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SERVICE  
United States of America  
Department of Commerce

# U.S. Country Commercial Guides



# Thailand

# 2017

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# Doing Business in Thailand

## Market Overview

Thailand, the second largest economy in ASEAN after Indonesia, is an upper middle-income country with an open economy and a gross domestic product (GDP) of \$404 billion and 3.2% annual growth in 2016.

Thailand is the 28th largest export destination for the United States. Two-way trade of goods and services in 2016 averaged \$40 billion, with \$29.5 billion in Thai exports to the U.S. and \$10.5 billion in U.S. exports to Thailand.

U.S. exports to Thailand contracted by 6.5%, while U.S. imports from Thailand increased by about 3.1% for the same period in 2015.

Among countries in Asia, Thailand ranks as the United States' 9th largest export destination after China, Japan, Hong Kong, South Korea, Singapore, Taiwan, India, and Malaysia.

An export-dependent economy, Thailand exported a total of \$215.3 billion worth of goods in 2016. The United States was Thailand's No. 1 export market (11.2%), followed by China (11.1%) and Japan (9.4%). The top ten export items were machinery (17.4%), electronics appliances (13.9%), vehicles and automotive parts (12.7%), gems and jewelry (6.6%), rubber (5.7%), plastic (5.3%), mineral fuels (2.9%), meat and seafood (2.8%), medical device and supplies (2.5%) and cereals (2.1%).

Thailand is one of the world's most visited countries and tourism is vital to the Thai economy; it contributes approximately 10% of the country's Gross Domestic Product (GDP). Despite a temporary slowdown and the postponement of economic activities in the 4th quarter, during the period of mourning after the passing of His Majesty King Bhumibol Adulyadej in October, Thailand recorded 32.58 million tourist arrivals in 2016, an 8.91% increase over 2015. The nine main airports of Thailand served a record 129 million passengers in 2016, an increase of 14.7% over 2015.

In 2016, the Thai economy grew by 3.2%, improving from 2.9% in 2015. Private consumption, public investment, and private investment expanded by 3.1%, 9.9% and 0.4%, respectively. Export growth was null with 0% growth. Meanwhile,

the inflation rate was 0.2% and the current account registered a surplus of 11.4% of GDP.

The Thai economy is projected to grow by 3-4% in 2017. Thailand's cabinet approved an infrastructure action plan worth \$25.2 billion for 2017. Therefore, government spending in infrastructure will be a major driver of the economy. Risk factors include the economic situations of trading partners, fluctuations of money markets, uncertainty in the international economic policies of the United States, European politics, and international politics.

### **Market Challenges**

In May 2014, the Thai military suspended the constitution and took control of the government in a coup d'état. Reforms have been ongoing as a new constitution is drafted, and a constitutional referendum secured approval in August 2016. The current administration announced its intent to hold general elections in 2018 once the constitution is in place. With slightly accelerated growth in 2016, Thailand's economy has remained stable despite its challenges over the past three years.

Thai industries face intense competition from both global and domestic suppliers of goods and services. Many domestic companies are family businesses that span generations, and are now led by second- and third-generation businessmen and women who are highly educated and possess deep knowledge of their industries.

Thailand's mass market is price conscious and generally served by local suppliers and/or low-priced imports. U.S. exporters with products that are competitive for reasons other than price should work with a local partner to undertake an appropriate market entry strategy.

High tariffs in many sectors remain an impediment to market access. While Thailand's average applied most favored nation (MFN) rate averaged 10.7 percent in 2014, ad valorem tariffs can be as high as 50 to 80 percent, and the ad valorem equivalent of some specific tariffs (charged mostly on agricultural products) is even higher. About one-third of Thailand's MFN tariff schedule involves duties of less than 5 percent, and almost 30 percent of tariff lines are MFN duty free,

including for products such as chemicals, electronics, industrial machinery, and paper. Thailand has bound all tariffs on agricultural products in the WTO, but only approximately 70 percent of its tariff lines on industrial products. The highest ad valorem tariff rates apply to imports competing with locally produced goods, such as automobiles and automotive parts, motorcycles, beef, pork, poultry, tea, tobacco, flowers, wine, beer and spirits, and textiles and apparel.

Corruption and lack of transparency in government procurements are major concerns for U.S. companies. Where corruption is suspected during the bidding process, government agencies and state enterprises reserve the right to accept or reject any or all bids at any time and may also modify the technical requirements. This allows considerable leeway for government agencies and state-owned enterprises to manage procurements, while denying bidders recourse to challenge procedures. There are frequent allegations that the Thai government makes changes to technical requirements for this purpose during the course of procurements. Despite a Thai government commitment to transparency in government procurement, U.S. companies and the Thai media continue to report allegations of irregularities. Thailand is not party to the World Trade Organization Agreement on Government Procurement; it obtained observer status in June 2015.

Customs law in Thailand does not fulfill the standards established by The International Convention on the Simplification and Harmonization of Customs Procedures, otherwise known as “the Kyoto Convention.” Major problem areas include Thailand’s Customs Penalty Regime and Customs Valuation Procedures. The penalty for undervaluing imports into Thailand, even if done through negligence or by mistake, can be accompanied by a prison sentence up to ten years. The system is incentivized by the distribution of rewards from these penalty payments to customs officials involved in the investigation of each case. Additionally, the procedure for determining “Customs Value” remains opaque as the valuation methodologies, determined by Ministerial Regulations, are subject to frequent change. Confusion over the guidelines can lead to increased risk of misinterpretation and misapplication of goods valuation methods.

U.S. businesses operating in Thailand should be aware that the government recently amended its Civil Procedure Code to include class-action lawsuit provisions. This increases rule of law and consumer protection in Thailand, but may leave some businesses at higher risk. This may result in higher insurance premiums, especially for small businesses.

The regulatory environment protecting intellectual property in Thailand is at times difficult to navigate. Patent registration can be a lengthy process, sometimes requiring several years. Patent and trademark infringement is common in Thailand. U.S. companies have successfully protected their intellectual property through litigation in the Thai courts, but these cases can be costly and time-consuming. Counterfeit goods continue to circulate widely in Thailand, contributing to the country's continued status as a Priority Watch List country in the 2017 Special 301 Report by the Office of the U.S. Trade Representative. While counterfeiting of hard goods such as DVDs, CDs, and apparel remains a problem, recent widespread usage of the Internet and mobile devices in Thailand has resulted in a large increase in online pirated goods such as camcorder-recorded movies and pirated software. More information regarding intellectual property rights challenges in Thailand can be found in Chapter Four under "Protecting your Intellectual Property Rights."

### **Market Opportunities**

Thailand maintains an open, market-oriented economy, and encourages foreign direct investment as a means of promoting economic development, employment, and technology transfer. Thailand continues to be a prominent destination for foreign direct investment, and many U.S. multinational and small- and medium-sized companies alike have invested successfully in the country. Thailand continues to welcome investment from all countries and seeks to avoid dependence on any one country as a source of investment.

Thailand's economic growth has created opportunities for U.S. companies in a number of infrastructure sectors including electrical power, telecommunications, and renewable energy.

Thai consumers are also creating opportunities for new sales for U.S. medical products, automotive accessories, agricultural equipment and chemicals,

cosmetics, food supplements, outdoor recreation equipment, franchising and educational services among others. Thailand also continues to look for U.S. suppliers of aerospace and defense equipment, broadcast equipment, food processing, packaging equipment, and environmental technologies.

### **Market Entry Strategy**

Partnering with a local agent or distributor is the most effective way to enter the Thai market and reach potential Thai buyers. The agent or distributor can facilitate and expedite market entry with their extensive market knowledge and established distribution networks and relationships with key business and government officials. The Commercial Section at the U.S. Embassy in Bangkok provides a series of customized business development services to assist U.S. firms planning to enter or grow their presence in the market.

### **Political Environment**

#### **Political Environment**

For information on U.S. relations with Thailand, visit the following website updated by the [U.S. Department of State](#).

### **Selling US Products & Services**

#### **Using an Agent to Sell US Products and Services**

Although Thai law does not require the use of local agents or distributors, it is one of the most efficient and effective ways to enter the market in Thailand. A key aspect of business culture in Thailand is interpersonal relationships which drive business development and transactions. Thailand based agents and distributors are accustomed to local business practices and requirements and as such they are well positioned to develop and execute business in the market. In addition, local agents and distributors typically manage regulatory affairs, acquire required import permits, and manage custom clearance and other logistics for U.S. exporters.

U.S. exporters must invest sufficient time and attention in selecting a qualified local partner and provide training for marketing and technical support. Frequent

contact with local representatives is essential in order to cultivate a productive working 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 [Commercial Section, U.S. Embassy Bangkok](#).
- Order an IPS report that provides a listing of Thai companies that have been interviewed and hand-selected by the Commercial Specialist responsible for your industry sector. These companies have examined your product literature and company profile and expressed significant interest in exploring a potential business relationship with your firm. You will receive a company profile and contact information for each Thai company that expresses interest in your product or services.
- Should you plan to visit Thailand following your receipt of the IPS report, we recommend utilizing our Gold Key business matchmaking Service (GKS). Under the GKS, a Commercial Specialist will arrange one-on-one meetings with each potential Thai representative, arrange hotel and transportation, and accompany you to meetings. If you are not in a position to travel to Thailand but wish to have face-to-face discussions with the Thai candidates, we can arrange “virtual” meetings by videoconference under our Video Gold Key Service. If you do not have access to videoconferencing equipment, you can go to the nearest U.S. Department of Commerce Export Assistance Center in the United States to use our video equipment. A searchable directory of these centers may be found at the following website: [U.S. Commercial Services Offices](#)
- If you travel to the region to execute one of our fee-based services, we strongly encourage you to consider undertaking a similar service in another market. Staff at your local Export Assistance Center can help facilitate a multi-market visit to the region.
- Participation in trade exhibitions in Thailand can also be an effective means to test the market and locate serious agents and/or distributors in Thailand. Contact the Commercial Section at the U.S. Embassy in Thailand

to learn more about regional trade events.

- We can also help U.S. firms market their products, services and brands directly to Thai consumers and potential local partners via social media channels. U.S. companies have successfully identified investors and local partners by using the [U.S. Embassy Bangkok Commercial Section's Facebook Program](#) advertise to highly targeted groups of Thai consumers.

### **Establishing an Office**

The primary organizational structures for commercial enterprises are sole proprietorships, partnerships, limited liability companies, joint ventures, or foreign branch operations. The organizational structure is similar in nature to those found in the United States; however, limited liability companies are more often privately held rather than public corporations. The majority of foreign corporations operating in Thailand do so through private limited liability companies.

There are three major forms of partnership in Thailand:

- Unregistered ordinary partnership
- Registered ordinary partnership
- Limited partnership

As in the United States, each form of partnership has different levels of liability for partners and different tax consequences for the partners and partnership. If a company chooses to be a formal 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 companies engaged in non-revenue generating activities. Typically these offices engage in market research and assessment, provide quality control or purchasing services to a head foreign office, or provide warranty support services for products sold by the company's head office to the Thai market.

In any process of establishing an office, individuals and companies are strongly advised to consult with legal or other professional advisors during the beginning stages of business planning to ensure compliance with all applicable laws and regulations and to ensure selection of the optimal business structure for their activities in Thailand. American firms should also ensure there are no restrictions on foreign entity participation in a particular sector, whether there are import licenses or other special licenses required and identify special incentives that may be available from Thai organizations such as the Board of Investment (BOI) and the Industrial Estate Authority (IEAT).

The U.S.-Thai Treaty of Amity and Economic Relations of 1833, commonly referred to as the Treaty of Amity, allows U.S. majority-owned businesses, incorporated either in the United States or in Thailand, to operate in almost similar fashion with Thai corporate entities. As a result, U.S. corporations may establish majority or wholly owned subsidiaries or branch offices in Thailand without the constraints that other foreign firms face from the Alien Business Law. However, there are still government restrictions in the communications, transport and banking sectors, the exploitation of land and natural resources, and the trade of domestic agricultural products. To register under the [Treaty of Amity](#), a U.S. company should obtain documents from the Commercial Section at the U.S. Embassy in Bangkok and file an application with the Department of Commercial Registration at the Thai Ministry of Commerce.

## **Franchising**

Thailand's franchise industry grows on average approximately 10 percent annually. The majority of participants in the industry are in food and beverage services. In 2016, there were approximately 730 franchise brands in Thailand; 435 of them local brands mostly in the quick food service business. International franchise systems are fewer in number, but they control 60% of the total franchise market in Thailand.

Pioneers of American fast food franchise brands include: McDonalds, Burger King, Starbucks, Au Bon Pain, KFC, Pizza Hut, Krispy Kreme, Baskin Robbins, A&W, Subway, Outback Steak House, Sizzler, and Dunkin Donuts to name a few. American franchise brands face strong competition from Japanese franchises that

have gained popularity among local consumers as well and account for the majority of new market entrants in recent years. There are approximately 30 Japanese restaurant brands currently in the market.

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

### **Direct Marketing**

Direct marketing is an effective means to share information of products and services to consumer through a variety of media from both traditional and online channels, including online adverts, email, websites, cell phone, television, catalog, radio and newspaper. As a result of mobile application development and online marketing, the marketers are able to connect and engage with potential consumers effectively. Online media has played an important role in direct marketing. By average, Thai people spend at least 20 hours/week on a computer and over 15 hours/week on mobile phones. The Thai Direct Selling Association forecast the direct sales business to expand by 5 per cent annually. With a sales volume of \$2 billion and the number of individual direct sellers totaling at 11 million, direct marketing is used widely in the sale of health care products, cosmetics, cleaning and household items, insurance (life and non-life), and electrical appliances. Major direct marketing companies from the United States include: Amway, Nu Skin, Herbal Life, Unicity Marketing, and Sun Rider International. Avon has decided to exit Thailand's market by the end of 2016, as part of the company's global transformation plan. Despite the success of direct marketing in the Thai market, poor consumer protection laws and enforcement hinder growth potential in the market. Many problems still need to be solved, such as poor product quality, loss during delivery, product return and refund policies, and protection of intellectual property rights.

Direct marketing and mail order sales have benefited from the 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 is Citibank and American Express. 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 continues to be popular in Thailand. More international operators of home shopping, mostly from South Korea, have entered the Thai market in joint ventures with local retail operators. Product quality is a major concern for most buyers. Thai consumers tend to order products online for convenience and because the product price is cheap.

### **Joint Ventures/Licensing**

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

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

The Commercial Section at the U.S. Embassy in Bangkok can provide assistance to American firms seeking potential joint venture partners in Thailand through various business development services.

### **Selling to the Government**

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

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 tenders are issued, agents help to ensure that a principal's product will meet all of the required tender specifications.

Companies bidding on government projects should note that training and after-sales services on all equipment purchases are important features considered in the review of all proposals. U.S. companies should plan to build additional training costs and expenses 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 Office's Procurement Regulations," governs public sector procurement. These regulations require that non-discriminatory treatment and open competition be accorded to all potential bidders. However, the system is not entirely transparent. The Thai government is not a signatory to the WTO Agreement on Government Procurement. Some feel that the Thai Government does not always

provide a level playing field for foreign bidders. Generally, the procuring government agency provides preferential treatment to some foreign suppliers, and domestic suppliers who, under a “Buy Thai” policy, receive an automatic price advantage of 3-7 percent rate (depending on the product) in the initial bid round evaluations. International companies may bid without an agent if the government agency or state enterprise in charge of the project allows. If the project is funded by foreign loans, then it will be treated as an international bid. The "two envelope" system is commonly used, with technical evaluations of bids conducted separately from cost evaluations. In some instances, a Request for Information (RFI) or a Request for Conceptual Model (RCM) may be issued to solicit interests from potential bidders ahead of an official tender announcement. The procuring government agency reserves the right to accept or reject any or all bids at any time, and is not bound to approve the lowest bid. The procuring government agency may also modify the technical requirements during the bidding process. This flexibility can prove frustrating to bidders. In the past, charges have been leveled that changes are made for special considerations.

In 2005, in an effort to encourage greater transparency, the Ministry of Finance announced regulations creating electronic auctions for government procurement. An 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. An e-auction must be used on procurements greater than 2 million baht (approximately US \$58,000), but agencies are free to use e-auction for lesser value procurements 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 publicly questioned in the Thai media.

Many governments finance public works projects through borrowing from the Multilateral Development Banks. Please refer to the “Project Financing” subsection in “Trade & Project Financing” section below for more information.

### **Distribution & Sales Channels**

Distribution and sales of industrial goods in Thailand are normally conducted through two channels:

- U.S. exporter, to Thai importer, to Thai end-user
- U.S. exporter directly to Thai end-user

The selection of distribution and sales channels depends largely on the type of product and the end-user. Exporters of products that require after-sales service should have a Thai importer representing them locally. A local agent or distributor can respond more quickly to provide service and parts replacement. Accordingly, the end-user’s confidence will increase if there is a place where they can receive near-immediate assistance any time a machine breaks down. Also, the end-user generally feels more comfortable dealing with a local agent or distributor since there are no language or distance barriers. The agent or distributor also facilitates customs procedures for end-users. It should be noted that, in general, only local agents, distributors, or manufacturers’ branch offices in Thailand are eligible to enter day-to-day bidding for routine government tenders. Please also see the sections in this chapter on “Selling Factors” and “Selling to the Government” for more detailed information about bidding on projects by international bidders.

For consumer goods, there are generally three distribution and sales channels:

- U.S. exporter, to Thai importer, to Thai retailer, to Thai end-user
- U.S. exporter, to Thai importer, to Thai wholesaler, retailer, and end-user
- 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.

### Express Delivery

In Thailand, there are thirteen major airports with more than a million passengers arriving each year. These airports are operated by various organizations: Airport of Thailand Public Company Limited (AOT), Department of Airport, Bangkok Airways, and Royal Thai Navy. The major airport facilities serve both domestic and international flights. Suvarnabhumi International Airport, which is designated as the country's main airport, has the capacity to serve 336,345 flights a year, accommodate 46 million passengers a year and facilitate 1.3 million tons of freight a year.

In FY 2016, the number of aircraft movements for freight at the 9 major international airports reached 776,922 flights with 402,721 international flights and 374,201 domestic flights. The total freight and postal parcel volume amounted to 1,454,141 tons, including 1,332,278 tons of international freight and 121,863 tons of domestic freight.

Cost of Express Postal Service from Bangkok, Effective 2 January 2017.

(Rates exclude special fee and fuel surcharge)

\* Excluding China (South)

Destination	10kg Box (41.5 x 34 x 27 cm)		Additional rate per kg above 10kg and up to 20kg		25kg Box (56 x 44 x 35 cm)		Additional rate per kg above 25kg and up to 44kg	
	Baht	US\$	Baht	US\$	Baht	US\$	Baht	US\$
Australia	3,960	116.47	191	5.61	5,877	172.85	191	5.61

Destination	10kg Box (41.5 x 34 x 27 cm)		Additional rate per kg above 10kg and up to 20kg		25kg Box (56 x 44 x 35 cm)		Additional rate per kg above 25kg and up to 44kg	
	Baht	US\$	Baht	US\$	Baht	US\$	Baht	US\$
China*	3,960	116.47	191	5.61	5,877	172.85	191	5.61
France	4,788	140.82	199	5.85	6,779	199.38	199	5.85
Hong Kong	2,887	84.91	155	4.56	4,440	130.59	155	4.56
India	4,641	136.5	191	5.61	6,553	192.74	191	5.61
Singapore	2,887	84.91	155	4.56	4,440	130.59	155	4.56
South Africa	7,786	229.00	439	12.91	12,182	358.30	439	12.91
UK	4,788	140.82	199	5.85	6,779	199.38	199	5.85
USA	4,906	144.29	203	5.97	6,945	204.26	203	5.97

(1US\$=34 Baht)

## Selling Factors & Techniques

Price, quality and availability of service are the key selling factors in Thailand. In addition, relationships are also significant in selling products and services in Thailand, especially to the government. Therefore, U.S. suppliers are strongly encouraged to seek partnership with a local agent or distributor and provide training for marketing and technical support staff as the basis for successful market entry and expansion in Thailand.

## eCommerce

### Overview

The e-commerce market in Southeast Asia is one of the fastest-growing and most promising with its projection to grow to \$11 billion in 2025. According to the Electronic Transactions Development Agency, the forecast is that the total e-commerce market in Thailand in 2017 will be worth approximately \$741 million or growing 12.4% compared to the previous year. The driving factors come from increased Internet and mobile phone use as well as improved logistics and e-payment systems. This creates heightened convenience and consumer confidence to shop online. In addition, the quality and reliability of online

shopping services have been improved significantly, and the acceptance of e-commerce has increased in the country.

Further, the Thai government focuses on its “Thailand 4.0” policy, which includes allocating a budget for the specific purpose of constructing a broadband network for all villages across the country. Having a nationwide broadband network will help bridge the digital divide and promote modern economic development through the e-commerce channel. Moreover, the government has a vision of creating the next generation of digital application platforms to accommodate and promote online activities including e-marketplace, e-payments, and e-government. Eventually, the goal is for villagers to start doing e-commerce businesses for their local products and services.

