

# OVERVIEW

## SPOT ON THAILAND Shining Through



One of the great stories at the turn of the century is the rise of Asia. A country that has been a major part of Asia's success story is Thailand. Situated literally on the crossroads between South and East Asia, Thailand has a long reputation for economic dynamism and resilience that have allowed it, time and again, to bounce back from adversity.

Today, faced with the pressures of a global economic crisis on the one hand and domestic political challenges on the other, Thailand continues to shine through with grit and determination. Political issues and differences are being addressed through legal and peaceful democratic means. The government's economic stimulus packages are having their intended effects. The country's already friendly investment climate is being further enhanced. More value and diversity are being added to its already flourishing tourism industry. Also high on the government's agenda is strengthening the economic clout of ASEAN (Association of Southeast Asian Nations), during the country's tenure as chair of the 10-member-country association. Moreover, Thailand has formed an extensive network of free trade agreements and diplomatic relations with other nations, carving out its place in the global community of nations and in the emerging Asian Century.

As Thailand looks toward the future, we are working to make the most of the present. The country's economic fundamentals and commitment to free markets remain strong. The government's determination to strengthen democracy and the rule of law is helping lay the foundations for a more stable and sustainable political system. Slowly but surely, the country is working through its democratic growing pains. Even in the face of all these challenges, Thailand remains one of Asia's most open economies, welcoming investors and visitors with a hospitality that is unmatched. As Thailand advances towards greater stability and progress, its doors will remain open to friendly diplomatic and trade relations with the global community. It will continue to reach out to the rest of the world and work with its friends and partners to fulfill the promise of the Asian Century for the benefit of all countries.



# THAILAND AT A GLANCE

## The Country

Thailand, situated in the heart of the Southeast Asian mainland, is the regional hub of business and transportation, and a gateway to the Association of Southeast Asian Nations (ASEAN), with its combined market of 570 million people.



## Geography

Land: 513,115 sq. km.

Population: 66.25 million

Capital: Bangkok (the largest city, with over 11 million inhabitants)

The climate: Tropical monsoon

Average temperature: 27°C

## Religion

Buddhism (93.9%), Islam (5.2%), Christianity (0.7%), others (0.2%)

Source: National Statistics Office

**National language:** Thai

**Currency:** Thai baht (THB)



## National flag

The national flag comprises five horizontal bands of red, white, and blue. The central blue band represents the monarchy. It is hemmed by two white and two red bands representing religion and the nation, respectively.

## Form of government

Parliamentary democracy with a constitutional monarchy

## Economy (as of December 2008)

**GDP:** USD 273.4 billion

**GDP per capita:** USD 4,081

**Exports:** USD 175.3 billion

**Imports:** USD 175.1 billion

**International reserves:** USD 110.1 billion

**GDP composition by sector:** Agriculture 8.91%; Industry 40.12%; Services 50.97%

## Rankings

### Tourism

- Bangkok is 3<sup>rd</sup> in top 10 “World’s Best Cities” rankings, with Chiang Mai 5<sup>th</sup>.

Source: Travel + Leisure’s World’s Best Award 2009

- Thailand is “Most Favored Asian Destination”.  
Source: the 2009 Go Asia Awards Survey

- 1<sup>st</sup> “Best Country Brand for Value for Money” – Offering the most in return for the price you pay

- 3<sup>rd</sup> “Best Country Brand for Friendly Locals” – Welcoming citizens who make visitors feel comfortable

- 3<sup>rd</sup> “Best Country Brand for Authenticity” – Delivering distinctive, genuine and unique culture and experiences

Source: the 2008 Country Brand Index (CBI)

- Bangkok is 2<sup>nd</sup> among “Best Cities for Shopping in Asia” and 3<sup>rd</sup> among “Best Cities for Business in Asia”.

- Phuket is 2<sup>nd</sup> among “Best Holiday Destinations in Asia”.

Source: Smart Travel Asia “Best in travel poll 2008”

- Bangkok is 1<sup>st</sup> in the “Best Cities of Asia 2008” rankings, with Chiang Mai 2<sup>nd</sup>.

Source: American readers of Condé Nast Traveller survey

### Business rankings

- 3<sup>th</sup> in Asia (12<sup>th</sup> in the world) for “Ease of Doing Business”

Source: World Bank, Doing Business 2010

- Biggest automotive producer in Southeast Asia

Source: The Economist’s Pocket World in Figures, 2009

### Export

- World’s largest hard disk drive producer
- World’s largest natural rubber producer
- World’s 12<sup>th</sup> largest automotive producer
- World’s largest exporter of rice
- World’s largest exporter of sugar
- World’s 19<sup>th</sup> largest economy by purchasing power

Source: Ministry of Commerce, January 2009







# THAI GOVERNMENT AND POLITICS

Like the Royal Barge  
Suphannahongse,  
Thailand continues  
to move forward,  
gliding strongly and  
smoothly towards its  
intended direction.

\* Work of Thai traditional art  
by the SUPPORT Training  
Center at Chitralada Villa  
of Dusit Palace



## New Perspective on Democratic Leadership

Thailand is by and large a peaceful, cohesive nation, with good governance and the rule of law playing an increasing role in its modern history. After the political turbulence of the past few years, Thailand is now back in business and its politics is back on track. The Abhisit Vejjajiva administration has enacted policies to restore normalcy, harmony and order and put the nation back on the path of rapid growth.

Thailand is a parliamentary democracy with a constitutional monarchy. As the only Southeast Asian nation to have maintained its independence during the colonial period of the late 19<sup>th</sup> and early 20<sup>th</sup> centuries, Thailand is blessed with a stable monarchical system dating back many centuries. This revered institution lies at the core of Thailand's cultural heritage, and is the linchpin of Thailand's national identity, a source of stability and pride for the Thai people.





After the country became a constitutional monarchy through a peaceful transformation in 1932, sovereign power came to belong to the Thai people, with the King as the Head of State. The administration of the country is carried out by the prime minister and cabinet under a parliamentary system very similar to the British system of constitutional monarchy. While the King is above politics and discharges his role in accordance with the constitution, he has devoted his life to improving the well-being of all Thai people through a number of successful royally initiated projects in areas such as irrigation, farming, drought and flood alleviation, reforestation, crop substitution, alternative energy, public health, distance learning and employment promotion. Through such a role, the Thai monarchy has contributed



to uplifting the livelihood of people throughout the nation, particularly those in rural areas, and complemented development efforts undertaken by the government.

Despite frequent changes in political leadership, over the past decades there has been a remarkable continuity in policy direction, providing a predictable framework for investors and businessmen. Regardless of who holds the position of prime minister, the government of Thailand has always been committed to certain fundamental policy principles: friendly relations





with all its neighbours and a responsible and constructive foreign policy, an open market economy, hospitality toward foreign investors and tourists, sound macro-economic policies with fiscal and monetary prudence and the improvement of the country's infrastructure to increase competitiveness and achieve sustainable development. These policies are underpinned by national political consensus and also by the strength and continuity of the civil service of the nation, which oversees the implementation of policies and execution of laws throughout the country.

## The Abhisit Government

After months of unruly protests, the Thai House of Representatives voted on 15 December 2008 to elect Mr. Abhisit Vejjajiva, leader of the Democrat Party, Thailand's 27<sup>th</sup> prime minister.



He won 235 votes of support from the total of 433 MPs, beating the 198 votes received by the other contender from the Phuea Pandin Party. Mr. Abhisit was formally appointed Prime Minister by a Royal Command on 17 December, and His Cabinet was sworn in and assumed its duties on the 22 December 2008.

The Abhisit government is dedicated to promoting national reconciliation by addressing any domestic issues that may obstruct the development of democracy in order to promote Thailand's traditional social harmony and national unity. One of the Abhisit government's priorities is to make sure that Thailand's politics works for all, through greater democracy, accountability and transparency. Good governance,





respect for human rights and the rule of law, equal treatment and reconciliation with those of opposing views -- these are among the government's main guiding principles.

