

## Doing Business in Thailand

Thailand offers a very attractive climate for foreign investors. As an entrepreneur or small to medium sized business, you will find here a range a range of information that will help you to do business in Thailand.

### Background

A unified Thai kingdom was established in the mid-14th century. Known as Siam until 1939, Thailand is the only Southeast Asian country never to have been taken over by a European power. A bloodless revolution in 1932 led to a constitutional monarchy. In alliance with Japan during World War II, Thailand became a US ally following the conflict.

### Geography

Thailand is located in Southeastern Asia, bordering the Andaman Sea and the Gulf of Thailand, southeast of Burma. The country occupies 514,000 sq km out of which 511,770 sq km consists of land and 2,230 sq km of water.

It's climate is tropical; rainy, warm, cloudy southwest monsoon (mid-May to September); dry, cool northeast monsoon (November to mid-March); southern isthmus always hot and humid. Thailand's Natural resources comprise tin, rubber, natural gas, tungsten, tantalum, timber, lead, fish, gypsum, lignite, fluorite, arable land

### Population

In July 2005 the total population of Thailand was 65,444,371 people. Estimates explicitly take into account the effects of excess mortality due to AIDS; this can result in lower life expectancy, higher infant mortality and death rates, lower population and growth rates, and changes in the distribution of population by age and sex than would otherwise be expected.

### Key Population Figures (2005 est.)

Age structure:	0-14 years: 23.9% (male 7,988,529/female 7,633,405) 15-64 years: 68.6% (male 22,195,625/female 22,731,767) 65 years and over: 7.5% (male 2,251,112/female 2,643,933)
Median age:	total: 30.88 years, male: 30.11 years, female: 31.66 years
Growth rate:	0.87% (2005 est.)
Birth rate:	15.7 births/1,000 population (2005 est.)
Death rate:	7.02 deaths/1,000 population (2005 est.)
Ethnic groups:	Thai 75%, Chinese 14%, other 11%
Religions:	Buddhist 94.6%, Muslim 4.6%, Christian 0.7%, other 0.1%

### Government

The Kingdom of Thailand as its conventional long form name is, was formerly known as Siam and is a constitutional monarchy. The capital of Thailand is Bangkok. Thailand is divided into 76 provinces or administrative divisions.

Thailand is Independent since 1238 (traditional founding date; never colonized). A new constitution was signed by King PHUMIPHON on 11 October 1997. Thailand's Legal system is based on civil law system, with influences of common law; Thailand has not accepted compulsory ICJ jurisdiction.

Thailand's chief of state is King PHUMIPHON Adunyadet (since 9 June 1946). The head of the government is Prime Minister THAKSIN Chinnawat (since 9 February 2001) and Deputy Prime Ministers CHITCHAI Wannasathi (since 11 March 2005), PHINIT Charusombat (since 6 October 2004), SOMKHIT Chatusiphithak (since 11 March 2005), SURAKIAT Sathianthai (since 11 March 2005); SURIYA Chungrungruankit (since 3 August 2005), SUWAT Liptapanlop (since 3 August 2005), WISANU Kruangam (since 8 November 2003). The cabinet is formed by a Council of Ministers (note: there is also a Privy Council).

The main political parties and leaders are: The Democrat Party or DP (Prachathipat Party) [ABHISIT Wetchachiwa]; The People's Party or PP (Mahachon Party) [ANEK Laothamatas]; The Thai Nation Party or TNP (Chat Thai Party) [BARNHARN SILPA-ARCHA] and the Thai Rak Thai Party or TRT [THAKSIN Chinnawat]

Thailand belongs to numerous International organizations like APEC, APT, ARF, AsDB, ASEAN, BIS, CP, FAO, G-77, IAEA, IBRD, ICAO, ICC, ICCt (signatory), ICFTU, ICRM, IDA, IFAD, IFC, IFRCs, IHO, ILO, IMF, IMO, Interpol, IOC, IOM, ISO, ITU, MIGA, NAM, OAS (observer), OIC (observer), OPCW, OSCE (partner), PCA, UN, UNAMSIL, UNCTAD, UNESCO, UNHCR, UNIDO, UPU, WCL, WCO, WFTU, WHO, WIPO, WMO, WToO and WTO.

