



Doing Business in Thailand:

2011 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Thailand

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Market Overview

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- Thailand is the United States' 22nd largest trading partner. Two-way trade in 2010 was about \$33 billion, with \$23.6 billion in Thai exports to the U.S. and \$9 billion in U.S. exports to Thailand. The figures represent an increase of 24 percent in the value of trade between the two countries. U.S. exports to Thailand increased by 28 percent, while US imports from Thailand increased by about 22 percent for the same period in 2009. In Asia, Thailand ranks as the United States' 8th largest trading partner after China, Japan, South Korea, Taiwan, India, Singapore and Malaysia.
- The Thai economy is export-dependent with exports accounting for about 61 percent of its Gross Domestic Product (GDP). Since recovering from the Asian financial crisis in the late 1990s, GDP performance has averaged 5-6 percent. The 2010 GDP grew close to 8 percent, as a result of an increase in exports and the Thai Government's increased spending on its "Thai Khem Khaeng" economic stimulus program. This stimulus package was estimated to have contributed an increase to the Thai GDP of 2.3 percent. The Thai GDP per capita is approximately \$8,100 (2009 est.).
- Exports from Thailand grew close to 29 percent, reaching \$196 billion in 2010, despite the strengthening baht and the relatively weak economies in most regions of the world. A major contribution to this impressive growth in exports has been the shifting of the key export destination from the U.S. market to other countries in Southeast Asia. The countries that comprise the Association of Southeast Asian Nations (ASEAN) are now Thailand's largest export destination, accounting for 23 percent of overall exports. This represents an increase of 44 percent compared with 2009. Following ASEAN, the U.S., Japan and China are the next three largest destinations for Thai exports, with each accounting for 11 percent of Thailand's total exports.
- The U.S. and Thailand have enjoyed a special commercial relationship for 177 years under the Treaty of Amity and Commerce. Under the treaty, with the exception of a few sectors, U.S. companies operating in Thailand are afforded national treatment, or an "equal playing field," with Thai companies.
- Current risks to Thailand's economy include an uncertain political situation, violence in the three southernmost Muslim-majority provinces, and the effects of the global economic downturn.

Market Challenges

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- Thailand's businesses and consumers are extremely price-conscious, often favoring lower prices over product quality or other benefits. Exporters with products that are competitive for reasons other than price should plan to work with their local partner to undertake an extensive marketing strategy.
- While Thailand's average applied MFN tariff rate is 11 percent (24 percent for the agricultural sector and 9 percent for the industrial sector), the highest tariff rates apply to imports competing with locally produced goods, often leading to even further price pressures for U.S. exporters hoping to succeed in the market. Furthermore, Thailand has preferential trade agreements with such countries as Japan, Australia, New Zealand, China and India. U.S. firms with direct competitors from those countries could face additional price pressures.
- Corruption and lack of transparency in government procurement tenders, 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 environmental technology.
- The Thai government is focusing resources on the development of its transportation network, especially train and high speed train projects and also 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 market entry with their market knowledge and established networks. Within 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).

- We recommend ordering an IPS report, since it provides a listing 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.
- Participation in related trade exhibitions in Thailand can also be an effective means to test the market and locate serious agents and/or distributors in Thailand visiting the trade exhibitions to find new products and services.

Establishing an Office

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The primary organizational forms for commercial enterprises are as a sole proprietorship, partnership, limited liability company, joint venture, or foreign branch operation. 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 three major forms of partnership in Thailand:

1. an unregistered ordinary partnership
2. a registered ordinary partnership
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 licenses or other special licenses required and whether there are any special incentives available from Thai organizations such as the Board of Investment (BOI) and the Industrial Estate Authority (IEAT).

The U.S.-Thai Treaty of Amity and Economic Relations of 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, there were approximately 408 franchisers in Thailand in 2010. Of this, 50 percent are homegrown, while the rest are foreign. Every year, about 20 franchisers enter into the business and only half of them stay in business for more than five years. The franchise industry is expected to continue to grow at an average of 15 percent over the next few years due to government policies to support in developing standardization of local franchise industry to meet the international level while banks provide loan support for new franchise entrepreneurs. 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 franchisors lack of franchise knowledge, which lead to their poor services 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 famous American franchises already have a presence in Thailand, such as McDonalds, Burger King, Starbucks, KFC, Pizza Hut, Krispy Kreme, Baskin Robbins, A&W, Post Net, Mail Boxes Etc., Subway, Radio Shack, Outback Steak, Sizzler, Dunkin Donuts, and Gymboree. The best prospects for U.S. franchise concepts are in the following areas: food service business, automotive aftermarket, laundry, and home building & maintenance 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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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. Some observers feel

that the Royal Thai Government does not always provide a level playing field for foreign bidders. Generally, the procuring government agency provides preferential treatment to domestic suppliers who under a "Buy Thai" policy receive an automatic price advantage of 3-7 percent 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. 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 (approximately \$50,000), but agencies are free to use e-auction for lesser value procurements as well if they wish to.

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

Distribution and Sales Channels

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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 communities;
- Understand end users' behavior and their cultural environment in order to offer the most suitable products to them;
- Promote themselves in business communities by advertising through the media, participating in trade shows, and organizing seminars to launch new products;
- Educate buyers on new technologies, and provide high reliability and unbiased advice through direct sales to end users;
- Sell consulting services together with solutions;
- Identify the features and benefits of specific product or service solutions;
- Use training as an effective means to make potential customers aware of the quality of products and services, 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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The Royal Thai government's support for expanded ICT infrastructure has enabled broader internet penetration and cheaper access to information for the Thai people. This growth has been accompanied by legislation that regulates internet usage; namely the Computer Crime Act of 2007. Several people have been detained in Thailand under this Act in 2009.

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

Advertising and trade promotion are important marketing tools in Thailand, especially for the sale of consumer goods. In particular, automobile, insurance services, food supplements, and consumer products should be promoted heavily via a full range of mass media. In 2010, advertising on television is the most popular and commands 60 percent, newspapers 14 percent, radio 7 percent, cinema 6 percent, magazine 5 percent, billboards 4 percent, transit 2 percent, in-store 1 percent and Internet 0.3 percent. New media (satellite/cable TV, mobile TV, website, social media, and digital media) has been projected to increase 50-60 percent as other traditional media in 2011 due to consumers turn to spend more time on digital content on interactive applications. There are six free television channels and 400 local cable television channels. Since the government allowed advertising on satellite/cable TV in early 2008, the advertising agencies has turned to spend more advertising budget on satellite/cable TV services, which are expected to grow 4 – 8 percent of overall advertising budget for free television channels within the next 3 years. Television and newspaper are 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. Digital provides incredibly rapid information delivery and real-time updates of happenings and also offers consumers a fast track for getting news. Digital media serve as channels to reach a broader client base, develop stronger customer relations, generate customer feedback, and enhance a company's image.

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

Industrial product promotion, on the other hand, varies from industry to industry. The two most efficient methods of promotion for industrial products are trade exhibitions and placement of advertisements in trade magazines. Trade fairs with an industry focus serve as a screening tool since exhibitors can be certain that they will have access to the appropriate group of customers. The U.S. Commercial Service in Bangkok includes a list of suggested industry events staged in Thailand as well as U.S. Pavilions at local events and trade missions in Chapter 9 of this Country Commercial Guide. This information is also published on the Commercial Service website in English

(<http://www.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 a letter of credit themselves. Manufacturers or wholesalers normally receive a 5-10 percent profit margin. Retailers and distributors of local products require a 25-35 percent margin. There is a 7 percent V.A.T. charged on consumer goods as well.

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

Convenience Stores	18-20 %
Discount Stores	8-10 %
Department Stores	40%
Manufacturers or Wholesalers	5-10 %
Distributors of Local Products	10-15 %

Direct sale of specialty products	60-80 %
Direct sale of general product	40 % max.
Importers of large equipment or machinery	5-10 %
Importers of luxury products	60 % min.

Sales Service/Customer Support

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

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

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

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

Protecting Your Intellectual Property in Thailand:

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

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection *before* selling your products or services in the Thailand market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government generally cannot enforce rights for private individuals in Thailand. It is the responsibility of the rights holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Thailand law. The U.S. Commercial Service can provide a list of local lawyers upon request:

http://www.buyusa.gov/thailand/en/bsp.html?bsp_cat=80120000

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. Government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate 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. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. 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 laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support

efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Thailand 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)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

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

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US 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 US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the U.S., contact the U.S. Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.
- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and . 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 IP-infringing products) and allows you to register for Webinars on protecting IP.

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

IPR Climate in Thailand

Widespread commercial IP counterfeiting and piracy continue to plague intellectual property rights owners in Thailand. The lack of sustained, aggressive, and coordinated enforcement and prosecution remains a substantial problem. U.S. copyright industries reported that losses due to piracy of business software grew to US\$367.8 million in 2009, up from US\$335 million in 2008 while the music industry reports that piracy has devastated the local creative economy in Thailand. In 2008, physical sales of legitimate music products decreased by 40 percent and faced an additional drop of 17 percent in 2009.

In 2007, Thailand was elevated to the US Trade Representative's 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 Trade and Investment Framework Agreement and during the Free Trade Agreement negotiations aimed at strengthening Thailand's regime, but tangible progress has been slow to date.

Patents, Data, Trade Secrets, and Plant Variety Protection

Thailand's patent regime generally provides adequate protection for most innovations. However, Thailand's patent office lacks sufficient resources to keep up with the volume of patent applications, and examination can take more than five years, and eight to ten years or more for pharmaceutical patents. While patent filings have increased in recent years patent issuance numbers have not kept pace, and there is a significant backlog in applications. The Department of Intellectual Property (DIP) is reportedly subject to a hiring freeze that prevents hiring more than the current number of examiners. Thailand joined the Paris Convention and the Patent Cooperation Treaty in recent years and has begun accepting PCT applications.

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. 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. 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 reported increase in the number of such copies receiving Thai FDA approval while the original product is still under patent.

Registration of new plant varieties under the Plant Variety Protection Act began in April 2006. Private sector representatives have expressed concern about the implementation and enforcement of the Act, noting the wide availability of pirated counterfeit seeds and

other products in Thailand. In 2010, the first foreign companies applied for protection. The United States has urged Thailand to strengthen the 1999 Act to make it consistent with the 1991 International Convention for the Protection of New Varieties of Plants (UPOV) and to accede to this convention.

Copyright

Thailand's copyright law, intended to bring Thailand into conformity with international standards under TRIPS and the Berne Convention, became effective in March 1995. The Thai government is in the process of amending the Copyright Law in several ways. A current set of amendments deals with collecting societies and creates fair use exceptions for disabled users. Additional amendments that would create secondary liability for landlords renting to infringing tenants and that would prohibit camcording in cinemas are currently under consideration.

In August 2005, the Optical Disk Manufacturing Control Act went into force. This Act is designed to enhance the authority and capabilities of the Thai government to act against operators of illicit optical disc factories and to control the production materials and machines of legal producers. U.S. copyright industries are concerned that the Optical Disk Act is deficient in several respects, including that penalties are not high enough to deter pirates and do not enhance the Thai government's enforcement and oversight powers sufficiently. There has only been one action taken under the Optical Disk Act since it came into force.

Trademarks and Geographical Indications

The Thai government amended its trademark law in 1992, increasing penalties for infringement and extending protection to service, certification, and collective marks. The Thai government also streamlined trademark application procedures, addressing issues raised by the U.S. Government. Additional amendments designed to bring Thailand's trademark law into compliance with the TRIPS Agreement were enacted in June 2000, broadening the legal definition of a mark. Thailand is in the process of joining the Madrid Protocol and is also considering further amendments to the Trademark Act.

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

Enforcement

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

In 2009, The Royal Thai Government established the National Intellectual Property Policy Committee which is chaired by the Prime Minister and has the Deputy Minister of Commerce, Mr. Alongkorn Ponlaboot, as Vice-Chair. It now comprises top-level representatives from 11 agencies namely, the Ministry of Commerce, the Ministry of Culture, the Ministry of Education, the Ministry of Finance, the Ministry of Information and Communication Technology, the Ministry of Foreign Affairs, the Ministry of Science and Technology, the Ministry of Public Health, the Royal Thai Police, the Office of the Attorney General and the National Broadcasting and Telecommunication Commission. The responsibilities of the Committee include formulating policies and strategies for promoting intellectual property, fighting against rights violations at all levels and improving the intellectual property laws and their implementation.

The Department of Special Investigations (DSI) was established in 2004 and took on an IPR enforcement role, focusing on major infringing production, warehousing and trafficking operations, as well as those activities associated with organized crime. In January 2006, the threshold for cases to be referred to DSI was lowered to 500,000 baht (\$13,400), promising stronger investigative action into more cases.

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. Right holders and even the Royal Thai Police complain that the IP Court is increasingly unwilling to issue search warrants and civil search orders. For many right holders, this is the primary obstacle to enforcement.

U.S. copyright industries continue to express serious concerns over optical media piracy in Thailand. Right holders report that enforcement of the Optical Disk Manufacturing Control Act has been sporadic, and only one case has been brought by prosecutors in five years. Industry has noticed a small decline in the amount of pirated product available on the streets, but this is more than matched by an increase in online piracy. Digital copyright issues are not directly addressed in the Thai copyright law, and law enforcement agencies lack sufficient expertise and resources to tackle the problem. Cable and broadcast satellite piracy continue to be a major problem throughout Thailand, as pirate providers expand their reach in the provinces. Book publishers have also raised concerns that the existing copyright law is being interpreted in a manner that allows extensive book piracy to go unchecked. According to 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 information, including the addresses of the responsible enforcement agencies, as follows:

Department of Intellectual Property, Ministry of Commerce:

<http://www.ipthailand.go.th/ipthailand/>
44/100 Sa Nam Bin Nam Road, Muang Nonthaburi 11000
Tel: (662) 547-4621
Fax: (662) 547-4699

The Central Intellectual Property and International Trade Court

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

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

The Government Complex Commemorating His Majesty the King's **80th** Birthday Anniversary, Building A, 4th Floor. Chaengwattana Rd., Thoongsonghong Subdistrict, Laksi District, Bangkok
Tel: (662) 246-2100
Fax: (662) 246-2622

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

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

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

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

Due Diligence

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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, and other experts in due diligence work to check bona fides of the bank or company they want to buy, extend credit to, or with whom they want to form joint partnership or any type of licensing agreement. A number of leading American accounting and consulting companies with expertise in due diligence are active in Thailand.

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

Local Professional Services

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

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

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

Although Thai law does not require use of local agents and distributors, it is one of the most efficient and effective ways to enter the market in Thailand. The agent and distributor facilitate and expedite the market entry with their market knowledge and established network. Among many business cultures in Thailand, interpersonal relationships are a vital factor for successful business transactions. Local agents and distributors are accustomed to local business practices and requirements. They are in the market and can deliver what is required for a successful business arrangement that

companies in the U.S. cannot conveniently provide from afar. In addition, local agents and distributors will take care of regulatory affairs and acquire import permits for U.S. exporters.

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

Web Resources

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- U.S. Commercial Service Home Page (English Version): <http://www.buyusa.gov/thailand/en>
- U.S. Government Export Portal: <http://www.export.gov>
- U.S. Commercial Service Home Page (Thai Version): <http://www.buyusa.gov/thailand/th>
- U.S. Department of Commerce Export Assistance Center: http://www.export.gov/comm_svc/eac.html.
- 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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Automotive Parts and Services/Equipment

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	20,113	26,418	32,609	33,494
Total Local Production	27,915	36,796	48,671	54,025
Total Exports	13,553	19,233**	26,769	32,415
Total Imports	5,751	8,174**	10,707	11,884
Imports from the U.S.	124	131**	134	144
Exchange Rate: 1 USD	28	28	28	28

Note: Local Production figures are estimates.

