

# Country (Region) Guides for Outward Investment Co- operation

abbr. for Thailand      country

(2022 edition)

International Trade and Economic  
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fore  
word

The report of the twentieth CPC National Congress points out that it is important to promote a high level of opening up to the outside world, to enhance the quality and level of trade and investment cooperation, to accelerate the building of a strong trading nation, to promote the high-quality development of the "One Belt, One Road", to participate deeply in the division of labour and cooperation in the global industry, and to safeguard a diversified and stable international economic pattern and economic and trade relations.

Guided by Xi Jinping's thought of socialism with Chinese characteristics in the new era, the Ministry of Commerce comprehensively implements the spirit of the 20th CPC National Congress, and in accordance with the principle of "government-guided, enterprise-led, and market-orientated **operation**", it encourages and supports strong, reputable and internationally competitive enterprises to go out to carry out outward investment and cooperation in a steady and orderly manner, and actively participate in the construction of the "Belt and Road". The "Belt and Road", guiding and serving Chinese enterprises to actively integrate into the global industrial chain and supply chain, and continuously improving the quality and level of outward investment and co-operation. In 2021, China's outward foreign direct investment flow reached USD 178.82 billion, an increase of 16.3 per cent over the previous year, ranking second in the world; 79 Chinese enterprises were listed in the Engineering News Record (ENR) 2022 "Top 250 International Contractors" **list**, and continued to top the list. Chinese-funded enterprises are making rational and effective use of resources in overseas markets, actively engaging in international cooperation and competition, contributing to the economic and social development of host countries, and injecting vitality into the recovery of the global economy.

In order to better help enterprises understand and familiarise themselves with the local business environment, and effectively prevent and mitigate various risks, the Institute of International Trade and Economic Cooperation of the Ministry of Commerce and the business agencies of embassies and consulates in foreign countries have

compiled the 2022 edition of the "Guide to Countries (Regions) for Outward Investment Cooperation" (hereinafter referred to as the "Guide"). The Guide covers 129 countries and regions, reflecting comprehensively and objectively the macroeconomic situation, laws and regulations, economic and trade policies, business environment and other matters of concern to enterprises going abroad in the countries (regions) where OFDI co-operation takes place, as well as paying further attention to relevant policies and regulations, current development situation and international co-operation on digital economy and green development in the relevant countries (regions), and adjustments in economic and trade policies since the epidemic.

We hope that the 2022 edition of the Guide will be helpful to enterprises that intend to go global and carry out outbound investment and cooperation, and we welcome criticisms and valuable opinions from all walks of life. At the same time, we will seriously absorb the useful suggestions, continuously improve our work, and make the Guide better and better, so as to play a greater role in enhancing the ability and level of enterprises' international operation, responding to various types of risks and challenges, and promoting the high-quality development of outward investment and cooperation.

We will be based on the new stage of development, complete, accurate and comprehensive implementation of the new development concept, serve to accelerate the construction of a new development pattern, focus on promoting high-quality development, and innovate in the preparation of the Guide, so as to more accurately and efficiently provide high-quality information services for enterprises going abroad, and to help them go abroad steadily and make progress.

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## Message from the Counsellor

Thailand is located in the centre of ASEAN, with obvious locational advantages, overall social stability, a high degree of policy transparency and trade liberalisation, and an open and inclusive business environment, and is the second largest economy in ASEAN. Thai goods enjoy zero-tariff treatment in ASEAN countries and have a strong radiation capacity for neighbouring countries.



In order to strengthen the comprehensive national power and achieve all-round socio-economic development, the Government of Thailand has formulated a 20-year national long-term plan.

The strategy focuses on the development of ten key sectors, namely modern automobiles, smart electronics, biotechnology, future food, high-end medical tourism, automated robotics, aviation logistics, all-round medical care, biofuels and digital technology, to help Thailand move towards the goal of "Industry 4.0". To this end, a series of incentive policies have been introduced for the key sectors to create a favourable environment for foreign investment and cooperation.

Against the backdrop of deepening political mutual trust between China and Thailand, the completion and deepening of the China-ASEAN Free Trade Area, and the all-round advancement of the Belt and Road Initiative, economic and trade co-operation between the two countries has been developing pragmatically and fruitfully. In 2021, China-Thailand trade exceeded the 100 billion US dollar mark for the first time,

amounting to US\$131.2 billion. In 2021, total trade between China and Thailand exceeded the 100 billion US dollar mark for the first time, reaching 131.2 billion US dollars, becoming Thailand's top trading partner for the ninth consecutive year; China's investment in Thailand amounted to 930 million US dollars, ranking as Thailand's second largest source of investment. The quality of Chinese enterprises' investment in Thailand has been steadily improving, and their economic impact is increasing day by day. More and more large Chinese enterprises are investing and building factories in Thailand, and a number of large-scale projects have been put into operation one after another, with production and operation progressing steadily under the epidemic. Investment cooperation between China and Thailand has gradually formed a multi-level, multi-channel and all-round cooperation pattern.

In the past two years, various Chinese enterprises have gradually accelerated the pace of "going out", making great contributions to the development of bilateral economic and trade relations between China and Thailand. In order to ensure the success of investment, enterprises should raise the awareness of risk, in-depth study of the target market, to avoid blind investment, but also firmly establish the concept of "safety first", and strive to strengthen the prevention and control of epidemics, enhance the sense of responsibility, and improve vigilance. At the same time, they should also cultivate corporate culture, do a good job of Chinese brands, and strive to enhance soft power; strictly abide by Thai laws and regulations and local business practices, operate in accordance with the law and compliance, be honest and trustworthy, and develop steadily; actively pay attention to Thailand's social affairs, and participate in and support the development of local religions, cultures, educations, charities and other undertakings through various channels in an endeavour to build a harmonious and win-win situation.

The Economic and Commercial Office of the Chinese Embassy in Thailand will, as always, provide Chinese enterprises with matchmaking and escort, help Chinese enterprises to broaden the field of investment and cooperation in Thailand, innovate the mode of investment and cooperation, and promote China's investment in Thailand to a new level.

Wang Liping, Minister Counsellor, Economic  
and Commercial Section, Chinese Embassy in  
Thailand

June 2022

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## introduction

## introduction

Do you know the political, economic, socio-cultural and investment environment of Thailand before you go to the Kingdom of Thailand (Thailand) for investment co-operation? What are the local laws and regulations governing foreign investment? What matters should be taken into account when investing? How to deal with the local government, residents, media and law enforcement authorities? Thailand" in the "Country (Region) Guide for Outward Investment Cooperation" series will provide basic information and serve as a guide for you to understand the investment and cooperation environment in Thailand.

## 1. Country profile

### 1.1 A Brief History of Development

[Brief history of development]

Thailand has over 700 years of history and culture. Anciently known as Siam, Thailand began to form a more unified country with the establishment of the Sukhothai Dynasty in 1238 AD. So far, Thailand has gone through the Sukhothai, Ayutthaya, Thonburi and Bangkok (Chakri) dynasties. The current king, Maha Vajiralongkorn (King Rama X), is the son of King Bhumibol.

[International status]

Thailand is a pivotal country in Southeast Asia. It has maintained traditional alliance with the United States since the Second World War and has close economic and military ties. At the same time, Thailand has focused on developing relations with China, Japan and India, and has attached importance to good-neighbourly diplomacy, actively improving relations with neighbouring countries such as Cambodia and Myanmar, and actively participating in ASEAN integration.

Thailand attaches importance to international and regional cooperation. Thailand has been an important member of the United Nations by actively supporting and participating in United Nations initiatives to address international affairs within the framework of the United Nations Charter. Thailand is also one of the founding members of ASEAN, and before the establishment of ASEAN, Thailand was keen on regional affairs, actively regulating conflicts among regional countries and endeavouring to promote the establishment of ASEAN. Thailand has actively developed relations with Muslim countries. It has sought to play an active role in regional and international affairs such as international peacekeeping, climate change, food security, energy security and anti-drug cooperation.

### 1.2 environment

#### 1.2.1 geographic location

Thailand is located in the central part of the Central South Peninsula (latitude 5°30'-21°N, longitude 97°30'-105°30'E), bordered by the Gulf of Thailand in the Pacific Ocean in the south-east and the Andaman Sea in the Indian Ocean in the south-west. It borders Myanmar in the west and north-west, Laos in the north-east, Cambodia in the east and Malaysia in the south.

Thailand has a land area of 513,000 square kilometres, second only to Indonesia and Myanmar in South-East Asia; more than 50 per cent of the land is plains and lowlands. The topography of Thailand is high in the north and low in the south, sloping from north-west to south-east.

Bangkok, the capital of Thailand, belongs to the 7 East time zone, which is one hour behind Beijing time. There is no daylight saving time in Thailand.



### 1.2.2 natural resources

Thailand's natural resources mainly include potash, tin, tungsten, antimony, lead, iron, zinc, copper, molybdenum, nickel, chromium and uranium, as well as barite, gemstones, oil and natural gas. Among them, potash reserves rank first in the world.

### 1.2.3 climatic conditions

Thailand has a tropical monsoon climate throughout most of the country, with the year clearly divided into three seasons: the hot season (February to mid-May), the rainy season (June to mid-October) and the cool season (November to February). The average temperature throughout the year is 27.7°C, with the highest temperature reaching over 40°C. The average annual precipitation is 1100 mm. The average humidity is 66-82 per cent.

## 1.3 Population and administrative divisions

### 1.3.1 Population distribution

As of the end of 2021, the total population of Thailand was about 66,174,700 people. Bangkok has the largest population among the country's 77 provinces, with about 5.53

million people, or 8.3 per cent of the country's total population. The five most populous provinces are Bangkok, Korat, Ubon, Khon Kaen and Chiang Mai.



### 1.3.2 administrative subdivision (e.g. of provinces into counties)

The country is divided into five regions, namely, the North, Centre, South, East and North-East, with a total of 77 provinces, under which there are districts, sub-districts and villages. Bangkok, the capital, is the only province-level municipality, and the Mayor of Bangkok is directly elected. The Governor of each province is a civil servant appointed by the Ministry of Interior.

The capital city of Bangkok is located on the banks of the Chao Phraya River and covers an area of 1,569 square kilometres with a population of approximately 5.53 (as of 31 December 2021) Bangkok is the largest city in Thailand, the second largest city in Southeast Asia, and the political, economic, cultural and transport centre of Thailand.



Thailand's tallest building, Bangkok Metropolis

Chiang Mai, the second largest city in Thailand, is a famous historical and cultural city in Thailand and is the political, economic, cultural and educational centre of northern Thailand. Chiang Mai Province has a total area of 3,905 square kilometres and a population of about 1.79 million; the capital city of Chiang Mai has an area of 40 square kilometres and a population of about 220,000 people.

## 1.4 political climate

### 1.4.1 political system

Thailand has a constitutional monarchy. The King is the head of state and supreme commander of the army, and is a symbol of national sovereignty and unity. On 1 December 2016 Maha Vajiralongkorn officially ascended to the throne, known as Rama 10.

[Parliament]

The Parliament consists of the House of Commons and the House of Lords, with 500 members in the lower house and 250 in the upper house. The current National Assembly was established in May 2019. The current President of the National Assembly and Speaker of the Lower House, Chuan Lipai, and the Vice President of the National Assembly and Speaker of the Upper House, Pompey Vichichonchai.

#### [Judicial]

It is a civil law system, with statutory law as the main basis for court judgements. The judicial system consists of the Constitutional Court, the Court of Justice, the Administrative Court and the Military Court.

