Thailand at a glance

**Population - 2014**

68.7 million

**GDP Growth 2014**

1%

**GDP Growth Forecast (IMF)**

3.7% (2015), 3.9% (2016), 4% (2017)

**Capital City**

Bangkok

**Religion**

Buddhism (90%)

**Climate**

3 distinct seasons: summer, rainy, cool

**Currency**

Thai Baht (THB)

**Fiscal Year**

Calendar year (January-December)

**Exchange Rate** (2014 Average)

A$1 = THB 29.3

**Australian Imports from Thailand (2014)**

A$10.94 billion

**Australian Exports to Thailand (2014)**

A$5.17 billion

**Time Difference to Bangkok (ICT)**

3 hours behind (AEST)

**GNI Per Capita (PPP) - 2014**

US$13,950

**Income Level**

Upper Middle

*Gross National Income (Purchasing Power Parity) World Bank
1. Introduction
1.1 WHY THAILAND? OPPORTUNITIES FOR AUSTRALIAN BUSINESSES

The Kingdom of Thailand is fast becoming a rich northern frontier for Australian business, and a commanding gateway to the region’s economic powerhouses India and China, as well as Indochina and the Greater Mekong sub-region. Already, 300 Australian companies have built a presence there and two-way Thai-Australian trade is pushing towards $16 billion a year, with several opportunities arising for expansion and growth. Propelled by the two countries’ historic free trade agreement, investors are seizing new prospects in a range of industry sectors, with generous Thai tax and other financial incentives providing an added lure.

Of course, this was not always so, and for a long time the country was eyed suspiciously in the face of political unrest and perceptions surrounding labour conditions. But Thailand is making a concerted effort to draw foreign investors, particularly to high-tech industries and to less-developed sectors of the economy, as well as to its underdeveloped regions.

Economically, this country of more than 68 million people has been characterised as one of steady growth. Abundant natural resources combined with a skilled and cost-effective workforce have allowed Thailand to attract foreign investment, which in turn has underpinned the nation’s surging prosperity through the development of key industries. While foreign ownership is limited to 49 per cent of individual enterprises across a number of sectors, unrestricted foreign ownership is allowed in manufacturing, some areas of agriculture and services. Australian investors are now getting a range of additional benefits and protections under the Thailand-Australia Free Trade Agreement (known as TAFTA). In its 10th-anniversary year in 2015, some of the new TAFTA benefits include the ability to take full ownership of enterprises in certain construction services and majority ownership in mining operations, tertiary education services, restaurants and hotels.
Consider some key facts:

- Thailand ranks among the top 10 most attractive countries in the region for investment over the next three to five years, with research showing foreign investors are reassured by its abundance of suitable suppliers, raw materials, and development of infrastructure.
- Thailand has repositioned itself after a period of political instability as a hub for medical tourism, services and agribusiness with average annual GDP growth of four per cent forecast from 2015 – 2020.
- Thailand is one of the world’s leading producers of rice, rubber and sugar. It brings together an array of agricultural expertise, drawing on leading technologies and underpinned by strong government support for food research and development.
- As the world’s largest medical tourism market – the result of low-cost medical treatments and high-quality healthcare – Thailand boasts business opportunities for healthcare service providers, with the Thai government offering various investment incentives for manufacturing of medical food and equipment.

Friendly and rich culture: Thailand has gained a reputation throughout the world for its gracious hospitality. The friendliness of its people and the diverse nature of Thai culture make visitors feel at home in Thailand.

Gateway to Asia: Thailand lies at the heart of Asia and is on the doorstep of some of the world’s biggest and fastest growing markets. It serves as a gateway to Southeast Asia and the Greater Mekong sub-region, where newly emerging markets offer great business potential. Thailand also provides a convenient launching pad for businesses looking to trade with China and India.

Hub of ASEAN: Thailand was one of the founding members of the Association of Southeast Asian Nations (ASEAN) and has been instrumental in the formation and development of the ASEAN Free Trade Area (AFTA). As a result, Thailand has forged closer economic ties with the bloc’s member nations, and its manufactured products and services have access to the markets of all nine ASEAN partners. The alliance encompasses total consumer spending that is forecast to grow to $2 trillion by 2020, representing growth of 45.7 per cent (2013 to 2020), a surge that looks certain to continue in the decades ahead. The region is expected to account for just under 50 per cent of global middle-class consumption by 2030, with much of that growth predicted to centre on communications and education, as well as hotels and catering.

Foreign direct investment policies: The country’s well-defined investment policies focus on market liberalisation and the encouragement of free trade. Foreign investment in Thailand, especially that which is seen to be contributing to the development of domestic skills, technology and innovation, is actively encouraged by the government. Little wonder that Thailand consistently ranks among the most attractive investment destinations in well-credentialled international surveys. According to the World Bank, Thailand ranks as the third easiest country in the Southeast Asian region in which to do business, and 26th easiest in the world.

Considering doing business in Thailand?

1. Do your research
   - Speak to industry experts
   - Connect with Australian businesses operating in Thailand
   - Go to industry events and information seminars
   - Seek professional advice.

2. Become aware of cultural difference and ways of doing business in Thailand
   - Gain an understanding of your customer and local business partners
   - Be flexible and open to difference
   - Understand the local culture and prepare before meeting with local business partners
   - Practise Thai business etiquette.

3. Building relationships is crucial in Thai culture, but it can take time
   - Be patient with developing relationships
   - Follow up and maintain contact with your networks.
Government support and incentives: Numerous Thai government agencies reach out to investors with various tax incentives, support services and import duty concessions that are made available to an extensive range of businesses considered top priority in the country’s investment needs. The key conduit for such assistance is Thailand’s Board of Investment (BOI). Under the BOI stewardship, no foreign equity restrictions apply to the manufacturing sector, nor are there onerous local content or export requirements, putting Thailand’s investment regime in full compliance with the World Trade Organisation regulations. The BOI also oversees Thailand’s One-Stop Service Centre for Visas and Work Permits, which allows foreign staff of companies meeting the board’s guidelines to obtain the necessary work documents within three hours or less.

Long-established and newly emerging industries: On the back of strong economic development and in concert with robust support industries, Thailand’s industrial production has expanded and diversified rapidly, both within long-established sectors and newly emerging industries. As a means of fast-tracking and prioritising development, the government has put an emphasis on attracting investment in six key sectors. These have been identified as integral to meeting the country’s developmental objectives with targeted industries including agriculture and agroindustry, alternative energy, automotive, electronics, fashion, and information communications technology. Value-added services including entertainment, healthcare and tourism are also earmarked for special attention, while opportunities remain rife in the Thai pharmaceutical industry, which is the second biggest in Southeast Asia, currently worth more than $4.5 billion annually and expected to double by 2020. Indeed, foreign investment in the sector in both manufacturing and importing can be expected to increase dramatically should Thailand’s application for membership of the global Pharmaceutical Inspection Convention and Pharmaceutical Cooperation Scheme succeed, thereby ramping up safeguards and standards.

Thailand’s cosmetics and beauty care industry is another sector enjoying growth in both manufacturing and sales, the result of a range of factors including rising domestic incomes, rapid product development and changing social attitudes towards personal care, particularly among young men. Thailand’s cosmetics market is the largest within ASEAN, while sales of skincare products rank 12th in the world and those of haircare products second. The industry overall is expected to continue growing at three to six per cent a year.

Thailand has a large and competent manufacturing sector: The physical infrastructure of the sector is well developed, particularly when compared with other countries in the region. The BOI also offers a range of privileges, guarantees, protections, permissions, tax incentives and export incentives to attract foreign businesses to the sector. In regards to the Australian automotive industry, Thailand houses more than 20 Australian Tier One and Two auto industry suppliers.

Particular areas of opportunity for Australians (especially under TAFTA) lie within:

- Horticulture
- Dairy
- Processed food and beverages
- Education
- Automotive products.
The freeing up of agribusiness trade rules has led to increased Australian exports of grain, cotton and milk powder to Thailand and growing rice exports from Thailand to Australia. Education also dominates Australia’s service exports to Thailand with key initiatives in English teaching, the training of teachers and hospitality workers, as well as collaboration between institutions.

A shortage of skills training in Thailand presents a valuable opportunity for Australian educational institutions, underscored by the strong perception in Thailand – and in many other Asian nations – that education abroad is of a higher quality. While Australia is the number one destination for Thai students studying overseas, Thailand ranks just fifth in terms of the numbers of foreign students in Australia across all sectors (schools, higher education, TAFE/VET), a possible pointer to future growth opportunities. A total of 25,642 Thai students were enrolled in Australia across all sectors in 2014, up from 21,762 the previous year.

1.2 THAILAND OVERVIEW

Geography

Thailand is situated in Southeast Asia, flanked by the Indian Ocean and the Gulf of Thailand. Covering 513,115 square kilometres, it is roughly equal in area to France. The country is bordered by Myanmar to the west, Laos and Cambodia to the east, and Malaysia to the south. It consists of various distinct areas – the mountainous north, the dry north-eastern plateau, the fertile central delta, the eastern seaboard and the southern peninsula. The capital city, Bangkok, is situated in the central delta area and lies just one metre above sea level. Thailand’s climate is tropical with the average temperature around 29°C and humidity usually sitting between 73 and 82 per cent. It is generally warm all year round, although Thai people recognise three distinct seasons.

THAI SEASONS

Summer (March to May)
Hot and humid.

Wet season (June to October)
While it does not rain constantly, the sky is overcast and a tropical downpour lasting one to two hours is typical on most days.

Cool (November to February)
Weather is dry and relatively cooler than the rest of the year.

History

Popular belief has it that the Thai people originally came from southeastern China in AD 650 and formed a kingdom called Nanchao. In the 13th century these people migrated south to the area that is now regarded as northern Thailand, and established its first kingdom called Sukhothai. It was during the Sukhothai period that the Thais developed their own distinctive language, art, culture and architecture.

The Sukhothai Kingdom flourished for about 100 years before gradually crumbling when another more powerful kingdom of Ayutthaya arose in the mid-14th century. Its emergence coincided with the initiation of trade with the West, followed by a period of territorial battles between the Thais and the Burmese. The Ayutthaya period lasted for over 400 years, when the capital was lost to the Burmese invasion in 1767.

The Burmese did not control Ayutthaya for long. Within months conflict erupted again, and soon after the brief Taksin Dynasty emerged. In 1782, General Chakri transferred the capital across the Chao Phraya River to Bangkok and proclaimed himself King Rama I of the Chakri Dynasty, signalling the beginning of the Rattanakosin period, which continues today. His Majesty King Bhumibol Adulyadej (Rama IX) has reigned since 1946 and is the world’s longest serving head of state as well as Thailand’s longest reigning monarch. Reflecting the nation’s deep respect for the monarchy, it is a serious crime to make critical or defamatory comments about the King or other members of the royal family. This particular crime is dubbed lese majeste and those who violate it, even unknowingly, face being arrested.
It is interesting to note that up until the reign of King Rama IX, the country had always been known as Siam. The name was changed to Thailand (meaning “free”) to acknowledge the nation’s unique standing as the only country in Southeast Asia to avoid colonisation by a European power. The city of Bangkok, better known among Thais as Krung Thep, or City of Angels, is actually an abbreviated version of the city’s full ceremonial name which is the world’s longest city name.

Culture

Thailand embraces a mix of colourful and exotic cultures, which has given rise to a distinctive national psyche and ways of interacting. The foremost ethnic group is Thai, but diversity reigned through a high degree of intermarriage with the Chinese and the presence of many other groups that include Burmese, Lao, Malay, Mon and Indian.

Religion is a core feature of Thai life. While Buddhism is regarded as the national religion, practised by more than 90 per cent of the population, Islam, Christianity, Hinduism and other faiths are also represented. Religious freedom is enshrined in the Thai constitution, and the King, though himself a Buddhist, remains the patron of all religions practised in Thailand. In fact, the King holds the title Defender of all Faiths. Buddhism is mostly of the Theravada school, although it has become entwined through the centuries with folk beliefs such as Chinese ancestor worship been introduced through the blending of Thai and Chinese populations. Meanwhile, a key influence on Thai Buddhism has been Hindu beliefs received from Cambodia. The faithful in modern Thailand practise certain rituals, performed either by monks or by Hindu ritual specialists, that are either identified explicitly as Hindu in origin, or easily understood to have been derived from Hindu practices.

Muslims make up the second-largest religious group, accounting for about five per cent of the Thai population. Muslims are most dominant in Thailand’s southern provinces – Pattani, Yala, Narathiwat and part of Songkhla and Chumphon – and consist of both of ethnic Thais and Malays, the latter making up the majority of people living at the southernmost tip of Thailand. Christians, mainly Catholics, account for less than one per cent of the population, while a very small community of Sikhs and Hindus also live in Thai cities, and are well represented in retail commerce.

Thailand is a collectivist society, which dictates that the needs of the group are placed ahead of those of the individual. Subtlety and indirect forms of communication are highly valued in Thai society which, as in the case of many others across Asia, is hierarchical. Individuals are viewed as being either higher or lower in status, measured between one another in relative terms – younger or older, weaker or stronger, junior or senior, subordinate or superior, and rarely equal. As a result, young Thais grow up needing to learn appropriate behaviour within the confines of the existing hierarchy, taught to recognise the difference between ‘high place’ and ‘low place’, particularly in regard to the roles in society of adults and children, or teachers and students. This organised ranking is dynamic in nature, allowing for movement of a person’s status in either direction. A further element in the hierarchy of social order, according to Thai belief, has a spiritual dimension, attesting that a person’s standing within the hierarchy reflects what an individual has been and what an individual has done. This Buddhist perspective is very different from that understood by Hinduism. For the Buddhist, it does not matter who a person is but what they do; whereas Hinduism believes that a person does what they do because of who they are.
Likewise, the Buddhist concept of karma lies at the spiritual core of Thai society and culture. This infers that actions that occurred in a past life can affect the present, while behaviour in the present can have a bearing on a future life. Past karma’s effects pertain to such common expressions as mai pen rai (never mind, it doesn’t matter) or the notion of forgiveness. Another fundamental Thai custom, bun khun, embraces a sense of indebtedness towards parents, guardians, teachers and caretakers. Acknowledged as any good thing, a helping hand, perhaps, or favour, bun khun entails gratitude but also obligation on the part of the recipient. What parents do for their children is also a form of bun khun, as is the mentoring of students by their teachers.

It is little wonder, in such a hierarchical society, that status in Thailand is also seen as important. Such a ranking can be determined simply by someone’s clothing and general appearance, their age or job, education, family history, as well as their wealth and social connections. Status dictates that subordinates will generally listen to and accept advice and direction from his or her superior without question. But this courtesy imposes on superiors an unstated obligation to lead and to be mentors in return.

While not unique to Thai culture, notions of respect and of saving face are highly prized. Conflict and angry outbursts are to be avoided at all costs. Indeed, displaying anger towards another person and public disagreement can cause a person to lose face. Differences of opinion and disputes need to be handled delicately and with a smile: no attempt should be made to assign blame to another person. Thais also place great emphasis on the concept of sanuk – the sense that life, after all, should be fun and enjoyable. In view of this, Thais can be quite playful even at work and during most daily activities. Being upbeat, and showing positive emotions in everyday social interactions is also considered integral to Thai life.

One of Thai society’s most distinctive customs is the wai, which can be likened somewhat to the Indian gesture of namaste – a kind of greeting or farewell, or means of acknowledging others. A simple but highly significant gesture, the wai is something that foreigners should look to master quickly in their effort to engage meaningfully and respectfully with their Thai counterparts. The wai generally involves a prayer-like gesture and a bow of the head (Chapter 4 explains the wai in more detail). Beyond this, the showing of affection in public can be common between friends and acceptable. However, it is very rare for couples to do so, although more common in urbanised parts of the country.

The Thai people share a deep respect for religious symbols, with Buddhist monks holding a special status within Thai society, to the point where interaction with monks is constrained by special mores. For a start, monks are prohibited from touching or being touched by females, to the point where women need to avoid even accidental conduct while walking in a street. Meanwhile, the white or sometimes golden symbols or writings given by monks that are displayed on the walls of buildings, on houses or cars are considered sacred and bestow luck and blessings on the owner. These should be treated with great respect. In regard to bun khun, an ultimate way of paying gratitude and for bestowing great merit on himself and his parents is for a man to become a monk, because this will enable them to go to heaven.
So-called ‘spirit houses’ are prevalent in Thailand. These are miniature constructions that stand outside most Thai homes and office buildings as a means of recognising and engaging spirits that Thais believe exist throughout their country – in forests, mountains, rivers and trees, and on the land. In this context, it is natural that buildings should have spirits, too. The spirit house is erected to encourage spirits to live outside the family dwelling and workplace. It therefore is important that people show respect for the place in which they are living by not slamming doors, banging on the floor or doing anything that is likely to disturb the guardian spirit. In deference to the spirits, Thais often observe the wai when they pass these shrines. While foreigners are not expected to display such reverence, they should pass by in a respectful manner.

**Politics and government**

Thailand is one of almost 40 constitutional monarchies that exist in the world today. Normally, an elected Prime Minister heads the government, while the head of state is the hereditary monarch. In Thailand, the King exercises his legislative power through the Parliament, executive power through Cabinet and judicial power through the courts. Just as in Australia, the bicameral Parliament is made up of the House of Representatives and the Senate, although the Thai Senate has often been appointed or semi-appointed. Generally, the former consists of 500 members, with 375 of these drawn from single-seat constituencies and a further 125 elected on a party-list basis across a nationwide single constituency. Members of the House of Representatives are normally elected for four-year terms; senators get six years at a time.

Thailand’s 77 provinces are administered by governors (appointed by the Interior Minister), divided into amphurs (districts), tambons (sub-districts) and villages. Metropolitan Bangkok, however, is governed by an elected governor with administrative responsibilities divided into 50 districts.

**The current political situation**

Thailand’s recent political and civil unrest started in 2005 and intensified after the 2006 military coup that ousted communications billionaire and Prime Minister – Thaksin Shinawatra, who had built strong electoral support through sometimes populist policies. These focused on Thailand’s rural poor but alienated other segments of the population. His removal from office sparked a strong display of support among the country’s northern and northeastern villagers who had been beneficiaries of his party’s policies. This caused a shift in political power in Thailand away from Bangkok and the south towards the north and northeast. Thaksin’s supporters became known as the ‘red shirts’, a broad-based movement in support of the deposed leader that collided with pro-government supporters known as the ‘yellow shirts’, and defined by a colour that heralded allegiance to the King. The yellow shirts made international headlines in late 2008 with the occupation and forced closure of Bangkok’s two airports. In 2010, widespread demonstrations erupted again in parts of Bangkok. More than 80 civilians and six soldiers were killed and 2,100 people injured over three months of hostilities to May 2010. Thaksin’s party again won the elections in 2011 and his sister, Yingluck, became prime minister. In late 2013, anti-government protests resumed, with political instability peaking between November 2013 and May 2014.

On 22 May 2014, Thailand’s army chief, General Prayuth Chan-ocha, staged a military coup, following months of deadlock between highly polarised political factions. While initially clouding Thailand’s political and economic outlook, the military government has been able to generally restore business confidence, with the Thai economy showing strong signs of recovery.

This has been further strengthened by the new administration’s demonstrated commitment to:

- Free market principles, and further integration with the economies of the Greater Mekong sub-region, ASEAN and Northeast Asia
- The promotion of a value-added, innovation-driven economy
- Upgrading and expanding connectivity and infrastructure
- The launch of digital technology platforms.
The ruling National Council for Peace and Order has introduced an interim constitution, established a National Legislative Council, created a National Reform Council and appointed a provisional civilian-led Cabinet. It has also committed to holding a general election in 2016.

While Australian investors may not be readily accustomed to such controversy, Thailand historically has shown a certain economic resilience in the face of regular political upheaval. In the wake of this most recent turbulence, businesses generally have kept operating as usual. Thailand’s economy remains export dependent, with exports accounting for more than two-thirds of the country’s Gross Domestic Product (GDP), and despite this civil unrest, the military-backed rulers have stayed committed to Thailand’s open door policies that encourage foreign investment and a mostly free market.

Overall, Thailand’s periodic political volatility tends not to affect day-to-day business operations. Although Thai politics is sometimes unstable, the administration of the country is very sound and all political parties in Thailand, without exception, are pro-business.

**Economy**

Formerly an agriculture based economy, Thailand is now a leading exporter of manufactured goods. Industries such as clothing and textiles, agricultural processing, beverages, cement, jewellery, electrical appliances, computers, accessories and parts, furniture, plastics, automobiles and automotive parts have all seen rapid growth in recent years fuelled by overseas demand. Tourism is also a significant contributor to the Thai economy.

Thailand recovered well from the global financial crisis with the rapid implementation of a fiscal stimulus package and monetary easing, but its economy suffered as a result of severe floods in the second half of 2011. GDP growth fell sharply from 7.8 per cent in 2010 to 0.1 per cent in 2011. On the back of the global economic recovery and higher domestic consumption, Thailand’s GDP rebounded 6.5 per cent in 2012, but slowing domestic demand and a contraction in investment saw growth again ease to 2.9 per cent in 2013. Growth for 2014 was just under one per cent, due mainly to cautious private consumption stemming from high household debt, weak merchandise exports and the sluggish recovery of the tourism sector following the prolonged and disruptive political protests of 2013-14.

Source: IMF World Economic Outlook Databases
Headline inflation for 2014 was 1.9 per cent and is expected to be subdued at 1.3 per cent for 2015. The International Monetary Fund (IMF) forecasts Thailand’s economic growth to gather steam in 2015 and 2016, with GDP growing 3.7 per cent and 3.9 per cent respectively.

In October 2014, the Thai Government unveiled an economic reform agenda to make Thailand more attractive as a regional trading hub and as a means of developing its digital economy. The reforms being introduced are aimed at promoting Thai investment overseas, cutting the cost of doing business in Thailand, tackling corruption, improving logistics and infrastructure, building a better tax structure, and developing a new body to govern the digital economy. The reforms are intended to support the Thai private sector, facilitate trade and promote overseas investment.

A key factor affecting the country’s economy is the role played by the four major global economies – China, Japan, the US and the European Union (EU). Japan is Thailand’s biggest investor, with Japanese enterprises and individuals accounting for the bulk of applications lodged with the BOI in recent years: 49 per cent of applications in 2011, 58 per cent in 2012 and 54 per cent in 2013, with investment totalling around $10 billion in 2013.

Thailand permits foreign investment in all sectors, except for projects related to national security, agriculture and fisheries, and mass media. However, in many sectors foreign investment is restricted to a minority interest. After Japan, Thailand’s biggest foreign investors are Hong Kong, Singapore, the US and the EU.

Thailand’s manufacturing sector is one of the largest contributors to economic growth, making up 44 per cent of GDP in 2014 alone. The services sector is also a key part of the Thai economy, accounting for 44 per cent (2014) of GDP. The tourism industry is crucial; other key service sectors include airlines, banking and telecommunications.

Thailand’s population (68.7 million) is mostly rural based and concentrated in the rice-growing areas of the central, northeastern and northern regions of the country. However, as Thailand industrialises, its urban population, principally in the Bangkok area, continues to grow (estimated to be around 48 per cent of the total population in 2013).

GDP BY SECTOR

- Agriculture: 12%
- Industry: 44%
- Services: 44%

Legal system

Thailand has an independent judiciary with a legal system combining the principles of traditional Thai and Western laws. The courts, as established by legislation, can be divided into civil, criminal, municipal and provincial. They include the tiers of the Court of First Instance, the Court of Appeals and the Supreme Court, as well as the Constitutional Court. Judges are appointed or removed by the King, based on the recommendations of the Judicial Commission. Judges, members of the judicial service, are usually promoted according to seniority. The courts of Thailand are similar in form and procedure to those in countries whose legal systems are based on a system of civil law. There are no juries in Thailand. The decisions of the Supreme Court are highly authoritative but do not establish binding principles of law.

Specialist courts have also been established to deal with matters in a variety of key jurisdictions. These deal with labour, tax, bankruptcy, intellectual property, international trade and administrative matters. All of these courts have accelerated trial and appeals procedures. However, in Thailand’s southern border provinces, where Islam is practised by the majority of the population, Provincial Islamic Committees have limited jurisdiction over probate, family, marriage and divorce cases.
Infrastructure

Thailand’s spending on infrastructure has lagged behind some regional neighbours, such as Singapore, and can present a challenge for those enterprises contemplating doing business in the country. Rankings issued by the World Economic Forum underscore the degree of difficulty: out of 144 countries, it placed Thailand’s road network 50th, rail 74th and port infrastructure 54th. The quality of Thailand’s air transport infrastructure comes in at 37th place. However, investment in infrastructure continues to grow after a capital boost from the Thai government, anxious to raise the standard of the country’s transport network.

In October 2014, The National Council for Peace and Order approved a THB 2.4 trillion infrastructure development blueprint that includes projects to improve the nation’s highways and water transport networks, as well as Thailand’s air transport competitiveness. On top of this, the government unleashed a THB 127 billion project to build six dual-track rail lines with a combined length of 887 kilometres.

Roads: Thailand has an extensive road network of approximately 400,000 kilometres, most of which is paved with concrete or asphalt. A system of national highways connecting the regions, provinces and districts is well maintained and adequate for long haul transportation, while special highways such as tollways and motorways have a minimum of junctions, allowing traffic to flow at higher speeds.