***Jan-Nov*

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

Data Source: The Federation of Thai Industries

Thailand's vehicle production is expected to total 1.62 million units in 2010 and 1.8 million units in 2011, and exports are estimated to be 52 percent of total output. The export value of automotive products from Thailand for the first nine months of 2010 totaled USD 18.6 billion, an increase of 59 percent from the previous year. Meanwhile, domestic sales of vehicles in 2010 are expected to reach 780,000 units, an increase of 40 percent. Industry experts are optimistic that the Thailand market will grow to 840,000 units in 2011.

Japanese manufacturers have a combined market share in Thailand of ninety percent. The five best-selling brands are Toyota (41 percent), Isuzu (19 percent), Honda (14 percent), Nissan (7 percent), and Mitsubishi (5 percent). Notably, Ford and GM have had impressive growth in 2010, with sales increases of 79 percent and 32 percent, respectively. All of these global manufacturers have assembly operations in Thailand that manufacture for both the domestic and export markets. The industry currently has an overall assembling capacity of 1.8 million units, and is expected to turn out two million units in 2012.

The ASEAN Free Trade Area (AFTA) was implemented in January 2010 and is expected to benefit the automotive industry in Thailand over the long run. With the region's largest and most sophisticated automotive manufacturing platform, the Thai automotive industry is expected to increase its exports in the region. The increase in intra-regional exchange of vehicle parts, resulting from the zero-to-five percent tariff scheme, lowers production costs for assemblers and creates economies of scale in production for the industry.

Sub-Sector Best Prospects

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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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As the Southeast Asian regional automotive manufacturing hub, Thailand presents significant opportunities for U.S. companies. Building on the success of its initial plan to make Thailand one of the world's major pickup truck manufacturers, the Royal Thai Government announced its intention to become a manufacturing hub for the "Eco Car," with the objective of upholding Thailand's competitive position as a production hub in the global market. This will increase opportunities for parts manufacturing, automotive technologies and related services in OEM manufacturing. Additionally, greater integration of vehicle markets among ASEAN countries will result in an expanded regional market for replacement parts and after-market service equipment.

Web Resources

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Thai Automotive Institute

655 Soi 1, Bang Poo Industrial Estate, Moo 2,
Sukhumvit Road, Km. 34, Muang,
Samutprakarn 10280
Tel: (+66) 0-2324-0710
Fax: (+66) 0-2323-9598
Website: <http://www.thaiauto.or.th>

The Customs Department

Soonthornkosa Road, Klong Toey,
Bangkok 10110
Tel: (+66) 0-2249-0442, 2249-9494
Fax: (+66) 0-2249-1279
Website: <http://www.customs.go.th>

The Office of Industrial Economics (OIE)

75/6 Rama VI Road, Rajathevee,
Bangkok 10400
Tel: (+66) 0-2202-4395
Fax: (+66) 0-2644-7139
Website: <http://www.oie.go.th>

Trade Shows:

Bangkok International Motor Show

Date: March 25 – April 5, 2011
Venue: Bangkok International Trade Exhibition Center (BITEC)
Website: <http://www.bangkok-motorshow.com>

Motor Expo 2010

Date: 1-12 December, 2011

Venue: Impact Exhibition & Convention Center, Bangkok

Website: <http://www.autoinfo.co.th>

Commercial Service Bangkok Contact:

Ms. Wanwemol Charukulthavatch – Commercial Specialist

U.S. Commercial Service

American Embassy

E-mail: wcharuku@trade.gov

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

Broadcast Equipment

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	1,610	1,851	1,945	2,042
Total Local Production	3,319	1,640	1,722	1,808
Total Exports	6,999	7,354	7,721	8,107
Total Imports	5,290.5	7,565	7,943	8,340
Imports from the U.S.	200	232	243	255
Exchange Rate: 1 USD	28	28	28	28

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

Data Source: The Royal Thai Customs Department

The Broadcasting Act of 2008 governs the licensing of all radio and television operations, and licenses for the use of frequency, cable and satellite networks have been allocated to local service providers. The Act allows commercial television businesses to generate revenue from advertising airtime as well as membership fees, stimulating growth in the commercial television sector. In 2010, 50 satellite television channels were launched (compared to 30 channels in 2009), and 50 additional channels are expected to be launched in the Thai market in 2011, an investment of USD 50 million.

The number of households receiving satellite and cable television signals is expected to increase from 9 million in 2010 to 13 million in 2011. This presents a major business opportunity for U.S. suppliers to expand their businesses in Thailand.

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

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

- Television and Radio (65%)
- Newspapers (17%)
- Magazines (6.5%)
- Outdoor Advertising (5%)

- Movie Theaters (5%)
- Miscellaneous (2.5%)

Sub-Sector Best Prospects

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

- Transmission
 - Radio
 - Television
- Radio Consoles
- Studio Equipment
 - Radio
 - Television
- Software Systems, e.g. Automation and Advertising Solutions
- Microwave Communications Equipment

Opportunities

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The majority of broadcast communications equipment is imported. The United States, Germany, and Japan are the most popular sources of products for this industry. This is driven by customer perceptions that these manufacturers are the technological innovators providing the highest quality broadcast communications devices.

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

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

Web Resources

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Public Relations Department (PRD)

Rama VI Road, Soi 30, Bangkok 10400

Tel: (+66) 0-2618-2323, Ext. 1700

Fax: (+66) 0-2618-2358

URL: <http://www.prd.go.th>

Mass Communication Organization of Thailand (MCOT)

63/1 Rama 9 Road, Huay Kwang, Bangkok 10320

Tel: (+66) 0-2201-6000

Fax: (+66) 0-2245-1435

URL: <http://www.mcot.net>

Royal Thai Army Radio and Television

210 Phaholyotin Rd., Sanampao, Phayatai, Bangkok 10400

Tel: (+66) 0-2278-1697
Fax: (+66) 0-2615-2066
URL: <http://www.tv5.co.th>

Trade Shows:

Broadcast Asia 2011

Date: June 23-28, 2011
Venue: Singapore Expo, Singapore
Website: <http://www.communicasia.com/>

Commercial Service Bangkok Contact:

Ms. Oraphan Boonyalug – Commercial Specialist
U.S. Commercial Service
American Embassy
E-mail: oboonyal@trade.gov
Website: <http://www.buyusa.gov/thailand/en>

Defense Equipment

Overview

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Thai Defense Budget

Unit: Million US\$

	2008	2009	2010	2011	2012(e)
Defense Budget	5,126	6,077	5,501	6,082	6,478
GDP	329,721	350,493	347,364	369,943	381,041
Defense Budget in % to GDP	1.55%	1.73%	1.58%	1.64%	1.70%
Annual Inc/(Dec)	47.05%	18.56%	-9.48%	10.55%	6.51%
Exchange Rate	28	28	28	28	28

Data Source: Budget Department

Following the military coup in 2006 and the recent civil unrest in 2010, the Thai military has played an important role in both maintaining internal security and protecting national interests and sovereignty. With support from the Thai government for the military's ongoing force development plan, the Thai defense equipment market remains attractive for both local and foreign defense equipment manufacturers and suppliers.

Procurement priorities are dictated by the national security situations and the anticipated threats. Current key military initiatives with major campaigns include: the promotion of national reconciliation, protection of border areas and maritime interests, suppression of illegal immigrants and goods smuggling, anti-terrorism, disaster relief, and anti-riot and internal peacekeeping activities.

The Thai armed forces will continue to follow their 2011-2020 military development plan to improve efficiency and effectiveness; prioritizing maintenance requirements and new procurements are the critical tasks for the Thai armed forces. Under the plan, the annual defense budget will be in the range of 1.6 to 1.7 percent of the Gross Domestic Product (GDP) or approximately 8 percent of the total budget expenditure.

With the recovering Thai economy, the Thai military budget remains relatively high compared to the early 1990s. Over the past four years, the Thai defense budget has remained in the USD four to six billion range. This budget will fund the long-awaited development plan of the Thai armed forces, ensuring Thailand's ability to cope with national security threats, especially for maintaining internal security, fighting terrorist and separatist groups, and coping with border area disputes, all of which have become more prevalent in recent years.

Thailand's defense equipment suppliers come from all over the world and offer fairly competitive pricing and equipment package terms. The United States is one of the prime defense suppliers to Thailand due to commonality with NATO and Thai-U.S. joint

military exercises. Local production is limited to conventional weapons, ammunition, and military supplies provided by a few Thai military-owned weapon production units.

Sub-Sector Best Prospects

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Under the Thai military development plan, the Thai armed forces have prioritized their military upgrades, reconditioning/refurbishment projects, and new procurements. This is to ease the Thai government's critical budget constraints by spreading the appropriation over several budget years – so called “tied-over” budget allocations.

Based on the development plan for future military projects, the following are items with high procurement potential: C4I tactical communications systems, helicopters (tactical and transport), tanks and armored vehicles, training simulators, Unmanned Aerial Vehicles (UAVs), Air Defense Systems (ADSs), Tactical Data Links (TDLs), Electronic Warfare (EW) equipment, radar systems, and combat communications equipment.

Opportunities

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The major buyers of defense equipment are the three branches of the Thai armed forces: the Royal Thai Army (RTA), the Royal Thai Air Force (RTAF), and the Royal Thai Navy (RTN), which includes the Marine Corps. Provided below are summaries of the procurement rationales of the Thai defense forces.

Royal Thai Army (RTA)

The RTA is relatively self-sufficient despite its needs for hardware improvements, new equipment, upgrades, and refurbishment. The challenge that the RTA faces is operating aging equipment. Therefore, main focuses of the RTA's development plan include replacing obsolescing hardware, increasing crowd-control capability, improving fire-power and mobility, improving the armored air cavalry regiment, and enhancing its ability to fight around the clock (e.g. night mission capability).

Royal Thai Air Force (RTAF)

The RTAF is striving to ensure its combat readiness to respond to the air forces of neighboring countries by keeping pace with regional developments in air power and continuing to develop its force through refurbishment and upgrades of existing equipment. In recent years, new threats requiring RTAF support include: air support for ground troops during anti-terrorist activities in the three Southern provinces, border area conflicts, disaster relief and internal peacekeeping missions.

Royal Thai Navy (RTN)

The RTN is responsible for a relatively large area, including Thai bodies of water as well as other areas such as those involved in its participation with international task forces to suppress pirate activities in the Middle East. However, the RTN's main duty is to protect Thailand's territorial waters, natural resources, fishing areas, and shipping lanes. In peacetime, the RTN also assists with disaster relief and related search and rescue missions. The RTN has introduced a development plan to improve its capability; however, its needs must be prioritized given the limited budget. Currently, there are plans for maintenance work, upgrades and replacement of aging hardware.

Ministry of Defense

Foreign Affairs Division
Office of Policy and Planning
Tel: (+66) 0-2225-7414
Fax: (+66) 0-2226-1839
Website: http://www.mod.go.th/eng_mod/index.html

The Royal Thai Armed Forces Headquarters

(formerly The Supreme Command Headquarters)
Office of Policy and Plans, Directorate of Joint Operations
Tel: (+66) 0-2575-6203
Fax: (+66) 0-2575-6067
Website: http://www.rtarf.mi.th/EN/index_new_en.html

Royal Thai Army

Policy and Plans Division
Directorate of Logistics
Tel: (+66) 0-2297-7424
Fax: (+66) 0-2297-7420
Website: <http://www.rta.mi.th>

Royal Thai Air Force

Policy and Plans Division
Directorate of Operations
Tel: (+66) 0-2534-1457
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Website: <http://www.rtaf.mi.th/index.asp>

Royal Thai Navy

Research and Development Division
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Tel: (+66) 0-2475-5533
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Website: <http://www.buyusa.gov/thailand/en>

Education Services (EDS)

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Sales	1,066	1,219	1,462	1,820
Sales by Local Institutions	59	71	88	110
Sales by International Institutions	1,125	1,290	1,550	1,930
Sales by U.S. Institutions	470	518	695	935
Exchange Rate: 1 USD	28	28	28	28

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

Data Source: The Thai Customs Department

The demand for overseas education continues to grow among students in Thailand. Thai parents still consider higher education a worthwhile investment for their children, and higher education overseas has become a norm among well-to-do Thai families. Graduates from international and bi-lingual schools across Thailand are studying abroad in larger numbers. Of the Thai students attending overseas academic and degree programs, approximately 50 percent are enrolled in graduate and post-graduate programs, 25 percent are enrolled in undergraduate programs, and the remaining are enrolled in either one-year high school exchange programs or short-term ESL programs. Business administration is the leading subject chosen by Thai students as their major area of study, with engineering, computer science and mass communications being the next most popular majors. ESL programs at universities that allow students to directly enroll into degree programs on a conditional acceptance after passing language requirements are also gaining high acceptance.

In 2010, it is estimated that over 25,000 Thai students were studying in the United States. By comparison, the number of Thai students in Australia is estimated to be from 15,000 to 17,000 students. Australia is also a highly popular destination for short-term (e.g. 4-week) summer cultural and language programs among students in Thailand. The number of Thai students in the United Kingdom is growing, currently estimated to be from 12,000 to 15,000 students. The growing popularity of the one-year MBA degree program, heavily promoted by most of the universities in the United Kingdom, has drawn a lot of interest among Thais during the past few years. Additionally, there are approximately 3,500 Thai students in New Zealand and around 2,500 Thai students in Canada.

There is growing competition from local universities offering degree programs in English, at both the undergraduate and graduate level. Currently, there are approximately 5,000 international students in Thailand, the majority of them from China, studying graduate degree programs. Leading local universities include Assumption University, Mahidol University, Thammasat University, Webster University, and Bangkok University.

Sub-Sector Best Prospects

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Major programs and areas of study that Thai students are most interested in pursuing include:

- MBA
- Computer Science
- Engineering
- One-Year Exchange Programs (e.g. High School)
- Computer Graphics and Design
- Summer Language Training and Cultural Programs
- Short- and Long-Term ESL Programs
- Private High Schools

Opportunities

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One-year student exchange programs in the U.S. remain quite popular among students in Thailand. Local study abroad agents actively promote these one-year exchange programs as they can earn solid commissions with less work and effort. These programs have high growth potential as more study abroad agents in Thailand are focusing on this market.

The potential for attracting more undergraduate students from Thailand also remains strong because of the continued increase in high school graduates from local international schools. There are about 130 international schools across the country, most located in Bangkok. The expansion of bi-lingual high schools in Bangkok means an increase in the number of potential candidates for undergraduate degree programs abroad. The growing popularity of community colleges among Thai parents and students has also increased the number of undergraduate students studying in the U.S.

The other high potential opportunity involves U.S. high schools. Currently, New Zealand and Australia are major destinations for Thai high school students. School fees in these countries are more competitive than the fees for private schools in the U.S. and the U.K. Moreover, most of the schools in New Zealand and Australia work with agents to promote their institutions, while most of the schools in the U.S. do not.

