Doing Business in Thailand

2014 Country Commercial Guide for U.S. Companies

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Return to table of contents

Chapter 1: Doing Business in Thailand

Market Overview

Return to top

Thailand is the 27th largest export destination for the United States. Two-way trade in goods and services in 2013 was about $40 billion, with $26.1 billion in Thai goods exports to the United States and $11.8 billion in U.S. goods exports to Thailand. U.S. exports to Thailand increased by 8.6 percent from 2013, while U.S. imports from Thailand remained essentially flat. Thailand is 9th largest destination for U.S. exports in Asia. In ASEAN, Thailand ranks as the United States' 2nd largest export destination after Malaysia.

Thailand, the second largest economy in ASEAN after Indonesia, is an upper middle income country with an open economy and a gross domestic product (GDP) of $375 billion in 2013. In 2013 Thailand's GDP expanded 2.9%, a decrease from the previous year's growth rate of 6.4%. Thailand's economic prospects have been hampered by dampened consumer spending, higher household debt, and lingering political instability. Thailand's 2014 GDP projections continue to show flat growth or possible contraction into 2014 due to the ongoing political conflict and lowered investor confidence.

An export-dependent economy, Thailand exported a total of $219 billion worth of goods in 2013, accounting for 58% percent of its GDP. Exports in 2013 fell 2.4 percent, compared to a 14.3 rise in 2012. The contraction was due to soft global demand and low commodities prices. Together, China, Japan and the United States accounted for 31.7 percent of the market for Thai exports in 2013.

Industrial production accounts for the second largest share of Thailand's GDP at around 39%. Next is services (52%). Agriculture, long associated with Thailand, stands at 8%. Manufactured products are usually the top export, accounting for 86% of all exports in 2013. Electronics/electrical appliances and automobiles made up around one-third of total export value in 2012. Tourism, which is also vital to the Thai economy at roughly 6% of GDP, is suffering somewhat due to the protracted political conflict in the country.

Private consumption and investment, which are the primary components of domestic demand and were the primary drivers of growth in 2012, weakened in 2013. This was due to falling commodity prices, the end of consumer-friendly government programs, and

rising household debt. The political situation has also negatively impacted confidence and constrained government spending, though the National Council for Peace and Order (NCPO) has made an effort to revive various infrastructure projects that have been hampered by political uncertainty. Tourism, which traditionally plays an important role in the Thai economy, has also been hampered by political tension, particularly in Bangkok.

Market Challenges

Return to top

Thailand's markets are full of intense competition from both global and domestic suppliers. Many domestic companies are family businesses that span generations, and are now led by second- and third-generation businessmen who are highly educated and possess deep knowledge of their industry. Thailand's mass market is price conscious and is generally served by local suppliers and/or low-priced imports. U.S. exporters with products that are competitive for reasons other than price should plan to work with their local partner to undertake an extensive market entry strategy.

High tariffs in many sectors remain an impediment to market access. While Thailand's average applied most favored nation (MFN) rate was 9.8 percent ad valorem in 2011, ad valorem tariffs can be as high as 50 percent to 80 percent, and the ad valorem equivalent of some specific tariffs (charged mostly on agricultural products) is even higher. About one-third of Thailand's MFN tariff schedule involves duties of less than 5 percent, and almost 30 percent of tariff lines are MFN duty free, including for products such as chemicals, electronics, industrial machinery, and paper. Thailand has bound all tariffs on agricultural products in the WTO, but only approximately 70 percent of its tariff lines on industrial products. The highest ad valorem tariff rates apply to imports competing with locally produced goods, including automobiles and automotive parts, motorcycles, beef, pork, poultry, tea, tobacco, flowers, wine, beer and spirits, and textiles and apparel.

Corruption and lack of transparency in government procurement tenders are still major concerns for U.S. companies. Where corruption is suspected during the bidding process, government agencies and state enterprises reserve the right to accept or reject any or all bids at any time and may also modify the technical requirements. This allows considerable leeway for government agencies and state-owned enterprises to manage procurements, while denying bidders recourse to challenge procedures. There are frequent allegations that the Thai government makes changes to technical requirements for this purpose during the course of procurements. Despite an official commitment to transparency in government procurement by the Thai government, U.S. companies and the Thai media have reported allegations of irregularities.

Customs law in Thailand does not fulfill the standards established by The International Convention on the Simplification and Harmonization of Customs Procedures, or "the Kyoto Convention." Major problem areas include Thailand's Customs Penalty Regime and Customs Valuation Procedure. Penalties for the undervaluing of imports into Thailand, even if done through negligence or mistake, can reach four times the real

value of the goods and be accompanied by prison sentences of up to ten years. The system is incentivized by the distribution of rewards from these penalty payments to customs officials involved in the investigation of each case. Additionally, the procedure for determining "Customs Value" remains opaque as the valuation methodologies, determined by Ministerial Regulations, are subject to frequent change. Confusion over the guidelines can lead to increased risk of misinterpretation and misapplication of goods valuation methods.

The regulatory environment protecting intellectual property in Thailand is at times difficult to navigate. Patent registration can be a lengthy process, sometimes requiring several years. Occasionally, patents and trademarks are infringed upon in Thailand. U.S. companies have successfully protected their intellectual property through litigation in the Thai courts, but oftentimes these cases can be incredibly costly and time-consuming. Counterfeit goods continue to predominate in Thailand, contributing to the country's continued status as a Priority Watch List country in the 2014 Special 301 Report by the Office of the U.S. Trade Representative. While counterfeiting of hard goods such as DVDs, CDs, and apparel remains a problem, recent widespread usage of the internet and mobile devices in Thailand has resulted in a large increase in online pirated goods such as camcorder-recorded movies and pirated software. More information regarding intellectual property rights challenges in Thailand can be found in Chapter Four under "Protecting your Intellectual Property Rights."

Market Opportunities

Return to top

Despite internal political problems, Thailand continues to maintain 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 invested successfully in the country. Thailand continues to welcome investment from all countries and seeks to avoid dependence on any one country as a source of investment.

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, automotive accessories, food supplements, and educational services. Thailand also continues to look for U.S. suppliers of defense equipment, broadcast equipment, food processing, and packaging equipment, and environmental technology. Please refer to Chapter Five for more detailed information on market opportunities in select industries in Thailand.

Market Entry Strategy

Return to top

Obtaining a local partner, such as an agent or distributor, is still the preferred means of entering the Thai market, as it is one of the most efficient and effective ways to reach

Thai buyers. The agent or distributor can facilitate and expedite market entry with their extensive market knowledge and established networks. Within the business culture of Thailand, interpersonal relationships are a vital factor underpinning successful business transactions.

The Commercial Service in Bangkok provides series of services customized to assist U.S. firms planning to enter the market. Please refer to Chapter 10 of this guide for further information on our services.

For a list of professional service providers in the Thai marketplace that can assist U.S. companies in the assessment, completion, and/or financing of an export transaction see: http://www.export.gov/thailand/businessserviceprovider/index.asp

Return to table of contents

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/r/pa/ei/bgn/2814.htm

Return to table of contents

Return to table of contents

Chapter 3: Selling U.S. Products and Services

Using an Agent or Distributor

Return to top

Although Thai law does not require the 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 can facilitate and expedite market entry with their extensive market knowledge and established network of contacts. Among the business culture in Thailand, interpersonal relationships drive business and transactions. Local agents and distributors are accustomed to local business practices and requirements and as such they are positioned to manage business arrangements that companies in the United States cannot conveniently provide from afar. In addition, local agents and distributors will take care of regulatory affairs, acquire required import permits, and manage custom clearance and other logistics 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 www.export.gov/thailand for more information).

- Order an IPS report that provides a listing of Thai companies that have been hand-selected by the Commercial Specialist responsible for your industry sector. These companies have been interviewed by our Commercial Specialist, examined your product literature and company profile, and 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. By using our GKS, a Commercial Service specialist will set up meetings with each potential Thai representative, arrange hotel and transportation, and accompany you to the meetings. Should you not be in a position to travel 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: www.export.gov/usoffices

- If you travel to the region to execute one of our fee-based services, we strongly encourage you to consider undertaking a similar service in another market. Staff at your local Export Assistance Center can help facilitate a multi-market visit to the region.

- Participation in trade exhibitions in Thailand can also be an effective means to test the market and locate serious agents and/or distributors in Thailand. Contact the U.S. Commercial Service in Thailand to learn more about regional trade events.

Establishing an Office

Return to top

The primary organizational structures for commercial enterprises are sole proprietorships, partnerships, limited liability companies, joint ventures, or foreign branch operations. All are similar in nature to those found in the United States; however, limited liability companies 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 three major forms of partnership in Thailand:

- unregistered ordinary partnership;
- registered ordinary partnership;
- 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 (www.export.gov/thailand) offers a listing of law firms operating in Thailand under the link for "local service providers". Other considerations for American firms are to ensure there are no restrictions on foreign entity participation in a particular sector - whether there are import licenses 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 1833, commonly referred to as the Treaty of Amity, allows U.S. majority-owned businesses, incorporated either in the United States or in Thailand, to operate on an almost level playing field 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 should obtain documents from the U.S. Commercial Service office in Bangkok and 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:
www.export.gov/thailand/treatyofamity/index.asp

Franchising

Return to top

Thailand's franchise industry has expanded at approximately 20 percent annually and is expected to continue to grow. The majority of participants in the industry are in food and beverage services. Ease of entry specifically for local franchises and the fact that most of them require relatively low capital investment to operate attract increasing numbers of both franchisors and franchisees. The number of franchises in Thailand is expected to reach 500, most of which are local brands of coffee shops, and a much smaller number of Thai restaurants.

Imported franchises account for 15% of the overall market and American franchise brands have been pioneers in the food service sector. These include McDonalds, Burger King, Starbucks, Au Bon Pain, KFC, Pizza Hut, Krispy Kreme, Baskin Robbins, A&W, Subway, Outback Steak House, Sizzler, and Dunkin Donuts. However, franchises from Japan have gained popularity among local consumers to and account for the majority of new market entrants in recent years. There are approximately 20 Japanese food brands currently in the market.

Demand potential for American food franchises exists among expatriates and tourists. In addition, Thailand's growing affluence and the increasing popularity of American products enhance the growth potential for American franchises. In addition to offering products and or services that are well-liked by local consumers, identifying a strong local partner, with strong financial capability and experience in franchising, is a key success factor.

Direct Marketing

Return to top

Direct marketing is considered to be an effective means of marketing for consumer goods and services in Thailand and is expected to grow steadily. A $2 billion industry in Thailand that employs over 1 million, direct marketing is used widely in the sale of insurance (life and non-life), cosmetics, health care products, cleaning and household items, and electrical appliances. Major direct marketing companies from the U.S. include: Amway, Nu Skin, Herbal Life, Unicity Marketing, Sun Rider International, and Avon. Even though direct marketing has proven to be very successful in the Thai market, poor consumer protection laws and enforcement appear to be a major hurdle in the growth potential for the direct marketing business in Thailand. Many problems still need to be solved, such as poor product quality, loss during delivery, product return and refund policy, and protection of intellectual property rights.

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 has gained increasing popularity. More international operators of home shopping, mostly from South Korea, have entered the Thai market in a joint venture with local retail operators. Product quality is a major concern of most buyers. Thai consumers still prefer to see and touch products before buying, which could limit the growth of TV home shopping, especially with big ticket items.

Joint Ventures/Licensing

Return to top

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. (Please note that any

provision of the contract that is deemed to be contrary to public order or morality will be void.) Joint venture partnerships with funding support, technology transfer and training components are effective mechanisms to achieve success.

Many Thai firms are actively seeking U.S. joint venture partners that along with much needed capital can also bring technical, marketing and management skills to the business relationship. In turn, Thai firms generally offer assets, such as valuable local vendor and government contacts and established business relationships throughout the region. A number of 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.

Selling to the Government

Return to top

U.S. exporters interested in selling to the Thai government have opportunities in such key fields as electrical power systems, renewable and alternative energy, petroleum refining and petrochemicals, telecommunications, transportation, information and communications technology, the environment, health care, and commercial defense.

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 and after-sales services on all equipment purchases are important features 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 Office'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. Some observers 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 some preferred foreign suppliers, and domestic suppliers who under a “Buy Thai” policy receive an automatic price advantage of 3-7 percent rate (depending on the product) in the initial bid round evaluations. International companies may bid without having an

agent if the government agency or state enterprise in charge of the project allows. 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. In some instances, a Request for Information (RFI) or a Request for Conceptual Model (RCM) may be issued to solicit interests from potential bidders ahead of an official tender announcement. 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 (approximately $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

Return to top

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 generally 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 about 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

Return to top

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 communities
- 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
- 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 began 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

Return to top

The Royal Thai government's support for expanded ICT infrastructure has enabled broader internet penetration and cheaper access to information for the Thai people. This growth has been accompanied by legislation that regulates internet usage; namely the Computer Crime Act of 2007. Several people have been detained in Thailand under this Act since 2009.

E-Commerce technology enables Thai companies to reach more customers around the world, reduce their overhead costs, and become more efficient. E-Commerce is expected to become more widely used in Thailand to support "business to business" collaboration (i.e., supply chain management and e-marketplaces). However, many Thai consumers still prefer to see goods before purchasing them.

Due to full 3G coverage in Thailand, the e-commerce market in Thailand is promising, with a penetration rate of more than 140 subscribers and about 53 million internet users

in the country. According to Thai E-Commerce Association, e-shopping and online business will grow by 30 percent this year. This growth is being fueled by newer kinds of e-commerce, such as Facebook commerce (or "F-Commerce," in which Thais use Facebook to sell various products, from clothes to vitamins. Some of these so-called "Facebook stores" in Thailand are reportedly generating over $100,000 in revenue each month.

Trade Promotion and Advertising

Return to top

Advertising and trade promotion are important marketing tools in Thailand, especially for the sale of consumer goods, automobiles, and telecommunication. In particular, automobiles, insurance services, food supplements, and consumer products should be promoted heavily via a full range of mass media.

In 2013, advertising on television is the most popular and commands 60 percent of ad spend. Newspapers are a distant second with 13 percent, followed by cinema with 7 percent, radio and magazine with 5 percent each, billboards with 4 percent, transit signs with 3 percent, in-store advertising with 2 percent and Internet advertising with 1 percent. Advertising spending via radio, cinemas, magazines, and outdoor and in-store media have all suffered declines.

New media (satellite/cable TV, mobile TV, website, social media, and digital media) has been projected to increase 50-60 percent in 2015 due to consumers spending more time on digital content or interactive applications. Currently, 64% of Thai households are able to access satellite/cable TV and it is expected that satellite/cable TV networks will cover 95 percent of the nation within next five years.

There are six free television channels and 400 local cable television channels. Since the government allowed advertising on satellite/cable TV in early 2008, the advertising agencies have spent more on satellite/cable TV services. The arrival of 24 new commercial digital TV channels will be the key boosters of the advertising industry in the next decade, contributing an estimated annual growth of 5 – 10 percent. The value of television advertising expenditures is expected to double in the next 5 years.

Television and newspapers are very successful media 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." U.S. companies should also consider advertising in Thai-language publications as an 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. One of the most popular strategies is distributing 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. Digital media 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. The Department of Export Promotion in Thailand has been actively holding industry 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 an industry 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 U.S. Pavilions at local events and trade missions in Chapter 9 of this Country Commercial Guide. This information is also published on the Commercial Service website in English http://www.export.gov/thailand and in Thai at http://www.buyusa.gov/thailand. 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 United States.

Pricing

Return to top

The market in Thailand is open and very competitive. 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 a letter of credit 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 percent 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 products	40 % max.
Importers of large equipment or machinery	5-10 %
Importers of luxury products	60 % min.

Sales Service/Customer Support

Return to top

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 turnaround time on their requests for technical assistance and perceive such service as being provided by reliable suppliers. If 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 better position, compared with Asian competitors that provide lower-priced products. Thai customers generally have a high confidence in U.S. suppliers 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 U.S. firms to stay for extended periods in Thailand to conduct larger scale training of big groups of employees who will operate new equipment.

Since sending engineers/technicians for training or customer service can be costly for the local end users, it is advisable 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 note that competitive pressures and slim margins have led them to place a high priority on service and support in order to retain existing customers and gain new ones. Positive word of mouth 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

Return to top

Several general principles are important for effective management of intellectual property ("IP") rights in Thailand. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Thailand than in the United States. Third, rights must be registered and enforced in Thailand under local laws. U.S. trademark and patent registrations will not necessarily apply in Thailand. There is no such thing as an "international trademark" that will automatically protect your mark or brand name throughout the entire world. Protection against unauthorized use in a particular country depends on the national laws of that country. However, most countries, including Thailand, do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection *before* selling your products or services in the Thai market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. 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. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Thai law. For a list of local legal service providers see: http://www.export.gov/thailand/businessserviceprovider/index.asp

While the U.S. Government stands ready to assist, there is little that can be done if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. Government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a lawsuit. In no instance should U.S. Government 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 potential partners. Negotiate contracts that take into account the partner's perspective and offer clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit a local partner to register IP rights on behalf of the company, as doing so may create a risk that the partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on cost structures 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 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 IP and stop counterfeiting. There are a number of these organizations, both Thailand and 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)

IP Resources

A wealth of information on protecting IP 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 United States and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.

- For more information about registering trademarks and patents (both in the United States 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 United States, contact the U.S. Copyright Office at: **1-202-707-5959**.

- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.StopFakes.gov.

- For U.S. small- and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Angola, Argentina, Brazil, China, Colombia, Egypt, Ghana, India, Indonesia, Kenya, Mexico, Mozambique, Nigeria, Russia, Saudi Arabia, Senegal, South Africa, Thailand, Turkey, and Vietnam. For details and to register, visit: http://apps.americanbar.org/intlaw/intlproj/iprprogram_attorneys.html

- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the United States 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 IP-infringing products) and allows you to register for Webinars on protecting IP.

- 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: www.export.gov/thailand/contactus/index.asp

IPR Climate in Thailand

Widespread commercial IP 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 that the software piracy rate in Thailand was 72% in 2011, a decrease of one percent from 2010, with a commercial value of unlicensed software of $852 million. While online and mobile device piracy has largely replaced physical piracy, the counterfeit and piracy of various products is still easily accessible and widespread all over the country.

Although the Central Intellectual Property and International Trade Court located in Bangkok provided specialized judges to handle IP cases with a nationwide jurisdiction, few cases in recent years, either civil or criminal, yielded satisfactory results. Moreover, the Thai enforcement systems as a whole remain difficult; the lack of consistency and overall lack of effective deterrence, especially with online piracy, create a real challenge for rights holders to enforce their rights.

In 2007, Thailand was elevated to the U.S. Trade Representative's Special 301 Priority Watch List, where it remains to this day. This designation reflected an overall deterioration in the protection and enforcement of IPR. Despite repeated assurances that the Thai government would improve the situation in the country, tangible progress on IPR enforcement has not been sustained and effective.