### **Current Market Trends and Domestic eCommerce (B2C)**

E-commerce platforms in Thailand are divided into three categories; business-to-business transactions, business-to-consumer transactions, and business-to-government transactions. Among the three groups of transactions, business-to-business transactions are the largest share and account for 55 percent, followed by business-to-consumer transactions at 29 percent and business-to-government transactions at 16 percent respectively.

According to the global marketing research firm Nielsen, forecasts are that Thailand’s online retail e-commerce market, excluding online travel, will reach \$3 billion by 2020, increasing from \$1 billion in 2015.

### **Cross-Border eCommerce**

The e-commerce market in Thailand is currently second largest in Southeast Asia and expected to grow 22% annually till 2020. With support from the Thai government, a “Digital Thailand” initiative started in 2016 has brought about a wave of opportunities for businesses across different industries to digitize their operations and services, especially for SMEs seeking to undergo digital transformation. As a result, cross-border market opportunities offer growth rates of approximately 25%, well above those found in most traditional retail markets. Cross-border B2C eCommerce is estimated to grow to \$1 trillion in 2020.

## **B2B eCommerce**

B2B eCommerce in Thailand is also growing rapidly due to Internet development and mobile transformation. According to the Electronic Transaction Development Agency, the sectors using e-commerce platforms to increase their productivity include the food and service sector with 31%, followed by manufacturing at 16%, and retail and wholesale at 15%, respectively.

Interestingly, demand for e-commerce services is coming not only from Bangkok but also from the other provinces, such as Nonthaburi and Chonburi.

## **eCommerce Services**

Thailand's online retail commerce is driven by several factors including increased smart phone penetration and intense competition among e-commerce operators. The government's PromptPay service, which falls under the national e-payment scheme, is the key driver to stimulate e-commerce activities.

Over the last couple of years, many courier service companies started launching their e-commerce platform in Thailand, bringing domestic end-to-end delivery to the market. Consequently, delivery costs for e-commerce products have sharply declined from \$1.3 per piece in 2015 to \$0.5 per piece in 2016 due to the fierce competition among logistics service providers.

## **eCommerce Intellectual Property Rights**

Apart from other specific laws and regulations that require compliance by e-commerce businesses, intellectual property protection is another concern that business owners should be aware of. Trademark registration in Thailand is determined on a first-to-file, first-in-right basis, so you should consider how to obtain trademark protection before introducing your products or services to the Thai market.

For a company seeking patent registration of their business method in the e-commerce market, please note that the Thai Patent Act currently does not grant patents to any computer programs nor to any type of business method. However, under certain conditions, computer programs, including technologies that are

used to protect the company's information from unauthorized access or reproduction, are able to be protected automatically under the Thai copyright protection system. In addition, a company's trade secrets, such as processes, strategies, instruments or databases, could be protected by the Trade Secret Act B.E.2545 (2002). Companies may wish to seek advice from local attorneys or IP consultants who are experts in Thai intellectual property law.

Besides protecting intellectual property rights, companies must run their business in compliance with the Computer Crime Act B.E. 2550 (Amended 2016). The law prohibits input of forged or false computer data or content that is likely to cause damage to others or to the public, including sending data or email that disturbs the recipient without a means to opt out. Service providers such as social media platforms and access providers will also be required to delete or otherwise prevent the availability of such content following government notification, or they will also be subject to punishment for that content. At the request of relevant authorities, a court is able to order service providers to block or takedown a website that contains illegal content or content which is considered to be against public order or the good morals of the people.

In addition, the law requires service providers to store traffic data for a period of not less than 90 days from the date on which the data is input into a computer system and up to 2 years in special cases.

### **Popular eCommerce Sites**

Thailand's mix of international and local eCommerce stores is indicative that Thai consumers want variety when it comes to online shopping. Global players such as Amazon, ebay and Agoda continue to remain popular while WeLoveShopping and Pantipmarket, local C2C marketplaces and online communities, prove strong contenders that cater to local tastes.

[Pantip](#)

[Lazada](#)

[Lwn Shop](#)

[Tarad](#)

## **Online Payment**

Thailand's online and mobile banking market could reach maturity within six years from now, largely driven by the national e-payment system and significant growth in mobile broadband penetration. By 2021, over 85% of the population will go online via mobile phone, up from 31% currently.

Online payments are making headway. As of 2014, Thailand was still a cash-dependent society as cash transactions accounted for 98.6% of all transactions. However, the PromptPay service under the national e-payment scheme is expected to stimulate the country's online retail payment transaction. Of the total transactions in Thailand in 2016, cash continued to account for 75%, but almost 25% were paid through credit cards, e-wallets, Internet banking, and ATM machines.

## **Mobile eCommerce**

Mobile commerce will continue to see strong growth in coming years, especially among millennials who are comfortable using their smartphones to shop. Some 50% of all online purchases are done via mobile devices. In addition, the growth of mobile commerce is likely to push social commerce along. According to the Thailand Marketing Research Society, 71% of smartphone users in Thailand shop online an average of twice a month, while 90% intend to shop online in the future. Thailand's smartphone penetration increased from 43% in 2013 to 61% in 2015. The rate is expected to reach 80% in 2017.

## **Digital Marketing and Social Media**

Social commerce is highly influential among digital consumers, with more than 80% of digital consumers using social media options to search for products or connections with sellers. Thailand also lead the world in social commerce, according to the survey findings from PwC in 2016. In addition, 92% of online shoppers in Thailand used Facebook to find and research new products before making purchases.

In addition, the national e-payment system will have a huge impact on social media commerce in Thailand. Thai shoppers are already high on the list of consumers who purchase directly through social media, according to the same PwC survey, which found that 51% of online consumers in Thailand have purchased via social media.

According to the Electronic Transactions Development Agency, Thailand currently has around 41 million Internet users, 41 million Facebook users, 33 million LINE users, 7.8 million Instagram users, and 5.3 million Twitter users.

Thailand's online retail market is expected to reach \$10–15 billion by 2020, up from less than \$2 billion in 2015. As for major holiday shopping, Thai people mainly shop online at the end of the year.

### **Trade Promotion & Advertising**

Advertising and trade promotion are important marketing tools in Thailand, especially for the sale of consumer goods, communications, and automobiles. The Thai media and entertainment industry has been transforming itself into a digital platform in order to raise brand awareness and establish customer engagement. The top ten industry groups that have spent heavily on digital media are communications, non-alcoholic beverages, skincare preparations, motor vehicles, dairy products, cosmetics, banks, retails, household cleaners, and real estate.

The Digital Agency Association (Thailand) forecasted that ad spending on digital media will likely reach more than US\$30 million in 2017, an increase of 22 percent from last year due to consumers spending more time on digital content or interactive applications. Currently, 75% of Thai households are able to access satellite/cable TV while the rest are using antennas. It is expected that satellite/cable TV networks will cover 85 percent of the nation within the next five years.

The recent arrival of 24 new commercial digital TV channels will drive the advertising industry in the next decade, contributing an estimated annual growth of 5–10 percent in value. The benefits with a license to broadcast digital terrestrial TV include the rights to run up to 12 minutes of commercials per hour

as well, while the satellite-based free-TV operators are only allowed to run six minutes of advertising per hour of broadcasting.

Social media operators are expected to dominate the digital advertising sector. Traditional media, such as television, magazine and newspapers, has suffered the most in terms of advertising revenue.

The Internet has become a far more dynamic and effective marketing tool and can be developed much more as a selling medium in almost every industry for both durable and non-durable goods. Digital media channels can help companies reach a broader client base, develop stronger customer relations, generate customer feedback, and enhance a company's brand in the market.

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 Trade Promotion in Thailand frequently holds industry exhibitions to promote Thai exports to international buyer audiences during "trade days" and increases 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 social media. 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 Commercial Section at the U.S. Embassy in Bangkok maintains a list of suggested industry events staged in Thailand as well as U.S. Pavilions at local events and trade missions (listed in Chapter 9 of this Country Commercial Guide). This information is also published on the web in English at [Commercial Service Thailand](#) and in Thai at [BuyUSA-Thailand](#). It is advisable to localize all product literature and technical specifications when advertising in trade journals,

participating in trade shows or organizing technical seminars. Successful firms also arrange for their agents to receive specialized training at offices or factories in the United States.

## **Pricing**

The market in Thailand is open and very competitive. U.S. firms need to study factors such 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 VAT 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 and one-off promotions have proven to be quite successful. Retailers' pricing depends on the product and the frequency of turnover. In general, the margin structure is as follows:

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

## **Sales Service/Customer Support**

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 expect such service to be provided by reliable suppliers. If a local branch cannot provide the service, suppliers should be able to acquire support from overseas branches. Spare parts should also be available in a timely manner.

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

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

Since sending engineers/technicians for training or customer service can be costly for local end users, it is advisable for U.S. suppliers to appoint a qualified partner who can provide customers with quality services in the Bangkok area and elsewhere. Major suppliers note that competitive pressures and slim margins have led them to place a high priority on service and support in order to retain existing customers and gain new ones. Positive word of mouth from customers can increase the supplier's reputation and sales volume. Conversely, bad service can severely hamper a company's chance for increasing sales in the Thai market.

### **Protecting Intellectual Property**

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 may be protected differently in Thailand than in the United States. Third, rights must be registered and enforced in Thailand, under local laws.

For example, 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 do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Granting of registered patents is generally determined on a first-to-file [or first-to-invent, depending on the country], first-in-right basis. Similarly, trademark registration is determined on a first-to-file [or first-to-use, depending on the country], first-in-right basis, so you should consider how to obtain patent and trademark protection before introducing your products or services to the Thai market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in Thailand. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Thai law.

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 USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a lawsuit. In no instance should U.S. Government advice be seen as a substitute for the responsibility of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. 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)

In any foreign market companies should consider several general Principles for effective management and protection of their intellectual property. For background on these principles please link to the following articles: [Protecting Intellectual Property](#) and [Corruption](#).

**Senior IP Staff Contact For Thailand**  
Teerin Charoenpot  
U.S. Patent & Trademark Office  
+66-2-205-5886  
Teerin.Charoenpot@trade.gov

## **Due Diligence**

American buyers and investors considering any ventures in Thailand should be cautious and conduct due diligence in their research before entering into legal agreements. A number of local companies lack transparency in their accounting

practices. The Commercial Section at the U.S. Embassy in Bangkok offers our International Company Profile (ICP) due diligence service that provides basic background information on Thai firms such as: overview of business operations, list of key management, customer references, business operating conditions, and financial statements. U.S. companies can also obtain for a nominal fee financial background on Thai firms registered with the Thai Ministry of Commerce. More information on these services is available on the website under ["Services for U.S. Companies"](#).

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

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

### **Local Professional Services**

The Foreign Working Act of 2008 requires all foreigners working in Thailand to obtain work permits prior to employment in Thailand. In addition, permit holders must obtain prior permission to change their occupation and/or place of work. Change of employer location or the residential address of the permit holder must be properly endorsed in the work permit by the labor authorities. The Foreign Working Act does not prevent a foreigner from engaging in work in more than one field or for more than one employer.

A Royal Decree in 1973 listed 39 occupations and professions that are prohibited to foreigners. This list has been amended on several occasions by subsequent Royal Decrees, with the latest amendment in 2005.

For more information regarding the guidelines and the general agreement on trade in services and other international agreements on the [practice of foreign professionals in Thailand](#).

## **Principle Business Associations**

### **The American Chamber of Commerce in Thailand(AMCHAM)**

AMCHAM Thailand has a membership of over 800 organizations and over 2500 professionals. Its membership includes companies, non-profit organizations, and individuals. AMCHAM member companies have invested over \$50 billion in Thailand and provide more than 250,000 local jobs. AMCHAM has over 25 committees that cover the wide spectrum of commercial and industrial business activities, as well as the Chamber's social and charitable functions. Each committee serves as a forum for discussing common interests and common issues, as well as for taking initiative and action.

### **International Chamber of Commerce (ICC)- Thailand**

ICC Thailand is an ICC national committee. This national organization is comprised of leading companies and business associations in Thailand. ICC Thailand has three main activities including rule setting, dispute resolution, and policy advocacy.

### **The US-ASEAN Business Council(USABC)**

The USABC has been a leading advocacy organization for U.S. corporations operating within the dynamic Association of Southeast Asian Nations (ASEAN), serving as a key voice of the U.S. private sector in promoting mutually beneficial trade and investment relationships between the United States and Southeast Asia. The Council represents over 140 of the largest U.S. corporations.

### **The Federation of Thai Industries(FTI)**

The FTI, established in 1967, is a private sector organization that brings together industrial leaders to promote Thailand's socio-economic development. The main objectives of FTI are to represent Thai manufacturers at both national and international levels, to help promote and develop industrial enterprises, to work with the government in setting up national policies, and to offer consulting services to members.

### **The Thai Chamber of Commerce and Board of Trade of Thailand**

The Thai Chamber of Commerce acts as a primary organization for collecting opinions and providing recommendations for developing the economy to the government and related authorities. In addition, the Thai Chamber of Commerce is also a representative of the Thai private sector in facilitating cooperation with governmental and private institutions in foreign countries.

### **Limitations on Selling US Products and Services**

According to the Foreign Business Act 1999 (FBA), certain types of business activities are reserved for Thai nationals only. Foreign investment in those businesses must comprise less than 50% of share capital, unless specially permitted or otherwise exempt.

The following lists, attached as annexes to the FBA, detail restricted businesses for foreigners:

List 1: This contains activities prohibited to non-nationals, including:

- Newspaper or radio broadcasting stations and radio and television station businesses
- Rice farming and growing plantations or crops
- Livestock farming
- Forestry and timber processing from a natural forest
- Fishing in Thai territorial waters and specific economic zones

- Extraction of Thai medicinal herbs
- Trading and auctioning of antique objects or objects of historical value from Thailand
- Making or casting of Buddha images and monk alms bowls
- Land trading

List 2: This contains activities related to national safety or security, or those which affect arts and culture, tradition, folk handicrafts, or natural resources and the environment. Among other things, they include:

- The production, sale and maintenance of firearms and armaments.
- Domestic transportation by land, water, and air.
- Trading of Thai antiques or art objects.
- Mining, including rock blasting and rock crushing.
- Timber processing for production of furniture and utensils.

Remark: A foreign majority-owned company can engage in List 2 activities if Thai nationals or legal persons hold not less than 40% of the total shares and the number of Thai directors is not less than two-fifths of the total number of directors.

Exceptions exist for companies that receive:

- Permission from the Minister of Commerce with approval by the Cabinet (if there is a reasonable cause, the Minister, with the approval of the Cabinet, may reduce the Thai shareholding requirement, which cannot be less than 25% of the total shares)
- Investment promotion from the Board of Investment
- Authorization by the Industrial Estate Authority of Thailand
- Permission under a treaty to which Thailand is bound

List 3: This contains activities in which there are economic protections for Thai nationals. Among other things, they include:

- Accounting, legal, architectural, or engineering services
- Retail and wholesale
- Advertising businesses

- Hotels
- Guided touring
- Selling food or beverages
- Any kind of service business

There are exceptions to List 3 that exist for companies that receive the following:

- Permission from the Director-General of the Department of Business Development at the Ministry of Commerce, with approval by the Foreign Business Committee, on obtaining a Foreign Business License.
- Investment promotion from the Board of Investment or from the Industrial Estate Authority of Thailand, on obtaining a Foreign Business Certificate from the Director-General of the Department of Business Development at the Ministry of Commerce.
- Protection under a treaty or obligation to which Thailand is bound, including the US Treaty of Amity and Economic Relations; the Thai-Australia Free Trade Agreement (TAFTA) (please see below for further information on the U.S. Treaty of Amity and Economic Relations); Japan-Thailand Economic Partnership Agreement (JTEPA); and ASEAN Framework Agreement on Services (AFAS). All these allow companies to obtain a Foreign Business Certificate from the Director-General of the Department of Business Development at the Ministry of Commerce.

Further restrictions on foreign ownership in specific sectors, such as telecommunications, banking, or insurance, are regulated in specific laws pertaining to these sectors, such as the Telecommunications Business Act (2006), the Financial Institution Business Act (2008), the Life Insurance Act (1992), and the Non-Life Insurance Act (1992).

### **The U.S.-Thai Treaty of Amity and Economic Relations of 1833:**

Commonly referred to as the “Treaty of Amity,” the U.S.-Thai Treaty of Amity and Economic Relations of 1833 creates a special economic relationship between the United States of America and the Kingdom of Thailand that gives special rights and benefits to U.S. citizens who wish to establish their businesses in

Thailand. The Treaty of Amity was amended in 1966 and provides two major benefits:

- American companies are permitted to maintain a majority shareholding or to wholly own its company, branch office, or representative office located in Thailand.
- American companies receive national treatment, meaning U.S. firms may engage in business on the same basis as Thai companies, and are exempt from most of the restrictions on foreign investment imposed by the Alien Business Law of 1972.

Despite the Treaty of Amity, there are still certain restrictions on U.S. investment as follows:

- Owning land
- Engaging in inland transportation and communication industries
- Engaging in fiduciary functions
- Engaging in banking involving depository functions
- Engaging in domestic trade in indigenous agricultural products
- Exploiting land or other natural resources

The Commercial Section at the U.S. Embassy in Bangkok is responsible for issuing a certification letter to confirm that the applicant is qualified to apply for protection under the Treaty of Amity. The applicant must first obtain documents verifying that the company has been registered in compliance with Thai Law. Upon receipt of the required documents, the Commercial Section will then certify to the Thai Department of Commercial Registration in the Ministry of Commerce that the applicant is seeking to register an American-owned and managed company or that the applicant is an American citizen and is therefore entitled to national treatment under the provisions of the Treaty. For more information on how to apply for protection under the Treaty of Amity, please e-mail: [office.bangkok@trade.gov](mailto:office.bangkok@trade.gov).

## Web Resources

- [U.S. Embassy Commercial Section for U.S. Companies](#)
- [American Chamber, Thailand](#)

- [Ministry of Finance, Thailand](#)
- [Ministry of Commerce, Thailand](#)
- [Department of Intellectual Property](#)
- [Thailand Board of Investment](#)
- [Stock Exchange Thailand](#)
- [The Securities and Exchange Commission](#)
- [Royal Thai Police](#)
- [Department of Business Development, Ministry of Commerce, Thailand](#)
- [Thai Customs, Ministry of Finance](#)
- [The Revenue Department, Ministry of Finance](#) .

## Leading Sectors for US Exports & Investments

### Environmental Technology Equipment

#### Overview

The total market size of the environmental technology industry in Thailand is estimated at \$6 billion per year. The public sector contributes approximately 40 percent of the market share while the private sector contributes about 60 percent. The average market growth rate is 6 percent per year. In general, expansion within the environmental equipment industry is generated from population growth, pressures of urbanization and industrialization, implementation of environmental laws, and increased environmental awareness.

#### Leading Sub-Sectors

The market can be divided into three major sub-sectors: 1) water and wastewater treatment equipment and accessories, 2) solid waste treatment equipment, and 3) air pollution control equipment. The wastewater segment accounts for half of the total market, followed by solid waste treatment equipment and air pollution control equipment representing 30 percent and 20 percent, respectively.

Locally made environmental products are generally low tech in design and function, however they meet general standards for environmental needs

here in Thailand. Environmental products that are technically advanced have to be imported. Approximately 90 percent of environmental equipment needed is imported each year. China, Japan, and the United States lead the imported market for environmental technology. U.S. wastewater treatment equipment has an excellent reputation for quality and technology, but competition from China, Japan and South Korea becomes stronger each year.

### **Water and Wastewater Treatment**

Thailand faced severe droughts in 2015 and 2016, in particular in the upper part of the country, causing irrigation problems in many areas. These droughts impacted directly on the agricultural sector, accounting for more than 75% of the country's water demand. Therefore, the government has focused on the development of its irrigation system and aims to double the irrigable area in order to cover 8 million hectare by 2019. The Department of Public Works and Town and Country Planning under the Ministry of Interior has led this project and allocated \$40 million to dig up canals and develop local water resources for Thai people, especially in the up-country areas. In addition, the government also approved a budget of \$240 million for installing water pumps, new reservoirs, and mobile tanks, as well as a quick alert warning system.

The wastewater treatment market is expected to trend upwards over the next few years due to increases in population and expansion in real estate and industrial complexes. Thailand's wastewater treatment sector is not sufficiently developed. Presently, approximately 15 percent of total volume of consumed water consists of treated wastewater. There are over 1500 sewage and waste management plants and over 100 wastewater treatment plants. Therefore, the wastewater treatment sector is promising and estimated to grow around 10% on an annual basis as a result of growing investment from both public and private sectors.