Web Resources

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Upcoming Trade Events:

OCSC International Education Fair

November 2011

Ms. Ratana Ubonsri – Director
Education and Training Abroad Branch
Office of the Civil Service Commission

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Fax: (+66) 0-2628-6202
E-mail: ratana@ocsc.go.th

IIE Fair

October 2011
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
Tel: (+66) 0-2652-0653
Fax: (+66) 0-2652-0633
Website: www.iiethai.org

Commercial Service Bangkok Contact:

Mr. Nalin Phupoksakul – Commercial Specialist
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American Embassy
E-mail: nphupoks@trade.gov
Website: <http://www.buyusa.gov/thailand/en>

Electronic Components

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	31,627	32,830	37,223	42,203
Total Local Production	40,720	41,307	46,834	53,101
Total Exports	32,576	33,046	37,468	42,481
Total Imports	23,483	24,569	27,856	31,584
Imports from the U.S.	2,005	2,151	2,366	2,602
Exchange Rate: 1 USD	28	28	28	28

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

Data Source: The Electrical and Electronics Institute, The Thai Customs Department

In 2010, the overall Thai electronic parts and components market grew slightly as a result of new orders for semiconductor devices, transistors, and other integrated circuits from ASEAN countries, China, the United States, and emerging markets such as Hong Kong, Australia and India; reductions and revocations of import and export tariffs on electronics components among the ASEAN countries following the ASEAN Free Trade Area (AFTA) agreement of 2010 have contributed to this growth. The increasing demand for high-tech consumer products that use data storage, such as personal computers, external drives, mobile phones, net books, and notebooks have stimulated the increasing demand of imported electronics parts and components into Thailand.

More than 60 percent of Thailand's imported electronic components consist of integrated circuits (IC) and computer components (CC). Of these imports, USD 10.01 billion are IC (44 percent) and USD 6.2 billion are CC (27 percent), driven by Thailand's current position as the manufacturing base for 4 out of 5 major HDD producers, i.e. Seagate Technologies, Western Digital, Hitachi Global Storage and Fujitsu.

Thailand's Electrical and Electronics Institute (EEI) has projected that electronics manufacturing production will increase 21.61 percent in 2011 due to a strong demand for high-tech products that need a large amount of storage space, high speed processors, and features that are compatible with other IT equipment such as media tablets, smart phones, and automotive electronics. EEI expects the growth of the HDD, IC, and semiconductor markets to be 14.72 percent, 5.72 percent and 4.90 percent, respectively. The Thailand Board of Investment (BOI) has approved 220 projects in the electronics and electrical appliances industries, worth around USD 2.3 billion in 2010. These projects focus on HDD manufacturing, memory storage equipment, digital cameras, automobile electronics and other electronic products.

Sub-Sector Best Prospects

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Best prospects for the electronic parts and components sector include:

- Integrated Circuits (Wafers, Thin Film Technology, Dice and Chips, Substrates and Lead Frames)
- Radio-Frequency Identification (RFID)
- Computer Components (CPU, HDD, Media/Platter, Floppy Disk Drive, CD Rom Drive, Tape Drives, Monitors, Printers, LCD Projectors)
- Hard Disk Media/Platter, HDD Suspension
- Flexible Print Circuit, Multi-Layer PCB
- Flat Panel Display, LCD Panel, OLED Panel

Opportunities

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The Thailand Board of Investment (BOI) grants tax incentives for high-tech investment projects totaling more than USD 2.83 billion that involve the manufacture of products not yet made in Thailand; investors can be exempted from corporate income taxes for up to 8 years as well as qualify for other BOI incentives. For example, a company specializing in wafer production and electronic design may be exempted from import duties on machinery, raw materials and components used for manufacturing its products. Apart from attractive incentives, the BOI also focuses on promoting value-added projects and more advanced technology in the automotive and electronics industries as well as in knowledge-based industries such as biotechnology and renewable energy. Projects involving LEDs, LCD panels and the “Eco Car” are among those currently being supported by BOI. This is in keeping with the government’s policy to support the development of the electrical and electronics industry in cooperation with the BOI and EEI.

Web Resources

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Thailand Board of Investment (BOI)

Head Office: 555 Vibhavadi-Rangsit Rd.,
Chatuchak, Bangkok 10900
Tel: (+66) 0-2553-8111
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Website: <http://www.boi.go.th>
Email: head@boi.go.th

Electrical and Electronics Institute (EEI)

57 Department of Industrial Works Building,
6th Floor, Phrasumen Road, Banglumphu,
Phranakorn, Bangkok 10200
Tel: (+66) 0-2280-7272
Fax: (+66) 0-2280-7277
Website: <http://www.thaieei.com>
Email: general@thaieei.com

The Office of Industrial Economics (OIE)

75/6 Rama VI Road, Rajathevee,
Bangkok 10400

Tel: (+66) 0-2202-4395
Fax: (+66) 0-2644-7139
Website: <http://www.oie.go.th>

The Customs Department

1 Sunthornkosa Road, Klong Toey,
Bangkok 10110
Tel: (+66) 0-2249-0431-40
Fax: (+66) 0-2249-1279
Website: <http://www.customs.go.th>

Trade Shows:

SUBCON Thailand 2011

Date: May 19-22, 2011
Venue: Bangkok International Trade & Exhibition Center (BITEC), Bangkok, Thailand.
Website: <http://www.subconthailand.com>

NEPCON Thailand 2011

Date: June 23-26, 2011
Venue: Bangkok International Trade & Exhibition Center (BITEC), Bangkok, Thailand.
Website: <http://www.nepconthailand.com>

Commercial Service Bangkok Contact:

Mrs. Thanyathorn Voravongsatit – Commercial Specialist
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American Embassy
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Website: <http://www.buyusa.gov/thailand/en>

Electrical Power Systems (ELP)

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	5,200	5,304	5,463	5,626
Total Local Production	3,139	3,202	3,298	3,397
Total Exports	3,047	3,108	3,201	3,297
Total Imports	5,292	5,397	5,559	5,726
Imports from the U.S.	335	341	352	362
Exchange Rate: 1 USD	30	28	28	28

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

Data Source: The Thai Customs Department

Electrical power accounts for approximately 20 percent of Thailand's total energy consumption and plays an important role in the country's development. The Royal Thai government plans to gradually increase electricity generation capacity in the next 20 years under Thailand's Power Development Plan (PDP). The PDP aims to increase generating capacity from 29,212 megawatts to 65,574 megawatts by 2030, mainly through power plant construction and power purchases from IPPs and neighboring countries. This initiative creates market opportunities for electric power generation equipment using conventional fossil fuels, renewable and alternative energy, and nuclear power.

One of the important objectives of the PDP is to diversify energy resources. The Thai government's policy supports sustainable energy through the development of the electricity supply industry to meet demand and by promoting diversification of fuel types used for power generation. With approximately 71 percent of electric power in Thailand currently being generated from local natural gas, diversification of the energy supply is seen as a necessary step towards enhanced energy security.

Although the growth of energy and electric power demand in Thailand has slowed due to the world economy, the power sector remains relatively attractive. The Thai market is open for electric power generation equipment using various types of fuels, and the energy industry is important to Thailand as the country strives to achieve economic growth while maintaining energy security with a minimum of 15% in power reserves.

Despite strong opposition from NGOs and environmentalists, implementation of nuclear energy for power generation is inevitable in the long run as a means to increase Thailand's competitiveness. Furthermore, regional cooperation is expected in the development of common energy interests among ASEAN countries to form the "ASEAN Power Grid".

Sub-Sector Best Prospects

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The best sales prospects are: power generators using fossil fuels, renewable/alternative fuels (especially biomass and nuclear energy), transmission infrastructure, substations, distribution networks, transformers, converters, energy efficiency and conservation equipment, and switching apparatus to maintain existing power systems and to support future expansion.

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

Opportunities

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The U.S. plays important roles as equipment suppliers and technology providers, and there are opportunities for U.S. companies to provide products and services related to the energy sector.

The main focuses of Thailand's energy and electrical power system development are energy security, promotion of alternative and renewable energy, energy efficiency improvement, the promotion of environmentally friendly equipment, and enhanced public participation in energy projects. Listed below are business opportunity highlights associated with prospective buyers' energy projects:

- Power generators, clean coal technology, alternative/renewable energy technology, and nuclear power technology (e.g. hydropower, biomass, waste-to-energy, low-speed wind turbines, and solar panels), mainly for the EGAT and Independent Power Producers (IPPs).
- Transmission and distribution line infrastructure and equipment, including underground power cables and submarine cable extensions, for the Metropolitan Electricity Authority of Thailand (MEA) and the Provincial Electricity Authority of Thailand (PEA).
- Legal framework and public relations advisory to pave the way for the development and improvement of green energy and nuclear power technology. This is to support the Ministry of Energy's preparations for future renewable and alternative energy projects and for the development of nuclear power plants.

Web Resources

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Ministry of Energy (MOEN)

Pibultham Villa (1897), 17 Rama 1 Rd., Rongmuang,
Pathumwan, Bangkok 10330

Tel: (+66) 0-2225-2468, 0-2226-4123
Fax: (+66) 0-2226-4468
Website: <http://www.energy.go.th>

Electricity Generating Authority of Thailand

53 Charan Sanitwong Road,
Bang Kruay, Nonthaburi 11130
Tel: (+66) 0-2436-3000
Fax: (+66) 0-2436-3090
Website: <http://www.egat.or.th>

Metropolitan Electricity Authority (MEA)

30 Soi Chidlom, Ploenchit Rd.,
Lumpini, Pathumwan, Bangkok 10330
Tel: (+66) 0-2256-3094, 0-2251-6691
Fax: (+66) 0-2253-1424
Website: <http://www.mea.or.th>

Provincial Electricity Authority (PEA)

200 Ngam Wong Wan Road,
Chatuchak, Bangkok 10900
Tel: (+66) 0-2953-0670, 0-2590-5100
Fax: (+66) 0-2590-5047, 0-2589-4990, 0-2590-5048
Website: <http://www.pea.co.th>

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Food Processing and Packaging Equipment

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	1,850	1,615	1,695	1,780
Total Local Production	1,968	2,253	2,087	2,254
Total Exports	1,598	1,930	1,748	1,898
Total Imports	1,480	1,292	1,356	1,424
Imports from the U.S.	129	78	103	128
Exchange Rate: 1 USD	28	28	28	28

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

Data Sources: The Thai Customs Department and Industrial Sources

In 2010, Thailand ranked as the world's 12th food exporter, and the second biggest in Asia behind China. The country's food exports were valued at USD 24.9 billion, a 4.7 percent increase over 2009. For the majority of food giants, such as Frito-Lay and Kellogg's, Thailand is their processing and distribution center for the Southeast Asian market due to abundant supply and competitive pricing of major agricultural products.

Thailand increasingly depends on high-quality machinery to meet food safety standards for such major importing markets as the EU, Japan and the USA. However, the global economic downturn and domestic political uncertainty have contributed to a reduction in purchases of manufacturing equipment. This has resulted in a slight decrease (5.5 percent) in the imports of food processing and packaging equipment.

Sub-Sector Best Prospects

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

- Packaging machinery (e.g. film making machines, form-fill-seal machines, heat sealers) and materials
- Machines for cleaning, sorting or grading eggs, fruit or other agricultural produce
- Bakery equipment
- Machinery for the manufacture of macaroni, spaghetti or similar products
- Machinery for the manufacture of confectionery, cocoa or chocolate
- Meat processing equipment
- Machinery for the extraction or preparation of animal or fixed vegetable fats or oils
- Machinery used to manufacture wine

Opportunities

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In 2010, major suppliers of food processing and packaging equipment were China (18.9%), Japan (16%), Germany (8.5%) and the U.S. (6%). In the early stages of setting up their companies, it is common for Thai food processors to invest in cheaper machinery. As they expand and raise more capital, they will start to invest in higher quality equipment. Chinese machinery has been increasingly competitive in the lower-end market.

In terms of high quality machinery, Thailand imports food processing and packaging equipment primarily from Japan. With over 7,000 local manufacturing facilities, Japan is the biggest investor in Thailand, and Japanese companies normally use machinery made in Japan. According to the latest import statistics, Japan is particularly strong in certain product categories such as bakery equipment and packaging equipment. According to the Food Industry Club of the Federation of Thai Industries, in the past few years, Japan has aggressively promoted its machinery. Japan has remained competitive in the market, as seen from its 16 percent market share, which is approximately the same as the previous year.

Machinery from European countries, especially Germany, is generally perceived to have the highest quality by local companies due to establishing a strong presence and brand awareness in the Thai market. Their local agents have continuously introduced and promoted new technology, and European suppliers are more willing to customize their machines to meet the specific requests of end users. However, those who have used both American and European machinery have expressed the view that American machinery is easy to maintain and more durable. The US market share has decreased slightly from 8.7 percent in 2009 to 6 percent in 2010. In this lucrative market, U.S. companies are, therefore, encouraged to showcase their distinctive selling points such as high quality and competitive pricing.

Web Resources

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The Thai Packaging Association

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Fax: (+66) 0-2713-6164
URL: <http://www.thaipack.or.th>
E-mail: thaipack@thaipack.or.th

Trade Shows:

ProPak Asia 2011

Date: 15-18 June 2011
Venue: Bangkok International Trade & Exhibition Center (BITEC)
Website: <http://www.propakasia.com>
Contact: Mr. Marek Szandrowski

E-mail: mszandrowski@oesallworld.com

THAIFEX-World of Food Asia 2011

Date: 25-29 May 2011

Venue: IMPACT Exhibition and Convention Center

Website: <http://www.koelnmesse.com.sg/sites/worldoffoodasia/>

Contact: Ms. Lynn How

E-mail: l.how@koelnmesse.com.sg

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Ms. Kornluck Tantisaeree – Commercial Specialist

U.S. Commercial Service

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Medical Devices

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	1,352	1,495	1,680	1,980
Total Local Production	1,675	1,750	1,900	2,150
Total Exports	1,260	1,505	1,655	1,820
Total Imports	937	1,250	1,435	1,650
Imports from the U.S.	270	333	400	460
Exchange Rate: 1 USD	28	28	28	28

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

Data Source: The Thai Customs Department

The market for medical devices in Thailand is expected to grow by 15 percent in both 2011 and 2012 due mainly to the continued flow of international patients and to the government plan to increase the number of small community healthcare centers around the country. Healthcare facility upgrades and expansions will be additional factors for growth in this market during the next few years (2011 to 2013). Thailand remains heavily dependent on imported medical devices, which dominate the market with an 84 percent share; local production still concentrates on low technology and less sophisticated medical devices and accessories. Imports from the United States lead the market with a 27 percent share and are expected to experience growth of approximately 15 percent in 2011. 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 is still limited to products that are labor intensive, including reagents, simple disposable test kits, disposable syringes, artificial legs and other orthopedic accessories. In addition, Thailand is a major producer of examination and surgical latex gloves as well as non-disposable medical gowns and uniforms.

Public hospitals are still the major consumer of medical devices and supplies in Thailand, accounting for approximately 60 percent of total purchases. Private hospitals represent the other 40 percent of the demand. The Ministry of Public Health reported that in 2009 there were 999 public hospitals with a combined 105,000 beds and 322 private hospitals with a combined 33,405 beds.

Medical devices are normally imported by and brought to the market through agents and/or distributors. An agent is typically 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, and large or more costly items will be ordered on an as-needed basis. The agent's role includes not only marketing of the medical devices but also clearing the items with the Thai Customs Department and taking the necessary steps to arrange for product registration and import authorization from the Thai Food and Drug

Administration (FDA). The Thai FDA regulates importation of medical devices and accessories, and 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 to stock spare parts; the agent should develop close personal relationships, an important factor in future procurement decisions.

Sub-Sector Best Prospects

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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
- Orthopedic and implant devices and accessories
- Minimum invasive surgical devices
- Dermatological devices
- Neurosurgical and other surgical devices and accessories

Opportunities

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The market growth in the next two years (2012 to 2013) will continue to be driven primarily by the demands to upgrade and expand existing health care facilities and medical device capacity as well as to replace accessories. The government actively promotes medical tourism as a means to attract more international visitors to the country, and international patients will remain the main target for most leading private hospitals in Thailand. Most hospitals try to expand their specializations and use them as the marketing tools to attract patients; cutting edge medical equipment often forms the basis of promotional campaigns to draw customers' attention.

