



Doing Business In Thailand: A Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Thailand

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Market Overview

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- Thailand is the U.S.'s 27th largest export market. Two-way trade in 2007 was approximately \$31 billion, with \$23 billion in Thai exports to the U.S. and \$8. Billion in U.S. exports to Thailand. U.S. exports to Thailand grew 4% and imports to the U.S. grew around 1% in 2007. In Asia, Thailand ranks as the U.S.'s 7th largest trading partner after China, Japan, Taiwan, Korea, Singapore and Malaysia.
- The Thai economy is export-dependent with exports accounting for 60% of its GDP. GDP performance has averaged 5-6% since recovery from the Asian financial crisis. 2007 GDP growth stood at 4.8% and 2008 forecast is for similar results. GDP per capita is \$3,400.
- Following the overthrow of the previous government on September 19, 2006, the interim military appointed government initiated a number of policies and regulations that have been poorly received by the foreign business community in Thailand. Included in these policies has been currency controls, foreign business ownership restrictions, compulsory licensing of pharmaceuticals and restrictions on the expansion of foreign owned retail operations. The newly elected government is expected to promulgate business friendly policies and will attempt to regain foreign investor confidence.
- The U.S. and Thailand have enjoyed a special commercial relationship for 175 years under the Treaty of Amity and Commerce. Under the treaty, with the exception of a few sectors, U.S. companies operating in Thailand are afforded national treatment, or an "equal playing field" with Thai companies, a privilege offered to no other trading partner's companies.
- Current risks to Thailand's economy include an uncertain political situation, violence in the three southernmost Muslim-majority provinces, as well as the possible effects of the avian influenza on the region.

Market Challenges

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

Market Opportunities

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

Market Entry Strategy

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- Obtaining a local partner, such as an agent or distributor, is still the preferred means of entering the Thailand market for the first time as it is one of the most efficient and effective ways to reach Thai buyers. The agent or distributor can facilitate and expedite the market entry with their market knowledge and established networks. With the business culture of Thailand, interpersonal relationships are a vital factor for successful business transactions.

- The Commercial Service in Bangkok provides a variety of services to assist U.S. firms with market entry. Please refer to Chapter 10 of the Country Commercial Guide for further information on our services.

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Chapter 2: Political and Economic Environment

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

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

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Using an Agent or Distributor

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

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

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

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

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

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

Establishing an Office

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

There are 3 major forms of partnership in Thailand:

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

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

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

In any process of establishing an office, individuals and firms are strongly advised to consult at an early stage with legal or other professional advisors to ensure compliance with all applicable laws and regulations and to ensure selection of the optimal business structure for their activities in Thailand. The U.S. Commercial Service website

<http://www.buyusa.gov/thailand/en> offers listings of law firms operating in Thailand. Other considerations for American firms are to ensure there are no restrictions on foreign entity participation in a particular sector - whether there are import or other special licenses required and whether there are any special incentives available from Thai organizations such as the Board of Investment (BOI) and the Industrial Estate Authority (IEAT).

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

Franchising

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The franchise industry is still very popular among Thai investors because it is perceived as an attractive and relatively safe form of investment. According to the Thai Franchise Association, at the end of 2007, the total number of franchisers in Thailand was 408, with 365 of those being Thai-developed franchises, and 43 being international franchise systems. Fifty percent were in convenience stores and 30 percent in the food and restaurant business. The franchise industry is expected to continue to grow at an average of 30 percent over the next few years due to changing consumer buying patterns, urbanization, and improvements in Thailand's transportation and communications network. International franchises control 70 percent of the total market. The U.S. dominates with 65 percent of the international franchising market. The quality, standards, brands, and innovations offered by U.S. franchises are well known to potential Thai investors. However, franchising fees required by U.S. companies are perceived as very high and start-ups require a huge capital investment.

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

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

prospects for U.S. franchise concepts are in the following areas: hotel management, education and computer schools, automotive after market, and health and beauty services.

Direct Marketing

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

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

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

Joint Ventures/Licensing

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

with funding support, technology transfer and training components are effective mechanisms to achieve this.

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

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

Selling to the Government

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Government procurement represented a substantial portion of Thailand's economy – about 15 percent of the country's GDP, or around US\$98 billion in 2007. U.S. exporters interested in selling to the Thai government have opportunities in such key fields as petroleum refining and petrochemicals, telecommunications, transportation, information and communications technology, the environment, health care and commercial defense.

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

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

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

A specific set of rules, commonly referred to as the "Prime Minister's Procurement Regulations," governs public sector procurement. These regulations require that non-discriminatory treatment and open competition be accorded to all potential bidders. However, in reality the system is not entirely transparent, and the Thai government is not a signatory to the WTO Agreement on Government Procurement. Many feel that the

Royal Thai Government does not always provide a level playing field for foreign bidders. Generally, the procuring government agency provides preferential treatment to domestic suppliers who under a "Buy Thai" policy receive an automatic price advantage of 3-7% rate (depending on the product) over foreign bidders in initial bid round evaluations. The specific laws that apply to international tenders are Regulations 87 and 89. These adhere to established international procedures. International companies may bid, without having an agent, if the government agency or state enterprise in charge of the project does not specify in the terms of reference (TOR) to *only* open for bid proposals from Thai companies, and if the project is funded by foreign loans, then it will be treated as an international bid. The "two envelope" system is commonly used, with technical evaluations of bids conducted separately from cost evaluations. The procuring government agency reserves the right to accept or reject any or all bids at any time, and is not bound to approve the lowest bid. The procuring government agency may also modify the technical requirements during the bidding process. This flexibility can prove frustrating to bidders. Charges leveled that changes are made for special considerations have been common in the past.

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

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

Distribution and Sales Channels

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

distributors, or manufacturer's branch offices in Thailand are eligible to enter day-to-day bidding for routine government tenders. Please also see the sections in this chapter on "Selling Factors" and "Selling to the Government" for more detailed information on bidding on projects by international bidders.

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

Selling Factors/Techniques

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

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

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

Large U.S. firms have their own subsidiaries in Thailand to sell products and provide technical services. Opening a representative office and a company-owned support

facility will also underscore the company's commitment to the market. Following the 1997-98 Asian financial crisis, most Thai buyers are requiring longer-term or more flexible and creative financing terms. Thai distributors prefer to deal directly with U.S. vendors over regional distributors and to be appointed as a sole distributor in most cases.

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

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

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

Electronic Commerce

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

Advertising and trade promotion are important marketing tools in Thailand, especially for the sale of consumer goods. In particular, foodstuffs and consumer products should be promoted heavily via a full range of mass media. In 2007, advertising on television is the most popular and commands 58 percent, newspapers 20 percent, radio 8 percent, magazine 8 percent, outdoor billboards 4 percent, and others 4 percent. There are six free television channels and 30 user-fee based cable television channels. Although the Royal Thai Government does not permit commercial advertisement on the cable television network, at least three channels feature infomercials and home shopping-style programs twenty-four hours a day under the guise of "regular television programming". This is a very successful medium for the promotion of a wide range of American consumer products. There are two popular English-language newspapers in Thailand, "The Bangkok Post" and "The Nation". For advertising, U.S. companies should also consider Thai-language publications as other essential means to promote their products and services. The most popular daily business newspapers in Thai are "Krung Thep Thurakit" (Bangkok Business News) and "Manager." Special promotional campaigns should be conducted at local shopping centers, hotels and convention halls. The most popular campaign is giving away free samples at major business and commercial buildings.

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

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

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

shows or organizing technical seminars. Successful firms also arrange for their agents to receive specialized training at offices or factories in the U.S.

Major Newspapers: The Bangkok Post <http://www.bangkokpost.net> , The Nation <http://www.nationmultimedia.com> , Krung Thep Thurakit (Bangkok Business News) <http://www.bangkokbiznews.com> , Post Today (Thai): <http://www.posttoday.com> , Business Day Newspaper: <http://www.bday.net>

Magazines: Business in Thailand Magazine (<http://www.businessinthailandmag.com>)

Business Web Sites: <http://www.buyusa.gov/thailand/en> , <http://www.ustbc.org> , <http://www.indo-siam.com>

Pricing

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

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

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

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

Training, after sales service, reliable customer support, and the availability of spare parts are the most important factors cited by Thai customers in evaluating services related to their purchasing decisions. These factors are especially important when marketing industrial products. Buyers seek a quick turn around time on their requests for technical assistance and perceive such service as being provided by reliable suppliers. In case a local branch cannot provide the service, suppliers should be able to acquire support from overseas branches. Spare parts should also be available in a timely manner.

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

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

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

Introduction

Several general principles are important for effective management of intellectual property rights in Thailand. First, it is important to have an overall strategy to protect IPR. Second, IPR is protected differently in Thailand than in the U.S. Third, rights must be registered and enforced in Thailand under local laws. Companies may wish to seek

advice from local attorneys or IP consultants. The U.S. Commercial Service can often provide a list of local lawyers upon request.

It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Thailand. It is the responsibility of the rights holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. While the U.S. Government is willing to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a lawsuit. In no instance should USG advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

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

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

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

IPR Resources

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

- For information about patent, trademark, or copyright issues -- including enforcement issues in the U.S. and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: **1-800-786-9199**.

- For more information about registering for copyright protection in the US, contact the U.S. Copyright Office at: **1-202-707-5959**.
- For U.S. small and medium-size companies, the Department of Commerce offers a "SME IPR Advisory Program" available through the American Bar Association that provides one hour of free IPR legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and Thailand. For details and to register, visit: **http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html**
- 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 U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IPR-infringing products) and features online training courses and Webinars on protecting IPR.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers **Thailand** at http://www.buyusa.gov/thailand/en/contact_us.html.

IPR Climate in Thailand

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

Patents, Data, Trade Secrets, and Plant Variety Protection

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

Thailand's patent office lacks sufficient resources to keep up with the volume of applications, and patent examinations can take more than five years, and eight to ten years or more for pharmaceutical patents. While patent filings have increased in recent years, the patent issuance numbers continue to decrease. The Department of Intellectual Property ("DIP") is reportedly subject to a hiring freeze that prevents hiring

more than the current sixteen examiners. Thailand has been discussing accession to accede the Paris Convention and the Patent Cooperation Treaty for several years but has not yet taken the necessary steps.

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

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

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

Copyright

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

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

Trademarks and Geographical Indications

The Thai government amended its trademark law in 1992, increasing penalties for infringement and extending protection to service, certification, and collective marks. The Thai government also streamlined trademark application procedures, addressing issues raised by the U.S. Government. Additional amendments designed to bring Thailand's trademark law into compliance with the TRIPS Agreement were enacted in June 2000,

broadening the legal definition of a mark. Further amendments have been drafted but will not likely be passed prior to the December 2007 elections. Thailand has been considering joining the Madrid Protocol, but has not yet taken steps to do so.

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

Enforcement

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

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

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

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

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

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

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

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

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

Department of Intellectual Property, Ministry of Commerce:

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

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

Phone: (662) 547-4621

Fax: (662) 547-4699

The Central Intellectual Property and International Trade Court

Si Ayutthaya Road, Ratchatewi District, Bangkok 10400

Tel: (662) 245-8401

Fax: (662) 245-8898

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

Thai Military Bank Building, 3rd Floor, Si Ayutthaya Road, Ratchatewi District, Bangkok 10400

Tel: (662) 246-2100

Fax: (662) 246-2622

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

North Sathorn Road, Bangrak District, Bangkok 10110
Tel: (662) 235-2827
Fax: (662) 234-6806

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

Sunthornkosa, Klong Toey, Bangkok 10110
Tel: (662) 240-2617
Fax: (662) 249-4016

Due Diligence

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

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

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

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

Local Professional Services

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It is highly recommended that U.S. firms obtain relevant legal advice from a local attorney who can provide guidance on drafting and enforcing commercial agreements, company registration, and applying for requisite permits. The services of a local attorney are required for executing distributorship agreements, setting up offices in Thailand,

registering patents and trademarks, and for taking legal measures to protect a product from intellectual property right infringement.

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

The U.S. Commercial Service at the American Embassy in Bangkok can provide a list of Thai lawyers and American legal consultants who specialize in Thai commercial law and service international clients. The list can also be downloaded from the Commercial Service Bangkok website at <http://www.buyusa.gov/thailand/en>

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

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

Web Resources

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

- Business Day Newspaper: <http://www.bday.net>

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

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Commercial Sectors

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- [Automotive Parts and Service](#)
- [Cosmetic Products Market](#)
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- [Electronic Components](#)
- [Electrical Power Systems](#)
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Aircraft and Aircraft Parts

Overview

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	2006	Jan – Oct 2007	2008 (estimated)
Total Market Size	1,135	842	1,045
Total Local Production	0.002	-	-
Total Re-Exports	1,466	1,385	1,718
Total Imports	1,135	842	1,045
Imports from the U.S.	82	86	107
Exchange Rate (Baht/\$)	34	34	34

Note: All figures in US\$ millions.

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

Thailand relies on imported aircraft and parts to support the relatively high number of aircraft currently operated by local airlines and Thai government agencies including the military. The post market potential for aircraft and parts in Thailand is due to expansions of commercial airlines, new low-cost airlines, and upgrade and repair of military aircraft. The total market size for aircraft and parts for 2008 is estimated at about one billion U.S. dollars with an expected market growth rate of 3%. The volume of U.S. products sold in Thai commercial markets is inconsistent depending on major aircraft export sales to Thailand, but normally exceeds \$100 million a year depending on bid awards for aircraft sales and sales of manufacturers' approved parts.

