 Thai food processors that have been certified as being in compliance with the Hazard Analysis and Critical Control Point (HACCP) system. There are a further 68 food and beverage companies who are in compliance with Good Manufacturing Practices (GMP) standards. The main standards developing organization is the Thailand Industrial Standards Institute (TISI).

## Standards Organizations

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The Thailand Industrial Standards Institute (TISI) is the central national standards organization under the Ministry of Industry. TISI develops both mandatory and voluntary Thai Industrial Standards (TIS's). TISI publishes a work program once every two years with its plan for standards development for Thailand.

### *NIST Notify U.S. Service*

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL:

<http://www.nist.gov/notifyus/>

## Conformity Assessment

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The National Accreditation Council (NAC) of Thailand is the part of TISI that administers the accreditation system in Thailand. Through the process of the Thai accreditation system, the National Accreditation Council gives the formal recognition that a conformity assessment body is competent to carry out specific functions or tasks according to relevant international requirements.

TISI is empowered to give product certifications according to established Thai standards and is an accredited body for ISO and HACCP certifications in Thailand.

## Product Certification

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The government of Thailand requires a compulsory certification of sixty products in ten sectors including: agriculture, construction materials, consumer goods, electrical

appliances and accessories, PVC pipe, medical, LPG gas containers, surface coatings, and vehicles. Certification of other products is on a voluntary basis. Industrial products that have TISI's certification are generally regarded as having high standards and good quality. TISI has certified more than 2,000 products on a voluntary basis.

Thailand is part of the ASEAN Economic area, and as part of it, mutual recognition agreements (MRA) become effective for compulsory standards of certain electrical products traded between Thailand, Malaysia and Singapore. Eligible products for MRA must meet the IEC or its equivalent standards.

## **Accreditation**

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The National Accreditation Council (NAC) is Thailand's accreditation body (see Conformity Assessment above). Contact information for the NAC is:

National Accreditation Council (NAC) of Thailand  
Rama 6 Street, Ratchathewi, Bangkok, 10400, THAILAND  
Tel: 662-202-3487  
Fax: 662-202-3486  
Mr. Chaoyong Krittapholchai, Director

All authorized laboratories are required to be accredited under the scope relevant to such products or product groups by the Thai Laboratory Accreditation Scheme (TLAS) or a laboratory accreditation body that has been approved by the International Product Standards Council (IPSC).

## **Publication of Technical Regulations**

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Information can be obtained at TISI, however the official documents are only available in Thai. Basic information can be obtained at <http://www.tisi.go.th>.

## **Labeling and Marking**

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Labels must be approved by the Thai Food and Drug Administration and affixed to imported food products. Labels must bear the product name, description, net weight or volume and manufacturing/expiration dates. The label must also identify the manufacturer or distributor's name and address, and the product/label registration number. All labels must be printed in Thai with the exception of alcoholic beverages.

To apply for label approval from the Thai Food and Drug Administration Office, one needs to present a certificate of Food Analysis Report issued by the government of the country of origin or any accredited private laboratory. This certificate should be issued not more than one year from the date of the label approval application. The result of the analysis must comply with the quality or standards specified in the Ministry of Public Health's ministerial notification. A copy of the ministerial notification can be obtained in English, free of charge, from the Food and Drug Administration, Ministry of Public Health, Royal Thai government.

Five copies of the original label, together with the Thai labels attached in the way that the food product will be presented for marketing, must be attached to the application.

For other information on labeling, please see the section earlier in [Chapter 5](#).

## Contacts

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Standards contacts at the U.S. Embassy in Thailand: [James Golsen](#) or Ms. [Wanwemol Charakultharvatch](#)

- Thai Customs Department web site: <http://www.customs.go.th>
- U.S. export and re-export regulations: <http://www.bis.doc.gov/>  
Ministry of Finance: <http://www.mof.go.th/>

Thai Industrial Standards Institute  
Rama 6 Street, Ratchathewi,  
Bangkok 10400, Thailand  
Tel: (662) 202-3301-4  
Fax: (662) 202-3415  
E-mail: [thaistan@tisi.go.th](mailto:thaistan@tisi.go.th)  
Website: <http://www.tisi.go.th>

Mr. Pairoj Sanyadechakul  
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Tel: (662) 202-3400  
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## Trade Agreements

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Thailand is a member of the Association of Southeast Asian Nations (ASEAN). In 1992, leaders of ASEAN governments approved a Thai proposal to establish the ASEAN Free Trade Area (AFTA), which aimed to reduce tariffs on most processed agricultural and industrial products traded among ASEAN countries. The scheduled tariff reductions have continued to be pushed forward; currently, most reductions will be in place by 2015. ASEAN is examining the possibility of expanding this special trade relationship with Australia, New Zealand, China, South Korea, India and Japan.

Thailand has signed a limited bilateral free trade agreement with China and has a partial agreement with India. Thailand implemented an FTA with Australia on January 1, 2005. Thailand has completed FTA negotiations with Japan and the agreement was signed in 2007.

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## Chapter 6: Investment Climate

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### Openness to Foreign Investment

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Thailand maintains an open, market-oriented economy and encourages foreign direct investment as a means of promoting economic development, employment, and technology transfer. In recent decades, Thailand has been a major destination for foreign direct investment, and hundreds of U.S. companies have operated here successfully. Thailand continues to welcome investment from all countries and seeks to avoid dependence on any one country as a source of investment.

In February 2008, the inauguration of an administration formed by a parliamentary coalition led by the People's Power Party (PPP) marked the return of a democratically-elected government to Thailand, almost 17 months after the 2006 coup d'etat. For much of 2008, the People's Alliance for Democracy, a political group, engaged in street protests that placed significant pressure on the PPP-led government; these protests included the occupation of Government House for more than three months, and the occupation of Bangkok's airports for more than one week near the end of the year. Additionally, Constitutional Court rulings forced Prime Minister Samak Sundaravej out of office in September and then, on December 2, dissolved the PPP and forced Prime Minister Somchai Wongsawat out of office. A subsequent realignment in the parliament resulted in the election of Abhisit Vejjajiva, leader of the Democrat Party, as Prime Minister. As of January 2009, most investors were cautiously hopeful that the political situation would become less tumultuous and allow the government to pursue business-friendly policies. One of newly-elected Prime Minister Abhisit's most difficult but immediate tasks will be restoring the business and investor confidence in Thailand's economy after months of political turmoil, including the stand-offs at Bangkok's airports.

Despite the political unrest in 2008, the Thai economy performed satisfactorily for 2008 as a whole, registering an estimated 3.0 percent year-on-year (yoy) growth, driven by gains in the first nine months of the year. From October 2008, many economic indicators, including private consumption and investment, registered in the red. Exports, particularly of manufactured goods, weakened considerably in the last quarter of 2008, falling by 9.5 percent (yoy) versus an average growth of 27.5 percent (yoy) during the first three quarters of the year. The government has revised its economic growth projection to between zero and 2.0 percent for 2009. With a new government in place, government spending is expected to provide some fiscal stimulus during 2009 and the government's investment in key mega-projects could be an engine for economic growth. The goal is to boost consumer spending and domestic business confidence given that economic recession in major developed world markets will likely prevent exports, which represent 60 to 70 percent of GDP, from growing much.

In the wake of the 1997-98 Asian Financial Crisis, Thailand embarked on an International Monetary Fund (IMF)-sponsored economic reform program designed in part to foster a more competitive and transparent climate for foreign investors. Legislation establishing a new bankruptcy court, reforming bankruptcy and foreclosure procedures, and allowing creditors to pursue payment from loan guarantors was enacted in 1999. Other 1999 reforms include amendments to the Land Code, Condominium Act, and the Property Leasing Act, all of which liberalized restrictions on property ownership by non-Thais. The Foreign Business Act (FBA) of 1999 governs most investment activity by non-Thai nationals and opened limited additional business sectors to foreign investment. Nevertheless, foreign investment in most service sectors is limited to 49 percent ownership.

Many U.S. businesses, however, enjoy investment benefits through the U.S.-Thailand Treaty of Amity and Economic Relations (AER), originally signed in 1833. The 1966 iteration of the Treaty allows U.S. citizens and businesses incorporated in the U.S., or in Thailand that are majority-owned by U.S. citizens, to engage in business on the same basis as Thai companies, exempting them from most of the restrictions on foreign investment imposed by the Foreign Business Act. Under the Treaty, Thailand restricts American investment only in the fields of communications, transport, fiduciary functions, banking involving depository functions, the exploitation of land or other natural resources, and domestic trade in agricultural products. Notwithstanding their treaty rights, many Americans choose to form joint ventures with Thai partners, allowing the Thai side to hold the majority stake because of the advantages that come from familiarity with the Thai economy and local regulations.

Thailand began a series of trade negotiations during the government of Prime Minister Thaksin Shinawatra in an effort to gain a comparative advantage for Thai products in key markets and regions. In addition to trade deals with Japan, Australia and New Zealand, and "early harvest" agreements with India and China, Thailand continues to participate in regional trade liberalization discussions with ASEAN-India, ASEAN-Japan, ASEAN-Australia-New Zealand, ASEAN-Korea, EFTA (European Free Trade Association) and BIMSTEC (Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation). The U.S. Government began FTA negotiations with the Thai government in June 2004, and conducted seven rounds of discussions through 2006. The negotiations were suspended following a military-led coup against the Thaksin

government in September 2006. The United States will continue to monitor and evaluate developments in Thailand and will determine appropriate next steps.

**Registration, Work Permits:** Any entity wishing to do business in Thailand must register with the Department of Business Development at the Ministry of Commerce. Firms engaging in production activities need to register with the Ministries of Industry and Labor and Social Welfare. U.S. citizens can enter Thailand without a visa for visits of up to thirty days. In order to apply for a work permit, a foreigner must enter Thailand on a non-immigrant visa (issued at Thai embassies and consulates) for a stay of three months or, for foreigners with well-defined work or business plans, for a stay of one year.

Issuance of the three-month visa usually is completed within two or three days; the one-year visa requires approval from the Immigration Bureau of the Royal Thai Police in Bangkok. Upon obtaining a work permit, a holder of a three-month visa may apply for a one-year visa, which generally can be extended every year. Foreigners holding nonimmigrant visas who have lived in Thailand for at least three consecutive years may apply for permanent residence in Thailand if they meet strict criteria regarding investment or professional skills.

A new Alien Occupation Act, replacing the 1978 Act, continues to list occupations reserved exclusively for Thai nationals, including professional services such as accounting, architecture, law, engineering, the manufacture of traditional Thai handicrafts, and manual labor. However, the law does not apply to diplomatic missions, consular missions, representatives of member countries and officials of the United Nations and specialized institutions, personal servants traveling with and working for the above persons, and persons who have been exempted for a special mission by the Royal Thai Government. The Act also states that all non-Thai persons working in Thailand, with limited exceptions, or an employer of a non-Thai worker, must possess a work permit issued at the discretion of the Ministry of Labor. Some foreigners already working in Thailand are exempted through a "grandfather" clause. Factors that influence the granting of work permits include the degree of specialization required by the position; the size of the firm in terms of number of employees and registered capitalization; and the ratio of Thai nationals to foreigners employed by the firm. Foreigners working for the Thai government or working on projects promoted by the Board of Investment (BOI) usually have little difficulty obtaining work permits and typically receive working permits within seven days of application and duration of the work permit is generally tied to the length of stay permitted by the visa. Government policy creates a preference for Thai nationals in the hiring of government consultants, although the government continues to hire foreign consultants. Work permits in other areas are sometimes difficult to obtain, despite the fact that senior manager and technical personnel are in short supply.

Currently, Thai laws allow the import of migrant workers from Burma, Laos and Cambodia on manual labor in certain industries such as textiles. Under the Alien Occupation Act, employers of unskilled workers are required to deduct a certain amount (to be specified by a Ministerial regulation issued by the Ministry of Labor) from salaries of their foreign workers and submit to a newly established 'Deportation Fund' which will be managed by a committee. The amount will be made in a single payment and can vary depending on the associated cost of deporting such foreign workers back to their native country if necessary. If the amount is not fully collected from the foreign workers, employers are ultimately responsible for the payments. Foreign workers will be given receipts and will be reimbursed within 30 days after they have returned to their home

country at their own expense. However, foreign workers must make a reimbursement claim with receipts within two years after their departure from any immigration check-point. Interest (7.5 percent per annum) will be paid only if the refund process exceeds 30 days after a claim.

**Land Ownership:** In general, non-Thai businesses and citizens are not permitted to own land in Thailand unless the land is on government-approved industrial estates. Under the 1999 amendment to the Land Code Act, foreigners who invest a minimum of 40 million baht (approximately US\$1.2 million) are permitted to buy up to 1,600 square meters of land for residential use with the permission of the Ministry of Interior. The investment period requirement should be maintained for not less than three years. If the required land is not used as a residence within two years from the date of acquisition and registration, the Ministry shall have the power to dispose of the land. Petroleum concessionaires may own land necessary for their activities. Rather than purchasing, many foreign businesses instead sign long-term leases, then construct buildings on the leased land. Under the 1999 Condominium Act, non-Thais were allowed to own up to 100 percent of a condominium building if they purchased the unit between April 28, 1999 and April 28, 2004. Under the new Condominium Act B.E. 2551 (2007), foreign ownership in a condominium building, when added together, must not exceed 49 percent of the total space of all units in such building, excepting those purchased between 1999 and 2004. Foreign owners exceeding the legal limit must divest their property within one year.

Americans planning to invest in Thailand are advised to obtain qualified legal advice. Such advice is particularly important given the fact that Thai business regulations are governed predominantly by criminal law, not civil law. While foreigners rarely are jailed for improper business activities, violation of Thai business regulations can carry heavy criminal penalties, and criminal liability can be assessed under numerous laws.