Patents, Data, Trade Secrets, and Plant Variety Protection

Thailand's patent regime generally provides adequate protection for most innovations; however, Thailand's patent office lacks sufficient resources to keep up with the volume of patent applications. Examination can take more than five years, or more than eight to ten years for pharmaceutical patents. While patent filings have increased in recent years, patent issuance numbers have not kept pace, and there is a significant backlog in applications. To remove the backlog, the Department of Intellectual Property (DIP) issued new Guidance for Examination of Pharmaceutical and Chemical Products in October 2013, setting clearer and generally acceptable standards for examining patent applications filed in those fields. DIP is reportedly subject to a hiring freeze that prevents hiring more than the current number of examiners. Thailand joined the Paris Convention and the Patent Cooperation Treaty (PCT) in recent years and has begun accepting PCT applications.

Beside the delays in obtaining pharmaceutical patents, the U.S. pharmaceutical industry has expressed concerns regarding inadequate regulatory data protection and weak patent protection and enforcement regimes. Issued by The Ministry of Public Health, the implementation regulations for the 2002 Trade Secrets Act do not provide data exclusivity that would prevent unfair commercial use. A reported increase in the number of pharmaceutical copies receiving Thai FDA approval while the original product is still under patent illustrates the lack of necessary legislation and linkage system for protection. In addition to poor IP protection, the pharmaceutical industry has also expressed concerns with market access in Thailand‘s procurement regulations. Specifically, Thai regulations require public hospitals to purchase their medicines and

medical supplies from the state-owned Government Pharmaceutical Organization (GPO), which sets a ceiling purchasing price, or “Median Price” for public procurement. Such price fixing creates market distortion that reduces the availability of innovative medicines to Thai patients and may prevent public hospitals and patients from gaining access to certain life-saving medicines.

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. In 2010, the first foreign companies applied for protection. 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. 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 that would create secondary liability for landlords renting to infringing tenants and that prohibit video recording in cinemas are currently under review.

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 has only been one action taken under the Optical Disk Act since it came into force.

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. Thailand is in the process of joining the Madrid Protocol and is also considering further amendments to the Trademark Act.

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 many sources remains a concern. Rights holders 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.

Although Thailand had a new government installed in 2011, the National Intellectual Property Policy Committee which was established in 2009 still exists and was chaired by the former Prime Minister Yingluck Shinawatra. It is comprised of top-level representatives from 11 agencies, namely, the Ministry of Commerce, the Ministry of Culture, the Ministry of Education, the Ministry of Finance, the Ministry of Information and Communication Technology, the Ministry of Foreign Affairs, the Ministry of Science and Technology, the Ministry of Public Health, the Royal Thai Police, the Office of the Attorney General and the National Broadcasting and Telecommunication Commission. The responsibilities of the Committee include formulating policies and strategies for promoting intellectual property, fighting against rights violations at all levels, and improving the intellectual property laws and their implementation.

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, although that has not always resulted in more prosecutions.

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.

To further strengthen interagency coordination, Thailand established a National Intellectual Property Rights Center of Enforcement (NICE) in April 2013.

Headed by the Deputy Minister of Commerce, the NICE coordinates the efforts of 25 relevant governmental agencies including the Thai intellectual property agency, Office of the Consumer Protection Board, and Anti-Money Laundering Office. The main objective of the Center is to ensure effective interagency cooperation for IPR enforcement. All the concerned agencies will work together on planning and conducting enforcement actions using all relevant laws and regulations to maximum effect.

The operation of NICE is to suppress IPR violations at all levels, targeting large-scale infringers and focusing on cases related to newly emerging challenges such as Internet piracy or online and physical sales of counterfeit consumer products.

U.S. copyright industries continue to express serious concerns over both optical media piracy and growing online internet piracy in Thailand. Rights holders report that enforcement of the Optical Disk Manufacturing Control Act has been sporadic, and only one case has been brought by prosecutors in five years. Industry has noticed a small decline in the amount of pirated product available on the streets, but this is more than matched by an increase in online piracy. Digital copyright issues are not directly addressed in the Thai copyright law, and law enforcement agencies lack sufficient expertise and resources to tackle the problem. Cable and broadcast satellite signal piracy continues to be a major problem throughout Thailand, as pirate providers expand their operations in the provinces. Book publishers have also raised concerns that the existing copyright law is being interpreted in a manner that allows extensive book piracy to go unchecked. According to copyright industry figures, annual losses are estimated at about approximately $30 million.

Trademark infringement and counterfeiting 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 too low/light to have a deterrent effect.

The government organizations with primary responsibility for IPR matters in Thailand is the Department of Intellectual Property of the Ministry of Commerce. Contact information, including the addresses of responsible enforcement agencies, is below:

Department of Intellectual Property, Ministry of Commerce:
44/100 Sa Nam Bin Nam Road, Muang Nonthaburi 11000
Tel: (662) 547-4621
Fax: (662) 547-4699
Website: http://www.ipthailand.go.th/ipthailand/

The Central Intellectual Property and International Trade Court
The Government Complex Commemorating His Majesty the King's 80th Birthday Anniversary, Building A, 5th -7th Floor. Chaengwattana Rd., Thoongsonghong Subdistrict, Laksi District, Bangkok
Tel: (662) 141-1910
Fax: (662) 143-8725

The Department of Intellectual Property and International Trade Litigation
The Office of the Attorney General
The Government Complex Commemorating His Majesty the King's 80th Birthday Anniversary, Building A, 4th Floor. Chaengwattana Rd., Thoongsonghong Subdistrict, Laksi District, Bangkok
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

Return to top

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: business summary, number of employees, background of key management members, customer references, operating condition, and financial position. More information on this service is available on the website under "Services for U.S. Companies": www.export.gov/thailand

For more in-depth information, U.S. buyers/investors are advised to hire professional accountancy companies, lawyers, asset appraisers, and other experts in due diligence work to check bona fides of the company they want to sell, extend credit to, or with whom they want to form a 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 that 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 includes mandatory information that all listed firms must 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

Return to top

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.export.gov/thailand/businessserviceprovider/index.asp

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. Interpersonal relationships are a vital factor for successful business transactions in Thailand. 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 United States 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

Return to top

U.S. Government Resources:

- U.S. Commercial Service Home Page: http://www.export.gov/thailand (English); www.buyusa.gov/thailand (Thai)

Major Thai Newspapers:

- The Bangkok Post: http://www.bangkokpost.net
- The Nation: http://www.nationmultimedia.com
- Bangkok Business News: http://www.bangkokbiznews.com
- Post Today (Thai): http://www.posttoday.com
- Business Day Newspaper: http://www.bday.net

Business Web Sites:

- http://www.thailand-business-news.com
- http://www.doingbusiness.org/data/exploreeconomies/thailand/
- http://www.indo-siam.com
- http://www.boi.go.th (Thai Board of Investment)

Return to table of contents

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

Commercial Sectors

- Aviation
- Broadcast Equipment
- Defense Equipment
- Education Services
- Food Processing and Packaging Equipment
- Medical Devices
- Pollution Control
- Oil and Gas Machinery and Service
- Telecommunication

Agricultural Sectors

- cotton
- wheat
- Soybeans
- Fresh Fruit
- Wine
- Dried Fruits and Nuts
- Snack Food

Aviation

Return to top

Unit: USD thousands

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	2,501,278	4,638,297	4,777,446	4,920,770
Total Local Production	294	864	890	917
Total Exports	235	691	712	733
Total Imports	2,501,219	4,638,124	4,777,268	4,920,586
Imports from the U.S.	612,555	1,824,183	1,878,909	1,935,276
Exchange Rate: 1 USD	30	31	31	30

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

- Total Local Production: Unofficial estimated, U.S. Commercial Service
- Total Exports: Unofficial estimated, U.S. Commercial Service
- Total Imports: Thailand's Customs Department
- Imports from U.S.: Thailand's Customs Department

U.S. aviation technology is well received by Thai buyers. Thailand relies on imported aerospace and defense products and is a net-importer of aviation equipment, including aircraft, parts, maintenance services, and airport/ground support equipment.

The current product demand includes aircraft and parts, communication equipment, avionics, associated parts used in maintaining and servicing aircraft, airport and ground support equipment, safety and security equipment and services, passengers and baggage screening machines, ground support vehicles, and air-field lightings.

It is expected that the Thai aviation business will continue to grow as a result of an increase in flights and new destinations in order to cope with domestic and international passenger demands, supported by ongoing ASEAN Economic Community (AEC) integration, and the impact of air transport liberalization on airline competition and air passenger traffic. These will eventually spur greater regional air transport.

However, a major long-term impediment exists in the AEC liberalization of logistics services and open-sky protocols per the ASEAN Single Aviation Market (ASAM) agreement. This offers opportunities for Thai air services to expand within ASEAN. Although they may steepen competition within the region, as not only neighboring counties, but non-ASEAN airlines will also be permitted to operate in the region more freely. Both government and private businesses in the aviation industry will have to adapt to greater competition in 2015.

Connectivity between regional airports could attract airlines to choose Thailand as their destination or cargo transit point. If the number of future infrastructure projects is sufficient and they are completed on time, then the country is poised to reap greater benefits from AEC.

Sub-Sector Best Prospects Return to top

- Aircraft and Parts (AIR)
- Airport and Ground Support Equipment (APG)
- Aviation Services (AVS)

Opportunities Return to top

Passenger traffic to six major Thai airports has increased steadily with a record-high of 86 million passengers in 2013. This is a result of an increase in the number of visitors, mostly tourists from Asia and the Pacific regions.

There are ongoing expansions of existing airports including the second and third phase expansions of the Suvarnabhumi Airport. The construction of the second phase is expected to begin in August. Satellite terminal building at the Suvarnabhumi will also be constructed by 2017. Once completed, the airport will have a capacity to accommodate as many as 65 million passengers a year.

The current product demand includes aircraft and parts, communication equipment, avionics, associated parts used in maintaining and servicing aircraft, airport and ground support equipment, safety and security equipment and services, passengers and baggage screening machines, ground support vehicles, and air-field lightings.

Web Resources Return to top

Ministry of Transport
Ratchadamnoen Nok Ave., Bangkok 10100
Tel. 662-283-3091, 662-282-3713
http://vigportal.mot.go.th/portal/site/PortalMOTEN/

Thai Airways International Public Co., Ltd.
89 Vibhavadi Rangsit Road
Bangkok 10900, Thailand
Tel: (662) 545-2113
http://www.thaiairways.com/en/index.page

Department of Civil Aviation (DCA)
71 Soi Ngarm Duplee, Tung Mahamek
Yannawa, Bangkok 10210
Tel: 662 287-0320-9
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
http://www.aerothai.co.th/index_en.php

Airports of Thailand Public Co., Ltd. (AOT)
171 Vibhavadi Rangsit Road
Don Muang, Bangkok 10210
Tel: 662 535 1111 - Website: http://www.airportthai.com

Commercial Service Bangkok Contact:
Mr. Kitisorn Sookpradist
Commercial Specialist
E-mail: ksookpra@trade.gov
Website: www.export.gov/thailand

Broadcast Equipment

Return to top

Unit: USD millions

	2012	2013	2014	2015 (estimated)
Total Market Size	2,100	2,185	2,272	2,400
Total Local Production	1,528	1,604	1,684	1,700
Total Exports	8,032	8,120	8,127	8,200
Total Imports	8,604	8,701	8,715	8,900
Imports from the U.S.	110	111.5	113	120
Exchange Rate: 1 USD	30	31	30	30

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources: The Custom Department, Thailand

Sub-Sector Best Prospects

Return to top

Since last April, digital TV has led to a significant development in Thailand's media industry, adding 24 free TV channels to the existing six channels and creating tougher competition. The change has been beneficial for related business such as broadcasting services, commercial advertising, set-top boxes and home shopping. Experts predict the 2014 market value of content services will reach USD 1 billion, an increase of 14-16% compared to last year.

Thailand must prepare for the change by upgrading to digital infrastructure, including transmission platforms, encryption technology, and decoder hardware. The resulting transition will create an estimated $2.1 billion worth of investment in the television broadcasting industry, particularly in digital terrestrial and cable-TV business.

Investment in the pay-tv market will likely increase significantly in the next two years, as local cable operators upgrade their analog networks, which carry only 80 channels, to digital cable networks, which carry more than 300 channels. This rapid growth in the pay-tv industry could be worth up to $200 million, in addition to further spending by leading operators (i.e. Cable Thai Holdings, GMM Grammy, and True Visions).

Opportunities

Return to top

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).

Industry analysts estimate that investments to transform from analog to digital broadcasting technology, particularly in terrestrial and cable TV businesses, could reach into the billions of dollars..

The estimated investment costs include:
1). Digital Terrestrial TV Broadcasting in the next 4 years $ 1.8 billion
- Infrastructure and network providers $ 517.2 million
- TV broadcaster $ 165.5 million
- Manufacturer of digital TV converter box $ 1.1 billion

2). Upgrade from analog to digital cable network in the next 2 years $ 215.5 million
- Digital Video Broadcasting Cable (DVB-C) boxes replacing 3.5 million analog cable TV boxes $ 181million
- New digital cable TV network $ 34.4 million

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Web Resources

Return to top

Public Relations Department (PRD)
Rama VI Road, Soi 30, Bangkok 10400
Tel: (+66) 0-2618-2323, Ext. 1700
http://www.prd.go.th

Mass Communication Organization of Thailand (MCOT)
63/1 Rama 9 Road, Huay Kwang, Bangkok 10320
Tel: (+66) 0-2201-6000
http://www.mcot.net

Royal Thai Army Radio and Television
210 Phaholyotin Rd., Sanampao, Phayatai, Bangkok 10400
Tel: (+66) 0-2278-1697
Fax: (+66) 0-2615-2066
http://www.tv5.co.th

Trade Shows:
Broadcast Asia - Singapore
Date: June 17-20, 2014
Venue: Marina Bay Sands, Singapore
http://www.broadcast-asia.com/

Commercial Service Bangkok Contact:
Ms. Oraphan Boonyalug – Commercial Specialist
U.S. Commercial Service
American Embassy
E-mail: oboonyal@trade.gov
Website: http://www.export.gov/thailand

Defense

Return to top

Unit: USD millions

	2012	2013	2014 (estimated)	2015 (estimated)
Defense Budget	5,555.58	5,822.31	5,830.24	6,811.42
Gross Domestic Product (GDP)	385,743.33	396,612.90	427,161.29	456,427.58
Defense Budget in % to GDP	1.44%	1.47%	1.51%	1.49%
Annual Increase	2.21%	4.80%	0.14%	16.83%
Exchange Rate: 1 USD	30	31	31	30

Data Sources: Bureau of the Budget, Royal Thai Government

The Thai defense industry is relatively new and small compared to major defense equipment exporting countries, making Thailand highly dependent on foreign suppliers. The Thai military has continued to grow every year in an effort to modernize the country's armed forces. The United States is one of the largest sources of defense equipment to the country.

The defense industry in Thailand supports mainly the Thai military which continually seeks to upgrade existing capabilities. The industry is dominated by the Ministry of Defense (MOD), which owns defense-related factories and development facilities. Some of these facilities are operated and supported by the private firms. The Thai government plans to develop the domestic defense industry to reduce the country's dependence on imports, promote technology transfer, and strengthen national security.

Thai defense expenditure is driven by factors such as security threats, Thai military modernization plans, and the ongoing arms race within the Southeast Asian region. The nature of security threats in Thailand includes occasional border conflicts with neighboring countries, domestic separatist groups' activities in the troubled southern provinces, political unrests, natural disasters, human smuggling and drug trafficking.

Prioritizing maintenance requirements versus new procurements will be a critical task of the Thai military. The Thai military budget is relatively small compared to other leading countries; however, it has continually been increasing each year.

Sub-Sector Best Prospects

Return to top

- Security and Safety Equipment (SEC)
- Airport and Ground Support Equipment (APG)
- Aircraft and Parts (AIR)
- Aviation Services (AVS)

Opportunities

Return to top

Thailand is one of the fastest growing defense markets in the world. In 2014, the Thai government allocated approximately US$5.8 billion (THB 180 billion) for national defense. The Thai military budget is relatively small compared to those of other leading

countries, but it is still relatively high compared to other ASEAN countries. Thailand's defense spending is projected to continue to grow, and is expected to increase as a percentage of GDP from 1.47 in 2013 to 1.51% in 2014.

From 2008 to 2012, Thailand's defense equipment imports were dominated by aircraft, which made up 43.6% of the total defense imports. The other major defense import segments include armored vehicles, missiles, and ships. Between 2013 and 2017, the country will place additional focus on the procurement of helicopters, armored vehicles, and frigates to counter southern insurgency and strengthen its navy fleet.

Web Resources

Return to top

Ministry of Defense
Foreign Affairs Division, Office of Policy and Planning,
Tel: 662-225-7414, Fax: 662-226-1839
Website: http://www.mod.go.th/

Royal Thai Armed Force Headquarters
Office of Policy and Plans, Directorate of Joint Operations,
Tel: 662-575-6203, Fax: 662-575-6067
Website: http://www.rtarf.mi.th/EN/index_new_en.htm

Royal Thai Army
Policy and Plans Division
Directorate of Logistics
Tel: 662-297-7424, Fax: 662-297-7420
Website: http://www.rta.mi.th

Royal Thai Air Force
Policy and Plans Division
Directorate of Operations
Tel: 662-534-1457, Fax: 662-534-1378
Website: http://www.rtaf.mi.th

Royal Thai Navy
Research and Development Division
Naval Operations Department
Tel: 662-475-5533, Fax: 662-475-7968
Website: http://www.navy.mi.th

Defence Technology Institute (DTI), Ministry of Defence, The Kingdom of Thailand
47/433, 4th Floor - Office of the Permanent Secretary of Defence Building.
Changwattana Road., Pakkred, Nonthaburi 11120
Tel: +66 (0) 2980 6612-15, Fax: +66 (0) 2980 6688
Website: http://www.dti.or.th

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Commercial Specialist
E-mail: ksookpra@trade.gov
Website: www.export.gov/thailand

Education Services

Return to top

Unit: USD millions

	2012	2013	2014	2015 (estimated)
Total Market Size	2,019	2,075	2,215	2,419
Total Local Production	1,013	996	1,046	1,156
Total Exports	0	0	0	0
Total Imports	1,006	1,079	1,170	1,263
Imports from the U.S.	540	589	639	670
Exchange Rate: 1 USD	30	31	31	30

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources: Unofficial Estimate

Thailand is still moving forward to improve its educational system in order to increase its competitiveness in human resources and prepare students to work and thrive in an international community before the implementation of the ASEAN Economic Community (AEC) next year.

The Ministry of Education has issued a number of tasks in developing Thailand into an international education hub in the ASEAN region. One of the urgent tasks is to develop students' skills in the English language and the languages of neighboring countries. Thailand still lags far behind major ASEAN countries in English proficiency, especially compared to Singapore, Malaysia, the Philippines, and Indonesia. Hence, the number of English language schools and language training centers is growing in order to meet demand for more education options.

Both state and private universities also offer international programs to attract Thais and foreign students. In 2013, there were more than 1,200 international programs available and more than 10,000 international undergraduate students in Thailand, of which 44 percent were from China, followed by Burma, Laos PDR and Vietnam.

