

THAILAND

Doing Business
in Thailand

THAILAND

Key Facts:

Capital: Bangkok

Surface Area: 513,000 km²

Official Language: Thai

Population: 67 million (2013)

Government: Constitutional Monarchy

Head of State: HM King Bhumibhol Adulyadej

Head of Government: PM Prayuth Chan-ocha

Exchange Rate: €1 = approx. 37 THB (Feb 23 2015)

Country Overview



THAILAND

Economic Overview

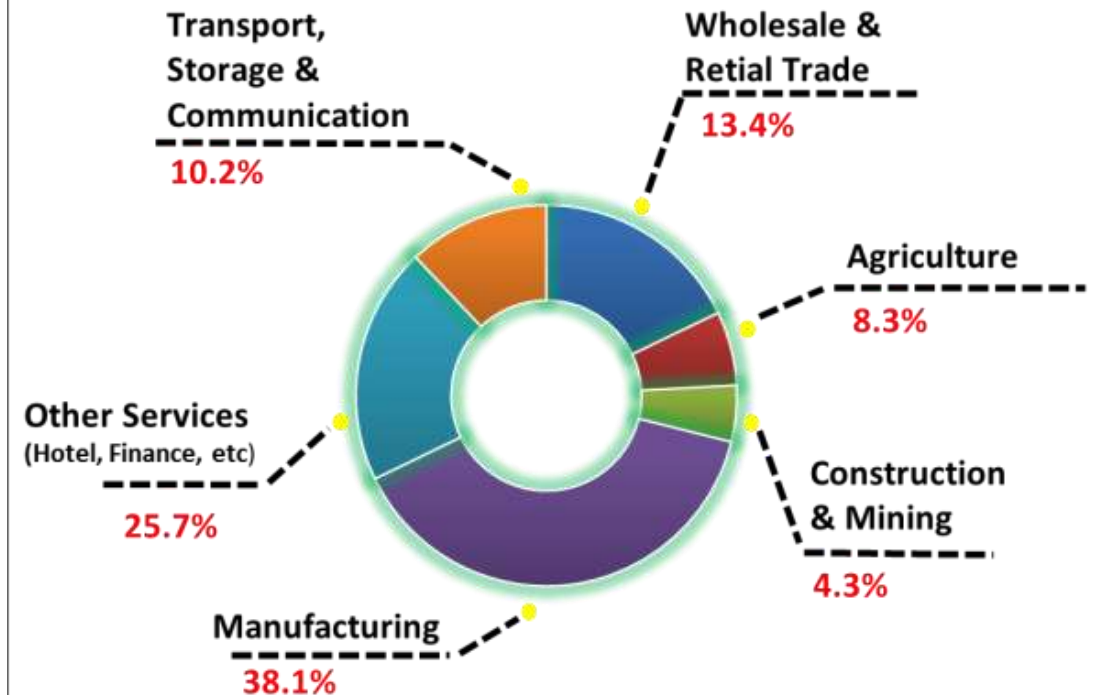
Key Facts:

Indicators	units	2011	2012	2013
Population	Millions	66.6	66.8	67.0
GDP	Billions of EUR	248.3	284.8	291.6
GDP per Capita	EUR	3,730	4,265	4,351
Real GDP Growth	%	0.1	7.7	1.8
Inflation Rate	%	3.8	3.0	2.2
Current Account Balance	% of GDP	1.2	-0.4	-

Source: World Bank, Eurostat, Trading Economics

Composition of Thai Economy 2013

(% of GDP per Sector)



Source: Bank of Thailand

THAILAND

Economic Overview

Key Facts:

Indicators	2011	2012	2013	Average Growth Rate
Total Exports	€158.2 B	€177.4 B	€172.4 B	12.20%
Total Imports	€164.6 B	€195.7 B	€191.7 B	18.70%

Source: Eurostat

Thailand Major Exports 2013	Share of Total Exports
Electronics	14.3%
Automotive	13.8%
Agro-Manufacturing Products	12.2%

Thailand Major Imports 2013	Share of Total Imports
Machinery & Equipment	18.1%
Crude Oil	15.5%
Electronics	10.6%

Source: Bank of Thailand

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Trade Overview (Thailand – EU)

Key Facts:

Indicators	2011	2012	2013	Average Growth Rate
Total EU Imports from Thailand	€17.7 B	€17.0 B	€17.1 B	4.4%
Total EU Exports to Thailand	€12.3 B	€14.8 B	€15.0 B	18.4%

- The EU is Thailand's 3rd largest Principal Import Source for Merchandise
- The EU is Thailand's 4th Largest Merchandise Export Destination

Source: Eurostat

THAILAND

Key Facts:

Major EU exports to Thailand 2013

- **Machinery Transport Equipment: € 6,893M**
(45.8% of total EU to Thailand export value)
- **Chemicals: € 2,106 M**
(14.0% of total EU to Thailand export value)
- **Food and Raw Materials: € 1,350 M**
(9.0% of total EU to Thailand export value)

Source: Eurostat

Trade Overview (Thailand – EU)

Major EU imports from Thailand 2013

- **Machinery and Transport Equipment: €7,758 M**
(45.5% of total EU imports from Thailand value)
- **Food and Raw Materials: € 966 M**
(20.9% of total EU imports from Thailand value)
- **Other Manufactures: € 2,412 M**
(14.1% of total EU imports from Thailand value)

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Doing Business in Thailand

Reasons to do Business in Thailand!