The main function of the Constitutional Court is to adjudicate in the last instance, by simple majority, in cases of bills challenged as unconstitutional by members of Parliament or the Prime Minister, but which have been considered by the National Assembly, as well as in cases of alleged concealment of assets by politicians. It consists of a President and 14 judges, who are nominated by the President of the House of Lords for approval by the King, and are appointed for a term of nine years.

The Administrative Court hears litigation disputes between State organs, State-owned enterprises and local governments, or between civil servants and private enterprises. They are divided into two levels, the Supreme Administrative Court and the lower administrative courts, and have an Administrative Justice Council consisting of the President of the Supreme Administrative Court and nine experts. The appointment of the President of the Conseil d'Etat is subject to the approval of the Council of Administrative Justice and the House of Lords, and is nominated by the Prime Minister for the King's approval.

Military courts hear mainly military offences and other cases provided for by law.

The Court of Justice, which hears all cases that do not fall within the competence of the Constitutional Court, the Council of State or the Military Court, is divided into three levels: the Supreme Court of Justice, the Courts of Appeal and the Courts of First Instance, and has a special criminal division for political personnel. There is also a Council of the Judiciary, composed of the President of the Supreme Court and 12 representatives of judges from each of the three levels of courts, which is responsible

for the appointment, dismissal, promotion, salary increase and discipline of judges at all levels. The Court of Justice has a secretariat that handles day-to-day administrative matters.

#### [Constitution]

The current Constitution, which entered into force on 6 April 2017 with the Royal Assent of King Vajiralongkorn, is the 20th Constitution of Thailand.

#### [Supreme Court]

The Supreme Court is the highest judicial organ in Thailand and the Supreme Court Justices are the highest law enforcers, appointed by the King. At the same time, under the new Constitution, the powers of the Supreme Court have been expanded to allow it to directly try politicians suspected of corruption.

#### [Government]

On 10 July 2019 the King of Thailand gave royal approval to the new cabinet list, and on 16 July all cabinet members were sworn in. In August 2020, Prayut reshuffled his cabinet. The current cabinet consists of Prime Minister and Defence Minister Admiral Prayut Chan-ocha (GEN.PRAYUT CHAN-O-CHA), Deputy Prime Minister Admiral Prawit Wongsuwan (GEN.PRAWIT WONGSUWAN), Deputy Prime Minister Wissanu Kooyam (MR.WISSANU KREA-NGAM), Deputy Prime Minister and Minister of Commerce Chulin Rasanawesi

(JURIN LAKSANAWISIT, Deputy Prime Minister and Minister of Health ANUTIN CHARNVIRAKUL, Deputy Prime Minister and Minister of Foreign Affairs DON PRAMUDWINAI, Deputy Prime Minister and Minister of Energy SUPATTANAPONG PUNMEECHAOW, and 34 other deputy prime ministers and ministers of foreign affairs, finance, transport and other ministries. DON PRAMUDWINAI, Deputy Prime Minister and Energy Minister MR. SUPATTANAPONG, Deputy Prime Minister and Energy Minister PUNMEECHAOW, and six other deputy prime ministers, as well as ministers and deputy ministers of foreign affairs, finance, transport, and other ministries, totalling 34.



Thailand's Famous Attractions Grand Palace

#### 1.4.2 Main parties

##### [Democratic Party]

Thailand's oldest and most numerous political party, founded on 6 April 1946, has over 170,000 members. Its members are mainly from the political, legal and economic sectors as well as intellectuals and other elites. Policies tend to maintain a constitutional monarchy and defend the interests of the Thai middle class. In May 2019, Chulin was elected as the new head of the Democrat Party. As a member of the current coalition government, the Democrat Party controls the Ministry of Commerce, the Ministry of Agriculture and Co-operation, and the Ministry of Social Development and Human Security.

## [National Power Party]

The National Force Party (NFP) is a pro-military and pro-conservatism political party founded in 2018 by some of the civilian cabinet members in the current Thai military government. On 29 September 2018, four then-cabinet members of the current Prime Minister Prayut Chamchat, including Minister of Industry Udhamma, Minister of Commerce Sondhiro, Minister of Science and Technology Suwit, and Minister of the Prime Minister's Office Kosal, announced their joining of the NFP at the NFP's founding conference on the same day. political party formation process, with Udama elected as party chief and Sonthira as secretary-general at the conference. In the national election for the Lower House of Parliament to be held in March 2019, the National Strength Party (NSP) received the first number of votes and is the current

The party with the largest number of ministries in the coalition government, including the Ministries of Defence, Energy, Finance, Foreign Affairs, Education, Labour, the Interior, Industry, Culture and the Digital Economy and Society.

#### [Thai Pride Party]

Established on 5 November 2008, the founder is Pipa Prongvaraporn, party members of 75,000 people, the 2019 general election, advocating "cannabis liberalisation" to promote the development of Thailand's economy, the current head of the party Anutin was elected Deputy Prime Minister and Minister of Health.

#### [Thai Love Thai Party]

Once one of Thailand's major political parties, founded and headed by former Prime Minister Thaksin in 1998, and the ruling party from 2001 until the Thai military coup in 2006, the Pheu Thai Party was disbanded in 2007 after being found guilty of fraud in a general election. After its dissolution, some of its members joined the People's Power Party (PPP), which was founded in 1998 and is regarded as an incarnation of the PPP. In 2007, the PPP won a majority in the general election and formed a coalition government with five other parties; in December 2008, the Constitutional Court found the PPP guilty of bribery in the 2007 election and dissolved it. PFP was later dissolved again and some of its members re-established the Pheu Thai Party.

#### [Pheu Thai Party]

Established on 20 September 2007, with its founder Banjungsa Ongradanavan, the Pheu Thai Party is inextricably linked to the Thai Aid Thai Party, led by former Thai Prime Minister Thaksin, in terms of political ideas. The party won 265 of the 500 seats in the parliamentary elections on 3 July 2011, becoming the first major party in parliament and the ruling party, the party's prime ministerial candidate Yingluck Shinawatra, sister of former Prime Minister Thaksin Shinawatra, became the 28th prime minister of Thailand, becoming the first female prime minister in Thai history, and was convicted by the Supreme Court of Thailand in the "rice bribery and malfeasance case". Yingluck was convicted by the Thai Supreme Court, Yingluck went into exile. In the national election for the lower



house of parliament held in March 2019, the Pheu Thai party won the largest number of lower house seats, becoming the largest opposition party.

#### [Far Progressive Party]

Founded on 1 May 2014 as the Common Development Party of Thailand (CDT), the party was founded under the slogan "Common Development, Fight Corruption, Stick to Thai Characteristics". In May 2020, Phitta, the former Deputy Secretary General of the New Future Party (NFP), was elected head of the Far and Near Party (FPP), which has a predominantly youthful supporter base, is anti-authoritarian and anti-Prayuth, advocates for democracy, and has a wide influence on social media platforms. social media platforms has a wide range of influence.

#### 1.4.3 government organisation

Thailand's governmental structure consists of the Prime Minister's Office (PMO), 19 Government Ministries, 6 Government Departments that are not subordinate to the PMO or Ministries, and 7 independent agencies established in accordance with the Constitution. The current Government was formed on 30 August 2014 with the approval of the King. 2015



In August 2016, December 2016, December 2017 and March 2020, Prime Minister Prayuth reshuffled his cabinet four times.

[Government ministry]

Ministry of Defence, Ministry of Finance, Ministry of Foreign Affairs, Ministry of Social Development and Human Security, Ministry of Education, Ministry of Tourism and Sports, Ministry of Agriculture and Cooperatives, Ministry of Transportation, Ministry of Natural Resources and the Environment, Ministry of Energy, Ministry of Commerce, Ministry of the Interior, Ministry of Labour, Ministry of Justice, Ministry of Science and Technology, Ministry of Public Health, Ministry of Industry, Ministry of the Digital Economy and Society, Ministry of Culture.

[Government departments not attached to the Prime Minister's Office or ministries]

The Royal Affairs Bureau, the Royal Secretariat, the Special Committee on the Royal Plan, the Anti-Money Laundering Office, the Office of the National Council for Academic Research and the National Office of Buddhism.

[Independent body established under the Constitution]

The Electoral Commission, the National Human Rights Commission, the National Communications Commission, the National Anti-Corruption Commission, the National Institute of Economic and Social Counsellors, the Office of the Procurator for Land Funds and the Office for the Investigation of Fraud by Government Officials.

[Major economic sectors in Thailand]

Ministry of Finance, Ministry of Commerce, Ministry of Energy, Ministry of Industry, Ministry of Transport, Ministry of Agriculture and Cooperatives, Ministry of Tourism and Sports.

## 1.5 sociocultural

### 1.5.1 nation

Thailand's largest ethnic group is the Tai, while other ethnic groups include the Chinese, Malay, Khmer, Karen and Hmong. The Thais, once called "Siamese",

belong to the Zhuang-Dai ethnic group of the Sino-Tibetan language family, and are of similar origin to the Dai and Zhuang in China, and are found throughout the country, accounting for 75 per cent of the total population, and mainly believe in Buddhism.

The Chinese are second only to the ethnic Thais in terms of numbers, accounting for about 14 per cent of the total population. Large numbers of Chinese immigrated to Thailand between the second half of the 19th century and the 1930s. The majority of Chinese Thais live in the capital and in the outer cities. It is estimated that 40 per cent of the inhabitants of the capital Bangkok are Chinese. Ethnic Chinese have a significant presence and influence in Thai politics, business, finance, tourism and media.

#### 1.5.2 multilingualism

Thai is the national language and the official languages are Thai and English. Each region has its own dialect, but the central Bangkok region is the most important.

The dialect of the district is the standard language. Teochew, Hainanese and Cantonese are more commonly spoken among Chinese Thais. Malay and Khmer are also spoken.

### 1.5.3 Religion and customs

The main religions are Buddhism, Islam, Catholicism and Hinduism. Buddhism is the State religion of Thailand and is an important part of Thai religion and culture, having a significant impact on local politics, economy, social life, culture and art, etc., and enjoying a high status in Thailand.

Thailand is a land of manners and is known as the "Land of Smiles". Thai people are gentle and polite, and respect their elders. When people meet, they usually put their hands together in front of their chests to greet each other, and they can no longer shake hands after putting their hands together. Members of the royal family generally bow in honour of the audience. When meeting monks, they usually return the salute with a folded hand. Women are not allowed to shake hands with monks or pass objects to them. The Thai people regard the head as the most sacred part of the body, and it is taboo to touch it. When the elders are present, the juniors or subordinates must go around or bend down to walk through. Avoid using your left hand to pass things or pick up objects. When sitting, do not cross your legs, and should not point your feet towards others. Avoid pointing fingers at each other when talking. When you go to a temple to burn incense and worship Buddha or visit, you must be neatly dressed and take off your shoes.

### 1.5.4 Science, education and medicine

#### [Education]

Thailand has a nine-year compulsory education system. Primary and secondary education is 12 years, i.e. 6 years of primary school, 3 years of junior high school and 3 years of senior high school. Secondary specialised vocational schools are 3 years, universities are generally 4 years, and medical universities are 5 years. Famous institutions of higher learning include Chulalongkorn University, University of Law and Politics, University of Agriculture, Chiang Mai University, Khon Kaen University, Songkhla Nakhon Karim University, Mahidol University, Sirnakarim Willow University,

Ithanasi University, and the Asian Institute of Technology. There are also open universities such as Ranggamhang University and Sukhothai University.

#### [Medical]

Thailand has earned a strong international reputation for its internationally advanced medical teams and modern medical equipment. In addition to public hospitals, there are more than 400 private hospitals throughout the country, including Bangkok Health and Human Services Hospital and Bangkok International Hospital, which are international private general hospitals with high-tech facilities and high-level medical teams.