**Privatization:** With the aim of encouraging capital inflows and relieving resource constraints in many key sectors of the economy, the previous Thaksin government led by Thaksin eagerly embarked on a privatization program for state-owned economic enterprises and state monopolies. The interim government that followed the September 2006 coup considered privatization too controversial and put it on hold. State-owned enterprises operate primarily in the utility, energy, telecommunications, banking, tobacco, and transportation sectors. In 2007, Thailand's 58 state-owned enterprises had total revenues of around 3.05 trillion Baht (approximately US\$90 billion), employed approximately 270,000 people (0.7 percent of the Thai labor force), and accounted for approximately 35.9 percent of Gross Domestic Product (GDP). With or without privatization, the government is trying to downsize overstuffed state-enterprises.

The 1999 State Enterprise Corporatization Act provides the framework for the conversion of state enterprises into stock companies, and corporatization is viewed as an intermediate step toward eventual privatization. In June 2007, the outgoing Prime Minister Surayud initialed a proposed new Privatization Bill aimed at replacing the 1999 Corporation Act, which would have increased transparency in the privatization process but limited the sectors in which state enterprises could be privatized. The National Legislative Assembly (NLA) did not have time to consider the bill before its session ended in late December 2007, and the past two administrations under Prime Ministers Samak Sundaravej and Somchai Wongsawat did not consider any previous pending bills from the NLA

In 2001, the Thai government partially privatized the Petroleum Authority of Thailand (PTT) and Internet Thailand (note: "corporatization" describes the process by which an SOE adjusts its internal structure to resemble a publicly-traded enterprise; "privatization" means that a majority of the SOE's shares is sold to the public, and "partial privatization" refers to a situation in which less than half a company's shares are sold to the public.)

In 2002, the Thai government corporatized BankThai Bank and Krung Thai Card, a subsidiary company of Krung Thai Bank, the Airport Authority of Thailand (renamed to Airports of Thailand), and the Telecommunication Authority of Thailand. In 2003, the Thai government corporatized the Communication Authority of Thailand, and partially privatized Krung Thai Bank. In March 2004, the Thai government conducted a successful initial public offering of 30 percent of the shares in Airports of Thailand, and a second public offering of Bangchak Petroleum Public Company and Thai Airways International.

In early 2004, labor protests prompted the government to postpone the planned corporatization of the Electricity Generating Authority of Thailand (EGAT). The Stock Exchange of Thailand (SET)'s relatively weak performance in the first half of 2004 further dampened the pace of privatization. In June 2005, the Thai government corporatized the EGAT. However, EGAT's planned listing was delayed following an order by the Supreme Administrative Court that suspended its stock offering until the court finished its consideration of a petition filed by civil groups which oppose the privatization. The Court later found that full privatization could not proceed. Anti-privatization protesters filed a lawsuit challenging the legality of PTT's 2001 partial privatization. The Court ruled in December 2007 that the privatization was conducted legally but that PTT must transfer its natural gas pipeline business back to the government.

Draft legislation for a State Investment Corporation (SIC) is designed to set up a supervisory entity for state enterprise privatization. The SIC will be 100 percent owned by the Ministry of Finance, and would regulate state enterprises that have been converted into private companies under the 1999 State Enterprise Corporatization Act. Despite previous rejection, the Ministry of Finance is planning to resubmit it to the new government for consideration.

Other than PTT, AOT and MCOT, few significant privatizations have occurred. Thailand has removed tax disincentives on buying domestic financial institutions. The Financial Institutions Act passed at the end of 2007 raised the foreign ownership limit of 25 percent to 49 percent. Foreign banks in the form of full branches are still limited to operation of a single branch.

In January 2004, the Cabinet approved the Bank of Thailand's Financial Sector Master Plan (FSMP) designed to increase competition by eliminating regulatory boundaries within the financial sector, and at the same time to consolidate and strengthen the sector after its initial recovery from the financial crisis of 1997. The Bank of Thailand is Thailand's central bank. The FSMP classifies financial institutions as either commercial banks able to provide all financial services except insurance, securities trading and brokerage; and retail banks, which will focus on small- and medium-sized enterprises (SMEs) and lower-income customers. According to the FSMP, retail banks "...may provide virtually all types of financial transactions with the same exceptions as

commercial banks." The FSMP allows foreign banks to operate as full branches under the same conditions as Thai commercial banks, but without the option of opening branch offices, or subsidiaries, which would also operate as Thai commercial banks, and are allowed to open four branches (one per year) in addition to the head office. As a result of the FSMP, nine new banking licenses were granted by the Thai financial authorities in 2005. For the next phase, the Bank of Thailand will introduce the second Financial Sector Master Plan some time in 2009. The second FSMP, a three-year plan, would broaden the types of services financial institutions can provide and would open up the sector to more competition. The first FSMP is available in English at <http://www.bot.or.th/THAI/FINANCIALINSTITUTIONS/HIGHLIGHTS/MASTERPLAN/Pages/MPHandbook.aspx>

## **Conversion and Transfer Policies**

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Exchange controls are governed by the Exchange Control Act of B.E. 2485 (1942), amended in 1984, and Ministerial Regulation Number 13 of 154, and are administered by the Bank of Thailand. Inward remittances are free of controls. However, the Ministry of Finance has issued a Ministerial Regulation, effective on October 28, 2007, to require any person who brings foreign currencies in or out of the Kingdom exceeding US\$20,000 or the equivalent must declare the amount at a Customs check point.

Foreigners staying in Thailand for less than three months, foreign embassies, and international organizations are exempt from this requirement. In July 2007, the Ministry of Finance and the Bank of Thailand agreed to relax regulations on capital flows to balance capital movements and to increase flexibility for Thai businesses in managing their foreign currency holdings. The changes included abolishing the surrender requirement for all foreign currency receipts from abroad to be sold or deposited within 15 days; doubling the amount of foreign currency deposited with financial institutions in the country from US\$0.5 million to US\$1 million for individuals; doubling the foreign currency deposited from US\$50 million to US\$100 million for juristic persons with future foreign exchange obligations, and increasing to US\$0.1 million for individuals and to US\$0.3 million for juristic persons without obligation. Thai nationals are subject to quantitative limits on the amount of foreign currency that can be remitted abroad without specific permission of the Bank of Thailand. The limits vary depending upon the purpose of the transaction, and range from US\$100 million per annum for business investment or loans to subsidiaries, to US\$1 million per annum for remittances to family members. The Bank of Thailand must approve the purchase of immovable assets or securities abroad. The new regulation, however, also increases the limit of overseas fund remittances in foreign currencies up to US\$1 million by Thai individual. In addition, the authorities also relaxed the repatriation requirement for exporters with foreign currency receipts by extending the period in which such receipts must be brought into the country from within 120 days, to within 360 days and requiring that the foreign currencies be deposited or sold with financial institutions within another 360 days.

Commercial banks are authorized to undertake most routine foreign remittance transactions without prior approval of the Bank of Thailand. Nonresidents can open and maintain foreign currency accounts with authorized banks in Thailand. Such accounts must use funds that originate abroad. If nonresidents have underlying liabilities or transactions in Thailand, they can open and maintain Thai Baht accounts under Nonresident Baht Accounts (NRBA) with authorized banks in the country; however, the

combined outstanding of all NRBA's for each NR at the end of the day can not exceed 300 million Baht (approximately US\$8.8 million). Since February 2008, the Bank of Thailand has segregated the NRBA into two types: Nonresident Baht Account for Securities (NRBS) for investment in securities and other financial instruments, and Nonresident Baht Account (NRBA) for general purposes. The cap on NRBA's was introduced in October 2003 with the goal of limiting speculation on the Thai Baht. All remittances exceeding US\$10,000 for any purpose other than export must be reported to the Bank of Thailand.

In an effort to slow currency speculation, the Bank of Thailand in December 2006 introduced new measures requiring all financial institutions to hold in reserve for one year 30 percent of all capital inflows not related to trade in goods or services or repatriation of Thai residents' investment overseas. However, the measure was never fully implemented and in February 2008, the measure was completely lifted.

## **Expropriation and Compensation**

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Private property can be expropriated for public purposes in accordance with Thai law, which provides for due process and compensation. In practice, this process is seldom used, and has been principally confined to real estate owned by Thai nationals and needed for public works projects. U.S. firms have not reported any problems with property appropriation in Thailand.

## **Dispute Settlement**

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Thailand has a civil and commercial code, including a Bankruptcy Act. Monetary judgments are calculated at the market exchange rate. Decisions of foreign courts are not accepted or enforceable in Thai courts. Disputes such as the enforcement of property or contract rights have generally been resolved through the Thai courts. Thailand has an independent judiciary that generally is effective in enforcing property and contractual rights. The legal process is slow in practice, however, and litigants or third parties sometimes affect judgments through extra-legal means.

In addition, companies may establish their own arbitration agreements. Thailand signed the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States in 1985, but has not yet ratified the Convention. Thailand is a member of the New York Convention, however, and enacted its own rules on conciliation and arbitration in the Arbitration Act of 1987. The Arbitration Office of the Ministry of Justice administers these procedures.

The Bankruptcy Act was amended in 1999 to provide Chapter 11-style protection to debtors, and to give debtors and creditors the option of negotiating a reorganization plan through the courts instead of forcing liquidation. The Act now allows creditors to extend additional loans to insolvent firms without losing the right to claim compensation during a future restructuring or liquidation process, but only if the new loan is intended to keep the firm in operation. Also in 1999, the Act was amended to facilitate the financial restructuring process. Higher minimum levels for individual and corporate bankruptcies

were established, and the previous ten-year period of bankruptcy status was reduced to three years.

In 2004, Parliament approved changes to the Bankruptcy Act including tightening the rules under which some debtors can emerge from bankruptcy status and streamlining the legal appeals process in bankruptcy and restructuring cases. In an effort to quicken the foreclosure process, amendments to the Civil Procedure Code on Execution of Judgments have limited appeal options available to debtors. Under the old regulations, debtors were free to appeal each action taken with respect to the execution of a bankruptcy judgment. Such appeals, often frivolous in nature, were one of the tactics debtors used to delay the foreclosure process. In June 2001, the Supreme Court set an important legal precedent by ruling in favor of implementing a creditor-backed corporate restructuring plan opposed by the former owner of the business in question.

The Bankruptcy Court Act established a specialized court for bankruptcy cases. During the first seven months of 2008, the Court issued verdicts on 12,047 cases. Individual cases can take months or even years to work their way through the legal system, however, and many businesses have urged the government to speed up the bankruptcy procedure.

The 2003 case of Thailand Petrochemical Industry (TPI), the country's largest corporate debtor, raised serious concerns about the transparent and fair application of the Bankruptcy Act. In a protracted battle between creditors and the company founder for control of TPI, the Central Bankruptcy Court removed a creditor-backed foreign firm as managing administrator of the TPI holding company and decreed that the Ministry of Finance would administer TPI. In 2006, debt-holders approved a new TPI restructuring agreement that reduced their equity in the company and gave management control of TPI to PTT, a large Thai oil and chemicals company.

## **Performance Requirements and Incentives**

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Thailand has committed to implement all WTO agreements, including Trade-Related Investment Measures (TRIMS). In its latest Trade Policy Review in November 2007, the WTO noted, "Thailand has maintained its support and commitment to the liberalization of the multilateral trading system, especially for agriculture. It also remains committed to "open regionalism" and considers regional trade liberalization an effective catalyst for freer trade and complementary to multilateralism." The report continued that WTO negotiations would improve market access and the predictability and stability of trade and investment. The report notes that a key challenge for Thailand's future economic performance is the government's ability to restore private investor confidence and to proceed with pending structural reforms, including stalled privatizations that would help improve the country's competitiveness. The report also underlines the need for Thailand to expand its tariff bindings and to simplify its relatively complex tariff regime. The services sector, which makes up a large part of the Thai economy, has benefited so far from liberalization but would grow further if multilateral commitments under the GATS were expanded, according to the review.

The Board of Investment (BOI), established by the Investment Promotion Act of 1977, is Thailand's central investment promotion authority. The BOI lists five priority sectors (detailed below), covering hundreds of types of businesses eligible for investment

incentives. Generally, the most generous incentives are offered to those economic activities that bring new technology to Thailand and locate investment in less-developed provinces. BOI incentives are of two basic types: tax-based (including tax holidays and tariff exemptions) and non-tax privileges (guarantees, special permissions, services, etc.).

The BOI's investment policy is as follows:

- In order to maximize the benefits of investment to the country, and in line with policies supporting good governance, the BOI uses a performance-based system that requires promoted investors to submit evidence of compliance with the conditions of their approval in order to claim incentive benefits.
- To increase the global competitiveness of Thai exports, projects with an investment 10 million baht (approximately US\$300,000) or more, excluding the cost of land and working capital, are required to obtain international standards certification, such as International Standards Organization (ISO) 9000.
- In order to ensure that Thai investment policy is in line with all international obligations, the BOI has lifted all local content and export requirements.
- The BOI pursues a decentralization policy to encourage the distribution of opportunities and prosperity to the least-developed provinces. Projects locating in the least-developed provinces will receive maximum incentives. These provinces consist primarily of provinces in which average per capita income has been below 85 percent of the national average during the past three years, including Sisaket, Nong Bua Lamphu, Surin, Yasothon, Maha Sarakham, Nakhon Phanom, Roi-Et, Kalasin, Sakon Nakhon, Buri Ram, Amnat Charoen, Phraea, Phayao, Nan, Satun, Pattani, Yala, and Narathiwat.
- To support the development of small- and medium-sized enterprises (SMEs), the minimum investment amount shall remain at one million baht (approximately \$30,000), excluding the cost of land and working capital.
- To promote investment in key sectors, five priority areas have been identified:
  - Agriculture and agricultural products;
  - Environmental protection and/or restoration;
  - Direct involvement in technological and human resource development;
  - Public utilities, infrastructure, and services and;
  - Targeted industries, including agro-industry, automotive, information technology/electronics, high value-added services, semi-conductors, manufacture of machinery and equipment, software parks, and high-quality upstream steel.