- World Bank Ease of Doing Business Rank: 26th (2015)
- WEF Global Competitiveness Rank: 31st (2014–2015)
- EU is Thailand 3rd Largest Trading Partner
- 3rd Largest Trading Partner of EU among South East Asian Nations
- Competitive Corporate Income Tax Rate – 20% (2015)
- Strategic Geographic Location (Heart of South East Asia)
- Strong Transport and Logistics Infrastructure

Source: World Bank, WEF, Thailand Revenue Department, and Europa DG Trade

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Doing Business in Thailand

Reasons to do Business in Thailand!

TOPICS	DB 2015 Rank	DB 2014 Rank	Starting a Business Indicator	Thailand	East Asia & Pacific	OECD
Starting a Business	75	68				
Dealing with Construction Permits	6	11	Procedures (number)	4.0	7.3	4.8
Getting Electricity	12	12	Time (days)	27.5	34.4	9.2
Registering Property	28	28	Cost (% of income per capita)	6.6	27.7	3.4
Getting Credit	89	86	Paid-in min. capital (% of income per capita)	0.0	256.4	8.8
Protecting Minority Investors	25	21				
Paying Taxes	62	63				
Trading Across Borders	36	33				
Enforcing Contracts	25	25				
Resolving Insolvency	45	44				

THAILAND

Doing Business in Thailand

Strategic Advantages for Investors/SMEs

- Thailand EU FTA – on the Horizon
- ASEAN Economic Community – December 31st 2015
- Various Free Trade Agreements and Regional Trade Agreements
 - ❖ FTAs:
 - Thailand–Peru
 - Thailand–New Zealand
 - Thailand–India
 - ❖ RTAs:
 - ASEAN–China
 - ASEAN–India
 - ASEAN–Japan
 - ASEAN–Korea
 - BIMSTEC



THE THAI MARKET

Legal Tips on Risk
Mitigation of Doing
Business in Thailand

THE THAI MARKET

Legal Tips on Risk Mitigation of Doing Business in Thailand

Attractiveness of Thai Market

- Low capital requirement for company establishment at 55,000 EUR
- Short time required to start a business at 27.5 days in 2014
- Low minimum wage
- Availability of financial credit with domestic credit provided by financial sectors accounted for 173% of GDP in 2013
- Increased Export value at 224.8 and 225 Billions US in 2013, 2014 respectively
- Increased Import value at 200.2 and 218.7 Billions US in 2013 and 2014 respectively
- Diverse incentives for SMEs provided by Thai Board of Investment
- 25th Ranked in Ease of Contract Enforcement in 2015
- Strong Transport and Logistics Infrastructure

Source: International Trade Centre, Bank of Thailand, and World Bank Doing Business



THE THAI MARKET

Legal Tips on Risk Mitigation of Doing Business in Thailand

Government Incentivized Sectors

- Economic forest plantations
- E and M Commerce
- Software Development and Design
- Energy Service Company
- Science and Technology
- Cloud Services
- Calibration Services
- Biotechnology
- Research and Development
- Scientific laboratories
- Electronic Design
- Creative Product Design and Development Centres
- Vocational Training Centres

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Legal Tips on Risk Mitigation of Doing Business in Thailand

Challenges and Potential Risks affecting trade

- Lack of transparency, and corruption
- Legal system governing trade and related activities
- Poor regulatory environment
- Organized crime, money laundering, trafficking (humans, drugs)
- Conflicts of interest and Rules of Competition
- Fraud
- Counterfeiting/Infringement of property rights
- Industrial disputes
- Product liability

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Legal Tips on Risk Mitigation of Doing Business in Thailand

Challenges and Potential Risks affecting trade

- Legal implications particularly in international contracts for the sale of goods.
 - Defining key terms (e.g. Incoterms 2010), which are the standard trade definitions most commonly used in international contracts)
 - Limiting agreement to the contract
 - Describing the goods
 - Payment clause
 - Trade terms (shipping terms, as with Incoterms 2010)
 - Force majeure
 - Dispute resolution
 - Applicable law and jurisdiction

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Legal Tips on Risk Mitigation of Doing Business in Thailand

A) Protect Your Assets and Property

- Human Resources
- Intellectual Property
- Information Technology
- Social Accountability
- Regulatory Compliance

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Legal Tips on Risk Mitigation of Doing Business in Thailand

B) Due Diligence

1. Good Corporate Standing
2. Financial Verification
3. Assets Verification
 - Fixed and Tangible Assets
 - Intellectual Property Rights
 - Employees and their Benefits thereof

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Legal Tips on Risk Mitigation of Doing Business in Thailand

B) Due Diligence (cont'd)

4. Regulatory Compliance
 - License and Permits
 - Environmental Issues
5. Taxes
6. Materials Contracts and Obligations
7. Litigation
8. Publicity/Visibility Value and Perceptions

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Legal Tips on Risk Mitigation of Doing Business in Thailand

B) Due Diligence (cont'd)

- **Foreign Business Act**

The Foreign Business Act 1999 (FBA) reserves certain business activities for Thai nationals. Under the FBA, a company is considered “foreign” if half or more of its shares are held by non-Thai natural or juristic persons. Businesses that are reserved under Lists 1, 2, and 3 of the FBA are subject to foreign ownership limitations imposed by law.