In terms of medical protection, there are three main types of protection systems: firstly, the social welfare-type medical protection system, including the National Civil Servants' Medical Protection System (NCMPS), which provides free medical treatment to government civil servants and their families, and free medical treatment to low-income families, primary school students aged 6-11, the elderly aged 60 or above, monks, veterans, etc.; and secondly, the mandatory medical insurance, that is, the compulsory social security scheme for employees in the formal sector, the private sector, and the private sector. The second is compulsory medical insurance, i.e. a compulsory social security scheme for employees in the formal sector, private enterprises and workers' compensation for employees injured at work.

assistance programmes; and thirdly, voluntary health insurance, including private health insurance and the health card system, the latter mainly for other Thai citizens who are not covered by the first two schemes.

#### 1.5.5 Trade unions and other non-governmental organisations

There are currently nine national trade union organisations in Thailand, most of which are headquartered in Bangkok or Phetchaburi. Three trade unions, the Labour Congress of Thailand (LCT), National Congress of Thai Workers (NCTL) and the Thai Trades Union Congress (TTUC), are members of the International Labour Organization.

#### 1.5.6 Main media

The Thai media is predominantly private and operates according to market rules. Thai-language media is the mainstream media, with English and Chinese-language media playing a secondary role.

##### [Television media]

There are six television broadcasters in Thailand, all based in Bangkok, and most television programmes are transmitted via satellite. The television network has nationwide coverage.

##### [Broadcast media]

There are more than 230 radio stations, of which 59 are operated by the Government's People's Liaison Office. The Radio Television of Thailand (RTHK) is the national radio station with a foreign section, broadcasting in Thai, English, French, Chinese, Malay, Vietnamese, Lao, Cambodian, Burmese and Japanese languages. Most of the bands are managed and operated by various government agencies, including the military, public universities, the postal service, the public relations department and the MCOT Group.

##### [Newspaper media]

Thai-language newspapers: The comprehensive daily newspaper Thai Rath and the Daily News have the top two circulations in the country. The main English-language newspapers are: Bangkok Post and The Nation.

The main Chinese-language newspapers are: World Journal, New Centrum, China Daily, Sing Siam Daily, Asia Daily and Jinghua Centrum.

#### 1.5.7 holidays

Thailand has a large number of festivals. In addition to international festivals such as the Gregorian New Year, many religious-related festivals and royal anniversaries are official holidays. Thailand has a large Chinese population, which also celebrates traditional Chinese festivals such as the Spring Festival and the Mid-Autumn Festival.

Thailand's government offices generally operate on a five-day work week, with Saturdays and Sundays off; some businesses are required to work on Saturdays.

**Table 1-1 Thai Government Announces Legal Holidays for 2022**

Legal Holidays in Thailand	Chinese name	note
1 January	New Year's Day	New Year
1 February	Chinese New Year	Thailand to add Chinese Lunar New Year as an official holiday in 2020
16th of February	Buddha's Birthday (8th day of the 10,000 Buddhas)	15 March Thai calendar
6 April	Day of Remembrance of the Chakri Dynasty	Commemorating the laying of the Chakri dynasty
12-15 April	Songkran Festival	Thailand's traditional Buddhist New Year and Water Festival
May	Vesak Day (Buddha's Birthday)	15 June Thai calendar, commemorating the birth, attainment and demise of Buddha Siddhartha Gautama
May	Spring Festival	The royal family presided over the ploughing ceremony, praying for good winds and rain and good harvests
4 May	coronation anniversary	Coronation Anniversary of King Wajiralongkorn (King Rama X)
3 June	Birthday of the Queen	Birthday of Queen Sutheeda (Queen Rama X)
13th of July	Tripod Festival (Hanukkah)	15 August Thai calendar, commemorating the day when the Buddha spoke to his followers after his attainment of enlightenment
14th of July	beginning of summer	The first day of the three-month Buddhist Lenten Festival, 16 August Thai calendar
28th of July	birthday of the king	Birthday of King Wajiralongkorn (King Rama X)
12-August	Mother's Day	Birthday of Queen Mother Sirikit (Queen Rama IX)
10th of October	Tet	16th November Thai calendar
13th October	Ninth King's Day	Anniversary of the death of King Bhumibol (King Rama IX)
23rd October	Fifth King's Day	Death Anniversary of King Chulalongkorn (King Rama V)

5 December	Father's Day, National Day	Birthday of King Bhumibol (King Rama IX)
10th of December	Constitution Day	Commemoration of the 1932 Constitution



## 2. Economic overview

### 2.1 macro-economic

#### [Economic growth]

Thailand's economic development has shown a fluctuating trend over the last 5 years. 2020 saw a significant economic decline due to the global New Crown Pneumonia epidemic and 2021 saw a slow recovery. See the table below for details:

**Table 2-1. Thailand's total economy and economic growth, 2017-2021**

years	GDP (\$ billion)	GDP growth rate (%)	GDP per capita (US\$)
2017	4554	3.9	7012
2018	5011	4.1	7387
2019	5590	2.4	8169
2020	5064	-6.1	7328
2021	5872	1.6	8873

Source: National Economic and Social Development  
calculated at 34 baht: 1 US dollar.

#### [GDP Industry structure]

**Table 2-2. Value Added of Primary, Secondary and Tertiary Industries as a Share of GDP,**

years	Primary sector (%)	Secondary sector (%)	Tertiary sector (%)
2017	8.4	35.0	56.6
2018	8.2	34.7	57.1
2019	8.1	33.6	58.3
2020	8.7	33.2	58.1
2021	8.5	34.8	56.7

#### [Fiscal balance]

According to data from Thailand's Central Audit Office, Thailand's fiscal year 2021 revenues are 2,400 billion baht (about \$68 billion), a decrease of 0.7 per cent year-on-year, while public expenditures are 30,000 billion baht (about \$85 billion), a year-on-year increase of

68 billion baht (about \$20

billion); the budget deficit was 760 billion baht (about \$21.7 billion).

[Foreign exchange reserves]

According to the Central Bank of Thailand, Thailand's foreign exchange reserves were \$246 billion at the end of 2021.

[Inflation]

According to the Bank of Thailand, the general inflation rate in Thailand is 1.23 per cent for the whole of 2021.

[Unemployment rate]

According to Thailand's NESDC data, as of the end of 2021, Thailand's unemployment rate was 1.62 per cent, with an industrial population of 630,000 people.

[Debt]

According to the Central Bank of Thailand, on 30 September 2021 (end of FY 2020-2021) Thailand's public debt was US\$264.4 billion (exchange rate at 34.09:1), or 58.38 per cent of GDP, and external debt was US\$4.95 billion. The size and terms of external debt are not restricted by international organisations such as the IMF.

[Sovereign debt ratings]

As of 31 December 2021, Thailand's sovereign credit rating by the international rating agency Moody's was Baa1 with a positive outlook.

## 2.2 Focus/Speciality Industries

### ( 1 ) Major industries and speciality industries

[Agriculture]

Agriculture is Thailand's traditional industry and plays an important role in the national economy. Thailand has about 15 million hectares of arable land, accounting for 31 per cent of the country's total land area. Agricultural products are one of Thailand's important export commodities, and the main agricultural products include: rice, natural rubber, cassava, corn, sugarcane, and tropical fruits. In 2021, Thailand exported 6.11 million tonnes of rice with an export value of 107 billion baht, and 10.38 million tonnes of cassava with an export value of 120 billion baht.

[Industry]

Thailand's industry is export-oriented, with important sectors such as mining, textiles, electronics, plastics, food processing, toys, automobile assembly, building

materials, petrochemicals and tyres. Thailand's automobile production conditions are superior, the industry chain is complete, Mazda, Honda, Toyota, Nissan, Mitsubishi and other well-known Japanese companies are the main automotive industry investors in Thailand, Thailand is currently the third largest automobile exporter in all of Asia, second only to Japan and South Korea. In recent years, China's SAIC and Great Wall Motors have also invested and set up factories in Thailand. Electronic equipment manufacturing is also a featured industry in Thailand, and major Japanese and Korean electrical companies, such as Sony, Panasonic, Toshiba, Hitachi, Samsung, etc., have settled in Thailand and are gradually relocating their production bases to Thailand.

[Tourism]

Thailand is rich in tourism resources with more than 500 attractions, and the main tourist locations are Bangkok, Phuket, Pattaya, Chiang Mai, Chiang Rai, Hua Hin, and Koh Samui. Tourism is the backbone of Thailand's service sector. 2021 Thailand's tourism industry is severely affected by the new Crown Pneumonia outbreak. Data from Thailand Tourism and Sports showed that 420,000 foreign tourists visited Thailand in 2021, down 93.62 per cent year-on-year, and foreign tourists earned 2.4 billion baht from tourism. The first quarter of 2022 saw higher growth in foreign tourists in Thailand compared to the same period in 2021, with 440,000 tourists, up 2.1 per cent, and generating about 34.2 billion baht in tourism revenue, up 1.4 per cent.

## ( 2 ) Information on the digital economy

The Thai government has made the development of the digital economy one of its national strategies, and has formulated short- and long-term plans for the development of the digital economy, increasing investment in the development of digital infrastructure, digital payments, etc., and striving to become a big data centre and cloud service centre in the Asia-Pacific region. Thailand has taken the lead in ASEAN in building 5G infrastructure, with Tencent and Huawei both setting up data centres in the country. Thailand's spending on cloud services is reportedly higher than the world average, and the country's digital economy is expected to be worth as much as \$53 billion by 2025, with an average annual growth rate of 25 per cent. By 2030, the digital economy is expected to account for 30 per cent of the country's GDP.

## ( 3 ) Green development in energy, buildings, industry, transport and other sectors

In order to participate in addressing climate change and other environmental issues, the Thai government has adopted the "Bio-Cycle-Green" (BCG) economic model as a national development concept and has introduced investment promotion policies covering a wide range of industries, including agriculture and food processing, biotechnology, and renewable energy generation. In recent years, investment in these sectors has been growing. In 2021, the total value of projects applying for investment promotion incentives in the BCG sector was 152,434 million baht, up 123 per cent year-on-year, and the total number of projects was 746, up 63 per cent year-on-year. During the period of 2015-2021, the total value of projects applying for investment promotion incentives in the BCG sector amounted to 675,781 million baht, with a total number of

2,996 projects. 2,996. By September 2021, the top five BCG industries with the largest investment amounts are, in order: generating electricity from renewable energy sources (including the use of waste-to-energy); producing or preserving food, beverages, food additives, or condiments using advanced technology; producing environmentally friendly chemical products or polymers; manufacturing and processing agricultural residues or by-products as raw materials; and producing natural rubber products.

( 4 ) Large enterprises in various industries

Agriculture: CP GROUP, MITR PHOL GROUP

Industry: AMATA GROUP, PTT GROUP, Siam Cement Group

(Siam Cement Group)

~~Services sector~~: Central Group, CP Group, Sahapat Group

(5) Large and well-known M&A projects in 2021

In July 2021, the Chirathivat family's Central Pattana (CPN) announced the acquisition of Thailand's open-plan shopping centre.

Heart developer and operator Siam Future Development (SF) . In October 2021, the transaction to acquire all shares closed at a cost of Bt23,568 million for a 96.24 per cent stake.

Gulf Energy Development Public Company Limited, a Thai energy company, acquired Intouch Holdings Public Company Limited or INTUCH for Bt48bn with a 42.25 per cent stake, investing mainly in telecoms, 5G technology, national infrastructure and other businesses.

