



Thailand: Public Safety and Security Device

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Summary

The Thai government's overall annual spending on safety and security products is estimated at \$70 million, and is expected to grow between 5-10% annually. Trends driving growth in demand among Thai government agencies are defined by their needs to counter the unrest in the three southernmost provinces as well as by the on-going problems with drug trafficking, international terrorism, and most recently, efforts to control large crowds and prevent violence from public demonstrations. As a result, the Thai market offers the best sales potential for such products as integrated security systems, access control devices, CCTVs, perimeter fencing & detection systems, internet protocol (IP) surveillance and control systems, X-ray machines, tracers for narcotics, and explosive compound detection devices.

Importantly, buyers in Thailand are highly receptive to imports; hence the market is open to competition among global manufacturers of safety and security products. The lack of local production at commercially viable scales and the market preferences for the latest technology support a competitive market comprised of a large number of imported products. American products have successfully penetrated this market, currently representing a 30% share. Thai consumers prefer U.S. safety and security products because of their superior quality and technology. Other leading global manufacturers from Canada, the E.U., the U.K., and Israel also participate in this sector, and manufacturers from China and India are most competitive in terms of price. The majority of these global manufacturers have local representatives or partners that play vital roles in their success, giving them the ability to respond to the specific project requirements of their customers.

Market Demand

The safety and security products market for the Thai public sector has a limited number of long-term players with significant market share. In fact, there is no known dominant player controlling the overall market, though certain government agencies may favor a few established firms. With relationships playing a vital role in securing purchase orders, new companies enter into this market via new projects especially those involving one-time purchase of equipment. A one-time purchase of equipment tends to require a lower level of supplier expertise than purchase of an integrated system requiring design support and variety of equipment. These new entrants may first learn of the agency's plan to purchase, then source for the required equipment to compete in the tender. The market's high receptivity to imports as well as, the dynamic nature of security threats and effective countering technologies encourage local demand for new products and technologies. Therefore, a significant number of global manufacturers participate in this sector, many in only one or a few projects and with minor market shares.

CCTVs account for the largest share of the market, with an estimated 40% of overall government spending in safety and security products going to this category. The relatively large market share of CCTVs may be partly explained by its broader applications. Government agencies install CCTVs to safeguard their property and people, and, in most cases, CCTVs are standard components of integrated systems designed for specific security purposes.

Integrated security systems are becoming increasingly popular among government agencies, especially those in charge of controlling entry and exit of goods and people such as immigration and customs. These agencies are estimated to comprise about 10% of the overall market value. The high cost per integrated system makes it necessary for these agencies to spread out their purchases over several budget years.

Market shares for most safety and security products in the Thai government sector are harder to identify. These products have a much higher value per unit than CCTVs and purchases are made in much smaller volumes and in more random patterns. Because these items are often part of confidential operations, government agencies are more discrete about their purchasing activities.

Major trends driving demand for safety and security products in the Thai government sector are the government's needs to maintain security in the three southernmost provinces and its continued efforts with drug suppression. More recently, the on-going anti-government protests, with the potential to turn violent, have made it necessary for the government to acquire crowd control products. The Thai government's cooperation with the global community in countering international terrorism is another demand driver for safety and security products among relevant Thai government agencies.

Market Data

Annual aggregate spending by Thai government agencies on safety and security products is estimated at \$70 million, and the market is expected to grow at a rate of five to ten percent per year.

Imports dominate 90% of the market as locally made products are not manufactured on a commercial scale. A few military agencies manufacture some safety and security items for internal use, and certain education institutions manufacture such products on an experimental research basis. Though industry experts expect to see some increase in local manufacturing, they do not expect the market share to expand beyond 10%.