Investment in new healthcare facilities will still be quite limited due mainly to the heavy financial and capital investment. However, takeovers, mergers and buyouts of private hospitals are used as strategies to expand and to create purchasing and negotiating power with suppliers.

Dermatological clinics will remain a popular sector with solid growth potential. The number of dermatological clinics has increased rapidly during the past few years, and this growth trend is expected to continue over the next two years. This will create higher demand and business potential for electro surgical devices and other dermatological devices and accessories.

Upcoming Trade Shows / Events

Name: Medical Fair Thailand 2011
Date: September 14-16, 2011
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: <http://www.medicalfair-thailand.com>

Important Website

Food and Drug Administration
Ministry of Public Health
Website: <http://www.fda.moph.go.th>

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

Printing/Graphic Arts Equipment

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	1,508	1,872	2,059	2,265
Total Local Production	2,022	2,509	2,760	3,036
Total Exports	1,617	2,007	2,208	2,429
Total Imports	1103	1,370	1,507	1,658
Imports from the U.S.	28	33	37	40
Exchange Rate: 1 USD	28	28	28	28

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

Data Source: The Thai Customs Department

Thailand has been the largest printing hub in ASEAN since 2009. The overall printing industry continues to grow by 10-15 percent annually. In 2010, Thailand imported printing machinery valued at over USD 917 million and printing ink worth approximately USD 170 million; this was the result of a government policy to support the printing industry by removing import tariffs on printing machinery and lowering tariff on imported paper to 0-5 percent. This successful initiative has led several printing houses from the United States, Japan, Singapore, and Europe to shift their printing production bases to Thailand.

Thailand must import 100 percent of its offset and digital printing machinery, while gravure, flexographic and screen printing machinery is both imported and produced domestically. High-quality inkjet printers are the fastest growing segment in the digital printing market and are driving the expansion of color printing, which includes wide-format inkjet printers, digital photography, printer-based multi-function office devices, and digital presses in imaging and graphic space.

Digital printing devices, especially wide-format inkjet printers and digital multi-function printers, are playing an increasing role in the personalized printing business. Presently, more than 10,000 Thai small-to-medium-sized enterprises provide personalized printing or “print on demand” services to customers. The leading suppliers of digital printing devices are HP, Canon, Epson, Kodak, Konica Minolta, Océ and Fuji Xerox.

During the past few years, the United States has become an accepted supplier of high-end digital printers and wide-format printers. HP dominates the wide-format printer market in Thailand, representing more than 80 percent; offset printing machinery is dominated by Japanese and German companies. Key suppliers to local companies include Heidelberg, Manroland, Ryobi, GOSS, Mitsubishi, Komori and Canon. Imports from China have risen dramatically due to its cut off price strategy, and importing second-hand printing machinery from European countries has been increasing recently.

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

Sub-Sector Best Prospects

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- A promising area is “computer-to-plate” (CtP) technology, which utilizes production software to control the workflow process, reducing labor costs and processing time while increasing accuracy and quality.
- High-quality inkjet printers (e.g. digital photography, printer-based multi-function office devices, and digital presses in imaging and graphic space) and high-quality printing ink
- Post press printing equipment (e.g. trimming, perforating, gluing, laminating, folding and bindery machinery)

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An estimated 80 percent of Thai printers are still using offset printing machinery. Thailand has been well accepted as the Printing Hub of ASEAN since 2009, and Thai printers are more interested in enhancing their printing machinery capacities to fulfill their customers’ needs. It is likely that only well-established printing houses with strong capital resources will invest in new printing technologies. However, small-to-medium-sized companies are expanding their business lines to digital printing services, such as print on demand and photo books, to offer a diverse set of services to their current customers.

Web Resources

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Ministry of Commerce

44/100 Nonthaburi 1 Rd., Amphur Muang,
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The Office of Industrial Economics (OIE)

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The Customs Department

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Tel: (+66) 0-2249-0442, 0-2249-9494
Fax: (+66) 0-2249-1279
Website: <http://www.customs.go.th>

Trade Events:

GASMA International Print Mart 2012

Date: To be determined
Venue: Bangkok International Trade & Exhibition Center (BITEC), Bangkok, Thailand.
Website: <http://www.thaigasma.com>

PACK PRINT INTERNATIONAL 2011

Date: 31 August – 3 September 2011
Venue: Bangkok International Trade & Exhibition Center (BITEC), Bangkok, Thailand.
Website: <http://www.pack-print.de>

Commercial Service Bangkok Contact:

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Security and Safety Equipment

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	376	395	435	457
Total Local Production	38	40	44	46
Total Exports	-	-	-	-
Total Imports	338	355	391	411
Imports from the U.S.	118	124	130	137
Exchange Rate: 1 USD	28	28	28	28

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

Data Source: The Thai Customs Department

The market for safety and security equipment is projected to grow 5 to 10 percent over the next few years. The ongoing unrest in Thailand's three southernmost provinces is expected to sustain government spending in this area over the next couple of years. Over the past five years, the Royal Thai government's budget for security operations in the South has been reported to be USD 1.5 billion. Additionally, government spending on city surveillance systems is expected to increase in Bangkok and Thailand's major cities, partly driven by development of mass transit systems. Demand growth in the private sector is also expected given increasing concerns over protecting personal assets and business establishments, especially among large-scale operations and upper segments of the market.

American safety & security equipment compete intensely in the high-end market. Quality and technology that result in greater reliability are the key competitive advantages for U.S. products in a market segment for which the costs of device failures are formidable.

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- Video Surveillance Systems
 - Digital video recording and network transmission
 - CCTV and night vision equipment
- Anti-Intrusion Devices
 - Alarm systems
 - Intruder alarm systems
- Detection Equipment
 - Handheld / Walk-through metal detectors
 - Motion detectors
 - X-ray / Screening equipment
- Access Control Systems
 - Card technology systems

- Biometrics devices
- Security doors and power fences
- Fire Safety Systems

Opportunities

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CCTV accounts for 70 percent of the overall spending on security equipment in the market, which has an estimated annual value of USD 90 million. Industry experts believe CCTV will continue to be the most popular form of security equipment and expect this sector to grow 10-15 percent annually. This market segment attracts a large number of players, supplying products with a wide range of quality. Imports from China and Taiwan dominate the lower end of the market, while American, European and Japanese products are at the high-to-medium end.

The market for fire alarms is estimated at USD 60 million, and demand for fire alarm systems is expected to grow by ten-fold with the legal enforcement of the Building Inspection Law in Thailand. Enforcement of this regulation will create a market of 15,000 to 20,000 building units that need new fire alarm systems. Companies in the security industry are optimistic about the growth of this market segment.

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Telecommunications Equipment

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	12,137	12,600	14,490	15,900
Total Local Production	19,120	13,888	14,860	16,346
Total Exports	27,850	24,241	26,665	29,331
Total Imports	20,867	22,953	25,248	27,773
Imports from the U.S.	1,624	1,786	1,964	2,161
Exchange Rate: 1 USD	28	28	28	28

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

Data Source: The Thai Customs Department

According to a national market survey conducted by the National Electronics and Computer Technology Center (NECTEC), Thailand's information and communications technology (ICT) spending in 2010 was valued at USD 12.62 billion, reflecting a 7.7 percent increase over the previous year. The ICT market is forecasted to grow by 15 percent in 2011.

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Telecommunication operators will install new base transceiver stations, radio base stations, supporting facilities, and switching equipment with the introduction of third generation (3G) technology.

U.S. suppliers who specialize in mobile applications, speech recognition software, billing applications, and network management applications are well positioned to supply this expanding network.

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

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Stronger competition among telecommunications operators in Thailand will continue through 2011 as companies seek to enhance their existing networks and prepare for 3G technology. Presently, Thailand has a mature second generation (2G) market, but new products, applications and services are continuously changing the industry. Thailand became the fastest-growing Facebook community in Asia in 2010, and this rapid growth directly increased the online-advertising market. The boom in social

networking has significantly influenced the growth rate of other segments of Thailand's ITC industry, notably mobile data services and the equipment markets for smart phones and media tablets. These demands are creating ample opportunities for U.S. telecommunications suppliers.

Web Resources

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Contact: General Chuchart Promprasid, Chairman of the National Telecommunications Business Commission

Trade Shows:

Commart Thailand

Date: March 17-20, 2011

Venue: Queen Sirikit National Convention Center

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

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Water Pollution Control Equipment

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	222	262	288	317
Total Local Production	192	277	274	291
Total Exports	148	224	216	227
Total Imports	178	209	230	253
Imports from the U.S.	24	22.5	24	25
Exchange Rate: 1 USD	28	28	28	28

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

Data Source: The Thai Customs Department

In Thailand, water and wastewater treatment equipment comprise 50 percent of the environmental equipment market. Solid waste treatment and air pollution control equipment represent 30 percent and 20 percent, respectively. The market for wastewater technologies is growing because of demands from municipal and industrial sectors and a heightened environmental consciousness.

Thailand's total market size for wastewater treatment is estimated at over USD 1 billion, with construction and engineering services accounting for 85 percent of the market. Due to limited local capabilities to produce high-tech products, about 85 percent of wastewater treatment equipment comes from Japan, the United States, and Europe. The environmental technology sector in Thailand, especially wastewater treatment, has solid potential. In the past few years, government, industry and the public have become increasingly concerned with environmental issues.

Sub-Sector Best Prospects

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- Pumps (e.g. submersible, centrifugal, aerator/mixer, dosing, vacuum)
- Sludge dewatering equipment (e.g. filter presses, belt press, small dewatering systems)
- Screening machines (e.g. bar screens, shredding screens)
- Consultants and engineering services (e.g. pollution prevention technologies, advanced wastewater treatment, water monitoring systems, biological treatment systems, renewable energy technology)
- Advanced water treatment chemicals

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The total import market for wastewater treatment equipment was USD 185 million in 2010. Major suppliers for these products were from Japan (26.6%), China (19.2%) and the USA (10.7%). The rest came primarily from European and ASEAN countries. European and Japanese suppliers are major competitors with the U.S. equipment providers. However, U.S. products have a good reputation among Thai engineers and consultants and are typically shortlisted as qualified technologies.

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Trade Shows:

Entech Polutec Asia 2011

Date: June 1-4, 2011

Venue: Bangkok International Trade and Exhibition Center (BITEC)

Website: <http://www.entechpollutec-asia.com/>

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BEST PROSPECTS FOR AGRICULTURAL PRODUCTS**COTTON**

Thailand relies on imported cotton due to limited domestic production, which accounts for less than 5 percent of domestic needs. In CY2010, the value of cotton imports increased significantly due to higher world cotton prices and economic recovery in Thailand; key export markets for Thai textiles also increased their purchases. The total value of cotton imported from January to November 2010 increased by 53 percent compared to the previous year, and cotton import volume increased 11.7 percent. Capacity utilization for the Thai spinning industry increased to nearly 80 percent in the second half of the year, as compared to an average of 67 percent in 2009. Thai exports of textile products increased 19.5 percent from the previous year, especially for yarn and fabric. In CY2011, cotton imports are expected to continue to grow as a result of strong demand for Thai textile exports, particularly as China's exportable supplies of yarn and fabric are expected to remain tight.

Despite a 17 percent increase in value, the volume of U.S. raw cotton shipped to Thailand declined 12 percent in 2010; market share dropped to 31 percent, as compared to 41 percent in 2009. Thai spinners have shifted to Australia, which has increased its cotton production since the severe drought in 2008. In 2011, U.S. cotton will likely remain a primary source of high quality fine-count yarn staple and extra-long staple cotton for Thai spinners. Thailand's U.S. cotton import volume should improve in 2011 as the U.S. cotton crop is expected to increase significantly.

Annual Imports from All Origins (USD thousands)					Annual Imports from the U.S. (USD thousands)				
2006	2007	2008	2009	2010 (Jan - Nov)	2006	2007	2008	2009	2010 (Jan - Nov)
573,413	580,102	726,442	488,880	647,573	160,719	225,203	306,306	191,545	210,012

WHEAT

Thailand's domestic wheat production is practically non-existent. Thailand therefore relies on imports to meet its wheat flour needs. Ninety percent of Thai flour comes from locally milled imported wheat and the rest is imported directly. In 2010, Thailand's import value of wheat and flour increased significantly by 43.6 percent from the previous year. Wheat imports reached 1.7 million tons, up 53.8 percent from 1.1 million tons in the previous year. Much of the increase in wheat imports reflected the substitution of wheat for corn in feed mills due to high domestic corn prices. In CY2011, wheat import volume is expected to decline as a surge in world wheat prices has made wheat less attractive for feed use in Thailand.

Thai imports of US wheat totaled 529,520 metric tons in 2010, up 6.5 percent from 497,180 metric tons in 2009. The value of U.S. wheat imports increased by 8.1 percent.

Market share for U.S. wheat increased slightly from 47 to 48 percent, and the United States is expected to maintain this market share in 2011.

Annual Imports from All Origins (USD thousands)					Annual Imports from the U.S. (USD thousands)				
2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
251,814	346,206	413,540	362,927	521,182	100,836	153,490	179,521	147,362	159,350

SOYBEANS

Domestic soybean production remains small at 200,000 tons per annum, supplying only about 10 percent of total Thai demand, and local soybean production is likely remain flat over the next few years. Soybean consumption is forecasted to increase from 1.95 MMT in 2010 to 2.05 MMT in 2011 due to the continued growing demand for both feed and food uses.

The Thai Vegetable Oil Company (TVO), the largest Thai soybean crusher, opened a new facility in May 2010, adding an additional crushing capacity of 2,000 tons/day to its current capacity of 4,000 tons/day. The Thanakorn Vegetable Oil Products Co. (TVOP), the second largest crusher, also started operating a new plant in late 2010 with a capacity of 2,500 tons/day, adding to its current capacity of 1,300 tons/day. This expansion will lower production costs as economies of scale are attained, improving their competitive position in the domestic soybean meal and global soybean oil markets. The Thai soybean crushing industry is dominated by these two companies; of the ten major soybean crushing mills in Thailand, TVO and TVOP utilize 90 percent of the soybeans destined for oil crushing. Smaller crushers are facing difficulties due to financial limitations and fluctuating soybean prices. They have been forced to scale down production, with some running at less than 50 percent of capacity.

In 2011, demand for soy-based food will likely grow steadily as consumers continue to perceive soy products as a healthier alternative. The soy-based food industry prefers domestic soybeans to imported beans due to freshness and their GMO-free status. However, with a growing annual demand of 7-10 percent coupled with a stagnant supply, processors are increasingly relying on imported soybeans to meet their needs. In 2010, soymilk processors imported between 25,000 and 30,000 tons of non-GM food grade soybeans (mainly from the US and Canada) due to insufficient domestic supplies.

Thailand is a promising market for imported soybeans because of its steadily increasing demand and its small domestic production. It is a relatively well-developed market with sophisticated buyers who can readily source from different origins based on price. Accordingly, U.S. exports are at their height from November to February, immediately after the harvest, while Brazilian and Argentinean exports are strong after their harvests in the spring. Weather or other short-term market changing events can have a large impact on relative market shares. In 2010, the U.S. market share dropped sharply to 14 percent as compared to 28 percent in 2009, largely as a result of record harvests in Argentina and Brazil.

Thailand has a commitment under the WTO to a tariff rate quota (TRQ) of 10,922 tons with a 20 percent tariff rate. However, extending measures that have been in place for many years, on November 25, 2010, the Thai Cabinet approved an unlimited quota at zero tariff for soybeans imported from WTO member countries from 2011 to 2013. If Thailand were ever to impose an out-of-quota tariff on imports, it would be 80 percent.