- **Antitrust Laws**

- **Business License and Government Approval**

Foreigners wishing to engage in business reserved for Thai nationals under List 2 or 3 of the FBA must apply for a Foreign Business License from the concerned authorities. It usually takes about 60 days from submission of the application to learn the outcome of the application. Government fees range from THB 20,000 to THB 500,000, depending on the business.

- **Insurance and Technical Standards (environmental, safety)**

- **Visa and Work Permit**

WHO ARE WE

Brief Overview

- **The EABC is a European Trade Organization situated in Bangkok**
Initiated and supported by the EU, various European Chambers in Thailand and Business Organizations in Europe
- **Interact as “Representative of European Business in Thailand”**
 - Promote, advocate and defend common European policy interests.
 - Founding Member of *EU-ASEAN Business Council*, as a national chamber for Thailand
- **Contribute to the Development of Promoting Thailand as a Market Destination for European Companies, as well as a Gateway into ASEAN**
Perform various outreach activities, serve as Information Contact Point and provide Business Support for companies in Europe looking to Internationalize or expand business to Thailand

WHO ARE WE

Consortium Partners & Associates



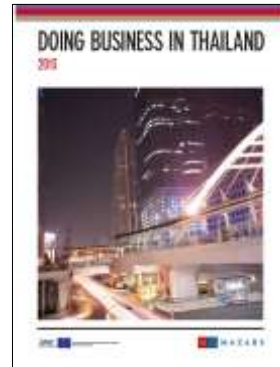
HOW CAN WE HELP

BUSINESS HELPDESK



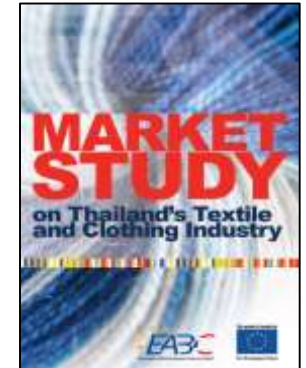
Market Entry Information

- Free of charge Business Enquiries
- Trade & Investment Information
- Sectoral Guidebooks
- Market Studies



Business Support Services

- Business Matchmaking
- Technical & Regulatory Advisory Services
- Online Business Diagnosis Test
- Tailor Made Market Studies



HOW CAN WE HELP

POLICY ADVOCACY



Policy Dialogue with Thai Authorities

- Promote meetings between European Business Community and Thai Officials
- Policy discussions on legal and regulatory issues from an advocacy standpoint to promote business development
- EABC European Business Position Paper

Business Briefings



Lunch with EU Ambassador to Thailand -2014

HOW CAN WE HELP

POLICY ADVOCACY



What We Offer

- “European Business Voice” in Thailand
- Policy Dialogues
- Position Paper 2012, 2013, 2015



HOW CAN WE HELP

EUROPEAN OUTREACH



Roadshows in Europe



Thailand Investment Seminar in Germany – Sep 2014



Roadshow in Romania – Mar 2015

Events in Thailand



EABC at World Symposium for Geographic Indications – Mar 2013



EABC Networking Social Night – Sep 2014



HOW CAN WE HELP

Our Activities

BUSINESS HELPDESK



- Market Entry Information
- Business Support, supported by our Partners
- Business Legal and Regulatory Advisory Services

EUROPEAN OUTREACH



- Roadshows in Members States
- Thailand Trade Fairs & Networking Events
- Sector Business Delegations to Thailand

POLICY ADVOCACY



- Business Briefings
- Policy Dialogue
- Access and Meetings to Thai Authorities

ASEAN COORDINATION



- Coordination with EU-ASEAN Business Networks
- Policy Development with EU-ASEAN Business Council
- ASEAN Market Entry

HOW CAN WE HELP

Upcoming Events 2015

What's Next in 2015!

- 3rd Issue EU-ASEAN Business Newsletter, e-news – June 2015
- Thailand Manufacturing Expo, Bangkok – June 2015
- Launch Result of European Trade Confidence Survey, Bangkok – June 2015
- High-Level Seminar with DPM Thailand on Facilitation Act and Transparency in Doing Business in Thailand, Bangkok – June 2015
- EABC European Annual Gala Dinner, Bangkok – Sept 2015
- Roadshows on Doing Business in Thailand, Bratislava and Budapest – Oct/Nov 2015
- EABC European High-level Anchor Event, Bangkok – Nov 2015
- European Networking Events, Bangkok – June-Dec 2015

THANK YOU

CONTACT

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THE EUROPEAN ASSOCIATION
FOR BUSINESS AND
COMMERCE