Sea ports: Thailand’s water transportation system has been part of the country’s history for centuries. More than 120 ports, wharves and jetties are able to accommodate sea-going vessels engaging in international trade. Deep sea ports are located in Bangkok, Laem Chabang and Map Ta Phut on Thailand’s eastern seaboard, while Songkhla, Satun, Narathiwat, Phuket and Ranong are located in the south. The most important port for freight is Laem Chabang, which is a gateway to the Asia Pacific. Ranking next is Bangkok Port, which serves the central region. Chiang Saen Port is a significant launching pad for the north, as a gateway to trade with southern China, while Ranong Port is vital for the Andaman coastal area.

Waterway journeys for locals and visitors are commonplace, used for every purpose including commuting to and from work, cruising rivers and canals or crossing to popular islands such as Koh Samet and Koh Lipe. Meanwhile, shuttle boats cross canals or rivers, particularly the Mekong and Chao Phraya rivers, and Saen Saep canal in Bangkok.

Rail and mass transit systems (MTR): Thailand’s rail transportation covers more than 4,000 kilometres and extends from Bangkok to the Malaysian border in the south and the Lao border in the northeast, as well as to the country’s northernmost provinces and Kanchanaburi in the west. In order to alleviate traffic snarls in Bangkok, three mass transit systems have been developed totalling 85 kilometres. The first system, known as the Skytrain, opened in 1999 and operates on overhead tracks. A second system, which opened in 2004, is a subway. Additionally, a dedicated overhead line from the city to Suvarnabhumi Airport was opened in 2011. A number of extensions of the Skytrain to the suburbs of Bangkok are currently being constructed or planned and are expected to be operating within five years.

Airports: Thailand has developed an extensive air transport network that encompasses 28 commercial airports, of which nine are international airports. Bangkok has become a major hub for air services in the region, with direct services to all parts of the world. Bangkok’s Suvarnabhumi Airport is ranked as number 47 on the 2015 Skytrax World’s Top Airports.

Telecommunications: Modern telecommunication facilities are available across the country, especially in urban areas. Fixed line telephones, mobile phones and access to the internet are readily available. However, while the overall penetration of broadband connections remains quite low, the growth rate is beginning to accelerate smartly. During recent years, ownership of mobile phones has grown at a much faster rate than that of landlines. Indeed, mobile phones now outnumber landlines almost five to one, with 98 per cent of the Thai population owning a mobile. The mobile phone market is serviced by AIS, DTAC, True Move, TrueMove H, Hutch, and DPC. With the use of smart phones and tablets on the rise, major mobile operators are also offering 3G and 4G services.

The Thai internet market continues to expand, as Thailand looks to build capacity and catch some of its regional competitors. Despite this, the country’s estimated personal computer penetration rate remained less than 25 per cent at the end of 2013 with high-speed internet access only nascent. Operators were looking at a variety of delivery methods to augment internet penetration with the current rate being 28.9 per cent (2014). The burgeoning mobile market in Thailand ensured that mobile phones, as well as set-top boxes, were high on the list of potential delivery devices. At the same time, the cyber cafe in its various guises had already established itself as a key element in the country’s access equation. Most importantly, with 3G and 4G services being rolled out in a significant way, mobile broadband is booming. Mobile broadband usage has a current estimate of 50 million users, with Thailand becoming the second-largest mobile broadband subscriber in ASEAN (after Singapore) once the nation completes setting up of a high-speed fourth-generation (4G) network.
Country starter pack

Introduction to Thailand

15

LAOS
VIETNAM
CAMBODIA
MYANMAR
MALAYSIA

Don Mueang
Samui
krabi
Phuket
Hat Yai
Surat Thani

28 COMMERCIAL AIRPORTS
(9 international)

OVER 400,000KMS OF ROAD NETWORK

OVER 4000KMS OF RAIL NETWORK

OVER 120 PORTS

Thailand’s Infrastructure

Thailand’s infrastructure ranking out of 144 countries:

Air transport: 37th with 9 international airports
Road: 50th with over 400,000km of road network
Ports: 54th with over 120 ports able to engage in international trade
Rail: 74th with a network consisting of 4,000km.

Major ports
Major international airports
Major rail network
Major road network

*Source: The 2014 World Economic Forum Competitiveness Report
1.3 THAILAND AND AUSTRALIA: THE BILATERAL RELATIONSHIP

When Australians think of Thailand, tropical holidays and Thai food spring to mind for many. But there is much more to Australia’s relationship with Thailand than tourism and tasty cuisine. The two countries have extensive and long standing connections – spanning trade, investment, business, regional security and culture. Diplomatic relations date back more than 60 years, but the connections have grown more rapidly in recent times with Thailand’s emergence as one of the leading economies of Southeast Asia, and with Australia’s increasing engagement with Asia generally.

The bilateral economic relationship is strong, with Thailand now Australia’s eighth largest trading partner in goods and services, and our second largest partner among the countries of ASEAN with a two-way trade in the financial year of 2013-14 (from here on referred to as 2014 for this section) of $19 billion (including services). Unlike our trade relationships with some other Asian countries such as China and Japan – in which Australia enjoys a substantial trade surplus – with Thailand we have a deficit in goods and services trade, which means we buy much more from the Thais than they do from us.

In 2014, Australia’s imports of goods and services from Thailand totalled more than $13 billion, while our exports to Thailand were just over $6 billion. Commercial and passenger vehicles – including popular Toyota and Honda models built in Thailand – make up more than $4.5 billion of our imports from there. Conversely, Australian automotive parts makers have established a valuable, if smaller, business supplying to the Thai car industry.

Australia’s biggest export categories to Thailand include gold (almost $600 million) and crude petroleum (worth more than $1.7 billion a year) along with coal and aluminium. Australia also has substantial services exports to Thailand, totalling about $848 million in 2014 – of which around $571 million was in education exports.
The trade and economic relationship has grown strongly since 1 January 2005 when the Thailand-Australia Free Trade Agreement (TAFTA) came into force. It was Australia’s third comprehensive free trade agreement, and Thailand’s first with a developed country.

Under the agreement, the majority of Thai tariffs on goods imported from Australia – which in some categories had been levied at up to 200 per cent – have been eliminated. This has given Australian exporters of horticulture, dairy, grain, mining, processed food and beverages an edge over their European and North American rivals. Total two-way trade between Australia and Thailand has more than doubled since the agreement came into operation.

The agreement has led to substantial growth in agribusiness trade in particular, with increased wheat, cotton and milk powder exports from Australia to Thailand and rice exports from Thailand to Australia. Education dominates Australia’s service exports to Thailand, with the biggest areas including English training, teacher training and hospitality training. The stock of Thai investment in Australia has also grown spectacularly, from $338 million in 2006 to $6.1 billion in 2013. Australian investment in Thailand for 2014 was worth about $3 billion.
Key elements of the TAFTA deal that offer benefits to Australian businesses include:

- The elimination of 94 per cent of Thailand’s tariff and quota barriers on imports from Australia as of 2010, with the remaining tariffs phasing to zero in 2015 or 2020 (with the exception of skim milk powder and liquid milk and cream, for which the tariff rate quotas will be eliminated in 2025)
- More open access for Australian companies to Thailand’s services market and a commitment to liberalise two-way services trade in future
- Increased access for Australian investors in Thailand, with majority Australian ownership permitted for businesses in certain sectors including mining, construction, restaurants and hotels, tertiary education institutions and maritime cargo services
- More investment protection for Australian direct investors in Thailand, including the right to transfer their funds out of Thailand at any time, and the right to seek impartial resolution of any disputes with the Thai Government over their investments
- Easing of visa and other requirements for the temporary entry of Australian business people to Thailand.

While large parts of the agreement have been in force for some time, there is still more work to be done to implement remaining elements covering issues such as food standards and agriculture. In addition to TAFTA, Australia and Thailand are also parties to the ASEAN–Australia–New Zealand Free Trade Agreement (AANZFTA), which came into force on 1 January 2010. Thanks to this agreement, goods produced in Thailand with materials from other ASEAN states still receive tariff reductions, further enhancing Thailand’s attractiveness as a regional manufacturing hub.

People-to-people ties

While the relationship between Thailand and Australia is unquestionably dominated by tourism and business, it goes much further than that. Formal diplomatic relations were established in 1952. Fifty-three years later, as the business relationship was beginning to thrive, a treaty-level Agreement on Bilateral Cooperation came into force, providing a framework for bilateral cooperation in non-trade areas, including security and law enforcement, environment and heritage, science and technology, telecommunications, civil aviation, public administration, energy, immigration, education, culture and social development. A Memorandum of Understanding (MOU) on ‘Work and Holiday’ visas allows nationals of both countries to undertake 12 month working holidays in the other country.

The tourism and business trades underpin extensive people-to-people links between our countries. More than 565,000 Australians visit Thailand each year on holidays or business (Tourism Australia), while more than 45,000 Thais live in Australia (2011 Census). The Thai-born population in Australia is one of the fastest growing, having doubled between 2001 and 2011, according to the 2011 Census. The relationship is expected to strengthen further in 2015 with Thailand beginning to host Australian New Colombo Plan scholars.

Australia has enjoyed a close relationship with the Thai royal family. His Majesty King Bhumibol Adulyadej and his wife Queen Sirikit visited Australia in 1962 and the Thai Crown Prince, His Royal Highness Maha Vajiralongkorn, studied at secondary school and military college in Australia, subsequently completing training with the Australian Army’s Special Air Service Regiment in Perth.

Over the past couple of decades, Australian and Thai prime ministers have visited each other’s nations with senior government officials visits regularly occurring. In August 2012, Her Royal Highness, Princess Bajarakitiyabha visited Australia to mark the 60th anniversary of diplomatic relations between Australia and Thailand.
Defence and regional security

Regional security has become a key area of mutual interest and cooperation between Thailand and Australia in the early part of this century. The two countries concluded a bilateral memorandum of understanding on counter terrorism in 2002. This was followed by memorandums on police cooperation (June 2003), mutual assistance in customs matters (December 2003), and money laundering (June 2004), and a Mutual Legal Assistance Treaty (July 2006). There is also regular high level dialogue on regional security. Thailand has also cooperated with Australia on regional efforts against people smuggling and trafficking, and has extradited accused people smugglers to stand trial in Australia. Thailand also hosts the Regional Support Office for the Bali Process on People Smuggling, Trafficking in Persons and Related Transnational Crime. The office supports and strengthens practical cooperation on refugee protection and international migration.

Defence ties between Thailand and Australia date back to the end of World War II, when an Australian Defence Section was established in Bangkok in August 1945. Its primary role was to oversee the repatriation of surviving Australian prisoners-of-war, and the recovery and reburial in the Commonwealth War Cemetery in Kanchanaburi of the remains of those who died on the Thai-Burma Railway. Over the next 30 years, Thai and Australian armed forces served together in various missions including the Korean War and the Vietnam War.

In 1972, a formal Defence Cooperation (DC) Program was initiated, involving training and combined maritime, ground and air exercises. The program has continued to develop over ensuing decades, and now involves regular senior officer visits; seminars and workshops; individual education and training courses for Royal Thai Armed Forces personnel at Australian Defence Force schools, colleges and national universities; annual combined exercises; logistics systems and support; and science and technology cooperation.

Since the early 1990s, Royal Thai Armed Forces and Australian Defence Force personnel have served together in United Nations operations in Cambodia, Somalia and East Timor and, more recently, in coalition operations in Iraq. Defence policy talks have also been held annually since 1990, with the aim of continual improvement in the bilateral defence relationship, and promotion of understanding and cooperation on regional security issues. There is also an annual bilateral dialogue on regional security issues, involving foreign affairs, defence and military officials.

Development assistance is another area in which Australia engages with Thailand. In November 2003, Thailand moved from being an aid recipient to an aid donor. However, Australian regional aid programs in human trafficking, labour rights, health, disaster management and economic integration continue to include Thailand. Australia also provides limited support to Thailand as part of efforts to strengthen the capacity of regional organisations such as ASEAN and APEC.
2. Getting started in Thailand
Knowledge is power, and knowledge of the market you are about to enter is essential for business success. The more you can get to grips with the peculiarities of a particular market outside Australia, the better prepared you will be. It is important, therefore, to become informed on a range of subjects on Thailand – from labour laws and tax matters, to banking provisions and financial regulations. In addition, smart business operators will also take time to familiarise themselves with cultural norms, particularly as they pertain to doing business, as well as the local language. Inadequate research has brought many a market foray unstuck.

There are some general principles to bear in mind when considering cultural and business differences while operating abroad, including some that are unique to Thailand. This chapter provides detailed information on how to go about researching the Thai market – what to look for and where to find it. It also includes advice on key considerations and decisions to be made before launching your business venture – choosing a location, hiring interpreters, assessing the potential risks of operating in a foreign environment, and potential business structures.
2.1 WHAT YOU NEED TO CONSIDER

Location
There are a myriad of locations that can be used for establishing a foothold in Thailand’s bustling economy, but it is wise to match your choice of location with the market that your business is looking to target. Increasingly, foreign enterprises are focusing on niche opportunities, and that can dictate a specific location or geography rather than one chosen more generally as a catch-all for customers. Either way, detailed research is essential.

Key regions: Geographically, Thailand is broadly divided into four distinct regions comprising 77 provinces. Bung Kan district, in Nong Khai, northeast Thailand, became the country’s latest province, designated in August, 2010. The four regions are:
- Central: The location of Bangkok, the Kingdom’s capital
- Northeast: Encompasses the country’s most populous region and is home to Nakhon Ratchasima (Korat), a major industrial city.
- North: Takes in the cities of Chiang Mai and Chiang Rai.
- South: Includes the popular coastal resorts of Phuket, Koh Samui, Hua Hin, Phang Nga and Krabi.

Bangkok, as well as serving as the nation’s capital and centre of government, is also its economic, educational and cultural focal point. With a greater metropolitan population of more than 9 million (almost one in every 10 Thais resides there), Bangkok stands as Thailand’s principal entry point for international traders and investors, accounting for 44 per cent of the country’s GDP. This commercial hub is a natural drawcard with its numerous industrial estates and gateway to important national markets.

Thailand’s eastern coastline contains a sweeping industrial zone and is home to Thai and foreign-owned industries that include automotive, engineering, large-scale manufacturing, petrochemicals and power generation. The industrial strip straddles the provinces of Chonburi, Chachoengsao, Samut Prakan and Rayong, and includes the leading port of Laem Chabang, Thailand’s biggest and one of the world’s most industrious.

Free trade zones: On top of the Thailand-Australia Free Trade Agreement (TAFTA), free trade zones have been declared throughout Thailand in a bid to entice greater foreign investment. These include industrial estates established by the Industrial Estate Authority of Thailand (IEAT), of which there are two types: General Industrial Zones (GIZ) that are reserved for enterprises manufacturing goods for domestic and/or export consumption, and Export Processing Zones (EPZ), earmarked for export-only industries. Most of the latter zones have government customs houses for fast clearing.

Where should I set up my business?

Factors to consider:

1. Are there other Australian companies there? Why did they choose a particular area?
2. Can you use an existing Australian relationship there (e.g. sister city)?
3. What are the local costs (e.g. land, labour, utilities)?
4. Is it within a free trade zone that offers tax and other incentives?
5. What is the skill level of the local labour force?
6. Can you leverage off an existing marketing or distribution network?
7. Is it close to your chosen market and suppliers?
8. Do you have a good agent/distributor or business partner there?
The Thai capital, **Bangkok**
is the centre of government and the nation’s biggest city with a population of **9 million**

**IT IS THE THAI FOCAL POINT FOR**

THE ECONOMY  EDUCAUTION  CULTURE

**AND ACCOUNTS FOR**

**44 PER CENT**

OF THE COUNTRY’S GDP

Thailand’s eastern coastline contains a sweeping industrial zone and is home to Thai and foreign-owned industries that include engineering, petrochemicals and automotive manufacturing.

**The industrial strip straddles the provinces of Chonburi, Chachoengsao, Samut Prakan and Rayong, and includes one of the world’s most industrious ports, the PORT OF LAEM CHABANG**

The southern region is well known for travel and tourism boasting the popular coastal resorts of **Phuket, Koh Samui, Hua Hin, Phang Nga and Krabi**

The cities of Chiang Mai and Chiang Rai in the northern region are both popular destinations for tourists, and are well known for hand-made crafts. The northeast is the most populous region and is home to Nakhon Ratchasima (Korat), a major industrial city and also a primary source of crops and rice.

The four regions are

**CENTRAL, NORTHEAST, NORTH AND SOUTH**

Thailand is divided into four distinct regions comprising 77 PROVINCES

**Phuket, Koh Samui, Hua Hin, Phang Nga and Krabi**
These estates are designed to be self-contained industrial communities with reliable, essential infrastructure such as electricity and water, and with flood protection, as well as access to waste water treatment and solid waste disposal. They also have communications facilities, security systems and banks.

These government-sponsored industrial zones aim to support regional development and specific sectors of the economy, while industrial parks remain entirely a product of the private sector.

There are clear benefits for operating in government endorsed free trade zones: they offer special tax treatment and other incentives, and other privileges that can instantly enhance a newcomer’s competitiveness. Associated tax-based incentives can include an income tax “holiday”, plus exemptions from import duties and value-added (or goods and services) tax. Excise tax exemptions can cover plant and equipment, raw materials, imports into an EPZ and exports from the zone. The benefits of operating in a government trade zone can also include the ability to bring in foreign workers, own land and take or remit foreign currency abroad.

**Manufacturing: Choosing a location for your factory**

Apart from government-owned zones, Thailand has many hi-tech private sector industrial parks that look to support regional development in specific industrial sectors and those nominated as top priority by the Thailand Board of Investment (BOI). Most offer BOI incentives and confer privileges that can vary according to the type of business, the scale of capital invested and the physical location or “zone” in which the business is located.

**Using interpreters**

Thai is the official language, although English is spoken widely and understood in business circles, particularly in the major cities, especially Bangkok. However, written English is less commonly used or understood. Thai is a tonal language and has five distinct tones, making the tone in the pronunciation of a word critical to its meaning. So, one word can have five totally different meanings. Consequently, mispronunciation can conjure an entirely different meaning from that which was intended.

A consolation is that Thais are very forgiving when foreigners attempt to speak their language, and once they understand what a farang (typically, a white foreigner) is trying to communicate, they will happily coach him or her on how to pronounce the word correctly. As mentioned, cultural norms dictate the importance that Buddhism and the royal family play in Thai life, but also influence the meaning of particular words. For example, it is best to double-check that a “Yes” is in fact a confirmation, as it can sometimes be used simply as an acknowledgement.

**Is Thailand a viable option?**

Have a detailed financial plan that considers:

- Regular visits to the market and possible provision of samples
- Hiring dedicated staff in Thailand to assist with start-up
- Business advisory services and legal consultants
- Updates and adjustments as you collect more data and knowledge
- Contains scenario planning and risk mitigation approaches

While using an interpreter won’t generally be necessary during business dealings in Thailand, it can be extremely helpful during complex negotiations, especially those of a technical nature, or when dealing with a large group. Sometimes, local participants in a meeting will start speaking to one another in Thai as they discuss aspects of a deal or to clarify aspects of a conversation they may not have fully grasped in English. This can be challenging without the help of an interpreter. While Thais are generous and usually considerate, often explaining their discussion to their business guests, an interpreter can identify nuances and ensure that you are imparting information that is relevant and effective.

There is good access to interpreters in Thailand, usually through international and local language schools. Some points to keep in mind when hiring an interpreter include:

- Ideally, they should be professionally trained and have experience working with business people.
- They should be familiar with the sort of technical language specific to your business and also with your style of operation.
- Trust is important. You need someone who will give you confidence in communicating with your local business partners, and especially potential partners and customers.
- Longer term, you may want to consider employing your own interpreter or bilingual staff full-time.
• Make sure you brief your interpreter extensively ahead of key meetings or appointments so that they understand your needs and ambition. Where relevant, make sure they are across key terminology or specific concepts so that they can articulate this clearly in negotiations.

Translators: Interpreters are not necessarily translators; the two skills are very different and not always interchangeable. Interpreters are used for interpreting speech; translators for deciphering the written word. Mostly, people specialise in one discipline.

Finding a good interpreter: The recommendation of a trusted source or contact can usually lead to a proficient interpreter or translator. But beware – being able to speak fluent Thai does not guarantee that a person will be a good interpreter. Interpreting is a skill of its own. Nor does hiring an interpreter on the strength of an advertisement placed on the internet or in a trade directory guarantee top service, unless this is accompanied by reputable third-party endorsement.

What it costs: Costs of hiring interpreters or translators are likely to vary depending on the nature of the business interaction – for example, is it an informal occasion, such as a factory visit or social event, or a more formal (and likely intense) business meeting or negotiation? The length of time will add cost, obviously, and whether the location is in Bangkok or another city such as Chiang Mai. An interpreter’s average charge can range from $11 to $19 an hour. Sometimes, it may be best to negotiate a daily rate, especially if you are hoping to cement an ongoing relationship with an interpreter so that he or she can develop a good understanding of your business and its workings.

Financing your Thai business venture

Getting to grips with the likely costs of running your business in another country will be critical in allowing you to make an informed decision about when to proceed with your venture. Key differences operating in Thailand versus Australia can include:

• The likelihood of a longer cash flow cycle, and subsequent impact on the company’s cash and working capital positions
• Potential alienation from clients through distance, raising the risk of default and the degree of difficulty in chasing debts
• Being paid in foreign currencies, introducing foreign exchange risk and a potentially adverse effect on profits
• Limited access to finance, should your local bank be reluctant to accept foreign assets as security for loans
• More time needed to recover any upfront costs associated with setting up overseas, which could put the squeeze on funds needed for domestic operations.
Ensuring that your business is fuelled by adequate finance will be critical to succeeding in a foreign market: careful financial planning is a necessity. But one size will not fit all ventures. There are several financing options to consider and whether they are a good fit for your business will depend on variables such as the type of business operation you are proposing, whether you are exporting or importing, whether you are establishing a facility from scratch or investing in an established one. You may wish to gain access to various grants, tap venture capital or enter some type of equity-sharing arrangement, which are becoming increasingly popular. Of course, borrowing from the bank can be the simplest and most straightforward option for many entrepreneurs, and most will leverage their business by offering tailored services to customers.

Venture capital: Can be an attractive financing vehicle for ventures looking to move into new international markets, especially for operators comfortable with the notion of a third party taking a stake in their business in return for a share of the profits. A starting point for exploring this option would be the website of Australian Private Equity and Venture Capital Association Limited at www.avcal.com.au.

Government assistance: Can help bring great ideas to fruition, with both federal and state governments offering a range of help to Australian businesses looking to expand overseas, especially exporters. Assistance can take the form of grants, loan facilities and reimbursement schemes. Information can be sourced from Australia’s export credit agency, the Export Finance Insurance Corporation (efic), at www.efic.gov.au, as well as the Export Market Development Grants (EMDG) scheme, administered by Austrade, at: www.austrade.gov.au/EMDG.

As well as these sources of finance, business owners might also consider:

- Teaming with a Thai partner in a joint venture
- Taking on board an equity investor – or so called ‘angel investor’ – with like minded goals and a good understanding of your business ambition.

Stock Exchange of Thailand (SET): Provides a range of services including listings, initial public offerings and stock trading. Listing on the SET is one way to access financing through the Thai capital market. Reports and detailed information on various sectors of the Thai economy are available on their website: www.set.or.th

Risks

No venture can be entirely risk free, but solid and detailed research into an overseas market is vital to minimising any risks associated with doing business there. Asia can offer tantalising upsides for Australian businesses that are well prepared and well run, but experience attests to the increased risks of going offshore. These need to be identified and mitigated as much as practicable, and managed carefully from day one. Due diligence is not simply a throwaway line, but must be practised actively throughout the drafting and execution of business plans, with attention paid to the protection of intellectual property (IP) in Thailand.

As in any foreign country, Thailand’s business climate, namely its banking, taxation and legal systems, all have unique features that must be well understood and navigated carefully ahead of launching your operation there.

A key drawback in targeting Thailand ahead of other Asian markets has been its political instability, difficulty enforcing contracts and volatility of the baht. Aside from political risk, efic nominates the vagaries of the business cycle, sovereign default and other risks affecting foreign investors and exporters. It ranks these as ranging from low to moderate in severity. Thailand’s high reliance on exports, which leaves the economy vulnerable to swings in global demand, is of particular concern.

While Thailand has experienced 19 coups over the past 80 years, it is important to note these have had minimal impact on business. Both sides of Thai politics and the Thai military are pro-business and support foreign involvement in the Thai economy.

The protection of IP also remains an issue for businesses operating in Thailand. The US Trade Office had Thailand among 10 countries on its 2014 Priority Watch List, which focuses on countries not providing an adequate level of IP protection or enforcement, or market access for anyone relying on IP protection. While overall protection of IP rights in Thailand has been improving in recent years in the wake of new laws, enforcement remains patchy. Campaigns gathered steam for a time, but the effort has not been generally sustained.

Thailand enjoys a good credit rating, with Fitch Ratings giving the country a ‘Stable’ outlook and a BBB+ rating.
When doing business overseas, Australians must consider multiple areas of risks and associated potential difficulties. These include:

**Political risk**: How stable is the market politically, economically and socially?

- Government and international enforced trade embargoes may affect the flow of goods and services and could affect your delivery of goods and getting paid.
- Another potential consideration is whether the country complies with international law requirements, such as on human rights, trade sanctions and recognition of personal property rights.