Market potential for aircraft and parts in Thailand is high given the expansion of commercial airlines, new low-cost airlines, and upgrade and repair of military aircraft. In general there are two major market segments for aircraft and aircraft parts in Thailand, the civilian or commercial market and the Thai government and military market. In terms of market demand, Thailand lacks sufficient aircraft manufacturing industry to support local demand. Therefore, it has to rely on imported equipment including: aircraft, communication equipment, avionics, and parts used in maintaining and servicing aircraft.

Best Products/Services

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

Major buyers comprises commercial airlines, air-charter service companies, flying clubs operating small/ultra-light aircraft, the Royal Thai Air Force (RTAF), the Air Wing of the Royal Thai Navy (RTN), the Aviation Center of the Royal Thai Army (RTA), the Royal Thai Police's Aviation Division, and the Ministry of Agriculture's Bureau of Royal Rainmaking & Agricultural Aviation.

Opportunities

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In the past few years the most active buyers in the civilian/commercial market have been Thai Airways, Bangkok Airways, and low-cost carriers (LCCs) such as Orient Thai Airlines, Thai Air Asia, and NokAir. Thai Airways has a 10-year (2008-2017) aircraft procurement plan, which targeted to acquire 65 new aircraft, to replace 47 aircraft that will be retired from the fleet. In addition, Thai Airways has signed contracts to purchase six new Airbus A380s however, the first delivery of A380s has been postponed from 2008 to 2010 due to the extension of the Airbus's production schedule.

As to the military aircraft and the related parts market, these all rely on the government's budget. Procurement of new aircraft is contingent on the armed forces' need to maintain air superiority over neighboring countries as well as interoperability with its military allies. Thai military is expected to remain focused on the maintenance and upgrade of existing aircraft fleets; however, predictions of long-term expectations include the implementation of a new aircraft procurement program to replace the fairly old fighter jet fleets. (Insert text here)

Resources

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

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

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

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

Airports of Thailand Public Co., Ltd. (AOT)
171 Vibhavadi Rangsit Road
Don Muang, Bangkok 10210

Tel: 662 535 1111
Fax: 662 531 4061
Website : <http://www.airportthai.co.th>
<http://www.airportthai.com>
<http://www.suvarnabhumiairport.com>

Broadcast Equipment

Overview

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	2005	2006	2007 (estimated)
Total Market Size	1300	1200	1000
Total Exports	2,399	2,438	5,227
Total Imports	2,701	3,122	2,234
Imports from the U.S.	30.9	17.4	22.9

Remark: All figures are in US million

The above statistics are unofficial estimated

Source: The Customs Department of Thailand

The television and radio broadcasting sector in Thailand falls under the control of three major government bodies, the Mass Communications Organization of Thailand (MCOT), the Public Relations Department of Thailand (PRD), and the Royal Thai Army Radio and Television (RTA). These three largest players own more than two-thirds of the airwaves nationwide. Moreover, the government actively supports development of communication technologies, investing in two north-south fiber-optic cable networks, international submarine links with several countries in the region, and domestic satellite communications.

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

- T.V. and radio (65%)
- Newspaper (17%)
- Magazines (6.4%)
- Outdoor advertising (4.8%)
- Movie Theatres (4.7%)

Television and radio are the key sub-sectors covered in the broadcasting industry. According to AC Nielsen Media Research Company, total media spending in Thailand was \$ 2.7 billion in 2007. Spending on TV and radio represented more than 65% of the market. In 2008 the industry was projected to either remain steady, or to post slight growth due to factors such as increasing oil prices and an uncertain political situation

The largest players in the Thai Television industry are MCOT, a former state enterprise of which the government still owns a 77 percent stake, and the Royal Thai Army, which retains ownership of numerous broadcast frequencies.

The government actively supports the development of communication technologies, investing in two north-south fiber-optic cable networks, international submarine links with several countries in the region, and domestic satellite communications.

The inevitable next move in digital networking is full-resolution television transmission via internet broadband technology. This is certainly practical for minority audiences living in Bangkok and the greater Bangkok areas. Special interest programs such as competitive sports programs or reruns of recent broadcasts are the main content for IP T.V.

Apart from free television operators, Thailand has several CATV, MMDS and Satellite television providers. The most significant player in the market is the True Vision Public Company Limited (TrueVision)(formerly United Broadcasting Company Limited (UBC)) controlled by the Charoen Pokphand (CP) Group, a massive Thai business conglomerate. UBC has awarded concessions from MCOT to operate CATV services in greater Bangkok and encrypted digital satellite TV (DSTV) services across the country.

Outside Bangkok, there are an estimated 350+ independent CATV providers offering service in the provinces without the necessary license. It is estimated that the provincial cable operators reach a total of two million household and businesses.

Radio

Like television, radio broadcasting should be regulated and monitored by the National Broadcasting and Telecommunication Commission (NBTC). However, the committee is under a selection process with an unknown timeframe. This could cause radio frequencies to remain in the government bodies, including the military, state universities, the Public Relations Department (PRD) and the MCOT. These agencies operate several stations directly, while the remaining are leased out to private operators.

Thailand has 589 radio stations nationwide, 238 of them are on AM, while 351 are on FM. The biggest operators are the Public Relations Department with 147 radio stations, followed by the Royal Thai Army with 127 stations and the Mass Communication Organization of Thailand with 62 stations. AM radio tends to appeal to popular tastes, especially with rural listeners, while FM radio offers more popular music as well as jazz and classical music, English-language newscasts, and original soundtracks of certain foreign films are shown on local television. In addition, community radio stations operating with lower-power transmitters having proliferated in the last few years, offering listeners an alternative to the government-controlled station.

Best Prospects/Services

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U.S. best selling products in Thailand broadcast industry include:

- Transmission
 - Radio
 - Television

- Console (Radio)
- Studio Equipment
 - Radio
 - Television
- Software systems such as automation and advertising solutions

Microwave communications equipment

Opportunities

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

Most Chinese products concentrated on non-linear equipment and software automation that requires low production costs and much less research and development. Importantly, Chinese products, offering the lower price, play a significant role in the purchasing decision.

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

U.S. best selling products in Thailand include:

- Transmission
 - Radio
 - Television
- Console (Radio)
- Studio Equipment
 - Radio
 - Television
- Software systems such as automation and advertising solutions
- Microwave communication equipment

The major U.S. players in the Thai broadcast market are below:

- Harris Corporation through its distributor, Loxley Plc. Co., Ltd.
- Broadcast Electronics through its distributor, Broadcast and Studio Co.,

Ltd.

Resources

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U.S. Commercial Service
 # 302, 3rd Floor, Diethelm Tower A,
 Wireless Road, Pathumwan, BKK 10330
 Tel: 662-205-5090
 Fax: 662-255-2915
 Contact: Oraphan Boonyalug, Commercial Specialist
 E-mail: oboonyal@mail.doc.gov

The Public Relations Department

2/18/2008

9 Soi Aree Samphan Rama IV Rd.
Phyathai Bangkok, Thailand 10400
Tel: 662-618-2341
Fax: 662-618-2342
Contact: Phachern Khamphoe, Deputy Director General
E-mail: phachern@prd.go.th

MCOT Public Company Limited
63/1 Rama IX rd., Huay Kwang
Bangkok, 10310, Thailand
Tel: 662-201-6000
Fax: 662-246-1961
URL: www.ict.mcot.net
Contact: Pongsak Payakvichien, Acting President

Security and Safety Equipment (SEC)

Overview

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Overview:	2005	2006	2007
A. Total Market Size	204	245	294
B. Total Imports	183	220	265
C. Imports from the U.S.	55	67	80

Note: 1) The above statistics are unofficial estimates.
Exchange rates are \$1= Baht 34

The market for safety and security equipment is projected to continue its annual growth trend of between 10-20% over the next few years. Demand for security equipment has grown in both the public and private sectors. The ongoing unrest in Thailand's three southern-most provinces requires the Royal Thai Government to spend significant amounts to ensure the protection of citizens and government property. Additionally, an increasing threat on personal property and business establishments due to the country's overall economic slowdown has increased the demand for safety equipment in the private sector.

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

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

American safety & security equipment competes particularly well in the high-end market, which accounts for 70% of the overall market. Quality and technology that result in greater reliability are the key competitive advantages for American products in market segment for which the costs of device failure are formidable.

Best Prospects/Services

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Best sales prospects for security and safety equipment include:

- Video Surveillance Systems

- Digital video recording and network transmission
- CCTV and night vision equipment
- Anti-Intrusion Device
- Alarm systems
- Fire / Intruder alarm system
- Detection Equipment
- Handheld / Walkthrough metal detectors
- Motion detectors
- X-ray / Screening equipment
- Access Control Systems
- Card technology systems
- Biometrics devices
- Car park management devices
- Security doors and power fences

Opportunities

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In addition to CCTV, fire alarm system offers key growth opportunities. This soon-to-be implemented Building Inspection Law will create a market of 15,000 to 20,000 building units that need new fire alarm systems.

Resources

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

Automotive Parts and Services/Equipment

Overview

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Automobiles & Parts	(US\$ Millions)		
	2005	2006	2007
A. Total Market Size (Estimate)	9,711	9,432	8,725
B. Total Local Production (Estimate)	11,758	13,292	14,222
C. Total Exports	8,654	10,088	12,530*
D. Total Imports	6,607	6,228	5,901*
Imports from the U.S.	97	79	80**

Exchange rate Baht 34 = \$1

*Jan-Nov

** Jan September

Sources: The Federation of Thai Industries and U.S. Customs Bureau

Thailand's 2007 vehicles production increased eight percent from production in 2006 to reach 1.3 million units. This reflects an approximate growth on exports of 27% over 2006. Passenger cars and pickup trucks account for half of the country's exports, with Australia, Indonesia, Philippines, Malaysia, Saudi Arabia, the U.K., Italy and Russia as primary destinations. Other automotive products exported from Thailand include Original Equipment Manufactured Parts (OEMs), Engines, Jig & Die, and replacement parts.

Unlike the export market, Thailand's domestic market has been on a decline in the past two years. Total sales in 2007 further declined to 631,252 units, a 7.5% decrease from 682,161 in 2006. The country's political and economic situations together with the worldwide fuel price increase dampened consumer confidence and actual purchasing power, hence the demand for vehicles. However, optimists project up to 11% expansion of the 2008 market, and even conservative estimates suggest the market will maintain its 2007 level. Toyota is the most popular in both the passenger car (54.4%) and pickup truck (41.4%) categories, commanding a 44.7% share of the Thai market. Isuzu (34.8%) and Honda (29.5%) have the second largest shares of the pickup and passenger car segment, respectively.

Best Prospects/Services

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

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

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

Opportunities

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In addition to CCTV, fire alarm system offers key growth opportunities. This soon-to-be implemented Building Inspection Law will create a market of 15,000 to 20,000 building units that need new fire alarm systems.

Resources

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

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

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

Trade Shows:

BANGKOK INTERNATIONAL MOTOR SHOW

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

Date: March 28 – April 6, 2008

Venue: Bangkok International Trade Exhibition Center (BITEC)

Organizer: Grand Prix International
4/299 Moo 3 Lardplakaow 66 Road
Anusaowary, Bangkhen
Bangkok 10220

Tel: (662) 971-6450 to 6485, (662) 522-1731 to 1738

Fax: (662) 522-1730

Website: <http://www.bangkok-motorshow.com>

Motor Expo 2008

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

Date: 28 November -10 December 2008

Venue: Impact Exhibition & Convention Center, Bangkok

Organizer: Inter-Media Consultant Co., Ltd.
1143/1 Soi Suthiporn
Rachadapisek Road, Dindaeng
Bangkok 10400

Tel: 662-641-8444

Fax: 662-641-8480

Website: www.autoinfo.co.th

Cosmetic Products Market

Overview

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	2005	2006	2007
Total Market Size	989	1,068	1,165
Total Local Production	1,373	1,499	1,672
Total Exports*	606	665	764
Total Imports*	222	234	257
Imports from the U.S.	49	51	58

Remark: All figures are in US\$ million.

The above statistics are unofficial estimates.

The exchange rate is 34 baht/dollar

Source: The Thai Customs Department, Ministry of Finance

The overall growth rate of the cosmetic products market in Thailand for 2007 is expected to be approximately 10 percent compared to 8 percent for 2006. The expected growth rate is an optimistic estimation considering the ongoing economic slowdown that began in 2005. Hair care, make-up, and perfume products maintained single digit growth while the skin care sector experienced growth in excess of 10 percent.

Brand image plays an important role in this market. High quality, international branded cosmetic products are expected to do better than medium to low quality cosmetic products and may achieve an overall growth rate of 15 to 20 percent due mainly to positive brand image, brand loyalty and high quality recognition. Brand retention and identification are normally used as advertising strategies in this market. Distributors of high quality cosmetic products tend not to resort to price-cutting. Premiums are widely used in promotional campaigns.

Products from the United States are highly regarded and lead the imported market. Competition from France, Japan, the United Kingdom and Germany is getting stronger. Perfumes from France remain the market leader in Thailand followed by perfumes from the U.S.

