THAILAND

TRADE SUMMARY

The U.S. trade deficit with Thailand was $9.9 billion in 2002, an increase of $1.2 billion from $8.7 billion in 2001. U.S. goods exports in 2002 were $4.9 billion, down 18.9 percent from the previous year. Corresponding U.S. imports from Thailand were $14.8 billion, up 0.5 percent. Thailand is currently the 23rd largest export market for U.S. goods.

U.S. exports of private commercial services (*i.e.*, excluding military and government) to Thailand were $1.1 billion in 2001 (latest data available), and U.S. imports were $891 million. Sales of services in Thailand by majority U.S.-owned affiliates were $2.3 billion in 2000 (latest data available).

The stock of U.S. foreign direct investment (FDI) in Thailand in 2002 was about $16 billion. U.S. FDI in Thailand is concentrated largely in manufacturing, petroleum and banking sectors.

IMPORT POLICIES

Tariffs

Thailand's high tariff structure remains a major impediment to market access in many sectors. The country's average applied tariff rate is roughly 16 percent. A member of the World Trade Organization (WTO) and the ASEAN Free Trade Area (AFTA), Thailand has yet to complete efforts to rationalize a complicated tariff regime that currently has 46 rates. Highest tariff rates apply to imports competing with locally produced goods, including agricultural products, autos and auto parts, alcoholic beverages, fabrics, and some electrical appliances. In some cases, tariffs on unfinished and intermediate products are higher than on related finished products. In the aftermath of the 1997-98 financial crisis, the Thai government increased duties, surcharges, and excise taxes on a range of "luxury" imports, including wine, passenger cars, and wool carpets. Some tariff increases have corresponded with implementation of trade liberalization measures; for example, tariffs on completely knocked down (CKD) auto kits increased from 20 percent to 33 percent when local content requirements were eliminated in the automotive industry in December 1999. Thailand also imposes a 60 percent duty on motorcycles. At the request of the U.S. Government, the Thai government is reviewing its tariff classification for motion picture film imports.

The Thai government is behind schedule in implementing its stated priority of tariff reduction and rationalization. Nonetheless, it continues to ease selected import duties in line with WTO and AFTA commitments, and in 2002 reduced tariffs on more than 200 items, mostly on raw materials and inputs not produced locally.

Taxation

Thailand's tax administration generally is complicated and not transparent. Excise taxes are high on some items, such as unleaded gasoline, beer, wine, and distilled spirits. In March 1999, as part of an economic stimulus package, the value-added tax (VAT) was temporarily reduced from 10 percent to 7 percent and the excise tax on fuel oil was reduced from 17.5 percent to 5 percent. The VAT is scheduled to be restored to 10 percent on October 1, 2003. Taxpayers often are not permitted to offset their tax liability by amounts due them from taxing authorities and reportedly sometimes wait years for tax refunds.

Agriculture and Food Products

High duties on agriculture and food products remain the main impediments to U.S. exports of high-value fresh and processed foods. Under its WTO Uruguay Round agriculture obligations, Thailand has committed to reduce its import duties, but these duties are an important source of government revenue and serve to protect politically influential domestic agricultural interests from competition from imports. Agriculture is scheduled to be among the last sectors affected by Thailand's tariff rationalization plan. Duties on imported consumer-ready food products range between 40 percent and 50 percent, the highest in the ASEAN region.

Tariffs on meats, fresh fruits and vegetables, and pulses (*e.g.*, dry peas, lentils, and chickpeas) are similarly high, even for products for which there is little domestic production. Frozen french fries, for example, are not produced in Thailand, yet face an unusually high tariff of 36 percent (WTO bound rate for 2002). When import duties, excise taxes, and other surcharges are calculated, imported wines face a total tax of nearly 380 percent.

With the exceptions of wine and spirits, there are no longer specific duties for most agricultural and food products, and *ad valorem* rates are declining in accordance with Thailand's WTO commitments. Nevertheless, import duties on agricultural and processed food goods are currently as high as 55 percent, and the average tariff rate is 29.6 percent. Furthermore, duties on many high-value fresh and processed food products will remain high – in the 30 percent to 40 percent range – even after reductions under WTO commitments. As of December 2002, tariffs on apples stood at 10 percent, while pears and cherries remain as high as 60 percent U.S. fruit growers estimate lost sales of up to $25 million annually for these fruits from the combined effect of Thailand's high tariffs, surcharges, and a customs reference price system that often disregards the declared transaction price of these products. (See "Customs Barriers" section below).