Prime Minister Abhisit has devoted his professional career to the service of the nation, and for 16 years prior to becoming prime minister, served as a Member of Parliament, representing Thailand's oldest political party, the Democrat Party. At 44 years of age, Prime Minister Abhisit has extensive parliamentary experience, and represents a new generation of Thai leadership. The Prime Minister has gathered around him a number of highly capable and experienced cabinet ministers and advisors to assist in forming creative strategies for meeting the challenges the nation faces. The speed at which the government has moved since December 2008 to devise and implement effective policies has been commended by many observers, both Thai and foreign.

### **Political Development for Economic Sustainability**

The government recognises that democracy must be conducive to economic development if it is to be sustainable. Its commitment to freedom therefore extends to its economic policies, where the need for growth, driven by competition and entrepreneurship, must be balanced by judicious public sector intervention to ensure fairness and to help the least fortunate.



Immediately upon forming a government, a stimulus package was proposed by the cabinet and passed by the Parliament in January 2009, injecting USD 3.3 billion into the economy with the aim of helping those most in need and to cushion the impact of the economic crisis, as well as boosting domestic consumption by putting money directly into the hands of the people. Beneficiaries include farmers, low-income earners, the elderly, parents with school-age children, the unemployed and those at risk of being laid off. As of June 2009, around 70-80 percent of this USD 3.3 billion program has already been disbursed.



Following the success of the first stimulus package, a second and much larger stimulus package of USD 45 billion has been presented to the Parliament, to be spent between fiscal years 2010-2012 – an investment equivalent to some 5 percent of the country's GDP each year. This second programme – which calls for public investment in major infrastructure projects, designed not only to generate employment and income, but also to enhance Thailand's competitiveness – provides a strong platform for higher levels of economic growth, and creates investment opportunities for the private sector. The plan to implement the programme, dubbed "Thailand: Investing from Strength to Strength 2012" scheme, was officially launched on 4 September 2009. It spans projects ranging from water distribution, transport, communications, energy and logistics to health care, education and development of the service sector and the creative industries. There will be major opportunities for private investment, both Thai and foreign, in these mega-projects.

## **Social Order**

In addition to the many economic initiatives being undertaken by the government, attention is being paid to political reform and social development. Recognizing diverse political opinions in the society, the government has been continuously making efforts to bridge these differences through democratic means and with due respect for people's rights and freedoms under the Constitution. It has thus advocated the process of political reform with participation of all interested parties, while maintaining order and enforcing law on the basis of equality and justice for all. Calls for amending the Constitution are being addressed in a cooperative effort through the parliamentary process – an undertaking in which the political opposition is participating and the opinions of the general public as well as experts in constitutional issues is being sought.

With regard to maintenance of public order, laws are enforced on a fair and non-discriminatory





basis. Development and justice are emphasised as a way to end conflict, especially in the South. Justice and the rule of law are recognised as essential for national reconciliation to be achieved and for Thailand to move forward.

## Looking Ahead

Under the government of Prime Minister Abhisit, Thailand is back on track after a difficult and turbulent year. The government is committed to reform that will improve equal access to economic opportunity and close the gap between the haves and have-nots. This will be brought about through the parliamentary process, guided by the traditional Thai traits of tolerance, common sense, and preference for peaceful solutions to problems.





# THE THAI ECONOMY



The Lotus is a symbol of strength and resilience.

The Thai economy continues to grow and bloom, despite the challenges, because of the country's strong fundamentals, proven resiliency and dynamism.

\* Work of Thai traditional art by the SUPPORT Training Center at Chitralada Villa of Dusit Palace



## Rising Above the Challenge

By the end of 2009, the Thai economy should recover from the impact of the global economic crisis which inevitably affected the country's export and investment and caused the Thai economy to contract in the first half of 2009. The

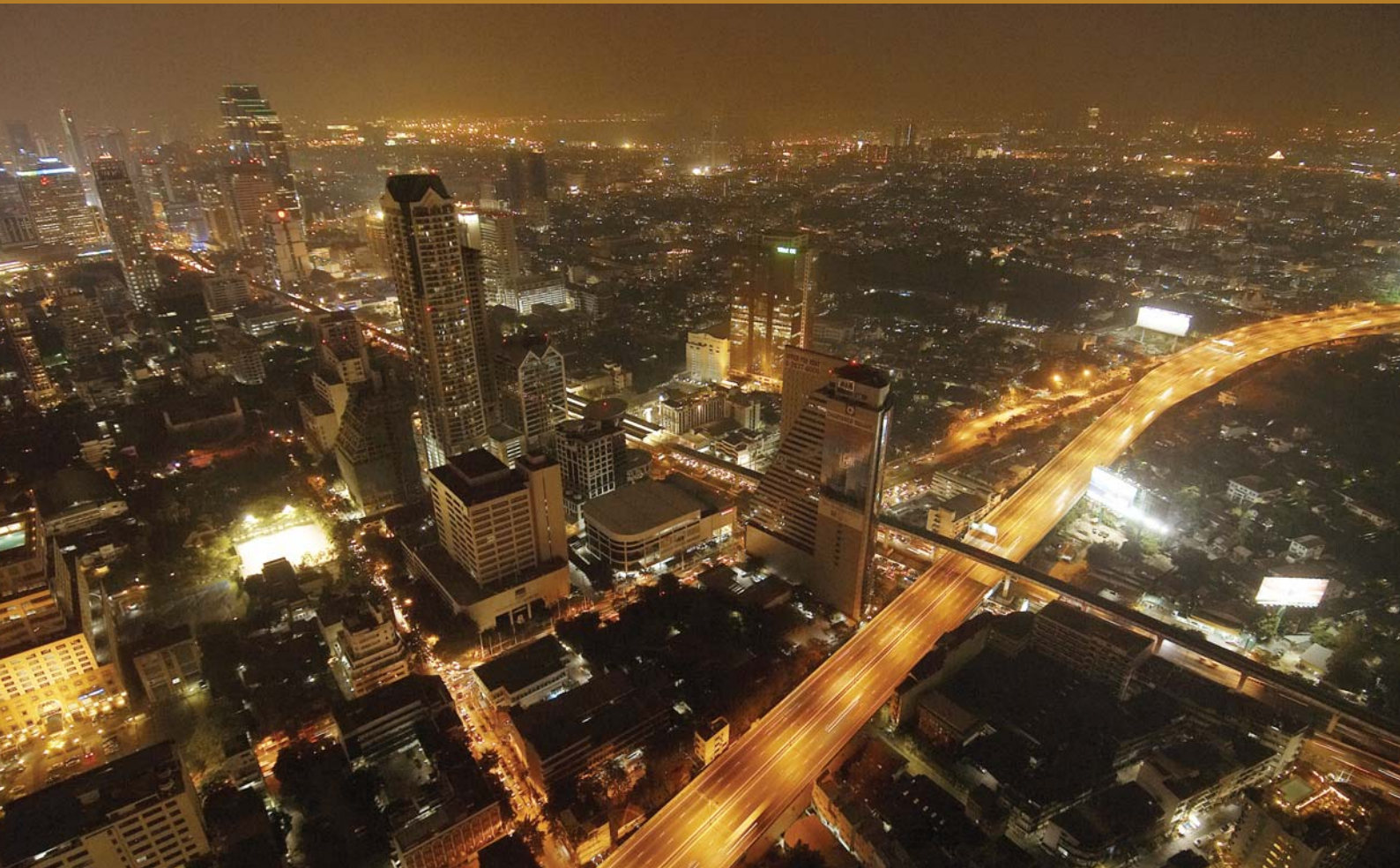
government's vigorous fiscal stimulus programmes are having their intended effect. With the country's major export partners recovering, the economy is expected to register positive growth by the fourth quarter.