Annual Imports from All Origins (USD thousands)					Annual Imports from the US (USD thousands)				
2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
379,867	606,843	975,960	698,154	820,315	94,912	157,600	96,623	197,611	116,864

FRESH FRUIT

Thailand's fresh fruit imports increased by 11 percent to USD 284 million in 2010, as compared to USD 257 million in 2009. The 30-40 percent import tariffs on U.S. fresh fruits are a major constraint hindering growth in this market, and recent Free Trade Agreements between Thailand and China, Australia and New Zealand create an additional challenge for U.S. produce. Despite these difficulties, U.S. fruit exports have continued to increase as demand for fresh fruit consumption in Thailand is large and growing. Fruit is an important part of the Thai diet and is purchased as a gift item during major Thai and Chinese celebrations. Apples, grapes, and cherries are the major U.S. fruits exported to Thailand, followed by strawberries, stone fruits and citrus.

Grapes: California seedless grapes (Flame, Crimson, Autumn Royal, and Summer Royal) are popular among Thai consumers. New grape varieties have also been successfully introduced to Thai consumers such as Scarlet Royal and Princess. Other suppliers of grapes to Thailand are China, Australia, and Chile. Despite strong competition from these countries, imports of California grapes have been increasing each year. Although consumer surveys still show U.S. grapes are firmer, look and taste better, and have a more consistent size and quality than Chinese grapes, China has gained market share due to its tariff advantage and more competitive prices. Less-expensive domestic fruit and low-cost Chinese fruits have eroded the market share of California grapes from 47 percent in 2005 to 22 percent as of 2009.

Cherries: U.S. cherries are very popular among Thai consumers due to their consistently good taste and high quality, and they are a typical gift for special occasions. As Thailand cannot grow cherries, total domestic consumption of cherries is entirely dependent upon imports from other countries. In 2010, U.S. cherry exports to Thailand increased dramatically to USD 2.29 million, a 37 percent increase from 2009 despite a 40 percent tariff. Still, seasonal availability and relatively high prices have limited Thai imports of U.S. cherries. Cherries are commonly available in both modern and traditional retail markets. Major competitors include Australia, Chile and New Zealand; however, the U.S. is still the leading exporter with a 37 percent market share followed by New Zealand with 35 percent and Australia with 16 percent.

Apples: Imports of U.S. apples increased by 26 percent from USD 13 million in 2009 to USD 16 million in 2010. Washington Red Delicious, Gala, and Granny Smith varieties are popular and well-established in Thailand. Other Washington apple varieties

available in the market are Fuji, Golden Delicious, and Cameo. Washington organic apples have been continuously imported for up-scale markets while new apple varieties from New York and California such as Empire and Rome have been gradually introduced to the market. However, Chinese apples are the dominant player in the Thai market with a 68 percent market share while the U.S. ranks third with a 13 percent share. Other competitors are New Zealand and France.

Annual Imports from All Origins (USD thousands)					Annual Imports from the U.S. (USD thousands)				
2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
134,591	183,597	219,168	257,246	284,362	19,616	24,438	27,396	28,343	32,720

WINE

Thailand imports most of its wine from France, Australia, Italy, the United States, and Chile. The value of imported wines has grown from USD 25 million in 2007 to USD 32 million in 2010. France leads with a 40 percent market share, followed by Australia with 32 percent, Italy with 8 percent, Chile with 7 percent, and the United States with 4 percent.

Although drinking beer and spirits is more prevalent among the citizens and residents of Thailand, consumption of wine is increasing. Local wine consumption is forecasted to increase due to growing consumption among mid- and high-income consumers in urban areas and an expanding awareness of wine as a healthy drink in moderation. However, high tariffs, excise taxes and other tax burdens on imported wines restrain growth. Australian wines also have an advantage over U.S. wines due to FTA tariff differentials. Thai consumers perceive U.S. wines as expensive and for the high-end market, while Australian, Italian and Chilean wines are viewed as more affordable. Although consumers now enjoy the greater variety of wine available on the shelves in hypermarkets, supermarkets and wine shops, price is still the key factor determining growth in consumption. In Thailand, red wine accounts for 76 percent of the total wine market, with the balance going to other wines. The most popular varieties for red wines are Cabernet Sauvignon, Shiraz, and Merlot. Chardonnay and Sauvignon Blanc are well known in the white wine category, and there is potential for growth in the still small market segments of dry white, sweet, and dessert wines.

Annual Imports from All Origins (USD thousands)					Annual Imports from the U.S. (USD thousands)				
2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
16,641	25,175	32,904	33,071	32,167	682	1,364	1,093	1,630	1,343

DRIED FRUITS AND NUTS

Thailand's market for imported dried fruits and nuts grew strongly in 2010, with imports totaling 26,035 metric tons (USD 71 million in value). Demand is expected to continue to

increase as the Thai bakery and snack food sector expands and bakers and manufacturers increase the proportion of dried fruits and nuts in their recipes. Bakers and manufacturers compete by highlighting the quality of their ingredients and their marketable health benefits. Consequently, demand for U.S. dried fruits and nuts in the Thai market should remain strong, especially for raisins, cranberries, blueberries, almonds, pistachios, and walnuts. However, Thailand's recent Free Trade Agreements with China and Australia have put pressure on U.S. dried fruit exporters as the tariffs on these two countries products have been removed while the U.S. tariff remains at 30 percent.

Annual Imports from All Origins (USD thousands)					Annual Imports from the U.S. (USD thousands)				
2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
28,784	36,126	47,727	46,169	70,914	10,512	11,396	10,381	10,255	15,628

SNACK FOOD

Thailand's snack food market is one of the largest and most diverse in the Asia-Pacific region, and it has strong potential for further growth. The market is divided into five main segments: potato chips, extruded snacks, fish snacks, prawn crackers, and peas and nuts. The potato chip market is estimated to account for 30 percent of the overall snack market. In 2010, the overall market for imported snacks, excluding nuts, was USD 171 million of which the U.S. holds only a 3 percent share. The market continues to grow annually as consumer tastes and preferences become increasingly sophisticated. Growth of snack food sales is often fueled by new products with novel flavors and new ingredients. The increased awareness among Thai consumers of healthy eating is expected to increase demand for products that are low in sugar, cholesterol and salt. Opportunities exist for U.S. potato chips, extruded snacks, confectionaries, dried fruits and nuts if the right price and flavor combination is introduced into the market.

Annual Imports from All Origins (USD thousands)					Annual Imports from the U.S. (USD thousands)				
2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
89,122	107,841	136,350	140,299	170,735	5,905	6,304	7,012	6,767	5,406

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Chapter 5: Trade Regulations, Customs, and Standards

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Import Tariffs

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The Thai Government is behind schedule 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 tungsten oxide, tin ores, and metallic tin in quantity exceeding two kilograms require permission from the Department of Mineral Resources, Ministry of Industry.
- Importation of arms, ammunition, or explosive devices requires licensing from the Ministry of Interior.
- Importation of antiques or objects of art, whether registered or not, require permission from the Fine Arts Department, Ministry of Education.

IMPORT/EXPORT DOCUMENTATION REQUIREMENTS AND CERTIFICATION

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

U.S. Export Controls

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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/>

Temporary Entry

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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.

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 Regulations and 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 25 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 40 food and beverage companies who are in compliance with Good Manufacturing Practices (GMP) standards. The main standards developing organization is the Thailand Industrial Standards Institute (TISI).

Standards Organizations

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

NIST Notify U.S. Service

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

Conformity Assessment

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

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

Product Certification

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

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

Accreditation

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

National Accreditation Council (NAC) of Thailand

Rama 6 Street, Ratchathewi, Bangkok, 10400, THAILAND

Tel: 662-202-3487

Fax: 662-202-3486

Mr. Chaoyong Kritapholchai, 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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For imported foods, a Thai-language label must be affixed to every single retail item of food prior to marketing. Failure to affix the label will lead to product seizure by the Thai Food and Drug Administration. The Thai FDA requires pre-approval of labels only for specifically-controlled foods. For most foods, the food manufacturers or food importers are only required to prepare a product label complying with *Ministerial Notification No. 194 B.E. 2543: Regarding Labeling*. Labels must bear the product name, description, net weight or volume and manufacturing/expiration dates. The label must also identify the manufacturer or distributor's name and address, and the product/label registration number.

For those foods that need to receive label approval from the Thai Food and Drug Administration, company representatives need to present a certificate of food analysis issued by the government of the country of origin or any accredited private laboratory. This certificate should be issued not more than one year before the date of the label approval application. The result of the analysis must comply with the quality or standards specified in the Ministry of Public Health's ministerial notification. A copy of the ministerial notification can be obtained in English, free of charge, from the Food and Drug Administration, Ministry of Public Health, Royal Thai government.

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

Contacts

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Mr. Pairoj Sanyadechakul

Secretary-General
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E-mail: pairoj@tisi.go.th

Commercial Service Bangkok Contact:

Ms. Wanwemol Charukulthavatch – Commercial Specialist
U.S. Commercial Service
American Embassy
E-mail: wcharuku@trade.gov
Website: <http://www.buyusa.gov/thailand/en>

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.

Web Resources

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- 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/>

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Chapter 6: Investment Climate

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Openness to Foreign Investment

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

The Thai economy was quick to recover from the recent global economic crisis. Government estimates of GDP growth in 2010 are nearly eight percent. The government anticipates that the economy will continue to grow at a rate of four to five percent (year-on-year) in 2011.

In 2010, most investors remained cautiously optimistic that the political situation would become less tumultuous and allow the government to pursue more business-friendly policies. Unfortunately, the political protests and violence in May and April 2010 made it difficult for Prime Minister Abhisit to restore complete business and investor confidence in Thailand's economy after several years of political turmoil. However, despite these continuing concerns, there were several major investments and expansions announced

in 2010, including half-billion dollar expansions at foreign-invested automotive plants and a two billion dollar investment at a large chemical processing complex.

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 in 1999 established a new bankruptcy court, reformed bankruptcy and foreclosure procedures, and allowed creditors to pursue payment from loan guarantors. Other 1999 reforms include amendments to the Land Code, Condominium Act, and the Property Leasing Act, all of which liberalized restrictions on property ownership by non-Thais. The Foreign Business Act (FBA) of 1999 continues to govern most investment activity by non-Thai nationals. The FBA opened some additional business sectors to foreign investment; however, foreign investment in most service sectors is limited to 49 percent ownership.

U.S. Investment: Many U.S. businesses, however, enjoy investment benefits through the U.S.-Thailand Treaty of Amity and Economic Relations (AER), originally signed in 1833. The 1966 iteration of the Treaty allows U.S. citizens and businesses incorporated in the U.S., or in Thailand that are majority-owned by U.S. citizens, to engage in business on the same basis as Thai companies (national treatment), exempting them from most restrictions on foreign investment imposed by the Foreign Business Act. Under the Treaty, American investment is restricted only in the fields of communications, transport, fiduciary functions, banking involving depository functions, the exploitation of land or other natural resources, and domestic trade in agricultural products. Prospective U.S. investors who would like to benefit from the Treaty must first verify their nationality by obtaining a certified letter from the U.S. Embassy in Bangkok. The investor must then present the letter to the Ministry of Commerce, along with an application form for a business operation certificate. This process typically takes less than one month. Notwithstanding their Treaty rights, many Americans choose to form joint ventures with Thai partners, allowing the Thai side to hold the majority stake because of the advantages that come from familiarity with the Thai economy and local regulations.

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

Banking: Thailand has removed tax disincentives on buying domestic financial institutions. The Financial Institutions Act passed at the end of 2007 gave power to the Bank of Thailand (the country's central bank) to raise the foreign ownership limit in a local bank from 25 percent to 49 percent on a case-by-case basis. The Act also allows the Minister of Finance to authorize foreign ownership above 49 percent. In January 2009, the Ministry of Finance allowed Malaysian's CIMB Group to hold majority shares (around 93 percent) in BankThai Bank, the country's ninth largest commercial bank. In February 2010, the Ministry of Finance also granted ICBC (the largest commercial bank in China) a waiver from the 49 percent foreign ownership limit to 97.24 percent in ACL Bank, which is the country's smallest commercial bank.

Under the Bank of Thailand's new five-year (2010-2014) Financial Sector Master Plan Phase II (FSMP II), foreign banks, which were previously restricted to a single branch,

are allowed to open two more additional branches from 2010. In 2010, there were only two approved requests from the existing fifteen foreign banks -- Citibank N.A. and HSBC. The FSMP II will also allow existing foreign full branches to upgrade to subsidiaries and open a maximum of 20 branches and 20 off-premise ATMs. Details of the FSMP II are available in English at <http://www.bot.or.th/>.

Insurance: The 2008 Life Insurance Act and the 2008 Non-Life Insurance Act requires that an insurance company must have Thai shareholders who possess more than 75 percent of total number of 'voting' share sold. Foreign ownership is therefore capped to 25 percent of voting share sold. The 2008 laws provide a five-year compliance period until February 2013. If companies do not comply by 2013, they will be unable to open new branches and can be fined up to 200,000 Thai baht (approximately US\$6,000) plus daily fines of up to 10,000 Thai baht (approximately US\$300). However, the new laws also allow the government insurance regulator (the Office of Insurance Commission) to authorize foreign ownership up to 49 percent on a case-by-case basis. The Minister of Finance, with a recommendation from the Office of Insurance Commission, could grant approval to allow foreign ownership limit to exceed 49 percent.

Business Registration: 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. If the entity falls under the definition of non-Thai national as defined by the Foreign Business Act, they have to obtain a 'foreign business license' (or a certificate for US investors as mentioned above), which must be approved by the Council of Ministers (Cabinet) or Director-General of Department of Business Development at the Ministry of Commerce depending on types of restricted businesses.

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

Factors that influence the granting of work permits include the degree of specialization required by the position, the size of the firm in terms of number of employees and registered capitalization, and the ratio of Thai nationals to foreigners employed by the firm. Foreigners working for the Thai government or working on projects promoted by the Board of Investment (BOI) usually have little difficulty obtaining work permits and typically receive their permits within seven days of application. Work permits in other areas are sometimes difficult to obtain. The duration of work permits is generally tied to the length of stay permitted by the person's visa.

U.S. citizens can enter Thailand without a visa for visits of up to thirty days. In order to apply for a work permit, a foreigner must enter Thailand on a non-immigrant visa (issued at Thai embassies and consulates) for a stay of three months or, for foreigners with well-

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

Land Ownership: In general, non-Thai businesses and citizens are not permitted to own land in Thailand unless the land is on government-approved industrial estates. Under the 1999 amendment to the Land Code Act, foreigners who invest a minimum of 40 million Baht (approximately US\$1.3 million) are permitted to buy up to 1,600 square meters of land for residential use with the permission of the Ministry of Interior. If the required land is not used as a residence within two years from the date of acquisition and registration, the Ministry has the power to dispose of the land. Petroleum concessionaires may own land necessary for their activities. Rather than purchasing, many foreign businesses instead sign long-term leases, and then construct buildings on the leased land. Under the 1999 Condominium Act, non-Thais were allowed to own up to 100 percent of a condominium building if they purchased the unit between April 28, 1999 and April 28, 2004. Under the newer Condominium Act of 2007, foreign ownership in a condominium building, when added together, must not exceed 49 percent of the total space of all units in the building, except for those purchased between 1999 and 2004.