Although its overall import policy is directed at protecting domestic producers, Thailand has been relatively open to imports of feed ingredients (corn, soybeans, soymeal) in recent years. Nevertheless, new requirements associated with the issuance of import permits for feed ingredients are burdensome. Corn imports enjoy liberalized tariff rates, but the effects are limited by a government requirement that corn imports arrive within a limited time frame (March through June). This limitation places U.S. suppliers at a disadvantage and gives most of the market to corn from the Southern Hemisphere. Corn is also subject to a tariff-rate quota (TRQ); in 2003, in-quota corn imports (about 54,000 tons to 56,000 tons) will be subject to a 20 percent tariff rate, while out-of-quota corn is subject to a 74.6 percent tariff plus a surcharge of approximately $4 per ton. There are no import quotas for soybeans, for which the import duty is 5 percent, provided that specific domestic purchase requirements are met. There is an import duty on wheat imports of approximately $23 per ton. In addition, there are import license fees for meat products (approximately $114 per ton on beef and pork, $227 per ton for poultry, $114 per ton on offal) that do not appear to reflect the true costs of import administration.

Phytosanitary standards for certain agricultural products also may be applied arbitrarily and without prior notification. The Thai government announced that regulations requiring the inspection of meat plants in supplier countries will be enforced beginning in January 2003.

The actual trade impact of high tariffs and other trade-distorting measures on individual product categories is difficult to assess. The annual value of U.S. agricultural exports to Thailand declined from nearly $630 million before the financial crisis to $535 million in 2001, for a variety of reasons, including reduced domestic demand, currency devaluation, and increased excise taxes and tariffs. U.S. industry estimates that potential U.S. agricultural exports to Thailand could reach as much as $900 million annually if Thailand's tariffs and other trade-distorting measures were substantially reduced or eliminated and the economy recovered to pre-crisis levels.

Automotive Sector

Current compound import duties and taxes, among the highest in ASEAN, are burdensome. In response to the financial crisis, the Thai government in October 1997 raised tariffs on passenger cars and sport utility vehicles to 80 percent, up from 42 percent and 68 percent, respectively. Current tariff rates on parts and components range from 40 percent to 60 percent, while tariffs on raw materials for parts production are 35 percent. Thailand's excise tax structure discriminates against passenger vehicles by taxing them at a rate of 35 percent to 48 percent while pickup trucks are taxed at a rate of only 3 percent. Customs valuation issues have been particularly acute in the auto sector (See "Customs Barriers" section below).

Textiles

Thailand's applied tariff rates for U.S. textile exports are very high, ranging from 25 percent to 40 percent for fabrics, 10 percent to 25 percent for yarns and 35 percent to 45 percent for apparel. In addition, Thailand applies specific unit duties on one-third of all textile tariff lines that make effective rates even higher.

Quantitative Restrictions and Import Licensing

Thailand is in the process of changing its import licensing procedures to comply with its WTO obligations. Import licenses are required for at least 26 categories of items, including many raw materials, petroleum, industrial materials, textiles, pharmaceuticals, and agricultural items. Imports of used motorcycles and parts and gaming machines are prohibited. Import of some items not requiring licenses nevertheless must comply with applicable regulations of concerned agencies, including extra fees and certificate-of-origin requirements in some cases. Imports of food, pharmaceuticals, certain minerals, arms and ammunition, and art objects require special permits from relevant ministries. Applications for food product registration in particular require detailed and often proprietary business information about the manufacturing process and composition of the food.

Customs Barriers

The international business community has long regarded Thai customs procedures as a significant impediment to trade and investment. Thailand's Customs Department generally enjoys a high degree of autonomy and engages in practices that are non-transparent and often appear arbitrary and irregular. Import regulations are complicated, non-transparent, and inconsistently applied. The problems most frequently cited by importers are excessive paperwork and formalities, lack of coordination between customs and other import regulating agencies, lack of modern computerized processes, and undue processing delays. The appellate process for customs determinations is non-transparent and ineffective.

Legislation enacted in March 2000 to implement the WTO Customs Valuation Agreement has alleviated some valuation problems, although importers complain widely of uneven implementation, particularly a discretionary practice by customs officials of using minimum import prices to determine arbitrarily that a declared transaction value of an imported good appears to be "too low." The U.S. Government has urged Thailand to discontinue practices that appear to be inconsistent with the Customs Valuation Agreement and to notify its legislation to the WTO Committee on Customs Valuation, as provided for in that agreement.