### Thailand's GDP Growth Rate

| Economic Projections*         | 2006    | 2007    | 2008  | 2009f           |
|-------------------------------|---------|---------|-------|-----------------|
| GDP (billion USD)             | 206.9   | 245.8   | 273.4 | 258.4           |
| GDP growth (%)                | 5.2     | 4.9     | 2.6   | (-3.5) - (-3.0) |
| GDP per capita (USD per year) | 3,190.8 | 3,723.6 | 4,081 | 3,845.5         |

Source: Office of National Economic and Social Development Board, 24 August 2009

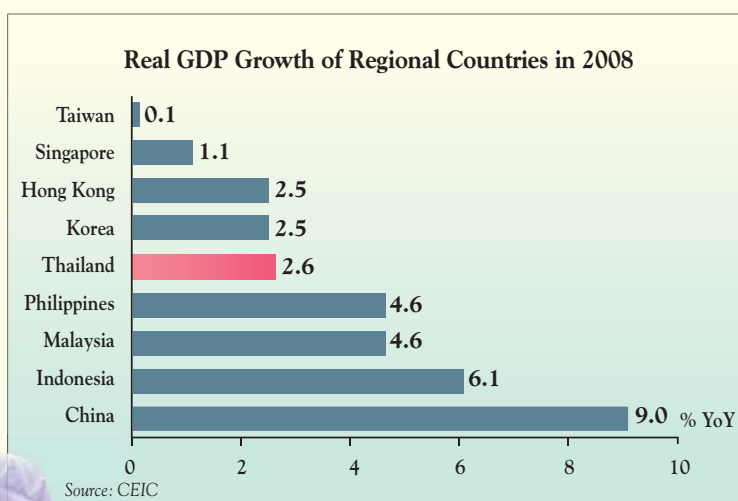




## Strong Fundamentals

The Thai economy remains in a good position to cope with the dual shocks of the global economic crisis and domestic political issues. With lessons learned from the financial crisis of 1997, Thailand's economy had emerged stronger in its wake. At the end of the second quarter of this year, the country's current account registered a large surplus, while international reserves were a healthy equivalent of over 10 months of imports. The Thai

currency was floating in a stable range and inflation was under control. These show that Thailand's economy continues to be healthy and well-equipped to withstand external shocks.







Thailand is a free-market economy, based on private sector firms serving a strong domestic market with a growing middle class, and producing goods for export in a variety of sectors. Considered as main drivers of the Thai economy are its industrial sector, the agricultural sector and a robust services sector centred on the tourism and financial services industries. Over the past several decades, Thailand has successfully followed a model of export-led growth. In US dollar terms, between 1970 and 2009, total Thai exports grew by an average of 20 percent per annum.

| Items                                 | 2006  | 2007  | 2008  | 2009f |
|---------------------------------------|-------|-------|-------|-------|
| Exports (billion USD)                 | 127.9 | 150.0 | 175.3 | 146.7 |
| Exports growth (%)                    | 17.0  | 17.3  | 16.8  | -16.3 |
| Imports (billion USD)                 | 126.9 | 138.5 | 175.1 | 132.7 |
| Imports growth (%)                    | 7.9   | 9.1   | 26.4  | -24.2 |
| Trade balance (billion USD)           | 1.0   | 11.6  | 0.2   | 14.0  |
| Current account balance (billion USD) | 2.3   | 14.0  | -0.2  | 14.5  |
| Current account balance to GDP (%)    | 1.0   | 6.1   | -0.1  | 5.6   |

Source: Office of National Economic and Social Development Board, 24 August 2009



## Trading Hub

Not only is Thailand's economy heavily focused on export volume, but it has also been a leader in Southeast Asia in terms of trade facilitation with the rest of the world, starting with its Asian neighbours. Thailand is a linchpin of the ASEAN economies, enjoying a strategic location that provides access to a greater market of 570 million people. The country's geographical advantages and strong relationships with major markets promote sustainable growth in the region. Exports of Thai products to new emerging markets rose 23 percent in 2008 to USD 56 billion, with China accounting for USD 15 billion, a nine percent increase from the previous year. Products exported to India jumped 28 percent and shipments to Cambodia, Lao PDR and Vietnam surged 40 percent.



Thailand's strategic positioning has made the country a regional centre for international travel and trade, as well as a hub for various industries, of which the most notable is the automotive industry.

As current chair of the Association of Southeast Asian Nations (ASEAN), Thailand helps forge greater cooperation between ASEAN member states and other economies including Australia, India and the Republic of Korea. Looking beyond its immediate neighbours, Thailand has signed free trade agreements with China, India, Japan, Australia and New Zealand.



## Investment

Thailand remains an ideal investment destination for foreign investors looking for business opportunities both within Thailand and throughout Asia. The current emphasis is on investment in priority industries such as infrastructure development, renewable energy and the agro-industry. The service sector is also another area that the current government of Thailand is keenly promoting.





With the announcement of 2009 as the “Thailand Investment Year”, investment in key target sectors will receive maximum benefits from the government through the Thailand Board of Investment (BOI). To rapidly spur investment into Thailand, tax and non-tax incentives will be enhanced to give the country a competitive edge. Priority is being given to projects that offer high returns and can also be implemented quickly. High on the government’s agenda are projects aimed at upgrading the quality of education at all levels, improving the healthcare system, and developing mass transit and water management systems.

The largest sources of foreign investment by national origin are Japan, the European Union and the United States. In the past few years, Thailand annually received on average USD 10 billion in net foreign direct investment.

In addition, with a favourable investment climate and as an open society, Thailand has been chosen by many media firms, business operators, as well as international organisations and non-governmental organisations as a location for their regional offices.



## Moving Ahead

Since the 1997 financial crisis, the financial system of Thailand has been restructured, with 12 local banks, a number of branches of foreign banks, and a large number of foreign bank representative offices. In June 2009, the International Monetary Fund issued a report which noted the strength of Thai financial institutions and the nation’s macroeconomic policy. Risk management of Thai banks remains strong, and even during this period of economic downturn, the quality of bank assets has not suffered.

Like China and the United States, the Thai government under Prime Minister Abhisit Vejjajiva has moved swiftly to counter the external shocks of the global economic crisis. The government has launched two large-scale stimulus packages, which have, on the one hand, alleviated the plight of the poorer members of Thai society during the financial crisis, and on the other hand, launched major public investment spending.



## Investment Projects Ready for Implementation under “Thailand: Investing from Strength to Strength 2012” Scheme (total investment USD 45 billion)

Unit: Million USD

| Category                                       | 2009     | 2010     | 2011     | 2012     | Total     |
|--|----------|----------|----------|----------|-----------|
| 1. Water management                            | –        | 1,638.34 | 2,042.18 | 2,200.41 | 5,880.93  |
| 2. Logistics                                   | 365.51   | 1,441.53 | 3,426.01 | 3,728.93 | 8,997.98  |
| 3. Alternative energy                          | 1,729.01 | 2,181.84 | 977.77   | 889.44   | 5,777.77  |
| 4. Communications                              | 452.32   | 572.39   | 155.02   | –        | 1,179.73  |
| 5. Tourism infrastructure                      | 0.85     | 42.09    | 75.96    | 38.32    | 157.21    |
| 6. Human resource development – Education      | –        | 1,333.78 | 1,229.04 | 1,257.30 | 3,820.12  |
| 7. Human resource development – Public Health  | 0.09     | 902.57   | 1,065.87 | 906.38   | 2,874.88  |
| 8. Infrastructure to support people’s security | 0.94     | 195.09   | 46.71    | 38.05    | 280.78    |
| 9. Science and technology infrastructure       | –        | 77.10    | 99.39    | 151.16   | 327.64    |
| 10. Natural resources and environment          | –        | 41.44    | 46.74    | 33.75    | 121.94    |
| 11. Tourism development                        | –        | 188.74   | 28.05    | 9.30     | 226.09    |
| 12. Creative economy                           | –        | 41.42    | 33.55    | 29.60    | 104.59    |
| 13. Community investment                       | 424.10   | 475.28   | 308.42   | 281.66   | 1,489.50  |
| Total  | 2,972.83 | 9,131.32 | 9,570.69 | 9,564.29 | 31,239.16 |

Exchange rate: USD 1 = THB 34.19 (Bank of Thailand, as of 8 September 2009)

The government also recognises its crucial role in providing certainty, rules and governance so as to facilitate business undertakings, as well as in enhancing Thailand’s competitiveness through enlarging the pool of quality work force and improving the ability to use, receive and absorb the transfer of new technology. Prime Minister Abhisit Vejjajiva has reiterated the importance of greater accountability and transparency to reassure investors and the business community. Laws will be reviewed and improved to ensure further liberalisation and facilitation.