### **Public Sector**

For more than two decades, the Thai government has budgeted approximately \$2.682 billion USD for 93 community wastewater treatment plants across Thailand with a total capacity of 9.5 million cubic meters per day. Because of the lack of technical knowledge by operators, the wastewater treatment capacity of the 93 plants is only 3.2 million cubic meters per day, which is only 34 percent of its capacity. To sustain the wastewater treatment system, the Wastewater Management Authority has provided a budget of approximately \$200 million for 48 construction and rehabilitation projects of the Wastewater Management Plan within four years (2014-2017).

The Bangkok Metropolitan Authority (BMA) has four projects that are in the Khlong Toey, Thonburi, Min Buri, and Nong Bon Swamp regions. The BMA plans to have these four projects finished by 2020. The total capacity of all the wastewater treatment plants in the Bangkok metropolitan area (including the eight existing plants and four plants under construction) is only 69 percent of total water used in Bangkok.

### **Private Sector**

Over 130,000 factories are registered with the Department of Industrial Works, with approximately 10% of those factories classified as water pollution sources. Due to the Ministry of Industry Act, each factory must install a pre-treatment system prior to discharging wastewater to the main sewer. In the industrial estate zones, the Industrial Estate Authority of Thailand (IEAT) or private property developers have the right to control and enforce rules and standards as well as collect treatment fees from factories.

The industrial market for wastewater treatment includes construction of new plants and upgrading of current facilities to include replacing obsolete equipment. Currently, the amount of clean water resources and water distribution power is declining gradually, while costs of the water

treatment system and chemicals are going up, leading to a projection for rising water prices.

To reduce investment cost, industries are looking for new water re-use systems. Commercial properties must install wastewater treatment systems. The district office will check construction blueprints to learn about the systems and ensure that they perform at a 100 percent confidence level. Submersible pumps, submersible aerators, blowers, and chemical feeding pumps are the major types of equipment required for this process.

Economic growth is a driving force behind the demand for high-rise buildings, both commercial and residential. Because of rising transportation costs and traffic jams, people have moved closer to the mass transportation system, where all high-rise buildings are booming. Major superstores and department stores, particularly Tesco Lotus, Big C and Central Plaza, are also major investors in wastewater treatment.

Even though agriculture is one of the main causes of wastewater in Thailand, it appears that international standards for water treatment are not followed. The law requires that all wastewater from livestock be treated before discharging to the public and the biochemical oxygen demand (BOD) should not be over 20 mg/l., but the government does not strictly enforce it. Currently only large farms, which need standard certificates for export, comply with the law by implementing a water treatment system.

### **Solid Waste Treatment Equipment**

In 2016, total solid waste was approximately 27.06 million tons. Only about 9.57 million tons (35%) was disposed efficiently and 5.81 million tons (21%) was reused or recycled. Currently, there are 2,800 solid waste treatment plants in Thailand. The municipal solid waste per capita was 1.14 kilograms/day in 2016, compared with a 1.11 kilograms/day in 2014.

### **Hazardous Waste**

As of 2016 Thailand collected and processed the industrial waste of 68,261 companies. Its capacity to process industrial and toxic waste is 37.6 million tons annually, an estimated 2.8 million tons of which is toxic waste. Total capacity in 2015 was 25.8 million tons. The Ministry of Industry's Department of Industrial Works (DIW) plans to establish 15 regional waste management facilities throughout the country as detailed in its five-year waste management plan for 2015–2019. Half of this waste comes from the east coast of Thailand where the Eastern Economic Corridor and most major industrial estates are located.

Currently, infectious waste material is disposed of by burning the waste in a kiln at government hospitals (142 plants, approximately 2,352 tons per year). Private hospitals also collect and transfer waste material to local administrations and private waste disposal sites. However, small health care centers, including regional health promotion hospitals, health care centers and animal hospitals, still lack an efficient system to collect, transport and dispose of infectious waste.

### **Government Sector**

In order to cope with excess waste and illegal dumping and landfills, the Thai government has promised to build a solid waste management center in 53 provinces and turn the waste into energy that will feed into the grid for local power consumption. Two projects have been in operation in the South (Phuket and Krabi) with approximately 25 megawatt power generation capacity. Three more projects are under construction for a combined capacity of 15 megawatt. The government aims to achieve a total of 230 megawatts of power generation from waste-to-energy in five years (2019), using a total of 26,000 tons of municipal solid waste per day. This amounts to a combined investment of about \$1.5 billion.

### **Private Sector**

A total of 1,789 factories are allowed to operate in the waste treatment sector by the Department of Industrial Work (DIW). They can be divided in to 3 categories: a mixed process (141 factories), landfill (1,225 factories) and recycling (423 factories).

### **Air Pollution Treatment Equipment**

The major sources of air pollution have been mobile sources (vehicle emissions), stationary sources such as factories and thermal-power generation plants, and the burning of municipal and agricultural waste. The key air pollutants that are monitored are minute dust (PM<sub>10</sub>), Ozone (O<sub>3</sub>), and volatile Organic Compounds (VOCs). The critical areas of air pollution are 1) Nha Pra Lan sub-district, Saraburee provinces (the location of crushing plants, quarries, and cement factories, 2) Mab Ta Phut, Rayong provinces (the location of industrial factories), 3) Bangkok and the metropolitan area (the location of crowded transportation) and 4) the Upper-North (agricultural burning and forest fire).

Overall, volatile organic compounds (VOCs) decreased continuously over the last decade, except in Bangkok and the metropolitan area surrounding the city – the total registered vehicle rate was up to 3% in 2015 (from 35.8 million vehicle in 2014 to 36.7 million in 2015). The average dust (PM<sub>10</sub>) level has increased due to the rise of vehicles and traffic jams. Environmentally-unfriendly motorbikes represent around 75% of the vehicles on the road in Thailand. Diesel trucks and buses also contributed many pollutants. Similarly, resulting from industrial expansion and the petrochemical sector, ozone (O<sub>3</sub>) is also increasing.

### **Government Sector**

Bangkok and the metropolitan area surrounding the city has the highest concentration of air pollution from transportation. The Pollution Control Department (PCD) has a measure in place named the “Bangkok 2020 declaration” to control air pollution quality. The northern border regions

of Thailand are annually confronted with decreased air quality due to the burning of municipal and agricultural waste and forest fires from January to April. Consequently, PCD announced measures to prevent and solve smoke problems in the nine Northern provinces. One strategy is to cooperate and draft a bilateral environmental agreement with neighboring countries to reduce transboundary haze in border areas of the countries affected.

### Private Sector

Industrial factories located in Map Ta Phut (an intense air pollution region) have to use bunker oil at a 2% rate or less. Some industrial sectors such as cement and electricity industry must install air pollution treatment equipment at the production sites.

	2015	2016	2017 (Estimated)	2018 (Estimated)
Total Local Production	3,582	3,941	4,475	4,922
Total Exports	4,365	4,724	5,620	5,844
Total Imports	6,048	6,403	6,845	7,187
Imports from the US	278	307	354	389
<b>Total Market Size</b>	5,265	5,620	5,700	6,265
Exchange Rates	34.29	35.28	34	34

(total market size = (total local production + imports) - exports) \$US Millions

### Leading Sub-Sectors

- Water/Wastewater: microfiltration, ultrafiltration, pumps (submersible, centrifugal, aerator/mixer, dosing and vacuum), valves (sleeve valve, solenoid valve), scrapers, sludge dewatering equipment (filter presses, belt press, small dewatering systems) and screening machines (bar screens, shredding screens), magnetic flowmeters, large chlorinators for

water/wastewater systems, water recycling technologies, zero-discharge systems.

- Solid Waste: recycling system and technologies, waste management and separation system
- Air Emission Management: industrial emission monitoring equipment
- Waste-to-Energy Technologies: gasification system for municipal solid waste, Refuse Derived Fuel (RDF)

### **Opportunities**

The U.S. plays important roles both as an equipment supplier and technology provider. There are opportunities for U.S. companies to provide products and services related to the environmental and pollution control sector in Thailand. U.S. products are utilized in higher-valued, higher technology projects however European, China and Japanese suppliers are major competitors in this segment. U.S. products are well-recognized for high-quality, durability and ease for operation and maintenance.

### **Web Resources**

[Ministry of Natural Resources and Environment](#)

[Pollution Control Department](#)

Trade Show:

Entech Polutec/Renewable Energy/Pumps & Valves Asia 2016

Date: June 7-10, 2017

### **Agricultural Sector**

This is a best prospect industry sector for this country, and includes leading sub-sectors and trade data.

## Leading Sub-Sectors

### Soybeans

Due to marginal domestic production, Thailand relies on imports to meet the country's high demand for soybeans. Most of the imported soybeans are used for soybean oil extraction. Soybeans are also used for food processing and feed rations. Food grade soybeans have high potential in the Thai market. Thailand currently imports 80,000–90,000 metric tons (MT) of food grade soybeans. Canada and the United States are the only two suppliers of this market segment. Thai regulations require that all soybean imports for food use are “biotech-free”.

Although soybeans imports are likely to decline in 2017 to 2.5 million metric tons (MMT) from 2.96 MMT in 2016, given the reduced price competitiveness of full fat soybeans in feed rations versus other feed ingredients such as soybean meal, this remains a good export for the United States. Soybean imports in 2018 are forecast to total 2.6 MMT.

	2015	2016	2017	2018 (Estimated)
Total Market Size	1,140,615	1,246,945	1,100,000	1,163,500
Local Production	28,900	28,500	28,000	27,500
Exports	5,053	3,219	3,000	4,000
Imports	1,116,768	1,221,664	1,075,000	1,140,000
Imports from the U.S.	267,906	373,194	280,000	290,000
Exchange Rate: 1 USD	34.25	35.30	34.80	35.00

\$US thousands (total market size = (total local production + imports)-exports)

### Soybean Meal

Soybean meal is the by-product of soybean oil refining operations which are currently dominated by a few processors in Thailand. Soybean meal is typically used as a main protein source in animal feed manufacturing. Nearly all domestic soybean meal production is derived from imported soybeans due to the low domestic soybean production. In order to meet growing feed demand from Thailand's livestock and poultry sectors, both

domestic soybean meal production and soybean meal imports are expected to steadily increase in 2017 and 2018. The U.S. market share regularly fluctuates depending on U.S. price competitiveness with other soybean meal suppliers such as Brazil, Argentina, and India. U.S. soybean meal imports are forecast to decrease in 2017, due to competitive supplies from Brazil and Argentina, but are likely to increase in 2018 due to overall higher feed demand in Thailand.

	2015	2016	2017	2018 (Estimated)
Total Market Size	1,869,603	1694333	1,803,000	1,865,000
Local Production	634,400	652,700	703,000	715,000
Exports	0	0	0	0
Imports	1,235,203	1,041,633	1,100,000	1,150,000
Imports from the U.S.	378,729	213,837	195,000	210,000
Exchange Rate: 1 USD	34.25	35.30	34.80	35.00

## Wheat

Thailand's wheat production is marginal due to unfavorable climatic conditions, the lack of seed development, and unattractive returns compared to other field crops. 90 percent of domestic flour products come from locally milled imported wheat. In 2016, the import value of wheat declined by 14 percent to \$973 million dollar as compared to \$1.13 billion dollars in 2015. However, the decline in value from 2015 to 2016 is a function of lower global prices as the quantity imported remained the same.

Effective on January 19, 2017, Thailand introduced new regulations that require import permits for the importation of feed wheat. To secure a feed wheat import permit, the importer must demonstrate a 3 to 1 domestic corn absorption rate (e.g. to import a ton of feed wheat, a mill must use 3 metric tons of domestic corn). This new regulation is expected to sharply reduce Thailand's imports of feed wheat. Total wheat imports are forecast to drop from 4.6 MMT in 2016 to 2.7 MMT in 2017 and 2.8 MMT in 2018. However, the new regulations for feed wheat should not affect imports of U.S. wheat as the United States does not export feed wheat to Thailand.

U.S. milling wheat imports are estimated to total 50–60 percent of all of Thailand’s milling wheat imports. In 2017 imports of U.S. milling wheat are expected to reach \$167 million dollar, up 5 percent from 2016, due to the limited availability of high–protein wheat supplies from Canada. Imports of U.S. milling wheat should continue to grow in 2018 in terms of both quantity and value.

	2015	2016	2017	2018 (Estimated)
Total Market Size	1,132,453	972,512	650,000	700,000
Local Production	0	0	0	0
Exports	0	0	0	0
Imports	1,132,453	972,512	650,000	700,000
Imports from the U.S.	230,509	158,700	167,000	180,000
Exchange Rate: 1 USD	34.25	35.30	34.80	35.00

\$US thousands total market size = (total local production + imports)-exports)

## **Cotton**

Thailand heavily relies on imported cotton due to marginal domestic production. The Thai textile industry is being increasingly challenged by lower cost producers in neighboring countries. In recent years, several Thai textile manufacturers have relocated their facilities or left the market, while other domestic manufacturers have introduced high–tech spinning and weaving machinery to reduce labor costs and improve product quality. This has led to reduced domestic demand for cotton, and as a result, Thailand’s cotton imports have dropped by more 50 percent in value from \$1.12 billion dollars in 2011 to \$433 million dollars in 2016. However, industry sources report import demand should be relatively stable in 2017 and 2018, due to overall improved competitiveness enabling existing spinners and weavers to better compete in both the export and domestic markets.

Imports of U.S. cotton have been relatively stable from 2012–2015, ranging between \$200 –230 million dollars annually. This reflects the fact that U.S. cotton is well positioned to meet the demand for high-quality cotton by Thai spinners and weavers focused on high-end quality manufacturing. Although imports of U.S. cotton declined to \$164 million dollars in 2016 in line with lower global prices, they are forecast to recover slightly and grow to \$170–180 million dollars in 2017 and 2018.

	2015	2016	2017	2018 (Estimated)
Total Market Size	531,978	433,245	445,000	450,000
Local Production	0	0	0	0
Exports	0	0	0	0
Imports	531,978	433,245	445,000	450,000
Imports from the U.S.	219,571	163,672	175,000	216,000
Exchange Rate: 1 USD	34.25	35.30	34.80	35.00

\$US thousands (total market size = (total local production + imports)-exports)

### **Fresh Fruit**

Thailand is the largest supplier and exporter of various fresh fruits, especially tropical fruits, in Asia due to its geography and climate. Thailand produces tropical fruits such as durian, guavas, mangoes, mangosteens, bananas, oranges, rambutans, coconuts, and lychee. While Thailand exports tropical fruits to many countries, particularly to China and nearby Asian ones, it imports cooler climate fresh fruits from countries such as China, New Zealand, the United States, Australia, Japan, South Korea, Chile, and South Africa.

In 2015, Thailand’s fresh fruit imports increased by 10 percent to \$683 million dollars from \$623 million dollars. The United States remains the third largest suppliers of Thailand’s fresh fruit imports after China and New Zealand. Despite the U.S. high potential to provide consistent high-quality produce, the United States faces a competitive disadvantage compared to competitors such as China, New Zealand, Australia, and Chile,

who all have preferential access due to lower tariff rates from their free trade agreements (FTAs) with Thailand. The top U.S. fresh fruits demanded by Thai consumers include apples, grapes, cherries, strawberries, oranges, citrus and stone fruits. Thai consumption remains high, particularly with the trend in healthier diets.

	2015	2016	2017	2018 (Estimated)
Total Market Size	2,845,239	2,769,920	2,820,000	2,950,000
Local Production	3,175,000	3,200,000	3,300,000	3,500,000
Exports	953,223	1,113,432	1,200,000	1,300,000
Imports	623,462	683,352	720,000	750,000
Imports from the U.S.	37,690	33,166	34,000	36,000
Exchange Rate: 1 USD	34.25	35.30	34.80	35.00

\$US thousands (*total market size = (total local production + imports) - exports*)

## Seafood

Thailand is one of the world largest seafood exporters, especially for shrimp products. Thai seafood production relies on marine fishing and shrimp aquaculture. However, Thailand also imports fish and seafood products both to meet domestic demand as well as for processing and re-export. Due to a robust in-bound tourism industry and cosmopolitan consumption preferences by Thai medium-to-high income consumers, Thailand is a promising market for imported high-value seafood products such as halibut, cod, salmon, lobster, scallops, crab, and mussels. These U.S. seafood products have been well received in Thailand, and enjoy a large market share of all imports.

	2015	2016	2017	2018 (Estimated)
Total Market Size	1,280,537	1,489,796	1,360,000	1,310,000
Local Production	4,245,000	4,160,000	4,160,000	4,160,000
Exports	5,370,535	5,579,135	5,800,000	6,000,000
Imports	2,406,072	2,908,931	3,000,000	3,150,000
Imports from the U.S.	155,639	171,972	180,500	200,000
Exchange Rate: 1 USD	34.25	35.30	34.80	35.00

\$US thousands (total market size = (total local production + imports)-exports)

### **Distiller Dried Grain with Solubles (DDGS)**

Thailand does not produce Distiller Dried Grain with Solubles (DDGS), a co-product of corn-based ethanol, as ethanol in Thailand is produced mostly from molasses and cassava. DDGS are increasingly being used as a feed ingredient, particularly by the Thai poultry and swine industries which account for approximately 90 percent of total feed demand in Thailand. In 2016, Thailand's DDGS imports totaled 0.7 million metric tons valued at \$154 million dollars. This is a 57 percent increase in import volume and 32 percent increase in import value from 2015 as imported prices of DDGS were lower relative to domestic feed grains even though Thailand imposed a 9 percent tariff on DDGS. Almost all of Thailand's DDGS imports are from the United States.

DDGS imports are expected to continue to increase to \$170 million dollar in 2017 and \$190 million dollar in 2018 in line with growing poultry and swine production.

**Table: Market Value of DDGS in Thailand**

	2015	2016	2017	2018 (Estimated)
Total Market Size	117,058	154,321	170,000	190,000
Local Production	0	0	0	0
Exports	0	0	0	0
Imports	117,058	154,321	170,000	190,000
Imports from the U.S.	116,960	154,058	169,000	189,000
Exchange Rate: 1 USD	34.25	35.30	34.80	35.00

\$US thousands total market size = (total local production + imports)-exports)

## Aviation

### Overview

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

An upturn in Thailand's tourism industry contributed to the growth in air passenger traffic. According to the leading operator at Airports of Thailand (AOT), the airports managed by AOT handled 121.7 million passengers in 2016 up from 109.8 million in 2015. There were 790,194 aircraft movements (takeoffs and landings, in 2016, versus 727,750 in 2015). Air cargo movements showed a significant upturn, 7.67% in 2016 to 1.45 million tons from the stagnant 0.97% rate achieved in 2015.

The Thai government aims to position Thailand as an aircraft maintenance and service hub for the region. Airport expansion plans are already underway at Bangkok's Suvarnabhumi International Airport for a new passenger terminal, more parking bays, and a new runway built to handle 60 million flyers by 2017. Similarly, renovation projects are likewise underway in the heavy passenger traffic locations of the international airports at Don Mueang and U-Tapao (the latter being operated now by the Navy).

U-Tapao International Airport development is part of Thailand's plan to become a regional aviation hub. After raising the airport's capacity to 15 million passengers in the first phase, the second phase calls for servicing 30 million passengers in 10 years. The final stage is to handle 60 million passengers in 20 years. The development is projected to require combined investment of 200 billion baht.

Thailand is also a major player in regional aircraft maintenance and manufacturing industries. Infrastructure facilities are in place for aircraft repair and engine overhaul services. The major, leading airlines in the

country, Thai Airways and Bangkok Airways, have established Maintenance Repair and Overhaul (MRO) facilities, aiming to serve their own aircraft and those of other airlines that visit Thailand. MRO activities are very active in Thailand, creating demand for aircraft parts and technical services. Thai airlines and aviation industry are open to opportunities for U.S. aircraft parts and aerospace equipment suppliers.

	2015	2016	2017	2018 (Estimated)
Total Local Production	697,301	1,196,226	1,214,169	1,232,382
Total Exports	627,571	1,076,603	1,092,752	1,109,144
Total Imports	3,476,792	2,831,176	2,873,643	2,916,748
Imports from the US	1,595,026	922,100	935,932	949,971
<b>Total Market Size</b>	3,546,522	2,950,798	2,995,060	3,039,986
Exchange Rates	32.48	34.29	35.28	35

*(total market size = (total local production + imports) - exports) \$US thousands*

### Leading Sub-Sectors

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

### Opportunities

Royal Thai Navy-owned U-Tapao airport is under expansion. Areas around U-Tapao airport will be developed into a special investment promotion zone on aviation, a key component to support the Thai government's Eastern Economic Corridor (EEC) policy.

The aviation zone at U-Tapao will cover aircraft related business, air cargo and warehouses. There will be construction of a second runway, which is

expected to be operational in three years. The Thai government will also allow public-private-partnership (PPP) for the airport's second terminal. The terminal is scheduled to be finished in five years, increasing capacity at the airport to 15 million passengers, up from 3 million.

The product demand includes airport construction equipment, ground support equipment, aircraft and parts, Maintenance Repair and Overhaul (MRO) services, training services for pilots and technicians, aviation safety advisory services, security equipment, passenger and baggage screening machines, and ground support vehicles.