Besides the five priority activities, the BOI has identified other activities which are also eligible for promotion as follows:

- Mining, ceramics and basic metals;
- Light industry;
- Metal products;

- Chemicals, paper and plastic;
- Services and public utilities

Specific BOI incentives include:

- Tax incentives: exemptions/reductions of import duties on imported machinery; reductions of import duties on imported raw materials and components; exemptions from corporate income taxes for three to eight years; and, deductions from net income of infrastructure costs.
- Permissions: to bring in foreign nationals to undertake investment feasibility studies; to bring in foreign technicians and experts to work under promoted projects; to own land for carrying out promoted activities.
- Guarantees: against nationalization; against competition by new state enterprises; against state monopolization of the sale of products similar to those produced by promoted firms; against price controls; against tax-exempt import by government agencies or state enterprises of competitive products; and, of permission to export.

Tax incentives are the BOI benefits that offer the greatest advantage over non-promoted industries, though their relative value has declined in recent years with the general reduction of import duties and elimination of the former business tax system. The Value Added Tax (VAT) Law, which eliminated the business tax exemption, has no provision for the BOI to offer VAT exemptions or reductions. Investors must submit an application form along with supporting documentation to be considered for incentives. In most cases, the BOI decides within sixty days whether or not a project is eligible for investment privileges. BOI policy is to complete action on applications for projects valued in excess of 750 million baht (approximately US\$22 million) within 90 days.

The following revisions to the BOI investment promotion scheme became effective on August 1, 2000:

- For projects in the manufacturing sector, majority or total foreign ownership is permitted in any zone. However, for projects in agriculture, animal husbandry, fishery, mineral exploration and mining and service businesses under Schedule One of the Foreign Business Act (FBA) B.E. 2542, Thai nationals must hold shares totaling not less than 51 percent of the registered capital.
- The maximum allowable debt-to-equity ratio was lowered from 4:1 to 3:1 for a newly established project, but expansion projects will be considered on a case-by-case basis.
- Except for the electronic and agriculture industries, projects investing less than 500 million baht (about US\$15 million), regardless of overall investment size, must produce added value equal to at least 20 percent of sales revenue.
- For projects of more than 500 million baht (about US\$15 million), excluding land and working capital. A feasibility study must be presented at the time of application.

- State-enterprise projects are not eligible for BOI promotion, but concession projects (either Build Transfer Operate or Build Operate Transfer) by the private sector are eligible with some restrictions. For privatization of state enterprises, only expansions after the privatization are eligible for BOI promotions.
- The BOI will continue to promote relocation of projects to Zone 2 and Zone 3 (special groups of 12 and 58 provinces, respectively). However, in order to be eligible for new incentives, projects must relocate to an industrial estate or a promoted industrial zone. The income tax holiday is now five years for qualifying investments but the project with capital investment of 10 million baht (about US\$300,000) or more could be eligible for income tax holiday of eight years if it is relocated to certain provinces in zone 3
- The 58 provinces of Zone 3 will be divided into two areas, based on each province's state of development. New projects in Zone 3 will no longer be eligible for a 75 percent reduction of import duty on raw materials used for domestic sales but will be eligible for exemption of import duty on machinery.

In 2001, the Thai government amended its investment promotion conditions for regional operating headquarters (ROHs). Business projects with registered capital of at least 10 million baht (approximately US\$300,000), and in which overseas revenue accounts for at least half of annual income, are now eligible to receive BOI incentives, such as permission to own land, eased provisions for hiring expatriate staff, and additional tax breaks (such as a preferential corporate income tax rate of 10 percent versus 30 percent and a flat 15 percent personal income tax rate for foreign employees for four years). In July 2008, the BOI waived import tariffs on machines for research and development for ROHs in order to attract more investment. There are currently 65 BOI-promoted ROH projects, most of which are in the manufacturing and service sectors, including U.S. companies such as Exxon Mobil Co., Ltd., Chevron Asia South Co., Ltd., General Motors Southeast Asia Operations Co., Ltd., and Ford Services (Thailand) Co., Ltd.

In addition, the BOI has extended tax incentives in the automotive machinery sector so that all automobile assemblers are eligible for import duty exemptions on machinery, regardless of the BOI geographic investment zone in which they operate. Total initial investment costs for eligible projects must be at least 10 billion baht (approximately US\$300 million).

In September 2002, the BOI promoted cluster development by relaxing zoning regulations. Projects formerly required to locate in Zones 2 or 3 are now free to expand wherever they wish. On environmental protection grounds, however, tanneries, bleaching and dying plants, cyanide-based heat treatment facilities, and facilities for the recycling/re-use of unwanted materials are ineligible for this zoning relaxation.

The BOI has also made "call center" facilities eligible for tax incentives. To be eligible, however, the project must be majority Thai-owned.

Thailand's membership in the WTO has led to a relative decline in the importance of tax-based investment incentives. In general, therefore, the BOI is placing increasing emphasis on business facilitation and investment services.

In June 2004, the BOI introduced special investment privileges to promote investment in four northeastern provinces, namely Chiayaphum, Nong Khai, Ubon Ratchathani, and Udon Thani, due to their low per capita Gross Provincial Product (GPP). With this designation, all operations located in these four provinces will receive special privileges (see below), regardless of their location within or outside of industrial estates. These incentives include:

- A 50 percent reduction in corporate income tax for an additional five years beyond the initial 8-year exemption;
- Double income tax deduction of costs for transportation and utilities for a period of 10 years;
- Deduction of 25 percent of the project's infrastructure construction costs from net profit (for tax purpose) for a period of 10 years.

Additionally, the BOI will provide a one-stop service center for investors in these provinces in order to work and coordinate with related government agencies on their behalf.

In early December 2005, the BOI approved new incentives in the form of tax advantages that should help boost the competitiveness of companies investing in Thailand's electrical and electronics industries. In order to qualify for new incentive packages, electrical and electronics companies have to be long-term investors with total investment of at least 15 billion Baht (approximately US\$450 million) among other requirements. Those incentives include 8-year corporate income tax exemption periods for projects in zone 3. However, priority activities such as production of wafers and solar cells, will receive 8-year corporate income tax holidays regardless of project location. Furthermore, the BOI has granted duty exemptions for all electrical and electronics projects – not just those designed as long-term projects – permitting duty-free imports of upgraded or replacement machinery for the life of project operations. As long as they maintain BOI promotion status, projects can import machinery duty free on an on-going basis. In addition, the BOI has also expanded zone-based fiscal incentives for zone 1 and zone 2 (Bangkok and surrounding provinces) for all electrical and electronics projects. For example, projects in Bangkok located outside industrial estates were previously ineligible for corporate income tax holidays. Under new incentives, they will be eligible for 5-year exemptions.

In late 2006, Kosit Panpiamrat, then Deputy Prime Minister and Minister of Industry, announced that the BOI should adopt a strategy focusing on strengthening the future industrial sector. The policy consists of the development of engineering and supporting industries complying with the development of knowledge and intellectual capital, promotion of linkages between foreign investment and domestic industries, and support of Thai-owned investment in traditional service industries.

In mid-2007, to promote energy conservation, the BOI introduced a special package for the manufacture of "eco-cars." BOI conditions require that the vehicles meet international standards and other specifications such as production of 100,000 units per year from the fifth year of operation, five liters per 100 kilometers of engine fuel consumption, and a minimum pollution standard of EURO 4 or higher. Minimum investment is required to be at least five billion baht (or approximately US\$150 million).

Regardless of plant locations, the privileges will include a corporate income tax waiver of eight years and duty-free importation of machinery. However, the application window closed on November 30, 2007, with seven auto makers making submissions. The BOI granted eco-car privileges to Honda Automobile (Thailand), Suzuki Automobile Thailand, Siam Nissan Automotive, Mitsubishi Motors (Thailand), Toyota Motors (Thailand), and Tata Motors (Thailand).

In an attempt to revive the economies of the three southernmost provinces (Pattani, Yala, and Narathiwat), the BOI launched a special package for investment projects in the area in mid-2007. The package includes maximum tax incentives and 100 percent tax deductions for capital investment for three years. Applications must be submitted to the BOI by the end of 2009.

In November 2008, the BOI and the Thai government began offering maximum incentives in six priority industries to celebrate Thailand's Investment Year 2008-2009. The measures are aimed at boosting investment during the projected global economic slowdown in 2009. Under the special offer with BOI, investors can submit investment applications in the following six target sectors located in any provinces except Bangkok by the end of 2009. The special incentive package includes eight-year exemption of corporate income tax, a 50 percent reduction of corporate income tax for five more years, double deduction of transportation and utilities costs, and a 25 percent deduction from net profit for facility installation and construction costs on top of normal depreciation capital. The six target sectors are:

- Energy saving and alternative energy related businesses such as fuel produced from agricultural products;
- High technology businesses such as functional fiber, medical equipment and vehicle parts;
- Environmental-friendly materials and products manufacturing;
- Mega projects-related businesses;
- Tourism and real estate-related businesses; and
- High-tech agricultural material-based business such as sweetener, dextrin and modified starch manufacturing.

Complete information on BOI policies, programs, incentives, and application procedures can be found on the BOI web site at [www.boi.go.th](http://www.boi.go.th).

## **Right to Private Ownership and Establishment**

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Private entities may establish and own business enterprises. The principal forms of business organization under Thai law are sole proprietorships, partnerships, limited companies, and public limited companies. In addition, branches of foreign corporations are recognized, and a "representative" or "liaison" office of a foreign company may receive special recognition. Regardless of the form of business organization, most

businesses must apply for business registration. Establishment of a business in certain sectors by a foreign entity may be restricted by the Foreign Business Act, or for U.S. investors may benefit from the Treaty of Amity and Economic Relations (AER) as discussed above.

A Thai public limited company is similar to a corporation in the United States, and may be wholly owned by a foreigner unless the corporation is involved in a business activity reserved for Thai nationals. A public limited company is allowed to offer its shares to the public. Eight laws pertaining to individual industries limit foreign ownership of companies listed on the Stock Exchange of Thailand.

## **Protection of Property Rights**

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Property rights are guaranteed by the Constitution against condemnation or nationalization without fair compensation. Secured interests in property are recognized and enforced.

Thailand has a civil law system under which all laws are embodied in statutes or codes promulgated by the government. This practice is in contrast to the common law system in many Western countries, where court interpretations of statutes serve as governing legal precedent.

There is an independent judiciary that provides a forum for settlement of disputes. Agencies of the government, as parties to commercial contracts, may be sued in the courts, and cannot raise a defense of sovereign immunity. However, state property is not subject to execution.

There are four basic codes: Civil and Commercial Code, Criminal Code, Civil Procedure Code, and Criminal Procedure Code. In adopting these codes early in the twentieth century, Thailand selected features of the two major Western legal systems (common law and civil law), and adapted to circumstances in Thailand provisions drawn from Britain, Germany, Switzerland, France, Japan, Italy, India, and other foreign systems. Decisions and rulings of the judiciary and civil service can have considerable force as precedents.

There are three levels to the judicial system in Thailand: the Court of First Instance, which handles most matters at inception, the Court of Appeals, and the Supreme Court. There are specialized courts such as the Labor Court, Family Court, Tax Court, the Central Intellectual Property and International Trade Court, and the Bankruptcy Court.

Intellectual Property Protection: Widespread counterfeiting and piracy continue to plague intellectual property rights owners in Thailand. Particular areas of concern include counterfeiting of pharmaceuticals, apparel, and accessories; and optical media piracy, signal theft, book piracy, camcording and end user software piracy. In a trend of particular concern, an increasing volume of pirated and counterfeited products manufactured in Thailand is exported. The lack of sustained and coordinated enforcement, and, in particular, the lack of prosecution, remains a substantial problem. In 2007, Thailand was elevated from the Special 301 Watch List, where it had been since 1994, to the Priority Watch List, reflecting an overall deterioration in the protection

and enforcement of IPR. Thailand remained on the Special 301 Priority Watch List in 2008.

Thailand's legal regime is in general compliance with the WTO Agreement on Trade Related Aspects of Intellectual Property (TRIPs), but questions remain about Thailand's implementation of obligations to protect pharmaceutical and agricultural test data from unfair commercial use, treatment of conflicting trademarks and geographical indications, broadcasting, and digital copyright issues. Thailand is a signatory to the Berne Convention, but not the World Intellectual Property Organization Copyright Treaty (WCT) or Performances and Phonograms Treaty (WPPT). In January 2008, the National Legislative Assembly approved Thailand's inclusion in the Patent Cooperation Treaty and the Paris Convention. Procedures to formally accede are still underway.

### **Transparency of Regulatory System**

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In 1999, Thailand enacted a new Trade Competition Act intended to strengthen the government's ability to regulate price fixing and market monopolies. The law established a Trade Competition Commission with the authority to place limitations on market share and revenues of firms with substantial control of individual market sectors, to block mergers, and other forms of business combinations, and to levy fines for price-fixing and other proscribed activities. Since the law's implementation, several foreign motorcycle distributors were found guilty of violating the Act by forcing sales agencies to sell only their brands. The government continues to have the authority to control the price of specific products under the Act Relating to Price of Merchandise and Service B.E. 2542 (1999), which was meant to be phased out with the advent of a Competition Act. The Department of Internal Trade under the Ministry of Commerce administers this law and interacts with the affected companies although only the "Committee on Price of Merchandise and Service" make the final decision on what products to add or remove from price controls. As of January 2009, out of 36 controlled commodities, only sugar is subject to a price ceiling. Besides the 36 controlled commodities, practically any producer of consumer products is prohibited from raising prices without first notifying the Committee of its intention to do so. The government also uses its controlling stakes in major suppliers of products and services such as Thai Airways and PTT to influence prices in the market.

Thailand has extensive legislation aimed at the protection of the environment, including the National Environmental Quality Act, the Hazardous Substances Act, and the Factories Act. Food purity and drug efficacy are controlled and regulated by a Food and Drug Administration with authority similar to its U.S. counterpart. Likewise, labor and employment standards are set and administered by the Ministry of Labor.