In 2021, True and DTAC, two of Thailand's largest mobile phone network service providers, announced their merger, with each company having reported to the Stock Exchange of Thailand that it had approved the signing of a preliminary memorandum of understanding. An announcement from both parties indicated that the two companies would be merged into a new company, with the shares of both companies being proportionately converted into shares of the new company. The move was opposed by the National Broadcasting and Telecommunications Commission (NBTC) as forming a monopoly and a petition was filed with the Administrative Court. The Administrative Court has now rejected the petition, ruling that the merger of True and Dtac is compliant and can proceed. Upon completion of the merger, the new operator will be by far the largest mobile network operator in Bumiputra, with a market share of over 40 per cent (in terms of mobile subscribers).

## 2.3 infrastructure

### 2.3.1 motorway

Thailand has a well-developed road transport sector, with a network of roads covering both urban and rural areas of the country, divided into national highways and ancillary roads, local roads and special high class roads. According to the Ministry of Transport of Thailand, in 2020, Thailand will have a total road mileage of about 702,200 kilometres, of which 100,500 kilometres will be national highways and ancillary roads, 601,500 kilometres will be local highways, and 225 kilometres will be special high-grade roads.

Connectivity with China and neighbouring countries is as follows:

[and China]

Travelling to China mainly via the "Kunman Highway".

- ( 1 ) Route R3A: Bangkok, Thailand - Laos - Kunming, China, about 1880 kilometres long;
- ( 2 ) Route R3B: Bangkok, Thailand - Myanmar - Kunming, China, approximately 1,850 kilometres in length.

[with Laos]

There are 11 provinces bordering Laos and 14 land crossings (including cross-Mekong waterway crossings), and Laos can be accessed mainly through the Thai-Laos Friendship Bridge in Chiang Rai, Nong Khai, Mukdahan and Nakhon Phanom provinces.

[with Myanmar]

There are 10 provinces bordering Myanmar, with 3 land crossings, mainly through the Mae Sot crossing at Daphu, Thailand, and the Mae Sai crossing at Chiang Rai.



To Myanmar.

[with Malaysia]

There are five provinces bordering Malaysia and nine land crossings, mainly to Malaysia through five crossings such as Shadun.

[with Cambodia]

There are seven provinces bordering Cambodia and six land crossings, mainly through the Sa Kaeo Province Crossing and others to Cambodia.



The 8th King's Bridge

### 2.3.2 railways

Thailand's railway system is relatively backward, according to the Ministry of Transport of Thailand, in 2020, Thailand's railway network mileage is about 4,952 kilometres, of which: 4,736 kilometres are metre-gauge railways covering 47 provinces; 151 kilometres of urban railways are concentrated in Bangkok and its surroundings. 4 major railway trunk lines are centred on Bangkok and extend to the north, east, south and north-east.

Currently, most of the rail link from Kunming in China's Yunnan Province to Vietnam, Cambodia, Thailand, Malaysia and Singapore is made up of existing rail links.

In December 2014, China and Thailand signed a Memorandum of Understanding on Cooperation in Developing Railway Infrastructure, which was designed and constructed using Chinese standards and implemented in two phases. On 21 December 2017, the first Bangkok-Korat section of the first phase of the China-Thailand Railway

project officially entered the construction phase.

In addition, there are regular day and night trains from Bangkok to Malaysia, both express and ordinary, which are air-conditioned. Bangkok to Kuala Lumpur takes about 40 hours. Bangkok to Singapore takes about 46 hours.

### 2.3.3 airfreight

Thailand's aviation industry is relatively well developed. Passenger air transport has become the main mode of transport for foreign tourists entering Thailand, with the number of foreign tourists entering Thailand by air accounting for about 80 per cent of the total number of foreign tourists entering Thailand. In terms of cargo transport, due to the high cost of air freight, the total amount of air freight accounts for only 0.02 per cent and 0.3 per cent of the share of domestic and international freight, respectively.



Bangkok Suvarnabhumi International Airport

There are 74 airports throughout Thailand, including 36 commercial and 38 non-commercial airports. A total of 80 airlines from 53 countries and regions have regular flights to Thailand, with 89 international flights to more than 40 cities in Europe, the Americas, Asia and Oceania, and domestic flights to 21 large and medium-sized cities across the country. Before the epidemic, Beijing, Shanghai, Guangzhou, Kunming, Chengdu, Shantou and Hong Kong had regular flights to and from Bangkok.

#### 2.3.4 waterborne transport

Water transport in Thailand is divided into two types: maritime and river transport. The inland waterways are 4,000 kilometres long, with the Mekong and Chao Phraya Rivers being Thailand's two main waterway transport routes. Currently, there are 47 ports in the country, including 26 Gulf ports and 21 international ports. Major ports

include Bangkok Port (Khlong Toei Port), Laem Chabang Port, Chiang Saen Port, Chiang  
Khong Port and Ranong Port. 3

Sea lines to China, Japan, USA, Europe and Singapore.



Laem Chabang Pier

### 2.3.5 electrical power

At present, Thailand's own power generation capacity can basically meet domestic demand, Chinese enterprises to invest in setting up factories generally do not need to provide their own power generation equipment, but along with the economic development, the contradiction between supply and demand of electricity is becoming more and more prominent. Data from the Electricity Authority of Thailand (EAT) show that Thailand's total installed capacity in 2021 will be 46,095.87 MW, of which 34.79 per cent will be generated by the National Electricity Authority (NEA), 32.27 per cent by the Independent Power Producers (IPPs), 20.53 per cent by the Small Power Producers (SPPs), and 12.41 per cent by foreign imports.

### 2.3.6 digital infrastructure

In recent years, the Thai Government has put forward the "Thailand 4.0" national strategy, which prioritises the digital economy, and the country has increased its investment in digital economy infrastructure. Currently, 4G networks cover more than 30,000 villages, more than 10,000 free Wi-Fi points and more than 600 digital communities have been established. To accelerate the entry into the "Thailand

4.0" era, the government is proposing to create digital parks in the Eastern Economic Corridor region of Thailand to establish digital smart cities, big data centres and IoT centres. Thailand's data centre and cloud market is at an emerging stage, and in recent years, the country has continued to strengthen its investment in data centre and cloud services rapidly, with the total amount of investment in the country's data centre and cloud services sector increasing significantly in a short period of time, with a large portion of the investment originating from foreign investors or joint ventures. Huawei has established ASEAN's first 5G ecosystem innovation centre in Thailand and is proposing to establish a third digital centre in the country. ZTE has partnered with Thailand's number one telecoms operator AIS and Suranaree University of Technology to deploy 5G technology and establish smart factories through the



Over expanding 5G applications to help upgrade Thailand's manufacturing sector. Thailand's data centre market is expected to grow at a CAGR of 26% from 2019-2025 due to increasing demand from automotive manufacturing, technology providers, and retail businesses. Currently, there are at least 29 digital centres and 53 cloud service providers in Thailand. This figure is expected to witness significant growth in the coming years. Domestic e-commerce giants such as Alibaba and Jingdong have settled in Thailand, with e-tailing, cross-border e-commerce and mobile payments gaining momentum.

February 2022, Thailand's Ministry of Digital Economy and Society signed a Memorandum of Understanding (MOU) with Huawei Technologies (Thailand) Co. Ltd. in Bangkok on the 25th to continuously deepen the cooperation between the two companies in the field of government cloud, support Thailand in building a digital government, enhance its competitiveness in the digital economy, and thus promote Thailand as an ASEAN digital hub. In addition, the two sides will collaborate to expand the development and construction of Thailand's public cloud infrastructure, endeavour to cultivate an ecosystem of government agencies with industry partners, startups, SMEs, and universities, and provide integrated solutions, and work together with Huawei Cloud's 20,000 partners globally to build a digital ecosystem that is open, collaborative, and evolving.

2022 In June 2022, Thailand's Ministry of Digital Economy and Society, the Digital Economy Promotion Authority, the GSMA Asia-Pacific 5G Industry Association, and Huawei co-hosted the Thailand 5G Summit 2022 in Bangkok, Thailand. Thailand's Prime Minister and Minister of Defence Prayuth hosted the opening ceremony and witnessed the establishment of the 5G Alliance, stating that the government had assigned the Ministry of Digital Economy and Society to formulate a policy framework and action plan to promote the application of 5G technology, encourage the development of 5G products and services, and build a 5G industry ecosystem through telecommunication infrastructure development.

#### 2.4 price level

Price levels vary across Thailand and are highest in the Bangkok region. According

to Expatistan, a city living data platform, the cost of living in Bangkok is higher than 63 per cent of Asian cities and 36 per cent of world cities. The overall cost of living in Bangkok is not much different from Beijing, with housing costs 27 per cent lower and transport costs 54 per cent higher. 20 June 2022, Bangkok Supermarkets Locally produced jasmine rice 5kg bag 209 baht, 1kg bag of flour 49 baht, 10 regular eggs 59 baht, 400g of skinned pork 172 baht, 300g of pork ribs 100 baht, 400g of Chicken breast 106 baht, 420 g chicken wings 109 baht, 1 kg beef 320 baht, 1 kg frozen white shrimp 300 baht, 1 litre of whole milk 45 baht, 1 kg tomatoes 100 baht, 500 g carrots 35 baht, 500 g cabbage 25 baht, 500 g broccoli 60 baht, 1 kg potatoes 50 baht, 1 litre of cooking oil 76 baht.

## 2.5 development project

[Thailand 4.0 strategy]

In 2016, the Thai government proposed the "Thailand 4.0" high value-added economic model. Prime Minister Prayuth has portrayed on several public occasions



It described the vision of reforming Thailand's economic structure, stating that the Thai economy would be upgraded to 4.0, promoting the application of more high-tech and innovative technologies, so that innovation would truly become the main driving force of Thailand's economic growth. Investment will play an important role in the 4.0 reform, and the national investment policy will be tilted towards the five major areas of "core technology, talent, infrastructure, enterprises and target industries". The 10 target industries that will become the new engines of Thailand's economic development are automotive manufacturing, smart electronics, high-end tourism and medical tourism, agriculture and biotechnology, food processing, industrial robotics, aviation and logistics, bio-energy and bio-chemicals, digital economy, and medical centres.

Website link: [https://www.sacrhung.go.th/datacenter/doc\\_download/a\\_310717\\_125838.pdf](https://www.sacrhung.go.th/datacenter/doc_download/a_310717_125838.pdf)  
[National 20-year development strategic plan]

In October 2018, Thailand's National 20-Year Development Strategic Plan (2018-2037) was officially promulgated and implemented. The main development concept of the plan is to build Thailand into a stable, affluent and sustainable country centred on a "self-sufficient economy", with the aim of becoming one of the developed countries by 2037. The Plan covers six main development objectives, including political and social stability and the ability to respond to external threats; enhancing international competitiveness and raising national income; developing national rights and interests and improving education, health care and security; creating social equity and narrowing the gap between the rich and the poor; improving the people's standard of living while protecting the environment; and improving the efficiency of the Government's administration, eradicating corruption, and making the judiciary system more transparent, better and fairer.

Website link: <https://sto.go.th/th/about/policy/20-year-strategic-plan>  
[Eastern Economic Corridor Programme]

In 2015, the Thai government proposed the Eastern Economic Corridor (EEC) development plan, with the goal of attracting foreign investment to participate in the construction of the EEC region, improving Thailand's industrial structure, enhancing the country's overall competitiveness, and enabling Thailand to escape from the middle-income trap. On 15 May 2018, the Eastern Economic Corridor (EEC) Special Economic Zone Act was officially enacted and put into effect after Royal Assent from the Tenth King of

Thailand. The Eastern Economic Corridor connects Thailand's provinces of Phetchaburi, Chonburi and Rayong. The main elements of the plan include: focusing on the development of 10 major industries, including new automobiles, smart electronics, high-end agriculture and biotechnology, food processing, robotics, biomaterials and information technology; the government's increased efforts to improve the region's infrastructure, including high-speed railways and highways; and the investment of \$44 billion over the period 2017-2021, with 80 per cent of the funds coming from the private sector and the rest from the government.