The demand to study abroad for an undergraduate degree is growing continually. However, 45 percent of the Thai overseas education market is still dominated by postgraduates and higher education students, 30 percent undergraduate, and 25 percent high school and short term program students (one year exchange students and ESL students). Student Exchange and summer programs are still popular programs among youth and high school students as a pathway of learning Western culture and English language with native speakers. Due to the lack of English proficiency, Thai students frequently enroll in universities that offer ESL and English-intensive programs. The most popular academic programs are business administration, computer information, engineering, and mass communication.

The United States is still the number one destination for Thais to study abroad; however, the numbers of Thai students studying in the United States has fallen in recent years. In 2013, over 27,700 Thai students studied in the United States. It is an expected that the

number of students in the United States will increase in the next few years as the economy improves. The United Kingdom is a popular destination for one-year MBA degree programs, which have few admission requirements. An estimated 15,000 Thai students are studying in the United Kingdom. Australia has a strong marketing and promotion campaign, working with agents to promote the country as a study destination. Due to the strict requirements in studying a short term English course and weak currency exchange, the number of Thais who chose to study in Australia in the past years had turn to other countries. There are an estimated 14,000 Thai students (of all levels) currently studying in Australia, 2,000 students in New Zealand, nearly 2,000 students in Canada, and 10,000 students in China.

Sub-Sector Best Prospects

Return to top

- Two-year, Community College
- Business Administration, Graduate and Undergraduate Degrees
- 4-6 week Summer Language Training and Cultural Programs
- One-year Exchange Program for High School
- Boarding High School

Opportunities

Return to top

Within the sector of higher education, community colleges and two-year educational programs offer strong growth potential in Thailand. The lack of true understanding of the program causes the low number Thai student population in this subsector in the U.S. There are also growing numbers of bi-lingual schools. High school graduates from these schools are a good potential market for community college and undergraduate degree programs in the United States.

The other area with growth potential is high school students from Thailand. Currently, Canada, New Zealand and Australia are the major destinations for Thai high school students studying abroad. School fees in these countries are more competitive than fees of schools in the United States and United Kingdom. Moreover, most of the schools in Canada, New Zealand and Australia work with agents to promote their institutions, while most of the schools in the United States do not.

Web Resources

Return to top

Office of the Civil Service Commission (OCSC)
Education and Training Abroad Branch
47/111 Tiwanon Road, Talad Kwan Sub-District,
Muang District, Nonthaburi 11000
Tel: 66 2547 1000
Website: http://www.ocsc.go.th

Department of Consular Affairs, Ministry of Foreign Affairs
123 Changwattana Rd., Lak-si,
Bangkok 10210
Tel: 662 981-7171
Website: http://www.consular.go.th

Trade Show:

OCSC International Education Expo 2014
November 1 – 2, 2014
Royal Paragon Hall, 5th Floor, Siam Paragon
Bangkok, Thailand
Website: www.ocscexpo.net

CS Bangkok Contact:
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Food Processing and Packaging Equipment (FPP)

Return to top

Unit: USD thousands

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	4,578	3,940	4,254	4,500
Total Local Production	3,755	3,972	4,170	4,462
Total Exports	2,329	2,383	2,502	2,677
Total Imports	3,393	2,351	2.586	2,715
Imports from the U.S.	192	138	152	163
Exchange Rate: 1 USD	30	31	31	30

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:
Total Local Production: Industry Experts' Estimates
Total Exports, Total Imports, Imports from U.S.: Thai Customs Department

Major imported food processing and packaging equipment generally originate from Japan, China, Germany, Italy and the United States. Japanese machinery leads the market with a 22 percent share of total imports. Imports from China dominated the low-end segment with 20 percent. Imports from Germany account for 12 percent share of the market, mainly at the higher end. Imports from Italy and the United States each account for a 5 percent share of total imports. German products have a reputation for being the best, while Japanese products are favored by Japanese companies. Both are reputed to have reliable after-sales service.

U.S. imports account for six percent of the market and their product quality has been well-received. American products are competitive in laboratory, freezing, heating, refrigerating, pasteurizing steaming, drying, evaporating, condensing equipment. Additionally, U.S. imports account for 40% of the presses, crushers and related machinery used in the manufacturing of fruit juices and wine.

Sub-Sector Best Prospects

Return to top

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

- Refrigerating or freezing equipment
- Machinery , laboratory equipment for the treatment of materials by a process such as heating, cooking, roasting, distilling, rectifying, sterilizing, pasteurizing, steaming, drying, evaporating, vaporizing, condensing or cooling
- Machinery for filling, closing, sealing, or labelling cans, boxes, bags or other containers
- Packing or wrapping machinery (including heat-shrink wrapping machinery)
- Presses, crushers and similar machinery used in the manufacture of wine, cider, fruit juices or similar beverages.

Opportunities

Return to top

Expansion and development of Thailand's agri-business industry is expected to increase demand for imported machinery and technology for the food processing industry. This export-oriented industry-which Thailand has agricultural abundance, entrepreneur competent and favorable government policies- is one of the country's best growth prospect sectors. The industry, particularly the food processing, will expand with increase in exports. In addition, domestic consumption resulted from changing of lifestyle among Thai consumers increases demand for processed foods.

Web Resources

Return to top

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Website: http://www.thaipack.or.th

Trade Shows:

ProPak Asia 2014
Date: Wednesday 11- Saturday 14 June, 2014
Venue: Bangkok International Trade & Exhibition Center (BITEC)
Contact: Ms.Piyaporn Lertpongsopol
Tel: 662-615-1255
E-mail: piyaporn@besallworld.com
Website: http://www.propakasia.com

THAIFEX-World of Food Asia 2015
Date: 20-24 May, 2015 (TBC)
Venue: IMPACT Exhibition Center, Bangkok
Website: http://www.worldoffoodasia.com
http://www.koelnmesse.com.sg/index.php?q=thaifex-world-food-asia

US Embassy Contact
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Medical Devices

Return to top

Unit: USD millions

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	948	1,033	1,122	1,227
Total Local Production	1,580	1,722	1,870	2,045
Total Exports	1,264	1,377	1,496	1,636
Total Imports	632	688	748	818
Imports from the U.S.	189	206	224	245
Exchange Rate: 1 USD	30	31	31	30

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources: unofficial estimates

In 2013, Thailand had a healthcare market of $16.1 billion. Per-capita spending on healthcare was almost $240. Thailand's elderly population is expected to increase to 17.2% of the population, or about 17 million people, in the next 10 years. The aging population is a major catalyst of demand for medical devices and medicine. Thailand has a universal healthcare system that provides at least a basic level of care to all Thai citizens. This system is divided into three programs. The Civil Servant Medical Benefit Scheme gives approximately 7 million government workers excellent healthcare benefits. The Social Security Scheme covers about 10 million private sector workers and is based on an employer contribution system. Finally, the Universal Coverage Scheme provides free basic healthcare coverage to the remaining 50 million Thais. As a percentage of total government expenditure, the Thai government spends 14% on healthcare.

The medical device industry is thriving in Thailand, with the country acclaimed as a major healthcare hub in Asia. Thailand has over 1,000 public hospitals and 400 private hospitals staffed with overseas-trained doctors operating at international standards and offering the best health care available at a fraction of the cost of similar procedures in developed countries. Nearly 2 million foreign patients visit Thailand each year for a range of healthcare services, including sophisticated procedures like stem cell treatment. Local firms primarily manufacture basic devices like gloves and syringes. Two-thirds of medical devices in the country are imported, with products from the United States accounting for 30%.

The medical device market was valued at $1 billion in 2013 and is expected to grow at least 9% annually. Today, roughly two-thirds of the medical devices in Thailand are imported. Thailand relies on these imports for higher value and more sophisticated medical devices. Generally, the local manufacturers tend to produce lower-end medical devices in Thailand, which are more labor intensive, such as disposable syringes, disposable test kits, and surgical latex gloves. Imports from the United States lead the import market with approximately 30% share. Public hospitals in Thailand account for roughly 55% of the total medical device purchases. Even so, market growth is fueled mostly by medical facility upgrades and replacement largely at specialized private hospitals.

Medical devices are normally 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 customs clearance and product registration with the Thai Food and Drug Administration (FDA). The 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 provide after-sales service and spare parts. The agent usually develops close personal relationships with the buyers and end users, which is a critical factor for future procurement decisions.

Sub-Sector Best Prospects

Return to top

- Surgical procedure equipment
- Respiratory devices and oxygen therapy
- Orthopedic implant devices
- Heart valves
- Neurosurgical devices
- Rehabilitation equipment and accessories
- Dermatological devices

Opportunities

Return to top

The market growth in the next few years will derive mainly from the demands for an upgrade and expansion of the existing health care facilities and medical devices as well as accessories replacement. The government still promotes medical tourism as a mean to attract more international visitors to the country. International patients will still be the main target for most leading private hospitals in Thailand. Most hospitals will try to expand their specializations and use them as the marketing tools to attract patients. Use of cutting edge medical equipment has been used as a promotional campaign to draw customers' attention.

Web Resources

Return to top

Food and Drug Administration
Ministry of Public Health
www.fda.moph.go.th

Thai Medical Device Technology Industry Association
Website: www.thaimed.co.th

Commercial Service Bangkok Contact:
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American Embassy
E-mail: ktantisa@trade.gov
Website: www.export.gov/thailand

Pollution Control Equipment

Return to top

Unit: USD millions

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	5,550	5,324	5,472	5,689
Total Local Production	3,370	3,435	3,505	3,575
Total Exports	2,912	2,974	2,944	3,012
Total Imports	5,092	4,863	4,911	5,126
Imports from the U.S.	545	614	679	772
Exchange Rate: 1 USD	30	31	31	30

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources: Customs Department
Note: Statistics above are unofficial estimates, obtained from partially available data.

The total market size of the environmental technology industry in Thailand is estimated at $5.3 billion per year. Generally the government sector contributes 40 percent share of the market while the private sector contributes about 60 percent. The average market growth rate is 3 percent per year. In general, expansion within the environmental equipment industry is generated from population growth, pressures of urbanization and industrialization, implementation of environmental laws, and increased environmental awareness.

Market demand

The market can be divided in to three major sub-sectors: water and wastewater treatment equipment, solid waste treatment equipment and air pollution control equipment. The wastewater segment accounts for half of the total market followed by solid waste treatment equipment and air pollution control equipment represent 30 percent and 20 percent, respectively.

Locally made products meet general standards for environmental needs, but specialized products have to be imported. About 90 percent of environmental equipment is imported each year and China, Japan and the United States lead the import market. U.S. wastewater treatment equipment has an excellent reputation for quality and technology, but competition from China, Japan and South Korea becomes stronger each year.

Water/Wastewater Treatment

Return to top

The wastewater treatment market is expected to continue growing for the next few years due to the increase in population and the expansion of real estate and industrial complexes. The growth will be enhanced by the government initiative to build the 5 largest water treatment plants in Bangkok and the Wastewater Management Plan.

Government sector

Over the past two decades, the government has provided approximately USD 2,682 million for 101 community wastewater treatment plants (91 existing, 9 under construction and 1 planned) throughout Thailand; however, total wastewater treatment capacity stands at just 3.5 Million cubic meters per day. To improve the wastewater treatment system, the Wastewater Management Authority has provided a budget of about $200 million for 48 construction and rehabilitation projects within four years according to the Wastewater Management Plan.
The Bangkok Municipal Authority has 5 projects in Bang Sue, Khlong Toey, Thonburi, Min Buri, and Nong Bon Swamp areas. The projects will be finished in 2020; however it is projected that the total capacity of all plants (including 7 existing and 5 under construction) will still be able to treat only 50% of the total water projected to be used annually in Bangkok by the same year.

Private sector
There are over 130,000 factories registered with the Department of Industrial Works and approximately 4,000 factories registered in 2013, with about 10% of those factories classified as water pollution sources. According to the Ministry of Industry Act, each factory must install a pre-treatment system prior to discharging wastewater to the main sewer. In the industrial estate zones, the Industrial Estate Authority of Thailand (IEAT) or private property developers have the right to control and enforce rules and standards as well as collect treatment fees from factories.
The industrial market for wastewater treatment includes construction of new plants and upgrading current facilities as well as replacing obsolete equipment. Currently, a number of clean water resources and water distribution power decline gradually; while, water treatment system and chemical cost are going up and water prices trend to be higher.
To reduce investment costs, industries are looking for a new water reuse system. Commercial properties must install wastewater treatment systems. The district office will check construction blueprints to learn about the systems and ensure that it works correctly. Submersible pumps, submersible aerators, blowers, and chemical feeding pumps are the major types of equipment required for this process.
Economic growth is a driving force behind the demand for high-rise buildings, both commercial and residential. Because of the rising of transportation costs and heavy traffic, people have moved to be close to the mass transportation system, where high-rise buildings are booming. Major super stores and department stores, particularly Tesco Lotus, Big C and Central plaza, are also major investors in wastewater treatment.

Agriculture is one of the main causes of waste water in Thailand, and the international protocol for agricultural wastewater treatment is not strictly followed. The law requires that all wastewater from livestock be treated before discharging to the public and that the Biochemical oxygen demand (BOD) not exceed 20 mg/l., but typically only large farms, which need standard certificates for export, comply with the law by implementing proper water treatment systems.

<u>Solid waste treatment equipment</u>

In 2013, Thailand produced 26.77 million tons of total solid waste, an increase of 2 million tons from 2012. Only about 7.2 million tons (26%) were disposed efficiently and 5.1 million tons (19%) were reused or recycled. Currently, there are 2,490 solid waste treatment plants in Thailand. The rate of waste per person per day has gradually increased from 1.03 kilograms/person/day in 2008 to 1.15 kilograms/person/day in 2013.

Hazardous waste

The volume of hazardous waste throughout the country was 2.65 million tons (industrial 77% and municipal 23%) in 2013. Hazardous wastes are disposed of by more than 300 waste treatment plants across the country and the total capacity of all plants is approximately 10 million tons. There are 3 private companies handling municipal hazardous waste.

At the present, infectious wastes are generated by burning kilns of the government hospitals (142 plants, approximately 2,352 tons per year) and the rest is managed by the private hospitals, which collects and transfers it to local administrations and private waste disposal sites. However, small health care centers, including regional health promotion hospitals, health care centers and animal hospitals, still lack of an efficient system to collect, transport and dispose off infectious waste.

Government Sector

To improve the nation's waste management infrastructure and move away from illegal dump sites, the government promotes Reduce, Reuse and Recycle (3Rs). The Pollution Control Department (PCD) has planned a waste management system and pushed this initiative through its Clean & Green City Project. There are 1,096 local administrations from 76 provinces collaborating with the PCD under this project. Moreover, the PDC reinforces cooperation from private sector in a Public Private Partnership (PPPs).

In 2013, Department of Environmental of The Bangkok Metropolitan Administration (BMA) appropriated a budget of $237 million for waste landfills, renting of municipal waste collection cars, construction and reconditioning of waste processing plants, and studying new projects of waste treatment plants in Bangkok. BMA also hired a private contractor to dispose of municipal solid waste using an incinerator, with a capacity of 300 tons per day, from 2012-2035.

Private sector

Industrial factories allowed to operate waste treatment from the Department of Industrial Work (DIW) number 1,789. They can be divided in to 3 categories which are 101 combination (141 factories- such as incinerator in cement factories), 105 landfill and separation (1,225 factories) and 106 recycling (423 factories).

Air pollution treatment equipment

The major sources of air pollution have been mobile sources (vehicle emissions), stationary sources such as factories and thermal-power generation plants, and the burning of municipal and agricultural waste. The key air pollutions that are monitored are minute dust (PM10), Ozone (O3), and volatile Organic Compounds (VOCs). The critical areas of air pollution are 1) Nha Pra Lan sub-district, Saraburee provinces (the location of crashing plants, quarries, and cement factories, 2) Mab Ta Phut, Ra yong provinces (the location of industrial factories), 3) Bangkok and the metropolitan area (the location of crowded transportation) and 4) Upper-North (agricultural burning and forest fires).

Overall, volatile Organic Compounds (VOCs) have decreased continuously for a decade, except in Bangkok and the metropolitan area-- registered vehicle rate was up to 9% in 2013. The average dust (PM10) level has increased owing to the raise of vehicle and

traffic jam. Similarly, as a result of industrial expansion and the petrochemical sector, ozone (O3) is increasing.

Government sector
As Bangkok is most intensive area of air pollution from transportation, the Pollution Control Department (PCD) has planned a Bangkok 2020 declaration to control air pollution quality. The upper-north region of Thailand faces a smoke crisis caused from burning of municipal and agricultural waste and forest fire from January to April every year. Consequently, the PCD announced measures to prevent and solve smoke problems in 9 Northern provinces in 2556. One of the strategies is cooperating with neighboring countries for reducing transboundary haze in border areas.

Private sector
Industrial factories located in Map Ta Phut (intense air pollution area) have to control the use of bunker oil for no more than 2%. Some industrial factories such as cement and electricity factories must install air pollution treatment equipment.

Sub-Sector Best Prospects Return to top

- Water / Wastewater: microfiltration, ultrafiltration, pumps (submersible, centrifugal, aerator/mixer, dosing and vacuum), valves (sleeve valve, solenoid valve), scrapers, sludge dewatering equipment (filter presses, belt press, small dewatering systems) and screening machines (bar screens, shredding screens), magnetic flowmeters, large chlorinators for water/wastewater systems, water recycling technologies, zero-discharge systems.
- Solid Waste: recycling system and technologies
- Air Emission Management: industrial emission monitoring equipment
- Waste-to-Energy Technologies: such as plasma gasification for municipal waste

Opportunities Return to top

The total import market for pollution control equipment in Thailand was $5,324 million in 2011. U.S. products are utilized in higher-value projects. European, China and Japanese suppliers are major competitors in this segment. U.S. products are well-recognized for their high quality, durability and ease of operation and maintenance.

Web Resources Return to top

Ministry of Natural Resources and Environment
92 Soi Phohol Yothin 7, Phohol Yothin Road, Sam San Nai, Phayathai, Bangkok 10400
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http://warehouse.mnre.go.th/dnn/AboutMinistry/History/tabid/420/Default.aspx

Pollution Control Department
92 Soi Phahon Yothin 7, Phahon Yothin Road, Sam Sen Nai, Phayathai, Bangkok 10400
Tel. (+66) 2-298-2000
Fax. (+66) 2-298-2002
URL: http://www.pcd.go.th/about/en_ab_mission.html

Trade Shows:

Entech Polutec/ Renewable Energy/ Pumps & Valves Asia 2015 (annual show)
Venue: Bangkok International Trade and Exhibition Center (BITEC)
Date: June 10-13, 2015
Website: http://www.entechpollutec-asia.com/

Commercial Service Bangkok Contact:
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U.S. Commercial Service
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Oil & Gas Machinery and Services

Return to top

Unit: USD millions

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	6,134	5,838	6,457	7,395
Total Local Production	4,604	4,589	4,726	5,030
Total Exports	3,522	3,554	3,696	3,972
Total Imports	5,052	4,803	5,427	6,337
Imports from the U.S.	391	403	431	476
Exchange Rate: 1 USD	30	31	31	31

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources: The Custom Department, Thailand
Note: Statistics above are unofficial estimates, obtained from partially available data.