**Legal and regulatory risk**: Challenges may arise due to differing legal and regulatory systems. For example:

- Common law systems verses civil law systems, IP issues, taxation and auditing requirements
- Differences in contract law: get tailored advice on contract terms due to differences with contract laws
- Access to courts and dispute resolution mechanisms: some countries may not permit local litigation or place restrictions on the types of claims that can be made.

**Bribery, graft and corruption risk**: 

- Bribery, graft and corruption are illegal in most countries around the world. Under Australian law (Division 70 of the Criminal Code Act 1995) you can face criminal prosecution in Australia for bribing a public official in another country.

**Exchange rate risk**: How will adverse movements in exchange rates impact on your profits?

**Non-payment risk**: What is the likelihood of your suppliers or customers defaulting or becoming insolvent?
THE MOST PROBLEMATIC FACTORS FOR DOING BUSINESS*

- Foreign currency regulations
- Poor public health
- Inflation
- Restrictive labour regulations
- Crime and theft
- Tax regulations
- Tax rates
- Access to financing
- Poor work ethic in national labour force
- Inadequately educated workforce
- Inadequate supply of infrastructure
- Insufficient capacity to innovate
- Policy instability
- Inefficient government bureaucracy
- Government instability/coups
- Corruption

2013 BUSINESS CLIMATE INDICATORS*

GOVERNANCE INDICATORS

- Control of corruption
- Rule of law
- Regulatory quality

Government effectiveness
- Political stability and absence of violence
- Voice and accountability

Source: The 2014 World Economic Forum Global Competitiveness Report
*Ranked by respondents per the perceived top five problematic factors in doing business in Thailand

Source: World Bank & efic
*Country percentile rank
Despite its prolonged instability, Thailand advanced six places, to 31, in the World Economic Forum’s Global Competitiveness Index 2013-14. The country climbed 12 places in the rankings of macroeconomic environments and now sits in 19th position, its best showing among the 12 categories measured, referred to as pillars. In 2013, Thailand almost balanced its budget and brought inflation down to 2 per cent. Public debt remained stable, with the country’s savings rate high. It continued to do well in financial development (34th on the list) and improved its already strong showing in the market efficiency pillar (30th, up four places).

However, competition within the Thai economy continued to be constrained by various barriers to entry, especially those pertaining to foreign investment. The index confirmed that considerable challenges also remained in other key areas, especially those relating to governance. Political and policy instability, excessive red tape, widespread corruption, security concerns and high uncertainty around property rights protection were seriously undermining Thailand’s institutional framework (it ranked 93rd in the public institutions sub-pillar, down eight places). In most of these areas, Thailand was placed poorly. In particular, the level of trust in its politicians was among the lowest in the world (129th place). Another concern was the mediocre quality of education at all levels (87th, down nine places on the previous rankings) and technological readiness (65th), although Thailand showed marked improvement in the latter (rising 13 places). It should be noted that data used by the World Economic Forum for its report were collected before the most recent political developments, including the military coup of May 2014.

Other global measures are also instructive when assessing the Thai business environment. The World Bank’s “Doing Business” reports, for example, shed light on how difficult – or easy – it is for a local entrepreneur to open and run a small-to-medium sized business when complying with all relevant local regulations. Measuring and tracking changes in regulations affecting 11 areas in the life cycle of a business, the bank ranked Thailand 26 out of 189 countries in 2015 for the ease of doing business in the country, up two places on its previous standing (2014).

In 2014, the country was ranked 85th out of 175 nations in Transparency International’s public sector Corruption Perceptions Index (with 175 representing the most corrupt). This was an improvement on Thailand’s 107th place, recorded the previous year. By way of comparison, its Southeast Asian neighbours recorded mixed results: Malaysia came in at 50, but Indonesia (107), Vietnam (119) and Myanmar (156) all lagged well behind Thailand.

Businesses contemplating launching operations in Thailand need to understand that corruption remains an issue there. Even so, anyone doing business in Thailand can expect to come across – or hear indirectly about – corruption in one form or another. This most common take the form of facilitation payments, bribes and the giving and receiving of expensive gifts in order to win business. Australian firms operating in Thailand should not engage in such practice and instead commit to the most ethical of corporate behaviour, while taking time to note Australian law and penalties regarding the bribery of foreign officials, which is a crime. Australian individuals and companies can be prosecuted in Australia for bribing foreign officials.
Country starter pack
Getting started in Thailand

INTERNATIONAL COMPARISONS OF COMPETITIVENESS*

1. Macroeconomic situation
2. Market efficiency
3. Competitiveness
4. Financial development
5. Talent retention
6. Business sophistication
7. Pay and productivity
8. Technological readiness
9. Health and primary education
10. Innovation
11. Quality of education
12. Public institutions
13. Intellectual property protection
14. Trust in politicians

Source: The 2014 World Economic Forum Competitiveness Report
*Ranking out of 144 countries
Another concern was the mediocre quality of education at all levels (down nine places on the previous rankings).

Thailand showed marked improvement for technological readiness (rising 13 spots).

Another concern was the mediocre quality of education at all levels (down nine places on the previous rankings).

Political and policy instability, excessive red tape and widespread corruption were seriously undermining Thailand’s institutional framework (ranking 93rd in the public institutions sub-pillar).

Thailand showed marked improvement for technological readiness (rising 13 spots).

Another concern was the mediocre quality of education at all levels (down nine places on the previous rankings).

Political and policy instability, excessive red tape and widespread corruption were seriously undermining Thailand’s institutional framework (ranking 93rd in the public institutions sub-pillar).
2.2 RESEARCHING THAILAND

A consistent and key message throughout this guide has been the worth and necessity of preparation and research. Do your homework. Nothing beats comprehensive inquiry, including specific market research, when looking to enter new markets including Thailand, with its unique and various features. These can include:

- Cultural and geographical complexities
- Evolving markets that can shift quickly
- Changing rules, regulations and the focus of enforcement authorities
- Thin consumer data and vagaries of markets and regulations
- The availability of information on how to navigate processes and rule.

When conducting market research, it is important to cast your net widely, taking note of import duties and other broad regulations, including reviewing more market-specific issues. What is the market’s size and growth prospects, and its demographics? How many competitors are there and what is the state of local production? How will you distribute your product? Pulling together this information can be straightforward, but the volume of information can also be overwhelming. This section aims to condense key areas that may assist you. However, do not limit your Thai market investigation to this guide. First, a couple of key considerations:

- Do not make the mistake of focusing on the needs of your own company as opposed to the needs of the Thai market
- It may be necessary to commission professional research that looks specifically at market conditions as they relate to your product and plans. You may also need to travel to Thailand to familiarise yourself with conditions and the nature of the opportunities and challenge that awaits you. An internet search alone will likely not suffice.

Getting help

Top tier international accounting and management firms with a major presence in Thailand are valuable sources of information, as are research-specific organisations. Austrade also offers a range of services to Australian businesses investigating prospects offshore, including information and various checklists on:

- Market entry and how to grow your business
- Where to establish your business
- Locating on-the-ground contacts and tapping into networks
- Identifying business opportunities.

Relevant state and territory government trade departments and the commonwealth’s Export Market Development Grant scheme (EMDG) may also provide further information.
Market visits

While much of your research can be directed from Australia, you will need ultimately to visit Thailand to verify what you have learnt and to develop a deeper understanding of your target market, as well as to start making contacts on the ground. Only once you have started building relationships will you feel confident negotiating contracts and agreements. As previously outlined, cementing these links requires commitment and focus, but also patience and understanding.

Determine where and when to visit. There are no fixed rules about when to visit a market, except that you should do so before entering into any agreements with prospective agents, distributors or other business partners that could influence your future dealings. Consider meeting with several potential partners first to give you a basis for comparison. It can be helpful to meet with the contact that you believe will be the best fit for your business towards the end of your trip. This will give you time to develop a better understanding of the market so that you can handle questions and discuss strategic options with confidence. Concentrate your effort on only one or two markets at first to ensure a better chance of success.

Plan your trip well in advance. To ensure a successful trip, you should arrange in-country assistance for the planning and setting up of your program. This will help you see the right agents and customers who will be briefed and screened for interest and suitability. Take note of holidays and religious festivals that occur at the same time as your planned visit. Also ensure you have all your required paperwork completed before departing for Thailand, including your relevant visa and taking with you (if applicable) any legal documentation such as financial documents and regulation information. Having company and product information and business cards is vital for developing business relationships.

Do some background reading. If you have never visited Thailand and don’t know much about the country and its way of life, you should do some research online. News articles and travel books can also provide useful information. Having some broad background knowledge about the area you are visiting will inform and focus your discussions when negotiating with local partners. Guides like this one, and others with a more specific industry or product focus, will also be beneficial.

Have a good website before you go: A website can be a double-edged sword: it is a convenient and powerful calling card that allows potential associates and customers to learn about you and your company quickly and efficiently. But a bad website can turn off clients if it looks shoddy and the information it contains is out of date or indigestible. The best websites are clean and attractive, easy to navigate and informative. They should present information about your company clearly and concisely, preferably with attractive illustrations and interesting graphics. Remember, a website can also be a form of endorsement: where possible, display customer or client endorsements and photographs that testify to the quality of your products and services. Ensure that contact details are easy to find and link email addresses with photos of each staff member.

An easy-to-navigate, well-constructed and up-to-date website is crucial

It allows you to:

- Present your product to potential overseas customers and business partners in cost-effective ways
- Project an image of a professional and trustworthy business
- Convey that your business is “modern” and uses new technology
- Avoid problems with time differences
- Introduce, promote new products and sell directly to customers.
Building relationships and making connections

Don’t waste a trip to your target market by arriving unprepared. There really is no point. Save valuable time on the ground in Thailand by doing as much as possible before leaving Australia, including any training or research that can enlighten you about doing business there and across Southeast Asia. Organisations such as Asialink Business, Austrade, the Export Council of Australia (ECA) and various state and territory government departments are worthy first ports of call. Attending specialist seminars and courses can allow you to build valuable networks while getting expert advice from people with experience of doing business in Thailand.

Part of your planning should include arranging as many of your meetings in Thailand as possible before you leave Australia, while reconfirming these a day in advance. Put together a dossier that maps out your schedule, lists the addresses for meetings and includes some information about the people you are meeting. Pack your business cards: remember to share these routinely and to follow up with people who offer you their cards. It is courteous – and recommended – to send an email within 48 hours of your appointment thanking your contact for the meeting, while using the opportunity to provide any follow up information. You should make the point that you intend getting back to the person within a specific timeframe regarding any other requests. Apart from opening channels for future communication, such attention can create a good impression by demonstrating your reliability and professionalism.

Just as you might expect in Australia, joining a business association in Thailand can be a handy way to make contacts and learn more about contemporary issues playing out in the local business community. In Bangkok, for example, there are numerous country-specific business associations, many long established, with membership in the hundreds. AustCham Thailand is the paramount association for Australians wanting to do business in Thailand to connect with. It is a useful network of Australian and Thai businesses operating in both countries. They hold regular networking events and actively work with the Australian and Thai Governments to run seminars and other activities. To connect and find out more about with AustCham, go to: www.austchamthailand.com.

2.3 POSSIBLE BUSINESS STRUCTURES

Beyond researching Thailand generally – and your targeted market segment in particular – there will be pressing practical considerations for getting established there. For example, what kind of business structure will you deploy? Would a local agent be best, or should you open a branch office? Perhaps you could set up a Thai company? And what legal and administrative processes must you negotiate along the way? This section examines the pros and cons of the various business structures available, and the legal processes required for each.

While it is possible that Thai companies interested in buying your products could approach you directly, having a local presence in Thailand can often be the most efficient way of gaining a foothold in the market. Establishing a permanent in country presence can offer several advantages by:

• Demonstrating your commitment to Thai-based customers
• Cutting out the ‘middle man’
• Providing direct access to the end customer/supplier
• Maintaining direct control over company strategy and operations, enabling trading in local currency
• Easing the process of doing business.

Several types of corporate structures allow foreign enterprises in Thailand to pursue a variety of business activities, including companies, partnerships, branches and representative offices. A key determinant of which type is best for your venture will be the nature of the intended business operation. Private or publicly limited companies owned 50 per cent or more by foreign interests will be subject to the Foreign Business Act, which prohibits the operation of certain businesses unless approval is obtained from the BOI. Foreign investors will usually conduct business through a limited company, branch or representative office.

According to Thailand’s Civil and Commercial Code, there are two types of partnerships: so-called ordinary partnerships and limited partnerships. When two or more people decide to invest in one of these types of partnership, the appointed managing partner is responsible for registering the partnership with the commercial registration office of the province in which its head office is located. Limited partnerships must only be managed by a partner with unlimited liability. The fee for registering a partnership is THB 100 for every THB 100,000 of registered capital, or fraction thereof. The minimum fee is THB 1,000 and the maximum THB 5,000.
Ordinary partnerships: In an ordinary partnership, all of the partners are jointly and wholly liable for all obligations of the partnership. An ordinary partnership may or may not register as a juristic person. Therefore, an ordinary partnership can be divided into two types:

- A non-registered ordinary partnership, which has no status as a juristic person and is treated, for tax purposes, as an individual
- A registered ordinary partnership, which is registered with the Commercial Registrar as a juristic person and is taxed as a corporate entity.

Limited partnerships: Limited partnerships must be registered and are taxed as a corporate entity either as:

- One or more partners whose individual liability is limited to the amount of capital contributed to the partnership
- One or more partners who are jointly and unlimitedly liable for all the obligations of the partnership.

There are two types of companies in Thailand – private limited companies and public limited companies. The first type is governed by the Civil and Commercial Code, while the second is governed by the Public Limited Company Act. A private limited company is the most common structure used for conducting business in Thailand. A company is regarded as a juristic person with the right to own property and carry on business under its name and has liabilities to others separately from its shareholders. At least three shareholders are required to form a company. A private limited company is formed through a process that leads to the registration of a Memorandum of Association (Articles of Incorporation) and Articles of Association (Bylaws) as its constituent documents. The shareholders enjoy limited liability and are managed by a board of directors in accordance with Thailand’s corporate laws and its own Articles of Association. In a board of directors’ meeting, proxies and circular board resolution (agreed without the physical presence of directors) are not allowed. All shares must be subscribed to, and at least 25 per cent of the par value of each subscribed share must be paid and minutes must be recorded and used for registration.

A minimum of three shareholders is required at all times for both Thai and foreign corporations. Under certain conditions, a private limited company may be wholly owned by foreigners. However, in those activities reserved for Thai nationals under the Foreign Business Act, foreigner ownership is generally allowed only up to a maximum of 49 per cent of the enterprise. The registration fee for the Memorandum of Association and for establishing the company is THB 5,500 per THB 1 million of registered capital.

Setting up a company

**STEP 1: Corporate name reservation**

At the Commercial Registration Department of the Ministry of Commerce. The name is valid for 30 days so ensure registration is completed in this time or you’ll have to begin again.

**STEP 2: File a memorandum of association**

To the Business Development Office, with the reserved company name, location, business objectives, capital, and names of all the shareholders. Share distribution and value must be described.

**STEP 3: Convene a statutory meeting**

Where the articles of incorporation and bylaws are approved, the Board of Directors is elected and an auditor appointed. A minimum of 25 per cent of the par value of each subscribed share must be paid and minutes must be recorded and used for registration.

**STEP 4: Registration of company**

The directors must submit the company registration application within three months. Fees are THB 5,500 per million of registered capital (public companies: THB 2,000 per million baht of registered capital).

**STEP 5: Tax registration**

Business operators earning more than THB 600,000 per annum must register for VAT within 30 days of reaching THB 600,000 in sales.
Country starter pack
Getting started in Thailand

Branch
Where a foreign company is contracted to carry out a business project in Thailand, the foreign company may choose to perform such a project through a branch office. However, if the nature of the business falls within any of the restricted categories of the Foreign Business Act (1999), a permit will be required before the business activities can commence. Issuance of a permit is discretionary. A foreign company cannot engage in businesses listed under the prohibited categories of the Act.

A branch office is regarded as having the same legal entity as its head office. Therefore, the head office and other branches will jointly be held responsible for all liabilities of the brand in Thailand.

Application process:
1. The Department of Business Development (DBD) will conclude the application details for the Sub-Committee and Committee of Foreign Business for consideration.
2. The consideration period for the application is within 60 days
3. If approval is granted, the applicant will be notified and licence is given within 15 days and the applicant is entitled to appeal to the MOC within 30 days.

The whole process of applying for a business licence will take around two to three months.

Representative Office (RO)
A representative office is established merely for the purpose of serving its head office of affiliates abroad for the provision of information. The activities of an RO generally involve some or all of the following activities:

1. Sourcing of goods or services in Thailand for the head office or affiliated companies.
2. Checking and controlling the quality and quantity of goods purchased or hired for the purpose of manufacturing in Thailand by the head office or affiliated companies.
3. Giving advice concerning the goods of the head office or affiliated companies sold to agents or customers.
4. Propagation of information concerning new goods or new services of the head office.
5. Reporting to the head office on the general business trends or movements in Thailand.

Under the Foreign Business Act (1999), the activities an RO are considered as a service business under the Act, whereby a foreign company wishing to set up an RO must apply for and obtain permission from the Director-General of the Department of Business Development of the Ministry of Commerce, with the approval of the Foreign Business Committee, prior to the commencement of its activities.

RO is considered as a non-trading office which is not permitted to conduct business with a view to profit (e.g. negotiate contracts, marketing, sell or trade, etc).

Procedures for setting up an RO is similar to branch registration.
A public limited company is an entity established for the purpose of offering shares to the public (which a private company may not do). The purpose of offering shares in the public company and the limited liability of its shareholders must be clearly and specifically stated in the Articles of Association. At least 15 shareholders are required to form a public company. Unlike a private company, a public company may issue debentures and offer them to the public. Only public companies are able to be listed on the Stock Exchange of Thailand (SET). The procedure for setting up a public limited company is similar to that for a private limited company. The provisions of the Limited Public Company Act of 1992 allow for a private company to be converted into a public company.

**Joint venture:** A joint venture is 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 recognised as a legal entity under the Civil and Commercial Code. However, income from a joint venture is subject to corporate tax under the Revenue Code, which classifies it as a single entity.

Before considering which business structure best suits your purposes, there are some key issues to consider, all of which can affect the ease or otherwise of doing business in Thailand. The World Bank and International Finance Corporation (IFC) have identified nine specific areas of interest and noted comparisons with other countries in their Doing Business in Thailand Report. Overall, the bank and IFC ranked Thailand 26th out of 189 economies in 2015 for ease of doing business, an improvement on the previous year’s place of 28. A business in a start-up phase is required to register the company’s name, deposit funds into a bank account, obtain a corporate seal and register the company as a legal entity.

### 2.4 MANUFACTURING IN THAILAND

Thailand’s skilled workforce, rapidly improving infrastructure and pivotal location at the heart of one of the world’s fastest-growing and most dynamic economic regions makes the country an attractive destination for foreign investment, particularly in manufacturing. Capitalising on Thailand’s status as a regional hub for manufacturers are global brands including car makers Toyota, Ford and BMW, which have well established presences in the country. Thai labour is relatively cheap for the skill levels available, while Thailand manufacturers enjoy handy access to the bustling economies of Southeast Asia and global supply chains.

Australian small and medium enterprises currently engaged in manufacturing in Thailand have runs on the board, and prospective Australian investors can choose between establishing their own manufacturing operations in the country or forming partnerships with local Thai businesses. Under relaxed trade laws, the Thai Government permits foreign invested companies to be involved in most manufacturing operations. For more information on setting up a business in Thailand, see section 2.3 regarding possible business structures.
Nine areas to consider when setting up a business in Thailand.

<table>
<thead>
<tr>
<th>STARTING OFF</th>
<th>DEALING WITH CONSTRUCTION PERMITS</th>
<th>ELECTRICITY CONNECTION</th>
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<tr>
<td>It takes four procedures to establish a corporate entity in Thailand over an average of 27.5 days.</td>
<td>Construction permits take an average of 113 days to acquire and involve seven procedures.</td>
<td>Getting connected takes an average 35 days and incorporates four procedures done through the Metropolitan Electricity Authority.</td>
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<tr>
<th>REGISTERING PROPERTY</th>
<th>GETTING CREDIT</th>
<th>PROTECTING INVESTORS</th>
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<tr>
<td>It takes a couple of days and two procedures to register a property.</td>
<td>Thailand’s ranking is one of the better scores for Southeast Asia for availability and depth of credit information. However, the country’s collateral and bankruptcy laws are limited when it comes to ease of access to credit.</td>
<td>Investor protection in Thailand ranks a strong 25th in the world.</td>
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<tr>
<th>PAYING TAXES</th>
<th>TRADING ACROSS BORDERS</th>
<th>ENFORCING CONTRACTS AND RESOLVING INSOLVENCY</th>
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<tr>
<td>Fiscal obligations are by far the most laborious aspect of doing business in Thailand, taking an average of 264 hours of company time to deal with.</td>
<td>Exporting a container of goods on average requires five documents, takes 14 days and costs US$595.</td>
<td>Enforcing a contract takes an average of 440 days, requires 36 procedures and, on average, costs 15 per cent of the value of the claim.</td>
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GreenCo Water
Nigel Blair, Executive Director

If you’re hoping to do business in Thailand, it pays to have an introduction to the people you want to do business with. If you have big plans that involve distribution, exports or breaking into new markets from Thailand, make sure you have the relationships in place to make those plans a reality. And if you’re not willing to invest the time into forging those relationships, you might as well stay at home.

That advice comes from Melbourne investor, entrepreneur and international business strategist Nigel Blair, who has been doing business in Thailand since 2006.

“Patience, temperament and attitude are very important in Thailand,” he says. “It’s how the culture works there; they [Thai businessmen] are cautious about who they let into their orbit.

“Some Australians have a sense of urgency and want to push things, but if you’re impatient, you won’t cut it there. People get frustrated because getting to that point [of trust] can take two, three or four years. But once you’re there things move quickly.”

Blair and GreenCo CEO Simon McMahon developed the Pak Flat Tank, a self-assembly modular water tank that can store from 1,000 to 10,000 litres and which can be transported in flat-pack format. Blair has used his longstanding relationship with listed Thai manufacturing and distribution giant Srithai Superware PLC to make Bangkok the hub of GreenCo’s international growth plans.

GreenCo is targeting two markets: the aid agency/humanitarian market, providing vital access to water in refugee and displaced persons camps, initially in Asia, but potentially anywhere in the world; and the retail market, initially in Australia. The tanks are manufactured and distributed from Bangkok.

Srithai is a diversified manufacturer of moulded plastics – including automotive parts, pallets, household electrical items, food and beverage packaging and melamine tableware – under its own consumer and industrial brands, as well as supplying some of the biggest companies in the world such as Coca-Cola, Pepsi and McDonald’s. Srithai also has manufacturing operations in China, Vietnam, Indonesia and India as well as a global distribution network.

GreenCo is in the safest of hands, but Blair insists that kind of relationship doesn’t happen overnight. “I was referred to Srithai [to place a manufacturing contract] by a consultant. On that occasion, we were a client to them and the contract was done and dusted in two months,” Blair says.

However, he knew enough about doing business in Thailand to spend the time to create a deep and lasting relationship with Srithai “so that it was more than just an order book relationship”. Other business deals soon followed.

Forming lasting business relationships means not only getting to know key executives but their families as well. “When you have that kind of relationship with contacts over time, the referrals and opportunities that come from those relationships are invaluable and access to the market becomes open wide, but it takes time to get there,” he says.

“In Asia, when you do business, you’re doing it with the family too. The basis of a real relationship is when you know the family as well. When you get to that point, they’ll do anything for you.”

greencowater.com
3. Sales and marketing in Thailand
Having decided on the best structure for your business in Thailand, the next step is to consider the most effective way of introducing your product or service into the local market. There are plenty of options, but tailoring one to best fit your business can be crucial to success. Should you sell your product online or through a local agent? And what are the labelling requirements? Would a franchise be best? What are your competitors doing? This chapter examines the various methods of selling in Thailand, including marketing and packaging requirements to import and sell goods.

The speed of entry into the Thai market – and issues of cost, risk and the ability to grow – will vary depending on the route taken. As well as the options flagged in the table on the next page, direct selling and online sales are additional alternatives.

The Australian Industry Group (Ai Group) highlights these various market entry options into Thailand and the differing degrees of difficulty and time. These options are discussed in more detail throughout this section. The bottom line for Australian businesses is that any foray into a foreign market requires as a minimum due diligence and thorough research so that their ambition matches their business strategy.
3.1 DIRECT EXPORTING

Exporting directly to a foreign market means involving yourself with every aspect of exporting, including:
- Market research
- Marketing
- Distribution
- Sales and receivables.

Advantages include:
- Greater control including control of the sales process
- Better margins, as middle men are avoided
- More direct customer relationships.

However, going it alone may carry a much higher cost to establishing business in the Thai market as in-house resources are generally more expensive than outsourcing to experienced professionals. Reorganising your company may be necessary.

Different methods or approaches can be adopted within a direct exporting framework and might involve sales representatives, agents and distributors.