In the long term, the Prime Minister is pledging to promote stable economic growth through the coordination of fiscal and monetary policy, thus creating balance between the rate of economic growth, price stability and employment. Moreover, the new government intends to strengthen the country’s capital market and financial system so that, in the future, it will be better able to cope with global financial volatility and provide stable support to both individuals and businesses.



Thailand’s road to recovery illustrates the nation’s strength in rising above every obstacle to development. With the nation’s free-market economy, strong support from the government, solid industrial sector, strong financial institutions, and expanding regional partnerships, Thailand looks ahead to attain greater progress and development through its proven resiliency and dynamism.



# TRADE AND INVESTMENT OPPORTUNITIES

As the finest strands of *Thai silk* are woven together to create a rich tapestry of colours, we have put together all the elements that can brighten up trade and investment opportunities in Thailand.

\* Work of Thai traditional art by the SUPPORT Training Center at Chitralada Villa of Dusit Palace



## Think Asia, Invest Thailand

Thailand has so much to offer to those looking for business opportunities both within Thailand and throughout Asia. Over the years, it has maintained a welcoming environment for foreign trade and investment. The current government has recently reaffirmed its strong support to the trade and investment communities by reducing trade and investment barriers while also further enhancing the country's business and investment climate.

### Asian Hub

With Asia currently displaying unmatched market growth, trade and business opportunities in Thailand promise big rewards. Asian giants China and India are now reversing the global power balance and changing the patterns of international trade and business. By 2020, it is projected that Asia will comprise almost half of the world's economy.



Thailand's strategic location in Southeast Asia, being the gateway to Indochina and given its pivotal role in the Association of Southeast Asian Nations (ASEAN), offers significant opportunities for trade and investment. Southeast Asia is already home to more than 570 million consumers – a huge market that is expected to gain even more strength when the ASEAN vision of One Community materialises

in 2015. Economically, ASEAN is envisioned as a community of connectivity, a single market and production base, making ASEAN a more dynamic and stronger segment of the global supply chain.

Thailand's convenient access to the giant markets of China and India, as well as to other East Asian countries such as the Republic of Korea and Japan, brings this huge consumer market to even bigger proportions. In addition, Thailand's friendly relations and expanding free trade agreements with other countries further open up trade access to three billion consumers.

In order to optimally utilise its free trade agreements with other economies, Thailand is currently improving the efficiency of international and border trade by introducing electronic systems, particularly for one-stop-service centres, one-lane service, joint single inspection points, e-commerce and e-logistics systems. Additionally, it will seek to improve and accelerate the tariff appeals process.

## Doing Business 2010 Economy Rankings

| No. | Economy          | Ease of Doing Business Rank |      | Starting a Business | Protecting Investors | Paying Taxes | Trading Across Borders | Enforcing Contracts | Closing a Business |
|-----|------------------|-----------------------------|------|---------------------|----------------------|--------------|------------------------|---------------------|--------------------|
|     |                  | 2010                        | 2009 |                     |                      |              |                        |                     |                    |
| 1   | Singapore        | 1                           | 1    | 4                   | 2                    | 5            | 1                      | 13                  | 2                  |
| 2   | Hong Kong, China | 3                           | 4    | 18                  | 3                    | 3            | 2                      | 3                   | 13                 |
| 3   | Thailand         | 12                          | 13   | 55                  | 12                   | 88           | 12                     | 24                  | 48                 |
| 4   | Malaysia         | 23                          | 20   | 88                  | 4                    | 24           | 35                     | 59                  | 57                 |
| 5   | Taiwan, China    | 46                          | 61   | 29                  | 73                   | 92           | 33                     | 90                  | 11                 |
| 6   | China            | 89                          | 83   | 151                 | 93                   | 130          | 44                     | 18                  | 65                 |
| 7   | Vietnam          | 93                          | 92   | 116                 | 172                  | 147          | 74                     | 32                  | 127                |
| 8   | Brunei           | 96                          | 88   | 153                 | 119                  | 22           | 48                     | 160                 | 37                 |
| 9   | Indonesia        | 122                         | 129  | 161                 | 41                   | 126          | 45                     | 146                 | 142                |
| 10  | India            | 133                         | 122  | 169                 | 41                   | 169          | 94                     | 182                 | 138                |
| 11  | Philippines      | 144                         | 140  | 162                 | 132                  | 135          | 68                     | 118                 | 153                |
| 12  | Cambodia         | 145                         | 135  | 173                 | 73                   | 58           | 127                    | 141                 | 183                |

Source: World Bank's Ease of Doing Business Survey, Doing Business 2010 Report



## Easy Business

Thailand's infrastructure is being continually developed to world-class standards in order to support the growth and development of key economic sectors. Modern industrial estates, communication facilities, and logistics systems help achieve cost-efficient business operations.

For long-term development and competitiveness, the current administration has also expressed intention to further improve the national infrastructure. This includes developing a diversified transport system that links the country's road, rail, water and air transportation networks. Business operators will greatly benefit from the development of the nationwide dual-track railway system and the further expansion of the road network.

These national infrastructure improvements are geared towards further enhancing the country's logistics system, by linking regional and international production bases in the country with Laem Chabang Deep Seaport and Suvarnabhumi International Airport.

## Invest Thailand

The Thai government has declared 2009 as the "Thailand Investment Year", a special time when investment in key target sectors will receive maximum benefits from the government through the Thailand Board of Investment (BOI). The current emphasis is on investment in priority industries such as infrastructure development, renewable energy and agro

industry. Given the volatile energy market, people are now already looking forward to plenty of opportunities in Thailand as far as alternative fuel is concerned because of the country's broad and strong agricultural base.

### **Thailand Investment Year promotion packages are offered to investors in six key industries:**

- Activities related to energy conservation and alternative energy
- Activities related to high technology
- Activities related to manufacturing eco-friendly materials and products
- Activities related to mega-projects
- Activities related to tourism and real estate
- Activities related to high technology agro-business

Thailand's Southern Seaboard Development Project also offers many investment opportunities. It is strategically located on Thailand's southern peninsula, with harbours facing the Andaman Sea and Indian Ocean on the west, and the Gulf of Thailand and South China Sea on the east. This area has close proximity to Malaysia, Indonesia, Singapore, India and the world's major shipping routes through the Straits of Malacca. A portion of this development project will be set aside for industrial estates for such industries as steel, power generation and inland transportation.



## Foreign Investment Projects Submitted to BOI

|  | 2004      | 2005      | 2006      | 2007      | 2008      |
|--|-----------|-----------|-----------|-----------|-----------|
| Total investment (no. of projects)                       | 1,268     | 1,358     | 1,357     | 1,317     | 1,262     |
| Total Investment (mil. USD)                              | 19,189.68 | 20,605.44 | 15,041.56 | 19,172.10 | 13,054.08 |
| Total Foreign Investment (no. of projects) <sup>1)</sup> | 749       | 849       | 823       | 845       | 832       |
| Total Foreign Investment Value (mil. USD)                | 8,979.47  | 14,590.88 | 8,998.77  | 14,695.30 | 8,700.26  |
| - 100% Foreign (no. of projects)                         | 334       | 426       | 421       | 461       | 458       |
| - 100% Foreign (mil. USD)                                | 3,206.41  | 3,838.96  | 3,780.00  | 6,844.98  | 4,074.38  |
| - Joint-Venture (no. of projects) <sup>2)</sup>          | 415       | 423       | 402       | 384       | 374       |
| - Joint-Venture (mil. USD)                               | 5,773.06  | 10,751.92 | 5,218.78  | 7,587.07  | 4,625.88  |
| 100% Thai (no. of projects)                              | 463       | 460       | 483       | 426       | 411       |
| 100% Thai (mil. USD)                                     | 8,865.05  | 5,023.84  | 5,455.66  | 3,853.47  | 4,004.30  |
| Other Investment (no. of projects) <sup>3)</sup>         | 56        | 49        | 51        | 46        | 19        |
| Other Investment (mil. USD)                              | 1,345.16  | 990.73    | 587.13    | 623.34    | 349.52    |

Note: 1) Foreign investment projects refer to projects with foreign capital of at least 10%.