Privatization: With the aim of encouraging capital inflows and relieving resource constraints in many key sectors of the economy, the previous government of Thaksin Shinawatra embarked on a privatization program for state-owned economic enterprises and state monopolies. The interim government that followed the September 2006 coup considered privatization too controversial and put these plans on hold. Most privatization plans have remained on hold since. Other than the Petroleum Authority of Thailand (PTT), the Airport Authority of Thailand (later renamed Airports of Thailand (AOT)) and the Mass Communication Organization of Thailand (MCOT), few significant privatizations have occurred. The 1999 State Enterprise Corporatization Act provides the framework for the conversion of state enterprises into stock companies, and corporatization is viewed as an intermediate step toward eventual privatization. (Note: "Corporatization" describes the process by which an SOE adjusts its internal structure to resemble a publicly-traded enterprise; "privatization" means that a majority of the SOE's shares is sold to the public, and "partial privatization" refers to a situation in which less than half a company's shares are sold to the public.) The current State Enterprise Policy Office under the Ministry of Finance does not have the power to regulate all SOEs, but the Ministry of Finance is in the process of drafting a comprehensive bill to set up a new regulatory and policy body to supervise all SOEs, including those that have been partially privatized.

International Rankings: The following is a summary of Thailand's rankings in several international indexes, as well as the Millennium Challenge Corporation's score card.

Measure	Year	Index/Ranking
TI Corruption Index	2010	3.5/78
Heritage Economic Freedom	2010	64.1/66
World Bank Doing Business	June 2010	19

MCC Government Effectiveness	FY2011	0.52/87 percent
MCC Rule of Law	FY2011	0.20/61 percent
MCC Control of Corruption	FY2011	0.16/61 percent
MCC Fiscal Policy	FY2011	-0.9/59 percent
MCC Trade Policy	FY2011	75.9/59 percent
MCC Regulatory Quality	FY2011	0.78/94 percent
MCC Business Startup	FY2011	0.974/62 percent
MCC Land Rights Access	FY2011	0.910/88 percent
MCC Natural Resource Mgmt	FY2011	96.46/92 percent

Conversion and Transfer Policies

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

Thai nationals are subject to quantitative limits on the amount of foreign currency that can be remitted abroad without specific permission of the Bank of Thailand. The limits vary depending upon the purpose of the transaction, and range from US\$100 million per annum for business investment or loans to subsidiaries, to US\$1 million per annum for remittances to family members. The Bank of Thailand must approve the purchase of immovable assets or securities abroad, except the latest exemption mentioned above. The new regulation, however, also increases the limit of overseas fund remittances in foreign currencies up to US\$1 million by Thai individual. In addition, the authorities also relaxed the repatriation requirement for exporters with foreign currency receipts by extending the period in which such receipts must be brought into the country from within 120 days, to within 360 days and requiring that the foreign currencies be deposited or sold with financial institutions within another 360 days. In 2010, the repatriation requirement is exempted if the export proceeds are less than US\$50,000.

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 without deposit and withdrawal ceilings 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 nonresident at the end of the day cannot exceed 300 million Baht (approximately US\$9 million). Since February 2008, the Bank of Thailand has segregated the NRBA into two types: Nonresident Baht Account for Securities (NRBS) for investment in securities and other financial instruments, and Nonresident Baht Account (NRBA) for general purposes. Funds under the two types of NRBA could not be transferred to each other. 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.

Any person who brings foreign currencies in or out of Thailand exceeding US\$20,000 or the equivalent must declare the amount at a Customs checkpoint. Foreigners staying in Thailand for less than three months, as well as those working for foreign embassies and international organizations, are exempt from this requirement.

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

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

Expropriation and Compensation

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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 code, commercial code, and a bankruptcy law. Monetary judgments are calculated at the market exchange rate. Decisions of foreign courts are not accepted or enforceable in Thai courts. Disputes such as the enforcement of property or contract rights have generally been resolved through the Thai courts. Thailand has an

independent judiciary that generally is effective in enforcing property and contractual rights. The legal process is slow in practice, however, and litigants or third parties sometimes affect judgments through extra-legal means.

In addition, companies may establish their own arbitration agreements. Thailand signed the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States in 1985, but has not yet ratified the Convention. Thailand is a member of the New York Convention and enacted its own rules on conciliation and arbitration in the Arbitration Act of 2002. The 2002 Arbitration Act adopted the principles under the United Nations Commission on International Trade Law (UNCITRAL). The Arbitration Office of the Ministry of Justice administers these procedures.

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

In 2004, Parliament approved changes to the Bankruptcy Act including tightening the rules under which some debtors can emerge from bankruptcy status and streamlining the legal appeals process in bankruptcy and restructuring cases. In an effort to quicken the foreclosure process, amendments to the Civil Procedure Code on Execution of Judgments have limited appeal options available to debtors. Under the old regulations, debtors were free to appeal each action taken with respect to the execution of a bankruptcy judgment. Such appeals, often frivolous in nature, were one of the tactics debtors used to delay the foreclosure process. In June 2001, the Supreme Court set an important legal precedent by ruling in favor of implementing a creditor-backed corporate restructuring plan opposed by the former owner of the business in question. The Act was later amended in 2005 by granting the Bankruptcy Court the power to consider bankruptcy cases that involve criminal matters.

Individual cases can take months or even years to work their way through the legal system, however, and many businesses have urged the government to speed up the bankruptcy procedure. In 2006, new procedural rules were established to accelerate the bankruptcy court proceedings by encouraging the use of electronic equipment and express mail in communications between courts. Under the new rules, provincial courts have the authority to issue search warrants and arrest warrants, and to imprison or release a defendant. Other amendments to the Bankruptcy Act are currently under consideration.

In 2009, the Bankruptcy Court issued verdicts on 33,055 cases. (Statistics for 2010 are not yet available.)

WTO TRIMS: Thailand 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 General Agreement on Trade in Services (GATS) were expanded, according to the review. The next Trade Policy Review is scheduled on November 2011.

Investment Incentives: The Board of Investment (BOI), established by the Investment Promotion Act of 1977, is Thailand's central investment promotion authority. Complete information on BOI policies, programs, incentives, and application procedures can be found on the BOI web site at www.boi.go.th.

In November 2009, BOI established the 'One Start One Stop Investment Center' as a centralized location to assist investors with the requirements of the various investment-related government agencies. Staff at the Center provide guidance to investors on how to register a company, obtain BOI's investment promotion privileges, obtain a foreign business license, complete an environmental impact assessment, request permission to use land for industrial operations, obtain utilities, and other related investment issues. More information could be found on its web site at <http://osos.boi.go.th/>.

BOI identifies eligible activities for its investment incentives (detailed below), covering hundreds of types of businesses. Generally, the most generous incentives are offered to those projects that bring new technology to Thailand and those that invest in less-developed provinces. These projects are usually referred by BOI as priority activities. There are two basic types of BOI incentives: tax-based (including tax holidays and tariff exemptions) and non-tax privileges (guarantees, special permissions, services, etc.). The minimum investment amount is 1 million baht (approximately \$33,000), excluding the cost of land and working capital. Projects with an investment of 10 million Thai baht (approximately US\$330,000) or more, excluding the cost of land and working capital, are typically required to obtain international standards certifications, such as International Standards Organization (ISO) 9000. BOI requires investors to submit evidence of compliance with the conditions of their approval in order to claim incentive benefits. BOI previously lifted all local content and export requirements.

Specific BOI incentives include:

- Tax incentives: exemptions or reductions of import duties on imported machinery; reductions of import duties on imported raw materials and components;

exemptions from corporate income taxes for three to eight years; and, deductions from net income of infrastructure costs.

- Permissions: to bring in foreign nationals to undertake investment feasibility studies; to bring in foreign technicians and experts to work under promoted projects; to own land for carrying out promoted activities.
- Guarantees: against nationalization; against competition by new state enterprises; against state monopolization of the sale of products similar to those produced by promoted firms; against price controls; against tax-exempt import by government agencies or state enterprises of competitive products; and, of permission to export.

Tax incentives offer the greatest advantages, though their relative value has declined in recent years with the general reduction of import duties and elimination of the former business tax system. The Value Added Tax (VAT) Law, which eliminated the business tax exemption, has no provision for BOI to offer VAT exemptions or reductions. Investors must submit an application form along with supporting documentation to be considered for incentives. In most cases, BOI decides within sixty days whether or not a project is eligible for investment privileges. BOI typically completes its review of applications for projects valued in excess of 750 million baht (approximately US\$24 million) within 90 days.

The maximum allowable debt-to-equity ratio is 3:1 for a newly established project, but expansion projects are considered on a case-by-case basis. With the exception of electronic and agricultural investments, projects valued less than 500 million baht (about US\$16 million), regardless of overall investment size, must produce added value equal to at least 20 percent of sales revenue. For projects valued more than 500 million baht (about US\$16 million), excluding land and working capital, a feasibility study must be presented at the time of application. Adequate environmental protection systems must be installed for projects with a potential environmental threat.

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

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

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

Each year BOI also selects certain business activities under the seven categories as priority investment activities. BOI traditionally gives maximum incentive packages to

these priority investment activities. These activities have included agriculture and agro-industries; research and development; software; molds & dies; biotechnology; alternative energy; manufacture of high technology products; and waste recycling and recovery.

BOI actively encourages investment in the least-developed provinces of Thailand, offering maximum incentive packages to projects that locate in one of these provinces. BOI typically classifies these provinces as those whose average per capita income has been below 85 percent of the national average during the previous three years. These provinces have included: Sisaket, Nong Bua Lamphu, Surin, Yasothorn, Maha Sarakham, Nakhon Phanom, Roi-Et, Kalasin, Sakon Nakhon, Buri Ram, Amnat Charoen, Phraea, Phayao, Nan, Satun, Pattani, Yala, and Narathiwat.

In June 2004, BOI introduced special investment privileges to promote investment in four northeastern provinces, namely Chiayaphum, Nong Khai, Ubon Ratchathani, and Udon Thani. With this designation, all operations located in these four provinces will receive special privileges, regardless of their location within or outside of an industrial estate. These incentives include: a 50 percent reduction in corporate income tax for an additional five years beyond the initial 8-year exemption; a double income tax deduction of costs for transportation and utilities for a period of 10 years; and a deduction of 25 percent of the project's infrastructure construction costs from net profit (for tax purpose) for a period of 10 years.

In an attempt to revive the economies of the three southernmost provinces (Pattani, Yala, and Narathiwat), BOI launched a special package in mid-2007. The package includes maximum tax incentives, including eight-year corporate income tax holidays plus a 50 percent reduction on corporate income tax for the following five years, an exemption of import duties on machinery and raw materials, and deduction of infrastructure construction and installation cost up to 25 percent of capital investment. The applicable period for double deduction of public utilities and transportation costs was extended to 15 years. In 2009, BOI broadened the investment promotion scope to allow all types of eligible activities to apply for the promotion incentives in Pattani, Yala, and Narathiwat. In addition, the deadline for applications was extended to December 2012.

As part of its policy to encourage investment throughout the country, BOI divides the country into three zones: Zone 1 (Bangkok and 5 surrounding provinces), Zone 2 (a grouping of 12 other provinces), and Zone 3 (the remaining 58 provinces). BOI promotes the relocation of projects from Zone 1 to Zone 2 and Zone 3; however, in order to be eligible for new incentives, these projects must relocate to an industrial estate or a promoted industrial zone. More details are available on BOI's website.

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

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

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

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

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.

Widespread counterfeiting and piracy continue to plague intellectual property rights owners in Thailand. Particular areas of concern include counterfeiting of pharmaceuticals, cosmetics, apparel, and accessories. Piracy rates are high for motion pictures, music, business and entertainment software. The lack of sustained and coordinated enforcement, and, in particular, the failure to prosecute and penalize high-level offenders, remains a substantial problem. The vast majority of criminal IP cases in

Thailand are brought against retailers caught with relatively little infringing product. In addition to problems with counterfeiting and piracy, rights holders cite concerns about long delays in the patent process due to the large backlog of unexamined patent applications. Due to these concerns, Thailand has been on the Special 301 Priority Watch List since 2007.

Thailand amended its legal regime to comply with the WTO Agreement on Trade Related Aspects of Intellectual Property (TRIPs) in the mid 1990s, but questions remain about Thailand's implementation of obligations to protect pharmaceutical and agricultural test data from unfair commercial use, treatment of conflicting trademarks and geographical indications. Since that time, Thailand has not kept pace with international IP legal developments, in areas such as broadcasting and digital copyright. Thailand is signatory to long-standing IP agreements such as the Berne and Paris Conventions, but not the World Intellectual Property Organization Copyright Treaty (WCT) or Performances and Phonograms Treaty (WPPT). Thailand acceded to the Patent Cooperation Treaty in 2009.

Transparency of Regulatory System

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In 1999, Thailand enacted the Trade Competition Act together with the Price of Merchandises and Services Act to strengthen the government's ability to regulate market monopolies and price fixing. The Trade Competition Act applies to all business activities with the exception of state-owned enterprises, cooperatives, agricultural and cooperative groups, government agencies, and certain enterprises exempted by the law. The law established a Trade Competition Commission with the authority to place limitations on market share and revenues of firms with substantial control of individual market sectors, to block mergers, and other forms of business combinations, and to levy fines for price-fixing and other proscribed activities. Since the law's implementation, several foreign motorcycle distributors were found guilty of violating the law by forcing sales agencies to sell only their brands.

The government continues to have the authority to control the price of specific products under the Price of Merchandises and Services Act. The Department of Internal Trade under the Ministry of Commerce administers this law and interacts with the affected companies although only the "Committee on Price of Merchandise and Service" make the final decision on what products to add or remove from price controls. As of August 2010, out of 39 controlled commodities and services, only sugar is subject to a price ceiling. Besides the 39 controlled commodities, practically any producer of consumer products is prohibited from raising prices without first notifying the Committee of its intention to do so. The government also uses its controlling stakes in major suppliers of products and services such as Thai Airways and PTT to influence prices in the market.

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

U.S. businesses have repeatedly expressed concern about the lack of transparency of the Thai customs regime and the significant discretionary authority exercised by Customs Department officials. The U.S. Government and industry also have expressed concern about the inconsistent application of Thailand's transaction valuation methodology and repeated use of arbitrary values by the Customs Department. In August 2009, the Thai government proposed a series of reforms to its customs laws and procedures. A first set of amendments that addresses the penalty regime was approved by the Cabinet in September, but now must be reviewed and passed by Parliament.

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

Efficient Capital Markets and Portfolio Investment

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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 the legal and regulatory changes, and the lack of skilled labor will limit overall progress in some areas, particularly auditing, for the foreseeable future.

In 2002, Thailand established the National Corporate Governance Committee (NCGC), chaired by the Prime Minister, to implement international-standard corporate governance policies. In conjunction with Thai Rating and Information Services Co., Ltd. (TRIS), the Stock Exchange of Thailand (SET) and the Thai Securities and Exchange Commission (SEC) began rating companies on their corporate governance practices.

Foreign investors are not restricted from borrowing on the local market, but there are a number of regulations that affect foreign portfolio investment. Thailand maintains regulatory maximum foreign ownership limits, and shares of listed companies are traded on both a domestic and alien (or foreign) board to enable authorities to track foreign ownership.

Limits on foreign ownership of Thai companies are perhaps most prominent in the financial sector. Under the new Financial Institutions Business Act (implemented in August 2008), foreign share holders may retain a 49 percent stake in financial institutions, up from 25 percent under the previous acts. Foreign ownership between 25 percent and 49 percent requires prior approval from the Bank of Thailand. The new law also allows the Ministry of Finance to authorize foreign ownership above the 49 percent limit with the recommendation from the Bank of Thailand if deemed necessary to support

the stability of the overall financial system in an economic crisis. This type of emergency action also requires the support and approval of the Minister of Finance. In theory, the private sector has access to a wide variety of credit instruments, ranging from fixed term lending to overdraft protection to bills of exchange and bonds. However, private debt markets are not well-developed, and most corporate financing, whether for short-term working capital needs, trade financing, or project financing, is commercial bank or financial institution borrowing.