#### Web Resources

##### [Ministry of Transport](#)

Ratchadamnoen Nok Ave., Bangkok 10100

Tel. 662-283-3091, 662-282-3713

Fax: 662-280-0801

##### [Thai Airways International Public Co., Ltd.](#)

89 Vibhavadi Rangsit Road

Bangkok 10900, Thailand

Tel: (662) 545-2113

Fax: (662) 545-3971

##### [Department of Civil Aviation\(DCA\)](#)

71 Soi Ngarm Duplee, Tung Mahamek

Yannawa, Bangkok 10210

Tel: 662 287-0320-9

Fax: 662 286-3373

[Aeronautical Radio of Thailand Ltd. \(Aerothai\)](#)

102 Ngamduplee, Rama IV Road

Tungmahamek, Sathorn, Bangkok 10120

Tel: 662 287-3531-41

Fax: 662 287-3131

[Airports fo Thailand Public Co., Ltd. \(AOT\)](#)

171 Vibhavadi Rangsit Road

Don Muang, Bangkok 10210

Tel: 662 535 1111

Fax: 662 531 4061

## **Defense and Security**

### **Overview**

The local defense industry in Thailand supports the nation's military which continually seeks to upgrade existing capabilities. The defense industry is dominated by the State, which owns defense-related factories and development facilities. Some of these facilities are operated and supported by private firms.

The nature of security threats in Thailand includes potential political unrest, the occasional border dispute, domestic terrorist and separatist group activities in the troubled southern provinces, natural disasters, human smuggling and illicit drug trafficking. Demand for military and defense equipment is expected to remain stable or increase.

Regardless of political unrest and due to the military-led government, budget appropriations for the Thai military have continued to increase every year in an effort to maintain combat readiness, neutralize the regional arms race among ASEAN countries, and upgrade the country's armed forces. The United States is one of the largest sources of defense equipment to the country.

	2015	2016	2017	2018 (Estimated)
Defense Budget	5,626.98	5,852.08	6,032.16	5,914.99
Gross Domestic Product (GDP)	383,289.59	381,284.01	425,037.14	379,288.93
Defense Budget in% to GDP	1.47%	1.53%	1.42%	1.49%
Annual Increase	1.07%	4.00%	3.08%	1.07%

\$US Million

### Leading Sub-Sectors

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

### Opportunities

Government and military expenditures drive the Thai defense and equipment market, and increased budgets since 2014 expanded the market. The factors that drive defense expenditures are the threat levels, equipment maintenance and overhaul/refurbishment requirements.

The Thai military and defense agencies set the agenda for National Security Strategy, which primarily focuses on purchases of munitions, weapons, high technology electronic devices, and telecommunication systems. To increase military capabilities, the Royal Thai Army will invest and start to adapt more defense technology developments and defense intelligent systems, for example, Common Operation Picture (COP), Network Centric Operation (NCO), and Message Text Format (MTF).

In addition, the Thai government plans to develop the domestic defense industry to reduce the country's dependence on imports, promote technology transfer, and strengthen national security.

For 2017, the Thai government has allocated 1.42 percent of the country's GDP to defense, which is approximately US\$6 billion. An estimated 48% of the defense budget is assigned to the Royal Thai Army, another 19% is given to the Royal Thai Navy and 18% is for the Royal Thai Air Force. Since 2016, the country has placed additional focus on the procurement of helicopters, armored vehicles, and frigates to counter southern insurgency and strengthen its current military units.

### Web Resources

#### [Ministry of Defence](#)

Foreign Affairs Division, Office of Policy and Planning,

Tel: 662-225-7414, Fax: 662-226-1839

#### [Royal Thai Armed Force Headquarters](#)

Office of Policy and Plans, Directorate of Joint Operations,

Tel: 662-575-6203, Fax: 662-575-6067

#### [Royal Thai Army](#)

Policy and Plans Division

Directorate of Logistics

Tel: 662-297-7424, Fax: 662-297-7420

[Defence Technology Institute\(DTI\), Ministry of Defense](#), The Kingdom of Thailand

47/433, 4th Floor - Office of the Permanent Secretary of Defence Building.  
Changwattana Road., Pakkred, Nonthaburi 11120

Tel: +66 (0) 2980 6612-15, Fax: +66 (0) 2980 6688

## Education Services

### Overview

The Thai government has focused heavily on increasing the Kingdom's capacity to educate its students. Among the main initiatives are the promotion of vocational training and community colleges to create a more skilled labor force as well as to develop the quality of education with respect to occupational standards.

With the rapidly increasing demand for English education in Thailand, the country has experienced a huge growth in the number of international schools. Key factors driving this demand are the rising middle-class and parents recognizing the value of a western education for their children. As a result, the market is seeing a bigger trend in children being sent abroad to be educated at an early developmental stage.

A growing pool of capable high school students developed alongside a strong demand to study abroad. Both private and public high schools offer students the option to study in an English Program. The graduates from these schools are good candidates for further education in the United States because they generally have superior language capabilities and are exposed to an international schooling environment. The United States is still one of the top destinations for Thais wanting to study higher education abroad because of its reputation for strong academic programs.

Demand to study for an undergraduate degree abroad has grown over time. According to the Institute of International Education in 2016, 7,113 Thai students reside in the U.S and more than half of the students in the U.S. education system are enrolled in higher education programs. Moreover, Thai students in the U.S. comprised 39.2 percent undergraduates, 42.7 percent post-graduates, 11 percent Optional Practical Training students, and 7.1 percent short term non-degree program students (one year exchange students and English as a Second Language (ESL) students). Many Thai students enroll at universities that offer ESL and English-intensive programs with the intention of increasing their proficiency.

## Leading Sub-Sectors

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

## Opportunities

Students looking to enter undergraduate and graduate programs often choose a pathway program to learn more about Western culture and immerse themselves in an English language environment with native speakers prior to enrolling in their intended study program to ease the transition into a new social environment. The top five States in the United States for hosting international students are California, New York, Texas, Massachusetts, and Illinois. The most popular academic programs are business administration, computer information, engineering, and mass communication.

Lastly, a noteworthy development is the increasing need for qualified pilots and aviation industry specialists in Thailand. Currently Thailand has the capacity to produce around 2,000 aviation industry personnel and a few hundred pilots a year, however this would not be adequate for future demand of the industry as reported by numerous media sources. This is an especially important point, since the Thai government has stated that they aim to position the country as a major aviation maintenance, repair, and overhaul (MRO) hub in the region. There might be opportunities for U.S. firms that could provide specialized education materials or services in these technical areas.

Another niche for potential growth is exchange programs for Thai high school students. Currently, Canada, New Zealand and Australia are the major destinations for Thai high school students studying abroad. School fees in these countries are more competitive than fees of schools in the United States and United Kingdom. Moreover, most of the schools in Canada, New Zealand and Australia work with study abroad agencies to

promote their institutions, while most of the schools in the United States do not.

### Web Resources

[Office of the Civil Service Commission\(OCSC\)](#)

[Department of Consular Affairs, Ministry of Foreign Affairs](#)

### Trade Shows

[The U.S. Education Roadshow 2017](#)

Dates: November 8 – 14, 2017

Location: Royal Paragon Hall, Bangkok, Thailand

Description: International high school visits and International Education Fairs in Bangkok and Chiang Mai, Thailand

[OCSC International Education Expo 2017](#)

Dates: November, 11 – 12, 2017

Location: Royal Paragon Hall, Bangkok, Thailand

Description: International Education Fairs

## **Telecommunications**

This is a best prospect industry sector for this country, and includes a market overview and trade data.

### Overview

Thailand is transforming itself into a digital economy and the government has a vision to maximize digital technologies in all areas of its society and economy. Therefore, growth in the information, communications, and technology (ICT) sector will be stimulated by the government's plans to create a digital economy, which is officially named the 3<sup>rd</sup> ICT Master Plan,

and the National Digital Economy Policy and Plan (2016–2020). The government's comprehensive ICT Policy Framework 2020 also involves a number of development strategies and goals, including universal broadband, a competent ICT workforce, a competitive ICT industry, digital government, ICT to make the country more competitive, ICT to improve society and ICT for the environment.

In December 2015, the Cabinet set aside \$571 million for the Ministry to build national broadband infrastructure to provide affordable Internet to 70,000 villages (93% of total villages) nationwide. The 20 mMbps broadband Internet speed for villages is in line with a five-year master plan to develop the country's hard infrastructure, aiming to boost the minimum standard for broadband speed nationwide. The government envisions that this development will enable SMEs to leverage ICT solutions and platforms to make their business competitive by improving their productivity and efficiency.

The Ministry of Digital Economy and Society also plans to build a regional Internet gateway by adding more submarine cable lines to accommodate growing usage and also become an Internet connectivity hub in ASEAN by 2020. This project value is estimated at \$143 million.

Investing in the country's submarine cable lines, connecting from Thailand to India and Hong Kong, will attract more Internet traffic from the Great Mekong sub region which is currently servicing 270 million people. This project (the so-called Asia Pacific Gateway or APG) extends 10,900 kilometers and uses technology to expand bandwidth where speed of data transmission at speed of 54 Tbps and the capacity of this bandwidth is higher than all systems recently used in Thailand. Currently, Thailand has only seven submarine cable lines, owned and operated by state enterprise CAT Telecom, compared to Singapore's 20 submarine cable lines and Malaysia's 12.

Late in 2015, two auctions for the 4G spectrum took place for two licenses of 15 megahertz of bandwidth each on the 1800 MHz spectrum and another two of 10 MHz of bandwidth each on the 900 MHz spectrum. AIS and True

Move each won a license on the 1800 MHz and 900 MHz spectra to provide 4G services. Consequently, the bidding added huge costs for mobile operators in 2016 and fueled market competition. Eventually, the Thai mobile telecom sector will continue with three companies dominating the market in the medium term.

According to the National Broadcast and Telecommunication Commissions (NBTC), the auction will be organized for three or four licenses for the 2600 MHz band and three licenses for 1800 MHz band by this year, one license for 850 MHz in 2018 and three licenses for 700 MHz in 2020. Such a result, Thailand is expected to increase its mobile broadband penetration to 133% by 2020 from 52% in 2013, which would lead to a cumulative GDP increase of \$23 billion by 2020.

The best prospects include cloud computing, telecommunications infrastructure, network management, security equipment and solutions, mobility, and the Internet of things.

	2015	2016	2017 (Estimated)	2018 (Estimated)
Total Local Production	20,155	21,364	23,073	24,226
Total Exports	15,818	16,767	18,108	18,832
Total Imports	20,370	21,592	23,319	24,251
Imports from the US	886	952	1,028	1,058
<b>Total Market Size</b>	<b>24,707</b>	<b>26,189</b>	<b>28,284</b>	<b>29,645</b>
Exchange Rates	34.29	35.28	34	34

*(total market size = (total local production + imports) - exports) \$US thousands*

### Leading Sub-Sectors

- Internet of things (IoT)
- Mobile Security and Solutions
- Cloud Computing
- Telecommunication Infrastructure

- **Network Management**

### **Opportunities**

Thailand endeavors to become ASEAN's digital infrastructure hub by 2020, as well as seeking to implement the government's "Thailand 4.0" policy. As a result, the telecommunication business is a significant driver for these national projects. For example, broadband connectivity will be spread out across the country by 2018, both in big cities and in over 75,000 villages. As a result, this plan will create rising demand for online services, the Internet of things (IoT) and innovation applications like smart vehicles and transport infrastructure, remote healthcare, and robotics, as the country transforms itself into a digital society.

### **Web Resources**

[Ministry of Information and Communications Technology](#)

[Office of The National Broadcasting and Telecommunications Commission](#)

## **Medical Equipment**

### **Overview**

Thailand has a global reputation for its world-class and affordable healthcare service. The country has internationally-certified doctors and medical staff. The country's top private hospitals are famous for providing a combination of hospital and five-star hotel service. Currently, Thailand has 56 hospitals, specialized clinics and medical centers in Thailand that are certified by the Joint Commission International, which is the highest in ASEAN (Singapore 22, Malaysia 14), and higher than Japan (23) and South Korea (30). More than half of the accredited hospitals are in Bangkok followed by major tourism cities such as Phuket, Pattaya, Chiang Mai and Samui.

According to the Tourism Authority of Thailand, Thailand received 30 million tourists, of which up to 16 million or 53%, came for medical and wellness treatments. Tourists who specifically sought medical treatments came in at 857,086 and about 15 million came for wellness (for a wide range of services from massage to health food). International patients are from the Middle East countries such as Oman and United Arab Emirates, Cambodia, Myanmar, China, U.S. and European countries. Private

hospitals in Bangkok serve more than 43% of medical tourists coming to Asia. Medical treatments that are mostly sought by the international patients include general medical check-up, cancer treatments, hip replacements, kidney transplants, cardiology testing, dentistry, heart surgeries, cosmetic surgeries and sex change operations.

Thailand’s healthcare system is divided into three programs. The Civil Servant Medical Benefit Scheme for civil servants and their families, the Social Security Scheme for private sector workers, and Universal Coverage for the rest of the population. Thailand has become an aging society, and senior citizens will comprise 20% of the population by 2035. Most of Thailand's elderly are in the low-income group and will therefore rely heavily on public hospitals. Public hospitals in Thailand account for roughly 55% of total medical device purchases. Market growth, however, is fueled mostly by medical facility upgrades and replacement largely at specialized private hospitals.

Thailand’s medical device market was estimated at \$1.259 billion in 2016 and is expected to grow at least 10% in 2017. In 2016, imports of medical devices increased 10.4% and exports of medical devices increased 7%, reflecting steady growth in Thailand’s healthcare sector despite the global and domestic economic downturn. As a market leader, U.S. device makers provide approximately one-fourth of the imported medical devices.

There are over 160 local manufacturers of medical devices; most are lower-end devices such as disposable test kits and syringes, as well as latex products including surgical gloves and catheters. Over 80% of domestic production is exported.

	2014	2015	2016	2017 (Estimated)
Total Local Production	964	970	1,038	1,091
Total Exports	771	776	831	873
Total Imports	874	953	1,052	1,157

	2014	2015	2016	2017 (Estimated)
Imports from the US	190	228	255	281
<b>Total Market Size</b>	1,067	1,147	1,259	1,375
Exchange Rates	32.48	34.29	35.28	35.28

\$US Millions (total market size = (total local production + imports) - exports)

### Leading Sub-Sectors

- Cardiovascular devices
- Clinical diagnostic devices
- Dental devices
- Dermatological devices
- Neurological & surgical devices
- Ophthalmic and optical devices
- Orthopedic implant devices
- Plastic surgery
- Rehabilitation equipment
- Respiratory devices

### Opportunities

The best opportunities for medical devices are those related to surgical procedure equipment, respiratory devices and oxygen therapy, orthopedic implant devices, heart valves, neurosurgical devices, rehabilitation equipment and accessories, and dermatological devices.

The market growth in the next few years will be driven by demand for upgrades and expansion of existing health care facilities and medical devices, as well as replacement of accessories. Leading private hospitals have been investing to reinforce their position in the market. Bumrungrad International Hospital continues to focus on core overseas markets such as the Middle East, United States, and northern and central Asia. Bumrungrad International Hospital plans to raise its profile by opening more referral offices in Myanmar, Indonesia and Cambodia. Bangkok Dusit Medical Services (BDMS), Thailand's largest private healthcare group, has invested \$122.7 million on new facilities at its Bangkok

Hospital. BDMS has added 300 beds to be reserved for overseas patients, of which 100 will be dedicated to customers from the Middle East and Myanmar with the balance for patients from Western countries.

### [Web Resources](#)

#### **Medical Device Control Division**

[Food and Drug Administration, Ministry of Public Health](#)

[Thai Medical Device Technology Industry Association](#)

#### **Trade Shows:**

[InterCare Asia 2017](#)

(International Expo for Elderly Care and Wellness)

Date: 6–8 July, 2017

[Medical Fair Thailand 2017](#)

Date: 6–8 September, 2017

## **Personal Care and Beauty Products**

### [Overview](#)

Thailand's beauty and personal care product market was valued at approximately \$4.36 billion in 2016, a 6.5% increase over 2015. Thailand's beauty and personal care market is one of the largest in Southeast Asia. Distributors and sellers of beauty and personal care items encountered increased difficulties capturing consumer demand and ensuring satisfaction. New product launches with additional benefits, interesting claims and limited collections were key weapons in the competition, aiming to drive up the sales performance.

Skincare products were valued at \$1.98 billion (45.4% of the market); 83% of revenue came from facial-care products. Hair products were valued at \$822 million (18.8% of the market). Makeup products were valued at 595 million (13.6% of the market). Makeup showed the fastest growth, with an

increase of 7% over 2015. Men’s grooming products registered a robust growth of 8% to reach \$373 million. Thai parents of the upper and middle-income groups also looked for good quality baby and child-specific products.

Among ASEAN countries, Thailand is the no.1 OEM cosmetics manufacturer for international cosmetics brands. Thai OEM cosmetics manufacturers are capable of producing premium quality products. According to the Thai Cosmetic Cluster, there are 762 cosmetics manufacturing plants (520 are SMEs). The majority of cosmetic ingredients are imported. Local manufacturers regard the U.S. and European countries (e.g. Germany, Italy, and Switzerland) to be the leaders in producing innovative active ingredients for cosmetics, followed by Japan and South Korea, respectively.

	2014	2015	2016	2017 (Estimated)
Total Local Production	4,285	4,897	4,864	5,041
Total Exports	2,044	2,408	1,877	2,064
Total Imports	1,145	1,258	1,378	1,447
Imports from the US	179	179	174	182
<b>Total Market Size</b>	<b>3,386</b>	<b>3,747</b>	<b>4,365</b>	<b>4,424</b>
Exchange Rates	32.48	34.29	35.28	35.28

\$US Millions (total market size = (total local production + imports) - exports)

### Leading Sub-Sectors

- Anti-aging facial & eye treatment
- Whitening facial & body skincare
- Baby and child-specific products
- Premium sunscreen
- Hair restoration & treatment
- Men’s grooming
- Organic beauty products

- Anti-aging cosmeceuticals
- Makeup and color cosmetics
- Innovative beauty & wellness products

### Opportunities

Anti-aging and skin whitening products in both higher and lower ends of the quality spectrum continue to have a strong presence in the Thai market. The use of anti-aging products has become common among both male and female consumers.

The increasing demand for men's grooming products appears to be trending upwards with plenty of room for growth within this market niche. Male-specific products will be in demand, as more men are likely to switch from standard baseline grooming products to specific grooming product lines for men.

Southeast Asia, including Thailand, Malaysia, Indonesia, Vietnam and Singapore, will be the largest consumer of cosmetic chemicals in the near future. Thailand currently imports approximately 20% of personal care ingredients from the U.S.

### Web Resources

Cosmetic Control Group,

Food and Drug Administration,

[Ministry of Public Health](#)

[Thai Cosmetic Manufacturing Association](#)

### Trade Shows:

[Beyond Beauty ASEAN - Bangkok 2017](#)

September 21-23, 2017

[in-cosmetics Asia 2017](#)(cosmetic and personal care ingredients)

October 31- November 2, 2017

## **Trade Regulations, Customs, & Standards**

### **Import Tariff**

Thailand's average applied Most Favored Nation (MFN) tariff rate was 10.7 percent ad valorem in 2014. About one-third of Thailand's MFN tariff schedule involves duties of less than 5 percent, and almost 30 percent of tariff lines are MFN duty free, including for products such as chemicals, electronics, industrial machinery, and paper. Thailand has bound all tariffs on agricultural products in the WTO, but only around 70 percent of its tariff lines on industrial products.

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

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

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

### **Trade Barriers**

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

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

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

For detailed information on trade barriers, please consult the 2015 National Trade Estimate Report, which can be found on the [United States Trade Representative website](#).

### **Import Requirements & Documentation**

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.

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. 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.

### **Labeling/Marking Requirements**

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

More information can be found at the [Thai Food and Food Administration website](#)

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.

Food products imported into Thailand must be labelled in Thai and display the following information for consumers:

- Name and brand of the product (both generic and trade)
- Registration number
- Name and address of the manufacturer
- Name and address of the importer
- Date of manufacturing and expiration
- Net weight and volume

- Any additives used
- Health and nutritional claims (if any).

Labels for alcoholic beverages must display the percentage of alcohol content. There must also be a health warning, printed in Thai, on the label or on a sticker, with specific government-approved wording.

Regulations also govern the labelling on cosmetic products. Generally a local agent or importer can help to register a product and ensure labelling requirements are met.

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 this 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.

### **U.S. Export Controls**

For information on the latest U.S. export and re-export regulations, please go to the [Bureau of Industry and Security website](#)/

A list that consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single search as an aid to industry in conducting electronic screens of potential parties to regulated transactions is available here: [Consolidate Screening List](#)

## Temporary Entry

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 website](#).

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:

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

There are two scenarios:

- 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.
- 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.