Website link: <https://www.eeco.or.th/en>

[SME development planning]

In October 2016, the Thai Cabinet adopted the 4th Five-Year Master Plan for the Development of Small and Medium Enterprises (SMEs), according to which the SMEs' share of the Gross National Economic Value (GNED) will increase to 50 per cent over the next five years.

Website link: [https://sme.go.th/upload/mod\\_download/Eng\\_04-20171024001353.pdf](https://sme.go.th/upload/mod_download/Eng_04-20171024001353.pdf)

[Digital economy development]

In October 2020, Thailand launched the Thailand Digital Development Roadmap to promote the transformation of Thailand's digital economy in harmony with the rapidly evolving technology, consumer habits and business environment to help the country succeed in the digital economy over the next 20 years. The digital roadmap is divided into four main parts: building a digital technology talent pool, developing the digital economy, promoting digital capacity building in the community, and building a digital innovation eco-system through smart city, big data and cyber security development.

Website link: <https://onde.go.th/>

Broadband infrastructure development is crucial for economic and social development. Thailand aims to become a fixed broadband developed country by 2022-2027. That includes bridging the digital divide, especially in rural areas, and establishing the basis for sustainable economic and social development.

Web link: <https://www.nbt.go.th/News/Information/53196.aspx?lang=th-th>

[13th Five-Year Plan]

In October 2021, the Thai Cabinet adopted the 13th Five-Year Plan (Draft) submitted by the Office of the National Economic and Social Development Board (NESDB) as the 2nd Five-Year Plan of the 20-year National Strategic Development Master Plan (NSDMP) for the period of 2023-2027. "The goal of the 13th Five-Year Plan is to realise Thailand's overall transformation into a "progressive society with economically sustainable value-added creation". The five main objectives are: restructuring of the manufacturing sector towards innovative industries, nurturing talents for a new era, creating a society with equity and equal opportunities, sustainable development model, and strengthening the country's ability to cope with the risks of new changes.

Website link: <https://www.nesdc.go.th/download/document/Yearend/2021/plan13.pdf>

[Green economy development]

Against the backdrop of global and domestic changes, Thailand's development paradigm has shifted from a "growth-oriented approach" to a new paradigm that is "people-centred". This new development paradigm is reflected in Thailand's Twenty-Year National Strategy (2017-2036). Meanwhile, in Thailand's 12th Five-Year National Economic and Social Development Plan (2017-2021), an inclusive approach to development is further emphasised, with the ultimate goal of moving the country towards

prosperity, security, sustainability and happiness. Accordingly, green growth and a low-carbon society have been identified as key development goals for Thailand.

In 2018, Thailand introduced a voluntary emissions reduction programme aimed at reducing Thailand's greenhouse gas emissions and preparing for carbon emissions trading, among other things. The energy consumption target is based on the 20-Year Energy Efficiency Development Plan (20-Year Energy Efficiency Development Plan, 20-Year Energy Efficiency Development Plan, 20-Year Energy Efficiency Development Plan, 20-Year Energy Efficiency Development Plan).

EEDP, 2011-2030) and the technical energy saving potential

set for each industrial sector. Website link:

<http://www.carbonmarket-foundation.org/userfiles/zdk/file/LCC%20T-VER%20Presentation%202019%20-%20English%20version.pdf>

In order to promote the sustainable development of the post epidemic economy, the Thai government has proposed the BCG development model, which is based on the development of three major areas, namely the Bio Economy, Circular Economy and Green Economy, with a focus on agriculture and food, health and medical care, energy, materials and biochemistry, tourism and the creative economy. In 2021, the BCG economic model was recognised as Thailand's national strategy and included in the country's 13th Five-Year Plan for National Economic and Social Development. In February 2022, the Action Plan for Thailand's Development through the BCG Economic Model (2021-2027) was launched and the Board of Investment (BOI) has increased its efforts to promote the BCG economic model. ( In February 2022, Thailand launched the Action Plan to Promote Thailand's Development through the BCG Economic Model (2021- 2027), and the Board of Investment Promotion of Thailand (BOI) has increased its support and preferential incentives for investment in BCG model.

Website link: <https://www.bcg.in.th/bcg-action-plan/>

### 3. Economic and trade cooperation

#### 3.1 trade agreement

Thailand is a full member of the World Trade Organisation (WTO) and has so far negotiated a total of 13 multilateral and bilateral FTAs, including the ASEAN Free Trade Agreement (AFTA), bilateral FTAs with Australia, New Zealand, Japan, India, Peru, and Chile, and as an ASEAN member country, FTAs with China, the Republic of Korea, Japan, India, Australia, New Zealand, and Hong Kong, China.

Thailand has also signed and ratified the Regional Comprehensive Economic Partnership Agreement (RCEP), which entered into force on 1 January 2022.

On 23 May 2022, Thailand announced that it had joined the United States-sponsored Indo-Pacific Economic Framework (IPEF), joining the United States, South Korea, Japan, India, Australia, New Zealand, Indonesia, Malaysia, the Philippines, Singapore, Viet Nam, and Brunei as the 13 initial members.

Thailand's exports enjoy GSP treatment from the United States, Switzerland, Norway, Russia and the CIS countries, with the United States being the main destination country for GSP exports. Although the United States cancelled the GSP treatment of some Thai exports on two separate occasions in 2020, Thailand still has 644 important commodities enjoying GSP preferences.

#### 3.2 foreign trade

[Trade in goods]

According to the Thai Ministry of Commerce, Thailand's total exports and imports of goods in 2021 will be US\$538,774 million, with exports US\$ 271,174 million and imports US\$ 267,600 million, resulting in a trade surplus of US\$ 3,573 million.

**Table 3-1 Thailand's major trading partners, 2021**

(In millions of United States dollars)

Ranking	Country (region)	volume of trade (between countries)	Thai exports	Imported from Thailand
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7	Indonesia	16988	8861	8127
8	Singaporean	16375	9010	7365
9	South Korea (Republic of Korea)	15802	5883	9919
10	China-Taiwan	15166	4657	10509
11	India	14940	8534	6406
12	Hong Kong, China	14448	11589	2859
13	UAE	12322	2782	9541
14	German	11166	4941	6225
15	Philippine	10883	7068	3815
Total exports and imports of 15 countries (regions)		409518	202780	206736
Remaining countries (regions)		129256	68393	60863

Source: Ministry of Commerce, Thailand

**Table 3-2 Thailand's Main Imports, 2021**

(In millions of United States dollars)

ran king s	commodity category	import t amou nt
1	crude oil	24139
2	Machinery and components	20952
3	chemicals	20637
4	Appliances and components	19272
5	Steel and products	16417
6	IC	15150
7	Other metal products	12954
8	gold, silver and	11983
(In millions of United States dollars)		
ran king s	commodity category	expor t amou

2	Computers and components	18671
3	Rubber Products	14469
4	Plastic beads	11248
5	Jewellery	10045
6	chemicals	9797
7	refined oil	8833
8	IC	8491
9	Machinery and components	7980
10	Steel and products	6796

Source: Ministry of Commerce, Thailand

#### [Trade in services]

Thailand is a relatively developed country in terms of trade in services among ASEAN member countries. Before the New Crown Pneumonia epidemic, Thailand's service trade volume all showed double-digit growth, and the service trade was in surplus during 2012-2019, and the surplus has been expanding year by year, and it is a major service trade exporter in Southeast Asia, and in 2019, Thailand's service trade volume accounted for 25.4 per cent of GDP. However, after 2020 due to the New Crown epidemic pandemic, Thailand's service trade, mainly tourism, suffered a heavy blow, ending nearly 10 years of surplus and turning into a deficit, while the share of service trade in GDP continued to decline, falling to 16.5 per cent in 2021.

In 2021, Thailand's services exports and imports totalled US\$90.03 billion, up 18.0 per cent year-on-year. Of this, exports were \$24.502 billion, down 20.9 per cent year-on-year; imports were \$65.501 billion, up 44.7 per cent year-on-year; and the deficit was \$40.999 billion, up 186.9 per cent year-on-year.

In 2021, other business services became Thailand's top services trade export item, with annual exports of US\$13.132 billion, accounting for 53.6 per cent of Thailand's services exports; up 9.6 per cent year-on-year. Second is tourism, with annual exports of US\$4.812 billion, accounting for 19.6 per cent of Thailand's services exports, a significant



drop in share; down 64.4 per cent year-on-year. Third was transport, with annual exports of \$4.322 billion, up 29.6 per cent year-on-year.

In 2021, transport was Thailand's top services trade import item, accounting for \$38.445 billion or 58.7 per cent of Thailand's services imports for the year; imports rose 111.46 per cent year-on-year due to soaring international freight rates. Second is other commercial services, annual imports of \$12.326 billion, accounting for 18.8 per cent of Thailand's services imports, down 4.4 per cent year-on-year. Third was other uncovered intellectual property royalties, with imports of \$5.606 billion for the year, up 2.4 per cent year-on-year.

Up to now, Thailand has not released data on its trade in services with its partners, but in terms of the status of exports and imports of trade in services items, its partners are mainly ASEAN, the European Union, the United States, Japan, China, and the Republic of Korea, among others.

### 3.3 absorb foreign capital

According to the Thailand Investment Promotion Board (TIPB), Thailand attracted more than 640 billion baht of foreign investment in 2021, with 783 FDI applications. In terms of countries, Japan invested 80,733 million baht, China invested 38,567 million baht, and SGP invested 29,669 million baht. Thailand's main sources of investment are Japan, China, the EU, ASEAN, the US, India and South Korea. Currently, many well-known multinational companies have branches or Southeast Asian headquarters in Thailand, responsible for business development in Thailand and Southeast Asia.

### 3.4 foreign aid

#### [Receiving international assistance]

At the time of its establishment in 1946, Thailand was one of the fastest-growing recipients of economic and technical assistance, which came mainly from the United States, Japan, Australia and Canada, as well as from European countries and United Nations agencies. Aid has been crucial in transforming Thailand's economic structure and strengthening its position in international trade.

Currently, the Organisation for Economic Co-operation and Development (OECD) database shows that Thailand's status as an aid recipient has been significantly reduced and its role as a provider of development assistance has gradually increased, shifting from a recipient to a donor of development assistance. However, Thailand still receives development assistance from developed countries such as China, Japan, Korea, Germany and the United States, as well as some international organisations, in the areas of science, technology and innovation, from human resource development, education, infrastructure, production and services. The Thai Cooperation Agency has supported other government agencies in receiving development assistance projects from abroad, such as the Infectious and Communicable Diseases Project with the United States, the Agricultural Technology and Environment Project with Germany and the Public Health Project with Japan.

#### [Receiving assistance during the new crown epidemic]

According to incomplete statistics, the assistance provided by China to the Thai side during the epidemic of New Crown Pneumonia is as follows (as of 20 June 2022):

Vaccines: 3.5

million doses

Masks: 3,426,000

protective

clothing: 79,400

sets

Testing reagents:

176,000 human doses

Medical gloves:

104,000 pairs Medical

goggles: 12,000 pairs

Medical protective

shoes: 30,000 pairs

### 3.5 China-Thai economic and trade relations

### 3.5.1 bilateral agreement

The China-ASEAN Free Trade Agreement (CAFTA) is the most important economic and trade agreement between China and Thailand, covering trade in goods, trade in services and investment. At the same time, both China and Thailand are also members of the Regional Comprehensive Economic Partnership (RCEP), and can enjoy RCEP-related economic, trade and investment facilitation.

In January 2021, the central banks of both sides renewed their bilateral local currency swap agreement at RMB 70 billion/THB 370 billion, which is valid for five years and can be extended by mutual consent.