Problem-solving product lines such as anti-wrinkle cream, anti-aging facial cream, anti-dandruff hair care, and whitening facial and body lotion have strong growth potential. Over 60 percent of Thailand's imported cosmetic products include high-end facial cream, mostly anti-wrinkle, anti-aging, and other skin care products. Products from the U.S. dominate this sub-sector with approximately 32 percent share of the market. Leading international brands include: Estee Lauder, Clinique, Shiseido, Christian Dior, Lancome, Olay, Eucerin, La Roche-Posay. An increasing number of products specially designed for men have been entering the market.

Thailand remains a strong manufacturer and exporter of shampoos and other hair care products, color cosmetics and skin care products. Local production is mainly geared

towards low to medium quality color cosmetics (make-up, lipsticks, nail polish), skin care products (body lotion and bar/liquid soap) and hair care products (mainly shampoo and conditioners). Thai manufacturers of cosmetics are well known for high quality OEM products. Cosmetic products are available in the country at all levels of quality and brand recognition ranging from high-end, well-known international brands to low-end, low quality, locally produced brands. Leading international companies that have production facilities in Thailand include Unilever, Procter & Gamble, Colgate-Palmolive, Lancome and Johnson & Johnson.

Direct sales are the preferred distribution channel and account for 60 percent of the total market.

Make-up, skin care, and perfume products generally have an import duty rate of 30 percent, while hair care products generally have 20 percent import duty. A product registration and import authorization are required by the Thai Food and Drug Administration in the Ministry of Public Health prior to the actual shipment of the cosmetic products.

Import Regulations and Import Duties

Importation of cosmetic products is controlled by the Thai Food and Drug Administration of the Ministry of Public Health. A product registration is required prior to the actual importation and marketing of the cosmetic products. The registration process is not complicated, but may take one to two months time. The basic documents required by the Thai FDA include a notarized Certificate of Free Sale or a Certificate of Manufacture issued by the manufacturer in the manufacturing country (United States) and notarized by a Notary Public in the U.S., and a full ingredient/composition listing issued by the manufacturer and notarized by a Notary Public. Both documents have to be legalized either by the Thai Consulate in Washington, DC or the American Embassy in Bangkok, Thailand.

Import Duty

HS Code No.	Descriptions	Duty Rate (%)
3303	Perfume	30
3304	Make Up Products & Lotion	30
3305	Hair Care Products	20
3307	Shaving Products and Deodorant	20

Contact information at the Thai Food and Drug Administration office:

Mr. Pongraphan Susantitpong – Director
 Cosmetic Control Division
 Food and Drug Administration
 Ministry of Public Health
 Tivanon Road
 Muang, Nonthaburi 11000
 Thailand

Tel: 662-590-7169
Fax: 662-591-8468
E-mail: cosmetic@fda.moph.go.th

Best Prospects/Services

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Best prospects for cosmetic products from the U.S. include:

- Anti-aging facial treatment
- Wrinkle free eye treatment
- Whitening facial treatment
- Whitening body lotion
- High-end make-up and skin care
- Medicated shampoo
- Medium and high-end perfume
- Body spray
- Cosmetic products for men

Opportunities

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Problem-solving product lines such as anti-wrinkle cream, anti-aging facial cream, anti-dandruff hair care, and whitening facial and body lotion have strong growth potential. Over 60 percent of Thailand's imported cosmetic products include high-end facial cream, mostly anti-wrinkle, anti-aging, and other skin care products. Products from the U.S. dominate this sub-sector with approximately 32 percent share of the market. Leading international brands include: Estee Lauder, Clinique, Shiseido, Christian Dior, Lancome, Olay, Eucerin, La Roche-Posay. An increasing number of products specially designed for men have been entering the market.

Resources

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- Trade Show

Thailand Health and Beauty Show 2008

To be confirmed, normally between October and November

Bangkok

Thailand

Organized by The Department of Export Promotion, Ministry of Commerce

Website: www.depthai.go.th

-Importance Website

Food and Drug Administration

Ministry of Public Health

www.fda.moph.go.th

Mr. Nalin Phupoksakul – Commercial Specialist

U.S. Commercial Service

American Embassy

E-mail: nphupoks@mail.doc.gov

Education Service – Study Abroad

Overview

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	2005	2006	2007
Total Sales	618	741	808
Sales by Local Firms	0	0	0
Sales by International Firms	618	741	808
Sales by U.S. Firms	247	296	311

Remark: All figures are in US\$ million.

The above statistics are unofficial estimates.

The exchange rate is 34 baht/dollar

The United States remains the number first choice for Thai students, who would like to continue their higher education abroad. Graduate program maintain 60 percent share of the programs Thai student attend abroad, including the US. Undergraduate program student is about 20 percent and the remaining 20 percent is short-term exchange and ESL program. Business administration maintains the leading major subject. Engineering, computer science and mass communication are also the major subjects that Thai students interest. ESL programs operated by a university gain better acceptance among students. They have direct link to the degree programs that students aim for and the conditional acceptance offered by universities after completion of the ESL requirement is very well accepted.

Growing number of high school graduates from international schools in Thailand is a major factor of growing potential of high school and undergraduate students. Currently, there are about 90 international schools, but only about half of them offer classes through 12th grade. Most of them generate high school graduates during the past years. These graduates are strong potential students at schools abroad. Naturally, these students have very limited knowledge of Thai language and there are not enough English programs at universities in Thailand to accommodate their applications. A better choice for them is to enroll into a school in an English speaking country outside of Thailand. Many schools in the US had experienced growing numbers of undergraduate student enrollments during the past few years although the numbers are still very small.

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

In 2007, it is estimated to have between 14,000 to 15,500 Thai students in the United States (Institute for International Education's Open Door reported an estimated of about

10,000 Thai students). The numbers of Thai students in Australia is estimated to have between 11,000 to 12,000 students. The number of Thai students in the United Kingdom is estimated to be growing and should be in the range of 9,000 to 10,000 students. It is estimated to have around 3,500 Thai students in New Zealand and around 1,500 Thai students in Canada.

Best Products/Services

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Major programs that the students in Thailand interested in pursuing:

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

Opportunities

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Problem-solving product lines such as anti-wrinkle cream, anti-aging facial cream, anti-dandruff hair care, and whitening facial and body lotion have strong growth potential. Over 60 percent of Thailand's imported cosmetic products include high-end facial cream, mostly anti-wrinkle, anti-aging, and other skin care products. Products from the U.S. dominate this sub-sector with approximately 32 percent share of the market. Leading international brands include: Estee Lauder, Clinique, Shiseido, Christian Dior, Lancome, Olay, Eucerin, La Roche-Posay. An increasing number of products specially designed for men have been entering the market.

Resources

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Upcoming Trade Shows/events.

OCSC International Education Fair
November 2008
Mr. Punroung Puntuhong – Director
Education and Training Abroad Branch
Office of the Civil Service Commission
Phitsanulok Road
Bangkok 10300, Thailand
Tel: 662-281-9549, 662-281-3333, ext. 2132
Fax: 662-628-6202
E-mail: punroung@ocsc.go.th

IIE Fair
October 2008
Mrs. Chalintorn N. Burian, PhD
Regional Director, SE Asia
Institute of International Education
6th Floor, Maneeya Center North
518/3 Ploenchit Road

Pathumwan, Bangkok 10330
Thailand
Tel: 662-652-0653
Fax: 662-652-0633
Website: www.iiethai.org

CS Bangkok Contact:

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

Electronic Components (ELC)

Overview

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	2005	2006	2007 (estimated)
Total Market Size	23,856.9	26,898.2	29,278.5
Total Local Production	26,941.3	32,830.7	36,427.5
Total Exports	21,553.0	26,264.6	29,142.0
Total Imports	18,468.6	20,332.1	21,993.0
Imports from the U.S.	2,356.2	2,378.8	2,401.7

Remark: All figures are in US\$ million.

The above statistics are unofficial estimates.

The exchange rate is 34 baht/dollar

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

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

In 2007, more than 74.3 percent of total Thailand electronic components value imported was IC and Computer Components. Of this, \$9.5 billion are IC (45.5%) and \$6.2 billion are for Computer Components (28.8%) as currently Thailand is the manufacturing base for 4 out of 5 major HDD producers, which are Seagate Technologies, Western Digital, Hitachi Global Storage and Fujitsu.

Thailand's Electrical and Electronics Institute (EEI) projects the electronics manufacturing production will increase by 10 – 15 percent due to the fact that demand for Hard Disk Drive (HDD) and Integrated Circuit (IC) for use in high-technology products such as MP3, external disks, digital cameras, LCD TVs, DVD players, notebooks, personal computers and household appliances remains high. According to the Semiconductor Industry Association (SIA) annual forecast of global semiconductor sales worldwide sales will surpass \$321 billion in 2010 with a compound annual growth rate of 7.7 percent for forecast period of 2007-2010. SIA also forecasted sales of personal computers to grow by 11 – 12%, MP3 and Portable Multimedia Player (PMP) to grow by 20%, and digital TV to grow by 50%.

Best Products/Services

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

Opportunities

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The semiconductor industry has been driven by changing of consumers' lifestyles, which are looking for more sophisticated and high-end products. This has led to the demand for the superior technology and components. In addition, Thailand's Electrical and Electronics Institute (EEI) will soon present a 5-year electrical and electronic industry development scheme aimed at promoting the kingdom as the top production base for electrical and electronics in ASEAN. Becoming a top regional electronics base, Thailand will encourage foreign investors to invest in the industry, particularly production of hard disks, integrated circuits, printed circuit board assemblies, and electronic design automation.

Resources

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U.S. Commercial Service
Room 302, 3rd Floor, GPF Witthayu Tower A,
Wireless Road, Pathumwan, BKK 10330
Tel: 662-205-5090
Fax: 662-255-2915
Contact: Kritsananan Setasuvana, Commercial Assistant
E-mail: ksetasuv@mail.doc.gov

Local event:

SUBCON Thailand 2008
May 14 - 17, 2008
Bangkok International Trade & Exhibition Center (BITEC) Bangkok, Thailand.
Organizer: CMP Media (Thailand) Co Ltd
503/23 K.S.L. Tower 14th Floor, Sri Ayuthaya Road,
Phyathai, Rajathewee, Bangkok, 10400 Thailand
Tel. +66 (0) 2642 6911-8
Fax. +66 (0) 2642 6919-20
Website: <http://www.subconthailand.com>

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

Electrical Power Systems

Overview

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	2006	Jan – Oct 2007	2008 (estimated)
Total Market Size	3,739	3,352	4,241
Total Local Production	2,759	2,655	3,358
Total Exports	2,706	2,606	3,296
Total Imports	3,687	3,303	4,179
Imports from the U.S.	364	272	344
Exchange Rate (Baht/\$)	34	34	34

Note: All figures in US\$ millions.

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

Thailand's market size of electric power equipment import market is over three billion U.S. dollars, with products from Japan, China, and the United States capturing about 57% of the total. U.S. imports to Thailand captured about 8.10% market share – Japan 30.89% and China 18.02%. Other key sources included Singapore, Germany and Taiwan. Foreign manufacturers especially from the U.S., played important roles as equipment suppliers and technology providers.

Thailand's electric power equipment (ELP) is important to Thailand as the country strikes to achieve economic growth while maintaining energy security. According to the country's 2007's Power Development Plan (PDP) which covers electrical power demand from 2011 to 2021, there are opportunities for several ELP equipment related to conventional (gas, coal) energy, alternative (renewable) energy, and nuclear energy. The plan requires 10,547 MW additional power from 2011 to 2015; and 21,250 MW from 2016 to 2021, with which 4,000MW is expecting to come from nuclear energy. As to the electric power capacity reserve margin, will be retained at the minimum 15%. Full details of the PDP 2007 is available for public at the Electricity Generating Authority of Thailand (EGAT)'s website, <http://www.egat.co.th/en/>

In terms of energy resources for power generation (Jan-May 2007), there were 65.8% natural gas, 21.6% coals, 7.1% hydro, 1.6% renewable, and 3.9% oil and others. One of the important objectives of the PDP 2007 is to diversify the energy resources. The Ministry of Energy has a plan to increase the participation from renewable energy to 13.5% in 2011. This will enhance the needs for renewable energy technology and equipment in Thailand.

Best Products/Services

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

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

Opportunities

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

Resources

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

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

Ministry of Energy (MOEN)
Pibultham Villa (1897), 17 Rama 1 Rd., Rongmuang

Pathumwan, Bangkok 10330
Phone: 662-225-2468, 226-4123
Fax: 662-226-4468
Web Site: <http://www.energy.go.th>

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

Medical Devices (MED)

Overview

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	2005	2006	2007
Total Market Size	665	830	943
Total Local Production	562	651	716
Total Exports*	465	433	476
Total Imports*	568	612	703
Imports from the U.S.	173	178	195

Remark: All figures are in US\$ million.

The above statistics are unofficial estimates.

The exchange rate is 34 baht/dollar

Source: The Thai Customs Department, Ministry of Finance

The market for medical devices in Thailand is expected to grow 24 percent in 2006 and 15 percent in 2007. Thailand remains heavily dependent on imported medical devices. Imports dominate the market with a 75 percent share, and local production still concentrates on low technology and less sophisticated medical devices and accessories. Imports from the United States lead the import market with a 29 percent share and are expected to have an average growth of 10 percent in 2007. Most major international manufacturers are well represented in the Thai market.

Thailand relies on the import of medical devices, especially sophisticated, higher-end devices. Local production of medical devices in Thailand is limited to less sophisticated devices, due mainly to the limited number of qualified researchers and limited investment in R&D required to produce more sophisticated devices. Locally produced products include reagents, simple disposable test kits, disposable syringes, artificial legs and other orthopedic accessories, and other simple disposable items.