In 2013, Thailand's energy consumption was 2 million barrels of oil equivalent, and the country spent approximately $70 billion on energy. Even though proven total local reserves (including natural gas, condensate and crude oil, as of 2012) were 2,007 million barrels of oil equivalent, the country still imported over 53% of its energy needs. The country imports over 60 percent of its total petroleum needs and almost 85 percent of its crude oil. Seventy-eight percent of its crude was imported from the Middle East, while 20 % of natural gas was imported from Myanmar. Almost all of the country's natural gas fields are located offshore in the Gulf of Thailand. Although natural gas production has risen steadily in the past decade, it is still not enough to keep up with the growth in domestic consumption. About two-thirds of natural gas supply is primarily used to generate electricity. The reminder is used for industrial fuel, transportation fuel and petrochemical feedstock. The country's primary energy demand is projected to grow at 3%-5% annually over the next three decades. To cope with energy security issues, Thailand has implemented the 15-year Renewable Energy Development Plan with the aim of having alternative energy account for 25% of the total energy consumption by 2021.

To date, Thailand has commissioned a total of 67 petroleum exploration and production blocks, consisting of 31 onshore blocks and 36 offshore blocks (the Gulf of Thailand and Andaman Sea). At present, there are over 250 offshore oil-and-gas platforms and about 3,000 km long of subsea pipelines. The country's oil and gas industry is dominated by PTT Group, formerly the Petroleum Authority of Thailand. PTT Exploration and Production (PTTEP), a subsidiary of PTT, has a stake in many of Thailand's natural gas producing fields, including Bongkot, the largest field. PTT has set an aggressive investment plan over the next 20 years, focusing on upstream and downstream sectors, alternative energy and the petrochemical industry. Chevron is the largest foreign operator, supplying one-third of Thailand's natural gas production. All the natural gas and condensate Chevron produces for Thailand is sold to PTT and the gas is transported via PTT's subsea pipelines to the gas separation plants in the Map Ta Phut Industrial Estate. PTT is also constructing of its second phase liquefied natural gas (LNG) receiving terminal to cope with the country's faster-than-expected growth in natural gas demand. Today, Thailand is a net exporter in intermediate and downstream

petrochemicals, polymers and plastic products. China and ASEAN are the primary export destinations. Thailand attracts global investments from blue chip corporations such as Dow Chemical, Exxon, Mitsui Chemical and Mitsubishi Chemical. Thai-owned conglomerates like Siam Cement Group and PTT are two of the largest integrated petrochemical companies in Thailand and both are key players in the region.

Sub-Sector Best Prospects

Return to top

Oil and gas equipment and machinery with high sales potential in the Thai market are as follows:

- Exploration and production technologies, services, and equipment
- Engineering and structure steel fabrication services
- Gas separation technology and process control equipment
- High pressure vessels for natural gas vehicles (NGV)
- Petrochemical and chemical technologies equipment
- Pumps for dispersing fuel or natural gas
- Environmental protection equipment

Opportunities

Return to top

Thailand's oil and gas sector is highly dependent on foreign equipment and engineering services. Usually, the United States is a leading supplier for high-quality equipment, especially in harsh applications where safety is critical. Import tariff rates typically range from 20-35 percent.

Web Resources

Return to top

Ministry of Energy
555/2 Energy Complex Building B, 22-25th Floor, Vibhavadi-Rangsit Rd., Chatuchak, Bangkok 10900
Tel: (+66) 2-140-6000
URL: http://www.energy.go.th/?q=en/

Department of Mineral Fuels
Energy Complex Tower B 21-22th floor, 555/2 Viphavadi Rangsit Road, Chatuchak, Bangkok, 10900
Contact details: http://www.dmf.go.th/index.php?act=contact
Website: www.dmf.go.th

Energy Policy And Planning Office (EPPO)
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Website: http://www.eppo.go.th/index-E.html

Petroleum Institute of Thailand
11th Floor, Energy Complex Building B, 555/2 Vibhavadi Rangsit Road, Chatuchak, Bangkok 10900
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Website: http://www.ptit.org/index.php

PTT Public Company Limited
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Website: http://www.pttplc.com/en/Default.aspx

Trade Shows:

Oil & Gas Thailand (OGET) 2014 And Petrochemical Asia Exhibition And Conference2014
September 2 – 4, 2014
Bangkok, Thailand
Website: http://www.oilgasthai.com/

Oil and Gas Asia 2015 (OGA 2015)
June 2 – 4, 2015
Kuala Lumpur, Malaysia
Website: http://www.oilandgas-asia.com/

The 21th International Oil & Gas Industry Exhibition & Conference (OSEA 2015)
November 27-30, 2015
Marina Bay Sands, Singapore
Website: http://www.osea-asia.com/

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Telecommunications

Return to top

Unit: USD millions

	2012	2013	2014	2015 (Estimated)
Total Market Size	18,900	21,000	23,988	24,500
Total Local Production	25,366	28, 113	30,924	31,200
Total Exports	25,703	28,273	30,212	32,000
Total Imports	19,237	21,160	23,276	25,300
Imports from the U.S.	1.44	1.58	1.73	1.8
Exchange Rate: 1 USD	30	31	31	30

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources: The Custom Department, Thailand

The Asia-Pacific region could become the world's largest information and communication technologies (ICT) region by 2015, driven by the rapid proliferation of smart devices and explosive growth of internet users.

In addition, the arrival of the ASEAN Economic Community (AEC) in late 2015 is boosting ICT investment in the region because ICT is at the center of this transformation. Enterprise mobility, big data and cloud computing are the top three investment priorities in 2014.

Thailand has become one of the fastest developing countries in the world in the field of ICT, with an expected market value of $ 21 billion in 2013. Strong ICT spending in Thailand is expected to continue, particularly among state agencies and the telecommunications, financial and insurance sectors.

Sub-Sector Best Prospects

Return to top

Thailand's current economic and political problems are just short-term and will not affect its telecommunication business according to an industry insider. Currently, the overall penetration rate for Thailand's mobile phone service subscriptions has reached 140 percent, while the Thai mobile market currently has 15.3 million smartphone users, which represent roughly 25 percent of domestic mobile user base. In addition, the smartphone market will expand steadily in 2014 to reach over 20 million users and roughly 33 percent of the total mobile user base.

In terms of cellular market, Android is the dominant operating system in the Thai market, currently holding 70% market share of smart device owners in the country. Android is expected to increase its market share to 78% in 2014, largely due to the increasing inflow of low-end Android devices mainly coming from China.

Tablet ownership in Thailand will grow strongly in 2014 or approximately 6 percent of the market with 4 million tablet users. However, the number is expected to increase to 7 million users in the end of 2014 or about 11 percent of the population. The main reason that tablets will grow strongly here is that local users continue to buy tablets instead of PCs.

The fixed broadband market is not growing rapidly as expected. Household broadband penetration is currently 24% and expected to grow to 28% by the end of 2014.

U.S. exporters are strongly encouraged to appoint local agents to deal with regulatory issues, bureaucratic procedures, local business practices and marketing. For telecommunications equipment, foreign suppliers require a distributor to submit approval applications to the National Telecommunications Commission.

Opportunities

Return to top

Despite political tensions, Thailand is still purchasing ICT equipment/infrastructure for use in many sectors such as financial services, telecom, and logistics. In addition, as a hub for the ASEAN Economic Community (AEC), Thailand is gaining momentum and bringing new sources of growth to the ICT market in general.

Web Resources

Return to top

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BEST PROSPECTS FOR AGRICULTURAL PRODUCTS

COTTON

Thailand relies heavily on imported cotton as domestic production accounts for less than 5 percent of domestic needs. In 2013, raw cotton imports increased 13 percent to 344,928 metric tons due to strong recovery of spinning mills driven by robust exports of cotton yarns and fabric. However, its import value of raw cotton declined to US$ 732 million, down 3 percent from the previous year, as world cotton prices returned to normal levels, resulting in a drop in the average import price of cotton to $ 0.96/lb. The import demand for raw cotton was driven by strong export demand for cotton yarn and fabric. Exports of cotton yarn nearly doubled in 2013, particularly to China which accounted for 60 to 70 percent of total cotton yarn exports. Cotton fabric exports also increased significantly to Myanmar, Vietnam, Cambodia, and Laos where Thai garment manufacturers relocated. Imports of U.S. cotton increased significantly 34 percent to 103,721 metric tons valued at US$ 226 million which increased 12 percent from the previous year as spinners reduced their large inventories of cotton yarn.

In 2014, despite the anticipated slowdown of domestic economy caused by the political situation, cotton imports will likely continue to increase to 362,000 metric tons, up approximately 5 percent from the previous year due to strong global economic growth. The spinners will likely increase their capacity utilization rate to an average of 70 percent in the latter half of the year, as compared to the current level of around 60 percent, driven by domestic economic recovery after the political turmoil since last quarter of 2013. Thai imports of U.S. cotton are likely to increase to 114,000 metric tons, up approximately 10 percent from the previous year.

Annual Imports from All Origins (USD thousands)					**Annual Imports from the U.S. (USD thousands)**				
2009	**2010**	**2011**	**2012**	**2013**	**2009**	**2010**	**2011**	**2012**	**2013**
488,880	740,098	1,123,922	753,581	732,311	191,545	233,741	486,617	200,973	225,993

WHEAT

Wheat production is insignificant in Thailand due to unfavorable climatic conditions. Ninety percent of domestic flour products come from locally milled imported wheat and the rest is imported directly. In 2013, the import value of wheat and flour declined to US$ 712 million, down 26 percent from the previous year. The total volume of wheat and flour imports declined 31percent to 2 million metric tons due to a reduction in feed wheat demand caused by the outbreaks of Early Mortality Syndrome (EMS) in shrimp farms. The EMS outbreaks cut shrimp production to around 250,000 metric tons in 2013, down 54 percent from the previous year. Meanwhile, imports of milling wheat decelerated due to the economic slowdown caused by Thailand's political situation. The

GDP growth was 2.9 percent in 2013 compared to 6.9 percent in the previous year. However, U.S. wheat imports increased 27 percent to 606,521 metric tons valued at US$ 227 million, up 20 percent from the previous year due to limited supplies of Australian wheat.

In 2014, wheat imports will likely increase only slightly due to continued slowdown in the demand for milling wheat in food processing industry caused by prolonged political turmoil. Also, import demand for feed wheat will likely continue to decline as the substitution of imported feed wheat for corn and broken rice slowed down due to relatively cheaper prices of domestically produced corn and broken rice. Current prices of imported feed wheat from Ukraine increased above $300/MT, which is less attractive for poultry and swine feed rations as domestic prices of corn and broken rice are relatively cheaper. Imports of U.S. wheat are likely to increase to 630,000 metric tons, up 3 to 4 percent from the previous year as flour mills produce more premium bread flour which has to rely on high protein wheat.

Annual Imports from All Origins (USD thousands)					**Annual Imports from the U.S. (USD thousands)**				
2009	**2010**	**2011**	**2012**	**2013**	**2009**	**2010**	**2011**	**2012**	**2013**
362,927	533,579	634,955	962,005	711,922	147,362	159,435	168,447	188,930	226,668

SOYBEANS

Soybean production in Thailand continues to decline due to its lower profitability as compared to competing crops like corn and off-season rice. The inaccessibility to better yielding seeds has also contributed to the lack of interest in growing soybeans.

Soybean imports fell in MY 2012/13 due to weak demand from crushers. The Department of Industrial Economics reported that soybean crushing facilities were running at 48 percent of total capacity to produce refined soybean oil from September 2012 to August 2013 (MY 2012/13), as compared to 56 percent in MY 2011/12.

Soybean imports, however, are estimated to increase to 2 MMT in MY 2013/14 as Thailand's livestock, poultry, and aquaculture production continues to grow. Imports should climb to 2.1 MMT in MY 2014/15 given the favorable outlook for feed demand.

Thailand's two largest soybean crushers have a preference for sourcing soybeans from Brazil due to their relatively higher protein and oil content compared to U.S. soybeans. Thai crushers normally import U.S. soybeans when prices are competitive, which usually occurs after the southern hemisphere harvest season.

The U.S. market share of Thailand's soybean imports fluctuates depending on the supply availability from Brazil and Argentina. U.S. market share dropped to 17 percent in MY 2011/12 from 24 percent in MY 2010/11. It then recovered to 32 percent in MY 2012/13 as a result of serious drought in Brazil and Argentina. U.S. market share is likely to fall again to 19 to 20 percent in MY 2013/14 as soybean crop production in the southern hemisphere return to normal levels.

Food-grade soybean imports continue to grow as demand from the Thai food industry rises. The food industry prefers domestic soybeans over imported beans due to their freshness and "biotech-free" status. However, with growing demand and a downward trend in domestic supplies, processors are increasingly relying on imported soybeans to meet their needs.

The Office of Agricultural Economics (AOE) reported that food-grade soybean imports increased by 4 percent to 67,000 MT in 2013 from 64,000 MT in 2012. The United States and Canada remain major food-grade soybeans suppliers to Thailand.

Thailand's trade policy for soybeans is unchanged since the last report. According to its World Trade Organization (WTO) commitments, Thailand has a soybean tariff rate quota (TRQ) of 10,922 MT, an in-quota tariff of 20 percent, and an out-of-quota tariff of 80 percent. However, due to the lack of domestic supplies, Thailand usually imports more than its TRQ commitment. On November 30, 2013 the Thai Cabinet approved an unlimited import soybean quota with a zero tariff from WTO member countries for a period of three years from 2014 to 2016.

Thai soybean crushers are expected to benefit from the upcoming economic integration of ASEAN countries, otherwise known as the ASEAN Economic Community (AEC), which will come into effect in 2015. Since Thailand currently has the largest soybean oil crushing capacity in Southeast Asia, (current capacities are more than 10,000 MT/day in Thailand as compared to 4,000 MT/day in Vietnam and none in other ASEAN countries), trade sources expect that Thailand will become a major supplier of soybean oil and soybean meal to other ASEAN economies.

Annual Imports from All Origins (USD thousands)					**Annual Imports from the US (USD thousands)**				
2009	**2010**	**2011**	**2012**	**2013**	**2009**	**2010**	**2011**	**2012**	**2013**
698,154	820,437	1,129,876	1,288,812	1,012,033	197,611	116,864	269,327	395,854	226,227

FRESH FRUIT

Thailand's fresh fruit imports increased by 9 percent to US$ 535 million in 2013 from US$ 492 million in 2012. U.S. fruit exports in value have continued to increase as demand for imported fresh fruits in Thailand is large and growing. However, Thailand's free trade arrangements have put many U.S. agricultural exports at a significant disadvantage, including fresh fruit exports. Thailand reduced tariffs for nearly all of fresh fruits to zero in 2010 for FTA partners, especially China, ASEAN countries, Australia, and New Zealand, while applying a 30-40 percent tariff to products from exporting countries that do not have FTAs with Thailand, including the United States. The U.S. market share of Thailand's fresh fruit imports declined from 11.5 percent in 2010 to 8.5 percent in 2013. Apples, grapes, and cherries are the major U.S. fruits exported to Thailand, followed by oranges, strawberries, stone fruits and citrus.

Grapes: Imported grapes have been increasing in popularity among Thai consumers. Thailand imported US$ 111.6 million in 2013. . Primary sources for imports are China (40.8 percent), Peru (21.8 percent), the United States (13.7 percent), Australia (10.8

percent), and India (6.9 percent). Consumer surveys still show U.S. grapes are consistent in size, quality, and taste. Varieties that are popular among Thai consumers include Crimson, Flame, Thompson, Autumn Royal, Sugraone, Princess, Scarlet Royal, etc... Major competitors include China, Peru, and Australia, all of which have tariff advantages over the United States under their FTAs with Thailand. Trade sources reported that political turmoil in Thailand, which began in late 2013, has led to a recent decline in imports of Californian grapes.

Cherries: U.S. cherries are very popular among Thai consumers due to their consistently good taste and high quality. Thai consumers are fond of purchasing cherries as a gift for special occasions. Without domestic production, Thailand entirely depends on cherry imports to meet its local demand. The United States had been the largest supplier of cherries to the Thai market through 2012, when exports hit a record high of $2.9 million, what was an increase of 68 percent from 2008. However, imports of U.S. cherries in 2013 dropped sharply by 25 percent to $2.1 million due to reduced supply availabilities of high quality cherries in the United States following unfavorable weather conditions in 2012. The opportunities in expanding sales of U.S. cherries to Thailand has been limited by prevailing high import duties of 40 percent compared to zero tariffs for competing countries like Australia, New Zealand and Chile. U.S. cherries are seasonally competitive when supplies from these rivals are off season. Cherries are commonly available in both modern and traditional retail markets. New Zealand captured the highest market share of 44 percent of Thailand's cherry imports, followed by the United States at 34 percent and Chile at 14.4 percent.

Apples: Imports of U.S. apples increased by 12 percent from $20.6 million in 2012 to $23 million in 2013. Washington Red Delicious, Gala, and Granny Smith varieties are popular and well-established in Thailand. Other Washington apple varieties available in the market are Fuji, Golden Delicious, Honey crisp and Cripps Pink. Washington organic apples have been continuously imported for up-scale markets.

China, New Zealand and the United States accounted for over 96 percent of total apple imports in 2013. China accounted for 62 percent of total imports in 2013, followed by New Zealand at 12 percent and the U.S.at 21 percent.

Annual Imports from All Origins (USD thousands)					**Annual Imports from the U.S. (USD thousands)**				
2009	**2010**	**2011**	**2012**	**2013**	**2009**	**2010**	**2011**	**2012**	**2013**
257,246	284,362	363,243	492,205	535,090	28,343	32,720	39,185	45,099	45,301

WINE AND SPARKLING WINE

Thailand imports wine and sparkling wines mostly from France, Australia, Chile, the United States, and Italy. Total wine imports rose from US$33 million in 2009 to US$52 million in 2013. France takes a lead with a 42 percent market share, followed by Australia with 23 percent, Chile at 8 percent, and the United States at 7 percent.

Although beer and spirits are the main liquors consumed among the Thais, consumption of wine is increasing. Wine consumption is forecast to grow, especially among mid- to high-income consumers in urban areas, due to their perception that wine has health

benefits relative to other alcoholic beverages. In addition, a growing number of wine bars and restaurants serving wine in recent years in major cities and other tourism attraction locations also contribute to increased demand.

However, high tariffs, excise taxes and other tax burdens on imported wines appear to hinder a future growth of the wine market in Thailand. In September 2014, the Thai Excise Department regulated a new excise tax scheme that is likely to increase excise tax burden significantly across the board.

Similar to other high value agricultural products, wine imported from countries having FTAs with Thailand (such as Australia and Chile) has enjoyed preferential tariff rates against U.S. wines.

Thai consumers perceive U.S. wines as an expensive product for a high-end market, while Australian, Chilean and Italian wines are viewed as more affordable. Although consumers now enjoy the greater variety of wine available on shelves in hypermarkets, supermarkets and wine shops, price is still a key factor determining growth in consumption.