STANDARDS, TESTING, LABELING AND CERTIFICATION

Thailand's Food and Drug Administration (TFDA) requires standards, testing, labeling, and certification permits for the importation of all food and pharmaceutical products, as well as certain medical devices. Many U.S. companies consider the cost, duration, and complexity of the permitting processes to be burdensome and are concerned about the occasional demands for disclosure of proprietary information.
Some TFDA procedures have been streamlined, but delays of up to a year can occur. All processed foods must be accompanied by a detailed list of ingredients and a manufacturing process description, disclosure of which could jeopardize an applicant's trade secrets. A labeling regime for genetically modified foods, modeled on the Japanese system, is scheduled to be enforced beginning May 2003.

Thailand bans large-displacement motorcycle traffic from its tollways, even large motorcycles that are engineered to be ridden safely at highway speeds. In 2000, Thailand adopted motorcycle emissions regulations that are an amalgamation of standards and tests used elsewhere in the world, resulting in arbitrary standards among the most severe in the world. The implementation and enforcement of these standards has been non-transparent and even the advanced low-emission technology used by U.S. industry has difficulty meeting Thailand's standards.

GOVERNMENT PROCUREMENT

Thailand is not a signatory to the WTO Agreement on Government Procurement, although in the past Thai officials have evinced support for a WTO Agreement on Transparency in Government Procurement. A specific set of rules, commonly referred to as the Prime Minister's Procurement Regulations, governs public-sector procurement for ministries and state-owned enterprises. While these regulations require that nondiscriminatory treatment and open competition be accorded to all potential bidders, different state enterprises typically have their own individual procurement policies and practices. Preferential treatment is provided to domestic suppliers (including subsidiaries of U.S. firms registered as Thai companies), which receive an automatic 15 percent price advantage over foreign bidders in initial bid round evaluations.

A "Buy Thai" directive from the Prime Minister's office enacted in 2001 has raised additional concerns about the Thai government's procurement policies. Reversing a longstanding non-discriminatory government procurement policy, "Buy Thai" has disrupted the market access of foreign suppliers in selected sectors, notably personal computers. While Thailand officially denies that the "Buy Thai" policy discriminates against foreign producers, specific language used in government instructions on some procurement tenders explicitly excludes foreign-made, non-Thai products from competition for bids. The U.S. Government continues to urge Thailand to adopt the WTO Agreement on Government Procurement and to develop procurement policies that are non-discriminatory and transparent.

A procuring government agency or state enterprise reserves the right to accept or reject any or all bids at any time and may also modify the technical requirements during the bidding process. The latter provision allows considerable leeway to government agencies and state-owned enterprises in managing tenders, while denying bidders any recourse to challenge procedures. Allegations that changes are made for special considerations are frequently made, including charges of bias on major procurements. Despite the official commitment to transparency in government procurement, U.S. companies and Thai media regularly report allegations of irregularities.

Regulations promulgated in May 2000 formalized a Thai government practice requiring a counter trade transaction on government procurement contracts valued at more than 300 million baht, on a case-by-case basis. A counter-purchase of Thai commodities valued at not less than 50 percent of the principal contract may be required. As part of a counter-trade deal, the government may also specify markets into which commodities may not be sold; these are usually markets where Thai commodities already enjoy significant access. From 1994 through July 2001, 181 counter trade agreements were signed, resulting in exports valued at 31 billion baht. The provision for a case-by-case approach undermines transparency and predictability.

EXPORT SUBSIDIES

Thailand offers programs to support trade in certain manufactured products and processed agricultural products. Such programs include tax benefits, import duty reductions, credit at below market rates on some government-to-government sales of Thai rice, and preferential financing for exporters in the form of packing credits with odd date maturities and values otherwise unavailable in international credit markets. Thailand's programs to support trade in certain manufactured products and processed agricultural products may constitute export subsidies. These include various tax benefits, import duty reductions, credit at below-market rates on some government-to-government sales of Thai rice (established on a case-by-case basis), and preferential financing for exporters in the form of packing credits with odd date maturities and values otherwise unavailable in international credit markets. The Thai government terminated its packing credit program in compliance with WTO commitments but received an extension of its WTO exemption period for certain other subsidies. A new program scheduled to be offered in 2003 by Thailand's Export Import Bank to help small and medium exporters obtain credit reportedly will not offer below-market interest rates.

INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

Despite the passage of significant IPR legislation and a good working relationship between foreign business entities and Thai enforcement authorities, IPR piracy continues at high levels. U.S. copyright industries reported an estimated annual trade loss of more than $160 million from IPR infringement in Thailand in 2002. Many infringing products manufactured in Thailand are exported. Thailand has been on the U.S. Special 301 Watch List since November 1994.

On the legislative front, the Thai Parliament passed a Trade Secrets Act in March 2002. The latest available draft of the Trade Secrets Act reportedly would allow a government agency to disclose trade secrets to protect any "public interest" not having commercial objectives (provided the agency takes "regular measures to protect such trade secret from unfair commercial use"), raising concerns that this would provide authorities with too broad a scope to deny the protection of approval-related data against unfair commercial use. The Thai Food and Drug Administration and Department of Agriculture are drafting regulations to implement the Act. Thailand's remaining piece of legislation related to the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), a Geographic Indications Act, is under consideration by the Parliament.

Obstacles to effective IPR enforcement in Thailand are numerous. Resource limitations hamstring police capabilities. Although conviction rates are very high, corruption and a cultural climate of leniency can complicate some phases of case administration. Evidentiary requirements associated with warrants to search suspected infringing facilities reportedly are unduly stringent. Irregularities in police and public prosecutor procedures occasionally have resulted in the substitution of insignificant defendants for major ones and the disappearance of vital evidence. The frequency of raids compromised by leaks from police sources remains a concern. Pirates, including those associated with transnational crime syndicates, have responded to stepped-up levels of enforcement with intimidation against rights holders' representatives and enforcement authorities.

The Thai government established a specialized intellectual property court in1997, which has improved judicial procedures and imposed tougher penalties. Criminal cases generally are disposed of within six to 12 months from the time of a raid to the rendering of a conviction. However, authorities generally lack sufficient resources to undertake enforcement actions apart from those initiated by rights holders. Effective prosecutions can be labor-intensive for rights holders, who often investigate, participate in raids, and assist in the preparation of documentation for prosecution.

Patents

Amendments to Thailand's patent regime, which were designed to meet TRIPS obligations, entered into effect in September 1999. However, Thailand's patent office lacks sufficient resources to keep up with its volume of applications and patent examinations can take more than five years.

Copyright

Thailand's copyright law became effective in March 1995, bringing Thailand into closer conformity with international standards under TRIPS and the Berne Convention. With active participation on the part of U.S. industry associations, the Thai police act to combat copyright piracy at retail, storage, production, and the corporate end-user (in the case of business software) levels. Nevertheless, the scale of the problem remains a serious concern. The copyright law is ambiguous regarding decompilation, and regulations for enforcement procedures leave loopholes that frustrate effective enforcement. Thai authorities undertook some action against infringing cable operators in 2002, but cable piracy remains rampant, especially outside Bangkok. A draft Optical Disk Plant Control Act scheduled to be introduced into the Parliament in 2003 is designed to enhance the authority and capabilities of authorities to act against operators of illicit optical disk factories. The U.S. copyright industries high degree of concern over the rapid and unchecked growth of optical media piracy led them to file a petition requesting the suspension of Thailand's benefits under the Generalized System of Preferences (GSP). The U.S. Government is currently considering this petition.

Trademarks

The Thai government made amendments to the trademark law in 1992, which increased penalties for infringement and extended protection to service, certification, and collective marks. The Thai government also streamlined trademark application procedures pursuant to the IPR action plan in 1998. Additional amendments enacted in June 2000 broadened the legal definition of a mark and were designed to bring Thailand's trademark law into compliance with the TRIPS Agreement. While these developments have created a viable legal framework and have led to some improvements in enforcement, trademark infringement – especially for clothing, accessories, and plush toys – remains a serious problem. U.S. companies with an established presence in Thailand and a record of sustained cooperation with Thai law enforcement officials have had some success in defending trademarks, but the process remains time-consuming and costly. Penalties for proven trademark violations are insufficiently high to have deterrent effect.