In addition, China and Thailand have signed the Agreement on the Avoidance of Double Taxation, the Memorandum of Understanding on Cooperation in Agricultural Trade between China and Thailand, the Agreement on Inspection, Quarantine and Veterinary Health Requirements for Frozen Poultry Meat and its By-products Exported from Thailand to China, and the Agreement on the Protection of the Rights and Duties of the People's Republic of China.

Memorandum of Cooperation on the Eastern Economic Corridor (EEC) and other documents on economic and trade cooperation.

### 3.5.2 bilateral trade

According to China Customs, in 2021, China-Thailand bilateral trade in goods totalled US\$131.179 billion, up 33 per cent year-on-year. Among them, China's exports to Thailand were \$69.367 billion, up 37.3 per cent year-on-year, while China's imports from Thailand were \$61.812 billion, up 28.5 per cent year-on-year.

**Table 3-4 Bilateral Trade in Goods between China and Thailand**

(in billions of United States dollars)

vintages	import and export value	China's exports	China's imports	Cumulative $\pm$ per cent over the same period of the previous year		
				import and export	Chinese exports	Chinese imports

2017	802.9	387.1	415.8	6	4.1	7.9
2018	875.2	428.9	446.3	9.2	11.3	7.3
2019	917.5	455.9	461.6	4.9	6.3	3.4
2020	986.2	505.3	481.0	7.5	10.8	4.2
2021	1311.8	693.7	618.1	33.0	37.3	28.4

Source: General Administration of Customs, China

China's top five exports to Thailand are electrical machinery and equipment, machinery and equipment, plastics and products, steel and iron and steel products; the top five imports are machinery and equipment, electrical machinery and equipment, rubber and products, fruits and plastic products.

### 3.5.3 two-way investment

[China's investment in Thailand] According to China's Ministry of Commerce, China's direct investment flow to Thailand in 2021 will be US\$1.486 billion.

By the end of 2021, the stock of Chinese direct investment in Thailand was US\$9.917 billion.

**Table 3-5. Chinese Direct Investment in Thailand, 2017-2021**

(in US\$ million)

	2017	2018	2019	2020	2021
annual flow	105,759	73,729	137,191	188,288	148,601
Year-end stock	535,847	594,670	718,585	882,555	991,721

Source: Ministry of Commerce, National Bureau of Statistics and State Administration of Foreign Exchange, China's Outward FDI Statistical Bulletin 2021.

By the end of 2021, there were a total of 532 Chinese investment enterprises in Thailand on record with the Economic and Commercial Office of the Chinese Embassy in Thailand. The business scope covers manufacturing, trade, engineering and construction, banking, insurance, transport, medicine, media, tourism services and other fields.

[Thailand's Investment in China] According to China's Ministry of Commerce, in 2021, Thai companies invested US\$107 million in China's investment flow; by the end of 2021, Thai companies had accumulated US\$4.59 billion in direct investment in China.

#### 3.5.4 Contractual engineering and labour cooperation

According to China's Ministry of Commerce, in 2021, Chinese enterprises Chinese enterprises signed 132 new contracted engineering contracts in Thailand, with a new contract value of US\$5.498 billion, a year-on-year decline of 43.1 per cent. Completed turnover of 2.704 billion U.S. dollars, an increase of 2.6 per cent year-on-year. A total of 494 labourers of various types were dispatched, with 1,406 labourers in Thailand at the end of the year.

China's contracting business in Thailand started in 1980, and after years of pioneering and hard work, Thailand has developed into one of the important contracting markets for China in ASEAN. In recent years, in order to enhance the competitiveness of the country, the Thai government has put forward the "Thailand 4.0" strategy and the

"Eastern Economic Corridor" development plan, and at the same time promoted the construction of the Southern Economic Corridor and the creation of 10 border special economic zones, and continuously launched new economic policies and initiatives. At the same time, it has strengthened investment in large-scale infrastructure construction, such as railways, ports and airports, and upgraded transport capacity and connectivity, which has brought new development opportunities and space for Chinese contracting enterprises to develop in Thailand.

Up to now, the number of contracting enterprises joining the Thai Chinese Enterprises Chamber of Commerce has increased to 47, and a number of Chinese enterprises with international competitiveness, such as China State Construction Corporation, China Harbour Engineering Company Limited, China Electric Power Construction Group Company Limited, China Railway Construction Corporation, China Railway Company Limited, etc., have been conducting business in Thailand, which are mainly involved in the fields of infrastructure, electric power industry, housing construction, petroleum and chemical engineering, etc. Ltd. and China Railway Construction Co.



China Harbour (Thailand) Co.

The China-Thailand Railway Project is an intergovernmental cooperation project between China and Thailand, on 19 December 2014, the Chinese and Thai governments signed a Memorandum of Understanding on Cooperation in Railway Infrastructure Development under the framework of Thailand's Transport Infrastructure Development Strategy 2015-2022, announcing the joint construction of the China-Thailand Railway; the two countries hosted a launch ceremony in Bangkok on 19 December 2015, and in December 2017 the official groundbreaking. The project is designed and constructed using Chinese technology and will be implemented in two phases, with the first phase being the Bangkok-Korat section (approximately (253 kilometres) and the second phase is the Korat-Nong Khai section (about 354 kilometres).

### 3.5.5 Offshore Parks

At present, Chinese enterprises have mainly developed, operated and constructed overseas economic and trade co-operation zones in Thailand, such as Thailand-China Rayong Industrial Park, Thailand-Zhengda-Guangxi Jiangong Industrial Park, and



Amata (Nanjing) Wisdom City, etc. Among them, Rayong Industrial Park is the best industrial park operated by Chinese enterprises in Thailand. Among them, Thailand-China Rayong Industrial Park is the industrial park with the best operating condition for Chinese enterprises in Thailand.

Thai-Chinese Rayong Industrial Park is a modern industrial park for Chinese investors developed in Thailand in 2005 by China Huali Group in co-operation with Thailand Amata Group. The park is located on the eastern coast of Thailand, close to Bangkok, the capital of Thailand, and adjacent to the port of Laem Chabang, the largest container deep-water port and logistics hub in Thailand. The first phase of the park covers an area of 12 square kilometres and consists of a general industrial zone, a bonded zone, a logistics and warehousing zone and a commercial and living area. The main objective of the park is to attract auto and motorcycle parts,

Chinese enterprises invest in new technology, new energy, new materials, machinery, home appliances and other related industries. After 16 years of construction, the first phase of Thai-Chinese Rayong Industrial Park has basically completed the investment promotion, with nearly 160 Chinese enterprises settling and investing in the park, driving Chinese enterprises to invest more than 4 billion US dollars in Thailand, with a cumulative gross output value of more than 18 billion US dollars, and with more than 36,000 Thai employees and 4,000 Chinese employees in the park.



Thai-Chinese Rayong Industrial Park

### 3.5.6 China-Thailand Production Capacity Co-operation

China-Thailand production capacity cooperation has been fruitful, and the Thai-Chinese Rayong Industrial Park built by enterprises of the two countries is one of China's first overseas economic and trade co-operation zones, focusing on the development of auto parts, machinery, new energy and other industries. Thailand is the world's largest producer of natural rubber, but also an important overseas investment in China's rubber industry, Sinochem Group, Linglong Tire, China Tire and other companies invested in Thailand to set up factories, the annual output of rubber continues to increase. China's photovoltaic industry in Thailand is developing rapidly, Zhongli TengHui, Trina Solar,

Yingli and other heavyweight PV enterprises have landed in the Thai market, 500 MW photovoltaic cell and 500 MW photovoltaic module projects have been successfully put into operation, and the PV market pattern of "based on Thailand, facing ASEAN" is gradually taking shape.

The high-tech, new and cutting-edge elements of China-Thailand pragmatic cooperation have become increasingly prominent. Huawei has set up a technology and innovation laboratory in Bangkok to provide services for small and medium-sized enterprises and start-ups in line with the direction of the Thai government's development of the innovation economy; Alibaba Group has participated in the development plan of the Eastern Economic Corridor, established an e-commerce centre based in Thailand and radiating to the Central and Southern Peninsulas, and cooperated with the Thai business community.

Ministry to carry out government-enterprise cooperation; the Chinese Academy of Sciences will launch the ASEAN (Bangkok) Innovation Centre in Thailand to build a new platform for scientific and technological cooperation between the two countries.

In terms of cooperation on rail transport equipment, CSR Changchun Railway Coach Co., Ltd. has exported a total of 164 metro cars and 115 railway coaches to Thailand, realising a sales revenue of more than 300 million US dollars.



China Harbour constructs Thailand Laem Chabang Port  
Phase III D Container Terminal Project

There have been two cooperation projects in the field of aerospace, the first of which is the Princess Chulabhorn Satellite Receiving Station, which was officially delivered on 1 April 2011 to the Thai side. Built by the China Resources Satellite Application Centre of the China Aerospace Science and Technology Corporation (CASAC) for the University of Agriculture of Thailand, the receiving station receives in real time every day the remote sensing images of floods transmitted by the Environment 1A satellite in transit, which are processed, interpreted and analysed in real time, thus providing timely and powerful support for Thailand's understanding of disaster mitigation and the issuance of early warnings of mudslides. China's first export to Thailand of the environmental disaster reduction satellite ground station project

into formal operation, to deepen the international cooperation between China and Thailand in space is an important milestone; the second project is the cooperation between China Great Wall Industry Group Corporation and Thailand THAICOM Public Company Limited (THAICOM Public Company Limited) subsidiary International Satellite Company Limited (International Satellite Company Limited). International Satellite Company Limited (ISC), a subsidiary of THAICOM Public Company Limited (THAICOM), which signed a procurement contract for communication satellites on 20 October 2016 in Bangkok.

## 4. Investment environment

### 4.1 investment appeal

From the point of view of the attractiveness of the investment climate, Thailand's competitive advantages are sixfold: a generally more stable society that is friendly to China; good economic growth prospects; high market potential; a favourable geographic location at the geographic centre of South-East Asia; wage costs that are lower than those in developed countries; and greater policy transparency and trade liberalization.

According to the World Bank's Global Doing Business Index 2020 ranking, Thailand ranked 21st out of all 190 economies, up four places from the previous year. The Global Innovation Index 2022, published by the World Intellectual Property Organisation, ranked Thailand 43rd out of 132 countries and territories in the composite index.

The Thai Government is committed to transforming itself into a digital government by implementing the Thailand Digital Government Development Programme (2023-2027), which promotes the development of government e-services related to small and medium-sized enterprises (SMEs), national welfare, tertiary institutions, agricultural data, laws and regulations, and health and medical services.

### 4.2 financial environment

#### 4.2.1 Local currency

The unit of currency in Thailand is the baht (Baht). 1 baht is equal to 100 satang. The baht is a freely convertible currency, and the Chinese yuan can be used to settle directly with the baht.