2) Joint-venture projects refer to joint projects between local Thai investors and foreign partners with foreign capital of at least 10%.

3) Other investment projects refer to joint-venture projects between local Thai investors and foreign partners with foreign capital of less than 10%.

Source: International Affairs Bureau, BOI as of 22 July 2009

Exchange rate: USD 1 = THB 34.19 (Bank of Thailand, as of 8 September 2009)

## Foreign Investment Projects Approved by BOI

|  | 2004      | 2005      | 2006      | 2007      | 2008      |
|--|-----------|-----------|-----------|-----------|-----------|
| Total investment (no. of projects)                       | 1,227     | 1,254     | 1,220     | 1,342     | 1,253     |
| Total Investment (mil. USD)                              | 17,570.31 | 16,707.90 | 10,924.49 | 21,775.11 | 14,616.17 |
| Total Foreign Investment (no. of projects) <sup>1)</sup> | 734       | 782       | 751       | 836       | 838       |
| Total Foreign Investment Value (mil. USD)                | 9,280.23  | 9,529.89  | 7,798.86  | 14,788.30 | 10,270.31 |
| - 100% Foreign (no. of projects)                         | 377       | 414       | 404       | 479       | 496       |
| - 100% Foreign (mil. USD)                                | 3,742.09  | 4,070.52  | 3,635.30  | 6,961.22  | 4,673.03  |
| - Joint-Venture (no. of projects) <sup>2)</sup>          | 357       | 368       | 347       | 357       | 342       |
| - Joint-Venture (mil. USD)                               | 5,538.14  | 5,459.37  | 4,163.56  | 7,827.08  | 5,597.28  |
| 100% Thai (no. of projects)                              | 444       | 431       | 436       | 452       | 400       |
| 100% Thai (mil. USD)                                     | 6,972.01  | 6,681.20  | 2,666.28  | 6,445.42  | 3,901.96  |
| Other Investment (no. of projects) <sup>3)</sup>         | 49        | 41        | 33        | 54        | 15        |
| Other Investment (mil. USD)                              | 1,318.05  | 496.81    | 459.32    | 541.39    | 443.90    |

Note: 1) Foreign investment projects refer to projects with foreign capital of at least 10%.

2) Joint-venture projects refer to joint projects between local Thai investors and foreign partners with foreign capital of at least 10%.

3) Other investment projects refer to joint-venture projects between local Thai investors and foreign partners with foreign capital of less than 10%.

Source: International Affairs Bureau, BOI as of 22 July 2009

Exchange rate: USD 1 = THB 34.19 (Bank of Thailand, as of 8 September 2009)



Thailand's key industrial sectors are consistently growing and the country is proudly earning its position in the world arena:

- World's largest hard disk drive (HDD) producer
- World's largest natural rubber producer
- World's 12<sup>th</sup> largest automotive producer
- World's 18<sup>th</sup> largest tourist receipts
- World's 19<sup>th</sup> largest economy by purchasing power



### Foreign Investment Projects Applying for Promotion Classified by Sector

| Year<br>Sector                   | 2004            |                 | 2005            |                  | 2006            |                 | 2007            |                  | 2008            |                 |
|----------------------------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|
|                                  | No. of Projects | Investment      | No. of Projects | Investment       | No. of Projects | Investment      | No. of Projects | Investment       | No. of Projects | Investment      |
| Agricultural Products            | 82              | 658.20          | 51              | 462.95           | 46              | 814.78          | 46              | 260.63           | 62              | 494.75          |
| Minerals and Ceramics            | 18              | 1,885.56        | 21              | 3,670.63         | 32              | 752.65          | 27              | 805.89           | 30              | 570.90          |
| Light Industries/Textiles        | 61              | 242.60          | 85              | 3,389.18         | 73              | 273.55          | 59              | 261.52           | 73              | 376.96          |
| Metal Products and Machinery     | 223             | 1,504.59        | 250             | 4,134.00         | 220             | 1,515.74        | 228             | 4,490.52         | 214             | 2,051.95        |
| Electric and Electronic Products | 152             | 2,322.64        | 173             | 2,417.65         | 180             | 2,099.38        | 153             | 2,310.18         | 144             | 1,958.00        |
| Chemicals and Paper              | 107             | 1,367.55        | 126             | 2,188.48         | 80              | 1,182.56        | 129             | 2,919.26         | 103             | 1,118.82        |
| Services                         | 106             | 998.29          | 143             | 1,368.82         | 192             | 2,447.89        | 203             | 3,650.31         | 206             | 2,128.87        |
| <b>Total</b>                     | <b>749</b>      | <b>8,979.46</b> | <b>849</b>      | <b>17,632.71</b> | <b>823</b>      | <b>8,271.78</b> | <b>845</b>      | <b>14,695.29</b> | <b>832</b>      | <b>8,700.25</b> |

Note: 1) Foreign investment projects refer to projects with foreign capital of at least 10%.

Source: International Affairs Bureau, BOI as of 22 July 2009

Exchange rate: USD 1 = THB 34.19 (Bank of Thailand, as of 8 September 2009)

### Foreign Investment Projects Approved by BOI Classified by Sector

| Year<br>Sector                   | 2004            |                 | 2005            |                 | 2006            |                 | 2007            |                  | 2008            |                  |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|------------------|
|                                  | No. of Projects | Investment      | No. of Projects | Investment      | No. of Projects | Investment      | No. of Projects | Investment       | No. of Projects | Investment       |
| Agricultural Products            | 82              | 675.13          | 45              | 334.30          | 39              | 326.17          | 43              | 684.84           | 54              | 282.94           |
| Minerals and Ceramics            | 17              | 1,739.22        | 18              | 254.50          | 21              | 74.42           | 28              | 947.03           | 33              | 733.29           |
| Light Industries/Textiles        | 63              | 377.99          | 76              | 282.08          | 75              | 272.03          | 58              | 276.17           | 67              | 303.34           |
| Metal Products and Machinery     | 231             | 1,932.18        | 227             | 4,124.87        | 232             | 1,586.41        | 212             | 3,568.87         | 220             | 2,548.73         |
| Electric and Electronic Products | 146             | 2,616.74        | 162             | 2,510.10        | 166             | 1,694.59        | 175             | 2,933.59         | 141             | 1,758.79         |
| Chemicals and Paper              | 103             | 1,484.77        | 129             | 1,044.34        | 81              | 2,945.20        | 114             | 2,821.04         | 117             | 1,220.73         |
| Services                         | 92              | 454.21          | 125             | 979.74          | 137             | 900.06          | 206             | 3,556.77         | 206             | 3,422.50         |
| <b>Total</b>                     | <b>734</b>      | <b>9,280.24</b> | <b>782</b>      | <b>9,529.92</b> | <b>751</b>      | <b>7,798.88</b> | <b>836</b>      | <b>14,788.31</b> | <b>838</b>      | <b>10,270.33</b> |

Note: 1) Foreign investment projects refer to projects with foreign capital of at least 10%.

Source: International Affairs Bureau, BOI as of 22 July 2009

Exchange rate: USD 1 = THB 34.19 (Bank of Thailand, as of 8 September 2009)



Apart from building the foundation for successful business operations, Thailand as an investment location is also backed by strong supporting industries. The Thai government has also taken vital steps in helping facilitate the setting up of businesses in Thailand by creating one-start-one-stop centres. In addition, human resources development and skills training are promoted to ensure that Thai workers are always attuned with modern technology.