Public hospitals are still major users and buyers of medical devices and supplies in Thailand. They account for approximately 60 percent of total purchases. Private hospitals have approximately a 40 percent share of the demand. The Ministry of Public

Health reported that in 2007 there were 978 public hospitals with a combined 105,600 beds. There were 333 private hospitals with a combined 35,792 beds.

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

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

Best Products/Services

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

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

Opportunities

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The market growth in the next few years (2008 to 2010) will remain to derive mainly from the demands for health care facilities up grade and medical devices and accessories replacement. Investment in new healthcare facility will still be very limited due mainly to the poor economy and investment climate. The promotion of cheap universal healthcare scheme by the government attracts most patients to use healthcare services from public hospitals. Hospitals, especially private hospitals, are trying to become a specialist in one or more of the medical specializations in order to attract more patients. A special international ward with foreign language speaking nurses and physicians to attract and treat international patients is another approach for hospitals to increase the customers. Replacements of the old devices and accessories to cutting edge medical equipment are inevitable and being used as a promotional campaign of most private hospitals.

Upcoming Trade Shows/events.

Name: HospiMedica Thailand 2009
Date: September 2009
Venue: Queen Sirikit National Convention Center, Bangkok, Thailand
Profile: International Exhibition on Hospital, Diagnostics, Pharmaceutical, Medical and Rehabilitation Equipment and Supplies.
Organizer: Messe Dusseldorf Asia Pte Ltd.
9 Temasek Blvd. #23-03 Suntec Tower Two
Singapore 038989
Tel: 65-633-29620
Fax: 65-633-74633
E-mail: hospimedica-thai@mda.com.sg
Website: www.hospimedica-thailand.com

- Importance Website

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

CS Bangkok Contact:

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

BEST PROSPECTS FOR AGRICULTURAL PRODUCTS

Best Agricultural Industry Sector Prospects for Thailand are as follows:

1. COTTON

Thailand relies on imported cotton due to limited domestic production, which supplies less than 5 percent of domestic demand. In CY 2007 cotton imports totaled 393,147 metric tons, down 7 percent from the previous year. Thai textile manufacturers invested conservatively amid economic uncertainties in the post-coup environment. Furthermore, domestic consumption slowed in 2007. Also, world cotton prices increased significantly as major suppliers were adversely affected by drought, particularly in Australia. As a result, the value of cotton imports increased by 2 percent.

Despite a drop in total cotton imports, U.S. cotton imports increased to 145,916 metric tons, up significantly from the previous year. The U.S. is the largest supplier of cotton to Thailand. The market share increased to 37 percent in 2007 due to limited exportable supplies of major competitors like Australia following drought. Import demand for U.S. cotton will likely remain strong in line with the structure of cotton utilization which continues to shift to greater production of fine-count-yarn stable cotton and extra-long staple cotton. The Thai spinners rely on U.S. cotton for up to around half of total cotton use in order to ensure yarn quality of fine-count yarn. In addition, Thai garment exports will likely grow further despite strong competition from cheaper Chinese and Vietnamese products, leading to greater use of high quality cotton which could be supplied by the U.S. at reasonable prices. Also, domestic demand for cotton textile products is expected to continue its upward trend.

Annual Imports from All Origins (thousand US dollars)					Annual Imports from the US (thousand US dollars)				
2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
527,139	553,561	614,651	569,883	580,102	172,462	179,356	217,264	160,719	225,203

2. WHEAT

Thailand's wheat consumption relies heavily on imported wheat. In CY 2007, Thailand's imports of wheat/flour totaled 1.1 million tons, down slightly from the previous year, due to tight supply situation in major exporting countries. The value of imports increased significantly in response to a surge in global wheat prices. Import demand for wheat is expected to grow in line with Thailand's economic growth and the increasing trend of western style consumption. Most of the wheat imports are wheat grain, accounting for about 90 percent of total wheat/flour imports.

U.S. wheat still accounted for around half of total wheat grain imports. In 2007, imports of U.S. wheat grain totaled 432,648 metric tons, down slightly from the previous year. However, import costs increased significantly, particularly in the second half of the year, as wheat prices skyrocketed following record low stock levels. Wheat grain from Australia and Canada could be perfectly substituted for U.S. soft and spring wheat, respectively. Imports of Canadian wheat continued to increase significantly to 325,301 metric tons due to a bumper Canadian wheat crop. Meanwhile, imports of Australian wheat continued to drop considerably to 97,722 metric tons, and their market share declined to 11 percent, compared to around 42 percent in the previous year, following drought constrained exportable supplies.

Annual Imports from All Origins (thousand US dollars)					Annual Imports from the US (thousand US dollars)				
2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
163,573	217,861	264,210	251,814	346,206	70,524	90,887	115,338	100,836	153,490

3. SOYBEAN

Domestic soybean production remains insignificant. Soybean production in recent years has been hovering around 230,000 tons because of low productivity and near zero growth in planted area. It is impossible for soybean productivity to increase due to a lack of new seed variety introduction. This trend is expected to continue for the next few years.

Average yields of soybean production in Thailand are only 220-240 kgs/rai (about 1.38-1.50 tons/hectare), about the same as those of the last decade. Corn, an alternate crop, has seen its productivity increase tremendously from about 400 kgs/rai (2.5 tons/hectare) in the early 1990's to currently 600-650 kgs/rai (3.75-4.06 tons/hectare). As a result, soybean plantings in Thailand dropped sharply over the last decade. However, trade sources believe that the area has stabilized. Existing soybean farmers, who are relatively efficient with their irrigated land, still make a good return from soybeans as compared to alternative corn and other vegetable crops.

Soybean consumption is forecast to increase slightly, from 1.52 MMT in MY 2006/07 to 1.62 MMT in MY 2007/08, reflecting an anticipated increase in demand for soybean meal, full-fat soybeans used as feed ingredients, and soy-based food products. Demand for oil crushing is currently more than double that for soybean-based food. Historically, soy food processors prefer domestic soybeans to imported beans in terms of freshness and the GMO-free assurance. However, a few large food soymilk processors regularly import non-GM food grade soybeans (mainly from the U.S.) due to insufficient domestic supplies.

Thailand is a promising market for imported soybeans as demand continues to outstrip local production. Soybean imports are forecast to recover in MY 2007/08 to 1.4 million tons, in line with increased consumption of domestic soybean meal. The U.S. market share of Thai soybean imports in MY 2007/08 should be around 25 percent.

Less-expensive supplies from South America, especially Brazil, have threatened the U.S. market share in recent years. The U.S. market share dropped annually from 52 percent in CY 2002 to 27 percent in CY 2007. Meanwhile, the Brazilian market share increased from 5 percent in CY 2002 to 50 percent in CY 2007. Trade source reported that soybean crushers now prefer Brazilian soybeans over U.S. and Argentine due to price competitiveness and higher protein levels.

The government will likely terminate efforts to increase domestic soybean production as these efforts have met with limited to no success. Currently, soybean growers no longer receive any production support from the government. However, import controls have been used as the key tool to stabilize domestic soybean prices. Eligible soybean importers, under the current tariff-rate-quota (TRQ) system, are required to purchase domestic soybeans at prices determined by the Royal Thai Government (RTG).

There has been no change in TRQ administration from previous years. Importation from WTO members is unlimited with a zero import duty. Eligible importers are divided into three groups, including soybean oil crushers, feed manufacturers, and food processors. However, the RTG continues its domestic absorption practice to protect domestic producers. Food processors must buy domestic soybeans Grade 1 at factory at no less than 14.00 baht/kg (13.00 baht/kg at farm). Feed manufacturers must buy soybeans Grade 2 at factory at no less than 12.00 baht/kg (or 11.00 baht/kg at farm). Soybean oil

crushers are required to buy domestic soybeans Grade 3 at their factory at no less than 11.50 baht/kg (or 10.50 baht/kg at farm).

The TRQ system is not applied to non-WTO country members. Any imports of soybeans from non-WTO countries must be approved on a case-by-case basis from the Ministry of Commerce and are subject to import duties of 6 percent. However, imports from such neighboring countries as Cambodia, Burma, and Laos are subject to zero tariff under the Ayeyarwaddy-Chao Phaya-Mekong Economic Cooperation Strategy (ACMECS). Under ACMECS, imports from these three countries increased tremendously from 16 tons in 2002 to 22,196 tons in 2007.

Annual Imports from All Origins (thousand US dollars)					Annual Imports from the US (thousand US dollars)				
2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
441,743	467,693	459,024	379,867	606,843	204,975	118,536	133,969	94,912	157,600

3. FRESH FRUITS

Thailand's fresh fruit imports reached \$184 million in 2007 as compared to \$135 million in the same period of 2006. The 30-40 percent import tariff on U.S. fresh fruits is a major constraint hindering the growth of U.S. fresh fruit exports to this market. In addition, U.S. fruit export has also faced competition from Thailand-FTA counterparts such as China, Australia and New Zealand. Fresh fruits are popular among Thais due to their health benefits and being good gift items for various Thai and Chinese celebrations. Apples, grapes, and cherries are the major U.S. fruits exported to Thailand, followed by stone fruits and citrus.

Grapes: Red Globe and Thompson seedless grapes are well accepted among Thai consumers. The Red Globe variety dominates imports, representing 80 percent of the table grape market in Thailand. Other suppliers of grapes into Thailand are China, Australia, South Africa, and Chile. Despite fierce competition from these countries, imports of California grapes have grown annually, going from 5,042 metric tons in 2004 to 5,836 metric tons in 2007. Most retailers use price as a promotional technique to attract consumers to buy Red Globe grapes. Growing supplies of affordable domestic fruit and low-cost Chinese fruits have created intense competition in the Thai fruit market. Furthermore, Thai consumers are relatively price conscious and easily substitute high priced grapes with lower-priced Chinese or domestic fruits.

Cherries: Cherries are one of the most popular U.S. fruits among Thai consumers due to their good taste and high quality, and serves as a popular gift for special occasions. However, seasonal availability and relatively high prices limit importing U.S. cherry products to Thailand. Major competitors of U.S. cherries include Australia, Chile and New Zealand. However, the U.S. is still a leading exporter with 47 percent market share followed by Australia (20 percent), Chile (10 percent) and New Zealand (5 percent) respectively.

U.S. Apples: Imports of U.S. apples increased 24 percent from \$9 million in 2006 to \$11 million in 2007. The Washington Red Delicious variety is popular and well established in

Thailand. New varieties of Washington apple such as Fuji, Cameo, Golden Delicious and Washington Pink have been introduced in up-scale markets. Chinese apples still dominate the Thai market with a market share of 80 percent against 11 percent for U.S. apples.

Other stone fruits: Imports of stone fruits (i.e., peach, pear, plum, and nectarine) totaled \$26 million in 2006. The major U.S. competitor for the stone fruit market in Thailand is China and Australia.

Annual Imports from All Origins (Thousand US dollars)					Annual Imports from the US (Thousand US dollars)				
2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
90,715	93,370	100,693	134,591	184,029	18,737	15,023	18,178	19,616	24,438

4. WINE

The major players in the Thai wine import market are Australia, France, Italy, Chile and the United States. The value of imported wines has grown 51 percent from \$17 million in 2006 to \$25 million in 2007. Australia leads with 34 percent market share, followed by France with 31 percent, Italy with 12 percent, and Chile with 7 percent. The U.S. is currently ranked as the fifth largest supplier with five percent market share.

Wine consumption in Thailand is forecasted to gradually increase annually due to its popularity among an affluent minority of Thai consumers. Wine consumption remains limited due to high tariffs, excise taxes and other tax burdens on imported wines. Consequently Thai consumers perceive U.S. wines as expensive, and for the high-end market. Meanwhile, Australian, Italian and Chilean wines are viewed as more affordable. Although consumers now enjoy a greater variety of wine available on the shelves in hypermarkets, supermarkets and wine shops, price is still key in purchasing a bottle of wine. In Thailand, red wine accounts for 82 percent of the total wine market and the balance goes to other wines. The most popular varieties for red wines are Cabernet Sauvignon, Shiraz, and Merlot. There is potential growth in the market segments of dry white, sweet, and dessert wine. Chardonnay and Sauvignon Blanc are well known in the white wine category.

Annual Imports from All Origins (Thousand US dollars)					Annual Imports from the US (Thousand US dollars)				
2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
7,818	10,679	11,440	16,641	25,175	323	558	557	682	1,364

5. DRIED FRUITS

Thailand is a developing market for dried fruits, with imports totaling 8,454 metric tons (\$11 million in value) in 2007. Consumer demand is expected to grow due to a increased use of dried fruits in the bakery and snack food sector. According to a Euromonitor Study, the Thai bakery sector is expected to grow 35 percent from 2005 to 2010 with sales exceeding \$590 million. Demand for U.S. dried fruits will be stimulated by growth in the bakery sector as well as a change in eating styles toward higher quality

food and a greater willingness to try new foods. Demand for U.S. dried fruits in the Thai market should remain strong for raisins, cranberries, blueberries, cherries, figs, prunes, and dried apricots.