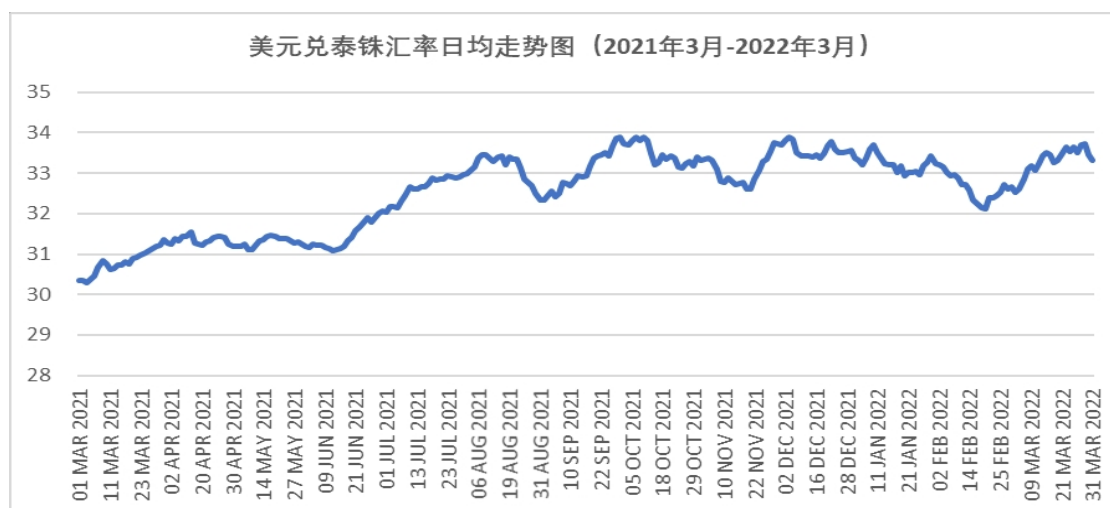
#### [Level of interest rates]

In response to the economic impact of the NKP epidemic, the Bank of Thailand has kept interest rates low and stable for a long period of time, with the benchmark interest rate unchanged at a low 0.5 per cent from the beginning of 2021 to May 2022.

#### [Trends in exchange rate movements]

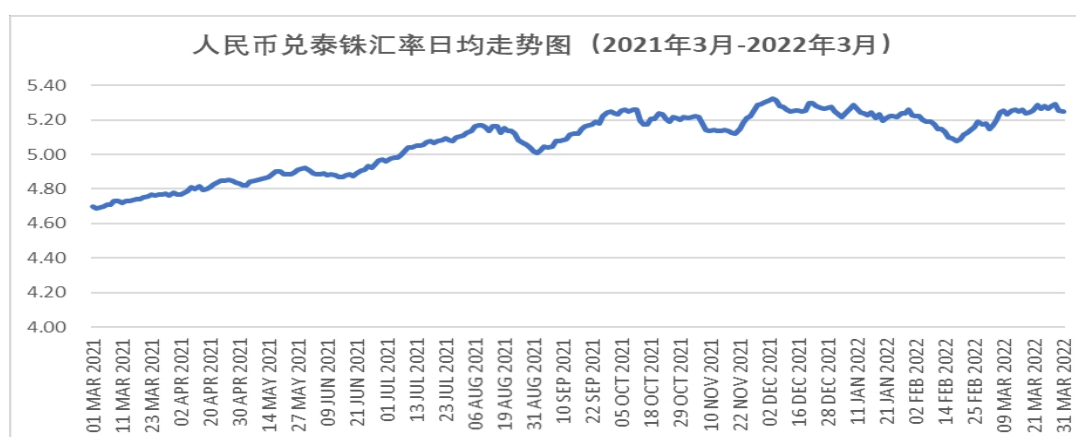
On 31 March 2022, the Central Bank of Thailand published a median exchange rate

of 1:34.1867 for the US dollar against the Thai baht, 1:5.1314 for the Chinese yuan against the Thai baht, and 1:37.1827 for the euro against the baht. In the three years since 2019, the baht has depreciated by 7.66 per cent against the US dollar and by 8.08 per cent against the Chinese yuan .



**Figure 4-1 Trends in the exchange rate of the United States dollar against the Thai baht**

Source: Bank of Thailand (BOT)



**Figure 4-2 Trends in the exchange rate of the renminbi against the Thai baht**

Source: Bank of Thailand (BOT)

**Table 4-1 Changes in the Thai baht against major global currencies**

(31 March 2022)		
Exchange rate reference price	Chinese Yuan (CNY)	American dollar
cash equivalent (accountancy)	5.1405	33.0429
spot price	5.1765	33.1393
Average selling price	5.3147	33.4553
Foreign	5.2456	33.2973



exchange trading mid-rate		
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Source: Bank of Thailand (BOT)

[Whether direct settlement between RMB and local currency is possible]

Renminbi can be settled directly with the local currency, and the Bank of China has taken the lead in the Thai market by realising direct quotes in Renminbi against the Thai baht. Enterprises in Thailand can make cross-border settlements in Thai baht and renminbi, and Chinese individuals working in Thailand can remit their salaries in renminbi directly back to China.

#### 4.2.2 Foreign exchange management

[Foreign exchange management policy]

Thailand is a country with limited foreign exchange control, with the Ministry of Finance authorising the central bank to manage foreign exchange. Compared to neighbouring countries, foreign exchange control is relatively lax. Except for a few businesses that require special approval from the central bank, foreign exchange funds under capital, trade and services can be freely transferred in and out of the country upon the provision of appropriate supporting documents to the bank. Foreign-funded enterprises investing in Thailand can apply to open foreign exchange accounts at local commercial banks for daily settlement. Local commercial banks have no special restrictions on the opening of foreign exchange accounts, and the examination criteria are the same as those for local Thai enterprises.

[Foreign exchange inward and outward remittance requirements]

(1) Remittance of Funds: Thailand encourages enterprises to remit investment funds to Thailand without any special restrictions or requirements on the currency or amount of funds to be remitted. Procedures are subject to the specific regulations of the depository bank.

(2) Remittance of funds: The balance of the foreign exchange account, such as investments, dividends and profits, as well as repayment of loans and payment of interest, can be freely remitted after all applicable taxes have been cleared.

(3) Inward and outward remittances under the current account:

Imports: Importers are free to purchase or withdraw foreign currency from their own foreign exchange accounts to pay for imports.

Exports: Export receipts are not subject to any exchange controls. However, export proceeds or transactions exceeding \$1 million are subject to the receipt of

foreign exchange and its delivery to an authorised bank within 360 days from the date of export, or its deposit in a foreign exchange account with an authorised bank within 360 days of receipt.

[Tax on profit remittance]

When a Thai enterprise makes payments to an overseas enterprise, it shall withhold tax in accordance with the following provisions:

- Commission, service charge 15 per cent;
- 15 per cent for copyright royalties;
- Interest of 15 per cent;
- Dividends of 10 per cent;
- 15 per cent on capital gains;
- 15 per cent of the rent of the property;

-15 per cent for professional services;

-- 10 per cent tax on remittance of branch profits.

The withholding tax on the foregoing amounts may be reduced or eliminated by what is otherwise agreed in the tax treaties between the two countries.

[Regulations on foreigners carrying cash in and out of the country]

(1) Foreign Currency: Foreign currency may be transferred or brought into Thailand without restriction. Anyone who receives foreign currency equivalent to US\$1 million or more from abroad must either remit it immediately and sell it to an authorised bank or deposit it in a foreign currency account with an authorised bank within 360 days of receipt. Foreigners are not allowed to stay temporarily in Thailand for more than three months, and foreign embassies, international organisations including staff members with diplomatic privileges and immunities, and Thai immigrants permanently residing or working abroad are exempted from the above regulations.

(2) National Currency: Thailand has no restrictions on the number of baht notes that can be brought into the country. To Vietnam, China

( People travelling to (Yunnan Province only) and Thai border countries can carry a maximum of 2 million baht and people travelling to other countries (regions) can carry a maximum of 50,000 baht.

Any person who brings into or takes out of Thailand Thai baht banknotes, foreign currency banknotes or negotiable monetary instruments with a total value of more than 450,000 baht or 15,000 US dollars or its equivalent must make a declaration to a customs officer.

#### 4.2.3 Banks and insurance companies

[Central banks, major commercial banks, foreign banks]

**Table 4-3 Major Banks in Thailand**

Central Bank of the Republi c of China (Taiwan )	Major commercial banks in Thailand	Major foreign banks in Thailand
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\*Note: In July 2021, Thai Military Bank completed its merger with Thai Nachan Bank to become TTB Bank, the sixth largest bank in Thailand.

**[Major commercial banks]**

**Bangkok Bank** (Bangkok Bank, <https://www.bangkokbank.com>): one of the largest international commercial banks in Southeast Asia, founded in 1944, with the head office established in Bangkok, Thailand, and nearly 900 branches in Thailand and 31 overseas branches established in China, Hong Kong, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Taiwan, the United Kingdom, the United States and Vietnam, with a high degree of globalisation.

**Kasikorn Bank** (<https://www.kasikornbank.com>) Founded in 1945 by a consortium of Chinese businessmen in Thailand, Kasikorn Bank was originally known as Thai-Chinese Farmers Bank, which provided services mainly to agriculture, and then expanded its services to industry and commerce. Since 3 April 2012, Kasikorn Bank has changed its name to Kasikorn Bank.

**Siam Commercial Bank** (<https://www.scb.co.th>): The first local commercial bank established by Royal Charter under the reign of King Rama V of Thailand.

**KrungThai Bank** (<https://krungthai.com>): Thailand's state-controlled, publicly traded bank, founded in 1966. The Ministry of Finance of Thailand is its largest shareholder.

The above four commercial banks are the four largest banks in Thailand, providing a full range of financial services to individuals and companies under the umbrella of asset management, securities and related insurance services, etc. The major foreign banks in Thailand offer essentially the same key financial services as the local commercial banks.

**[Chinese banks]**

The main Chinese banks in Thailand are Bank of China (Thailand) Limited (<https://www.bankofchina.co.th>), Industrial and Commercial Bank of China (Thailand) Limited (<https://www.icbcthai.com>) and the China Development Bank Working Group in Thailand. The services provided by Chinese banks to Chinese companies are listed below:

**Table 4-5 Chinese Banks in Thailand and Services Provided**

Service category	Bank of China (Thailand) Co.	Industrial and Commercial Bank of China (Thailand) Co.
Full Chinese Service	✓	✓

Issuance of certificate of verification of registered capital	✓	✓
Cash management platform operations	✓	✓
Corporate and Personal Internet Banking and Mobile Banking Services	✓	✓
Trade finance operations	✓	✓
Letter of credit business	✓	✓
Guarantee business	✓	✓
Trade finance operations	✓	✓
Company's local and foreign currency payroll operations	✓	✓
Credit Card Business	✓	✓
Syndicated and club financing business in Hong Kong, Macau and Southeast Asia	✓	

[Requirements to be met and procedures to be fulfilled for foreign enterprises to open accounts in local banks] After registering a local subsidiary in Thailand, a foreign enterprise may open a bank account with the following information:

- (1) Application form for opening a company account (provided by the bank);
- (2) Provide a business licence from the Ministry of Commerce of Thailand and a registration letter (original) from the Business Registration Office of not more than one month old;
- (3) The Board of Directors of the Company has agreed to the opening of the account, the classification of the business and the board resolution authorising the signatories;
- (4) Identity document of the person entitled to sign on the authorised company account. Thai nationals provide an ID card and foreign nationals provide a passport and ID card;
- (5) Provide identification documents (photocopies) of the personnel of shareholders holding more than 10 per cent of the company's shares. Thai shareholders are required to provide ID cards and foreign shareholders are required to provide passports and ID cards;

- (6) A copy of the Articles of Association (in Thai or English);
- (7) A copy of the Business Registration Certificate or VAT Registration Certificate from the Tax Office;
- (8) Copy of tax card (if any).

Note: In addition to locally registered subsidiaries to open doors, foreign enterprises can also apply for the opening of branch accounts or parent company offshore accounts, the specific information provided by the bank requirements prevail.