Despite the good intentions of most regulatory regimes, consistent and predictable enforcement of government regulations remain problematic for investment in Thailand. Gratuity payment to civil servants responsible for regulatory oversight and enforcement remains a common practice. Through such payment, transactions can be expedited. Firms that refuse to make such payments can be placed at a competitive disadvantage when compared to other firms in the same field. However, most observers believe that the overall trend toward transparency in regulatory enforcement is positive, especially for foreign-owned businesses.

The Thai government maintains a regulatory framework that broadly encourages investment and largely avoids market-distorting support for specific sectors. Government policies generally do not restrict the free flow of financial resources to support product and factor markets, and credit is generally allocated on market terms rather than by “directed lending.” Legal, regulatory, and accounting systems are largely transparent, despite significant problems in some areas. The Thai government has devoted considerable effort to bringing these systems into line with international norms, and important progress has been made. However, much remains to be done to implement legal and regulatory changes, and human resource constraints will limit overall progress in some areas, particularly auditing, for the foreseeable future.

In 2002, Thailand established National Corporate Governance Committee (NCGC), chaired by the Prime Minister or Deputy Prime Minister, which was assigned to implement international-standard corporate governance policies. In conjunction with Thai Rating and Information Services Co., Ltd. (TRIS), the Stock Exchange of Thailand (SET) and the Thai Securities and Exchange Commission (SEC) began rating companies on their corporate governance practices. The NCGC claimed that Thai corporate governance policies cover most key points addressed by the Sarbanes-Oxley Act in the U.S.

Foreign investors are not restricted from borrowing on the local market, but there are a number of regulations that affect foreign portfolio investment. Thailand maintains regulatory maximum foreign ownership limits, and shares of listed companies are traded on both a domestic and alien (or foreign) board to enable authorities to track foreign ownership. Limits on foreign ownership of Thai companies are perhaps most prominent in the financial sector. Under the new Financial Institutions Business Act (implemented in August 2008), foreign share holders may retain a 49 percent stake in financial institutions, up from 25 percent under the previous acts. Foreign ownership between 25 percent and 49 percent requires prior approval from the Bank of Thailand. The new law also allows the Bank of Thailand to authorize foreign ownership above the 49 percent limit if deemed necessary to support the stability of the overall financial system in an economic crisis. This type of emergency action also requires the support and approval of the Minister of Finance. In theory, the private sector has access to a wide variety of credit instruments, ranging from fixed term lending to overdraft protection to bills of exchange and bonds. In fact, however, private debt markets are not well-developed, and most corporate financing, whether for short-term working capital needs, trade financing, or project financing, is commercial bank or financial institution borrowing. The Ministry of Finance is working on developing Thailand’s debt markets.

Following the 1997 financial crisis, banks generally overhauled their lending systems and have since taken a more conservative approach. Thai borrowers were also reluctant to take on more debt due both to overcapacity and a desire to maintain clean balance sheets. In recent years, external factors such as problems in the U.S. sub-prime market raised the volatility of international investment flows and the global financial system, adding risks to Thailand’s overall macroeconomic and financial stability. Due to perceived increased risk and ongoing concerns about their credit quality since the global economic downturn, financial institutions have tightened their credit standards for loans and credit lines to enterprises, as well as to households. After peaking at 47 percent of

total lending in May 1999 from the financial crisis, non-performing loans slowly declined to stand at 3.29 percent of total loans in September 2008.

The Thai Asset Management Corporation (TAMC) is a major component of the government's financial reform plan with broad legal powers to expedite debt restructuring and press creditors and debtors to the negotiating table. Assets are transferred at collateral value, excluding personal guarantee, with payment coming in the form of ten-year non-negotiable bonds issued by the TAMC and guaranteed by the Financial Institution Development Fund (FIDF). Interest paid by the bonds is tied to average deposit rates quoted by Thailand's five largest banks.

In addition to legal limits on foreign ownership in certain sectors, Thai firms employ defenses against foreign investment primarily through cross- and stable-shareholding arrangements. Such defenses against hostile takeovers are typically applied against all potential investors, rather than against foreign potential investors alone. Companies are permitted to specify limits on foreign ownership more strict than those established by the government. In general, limits on foreign ownership and participation in the Thai economy have eased since the Asian Financial Crisis.

## **Political Violence**

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On September 19, 2006, the military overthrew the administration of Thaksin Shinawatra in Thailand's first coup since 1991. The bloodless coup took place in a period of political uncertainty while the PM and most of his cabinet were abroad. Opposition to the coup was mostly limited and non-violent, though on New Year's Eve 2006 a series of eight bombs exploded in different areas of downtown Bangkok, killing three people and wounding thirty-eight. Interim Prime Minister Surayud initially blamed the explosions on elements loyal to Thaksin, but to date no formal charges have been brought against any individual or group and there are numerous theories as to the actual perpetrators and their motives.

In August, 2007, the National Legislative Assembly approved a new constitution, replacing the 1997 constitution. On December 23, 2007, peaceful national elections were held to restore a democratically-elected government. Throughout the second half of 2008, a political protest group called the People's Alliance for Democracy (PAD) held large demonstrations against the government. In late August 2008, PAD protestors occupied Government House, where the Prime Minister's Office is located; they held the compound for months. PAD protestors also occupied Bangkok's civilian airports on November 25, impeding the facilities' functioning and departing only on December 3, after the collapse of the government headed by then-PM Somchai Wongsawat.

During late 2008, there were occasional firearms discharges and explosions in the vicinity of the Government House compound and the airports, when they were under PAD occupation. The explosions seemed intended to injure PAD sympathizers. Several people died as a result, and dozens were injured. An October 2007 PAD protest at the parliament led to a clash between PAD and the police, with at least two PAD sympathizers killed and over 100 PAD protestors and police injured. Protestors sympathetic to Thaksin, and opposed to PAD, have also held large rallies in Bangkok.

These gatherings have been largely peaceful, although PAD and pro-Thaksin demonstrators have confronted each other violently on occasion. The protests largely died down by the end of December 2008, as a new government led Prime Minister Abhisit Vejjajiva settled into office.

An important political problem for the Thai government is the ongoing political violence in Thailand's southern-most provinces (Yala, Narathiwat, and Pattani). Efforts to quell the ethno-nationalist insurgency, which has led to over 3,000 deaths since 2004, have not yet had much effect.

## **Corruption**

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Thailand has laws to combat corruption. The independent National Counter-Corruption Commission (NCCC) coordinates official efforts against corruption. In December 2003, Thailand is a signatory to the U.N. Convention against Corruption but has delayed ratification pending a review of legal issues.

American executives with long experience in Thailand advise new-to-market companies that it is far easier to avoid getting started with corrupt transactions than to stop such practices once a company has been identified as willing to operate in this fashion. American firms that comply with the strict guidelines of the Foreign Corrupt Practices Act are able to compete successfully in Thailand.

Despite recent improvements, both foreign and Thai companies continue to complain about irregularities in the Thai Customs Department. Recent Thai administrations have stated publicly their intention to improve transparency in the evaluation of bids and the awarding of contracts. Increasing media scrutiny of public figures has raised political pressure to curtail favoritism and corruption. However, convictions against public officials on corruption-related charges are rare, and the legal system offers inadequate deterrence against corruption. Nonetheless, the press features frequent allegations of irregularities in public contracts, most notably over the use of public lands, procurement favoritism (e.g., revising requirements so that a preferred company wins over its competitors), and police complicity in a variety of illegal activities.

According to some studies of Thailand, a cultural propensity to forgive bribes as a normal part of doing business and to equate cash payments with finders' fees or consultants' charges, coupled with the low salaries of civil servants, encourages officials to accept illegal inducements. The leaders of the 2006 coup announced that the key impetus to their action was the "widespread corruption" of Thaksin and his government. An "Asset Examination Committee" was created to examine suspect transactions of the previous regime, and formal charges were levied against several members of Thaksin's family in 2007.

## **Bilateral Investment Agreements**

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The 1966 iteration of the U.S.-Thai Treaty of Amity and Economic Relations (AER), discussed above, allows U.S. citizens and businesses incorporated in the U.S., or in

Thailand that are majority-owned by U.S. citizens, to engage in business on the same basis as Thai nationals. Under the AER, Thailand is permitted to apply restrictions to American investment only in the fields of communications, transport, banking, the exploitation of land or other natural resources, and domestic trade in agricultural products.

In October 2002, the U.S. and Thailand signed a bilateral Trade and Investment Framework Agreement (TIFA). The TIFA establishes a Trade and Investment Council (TIC), which serves as a forum for discussion of bilateral trade and investment issues such as intellectual property rights, customs, investment, biotechnology, and other areas of mutual concerns.

Thailand also has bilateral investment agreements (called agreement on the promotion and protection of investment) with 42 countries, including Germany, the Netherlands, the United Kingdom, China, and members of the Association of Southeast Asian Nations (ASEAN). These agreements establish guidelines for expropriation compensation and the repatriation of capital, but do not include national treatment provisions.

## **OPIC and Other Investment Insurance Programs**

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The Overseas Private Investment Corporation (OPIC) is open for business in Thailand, and can provide political risk insurance for inconvertibility and transfer, expropriation, and political violence for U.S. investments including equity, loans and loan guarantees, technical assistance, leases, and consigned inventory or equipment. OPIC Insurance is currently insuring three U.S. corporations/organizations involved in telecommunications, humanitarian services, and economic development in Thailand. Most recently, OPIC provided insurance to the Asia Foundation. OPIC direct loans and loan guarantees are also available for business investments in Thailand, and cover sectors as diverse as tourism, transportation, manufacturing, franchising, power, and others. Historically, OPIC has committed over US\$32.5 million in financing to investments in Thailand. In addition, OPIC supports seven equity funds that are eligible to invest in projects in Thailand.

OPIC established a special line of credit of up to US\$175.75 million to mobilize U.S. private sector investment in the reconstruction of nations devastated by the December 2004 tsunami. The credit line was part of an OPIC Tsunami Reconstruction Finance Initiative intended to help speed the rehabilitation of housing and infrastructure in affected countries, including Thailand. Thailand became a member of the Multilateral Investment Guarantee Agency (MIGA) in October 2000.

OPIC-financed loans of up to US\$200 million per project are also available for business investments in Thailand, and cover sectors as diverse as tourism, transportation, manufacturing, franchising, power, and others. In addition, OPIC supports six new private equity funds that are eligible to invest in clean and renewable energy projects in emerging markets worldwide, including Thailand. Through OPIC, investors have access to political risk insurance, debt financing, and equity.

## **Labor**

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According to the National Statistics Office, as of October 2008, Thailand has a labor force of 38.34 million workers out of a total population of 66.51 million. This figure includes Thai nationals fifteen years of age or older.

The official unemployment rate averaged 1.38 percent during 2008, but does not include an estimated one to two million seasonally unemployed agricultural workers. As a result of the global economic downturn, the manufacturing sector has begun to show signs of increased unemployment since May 2008. The agricultural and service sectors have been able to absorb the unemployed workers from the manufacturing sector, keeping the overall rate very low. Unemployment is currently close to the level that prevailed before the 1997-98 financial crisis.

The Thai government's decision not to forcibly repatriate large numbers of foreign workers in the agriculture, fisheries, construction, and other semi-skilled sectors may also have affected employment levels. Since 2004, the Thai government has allowed illegal migrant workers from the neighboring countries of Laos, Cambodia, and Burma, to register with the government to legally stay and work in Thailand. As of November 2008, there were 560,000 migrants registered with the Thai government; however, private and government sources estimate that the number of illegal migrants currently living and working in Thailand could be as high as 1.5 million.

Despite past rapid growth in the industrial and service sectors, 37 percent of the Thai labor force is still employed in the agricultural sector. However, the shift of workers from agriculture is continuing, especially in the Northeast, where agricultural productivity and investment are lower. As a consequence, recent years have seen a constant flow of rural, generally unskilled Thais seeking work in Bangkok and the more industrialized regions, both seasonally and on a permanent basis. This ready availability of migrant labor contributed to the rapid growth of Thailand's industrial and construction sectors.

In the past, many multinational firms brought in expatriate professionals because qualified local personnel simply were not available, even at high salaries. Finding, training, and retaining qualified employees to work in the manufacturing facilities being developed in industrial estates, such as those along the Eastern Seaboard, will continue to be a challenging government priority.

Thailand's educational system is still geared to the needs of a largely agrarian, traditional economy and society and lags behind the country's contemporary skills requirements. The government has made great progress over the last two decades in providing basic education. Thailand's gross primary school enrollment in 2008 was 100.35 percent (Note: The official primary enrollment age is 6-11; in practice, however, children outside that age group may also enroll in school, pushing the percentage over 100). The learning rate (the ratio of the population over 15 years of age which has completed primary education to the total population of 15 years of age and over) was measured by the Thai government as 60.2 percent. Of a total of 38.34 million employed persons in 2008, 31.1 percent had education of less than elementary level, 21.9 percent had elementary, 15.1 percent had lower secondary, 13.0 percent had upper secondary, and 15.3 percent had university degrees.

An integral part of Thailand's educational reform program, the country's first National Educational Act was promulgated in 1999. The Act stipulates the right of all Thai citizens to receive free basic education public education for at least twelve years and raised the

level of compulsory education from six to nine years. Pursuant to the 1999 Act, the free basic education and compulsory education provisions took effect in August 2002. Children are required to enroll in a basic education institution from the age of seven, and must remain in the educational system through the age of sixteen. In January 2009, the government announced a plan to pay for uniforms, fees, school supplies and other expenses that had kept the children from poor families from attending school despite the fact that there were no tuition charges.

All employees must define the terms of employment for their staff, and employers with ten or more employees are required to specify working regulations. The Labor Protection Act, enacted in 1998, brought labor practices more in line with International Labor Organization (ILO) standards. The law cut the workweek to a maximum of forty-eight hours, including overtime for all types of work, with overtime payable at one and one-half times the hourly rate.