The present government's economic stimulus package, worth over 1.5 trillion baht or around USD 45 billion over the next three years, offers potential investors, Thai and foreign alike, vast opportunities for investments in major infrastructure development schemes such as those concerning transport, logistics, education, telecommunications and energy.





# DESTINATION THAILAND



—◆—  
*Thai puppets are each  
a delicate work of art.*

*Traditional Thai puppet  
performances are  
expressions of our warm  
welcome to all our  
distinguished guests.*

—◆—  
\* Courtesy of Joe Louis Thai  
Puppet Theater.



## Amazing Thailand, Amazing Value

Thailand has long been a favoured location for tourists from all over the world. The country offers a wide variety of holiday destinations, ranging from white sand beaches, tranquil valleys and scenic mountains to a colourful nightlife. It is also known for its religious and cultural harmony as a land that enthusiastically celebrates festivals of all cultures and welcomes foreign guests with warm smiles and effusive hospitality.

Such diversity and renowned hospitality in addition to world-class accommodation and convention facilities have contributed to the continued success of the Thai tourism industry over a number of decades.

Tourism is one of Thailand's major sources of income. It constitutes approximately 6 percent of the country's GDP. In 2008, 14.54 million foreigners travelled to the country.

**SPOT ON  
THAILAND**  
Shining Through



# International Tourist Arrivals to Thailand by Region 2003-2007

| Region       | Year       |            |            |            |            | Total      |
|--------------|------------|------------|------------|------------|------------|------------|
|              | 2003       | 2004       | 2005       | 2006       | 2007       |            |
| East Asia    | 6,199,719  | 7,070,821  | 6,711,602  | 7,944,758  | 7,981,205  | 35,908,105 |
| Europe       | 2,283,913  | 2,647,702  | 2,708,102  | 3,324,846  | 3,689,770  | 14,654,333 |
| The Americas | 586,147    | 702,668    | 745,494    | 825,862    | 817,564    | 3,677,735  |
| South Asia   | 391,064    | 469,099    | 519,174    | 605,261    | 685,574    | 2,670,172  |
| Oceania      | 347,849    | 471,481    | 504,487    | 627,626    | 731,283    | 2,682,726  |
| Middle East  | 206,234    | 292,690    | 305,566    | 406,015    | 453,891    | 1,664,396  |
| Africa       | 67,183     | 82,788     | 72,916     | 94,422     | 104,941    | 422,250    |
| Grand Total  | 10,084,112 | 11,739,253 | 11,569,346 | 13,830,796 | 14,466,235 | 61,679,717 |

Source: Tourism Authority of Thailand and Ministry of Tourism and Sports

## Winning the Hearts of Tourists

Over the years, the Kingdom has topped numerous travellers' polls as being among the world's most tourist friendly countries. In May 2009, a CNN survey of 5,000 travellers found Thailand to be the best value for money destination in the Asia-Pacific region.

The accolades keep on coming. Earlier this year, Thailand was declared the Most Favored Asian Destination in the Go Asia Awards Survey. Bangkok and Chiang Mai were also voted third and fifth top cities in the world in Travel + Leisure's 2009 World's Best Awards. The prestigious Condé Nast Traveller pronounced Bangkok as the Best City of Asia in 2008, while Chiang Mai placed second behind the capital.







## Land of Smiles

Thailand is widely known as the “Land of Smiles” because of its warm hospitality, friendly people and the contagious ‘Thai smile’ that make visitors want to keep coming back. Even in Bangkok, where the pace of life is faster, you can still see smiles on people’s faces as they go about their busy daily schedules.

## Attractions

Thailand offers a number of tourist attractions. In the north, mountains, forests and indigenous hill tribes, while in the south, fantastic diving sites, sandy beaches and hundreds of islands welcome visitors. To the east and northeast, mysterious monuments of ancient kingdoms wait to be explored. In the central region, there are many World Heritage and historical sites, among which are the not-to-be-missed Grand Palace, the Temple of Dawn as well as other old temples adorned with golden stupas, the landmarks of Bangkok.





## Rich Culture

What makes Thailand well-known among foreigners is its rich culture and warm hospitality. A lot of fun and colourful festivals, such as the Thai New Year or Songkran - the water festival and Loy Kratong, the festival of lights where candle-lit floral lanterns are floated down the rivers always draw visitors' attention. Thailand also offers a great variety of arts and crafts, from local wooden handicrafts and exquisite Thai silk to distinctively delicate jewel-studded nielloware that tell many stories about the culture-rich Kingdom.



## Accommodation

Thailand has a full range of accommodation from well-known international hotel chains to chic boutique hotels, budget hotels, guest houses, serviced apartments and homestay accommodation run by locals. Most international hotel chains are located in main cities, such as Bangkok, Chiang Mai, Phuket and Pattaya, but are increasingly found in secondary cities across the country.



## Food

Thai food is a primary delight for foreign visitors. Authentic, local cuisine, with its distinctive taste and enthusiastic use of fresh herbs and spices, is available at inexpensive street stalls as well as more pricey gourmet restaurants. Thailand also offers an impressive choice of international ethnic food as well as international fast food chains.



## Shopping

In Bangkok, modern shopping malls offer international and local brands while Chatuchak Weekend Market, possibly the world's largest flea market, sells everything from food to fashion products, collectible items, plant and gardening products, household items and even pets. There are others, such as the night markets on Silom and Khao San roads, where visitors can enjoy a night out and a good bargain. In the provinces outside of Bangkok, floating markets, such as the







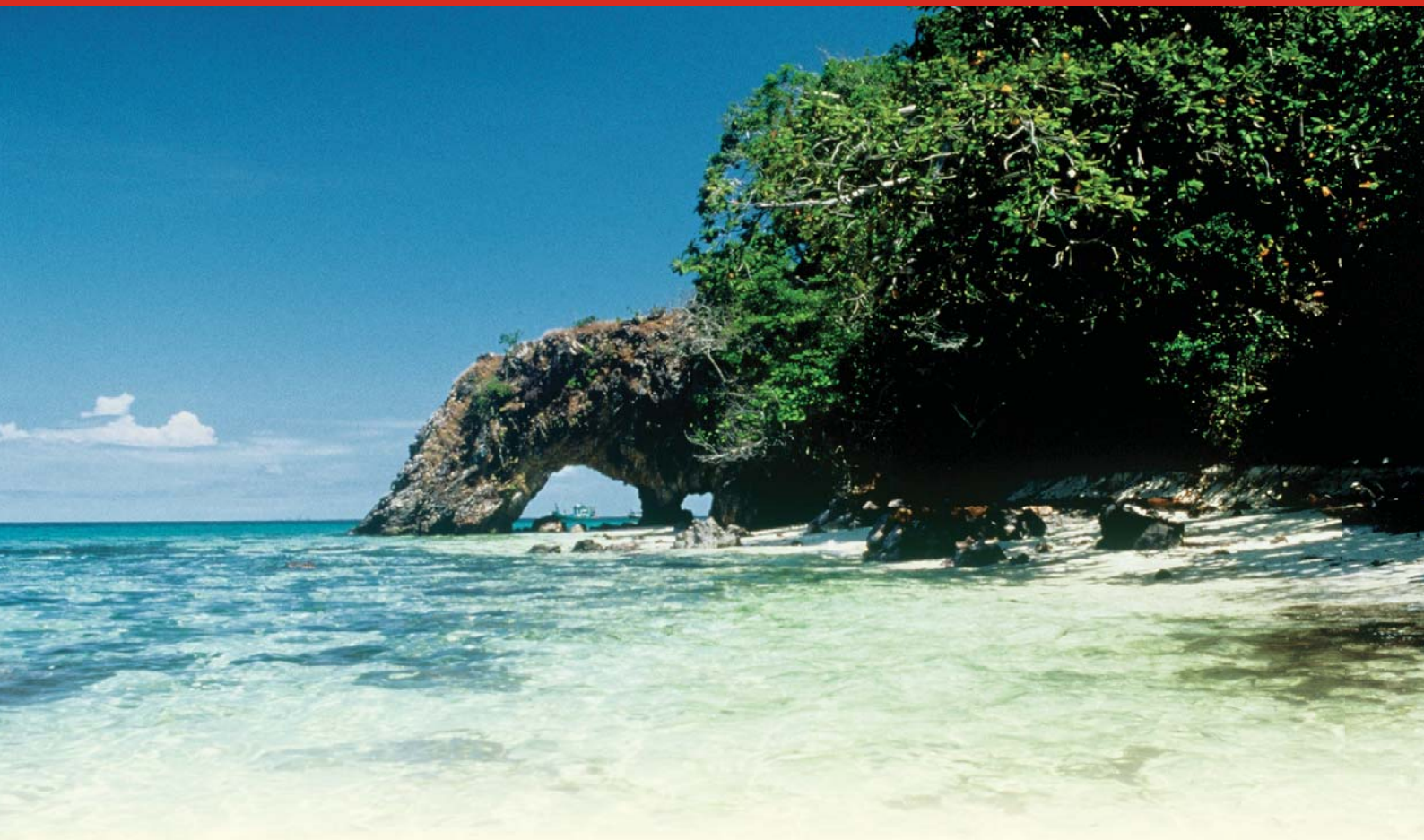
Damnoen Saduak Floating Market, offer stunning views of life on the river. Walking street markets can be found up north in Chiang Mai and down south in Phuket as well as in other smaller towns.