Annual Imports from All Origins (USD thousands)					**Annual Imports from the U.S. (USD thousands)**				
2009	**2010**	**2011**	**2012**	**2013**	**2009**	**2010**	**2011**	**2012**	**2013**
33,071	32,167	44,411	47,762	51,920	1,630	1,343	2,488	3,850	3,576

DRIED FRUITS AND NUTS

Thailand's market for imported dried fruits and nuts has been growing every year, with imports from the United States in 2013 totaling 4,732 metric tons (US$24 million in value). Demand is expected to continue to increase as the Thai bakery and snack food sector expands and bakers and manufacturers increase the proportion of dried fruits and nuts in their recipes. Bakers and manufacturers compete by highlighting the quality of their ingredients and their health benefits. In addition, Thailand also processes imported nuts for domestic consumption and export, which results in a significant level of imported almonds and pistachios as raw materials. U.S. raisins, cranberries, blueberries, almonds, pistachios, and walnuts have all been well received by Thai consumers. Consequently, demand for U.S. dried fruits and nuts in the Thai market should remain strong. Effective November 13, 2013, the tariff on U.S. raisin imports was reduced to 5 percent from 30 percent (HS code 0806.20). It is estimated that this tariff reduction could push U.S. raisin exports in this market to reach $4 million by the end of 2014.

Annual Imports from All Origins (USD thousands)					**Annual Imports from the U.S. (USD thousands)**				
2009	**2010**	**2011**	**2012**	**2013**	**2009**	**2010**	**2011**	**2012**	**2013**
46,169	70,914	125,509	112,278	122,621	10,255	15,628	16,208	19,764	23,568

SNACK FOOD

Thailand's snack food market is one of the largest and most diverse in the Asia-Pacific region, and it has strong potential for further growth. The market is divided into sweet and savory snacks (chips, extruded snacks, fruit snacks, meat snacks, prawn crackers, popcorn), chocolate confectionery, sugar confectionary (gums, jellies, chew), and biscuits. Potato-based snacks still lead sales of extruded snacks with 57 percent share, followed by prawn crackers with a 19 percent share. Thailand's growing urban population is stimulating demand for processed convenience foods. In 2013, the overall market for imported snacks, excluding nuts, was $ 287 million, of which the U.S. holds only a 3 percent share. The market continues to grow annually as consumer tastes and preferences become increasingly sophisticated. Growth of snack food sales is often fueled by new products with novel flavors and new ingredients. The increased awareness among Thai consumers of healthy eating is expected to increase demand for products that are low in sugar, cholesterol and salt. In addition, it boosts sales of healthy snacks such as seaweed and meat snacks, sugar-free confectionery, and healthy ingredient cookies. Opportunities exist for U.S. potato chips, extruded snacks, biscuits (cookies, crackers), and confectionaries- if products with the right price and flavor combination are introduced into the market.

Annual Imports from All Origins (USD thousands)					**Annual Imports from the U.S. (USD thousands)**				
2009	**2010**	**2011**	**2012**	**2013**	**2009**	**2010**	**2011**	**2012**	**2013**
140,299	170,735	230,034	301,869	287,046	6,767	5,406	6,307	7,906	9,503

FOREST PRODUCTS

Thailand is one of the world's largest growers of rubber. Growers normally demolish old rubber trees, chunk them into pieces and sell them to para-wood processors. About 80-90 percent of the furniture and wooden products manufactured in Thailand are derived from para woods. Due to high prices for para woods and a ban on logging and stringent measures enforced by the Thai government for conservation purposes, foreign buyers for Thai furniture products typically require a certificate verifying that wood materials for furniture manufacturing must be derived from sustainable and legal establishments.

Thailand's furniture industry is export-oriented with export earnings of $1 billion annually, as compared to $ 2.0 billion for domestic furniture and home furnishing sectors. According to the Bank of Thailand, an amount of new residential properties in the Bangkok Metropolis and surrounding areas increased significantly to 101,637 units in 2012 compares to 81,856 units in 2011. The number of new condominiums jumped by 67 percent to 58,089 units in 2012, from 34,734 units in 2011. However, demand in the real estate sector has dropped since late 2013 following the economic slowdown and political unrest in late 2013.

Product-wise, use of oak wood engineered flooring materials is on an upward trend in the past couple years. Prices for oak-wood engineered flooring was averaged at 1,200 baht/sq. meter (US$40/sq. meter). The material handling industry uses softwood for wooden pallets and packaging, and higher, premium-quality softwood for housing and furniture.

Hardwood lumber: In 2013, Thailand's hardwood lumber imports totaled $316 million. Malaysia, Myanmar, and Laos are major suppliers of horticulture hardwood lumber, accounting for 86 percent of total imports, as compared to 8 percent for the United States.

Softwood and treated lumber: New Zealand is the largest supplier of softwood in the Thai market, capturing a 47 percent market share of total exports ($56 million in value) in 2013 followed by 11 percent for Brazil, 10 percent for Canada, 8 percent for Chile, 7 percent for Australia, and 5 percent from the United States.

Annual Imports from All Origins (USD thousands) Hardwood Lumber					**Annual Imports from the U.S. (USD thousands)**				
2009	**2010**	**2011**	**2012**	**2013**	**2009**	**2010**	**2011**	**2012**	**2013**
293,270	328,136	321,390	358,251	315,693	21,106	21,264	18,742	29,352	25,891

Annual Imports from All Origins (USD thousands) Softwood and Treated Lumber					**Annual Imports from the U.S. (USD thousands)**				
2009	**2010**	**2011**	**2012**	**2013**	**2009**	**2010**	**2011**	**2012**	**2013**
18,806	34,880	51,167	66,509	58,565	200	226	1,317	4,089	3,199

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Return to table of contents

Return to table of contents

Chapter 5: Trade Regulations, Customs and Standards

Import Tariffs

Return to top

Thailand's average applied Most Favored Nation (MFN) tariff rate was 9.8 percent ad valorem in 2011. About one-third of Thailand's MFN tariff schedule involves duties of less than 5 percent, and almost 30 percent of tariff lines are MFN duty free, including for products such as chemicals, electronics, industrial machinery, and paper. Thailand has bound all tariffs on agricultural products in the WTO, but only around 70 percent of its tariff lines on industrial products.

Thailand has bound its agricultural tariffs at an average of 39.9 percent ad valorem, compared with its average applied MFN tariff on agricultural products of 22 percent. MFN duties on imported processed food products typically range from 30 percent to 50 percent, which limits the ability of U.S. exporters of such products to compete in the Thai market. Tariffs on meats, fresh fruits (including citrus fruit and table grapes) and vegetables, fresh cheese, and pulses (e.g., dry peas, lentils, and chickpeas) are similarly high.

Thailand's average bound tariff for non-agricultural products is approximately 25.5 percent. Thailand imposes high tariffs in some sectors. For example, Thailand applies import tariffs of 80 percent on motor vehicles, 60 percent on motorcycles and certain clothing products, 54 percent to 60 percent on distilled spirits, and 30 percent on certain articles of plastic and restaurant equipment. Thailand charges tariffs of 10 percent to 30 percent on certain audiovisual products. Thailand applies a 10 percent tariff on most pharmaceutical products, including almost all products on the World Health Organization list of essential medicines.

Thailand maintains the same list of tariff-rate-quota (TRQ) from its commitments under WTO agreement on agriculture since 2004. Thailand imposes domestic purchase requirements for several tariff-rate quota products, including nonfat dry milk, soybeans, soybean meal, and fresh potatoes.

Trade Barriers

Return to top

High tariffs in many sectors remain an impediment to market access. In certain sectors, nontariff barriers such as licensing requirements and excessively burdensome import requirements can impede commerce. Price controls and excise taxes, often times based on an exceedingly complex tax structure, also negatively

impact trade in some sectors. Thailand is not a signatory to the WTO Agreement on Government Procurement.

Phytosanitary (SPS) measures 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.

For information on trade barriers, please consult the 2014 National Trade Estimate, which can be found via the following link:
http://www.ustr.gov/sites/default/files/2013%20NTE%20Thailand%20Final.pdf

Import Requirements and Documentation

Return to top

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 tungsten 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

Return to top

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

Temporary Entry

Return to top

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

Return to top

Labeling is required on all processed food, healthcare, and cosmetic products, both from import or locally produced, by the Food and Drug Administration, Ministry of Public Health. Labels must be approved by the Thai Food and Drug Administration and affixed to imported food products. Generally, the label must bear the product name, description, net weight or volume and manufacturing/expiration dates. The label must also identify the manufacturer or importer/distributor's name and address, and the product/label registration number. All labels must be printed in Thai with the exception of alcoholic beverages, medical and dental products.

More information can be found at the Thai Food and Drug Administration website, at: http://www.fda.moph.go.th/

Prohibited and Restricted Imports

Return to top

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

Customs Regulations and Contact Information

Return to top

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 used 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: 662-249-0442, 249-9494
Fax: 662-249-1279
Website: http://www.customs.go.th/

Standards

Return to top

Overview

Return to top

The main standards developing organization is the Thailand Industrial Standards Institute (TISI). TISI is a member of the International Organization for Standardization (ISO), and participates in the FAO/WHO Food Standards Program (CODEX), the International Accreditation Forum (IAF), the International Auditor and Training Certification Association (IATCA), and the International Laboratory Conference (ILAC). In Southeast Asia, TISI is a member of the ASEAN Consultative Committee for Standards and Quality (ACCSQ). TISI is also a member of the Standards and Conformance Subcommittee (SCSC) under the Asia Pacific Economic Cooperation (APEC), and represents Thailand in the Pacific Area Standards Congress (PASC).

In an effort to synchronize Thailand's standards with those of trade partners, Thailand follows ISO guidelines.

Standards Organizations

Return to top

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

Return to top

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

Return to top

The Government of Thailand requires a compulsory certification of 112 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

Return to top

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 Road, Ratchathewi, Bangkok, 10400 Thailand
> Mr. Yannapat Uthongsap,
> Director of National Accreditation Council of Thailand
> Tel: 662-202-3486-7
> Fax: 662-354-3133

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

Return to top

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

Return to top

For imported foods, a Thai-language label must be affixed to every single retail item of food prior to marketing. Failure to affix the label will lead to product seizure by the Thai Food and Drug Administration. The Thai FDA requires pre-approval of labels only for specifically-controlled foods. For most foods, the food manufacturers or food importers are only required to prepare a product label complying with *Ministerial Notification No. 194 B.E. 2543: Regarding Labeling*. 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.

For those foods that need to receive label approval from the Thai Food and Drug Administration, company representatives need to present a certificate of food analysis issued by the government of the country of origin or any accredited private laboratory. This certificate should be issued not more than one year before 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 must be attached to the application, with one attached to the products in the way that the product will be marketed. More information can be found at the Thai Food and Drug Administration website, at: http://www.fda.moph.go.th/

Contacts

Return to top

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Website: http://www.export.gov/thailand

Trade Agreements

Return to top

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 signed an FTA agreement with Japan in 2007. Thailand's parliament approved free trade agreements with Chile and Peru in the latter half of 2013. Thailand and the European Union are currently in FTA negotiations, and have set the end of 2014 as the target for completion of talks.

Web Resources

Return to top

- 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/

Return to table of contents

Return to table of contents

Chapter 6: Investment Climate

Openness to Foreign Investment

Return to top

Despite unresolved internal political tensions, Thailand continues to maintain 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 successfully invested in Thailand. Thailand continues to welcome investment from all countries and seeks to avoid dependence on any one country as a source of investment. Resolving Thailand's current political crisis peacefully will be critical to maintaining investor confidence. Economic impacts to tourism and retail businesses resulting from a political impasse extending over several months eroded growth expectations for 2014. Investors, however, remain cautiously confident that the Thai economy will retain its well-known resiliency and resume growth once the impasse is resolved. Government plans for $75 billion in infrastructure projects over a seven-year period, viewed as critical to maintaining Thailand's competitiveness in the region, were shelved in early 2014 and will require re-approval once a new government is seated.

Reforms implemented after the 1997-98 Asian Financial Crisis were designed to foster a more competitive and transparent climate for foreign investors. The Foreign Business Act (FBA) of 1999 continues to govern most investment activity by non-Thai nationals. Many U.S. businesses also enjoy investment benefits through the U.S.-Thailand Treaty of Amity and Economic Relations (AER), originally signed in 1833. The Treaty allows U.S. citizens and businesses incorporated in the United States or in Thailand that are

majority-owned by U.S. citizens to engage in business on the same basis as Thai companies (national treatment) and exempts them from most restrictions on foreign investment imposed by the Foreign Business Act, although some types of business remain excluded under the Treaty. Notwithstanding their Treaty rights, many Americans also choose to form joint ventures with Thai partners who hold a majority stake in the company, leveraging their partner's knowledge of the Thai economy and local regulations. The Board of Investment (BOI) is Thailand's central investment promotion authority and offers investment incentives uniformly to both qualified domestic and foreign investors through clearly articulated application procedures. Since Parliament dissolved in November 2103 and courts annulled February 2014 national elections, the BOI has been unable to issue new investment licenses due to an inability to appoint new Board members without legislative approval. BOI has been working with the Thai Government to find a legal mechanism to restart operations, and hopes to be able to renew issuing licenses even if the political impasse continues. Although a small number of U.S. companies have been affected, other foreign investors have been hit harder.

Consistent and predictable enforcement of government regulations remains problematic for investment in Thailand. Gratuity payments to civil servants responsible for regulatory oversight and enforcement remain a common and inefficient practice. 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, with the Thai government investing considerable effort to bring these systems into line with international norms and achieving significant progress.

1. Openness To and Restrictions On Foreign Investment

Despite unresolved internal political tensions, Thailand continues to maintain 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 invested in Thailand successfully. Thailand continues to welcome investment from all countries and seeks to avoid dependence on any one country as a source of investment. A peaceful resolution to Thailand's latest political crisis will be important to maintaining investor confidence. Economic impacts to tourism and retail businesses resulting from a political impasse extending over several months have eroded growth expectations for 2014. Investors, however, remain cautiously confident that the Thai economy will retain its well-known resiliency and resume growth once the impasse is resolved.

In the wake of the 1997-98 Asian Financial Crisis, Thailand embarked on an International Monetary Fund (IMF)-sponsored economic reform program designed to foster a more competitive and transparent climate for foreign investors. Legislation in 1999 established a new bankruptcy court, reformed bankruptcy, and foreclosure

procedures, and allowed creditors to pursue payment from loan guarantors. 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 continues to govern most investment activity by non-Thai nationals. The FBA opened some additional business sectors to foreign investment; however, foreign investment in most service sectors is limited to 49 percent ownership. Other key laws governing foreign investment are Alien Employment Act B.E. 2521 (1978) and Investment Promotion Act B.E. 2520 (1977).

Foreign companies are free to open and maintain bank accounts in foreign currency. However, Thailand retains to some extent its investment control, as under certain circumstances, foreign investors that are previously granted national treatment are subject to some reservations, in particular the service sector. From January 2012, the lower corporate tax rate was reduced temporarily under a Royal Decree from 30 percent to 23 percent for 2012 and to 20 percent for 2013 and 2014. Extending the tax cuts beyond 2014 requires action by Thailand's Parliament.

U.S. Investment: Many U.S. businesses 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 (national treatment), exempting them from most restrictions on foreign investment imposed by the Foreign Business Act. Under the Treaty, American investment is restricted 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. Prospective U.S. investors who seek benefits from the Treaty must first verify their nationality by obtaining a certified letter from the U.S. Embassy in Bangkok. For the representative office and foreign branch, the process stops at the U.S. Embassy, but for the investor wishing to register in Thailand in the form of company limited, the investor must then present the Embassy's letter to the Ministry of Commerce, along with an application form for a business operation certificate. This process typically takes less than one month. 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.

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, not civil law. While foreigners are rarely jailed for improper business activities, violation of Thai business regulations can carry heavy criminal penalties.

Banking: Thailand has removed some barriers to foreign ownership of domestic financial institutions. Meanwhile the establishment of new branches of foreign banks is subject to licensing, but in practice, foreign banks' only channel to market access during the past decades is through acquisition of shares of existing small domestic banks, as there was no policy for giving out new banking licenses. The Financial Institutions Business Act, passed at the end of 2007, unified the legal framework and strengthened Bank of Thailand (the country's central bank) supervision and enforcement powers. The Act gave power to the Bank of Thailand to raise the foreign ownership limit in a local bank from 25 percent to 49 percent on a case-by-case basis. The Act also allows the

Minister of Finance to authorize foreign ownership above 49 percent only if recommended by the central bank. In January 2009, the Ministry of Finance allowed Malaysia's CIMB Group to hold majority shares (around 93 percent) in BankThai, the country's ninth largest commercial bank, changing its name to CIMB Thai Bank Public Company Limited. In February 2010, the Ministry of Finance also granted Industrial and Commercial Bank of China (ICBC - the largest commercial bank in China) a waiver for the 49 percent foreign ownership limit to 97.24 percent in ACL Bank, Thailand's smallest commercial bank, renaming it as ICBC (Thai) Public Company Limited. The other two are Nakornthon Bank, with England's Standard Chartered Group, holding 99.87 percent ownership and the new name Standard Chartered Bank (Thai) Public Company Limited, and Bank of Asia with Singaporean United Overseas Bank as a majority holder (99.66 percent ownership), called UOB (Thai) Public Company Limited. The increase of foreign participation in the Thai banking system has improved competitiveness in the sector.

Thailand continues to implement the terms of its five-year (2010-2014) Financial Sector Master Plan Phase II (FSMP II) with the objective of comprehensive risk management, cost reduction, and enhancing competitiveness in the banking system with the planned opening up of new banking licenses in 2014. FSMP Phase I (2004-2008) concluded in 2008 with the focus on strengthening Thai banking sector through the policies of consolidation. The objective of implementation of the FSMP is to get the banking sector ready for a more open economy. To prepare for the new market entrants, the Ministry of Finance endorsed the Bank of Thailand's rules, procedures and conditions in June 2013 for the establishment of new foreign commercial bank 'subsidiaries," permitting new banks or representative offices, but not existing foreign bank full branches already in Thailand, to open up to 20 branches and 20 off-premise ATMs. Foreign commercial banks meeting the specified qualifications were required to submit applications to the Bank of Thailand between July and December 2013. While five new foreign subsidiary licenses are expected to be awarded and the Bank of Thailand has completed its evaluation and made recommendations of qualified candidates to the Ministry of Finance, final approval is still pending.

In 2012, the Bank of Thailand permitted foreign banks to upgrade existing full branches to 'subsidiaries,' by submitting a request to the central bank during 2012. Qualifying branches must maintain a capital adequacy ratio of no less than 12 percent, compared with a domestic minimum requirement of 8.5 percent, and non-performing loans must be kept under 3.5 percent. In addition, the converted subsidiary must have a minimum of $333 million in paid-up-capital. After the application window ended, the Bank of Thailand forwarded the qualified list to the Ministry of Finance, but approvals have not yet been announced and the program remains unimplemented.

As of December 2013, there were 30 commercial banks, including 14 locally incorporated commercial banks, one retail bank, 14 foreign bank branches, including three American banks (Citibank, Bank of America, and JP Morgan Chase), and one subsidiary operating in Thailand. There are also eight state banks or specialized financial institutions, two finance companies, three mortgage loan providers, 40 foreign bank representatives, 31 asset management companies, 10 credit card companies, and 26 personal loan companies. Beginning in March 2010, existing foreign bank branches have been permitted to request opening up to two additional branches in Thailand without having to meet additional capital requirements. Details of the FSMP II are available in English at: http://www.bot.or.th/. In addition, under the new Basel III capital

framework starting on January 2013, foreign bank branches will be required to maintain a minimum total capital ratio of 8.5 percent, in line with Thai banks.