The Thai banking sector is profitable, strong, well-capitalized, and has sound risk management. In 2010, the banking system recorded ten consecutive years of profit. Major rating agencies have recently revised upward the outlook of the Thai banking sector. After peaking at 47 percent of total lending in May 1999 from the financial crisis, net non-performing loans slowly declined to stand at 2.28 percent of total loans in September 2010. Total assets of the country's largest six banks stood at 7.9 trillion Thai baht (approximately US\$247 billion) or 82 percent of GDP as of October 2010.

The Thai Asset Management Corporation (TAMC), which was established in 2001, is a major component of the government's financial reform plan with broad legal powers to expedite debt restructuring and press creditors and debtors to the negotiating table. Assets are transferred at collateral value, excluding personal guarantee, with payment coming in the form of ten-year non-negotiable bonds issued by TAMC and guaranteed by the Financial Institution Development Fund (FIDF), a financial arm of the Bank of Thailand. Interest paid by the bonds is tied to average deposit rates quoted by Thailand's five largest banks. According to the decree that created TAMC, the corporation will be dissolved in June 2011. All remaining assets will be sold to the former institutional transferors (commercial banks, finance companies, private asset management companies) at an agreed price. If the former institutional transferors are not willing to repurchase such assets, TAMC will sell the assets to the other two smaller state asset management companies, Sukhumvit Asset Management and Bangkok Commercial Asset Management.

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.

Competition from State Owned Enterprises

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State-owned enterprises operate primarily in the utility, energy, telecommunications, banking, tobacco, and transportation sectors. At the end of 2009, Thailand's 58 state-owned enterprises had revenues of around 3.17 trillion Thai baht (approximately US\$105.7 billion), employed approximately 273,929 people (0.7 percent of the Thai labor force), and accounted for approximately 31 percent of Gross Domestic Product (GDP).

Private enterprises are generally not allowed to compete with state-owned enterprises (SOEs) under the same terms and conditions with respect to access to markets, credit, and other business operations such as licenses and supplies, except in the banking sector. The government announced its intention to allow more private companies to compete with SOEs, in particular in the telecommunications, energy, and transport sectors. The government regularly allocates three to four percent of its annual budget expenditures to fund the SOEs. The government can temporarily provide short-term credit facilities, loan guarantees, or capital injections for troubled SOEs. This assistance usually focuses on those SOEs that have not been corporatized or are operating in loss.

Corporate board seats are typically allocated to senior government officials or other politically-affiliated individuals. All SOEs are required by law to submit annual financial reports to the Office of the Auditor General. Publicly-listed state-owned enterprises, such as Thai Airways, are required to publish their financial reports. As for procurements, state-owned enterprises, like government agencies, reserve the right to accept or reject any or all bids at any time and may also modify the technical requirements during the bidding process, if, according to regulations, corruption is suspected. The latter provision allows considerable leeway to state-owned enterprises in managing procurements, while denying bidders recourse to challenge procedures. Allegations frequently surface that changes are made in procurements.

Thailand currently does not have a sovereign wealth fund.

Corporate Social Responsibility

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

Many business associations, including the American Chamber of Commerce, are actively supporting the development of CSR programs in Thailand. Since 2007, the American Chamber of Commerce Corporate Social Responsibility Excellence Awards have encouraged the expansion of CSR programs by identifying best practices of companies in Thailand.

Political Violence

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Political tensions since a September 2006 military coup have occasionally resulted in political violence. Throughout the second half of 2008, a political protest group called the People's Alliance for Democracy (PAD) held large demonstrations against the government. In late August 2008, PAD protestors occupied Government House, where the Prime Minister's Office is located; they held the compound for months. PAD

protestors also occupied Bangkok's civilian airports on November 25, 2008, impeding the facilities' functioning and departing only on December 3, 2008, following the collapse of the government.

Protestors sympathetic to former Prime Minister Thaksin Shinawatra, and opposed to PAD and the current government, have also held large rallies in Bangkok. This group of Thaksin supporters is known as the United Front for Democracy Against Dictatorship, aka the "red-shirts," and they commenced demonstrations against Prime Minister Abhisit in early 2009, culminating in the disruption of a major regional Asian summit in Pattaya and riots in the streets of Bangkok in April of 2009. The UDD's March 12 – May 19, 2010 protest resulted in 91 deaths, paralyzed the government, and caused an estimated \$1.5 billion in arson-related property losses. The fundamental grievances underpinning the protest remain unresolved, however, and periodic, smaller scale protests continue to take place regularly in Bangkok and some outlying provinces.

An important political problem for the Thai government is the ongoing political violence in Thailand's southern-most provinces (Yala, Narathiwat, and Pattani). Efforts to quell the ethno-nationalist insurgency, which has led to over 4,000 deaths since 2004, have not yet had much effect.

Tensions with Cambodia also persist. Cambodia and Thailand dispute sections of their historic boundary; Cambodia has accused Thailand of encroaching into Cambodian territory and obstructing access to Preah Vihear temple ruins awarded to Cambodia by ICJ decision in 1962.

Fighting along the border intensified after the November 7 elections in Burma. Thousands of displaced persons crossed continuously back and forth between Burma and Thailand since November. Additionally, mortars and shrapnel landing on the Thai-side of the border have been reported.

Corruption

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Thailand has several laws to combat corruption. The independent National Anti-Corruption Commission (NACC) coordinates official efforts against corruption and has broad investigatory authority. In addition to the NACC, the Thai Constitution also established other independent agencies, including the Office of the Ombudsman, the Constitutional Court, the Election Commission, and the Human Rights Commission. In December 2003, Thailand became a signatory to the U.N. Convention Against Corruption but has not yet ratified the convention. In April 2005, Thailand endorsed the ADB-OECD Anticorruption Action Plan for Asia and the Pacific, and assigned the Ministry of Justice to implement the Action Plan. The Office of Public Sector Anti-Corruption Commission, under the Ministry of Justice, was established to assist the NACC by investigating cases of lower ranking government officials.

According to some studies, a cultural propensity to forgive bribes as a normal part of doing business and to equate cash payments with finders' fees or consultants' charges, coupled with the low salaries of civil servants, encourages officials to accept illegal inducements. American executives with experience in Thailand often advise new-to-market companies that it is far easier to avoid corrupt transactions from the beginning

than to stop such practices once a company has been identified as willing to operate in this fashion. American firms that comply with the strict guidelines of the Foreign Corrupt Practices Act are able to compete successfully in Thailand.

Recent Thai administrations have stated publicly their intention to improve transparency in the evaluation of bids and the awarding of contracts. Despite recent improvements, both foreign and Thai companies continue to complain about irregularities in the Thai Customs Department. Increasing media scrutiny of public figures has raised political pressure to curtail favoritism and corruption. However, convictions against public officials on corruption-related charges are rare, and the legal system offers inadequate deterrence against corruption.

The press features frequent allegations of irregularities in public contracts, most notably over the use of public lands, procurement favoritism (e.g., revising requirements so that a preferred company wins over its competitors), and police complicity in a variety of illegal activities. In January 2010, the Thai press widely reported news of the U.S. Department of Justice indictment of a former Thai tourism minister accused of taking bribes from an American couple seeking to do business in Bangkok. In December 2009, the Minister of Public Health and Deputy Minister of Public Health resigned over allegations of corruption in a medical supplies procurement deal.

Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

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

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

<http://www.justice.gov/criminal/fraud/>

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to [add instrument to which this country is party], but generally all countries prohibit the bribery and solicitation of their public officials.

OECD Antibribery Convention: The OECD Antibribery Convention entered into force in February 1999. As of December 2009, there are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. Thailand is not a party to the OECD Convention.

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 143 parties to it as of December 2009 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. Thailand is a party to the UN Convention.

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 33 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>) Thailand is not a party to the OAS Convention.

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires

criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 46 member States (45 European countries and the United States). As of December 2009, the Criminal Law Convention has 42 parties and the Civil Law Convention has 34 (see www.coe.int/greco.) Thailand is not a member of the Council of Europe Conventions.

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. The United States does not have an FTA with Thailand.

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

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department’s Advocacy Center and State’s Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center “Report A Trade Barrier” Website at tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice’s (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department’s present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ’s Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the

FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Public sector corruption, including bribery of public officials, remains a challenge for U.S. firms operating in Thailand. But several laws to combat corruption are in place in Thailand. Independent National Anti-Corruption Commission (NACC) coordinates official efforts against corruption and has broad investigatory authority. In addition to the NACC, the Thai Constitution also established other independent agencies, including the Office of the Ombudsman, the Constitutional Court, the Election Commission, and the Human Rights Commission. In December 2003, Thailand became a signatory to the U.N. Convention Against Corruption but has not yet ratified the convention. In April 2005, Thailand endorsed the ADB-OECD Anticorruption Action Plan for Asia and the Pacific, and assigned the Ministry of Justice to implement the Action Plan. The Office of Public Sector Anti-Corruption Commission, under the Ministry of Justice, was established to assist the NACC by investigating cases of lower ranking government officials.

According to some studies, a cultural propensity to forgive bribes as a normal part of doing business and to equate cash payments with finders' fees or consultants' charges, coupled with the low salaries of civil servants, encourages officials to accept illegal inducements. American executives with experience in Thailand often advise new-to-market companies that it is far easier to avoid corrupt transactions from the beginning than to stop such practices once a company has been identified as willing to operate in this fashion. American firms that comply with the strict guidelines of the Foreign Corrupt Practices Act are able to compete successfully in Thailand.

Recent Thai administrations have stated publicly their intention to improve transparency in the evaluation of bids and the awarding of contracts. Despite recent improvements, both foreign and Thai companies continue to complain about irregularities in the Thai Customs Department. Increasing media scrutiny of public figures has raised political pressure to curtail favoritism and corruption. However, convictions against public officials on corruption-related charges are rare, and the legal system offers inadequate deterrence against corruption.

The press features frequent allegations of irregularities in public contracts, most notably over the use of public lands, procurement favoritism (e.g., revising requirements so that a preferred company wins over its competitors), and police complicity in a variety of illegal activities. In January 2010, the Thai press widely reported news of the U.S. Department of Justice indictment of a former Thai tourism minister accused of taking bribes from an American couple seeking to do business in Bangkok. In December 2009, the Minister of Public Health and Deputy Minister of Public Health resigned over allegations of corruption in a medical supplies procurement deal.

Anti-Corruption Resources

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

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a “Lay-Person’s Guide to the FCPA” is available at the U.S. Department of Justice’s Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1_1,00.html. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2009. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.
- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 212 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See http://info.worldbank.org/governance/wgi/sc_country.asp. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://go.worldbank.org/RQQXYJ6210>.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/en/initiatives/gcp/GlobalEnablingTradeReport/index.htm>.
- Additional country information related to corruption can be found in the U.S. State Department’s annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.

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

Bilateral Investment Agreements

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

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

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

OPIC and Other Investment Insurance Programs

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The Overseas Private Investment Corporation (OPIC) 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, covering sectors as diverse as tourism, transportation, manufacturing, franchising, power, and others. Historically, OPIC has committed over US\$32.5 million in financing to investments in Thailand. In addition, OPIC supports seven equity funds that are eligible to invest in projects in Thailand.

OPIC established a special line of credit of up to US\$175.75 million to mobilize U.S. private sector investment in the reconstruction of nations devastated by the December 2004 tsunami. The credit line was part of an OPIC Tsunami Reconstruction Finance Initiative intended to help speed the rehabilitation of housing and infrastructure in

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

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

Labor

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According to the National Statistics Office, as of October 2010, Thailand has a labor force of 38.47 million workers out of a total population of 67.38 million. This figure includes Thai nationals fifteen years of age or older. The official unemployment rate averaged 0.9 percent of the labor force, but the rate is calculated with a very generous definition of employment. There are also more than 1.3 million migrants from the neighboring countries of Laos, Cambodia, and Burma registered with the Thai government and legally working in the country.

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

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

The labor relations climate is generally peaceful, and formal strikes are infrequent. The Labor Protection Act, enacted in 1998, brought labor practices more in line with International Labor Organization (ILO) standards. The law cut the workweek to a maximum of forty-eight hours, with a limit on overtime of 36 hours per week payable at one and one-half times the hourly rate. Hazardous work may not exceed seven hours per day or forty hours per week. All employees are entitled to a vacation of six workdays per year, in addition to thirteen holidays traditionally observed in Thailand. Under the labor law, the employment of children under the age of fifteen is prohibited, and there are restrictions on the employment of children and youths between the ages of fifteen and eighteen. The Thai government amended the Labor Protection Act in 2008 to help promote standards for contract labor. The Act now requires an employer to provide benefits and welfare without discrimination to the contract laborers. The Act also extended protection for employees against sexual abuse and harassment in the workplace.

The Industrial Estate Authority of Thailand (IEAT), a state-enterprise under the Ministry of Industry, established the first industrial estates in Thailand, including Laem Chabang Industrial Estate in Chonburi Province and Map Ta Phut Industrial Estate in Rayong Province. More recently, private developers have become heavily involved in the development of these estates. The IEAT currently operates 9 estates, plus 36 more in conjunction with the private sector in 15 provinces nationwide. Private sector developers operate over 50 industrial estates, most of which have received promotion privileges from the Board of Investment.

In addition, the IEAT established 12 special IEAT Free Zones (renamed from export processing zones or free trade zones), reserved for the location of industries manufacturing for export only, to which businesses may import raw materials and export finished products free of duty (including value added tax). These zones are located within industrial estates, and many have customs facilities to speed processing. The free trade zones are located in Chonburi, Lampun, Pichit, Songkhla, Samut Prakarn, Bangkok (at Lad Krabang), Ayudhya, 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.

According to the Bank of Thailand, foreign direct investment (FDI) (net inflows from non-banking sector only), totaled US\$4.47 billion in 2010 (Jan-Oct), compared with US\$4.49 billion in 2009 (full year), and US\$7.54 billion in 2008 (full year). The sectors that received large amounts of FDI included machinery and transport equipment (US\$1.2 billion), electrical appliances (US\$1.0 billion), real estate (US\$658 million), metal and non-metallic (US\$355 million), and food and sugar (US\$208 million) sectors.

Japan was the largest source of FDI in 2010 (Jan-Oct) at US\$943 million, followed by Netherlands at US\$624 million and Hong Kong at US\$448 million. U.S. FDI was ranked fourth at US\$252 million. The recovery of FDI in 2010 could be explained by the global economic recovery and an improved domestic political situation in the latter half of 2010. There are no reliable statistics available for cumulative investment by country of origin.

From January to December 2010, the Board of Investment approved 48 investment projects by U.S. firms totaling over US\$200 million, including an expansion project of Seagate Technology (Thailand) Limited with an estimated value of US\$154 million.

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

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How Do I Get Paid (Methods of Payment)

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

How Does the Banking System Operate

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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, sounder 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 With Correspondent U.S. Banking Arrangements:

Bank of Ayudhya PCL.

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

1222 Rama III Road, Bang Pongphang

Yannawa, Bangkok 10120

Tel: 662-296-3000

Fax: 662-683-1275

Bangkok Bank Public Co., LTD.

(www.bangkokbank.com)

333 Silom Road, Bangrak

Bangkok 10500

Tel: 662-231-4333, 231-4665

Fax: 662-236-8288

Kasikornbank PCL

(www.kasikornbank.com)

1 Thai Farmer Lane

Ratburana Road, Bangkok 10140

Tel: 662-470-1122, 662-470-1199

Fax: 662-470-2749

Krung Thai Bank Public Co., LTD.