## **Transport**

As one of Southeast Asia's travel gateways, Thailand has an excellent transportation infrastructure. The new Suvarnabhumi International Airport can accommodate 45 million passengers per year and will expand to handle up to 60 million in the future. Meanwhile, other international and domestic airports around the country offer international standard facilities and convenience to passengers. In addition, Thailand boasts a well developed highway, rail and bus network that allows convenient and safe land transport to all cities nationwide. International and local car rental services are also a convenient and viable option for visitors.







## Government Policies

To promote and assist the tourism industry, the Thai government has introduced measures designed to reduce tourism-related fees and service costs, including visa fees, where applicable. At the same time, the government also considers the convenience, safety and security of foreign visitors a matter of highest importance. In addition to an effective Tourism Police force dedicated to helping tourists, measures have also been implemented and will be reinforced, where necessary, to address problems which may have an impact on their safety and convenience.





# THAI RELATIONS WITH THE GLOBAL COMMUNITY



**Thom Thong**  
(Gold Nielloware), a favourite gift for foreign dignitaries, is a reminder that Thailand's carefully crafted diplomacy, while traditional, still holds up well in the modern age.

\* Work of Thai traditional art by the SUPPORT Training Center at Chitralada Villa of Dusit Palace



Thai Prime Minister Abhisit Vejjajiva with U.S. Secretary of State Hillary Rodham Clinton, July 2009, Bangkok

## Thai–U.S. Relations

### Introduction

Thailand has enjoyed a long and rich relationship with the United States. It is a relationship that stretches back 176 years to 1833 when the Treaty of Amity and Commerce was signed during the time of American President Andrew Jackson and His Majesty King Phra Nang Klao, or King Rama III of the Chakri Dynasty. With that treaty, the two countries pledged to establish “a perpetual peace” between each other, a vow that has certainly withstood the test of time. The first of its kind between the United States and any Asian nation, this treaty laid the foundation for a mutually rewarding relationship between the two nations.

Over the centuries, Thailand proved itself to be a staunch U.S. ally. King Mongkut offered to send elephants to America as a means of exploring new frontiers – an offer politely declined by President Lincoln. Thai troops fought and bled alongside American soldiers in the region’s major wars.

After World War II, Thailand became not only a major ally of the United States, but a key economic partner in the region. The anchor of the post-war relationship was the 1966 Treaty of Amity and Economic Relations, which facilitated the access of Thai and U.S. companies to each other’s markets. Today, the two countries share as many mutual interests and values as ever, a factor that will be significant as they seek to build on the friendship of the past to overcome the challenges of the 21<sup>st</sup> century together.



*Thai Prime Minister Chatchai Choonhavan  
with U.S. President George H.W. Bush, 1990*



## High-Level Exchanges

The closeness of Thai-U.S. friendship is symbolised by the many exchanges at the highest levels. Such exchanges began as early as 1902, when Crown Prince Vajiravudh, later crowned King Rama VI, visited the United States. In the post-war years, His Majesty King Bhumibol Adulyadej, Queen Sirikit and their four children have all visited the United States multiple times. Of particular note were the official visits by Their Majesties the King and Queen to the United States in 1960 and 1967. The fact that His Majesty was born in Cambridge, Massachusetts, where a public square bears his name, makes the bond between the two countries all the more special.

On the U.S. side, Ulysses Grant was the first President of the United States to visit Thailand,

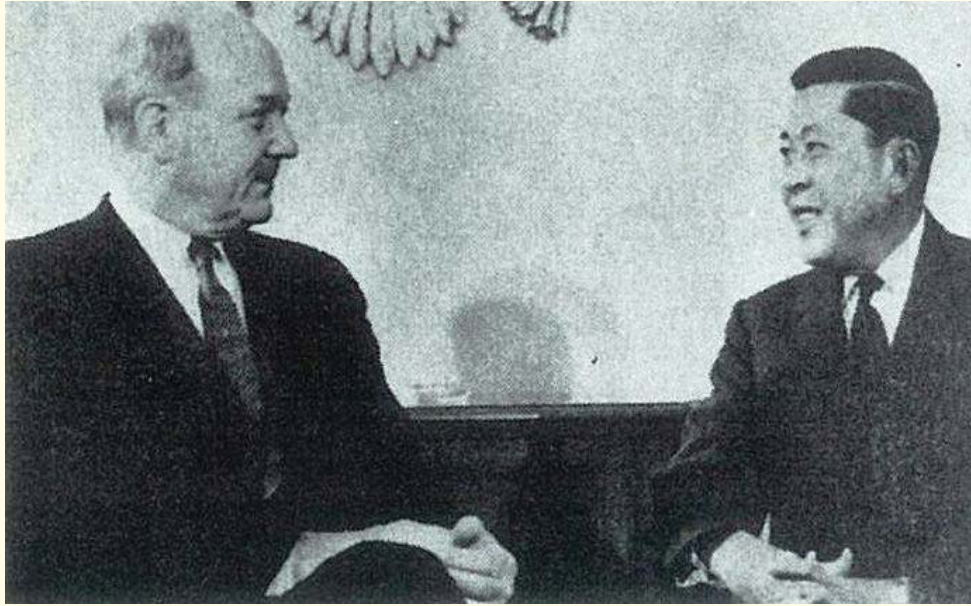
then known as Siam. Since then, a succession of visits by Presidents and First Ladies – not to mention high-level diplomatic visits by various Secretaries of State and leaders from various fields – has served to strengthen the military, economic, cultural and political ties between Thailand and the United States. These visits have included high-profile trips by former Presidents Lyndon Johnson, Richard Nixon, Ronald Reagan, Bill Clinton, and George W. Bush; First Ladies Rosalynn Carter, Nancy

Reagan, and Hillary Clinton; and Secretaries of State Madeline Albright, Colin Powell, Condoleezza Rice, and Hillary Clinton. Most recently, the visit by Secretary of State Clinton marked a defining moment in post Cold War Thai-U.S. relations, when she reaffirmed America's commitment to Asia in general and Thailand in particular.

## Security Cooperation

The durability of Thai-U.S. diplomatic relations bolstered the two countries' security cooperation when Thailand became the frontline state in the United States' war against growing communism in East Asia. America's four-decades-long grand strategy to thwart communist expansionism formalised Thai-U.S. relations into a treaty alliance under the rubric of the now-disbanded Southeast Asia Treaty Organization (SEATO). To this day, the 1954 Manila Pact of SEATO, together with the 1962 Thanat-Rusk communiqué, forms the basis of the Thai-U.S. security relationship. Even though SEATO has since been disbanded, the clause from the Manila Pact that parties will "act to meet a common danger" in event of an attack on the treaty area remains in effect. Today, Thailand is a Major Non-NATO Ally of the United States in the Asia-Pacific region -- along with Japan, the





*Thai Foreign Minister Thanad Khoman and American Secretary of State Dean Rusk, March 1962, Washington D.C.*

Republic of Korea, Australia and the Philippines -- and continues to play an important role in the fight against terrorism in Southeast Asia.