Hazardous work may not exceed seven hours per day or forty hours per week. All employees are entitled to a vacation of six workdays per year, in addition to thirteen holidays traditionally observed in Thailand. Under the labor law, the employment of children under the age of fifteen is prohibited, and there are restrictions on the employment of children and youths between the ages of fifteen and eighteen.

The Thai government amended the Labor Protection Act in 2008 to help promote standards for contract labor. The Act now requires an employer to provide benefits and welfare without discrimination to the contract laborers. The Act also extended protection for employees against sexual abuse and harassment in the workplace.

Thailand's social safety net is considered inadequate by industrialized-country standards. The social security scheme consists of two systems. The Workmen's Compensation Act of 1994 requires employers with one or more employees to contribute 0.2-1.0 percent (depending on the assessed risk of the workplace) of the employees' annual earnings to the Workmen's Compensation Fund. The Fund provides benefits to employees who are injured, sick, disabled, or die from work-related injury. Pay-outs range from a minimum of 2,000 to a maximum of 9,000 baht per month. The second major system, the Social Security Act, has been in effect since 1990. This Act also covers enterprises with one or more employees. Contributions to the Social Security Fund from the government, the employer, and the employee are mandated. The Social Security Fund provides compensation to insured workers under six categories: injury or sickness, disability, maternity, death, child welfare, and pensions. In the first four categories, each party contributes 1.5 percent of the wages to the insured. For child welfare and old age cases, three percent is contributed. Effective January 1, 2004, the Social Security Fund covers unemployment compensation. If an employee is laid off, he is entitled to receive 50 percent of his wages for 180 days. In practice, disbursement of unemployment benefits is dependent on the state of the economy and the government's financial resources.

The labor relations climate is generally peaceful, and formal strikes are infrequent. There were two worker strikes recorded in 2007 and three employer lockouts. Less than two percent of the total labor force is unionized; unionization rates are high only in state enterprises. As of December 2007, there are 43 state-owned enterprise unions with 170,630 members, and 1,243 private labor unions with 331,250 members.

The Industrial Estate Authority of Thailand (IEAT), a state-enterprise under the Ministry of Industry, established the first industrial estates in Thailand, including Laem Chabang Industrial Estate in Chonburi Province and Map Ta Phut Industrial Estate in Rayong Province. More recently, private developers have become heavily involved in the development of these estates. The IEAT currently operates twelve estates, plus 26 more in conjunction with the private sector in 14 provinces nationwide. Private sector developers operate over 50 industrial estates, most of which have received promotion privileges from the Board of Investment.

In addition, the IEAT established ten special IEAT Free Zones (renamed from export processing zones or free trade zones), reserved for the location of industries manufacturing for export only, to which businesses may import raw materials and export finished products free of duty (including value added tax). These zones are located within industrial estates, and many have customs facilities to speed processing. The free trade zones are located in Chonburi (two), Lampun, Pichit, Songkhla, Samut Prakarn, Bangkok (at Lad Krabang), Ayudhya (two), and Chachoengsao. In addition to these zones, factories may apply for permission to establish a bonded warehouse within their premises to which raw materials, used exclusively in the production of products for export, may be imported duty free.

Foreign direct investment (FDI) (net inflows from non-banking sector only), totaled US\$8.3 billion in 2008 (Jan-Oct), compared with US\$10.2 billion in 2007 (full year), and US\$10.5 billion in 2006. Major FDI recipients included financial institutions (US\$1.7 billion), real estate (US\$1.1 billion), machinery & transport equipment (US\$1.1 billion), services (US\$719 million), and mining and quarrying (US\$545 million) sectors.

Japan was the biggest source of FDI in 2008 (Jan-Oct), at US\$2.15 billion, closely followed by Singapore at US\$2.04 billion. U.S. FDI was US\$983 million for the same period, and the United Kingdom FDI was US\$329 million. There are no reliable statistics available for cumulative investment by country of origin.

The Embassy estimates the total present value of U.S. investment in Thailand to be in excess of US\$23 billion. According to the Board of Investment (BOI), in 2008 (Jan-Nov), 26 U.S. investment projects approved by the BOI totaled 7.3 billion baht (US\$221.5 million), including the following (note that a U.S. investment is classified as any investment with at least ten percent U.S. capital, and companies below are based on January to June 2008 data only; projects listed below could be either an expansion project or a newly established factory):

- LSI (Thai) Ltd. with 7.2 billion baht (US\$218 million) investment. Integrated circuit with 700 million piece capacity; 100 percent Colgate-Palmolive (Thailand) Ltd. with 739.6 million baht (US\$23.0 million) investment in soap production with 75 percent targeted for export;

- General Motors (Thailand) Co., Ltd. with 7.1 billion baht (US\$214 million) investment. 48,000 vehicle units, 50 percent Colgate-Palmolive (Thailand) Ltd. with 419 million baht (US\$13.0 million) investment for body care products with 81 percent for export;
- Xaloy Asia (Thailand) Ltd. with 130 million baht (US\$4.0 million) investment for production of parts for plastic injection machine with 100 percent for export;
- Rubberon Technology Corporation Ltd. with 54 million baht (US\$1.7 million) investment for synthetic rubber products with 90 percent for export;
- Honeywell Electronic Materials (Thailand) Ltd. with 52.9 million baht (US\$1.6 million) investment for production of thermal interface material for semiconductor with 100 percent for export.

## Web Resources

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- Financial Sector Master Plan (FSMP):  
<http://www.bot.or.th/THAI/FINANCIALINSTITUTIONS/HIGHLIGHTS/MASTERPLAN/Pages/MPHandbook.aspx>
- BOI web site at <http://www.boi.go.th/>
- IEAT web site at <http://ieat.go.th/>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, the Department of State does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. The Department of Commerce can assist companies in these endeavors.

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## Chapter 7: Trade and Project Financing

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### How Do I Get Paid (Methods of Payment)

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The majority of U.S. firms exporting to Thailand conduct business on a documentary basis, and use various methods of financing and trade facilitation such as letters of credit (L/Cs), bank drafts and wire transfers. New-to-market exporters and infrequent exporters should require confirmed, irrevocable L/Cs when initiating relationships with new importers and distributors. Once the importer has established a good payment record and the U.S. firm is convinced of the importer's trustworthiness, it is advisable to provide more lenient terms. However, since the 1997-1998 financial crisis, many exporters are retaining tighter control on payment mechanisms than they exercised previously.

### How Does the Banking System Operate

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In addition to more than 30 commercial banks, both foreign and domestic, the public financial sector includes several "specialized" government banks, namely the Government Savings Bank for small savings deposits, the Bank for Agriculture and Agricultural Cooperatives for farm credits, the Government Housing bank for middle and low income housing mortgages, the Industrial Finance Corporation of Thailand for industrial development projects, and the Export Import Bank for importers and exporters.

In the years before the 1997-98 financial crisis, the Thai financial sector grew rapidly, but it was poorly regulated and mismanaged. However, with the cooperation of the IMF and other multilateral and bilateral donors, the government has done a lot of work to bring financial sector practices in line with international standards and to strengthen the operations and balance sheets of Thai banks. Accounting, auditing standards, and corporate governance have been upgraded. Also regulatory and corporate governance requirements for listed companies have been strengthened. In the banking sector, the Bank of Thailand, with multilateral and bilateral assistance, has improved its examination and supervision functions, and banks are required to meet BIS capitalization standards. As part of its efforts to create fewer, more sound financial institutions, The Bank of Thailand has required all finance companies and credit fanciers to either merge with another bank, convert to a retail or commercial bank, or close operations.

### GENERAL AVAILABILITY OF FINANCING

Since the 1997-1998 crisis, local banks and other financial institutions have exercised considerable caution on new lending due to the fear of creating new non-performing loans. New loans are typically offered only to bank customers who have sufficient collateral (land or cash only), for the entire amount of the loan, including interest. Liquidity is ample, and local lending interest rates remain near historic lows for Thailand.

Besides the local commercial, trade, and corporate financing facilities available from local banks, the Thai government maintains facilities, such as direct packing credit, to ease exporters' access to trade financing. The Thai EX-IM Bank, Asian Development Bank, Japanese EX-IM Bank, and the U.S. Export Import Bank also have trade financing facilities.

## **Foreign-Exchange Controls**

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After the Asian Financial crisis Thailand adopted a managed-float exchange rate regime, by which the value of the Baht is determined by market forces, allowing the currency to move in line with economic fundamentals. The Bank of Thailand regularly intervenes in the market to prevent excessive volatility and achieve economic policy targets that include preventing the Baht from growing too strong or too weak against the currencies of Thailand's major trading partners. The Bank of Thailand prohibits Baht-denominated lending to non-residents where there are no underlying trade or investment activities by the borrower in Thailand.

According to information from the Thailand Board of Investment, non-residents in transit may bring foreign currency and negotiable instruments into Thailand without limit. They may also freely take out of the country all foreign currency they had brought in, without limit. Individuals in transit, however, may not take out Thai currency exceeding 50,000 Baht per person, except for trips to countries bordering Thailand (Burma, Laos, Cambodia, Malaysia and Vietnam), where an amount of up to 500,000 Baht is allowed. There is no restriction on the amount of Thai currency that may be brought into the country. Regarding investors, there is no restriction on the import of foreign currency such as investment funds, offshore loans, etc. Such foreign currency, however, must be sold or exchanged into Thai Baht, or deposited in a foreign currency account with an authorized bank, within seven days from the date of receipt or entry into the country. An application form F.T. 3 or F.T. 4 must be submitted to an authorized bank for each transaction involving the sale, exchange or deposit of such foreign currency in an amount exceeding US\$5,000 or its equivalent. Repatriation of investment funds, dividends and profits as well as loan repayments and interest payments thereon, after settlements of all applicable taxes, may be made freely. Similarly, promissory notes and bills of exchange may be sent abroad without restriction.

## **U.S. Banks and Local Correspondent Banks**

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### **COMMERCIAL BANKS W/ CORRESPONDENT U.S. BANKING ARRANGEMENTS:**

BANK OF AYUDHYA PCL.  
(<http://www.krungsri.com/eng/>)  
1222 Rama III Road, Bang Pongphang

Yannawa, Bangkok 10120  
Tel: 662-296-3000  
Fax: 662-683-1275

**BANGKOK BANK PUBLIC CO., LTD.**

([www.bangkokbank.com](http://www.bangkokbank.com))  
333 Silom Road, Bangrak  
Bangkok 10500  
Tel: 662-231-4333, 231-4665  
Fax: 662-236-8288

**KASIKORNBANK PCL**

([www.kasikornbank.com](http://www.kasikornbank.com))  
1 Thai Farmer Lane  
Ratburana Road, Bangkok 10140  
Tel: 662-470-1122, 662-470-1199  
Fax: 662-470-2749

**KRUNG THAI BANK PUBLIC CO., LTD.**

([www.ktb.co.th](http://www.ktb.co.th))  
35 Sukhumvit Road, Klongtoey Nua  
Wattana, Bangkok 10110  
Tel: 662-255-2222  
Fax: 662-255-9391/6

**SIAM COMMERCIAL BANK PUBLIC CO., LTD.**

([www.scb.co.th](http://www.scb.co.th))  
9 Rachadapisek Road, Ladyao  
Chatuchak, Bangkok 10900  
Tel: 662-544-1111, 662-937-7777  
Fax: 662-937-7550

**THAI MILITARY BANK**

(<http://www.tmbbank.com>)  
3000 Phaholyothin Road, Ladyao  
Chatuchak, Bangkok 10900  
Tel: 662-299-1111  
Fax: 662-617-9111

**U.S. FINANCIAL/LENDING INSTITUTIONS**

**OPERATING IN THE LOCAL ECONOMY:**

**JP MORGAN CHASE BANK**

20 North Sathorn Road, Bubhajit Building  
Bangkok 10500  
Tel: 662-684-2805  
Fax: 662-684-2811

**CITIBANK NA**

Citibank Tower, 82 North Sathorn Road  
Bangrak, Bangkok 10500  
Tel: 662-639-2000, 662-232-2000  
Fax: 662-639-2560, 662-639-2550

## **LOCALLY OR REGIONALLY BASED MDB OR**

### **OTHER IFI OFFICES:**

#### ASIAN DEVELOPMENT BANK (ADB)

[\(http://www.adb.org/\)](http://www.adb.org/)

Postal Address:

P.O. Box 789  
0980 Manila, Philippines

Street Address:

6 ADB Avenue,  
0401 Mandaluyong City, Philippines

Tel: 632-632-4444 (connecting all Depts./Offices)

Main Fax: 632-636-2444

## **Project Financing**

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### **U.S. EXPORT-IMPORT BANK (EX-IM) PROJECT FINANCING**

The U.S. Export-Import Bank established its Project Finance Division in June 1994. As developing nations turn away from sovereign-guaranteed borrowing, the Bank's project financing program will assist U.S. exporters to compete in new international growth industries such as the development of private power plants and other infrastructure projects. While such a financing structure has been used successfully in the past for oil and gas, mining, and power projects, the move toward "privatization" by sovereign entities has created new opportunities for U.S. exporters in telecommunication, transportation and other sectors.

The Ex-Im Bank offers short-, medium-, and long-term programs to support U.S. exports to Thailand. The Ex-Im Bank's short-term export credit insurance program will provide for the financing of exports or consumer goods, spare parts, raw materials (on terms up to 180 days) and bulk agricultural commodities and quasi-capital goods (on terms up to 360 days).

### **OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC)'S PROJECT FINANCING**

OPIC offers various financing options to assist U.S. businesses investing overseas. OPIC views each project as unique and assesses each transaction individually. All projects seeking OPIC financing must be commercially and financially sound. They must be within the demonstrated competence of the proposed management, which must have

a proven record of success in the same or a closely related business, as well as a significant financial risk in the proposed project. OPIC financing can often make the difference when it comes to a project going forward. OPIC can lend up to \$250 million per project on either a project finance or corporate finance basis in countries where conventional institutions are often unable or unwilling to lend on such a basis. Generally, OPIC tries to identify three sources of repayment and, therefore, may use a combination of available project cash flow, sponsor support, and collateral to reach a sound financing structure with a prudent security package.