### **Prohibited & Restricted Imports**

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

### **Customs Regulations**

Thai Customs uses the 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. 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](#).

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 Department, Ministry of Finance](#). Import-export statistics and import tax rates can be accessed from the customs website at [Thai Customs Department](#).

#### [Thai Customs Department of Thailand](#)

Soonthornkosa Road, Klongtoey

Bangkok 10110

## Trade Standards

### Overview

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

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

### Standards

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). 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: [Notify Us](#)

## **Conformity Assessment**

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 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**

The Government of Thailand requires a compulsory certification of 120 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 certification are generally regarded as having high standards and good quality. TISI has certified more than 3,000 products on a voluntary basis. Thailand is part of the ASEAN Economic Community, and as such, Mutual Recognition Agreements (MRAs) become effective for compulsory standards of certain electrical products traded between Thailand, Malaysia and Singapore. Eligible products for MRAs must meet the International Electrotechnical Commission (IEC) or its equivalent standards.

## **Accreditation**

The National Accreditation Council (NAC) is Thailand's official accreditation body:

National Accreditation Council (NAC) of Thailand

Rama 6 Road, Ratchathewi, Bangkok, 10400 Thailand

Tel: 662-202-3486-7, 202-3413

Fax: 662-354-3313

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**

Information can be obtained at TISI; however the official documents are only available in Thai. Basic information can be obtained at [Thai Industrial Standards Institute](#).

### **Contact Information**

Thai Industrial Standards Institute, Ministry of Industry

Rama IV Street, Ratchathewi, Bangkok 10400, Thailand

Tel: (662) 202-3509, 202-3300

E-mail: [thaistan@tisi.go.th](mailto:thaistan@tisi.go.th)

### **Commerical Section, U.S. Embassy Bangkok**

Ms. Suttharud Liangwonnarn – Commercial Assistant

E-mail: [Suttharud.Liangwonnarn@trade.gov](mailto:Suttharud.Liangwonnarn@trade.gov)

## **Trade Agreements**

In January 1992, Thailand signed the Framework Agreement on Enhancing ASEAN Economic Cooperation. The goal of this agreement was to establish an ASEAN Free Trade Agreement (AFTA). The countries now affected by AFTA are Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

To strengthen the regional economy, in 2003, ASEAN leaders resolved that the ASEAN Economic Community (AEC) would be established by 2020. In 2007, ASEAN leaders affirmed their strong commitment and at the end of December 2015, the ASEAN Economic Community was officially launched, with nearly all tariffs eliminated, though further liberalization of services, capital, and labor will take more time to implement. Thailand, along with the other ASEAN members,

is currently engaged in negotiations with China, Korea, Japan, Australia, New Zealand, and India to form a Regional Comprehensive Economic Partnership (RCEP) agreement.

Thailand implemented an FTA with Australia on January 1, 2005 and also signed a free trade agreement with New Zealand in April 2005 and with Japan in April 2007. Thailand is negotiating the details of the full FTAs with China and India and the Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation (BIMSTEC) which currently comprises 7 countries: Bangladesh, Bhutan, India, Nepal, Myanmar, Sri Lanka and Thailand. In addition, Thailand initiated FTA negotiations with Pakistan and Turkey in 2015.

As for FTAs with countries on the South American continent, Thailand and Peru signed a FTA in October 2003. In addition, Thailand and Chile signed a FTA in November 2015.

### **Licensing Requirements for Professional Services**

The Thai government requires companies doing business in specific industries to obtain license certificates. This includes import and export businesses and those selling food and/or alcoholic beverages. Licensing requirements vary depending on services provided.

For more information regarding the guidelines and the general agreement on trade in services and other international agreements on the practice of foreign professionals see the links below:

#### **Web Resources**

- [Thai Customs](#)
- [Thai Industrial Standards Intitute](#)
- [Ministry of Labor](#)
- [Ministry of Foreign Affairs](#)
- [Ministry of Commerce](#)
- [Department of Foreign Trade](#)
- [Department of Business Development](#)

# Investment Climate Statement

## Executive Summary

Thailand, the second largest economy in the Association of Southeast Asian Nations (ASEAN) after Indonesia, is an upper middle-income country with pro-investment policies and a well-developed and growing infrastructure platform. Since the May 2014 coup, the military has ruled over an interim government, legislature, and other entities tasked with developing and implementing reforms. The country is currently undergoing a royal and political transition following the October 2016 death of the beloved King Bhumibol Adulyadej, who had reigned for 70 years, and the April 6, 2017 promulgation of the country's 20th constitution, paving the way for elections in 2018. Despite the upheaval, Thailand continues to maintain an open, market-oriented economy and encourages foreign direct investment (FDI) as a means of promoting economic development, employment, and technology transfer. In recent decades, Thailand has been a major destination for FDI, and hundreds of U.S. companies have invested successfully in the Thai economy. Thailand continues to welcome investment from all countries and seeks to avoid dependence on any one country as a source of investment. After the post-coup downturn, continued economic recovery and growth will continue to be important to maintaining investor confidence.

The Foreign Business Act (FBA) of 1999 continues to govern most investment activity by non-Thai nationals. Many U.S. businesses also enjoy investment benefits through the U.S.-Thailand Treaty of Amity and Economic Relations (AER), originally signed in 1833. The Treaty allows U.S. citizens and businesses incorporated in the United States or in Thailand that are majority-owned by U.S. citizens to engage in business on the same basis as Thai companies (national treatment) and exempts them from most restrictions on foreign investment imposed by the Foreign Business Act, although some types of business remain excluded under the Treaty. Notwithstanding their Treaty rights, many U.S. investors also choose to form joint ventures with Thai partners who hold a majority stake in the company, leveraging their partner's knowledge of the Thai economy and local regulations.

The Thai government maintains a regulatory framework that broadly encourages investment and, with some exceptions, largely avoids market-distorting support

for specific sectors, though the process of rule-making is not always transparent. 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."

The Board of Investment (BOI) is Thailand's central investment promotion authority and offers investment incentives uniformly to both qualified domestic and foreign investors through clearly articulated application procedures. BOI in 2014 announced a new strategy to promote foreign direct investment over a seven-year period from 2015-2022, which awards privileges based on the types of projects, emphasizing those that employ high technology. The government is also developing Special Economic Zones, mainly in border areas, which will offer additional tax and non-tax benefits to investors.

In 2016 the government launched a new "Thailand 4.0" strategy as a continuation of the previous "Digital Economy Initiative" to upgrade the country's technological capacity, foster indigenous creative industries, and develop new engines for growth and innovation to increase competitiveness and lift the economy out of the "middle income trap." This ambitious plan encompasses many elements across nearly all sectors, from agriculture to robotics, and includes a significant emphasis on developing small and medium enterprises (SMEs) and encouraging public digital learning and literacy to ensure sustainable and inclusive growth. Many of the planned projects could provide ample opportunity for investments in the targeted sectors, such as infrastructure, technology, processed foods, aviation, robotics, and medical/biotechnology.

*Table 1: Rankings*

<b>Measure</b>	<b>Year</b>	<b>Index/Rank</b>	<b>Website Address</b>
<b>Corruption Perceptions Index (TI)</b>	2016	101 of 175	<a href="http://www.transparency.org/research/cpi/overview">http://www.transparency.org/research/cpi/overview</a>
<b>World Bank Ease Doing Business</b>	2016	46 of 190	<a href="http://doingbusiness.org/rankings">doingbusiness.org/rankings</a>

Measure	Year	Index/Rank	Website Address
<b>Global Innovation Index</b>	2016	52 of 128	<a href="http://globalinnovationindex.org/content/page/data-analysis">globalinnovationindex.org/content/page/data-analysis</a>
<b>U.S. FDI in partner country (\$M USD, stock positions)</b>	2015	\$11,295	<a href="http://www.bea.gov/international/factsheet/">http://www.bea.gov/international/factsheet/</a>
<b>World Bank GNI per capita</b>	2015	\$5,720	<a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.CD">http://data.worldbank.org/indicator/NY.GNP.PCAP.CD</a>

## **Openness to and Restrictions upon Foreign Investment Policies Towards Foreign Direct Investment**

Despite the May 2014 coup and continued rule by an interim military-led government, Thailand continues to maintain an open and market-oriented economy, encouraging FDI as a means of promoting economic development, employment, and technology transfer. In recent decades, Thailand has been a major destination for FDI, and hundreds of U.S. companies have successfully invested in the Thai economy. The country continues to welcome investment from all countries and seeks to avoid dependence on any one country as a source of investment. Economic growth, which slowed after the coup, has recovered to some extent in 2016-17, but structural factors in the economy remain a challenge to long-term growth. Many companies are also carefully considering market factors, including the country's declining competitiveness relative to other countries in the region, when making future investment decisions.

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

restrictions on property ownership by non-Thais, and passage of the Foreign Business Act (FBA).

Foreign companies are free to open and maintain bank accounts in foreign currency. However, Thailand retains, to some extent, investment control, as under certain circumstances, foreign investors that were previously granted national treatment are subject to some reservations, particularly in the service sector.

### **Limits on Foreign Control and Right to Private Ownership and Establishment**

According to the Foreign Business Act 1999 (FBA), certain types of business activities are reserved for Thai nationals only. Foreign investment in those businesses must comprise less than 50 percent of share capital, unless specially permitted or otherwise exempt. While there have been some changes to List #3, there are no amendments to the FBA planned.

The following three lists, attached as annexes to the FBA, detail restricted businesses for foreigners:

List 1. This contains activities prohibited to non-nationals, including:

- Newspaper or radio broadcasting stations and radio and television station businesses
- Rice farming and growing plantations or crops
- Livestock farming
- Forestry and timber processing from a natural forest
- Fishery in Thai territorial waters and specific economic zones
- Extraction of Thai medicinal herbs
- Trading and auctioning of antique objects or objects of historical value from Thailand
- Making or casting of Buddha images and monk alms bowls
- Land trading

List 2. This contains activities related to national safety or security, or those which affect arts and culture, tradition, folk handicrafts, or natural resources and the environment. Among other things, they include:

- The production, sale and maintenance of firearms and armaments.
- Domestic transportation by land, water, and air.
- Trading of Thai antiques or art objects.
- Mining, including rock blasting and rock crushing.
- Timber processing for production of furniture and utensils.

Note: A foreign majority-owned company can engage in List 2 activities if Thai nationals or legal persons hold not less than 40 percent of the total shares and the number of Thai directors is not less than two-fifths of the total number of directors.

**Exceptions are those which receive:**

- Permission from the Minister of Commerce with approval by the Cabinet (if there is a reasonable cause, the Minister, with the approval of the Cabinet, may reduce the Thai shareholding requirement, which cannot be less than 25 percent of the total shares)
- Investment promotion from the Board of Investment
- Authorization by the Industrial Estate Authority of Thailand
- Permission under a treaty to which Thailand is bound

List 3. This contains activities in which there are economic protections for Thai nationals. Among other things, they include:

- Accounting, legal, architectural, or engineering services
- Retail and wholesale
- Advertising businesses
- Hotels
- Guided touring
- Selling food or beverages
- Any kind of service business

There are exceptions to List 3 for those which receive the following:

- Permission from the Director-General of the Department of Business Development at the Ministry of Commerce, with approval by the Foreign Business Committee, on obtaining a Foreign Business License.

- Investment promotion from the Board of Investment or from the Industrial Estate Authority of Thailand, on obtaining a Foreign Business Certificate from the Director-General of the Department of Business Development at the Ministry of Commerce.
- Protection under a treaty or obligation to which Thailand is bound, including: US Treaty of Amity and Economic Relations; Thai-Australia Free Trade Agreement (TAFTA);

Japan-Thailand Economic Partnership Agreement (JTEPA); and ASEAN Framework Agreement on Services (AFAS), on obtaining a Foreign Business Certificate from the Director-General of the Department of Business Development at the Ministry of Commerce.

Further restrictions on foreign ownership in specific sectors, such as telecommunications, banking, or insurance, are regulated in specific laws pertaining to these sectors, such as the

Telecommunications Business Act (2006), the Financial Institution Business Act (2008), the Life

Insurance Act (1992), and the Non-Life Insurance Act (1992).

The U.S.-Thai Treaty of Amity and Economic Relations of 1833, commonly referred to as the Treaty of Amity, is a special economic relationship between the U.S. and the Thailand that gives special rights and benefits to U.S. citizens who wish to establish their businesses in Thailand. The Treaty of Amity was amended in 1966 and provides two major benefits:

- American companies are permitted to maintain a majority shareholding or to wholly own its company, branch office, or representative office located in Thailand.
- American companies receive national treatment, meaning U.S. firms may engage in business on the same basis as Thai companies, and are exempt from most of the restrictions on foreign investment imposed by the Alien Business Law of 1972.

Despite the Treaty of Amity, there are still certain restrictions on U.S. investment as follows:

- Land ownership
- Engaging in inland transportation and communication industries
- Engaging in fiduciary functions
- Engaging in banking involving depository functions
- Engaging in domestic trade in indigenous agricultural products
- Exploiting land or other natural resources

The U.S. Commercial Service, which operates from the U.S. Embassy Bangkok, is responsible for issuing a certification letter to confirm that the U.S. business applicant is qualified to apply for protection under the Treaty of Amity. The applicant must first obtain documents verifying that the company has been registered in compliance with Thai Law. Upon receipt of the required documents, the U.S. Commercial Service office will then certify to the Foreign Administration Division, Department of Business Development, Ministry of Commerce that the applicant is seeking to register an American-owned and managed company or that the applicant is an American citizen and is therefore entitled to national treatment under the provisions of the Treaty. For more information on how to apply for protection under the Treaty of Amity, please e-mail: [ktantisa@trade.gov](mailto:ktantisa@trade.gov).

### **Other Investment Policy Reviews**

The World Trade Organization (WTO) conducted a Trade Policy Review of Thailand in November 2015. Information is available on the WTO website.

### **Business Facilitation**

Any entity wishing to do business in Thailand must register with the Department of Business Development at the Ministry of Commerce, which generally takes three to six months to complete. Online business registration is only minimally functional and the forms are in Thai; therefore, foreigners typically hire a local law firm or consulting firm to handle their applications. Firms engaging in production activities need to register with the Ministries of Industry and Labor and Social Welfare. The majority of the manufacturing activities do not restrict

foreign ownership. The World Bank's 2016 Ease of Doing Business Report ranks Thailand 18 of 190 countries globally for the ease of Registering a Business. The process takes at least 25 days and includes five separate procedures.

If the entity is owned by a non-Thai national and wishes to operate restricted businesses as defined by the Foreign Business Act, it must obtain a foreign business license, 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 the applicable category of restricted business.

Effective February 11, 2016, the Department Business Development (DBD) of the Ministry of Commerce removed four categories from the List 3 of the Foreign Business Act: commercial banking, bank representative offices, life insurance, and property and casualty insurance. Businesses in these sectors will no longer have to seek operating licenses from the DBD, as they are subject to specific banking laws and regulations of the Bank of Thailand and the Office of Insurance Commission, respectively. The aim is to reduce the number of redundant laws and regulations and to promote foreign businesses in Thailand.

American investors who wish to take majority shares or wholly own businesses under the Annex 3 list of the Foreign Business Act, may apply for protection under the U.S.-Thai Treaty of Amity. For more information, visit the U.S. Commercial Service's website.

Prospective U.S. investors are advised to obtain qualified legal advice. Such advice is particularly important given that Thai business regulations are governed predominantly by criminal, not civil, law. While foreigners are rarely jailed for improper business activities, violation of Thai business regulations can carry heavy criminal penalties. Thailand has an independent judiciary and government authorities are generally not permitted to interfere in the court system once a case is in process.

Below are the main types of business structures that are set up by U.S. companies in Thailand:

**Partnership:** Thai and Western concepts of partnership are broadly similar. Thailand provides for three general types of partnerships: unregistered ordinary partnerships, registered ordinary partnerships and limited partnerships.

**Limited companies:** There are two types of limited companies; private companies, which are governed by the Civil and Commercial Code, and public companies, which are governed by the Public Company Act.

**Private Limited Companies:** A private limited company is formed through a process which leads to the registration of a Memorandum of Association (Articles of Incorporation) and Articles of Association (By-laws), as its constitutive documents – a process similar to that of Western corporations. A minimum of seven shareholders is required at all times. A private limited company may be wholly owned by aliens; however, in those activities reserved for Thai nationals, foreign participation is generally allowed up to a maximum of 49 percent. The registration fee for a private limited company is 5,500 baht per million baht of capital, or approximately \$157 per \$28,571 of capital.

**Public Limited Companies:** These companies, subject to compliance with the prospectus, approval, and other requirements, may offer shares, debentures and warrants to the public, and may apply to have their securities listed on the Stock Exchange of Thailand (SET). A minimum of 15 promoters is required for the formation and registration of the memorandum of association of a public limited company, and the promoters must hold their shares for a minimum of two years before they can be transferred. The Board of Directors of a public limited company must have a minimum of five members, at least half of whom are Thai nationals. The registration fee is 2,000 baht per million baht of capital (approximately \$35 per \$28,571 of capital) for a public limited company.

**Joint Venture:** A joint venture may be described in accordance with general practice as a group of persons (natural and/or juristic) entering into an agreement in order to carry on a business together. It has not yet been recognized as a legal entity under the Civil and Commercial Code. However, income from a joint venture is subject to corporate taxation under the Revenue Code, which classifies it as a single entity.

**Representative Office:** A representative office is limited to engaging in non-profit activities. In order to form a representative office, at least one of the following purposes would need to be sought for the purposes of limited “non-trading” activities:

- To search for a source of goods or services in Thailand for the headquarters overseas
- To check the quality and quantity of a product ordered by the headquarters overseas
- To give advice to headquarters about goods to order
- To supply information about headquarters’ products to customers in Thailand
- To report economic movement in Thailand to headquarters

### **Steps to Establishing a Company**

- **Step 1: Corporate Name Reservation**

The name must be reserved, and must not be the same as or similar to that of other companies. Certain names are not allowed, as detailed in the name reservation guidelines issued by the Business Development Office of the Ministry of Commerce. The approved corporate name is valid for 30 days. No extension is allowed.

- **Step 2: Filing of Memorandum of Association**

A Memorandum of Association to be filed with the Business Development Office must include the name of the company that has been successfully reserved, the province where the company will be located, its business objectives, the capital to be registered, and the names of the seven promoters. The capital information must include the number of shares and the par value. Although there are no minimum capital requirements, the amount of capital should be respectable and adequate for the intended business operation.

- **Step 3: Convene a Statutory Meeting**

Once the share structure has been defined, a statutory meeting is called, during which the articles of incorporation and bylaws are approved, the Board of

Directors is elected, and an auditor appointed. A minimum of 25 percent of the par value of each subscribed share must be paid.

- Step 4: Registration

Within three months of the date of the Statutory Meeting, the directors must submit an application to establish the company. Company registration fees are 500 baht per 100,000 baht of registered capital. The minimum fee is 5,000 baht; the maximum is 250,000 baht.

- Step 5: Tax Registration

Businesses liable for income tax must obtain a tax I.D. card and number for the company from the Revenue Department within 60 days of incorporation or the start of operations. Business operators earning more than 600,000 baht per annum must register for VAT within 30 days of the date they reach 600,000 baht in sales.

For a private or public limited company, if 50 percent or more of the company's shares are owned by a foreigner, the company will be considered foreign and subject to the Foreign Business Act, which prohibits the operation of certain business activities unless approvals are obtained from the Ministry of Commerce (MOC). Foreign investors usually carry on business through a limited company, branch or representative office.

The most frequently utilized type of legal entity in Thailand is the limited-company, which is similar in structure to the Limited Liability Company (LLC) in the United States. A limited-company is owned by a minimum of three shareholders and managed by at least one director. It has the advantage of being a stand-alone company under Thai law.

As for company registration in Thailand, it is important to be aware that at least 51 percent of a company's shares must be held by Thai citizens, except as allowed by the aforementioned Treaty of Amity. The remaining shares may be held by foreigners. In spite of this, it is still possible for a foreigner to maintain controlling interest in a company by issuing two separate classes of shares: ordinary and preferred. Shareholders with ordinary shares have more voting

rights in the company. At least one director is chosen by the shareholders. Only the director(s) is authorized to sign anything on behalf of the company, and individual shareholders are only liable for their percentage of shares.

A company is required to have registered capital of two million Thai baht per foreign employee in order to obtain work permits. For example, a company with two non-Thai employees is required to have a registered capital of at least four million Thai baht (approximately USD \$116,600). Foreign employees must enter on a non-immigrant visa and then submit work permit applications directly to the Department of Labor. Application processing takes approximately one week.

For more information on Thailand visas, please refer to the website of Ministry of Foreign Affairs.