Best Prospects

- Integrated Security Systems (customized according to each agency requirements)
- Access Control Devices
- CCTVs
- Perimeter Fencing & Detection Systems
- Internet Protocol (IP) Surveillance and Control Systems
- X-rays Machines
- Tracers for Narcotics
- Explosive Compound Detection Systems

Key Suppliers

The lack of locally made commercialized products and the market's preference for the latest innovation encourage imports of cutting-edge technologies from leading global manufacturers. U.S. products are perceived as having superior quality and better technology. It is estimated that imports from the U.S. represent up to 30% of the annual purchases by Thai government agencies. Along with the U.S., Canada, the E.U., the U.K., and Israel are known players in the market. Chinese- and Indian-made products tend to dominate in projects for which price is the only concern.

Because suppliers of Thai government agencies compete via tenders and are required to be registered Thai companies, local distributors play a significant role in determining the competitiveness of safety and security suppliers in each specific project. These distributors compete on some projects and become partners in others when they complement for greater competitive strength. Thus, having competent local partners is another competitive advantage for foreign manufacturers, in addition to technology, quality and reputation.

Non-exclusive distributorship agreements are popular among players providing safety and security products for the Thai government. Foreign manufacturers often enlist several local companies as "preferred partner" while local companies tend to carry multiple products and represents multiple manufacturers. These practices enable manufacturers to be part of multiple bidding packages on a particular integrated system, and allow local representatives to design a system with the most competitive selections from the multiple products they represent. Manufacturers providing reliable after-sales service are preferred. Because local companies have contractual obligations to upkeep the systems they install, they normally need technical support from manufacturers to maintain their reputations in the safety and security market.

Prospective Buyers

Thai government agencies responsible for drug suppression, prisons, borders check points, customs, public safety, and peace keeping in the three southernmost provinces, are key buyers of safety and security products. The key consumers are the Royal Thai Police, the Thai military and other concerned departments under the Ministry of Interior, the Ministry of Justice, the Ministry of Finance and the Ministry of Transportation.

Office of the Narcotics Control Board
Website: <http://en.oncb.go.th>

Department of Corrections
Website: <http://www.correct.go.th>

Immigration Bureau
Website: <http://www.immigration.go.th>

The Southern Border Provinces Administrative Center
Website: <http://www.sbpac.go.th>

Special Branch, Royal Thai Police
Website: <http://www.sb.police.go.th>

Internal Security Operation Command
Web Site: <http://www.isoc.thaigov.net>

The Customs Department
Website: <http://www.customs.go.th>

Marine Department
Website: <http://www.md.go.th>

Department Land of Transport
Website: <http://www.dlt.go.th>

Department of Civil Aviation
Website: <http://www.aviation.go.th>

Market Entry Strategies

Having local partners / representatives is essential to successful market penetration of American safety and security products in the Thai government sector. The public tender process starts with making a request and outlining specifications by user agencies; approval for projects takes a minimum of one year. During the entire process, local partners play critical role in making connections with the buying agencies as well as, obtaining intelligence regarding the buying requirements, availability of funds and budget timing. This continuing relationship building process can be best implemented by local operators who have advantages in terms of culture, language skills and operating cost as compared with their foreign partners.

Market Access Issues & Obstacles

Tariff, technical and product standards requirement barriers do not exist to specifically deter imports of safety and security products into Thailand. However, the country's lack of regulatory barriers to entry and, particularly, the market's strong demand for these products attract international manufacturers to Thailand, creating a natural barrier to successful market entry.

Trade Events

Global Security Asia

Date: March 17-19, 2009

Venue: Singapore Expo, Singapore

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

Safety & Security Asia 2009

Date: October 21-23, 2009

Venue: Suntec Singapore International Convention & Exhibition Centre, Singapore

Website: <http://www.safetysecurityasis.com.sg>

For More Information

The U.S. Commercial Service in Bangkok, Thailand can be contacted via e-mail at: wcharuku@mail.doc.gov;

Phone: 662-205-5090; Fax: 662-255-2915 or visit our website: <http://www.buyusa.gov/thailand>

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