OPIC also finances U.S. business expansion overseas by providing long-term, limited-recourse project financing to ventures involving significant equity participation by U.S. businesses. Financing is available for new ventures as well as expansion or modernization of existing ones. Loan guaranties are typically used for larger projects, while direct loans are reserved for projects involving U.S. small businesses and cooperatives.

### **U.S. TRADE AND DEVELOPMENT AGENCY (USTDA)**

USTDA supports the planning of priority infrastructure projects in developing and middle-income countries worldwide, with special emphasis on economic sectors that represent significant U.S. export potential. USTDA assists in building mutually beneficial partnerships between American companies and overseas project sponsors to complete high quality and successful projects in host countries. USTDA is an independent agency, which works closely with other Federal agencies including the U.S. Trade Representative; the Departments of State, Commerce, Homeland Security and Transportation; the Export-Import Bank of the United States, and the Overseas Private Investment Corporation to advance U.S. commercial interests and host country development objectives.

USTDA advances economic development and U.S. commercial opportunities in Thailand and other developing countries through its cooperation with various private and public entities. The agency's program focuses on two types of activities: 1) project definition and investment analysis; and 2) trade capacity building and sector development activities. The project identification and investment analysis involves activities that support large capital investments that contribute to overseas infrastructure development. Trade capacity building and sector development assistance supports the establishment of industry standards, rules and regulations, trade agreements, market liberalization and other policy reform. USTDA accomplishes its mission through funding project definitional missions, feasibility studies, orientation visits, workshops and conferences, procurement assistance, sector development technical assistance, trade agreement support, training, and trade and industry advisors.

Each year, USTDA funds approximately 125 feasibility studies worldwide. The average USTDA grant is \$400,000. In March 2002, USTDA opened its Asia Regional Office in Bangkok to further develop the Thailand opportunities and support USTDA operations throughout South and Southeast Asia. That office is co-located with the U.S. Commercial Service office in Bangkok. Since the inception of the program in the early 1980's, Thailand has received over \$45 million for more than 150 projects. While the agency's activities span a wide variety of sectors, many focus on transportation, energy and power, water and the environment, health care, mining and natural resources,

telecommunications, and information technology. Emerging opportunities for USTDA involvement in Thailand appear to be in technical assistance and trade capacity building initiatives for free trade agreement negotiations, customs, e-government and e-commerce, energy and power, transportation logistics/security, and environmental technologies.

Overall, USTDA's 2008 program in Asia illustrated the unique ability of the agency to meet a wide range of development needs, from the immediate tsunami-related reconstruction and recovery requirements to capacity-building activities designed to foster an environment more conducive to economic growth and trade. USTDA will build on its vigorous program in Asia in 2008 as it continues to enhance their Thailand operations to facilitate commercial partnerships involving U.S. firms that further advance the developmental and trade capacity of the region.

## Web Resources

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- Export-Import Bank of the United States: <http://www.exim.gov>
- Country Limitation Schedule: [http://www.exim.gov/tools/country/country\\_limits.cfm](http://www.exim.gov/tools/country/country_limits.cfm)
- OPIC: <http://www.opic.gov>
- Trade and Development Agency: <http://www.tda.gov/>
- SBA's Office of International Trade: <http://www.sba.gov/oit/>
- USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>
- U.S. Agency for International Development: <http://www.usaid.gov>
- Bank of Ayudhya Plc: [www.krungsri.com](http://www.krungsri.com)
- Bangkok Bank Public Co., Ltd: <http://www.bangkokbank.com>
- Krung Thai Bank Public Co., Ltd: <http://www.ktb.co.th>
- Siam Commercial Bank Public Co., Ltd: <http://www.scb.co.th>
- Kasikorn Bank Public Co., Ltd.: <http://www.kasikornbank.com>
- Thai Military Bank: <http://www.tmbbank.com>
- Asian Development Bank (ADB): <http://www.adb.org>

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## Chapter 8: Business Travel

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### Business Customs

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Business relationships in Thailand are not as formal as those found in Japan, China, Korea or the Middle East, but neither are they as relaxed and impersonal as is common in the West. Many business relationships have their foundations in personal relationships developed within the social circles of family, friends, classmates and office colleagues. Although Thailand is a relatively open and friendly society, it is advisable to approach potential business contacts with a prior introduction or personal reference. Thais will be more receptive if you arrive with an introduction or letter from a known government official or business contact. Using the Commercial Service's Gold Key Service is also an effective way to gain access to the Thai business community.

The Thai cultural values of patience, respect for status (age, authority, etc.) and not losing face, are significant factors in business relationships as well. Thais feel great pride for their country and have deep respect for tradition. Sometimes, however, observance of traditional formalities may seem inconsistent to the tolerant, relaxed nature of living in Thailand. This can be confusing or frustrating to Westerners who are more informal and more time conscious.

Respect for, and consideration of, one's elders, superiors and patrons is deeply rooted in the Thai cultural and social environments. Thais are very reluctant to hurt the feelings of others or to cause them any dissatisfaction. Losing one's composure is losing face and losing respect in Thailand. It can be difficult for Westerners to be sure they have received accurate and complete answers to questions, or that they have received frank and open opinions. (Source: Thailand Business Basics, Standard Chartered Bank.)

#### *ETIQUETTE*

- "Khun" is the Thai form of address for Mr., Mrs., and Ms.
- The "wai" is a traditional gesture of greeting and respect in Thailand. Practice by placing your palms together in a prayer-like position.

- Business cards are an indispensable part of making business contacts in Thailand. Bring lots of your own as a general form of introduction.
- Remove shoes before entering a home or temple.
- Touching someone on the head or pointing your feet to anything is considered by Thais to be very rude.
- Thais hold the Royal Family in the highest esteem and you are also expected to do so.

## Travel Advisory

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Americans may register on-line with U.S. Embassy Bangkok to obtain updated information on travel and security within Thailand by visiting the U.S. Embassy's website at <http://bangkok.usembassy.gov/> . Another place with useful information for travelers is the Royal Thai Embassy in Washington D.C.'s website, <http://www.thaiembdc.org/> Travelers visiting Thailand may also wish to review the State Department Consular Information Sheet on Thailand at: [http://travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_1040.html](http://travel.state.gov/travel/cis_pa_tw/cis/cis_1040.html)

## Visa Requirements

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U.S. citizen tourists staying for fewer than 30 days do not require a visa, but must possess a passport and may be asked to show an onward/return ticket. Effective October 1, 2006, persons entering Thailand without a visa will be allowed to stay in Thailand for 30 days per visit. The total duration of stay in Thailand for persons who enter Thailand without a visa cannot exceed 90 days during any six-month period, counting from the date of first entry. Travelers must pay a Passenger Service Charge in Thai baht when departing from any of Thailand's international airports

When a traveler enters the country, Thai Immigration stamps in his or her passport the date on which the traveler's authorized stay in Thailand will expire. Any traveler remaining in Thailand beyond this date without having received an official extension will be assessed an immediate cash fine when departing Thailand. Any foreigner found by police to be out of legal status prior to departure (during a Thai Immigration "sweep" through a guesthouse, for example) will be jailed, fined, and then deported at his or her own expense, and may be barred from re-entering Thailand.

In this regard, American citizens should be aware that private "visa extension services," even those advertising in major periodicals or located close to Immigration offices or police stations, are illegal. A number of Americans are arrested at border crossings each year when the visas and entry stamps they have obtained through these illegal services are discovered to be counterfeit.

Thailand's Entry/Exit information is subject to change without notice. For further information on Thailand's entry/exit requirements, contact the Royal Thai Embassy, 1024 Wisconsin Avenue, N.W., Washington, D.C., 20007, telephone (202) 944-3600, or contact the Thai consulates in Chicago, Los Angeles, or New York City. See our [Foreign Entry Requirements brochure](#) for more information on Thailand and other

countries. Visit the Embassy of Thailand web site at <http://www.thaiembdc.org> for the most current visa information.

On September 29, 2006, Bangkok's main airport, Don Muang, ceased operations, and all inbound and outbound flights were shifted to the Suvarnabhumi International Airport. Suvarnabhumi International Airport is located 18 miles (30 kilometers) east of downtown Bangkok and is approximately a thirty-minute drive to/from downtown Bangkok in light traffic. Traffic conditions may result in longer drive times. Information on the new airport can be found at: <http://www.bangkokairportonline.com/>.

See [Entry and Exit Requirements](#) for more information pertaining to [dual nationality](#) and the prevention of [international child abduction](#). Please refer to our [Customs Information](#) to learn more about customs regulations.

- **NON-IMMIGRANT VISA**

**Purpose of visit:** BUSINESS, CONFERENCE, RESEARCH, TEACHING, MASS MEDIA or MISSIONARY (requiring letter from your government, agency or organization sending you on your mission or from your counterpart in Thailand). EDUCATION (requiring letter from educational institution in Thailand). FAMILY REUNION (requiring marriage or birth certificates). SETTLEMENT AFTER RETIREMENT (requiring proof of retirement and financial support). MEDICAL TREATMENT (requiring letter from licensed doctor).  
(Maximum stay is 90 days.)

- **TOURIST VISA**

**Purpose of visit:** for tourism only.  
(Maximum stay 60 days.)

- **TRANSIT VISA**

**Purpose of visit:** TRANSIT (requiring proof of confirmed onward ticket to a third country). SPORTS or CREW (requiring letter from organization concerned).  
(Maximum stay is 30 days).

For more information travelers may contact the Royal Thai Embassy, Visa Section, Suite 101, 1024 Wisconsin Ave., N.W. Washington, D.C. 20007 Tel. (202) 944-3600 Ext. 767 Fax. (202) 944-3611 e-mail: [consular@thaiembdc.org](mailto:consular@thaiembdc.org) Office Hours: Monday-Friday 9:00 a.m. – 1:00 p.m. and 2:30-4:00 p.m. (Walk-in Services: 9:00 a.m. – 1:00 p.m. only) U.S. Eastern Standard Time. Closed on Thai and U.S. Official Holidays.

U.S. Companies that require travel of foreign businesspersons to the United States should allow sufficient time for visa issuance if required. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas: <http://www.unitedstatesvisas.gov/>

U.S. Embassy's Bangkok, Thailand website: <http://bangkok.usembassy.gov/>

U.S. Embassy's Visa website: <http://bangkok.usembassy.gov/visas.html>

## Telecommunications

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Telecommunications for the business traveler in Bangkok and major cities is efficient, with worldwide access for voice, fax and data with international direct dialing. Cellular phones are very common and can be rented for short stays. A foreign cellular phone on GSM roaming service will generally work in Thailand. In rural or remote areas, cell coverage is spotty and only first class hotels have reliable land coverage.

Thailand is a member of the International Telecommunications Satellite Consortium, and maintains 2 ground stations connected to satellites over the Pacific and Indian oceans to provide convenient radio communication services. On December 17, 1992, THAICOM, the first Thai national satellite, was launched into orbit followed by THAICOM 2 on October 8, 1994, and THAICOM 3 on April 16, 1997. A new satellite for high-speed transmission and broadband Internet, iPSTAR has been launched on August 2005 and provides services across the Asia-Pacific region.

Thailand is served by the major international cable television channels including CNN, BBC, CNBC, ABN, Star TV, HBO, ESPN, etc. which are widely available in hotels, residences and other public facilities.

After a long wait, the National Telecommunications Commission (NTC) was set up in October, 2004. The market structure of the telecom sector remains unchanged from the previous year, with the number of operators in both fixed-line and mobile sector the same as in 2004. Fixed-line service providers include TOT Corporation Public Company Limited, True (Previously Telecom Asia Corporation) and TT&T Public Company Limited. The sole international service provider is CAT Telecom Public Company Limited. Mobile phone service operators are Advance Info service Plc (AIS), Total Access Communication Plc (DTAC), Thai Mobile Company Limited, Hutchison CAT Wireless Multimedia Ltd, TOT Corporation Plc., and CAT Telecom Plc.

In the late 1990s, Thailand's cellular phone service grew significantly and overtook the number of subscribers in fixed line telephone service in 2001. Given the continuous fall in handsets prices and attractive sales promotion campaigns, it is no surprise that the cellular phone penetration rate reached 48% by the end of 2005, with around 30 million subscribers. The market is presently dominated by GSM-based technologies. By comparison, despite being in operation for nearly 50 years, the fixed line telephone service has a total capacity of over 8 million lines, of which about 7 million are in use. Previously, the competition in the telecom sector tends to be in non-price areas. Major operators, particularly mobile operators, compete using product differentiation through service quality, advertising and value-added services. However price competition is now heating up. Fixed-line operators drastically cut down the price for long distance and international calls. For mobile, the price particularly for the pre-paid option, went down to as cheap as two cents per minute.

For a landline telephone, the installation fee is about \$90-99, the monthly service fee is \$2.52-5.03, and the flat rate for a local call is \$0.075. For a cellular phone, an entry-level handset with pre-paid calling card for 60 minutes costs about \$70-80, while a handset of

the latest technology price ranges from \$300 to \$700 and more, bundled with attractive post-paid promotion campaigns.

## Transportation

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The business traveler has access to a range of ground transportation in Bangkok and major cities. Metered taxis are common and most hotels offer limousine services. Chauffeured cars can be rented for extended stays. For Bangkok, an extensive public bus network with both air-conditioned and non-air conditioned vehicles serves all areas of the city.

In addition, Bangkok has two mass rail transit systems; the BTS and the MRTA. The BTS, known locally as Sky Train (<http://www.bts.co.th>), is an elevated train network that opened in Bangkok's most congested business districts, including Silom and Sukhumvit. The MRTA (<http://www.mrta.co.th>) is a 20 KM subway system that runs between Hua Lamphong (Central Train Station) and Bangsu.