According to the Institute for Small and Medium Enterprises Development of the Ministry of Industry, small and medium enterprises are defined as follows:

- Production and Service Sectors:
  - Medium: fixed assets not over 200 million Thai baht (approximately USD \$5.8 million); fewer than 200 employees
  - Small: fixed assets not over 50 million Thai baht (approximately USD \$1.45 million); fewer than 200 employees
- Trading Sector:
  - Medium:

Wholesale: fixed assets not over 100 million Thai baht (approximately USD \$2.91 million); fewer than 50 employees

Retail: value of fixed assets not over 60 million Thai baht (approximately USD \$1.74 million); fewer than 50 employees

- Small:

Wholesale: fixed assets not over 50 million Thai baht (approximately USD \$1.45 million); fewer than 25 employees

Retail: fixed assets not over 30 million Thai baht (approximately USD \$875,000); fewer than 15 employees

In an effort to narrow the gap between SMEs and large corporations, Thai government agencies give certain incentives, such as tax breaks, to SMEs with Thai majority shareholding and large corporations that assist them with services such as loans or accounting advice.

### **Outward Investment**

Thai companies have been successfully expanding and investing overseas, including in the U.S., but especially in neighboring countries such as Laos. The responsibility for promoting outward investment within the Thai government is currently split between the Board of Investment and the Ministry of Commerce's Department of International Trade Promotion (DITP), with the BOI focusing on outward investment in major countries, and the DITP covering the rest. There is discussion of possibly dividing responsibilities along manufacturing and non-manufacturing lines in the future.

### **Bilateral Investment Agreement and Taxation Treaties**

The 1966 iteration of the U.S.-Thai Treaty of Amity and Economic Relations (AER) 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 U.S. investments 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 Joint Council (TIJC), which serves as a forum for discussion of bilateral trade and investment issues such as intellectual property rights, customs, investment, biotechnology, and other areas of mutual concern.

Thailand has signed Bilateral Investment Treaties (BIT) with: Argentina, Bahrain, Bangladesh, Belgium-Luxembourg Economic Union, Bulgaria, Cambodia, Canada, China, Croatia, Czech Republic, Egypt, Finland, Germany, Hong Kong, Hungary, India, Indonesia, Israel, Jordan, Democratic People's Republic of Korea, Republic of Korea, Lao People's Democratic Republic, Myanmar, Netherlands, Peru,

Philippines, Poland, Romania, Russian Federation (signed, not in force), Slovenia, Sri Lanka, Sweden, Switzerland, Taiwan, Tajikistan (signed, not in force), Turkey, United Kingdom, Vietnam, and Zimbabwe (signed, not in force). Thailand is a member of the Regional Comprehensive Economic Partnership (RCEP), currently under negotiation, which may include investment provisions.

Thailand has had a bilateral tax treaty with the U.S. since 1996. Thailand signed the U.S.-Thailand Foreign Account Tax Compliance Act on March 4, 2016. Enacting legislation is currently before the National Legislative Assembly, and is expected to come into force in late 2017.

## **Legal Regime**

### **Transparency of the Regulatory System**

Since the May 2014 coup and installation of the military-led government and legislature, investors have noted a marked lack of transparency in the rule-making process across a broad range of sectors. There have been many examples in the past three years of laws being drafted in line ministries with little or no input from stakeholders, particularly international investors. In some cases, laws have been passed quickly through the “rubber stamp” legislature, or ministries have issued sudden notifications directed through the use of the Prime Minister’s authority under Article 44 of the interim constitution. Foreign investors have, on occasion, expressed frustration that draft regulations are not made public until they are finalized, and that on occasion when they can submit comments, they are not taken into consideration. Non-governmental organizations are actively consulted by the government on policy related to pharmaceuticals, alcohol, infant formula, and meat imports, especially within the health sphere. In other areas, such as digital and cybersecurity laws, there have been instances in which public outcry over leaked government documents has led to withdrawal and review of proposed legislation.

U.S. businesses have repeatedly expressed concern about the lack of transparency in the Thai customs regime and the significant discretionary authority exercised by Customs Department officials. The U.S. government and private sector have also expressed concern about the inconsistent application of Thailand's transaction valuation methodology and repeated use of arbitrary values by the

Customs Department. In March 2017, the National Legislative Assembly passed a long-awaited amendment to the Customs Act, but the final law does little to reduce the issue of direct monetary “reward” payments to customs officials based on the amount of duties and fees owed. Thailand submitted its acceptance of the protocol for the WTO Trade Facilitation Agreement in October 2015 and the agreement entered into force in February 2017, but the customs penalty and reward scheme has not been addressed in Thailand’s commitments thus far.

The lack of consistent and predictable enforcement of government regulations remains problematic for investment in Thailand, and has been a notable problem in the realm of intellectual property rights protection, as described in the U.S. Trade Representative’s annual Special 301 report. Gratuity payments to civil servants responsible for regulatory oversight and enforcement remain a common practice. Firms that refuse to make such payments can be placed at a competitive disadvantage when compared to other firms in the same field.

### **International Regulatory Considerations**

Thailand is a member of the WTO and notifies most draft technical regulations to the Technical Barriers to Trade (TBT) Committee, and, to a lesser extent, the Sanitary and Phytosanitary Measures (SPS) Committee. Thailand does not always follow WTO or other international standard setting norms or guidance, preferring to set its own standards in many cases. On agricultural issues, Thailand often seems to use the European system.

### **Legal System and Judicial Independence**

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 is generally effective in enforcing property and contractual rights. However, the legal process is slow in practice, and litigants or third parties sometimes affect judgments through extra-legal means.

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.

Thailand has recently established the new Specialized Appeal Courts to handle appeals from specialized courts. Previously, all specialized cases were appealed directly to the Supreme Court, but now the Supreme Court has discretion over whether to take a case that has been decided by the Specialized Appeal Court. If the Supreme Court decides not to take up a case, the decision of the Specialized Appeal Court stands.

### **Laws and Regulations on Foreign Direct Investment**

The Foreign Business Act (FBA) of 1999 continues to govern most investment activity by non-Thai nationals. In 2016, the FBA opened some additional business sectors to foreign investment; however, foreign investment in most service sectors is limited to 49 percent ownership. Other key laws governing foreign investment are the Alien Employment Act B.E. 2521 (1978) and the Investment Promotion Act B.E. 2520 (1977).

Many U.S. businesses enjoy investment benefits through the U.S.-Thailand Treaty of Amity and Economic Relations (AER), originally signed in 1833. The 1966 iteration of the Treaty allows U.S. citizens and businesses incorporated in the United States, or in Thailand that are majority-owned by U.S. citizens, to engage in business on the same basis as Thai companies (national treatment), exempting them from most restrictions on foreign investment imposed by the Foreign Business Act.

The Financial Institutions Business Act, passed at the end of 2007, unified the legal framework and strengthened the Bank of Thailand's (the country's central bank) supervision and enforcement powers. The Act gave power to the Bank of Thailand to raise foreign ownership limits for existing local banks 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 if recommended by the central bank. Further details are available on the Bank of Thailand website.

Apart from acquiring shares of existing local banks, foreign banks can enter the Thai banking system by obtaining new licenses from the central bank and the Ministry of Finance.

The 2008 Life Insurance Act and the 2008 Non-Life Insurance Act apply a 25 percent cap on foreign ownership of insurance companies and on foreign boards of directors. However, in January 2016 the Office of the Insurance Commission (OIC, the primary regulator) provided notification that any Thai insurance company wishing to have one or more foreigners holding more than 25 percent (but no more than 49 percent) of its total voting shares, or to have foreigners comprising more than a quarter (but less than half) of its total directors, may apply for approval by the OIC for both life and non-life insurance companies. Meanwhile, any foreign national who wishes to hold more than 10 percent of the voting shares in an insurance company must seek approval from the OIC. With approval of the OIC, a foreign national can acquire up to 49 percent of the voting shares. Any foreign shareholder holding more than ten percent of the voting shares prior to the effective date of the notification is grandfathered in and may maintain their current shareholding, but must obtain OIC approval to further increase shareholding. The OIC's latest notification (in Thai language only) is posted on the OIC's website.

In addition, the Finance Minister, on the recommendation of the OIC, has discretion to permit greater than 49 percent foreign ownership and a majority of foreign directors, only where the operation of the insurance company may cause loss to insured parties or to the public.

More information on Thailand's "One Start One Stop" investment center is available on their website. Investors in Thailand can visit the physical office, located on the 18th floor of Chamchuri Square, on Rama 4/Phayathai Road in Bangkok.

### **Competition and Anti-Trust Laws**

In 1999, Thailand enacted the Trade Competition Act, together with the Price of Goods 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.

A draft amendment to the Trade Competition Act is currently under consideration in the National Legislative Assembly and is expected to enter into force in 2017. Under the draft law, the office of Trade Competition Commission (OTCC) will become an independent agency and the main enforcer of the new Act. The OCTT is comprised of seven members subject to Cabinet approval, with the Prime Minister replacing the Minister of Commerce as the chair. The draft law will apply to state-owned enterprises, except those state-owned enterprises that are required by law or government policies related to national security, public benefit, common interest and public utility. Major areas of focus under the new laws include: unlawful exercise of market dominance; mergers or collusions that could lead to monopoly, unfair competition and restricting competition; and unfair trade practices. Merger control thresholds will be stated in notification and regulations which will be issued after the draft law has come into force.

The draft broadens the definition of a business operator to include affiliates and group companies, and broadens the liability of directors and management to be subject to criminal and administrative sanction if their actions (or omissions) resulted in violation. The penalty under the Act is also increased, and failure to comply with the provisions in the Act may result in a jail terms of up to six years and/or fines not exceeding twelve million baht (USD \$343,000). The penalty may be doubled in cases of repeated offenses. Many observers see the draft

amendment as a potential improvement that is more closely aligned with international standards.

The government continues to have the authority to control the price of specific products under the Price of Goods and Services Act. The Department of Internal Trade under the Ministry of Commerce administers this law and interacts with the affected companies, though only the Committee on Prices of Goods and Services makes the final decision on what products to add or remove from price controls. As of January 2017, out of 47 controlled commodities and services, only sugar is subject to a price ceiling. Aside from these 47 controlled commodities, raising the prices of practically any consumer products is prohibited without first notifying the Committee. 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.

### **Expropriation and Compensation**

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; however, the Embassy has received reports of conflicts over land title authenticity in areas that the government has designated as national park land.

### **Dispute Settlement**

#### **ICSID Convention and New York Convention**

Thailand is a signatory to the New York Convention, and enacted its own rules on conciliation and arbitration in the Arbitration Act of 2002. Thailand signed the

Convention on the Settlement of Investment Disputes (ICSID) in 1985, but has not yet ratified the Convention.

### **Investor-State Dispute Settlement**

There have been several notable cases of investor-state disputes in recent years. In 2003, the Civil Court of Thailand upheld a 6.2 billion baht (USD \$190.4 million) international arbitration award against the Expressway and Rapid Transit Authority of Thailand (ETA, a Thai government agency), in favor of Bangkok Expressway, PLC (a Thai-foreign joint venture company). In 2009, Walter Bau AG (a foreign contractor) was awarded approximately 30 million Euros in an international arbitration case regarding construction of the Don Muang tollway. Subsequently, the Thai Cabinet issued a resolution prohibiting the inclusion of arbitration in public-private contracts without prior approval by the Cabinet. Since then, the Cabinet has granted approval in several cases for an arbitration clause to be included in contracts. Local law firms allege that Thai courts have refused, in some instances, to enforce international arbitration awards based on interpretations which are not in keeping with international norms.

### **International Commercial Arbitration and Foreign Courts**

Thailand's national Arbitration Act of 2002, which was modeled in part after the United Nations Commission on International Trade Law (UNCITRAL) Model law, governs domestic and international arbitration proceedings and states that "in cases where an arbitral award was made in a foreign country, the award shall be enforced by the competent court only if it is subject to an international convention, treaty, or agreement to which Thailand is a party." The Thai Arbitration Institute of the Alternative Dispute Resolution Office, Office of the Judiciary, and the Office of the Arbitration Tribunal of the Board of Trade of Thailand provide arbitration services to proceedings held within Thailand. In addition, the semi-public Thailand Arbitration Center offers mediation and arbitration for civil and commercial disputes. There are only very limited circumstances under which a court can set aside an arbitration award. Thailand does not have a BIT or a Free Trade Agreement (FTA) with the United States.

### **Bankruptcy Regulations**

Thailand's bankruptcy law allows for corporate restructuring similar to U.S. Chapter 11, and does not criminalize bankruptcy. While bankruptcy is under consideration, creditors can request the following ex parte applications from the court: an examination by the receiver of all assets of the debtor and/or that the debtor attend questioning on the existence of assets; a requirement that the debtor provide satisfactory security to the court; and immediate seizure of the debtor's assets and/or evidence in order to prevent the loss or destruction of such items. The World Bank's 2016 Ease of Doing Business report ranks Thailand 23 of 190 countries globally for the ease of resolving insolvency, with the process taking approximately 1.5 years.

The law stipulates that all applications for repayment must be made within one month after the Court publishes the appointment of an official receiver. If a creditor eligible for repayment does not apply within this period, he forfeits his right to receive payment or the Court may cancel the order to reorganize the business. Receivers may only claim repayment on debts that occurred before the Court issued the reorganization order, regardless of whether the debt has matured or is conditional. For debts incurred between the time of the Court issued reorganization order and appointment of a receiver, creditors do not need to apply for repayment, but must officially ask the receiver in writing for the claim prior to the meeting to discuss the plan. As for the actual repayment of debts, the receiver may authorize payments. However, only debts that have not been opposed by the official receiver, the other creditors, or the debtor may be repaid. If any person opposes a filing, the receiver shall investigate the matter and approve, partially approve, or dismiss the application. Any objections to the orders issued by the receiver may be filed with the Court within 14 days after learning of the issued order.

## **Industrial Policy**

### **Investment Incentives**

The Board of Investment (BOI), established by the Investment Promotion Act of 1977, is Thailand's central investment promotion authority. The BOI offers investment incentives uniformly to both qualified domestic and foreign investors with a clear articulation of the application procedures. Good governance is one of

the key factors to manage and supervise the application for tax and duty privileges. Complete information on BOI's updated policies, programs, incentives, and application procedures can be found on the BOI website.

Effective January 1, 2015, the BOI launched a new investment incentive policy that gives preferential benefits to investment projects based on the level of technology involved in the activities. Firms employing a high level of advanced technologies qualify for the maximum incentive package, including an eight-year exemption from corporate income taxes, while activities that do not employ advanced technology, but are nevertheless still important to the supply chain, no longer receive any exemption. All companies may be eligible for other privileges if they engage in activities otherwise considered valuable, such as R&D, advanced technology training, or acquiring licenses to commercialize technology.

Two of the most significant privileges offered by the BOI for promoted projects are:

- Tax privileges, such as corporate income tax exemption, tariff exemption, reduction on import machinery and tariff exemption, or reduction on imported raw material
- Non-tax privileges, such as permission to own land, permission to bring foreign experts to work on the promoted projects, exemption on foreign ownership of companies, and exemption from work permits and visa rules.

The Thai government in 2016 launched a new "Thailand 4.0" strategy as a continuation of the previous "Digital Economy Initiative" to upgrade the country's technological capacity, foster indigenous creative industries, and develop new engines for growth and innovation to increase competitiveness and lift the economy out of the "middle-income trap." This ambitious plan encompasses many elements across nearly all sectors, from agriculture to robotics, and includes a significant emphasis on developing SMEs and encouraging public digital learning and literacy to ensure sustainable and inclusive growth. As part of Thailand 4.0, the government has introduced new industrial policies to support the development of five new industries and upgrade five existing industries as follows:

### New Industries:

- Robotics
- Medical hub
- Aviation industry
- Bioeconomy
- Digital

### Existing Industries:

- Modern automotive
- Smart electronics
- High-income tourism and healthcare tourism
- Agricultural and biotechnology
- Food processing

These policies will be used to develop a new industrial area called the “Eastern Economic Corridor” (EEC), spanning the three provinces of Chachengsao, Chonburi, and Rayong, which will be built on the existing Eastern Seaboard industrial area that has been an investment destination for 30 years. The Thai government’s objective is to establish the EEC as the primary investment and infrastructure hub in ASEAN, serving as a central gateway to East Asia and to South Asia. The current EEC plans call for the creation of new, smart cities, a digital park, a data center, and new facilities for next generation automotives, aviation, robotics, and smart electronics. During the course of 2017, the government plans to launch five high priority projects in the EEC including upgrading U-Tapao airport; building a high-speed rail between U-Tapao, Don Muang, and Suvarnabhumi airports; commencing bidding for the third phase of expansion at Laem Chabang Port; working to identify investors for the target industries; and identifying the location of the new smart city. The entire EEC development project is estimated to cost \$43 billion over the first five years, with 20 percent coming directly from government funding, and the remaining 80 percent through public-private partnerships.

The EEC Act is expected to pass this year, and will provide for numerous investment incentives and privileges. Investors will be able to access long-term

land leases (50+49 years), and the PPP approval process will be shortened to three months. The Board of Investment will offer up to 15 years corporate income tax exemption for strategic projects in the EEC. There will be a 17 percent maximum personal income tax for investors, managers, and experts who are employed by companies in target industries with headquarters and facilities situated in the EEC. Investment projects with a significant R&D, innovation, or human resource development component may be eligible for additional grants and incentives.

## **Protection of Property Rights**

### **Real Property**

Property rights are guaranteed by the Constitution against being condemned or nationalized 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 the Criminal Procedure Code. Decisions and rulings of the judiciary and civil service can have considerable force as precedents.

### **Intellectual Property Rights**

Widespread commercial intellectual property (IP) counterfeiting and piracy continue to plague intellectual property rights (IPR) owners in Thailand. The lack of sustained, proactive, and coordinated enforcement and prosecution remains a substantial problem. While online and mobile device piracy has increasingly overtaken physical content piracy, counterfeit and pirated products are still readily accessible and widespread throughout the country in the retail marketplace.

In 2007, Thailand was placed on the U.S. Trade Representative's (USTR) Special 301 Priority Watch List, where it has remained to date. In addition, a number of retail markets and online websites in Thailand have been noted on the USTR Notorious Markets Reports. These designations reflect an overall non-deterrent and insufficient enforcement system for intellectual property. The Department of Intellectual Property (DIP) recently introduced an intellectual property roadmap that calls for intensifying efforts to combat piracy.

### **Patents, Data, Trade Secrets, and Plant Variety Protection**

Thailand's patent regime generally provides minimal protection for most inventions, with notable exceptions in the areas of business method patents, biotechnology, and pharmaceutical patents. While Thailand is a member of both the Paris Convention on the Protection of Industrial Property and the Patent Cooperation Treaty (PCT), the Department of Intellectual Property has struggled until recently to examine patent applications and issue patents in a timely fashion, with examination taking, on average, six to eight years in some technology sectors, and as high as 15-18 years for pharmaceutical patents. While patent filings have steadily increased over recent years, patent issuance numbers have not kept pace, and there is a significant current backlog in applications pending examination and action. In early 2017, there were approximately 36,000 patent applications pending for examination and granting.

In order to resolve the backlog problem, the DIP has increased the number of patent and trademark examiners. In addition, the government has issued a special order under Section 44 of the Interim Constitution for issuing patents for those applications for which an invention that has already been issued a patent overseas, subject to certain exceptions and conditions, which are still under discussion. In the longer term, DIP has announced its plans to amend the Patent Act to permit faster and more efficient examining of applications.

In addition to the delays in obtaining pharmaceutical patents, the U.S. pharmaceutical industry has expressed concerns regarding inadequate regulatory data protection and weak patent protection and enforcement regimes. Issued by the Ministry of Public Health, the implementation regulations for the 2002 Trade Secrets Act do not provide data exclusivity that would prevent unfair commercial

use. A reported increase in the number of pharmaceutical copies receiving Thai FDA approval while the original product is still under patent illustrates the lack of necessary legislation and a linkage system for protection.

In addition to poor IP protection, the pharmaceutical industry has also expressed concerns with market access in Thailand's procurement regulations. Specifically, Thai regulations require public hospitals to purchase their medicines and medical supplies from the state-owned Government Pharmaceutical Organization (GPO), which sets a ceiling purchasing price, or "Median Price" for public procurement. Such price fixing creates market distortion that reduces the availability of innovative medicines to Thai patients and may prevent public hospitals and patients from gaining access to certain life-saving medicines.

Registration of new plant varieties under the Plant Variety Protection Act of 1999 began only in April 2006, due to a lengthy delay in issuance of implementing regulations. The private sector has expressed ongoing concerns about the overall implementation and enforcement of the Act, noting wide availability of pirated counterfeit seeds and other products in Thailand. The United States has repeatedly urged Thailand to strengthen the 1999 Act to make it fully consistent with the 1991 International Convention for the Protection of New Varieties of Plants (UPOV) and to accede to this Convention as well.

### **Copyrights**

Thailand's copyright law became effective in March 1995, and was amended in 2014 (entered into force in 2015) to create "fair use" exceptions for disabled users and criminalize unauthorized video filming in cinemas, as well as introducing an option for right holders to obtain a court order to force online service providers to take down infringing content. However, the amendments do not provide adequate protections against the circumvention of technological protection measures (TPMs) and the unauthorized modification of rights management information, and they also lack clarity in the operation of the notice-and-takedown procedures.