**Local sales representatives:**
- Use company resources, product advertising and samples, and make presentations to buyers
- May work on sales commission
- Present little risk since they have no exposure to the cost of the goods.

**Using agents and distributors:**
Most Australian firms doing business in international markets rely on agents or distributors. But there are key differences in the roles of each, which can also vary according to country and industry. It is critical that the roles and responsibilities of prospective overseas representatives are clearly mapped out in any agreement you have with them. Don’t just assume that your agent or distributor will take on the broad array of activities that are generally ascribed such representatives, confirm the specifics in a contract with each operator.

**The role of an agent:** Agents do not take ownership of goods being exported to a foreign market; they act simply as a representative of the supplier. They are also engaged by exporters of services to represent them in overseas markets. Agents are usually paid on a commission basis, which provides an incentive for them to drive sales of your product. Based in the target market, they will often represent several complementary products or services.

They can be retained exclusively as the sole agent for a company’s goods or services or as one of a number of agents for the exporter in a particular market – that is, on a non-exclusive basis.

**The role of a distributor:** Unlike agents, a distributor actually buys the goods from the exporter – that is, ‘takes title’ of the goods – and then resells them to local customers who may be retailers or direct consumers. In some cases, a distributor may sell to other wholesalers who then sell on to retailers or consumers. Distributors may carry complementary and competing lines and usually offer after sales service. Margins added to the price of the goods fund the fees that are paid to a
### Why use an agent?

<table>
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<tr>
<th>Benefits</th>
<th>Why use a distributor?</th>
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<tr>
<td>Generally cheaper than a distributor</td>
<td>Can pass a great degree of risk onto them and no termination compensation</td>
</tr>
<tr>
<td>You have greater control over terms of sale and marketing, and choice of customers to deal with</td>
<td>Greater incentive for distributor to sell your product as they also have to cover the costs of holding stock</td>
</tr>
<tr>
<td>Direct contact between manufacturer and customer.</td>
<td>Only have to monitor distributor’s accounts rather than all customers.</td>
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### Why not use an agent?

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<tr>
<th>Disadvantages</th>
<th>Why not use a distributor?</th>
</tr>
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<tbody>
<tr>
<td>May be tax implications (check the relevant laws for that area)</td>
<td>Less control over such aspects as marketing and terms of sale</td>
</tr>
<tr>
<td>Maintaining stock inventory can be costly</td>
<td>Credit risk with distributor rather than with customers</td>
</tr>
<tr>
<td>Agent may also be selling other products including your competitors</td>
<td>Distribution agreements regulated by local competition law.</td>
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Choosing an agent or distributor: Ultimately, whichever your choice, it is essential that you establish a close working relationship with your agent or distributor, one that is built on high levels of trust and regular communication. These will ensure a close and enjoyable working partnership. Be sure to ask your potential partner for trade references. You might also seek a credit check through a professional agency to satisfy yourself about your potential partner’s financial stability. It is best to meet any potential agents or distributors in their own market rather than in Australia. This will give them a chance to demonstrate how well they know the market, while providing you with an early opportunity to start building a relationship.
Knowledge of the market: It is vital that your chosen representative has a thorough understanding of the products and prices of your competitors, which will guide you in critical decisions about possible product modification, advertising requirements or changes. Consider:

- What sort of network and contacts the representative has.
- What depth of experience they have in your targeted market sector. There may often be a trade-off: a well-established company with a good network of contacts might nevertheless be inflexible and less open to innovative practices. Alternatively, newcomers might lack experience of the sector but are brimming with enthusiasm and energy and are out to prove themselves. Weighing the merits of these alternative profiles can be important.
- The extent and depth of their knowledge of the local market. The more experienced and tuned in, the more likely a representative will be able to identify opportunities and assist you in your marketing program.

Direct selling

Not every business will choose to access the Thai market through agents and distributors. Alternatively, you may choose to contact directly buyers and end users of your product or services. Though low cost and potentially a means of getting a feel for the market at relatively low risk, this DIY approach is not an easy pathway.

On the upside:

- It can eliminate the expense of using middlemen
- It gives you a first-hand opportunity to get to know the needs of your customers and the chance to customise accordingly
- It demands a sleeves-rolled-up effort but also an opportunity to learn the hard way. There is no substitute for thorough preparation.

But there are distinct downsides:

- The lack of a physical presence in the market can stymie efforts to do business with some Thai clients unwilling to engage with enterprises without offices or a representative on the ground
- A direct selling strategy can require establishing a strong and extensive network of sales agents to cover a diverse geographical area.

Direct to end users: A further consequence of selling directly to end users means taking charge of all market research and marketing, as well as distribution, shipment, warehousing and delivery, customer and after sales services and the sales order, billing and collection processes all from Australia.

Thai retailers: Exporters of consumer goods may choose to sell directly to retailers, targeting the bigger populations of Bangkok and Chiang Mai. A direct approach to these retailers would be necessary, supported by direct mail material of letters, brochures, catalogues and so forth. This approach also requires regular follow-up contact to build the retailers’ awareness and understanding of the products they are selling on your behalf. In return, their intimate knowledge of the Thai market will contribute to the development of products, pricing and marketing. Selling directly to savvy local retailers can generally cut commissions, reduce expensive travel and create an effective conduit to market.

3.2 FRANCHISING

The virtues of franchising are well documented. There are plenty of examples of successful businesses that leverage a great idea or business model by leasing it to others. The practice allows business owners to retain a measure of control while harnessing the energy of franchisees to drive expansion. Franchises project a company’s reputation and brand, and while it can prove expensive, building a network of franchises is generally cheaper than owning and operating retail or branch offices in foreign markets.

By franchising, a franchisee is given the right to use the goodwill of a known firm, company or corporation. Franchising agreements are defined clearly in a contract between the owner of the business and the franchisee, which governs the rights, duties or obligations of both parties.

Franchising is common in Thailand, where such ventures are among the best-run businesses in the country. While there are no specific laws overseeing franchise operations, the rights and obligations of both parties are well protected by existing laws. These include the Thai Civil and Commercial Code, which governs primarily the obligations of the parties while defining what is valid in a contract. The Trademark Act protects a Franchisor from improper use of its trademark, while the Copyright Act protects against infringement of copyright. This is on top of a natural bias in favour of the franchisor that exists in most franchise agreements. Also, the Trade Secret Act is intended to protect the unique formula and other essential trade secrets of a known company. Finally, the Unfair Contract Term Act prohibits some terms in franchise agreements.
SiteMinder Asia
Glenn Andrews, Managing Director

With more than 8,000 hotels and a position at the heart of Southeast Asia, Thailand was an obvious choice for online hotel booking technology company SiteMinder to establish their primary Asian support office. But the Australian-headquartered business had its work cut out to persuade the bricks and mortar owners of Thailand’s hotel sector to invest in its online offerings.

As its core business, SiteMinder essentially acts as a switch between hotels and online travel agents like Agoda, booking.com and Expedia. It uses channel manager software to help hotels maximise their online room distribution and acquire more bookings. Globally, SiteMinder has more than 18,000 hotels as customers.

“Often the owners of hotels in Thailand are quite successful,” explains Glenn Andrews, SiteMinder’s Asia managing director. “To get them to understand why they should change their already profitable way of doing business and look towards online methods, requires education and some persistence. They’re often very traditional, having lots of personal connections and business coming through travel agents who have a physical presence throughout Thailand.”

“The Thai hotel owners say ‘it almost costs less to get someone to do this manually so why should I invest in your solution?’ We had to invest in a lot of training for our sales staff to explain that broadening existing distribution will increase revenue.”

“Another challenge was that we are still providing client support out of our Australian office for all of Asia through our bilingual support team members. However, quite often Thai hotels have the opinion that local office support will be better because they will understand Thai service expectations more,” explains Andrews. “We are now in a position to move that way but had to first grow the business to a certain level to support the decentralisation.”

Originating from founder Mike Ford’s search for a better online booking system for his Manly backpacker hostel in 2006, SiteMinder now has offices in Sydney, London, Dallas, Cape Town and Bangkok. Andrews set up the Thai office in 2012, and has built the Asia regional customer base to span across Thailand, Indonesia, Hong Kong, Vietnam, the Philippines, Malaysia, Singapore and Taiwan. The company hopes to double the size of its Thai-based team over the next 12 months. But when it comes to attracting dynamic Thai staff, SiteMinder’s online platform is all positive.

“Our Thai staff love working with what they call a ‘sexy’ business because it’s all online,” highlights Andrews. “We have a culture of excellence which they really run with, they love motivation. In Thailand, you can get people who are hard working but fun loving at the same time.”

SiteMinder sweetens the deal too. “We’re seen to be a foreign-owned business without too much of a brand in a very unique industry so we made the decision to pay good base salaries. These are slightly above the average to win confidence, which led to word-of-mouth referrals – all which help to get more good staff,” says Andrews.

www.siteminder.com
3.3 LICENSING

Licensing can be a quick and assured way of selling trademarks, intellectual property, design and patent rights, copyright and software into a foreign market such as Thailand. Licensing allows rapid market entry with limited capital, since it is unnecessary to set up expensive production facilities. Universally recognised contracts or agreements need to be in place to protect intellectual property, trademarks and design rights. Licence arrangements must meet international and Thai laws as well.

3.4 ONLINE SALES

While the growth of online retailing globally appears exponential, a constraint in developing economies is the often poor broadband penetration. This is the case in Thailand, due to the country’s geography and historically low capital investment in telecommunications, which can put a brake on online retailers’ ambition of reaching more affluent consumers.

Internet penetration in Thailand is relatively low at around 25 per cent of the population, with growth in online sales remaining low. Mobile subscriptions, however, are very high with a 125 per cent penetration rate. Social media apps are used by over half of mobile subscribers, making social media an effective channel for sales and marketing. Retailers looking to engage Thai consumers should bear this in mind when developing an ecommerce strategy for Thailand.

A common method for facilitating internet sales is to set up online stores through popular web-hosted shopping carts. Unlike other countries in the ASEAN region such as Indonesia and Vietnam, Thailand has a wide variety of ecommerce sites including the popular global Amazon and eBay, as well as local sites such as weloveshopping.com, tarad.com, lazada.co.th and pantipmarket.com. Australians opting for an online presence in Thailand should research carefully the various web hosted options that are available, as well as any taxes that may apply due to customs (both Australian and Thai) and by being a foreign entity. They should also consider that most of the existing ecommerce sites are in Thai rather than English.

3.5 MARKETING

The challenge of building a customer base in Thailand will demand continual reassessment of your marketing strategy. Getting a foothold in a foreign market is just the beginning: trade shows and exhibitions are effective ways of identifying and reaching out to potential new customers in a bid to build your business. It is wise to translate all sales and product literature and technical specifications into Thai when advertising in trade journals, exhibiting at trade shows or running technical seminars.

Product and service adaptations: A key determinant of success can be how effectively a company adapts its product range to meet Thai tastes and cultural preferences, and to meet regulatory requirements. Getting the product mix and style right will vastly lift your chances of success.

Branding: Thais are very brand conscious, which can help or hinder new entrants. Those with a recognised brand can look to capitalise with a concerted product launch or news conference to announce their arrival in Thailand.

Sales promotion: Companies that team with local partners can usually draw on their associate’s intimate market knowledge to help draft an advertising and sales promotion suitable for their product range. In most cases, special promotional campaigns should be held at local shopping centres, hotels and convention halls. A popular gimmick is giving away free samples at major business and commercial hubs and offices. Commercial promotions can be equally effective for both consumer and industrial products, supported by gift premiums and discount coupons, or through draws for items such as package tours, cars or electrical goods.

Advertising and media: Again, Australian businesses with ambitions in Thailand will want to tap the knowledge of a local contact or advertising company to understand how best to reach potential customers. Two popular English-language newspapers – The Bangkok Post and The Nation – are obvious vehicles for carrying your message. But Australian companies should obviously consider Thai-language publications to promote their products and services, the most popular of which are Krung Thep Thurakit (Bangkok Business News) and Thai Rath.

Direct marketing: Home shopping on TV was introduced into Thailand several years ago but has struggled against consumer scepticism and the perceived poor quality of many of the goods on offer. The selling forum has gained ground in recent years and now accounts for annual turnover of more than US$50 million. Still, Thai consumers generally prefer to see and touch products, which further limit the reach of TV shopping channels.
3.6 LABELLING REQUIREMENTS

Like most countries, Thailand imposes strict requirements regarding labelling and other product details. A local agent/importer can usually navigate these rules, help register a product and ensure labelling requirements are met. These rules are applied most stringently to the labelling of dairy foods, baby foods, canned foods, vinegar, beverages, edible oil and fats, and gourmet powder (defined as an article containing monosodium glutamate, or MSG, and used for food seasoning). Food products must be approved and registered with Thailand’s Food and Drug Administration (FDA). When seeking registration, importers must supply two samples of each product, details of the exact composition by percentage of all ingredients, and six labels. Foodstuffs in sealed containers are subject to specific regulations.

Food products imported into Thailand must be labelled in Thai and display specific information including:

- 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 expiry
- Net weight and volume
- Any additives used
- Health and nutritional claims (if any)

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

Specific regulations govern the labelling of cosmetic products. These require labels to indicate the following in Thai:

- Name and type of the product
- Name of manufacturer and address
- Directions for use
- Net contents
- A statement of caution should irregular use of the product possibly cause harm.

In some cases, labels can be applied as a sticker over an existing English-language label.

Packaging

Packaging needs to be secure and able to withstand extreme heat and humidity, especially in the event that goods are stored in the open. Waterproofing is critical, too, as imports can often be landed in Thai ports from open barges. Packaging material such as hay and straw should be avoided.

Special certificates: Certain types of seeds, plants and animals require phytosanitary certificates issued by the approved authority in the country of origin. In Australia, this usually falls to the Department of Agriculture or the relevant state department of agriculture.

Meat imports to Thailand must be accompanied by a veterinary health certificate signed by the official authority in the country of origin certifying that:

- The country of origin has been free from endemic diseases for the specified period
- The animal has been processed in an approved establishment in sanitary conditions and under constant veterinary supervision
- The products are fit for human consumption and do not contain preservatives, additives or other substances in quantities harmful to human health
- They have not been stored for more than three months (the date of processing or packing must be stated).

Exporters of pharmaceutical and medicinal products may be requested to provide a Certificate of Free Sale, which certifies that the goods are normally and freely sold in the exporting country’s open markets and are approved for export, before shipment will be allowed.

Marking and barcodes: Thailand follows the international EAN system of standardised barcodes, which are administered locally by the Federation of Thai Industries.
4. Conducting business in Thailand
Having chosen a business structure and strategy for taking on the Thai market, it is important for foreign businesses to familiarise themselves with Thai business etiquette and culture, as well as appropriate ways of developing business relationships, negotiating, holding meetings and conducting due diligence.

4.1 THAI CULTURE AND BUSINESS ETIQUETTE

Cultural nuances can trip up business operators who fail to make an effort to work within local customs. Respect is a cornerstone of Thai culture and underpins business relationships. ‘Maintaining face’ is also important, with anger and even mild irritation to be discouraged. Thais embrace the characteristics of smiling, humbleness and patience, while laughing frequently and speaking softly. They guard proudly a cultural heritage that has Buddhism at its core and which is fundamental to their society and customs, including when doing business. Respect for the royal family is paramount, and negative comments about the royals are punishable by law.

Greetings

There are instances of gender differences: for example, men say Sawadee-khap and women Sawadee-ka when being introduced or greeting someone. The traditional form of greeting is known as the wai, which is performed by placing the palms of the hands together, raising them to the face with the fingertips at eye level and inclining the head slightly. Much formality is associated with the wai, with the level at which the hands are placed carrying great significance. Younger and lower ranking people are expected to offer the wai to their senior counterparts first.

Generally, Thais will greet each other with a wai but will shake hands with foreign business contacts. Indeed, foreigners are not expected to initiate a wai or even return it. Rather, a simple smile and a nod of acknowledgement is acceptable. However, over time and as you become more involved in the community returning a wai may be more appropriate.

When addressing others verbally, Thais use Khun (pronounced koon, as in cook), which stands for Mr, Mrs, Ms or Miss. This is followed by a person’s first (given) name. For example: Khun John (rather than Khun Smith). A nickname can often substitute for a Thai’s given name. In Thailand, last names tend to be reserved for very formal occasions or formal written communications, with Thais preferring mostly to address one another by first names and titles. This will usually also apply to foreign business people who can expect to be addressed as Mrs Jane rather than Mrs Smith. When corresponding, it is best to use: Dear + Khun + given name – for example, Dear Khun Mary. Introductions are common only in formal situations. Then, it is best to introduce yourself by your first name. It is acceptable, also, to ask for someone’s name. When introducing your business partner to an important Thai, mention your partner’s name first.
Business cards

As in many Asian cultures, business cards in Thailand are valued highly and always presented when meeting someone for the first time. Ideally, your business cards should have a Thai language version printed on one side. Cards should be handed person to person using the right hand or both hands, and received in similar fashion. Preferably, you should present your card to the most senior person first and when receiving a business card, it is important to take a few moments to read it, rather than placing it immediately in your pocket or on the table. In larger meetings, it is acceptable to place your associates’ business cards in order on the table in front of you.

Dress code

In Thailand, status and wealth are to be admired. While high status Thais often overdress, especially given the climate, appearance is very important and business people observe a dress code that dictates a certain formality. For meetings, businessmen will wear a shirt and tie, and proper footwear (not sandals). Thai people will usually judge a person on their clothing and accessories, so good grooming and a bit of polish on shoes is worth the effort. Women should wear conservative dresses or skirts that are not too short, or business suits, and blouses (not sleeveless tops). Both men and women should not take backpacks to meetings in Thailand as Thais consider backpacks inappropriate accessories for business wear.

Business culture

Relationship building is universally a factor in business success, and doing business in Thailand is no different. Thais will usually expect to spend time working on their relationship with a business contact before exchanging critical information or committing to a deal. ‘Ice-breaking’ informal conversation will often precede and follow business meetings, and inquisitive Thai contacts will be interested to learn more personal details about you such as your age, as well as your family and educational background, as a means of building familiarity.

Foreigners need to be aware, however, that Thais are unlikely to admit to having not understood you for fear of offending you. Likewise, they will generally avoid disagreeing openly and avoid appearing negative in answer to questions. This can be frustrating when foreign business people assume a deal or agreement has been struck only to find nothing further eventuates. Having an interpreter on-hand can help avoid such confusion. Translating language is one thing – but deducing meaning can be another matter altogether.

Hierarchy and rank are important in Thai society, and senior officials and business people will usually expect to meet Australian representatives of similar seniority, not more junior staff. All correspondence should be addressed to the most senior person.

Age, seniority and rank all have an influence on conversation and dialogue. The less senior person is expected to show restraint, and will rarely disagree openly with superiors. This can at times stifle communication, and you may find it necessary to follow up with counterparts later to clarify matters. In this environment, it makes sense to Thais to try to place you within a hierarchy when they first meet you, so that they have a framework in which to engage. This may involve them asking what might appear in other cultures as very personal questions.

Bargaining and negotiating are commonplace in Thailand, and normally do not offend. Rather, deploying such give and take negotiation demonstrates flexibility and a willingness to accommodate business partners. Thais rate a person’s ability to bargain and reach what they consider a fair deal as a measure of business acumen. Sometimes, details of an agreement may be altered between negotiation and final sign-off when circumstances change unexpectedly and in such cases both parties are expected to be accommodating.

Exchanging gifts, as a display of friendship and in gratitude for hospitality, is widely practised among business associates in Thailand and is encouraged. Gifts are usually exchanged at the end of a meeting or function. They are given when visiting someone for the first time, but are opened in privacy, not when received. While gifts do not need to be expensive, they should reflect a generosity of
spirit that can help build a strong relationship. Gifts should be modest and appropriate to the occasion, and Australians doing business with foreign counterparts need to be aware that giving overly expensive gifts may be seen as an undue benefit with the intention of obtaining or retaining a business advantage, thereby constituting an offence. Under Australia’s anti-bribery laws, this would be illegal if the recipient is a foreign public official. Appropriate gifts include flowers, a basket of nutritional food, good quality chocolates, bottle of Australian wine or fruit. Money is usually given for weddings and ordination parties. Any sharp items – for example, a letter opener or sword – should not be given, as sharp objects represent the severing of a relationship.

When doing business in Thailand, it is worth observing that:

- Thais prefer to work into the evening rather than early in the morning. Business is kept separate from home, while family comes first, ahead of business.
- Subtlety – not frankness – is essential, especially when saying “No”.
- Speaking in a loud voice is not appreciated, nor is displaying temper. Never criticise someone publicly.

While business relationships in Thailand tend to be less formal than in other Asian countries, they are not as relaxed as in the West. When negotiating, you must be sensitive to hierarchy and it is important to arrange an introduction or personal reference before approaching potential business contacts.

Across Thai culture it is important to make sure that when sitting, the soles of your feet are never pointed at anyone, nor towards an image of the Buddha. This is viewed as disrespectful, as the feet are considered the lowest part of the body. As mentioned, Thais avoid violence, conflict and confrontation. Losing your composure will cause you to lose respect in Thailand. At the same time, situations involving an obvious injustice or abuse can be met with an outwardly submissive attitude, for the sake of not losing face.

**Dining**

Should you be invited to dinner at the home of a Thai colleague, you should reciprocate out of respect for your colleague and as a means of building mutual trust and respect. Remember to remove your shoes before entering a Thai house. Usually, a fork and spoon alone are provided as eating utensils, with the former held in the left hand and the latter in the right, with the fork used to guide food onto the spoon. Sticky rice, a northern Thai delicacy, is often eaten with the fingers of the right hand, but it is important not to lick your fingers. You may begin eating as soon as you are served. It is customary to leave as little food as possible on your plate, and do not leave rice as to do so is considered wasteful. Never take the last bite from the serving bowl and wait to be asked before taking a second helping.

**Body language**

- Touching people of the same gender is more common in Thailand than in many other Asian countries, but touching someone of the opposite sex remains taboo. Nor is it acceptable to show affection in public.
- Avoid touching or passing anything over someone’s head, as the head is considered sacred in Thailand and must be respected.
- Do not point your feet at anyone or use your feet to move anything or touch others. Feet are regarded as unclean and are both symbolically and physically the lowest part of the body.
- Smiles reflect many different emotions, ranging from an apology, a thank you or greeting, to showing embarrassment. For outsiders, this can sometimes be confusing. For example, a Thai’s smiling assurance does not always mean you will get what you want, or when you want it. In essence, it reflects the Thai appreciation of harmony and a ‘never mind’ attitude.
- Smiling regularly is a virtue, as this demonstrates patience, which is much valued in Thai society.
- Resist waving your hands about as you talk. This can give Thais the impression that you are angry. Never pass anything with your left hand nor point with your hand. And beware, you must never ever point with one finger.
- Do not cross your legs in the presence of elderly Thais or monks.
- Even beckoning someone requires caution. It is best to extend your arm with the palm of your hand downward, while fluttering your fingers up and down.

Finally, it is important to allow sufficient time travelling to and from appointments in Bangkok, where traffic congestion is burdensome and can cause lengthy delays. This can be tricky because arriving at meetings on time is critical for good business relations as it signifies respect for the person with whom you are meeting.

It may be best to avoid visiting Thailand around Songkran (Thailand’s New Year) in mid-April, as businesses close for about three days and many people head out of town at this time.
Lady Pie
Harry Usher, Managing Director

When the 2004 tsunami that devastated South Asia hit Phuket, it took with it Harry and Susan Usher’s home, and the tools of her fledgling pie-making trade. However, inspired by the Thais’ resilience and a little help from home, their business, Lady Pie, was baking again within days.

Having sailed to Phuket in 1999, the pair liked what they saw and settled in. Susan, an Australian, started making pies as a hobby, building it into a small cottage industry. “She made them in a Breville pie maker at first, two pies at a time,” says her Scottish-Australian husband Harry, now general manager of the company. “Then she got two pie makers, and just before the tsunami we upgraded to a pizza oven.”

The oven was washed away with the Ushers’ home, but they were determined to stay. “The thing about Thailand is it gets in the way of many natural disasters and unrest. The economy goes up and down like a yo-yo but it always seems to recover, it’s got an elasticity to it,” says Harry.

People pulled together after the tsunami. Phuket pulled itself together. We picked up fairly quickly, Susan was making pies within a few days of the tsunami, she found one of the old Breville machines and got it rewired. We had customers and they were wanting pies.”

When the owner of Sydney factory Lindsay Pie Making Equipment saw a newspaper photo of Susan in the remains of their washed away house, they sent a pallet-load of equipment including an electric oven and dough mixers.

Today, Lady Pies are sold throughout Thailand via two supermarket chains and a network of distributors. They produce around 500 pies a day for a mainly expatriate market, though the sweet-toothed Thais are partial to their apple pies and lamingtons.

No one anticipated such growth from the once home-run business. Harry left his construction job to join the company in 2010, and today works with Susan and eight Thai workers. As a Thai Limited Partnership, a business structure chosen when it was initially set up, a strict four-to-one Thai-to-expat staff ratio is required for its registered company structure.

If setting up Lady Pie now, the Ushers highlight that they would seek approval to operate under the freer Thailand Board of Investment (BOI) rules designed to encourage investment in certain sectors or regional areas.