### **Economy**

Thailand has a well developed infrastructure, a free-enterprise economy, and welcomes foreign investment. Thailand has fully recovered from the 1997-98 Asian Financial Crisis and was one of East Asia's best performers in 2002-04. Increased consumption and investment spending and strong export growth pushed GDP growth up to 6.9% in 2003 and 6.1% in 2004 despite a sluggish global economy. The highly popular government's expansionist policy, including major support of village economic development, has raised concerns about fiscal discipline and the health of financial institutions. Bangkok has pursued preferential trade agreements with a variety of partners in an effort to boost exports and maintain high growth, and in 2004 began negotiations on a Free Trade Agreement with the US. In late December 2004, a major tsunami took 8,500 lives in Thailand and caused massive destruction of property in the southern provinces of Krabi, Phangnga, and Phuket.

### **Key Economical Figures**

GDP - purchasing power parity:	\$524.8 billion (2004 est.)
GDP - real growth rate:	6.1% (2004 est.)
GDP - per capita:	\$8,100 (2004 est.)
GDP - by sector:	agriculture: 9%
	industry: 44.3%
	services: 46.7% (2004 est.)
Labor force:	36.43 million (November 2004 est.)
Unemployment rate:	1.5% (November 2004 est.)
Population below poverty line:	10% (2004 est.)
Inflation rate (consumer prices):	2.8% (2004 est.)
Investment (gross fixed):	22.5% of GDP (Jan - Sep 2004 est.)
Budget:	revenues: \$30.86 billion
	expenditures: \$31.94 billion, including capital expenditures of 5 billion (2004 est.)
Public debt:	47.6% of GDP (November 2004 est.)
Agriculture - products:	rice, cassava (tapioca), rubber, corn, sugarcane, coconuts, soybeans

Industries:	tourism, textiles and garments, agricultural processing, beverages, tobacco, cement, light manufacturing such as jewelry, electric appliances and components, computers and parts, integrated circuits, furniture, plastics, world's second-largest tungsten producer, and third-largest tin producer
Industrial production growth rate:	8.5% (2004 est.)
Current account balance:	\$6.736 billion (2004 est.)
Exports:	\$87.91 billion f.o.b. (2004 est.)
Exports - partners:	US 15.9%, Japan 13.9%, China 7.3%, Singapore 7.2%, Malaysia 5.4%, Hong Kong 5.1% (2004)
Imports:	\$80.84 billion f.o.b. (2004 est.)
Imports - partners:	Japan 23.6%, China 8.6%, US 7.6%, Malaysia 5.8%, Singapore 4.4%, Taiwan 4.1% (2004)
Reserves foreign exchange, gold:	\$48.3 billion (2004)
Debt - external:	\$50.59 billion (2004 est.)
Economic aid - recipient:	\$72 million (2002)
Currency (code):	baht (THB)
Fiscal year:	1 October - 30 September

## Useful links

### Economic overview

[Economic structure and statistics](#) - from The Economist.

[Basic economic data](#) - from The Economist.

[Monetary policy](#) - from The Bank of Thailand.

### Business culture

[Executive Planet](#) - business etiquette and culture in Thailand.

### Business entities

[Forming a company](#) - from ModernThailand.com.

[Investing in Thailand](#) - information from Thailand Board of Investment.

### Accounting and auditing

[Reporting requirements for companies](#) - from ModernThailand.com.

### Legal considerations

[An overview of setting up a business.](#)

[The Foreign Business Act](#) - from ModernThailand.com.

[Labour protection law](#) - from ModernThailand.com.

[Work permits](#) - from ModernThailand.com.

[Exchange control](#) - from ModernThailand.com.

[Foreign exchange regulations](#) - from The American Chamber of Commerce in Thailand.

[Visas and immigration law](#) - from ModernThailand.com.

[Trade regulations](#) - from Yahoo! Finance.

### Taxation

[Tax regulations](#) - everything on taxation in Thailand - from income tax to withholding tax, to local taxes to double tax treaties - from Yahoo! Finance.

[Taxation](#) - more information from HSBC's Business Information site.

[Taxation in Thailand](#) - from American Chamber of Commerce in Thailand.

[Investment incentives](#) - from The American Chamber of Commerce in Thailand.

*Sources of finance*

[Bangkok Metropolitan Bank](#).

[SMEs Joint Capital Development Project](#).

[DBS Thai Danu Bank](#) - SME One Stop Solution.

[Business Venture Promotion](#).

[Stock Exchange of Thailand](#).

[Thai Venture Capital Association](#).

[ApecTec](#) - helping entrepreneurs start up technology companies.

*Useful resources*

[Bank of Thailand](#) (central bank).

[Doing Business In Thailand](#).

[SME policy in Thailand - Vision & Challenges](#) - a document (PDF file) from Mahidol University in Thailand.

[Doing Business In Thailand](#) - from the USA Department of Commerce.

[Business in Thailand](#).