Annual Imports from All Origins (Thousand US dollars)					Annual Imports from the US (Thousand US dollars)				
2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
1,497	2,955	6,117	6,202	10,463	582	744	1,311	2,301	3,738

6. SNACK FOOD

Thailand's snack food market is one of the largest and most diverse in the Asia-Pacific region, with strong potential for growth. Estimated per capita consumption of Western style snacks in Thailand is only half that of high-income Asian countries like South Korea and Japan. The overall market for imported snacks, excluding nuts, is 108 million of which the U.S. holds a 6 percent market share. The market has been growing annually as consumer tastes and preferences become increasingly sophisticated. Taste and price continue to drive consumers purchasing decisions, which create opportunities for U.S. potato chips, extruded snacks, confectionaries, dried fruits and nuts.

Annual Imports from All Origins (Thousand US dollars)					Annual Imports from the US (Thousand US dollars)				
2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
52,782	59,711	74,928	89,122	107,841	3,402	4,471	4,246	5,905	6,304

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Chapter 5: Trade Regulations and Standards

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Import Tariffs

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

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

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

Trade Barriers

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

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

Import Requirements and Documentation

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IMPORT LICENSE REQUIREMENTS

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

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

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

IMPORT/EXPORT DOCUMENTATION REQUIREMENTS AND CERTIFICATION

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

U.S. Export Controls

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

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

WARRANTY AND NON-WARRANTY REPAIRS

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

Goods imported for repairing means:

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

There are two scenarios:

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

Labeling and Marking Requirements

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

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

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

Prohibited and Restricted Imports

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

Customs Contact Information

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

- Method 1: Transaction Value of the Imported Goods
- Method 2: Transaction Value of Identical Goods
- Method 3: Transaction Value of Similar Goods
- Method 4: Deductive Value
- Method 5: Computed Value

Method 6: Fall Back Value

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

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

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

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

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

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

Standards

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Overview

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

Standards Organizations

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

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries.

Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL:

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

Conformity Assessment

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

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

Product Certification

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The government of Thailand requires a compulsory certification of sixty products in ten sectors including: agriculture, construction materials, consumer goods, electrical appliances and accessories, PVC pipe, medical, LPG gas containers, surface coatings, and vehicles. Certification of other products is on a voluntary basis. Industrial products that have TISI's certification are generally regarded as having high standards and good quality. TISI has certified more than 2,000 products on a voluntary basis.

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

Accreditation

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

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

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

Publication of Technical Regulations

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

Labeling and Marking

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

To apply for label approval from the Thai Food and Drug Administration Office, one needs to present a certificate of Food Analysis Report issued by the government of the country of origin or any accredited private laboratory. This certificate should be issued not more than one year from the date of the label approval application. The result of the

analysis must comply with the quality or standards specified in the Ministry of Public Health's ministerial notification. A copy of the ministerial notification can be obtained in English, free of charge, from the Food and Drug Administration, Ministry of Public Health, Royal Thai government.

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

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

Contacts

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

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

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

Mr. Pairoj Sanyadechakul
Secretary-General
Tel: (662) 202-3400
Fax: (662) 245-7802
E-mail: pairoj@tisi.go.th

Trade Agreements

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

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

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Openness to Foreign Investment

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Thailand has long maintained an open, market-oriented economy and encouraged 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 operate here successfully. Thailand welcomes investment from all countries and seeks to avoid dependence on any one country as a source of investment.

National elections held on December 23, 2007, brought an end to a temporary military-led government that took power in a September 19, 2006 coup overthrowing the administration of Prime Minister Thaksin Shinawatra. Thailand's political parties are forming a new coalition government. The coup government pursued policy decisions that seemed to be less welcoming to foreign investors and there was a general perception among many foreign investors that the political and policy risk factors in Thailand increased during 2007. As of January 2008, most investors expect that the next government will return to more business-friendly policies.

In the wake of the 1997-98 Asian Financial Crisis, Thailand embarked on an International Monetary Fund (IMF)-sponsored economic reform program designed in part to foster a more competitive and transparent climate for foreign investors. Legislation establishing a new bankruptcy court, reforming bankruptcy and foreclosure procedures, and allowing creditors to pursue payment from loan guarantors was enacted in 1999. Other 1999 reforms include amendments to the Land Code, Condominium Act, and the Property Leasing Act, all of which liberalized restrictions on property ownership by non-Thais.

The Foreign Business Act (FBA) of 1999 governs most investment activity by non-Thai nationals and opened limited additional business sectors to foreign investment. Nevertheless, foreign investment in most service sectors is limited to 49 percent ownership. In 2007, the National Legislative Assembly (NLA) considered amendments to the FBA which would have redefined an alien business entity in terms of not just equity ownership but also voting rights and management control. These amendments did not pass, but there is some concern that a new government could revisit the issue.

The ousted Thaksin government had begun a series of trade negotiations in an effort to gain a comparative advantage for Thai products in key markets/regions. In addition to trade deals with Japan, Australia and New Zealand, and “early harvest” agreements with India and China, Thailand is holding trade liberalization talks with ASEAN-India, ASEAN-Japan, ASEAN-Australia-New Zealand, ASEAN-Korea, EFTA and BIMSTEC. Thailand's Free Trade Agreement talks with the U.S. were put on hold after the 2006 coup, and will be reconsidered after a new government takes office.

Despite the political turbulence, in 2007 the Thai economy almost kept pace with 2006 growth levels, registering at 4.9 percent (yoy) in the third quarter and 4.3 percent (yoy) during the first half (versus 5.1 percent growth for the whole of 2006). This growth was almost entirely due to strong exports which grew at a 17 percent annual rate in nominal terms. Domestic demand and private investment, in contrast, grew by 3.2 and 2.6 percent respectively. Exports are not expected to grow at the same pace in 2008 due to predicted slower world economic growth. With a new government in place, government spending is expected to provide some fiscal stimulus during 2008 and its investment in key mega-projects could be a new engine for economic growth. Consumer spending and business confidence should improve and therefore are likely to help contribute to overall growth for the year.

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

In the Uruguay Round trade negotiations, all parties agreed that the privileges provided by the Treaty of Amity to U.S. investors in the service sector would be exempted from “Most Favored Nation” (MFN) requirements for ten years, beginning with the establishment of the World Trade Organization in January 1995. During this ten-year period, Thailand was expected to liberalize its investment regime to provide roughly equivalent treatment to all foreign investors in the service sector. This has not yet been the case. Both the U.S. and Thailand anticipate that the rights granted investors under the AER will eventually be replicated in a bilateral Free Trade Agreement (FTA). Until such an agreement is in place, and as a manifestation of the desire of both countries to

work towards a new treaty governing their bilateral trade and investment relations, both nations intend to abide by the terms of the AER.

Registration, Work Permits: Any entity wishing to do business in Thailand must register with the Department of Business Development at the Ministry of Commerce. Firms engaging in production activities need to register with the Ministries of Industry and Labor and Social Welfare. U.S. citizens can enter Thailand without a visa for visits of up to thirty days. In order to apply for a work permit, a foreigner must enter Thailand on a non-immigrant visa (issued at Thai embassies and consulates) for a stay of three months or, for foreigners with well-defined work or business plans, for a stay of one year. Issuance of the three-month visa usually is completed within two or three days; the one-year visa requires approval from the Immigration Bureau of the Royal Thai Police in Bangkok. Upon obtaining a work permit, a holder of a three-month visa may apply for a one-year visa, which generally can be extended every year. Foreigners holding non-immigrant visas who have lived in Thailand for at least three consecutive years may apply for permanent residence in Thailand if they meet strict criteria regarding investment or professional skills.

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

Under the new Alien Occupation Act, employers of unskilled workers are required to deduct a certain amount (to be specified by a Ministerial regulation issued by the Ministry of Labor) from salaries of their foreign workers and submit to a newly established 'Deportation Fund' which will be managed by a committee. The amount will be made in a single payment and can vary depending on the associated cost of deporting such foreign workers back to their native country if necessary. Foreign workers will be given receipts and will be reimbursed within 30 days after they have returned to their home country at their own expense. However, foreign workers must make a reimbursement claim with receipts within two years after their departure from any immigration check-point. Interest (7.5 percent per annum) will be paid only if the refund process exceeds 30 days after a claim.

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

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

Privatization: With the aim of encouraging capital inflows and relieving resource constraints in many key sectors of the economy, the previous government led by PM Thaksin Shinawatra eagerly embarked on a privatization program for state-owned economic enterprises and state monopolies. The interim government that followed the September 2006 coup considered privatization too controversial and put it on hold. State-owned enterprises operate primarily in the utility, energy, telecommunications, banking, tobacco, and transportation sectors. In 2006, Thailand's 59 state-owned enterprises had total revenues of around 2.6 trillion Baht (about \$80.2 billion), employed over 261,750 (0.7 percent of the Thai labor force), and accounted for approximately 33.8 percent of Gross Domestic Product (GDP). With or without privatization, the government is trying to downsize overstuffed state-enterprises.

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

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

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

In early 2004, labor protests prompted the government to postpone the planned corporatization of the Electricity Generating Authority of Thailand (EGAT). The Stock Exchange of Thailand (SET)'s relatively weak performance in the first half of 2004 further dampened the pace of privatization. In June 2005, the RTG corporatized the EGAT. However, EGAT's planned listing was delayed following an order by the Supreme Administrative Court that suspended its stock offering until the court finished its consideration of a petition filed by civil groups which oppose the privatization. The Court later found that full privatization could not proceed.

Anti-privatization protesters filed a lawsuit challenging the legality of PTT's 2001 partial privatization. The Court ruled in December 2007 that the privatization was conducted legally but that PTT must transfer its natural gas pipeline business back to the government.

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

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

In January 2004, the Cabinet approved the Bank of Thailand's Financial Sector Master Plan (FSMP) designed to increase competition by eliminating regulatory boundaries within the financial sector, and at the same time to consolidate and strengthen the sector after its initial recovery from the financial crisis of 1997. The Bank of Thailand is Thailand's central bank. The FSMP classifies financial institutions as either commercial banks able to provide all financial services except insurance, securities trading and brokerage; and retail banks, which will focus on small- and medium-sized enterprises (SMEs) and lower-income customers. According to the FSMP, retail banks "...may provide virtually all types of financial transactions with the same exceptions as commercial banks." The FSMP allows foreign banks to operate as full branches under the same conditions as Thai commercial banks, but without the option of opening branch offices, or subsidiaries, which would also operate as Thai commercial banks, and are allowed to open four branches (one per year) in addition to the head office. As a result of the FSMP, nine new banking licenses were granted by the Thai financial authorities in 2005. For the next phase, the Bank of Thailand is drafting the second Financial Sector

Master Plan, scheduled for a hearing from related industries during the first quarter of 2008, in order to build on the first plan. The second FSMP, a three-year plan, would broaden the types of services financial institutions can provide and would open up the sector to more competition. The first FSMP is available in English at www.bot.or.th/bothomepage/BankAtWork/FinInstitute/FISystemDevPlan/ENGVer/pdf/eng.pdf.

Conversion and Transfer Policies

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Exchange controls are governed by the Exchange Control Act of B.E. 2485 (1942), amended in 1984, and Ministerial Regulation Number 13 of 154, and are administered by the Bank of Thailand. Inward remittances are free of controls. However, the Ministry of Finance has issued a Ministerial Regulation, effective on October 28, 2007, to require any person who brings foreign currencies in or out of the Kingdom exceeding US\$15,000 or the equivalent must declare the amount at a Customs check point. Foreigners staying in Thailand for less than three months, foreign embassies, and international organizations are exempt from this requirement. In July 2007, the Ministry of Finance and the Bank of Thailand together agreed to relax regulations on capital flows to balance capital movements and to increase flexibility for Thai businesses in managing their foreign currency holdings. The relaxation included abolishing the surrender requirement for all foreign currency receipts from abroad to be sold or deposited within 15 days; doubling the amount of foreign currency deposited with financial institutions in the country from \$0.5 million to \$1 million for individuals and from \$50 million to \$100 million for juristic persons with future foreign exchange obligations within 12 months; and to \$0.1 million for individuals and to \$5 million for juristic persons without obligation. Thai nationals are subject to quantitative limits on the amount of foreign currency that can be remitted abroad without specific permission of the Bank of Thailand. The limits vary depending upon the purpose of the transaction, and range from \$10 million per annum for business investment or loans to subsidiaries, to \$100,000 for remittances to family members. The Bank of Thailand must approve the purchase of immovable assets or securities abroad. The new regulation, however, also increases the limit of overseas fund remittances in foreign currencies up to \$1 million by Thai individual. In addition, the authorities also relax 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.

Commercial banks are authorized to undertake most routine foreign remittance transactions without prior approval of the Bank of Thailand. Nonresidents can open and maintain foreign currency accounts with authorized banks in Thailand. Such accounts must use funds that originate abroad. If nonresidents have underlying liabilities or transactions in Thailand, they can open and maintain Thai Baht accounts under Nonresident Baht Accounts (NRBA) with authorized banks in the country; however, the combined outstanding of all NRBA for each NR at the end of the day can not exceed 300 million Baht. The cap on NRBA was introduced in October 2003 with the goal of limiting speculation on the Thai Baht. All remittances exceeding US\$10,000 for any purpose other than export must be reported to the Bank of Thailand.