“There are several conditions and the location has to be approved and your accounts checked, but the new regulations permit expats to own 100 per cent of their business’ shares and own the land the business is on, which is one of the few ways for a foreigner to own land here,” explains Harry.

Other benefits also exist for Australians wanting to set up a business in Thailand in areas where the government seeks to attract foreign investment, under recently introduced BOI regulations. “Business visas and work permits can be fast-tracked and there’s no profits tax for the first few years. There is a lot of paperwork and you need a specialist to help, but that’s the way to go,” highlights Harry.

www.ladypie.com
4.2 BUILDING RELATIONSHIPS WITH THAIS

As in most intercontinental dealings, building strong relationships is critical for succeeding in business in Thailand. Indeed, the strength and soundness of business relationships can have a cascading effect in many aspects of commercial life — in procurement and contracting, gaining credit and for navigating bureaucratic processes. This can take time, and will usually require extensive ‘face-to-face’ time with contacts of similar age and status. Critically, loyalty and trustworthiness are at the core of relationship building in Thailand.

Nuances such as age and seniority also come into play in forming personal and commercial bonds: you should consider carefully the impact of age, gender, educational and marital status when building relationships, as in Thailand younger people are often excluded from key decision making and are expected to defer to older people in terms of language and attitude.

Business partners

Teamwork is paramount to succeeding in Thai business life. In most instances, individual preferences give way to the more valued sense of belonging to a group, conforming to its norms and maintaining harmony within its membership. The ability to build lasting and trustworthy personal relationships is a key goal for most Thai business people, who often expect to establish strong bonds before committing to any deals and will tend to do business foremost with those operators they know and respect. Pushing too hard, too quickly, on a deal can be counterproductive. Rather, serious business talks should come only after your potential business partners have become comfortable with you.

Relationships in Thailand are based almost universally on familiarity, respect and personal trust, which cannot be established overnight. Business relationships tend to be more personal — more likely established between people as opposed to companies. Even once you have established a solid relationship with your local partner, their friendship and trust is unlikely to be extended automatically to others within your company. As a consequence, it is vital to keep in place personnel at the forefront of interactions with the local partner. Changing a key contact can risk having to rebuild a relationship from scratch. In extreme cases, such a change can bring negotiations to a halt.

Remember, ‘saving face’ is key to Thai culture, and harmony should always be maintained, whatever the cost, while being able to hold emotions in check is deeply respected. Reputation and standing throughout Thailand’s social strata rest on this concept. Causing embarrassment to others, or openly critiquing them, can cause a loss of face for all parties involved. Ultimately, business negotiations will suffer. Remaining friendly at all times is the wisest credo for those wishing to strike solid, long-standing and mutually beneficial partnerships. Diplomatic restraint and tact are cornerstones of this approach: in other words, stay cool and refrain from ever showing openly that you are upset or angry.

As in the case of many other Southeast Asian nations, Chinese are represented strongly in business. While around 80 per cent of Thailand’s population is ethnic Thai, Chinese by far lead minority groups in this pluralistic society. Many businesspeople are Chinese, who retain strong connections with family businesses in China. This can sometimes mean that business deals can only be closed with the assistance of partners domiciled in China, as well as Thailand.

Local government and authorities

While building relationships with private business partners and engaging with the local business environment are primary objectives, Australian businesses need to be mindful of the key government agencies that may need to be consulted throughout the process of setting up a business in Thailand.

The main agencies and their areas of licensing authority for foreign investors are:

Board of Investment Thailand (BOI): This agency is at the forefront of efforts to promote investment in Thailand, offering information and services for investors, as well as many incentives.

Ministry of Industry: This is a Thai Government ministry, responsible for the promotion and regulation of industries.

Ministry of Foreign Affairs: Similar to the Australian Government’s Department of Foreign Affairs and Trade, this ministry compiles general information and statistical data on foreign trade, overseas import/export laws and legislation. Consular and diplomatic services are also carried out through this ministry.

Ministry of Commerce: Together with the BOI, this ministry is responsible for promoting Thailand’s economic development. It also compiles statistics on international trade.

The Customs Department: Holds responsibility for collecting revenues such as import/export taxes and duties and fees. It advises on export promotion and privileges, customs procedures for parcel postage as well as other customs-related information for travellers.

Revenue Department of Thailand: Alongside the Customs Department is the Revenue Department of Thailand, both under the Ministry of Finance’s jurisdiction. The Revenue Department is responsible for about half of all tax collections.
4.3 NEGOTIATIONS AND MEETINGS

A key to building good business relationships in Thailand is establishing the right chemistry with partners, but nurturing the relationship is critical for its longevity. Courtesy and conformity are core prerequisites: organise appointments before you leave Australia and follow up with telephone calls on arrival to confirm your partner’s availability.

Managing Thai business meetings

Meetings can be held over meals – breakfast, lunch or dinner – as well as during normal business hours. Rest assured that English is commonly used during meetings and presentations in Thailand although, as previously noted, a translator may be necessary during complex negotiations or discussions about technical products or issues.

In general, it is customary to wait for your host and hostess to introduce you to other attendees. This allows everyone to grasp your status relative to their own, thereby understanding who should perform the wai – the common form of greeting that carries strict protocols, as previously discussed – and how low one’s head should be bowed. Guests should also remain standing until told where to sit.

Surprising your hosts can have the wrong effect, presentations, for example, can have the best impact when delivered formally and following accepted formats. However, more informal question and answer sessions can often elicit healthy participation among Thais who are normally not so keen to exchange views in formal settings or large meetings that include a range of differently ranked individuals. One means of encouraging participation can be to allow those present to submit questions anonymously on paper. Ultimately, it is best to look for opportunities to make your partners as comfortable as possible so that there can be a beneficial sharing of views.

Do not be alarmed if during a meeting or presentation your Thai counterparts talk among themselves in their own language. This is seen as neither rude nor a sign that they are bored, but is more likely an attempt by them to make sure they are understanding correctly. It is a good idea to make sure you are carrying sufficient numbers of business cards and corporate literature to enhance your presentation. Having the flip side of your cards translated into Thai can create a very good first impression. Always follow up meetings by letter or email on your return to Australia.

Typically, first meetings produce good humour and easy-going smiles, but polite and measured conversation. Quick results are rare. Second meetings, ideally, should include a meal invitation. Always begin meetings with small talk. To launch immediately into business talks before becoming acquainted is viewed as impolite. Qualifications and degrees, especially from prestigious universities, carry status and Thais will sometimes list these on their business cards. Foreigners with powerful connections are widely respected.

Negotiations the Thai way

Negotiations in Thailand are generally more of a joint problem solving process and focused on compromise, even when there is no real need to do so. The importance Thais place on relationships in general is also significant in the negotiation process. Patience really is a virtue. Thais expect it and reward those who resist the temptation to display frustration. Do not expect to clinch a deal immediately or on a first visit. Being patient is particularly vital as negotiations can often be lengthy, with process overshadowing content, and a generally poor information flow stunting the progress of discussions and decision making. Always avoid confrontation but keep in mind that sometimes Chinese cultural influences can impact on Thai business negotiations.

Try not to get frustrated by the holistic nature of your Thai counterpart’s negotiating style. It is common for Thais to quickly change discussions from one topic to another, with no sequential order being used to address agenda items. They also tend to use a variety of negotiation techniques. These include techniques such as fake non verbal messages showing disinterest, making false demands and concessions, emotive techniques such as grimacing, appealing to personal relationships and making you feel guilty. Nevertheless, being direct should always be avoided. Thais also enjoy bargaining and may be offended if you do not reciprocate. Despite these various elements of the negotiation process, never apply any in an aggressive manner or with too much pressure.

While Thailand has a pro-business attitude, business decisions can be slow and may involve several layers of authority before being finalised. Planning is usually short term. The upper echelons of management are often filled with family members. Who you know is important; powerful connections are respected. Facts and figures are not valued as highly as personal experiences and feelings, therefore if you expect a risky decision to be made, you need to find a way to make your Thai counterpart feel comfortable.
Greg O’Neill had an early run-in with the cultural sensitivities of doing business as a Westerner in Thailand when setting up his company, Insight Education Consulting, in Bangkok 18 years ago.

“We employed a lawyer to do the business administration, got all the documents, ran through a checklist then fronted up to the Ministry of Commerce. We had an organisational chart which had me sitting at the top with the other Thai directors a few rungs below. And a middle-level bureaucrat says ‘look, I don’t like this organisational chart. Can you put the Westerner a bit further down?’ So I just moved me down a few notches.”

O’Neill acknowledges he was “confused and bewildered” by the Thai way of working, with its “sometimes rubbery” regulations and reliance on contacts and patronage. Having good, trusted Thai staff to be “eyes and ears” is vital, he highlights.

“There are times to put a Western face out in front of the company and other times when it might be best to put a Thai face out there,” O’Neill explains. “At the initial stages of negotiation I might go in and be introduced as the CEO of the company and might talk a bit about big-picture stuff; then sit back and let one of the less senior Thai staff take on the conversation, the nitty gritty.”

O’Neill’s company works with Thai universities, colleges and schools on education projects including teacher training and curriculum development, helps Thai students wanting to study overseas, and foreign universities seeking partnerships in Thailand.

He says humility is “really important” to keep in mind when doing business there.

“There’s a fine line between being seen to be an expert in something and coming across as condescending or patronising. In this part of the world, and particularly if you’re a Westerner, you don’t want to be seen coming in and saying, for us in terms of education, our system is superior to yours and this is how you should do it.”

Cultural sensitivity is important in the workplace too, O’Neill outlines. “When giving feedback or being critical of staff you’ve got to be extremely careful about people’s feelings. Delegating those kinds of things to Thai staff is important to understand right from the get go. For trivial issues like lateness, it’s much better to have my office manager mention it rather than me say something because there’s much greater sensitivity to it purely because I’m a foreigner. It’s partly a language thing and partly a cultural thing.”
4.4 DUE DILIGENCE AND AVOIDING SCAMS

Australian firms looking to do business in Thailand should avail themselves of Australian law and penalties, particularly those relating to bribery of foreign officials. It is important that they commit to the highest level of corporate behaviour so as to avoid pitfalls that can lead to grave consequences. Put simply, the bribing of foreign public officials is a crime and both individuals and companies can be prosecuted in Australia for such offences committed while doing business overseas. Those at the frontline of doing business abroad should familiarise themselves closely with the regulations governing bribery.

History shows that many of the problems encountered by foreign companies doing business in Thailand could have been avoided with the benefit of proper due diligence. Different degrees of due diligence may be applicable. For example, for an exporting initiative, the best proof of a Thai receiver’s ability to pay is whether it can produce a letter of credit from a bank, underscoring its financial standing. Essentially, the bank has carried out the checks for you. Another simple exercise as part of any due diligence is to get a copy of a company’s business licence. This will inform you of several things, including:

- The legal representative of the company
- The name and address of the company
- Its registered capital, which is also its limited liability
- The type of company
- Its business scope
- The date the company was established and the period covered by the licence.

It is wise to check that information contained in the business licence matches what you already know about the company. Should it not match, make further inquiries. The more you know about who you are dealing with, the greater your security: which person is legally responsible for the enterprise? Who is it that you are actually dealing with? Of course, the company’s shareholders are responsible for the amount of liability stated as registered capital on its business licence but, if in doubt, you could check whether the capital has been paid up by getting a Capital Verification Report through a firm of accountants. Should you wish to establish a business relationship in Thailand that goes beyond exporting, it will be necessary to carry out further research.
There is no doubt that a thorough examination of your potential partner will be time consuming and expensive, but valuable insurance nonetheless. Making the effort ahead of forging partnerships will greatly reduce the risk of future problems. Be aware however, that company accounts in Thailand are unlikely to be audited with the same rigour that might be expected in Australia and that a superficial reading of those of a potential partner may prove inadequate for assessing their credentials. In fact, companies in Thailand may have different sets of accounts to suit different audiences. It is advisable to use such data with caution and only in conjunction with information gleaned elsewhere.

There are many accounting and legal firms in Thailand able to assist with due diligence. These range from leading international audit, tax and advisory specialists to private business consultants who have lived in Thailand for some time.

**Dispute resolution:** It is important for companies involved in any international commercial dispute to seek appropriate legal advice in Australia or in the country where they are operating. Austrade is able to provide referrals to legal service providers upon request.

There are a number of international arbitration commissions that exist to facilitate international dispute resolution. However, deciding which arbitration body is best suited to your commercial needs can be complicated. In short, Australian companies should seek legal advice when deciding on a preferred forum for arbitration. This will depend on a range of factors to do with convenience, cost and the facts of a particular case. While the Australian Government routinely supports arbitration as a preferred method of handling commercial disputes involving foreign companies, it does not endorse one arbitration body over another – whether in Australia or overseas.

**Scams to watch out for in Thailand:** Several websites document examples of known scams operating in Australia and abroad in a bid to protect consumers and business people from fraud. Scam ‘alerts’ are available at [www.scamwatch.com.au](http://www.scamwatch.com.au). If you believe you are contacted by a scam, ignore the emails and delete immediately.
5. Business practicalities in Thailand
For Australians conducting business in Thailand, getting to grips with legal regulations and the practicalities of tax and employment laws, as well as other key provisions, is a fundamental challenge. This chapter offers an overview of the main areas that need to be considered, but it is strongly recommended that prospective investors seek professional advice in those areas requiring specific information.

5.1 LAWS AND REGULATIONS

Investment rules

Thailand is no stranger to foreign investment and welcomes new investors. The Board of Investment (BOI) oversees many incentives aimed at drawing foreign enterprises to Thailand. As a conduit for investment, the BOI aims ultimately to funnel investment into sectors that will drive the nation’s economic development. The legal architecture supporting this incentive regime exists within the Investment Promotion Act. The incentives can range from tax-associated discounts such as a reduction in, or exemption from, import duties on machinery and raw or essential materials, to deductions in personal income tax and dividends. On top of these, non tax incentives focus on permits related to the exploration of investment possibilities in Thailand, the bringing in of foreign skilled and specialist workers for promoted investment activities, and the movement of foreign currency through Thailand.

Foreign business activities are also covered by the Foreign Business Act B.E. 2542 (1999). This act outlines which sectors of the Thai economy where foreign ownership is limited or not allowed. Sectors off-limits to foreign businesses include rice cultivation, mass media and forestry. For more information on the Foreign Business Act B.E. (1999), visit the Department of Business Development’s website.
Policies for investment promotion: As a means of enhancing economic development and to respond in a timely fashion to shifts in global economic trends, while also relieving the Thai Government of some of the fiscal heavy lifting, the BOI promotes these key initiatives:

- Investment that enhances national competitiveness by intensifying activity in the agriculture, industrial and services sectors, as well as for SMEs, through innovation, research, value-adding, fair competition and expansive growth
- Providing tax and non-tax incentives for businesses to set up International Headquarters (IHQ) and International Trading Centres (ITC) in Thailand. This aims to further develop Thailand as a global business hub
- Environmentally friendly activities that can lead to reduced energy use or which incorporate alternative energy sources that encourage sustainable growth
- A concentration on development and strengthening of supply chains in regional areas
- Investment in border provinces in southern Thailand that will help bolster the local economy while playing to a national focus on enhancing security in the area
- Promotion of special economic development zones that can strengthen economic ties with neighbouring countries and to pave the way for entry into the ASEAN Economic Community (AEC)
- Promotion of overseas investment by Thai enterprises that will enhance the competitiveness of Thai businesses and mark out and nurture Thailand’s role in the global economy.

Land and property rights

Thailand does not generally allow foreigners or foreign businesses to own land. Rather, leasing is the common protocol for foreigners in Thailand with each contract imposing conditions generally provided by the Crown Property Bureau or other government agencies. Private Thai owners also offer leasehold titles. Land and property rights are usually applied according to two types of usage:

- Residential leases are for a maximum of 30 years (with the possibility of a further 30 years)
- Industrial or commercial leases can be for up to 50 years (and may be renewed for a further 50 years).

Nevertheless, in accordance with the BOI’s investment incentives, foreign individuals can own land of up to 1600 square metres (referred to in Thai as one rai) in specified areas for residential purposes. Under the deal, a THB 40 million investment must be made in specified assets or government bonds beneficial to the Thai economy. Buying an apartment or condominium is a simpler way for foreigners to buy residential property in Thailand. As long as Thai nationals own at least 51 per cent of apartments in a building, a foreigner is able to buy an apartment.

Further, foreign companies with substantial investments already in Thailand that are deemed beneficial to the economy may be afforded special privileges for the duration of their business activity and exemption from more restrictive land ownership rules either under section 27 of the Investment Promotion Act, section 44 of the Industrial Estate Authority of Thailand Act or section 65 of the Petroleum Act. Because of the complex nature of these requirements and rules, seeking professional advice in Thailand on the pros and cons of purchasing or leasing property for commercial or private purposes is essential.
Fibre King Oryx Automation
Suren Moodley, Managing Director

When Fibre King Oryx Automation looked at expanding its manufacturing overseas to escape the effects of the global financial crisis and a strong Australian dollar, the Thailand-Australia Free Trade Agreement (TAFTA) helped it settle on Thailand. "TAFTA was one of the main reasons we chose Thailand over somewhere like Malaysia or southern China," says managing director Suren Moodley. The company designs and builds end-of-line automated packaging machinery, including case conveyors, case packers and palletising systems. The 89-year-old Brisbane-based parent company Fibre King set up a subsidiary company – Oryx Automation – in Thailand in 2012, and is now established with 80 staff in an industrial estate 130 kilometres southeast of Bangkok.

"At that time, most of the machinery we were building was getting imported into Australia, as well as spare parts for machinery already in the field. We now have TAFTA certification on all our parts and machinery imported into Australia, avoiding any import duties in Australia."

"The only challenge with TAFTA is that in Thailand it's not as easy as Australia to get your certification (COO – Certificate of Origin – to qualify for TAFTA benefits). It's isn't difficult, just very, very paper intensive. You simply need people to do the paperwork demonstrating the required Thai value add."

"It's very, very difficult to attract good talent outside of Bangkok," says Moodley. "Thais are very social people, they put a high value on social life and family structures so to get them to move out of Bangkok is nigh on impossible."

"Also, because of the rapidly emerging industry here creating new jobs, it's really hard to hold on to staff. You employ people, train them, then someone else poaches them. But we identified this issue early on and our staff retention policies are working really well."

One of the strategies is splitting the traditional bonus system. Most companies pay a big, pro-rata bonus at the end of each year in Thailand. But Oryx Automation also provides a loyalty bonus half-way through the year with no pro rata condition.

"The estate we are in is known as the Detroit of the East. Nevertheless, we have managed to retain all our key staff despite the lure of large multinationals who tend to attract the best people."

"It takes about two years to develop someone to be a really good technician," says Moodley. "Therefore staff retention and loyalty is really important to our success."

Moodley and his management team also recognised the importance Thais place on building and maintaining relationships in their collective society. "The other thing that has helped, though this was not deliberate, is that all the five expatriates based here engage very actively with staff outside of work. We play football, play badminton, attend weddings and celebrate traditions like Songkran (Thai New Year)."

"Forget the money, forget bonuses, the biggest thing is engaging people and taking in their culture, understanding their values and their families, their lives, playing their sport and enjoying their social stuff, and then you've got them on side because you value them."

www.oryxautomation.com.au
Intellectual property (IP)

Australian businesses considering exporting to Thailand would be advised to seek expert advice regarding Thai intellectual property (IP) law, and in regard to customs and other laws regulating imports in Thailand. Australian IP professionals can usually facilitate contact with local experts. There are various methods for registering intellectual property, depending on its type. This information is outlined on the Australian Government’s IP Australia website: www.ipaustralia.gov.au/understanding-intellectual-property/ip-for-business/doing-business-overseas/ip-protection-in-thailand/

IP rights for trademarks, patents, designs and plant varieties and integrated circuit topographies can all be registered in Thailand, which also adopts a voluntary records system under which trademark owners are able to record their copyright. The Department of Intellectual Property (DIP) within the Ministry of Commerce is the government body responsible for administering Thailand’s IP rights system.

While Thailand has been regarded by many as a haven for counterfeiting and piracy, the Thai Government has been at pains to reinforce its legal framework with the aim of overcoming enforcement challenges. Accordingly, exporters to Thailand should seek advice regarding any recent changes that may affect their business. Thailand has three major laws dealing with IP: the Patent Act, Trademark Act and Copyright Act. The first of these has adopted internationally recognised rules and principles, including those of the Paris Convention for the Protection of Industrial Property (of which Thailand is a member party), the Patent Cooperation Treaty, the World Intellectual Property Organisation Model Law, the Harmonisation Treaty and the Draft Agreement on TRIPs (Trade-Related Aspects of Intellectual Property Rights), including Trade in Counterfeit Goods.

Thailand’s own Central Intellectual Property and International Trade Court is responsible for criminal and civil cases relating to violations of trademarks, copyrights and patent law and/or the counterfeiting or imitation of trademarks. Although its jurisdiction is limited to Bangkok and its vicinity, the court by default holds sway throughout the country because of the absence of any regional intellectual property tribunals.

Filing and renewal fees for the Intellectual Property and Trade Court are generally lower than the comparable charges in Australia. However, businesses should be aware that translation fees can increase the overall cost of filing applications. Successfully registering IP in Thailand usually requires a local address for service.

Trademarks

- Thailand adopts a first-to-file trademark system, which therefore demands the expedient filing of applications. Delaying this increases the risk of the trademark being hijacked by local entities, although some protection is still afforded to well known trademarks.
- A Thai trademark registration is valid for 10 years and, for a fee, may be renewed for successive 10 year periods.
- Foreign words used in a trademark must be transliterated and submitted along with a trademark application that has been translated into Thai.
- Protection for nontraditional marks is limited in Thailand, but trademark protection is available for shapes and three-dimensional marks. However, this can often be difficult to pursue. Registering a single colour is not allowed.
- Multi-class applications are currently not possible, with a separate application to be filed for each class of goods and/or services to which a trademark is or will be used.
- Applications for registration of geographical considerations (that is, a name or symbol that indicates the origin of goods, reflecting a particular quality) are permissible.
- A trademark registration may be removed from the register if it is not used for a period of three or more consecutive years.
- Thai Customs apply cross border measures as a means of protecting registered trademarks.

Two forms of patent protection exist in Thailand – patents (which are the equivalent of Australian standard patents) and petty patents (for lower-level inventions).

- Patents generally have a life of 20 years. Petty patents may be taken out for a term of up to 10 years. Each is subject to payment of renewal fees, should owners wish to extend protection.
- Eligibility for patent protection rests on an invention being new, involving an inventive step and being capable of industrial application. The hurdle is less onerous for petty patents, which can be awarded as long as an invention is new and is capable of industrial application.
- Certain types of subject matter cannot be patented in Thailand, including animal and plant extracts, computer programs, methods for medical treatment and business methods.
- Applications for patents filed in a foreign language must be translated into Thai within 90 days of filing.
Designs
The term of protection in Thailand for registered designs is 10 years, subject to payment of annual fees from the fifth year of registration onwards.

Copyright
Several amendments to the Copyright Act necessary for it to comply with the provisions of the World Trade Organisation’s TRIPS agreement, as well as the international standards set out by the Bern Convention, have beefed up Thailand’s copyright protection regime. Both literary and other artistic works are protected by the Act with copyright protection continuing for 50 years after the death of an author. Although copyright arises automatically at the time an eligible work is created, registration of works is still possible in Thailand, and may be useful evidence in the face of any dispute.

Plant varieties
Thailand makes provision for the protection of plant variety rights with terms of 12, 17 and 27 years, depending upon the length of time it takes for a plant to mature for cultivation.

5.2 IMPORT DUTIES, TARIFFS AND REGULATIONS
Australian businesses looking to export goods to Thailand will want to be aware of the various import duties and taxes that may apply, as well as other regulations with which they must comply. Issues may arise for exporters not taking enough care: tariffs and import regulations are frequently revised and subject to change without notice. It is important to stay informed and that you reconfirm appropriate rates before selling goods into Thailand. Of course, the terms “tariff” and “duty” are commonly misused. Though both are essentially taxes, a tariff is a tax applied on imports only, whereas duty is a tax that also applies to domestic goods. In the context of sending goods from Australia to Thailand, tariffs refer to custom import duties. This section outlines key information on tariffs and duties, as well as other taxes that may affect Australian businesses, and provides an overview of import regulations.

Tariffs/import duties
Thailand applies a two-column tariff based on the Harmonised Commodity Description and Coding System (Harmonised System). Tariffs are levied on numerous import items either according to value or at a specific rate, whichever is higher. The invoices of suppliers or manufacturers generally determine values and quantities. The customs authority, however, has the right to reassess the value of the goods should they be found to have been valued manifestly lower than market price.

Most imported goods are subject to two different taxes: tariff duty and value added tax (VAT). The former is calculated by multiplying the CIF (cost, insurance and freight) value of the goods by the rate of duty. This is added to the value of the goods to determine a final tax. VAT is then levied on the total sum of the CIF value, duty and excise tax (if any). Goods imported for reexport are generally exempt from import duty and VAT.