SERVICES BARRIERS

Telecommunications Services

Protracted bureaucratic reform of the Thai telecommunications legal regime is a significant obstacle to investment in the Thai telecommunications sector. Thailand committed under the WTO to open the telecommunications services sector to direct foreign competition by January 2006. Thailand's WTO commitments cover only facilities-based telecommunications services and do not include resale. The Thai Government has allowed foreign participation in the telecommunications sector since 1989 but progress toward full liberalization remains slow. The market is dominated by two state operators, the Communications Authority of Thailand (CAT), which controls international links, and the TOT Corporation Public Company Limited (TOT), which controls domestic services; (formerly the Telephone Organization of Thailand), and a few large private-sector companies that have been awarded concessions by the Thai government to provide wireless and fixed-line services. CAT imposes equity and revenue-sharing requirements on International Value Added Network Service (IVANS) providers.

As part of a national privatization plan in July 2002, TOT was corporatized – shares (still owned by the state) were issued as a precursor to privatization and the company lost its status under laws governing state enterprises. CAT's planned corporatization was postponed in connection with bureaucratic reform, in which a new Ministry of Information and Communications Technology (MICT) was set up in October 2002. The new MICT has yet to confirm plans for CAT and TOT Corporatization. Plans under consideration include public issuance of a limited percentage of each entity's shares with a set amount available to foreign investors, and a possible merging of CAT and TOT prior to privatization.

The Frequency Allocation Act, passed in January 2000, called for the establishment by October 2000 of a National Telecommunications Commission (NTC), responsible for licensing, spectrum management, and supervision of telecommunications operators, and a National Broadcasting Commission (NBC), responsible for regulating the radio and television broadcast sectors. However, legal wrangling and political maneuvers have thwarted establishing the NTC and NBC despite the Thai government's stated commitment to proceed under the Act. Until the NTC is formed, controversial issues such as licensing, interconnection, competition, tariff-rebalancing, and standards-making will remain unresolved. In the Thai government’s continuing policy and regulatory vacuum, licenses for new Independent Service Providers and many value-added services cannot be issued.

The Thai government in November 2001 enacted a Telecom Business Law that lowered the permitted percentage of foreign ownership from 49 percent to 25 percent. The administration publicly stated its intention in 2002 to amend the Telecommunications Business Law Bill to increase the foreign ownership limit back to the previous 49 percent, and Parliament is expected to consider an amendment in 2003.

Legal Services

Current Thai law prohibits foreign equity participation in Thai law firms in excess of 49 percent, and foreign nationals are prohibited from practicing law in Thailand. However, under the U.S.-Thailand Treaty of Amity and Economic Relations, U.S. investments are exempted from the general restriction on foreign equity participation in law firms. Thus, while U.S. investors may own law firms in Thailand, U.S. citizens (and other foreign nationals) may not provide legal services (with the exception of "grandfathered" non-citizens). In certain circumstances, foreign attorneys may act in a consultative capacity.

Financial Services

In recent years, the Thai government has increasingly liberalized foreign firms' access to the financial sector. Significant restrictions on foreign participation in the sector remain, however. For example, while aliens have been allowed to engage in brokerage services since 1997, foreign firms are allowed to own shares greater than 49 percent of Thai securities firms only on a case-by-case basis.

In the aftermath of the Asian financial crisis, and in response to commitments made during 1997 WTO financial services negotiations, Thailand has taken major steps to liberalize its banking industry. Foreigners are now permitted to own up to 100 percent of Thai banks and finance companies for ten years from the date of acquisition. However, new capital invested in these ventures after the ten-year period must be provided by domestic investors until such time as foreign-held equity shares fall to 49 percent. The Thai government has encouraged foreign investors to assist in re-capitalizing Thai financial institutions by taking large equity positions in domestic firms, and a total of four (out of thirteen) Thai commercial banks are now majority-owned by foreign banks.

Foreign banks operating in Thailand are still disadvantaged in a number of ways, most notably by means of a maximum limit of three branches, only one of which may be in Bangkok. Foreign banks must maintain minimum capital funds of 125 million baht (approximately $2.87 million at December 2002 exchange rates) invested in government or state-enterprise securities or deposited directly with the Bank of Thailand. Expatriate management personnel are limited to six professionals in full branches and to two professionals in Bangkok International Banking Facility operations, although exceptions are frequently granted.

Charged with helping to restructure the financial sector's non-performing loans, the government-owned Thai Asset Management Corporation (TAMC) gives priority to Thai nationals when contracting for management, technical, and advisory services. Foreigners may be hired, however, in the absence of qualified Thai nationals.