In an effort to slow currency speculation, the Bank of Thailand in December 2006 introduced new measures requiring all financial institutions to hold in reserve for one

year 30 percent of all capital inflows not related to trade in goods or services or repatriation of Thai residents' investment overseas. However, after the stock market plummeted in reaction to the new requirements, the Thai authorities backtracked from the original blanket measures and decided to impose reserve requirements specifically on short-term capital inflows in the Thai bond market. The BOT has announced that the measures will be implemented only for a short-term period (3 to 6 months). Details of the capital control measures in English are available at www.bot.or.th/BOTHomepage/Library/print2.aspbot.or.th/bothomepage/General/PressReleasesAndSpeeches/PressReleases/news2549/Eng/n5249e.htm

Expropriation and Compensation

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

Dispute Settlement

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

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

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

In 2004, Parliament approved changes to the Bankruptcy Act including tightening the rules under which some debtors can emerge from bankruptcy status and streamlining the legal appeals process in bankruptcy and restructuring cases. In an effort to quicken the foreclosure process, amendments to the Civil Procedure Code on Execution of

Judgments have limited appeal options available to debtors. Under the old regulations, debtors were free to appeal each action taken with respect to the execution of a bankruptcy judgment. Such appeals, often frivolous in nature, were one of the tactics debtors used to delay the foreclosure process. In June 2001, the Supreme Court set an important legal precedent by ruling in favor of implementing a creditor-backed corporate restructuring plan opposed by the former owner of the business in question.

The Bankruptcy Court Act established a specialized court for bankruptcy cases. In 2007, the Court issued verdicts on 16,048 cases. Individual cases can take months or even years to work their way through the legal system, however, and many businesses have urged the government to speed up the bankruptcy procedure.

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

Performance Requirements and Incentives

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

The Board of Investment (BOI), established by the Investment Promotion Act of 1977, is Thailand's central investment promotion authority. The BOI lists five priority sectors (detailed below), covering hundreds of types of businesses eligible for investment incentives. Generally, the most generous incentives are offered to those economic activities that bring new technology to Thailand and locate investment in less-developed provinces. BOI incentives are of two basic types: tax-based (including tax holidays and tariff exemptions) and non-tax privileges (guarantees, special permissions, services, etc.).

The BOI's investment policy is as follows:

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

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

- Mining, ceramics and basic metals;
- Light industry;
- Metal products;
- Chemicals, paper and plastic;
- Services and public utilities

Specific BOI incentives include:

- Tax incentives: exemptions/reductions of import duties on imported machinery; reductions of import duties on imported raw materials and components; exemptions from corporate income taxes for three to eight years; and, deductions from net income of infrastructure costs.

- Permissions: to bring in foreign nationals to undertake investment feasibility studies; to bring in foreign technicians and experts to work under promoted projects; to own land for carrying out promoted activities.

- Guarantees: against nationalization; against competition by new state enterprises; against state monopolization of the sale of products similar to those produced by promoted firms; against price controls; against tax-exempt import by government agencies or state enterprises of competitive products; and, of permission to export.

Tax incentives are the BOI benefits that offer the greatest advantage over non-promoted industries, though their relative value has declined in recent years with the general reduction of import duties and elimination of the former business tax system. The Value Added Tax (VAT) Law, which eliminated the business tax exemption, has no provision for the BOI to offer VAT exemptions or reductions.

Investors must submit an application form along with supporting documentation to be considered for incentives. In most cases, the BOI decides within sixty days whether or not a project is eligible for investment privileges. BOI policy is to complete action on applications for projects valued in excess of 750 million baht (US\$22.7 million) within 90 days.

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

- For projects in the manufacturing sector, majority or total foreign ownership is permitted in any zone. However, for projects in agriculture, animal husbandry, fishery, mineral exploration and mining and service businesses under Schedule One of the Foreign Business Act (FBA) B.E. 2542, Thai nationals must hold shares totaling not less than 51 percent of the registered capital.

- The maximum allowable debt-to-equity ratio was lowered from 4:1 to 3:1 for a newly established project, but expansion projects will be considered on a case-by-case basis.

- Except for the electronic and agriculture industries, projects investing less than 500 million baht (about US\$15 million), regardless of overall investment size, must produce added value equal to at least 20 percent of sales revenue.

- For projects of more than 500 million baht (about US\$15 million), a feasibility study must be presented at the time of application.

- State-enterprise projects are not eligible for BOI promotion, but concession projects (either Build Transfer Operate or Build Operate Transfer) by the private sector are eligible with some restrictions. For privatization of state enterprises, only expansions after the privatization are eligible for BOI promotions.

- The BOI will continue to promote relocation of projects to Zone 2 and Zone 3 (special groups of 12 and 58 provinces, respectively). However, in order to be eligible for new incentives, projects must relocate to an industrial estate or a promoted industrial zone.

The income tax holiday is now five years for qualifying investments.

- The 58 provinces of Zone 3 will be divided into two areas, based on each province's state of development. New projects in Zone 3 will no longer be eligible for a 75 percent reduction of import duty on raw materials used for domestic sales but will be eligible for exemption of import duty on machinery.

In 2001, the RTG amended its investment promotion conditions for regional headquarters. Business projects with registered capital of at least 10 million baht (approximately \$300,000), and in which overseas revenue accounts for at least half of annual income, are now eligible to receive BOI incentives, such as permission to own land, eased provisions for hiring expatriate staff, and additional tax breaks.

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

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

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

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

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

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

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

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

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

In mid-2007, to promote energy conservation, the BOI introduced a special package for the manufacture of "eco-cars." BOI conditions require that the vehicles meet international standards and other specifications such as production of 100,000 units per year from the fifth year of operation, five liters per 100 kilometers of engine fuel consumption, and a minimum pollution standard of EURO 4 or higher. Minimum investment is required to be at least five billion baht (or approximately US\$150 million). Regardless of plant locations, the privileges will include a corporate income tax waiver of eight years and duty-free importation of machinery. However, the application window closed on November 30, 2007. The BOI has granted eco-car privileges to Honda Automobile (Thailand) and proposals by Siam Nissan Automobile and others are pending.

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

Complete information on BOI policies, programs, incentives, and application procedures can be found on the BOI web site at www.BOI.go.th

Private entities may establish and own business enterprises. The principal forms of business organization under Thai law are sole proprietorships, partnerships, limited companies, and public limited companies. In addition, branches of foreign corporations are recognized, and a “representative” or “liaison” office of a foreign company may receive special recognition. Regardless of the form of business organization, most businesses must apply for business registration. Establishment of a business in certain sectors by a foreign entity may be restricted by the Foreign Business Act, or for U.s. investors may benefit from the Treaty of Amity and Economic Relations (AER) as discussed above.

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

Protection of Property Rights

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

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

There is an independent judiciary that provides a forum for settlement of disputes.

Agencies of the government, as parties to commercial contracts, may be sued in the courts, and cannot raise a defense of sovereign immunity. However, state property is not subject to execution.

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

There are three levels to the judicial system in Thailand: the Court of First Instance, which handles most matters at inception, the Court of Appeals, and the Supreme Court. There are specialized courts such as the Labor Court, Family Court, Tax Court, the Central Intellectual Property and International Trade Court, and the Bankruptcy Court. Intellectual Property Protection: Counterfeiting and piracy continue to plague intellectual property rights owners in Thailand. Particularly problematic sectors include optical media piracy of films, music, and software, end user computer software piracy, cable and satellite television piracy, textbook piracy, and counterfeiting of pharmaceuticals, apparel and luxury goods. The lack of sustained and coordinated enforcement and

prosecution are key problems. U.S. copyright industries reported an estimated annual trade loss of more than \$308.5 million in 2006 from IPR infringement in Thailand. An increasing volume of pirated and counterfeited products manufactured in Thailand is exported. Thailand has been on the U.S. Special 301 Watch List since November 1994. In 2007, Thailand was elevated to the Priority Watch List, reflecting an overall deterioration in the protection and enforcement of IPR.

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

Thailand's IPR enforcement efforts have been inconsistent. Corruption and a cultural climate of leniency can complicate both enforcement actions and prosecution of cases. Thailand has had a specialized Central Intellectual Property and International Trade Court since 1997. The Court, once considered a world model, tries mostly low-level cases and rarely convicts significant offenders. Judges routinely deny search warrants that are key to enforcement actions.

The Ministry of Commerce's Department of Intellectual Property (DIP) has the lead in promoting interagency cooperation on IPR enforcement issues. DIP has concluded several Memoranda of Understanding between enforcement authorities, retail establishments and rights holders to better coordinate operations. While these MOUs are symbolically important, it does not appear that retail establishments are being held liable for sales of infringing goods on their premises.

Transparency of Regulatory System

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In 1999, Thailand enacted a new Trade Competition Act intended to strengthen the government's ability to regulate price fixing and market monopolies. The law established a Trade Competition Commission with the authority to place limitations on market share and revenues of firms with substantial control of individual market sectors, to block mergers, and other forms of business combinations, and to levy fines for price-fixing and other proscribed activities. The government continues to have the authority to control the price of specific products under the Act Relating to Price of Merchandise and Service B.E. 2542 (1999), which was meant to be phased out with the advent of a Competition Act. The Department of Internal Trade under the Ministry of Commerce administers this law and interacts with the affected companies although only the "Committee on Price of Merchandise and Service" make the final decision on what products to add or remove from price controls. Currently, out of 35 controlled commodities, only sugar is subject to a price ceiling. Besides the 35 controlled commodities, practically any producer of consumer products is prohibited from raising prices without first notifying the Committee of its intention to do so. The government also uses its controlling stakes in major

suppliers of products and services such as Thai Airways and PTT to influence prices in the market.

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

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

Efficient Capital Markets and Portfolio Investment

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The Thai government maintains a regulatory framework that broadly encourages investment and largely avoids market-distorting support for specific sectors. Government policies generally do not restrict the free flow of financial resources to support product and factor markets, and credit is generally allocated on market terms rather than by “directed lending.” Legal, regulatory, and accounting systems are largely transparent, despite significant problems in some areas. The Thai government has devoted considerable effort to bringing these systems into line with international norms, and important progress has been made. However, much remains to be done to implement legal and regulatory changes, and human resource constraints will limit overall progress in some areas, particularly auditing, for the foreseeable future. In addition, the unremunerated reserve requirement (URR) on short-term capital inflow (or capital controls) implemented by the BOT in December 2006 restrict the ability of companies to borrow abroad and make foreign investment in Thai debt markets uneconomic. Until these restrictions are completely lifted, the effect will be to divert multinationals which may have previously borrowed from their parents to borrow domestically in markets with a higher yield curve due to the elimination of foreign demand.

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

Foreign investors are not restricted from borrowing on the local market, but there are a number of regulations that affect foreign portfolio investment. Thailand maintains regulatory maximum foreign ownership limits, and shares of listed companies are traded on both a domestic and alien (or foreign) board to enable authorities to track foreign ownership. Limits on foreign ownership of Thai companies are perhaps most prominent in the financial sector. Under the new Financial Institutions Bill (not yet effective), foreign

firms are limited to a 49 percent stake in financial institutions, up from 25 percent under the existing acts.

In theory, the private sector has access to a wide variety of credit instruments, ranging from fixed term lending to overdraft protection to bills of exchange and bonds. In fact, however, private debt markets are not well-developed, and most corporate financing, whether for short-term working capital needs, trade financing, or project financing, is commercial bank/finance company borrowing. The Ministry of Finance is working on developing Thailand's debt markets.

Following the 1997-1998 financial crisis, banks have generally overhauled their lending systems and taken a more conservative approach. Thai borrowers were also reluctant to take on more debt due both to overcapacity and a desire to maintain clean balance sheets. Therefore during the past several years, commercial banks as well as non-banks have curtailed their lending to the household sector. In 2007, the overall credit extension by commercial banks has been moderate due to the slowdown of the Thai economy. The slowdown was particularly apparent in private investment, while growth of private consumption also slowed as a result of uncertainties in both the political climate and governmental economic policies. At the same time, external factors such as problems in the U.S. sub-prime market raised the volatility of international investment flows and the global financial system, adding risks to Thailand's overall macroeconomic and financial stability. As of November 2007, total commercial bank credits were 4.3 percent above their level of a year earlier, but credits to the corporate sector contracted by 2.1 percent from the year before.

After peaking at 47 percent of total lending in May 1999 from the financial crisis, NPLs slowly declined to stand at 4.44 percent of total loans in September 2007. Ongoing debt restructuring will make the NPL level decline further. The Bank of Thailand also states its target to reduce the NPLs of the banking system to 2 percent by end of 2007; however, the realistic target should be around 4 percent.

The Thai Asset Management Corporation (TAMC) is a major component of the government's financial reform plan with broad legal powers to expedite debt restructuring and press creditors and debtors to the negotiating table. At the end of the third quarter of 2007, the 6th year of operation, the TAMC restructured 100 percent of total impaired assets transferred to the TAMC with a recovery rate of 49 percent. Income derived from asset management was in aggregate 126.5 billion baht (approximately US\$3.8 billion). The TAMC has taken over 15,242 cases with book value of 775.1 billion baht (US\$23.5 billion) at the transfer price of around 34 percent of the book value. Currently, the TAMC is in the process of selling non-performing assets (NPA).

Assets are transferred at collateral value, excluding personal guarantee, with payment coming in the form of ten-year non-negotiable bonds issued by the TAMC and guaranteed by the Financial Institution Development Fund (FIDF). Interest paid by the bonds will be tied to average deposit rates quoted by Thailand's five largest banks. In addition to legal limits on foreign ownership in certain sectors, Thai firms employ defenses against foreign investment primarily through cross- and stable-shareholding arrangements. Such defenses against hostile takeovers are typically applied against all potential investors, rather than against foreign potential investors alone. Companies are permitted to specify limits on foreign ownership more strict than those established by the

government. In general, limits on foreign ownership and participation in the Thai economy have eased since the Asian Financial Crisis.