The Thai banking sector is profitable, strong, well-capitalized, and has sound risk management. In 2013, the banking system recorded US$7.0 billion in net profit, growing by 25.0 percent from the same period of the previous year. After peaking at 47 percent of total lending in May 1999 from the financial crisis, net non-performing loans slowly declined to stand at 1.0 percent of total loans in December 2013. Banks' capital position remained strong with Tier-1 ratio of the domestic banks registered at 12.6 percent and Capital Adequacy Ratio (BIS ratio) at 15.7 percent in December 2013. Total assets of the country's largest six banks stood at 11.5 trillion Thai baht (approximately US$375 billion) or roughly 97 percent of GDP as of December 2013.

Insurance: The 2008 Life Insurance Act and the 2008 Non-Life Insurance Act apply a 25 percent cap on foreign ownership of insurance companies and on foreign directors of boards. However, the Office of the Insurance Commission (OIC) may, at its discretion, permit foreign equity ownership up to 49 percent, and foreign directorship up to 50 percent. Foreign ownership restrictions may be relaxed further in cases where the Minister of Finance, upon recommendation from the OIC, determines that financial problems at an insurance company may cause damage to the insured or the general public. The Acts also requires that limited liability and non-life insurance companies register as public companies, though listing on the Stock Exchange of Thailand is not a requirement.

Business Registration: Any entity wishing to do business in Thailand must register with the Department of Business Development at the Ministry of Commerce, generally taking from three to six months to complete. Firms engaging in production activities need to register with the Ministries of Industry and Labor and Social Welfare. If the entity falls under the definition of non-Thai national as defined by the Foreign Business Act, it must obtain a 'foreign business license' (or a certificate for U.S. investors as mentioned above.) The 'foreign business license' must be approved by the Council of Ministers (Cabinet) or Director-General of Department of Business Development at the Ministry of Commerce depending on the types of restricted businesses.

Work Permits: Thai law requires foreign workers to have a work permit issued by the Ministry of Labor in order to work legally in Thailand; Thai law also reserves 39 occupations for Thai workers and will not grant work permits for foreigners to engage in these occupations, including lawyers, architects, and civil engineers. Foreigners found to be working without work permits could be imprisoned up to five years and/or fined between 2,000 and 100,000 Thai baht (approximately US$60 to US$3,000). Exceptions to the requirement for a work permit include officially recognized diplomatic and consular delegations, representatives of member countries and officials of the United Nations and specialized institutions, personal servants working for the above persons, and those who are performing duties or missions otherwise exempted by the Royal Thai Government. Volunteer or charity work can be considered work under Thai law, requiring a work permit.

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 their permits within seven days of application. Work permits in other areas are sometimes difficult to obtain. The duration of work permits is generally tied to the length of stay permitted by the person's visa.

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 is usually 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.

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$1.3 million) are permitted to buy up to 1,600 square meters of land for residential use with the permission of the Ministry of Interior. If the required land is not used as a residence within two years from the date of acquisition and registration, the Ministry has 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, and 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 newer Condominium Act of 2007, foreign ownership in a condominium building, when added together, must not exceed 49 percent of the total space of all units in the building, except for those purchased between 1999 and 2004.

Privatization: With the aim of encouraging capital inflows and relieving resource constraints in many key sectors of the economy, the previous government of Thaksin Shinawatra embarked on a privatization program for state-owned economic enterprises and state monopolies. The interim government that followed the September 2006 coup as well as the former government of Abhisit Vejjajiva (Democrat party) considered privatization too controversial and put these plans on hold. Most privatization plans have remained on hold since. Other than the Petroleum Authority of Thailand (PTT), the Airport Authority of Thailand (later renamed Airports of Thailand (AOT) and the Mass Communication Organization of Thailand (MCOT), few significant privatizations have occurred. 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. (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.) Foreign investors are allowed to participate in the privatization but certain restrictions are also applied in certain sectors, which mostly regulated by the Foreign Business Act of 1999 and the Act on Standards Qualifications for Directors and Employees of State Enterprises of 1975 and its series of amendments. The current State Enterprise Policy Office under the Ministry of Finance does not have the power to

regulate all SOEs. Meanwhile, a draft comprehensive bill to set up a new regulatory and policy body to supervise all SOEs, including those that have been partially privatized, remains stalled.

International Rankings: The following is a summary of Thailand's ranking in several international indexes.

Table 1: Rankings

Measure	Year	Index/Ranking
TI Corruption Index	2013	102 of 177
Heritage Economic Freedom	2014	72 of 177 (moderately free)
World Bank Doing Business Report, "Ease of Doing Business"	2013	18 of 189
Global Innovation Index	2013	57 of 142
World Bank GNI per capita	2012	USD 5,120

Conversion and Transfer Policies

Return to top

All foreign exchange transactions must be conducted through commercial banks and authorized non-banks, namely money changers, money transfer agents, and companies that are granted foreign exchange licenses by the Minister of Finance. Inward remittances are free of controls. Repatriation of investment funds and repayment of overseas loans can be remitted freely but only upon submission of supporting documents to commercial banks, including evidence of sale or transfer in the case of investment funds and evidence of inward remittance supporting the loan agreement.

Thai nationals are subject to quantitative limits on the amount of foreign currency that can be remitted abroad without specific permission from 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, except the latest exemption mentioned above. 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 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. In 2010, the repatriation requirement is exempted if the export proceeds are less than US$50,000. A person traveling to any of Thailand's border countries (and Vietnam) may take up to 500,000 Baht (US$16,600), and up to 50,000 Baht (US$1,660) for other countries, without prior authorization.

Commercial banks are authorized to undertake most routine foreign remittance transactions without prior approval from the Bank of Thailand. Non-residents can open and maintain foreign currency accounts without deposit and withdrawal ceilings with authorized banks in Thailand. Such accounts must use funds that originate abroad. If non-residents have underlying liabilities or transactions in Thailand, they can open and maintain Thai baht accounts under Non-resident Baht Accounts (NRBA) with authorized

banks in the country; however, the combined outstanding of all NRBAs for each non-resident at the end of the day cannot exceed 300 million baht (approximately US$9 million). Since February 2008, the Bank of Thailand has segregated the NRBA into two types: Non-resident Baht Account for Securities (NRBS) for investment in securities and other financial instruments, and Non-resident Baht Account (NRBA) for general purposes. Funds under the two types of NRBA cannot be transferred to the other. The cap on NRBAs 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 general, foreign currencies may be brought into Thailand and are not subject to quantitative limit. Any person who brings foreign currencies into or out of Thailand exceeding US$20,000 or the equivalent must declare the amount at a Customs checkpoint. Foreigners staying in Thailand for less than three months, as well as those working for foreign embassies and international organizations, are exempt from this requirement.

Due to the substantial appreciation of the Thai baht in 2010, the Ministry of Finance and the Bank of Thailand relaxed regulations on capital outflows. The changes included allowing Thai export companies to transfer funds from their foreign currency deposit accounts to counterparties in Thailand for payment of goods and services without exchanging into Thai baht, and increasing the foreign exchange transactions threshold amount for which a foreign exchange transaction form must be submitted from US$20,000 to US$50,000. The Ministry of Finance abolished the US$200 million per year limit of lending and direct investment of Thai companies to affiliated companies abroad, and relaxed the pre-approval requirement for all transactions of Thai companies' lending to non-affiliated companies abroad to only transactions above US$50 million per year. The government also increased the limit for purchase of immovable properties abroad from US$5 million per year to US$10 million per year; raised the outstanding balance limit of foreign currency accounts that are deposited with funds converted from Thai baht without future obligations with commercial banks in the country to US$500,000 for both companies and individuals; abolished a pre-approval requirement on unwinding of foreign exchange hedging transactions for goods and services; and relaxed regulations on corporate treasury centers on both lending, deposit and fund transfer activities.

In 2007, the Bank of Thailand and the Ministry of Finance doubled the ceiling on foreign currency deposited with financial institutions in the country from US$0.5 million to US$1 million for individuals and from US$50 million to US$100 million for juristic persons with future foreign exchange obligations within the following 12 months. The deposit ceiling applies only to foreign currencies that are borrowed from financial institutions, but if foreign currencies are earned (not borrowed), the deposit ceiling restriction is not applied.

Expropriation and Compensation

Return to top

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

Return to top

Thailand has a civil code, commercial code, and a bankruptcy law. 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 and enacted its own rules on conciliation and arbitration in the Arbitration Act of 2002. The 2002 Arbitration Act adopted the principles under the United Nations Commission on International Trade Law (UNCITRAL). 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. The 1999 Bankruptcy Act also established a specialized court for bankruptcy cases. The Bankruptcy Courts are divided into the Central Bankruptcy Court which has jurisdiction throughout the Bangkok Metropolitan areas and the Regional Bankruptcy Courts.

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 Act was later amended in 2005 by granting the Bankruptcy Court the power to consider bankruptcy cases that involve criminal matters.

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. In 2006, new procedural rules were established to accelerate the bankruptcy court proceedings by encouraging the use of electronic equipment and

express mail in communications between courts. Under the new rules, provincial courts have the authority to issue search warrants and arrest warrants, and to imprison or release a defendant. Other amendments to the Bankruptcy Act are currently under consideration.

Performance Requirements and Incentives

Return to top

WTO TRIMS: Thailand committed to implement all WTO agreements, including Trade-Related Investment Measures (TRIMS). In its latest Trade Policy Review in November 2011, the WTO noted, "Thailand did not take any new measures to restrict trade since the 2008 global financial crisis. Indeed, it has made some important improvements to trading conditions in some areas, such as its adoption of paperless import procedures and its intention to move to a single [customs] window. Furthermore, an appeals system has been introduced by the Customs Department to cover many aspects of import procedures. As a member of ASEAN, Thailand has adopted the Association's harmonized tariff nomenclature which has also helped facilitate trade by standardizing the customs codes used to identify products."

The report also said that Thailand has committed to liberalize the regulatory regime with legislation governing key sectors such as transport, distribution, and telecommunications under review. However, the report observed that there are some areas of Thailand's import and domestic policies that could hamper trading opportunities and impede its development, including agriculture policies such as domestic support and tariff quota administration, complex tariffs structure, technical barriers to trade and Sanitary Phyto Sanitary (SPS) measures, and intellectual property. The report also underlined that despite progress in the liberalization of trade in some service sectors, there remain concerns over foreign ownership and market access restrictions in financial services (particularly the insurance sector), telecommunications, maritime and professional services. The report noted that Thailand has yet to modify its General Agreement on Trade in Services (GATS) schedule following the negotiations on telecommunications in 1997.

Investment Incentives: The Board of Investment (BOI), established by the Investment Promotion Act of 1977, is Thailand's central investment promotion authority. The BOI offers investment incentives uniformly to both qualified domestic and foreign investors with a clear articulation of the application procedures. Good governance is one of the key factors to manage and supervise the application for tax and duty privileges. Complete information on BOI's updated policies, programs, incentives, and application procedures can be found on the BOI web site at: www.boi.go.th.

In November 2009, BOI established the 'One Start One Stop Investment Center' as a centralized location to assist investors with the requirements of the various investment related government agencies. Staff at the Center provide guidance to investors on how to register a company, obtain BOI's investment promotion privileges, obtain a foreign business license, complete an environmental impact assessment, request permission to use land for industrial operations, obtain utilities, and other related investment issues. More information could be found on its web site at http://osos.boi.go.th/. BOI identifies eligible activities for its investment incentives (detailed below) covering hundreds of types of businesses. Generally, the most generous incentives are offered to those

projects that bring new technology to Thailand and those that invest in less developed provinces. These projects are usually referred to by BOI as “priority activities.”

There are two basic types of BOI incentives: tax-based (including tax holidays and tariff exemptions) and non-tax privileges (guarantees, special permissions, services, etc.). The minimum investment amount is 1 million baht (approximately $33,000), excluding the cost of land and working capital; however, small and medium industries in certain activities with minimum investment of 500,000 baht (approximately $16,700), excluding the cost of land and working capital, are also eligible for the incentives. Projects with an investment of 10 million Thai baht (approximately US$330,000) or more, excluding the cost of land and working capital, are typically required to obtain international standards certifications, such as International Standards Organization (ISO) 9000. BOI requires investors to submit evidence of compliance with the conditions of their approval in order to claim incentive benefits. BOI previously lifted all local content and export requirements.

Specific BOI incentives include:

- Tax incentives: exemptions or 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 offer the greatest advantages, 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 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, BOI decides within 40-60 working days whether or not a project is eligible for investment privileges. BOI typically completes its review of applications for projects valued in excess of 750 million baht (approximately US$24 million) within 90 working days.

The maximum allowable debt-to-equity ratio is 3:1 for a newly established project, but expansion projects are considered on a case-by-case basis. With the exception of electronic and agricultural investments, regardless of overall investment size, projects must produce added value equal to at least 20 percent of sales revenue. For projects with investment capital more than 80 million baht (about US$2.7 million), excluding land and working capital, a feasibility study must be presented at the time of application. Adequate environmental protection systems must be installed for projects with a potential environmental threat.

State-enterprise projects are not eligible for BOI promotions, but concession projects (either Build Transfer Operate or Build Operate Transfer) by the private sector are eligible with some restrictions.

BOI's eligible activities for investment privileges are divided into seven categories. These seven categories cover hundreds of actual business activities. The complete list can be found at www.boi.go.th/english/about/eligible_activities.asp.

Category 1: Agriculture and agricultural products;
Category 2: Mining, ceramics and basic metals;
Category 3: Light industry;
Category 4: Metal products, machinery and transport equipment;
Category 5: Electronic industry and electrical appliances;
Category 6: Chemicals, paper, and plastics;
Category 7: Services and public utilities.

Each year, BOI also selects certain business activities under the seven categories as priority investment activities. BOI traditionally gives maximum incentive packages to these priority investment activities and sometime regardless of locations. These activities have included agriculture and agro-industries; research and development; public utilities; infrastructure and basic services; biotechnology; alternative energy; manufacture of high technology products; and environmental protection and conservation.
Activities classified as priority activities are granted the following tax incentives:

- Exemption of import duties on machinery for all zones
- Eight-year corporate income tax exemption for all zones (subject to the corporate income tax exemption cap)
- Other relevant location-based incentives

As part of its policy to encourage investment throughout the country, BOI divides the country into three zones: Zone 1 (Bangkok and 5 surrounding provinces), Zone 2 (a grouping of 12 other provinces, mostly in the central region), and Zone 3 (the remaining 59 provinces with low income and less-developed infrastructure). BOI actively encourages investment in Zone 3, which includes the least developed provinces of Thailand, by offering maximum incentive packages. BOI also promotes the relocation of projects from Zone 1 to Zone 2 and Zone 3; however, in order to be eligible for new incentives, these projects must relocate to an industrial estate or a promoted industrial zone. More details are available on BOI's website.

Majority or total foreign ownership is permitted for BOI-approved investment projects in the manufacturing sector; however, for projects in agriculture, animal husbandry, fishery, mineral exploration and mining, and service businesses under Schedule One of the Foreign Business Act of 1999, Thai nationals must hold shares totaling not less than 51 percent of the registered capital.

In an attempt to revive the economies of the three southernmost provinces (Pattani, Yala, and Narathiwat), BOI launched a special package in mid-2007. The package includes maximum tax incentives, including eight-year corporate income tax holidays plus a 50 percent reduction on corporate income tax for the following five years, an exemption of import duties on machinery and raw materials, and deduction of infrastructure construction and installation cost up to 25 percent of capital investment. The applicable period for double deduction of public utilities and transportation costs was

extended to 15 years. In 2009, BOI broadened the investment promotion scope to allow all types of eligible activities to apply for the promotion incentives in Pattani, Yala, and Narathiwat. In addition, the deadline for applications was extended to December 2012.

In June 2010, BOI signed a cooperation agreement with the Thai Ministry of Justice's Office of Public Sector Anti-Corruption Commission (PACC) to improve protection for foreign investors and entrepreneurs from corruption. Both agencies will increase information sharing and open new channels to receive complaints from investors affected by corruption by government officials.

In late 2011, severe flooding damaged 1,775 of BOI's existing promoted companies worth a combined investment value of 624 billion baht (about US$21 billion) or roughly 9 percent of the total investment for the past ten years. The BOI issued the following measures to help minimize business disruptions:

- Affected factories are allowed to temporarily relocate elsewhere to continue their production for a period of six months with a possible extension period from the application submission date;
- Manufacturing processes can be allowed to be outsourced partially or wholly;
- Affected companies are allowed to export their machineries to be used for overseas production;
- BOI would cooperate with the Department of Employment and foreign Embassies to facilitate the use of Thai workers from the flood-affected companies at the overseas production facilities;
- BOI, Ministry of Labor and the Immigration Bureau would assist companies to bring in foreign experts and technicians to rehabilitate the factories;
- Duty-free importation of replacement machinery is allowed until the end of June 2012;
- Imported raw materials damaged by the flooding can be counted as part of the waste allowance without any tax burden.

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Right to Private Ownership and Establishment

Return to top

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. 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

Return to top

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 Great 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.

Widespread counterfeiting and piracy continue to plague intellectual property rights owners in Thailand. Particular areas of concern include counterfeiting of pharmaceuticals, cosmetics, apparel, and accessories. Piracy rates are also high for motion pictures, music, business and entertainment software. The lack of sustained and coordinated enforcement, and, in particular, the failure to prosecute and penalize high level offenders, remains a substantial problem. The vast majority of criminal IP cases in Thailand are brought against retailers caught with relatively little infringing product. In addition to problems with counterfeiting and piracy, rights holders cite concerns about long delays in the patent process due to the large backlog of unexamined patent applications. Due to these concerns, Thailand has been on the Special 301 Priority Watch List since 2007 and on the Notorious Markets List. The government continues to develop measures to improve protection and enforcement of intellectual property rights.

Thailand amended its legal regime to comply with the WTO Agreement on Trade Related Aspects of Intellectual Property (TRIPs) in the mid-1990s, 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. Since that time, Thailand has not kept pace with international intellectual property (IP) legal developments in areas such as broadcasting and digital copyright. Thailand is signatory to long-standing IP agreements such as the Berne and Paris Conventions, but not the World Intellectual Property Organization Copyright Treaty (WCT) or Performances and Phonograms Treaty (WPPT). Thailand acceded to the Patent Cooperation Treaty in 2009. For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en/.

Resources for Rights Holders: Peter N. Fowler, Regional Intellectual Property Attaché for Southeast Asia, U.S. Embassy Bangkok, Peter.Fowler@trade.gov. The American Chamber of Commerce in Thailand, http://www.amchamthailand.com.

Transparency of Regulatory System

Return to top

In 1999, Thailand enacted the Trade Competition Act together with the Price of Merchandises and Services Act to strengthen the government's ability to regulate market monopolies and price fixing. The Trade Competition Act applies to all business activities with the exception of state-owned enterprises, cooperatives, agricultural and cooperative groups, government agencies, and certain enterprises exempted by the law. 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 law 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 Price of Merchandises and Services 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 2014, out of 43 controlled commodities and services, only sugar is subject to a price ceiling. Besides the 43 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.