Preferential tariff rates may apply to selected imports from ASEAN countries, Australia and New Zealand under the ASEAN Australia New Zealand Free Trade Agreement (AANZFTA). Australian exporters also enjoy preferential rates on many goods as a result of its free trade agreement with Thailand, TAFTA. Tariff schedules can be accessed from the Australian Government Free Trade Agreement website. Australian exporters can also access Austrade’s AANZFTA tariff finder: http://aseantariffs.austrade.gov.au/tariff-finder/.
### Tariffs/Import duties under TAFTA

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fertilisers</strong></td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td><strong>Photographic Goods</strong></td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td><strong>Plastic</strong></td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td><strong>Machinery &amp; Equipment</strong></td>
<td>0%</td>
<td>Electric transformers, inductors, fully automatic washing machines</td>
</tr>
<tr>
<td><strong>Steel</strong></td>
<td>0%</td>
<td>Flat-rolled steel (hot-rolled coil, cold-rolled coil, coated steel), long products, steel articles</td>
</tr>
<tr>
<td><strong>Non-Ferrous Metal</strong></td>
<td>0%</td>
<td>Copper bars and pipes, aluminium bar, sheet and foil, unwrought lead and zinc</td>
</tr>
<tr>
<td><strong>Pharmaceutical</strong></td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td><strong>Automotive</strong></td>
<td>0%</td>
<td>Large passenger motor vehicles and goods vehicles</td>
</tr>
<tr>
<td><strong>Agriculture</strong></td>
<td>0%</td>
<td>Sheep meat</td>
</tr>
<tr>
<td><strong>Other passenger vehicles</strong></td>
<td>0%</td>
<td>Beef</td>
</tr>
<tr>
<td><strong>Automotive parts</strong></td>
<td>0%</td>
<td>Pork</td>
</tr>
<tr>
<td><strong>Cutter and cheese, other milk powders and concentrates</strong></td>
<td>0% by 2020</td>
<td></td>
</tr>
<tr>
<td><strong>DAIRY PRODUCTS</strong></td>
<td>5 to 20%</td>
<td>with some tariffs completely phasing out by 2025</td>
</tr>
</tbody>
</table>

**FTA Tool:** To further explore the benefits of TAFTA and AANZFTA, consult the FTA Tool developed by the Export Council of Australia. This website helps Australian exporters navigate the basics of Australia’s Free Trade Agreements (FTAs) quickly and easily. Businesses can search by country and industry to discover how FTAs can make doing business easier.

An overview of TAFTA

- The agreement, hailed as a remarkable achievement by both parties, came into force on 1 January 2005 and is chiefly responsible for a doubling of trade between Thailand and Australia. For its part, Thailand eliminated tariffs on 2,934 items, more than half of all goods to attract duties on arrival in Thailand, and which account for 78 per cent of current Thai imports from Australia.
- A further 41 per cent of Thai tariffs – covering 17 per cent of current trade – were slashed to zero in 2010.
- All remaining tariffs, including tariff rate quotas, are being phased out in 2015 or in 2020, with the exception of skim milk powder and liquid milk and cream, for which tariff rate quotas will be eliminated in 2025.

Import regulations

TAFTA regulations: Preferential rules of origin (ROO) are contained in the TAFTA. These are agreed criteria that ensure that only goods originating in either Thailand or Australia benefit from the agreement’s reduced duties. Essentially, these rules are used to stymie attempts at transshipment, in which goods from a third party are redirected through either Thailand or Australia in a bid to avoid payment of import tariffs. A certificate of origin (COO) is therefore required to import goods into Thailand from Australia under TAFTA, as a means of guaranteeing that rules of origin have been met. The process for obtaining the correct certification and adhering to the rules is outlined in depth on the DFAT website dedicated to informing traders about the free trade agreement. Both the Australian Industry Group (Ai Group) and the Australian Chamber of Commerce and Industry (ACCI), including their state chapters, are authorised to certify origin for TAFTA.

Customs and excise duties: Should a product being exported to Thailand not meet the TAFTA requirements, customs duties may be imposed under the Customs Act and the Customs Tariff Decree. These duties are collected in Thailand on both imports and a narrow range of exports. Classification of imports is based on the Harmonised System. Thailand has adopted the ASEAN Harmonised Tariff Nomenclature (AHTN) 2012, which is based on the Harmonised System 2012, as its latest import nomenclature.

Duties are levied on a specific, ad valorem or a combined basis, with the applied ad valorem duties ranging between zero and 80 per cent. Exemptions from import duties are available on particular items of goods as prescribed in the Customs Tariff Decree. Preferential duty rates are available on imported goods from countries that have a preferential free trade agreement (FTA) with Thailand. Generally, the value of imports is based on their CIF (cost, insurance and freight), whereas exported goods are based on their FOB (free on board).

Thailand has implemented the WTO Valuation Agreement. The primary basis for the customs value is transaction value (i.e. the price actually paid or payable for the goods when sold for export). This is subject to adjustments for certain elements which are considered to form a part of the value for customs purposes, but are not yet included in the selling price. The elements that may need to be added include royalties and licence fees, which are related to the goods and paid as a condition of sale, proceeds from subsequent resale in the importing country, value of goods or services supplied by the buyer, such as design or development fees related to imported goods, etc. If the declared price is evidently low or is unlikely to be the true value of such goods, Thai Customs will dispute the declared price.

Excise tax is imposed on the sale of a selected range of commodities whether manufactured locally or imported. Tax rates are based on ad valorem, specific rate or a combined basis. Tax liabilities arise on locally manufactured goods when leaving the factory and at the time of importation for imported goods.

Import restrictions: While most goods can be readily imported into Thailand, provided appropriate import duties have been paid, restrictions do apply to some products (i.e. art, food and ammunition). Australian exporters are required to check these with the Thai Ministry of Commerce prior to exporting. The control of the import, marketing, distribution and sale of products is shared between a number of government bodies including the Food and Drug Administration (FDA), the Customs Department, the Ministry of Agriculture and the Ministry of Commerce. The latter is responsible for designating classes of goods that are subject to import controls, which usually take the form of permission and licensing. Exporters need to investigate thoroughly the regulations governing their business.
5.3 TAXATION

Thailand’s regulatory authorities impose a wide ranging tax regime on businesses and individuals that incorporate income taxes (corporate and personal), turnover and indirect taxes (VAT and specific business tax), as well as property tax and taxes such as stamp duty, excise tax, customs duties and municipal taxes. This section provides an overview of the primary taxes that Australian enterprises can expect to face when establishing a business in Thailand. But professional advice from firms operating in Thailand is vital for understanding tax rules specific to your business. Not all applicable taxes are covered in this starter pack. Information provided stands only as a general guide.

Principal taxes on income and consumption in Thailand are levied under the Revenue Code of 1937 and its subsequent amendments. It is the responsibility of the Revenue Department of the Ministry of Finance to administer the income tax code, which divides taxpayers into two classes: personal and corporate. Personal income tax not only applies to individuals but also to groups of individuals and an unregistered ordinary partnership. Group taxation is not permitted in Thailand. Corporate taxpayers include locally incorporated companies, branches of foreign companies, joint ventures, limited partnerships and registered ordinary partnerships.

Corporate income tax

Corporate income tax (CIT): This applies to company residents of Thailand. Residence is determined by the actual place of incorporation and not the place of management or ultimate control. Companies incorporated under Thai law are regarded as resident companies and are taxed on their global income. A foreign incorporated company, however, is taxed on profits arising from – or as a consequence of – business carried out in Thailand. The current corporate rate of tax is 20 per cent for accounting periods that commence between 1 January 2013 and 31 December 2015. A foreign company that is not operating a business in Thailand is nevertheless subject to withholding tax (WHT) on assessable income such as interest, dividends, royalties, rentals and service fees that are paid from or in Thailand. Generally, the rate of WHT is 15 per cent, except for dividends, which attract a 10 per cent rate, while other rates may be levied according to the provisions of applicable tax treaties. A company incorporated in another country but carrying on business in Thailand (e.g. a branch office) will need to pay CIT on profits arising from any business conducted in Thailand. In addition, should after-tax profits be repatriated to head office, a final 10 per cent WHT is imposed.

SMEs with a paid-up capital not exceeding THB 5 million at the end of any accounting period, and having derived income from the sale of goods and/or the provision of services not exceeding THB 30 million in the same period, will be subject to CIT at the following rates:

<table>
<thead>
<tr>
<th>Net profit (THB)</th>
<th>CIT rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 to 300,000</td>
<td>0</td>
</tr>
<tr>
<td>300,001 to 1 million</td>
<td>15</td>
</tr>
<tr>
<td>Over 1 million</td>
<td>20</td>
</tr>
</tbody>
</table>

Tax treaty: Thailand and Australia share a tax treaty that seeks to eliminate double taxation rates. However, it does not reduce the domestic law applied WHT rates for dividends (10 per cent), interest income (15 per cent) and royalties (15 per cent).

Capital gains tax: There is no specific legislation governing the taxation of capital gains in Thailand. Rather, capital gains earned by companies are treated the same as ordinary revenue for tax purposes. Profits derived from the sale of investments in Thailand by a foreign company not carrying on business in Thailand are taxed at 15 per cent, withheld at source by the purchaser of the asset. This is exempt under the tax treaty for Thailand and Australia unless the Thai company’s assets are more than 50 per cent real property.

Thin capitalisation rule: There is currently no thin capitalisation or prescribed debt-to-equity law applicable in Thailand.

Wage tax and social security contributions: As in Australia, employers are responsible for withholding income tax from their employees and forwarding it to the tax authorities. Social security contributions are mandatory for both employers and employees levied at the rate of five per cent of an employee’s salary, subject to THB 750 per month cap per employee.

Indirect taxes

Value added tax (VAT): This is an indirect national tax levied on the sales of goods and the provision of services, in similar fashion to Australia’s GST. However, exports do not incur VAT, while a number of goods and services are exempt (namely, basic groceries, education, health care, interest payments, leasing of immovable property, sale of real estate, sales of goods or services to government agencies and the United Nations). The standard rate of VAT is 10 per cent, but the prevailing rate is just seven per cent, a reduction that remains in force until 30 September 2015. It is expected there will be a permanent rise to nine per cent from October 01, 2015 with a potential one per cent change of local sales tax, taking the combined rate to 10 per cent.

Specific business tax (SBT): This tax is imposed on the gross revenues of certain businesses that are not subject to VAT. It is levied at a flat rate depending on the type of business. Commercial banking, finance and securities
firms are taxed at three per cent and life insurance operations at 2.5 per cent. The rate of SBT has been reduced to 0.01 per cent for certain revenues pertaining to the finance and securities industries. Municipal tax at the rate of 10 per cent is imposed on top of SBT payments.

Other taxes

Excise tax: This is a form of consumption tax that is imposed on so-called “luxury” goods and services, irrespective of whether they are manufactured locally or imported. These can include tobacco, alcoholic and certain non-alcoholic beverages, certain electrical appliances, crystal glassware, motor vehicles, boats, motorcycles, perfume products and cosmetics, telecommunications products and business, petroleum and petroleum products, batteries and woollen carpets. The tax liability is incurred when the goods leave the factory or warehouse, or are imported. Tax rates are based on ad valorem or a specific rate, whichever is higher. Rates differ, ranging widely from as little as five per cent to 60 per cent. However, rates are subject to change so it is important to consult a tax professional for up-to-date figures.

Stamp duty: This applies to 28 different types of documents and instruments, including contracts for commissioned work, as well as loans, share transfers, leases for land or buildings, and insurance policies. Stamp duty rates vary according to the type of document, but can range from THB 1 per every THB 1000 of value inherent in the contract or agreement, to a fixed amount per instrument on most commercial and other documents. A surcharge as high as 600 per cent can be applied for failing to pay the original stamp duty in a timely fashion, while unstamped documents are not admissible as evidence in a civil lawsuit.

Petroleum income tax: A tax is imposed on income derived by any company that owns an interest in a petroleum concession granted by the Thai Government, or a company that buys oil for export from a concession holder. Companies taxed under the Petroleum Income Tax Acts (PITA) are exempt from taxes and duties on income imposed under the Revenue Code and under any other laws. The exemption applies provided the company income imposed under the PITA acts as evidence in a civil lawsuit.

Local taxes: there are three major local taxes:

- **House and land tax** is levied at the rate of 12.5 per cent of assessable rental income.
- **Signboard tax** is levied on certain commercial signs or billboards at varying rates according to size and language deployed. Currently, the rates per 500 square centimetres are THB 3 if all of the words used in the sign’s message are in Thai; THB 20 if both Thai and foreign words are used; and THB 40 if the language used is entirely foreign or if Thai words are placed below the foreign ones.
- **Local development tax** is levied at rates ranging from 0.25 per cent to 0.95 per cent on the value of land assessed by local authorities. Due each year, the tax does not apply if the property is already subject to house and land tax.

Compliance

Tax year and tax returns: Although the general tax year is a calendar year in Thailand, corporate entities can choose an alternative 12 month period should it suit their specific accounting needs. Once chosen, the accounting period cannot be changed without written approval from the Revenue Department. The tax system is one of self-assessment: companies prepare and file returns by the due dates, simultaneously paying taxes that fall due.

CIT returns: Annual CIT returns, together with tax payable, are due 150 days after the end of a corporation’s accounting period. CIT, however, is paid twice a year. A half-year return must be filed within two months of the end of the first six months of an accounting period with a company’s tax liability at that point calculated on one-half of estimated full year profits, except in the case of listed companies, banks, certain other financial institutions, and other companies under prescribed conditions in which the tax liability is based on the actual net interim profit. On receipt of annual tax payments, government authorities will credit the amount of tax previously paid at the half-year.

VAT returns: Registered traders must submit VAT returns and payments to the Revenue Department within 15 days of the end of the month for which the VAT is applicable. The monthly return should calculate the amount of VAT due based on the sale of goods and the provision of services by the trader net of any VAT charged to the trader by its suppliers of goods and services. Should this latter amount be in excess of the VAT owed by the trader, any excess may be carried forward to offset against future months’ VAT payments or a refund can be requested. However, the VAT charged to a trader is not always deductible from the total VAT falling due. This is the case where the goods and services purchased were not used in the ordinary course of business or where they were used for VAT-exempt activities, represented entertainment expenses, gifts or expenses in connection with passenger vehicles with fewer than 10 seats, or in the case where tax invoices did not contain all the requisite information.

Individual (personal) income tax

Both residents and non residents who earn an income for some form of work performed in Thailand – whether it be salary, bonuses, gratuities, pensions, the monetary value of rent free housing, the employer’s payment of income tax, or any other money, property, or benefits derived by virtue of being hired for service – are liable for personal income tax in Thailand, regardless of whether the income is paid within or outside the country. There are no concessions for foreigners or short term residents.
In an effort to support low income earners and the aged, the first THB 150,000 of income is tax exempt. For a resident 65 years of age or older, this exemption applies to income up to, but not exceeding, THB 190,000.

**Individual income tax rates 2015**

<table>
<thead>
<tr>
<th>Taxable net income (THB)</th>
<th>Tax rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-150,000</td>
<td>Exempt</td>
</tr>
<tr>
<td>More than 150,000 up to 300,000</td>
<td>5</td>
</tr>
<tr>
<td>More than 300,000 up to 500,000</td>
<td>10</td>
</tr>
<tr>
<td>More than 500,000 up to 750,000</td>
<td>15</td>
</tr>
<tr>
<td>More than 750,000 up to 1,000,000</td>
<td>20</td>
</tr>
<tr>
<td>More than 1,000,000 up to 2,000,000</td>
<td>25</td>
</tr>
<tr>
<td>More than 2,000,000 up to 4,000,000</td>
<td>30</td>
</tr>
<tr>
<td>Over 4,000,000</td>
<td>35</td>
</tr>
</tbody>
</table>

**Compliance**

The tax year for personal income tax and general tax conditions is the calendar year, with returns to be filed no later than 31 March of the following year. Individuals engaged in most forms of business must also file a return documenting their income for the first six months of the year by 30 September and pay any tax due.

The income of a wife is no longer required to be treated as part of her husband’s income. Consequently, each husband or wife who earns an income can choose to file a tax return either separately or jointly, whichever they prefer.

Income tax is required to be withheld from employee salaries by employers, along with other benefits required under legislation. The balance of any tax due for a calendar year is payable at the time of filing an annual tax return.

**5.4 AUDIT AND ACCOUNTANCY**

Companies and businesses operating in Thailand are required by law to maintain thorough and up-to-date accounting records and must prepare annual financial statements in accordance with the Thai Accounting Standards (TAS). Developed by the Institute of Certified Accountants and Auditors of Thailand (ICAAT), the TAS have been adopted by the Board of Supervision of Auditing Practices in the Ministry of Commerce for regulating and overseeing accounting practices in Thailand. TAS essentially follows the International Financial Reporting Standards (IFRS) with some exceptions.

**Accounting period**

Corporate entities are able to choose a 12-month period for their accounting year that best suits their operations (that is, the equivalent of the Australian financial year, July 1 to June 30, or calendar year). Once decided, this cannot be altered without written approval from the Revenue Department.

**Frequency of reporting**

A corporation’s financial statements must be presented at least annually. Should the corporation’s reporting period change and financial statements are prepared for a period other than a year, the entity must disclose the reason for this and make clear that the information is not exactly comparable to the previous reporting period.

**Accounting books**

A full range of accounting and other record-keeping requirements must be observed by law: typically, a journal, general ledger and inventory records, all maintained in Thai, must be kept. Thai translations must be provided where a foreign language is used.
Preservation of books and records
These documents and records must be kept on the premises of the business, or the usual location where goods are produced or stored, and retained for at least five years beyond the year to which they pertain, unless otherwise agreed to the Accountants Inspector Office or the Chief Accounts Inspector.

Financial statements
A complete set of the required financial documents consists of a statement of financial position (balance sheet), a statement of comprehensive income, a statement of cash flows and a statement outlining any changes in equity, as well as any notes to the accounts.

Audited requirements
All incorporated business entities – except partnerships registered under Thai law with capital of THB 5 million or less as well as assets and income not exceeding THB 30 million – must submit financial statements (audited by a certified public accountant) to the Department of Business Development within five months of the end of its financial year. For limited companies or public limited companies established under Thai law, financial statements must be submitted within one month of the date of the general meeting at which they were approved. Additionally, audited accounts must accompany the filing of the annual corporate income tax return with the Revenue Department. Audited financial statements (in THB and Thai) must be filed with the corporate income tax return and also the Ministry of Commerce.

Consistent with global accounting practice, auditors are required to declare whether in his or her opinion an entity’s financial statements reflect honestly the financial position of the company, its financial performance and its cash flow position for the designated period in accordance with Thai Financial Reporting Standards (TFRS).

5.5 EMPLOYING WORKERS

Labour market
As has been the case with many of its Southeast Asian neighbours, Thailand’s Government is looking to steer the country away from its heavy reliance on cheap labour towards an industrialised economy with a burgeoning middle class. Necessity, as much as ambition, is driving this transformation. Thailand has a rapidly ageing population: the second oldest among the region’s 11 countries, according to the United Nations. It will unlikely have the labour might in the future to sustain labour-intensive industries. In response, the Thai government is ramping up education as a key priority for its people and reorganising its industrial base. This also comes in the face of rising competition from developing Myanmar. As with Singapore and Malaysia, Thailand has been dependent on migrant labour in industries such as food processing, on assembly lines and in construction. There are concerns that eventually, many of these workers may return home to neighbouring Myanmar to fill new jobs there, if its economy continues to expand and attract foreign investment.

Skill shortages have been identified as a key impediment to Thailand’s future growth and drawing foreign investment, as highlighted by the World Bank. While the Government has sought to facilitate skills training for the country’s labour force as a means of generating higher-paid jobs, the Thai labour market remains skewed by low-skilled workers with little education or training.

Despite this make up and reflecting the country’s reliance on unskilled labour and often menial jobs, Thailand’s 39 million strong workforce enjoyed employment levels around 98 per cent in 2013. These workers are mostly employed in the agriculture sector (39.6 per cent) and services (39.1 per cent). Manufacturing accounts for 21.1 per cent of employment. Thailand’s jobless rate was 0.7 per cent over the years from 2012-14. Male participation in the labour force is just under 80 per cent, while the female participation rate is around 63 per cent.

The literacy rate: According to the World Bank, Thailand’s Literacy rate for adults is approximately 96 per cent.

Skill level: Approximately 12 per cent of the Thai workforce has an advanced education. Thailand also has around 800 vocational colleges, producing a number of technically skilled graduates every year. The country ranks high on the United Nation’s Human Development Index, coming in at 89 out of 187 countries.

Minimum wage: This has remained at THB 300 per day, having reached that all time peak in 2012. The minimum has averaged at THB 122.54 over the 40 years to 2013, plummeting to a low figure of THB 12 in 1973. Minimum wage rates are prescribed by law and vary according to the location and types of jobs.

Human resources and employment law
Accompanying the surge in both domestic and foreign investment in recent years has been a rising demand for skilled labour. Given the interdependence of industry and labour and the impact that labour shortages can have on economic growth, greater effort has been taken to bring into harmony the needs of both employers and employees. This is overseen by industrial legislation.

The key laws governing this relationship include the Civil and Commercial Code, the Labour Protection Act (1998), and its subsequent amendment (2008), the Labour Relations Act (1975) and the Labour Procedures Act (1979).

A basic employment contract, which can be made verbally or set out in writing, will stipulate the terms and conditions, duties and responsibilities of both parties.
According to law, employees have a duty to render their service as agreed, performing the work with due care and diligence and complying with rules and regulations of work. In return, workers have the right to a wage or salary as well as welfare in accordance with either the contract or law.

Employment may be terminated:

- On the expiry of the employment period
- By mutual agreement
- On completion of the agreed work
- On notification in advance by either party, where the employment period has not been fixed
- On the transfer of employment to a third person without consent of an employee
- By an employer when an employee is found guilty of gross misconduct of the type outlined by laws
- In the event of termination, an employer has a duty to provide the worker with an employment certificate and pay for a return journey to their home (if working in a different town) as well as severance pay under certain conditions as prescribed by law.

Labour protection laws: The Civil and Commercial Code spells out the rights and duties of an employee and an employer regarding an employment contract. But on top of this, employees are entitled to additional protections under Thailand’s labour protection laws. These basic standards broadly cover minimum working hours, rest periods, holidays, wages, employment of women and children, severance pay and compensation. It is not allowed for employers and employees to agree to forego any provisions of the law which would put the employee at a disadvantage.

Working hours: These can vary according to the type of work, but should not be more than 48 hours per week for industrial and commercial work or 42 hours per week for work potentially harmful to the health of the employee.

Holidays: An employee is allowed to have at least one day per week off and at least 13 holiday days (including National Labour Day) per year to observe traditional holidays. In addition, an employee is entitled to a minimum of six working days per year as annual leave, provided that they have completed one year’s service of employment.

Overtime: Employees are entitled to overtime at the rate of at least 1.5 times their normal hourly rate, and where their contract does not stipulate working on public holidays, then at least two times the regular rate on those days. Employees whose terms of work include working on public holidays are entitled to their normal hourly rate on those days, but three times that rate for any overtime worked on a public holiday. Overtime cannot be worked for the types of work that may be harmful to the health or physical wellbeing of an employee.

Sick leave: A maximum of 30 days’ paid sick leave applies in Thailand. Employers can request a medical certificate in the event that an employee requires more than three consecutive days of sick leave. Women are entitled to up to a maximum of 45 days’ maternity leave.

Compensation: Thailand does enforce workers’ compensation in the event that an employee suffers illness, injury or death while performing their job, or contracts a disease as a result of their working conditions. In such cases they are entitled to compensation that covers medical treatment and/or funeral expenses. In the case of death, an employee’s parents, spouse or children have the right to receive compensation. Thailand’s Social Security Fund plays a vital role in this.
Employer: Incidents involving injury, illness or death of employees must be reported by employers to the local compensation officer within 15 days. The authorities will then investigate the circumstances and can direct the employer to pay compensation to employees accordingly.

Workers compensation fund: Employers conducting certain types of operations with at least one employee must register with and contribute to the workers compensation fund. Contribution rates vary between 0.2 per cent and one per cent of the business’s total wages bill according to the level of risk associated with the type of business (wages are capped at THB 240,000 (US$ 7,000 a year per person). The fund makes compensation payments according to the law on behalf of employers.

Social Security Fund: On top of any compensation due to employees under labour laws, workers may also have a claim to compensation under the Social Security Act (1990), as amended in 1994, even though an injury, illness or death may not be the direct result of work. All businesses with at least one employee, irrespective of whether they are Thai or foreign, must register with the Social Security Fund. Employers, employees and the government must each contribute five per cent of an employee’s salary (up to a maximum salary of THB 15,000 per month) to the Social Security Fund. These contributions (both those of employees and employers) must be paid into the fund monthly regardless of the size of the business. There are no exceptions for expatriate employees.

The fund provides medical services and expenses, compensation and/or funeral expenses, and pensions at rates prescribed by the law.

Pensions and social security: The Social Security Fund also assumes responsibility for pensions, which can be received by employees from the age of 55, drawn on mandatory contributions made during the employee’s working life. Workers who contribute to the fund for 15 years or more will receive, as a form of pension upon retirement, at least 20 per cent of their average salary for the previous five years. Special retirement funds, governed by the Provident Fund Act, can be established by employers on a voluntary basis to fortify pension arrangements for their workers. Employers and employees are able to put between two per cent and 15 per cent of the employees’ salary into the fund.