### **Trademarks and Geographical Indications**

The current Thai trademark law was revised in 1992, to increase penalties for infringement and extend protection to service, certification, and collective marks, and streamline application procedures. Subsequent amendments in 2000 and 2014 have made significant improvements in the Act. Thailand is currently in the process of joining the Madrid Protocol.

The Geographical Indications Act was enacted in September 2003, and went into effect in April 2004. The 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. The existence of a similar previously registered trademark does not constitute grounds for refusal of a GI registration in Thailand. To date, protection has been extended to only one U.S. geographical indication.

### **IP Enforcement**

Thailand enforcement efforts to protect IPR have been inconsistent. Corruption and a cultural climate of leniency complicate both enforcement actions and the prosecution of cases. Pirates, including those associated with transnational crime syndicates, have responded to intensified levels of enforcement with intimidation against rights holders' representatives and enforcement authorities.

The Thai Government established a National Intellectual Property Policy Committee, comprised of top-level representatives from 11 agencies, with a mission to formulate policies and strategies for promoting intellectual property, fight against IPR infringements, and improve intellectual property laws and their implementation, but little has come from this effort. In 2013, it created a National Intellectual Property Rights Center of Enforcement with the support of 25 relevant governmental agencies, with the objective to ensure effective interagency cooperation for IPR enforcement; however, it has been superseded by a newly mandated Sub-Committee on the Enforcement of Intellectual Property, chaired by the Deputy Prime Minister, and coordinated by the Internal Security Operations Command.

While Thailand has had a specialized intellectual property court since 1997, the Court rarely imposes deterrent sentences in criminal cases and civil damages for IPR infringement are usually insufficient to compensate adequately a right holder for its injuries, with the recovery of reasonable costs and attorneys' fees being rare. In December 2015, a new law was passed authorizing the creation of a Special Court of Appeal, which hears appeals from the Central Intellectual Property and International Trade Court and administrative appeals from the Department of Intellectual Property. The Special Court of Appeal began operations in October 2016. The Supreme Court now has discretionary review over IP cases which are viewed as being in the public interest or public order, or for the purpose of developing legal interpretation, or when the judgment or order of an appeal court is contrary to the final judgment or order of other courts.

While copyright-focused industry associations have noted a slight decline in the amount of pirated goods in the retail marketplace, this is attributed more to the substantial shift of distribution to online and mobile device environment than a result of government law enforcement efforts or a decrease in the acceptance and tolerance of content piracy in society. Digital copyright issues are inadequately addressed under the Thai copyright law, and law enforcement agencies lack sufficient expertise, resources, and political direction to tackle the pervasive problem. Cable and broadcast satellite signal piracy continues to be a major problem throughout Thailand, as pirate providers expand their operations in the provinces and online streaming. The book and journal publishing industry continues to face widespread photocopy piracy.

In late 2016, amendments to the Computer Crime Act of 2007 were enacted by the National Legislative Assembly, including a provision to empower officials to request the courts to block websites that contain IPR infringing content. The amendment will enter into force in May 2017.

Trademark infringement and counterfeiting remain serious problems. U.S. companies with an established presence in Thailand and a record of sustained cooperation with Thai law enforcement officials have had some success in defending trademarks, but the process remains time-consuming and costly.

Penalties for proven trademark violations are too low/light to have a deterrent effect.

### IPR Enforcement Statistics (2014-2016), provided by DIP

Relevant Agencies	2014		2015		2016	
	Cases	Seized Items	Cases	Seized Items	Cases	Seized Items
<b>The Royal Thai Police</b>						
The Trademark Act	5,960	669,957			158	10,882
The Copyright Act	3,592	308,235			5,012	2,646,258
The Patent Act	13	1,137			1,504	130,492
The Compact Disk Production Act	359	68,727	7,849	952,233	-	
Film and Videotape Act, Consumer Protection Act	-				-	
Criminal Code, Customs Act, Revenue Act	-		-		-	
Cosmetic Act, GI Protection Act	-		-		-	
<b>Sub-total</b>	<b>9,924</b>	<b>1,048,056</b>	<b>7,849</b>	<b>952,233</b>	<b>6,674</b>	<b>2,787,632</b>
<b>Department of Special Investigation (DSI)</b>						
The Trademark Act	14	147,835	38	713,165	23	1,545,055
The Copyright Act	-	-	-	-	-	-
The Patent Act	-	-	-	-	-	-
<b>Sub-total</b>	<b>14</b>	<b>147,835</b>	<b>38</b>	<b>713,165</b>	<b>23</b>	<b>1,545,055</b>
<b>Thai Customs</b>						
Customs Act	809	341,907	846	2,223,288	814	1,213,454
<b>Total</b>	<b>10,747</b>	<b>1,537,798</b>	<b>8,733</b>	<b>3,888,686</b>	<b>7,511</b>	<b>5,546,141</b>

For additional information about national laws and points of contact at local IP offices, please see [WIPO's country profiles](#).

The U.S. Department of Commerce has positioned IP attachés in key markets around the world.

For Southeast Asia, please contact:

Teerin Charoenpot

Senior Intellectual Property Specialist

USPTO/Commercial Section, U.S. Embassy Bangkok

[tcharoen@trade.gov](mailto:tcharoen@trade.gov)

## **Financial Sector**

### **Capital Markets and Portfolio Investment**

The Thai government maintains a regulatory framework that broadly encourages and facilitates portfolio investment and largely avoids market-distorting support for specific sectors. The Stock Exchange of Thailand (SET) is the country's national stock market, which was set up under the Securities Exchange of Thailand Act B.E. 2535 (1992). There is sufficient liquidity in the markets to allow investors to enter and exit sizeable positions. Government policies generally do not restrict the free flow of financial resources to support product and factor markets. The Bank of Thailand, the country's central bank, has respected IMF Article VIII by refraining from restrictions on payments and transfers for current international transactions. Credit is generally allocated on market terms rather than by "direct lending." Foreign investors are not restricted from borrowing on the local market. 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, the private debt market is not well developed, and most corporate financing, whether for short-term working capital needs, trade financing, or project financing, requires borrowing from commercial banks or other financial institutions.

### **Money and Banking System**

Thailand's banking sector, with 15 domestic commercial banks, is healthy with low rates of non-performing loans (around 3 percent in December 2016) and a

high ratio of capital funds/risk assets (capital adequacy) of 17.4 percent in December 2016. Thailand's largest commercial bank is Bangkok Bank, with assets totaling USD \$80.4 billion as of December 2016. The combined assets of the five largest commercial banks totaled USD \$350.9 billion, or 76.6 percent of the total assets of the Thai banking system.

Thailand's central bank is the Bank of Thailand (BOT), which was established in 1942 and is governed by an appointed Governor with a five-year term. The BOT prints and issues banknotes and other security documents (i.e. Bank of Thailand bonds), promotes monetary stability and formulates monetary policies, manages the BOT's assets, provides banking facilities to the government, acts as the registrar of government bonds, and provides banking facilities for financial institutions.

There are currently 12 registered foreign bank branches and four foreign bank subsidiaries operating in Thailand. Foreign commercial banks can set up a branches in Thailand; Ministry of Finance issues licenses and Bank of Thailand issues advice. Subsidiary licenses that allow existing foreign bank branches in Thailand to upgrade to subsidiaries were introduced in 2012. Both a foreign commercial bank branches are limited to three branches/ATMs and foreign commercial bank subsidiaries are limited to 20 branches or 20 off-premise ATMs per subsidiary. Foreign banks must maintain minimum capital funds of 125 million baht (USD \$3.87 million at 2016 exchange rate) invested in government or state enterprise securities, or directly deposited in the Bank of Thailand. The number of expatriate management personnel is limited to six people at full branches, although the Thai authorities frequently grant exceptions on the basis of need. There are no records of loss among banks in the past three years.

Non-residents can open and maintain foreign currency accounts without deposit and withdrawal ceilings. Any deposits in the Thai baht currency must be derived from one of the following sources: conversion of foreign currencies, payment of goods and services, or a capital transfers. Any withdrawals are permitted, except the withdrawal of funds for credit to another non-resident person or purchase of foreign currency involving an overdraft.

In general, a commercial bank in Thailand provides services of accepting deposits from the public, granting credit, buying and selling of foreign currencies, buying and selling of bills of exchange, which includes discounting or re-discounting bills of exchange, accepting, and guaranteeing of bills of exchange. Furthermore, commercial banks also provide credit guarantees, payment, remittance and financial instrument for risk management such as interest rate derivatives and foreign exchange derivatives. Additional business to support capital market development, such as debt and equity instruments, is allowed. A commercial bank may also provide other services that enhance its efficiency, such as bank assurance and e-banking.

### **Foreign Exchange and Remittances**

#### Foreign Exchange

There are no limitations placed on foreign investors for converting, transferring, or repatriating funds associated with an investment; however, supporting documentation is required. Any person who brings foreign currency into or out of Thailand exceeding USD \$20,000 or the equivalent must declare the amount at a Customs checkpoint. Investment funds are allowed to be freely converted into any currency.

The exchange rate is generally determined by a managed float system. The exchange rate movements have also been determined by market fundamentals; however, during periods of excessive capital inflows (i.e. exchange rate speculation), the central bank has stepped in to prevent extreme movements in the currency and to reduce the duration and extent of the exchange rate's deviation from the equilibrium.

#### Remittance Policies

There are no time limitations on personal remittances. In addition, there are no limitations on the inflow or outflow of funds for remittances of profits or revenue.

### **Sovereign Wealth Funds**

Thailand currently does not have a sovereign wealth fund, and there are no indications that the Bank of Thailand is pursuing the creation of such a fund.

### **State-Owned Enterprises**

Thailand's 55 state-owned enterprises (SOEs) have total assets of USD \$382.5 billion and a combined net income of USD \$5.5 billion. They employ around 270,000 people, or 0.7 percent of the Thai labor force. Thailand's SOEs operate primarily in service delivery, in particular the energy, telecommunications, transportation, and financial sectors. The full list of SOEs is published under the website of the State Enterprise Policy Office under the Ministry of Finance.

The government generally defines SOEs as special agencies established by law for a particular purpose that are 100 percent owned by the government (through the Ministry of Finance as a shareholder). Limited liability companies/public companies limited require 50 percent higher government ownership. Of the 55 total SOEs, 42 are wholly-owned and 13 are majority-owned. Twelve of these companies are limited liabilities. Five of them are publicly listed on the Stock Exchange of Thailand: Thai Airways International Public Company Limited, Airport of Thailand Public Company Limited, PTT Public Company Limited, MCOT Public Company Limited, and Krung Thai Bank Public Company Limited. By regulation, at least one-third of SOE boards must be comprised of independent directors.

Private enterprises can compete with SOEs under the same terms and conditions with respect to market share, products/services, and incentives in most sectors, but there are some exceptions, such as fixed line operations in the telecommunications sector.

According to officials at the State Enterprise Policy Committee (SEPO), which was established in 2014, SOEs adhere to the Organisation for Economic Co-operation and Development (OECD) Guidelines on corporate governance, including the state acting as an owner. The current guidelines are not yet sufficient to ensure a level playing field between SOEs and private sector enterprises, but the subcommittee of corporate governance has realized the importance of the issue, which is still under the process of consideration and review.

In general, SOE senior management reports directly to a line minister and to the SEPO. Corporate board seats are typically allocated to senior government officials or other politically-affiliated individuals. The SEPO Committee tries to limit political interference in board member appointments.

### **Privatization Program**

The 1999 State Enterprise Corporatization Act provides the framework for the conversion of SOEs 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 of a company's shares are sold to the public.) Foreign investors are allowed to participate in privatization, but restrictions are applied in certain sectors, regulated by the Foreign Business Act (FBA) and the Act on Standards Qualifications for Directors and Employees of State Enterprises of 1975 and its series of amendments.

The new 15-member State Enterprises Policy Commission, or "superboard," was established in 2014 to oversee reform of the country's 55 SOEs. In March 2015, the superboard approved, in principle, the establishment of a holding firm to supervise 12 SOEs, which have been partially equitized and listed on the Stock Exchange of Thailand, while the State Enterprise Policy Office will be retained to supervise SOEs that have been established by specific laws, including the Electricity Generating Authority of Thailand, the Metropolitan Electricity Authority, and the Provincial Electricity Authority. The superboard is now in the process of pushing through a new law that will reform these SOEs and ensure transparent management decisions; however, privatization is not part of the process.

### **Responsible Business Conduct**

There is wide recognition and awareness of responsible business conduct (RBC) primarily in the area of corporate social responsibility (CSR) initiatives among Thai producers and consumers, but many Thai companies still lack a full understanding of the generally accepted CSR principles under 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 (AmCham), Thai Chamber of Commerce (TCC), the Federation of Thai Industries (FTI), Joint Standing Committee on Commerce, Industry, and Banking of Thailand (JSCCIB) actively support the development of CSR programs in Thailand. Since 2007, the AmCham CSR Excellence Awards (AmCham ACE) have encouraged the expansion of CSR programs by identifying best practices of companies in Thailand. Many CSR programs incorporate the U.S. Mission's Thai-U.S. Creative Partnership to work directly with local partner organizations on long-term projects training and promoting opportunities in innovative sectors, especially renewable energy, entrepreneurship, and health projects. The AmCham ACE program also tracks continuous improvement. Both the TCC and the FTI have undertaken several CSR projects over the past years. The JSCCIB has also established a CSR committee that consolidates reports on activities from both TCC and FTI members.

Although the government does not have a National Action Plan on RBC, nor does it currently maintain a National Contact Point (NCP) for OECD Guidelines for Multinational Enterprises, the government through various ministries, has taken several measures to encourage RBC that integrates sustainable business practices focused on respecting human rights, environmental protection, labor relations, and financial accountability. The Ministry of Industry under the Department of Industrial Works has encouraged the sector to implement their Corporate Social Responsibility (CSR-DIW) standards, giving them the potential to meet ISO 26000 standards (an international standard on Social Responsibility). The SET, under their sustainable stock exchange initiative, is encouraging listed companies to be conscious of social responsibility when conducting business by considering environmental, social, and corporate governance factors in their investment decisions. SET houses an active Social Responsibility Center which was created to provide sustainability guidelines as well as raise awareness among

listed companies on the importance of balancing the economy, society, and environment beneath corporate governance principles. In terms of transparency in the natural resources sector, the Thai government announced that it intended to join the Extractive Industries Transparency Initiative and apply Extractive Industry Transparency Initiative (EITI) standards in the energy sector.

There are several local NGOs that promote and monitor RBC and the majority operates freely, but a few face intimidation as a result of their work in monitoring civil rights issues.

### **Political and Security Environment**

Since the May 2014 military coup, political stability has improved, with fewer reported incidents of political violence. The coup followed seven months of anti-government protests and sporadic incidents of violence. Despite government efforts to promote political reconciliation, stark political divisions remain, as do continued restrictions on freedoms of assembly and speech. The deeply rooted political rifts, together with ongoing concerns about a slowing economy and delays in a return to elected government, present a potential risk for the reemergence of public protests or violence.

Political instability has plagued Thailand since 2005, beginning in 2006 with a military coup that ousted then Prime Minister Thaksin Shinawatra, followed by large-scale, sometimes violent protests by competing political factions, commonly known as “red shirts” and “yellow shirts,” in 2008, 2009, 2010, and 2014. The 2014 protests culminated in May with a military coup that instituted a military government that remains in power. Elections are tentatively planned for 2018. The death of the beloved King Bhumibol Adulyadej in October 2016 after 70 years on the throne was a blow to the country. King Maha Vajiralongkorn Bodindradebayavarangkun, also known as King Rama X, ascended the throne in October 2016 following his father’s death.

Violence related to an ongoing ethnic Malay-Muslim insurgency in Thailand's southernmost provinces continues. Efforts to end the ethno-nationalist insurgency, which, since 2004, has claimed almost 7,000 lives and caused over 12,000 mostly civilian injuries, have so far been unsuccessful. The government is currently engaged in peace talks with an insurgent umbrella group, but the

principal insurgent faction refuses to participate. Almost all attacks have occurred in the three southernmost provinces of the country.

On August 11 and 12, 2016, a series of coordinated bombings and arson attacks targeting southern tourist sites outside of the three southernmost provinces killed four and injured at least 20.

## **Corruption**

Corruption is pervasive in both the private and public sectors, but the Government of Thailand and civil society actors strive to improve Thailand's standing, with mixed results. Transparency International's 2016 Corruption Perception Index ranked Thailand 101 of 176 countries globally, and 19 of 30 countries in Asia Pacific. According to some studies, a cultural propensity to forgive bribes as a normal part of doing business and to equate cash payments with finders' fees or consultants' charges, coupled with the low salaries of civil servants, encourages officials to accept illegal inducements. U.S. executives with experience in Thailand often advise new-to market companies that it is far easier to avoid corrupt transactions from the beginning than to stop such practices once a company has been identified as willing to operate in this fashion. American firms that comply with the strict guidelines of the Foreign Corrupt Practices Act (FCPA) are able to compete successfully in Thailand. U.S. businessmen say that publicly affirming the need to comply with the FCPA helps to shield their companies from pressure to pay bribes.

Thailand's anti-corruption laws extend to both family members of officials and to political parties. In order to provide fair competition, Thai laws include the concept of a 'jointly interested bidder' that constitutes a conflict of interest. A jointly interested bidder is a natural or juristic person who also has an interest, directly or indirectly, in the business of another natural or juristic person who tenders bids for work for the same project. Thai Procurement Regulations prohibit collusion amongst bidders. If an examination confirms allegations or suspicions of collusion among bidders, the names of those applicants have to be removed from the list of competitors.

In December 2016, Thailand adopted its first national government procurement law, based on the UNCITRAL model laws and the WTO Agreement on Government

Procurement. The law will apply to all government agencies, local authorities, and state-owned enterprises, and aims to improve transparency. Officials who violate the law will be subject to 1-10 years imprisonment and/or a fine of up to USD \$11,000.

In recent years, the private sector has attempted to take the lead in fighting corruption through education and advocacy. Since 2010, the Thai Institute of Directors (IOD) has built an anti-corruption coalition of Thailand's largest businesses. Coalition members sign the Collective Action Against Corruption Declaration and pledge to take tangible, measurable steps to proactively reduce corruption-related risks that are verified by third party certification. The Center for International Private Enterprise (CIPE) equipped IOD and its coalition partners with an array of tools for training and collective action, based on examples from CIPE's programs around the world.

In addition, the Anti-Corruption Organization of Thailand (ACT), founded in 2011, was established to pressure the government to create laws that can reduce levels of corruption. ACT recently has 51 member organizations drawn from the private, public and academic sectors. Their signature program is the "integrity pact." Drafted by ACT and the Finance Ministry and based on a tool promoted by Transparency International, the pact forbids bribes from signatory members in bidding for government contracts. Member agencies and companies must adhere to strict transparency rules by disclosing bidding information--such as the terms of reference and the cost of the project--easily available to the public.

Thailand is a party to the UN Anti-Corruption Convention, but not the OECD Anti-Bribery Convention.

### **Resources to Report Corruption**

Contact at a government agency responsible for combating corruption:

International Affairs Strategy Specialist

Office of the National Anti-Corruption Commission

361 Nonthaburi Road, Thasaai District, Amphur Muang Nonthaburi 11000, Thailand

Tel: +662-528-4800

Email: TACC@nacc.go.th

Contact at a "watchdog" organization:

Dr. Mana Nimitmongkol

Secretary General

Anti-Corruption Organization of Thailand

44 Srijulsup Tower, 16th floor, Phatumwan, Bangkok 10330

Tel: +662-613-8863

Email: [mana2020@yahoo.com](mailto:mana2020@yahoo.com)

### **Bilateral Investment Agreements and Taxation Treaties**

The 1966 iteration of the U.S.-Thai Treaty of Amity and Economic Relations (AER) allows U.S. citizens and businesses incorporated in the United States or in Thailand that are majority-owned by U.S. citizens to engage in business on the same basis as Thai nationals. Under the AER, Thailand is permitted to apply restrictions to U.S. investments 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 Joint Council (TIJC), which serves as a forum for discussion of bilateral trade and investment issues such as intellectual property rights, customs, investment, biotechnology, and other areas of mutual concern.

Thailand has signed Bilateral Investment Treaties (BIT) with: Argentina, Bahrain, Bangladesh, Belgium-Luxembourg Economic Union, Bulgaria, Cambodia, Canada, China, Croatia, Czech Republic, Egypt, Finland, Germany, Hong Kong, Hungary, India, Indonesia, Israel, Jordan, Democratic People's Republic of Korea, Republic of Korea, Lao People's Democratic Republic, Myanmar, Netherlands, Peru, Philippines, Poland, Romania, Russian Federation (signed, not in force),

Slovenia, Sri Lanka, Sweden, Switzerland, Taiwan, Tajikistan (signed, not in force), Turkey, United Kingdom, Vietnam, and Zimbabwe (signed, not in force). Thailand is a member of the Regional Comprehensive Economic Partnership (RCEP), currently under negotiation, which may include investment provisions.