Political Violence

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In 1997, Thailand promulgated a new constitution to make its political system more stable and transparent. Previously, there had been frequent changes in government, sometimes by military intervention. A 1991 coup had been followed in 1992 by political unrest and a confrontation in the streets of Bangkok in which over 50 civilian demonstrators were killed. The "May 1992 events" were a shock to the Thai political system, and led to a long period of democratic governance.

However, on September 19, 2006, the military overthrew the administration of PM Thaksin Shinawatra in Thailand's first coup since 1991. The bloodless coup took place in a period of political uncertainty while the PM and most of his cabinet were abroad. The coup leaders created a "Council for National Security" naming themselves as members with general oversight over a civilian government and legislature which they appointed. While opposition to the coup was mostly limited and non-violent, on New Year's Eve 2006 a series of eight bombs exploded in different areas of downtown Bangkok, killing three people and wounding thirty-eight. PM Surayud blamed the explosions on elements loyal to Thaksin, but to date no formal charges have been brought against any individual or group and there are numerous theories as to the actual perpetrators and their motives.

In August, 2007, the National Legislative Assembly approved a new constitution, replacing the 1997 constitution. On December 23, 2007, national elections were held to bring in a new civilian government. Elections were peaceful and as of early January 2008 political parties were in talks to form a coalition government to take office.

An important political problem for the RTG is the ongoing political violence in Thailand's southern-most provinces (Yala, Narathiwat, and Pattani). Efforts to quell the violence, which has been confined to these three provinces, through an expanded military presence and increased government investment have not yet had much effect.

Corruption

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

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

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

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

Bilateral Investment Agreements

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The 1966 iteration of the U.S.-Thai Treaty of Amity and Economic Relations (AER), discussed above, allows U.S. citizens and businesses incorporated in the U.S., or in Thailand that are majority-owned by U.S. citizens, to engage in business on the same basis as Thai nationals. Under the AER, Thailand is permitted to apply restrictions to American investment only in the fields of communications, transport, banking, the exploitation of land or other natural resources, and domestic trade in agricultural products.

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

Thailand also has bilateral investment agreements (called agreement on the promotion and protection of investment) with 39 countries, including Germany, the Netherlands, the United Kingdom, China, and members of the Association of Southeast Asian Nations (ASEAN). These agreements establish guidelines for expropriation compensation and the repatriation of capital, but do not include national treatment provisions.

OPIC and Other Investment Insurance Programs

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The Overseas Private Investment Corporation (OPIC) is open for business in Thailand, and can provide political risk insurance for inconvertibility and transfer, expropriation,

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

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

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

Labor

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According to the National Statistics Office, as of December 2006, Thailand has a labor force of 36.43 million workers out of a total population of 65.28 million. This figure includes Thai nationals fifteen years of age or older.

The unemployment rate averaged 1.5 percent during 2006, versus rates of 1.8 and 2.1 percent in 2005 and 2004, respectively. The official unemployment rate does not include an estimated 1-2 million seasonally unemployed agricultural workers. The continued decline in the unemployment rate in 2006 (latest figure available) is explained by increasing economic growth, especially in the real estate, manufacturing, construction, and financial sectors. Unemployment is currently close to the level that prevailed before the 1997-98 financial crisis.

The Thai government's decision not to forcibly repatriate large numbers of foreign workers in the fisheries, construction, and other semi-skilled sectors may also have affected employment levels. In July 2004, 1.2 million migrants registered during a one-month window. The workers were allowed to renew their registration annually from 2005 to 2006. The Thai government concluded labor memoranda of understanding (MOUs) with Laos, Cambodia, and Burma in an effort to organize workers from those countries, although there are significant numbers of non-Thai workers who remain in the country illegally.

Despite past rapid growth in the industrial and service sectors, 35 percent of the Thai labor force is still employed in the agricultural sector. However, the shift of workers from

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

The economic downturn of the late 1990s stemmed labor market shortages of workers with at least a secondary education. As Thailand's economy resumes growth, however, highly skilled and experienced engineers, technicians, and managers are again in short supply. In the past, many multinational firms brought in expatriate professionals because qualified local personnel simply were not available, even at high salaries. Finding, training, and retaining qualified employees to work in the manufacturing facilities being developed in industrial estates, such as those along the Eastern Seaboard, will continue to be a challenging government priority.

Thailand's educational system is still geared to the needs of a largely agrarian, traditional economy and society and lags behind the country's contemporary skills requirements. The government has made great progress over the last two decades in providing basic education. Thailand's gross primary school enrollment in 2006 was 102.9 percent (Note: The official primary enrollment age is 6-11; in practice, however, children outside that age group may also enroll in school, pushing the figure over 100). The learning rate (the ratio of the population over 15 years of age which has completed primary education to the total population of 15 years of age and over) was measured by the Thai government as 58.7 percent. Of a total of 36.43 million employed persons in 2006, 34.5% had education of less than elementary level, 22.1% had elementary, 14.0% had lower secondary, 11.7% had upper secondary, and 13.6% had university degrees.

An integral part of Thailand's educational reform program, the country's first National Educational Act was promulgated in 1999. The Act stipulates the right of all Thai citizens to receive free basic education public education for at least twelve years and raised the level of compulsory education from six to nine years. Pursuant to the 1999 Act, the free basic education and compulsory education provisions took effect in August 2002. Children are required to enroll in a basic education institution from the age of seven, and must remain in the educational system through the age of sixteen.

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

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

Thailand's social safety net is considered inadequate by industrialized-country standards. The social security scheme consists of two systems. The Workmen's

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

The labor relations climate is generally peaceful, and formal strikes are infrequent. There were two worker strikes recorded in 2006 and no employer lockouts. Less than four percent of the total labor force is unionized; nearly 11 percent of the industrial work force is organized. Unionization is high in state enterprises, however, with over half of state enterprise employees belonging to a union. In 2000, the union rights of state enterprise workers were successfully restored after having been abolished in the wake of a 1991 military coup. The State Enterprise Labor Relations Act (SELRA) was reaffirmed by the Thai parliament and became law in 2000.

Foreign-Trade Zones/Free Ports

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Thailand has ten 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 (2), Lampun, Pichit, Songkhla, Samut Prakarn, Bangkok (at Lad Krabang), Ayuddhya (2), 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.

The Industrial Estate Authority of Thailand (IEAT), a state-enterprise under the Ministry of Industry, established the first industrial estates in Thailand, including Laem Chabang Industrial Estate in Chonburi Province and Map Ta Phut Industrial Estate in Rayong Province. More recently, private developers have become heavily involved in the business. The IEAT operates twelve estates, plus 22 more in conjunction with the private sector in 14 provinces nationwide. Private sector developers operate over 50 industrial estates, most of which have received promotion privileges from the Board of Investment.

Foreign Direct Investment Statistics

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Foreign direct investment (FDI) (inflows from non-banking sector only), totaled \$6.7 billion in 2007 (Jan-Oct), compared with \$10.0 billion in 2006 (full year), and \$6.5 billion in 2005. Major FDI recipients included real estate (\$1.3 billion), machinery & transport equipment (\$1.2 billion), trade (\$1 billion), and electrical appliance (\$770 million) sectors.

Japan was the biggest source of FDI in 2007 (Jan-Oct), at \$2.1 billion, followed by Singapore at \$1.0 billion, Netherlands at \$863 million, and the U.S. at \$785 million. There are no reliable statistics available for cumulative investment by country of origin. The Embassy estimates the total present value of U.S. investment in Thailand to be in excess of \$23 billion.

According to the Board of Investment (BOI), in 2007 (Jan-Nov), 35 U.S. investment projects approved by the BOI totaled 84.9 billion baht (\$2.6 billion), including the following (note that a U.S. investment is classified as any investment with at least ten percent U.S. capital, and companies below are based on January – June 2007 data only. Projects listed below could be either an expansion project or a newly established factory):

- LSI (Thai) Ltd. with 7.2 billion baht (\$218 million) investment. Integrated circuit with 700 million piece capacity; 100 percent export;
- General Motors (Thailand) Co., Ltd. with 7.1 billion baht (\$214 million) investment. 48,000 vehicle units, 50 percent export;
- Safeskin Medical & Scientific (Thailand) with 1.1 billion baht (\$34 million investment) Medical latex gloves with 1,656 million pieces capacity; 100 percent export;
- TRW Fuji Serina Co., Ltd. with 602 million baht (\$18 million) investment. Engine valve 20 million pieces, 100 percent export.
- General Motors Southeast Asia Operation with 10 million baht (\$300,000) investment (regional headquarters).

Web Resources

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- Financial Sector Master Plan (FSMP):
<http://www.bot.or.th/bothomepage/BankAtWork/FinInstitute/FISystemDevPlan/ENGVer/pdf/eng.pdf>
- BOI web site at <http://www.boi.go.th/>

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

commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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Chapter 7: Trade and Project Financing

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How Do I Get Paid (Methods of Payment)

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

How Does the Banking System Operate

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

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

GENERAL AVAILABILITY OF FINANCING

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

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

Foreign-Exchange Controls

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

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

U.S. Banks and Local Correspondent Banks

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

BANK OF AYUDHYA PCL.

(<http://www.krungsri.com/eng/>)

1222 Rama III Road, Bang Pongphang
Yannawa, Bangkok 10120
Tel: 662-296-3000
Fax: 662-683-1275

BANGKOK BANK PUBLIC CO., LTD.

(www.bbl.co.th)

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

OPERATING IN THE LOCAL ECONOMY:

JP MORGAN CHASE BANK
20 North Sathorn Road, Bubbhajt Building
Bangkok 10500
Tel: 662-684-2805
Fax: 662-684-2811

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

LOCALLY OR REGIONALLY BASED MDB OR

OTHER IFI OFFICES:

ASIAN DEVELOPMENT BANK (ADB)
(<http://www.adb.org/>)
Postal Address:
P.O. Box 789
0980 Manila, Philippines
Street Address:
6 ADB Avenue,
0401 Mandaluyong City, Philippines
Tel: 632-632-4444 (connecting all Depts./Offices)
Main Fax: 632-636-2444

Project Financing

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

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

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

OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC)'S PROJECT FINANCING

OPIC offers various financing options to assist U.S. businesses investing overseas. OPIC views each project as unique and assesses each transaction individually. All projects seeking OPIC financing must be commercially and financially sound. They must be within the demonstrated competence of the proposed management, which must have a proven record of success in the same or a closely related business, as well as a significant financial risk in the proposed project. OPIC financing can often make the difference when it comes to a project going forward. OPIC can lend up to \$250 million per project on either a project finance or corporate finance basis in countries where conventional institutions are often unable or unwilling to lend on such a basis. Generally, OPIC tries to identify three sources of repayment and, therefore, may use a combination of available project cash flow, sponsor support, and collateral to reach a sound financing structure with a prudent security package.

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

U.S. TRADE AND DEVELOPMENT AGENCY (USTDA)

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

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

Each year, USTDA funds approximately 125 feasibility studies worldwide. The average USTDA grant is \$400,000. In March 2002, USTDA opened its Asia Regional Office in Bangkok to further develop the Thailand opportunities and support USTDA operations throughout South and Southeast Asia. That office is co-located with the U.S. Commercial Service office in Bangkok. Since the inception of the program in the early 1980's, Thailand has received over \$45 million for more than 150 projects. While the agency's activities span a wide variety of sectors, many focus on transportation, energy and power, water and the environment, health care, mining and natural resources, telecommunications, and information technology. Emerging opportunities for USTDA involvement in Thailand appear to be in technical assistance and trade capacity building initiatives for free trade agreement negotiations, customs, e-government and e-commerce, energy and power, transportation logistics/security, and environmental technologies.

Overall, USTDA's 2007 program in Asia illustrated the unique ability of the agency to meet a wide range of development needs, from the immediate tsunami-related reconstruction and recovery requirements to capacity-building activities designed to foster an environment more conducive to economic growth and trade. USTDA will build on its vigorous program in Asia in 2008 as it reopens its Thailand operations to facilitate commercial partnerships involving U.S. firms that further advance the developmental and trade capacity of the region.

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Chapter 8: Business Travel

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Business Customs

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

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

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

ETIQUETTE

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

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

Travel Advisory

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Americans may register on-line with U.S. Embassy Bangkok to obtain updated information on travel and security within Thailand by visiting the U.S. Embassy's website at <http://bangkok.usembassy.gov/> . Another place with useful information for travelers is the Royal Thai Embassy in Washington D.C.'s website, <http://www.thaiembdc.org/index.htm>

Travelers visiting Thailand may also wish to review the State Department Consular Information Sheet on Thailand at:

http://travel.state.gov/travel/cis_pa_tw/cis/cis_1040.html

Visa Requirements

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

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

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

Thailand's Entry/Exit information is subject to change without notice. For further information on Thailand's entry/exit requirements, contact the Royal Thai Embassy, 1024 Wisconsin Avenue, N.W., Washington, D.C., 20007, telephone (202) 944-3600, or

contact the Thai consulates in Chicago, Los Angeles, or New York City. See our [Foreign Entry Requirements brochure](#) for more information on Thailand and other countries. Visit the Embassy of Thailand web site at <http://www.thaiembdc.org> for the most current visa information.