Labour relations law: The Labour Relations Act (1975) monitors industrial relations across the Thai economy, providing resolution of any labour conflicts. The Act makes clear rules and regulations governing the formation and operation of unions and federations, employee committees and employer associations, while setting frameworks for workplace agreements and settling labour disputes. It also defines unfair labour practices, protection measures and employee rights, as well as procedures for making a claim in cases of unfair practices.

Labour Court: Workplace disputes and any incidents leading to claims against employers or unions must be submitted to the Labour Court. Cases presented under the Labour Court Procedure Act (1979) are to be conducted simply and resolved as quickly as possible. It is the court’s intention that cases will be considered fairly and with a view to reaching a compromise and mutual agreement.

Severance pay: Employees generally have the right to severance pay when discharged from work, provided they have worked a minimum of 120 days and are not being dismissed because of dishonesty, intentionally causing damage to an employer, or because they have breached rules and regulations after an official written warning. They are also ineligible if they have been absent from work for three consecutive days without reasonable grounds or have been convicted of a crime and been jailed. The rates are:

<table>
<thead>
<tr>
<th>Consecutive service period</th>
<th>Minimum severance pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>From 120 days to less than 1 year</td>
<td>30 days’ wages</td>
</tr>
<tr>
<td>From 1 year to less than 3 years</td>
<td>90 days’ wages</td>
</tr>
<tr>
<td>From 3 years to less than 6 years</td>
<td>180 days’ wages</td>
</tr>
<tr>
<td>From 6 years to less than 10 years</td>
<td>240 days’ wages</td>
</tr>
<tr>
<td>From 10 years onwards</td>
<td>300 days’ wages</td>
</tr>
</tbody>
</table>

In addition, special compensation may be due to employees in cases where their termination is the result of the business relocating or where technological improvements have made workers redundant. Where special severance pay is applicable, employers are required to pay employees the provision specified by law.

Recruitment channels: Typically, workers are recruited in Thailand by various means:

- Online job services such as www.jobthai.com and www.jobbkk.com
- Classified advertisements published in local Thai daily newspapers such as Thai Rath, Manager Daily and Krungthep Turakij
- Classified advertisements for jobs published in English in the Bangkok Post and The Nation, both of which have daily circulations of around 60,000
- Recruitment firms – including experienced domestic and international companies – that operate in Bangkok.

Country starter pack
Business practicalities in Thailand

[71]
Work permits

Having obtained a visa to enter Thailand, expatriates wishing to work there must also apply for a work permit. This must be done before engaging in any work and once applicants are granted a non-immigrant visa category B. Most foreigners working in Thailand are subject to the Alien Employment Act (B.E. 2521), under which they are not allowed to perform any act of work or service without a work permit issued by the Employment Department, unless the work performed is exempted under the Act. Six categories of foreigners are exempted from work permit requirements. They are:

- Members of the diplomatic corps, or a consular mission
- Representatives of member countries or officials of the United Nations and its specialised agencies
- Personal servants coming from abroad to work regularly for persons of the above categories
- Persons who perform any duties or missions in the Kingdom under an arrangement between the Government of Thailand and a foreign government or an international organisation
- Persons who are permitted by the Government of Thailand to enter and perform any duties or mission in the Kingdom
- Persons who perform duties for the benefit of education, culture, arts, sport or such other activities as prescribed by Royal Decree.

Obligations for getting work permits lie in the definition of the term “work”, which is applied broadly as “working by exerting one’s physical energy or employing one’s knowledge, whether or not for wages or other benefits”. Under this definition, a foreign spouse doing volunteer or charity work would theoretically require a work permit. Provisions allow you to apply for a work permit if you are entering Thailand temporarily to perform ‘urgent and essential work’ for a period not longer than 15 days.

Work permit applications can be filed in two ways. The preferred route for employers who meet certain criteria is Thailand’s One Stop Service Centre, established ostensibly to fast track applications, which can normally be approved on the same day they are submitted.

In cases where an individual or employer does not qualify for this service, work permits should be sought from the Ministry of Labour and visas from the Immigration Bureau.

Work permits are issued in a passport sized booklet and detail where the individual may work, their job description and so forth. Should a worker’s situation change, they must contact immigration authorities immediately so that details can be amended. Working at a location or in a position that is not listed in a work permit could draw penalties and is not recommended.

Foreigners are prohibited from working in 39 occupations that are reserved for Thais, including manual and industrial labour, as well as work in agriculture, animal breeding, forestry, fishery and farm supervision, carpentry, shop assistance, accountancy, hairdressing, civil engineering, legal services, architectural work, dressmaking, and clerical or secretarial work.

Visa and work permit cancellation: At the conclusion of any work assignment in Thailand, you should contact the Immigration Bureau to cancel your visa. This is not a legal requirement, as work permits that are not renewed will expire automatically. However, cancelling the work permit at the end of your assignment allows a corporation’s Thai/foreigner staff ratio to be maintained, paving the way for a possible replacement expatriate.

Immigration law in Thailand is complex, and it is recommended that professional advice be sought on these matters on a regular basis.

Managing a Thai team

Given the more formal style of doing business in Thailand, as well as in Thai relationships more generally, cross-cultural management can be challenging and requires thoughtfulness on the part of managers, with strict rules of protocol needing to be observed. Thai workers are attuned to a strict chain of command, which carries expectations for both workers and managers. Communication is often delivered nonverbally as a means of protecting others from losing face, and it is important that you observe closely the facial expressions and body language of people while conducting business.

As a manager

Keeping in mind the distinct roles of those with whom you are working allows for more effective cross cultural communication. Maintaining – and reinforcing – these distinctive roles helps keep order.

At the same time, it is important that managers maintain their role as ‘boss’, commanding respect from within the team, as this is expected in Thailand, as in other hierarchical societies, where managers may display a somewhat paternalistic attitude towards their employees.

Communication is vital when a manager needs to work collectively with their team, rather than in a top-down fashion. This requirement should be outlined very clearly so that the team feels reassured about operating openly in a nonthreatening environment.

Managers need to sensitively handle cases where a worker makes a contribution that is not particularly helpful or needed. Critically, the individual should not be shamed in front of colleagues as this will put in jeopardy the open participation and enthusiasm of the rest of the group.
Approach to change
Tolerance for – and the ability to – change in Thailand remains low. The country's natural conservatism means that change can often be viewed as threatening. Domestic managers can therefore be averse to change and it is important that expatriate ‘change agents’ promote any proposed variances as benefiting the ‘whole’ and not just an individual.

While change is not impossible, even the most effective managers must factor in plenty of time to implement changes in Thai work and business practices.

Approach to time and priorities
Whoever said “patience is a virtue” might have had Thailand in mind: deadlines and schedules can be fluid and patience is a key to successful intercultural management. Thai culture is underscored by relationships, and taking the time to get to know someone can be expected to take precedence over any timelines. Rushing relationship building can put at risk future business dealings.

Managing Thai people requires perception and sensitivity, as well as flexibility. It’s worth reinforcing the importance of agreed deadlines citing as context how these may affect the rest of the operation. And be aware that a manager in Thailand may avoid confrontation over a deadline in order to maintain a positive relationship within the team. This is perhaps less likely in businesses where workforces have been exposed to a more globalised world and, as a result, may have a greater appreciation of the need to enforce timescales necessary for meeting deadlines.

Decision making
International influence is also starting to have an impact even on older Thai companies that are steeped in a rigid hierarchy. This is most evident in many multinationals, entrepreneurial companies and those doing regular business with foreigners. But remember that this is a country where rank not only carries privileges, but also comes with clear cut responsibilities. The most effective managers understand this relationship: while workers show respect and deference to their managers, it is customary for managers to know the personal circumstances of subordinates and to offer advice and guidance where needed.

5.6 Banking in Thailand

Banking environment
The capital, Bangkok, also stands as Thailand’s financial centre, where key regulators – the Ministry of Finance (MOF) and the Bank of Thailand (BOT) – are based. The former is responsible for fiscal policy, financial systems policy and economic policy. It also oversees public finances, taxation, treasury, government property, as well as operations of state enterprises and government monopolies. The BOT, meanwhile, is the central bank, with responsibilities for setting monetary policy, managing exchange rates and controlling foreign exchange, as well as overseeing the financial system by supervising and regulating financial institutions. It also provides banking facilities to the government and financial institutions, while regulating the money supply by printing and issuing bank notes and other security documents.

The regulation of banking in Thailand is covered by the Financial Institution Act B.E. 2551 (2008), which defines a commercial bank and outlines the type of business that banks may undertake. The law covers commercial banks for small businesses, as well as banks that are subsidiaries or branches of foreign banks. Overall there are several different types of banks and financial institutions operating in Thailand, including traditional domestic commercial banks and well known international banks that are subject to various restrictions that may include the establishment of local branches. There are also six government banks with specific mandates: the Bank of Agriculture and Agricultural Cooperatives, the Government Housing Bank, the Government Savings Bank, the Export Import Bank of Thailand, the Islamic Bank of Thailand, and the Small and Medium Enterprise Development Bank of Thailand. In addition, there are securities companies and international banking facilities that are licensed by the MOF to engage in a variety of activities including: offshore and domestic lending, foreign exchange transactions, debt guarantees, letters of credit, and merger and acquisition advice.

<table>
<thead>
<tr>
<th>Types of banks and financial institutions</th>
<th>Count</th>
</tr>
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<tbody>
<tr>
<td>Thai commercial banks</td>
<td>14</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>2</td>
</tr>
<tr>
<td>Retail banks</td>
<td>1</td>
</tr>
<tr>
<td>Foreign bank branches</td>
<td>13</td>
</tr>
<tr>
<td>Foreign bank representative offices</td>
<td>45</td>
</tr>
<tr>
<td>Credit card companies</td>
<td>10</td>
</tr>
<tr>
<td>Specialised financial institutions</td>
<td>10</td>
</tr>
<tr>
<td>Finance companies</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: Bank of Thailand
ANZ is the only Australian bank operating in Thailand. Established as a representative office in 1986, ANZ Thai is now a fully licensed bank supporting institutional and corporate clients in Thailand and across its global network.

Aside from major local banks such as Bangkok Bank, Kasikorn Bank and Siam Commercial Bank, international banks such as Citibank, HSBC and Standard Chartered provide banking services in Thailand and are able to provide full online banking facilities and support.

**Bank accounts**

Foreign firms are not restricted from opening a bank account in Thailand but this must be done only by authorised personnel with supporting documentation such as a passport, Thai visa and work permit, and company registration papers. A minimum initial deposit is required, set generally for international bank accounts at THB 50,000 or more (or foreign currency equivalent) and for major Thai banks at THB 10,000 for current accounts and THB 500 for savings accounts. But it is important to research individual bank requirements for establishing an account in Thailand.

Non-residents may open non-resident THB accounts with authorised banks in Thailand, as follows:

- **Non-resident Baht Account for securities (NRBS):**
  The account may be debited or credited for the purpose of investment in securities and other financial instruments, such as equity instruments, debt instruments, unit trusts and derivatives transactions traded on the Thailand Futures Exchange and the Agricultural Futures Exchange of Thailand.

- **Non-resident Baht Account (NRBA):**
  The account may be debited or credited for general purposes, such as trade, services, direct investment, investment in immovable properties and loans, etc.

Total amounts for each type of account must not exceed THB 300 million per non-resident. Transfers between each of the above accounts are not permitted.

**Currency regulations**

There are no limits on foreign currencies being transferred or brought into Thailand. People or entities receiving foreign currency transfers are required to repatriate such funds immediately and sell to an authorised bank or deposit them in a foreign currency account with an authorised bank within 360 days of receipt. Those exempt from this regulation are foreigners staying in Thailand for not more than three months, foreign embassies, international organisations including their staff with diplomatic privileges and immunities, and Thai emigrants who are permanent residents abroad or working abroad.

Purchasing foreign currency from authorised banks is generally allowed with the submission of documents that show this relates to international trade and investment. Companies in Thailand are also entitled to engage in derivatives transactions with authorised banks as a means of hedging against foreign exchange risk, provided that documents showing future foreign currency receipts or obligations are provided. A customs declaration is required from anyone bringing into or taking from Thailand foreign currency bank notes exceeding US$20,000 in total value.

**Foreign currency account of Thai residents:** Thai residents are allowed to hold foreign currency accounts with authorised banks, and deposit or withdraw funds from such accounts under certain conditions.

Thai companies receiving payment in foreign currency from overseas are able to transfer funds from their overseas-based foreign currency accounts to deposit into foreign currency accounts of their counterparties in Thailand for the payment of goods or services.

**Foreign currency account of non residents:** Non residents may maintain foreign currency accounts with authorised banks in Thailand without limit. The accounts can be freely credited with funds originating from abroad. Payments from Thai residents or loans from authorised banks can be deposited in such accounts subject to supporting documentation, while funds can be freely withdrawn.

### 5.7 Repatriating Profits and Getting Paid

**Foreign exchange control:** Currencies other than THB are generally used for the repatriation of profits and other transactions, with the BOT regulating payments and responsible for any ceiling. When these payments are calculated in THB, they are converted into the appropriate foreign currency at the time of repatriation and transacted through a commercial bank once the necessary documentation is provided. Payments of amounts above the ceiling require special approval from the BOT.

The repatriation of investment funds and monies for repaying overseas loans is permitted provided the bank sights all supporting official documentation. Should funds be taken as cash, it is important to be aware that foreign currency amounts exceeding US$20,000 or the equivalent in total must be declared to Thai Customs on entry or exit from Thailand. Also, transactions that involve the sale, exchange, withdrawal or deposit of foreign currency totalling more than US$50,000 or its equivalent must be documented in a Foreign Exchange Transaction Form and submitted to the authorised bank.
Getting paid: Doing business is one thing, but getting paid for your effort can be another thing altogether when doing business in a foreign country. Banks can assist with detailed advice about how to go about this and to determine which option best suits your enterprise. The best payment option for your business will depend on a variety of factors, not least the reliability of the buyer and whether the company is trustworthy. Some of this assessment may be intuitive and some based on the nature of the business relationship so far. But questions about the extent of any risk you are willing to accept, and whether there is the prospect of bargaining for better terms from a particular customer are factors that need to be weighed carefully.

Choosing the right payment option: Payment terms can prove decisive when competing for business, and savvy negotiators will often use such detail as leverage for clinching a deal.

Options for payment terms can include:
- Receiving some – or possibly all – of the payment upfront as a down payment.
- Documentary collection, where goods or services are shipped but the seller retains control of them until payment – or a legal undertaking of future payment – is received from the Thai buyer.
- Open account (or open credit), which affords the buyer certain credit terms. Goods or services are delivered with an invoice demanding payment by a specific date.

It is worth erring on the side of caution in your initial business transactions by using secure methods of payment, such as Letters of Credit. The default currency for payment, quotes and invoices – if not in THB – is US dollars.

Risks of nonpayment: Little in the commercial world is entirely risk free, but risks of default on payments are best managed by choosing some form of prepayment or documentary credit. This may be difficult in asserting from the outset of a business relationship and is something of a Catch-22 – that is, by the time you have established a track record with the buyer it will be clear whether or not prepayment is necessary for continuing business transactions. Some independent assessment of the buyer with the help of your bank or an international business consultant may be worthwhile, as well as seeking their advice on the best payment options.

Managing exchange risk: This is an essential part of conducting foreign business transactions, which should be discussed with your bank. Bank websites usually outline key information regarding exchange rate products.
6. Visiting Thailand
Visiting Thailand is a crucial part of doing business there. This chapter will review all the relevant information necessary for travelling to – and within – Thailand.

6.1 VISAS

Australian passport holders do not require a visa in advance to enter Thailand for tourism. Provided they can show proof of their return – or onward – travel on arrival at immigration checkpoints, they will normally be permitted to stay in Thailand for up to 30 days. Business visitors and those engaged in any business activities, including attending a conference or meeting, or working or conducting business of any nature, must acquire a non-immigrant B visa before entering Thailand. However, Thailand has made some changes for business temporary entrants. Australian business visitors who are conducting business meetings in Thailand for up to 15 days (up to 90 days for APEC Travel Card Holders) no longer require a work permit.

Non-immigrant B Visa: This visa is for business people engaging in any activities in Thailand related to business including working, meetings and conferences. This is categorised into two types based on the amount of entries into Thailand. As of May 2015, the single entry visa allows stays up to 90 days with the application costing $90 and requiring a supporting letter from the Australian employer or the Thai business counterpart. The multiple entries visa allows multiple entries for one year and also permits stays up to 90 days for each entry. The applicant must report themselves to the nearest immigration office or police station on each entry with a visa application cost of $225. The application must be supported by the following documents with the Royal Thai Embassy also permitted to ask for further documentation:

- A letter from an employer in Australia and a business counterpart in Thailand stating clearly the necessity of getting a multiple entries one year visa
- A work contract
- A business registration of the company they are working for.

In addition to these documents, both visas also require a copy of the applicant’s itinerary or airline ticket, one passport-sized photo and the original, as well as a photocopy of their passport with at least six months’ validity beyond the proposed final Thailand departure date. All application fees must be paid by bank cheque, money order or cash and will take a minimum three working days to process once the application is received.
6.2 CURRENCY

There are two simple options for acquiring THB at the airport – ATMs or money changers. Commercial banks are always the safest and most reliable option. Second best are registered money changers in sole-purpose shops or booths. ATMs throughout Thailand accept most major international credit and cash cards, although withdrawal fees are relatively high. Hotels and retailers offer currency exchange at inferior exchange rates. All major credit cards (Visa, Mastercard, American Express and Diners) are accepted at most retailers and restaurants.

VAT refund: Refunds of Value Added Tax (VAT) are available to tourists but only on meeting key requirements. They must leave Thailand through an international airport, they must be a non-Thai resident who has visited the country for no more than 180 days, and they cannot be a pilot or member of a cabin crew of any departing aircraft. Travellers wishing to claim a refund must present their passport, along with a VAT Refund Application Form (which can be obtained online or at the airport), their original receipt(s) of goods purchased and be in possession of the actual goods.

Opening bank accounts: Foreign nationals are allowed to open accounts with any Thai bank once they have obtained a work permit. They may also apply for additional banking services such as telephone, mobile phone and internet banking. To do this, they need to take their passport and work permit to the branch. Such accounts often come with an ATM card for a modest fee, perhaps THB 100. A foreigner intending to open a current account may first need to hold a savings account with the bank for one or two months, or deposit a minimum of THB 10,000.

Only some banks allow foreigners to open an account without a work permit. Bangkok Bank will accept alternatives such as a driver’s licence, student or teacher identity card, a letter of recommendation from an embassy or a bank statement from an account holder’s home financial institution in addition to the applicant’s passport. Krung Thai and Kasikorn Bank require a document confirming that the applicant intends staying in Thailand for longer than three months. Be aware, however, that each bank applies different criteria for opening an account. This can usually be determined from the websites of individual banks. Note also, that it is common practice for employees in Thailand to hold accounts with the same bank as their employer, and for expatriate employees to do likewise for ease of salary payments.
6.3 AIR TRAVEL AND AIRPORTS

Airlines: Thai Airways International, referred to simply as Thai Airways, is the country’s national airline, launched in 1960. It operates both domestic and international services. Other local airlines include Bangkok Airways, Nok Air, Thai AirAsia, SGA (Siam General Aviation), Orient Thai Airlines, Happy Air and SkyStar Airways. Domestic flights operated by Thai Airways International and other private carriers are available to all major cities and tourist resorts throughout Thailand.

Airports: Suvarnabhumi International Airport opened in 2006, replacing Don Muang as Bangkok’s international airport. It is located approximately 30 kilometres from Bangkok central business district. Thailand’s international airports also include: Don Muang remains operational, along with Chiang Mai, Chiang Rai, Hat Yai, Phuket and Samui.

6.4 GROUND TRANSPORT

Taxis

Business travellers should always plan appointments in the Thai capital well ahead of time given the prevailing problems of traffic congestion. For convenience, but also for safety and language ease, taxis and limousines provided by hotels are the best options for visitors travelling in Bangkok. While some taxi drivers speak English, their grasp is rudimentary. A business card or address written in Thai can help, but is by no means fool proof. Taxis do not carry street directories. Taxis are plentiful, with the minimum fare around THB 37 for a distance of up to two kilometres. Taxis can be hired at a fixed rate, negotiated in advance, but usually it is best simply to request the use of the meter. A trip into the heart of Bangkok from Suvarnabhumi International Airport can take as long as an hour depending on the traffic. During peak traffic periods, the best route is the elevated tollway, although travelling on it will incur tolls, passengers may be expected to stump up at toll booths and not at the end of their journey. Tips are not required, although it is usual to round up the fare. Taxis do not accept credit cards, so travellers need to stock up on cash, preferably notes in small denominations. Taxi drivers also do not issue receipts.

Meanwhile, Thai “tuk-tuks” are famous, but are less safe than other forms of transport, and suitable for short distances only. Fares must be negotiated beforehand. There are also options to hire motorcycles with a driver for short distances in some towns and cities. However, this may not always be the safest option.

Driving in Thailand

Driving in Bangkok can be a challenge but for those who know the city reasonably well, renting a car from one of the international car rental companies operating in major Thai cities is an option. This can also be a good option in areas other than Bangkok if you’re familiar with that region. An International Driving Permit (IDP) is required and driving is on the left-hand side of the road, which should (in theory) present no problem to Australians. Be prepared, however, for some unusual driving practices!
Public transport in Bangkok

There are a number of public transport options available in the capital that can cut commuting times and reduce uncertainty when heading to an intended destination. In Bangkok, it is often quicker to navigate the city by public transport than by car.

**BTS:** The Bangkok Transit System (BTS), or Skytrain, started operations at the turn of the millennium. During regular hours, trains run nearly every five minutes but their frequency increases to between three and four minutes during peak times. The system operates seven days a week from 6am to midnight. The BTS connects the most important business areas – Silom and Sukhumvit. The network is currently being expanded to other areas of Bangkok and new sections are being opened as they are completed. Fares for the Skytrain are set between TBH 15 to 52 for a one-way journey. Stored value cards are also available, charged at adult and student rates.

**Metro (MRT):** The first subway line became operational in July 2004, covering 20 kilometres of the most heavily congested areas of Bangkok, linking 18 stations. Expansion, to include five more lines and an additional 100-plus stations, is already under way, though not expected to be completed before the end of the decade. The expanded network, ultimately, will cover most of central Bangkok as well as some suburbs. Metro trains operate from 6am to midnight, with services every five minutes during rush hours and 10 minutes during off-peak times.

**BRT:** An alternative means of mass transport in Bangkok is the BRT, or bus rapid transit system, which has been operating since 2010. The 16-kilometre route moves between 12 stations and connects with two BTS stations on the Silom line – Chong Nonsi and Talat Phlu. The bus runs along Narathiwat Ratchanakarin and Rama 3 roads with fares ranging from TBH 12 to 20 depending on the distance. Each additional two stations cost approximately TBH 2 more. BRT operates daily from 6am to midnight, with services every five minutes during rush hours and 10 minutes during off-peak times.

**Public transport elsewhere**

Outside of Bangkok, the bus network is reliable and abundant with the Thai government subsidising the transport company Baw Khaw Saw (BKS). Every city and town in Thailand linked by bus has a BKS station, even if it’s simply a dirt patch on the side of the road. Bus companies (state owned or private) operating out of the government-run BKS stations are the most reliable to use. However, it is not recommended to use bus companies operating directly out of tourist centres, such as Bangkok’s Khao San Road. This is due to the regular reporting of theft and commission-seeking stops. Be sure to be aware of bus scams and other problems if you happen to be travelling in such areas.

Minivans, although run by private companies rather than being public, are becoming popular. Due to using smaller vehicles, they can depart from areas such as markets instead of only out-of-town bus stations, and will deliver guests directly to their hotel. Discuss this option with your hotel.
6.5 HOTELS AND DINING

Staying in Bangkok
As mentioned, traffic jams often make Bangkok difficult to navigate and getting from one business meeting to another can be a frustrating process. Planning is paramount. Arrange meetings and catch-ups at an appropriate location, or a hotel, that is convenient for both parties. It is wise not to be overly ambitious about what can be achieved in a single working day: three to four business meetings will probably suffice given transport constraints. Try to avoid scheduling meetings any later than 3.30pm as locals often leave the office early in a bid to beat the rush-hour.

Bangkok is divided into 50 districts, which are further split into 154 sub-districts, for administrative purposes. The latter are more often used in official business and for addresses. However, visitors will find these more colloquial divisions of greater use for getting around.

- Siam Square: This area, which also takes in Ratchaprasong and Ploenchit Road, is Bangkok’s modern commercial core, full of shopping malls and top hotels. The Skytrain intersection at Siam Square is the nearest thing Bangkok has to a centre.
- Sukhumvit: The long Sukhumvit Road, populated by quality hotels and restaurants, is an exclusive district popular among expatriates and upper class locals.
- Silom: Thailand’s sober financial centre by day, the area around Silom Road and Sathorn Road is Bangkok’s primary party district by night when quarters such as the infamous Patpong come to life.
- Rattanakosin: Between the Chao Phraya River and downtown lies densely packed “Old Bangkok”, the location of many of the capital’s best-known sights, including the Grand Palace and Wat Pho.
- Dusit: This leafy, European-style area is the political centre of Thailand, home to numerous political institutions and the monarchy.