Thailand has had a bilateral tax treaty with the U.S. since 1996. Thailand signed the U.S.-Thailand Foreign Account Tax Compliance Act on March 4, 2016. Enacting legislation is currently before the National Legislative Assembly, and is expected to come into force in late 2017.

### **OPIC and Other Investment Insurance Programs**

The Overseas Private Investment Corporation (OPIC) provides debt financing, political risk insurance, and private equity capital to support U.S. investors and their investments. It does so under a bilateral agreement with Thailand. OPIC can provide debt financing in the form of direct loans and loan guarantees of up to USD 250 million per project for business investments in Thailand, covering sectors as diverse as tourism, transportation, manufacturing, franchising, power, infrastructure, and others. OPIC political risk insurance for currency inconvertibility, expropriation, and political violence is also available for U.S. investments including equity, loans and loan guarantees, technical assistance, leases, and consigned inventory or equipment. In addition, OPIC supports five private equity funds that are eligible to invest in projects in Thailand. In all cases OPIC support is available only where sufficient or appropriate investment support is not available from local or other private sector financial institutions. As the Thai financial and insurance markets are quite developed there is limited need for OPIC support.

### **Labor Policy and Practices**

In 2016, Thailand's formal labor force was 38.3 million, or more than 56 percent of the population. Reported unemployment rates are well below full employment, at 1.0 percent overall. Unemployment among youth (defined as those aged 15 to 24) is around 3.5 percent, while it is only 0.5 percent for adults over 25 years old. Well over half the labor force (55.6 percent) earns income in the informal sector, including through self-employment and family labor. However, the proportion of workers in the informal sector has gradually declined,

from 62 percent as of 2013, as Thailand experienced a structural transformation from a low productivity agricultural economy to a higher productivity manufacturing and service oriented economy. Thailand's fertility rates are low and the population is aging, with population growth projected to become negative by 2025. This demographic shift, combined with inadequate social welfare programs for elder care, is exacerbating labor shortages in many sectors, especially among low-skilled working aged women.

Despite the advent of 15 years of universal, free education, Thailand continues to suffer from a skills mismatch that is impeding innovation and economic growth.

This labor shortage is among the chief factors that has attracted 2.5 million officially registered migrant workers to Thailand, plus an estimated 2.0 million more undocumented migrant workers. The majority of migrant workers are from Burma (67 percent), Cambodia (26 percent), and Lao PDR (7 percent). Only 14 percent of documented migrant workers entered the country through formal work agreement, or "MOU", channels, which means that the vast majority of registered migrant workers in Thailand originally entered the country through unauthorized channels, often without any primary identity documents (passport nor identification card) from their origin countries. Undocumented migrant workers in Thailand remain vulnerable to intimidation, threats, and being cheated by employers, brokers, labor traffickers, and corrupt officials. Additional information on migrant workers issues and rights can be found in the U.S. Trafficking in Persons Report, as well as the Labor Rights section of the U.S. Human Rights report. Companies receiving Board of Investment privileges for manufacturing may not hire non-Thai workers.

Manufacturing firms in Thailand consider the lack of skilled workers a top constraint for further investment and growth in Thailand. However, as the second-largest economy in ASEAN, Thailand has an agile business sector and a large cohort of educated individuals who could increase productivity in the future.

### **Foreign Trade Zones/Free Ports/Trade Facilitation**

The Industrial Estate Authority of Thailand (IEAT), a state-enterprise under the Ministry of Industry, established the first industrial estates in Thailand,

including Laem Chabang Industrial Estate in Chonburi Province (eastern) and Map Ta Phut Industrial Estate in Rayong Province (eastern). Foreign owned firms have the same investment opportunities as Thai entities, but the IEAT Act requires the IEAT Committee to consider and approve the amount of space/land a foreign owned firm plans to buy or lease in industrial estates. In practice, there is no record of disapproval for the requested amount of land. Private developers have become heavily involved in the development of these estates. The IEAT currently operates 9 estates, plus 39 more in conjunction with the private sector in 15 provinces nationwide. Private sector developers operate over 50 industrial estates, most of which have received promotion privileges from the Board of Investment.

The IEAT established 12 special IEAT Free Zones (renamed from export processing zones or free trade zones), reserved for the location of industries manufacturing for export only, to which businesses may import raw materials and export finished products free of duty (including value added tax). These zones are located within industrial estates, and many have customs facilities to speed processing. The free trade zones are located in Chonburi, Lampun, Pichit, Songkhla, Samut Prakarn, Bangkok (at Lad Krabang), Ayuddhya, and Chachoengsao. In addition to these zones, factories may apply for permission to establish a bonded warehouse within their premises to which raw materials, used exclusively in the production of products for export, may be imported duty free.

In addition, Thailand is increasingly focusing on trade with neighboring countries to improve trade and investment, and is establishing Special Economic Zones (SEZs) in many provinces including Tak, Nong Khai, Mukdahan, Sa Kaeo, Trad, Narathiwat, Chiang Rai, Nakhon Phanom, and Kanchanaburi. Business sectors and industries that might benefit from incentives offered in the SEZs include logistics, warehouses near border areas, distribution, services, tourism, labor-intensive factories, and manufacturers using raw materials from neighboring countries.

## **Foreign Direct Investment and Foreign Portfolio Investment Statistics**

*Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy*

	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2016	\$406,840	2015	\$395,200	www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2016	\$15,545	2015	\$11,295	BEA data available at <a href="http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm">http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm</a>
Host country's FDI in the United States (\$M USD, stock positions)	2016	\$3,868	Not available		BEA data available at <a href="http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm">http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm</a>
Total inbound stock of FDI as % host GDP	2016	\$201,845	49.6%		

\*National Economic and Social Development Board for GDP; Bank of Thailand for FDI.

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	183,277	100%	Total Outward	70,318	100%
Japan	65,095	35.5%	Cayman Islands	9,275	13.2%
Singapore	26,450	14.4%	China, P.R.: Hong Kong	7,746	11.0%
United States	14,789	8.1%	Mauritius	6,311	9.0%

Direct Investment from/in Counterpart Economy Data					
Netherlands	11,483	6.3%	Singapore	5,545	7.9%
China, P.R.: Hong Kong	9,633	5.3%	British Virgin Islands	3,330	4.7%

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

This data is consistent with Thai government data. Sources of FDI are not tax havens.

*Table 4: Sources of Portfolio Investment*

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	40,220	100%	All Countries	14,893	100%	All Countries	25,327	100%
China P.R.	6,655	17%	Luxembourg	4,303	29%	China P.R.	6,284	25%
United States	5,516	14%	United States	3,972	27%	Japan	2,888	11%
Luxembourg	4,590	11%	Hong Kong	1,308	9%	Hong Kong	2,309	9%
Hong Kong	3,617	9%	Singapore	1,077	7%	UAE	1,844	7%
Japan	3,451	9%	Ireland	840	6%	United States	1,544	6%

The Thai government does not publish comparable data. Sources of portfolio investment are not tax havens.

## Contact for More Information on the Investment Climate Statement

Economic Section  
U.S. Embassy Bangkok  
+66-2-205-4211  
[NickersonEA@state.gov](mailto:NickersonEA@state.gov)

## **Trade & Project Financing**

### **Methods of Payment**

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.

### **Banking Systems**

There are 14 Thai Commercial Banks and 11 Foreign Banks Branch in Thailand. The public financial sector also 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.

Within the banking sector, the Bank of Thailand (BOT) focuses on strengthening the Thai financial system to serve the economy through fundamental technological improvement. The payment systems and infrastructure are critical to all businesses and economic activities. Many innovation financial platforms have been introduced to the market, which aim to facilitate online payments through mobile phone users. According to the BOT, Thailand has launched the regulatory system to support the development of new financial innovations and prevent financial tech companies from jeopardising financial systems or the economy

### **Foreign Exchange Controls**

Thailand utilizes 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. Nonresidents 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 (Myanmar, 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, and the like. 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.

## **US Banks & Local Correspondent Banks**

### **[JP Morgan Chase Bank](#)**

20 North Sathorn Road, Bubhajit Building100

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

[Bank of Ayudhya PLC.](#)

1222 Rama III Road, Bang Pongphang

Yannawa, Bangkok 10120

Tel: 662-296-3000

[Bangkok Bank Public Co., Ltd.](#)

333 Silom Road, Bangrak

Bangkok 10500

Tel: 662-231-4333, 231-4665

[Kasikornbank PCL](#)

1 Thai Farmer Lane

Ratburana Road, Bangkok 10140

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

[Krung Thai Bank Public Co., Ltd.](#)

35 Sukhumvit Road, Klongtoey Nua

Wattana, Bangkok 10110

Tel: 662-255-2222

[Siam Commerical Bank Public Co., Ltd.](#)

9 Rachadapisek Road, Ladyao

Chatuchak, Bangkok 10900

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

### **Project Financing**

U.S. EXPORT-IMPORT BANK (EX-IM): The U.S. Ex-Im 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).

Multilateral Development Banks:

U.S. TRADE AND DEVELOPMENT AGENCY (USTDA): The U.S. Trade and Development Agency helps companies create U.S. jobs through the export of U.S. goods and services for priority development projects in emerging economies. USTDA links U.S. businesses to export opportunities by funding project preparation and partnership building activities that develop sustainable infrastructure and foster economic growth in partner countries.

USTDA facilitates U.S. business participation in the preparation and execution of priority development projects. The Agency helps build the infrastructure for trade, match U.S. expertise with overseas development needs, and facilitate business partnerships between U.S. industry and emerging economies. These partnerships allow the Agency to target its investments toward projects that are most likely to be implemented using U.S. goods and services.

The Agency sponsors early-stage project preparation activities such as feasibility studies, technical assistance and pilot projects, which provide the analysis necessary for projects to reach financing and implementation.

USTDA also creates market access for U.S. companies, connecting them with key decision-makers in emerging economies by hosting conferences, workshops, trainings and reverse trade missions. The Agency's reverse trade missions bring overseas decision-makers to the United States to introduce them to the design, manufacture and operation of U.S. goods and services that can help advance their development goals.

Key areas of focus for USTDA in the region include promoting clean energy development and energy security, improving transportation and trade infrastructure and deploying ICT solutions. USTDA achieves an incredible rate of return on U.S. taxpayer dollars, generating \$85 of U.S. exports for every \$1 programmed. The Agency has generated over \$56 billion in U.S. exports since its inception, supporting an estimated 300,000 U.S. jobs.

USTDA's regional office, covering all of Southeast Asia, is located at the U.S. Embassy in Bangkok, Thailand. Key individuals overseeing USTDA's programs in Southeast Asia can be contacted either in the Washington, D.C.-area headquarters or in Bangkok.

In Thailand:

Mark Dunn, Regional Manager, [mdunn@ustda.gov](mailto:mdunn@ustda.gov)

Rachaneekorn Sriswasdi, Deputy Regional Manager, [srachaneekorn@ustda.gov](mailto:srachaneekorn@ustda.gov)

In the United States:

Henry Steingass, Regional Director, [hsteingass@ustda.gov](mailto:hsteingass@ustda.gov)

David Ross, Country Manager, [dross@ustda.gov](mailto:dross@ustda.gov)

## Financing Web Resources

- [Trade Finance Guide](#)
- [Export-Import Bank of the United States](#)
- [Country Limitation Schedule](#)
- [Overseas Private Investment Corporation\(OPIC\)](#)
- [U.S. Trade and Development Agency](#)
- [SBA's Office of International Trade](#)
- [USDA Commodity Credit Corporation](#)
- [Asian Development Bank](#)

## Business Travel

### Business Customs

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. The Commercial Section at the U.S. Embassy in Bangkok offers business matchmaking (Gold Key) services to help U.S. companies gain access to qualified potential partners in the Thai business community.

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

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

## ETIQUETTE

"Khun" is the Thai form of address for Mr., Mrs., and Ms.

The "wai" is a traditional gesture of greeting and respect in Thailand. Practice by placing your palms together in a prayer-like position.

Business cards are an indispensable part of making business contacts in Thailand. Bring lots of your own as a general form of introduction.

Remove shoes before entering a home or temple.

Touching someone on the head or pointing your feet to anything is considered by Thais to be very rude.

Thais hold the Royal Family in high esteem and you are also expected to do so.

## **Travel Advisory**

American citizens may register on-line with the U.S. Embassy in Bangkok to obtain updated information on travel and security within Thailand by visiting the [U.S. Embassy Thailand's website](#).

Useful information for travelers can also be found on the website of the Royal Thai Embassy in Washington D.C., [www.thaiembdc.org](http://www.thaiembdc.org). Travelers visiting Thailand may also wish to review the [State Department Consular Information Sheet on Thailand](#).

## **Visa Requirements**

U.S. citizen tourists staying for fewer than 30 days do not require a visa, but must possess a passport valid for at least six months beyond the date of entry to Thailand. Thai Immigration officials may ask for an onward/return ticket, and airlines may ask for this information when booking or at check-in. The U.S.

Embassy and Consulate are not able to intervene with Thai Immigration or the airlines regarding their regulations and policies. Persons entering Thailand by air without a visa will be allowed to stay in Thailand for 30 days per visit. Persons entering Thailand by land without a visa will be allowed to stay in Thailand for 15 days per visit. Travelers must pay a Passenger Service Charge in Thai baht when departing from any of Thailand's international airports; this charge is included in the ticket price for flights from Bangkok's main airport, Suvarnabhumi International.

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

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

Thailand's Entry/Exit information is subject to change without notice. For further information on Thailand's entry/exit requirements, contact the Royal Thai Embassy, 1024 Wisconsin Avenue, N.W., Washington, D.C., 20007, telephone (202) 944-3600, or contact the Thai consulates in Chicago, Los Angeles, or New York City. Visit the [Embassy of Thailand website](#) for the most current visa information.

Suvarnabhumi International Airport is located 18 miles (30 kilometers) east of downtown Bangkok and is approximately a thirty-minute drive to/from downtown Bangkok in light traffic. Traffic conditions may result in longer drive times. Information on the new airport can be found at: <http://www.bangkokairportonline.com>.

See Entry, Exit & Visa Requirements: [State Department on Travelling to Thailand](#) for more information pertaining to dual nationality and the prevention of international child abduction. Please refer to our Customs Information page to learn more about customs regulations.

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

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

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

For more information travelers may contact:

Royal Thai Embassy, Consular Office

2300 Kalorama Road, N.W.

Washington, D.C. 20008

Tel. (202) 684-8493

Fax. (202) 459-9536

e-mail: [consular@thaiembdc.org](mailto:consular@thaiembdc.org)

Office Hours: Monday-Friday 9:00 a.m. – 12:30 p.m. and 2:00 – 5:00 p.m.  
(Walk-in Services: 9:00 a.m. – 12:00 p.m. only) U.S. Eastern Standard Time.  
Closed on Thai and U.S. official holidays.

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

[State Department Visa Website](#)

[U.S. Embassy Consular Section](#)

### **Currency**

The Thai baht to the U.S. dollar is approximately baht 34.5 per US 1 dollar. Upon arrival in Thailand, money exchange centers are available after clearing the customs checkpoint. The money exchanges are generally located immediately outside of baggage claim/customs at the international airports. There are ATM machines for direct withdrawals or for cash advances.

### **Telecommunications/Electric**

Thailand's telecommunication services meet international standards, especially in urban areas like Bangkok. There are an abundance of fixed lines for offices and residences. Thailand is rapidly developing an ICT industry which is estimated to reach \$20.5 billion in 2016 and accounting for 7% of the country's GDP.

The Bangkok metro area is served by two fixed line operators: the Telephone Organization of Thailand (TOT), a state enterprise, and True Corporation PLC (TRUE) a private company. Local calls are not timed and carry a fixed charge of 3 baht per call (from fixed line number to fixed line number).

Areas outside Bangkok are served by the TOT and a private company TT&T Public Co., Ltd. The fixed line network has a total capacity of over 8 million lines. In addition, public telephone are available nationwide.

In terms of Thailand's communications network, currently, the country has 98 million mobile subscribers with 30% smart phone penetration rate. In addition, there are 35 million Internet users in Thailand. These figures are increasing daily, due to the widespread availability of broadband and wi-fi access in all provinces.

## Transportation

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, is an elevated train network that opened in Bangkok's most congested business districts, including Silom and Sukhumvit. The [MRTA](#) is a subway system that runs between Hua Lamphong (Central Train Station) and Bang Sue.

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 infrastructure with more than 390,026 kilometers, of which 384,176, or 98.5%, is concrete or asphalt paved, and 66,266 km forming a national highway network connecting each region of the country. 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 4,429 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 a coastline of 3,219 km with over 4,000 km of waterways, with 8 international deep-sea ports in operation, with four private ports permitted to handle container cargo. The country's main commercial ports are Bangkok Port, Laem Chabang Port and Sriracha Harbor Deep Seaport.

Bangkok Port is the largest port in Thailand and can handle approximately 1.5 million TEU/yr. The depth of the Chao Phraya River basin is 8.5 meters. Bangkok Port is located on the west side of the Chao Phraya River between km. +26.5 and km. +28.5 at the entrance to Prakanong Canal, Klongtoey District, Bangkok.

Laem Chabang can handle about 6.9 million TEU/yr. and the port depth is 12 meters. Currently, four piers are handled by private companies. Laem Chabang Port is situated at Tungsukhla Sub-District, Sriracha District and Banglamung Sub-District of Chon Buri Province. The port covers an area of around 2,536 acres (6,340 rais). Sriracha Harbour Deep Seaport was the first port in Thailand able to accommodate vessels up to 100,000 dwt. The location of Sriracha Harbour ensures that it is accessible and fully usable for 95% of the year.

Thailand currently has 38 commercial airports including seven international airports. The international airports are located in Bangkok, Chiang Mai, Chiang Rai, Phuket, Hat Yai, Krabi, Samui, and U-Tapao. Two main airports are Suvarnabhumi and Don Mueang, both are in Bangkok. Suvarnabhumi was opened in September 2006, and is the country's primary international airport and aviation with an initial passenger capacity of 45 million, and a cargo capacity of 3 million metric tons per year. Suvarnabhumi Airport and Don Mueang International Airport handled 525,679 flights. A total number of 80,973,529 passengers passed through the two main airports.

Suvarnabhumi Airport has planned the development of phase 2 to support the expected increase in the number of passengers. This second phase incorporates a new satellite terminal that can handle 20 million passengers. Completion of next expansion phase at Suvarnabhumi Airport is expected in 2020, will be able to lift the airport's capacity to 80 million passengers.

Thai Airways International is Thailand's national airline serving both domestic and inter-continental routes.

## **Language**

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 Thai 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**

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](#).

Doctors and hospitals often expect immediate cash payment for services, and U.S. medical insurance is not always valid outside the United States. Many hospitals in Bangkok and other major cities will accept standard credit cards. For additional useful health information, contact the International Travelers' Hotline at the Center of Disease Control at 800-232-4636 or 888-232-6348.

## **Local Time, Business Hours and Holidays**

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. – 5:00 p.m. Most business offices are closed on Saturdays and Sundays although most commercial establishments remain open. The Commercial Section at the U.S. Embassy in Bangkok is open 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 2017, the following are the commercial holidays on which most business and government offices in Thailand will be closed:

<b>OFFICIAL HOLIDAYS 2017</b>			
<b>MONTH</b>	<b>DATE</b>	<b>DAY</b>	<b>OCCASION</b>
January	2	Monday	New Year's Day (observed)
January	3	Tuesday	New Year's Day (observed)
February	13	Monday	Substitution of Makabu Bucha day
April	6	Thursday	Chakri Day
April	13-17	Thursday, Friday and Monday	Songkran Days (Thai New Year)
May	1	Monday	Labor Day
May	10	Wednesday	Visakha Bucha Day
July	10	Monday	Substitution of Asarnha Bucha day
July	28	Friday	His Majesty the King Maha Vajiralongkorn's Birthday
August	14	Monday	Substitution of H.M. The Queen's Birthday / Mother's Day
October	13	Friday	His Majesty the Late King Bhumibol Adulyadej Memorial Day
October	23	Monday	Chulalongkorn Day
December	5	Tuesday	Father's Day
December	11	Monday	Substitution of Constitution Day
December	31	Sunday	New Year's Eve

## **Temporary Entry of Materials or Personal Belongings**

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. Travelers entering or departing from Thailand are exempt from duty for 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 [www.customs.go.th](http://www.customs.go.th) , or contact Commercial Section at the U.S. Embassy in Bangkok at Tel: (662) 205-5090.

## **Travel Related Web Resources**

[Royal Thai Embassy in Washington D.C.](#)

[State Department Consular Information Sheet on Thailand](#)

[State Department Visa Website](#)

[State Department Travel Visas](#)

[United States Visas](#)

[U.S. Embassy Bangkok](#)

[U.S. Embassy's Visa website](#)