Construction, Architecture, and Engineering

Foreigners are prohibited from participating in construction and civil engineering. Construction firms
must also be registered in Thailand (*i.e.*, establish a commercial presence). The Thai government regulates the billing rates of foreign architectural, engineering, and construction firms. Current practice involves the placement of a ceiling on billing rates of foreign firms. There is a nationality requirement for licensing to be an architect or to do engineering work.

Accounting Services

Foreigners cannot become accountants in Thailand because they cannot be licensed as Certified Public Accountants (CPAs). In effect, therefore, the performance of accounting services is limited to Thai nationals, with foreign accountants serving only as "business consultants."

INVESTMENT BARRIERS

The rights of U.S. investors in Thailand are secured by the U.S.-Thailand Treaty of Amity and Economic Relations (AER) and the U.S.-Thailand Tax Treaty of 1996. A revised Foreign Business Act, which took effect in March 2000, lays out the overall framework governing foreign investment and employment in Thailand. It eliminated some restrictions on foreign participation in a number of occupations. The Act generally does not affect projects established with Board of Investment promotion privileges or export businesses authorized under the Industrial Estate Authority of Thailand Law, and will not supersede provisions of bilateral treaties, such as the AER.. The U.S. Government has asked the Thai government to confirm that AER investors are exempt from an October 2002 regulation that stipulates minimum investment requirements for foreign companies beginning operations in Thailand.

Trade-Related Investment Measures

In 1995, pursuant to the WTO agreement on Trade-Related Investment Measures (TRIMS), Thailand notified the WTO that it would maintain local-content requirements to promote investment in a variety of sectors, including milk and dairy processing, and the motor vehicle assembly and parts industries. It eliminated these measures in the auto sector by the January 1, 2000 deadline established by the TRIMS agreement, but was granted an extension until December 2003 for milk and dairy processing.

ELECTRONIC COMMERCE

The Thai government has attached a high public priority on the development of electronic commerce and approved an electronic commerce framework in October 2000. However, an undeveloped legal infrastructure and limited Internet penetration constrain development of electronic commerce. A new Electronic Transactions Act entered into force in April 2002. The government plans to pass four additional related bills: the electronic funds transfer bill is being drafted, the computer crimes and data protections bills are pending cabinet approval, and the universal access bill is now being considered by Parliament.

The large role played by the Communication Authority of Thailand (CAT) is an obstacle to the development of the Internet and electronic commerce. Its mandatory share ownership (CAT 32 percent, CAT employees three percent) of all licensed Internet Service Providers (ISPS) and its monopoly on international telecom services impose high costs on online business. Required divestment of its ISP interests has not been implemented. When constituted, the National Telecommunications Commission currently being formed (see "telecommunications services" section above) is expected to develop new market rules.

OTHER BARRIERS

Several government firms are protected from foreign competition in Thailand. In the pharmaceutical sector, the Government Pharmaceutical Organization is not subject to requirements faced by the private sector on registration and permitting; in addition, it can produce and market generic formulations of drugs marketed by foreign countries irrespective of safety monitoring program protection. Requirements limiting government hospitals in the procurement and dispensing of drugs not on the national list of essential drugs (NLED) significantly constrain the availability of many imported products.

The government retains authority to set price ceilings for 16 products, including medicines, sound recordings, milk, sugar, fuel oil, and chemical fertilizer. Price control review mechanisms are non-transparent. Price control determinations are sometimes based on outdated assumptions, such as an exchange rate, but go long periods without review, even upon repeated petition for review by affected parties. Although in practice few commodities are subject to formal price controls, the Government uses its potential authority and its control of major suppliers of products and services under state monopoly, such as the petroleum, aviation and telecom sectors, to influence prices in the local market.

Conflicts of interest between politicians and regulators and lack of transparency in administrative procedures contribute to perceptions of wrongdoing in many settings. However, the government has made considerable efforts to counter official corruption. The Thai Constitution of 1997 contains provisions to combat corruption, including enhancement of the status and powers of the Office of the Counter Corruption Commission (OCCC), which is independent from other branches of government. Persons holding high political office, and members of their immediate family, are now required to disclose their assets and liabilities before assuming and upon leaving office. Furthermore, a new law regulating the bidding process for government contracts both clarifies actionable anti-corruption offenses and increases penalties for violations. Nonetheless, counter-corruption mechanisms continue to be employed unevenly.