In the aftermath of the Cold War, the military relationship between Thailand and the United States understandably waned, as the U.S. reduced its military presence in Asia. The attacks of 11 September 2001, however, renewed the security cooperation between the two countries. In a fraught post 9/11 climate, Thailand pledged its support to the United States' "Global War on Terror" and contributed non-combatant troops to the U.S. - led military operations in Afghanistan and Iraq.



## **Economic Partnership**

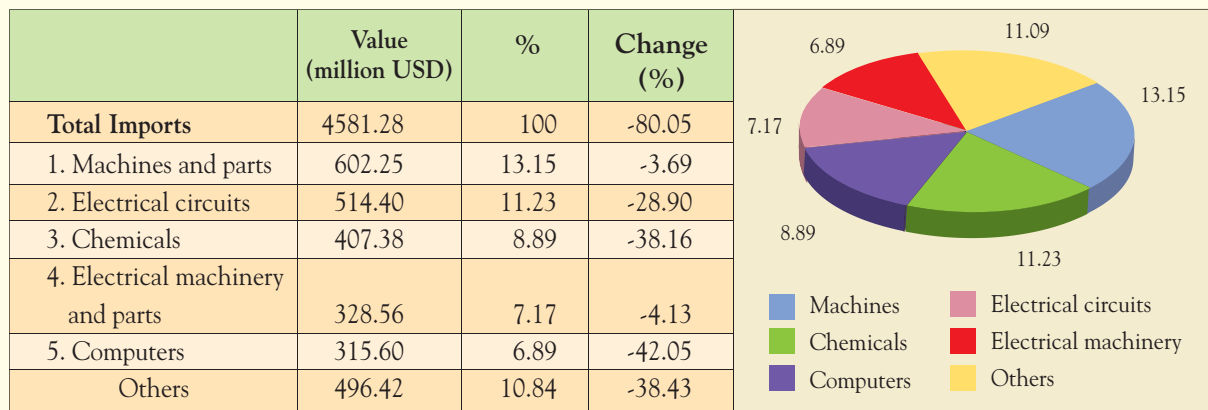
On the economic front, Thailand's trade relations with the United States have also grown stronger over the years. In 2008, total U.S. exports to Thailand was approximately USD 11.42 billion, with imports of around USD 20.27 billion. The United States is also one of the top three largest foreign investors in



## Thailand-U.S. Trade Report (January –July 2009) (from Menucom Statistics, Department of Export Promotion)

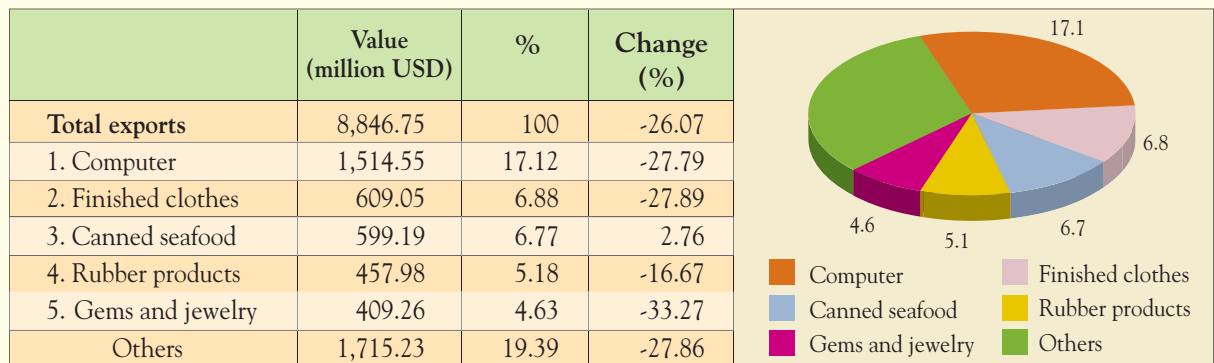
### 1. Import

The U.S. is the 3<sup>rd</sup> largest import partner of Thailand with total import value of USD 4,581.28 million, a 31.17% reduction from the previous year. The top five import categories are as follows:



### 2. Exports

The U.S. is the largest export market for Thailand with total export value of USD 8,846.75 million, 26.07% lower than the previous year. The top five export categories are as follows:



Thailand, with total aggregate investment of almost USD 25 billion. At present, approximately 600 American companies, large and small, are doing business in Thailand. In growing numbers, these American companies are taking advantage of the opportunities afforded by Thailand in a wide range of economic activities, including manufacturing, energy, trading, finance and consultancy.

Even as China and India are spearheading the rise of Asia, Thailand was part of the economic







Following the success of the first stimulus package, a second and much larger stimulus package of USD 45 billion has been presented to the Parliament, to be spent between fiscal years 2010-2012 – an investment equivalent to some 5 percent of the country's GDP each year. This second programme – which calls for public investment in major infrastructure projects, designed not only to generate employment and income, but also to enhance Thailand's competitiveness – provides a strong platform for higher levels of economic growth, and creates investment opportunities for the private sector. The plan to implement the programme, dubbed "Thailand: Investing from Strength to Strength 2012" scheme, was officially launched on 4 September 2009. It spans projects ranging from water distribution, transport, communications, energy and logistics to health care, education and development of the service sector and the creative industries. There will be major opportunities for private investment, both Thai and foreign, in these mega-projects.

## **Social Order**

In addition to the many economic initiatives being undertaken by the government, attention is being paid to political reform and social development. Recognizing diverse political opinions in the society, the government has been continuously making efforts to bridge these differences through democratic means and with due respect for people's rights and freedoms under the Constitution. It has thus advocated the process of political reform with participation of all interested parties, while maintaining order and enforcing law on the basis of equality and justice for all. Calls for amending the Constitution are being addressed in a cooperative effort through the parliamentary process – an undertaking in which the political opposition is participating and the opinions of the general public as well as experts in constitutional issues is being sought.

With regard to maintenance of public order, laws are enforced on a fair and non-discriminatory



more than 10,000 Thai students in institutions of learning in the United States, including students under the American Field Service (AFS) programme and Fulbright scholarships, among others. Alumni of U.S. universities and colleges have come to occupy positions of importance and influence in a broad range of disciplines and professions, attesting to the enduring goodwill between the peoples of the two countries. Closer cooperation in education will be crucial as knowledge is increasingly recognised as the key to success in the global economy.

## Tourism

The United States of America is the eighth top source of visitor arrivals to Thailand. The number of visitors arriving from the U.S. has increased year on year. In 2008, visitors from the United States totalled 663,732 persons. The Thai-American Tourism Association expects American tourist arrivals in Thailand to grow by approximately three percent this year. Their average length of stay is 10.5 days.

## Prospects for Thai-U.S. Relations

As the world becomes increasingly complex and interconnected, the friendship that Thailand and the United States have so painstakingly built will no doubt be further tested. But with their long history of deep friendship and wide-ranging cooperation, chances are good that these two partners will be able to work in concert to overcome any challenges.

There is much that Thailand and the United States can do for one another, but there is also much that they can learn from one another. The two countries have built their relationship on cooperation in such areas as security, trade and investment. The future of the relationship, meanwhile, may well lie in strengthening cooperation in other fields such as education, science and technology. So far, the relationship has been robust enough to meet challenges that shook the world and the region. There is every reason to believe that even in the face of the new century's hurdles, this friendship and cooperation will last -- in the words of the 1833 Treaty of Amity and Cooperation -- "as long as heaven and earth shall endure".

| Year                     | 2003    | 2004    | 2005    | 2006    | 2007    |
|--------------------------|---------|---------|---------|---------|---------|
| No. of American arrivals | 469,165 | 566,717 | 591,114 | 641,390 | 623,638 |

Source: Tourism Authority of Thailand and Ministry of Tourism and Sports