For inter-city travel, public regular and air-conditioned buses are available. These buses run on a regular basis between Bangkok and provincial cities in Thailand. Three regional bus depots serve Eastern region destinations (Ekamai), Northern and North Eastern region destinations (Mor Chit) and the Southern region (Sai Tai Mai).

Thailand has a road network of more than 250,000 kms, of which 51,466 kms is national highways. The 4 major national highways connecting Bangkok and the rest of the country are Highway No 1(North), Highway No 2 (North East), Highway No 3 (central), and Highway No 4 (South).

Inter-city rail services range from comfortable and efficient to primitive. The State Railway of Thailand operates 4,119 kms of rail networks with four main routes: Bangkok-north to Chiang Mai; northeast to Nongkhai and Ubon Rajathani; east to Prachinburi; and, south to the Thai-Malaysian border.

Thailand has 122 ports, wharves, and jetties able to accommodate sea-going vessels engaging in international trade, including eight international deep-sea ports. These deep-sea ports are located in Bangkok, Laem Chabang and Map Ta Phut on Thailand's Eastern Seaboard, and Songkhla, Satun, Narathiwat, Phuket and Ranong in the South, having a total capacity of more than 4.5 million TEU. Laem Chabang Port, Thailand's main port, is expected to be able to handle up to 5.9 million TEU by 2008.

Thailand currently has 28 commercial airports, 5 of which are international and 21 of which are domestic. The five international airports are: Bangkok International Airport, Chiang Mai International Airport, Chiang Rai International Airport, Hat Yai International Airport, and Phuket International Airport. Thai Airways International is Thailand's national airline serving both domestic and inter-continental routes. Thailand also has 28 airports that service domestic flights. Bangkok International Airport (BIA), which is located just north of Bangkok, serves as Thailand's main gateway for air transportation, handling 34 million passengers, 215,000 flights, and 823,000 tons of cargo per year. Suvarnabhumi Airport opened in September 2006 replacing BIA as the country's primary international airport and aviation with an initial passenger capacity of 45 million, and a cargo capacity of 3 million metric tons per year.

## Language

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Thai is the national language. English is the next most commonly spoken language, and is especially prevalent among the business community in Bangkok. (There are four distinct language dialects in Thailand, with the Central Thai dialect being the first language of 75 percent of the population.) Many Sino-Thai also speak Chinese.

## Health

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Excellent medical treatment is available in Bangkok, with good to adequate treatment available throughout the country. While the general level of health and nutrition is good, some tropical diseases are a problem. Hepatitis is endemic. The incidence of AIDS has leveled off due to educational awareness campaigns by the Royal Thai Government. However, Thailand is still considered a high-risk country, especially among prostitutes and intravenous drug users. Japanese encephalitis and malaria are a problem in rural border areas, but generally not in Bangkok, major cities, or major tourist destinations. Dengue fever outbreaks occur periodically throughout the country. Rabies is also a risk to consider due to the large number of abandoned animals roaming the streets.

Nearly all cases of avian influenza in Thailand and other countries have been associated with close contact with infected poultry. Thailand is among the best prepared countries in the region in terms of prevention and containment of an outbreak. For information about avian influenza please see the State Department's Bureau of Consular Affairs Avian Flu Fact Sheet at: [http://travel.state.gov/travel/tips/health/health\\_1181.html](http://travel.state.gov/travel/tips/health/health_1181.html)

Doctors and hospitals often expect immediate cash payment for services, and U.S. medical insurance is not always valid outside the United States. Many hospitals in Bangkok and other major cities will accept standard credit cards. For additional useful health information, contact the International Travelers' Hotline at the Center of Disease Control at 404-332-4559.

## FOOD

Eating is an important part of the Thai group-oriented culture. Thai food has become internationally popular because of its sophistication and variety. The staples of this cuisine include rice, noodles, vegetables, meats, fish, spices and chilies. Thai food can be enjoyed in a wide variety of venues, from street-side kiosks to elegant world-class restaurants. In addition, all other international cuisines are available in the major cities and resort areas ranging from European fine dining, to other Oriental and ethnic restaurants, to American fast food.

## Local Time, Business Hours, and Holidays

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The common professional workweek in Thailand is 40 hours per week consisting of five, 8-hour days, Monday through Friday. Office hours in Bangkok vary to accommodate flextime travel through the city's notoriously heavy traffic. Common office hours are 8:00 a.m. to 5:00 p.m. Most business offices are closed on Saturdays and Sundays although

most commercial establishments remain open. The U.S. Commercial Service Bangkok's hours are 7:00 a.m. - 4:00 p.m., Monday through Friday. The office is closed during lunch from 12:00 noon to 1:00 p.m.

During the calendar year 2009, the following are the commercial holidays on which most business and government offices in Thailand will be closed:

OFFICIAL HOLIDAYS 2009			
MONTH	DATE	DAY	OCCASION
January	1	Thursday	New Year's Day
April	6	Monday	King Rama I Memorial and Chakri Day
April	13-15	Mon-Wed	Songkran Days
May	5	Tuesday	Coronation Day
May	8	Friday	Visakha Bucha Day
August	12	Wednesday	Her Majesty The Queen's Birthday
October	23	Friday	Chulalongkorn Day
December	7	Monday	Substitute for His Majesty the King's Birthday
December	10	Thursday	Constitution Day
December	31	Thursday	New Year's Eve

### Temporary Entry of Materials and Personal Belongings

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Thai Customs Department policy and procedures on temporary entry of goods for business practices and exhibitions are described below. Duty exemption is valid for temporary imported goods that will be re-exported within three or six months of the importation date depending on the entry purpose. Traveler entering or departing from Thailand is exempt from duty for accompanying with spirituous liquor (one liter), cigarettes (two hundred), cigars or smoking tobacco (250 grams).

For more specific information on type of goods and steps of customs procedure, please visit the section on "Traveler Information" on the web site <http://www.customs.go.th> , or contact U.S. Commercial Service Bangkok at tel: (662) 205-5090.

### GOODS FOR BUSINESS PRACTICE

**Laptop Computers:** The Thai Customs Department considers portable computers as reasonable personal effects and not dutiable, restricted or prohibited goods. If travelers carry laptop computers for use while visiting Thailand, they should check the "Nothing to Declare" box on the customs declaration form and submit the form at the Green channel. However, each traveler should carry only one laptop computer at a time and should be prepared to prove at a Customs random inspection that the

computer is a personal belonging or for use while doing business in Thailand, and not for re-sale.

**Computer Software:** Unwrapped computer diskettes and CD-ROMs for use while visiting Thailand are not dutiable. Check the "Nothing to Declare" box on the customs declaration form and submit the form at the Green channel.

## **EXHIBIT MATERIALS**

There are 2 choices of Customs procedures for entering exhibit materials exempted from duty payment into Thailand for A.T.A. Carnet treaty members and non-members.

1. **Bonded Guarantee (A.T.A.Carnet):** A.T.A. Carnet is an international system that provides bonded guarantees on goods imported temporarily. Its purpose is to facilitate customs procedures for temporary import-export of goods that are exempt from payment of duty without prohibited and restricted conditions. All member states accept and provide this service under their own laws and regulations.

The Thai Customs Department recommends exhibit materials enter into Thailand through a carnet as it cuts down the required Customs procedures. The guarantee issuer and guarantor must be approved by the Customs Department and be a member of the international guarantee issuer organization such as a U.S. Trade Association or Chamber of Commerce. The guarantee issuer organization can issue a letter of guarantee to exporters in which they agree to pay duty if carnet conditions are not followed.

An importer can use the letter of guarantee as a substitute to the import entry form and the payment guarantee. The importer must complete the carnet import/re-export document and submit it to Customs officers at Thailand's port of entry. The Customs officers will inspect the goods, keep a copy of the import entry form and return the carnet book to the importer. If the goods are not taken out within the period of time stated in the contract, the guarantor will have to pay duty, a 10 percent penalty, and any applicable fees. For further information, please contact the Privilege Goods and Investment Promotion Sub-Division telephone: (662) 249-4150, fax: (662) 249-4212.

2. **Imported goods for exhibitions in Thailand (for A.T.A. Carnet non-members):** Exhibit materials apply to goods which are imported for public exhibition and goods on which the importer has placed a bonded guarantee and will be re-exported within a certain period of time. Goods used up in an exhibition such as printed documents, advertised articles, and distributed materials are not duty-exempted items. The process for temporary importation of exhibit materials into Thailand is as follows:
  - The importer must provide detailed information on the exhibition including the host, venue, period of time, reasons for importation, and goods category to the Customs Department for temporary import permission;
  - The importer must submit a duty-exempted application with certification of the exhibition, an import entry form with documents such as invoice, Airway bill, and packing list and a permission form for import of restricted goods. The importer signs for the materials, states the period of

temporary entry (must be under 6 months), and places a cash deposit or Bank's guarantee for the following total (duty + 140 percent + VAT);

- Customs officers will inspect the goods and return a copy of the special Import Entry Form to the controller of the goods to be presented on the way of taking the goods out of Thailand. The controller may appoint a local firm, as an importer, to deliver the material from the port of entry to the exhibition site;
- When taking the materials out of the country, the controller shall present a copy of the special Import Entry Form to the Customs officers and shall withdraw the guarantee contract. If the importer has shown intention of not taking the goods out of the country within the period of time stated in the contract, the guarantee contract will be enforced;

Regarding contract extensions, the importer can request an extension of 6 months from the date of entry. To receive this extension, the importer must submit an application to the Customs House or to the Laws and Regulations Division, Customs Department for approval.

#### **Web Resources**

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- Royal Thai Embassy in Washington D.C.'s website, <http://www.thaiembdc.org/>
- State Department Consular Information Sheet on Thailand at: [http://travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_1040.html](http://travel.state.gov/travel/cis_pa_tw/cis/cis_1040.html)
- State Department Visa Website: <http://travel.state.gov/visa/index.html>
- United States Visas.gov: <http://www.unitedstatesvisas.gov/>
- U.S. Embassy's website: <http://bangkok.usembassy.gov/>
- U.S. Embassy's Visa website: <http://bangkok.usembassy.gov/visas.html>

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## Chapter 9: Contacts, Market Research, and Trade Events

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- [Market Research](#)
- [Trade Events](#)

### Contacts

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The U.S. Commercial Service and the Economic Section at the U.S. Embassy in Bangkok maintain extensive files on key organizations in Thailand. Contact them for more information.

### U.S. GOVERNMENT

#### U.S. EMBASSY, THAILAND

*Ambassador of the U.S. to Thailand: The Honorable Eric G. "Skip" John*

Street Address: 120 Wireless Road, Pathumwan, Bangkok, Thailand 10330

Mailing Address: American Embassy – Bangkok, APO AP 96535

Tel: 662-205-4000

Internet: <http://bangkok.usembassy.gov>

#### U.S. COMMERCIAL SERVICE

*Senior Commercial Officer: Ms. Cynthia Griffin Greene*

Street Address:

U.S. Embassy Bangkok  
GPF Witthayu Building, Tower A, 3rd Floor, 302  
93/1 Wireless Road, Pathumwan  
Bangkok 10330

Mailing Address:

American Embassy - Bangkok  
FCS Box 51  
APO AP 96546

Tel: 662-205-5090

Fax: 662-255-2915, 205-5914

E-mail: [bangkok.office.box@mail.doc.gov](mailto:bangkok.office.box@mail.doc.gov)

Internet: <http://www.buyusa.gov/thailand/en>

*Note: The U.S. Commercial Service helps U.S. firms to export to and develop their business in Thailand.*

#### ECONOMIC SECTION

*Economic Counselor: Mr. Robert Griffiths*

Street Address:

U.S. Embassy Bangkok  
120 Wireless Road, Pathumwan  
Bangkok 10330

Mailing Address:

American Embassy – Bangkok  
APO AP 96546

Tel: 662-205-4995, 205-4726

Fax: 662-254-2839

**U.S.D.A. FOREIGN AGRICULTURAL SERVICE**

*Agricultural Counselor: Mr. Gary Meyer*

Street Address:

U.S. Embassy Bangkok  
GPF Witthayu Building, Tower A, 4th Floor, 404  
93/1 Wireless Road, Pathumwan  
Bangkok 10330

Mailing Address:

American Embassy - Bangkok  
APO AP 96546

Tel: 662-205-5106

Fax: 662-255-2907

E-mail: [agbangkok@fas.usda.gov](mailto:agbangkok@fas.usda.gov)

**U.S. TRADE AND DEVELOPMENT AGENCY (USTDA)**

*Regional Manager for Asia: Mr. Mark J. Dunn*

U.S. Embassy Bangkok  
GPF Witthayu Building, Tower A, 3rd Floor, 302  
93/1 Wireless Road, Pathumwan  
Bangkok 10330

Tel: 66-2-205-5600

Fax: 66-2-255-4366

Email: [mdunn@ustda.gov](mailto:mdunn@ustda.gov)

Note: TDA promotes economic development and trade in developing and middle-income countries by funding feasibility studies, consultancies, training programs and other project planning services.