Increasingly, multinational businesses are scattered across Bangkok, located both in the CBD and in the suburbs, but the oldest and main business zone remains in the Silom-Sathorn area. There are many renowned hotel chains operating within close proximity of Bangkok’s main commercial districts.

Business, dining and entertaining
The focus of business lunches in Thailand tends to be strictly work-related, while dinners often signify a more relaxed and informal catch-up between business acquaintances. Dinner invitations can often suggest an intensifying business relationship, with the host keen to move relations to a higher level. In this case, a host should aim to arrive earlier than their guest/s, although Bangkok’s unreliable traffic can undermine such plans. Usually, lateness of 15-30 minutes is considered acceptable. Business lunches and dinners nearly always take place in a restaurant rather than in the home, and seating arrangements are mostly orchestrated so that senior individuals take their place at the head of the table.
or centre, should the group be dining at a long table. Alternatively, higher-ranked personnel will be invited to choose their seat ahead of others if the setting does not make such rank obvious. While other team members should be placed nearby to aid interaction and discussion, very junior personnel may be seated at another table altogether. Very senior figures will usually prefer to have their managers or interpreters close by in order to facilitate fluent conversation and limit the likelihood of misunderstanding. Drinking alcohol is a normal part of social activity for men and is acceptable for women, while smoking is acceptable among both sexes.

Gifts
In Thailand, government officials and VIPs are routinely given small gifts should they appear as guests of honour at official events. Neck ties, scarves, handkerchiefs, food and fruit baskets, books, moderately valued office items such as pens or bags that carry your company’s logo or lunch/fitness vouchers are all acceptable offerings. Guest speakers, likewise, almost always receive gifts and in doing so present opportunities for the host and speaker to pose for publicity photographs.

Tipping
Although tipping is viewed widely as optional, hotels and some larger restaurants routinely add a 10 per cent service charge to bills. Guests who feel they have received exceptional service will sometimes offer a token of appreciation that is gratefully received by staff. Given the very low rates of pay in Thailand, service staff will often rely on gratuities to make ends meet, but they would not solicit them.

Electricity
Thailand’s power supply is 220 volts, 50Hz and uses type A, B, C and F plugs. Travellers will need an adapter for Australian appliances.

6.6 HEALTH AND WELFARE
Most of the following information on health and welfare in Thailand has been provided by the Australian Government’s Department of Foreign Affairs and Trade (DFAT) as general advice. Australians should always consult DFAT for up-to-date information on travelling to Thailand, particularly on health risks and personal safety. Before travelling, should also register on DFAT’s website in case of an emergency and consult DFAT for up-to-date information on travelling to Thailand, particularly on health risks and personal safety. Consultation with local authorities is recommended. Authorities recommend that all food is freshly cooked.

Food and water
Travellers to Thailand should drink only bottled water and avoid specific types of seafood, such as clams, ensuring that all food is freshly cooked.

Other health risks
It would be worth consulting a doctor prior to travelling and to ensure that vaccinations against diseases such as hepatitis and tetanus are up to date. Vaccination against typhoid is recommended for people heading to Thailand who may wish to eat in markets or street stalls where sanitation may be poor. It would be wise to carry an appropriate medical kit with treatment for potential illnesses such as gastro, coughs and colds, as well as pain relief medication.

Malaria and other insect-borne disease: The threat of malaria exists throughout the year, mostly in rural areas of the country and particularly near the borders with Cambodia, Laos and Myanmar. Dengue fever, meanwhile, is particularly common during the rainy season, peaking in July and August, with cases increasing in recent times and reports of several deaths. Australian health authorities note a number of cases of dengue each year among Australians returning from Thailand. There is no vaccination or specific treatment for dengue fever: people suffering from a fever should seek medical advice. Other insect-borne diseases – chikungunya virus, Japanese encephalitis, filariasis – also present risks in many areas. In short, authorities recommend travellers consider extensive vaccinations and consider taking prophylaxis against malaria where necessary. Wearing insect repellent and long, loose-fitting and light-coloured clothing is advisable, as well as ensuring accommodation is mosquito proof.

HIV/AIDS: The rate of HIV/AIDS infection in Thailand is high. Appropriate precautions are necessary when engaging in activities that expose people to the risk of infection.

Rabies: Most Australians would be unaware of the risk of rabies. But this is very real in Thailand where the potentially fatal viral disease can be found in dogs, monkeys, bats and other mammals. Australians are routinely treated with rabies immunoglobulin on their return to Australia should they have been bitten by dogs, or suffered bites or scratches from monkeys. As a result, it is advisable not to feed or pat monkeys. This is the case even in popular markets, tourist destinations and sanctuaries where it is not unusual for locals to encourage visitors to interact with monkeys.

Water-borne, food-borne, parasitic and other infectious diseases: Outbreaks of such diseases, which can include tuberculosis, cholera, hepatitis, leptospirosis and typhoid, can occur irregularly. Travellers should take precautions regardless of whether an outbreak has been identified: they should boil all drinking water or drink bottled water, avoid ice cubes and raw and undercooked food, and avoid...
unpasteurised dairy products. They should seek medical advice if experiencing fever or suffering from diarrhoea.

**Smoke haze:** People susceptible to bronchial, sinus-related or other breathing illnesses such as asthma, should be aware that smoke haze across some parts of north and north-east Thailand bring high levels of air pollution. This can be particularly so during March and April. It is worth tracking conditions through reports from local authorities, but medical advice on appropriate precautions is recommended. Regular air-quality reports are available from the Meteorological Service in neighbouring Singapore.

**Hospitals and medical services**

Public hospitals and medical clinics do not always match expected Australian standards, particularly beyond the capital and on the islands. Excellent private hospitals do exist, but can be expensive. Many hospitals require the guarantee of payment before they will start treatment. It is vital to ensure adequate travel health insurance and accessible funds to cover the cost of any medical treatment and potential repatriation to Australia.

Facilities in Bangkok are generally of a much higher standard than those in other provinces, with many public and private hospitals staffed by internationally qualified physicians. Private hospitals, in particular, are equipped with modern medical technology. Usually, an appointment is not required to visit these clinics. However, should a specific doctor or specialist be needed, it is advisable to check their schedule first.

If you need emergency medical assistance during your trip dial:

**MEDICAL EMERGENCY** 1669

**POLICE** 191

**FIRE** 199

If you need emergency medical assistance during your trip, dial 1669 and ask for an ambulance. You should contact your insurance/medical assistance company promptly should you be referred to a medical facility for treatment.
The hierarchy of medics in Thailand is different to that in Australia: at least, most doctors in Thailand are specialists, meaning it can be hard to find a reliable all-round general practitioner for treating minor medical problems. Expatriates often must attend a general hospital, where they will usually be examined by a doctor who is a specialist in one field or another. Often, for minor ailments or when a patient is uncertain what the trouble is, it is best to seek out a medical intern as a first port of call. Also, some major hospitals in Thailand will still accommodate family doctors or general practitioners.

Generally, Thai doctors do not retain one specific place of work. Surgeons and physicians juggle working schedules across different hospitals that can be located all over Bangkok. Doctors generally move from one hospital to another doing their rounds, but may also conduct private clinics. Because of this mobility, it is possible that your surgeon might not be immediately available should any post operative problems arise, and may need to resolve issues over the telephone.

Emergency transport facilities in Thailand remain underdeveloped. While the big hospitals have their own mobile intensive care units offering immediate treatment in cases of emergency, it is rare to sight an ambulance nosing its way through Bangkok traffic. It is normally volunteer emergency units that attend traffic accidents, for instance. It is common, too, for passers-by to pitch in and help in emergencies. In the case of traffic accidents in Bangkok, people can seek help from the Police Hospital at the Ratchaprasong Intersection (provided they are nearby).

**Personal safety**

DFAT advises travellers to:

- Exercise a high degree of caution due to the possibility of civil unrest and the threat of terrorist attacks, including in Bangkok and Phuket. With the security situation remaining volatile, travellers should pay close attention to their personal security and where possible monitor local media, including social media, for information about possible new safety or security risks.

- Stay well clear of any demonstrations, political events, rallies, processions and large-scale public gatherings as they may turn violent.

- Be aware of the risks of hiring jet skis and motorcycles. Australian travellers continue to report harassment and threats of violence by jet-ski operators on beaches across Thailand, and particularly in Phuket, Pattaya, Koh Samui and Koh Phangan. Tourists have been detained and arrested by police following jet-ski and motorcycle accidents until compensation, often in thousands of dollars, is negotiated between parties. It is important to check insurance cover should you intend to ride a motorcycle in Thailand when you are not licensed to ride one in Australia.

- Watch out for scams and more serious criminal activity. Be aware that food and drink spiking occurs in Thailand, including around popular backpacker destinations such as Khao San Road in Bangkok as well as night-time entertainment zones in Bangkok, Pattaya and Phuket, and during the Full Moon Party on Koh Phangan. Travellers planning to attend full moon parties should carefully consider personal safety issues and take appropriate precautions.

- Do not travel to the southern provinces of Yala, Pattani, Narathiwat and Songkhla or overland to and from the Malaysian border through these provinces due to continuing violence in these areas, including terrorist attacks and bombings that have resulted in deaths and injuries on an almost daily basis.

- Be aware that extremists may target Westerners in the southern border provinces.

- Exercise particular caution in the areas surrounding the Preah Vihear Temple (known as Khao Phra Viharn temple) and the Ta Kwai and Ta Muen Thom temples, which are all located on the Thailand-Cambodia border, due to the presence of unexploded ordnance. There was renewed fighting in the area in early 2011 and there continues to be a military presence in these areas.
Penalties for drug crimes
As is the case throughout the region, penalties for drug offences in Thailand are severe and include the death penalty. Australians should be amply aware of this harsh prospect given the fate of fellow citizens detained in recent years in some of Thailand’s near neighbours. The possession of even small quantities of “soft drugs” for recreational purposes can result in lengthy jail terms in prisons and detention facilities that are particularly bleak, and which have limited access to healthcare.

People found guilty of being in possession of marijuana, for instance, are likely to receive long prison sentences and heavy fines. Those found guilty of being in possession of 20 grams of a Class A drug – including amphetamines, ecstasy, and heroin – at any Thai exit point, face the prospect of the death penalty.

Beyond drugs, it is also a criminal offence to make critical or defamatory remarks in any format, including online, about the King or other members of Thailand’s royal family. This is known as lese majeste and is punishable by a prison sentence of between three and 15 years, and sometimes longer. Foreign nationals have been convicted of lese majeste.

Australians intent on travelling to Thailand for business or pleasure are legally able to take with them a carton of cigarettes (that is, 200). Breaching this limit, however, can carry serious financial consequences imposed by customs authorities: namely, fines of up to 10 times the value of the items.

By law, travellers must carry their passport with them at all times in Thailand. Tourists are known to have been arrested because they were unable to produce their passport on demand. With this in mind, always keep next-of-kin and other contact details in the back of the passport up to date.

Some Thai laws to be aware of include the following:
- Section 206 of the Penal Code states that inflicting any act on an object or a place of religious reverence of any community in a manner likely to insult the religion shall be punished with imprisonment from one to seven years and/or a fine of up to THB 14,000.
- Section 208 of the code states that anyone who dresses or uses a symbol showing that he is a Buddhist monk or novice, ascetic or clergyman of any religion unlawfully in order to make another person believe that he is such a person, shall be punished with imprisonment not exceeding one year and/or a fine not exceeding THB 2,000.
- Previously known to be a sex tourism destination, Thailand passed an anti-prostitution law in April 1996 that imposes long prison sentences as well as large fines on customers, procurers, brothel owners and those who force children into prostitution.
- Littering and jaywalking are also offences. Signs posted on Bangkok streets advertise this fact in both English and Thai. The Tourist Police will stop and charge all offenders, including foreigners, who face fines as a consequence.
- The sale of alcohol is banned in Thailand between the hours of 2pm and 5pm, and again between midnight and 11am, seven days a week. This rule largely affects supermarkets and chain shops such as 7-Eleven or Tops. It is common knowledge that the law is not always enforced at smaller, family-run stores.
- The Election Commission of Thailand also bans alcohol on election days for the offices of Prime Minister and Senator, including advanced voting days. In addition, the Government of Thailand has also been known to ban alcohol during religious holidays.

Clothing
Despite commonly shared images of carefree and casual holidaymakers in Thailand, clothing should be appropriate and modest throughout all provinces, especially for women who are visiting temples. Although Thailand is generally hot and humid, discretion should be observed when choosing what to wear. Clothing suitable for the beach should only be worn at the beach and should not be worn elsewhere. Men in Thailand tend not to wear shorts except for sports or very casual events (and in tourist/beach districts). Most men will wear long trousers or jeans. Also, men should avoid wearing sandals anywhere other than the beach.

The dress code for women can be equally conservative: they should not wear short skirts, for example, with the recommended length being just above the knee. Women tend to have more latitude than men in their choice of footwear and can opt for just about any type of open footwear, even when at work, provided they look smart and not sporty. Strappy, open toe and high heeled shoes are all acceptable in most environments, but very casual footwear such as simple sandals or thongs are not acceptable in the workplace. Women who are visiting temples. Although Thailand is generally hot and humid, discretion should be observed when choosing what to wear. Clothing suitable for the beach should only be worn at the beach and should not be worn elsewhere. Men in Thailand tend not to wear shorts except for sports or very casual events (and in tourist/beach districts). Most men will wear long trousers or jeans. Also, men should avoid wearing sandals anywhere other than the beach.

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Useful phrases for getting around Thailand

While the national – and official – language is Thai, English is widely spoken and understood in business circles in major cities, particularly Bangkok. Thai, which is spoken by about 80 per cent of the population, has four main dialects – southern, northern, north-eastern and central. Central Thai, or Bangkok Thai as it is also known, is taught in all schools. English is also taught in all public schools.

**USEFUL PHRASES FOR GETTING AROUND THAILAND**

<table>
<thead>
<tr>
<th>English</th>
<th>Thai</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hello, good bye</td>
<td>Sawaddee</td>
</tr>
<tr>
<td>How are you?</td>
<td>Khun sabai dee mai</td>
</tr>
<tr>
<td>Thank you</td>
<td>Kob khun</td>
</tr>
<tr>
<td>Yes/No</td>
<td>Chai/Mai chai</td>
</tr>
<tr>
<td>Nevermind</td>
<td>Mai pen rai</td>
</tr>
<tr>
<td>Good/Bad</td>
<td>Dee/Mai dee</td>
</tr>
<tr>
<td>I cannot speak Thai</td>
<td>Phuut Thai mai dai</td>
</tr>
<tr>
<td>I don't understand</td>
<td>Mai kaw jai</td>
</tr>
<tr>
<td>I understand</td>
<td>Kaw jai</td>
</tr>
<tr>
<td>I'm sorry</td>
<td>Kor Tod</td>
</tr>
<tr>
<td>How much?</td>
<td>Tao Rai</td>
</tr>
<tr>
<td>Expensive</td>
<td>Paeng</td>
</tr>
<tr>
<td>Help!</td>
<td>Chuay duay</td>
</tr>
<tr>
<td>Straight on</td>
<td>Trong pai</td>
</tr>
<tr>
<td>Turn left/Turn right</td>
<td>Leaw sai/Leaw kwa</td>
</tr>
<tr>
<td>Stop here</td>
<td>Yood, Jod</td>
</tr>
<tr>
<td>Slow down</td>
<td>Cha cha noi</td>
</tr>
<tr>
<td>Change to the left hand lane</td>
<td>Chid sai</td>
</tr>
<tr>
<td>Change to the right hand lane</td>
<td>Chid kwa</td>
</tr>
<tr>
<td>U-turn</td>
<td>U-turn</td>
</tr>
<tr>
<td>Polite ending (from a male)</td>
<td>Krub</td>
</tr>
<tr>
<td>Polite ending (from a female)</td>
<td>Ka</td>
</tr>
</tbody>
</table>

Employees are entitled to a minimum of 13 days of public holidays per year.

<table>
<thead>
<tr>
<th>Name</th>
<th>Local name</th>
<th>Remarks</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Years' Day</td>
<td>Wan Khuen Pi Mai</td>
<td>Celebrates the start of the Gregorian year</td>
<td>1 January</td>
<td>1 January</td>
</tr>
<tr>
<td>Additional Holiday</td>
<td></td>
<td></td>
<td>2 January</td>
<td>n/a</td>
</tr>
<tr>
<td>Makha Bucha Day</td>
<td>Magha Puja</td>
<td>Celebrates Buddha's first sermon to his disciples</td>
<td>4 March</td>
<td>22 February</td>
</tr>
<tr>
<td>Chakri Day</td>
<td>Chakri Day</td>
<td>Commemorates founding of current dynasty by its first king Rama I</td>
<td>6 April</td>
<td>6 April</td>
</tr>
<tr>
<td>Thai New Year Water Festival</td>
<td>Songkran Festival</td>
<td>Traditional Thai New Year, generally celebrated as a water festival</td>
<td>13-15 April</td>
<td>13-15 April</td>
</tr>
<tr>
<td>Labour Day</td>
<td>Labour Day</td>
<td>International Labour Day</td>
<td>1 May</td>
<td>2nd May</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(substitute for 1st May which falls on a Sunday)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional Holiday</td>
<td></td>
<td>Extra holiday added to make a 5 day weekend</td>
<td>4 May</td>
<td>n/a</td>
</tr>
<tr>
<td>Coronation Day</td>
<td>Wan Chatramongkhol</td>
<td>Celebrates coronation of current king Rama IX</td>
<td>5 May</td>
<td>5 May</td>
</tr>
<tr>
<td>Vesak Day</td>
<td>Wan Wisakha Bucha</td>
<td>The holiest and most important Buddhist holiday celebrating the birth, enlightenment and entry into nirvana of the Buddha</td>
<td>1 June</td>
<td>20 May</td>
</tr>
<tr>
<td>Asalha Bucha</td>
<td>Wan Asanha Bucha</td>
<td>Commemorates the Buddha's first sermon and founding of the Buddhist Sangha (monkhood)</td>
<td>30 July</td>
<td>n/a</td>
</tr>
<tr>
<td>Mid Year Closing</td>
<td></td>
<td></td>
<td>n/a</td>
<td>1 July</td>
</tr>
<tr>
<td>Buddhist Lent</td>
<td>Khao Phansa</td>
<td>Beginning of the Buddhist ‘lent’ period.</td>
<td>31 July</td>
<td>19 July</td>
</tr>
<tr>
<td>HM Queen's Birthday</td>
<td>Wan Mae</td>
<td>Her Majesty the Queen’s birthday (also serves as Mothers’ Day)</td>
<td>12 August</td>
<td>19 July</td>
</tr>
<tr>
<td>Chulalongkorn Day</td>
<td>Wan Piyamararaj Day</td>
<td>Celebration of the death anniversary of one of Thailand’s most revered kings, Rama V</td>
<td>23 October</td>
<td>24th October</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Substitute for 23rd October which falls on a Sunday)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HM King's Birthday</td>
<td>Wan Chaloem Phra Chonnaphansa Phra Bat Somdet Phra Chao Yu Hua</td>
<td>His Majesty the King’s birthday is celebrated throughout the country; day also serves as Fathers’ Day</td>
<td>7 December</td>
<td>5 December</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(substitute day for 5 December)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constitution Day</td>
<td>Wan Rattha Thammanun</td>
<td>Commemorates the proclamation of the first permanent constitution (1932)</td>
<td>10 December</td>
<td>12th December</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(substitute for 10th December which falls on a Saturday)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Year's Eve</td>
<td>Wan Sin Pi</td>
<td>Final day of the Gregorian year</td>
<td>31 December</td>
<td>n/a</td>
</tr>
</tbody>
</table>
7. Engage with us
Asialink Business

Asialink Business provides high-calibre opportunities for Australian businesses to build the Asia capability of their executives and team members.

Our business-focused cultural competency programs, professional development opportunities and practical research products allow businesses to develop essential knowledge of contemporary Asian markets, business environments, cultures and political landscapes.

Supported by extensive market research and customer intelligence, Asialink Business is uniquely positioned to provide tangible support to Australian businesses wishing to maximise their economic opportunities.

To start a conversation about how we can help build Asia capability in your business, please get in touch.

Asialink Business
Level 4, Sidney Myer Asia Centre
University of Melbourne
Victoria 3010 Australia
Tel: +61 3 8344 4800 Fax: +61 3 9347 1768
Web: www.asialink.unimelb.edu.au/asialink_business

PwC

PwC Australia helps organisations and individuals create the value they’re looking for. We’re a member firm of a network of firms in 157 countries with more than 195,000 people who are committed to delivering quality in assurance, advisory, tax & legal, and private client services.

If you’re looking to grow your business into Thailand, we bring a combined knowledge of markets and our connected international network to help you succeed. Our experience and deep cultural understanding is how we help our clients to navigate the opportunities and challenges involved in investing away from home.

www.pwc.com.au/asia-practice
Resources and contacts

**Australian Embassy, Thailand**
37 South Sathorn Road
Bangkok 10120, Thailand
Tel: +66 2 344 6300
Fax: +66 2 344 6593
Email: austembassy.bangkok@dfat.gov.au
Web: thailand.embassy.gov.au/bkок/home.html

**Australian-Thai Chamber of Commerce** *(AustCham Thailand)*
20th Floor, Unit 203, Thai CC Tower
889 South Sathorn Road
Yannawa, Bangkok 10120, Thailand
Tel: +66 2 210 0216
Fax: +66 2 675 6696
Email: office@austchamthailand.com
Web: www.austchamthailand.com

**Customs Department, Thailand**
1 Sunthornkosa Road
Klong Toey, Bangkok 10110, Thailand
Tel: +66 2 667 6000
Fax: +66 2 667 7767
Email: ctc@customs.go.th
Web: www.customs.go.th

**Ministry of Commerce, Thailand**
563 Nonthaburi 1 Road
Amphur Muang, Nonthaburi 11000, Thailand
Tel: +66 2 507 7000
Fax: +66 2 547 520910
Email: webmaster@moc.go.th
Web: www.moc.go.th

**Ministry of Labour, Thailand**
Mittrmitree Road
Din Deang, Bangkok 10400, Thailand
Tel: +66 2 245 4310
Email: info@labour.mail.go.th
Web: www.mol.go.th

**Thailand Board of Investment**
555 Vibhavadi–Rangsit Road
Chatuchak, Bangkok 10900, Thailand
Tel: +66 2 553 8111
Fax: +66 2 553 8222
Email: head@boi.go.th
Web: www.boi.go.th

**Thai Chamber of Commerce and Board of Trade of Thailand**
150 Rajbopit Road
Pranakorn, Bangkok 10200, Thailand
Tel: +66 2 622 186075
Fax: +66 2 622 1879
Email: tcc@thaichamber.org *(Thai Chamber of Commerce)*
Email: bot@thaichamber.org *(Board of Trade of Thailand)*
Web: www.thaichamber.org

**Royal Thai Embassy, Australia**
111 Empire Circuit
Yarralumla, ACT 2600, Australia
Tel: +61 2 6206 0100
Fax: +61 2 6206 0123
Web: canberra.thaiembassy.org

**Useful websites**

In addition to the websites mentioned in this country starter pack, these websites may be useful for establishing a business in Thailand.

**The Bangkok Post**
www.bangkokpost.com
Thailand’s leading English-language daily newspaper

**Bank of Thailand**
www.bot.or.th
Thailand’s central bank, their website is a good source for the latest economic and financial statistics, reports and official exchange rates.

**CIA World Fact Book**
This website is a good starting point for research, providing detailed and up-to-date country profiles.

**Digitalbusiness.gov.au**
www.digitalbusiness.gov.au
This website provides guidance for small businesses, not-for-profits and community organisations to establish and/or enhance their online presence so they can access the benefits of participating in the digital economy.

**Euromonitor International**
www.euromonitor.com
Euromonitor International is a global market research company. Reports by country, product and industry are available for purchase from their website.

**Export Council of Australia**
www.export.org.au
The Export Council of Australia is the peak industry body for the Australian export community.

**Export Finance and Insurance Corporation**
www.efic.gov.au
Efic provides information on overseas markets and support to Australian businesses looking to expand overseas.

**Department of Intellectual Property, Thailand**
www.ipthailand.go.th
Charged with enforcing IP in Thailand, their website provides information on IP issues in Thailand. The Department of Intellectual Property is part of the Ministry of Commerce.
Ozforex
www.ozforex.com.au
Provides current and historical exchange rates for a variety of currencies.

ThaiTrade
www.thaitrade.com
A useful website for Australian businesses looking to source products from Thailand.

Tourism Thailand
au.tourismthailand.org
The official tourism website for Thailand, providing up-to-date information for visiting the country.

Thai Ministry of Foreign Affairs
www.mfa.go.th/main/en
The website for Thailand’s Ministry of Foreign Affairs, providing information on Thailand’s foreign policy. It also details visa requirements for Thailand.

World Bank Doing Business Report
www.doingbusiness.org
The annual World Bank Doing Business Report measures business regulations in 189 economies and selected cities. It ranks countries on areas such as infrastructure and approvals processes.

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Australia-Thailand Chamber of Commerce
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World Economic Forum
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Note on currency
All money amounts are in Australian dollars unless otherwise indicated. Exchange rate used is the 2014 average from Ozforex.

A$1 = US$0.9028
A$1 = THB 29.3179
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