(www.ktb.co.th)

35 Sukhumvit Road, Klongtoey Nua

Wattana, Bangkok 10110

Tel: 662-255-2222

Fax: 662-255-9391/6

Siam Commercial Bank Public Co., LTD.

(www.scb.co.th)

9 Rachadapisek Road, Ladyao

Chatuchak, Bangkok 10900

Tel: 662-544-1111, 662-937-7777

Fax: 662-937-7550

Thai Military Bank

(<http://www.tmbbank.com>)

3000 Phaholyothin Road, Ladyao

Chatuchak, Bangkok 10900

Tel: 662-299-1111

Fax: 662-617-9111

U.S. Financial / Lending Institutions in the Local Economy:

JP Morgan Chase Bank

20 North Sathorn Road, Bubhajit Building

Bangkok 10500
Tel: 662-684-2805
Fax: 662-684-2811

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

Locally or Regionally-based MDB or Other IFI Offices:

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

Project Financing

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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 of 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 related to mitigating climate change, promoting energy security, improving the transportation and trade infrastructure, ICT modernization and development, and implementation of ASEAN-wide initiatives.

Overall, USTDA's 2010 program in Asia illustrated the unique ability of the agency to meet a wide range of development needs, from supporting energy security and clean energy investments to disaster management initiatives and capacity-building activities designed to foster an environment more conducive to economic growth and trade. USTDA will build on its vigorous program in Asia in 2011 as it continues to enhance their Thailand operations to facilitate commercial partnerships involving U.S. firms that further advance the developmental and trade capacity of the region.

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Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

Bank of Ayudhya Plc: www.krungsri.com

Bangkok Bank Public Co., Ltd: <http://www.bangkokbank.com>

Krung Thai Bank Public Co., Ltd: <http://www.ktb.co.th>

Siam Commercial Bank Public Co., Ltd: <http://www.scb.co.th>

Kasikorn Bank Public Co., Ltd.: <http://www.kasikornbank.com>

Thai Military Bank: <http://www.tmbbank.com>

Asian Development Bank (ADB): <http://www.adb.org/>

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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 high esteem and you are also expected to do so.

Travel Advisory

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

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

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 work (requires letter from your government, agency or organization sending you on your mission or from your counterpart in Thailand). Education (requires letter from educational institution in Thailand). Family Reunion (requires marriage or birth certificates). Settlement after retirement (requires proof of retirement and financial support). Medical treatment (requires 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 (requires proof of confirmed onward ticket to a third country). Sports or Crew (requires letter from organization concerned). (Maximum stay is 30 days).

For more information travelers may contact the Royal Thai Embassy, 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.

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

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

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

US Embassy Consular Section: <http://bangkok.usembassy.gov/visas/visa-services.html>

Telecommunications

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

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

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

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

In the late 1990s, Thailand's cellular phone service grew significantly and overtook the number of subscribers in fixed line telephone service in 2001. Given the continuous fall in handsets prices and attractive sales promotion campaigns, it is no surprise that the cellular phone penetration rate reached 48 percent 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 phones, prices fell for the pre-paid option to as low 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.

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 2011, the following are the commercial holidays on which most business and government offices in Thailand will be closed:

OFFICIAL HOLIDAYS 2011			
MONTH	DATE	DAY	OCCASION
January	3	Monday	Substitution for New Year's Day
April	6	Wednesday	King Rama I Memorial and Chakri Day
April	13-15	Wed-Fri	Songkran Days
May	5	Thursday	Coronation Day
May	17	Tuesday	Visakha Bucha Day
August	12	Friday	Her Majesty The Queen's Birthday
October	24	Monday	Substitute for Chulalongkorn Day
December	5	Monday	His Majesty the King's Birthday
December	12	Monday	Substitute for Constitution Day

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

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

GOODS FOR BUSINESS PRACTICE

Laptop Computers: The Thai Customs Department considers portable computers as reasonable personal effects and not dutiable, restricted or prohibited goods. If travelers carry laptop computers for use while visiting Thailand, they should

check the “Nothing to Declare” box on the customs declaration form and submit the form at the Green channel. However, each traveler should carry only one laptop computer at a time and should be prepared to prove at a Customs random inspection that the computer is a personal belonging or for use while doing business in Thailand, and not for re-sale.

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

EXHIBIT MATERIALS

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

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

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

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

2. **Imported goods for exhibitions in Thailand (for A.T.A. Carnet non-members):** Exhibit materials apply to goods which are imported for public exhibition and goods on which the importer has placed a bonded guarantee and will be re-exported within a certain period of time. Goods used up in an exhibition such as printed documents, advertised articles, and distributed materials are not duty-exempted items. The process for temporary importation of exhibit materials into Thailand is as follows:

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

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

Web Resources

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

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Chapter 9: Contacts, Market Research and Trade Events

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

Contacts

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

U.S. GOVERNMENT

U.S. EMBASSY, THAILAND

Ambassador of the U.S. to Thailand: The Honorable Kristie A. Kenney

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

Mailing Address: American Embassy – Bangkok, APO AP 96535

Tel: 662-205-4000

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

U.S. COMMERCIAL SERVICE

Senior Commercial Officer: Ms. Cynthia A. Griffin

Street Address:

U.S. Embassy Bangkok

GPF Witthayu Building, Tower A, 3rd Floor, 302

93/1 Wireless Road, Pathumwan

Bangkok 10330

Mailing Address:

American Embassy - Bangkok

FCS Box 51

APO AP 96546

Tel: 662-205-5090

Fax: 662-255-2915, 205-5914

E-mail: bangkok.office.box@trade.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: Ms. Julie Chung

Street Address:

U.S. Embassy Bangkok

120 Wireless Road, Pathumwan

Bangkok 10330

Mailing Address:

American Embassy – Bangkok

APO AP 96546

Tel: 662-205-4995, 205-4726

Fax: 662-254-2839

U.S.D.A. FOREIGN AGRICULTURAL SERVICE

Agricultural Counselor: Mr. John Wade

Street Address:

U.S. Embassy Bangkok

GPF Witthayu Building, Tower A, 4th Floor, 404

93/1 Wireless Road, Pathumwan

Bangkok 10330

Mailing Address:

American Embassy - Bangkok

APO AP 96546

Tel: 662-205-5106

Fax: 662-255-2907

E-mail: agbangkok@fas.usda.gov

U.S. TRADE AND DEVELOPMENT AGENCY (USTDA)

Regional Manager for Asia: Mr. Mark J. Dunn

U.S. Embassy Bangkok

GPF Witthayu Building, Tower A, 3rd Floor, 302

93/1 Wireless Road, Pathumwan

Bangkok 10330

Tel: 66-2-205-5600

Fax: 66-2-255-4366

Email: mdunn@ustda.gov

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: 662-643-5128

Fax: 662-643-5127

North America Division

443 Sri Ayudhya Rd., Bangkok 10400

Tel: 662-643-5121/2

Fax: 662-643-5124

E-mail: american02@mfa.go.th

- **Royal Thai Embassy in Washington**

1024 Wisconsin Avenue, N.W. Suite 401
Washington, D.C. 20007
Tel: 202-944-3600
Fax: 202-944-3611
Internet: <http://www.thaiembdc.org>

OFFICE OF THE PRIME MINISTER

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

- **Office of the National Economic and Social Development Board (NESDB)**
962 Krung Kasem Road, Wat Sommanut
Pomprab, Bangkok 10100
Tel: 662-280-4085
Fax: 662-281-3938
Internet: <http://www.nesdb.go.th>
- **Office of the Board of Investment (BOI)**
555 Vibhavadi-Rangsit Road, Chatuchak
Bangkok 10900
Tel: 662-553-8111
Fax: 662-553-8222
Internet: <http://www.boi.go.th>
- **Energy Policy and Planning Office (EPPO)**
121/1-2 Phetchaburi Road, Thungphayathai
Ratchathewi, Bangkok 10400
Tel: 662-612-1555
Fax: 662-612-1364
Internet: <http://www.eppo.go.th>

MINISTRY OF INTERIOR

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

MINISTRY OF COMMERCE

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

- **Department of Foreign Trade**
44/100 Nonthaburi 1 Road (Sanambinnam)
Bangkrasor, Muang, Nonthaburi 11000
Tel: 662-547-4771/86
Fax: 662-547-4791/2
Internet: <http://www.dft.moc.go.th>
- **Department of Commercial Registration/Dept. of Business Development**
Building 3rd Floor,
44/100 Nonthaburi 1 Road (Sanambinnam)
Bangkrasor, Muang, Nonthaburi 11000
Tel: 662-547-5050
Fax: 662-547-4459
Internet: <http://www.dbd.go.th>

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

MINISTRY OF FINANCE

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

- **The Customs Department**
1 Soonthornkosa Road, Khlongtoey
Bangkok 10110
Tel: 662-667-7880/4, 667-7100
Fax: 662-667-7885, 667-7767
Email: customs_clinic@customs.go.th
Internet: <http://www.customs.go.th>

MINISTRY OF INDUSTRY

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

- **Department of Industrial Works**
75/6 Rama VI Road, Ratchathewi
Bangkok 10400
Tel: 662-202-4000, 202-4014
Fax: 662-354-3390
Email: pr@diw.mail.go.th
Internet: <http://www.diw.go.th>
- **Department of Industrial Promotion**
Rama VI Road, Ratchathewi
Bangkok 10400
Tel: 662-202-4414/8, 202-4511
Fax: 662-354-3299
Internet: <http://www.dip.go.th>
- **Thai Industrial Standards Institute**
Rama VI Road, Ratchathewi
Bangkok 10400
Tel: 662-202-3505
Fax: 662-202-3041
Email: thaistan@tisi.go.th
Internet: <http://www.tisi.go.th>
- **Industrial Estate Authority of Thailand**
618 Nikhom Makkasan Road, Makkasan
Ratchathewi, Bangkok 10400
Tel: 662-253-0561
Fax: 662-253-4086
Email: ieat@ieat.go.th
Internet: <http://www.ieat.go.th>

MINISTRY OF NATURAL RESOURCES AND ENVIRONMENT

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

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

MINISTRY OF PUBLIC HEALTH

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

- **Food and Drug Administration**
88/24 Tivanond Road, Muang
Nonthaburi 11000
Tel: 662-590-7000/1
Fax: 662-591-8441
Internet: <http://www.fda.moph.go.th>

OTHER INDEPENDENT GOVERNMENT AGENCIES

Bank of Thailand

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

Bangkok Metropolitan Administration

173 Dinso Road, Saochingchar
Pranakorn, Bangkok 10200
Tel: 662-221-2141/69
Fax: 662-621-0831, 221-2170
Internet: <http://www.bangkok.go.th>

TRADE ASSOCIATIONS

American Chamber Of Commerce In Thailand (AMCHAM)

Executive Director: Ms. Judy Benn
7th Floor, GPF Witthayu Building, Towers A
93/1 Wireless Road, Lumpini

Pathumwan, Bangkok 10330
Tel: 662-254-1041
Fax: 662-251-1605
E-mail: service@amchamthailand.com
Internet: <http://www.amchamthailand.com>

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

US-ASEAN Business Council
1101 17th Street, NW Suite 411
Washington, DC 20036
Tel: 202 289-1911
Fax: 202 289-0519
Email: mail@usasean.org
Internet: <http://www.us-asean.org>

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

Bangkok Office:
Thailand Representative: Mr. Praab Pianskool
US-ASEAN Business Council
23rd Fl., Siam Tower
989 Rama 1 Road, Pathumwan
Bangkok 10330, Thailand
Tel: 662-649-1119
Fax: 662-658-0619
E-mail: praab@usasean.org

Thailand - U.S. Business Council
7th Floor, Asia Sermkij Tower
49 Soi Pipat, Silom Road
Bangrak, Bangkok 10500
Tel: 662-636-9020-5
Fax: 662-636-9026
Internet: <http://www.tusbc.org>

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

U.S. - Thailand Business Council
3050 K. Street, N.W. Suite 205
Washington, D.C. 20007
Tel: 202-337-5973
Fax: 202-337-0039
E-mail: ustbc@ustbc.org
Internet: <http://www.ustbc.org>

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

Board Of Trade Of Thailand

150 Rajbopit Road, Pranakhon
Bangkok 10200
Tel: 662-622-1860/76
Fax: 662-225-3372
E-mail: bot@thaichamber.com
Website: <http://www.thaichamber.com>

Federation Of Thai Industries (FTI)

4th Fl., Zone C, Queen Sirikit National Convention Center
60 New Rachadapisek Road
Klongtoey, Bangkok 10110
Tel: 662-345-1000
Fax: 662-345-1296/9
E-mail: information@off.fti.or.th
Internet: <http://www.fti.or.th>

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

The Thai Chamber Of Commerce (TCC)

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

MARKET RESEARCH FIRMS

Agrisource Co., LTD.

Ambassador's Court, 4th Fl., Room 416
76/1 Soi Langsuan, Ploenchit Road
Bangkok 10330
Tel: 662-251-8655
Fax: 662-251-0390
Email: admin@agrisource.co.th
Internet: <http://www.agrisource.co.th>

The Brooker Group PLC.

26th Fl., The Trendy Office Building
10/190-193 Soi Sukhumvit 13
Sukhumvit Road, Klongtoey Nua
Wattana, Bangkok 10110

Tel: 662-168-7100
Fax: 662-168-7111/2
Email: info@brookergroup.com
Internet: <http://www.brookergroup.com>

Business Advisory (Thailand) Ltd

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

The Nielsen Company (Thailand) Ltd.

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

J.P. Rooney & Associates Group

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

Pricewaterhousecoopers

15th Fl., Bangkok City Tower
179/74-80 South Sathorn Road
Thungmahamek, Sathorn, Bangkok 10120
Postal Address:
P.O. Box 800, Bangkok 10501
Thailand
Tel: 662-286-9999, 344-1000
Fax: 662-286-5050
Internet: <http://www.pwc.com>

WEB SITES FOR AMERICAN INVESTORS AND EXPORTERS

U.S. Commercial Service

The U.S. Commercial Service helps U.S. businesses export to and invest in Thailand. They also offer information in Thai to potential buyers of American exports and services in Thailand.

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

U.S. Department of Commerce

<http://www.commerce.gov>

National Trade Data Bank (NTDB)

The NTDB (National Trade Data Bank) provides access to Country Commercial Guides, Market Research reports, Best Market reports and other programs.

<http://www.stat-usa.gov>

U.S. Embassy In Thailand

<http://bangkok.usembassy.gov>

US Export Import Bank (Ex-Im)

Assists U.S. exporters by providing loans, guarantees, and insurance to U.S. exporters

<http://www.exim.gov>

U.S. Immigration And Customs Enforcement

<http://www.ice.gov/>

TRADE ORGANIZATIONS IN THAILAND

American Chamber of Commerce

<http://www.amchamthailand.com>

Thai Industrial Standards Institute

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

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

ENGLISH LANGUAGE NEWSPAPERS IN THAILAND

Bangkok Post

<http://www.bangkokpost.com>

The Nation

<http://www.nationmultimedia.com>

BANKING AND FINANCE

Bank Of Thailand

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

Asian Development Bank

<http://www.adb.org>

Siam Commercial Bank

<http://www.scb.co.th>

Kasikorn Bank

<http://www.kasikornbank.com>

Bangkok Bank

<http://www.bangkokbank.com>

MISCELLANEOUS

Tourism Authority Of Thailand

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

<http://thai.tourismthailand.org>

Market Research

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

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

Trade Events

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

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

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

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Chapter 10: Guide to Our Services

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

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

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

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

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

We value your feedback on the format and contents of this report. Please send your comments and recommendations to: Market_Research_Feedback@trade.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.

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