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

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

- **NON-IMMIGRANT VISA**

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

- **TOURIST VISA**

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

- **TRANSIT VISA**

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

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

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

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

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

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

U.S. Embassy's Visa website: <http://bangkok.usembassy.gov/services/visa/index.htm>

Telecommunications

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

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

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

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

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

international calls. For mobile, the price particularly for the pre-paid option, went down to as cheap as two cents per minute.

For a landline telephone, the installation fee is about \$90-99, the monthly service fee is \$2.52-5.03, and the flat rate for a local call is \$0.075. For a cellular phone, an entry-level handset with pre-paid calling card for 60 minutes costs about \$70-80, while a handset of the latest technology price ranges from \$300 to \$700 and more, bundled with attractive post-paid promotion campaigns.

Transportation

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

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

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

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

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

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

Thailand currently has 28 commercial airports, 5 of which are international and 21 of which are domestic. The five international airports are: Bangkok International Airport, Chiang Mai International Airport, Chiang Rai International Airport, Hat Yai International Airport, and Phuket International Airport. Thai Airways International is Thailand's national

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

Language

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

Health

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

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

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

FOOD

Eating is an important part of the Thai group-oriented culture. Thai food has become internationally popular because of its sophistication and variety. The staples of this cuisine include rice, noodles, vegetables, meats, fish, spices and chilies. Thai food can

be enjoyed in a wide variety of venues, from street-side kiosks to elegant world-class restaurants. In addition, all other international cuisines are available in the major cities and resort areas ranging from European fine dining, to other Oriental and ethnic restaurants, to American fast food.

Local Time, Business Hours, and Holidays

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The common professional workweek in Thailand is 40 hours per week consisting of five, 8-hour days, Monday through Friday. Office hours in Bangkok vary to accommodate flextime travel through the city’s notoriously heavy traffic. Common office hours are 8:00 a.m. to 5:00 p.m. Most business offices are closed on Saturdays and Sundays although most commercial establishments remain open. The U.S. Commercial Service Bangkok’s hours are 7:00 a.m. - 4:00 p.m., Monday through Friday. The office is closed during lunch from 12:00 noon to 1:00 p.m.

During the calendar year 2008, the following are the commercial holidays on which most business and government offices in Thailand will be closed:

Official Holiday 2008			
Month	Date	Day	Occasion
January	1	Tuesday	New Year’s Day
April	7	Monday	Substitute day of King Rama I Memorial and Chakri Day
April	14-15	Mon-Tue	Songkran
May	5	Monday	Coronation Day
May	19	Monday	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

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

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

GOODS FOR BUSINESS PRACTICE

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

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

EXHIBIT MATERIALS

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

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

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

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

2. **Imported goods for exhibitions in Thailand (for A.T.A. Carnet non-members):** Exhibit materials apply to goods which are imported for public exhibition and goods on which the importer has placed a bonded guarantee and will be re-

exported within a certain period of time. Goods used up in an exhibition such as printed documents, advertised articles, and distributed materials are not duty-exempted items. The process for temporary importation of exhibit materials into Thailand is as follows:

- The importer must provide detailed information on the exhibition including the host, venue, period of time, reasons for importation, and goods category to the Customs Department for temporary import permission;
- The importer must submit a duty-exempted application with certification of the exhibition, an import entry form with documents such as invoice, Airway bill, and packing list and a permission form for import of restricted goods. The importer signs for the materials, states the period of temporary entry (must be under 6 months), and places a cash deposit or Bank's guarantee for the following total (duty + 140 percent + VAT);
- Customs officers will inspect the goods and return a copy of the special Import Entry Form to the controller of the goods to be presented on the way of taking the goods out of Thailand. The controller may appoint a local firm, as an importer, to deliver the material from the port of entry to the exhibition site;
- When taking the materials out of the country, the controller shall present a copy of the special Import Entry Form to the Customs officers and shall withdraw the guarantee contract. If the importer has shown intention of not taking the goods out of the country within the period of time stated in the contract, the guarantee contract will be enforced;

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

Web Resources

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- Royal Thai Embassy in Washington D.C.'s website, <http://www.thaiembdc.org/index.htm>
- 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://travel.state.gov/visa/index.html>
- United States Visas.gov: <http://www.unitedstatesvisas.gov/>
- U.S. Embassy's website: <http://bangkok.usembassy.gov/>
- U.S. Embassy's Visa website: <http://bangkok.usembassy.gov/services/visa/index.htm>

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Chapter 9: Contacts, Market Research, and Trade Events

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Contacts

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

U.S. GOVERNMENT

U.S. EMBASSY, THAILAND

U.S. Ambassador to Thailand: The Honorable Eric G. John

Street Address:

120 Wireless Road, Pathumwan
Bangkok, Thailand 10330

Mailing Address:

American Embassy – Bangkok
APO AP 96535

Tel: 662-205-4000

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

U.S. COMMERCIAL SERVICE

Commercial Counselor: Ms. Ann Bacher

Street Address:

U.S. Embassy Bangkok
GPF Wittayu 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: 662-255-2915/662-205-5914

E-mail: bangkok.office.box@mail.doc.gov

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

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

ECONOMIC SECTION

Economic Counselor: Mr. Robert Griffiths

Street Address:

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

Mailing Address:

American Embassy – Bangkok
APO AP 96546

Tel: 662-205-4995/662-205-4726

Fax: 662-254-2839

U.S.D.A. FOREIGN AGRICULTURAL SERVICE

Agricultural Counselor: Mr. Gary Meyer

Street Address:

U.S. Embassy Bangkok
GPF Wittayu 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. Greg M. Walters

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

Tel: 66-2-205-5600

Fax: 66-2-255-4366

Email: gwalters@ustda.gov

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

ROYAL THAI GOVERNMENT

MINISTRY OF FOREIGN AFFAIRS

443 Sri Ayudhya Road, Bangkok 10400

Tel. (622) 643-5000

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

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

Tel: 662-643-5121-2

North America Division

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
E-mail: info@thaiembdc.org
Internet: <http://www.thaiembdc.org>

OFFICE OF THE PRIME MINISTER

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

- **National Economic and Social Development Board (NESDB)**
Main Tel: 662-280-4085
Main Fax: 662-281-3938
962 Krung Kasem Road
Pomprab, Bangkok 10100
Tel: 662-281-1012
Internet: <http://www.nesdb.go.th>
- **Office of the Board of Investment (BOI)**
555 Vibhavadi-Rangsit Road, Chatuchak
Bangkok 10900, Thailand
Tel: 662-537-8111-55, 662-537-8555
Fax: 662-537-8177
Internet: <http://www.boi.go.th>
- **Energy Policy and Planning Office (EPPO)**
121/1-2 Phetchaburi Road
Ratchathewi, Bangkok 10400, Thailand
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 Road (Sanambinnam), Bangkrasor ,
Muang,, Nonthaburi 11000
Tel: 662-547-4888
Fax: 662-547-4887
Internet: <http://www.dft.moc.go.th>

- **Department of Commercial Registration/Dept. of Business Development**
Building 3rd Floor,
44/100 Nonthaburi 1 Road (Sanambinnam),
Bangkrasor, Muang, Nonthaburi 11000
Tel: 662-547-5050
Fax: 662-547-4459
Internet: <http://www.dbd.go.th>
Registration of Public Companies, Group of Bank and Financial Institution, Insurance
Companies, Storage and Warehousing

MINISTRY OF FINANCE

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

- **The Customs Department**
1 Soonthornkosa Road, Khlong Toey
Bangkok 10110
Tel: 662-249-0442, 249-9494
Fax: 662-249-1279
Email: wisudhi.sr@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 6 Road, Rajthevee
Bangkok 10400
Tel: 662-202-4000, 202-4014
Fax: 662-354-3390
Email: pr@diw.go.th
Internet: <http://www.diw.go.th>
- **Department of Industrial Promotion**
Rama 6 Road, Ratchathewi
Bangkok 10400, Thailand
Tel: 662-202-4414-18/662-202-4511
Fax: 662-246-0031
Internet: <http://www.dip.go.th>
- **Thai Industrial Standards Institute**
Rama 6 Road, Ratchathewi
Bangkok 10400, Thailand
Tel: 662-202-3401-2/662-202-3301-4
Fax: 662-354-3285
Email: thaistan@tisi.go.th
Internet: <http://www.tisi.go.th>
- **Industrial Estates Authority of Thailand**
618 Nikhom Makkasan Road, Makkasan,
Ratchathewi, Bangkok 10400

Tel: 662-253-0561
Fax: 662-253-4086
Internet: <http://www.ieat.go.th>

MINISTRY OF SCIENCE, TECHNOLOGY AND ENVIRONMENT

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

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

MINISTRY OF PUBLIC HEALTH

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

- **Food and Drug Administration**
88/24 Tivanond Road, Muang
Nonthaburi 11000
Tel: 662-590-7001, 590-7003
Fax: 662-591-8636
Internet: <http://www.fda.moph.go.th>

OTHER INDEPENDENT GOVERNMENT AGENCIES

Bank of Thailand

273 Samsen Road, Pranakhon
Bangkok 10200
Tel: 662-283-5010
Fax: 662-280-0609
Internet: <http://www.bot.or.th>

Bangkok Metropolitan Administration

173 Dinso Road, Pranakorn,
Bangkok 10200
Tel: 662-621-0849
Fax: 662-621-0831
Email: governor_bma@hotmail.com
Internet: <http://www.bangkok.go.th>

TRADE ASSOCIATIONS

AMERICAN CHAMBER OF COMMERCE IN THAILAND (AMCHAM)

Executive Director: Ms. Judy Benn

7th Floor, Diethelm Towers A

93/1 Wireless Road,

Bangkok 10330

Tel: 662-254-1041

Fax: 662-251-1605

E-mail: info@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

BOARD OF TRADE OF THAILAND

150/2 Rajbopit Road, Pranakhon,

Bangkok 10200

Tel: 662-622-1860-76

Fax: 662-225-3372

E-mail: tcc@thaiechamber.com

Website: <http://www.thaiechamber.com>

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: 662-345-1296-99

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 District,

Bangkok 10200

Tel: 662-622-1860-76

Fax: 662-622-3372

E-mail: tcc@thaiechamber.com

Internet: <http://www.thaiechamber.com>

MARKET RESEARCH FIRMS**AGRISOURCE**

Ambassador's Court, 4th Fl., No. 416

76/1 Soi Lang Suan, Ploenchit Road

Bangkok 10330

Tel: 662-251-8655/6

Fax: 662-251-0390

Email: tim@agrisource.co.th

THE BROOKER GROUP PLC.

26/F The Trendy Office Building,

10/190-193 Soi Sukhumvit 13, Sukhumvit Road,

Klong Toey Nua, Wattana,

Bangkok 10110, Thailand

Tel: 662-168-7100

Fax: 662-168-7111-2

Email: info@brookergroup.com

Internet: <http://www.brookergroup.com>

BUSINESS ADVISORY THAILAND

15th Floor, Maneeya Center Building

518/5 Ploenchit Road, Lumpini

Pathumwan, Bangkok 10330

Tel: 662-255-8977

Fax: 662-254-4576

Email: jon@bathailand.com

ACNielsen CO., LTD.

26th Floor, United Center

323 Silom Road

Bangkok 10500
Mailing Address: P.O. Box 2732, Bangkok 10501
Tel: 662-674-6000
Fax: 662-231-1959, 662-236-7747
Internet: <http://www.acnielsen.com>

MIDAS AGRONOMICS CO., LTD.
124/170 Moo 1, Piyawararom Village
Phraongchaosai Road, (Klong 4), Bungyeeto
Thayaburi, Pathum Thani 12130
Tel: 662-152-2348/662-152-2349
Fax: 662-152-2350
Email: information@midasagro.com
Internet: <http://www.midasagro.com>

PriceWaterhouseCoopers
15th Floor, Bangkok City Tower,
179/74-80 South Sathorn Road,
Thungmahamek, Sathorn,
Bangkok 10120
Tel: 662-286-9999, 662-344-1000 ext. 4028
Fax: 662-286-0500, 662-286-0600
Internet: <http://www.pwc.com>

Asian Pacific Research
Suite 505, 5th Floor, Tonson Building
50 soi Tonson, Ploenchit Road, Lumpini
Pathumwan, Bangkok 10330
Tel: 662-652-1867-9
Fax: 662-652-1870

WEB SITES FOR AMERICAN INVESTORS AND EXPORTERS

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

U.S. DEPARTMENT OF COMMERCE <http://www.export.gov>

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

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

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

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

TRADE ORGANIZATIONS IN THAILAND

AMERICAN CHAMBER OF COMMERCE – <http://www.amchamthailand.com>

This site provides information on Chamber activities.

THAI INDUSTRIAL STANDARDS INSTITUTE – <http://www.tisi.go.th>

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

ENGLISH LANGUAGE NEWSPAPERS IN THAILAND

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

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

BANKING AND FINANCE

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

ASIAN DEVELOPMENT BANK – <http://www.adb.org>

SIAM COMMERCIAL BANK – <http://www.scb.co.th>

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

BANGKOK BANK – <http://www.bbl.co.th>

MISCELLANEOUS

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

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

Market Research

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

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

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

<http://www.export.gov/tradeevents.html>

http://www.buyusa.gov/thailand/en/upcoming_events.html

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Chapter 10: Guide to Our Services

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

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

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

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

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

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