**ROYAL THAI GOVERNMENT**

**MINISTRY OF FOREIGN AFFAIRS**

443 Sri Ayudhya Road, Bangkok 10400

Tel. (622) 643-5000

Internet: <http://www.mfa.go.th>

- **Department of American and South Pacific Affairs**

Tel: 662-643-5121-2

North America Division

443 Sri Ayudhya Rd., Bangkok 10400

Tel: 662-643-5121- 2

Fax: 662-643-5127

E-mail: [american02@mfa.go.th](mailto:american02@mfa.go.th)

- **Royal Thai Embassy in Washington**

1024 Wisconsin Avenue, N.W. Suite 401

Washington, D.C. 20007  
Tel: 202-944-3600  
Fax: 202-944-3611  
E-mail: [info@thaiembdc.org](mailto:info@thaiembdc.org)  
Internet: <http://www.thaiembdc.org>

#### **OFFICE OF THE PRIME MINISTER**

Internet: <http://www.opm.go.th>

- **National Economic and Social Development Board (NESDB)**

Main Tel: 662-280-4085  
Main Fax: 662-281-3938  
962 Krung Kasem Road,  
Pomprab, Wat Sommanat, Bangkok 10100  
Internet: <http://www.nesdb.go.th>

- **Office of the Board of Investment (BOI)**

555 Vibhavadi-Rangsit Road, Chatuchak  
Bangkok 10900  
Tel: 662-537-8111-55, 662-537-8555  
Fax: 662-537-8177  
Internet: <http://www.boi.go.th>

- **Energy Policy and Planning Office (EPPO)**

121/1-2 Phetchaburi Road  
Ratchathewi, Bangkok 10400  
Tel: 662-612-1555  
Fax: 662-612-1358, 612-1364  
Internet: <http://www.eppo.go.th>

#### **MINISTRY OF INTERIOR**

Internet: <http://www.moi.go.th>

#### **MINISTRY OF COMMERCE**

Internet: <http://www.moc.go.th>

- **Department of Foreign Trade**

44/100 Nonthaburi Road (Sanambinnam)  
Bangkrasor, Muang, Nonthaburi 11000  
Tel: 662-547-4888  
Fax: 662-547-4887  
Internet: <http://www.dft.moc.go.th>

- **Department of Commercial Registration/Dept. of Business Development**

Building 3rd Floor,  
44/100 Nonthaburi 1 Road (Sanambinnam)  
Bangkrasor, Muang, Nonthaburi 11000  
Tel: 662-547-5050  
Fax: 662-547-4459  
Internet: <http://www.dbd.go.th>

Registration of Public Companies, Group of Bank and Financial Institution, Insurance Companies, Storage and Warehousing

#### **MINISTRY OF FINANCE**

Internet: <http://www.mof.go.th>

- **The Customs Department**  
1 Soonthornkosa Road, Khlongtoey  
**Bangkok 10110**  
Tel: 662-249-0442, 249-9494  
Fax: 662-249-1279  
Email: [tamwatin@customs.go.th](mailto:tamwatin@customs.go.th)  
Internet: <http://www.customs.go.th>

#### **MINISTRY OF INDUSTRY**

Internet: <http://www.industry.go.th>

- **Department of Industrial Works**  
75/6 Rama VI Road, Ratchathewi  
Bangkok 10400  
Tel: 662-202-4000, 202-4014  
Fax: 662-354-3390  
Email: [pr@diw.go.th](mailto:pr@diw.go.th)  
Internet: <http://www.diw.go.th>
- **Department of Industrial Promotion**  
Rama VI Road, Ratchathewi  
Bangkok 10400  
Tel: 662-202-4414-18, 202-4511  
Fax: 662-354-3299  
Internet: <http://www.dip.go.th>
- **Thai Industrial Standards Institute**  
Rama VI Road, Ratchathewi  
Bangkok 10400  
Tel: 662-202-3401-2/662-202-3301-4  
Fax: 662-354-3033  
Email: [thaistan@tisi.go.th](mailto:thaistan@tisi.go.th)  
Internet: <http://www.tisi.go.th>
- **Industrial Estates Authority of Thailand**  
618 Nikhom Makkasan Road, Makkasan  
Ratchathewi, Bangkok 10400  
Tel: 662-253-0561  
Fax: 662-253-4086  
Email: [ieat@ieat.go.th](mailto:ieat@ieat.go.th)  
Internet: <http://www.ieat.go.th>

#### **MINISTRY OF NATURAL RESOURCES AND ENVIRONMENT**

Internet: <http://www.monre.go.th>

- **Office of Natural Resources and Environmental Policy and Planning**  
60/1 Soi Phibunwattana 7, Rama VI Road  
Samsennai, Phayathai  
Bangkok 10400  
Tel: 662-265-6500  
Fax: 662-265-6511  
Internet: <http://www.onep.go.th>
- **Pollution Control Department**  
92 Soi Phahonyothin 7, Phahonyothin Road  
Samsennai, Phayathai, Bangkok 10400  
Tel: 662-298-2000  
Fax: 662-298-2002  
Internet: <http://www.pcd.go.th>

#### **MINISTRY OF PUBLIC HEALTH**

Internet: <http://www.moph.go.th>

- **Food and Drug Administration**  
88/24 Tivanond Road, Muang  
Nonthaburi 11000  
Tel: 662-590-7001, 590-7003  
Fax: 662-591-8441  
Internet: <http://www.fda.moph.go.th>

#### **OTHER INDEPENDENT GOVERNMENT AGENCIES**

##### **Bank of Thailand**

273 Samsen Road, Bangkhunprom  
Pranakhon, Bangkok 10200  
Tel: 662-283-5353  
Fax: 662-280-0449, 280-0626  
Internet: <http://www.bot.or.th>

##### **Bangkok Metropolitan Administration**

173 Dinso Road, Saochingchar  
Pranakorn, Bangkok 10200  
Tel: 662-221-2141/69, 225-7012  
Fax: 662-621-0831  
Email: [governor\\_bma@hotmail.com](mailto:governor_bma@hotmail.com)  
Internet: <http://www.bangkok.go.th>

#### **TRADE ASSOCIATIONS**

##### **AMERICAN CHAMBER OF COMMERCE IN THAILAND (AMCHAM)**

*Executive Director: Ms. Judy Benn*  
7<sup>th</sup> Floor, GPF Witthayu Building, Towers A  
93/1 Wireless Road, Pathumwan

Bangkok 10330  
Tel: 662-254-1041  
Fax: 662-251-1605  
E-mail: [service@amchamthailand.com](mailto:service@amchamthailand.com)  
Internet: <http://www.amchamthailand.com>

*Note: AmCham is the premier U.S. business organization in Thailand with more than 600 U.S. member companies.*

**US-ASEAN BUSINESS COUNCIL**

1101 17th Street NW, Suite 411  
Washington, DC 20036  
Tel: 202 289-1911  
Fax: 202 289-0519  
Email: [mail@usasean.org](mailto:mail@usasean.org)  
Internet: <http://www.us-asean.org>

*Note: The US-ASEAN Business Council is the premier national private organization in the United States representing private sector interests in ASEAN, the Association of Southeast Asian Nations.*

Bangkok Office:  
*Thailand Representative: Mr. Praab Pianskool*  
US-ASEAN Business Council  
23<sup>rd</sup> Fl., Siam Tower  
989 Rama 1 Road, Pathumwan  
Bangkok 10330, Thailand  
Tel: 662-649-1119  
Fax: 662-658-0619  
E-mail: [praab@usasean.org](mailto:praab@usasean.org)

**THAILAND-U.S. BUSINESS COUNCIL**

7<sup>th</sup> Floor, Asia Sermkij Tower  
49 Soi Pipat, Silom Road  
Bangrak, Bangkok 10500  
Tel: 662-636-9020-5  
Fax: 662-636-9026  
Email: [info@ustbc.org](mailto:info@ustbc.org)  
Internet: <http://www.ustbc.org>

*Note: The business council is important for policy and senior executive business information exchanges.*

**U.S.-THAILAND BUSINESS COUNCIL**

3050 K. Street, N.W. Suite 205  
Washington, D.C. 20007  
Tel: 202-337-5973  
Fax: 202-337-0039  
E-mail: [ustbc@ustbc.org](mailto:ustbc@ustbc.org)  
Internet: <http://www.ustbc.org>

*Note: This Council is at the forefront of U.S.-ASEAN affairs and sponsors senior interchanges including the annual U.S.-ASEAN Ambassador's Tour in the U.S. and senior executive visits to ASEAN.*

**BOARD OF TRADE OF THAILAND**

150/2 Rajbopit Road, Pranakhon  
Bangkok 10200  
Tel: 662-622-1860/76  
Fax: 662-225-3372  
E-mail: [tcc@thaiechamber.com](mailto:tcc@thaiechamber.com)  
Website: <http://www.thaiechamber.com>

**FEDERATION OF THAI INDUSTRIES (FTI)**

4th Fl., Zone C, Queen Sirikit National Convention Center  
60 New Rachadapisek Road  
Klongtoey, Bangkok 10110  
Tel: 662-345-1000  
Fax: 662-345-1296/99  
E-mail: [information@off.fti.or.th](mailto:information@off.fti.or.th)  
Internet: <http://www.fti.or.th>

*Note: The Federation of Thai Industries membership represents most of the major industry sectors and their industry associations.*

**THE THAI CHAMBER OF COMMERCE (TCC)**

150 Rajbopit Road, Pranakorn  
Bangkok 10200  
Tel: 662-622-1860/76  
Fax: 662-225-3372  
E-mail: [tcc@thaiechamber.com](mailto:tcc@thaiechamber.com)  
Internet: <http://www.thaiechamber.com>

**MARKET RESEARCH FIRMS**

**AGRISOURCE**

Ambassador's Court, 4th Fl., No. 416  
76/1 Soi Langsuan, Ploenchit Road  
Bangkok 10330  
Tel: 662-251-8655/6  
Fax: 662-251-0390  
Email: [admin@agrisource.co.th](mailto:admin@agrisource.co.th)

**THE Brooker Group PLC.**

26<sup>th</sup> Fl., The Trendy Office Building  
10/190-193 Soi Sukhumvit 13  
Sukhumvit Road, Klongtoey Nua  
Wattana, Bangkok 10110  
Tel: 662-168-7100  
Fax: 662-168-7111/2  
Email: [info@brookergroup.com](mailto:info@brookergroup.com)  
Internet: <http://www.brookergroup.com>

**BUSINESS ADVISORY THAILAND**

15<sup>th</sup> Fl., Maneeya Center Building  
518/5 Ploenchit Road, Lumpini  
Pathumwan, Bangkok 10330  
Tel: 662-255-8977  
Fax: 662-254-4576  
Email: [jon@bathailand.com](mailto:jon@bathailand.com)  
Internet: <http://www.bathailand.com>

**ACNielsen CO., LTD.**

26<sup>th</sup> Fl., United Center  
323 Silom Road, Bangrak  
Bangkok 10500  
Postal address:  
P.O. Box 2732, Bangkok 10501  
Tel: 662-674-6000  
Fax: 662-231-1959, 236-7747  
Internet: <http://www.acnielsen.com>

**J.P. Rooney & Associates Group**

4<sup>th</sup> Fl., Panunee Building  
518/3 Ploenchit Road, Pathumwan  
Bangkok 10330  
Postal Address:  
P.O. Box 1238, Nana Post Office  
Bangkok 10112 Thailand  
Tel: 662-254-7343, 251-2323  
Fax: 662-652-0788  
Email: [jprooney@jprooney.com](mailto:jprooney@jprooney.com)  
Internet: <http://www.jprooney.com>

**MIDAS Agronomics Co., Ltd.**

124/170 Moo 1 Piyawararom Village  
Phraongchaosai Road, (Klong 4), Bungeeeto  
Thayaburi, Pathumthani 12130  
Postal address:  
P.O. Box 42, Thanyaburi  
Pathumthani 12110 Thailand  
Tel: 662-152-2348, 152-2349  
Fax: 662-152-2350  
Email: [information@midasagro.com](mailto:information@midasagro.com)  
Internet: <http://www.midasagro.com>

**PriceWaterhouseCoopers**

15<sup>th</sup> Fl., Bangkok City Tower  
179/74-80 South Sathorn Road  
Thungmahamek, Sathorn  
Bangkok 10120  
Tel: 662-286-9999, 344-1000

Fax: 662-286-0500  
Internet: <http://www.pwc.com>

## **WEB SITES FOR AMERICAN INVESTORS AND EXPORTERS**

**U.S. COMMERCIAL SERVICE** – <http://www.buyusa.gov/thailand/en> - The U.S. Commercial Service helps U.S. businesses export to and invest in Thailand. They also offer information in Thai to potential buyers of American exports and services in Thailand at <http://www.buyusa.gov/thailand/th>

**U.S. DEPARTMENT OF COMMERCE** – <http://www.commerce.gov>  
**NATIONAL TRADE DATA BANK (NTDB)** – <http://www.stat-usa.gov>  
The NTDB (National Trade Data Bank) provides access to Country Commercial Guides, Market Research reports, Best Market reports and other programs.

**U.S. EMBASSY IN THAILAND** – <http://bangkok.usembassy.gov>

**US EXPORT IMPORT BANK (Ex-Im)** – <http://www.exim.gov> - Assists U.S. exporters by providing loans, guarantees, and insurance to U.S. exporters.

**U.S. IMMIGRATION AND CUSTOMS ENFORCEMENT** – <http://www.ice.gov/>

## **TRADE ORGANIZATIONS IN THAILAND**

**AMERICAN CHAMBER OF COMMERCE** – <http://www.amchamthailand.com>  
This site provides information on Chamber activities.

**THAI INDUSTRIAL STANDARDS INSTITUTE** – [www.tisi.go.th](http://www.tisi.go.th)

This site provides information on standards for products to be sold in Thailand. The site also contains data on the certification mark activities and ministerial regulations.

## **ENGLISH LANGUAGE NEWSPAPERS IN THAILAND**

**BANGKOK POST** – <http://www.bangkokpost.com>

**THE NATION** – <http://www.nationmultimedia.com/>

## **BANKING AND FINANCE**

**BANK OF THAILAND** – <http://www.bot.or.th>

**ASIAN DEVELOPMENT BANK** – <http://www.adb.org>  
**SIAM COMMERCIAL BANK** – <http://www.scb.co.th>

**THAI FARMERS BANK** – <http://www.kasikornbank.com>  
**BANGKOK BANK** – <http://www.bangkokbank.com>

## **MISCELLANEOUS**

**TOURISM AUTHORITY OF THAILAND** – <http://www.tat.or.th>

The objective of this site is to persuade people to visit, and learn more about, Thailand.

**Market Research**

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

**Trade Events**

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

[http://www.buyusa.gov/thailand/en/upcoming\\_events.html](http://www.buyusa.gov/thailand/en/upcoming_events.html)

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## Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

<http://www.buyusa.gov/thailand/en>

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.