U.S. businesses have repeatedly expressed concern about the lack of transparency of the Thai customs regime and the significant discretionary authority exercised by Customs Department officials. The U.S. Government and industries also have expressed concern about the inconsistent application of Thailand's transaction valuation methodology and repeated use of arbitrary values by the Customs Department. In August 2009, the Thai government proposed a series of reforms to its customs laws and procedures. Following the change in government in July 2011, amendments to address the penalty regime need to be resubmitted to the Cabinet before they can be sent to Parliament.

Consistent and predictable enforcement of government regulations remains problematic for investment in Thailand. Gratuity payments to civil servants responsible for regulatory oversight and enforcement remain a common practice. 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.

Efficient Capital Markets and Portfolio Investment

Return to top

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, there is more to be done to implement the legal and regulatory changes, and the lack of skilled labor will limit overall progress in some areas, particularly auditing, for the foreseeable future.

In 2002, Thailand established the National Corporate Governance Committee (NCGC), chaired by the Prime Minister, to implement international-standard corporate governance policies. Thailand's main equity market is the Stock Exchange of Thailand (SET) and a secondary market for small and medium-sized enterprises are trading on the Market for Alternative Investment (MAI). In 2013, local retail investors accounted for 57.1 percent of total trading volume, foreign investors for 21.7 percent, and proprietary trading for 12.6 percent, and local institutional investors for 8.5 percent. In 2013, the market capitalization of the SET was US$374.1 billion or 96.6 percent of Thailand's Gross Domestic Product (GDP). 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. 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. 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. 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.

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 in 1997-98.

Competition from State Owned Enterprises

Return to top

State-owned enterprises operate primarily in the utility, energy, telecommunications, banking, tobacco, agriculture and transportation sectors. At the end of 2012, Thailand's 55 state-owned enterprises (SOEs) had revenues of around 4.95 trillion Thai baht (approximately US$159.2 billion), employed approximately 278,192 people (0.7 percent of the Thai labor force), and accounted for approximately 43.5 percent of Gross Domestic Product (GDP). Of the SOEs' total revenue, around eighty percent comes from the energy sector.

Private enterprises are generally not allowed to compete with state-owned enterprises under the same terms and conditions with respect to access to markets, credit, and other business operations such as licenses and supplies, except in the banking sector. The government announced its intention to allow more private companies to compete with SOEs, in particular in the telecommunications, energy, and transport sectors. The government regularly allocates three to four percent of its annual budget expenditures to fund the SOEs. The government can temporarily provide short-term credit facilities, loan guarantees, or capital injections for troubled SOEs. This assistance usually focuses on those SOEs that have not been corporatized or are operating in loss. Corporate board seats are typically allocated to senior government officials or other politically-affiliated individuals. All SOEs are required by law to submit annual financial reports to the Office of the Auditor General. Publicly-listed state-owned enterprises, such as Thai Airways, are required to publish their financial reports. Currently, there are only 6 SOEs listed in the Stock Exchange of Thailand (SET), including Krung Thai Bank (1989 listed year), THAI Airways (1991), PTT (2001), AOT (2004), MCOT (2004) and PTTEP (1993), accounting for around 17 percent of the SET's total market capitalization. As for procurements, state-owned enterprises, like government agencies, reserve the right to accept or reject any or all bids at any time and may also modify the technical requirements during the bidding process, if, according to regulations, corruption is suspected. The latter provision allows considerable leeway to state-owned enterprises in managing procurements, while denying bidders recourse to challenge procedures. Allegations frequently surface that changes are made in procurements.

Thailand currently does not have a sovereign wealth fund. However, the Bank of Thailand is studying a plan to use its surplus foreign reserves to establish what would be called a New Opportunity Fund, aimed at increasing returns as a part of efforts to improve the central bank's balance sheet. The Bank estimates that such a fund could be up and running in 2015.

Corporate Social Responsibility

Return to top

There is wide recognition and awareness of the value of corporate social responsibility (CSR) initiatives among Thai producers and consumers, but many companies still lack a full understanding of the generally accepted CSR principles such as the OECD Guidelines for Multinational Enterprises. CSR is most often identified as individual philanthropic projects or community service of companies, rather than as an overall corporate strategy aimed to improve the community in which the companies operate. Companies that pursue CSR are viewed favorably by the public.

Many business associations, including the American Chamber of Commerce, are actively supporting the development of CSR programs in Thailand. Since 2007, the American Chamber of Commerce Corporate Social Responsibility Excellence Awards have encouraged the expansion of CSR programs by identifying best practices of companies in Thailand. Many CSR programs incorporate the Embassy's Thai-U.S. Creative Partnership to work directly with local partner organizations on long-term projects training and promoting opportunities in innovative sectors, especially renewable energy, IT, and microfinance projects. The AMCHAM ACE program also tracks continuous improvement.

Both the Thai Chamber of Commerce (TCC) and the Federation of Thai Industries (FTI) have undertaken several CSR projects over the past years. The Joint Standing Committee on Commerce, Industry, and Banking of Thailand (JSCCIB) has also established a CSR committee that consolidates reports on activities from both TCC and FTI members.

Political Violence

Return to top

After a period of relative political stability following 2011 elections, Thailand is again experiencing unrest and political division. Beginning in late 2013, anti-government protesters demanding the resignation of Prime Minister Yingluck Shinawatra and removal of her family's influence from Thai politics began a series of rallies, roadblocks, and protest marches focused mostly in Bangkok. Demonstrations resulted in clashes with police forces in early December, which, along with sporadic violent acts near protest areas, have resulted in dozens of deaths and hundreds of injuries. PM Yingluck dissolved parliament in December 2013 but protesters disrupted February 2, 2014 elections to the point that they were annulled in March 2014, leaving an uncertain way forward. Several corruption and legal charges threaten to remove PM Yingluck and her government. Protesters contend that she and her elder brother, former PM Thaksin Shinawatra, who was deposed in a 2006 coup, are corrupt while PM Yingluck insists her democratically elected government is legitimate and there should be new elections. The current unrest is the most significant since 2010, when pro-Thaksin opposition protesters opposed the then-government, which culminated in clashes with the army resulting in 91 deaths and an estimated $1.5 billion in arson-related property losses. Another 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 4,000 deaths since 2004, have not yet had much effect.

Thailand and Cambodia have disputed sections of their boundary which resulted in sporadic border clashes in 2008-2011. In November 2013, the International Court of Justice, at Cambodia's request, reinterpreted its 1962 ruling which had awarded the disputed Preah Vihear temple to Cambodia. The border has remained calm since the November ruling, which awarded some of the area in the vicinity of the temple to Cambodia, but not the entire piece claimed by that country. Thai-Cambodian tensions have subsided over the last year and both governments meet regularly to discuss border issues, including on overlapping claims in the Gulf of Thailand which contain hydrocarbon reserves.

Corruption

Return to top

Thailand has several laws to combat corruption. The independent National Anti-Corruption Commission (NACC) together with the Office of the Public Sector Anti-Corruption Commission (PACC), coordinates official efforts against corruption and hold broad investigatory authority. In addition to these two agencies, the Office of the Ombudsman, the Constitutional Court, the Election Commission, the Office of the Auditor General, and the National Human Rights Commission have anti-corruption responsibilities. In December 2003, Thailand became a signatory to the U.N. Convention Against Corruption ratifying the convention in March 2011. In April 2005, Thailand endorsed the ADB-OECD Anticorruption Action Plan for Asia and the Pacific, and assigned the Ministry of Justice to implement the Action Plan. The Office of Public Sector Anti- Corruption Commission, under the Ministry of Justice, was established to assist the NACC by investigating cases of lower ranking government officials.

According to some studies, 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. U.S. executives with experience in Thailand often advise new-to market companies that it is far easier to avoid corrupt transactions from the beginning 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 (FCPA) are able to compete successfully in Thailand. U.S. businessmen say that publicly affirming the need to comply with the FCPA helps to shield their companies from pressure to pay bribes.

Recent Thai administrations have publicly stated their intention to improve transparency in the evaluation of bids and the awarding of contracts. In 2013, the Public-Private Partnership (PPP) Act passed, replacing the Public Participation in State Undertaking Act of 1992. Effective April 4, the PPP Act requires public projects over $1 billion to be awarded through a multi-agency committee instead of a single administrating agency, a practice which may help reduce corrupt practices. Despite recent improvements, both foreign and Thai companies continue to complain about irregularities in the Thai Customs Department. 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. According to the most recent Transparency International's annual Corruption Perceptions Index, Thailand ranked 88th out of 176 countries in 2012, slipping from 80th a year earlier. Discussions with business people suggest that corruption and the level of kickbacks have increased over the past decade.

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. In January 2010, the Thai press widely reported news of the U.S. Department of Justice indictment of a former Thai tourism minister accused of taking bribes from an American couple seeking to do business in Bangkok. In November 2011, the Permanent Secretary in the Ministry of Transportation resigned over allegations of corruption and bribery after large sums of cash were discovered in his home allegedly from transportation contract kickbacks. In 2012 the Deputy Prime Minister and Interior Minister resigned after it was determined that he was involved in an improper land deal.

In 2013, the NACC implicated key members of the government, including the Prime Minister and former Commerce Minister, for corruption in management of the controversial rice pledging scheme.

In recent years, the private sector has attempted to take charge to fight corruption through education and advocacy. Since 2010, the Thai Institute of Directors (IOD) has built an anti-corruption coalition of Thailand's largest businesses. Coalition members sign the Collective Action Against Corruption Declaration and pledge to take tangible, measurable steps to proactively reduce corruption-related risks that are verified by third party certification. CIPE equipped IOD and its coalition partners with an array of tools for training and collective action, based on examples from CIPE's programs around the world. Member companies now represent over 15 percent of the Thai economy and more than 1 million employees.

Founded in 2011, the Anti-Corruption Organization of Thailand (ACT) was established with the intent to pressure the government to create laws that can reduce levels of corruption. ACT has 47 member organizations drawn from the private, public and academic sectors. Their signature program is the 'integrity pact.' Drafted by ACT and the Finance Ministry and based on a tool promoted by Transparency International, the pact forbids bribes from signatory members in bidding for government contacts. Member agencies and companies must adhere to strict transparency rules by disclosing bidding information--such as the terms of reference and the cost of the project--easily available to the public.

Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law. It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U.S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States.

The U.S. Department of Justice (DOJ) and the Securities and Exchange Commission released a Resource Guide to the U.S. Foreign Corrupt Practices Act. The Guide is an excellent resource on the FCPA for U.S. companies with questions about the statute and its enforcement. The Guide explains the statute in detail and contains hypothetical, examples of actual enforcement actions, and summaries of FCPA case law and DOJ opinion releases. For this and other useful resources visit the DOJ Webpage: http://www.justice.gov/criminal/fraud/fcpa/guidance/.

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information on the FCPA, transparency and anti-bribery initiatives, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, website, at http://www.commerce.gov/os/ogc/transparency-and-anti-bribery-initiatives. More general information on the FCPA is available at the Websites listed below. Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Anti-bribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. Thailand is party to the UN Anticorruption Convention; Thailand is also a member of the Asia/Pacific Group against Money Laundering (APG).

OECD Anti-bribery Convention: Thailand is not a party to the OECD Convention (see http://www.oecd.org/dataoecd/59/13/40272933.pdf).

UN Convention: Thailand is a party to the UN Convention (see http://www.unodc.org/unodc/en/treaties/CAC/signatories.html).

OAS Convention: Thailand is not a party to the OAS Convention (see http://www.oas.org/juridico/english/Sigs/b-58.html).

Council of Europe Criminal Law and Civil Law Conventions: Thailand is not a member of the Council of Europe Conventions (see www.coe.int/greco).

Free Trade Agreements: The United States does not have an FTA with Thailand (for U.S. FTAs see U.S. Trade Representative Website: http://www.ustr.gov/trade-agreements/free-trade-agreements).

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department's U.S. and Foreign Commercial Service can provide assistance with navigating the host country's legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company's overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.trade.gov/cs. The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report a Trade Barrier" Website at http://www.tcc.export.gov/Report_a_Barrier/index.asp.

Anti-Corruption Resources: Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a "Lay- Person's Guide to the FCPA" is available at the U.S. Department of Justice's Website at:
- http://www.justice.gov/criminal/fraud/fcpa/guidance/.

- Information about the OECD Anti-bribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1_1,00.html . See also new Anti-bribery Recommendation and Good Practice Guidance Annex for companies: http://www.oecd.org/dataoecd/11/40/44176910.pdf

- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.

- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://cpi.transparency.org/cpi2012. TI also publishes an annual Global

Corruption Report which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See http://www.transparency.org/publications/gcr.

- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 212 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See http://info.worldbank.org/governance/wgi/sc_country.asp. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: http://go.worldbank.org/RQQXYJ6210.

- The World Economic Forum publishes the Global Enabling Trade Report, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See http://www.weforum.org/en/initiatives/gcp/GlobalEnablingTradeReport/index.htm.

- Additional country information related to corruption can be found in the U.S. State Department's annual Human Rights Report available at http://www.state.gov/g/drl/rls/hrrpt/.

- Global Integrity, a nonprofit organization, publishes its annual Global Integrity Report, which provides indicators for 92 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: http://report.globalintegrity.org/.

Government Contact for combating corruption:

- International Affairs Strategy Specialist
  Office of the National Anti-Corruption Commission
  361 Nonthaburi Road, Thasaai District, Amphur Muang Nonthaburi 11000, Thailand
  +662-528-4930
  Email: TACC@nacc.go.th

Civil Society Contact on corruption:

- Dr. Kanokanokknn Anukanasi
  Director
  Transparency Thailand
  Center for Philanthropy and Civil Society, NIDA, 118 SeriThai Road, Klong Jan, Ket Bang Kapi 10240, Thailand
  +662-377-7206
  Email: juree@cpcnida.com

Bilateral Investment Agreements

Return to top

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 concern.

Thailand also has bilateral investment agreements with 39 countries, including China, India, Taiwan, S. Korea, United Kingdom, 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. Thailand has had a bilateral tax treaty with the United States since 1996.

OPIC and Other Investment Insurance Programs

Return to top

The Overseas Private Investment Corporation (OPIC) provides political risk insurance, debt financing, and private equity capital to support U.S. investors and their investments. OPIC can provide political risk insurance for currency inconvertibility, expropriation, and political violence for U.S. investments including equity, loans and loan guarantees, technical assistance, leases, and consigned inventory or equipment. OPIC is currently insuring two U.S. organizations involved in humanitarian services and economic development in Thailand. OPIC debt financing in the form of direct loans and loan guarantees of up to $250 million per project are also available for business investments in Thailand, covering sectors as diverse as tourism, transportation, manufacturing, franchising, power, infrastructure, and others. In addition, OPIC supports eight private equity funds that are eligible to invest in projects in Thailand.

Thailand became a member of the Multilateral Investment Guarantee Agency (MIGA) in October 2000.

Labor

Return to top

According to the National Statistical Office, the Thai labor force in 2013 reached 40.2 million workers out of a total population of 68.2 million. The official unemployment rate in 2013 averaged just 0.7% of the labor force, despite a significant daily minimum wage increase to 300 baht ($10) in 70 provinces effective January 2013 (minimum wage in the remaining 7 provinces, including Bangkok and 6 other high-income areas, increased to 300 baht in April 2012).

Due to a shortage of low skilled labor, Thailand has attracted migrant workers since the 1990s. Although one million Thais work outside Thailand, the country hosts approximately 2.5-3 million migrant workers, primarily from developing neighboring Burma, Laos, and Cambodia. As of October 2013, 1.2 million migrant workers are registered while roughly 1-2 million remain undocumented. While the Thai government has stated that documented migrant workers will be equally protected under Thai Labor Laws, in practice, there are reports that some migrant workers are still receiving wages lower than Thais and have limited access to workmen's compensation fund and training.

A survey done by the World Bank found that firms report acute shortages for technical skills, especially at the vocational school level as well as language and IT skills and soft skills such as leadership and creativity. This technical skill shortage is attributed in large part to a mismatch between market demands and educational preparation. The problem is likely to be exacerbated as Thailand enters a period of demographic aging, with an expected compound annual growth rate of the working age population at only 0.2% between 2010 and 2020. In December 2013, Thailand's Ministry of Labor survey reported a shortfall of 270,000 workers, particularly in the wholesale and retail sectors. Many multinational firms continue to bring in expatriate professionals because qualified local personnel are 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.

According to Ministry of Labor data for 2012, there are 1,411 labor unions operating in Thailand, 1,366 come from private enterprises and 45 come from state-owned enterprises. There are 569,174 unionized workers (roughly 1.4% of the labor force over the age of 15), 402,633 of which come from private enterprises and 166,541 of which come from state-owned enterprises. Thai law allows private sector workers to form and join trade unions of their choice without prior authorization, but enforcement of labor laws is inconsistent and Thai labor unions are generally weak. Noncitizen migrant workers, whether registered or illegally present, do not have the right to bargain and collect nor serve as union officials, but registered migrants may be members of unions organized and led by Thai citizens. The law restricts affiliations between state enterprise unions and private sector unions.

The labor relations climate is generally peaceful and formal strikes are infrequent. 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, with a limit on overtime of 36 hours per week 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. In 2012, two regulations ("Ministerial Regulation on Domestic Work" and "Hazardous Child Labor Work List") were enacted that increased protection to domestic workers and child laborers. Under the new regulations, children under 15 and 18 are

prohibited from working in the field of domestic work and fishing vessels. The new regulation on domestic workers will also give annual leave, holidays, and paid sick leave to domestic workers. However, it still fails to address how other issues will be handled, such as minimum wage, working hours, and maternity leave.

Foreign-Trade Zones/Free Ports

Return to top

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 (eastern) and Map Ta Phut Industrial Estate in Rayong Province (eastern). The IEAT was established under the IEAT Act B.E. 2522 (1979). Foreign owned firms have the same investment opportunities as Thai entities, but the IEAT Act requires that the IEAT Committee has to consider and approve the amount of space for a foreign owned firm to buy or lease land in industrial estates. In practice, there is no record of disapproval for the requested amount of land. More recently, private developers have become heavily involved in the development of these estates. The IEAT currently operates 9 estates, plus 39 more in conjunction with the private sector in 15 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 12 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, Lampun, Pichit, Songkhla, Samut Prakarn, Bangkok (at Lad Krabang), Ayuddhya, 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 and Foreign Portfolio Investment Statistics

Return to top

TABLE 2: Key Macroeconomic data, U.S. FDI in Thailand

	Thailand's National Economic and Social Development Board (NESDB)		USG or international statistical source		USG or international Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	

Thailand Gross Domestic Product (GDP) (*Millions U.S. Dollars)*	2013	$401 billion	2012	$366 billion	http://www.worldbank.org/en/country
Foreign Direct Investment	Bank of Thailand		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in Thailand (*Millions U.S. Dollars, stock positions)*	2012	$17.0 billion	2012	$16.9 billion	(BEA) click selections to reach. • Bureau of Economic Analysis • Balance of Payments and Direct Investment Position Data • U.S. Direct Investment Position Abroad on a Historical-Cost Basis • By Country only (all countries) (Millions of Dollars)
Thailand's FDI in the United States (*Millions U.S. Dollars, stock positions)*	2012	$3.8 billion	Not Available	Amount	(BEA) click selections to reach • Balance of Payments and Direct Investment Position Data • Foreign Direct Investment Position in the United States on a Historical-Cost Basis • By Country only (all countries) (Millions of Dollars)
Total inbound stock of FDI as % host GDP (***calculate)***	50.9%	2012	Amount	Insert (Year)	

TABLE 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations *(US Dollars, Millions)*					
Inward Direct Investment			**Outward Direct Investment**		
Total Inward	178,003	100%	Total Outward	48,459	100%
Japan	56,026	31%	Singapore	6,354	13%
Singapore	32,263	18%	Cayman Islands	5,453	11%
United States	15,728	9%	China, P.R.: Hong Kong	4,618	10%
Netherlands	11,559	6%	China, P.R.: Mainland	4,107	8%
China, P.R.: Hong Kong	8,243	5%	Malaysia	2,222	5%

"0" reflects amounts rounded to +/- USD 500,000.

Source: http://cdis.imf.org/

TABLE 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			**Equity Securities**			**Total Debt Securities**		
World	28,198	100%	World	7,549	100%	World	20,649	100%
Brazil	4,892	17%	Australia	1,868	25%	Brazil	4,886	24%
Korea, Republic of	3,100	11%	United States	1,733	23%	Korea, Republic of	3,084	15%
United States	2,633	9%	Luxembourg	1,031	14%	China, P.R.: Hong Kong	1,456	7%
Australia	2,327	8%	Switzerland	721	10%	United Arab Emirates	916	4%
China, P.R.: Hong Kong	1,909	7%	Singapore	551	7%	United States	900	4%

Source: http://cpis.imf.org/

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Web Resources Return to top

http://www.state.gov/r/pa/ei/bgn/2814.htm

Return to table of contents

Return to table of contents

Chapter 7: Trade and Project Financing

How Do I Get Paid (Methods of Payment)

Return to top

The majority of U.S. firms that export 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

Return to top

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

Return to top

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

Return to top

Commercial Banks with 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)
333 Silom Road, Bangrak
Bangkok 10500
Tel: 662-231-4333, 231-4665
Fax: 662-236-8288

Kasikornbank PCL
(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)
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)
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 in the Local Economy:

JP Morgan Chase Bank
(https://www.jpmorgan.com/pages/jpmorgan/ap/thailand)
20 North Sathorn Road, Bubhajit Building100
Bangkok 10500
Tel: 662-684-2805
Fax: 662-684-2811

Citibank NA
(http://www.citibank.co.th)
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/)
Postal Address: P.O. Box 789
0980 Manila, Philippines
Street Address: 6 ADB Avenue,
0401 Mandaluyong City, Philippines
Tel: 632-632-4444 (connecting all Offices)
Main Fax: 632-636-2444

Project Financing

Return to top

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 CORPORTATION (OPIC)'S PROJECT FINANCING

OPIC offers various financing options to assist U.S. businesses investing overseas. OPIC views each project as unique and assess 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's Mission
USTDA helps companies create U.S. jobs through the export of U.S. goods and services for priority development projects in emerging economies. USTDA links U.S. businesses to export opportunities by funding project planning activities, pilot projects, and reverse trade missions while creating sustainable infrastructure and economic growth in partner countries.

USTDA is an independent federal agency that was created to promote U.S. private sector participation in international development projects. USTDA assists in building mutually beneficial partnerships between American companies and overseas project sponsors to complete high quality and successful projects in host countries, with special emphasis on economic sectors that represent significant U.S. export potential. USTDA supports the National Export Initiative in launching the International Business Partnership Program to connect international buyers with U.S. manufacturers and service providers to open up new export markets and commercial opportunities around the world for American companies.

USTDA 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. The agency's program focuses on two types of activities: 1) trade capacity building and sector development; and 2) project definition and investment analysis activities. Trade capacity building and sector development assistance supports the establishment of industry standards, rules and regulations, trade agreements, market liberalization and other policy reform. Project identification and investment analysis involves activities that support large capital investments that contribute to overseas infrastructure development. USTDA accomplishes its mission through funding sector development technical assistance, training, trade and industry advisors, project

definitional missions, feasibility studies, reverse trade missions, workshops and conferences, and procurement assistance.

USTDA advances economic development and U.S. commercial opportunities in Thailand and other developing countries through its cooperation with various private and public entities.

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. Since the inception of the program in the early 1980s, 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, clean and renewable energy, and information and communication technology. Emerging opportunities for USTDA involvement in Thailand appear to be in technical assistance and reverse trade mission related to promoting clean energy development and energy security, improving the transportation and trade infrastructure, ICT modernization and development, and implementation of ASEAN-wide initiatives.

Overall, USTDA's 2012 program in Asia illustrated the unique ability of the agency to meet a wide range of development needs, from supporting energy security and clean energy investments to transport safety and modernization and 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 2013 as it continues to enhance its Thailand operations to facilitate commercial partnerships involving U.S. firms that further advance the developmental and trade capacity of the region.

In 2012, USTDA marked the twenty year anniversary of its creation as an independent agency through the aptly-named "Jobs through Exports Act of 1992." For every dollar the Agency programmed, an unprecedented $63 in U.S. exports were generated. Further, the more than $2.2 billion in new exports identified in 2012 bring USTDA's total exports generated since 1992 to over $32 billion. *www.ustda.gov*

Web Resources

Return to top

- Export-Import Bank of the United States: http://www.exim.gov
- Ex-Im Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html
- Overseas Private Investment Corporation: 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/ccc/default.htm
- U.S. Agency for International Development: http://www.usaid.gov

Return to table of contents

Return to table of contents

Chapter 8: Business Travel

Business Customs

Return to top

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 with 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.

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 high esteem and you are also expected to do so.

Travel Advisory

Return to top

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/content/passports/english/country/thailand.html

Visa Requirements

Return to top

U.S. citizen tourists staying for fewer than 30 days do not require a visa, but must possess a passport valid for at least six months beyond the date of entry to Thailand. Thai Immigration officials may ask for an onward/return ticket, and airlines may ask for this information when booking or check in. The U.S. Embassy and Consulate are not able to intervene with Thai Immigration or the airlines regarding their regulations and policies. Persons entering Thailand by air without a visa will be allowed to stay in Thailand for 30 days per visit. For persons entering Thailand by land without a visa will be allowed to stay in Thailand for 15 days per visit. Travelers must pay a Passenger Service Charge in Thai baht when departing from any of Thailand's international airports; this charge is included in the ticket price for flights from Bangkok's main airport, Suvarnabhumi International.

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

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, Exit & Visa Requirements at http://travel.state.gov/content/passports/english/country/thailand.html for more information pertaining to dual nationality and the prevention of international child abduction. Please refer to our Customs Information page to learn more about customs regulations.

- ***NON-IMMIGRANT VISA***
  Purpose of visit: Business, Conference, Research, Teaching, Mass Media or Missionary work (requires letter from your government, agency or organization sending you on your mission or from your counterpart in Thailand). Education (requires letter from educational institution in Thailand). Family Reunion (requires marriage or birth certificates). Settlement after retirement (requires proof of retirement and financial support). (Maximum stay is 90 days.)

- ***TOURIST VISA***
  Purpose of visit: Tourism, Medical treatment at hospitals/medical facilities in Thailand, (Maximum stay is 60 days.)

- ***TRANSIT VISA***
  Purpose of visit: Transit (requires proof of confirmed onward ticket to a third country). Sports or Crew (requires letter from organization concerned). (Maximum stay is 30 days).

For more information travelers may contact the Royal Thai Embassy, Consular Office, 2300 Kalorama Road, N.W. Washington, D.C. 20008 Tel. (202) 684-8493 Fax. (202) 459-9536 e-mail: consular@thaiembdc.org

Office Hours: Monday-Friday 9:00 a.m. –12:30 p.m. and 2:00-5:00 p.m. (Walk-in Services: 9:00 a.m. – 12:00 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 be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: http://travel.state.gov/content/visas/english.html.

US Embassy Consular Section: http://bangkok.usembassy.gov/visas.html.

Transportation

Return to top

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 eight international deep-sea ports in operation, with four private ports permitted to handle container cargo. The country's main commercial ports are Bangkok Port, Laem Chabang Port and Sriracha Harbor Deep Seaport.

1. Bangkok Port is the largest port in Thailand and can handle approximately 1.34 million TEU/yr**.** the depth of the Chao Phraya River basin is 8.5 meters. Bangkok Port is located on the west side of the Chao Phraya River between km. + 26.5 and km. + 28.5 at the entrance to Prakanong Canal, Klongtoey District, Bangkok.
2. Laem Chabang can handle about 6.9 million TEU/yr.,port depth is 12 meters. Currently, four piers are handled by private companies. Laem Chabang Port is situated at Tungsukhla Sub-District, Sriracha District and Banglamung Sub-District of Chon Buri Province. The port covers an area of around 2,536 acres (6,340 rais).
3. Sriracha Harbour Deep Seaport was the first port in Thailand able to accommodate vessels up to 100,000 dwt. The location of Sriracha Harbour ensures that it is accessible and fully usable for 95% of the year.

Thailand currently has 28 commercial airports and six international airports. The international airports are located in Bangkok, Chiang Mai, Chiang Rai, Phuket, Hat Yai, and U Tapao. Suvarnabhumi Airport, opened in September 2006, is 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. This international airport covers

an area of 20,000 rai, and can accommodate 100 million passengers per year and 112 flights per hour. The airport has the world's longest runway, 60 metres wide by 4,000 metres long. Thai Airways International is Thailand's national airline serving both domestic and inter-continental routes.

Language

Return to top

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

Return to top

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/content/passports/english/country/thailand.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 800-232-4636 or 888-232-6348.

Food

Return to top

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

Return to top

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 2014, the following are the commercial holidays on which most business and government offices in Thailand will be closed:

OFFICIAL HOLIDAYS 2014			
MONTH	**DATE**	**DAY**	**OCCASION**
January	1	Wednesday	New Year's Day
April	7	Monday	Substitute for King Rama I Memorial and Chakri Day
April	14-16	Mon-Wed	Songkran Days
May	5	Monday	Coronation Day
May	13	Tuesday	Visakha Bucha Day
August	12	Tuesday	Her Majesty The Queen's Birthday
October	23	Thursday	Chulalongkorn Day
December	5	Friday	His Majesty the King's Birthday
December	10	Wednesday	Constitution Day
December	31	Wednesday	New Year's Eve

Temporary Entry of Materials and Personal Belongings

Return to top

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 nonmembers.

1. Bonded Guarantee (ATA Carnet): The ATA 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. The importer must submit an application to the Customs House or to the Laws and Regulations Division, Customs Department for approval.

Web Resources

Return to top

- 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
- State Department Visa Website: http://www.state.gov/misc/59452.htm
- United States Visas.gov: http://travel.state.gov/visa/
- 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

Return to table of contents

Return to table of contents

Chapter 9: Contacts, Market Research and Trade Events

- Contacts
- Market Research
- Trade Events

Contacts

Return to top

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 Kristie A. Kenney

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: Mr. Michael L. McGee

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
E-mail: office.bangkok@trade.gov
Internet: http://www.export.gov/thailand

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

ECONOMIC SECTION
Economic Counselor: Ms. Kristina Kvien

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. John Wade

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

U.S. TRADE AND DEVELOPMENT AGENCY (USTDA)
Regional Manager for Asia: Mr. Mark J. Dunn

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

Tel: 662-205-5600
Fax: 662-255-4366
Email: 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. 622-643-5320
Internet: http://www.mfa.go.th

- **Department of American and South Pacific Affairs**
  Tel: 662-643-5128
  Fax: 662-643-5127
  North America Division
  443 Sri Ayudhya Rd., Bangkok 10400
  Tel: 662-643-5121/2
  Fax: 662-643-5124
  E-mail: 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
  Email: thaiwas@thaiembdc.net , thai.wsn@thaiembdc.org
  Internet: http://www.thaiembdc.org

OFFICE OF THE PRIME MINISTER
Internet: http://www.opm.go.th

- **Office of the National Economic and Social Development Board (NESDB)**
  962 Krung Kasem Road, Wat Sommanut
  Pomprab, Bangkok 10100
  Tel: 662-280-4085
  Fax: 662-281-3938
  Internet: http://nesdb.go.th

- **Office of the Board of Investment (BOI)**
  555 Vibhavadi-Rangsit Road, Chatuchak
  Bangkok 10900
  Tel: 662-553-8111
  Fax: 662-553-8222
  Internet: http://www.boi.go.th

- **Energy Policy and Planning Office (EPPO)**
  121/1-2 Phetchaburi Road, Thungphayathai
  Ratchathewi, Bangkok 10400
  Tel: 662-612-1555
  Fax: 662-612-1358
  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 1 Road (Sanambinnam)
  Bangkrasor, Muang, Nonthaburi 11000
  Tel: 662-547-4771/86
  Fax: 662-547-4791/2
  Internet: http://www.dft.go.th

- **Department of Commercial Registration/Dept. of Business Development**
  Building 3rd Floor,
  44/100 Nonthaburi 1 Road (Sanambinnam)
  Bangkrasor, Muang, Nonthaburi 11000
  Tel: 662-547-4373
  Fax:662-547-4372/3
  Internet: http://www.dbd.go.th

Note: 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: 662-667-6000, 667-7000
  Fax: 662-667-7767
  Email: 1164@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, Thungphayathai
  Ratchathewi, Bangkok 10400
  Tel: 662-202-4000, 202-4014
  Fax: 662-354-3390
  Internet: http://www.diw.go.th

- **Department of Industrial Promotion**
  Rama VI Road, Ratchathewi
  Bangkok 10400
  Tel: 662-202-4414/8, 202-4511
  Fax: 662-354-3299
  Internet: http://www.dip.go.th

- **Thai Industrial Standards Institute**
  75/42 Rama VI Road, Thungphayathai
  Ratchathewi, Bangkok 10400
  Tel: 662-202-3400
  Fax: 662-354-3285
  Email: thaistan@tisi.go.th
  Internet: http://www.tisi.go.th

- **Industrial Estate Authority of Thailand**
  618 Nikhom Makkasan Road, Makkasan
  Ratchathewi, Bangkok 10400
  Tel: 662-253-0561
  Fax: 662-252-9273
  Email: investment.1@ieat.mail.go.th
  Internet: http://www.ieat.go.th

MINISTRY OF NATURAL RESOURCES AND ENVIRONMENT
Internet: http://www.mnre.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: 662-590-7000
  Internet: http://www.fda.moph.go.th

OTHER INDEPENDENT GOVERNMENT AGENCIES

Bank of Thailand
273 Samsen Road, Watsamphaya
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
Internet: http://www.bangkok.go.th

TRADE ASSOCIATIONS

American Chamber Of Commerce in Thailand (AMCHAM)
Executive Director: Ms. Judy Benn
7th Floor, GPF Witthayu Building, Towers A
93/1 Wireless Road, Lumpini, Pathumwan, Bangkok 10330
Tel: 662-254-1041
Fax: 662-251-1605
E-mail: 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
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
23rd Fl., Siam Tower, 989 Rama 1 Road,
Pathumwan, Bangkok 10330, Thailand
Tel: 662-649-1119
Fax: 662-658-0619
E-mail: praab@usasean.org

Thailand - U.S. Business Council
E-mail: infobox@tusbc.org
Internet: http://www.tusbc.org

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

Board Of Trade of Thailand

150 Rajbopit Road, Pranakhon, Bangkok 10200
Tel: 662-622-1860/75
Fax: 662-622-1879, 225-3372
E-mail: bot@thaichamber.org
Website: http://www.thaichamber.org

Federation of Thai Industries (FTI)
4th Floor, Zone C, Queen Sirikit National Convention Center
60 New Rachadapisek Road, Klongtoey, Bangkok 10110
Tel: 662-345-1000
Fax: 662-345-1296/9
E-mail: 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: 662-622-1860/75
Fax: 662-622-1879, 225-3372
E-mail: tcc@thaichamber.org
Internet: http://www.thaichamber.org

MARKET RESEARCH FIRMS

Agrisource Co., Ltd.
Ambassador's Court, 4thFloor, Room 416
76/1 Soi Langsuan, Ploenchit Road, Lumpini
Pathumwan, Bangkok 10330
Tel: 662-251-8655/6
Fax: 662-652-1338
Email: info@agrisource.co.th
Internet: http://www.agrisource.co.th

The Brooker Group PLC.
26th Floor, 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
Internet: http://www.brookergroup.com

Business Advisory (Thailand) Ltd.
15th Floor, Maneeya Center Building
518/5 Ploenchit Road, Lumpini
Pathumwan, Bangkok 10330
Tel: 662-255-8977
Fax: 662-254-4576

Email: bat@bathailand.com
Internet: http://www.bathailand.com

The Nielsen Company (Thailand) Ltd.
26th Floor, United Center, 323 Silom Road
Bangrak, Bangkok 10500
Tel: 662-674-6000
Fax: 662-236-7747
Internet: http://www.nielsen.com

J.P. Rooney & Associates Group
4th Floor, Panunee Building
518/3 Ploenchit Road, Lumpini
Pathumwan, Bangkok 10330
Tel: 662-254-7343, 251-2323
Fax: 662-652-0788
Email: jprooney@jprooney.com
Internet: http://www.jprooney.com

Pricewaterhousecoopers
15th Floor, Bangkok City Tower
179/74-80 South Sathorn Road
Thungmahamek, Sathorn, Bangkok 10120
Tel: 662-344-1000
Fax: 662-286-3456
E-mail: marketing_thailand@th.pwc.com
Internet: http://www.pwc.com/th/en

WEB SITES FOR AMERICAN INVESTORS AND EXPORTERS

U.S. Commercial Service
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. http://www.export.gov/thailand

U.S. Department of Commerce
http://www.commerce.gov

U.S. Embassy in Thailand
http://bangkok.usembassy.gov

US Export Import Bank (Ex-Im)
Assists U.S. exporters by providing loans, guarantees, and insurance to U.S. exporters
http://www.exim.gov

U.S. Immigration and Customs Enforcement
http://www.ice.gov/

TRADE ORGANIZATIONS IN THAILAND

American Chamber of Commerce

http://www.amchamthailand.com

Thai Industrial Standards Institute
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.
http://www.tisi.go.th

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

Kasikorn Bank
http://www.kasikornbank.com

Bangkok Bank
http://www.bangkokbank.com

Market Research

Return to top

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, and is free.

For real-time market intelligence, follow the U.S. Commercial Service in Bangkok on Twitter *@CSThailand*

Trade Events

Return to top

Please click on the link below for information on upcoming trade events.
http://www.export.gov/tradeevents/index.asp

Return to table of contents

Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to prepare U.S. companies to export successfully, connect them with trade opportunities and support them once they do have exporting opportunities.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. 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
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources.

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: www.export.gov/thailand

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the U.S. Department of Commerce's Trade Information Center at (800) USA-TRAD(E).

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.

Return to table of contents