[Major insurance companies]

**Table 44 Major insurance companies in Thailand**

Thailand Insurance Company	Official Company Website
Bangkok Insurance	<a href="https://www.bangkokinsurance.com">https://www.bangkokinsurance.com</a>
Dhipaya Insurance	<a href="https://www.dhipaya.co.th">https://www.dhipaya.co.th</a>



Navakij Insurance	<a href="https://www.navakij.co.th">https://www.navakij.co.th</a>
The Falcon Insurance	<a href="https://www.falconinsurance.co.th">https://www.falconinsurance.co.th</a>
Tokio Marine Safety Insurance	<a href="https://www.tokiomarine.com">https://www.tokiomarine.com</a>
Muang Thai Insurance	<a href="https://www.muangthaiinsurance.com">https://www.muangthaiinsurance.com</a>
Thai Life Insurance	<a href="https://www.thailife.com">https://www.thailife.com</a>
AIA	<a href="https://www.aia.co.th/th">https://www.aia.co.th/th</a>

All the above insurance companies cover property, accident, life and medical insurance. For more information, please visit the official websites of the insurance companies.

#### 4.2.4 Financing channels

[Main sources of financing for local investment by enterprises]

The main sources of financing for local businesses in Thailand: bank loans, equity financing, bond financing and overseas financing.

In recent years, most of the Chinese enterprises that have come to invest in Thailand have been financed through bank loans and shareholders' capital injections. In addition, the financial incentives issued by the government is also one of the ways for foreign enterprises to obtain more funds; in order to attract foreign investment, Thailand has set up the Board of Investment (BOI) and formulated a series of tax and non-tax incentives to make up for the improvement of the local industrial development chain and drive the development of the economy.

In terms of financing, foreign-funded enterprises and local enterprises enjoy the same treatment in principle, with specific loan conditions determined by commercial banks based on their analyses of the lending enterprises and projects and risk control, and the Bank of Thailand does not impose rigid restrictions on commercial banks' interest rates on deposits and loans.

Bank of China (Thailand), as China's longest continually operating bank with the highest level of internationalisation and the first Chinese bank to set up a presence in Thailand, together with ICBC (Thailand), has always been committed to Sino-Thai cooperation, serving Chinese and Thai enterprises, and providing a wide range of financial services to local enterprises and escorting them. Chinese banks have their

own unique competitive advantages over local and other foreign banks in terms of products and channels such as Thai-Chinese cross-border settlement and trade financing, bonding and financing for large and medium-sized Chinese engineering services and contractors and Thai-Chinese consortiums, Southeast Asian cross-border bank/club integrated financing, and RMB clearing and settlement.

[Local commercial bank financing]

(1) Currently, local commercial banks in Thailand for Chinese companies

Local commercial banks in Thailand: Bangkok Bank, Kasikorn

Bank, Hysang Bank, Thai-King Bank, etc. Chinese commercial

banks: Bank of China (Thailand), Industrial and Commercial Bank

of China (Thailand)

## (2) Pricing standards

The cost of financing for businesses is commonly priced by commercial banks in Thailand using the base rate as the standard, with adjustments to the interest rate taking into account other factors. Categorised by currency, the commonly used benchmark interest rates include:

① Reference base rate is commonly used for Baht financing:

-Minimum Lending Rate (MLR): mainly for SMEs

-Minimum Overdraft Rate (MOR): mainly for SMEs

-THBFIX: mainly for listed companies

-Bangkok Interbank Offered Rate (BIBOR): one of the main reference rates in the Thai baht market

For baht financing, the base rate will theoretically vary from bank to bank due to the source and structure of the deposits, but for the sake of consistency among banks in the market, the MLR is the same rate, which is usually adjusted on a quarterly basis, and the interest rate for baht borrowings priced at the MLR is a fixed rate. Most local Thai banks use MLR for pricing, while Chinese banks use BIBOR in addition to MLR.

② Common Reference Base Rate for U.S. Dollar Financing (SOFR TERM).

Forward-looking term rates for derivatives transactions based on Secured Overnight Financing Rate (SOFR) futures.

(iii) Benchmark interest rates for other borrowing currencies. For example, for Renminbi, the pricing benchmark is mainly the Interbank Offered Rate (IBOR) (any interest rate based on IBOR is a floating rate).

**Table 4-6. Common Benchmark Interest Rates in Thailand, January-May 2022**

(Unit: per cent)

	May 2022	April 2022	March 2022	February 2022	January 2022
Bangkok Interbank Offered Rate (BIBOR)					
MLR (minimum)	5.25	5.25	5.25	5.25	5.25
MLR (maximum)	5.58	5.58	5.58	5.58	5.58
3-month BIBOR	0.63	0.63	0.63	0.62	0.62
6-month BIBOR	0.73	0.73	0.73	0.73	0.73
12 months BIBOR	0.96	0.95	0.95	0.95	0.95

Source: Bank of Thailand (BOT), various financial institutions, CME

### (3) Other factors

Other factors affecting customers' financing costs include the borrower's own business situation, the type of loan product, the purpose of borrowing, the currency of borrowing, the maturity period, and the security structure. In general, the better the borrower's own business condition and the stronger the security conditions, the lower the financing cost, which needs to be comprehensively assessed by the bank.

#### [Financing application requirements]

The following are the general requirements of local banks for financing foreign-owned enterprises:

- No bad loan records;
- More mature business model and stronger profitability;
- More mature internal management system;
- Provide audited financial statements;
- Enterprise risk ratings meet bank access criteria;
- Method of guarantee recognised by the bank;
- Other.

#### [Conditions for local banks to issue or transfer letters of guarantee for Chinese enterprises]

The tendering requirements for some Thai projects stipulate that only letters of guarantee issued by locally registered banks are acceptable, and that letters of guarantee issued directly by foreign banks are not acceptable. In this regard, Chinese enterprises have two modes of issuing guarantee letters when contracting such projects: one is to issue a letter of credit from a local bank; the other is to issue a counter-guarantee letter from a foreign bank to a local bank, which will then transfer the letter of guarantee to the local bank. Chinese enterprises that have not yet registered their operations in Thailand can generally only use the letter of guarantee.

Letters of guarantee issued by local banks for enterprises can be categorised into: bid bond, performance bond, advance payment bond, quality/maintenance bond, payment bond, tariff bond and financing bond, etc.; the conditions and procedures for issuing a letter of guarantee are as follows:

### ( 1 ) Conditions and Procedures for Opening a Letter of Guarantee

① Conditions for processing

- The local bank approves the credit limit of the letter of guarantee for the enterprise on the premise of reviewing the enterprise's creditworthiness;
- The business background is genuine and meets the compliance management requirements of local banks;
- Foreign enterprises are required to submit to the local bank the business licence of the legal person or other valid supporting documents sufficient to prove the legality and scope of their business;
- Provide collateral security as required by the bank.

② Banking Process

- Implementation of credit approval;

- Review the terms of the bond;
- Issuance of a letter of guarantee.

## ( 2 ) Conditions and process of transferring a letter of guarantee

### ① Conditions for processing

- The bank issuing the counter-guarantee bond needs to be agreed by the local bank and generally has to have a credit line from the financial institution;
- The business background is genuine and meets the compliance management requirements of local banks;
- The counter-guarantee bond is complete, with clear instructions and terms, and needs to be accepted by the local bank;
- Foreign enterprises are required to submit to the local bank, through the

transferring bank, the business licence of the legal person or other valid documents sufficient to prove the legality and scope of their business.

### ② Banking Process

- Review the terms of the counter-guarantee bond;
- Taking up counter-guarantee bank credit lines;
- Transfers a letter of guarantee to a local bank.

[Financial policies and products provided by local financial institutions in support of the green economy]

With population growth, rapid economic development and a significant increase in energy consumption, the global ecological environment has been seriously challenged, and climate change and environmental resource constraints have become global topics. Responding to the United Nations 2030 Sustainable Development Goals and the Paris Agreement is a shared responsibility of governments and all sectors of society. The Thai government has pledged to reduce greenhouse gas emissions by 20 per cent by 2030, and in 2019, it will propose a new model of economic reform and development centred on the bio-economy, circular economy and green economy (BCG), to promote environmental protection and sustainable economic and social development. Financial institutions need to consider potential environmental impacts in their investment and financing decisions, focus on the development of green industries, and promote the development of green finance by channelling socio-economic resources.

The Export-Import Bank of Thailand has formulated and implemented ESG (i.e. Environmental Impact, Social Responsibility, and Corporate Governance) policies and developed products adapted to Thailand's ESG rules and international environmental standards, as well as cooperating with the Greenhouse Gas Authority of Thailand in launching the Solar Energy Loan to support the development of solar power generation systems, with a minimum interest rate of 2.75 per cent per annum and a maximum loan period of seven years.

A number of local commercial banks and foreign banks, such as UOB, Military Bank, Kasikorn Bank and Bank of China (Thailand), are actively promoting green credit, comprehensively evaluating the impact of projects on the environment and society, and supporting the investment and financing of the Company's green projects. UOB, in order to implement the concept of green finance and provide comprehensive financing and solutions for ESG projects, has established a good relationship with local governments and put into operation Asia's first energy efficiency financing platform. Through a simple and transparent process, UOB provides companies with



It provides a financial chain for the production and procurement of low-carbon energy equipment for the industry and provides sustainable financing through end-to-end services. Kasikornbank has formulated a strategic plan for sustainable development, with the goal of reducing greenhouse gas emissions by 21 per cent by 2025 and zero greenhouse gas emissions by 2030. At the same time, Kasikorn Bank will provide credit support for green projects and gradually reduce financial support for high-consumption and high-emission projects, with a plan to place 2.4 trillion baht in green loans by 2030. Kasikorn Bank has requested that internal operations and product design should also fully consider ESG concepts, and introduce more green credit portfolios for customers to choose from.

Adhering to the strategy of sustainable development, Bank of China (Thailand) promotes green finance in seven areas, including business development, environmental and social risk management, carbon operation, cooperation and exchange, and information disclosure, and fulfils the head office's goal of "endeavouring to become the bank of choice for green financial services". It formed a US\$500 million syndicate with BOC Hong Kong and other financial institutions to support a large local energy group in Thailand to develop new non-coal power sources; and supported a large domestic enterprise to invest in a waste incineration power generation BOT project in Thailand by providing a guarantee and loan support for the project.

#### [Cases of local financing by Chinese enterprises]

Information and communication technology and infrastructure construction led by 5G is a key driver of the digital economy. A leading Chinese enterprise in this industry faced huge financial pressure caused by the long cycle of equipment receivables in its business development in Thailand, so Bank of China (Thailand) understood the needs of the enterprise in depth and provided it with a special factoring business of ultra-long term, as well as financial products such as trade finance and liquidity loans for a number of its channel partners. In addition, Bank of China (Thailand) provided trade finance, working capital loans and other financial products to a number of its channel partners, opening up the upstream and downstream financing of its supply chain and effectively boosting the development of 5G in Thailand, which was highly praised by

the enterprise.

In recent years, many export-oriented enterprises have come to Thailand to invest and build factories. The Southeast Asian production base of a domestic listed company in the home furnishing sector has landed in Thailand, which has generated a large liquidity demand due to the rapid and continuous expansion of its production and operation scale. After gaining insight into the customer's needs, Bank of China (Thailand) approved a larger amount of comprehensive credit for the Thai subsidiary in the first instance, including cross-border financial products such as import invoice financing and export commercial invoice discounting, which provided strong financial support for the continuous expansion of its business scale.

#### 4.2.5 Credit Card Usage

Chinese individuals holding a Thai visa of one year or more can apply for a resident's savings account at a local bank, or apply for a local credit card. Local credit cards are widely used in Thailand, and the internationally accepted Visa and Master cards can be used locally. Bank of China (Thailand) can also handle UnionPay Thai Baht RMB dual currency credit cards. China UnionPay cards can be used in most places, and Thai shopping malls have actively launched promotional discounts for UnionPay cards.

In the case of Bank of China (Thailand), for example, the dual-currency UnionPay card processed by the bank can be used in mainland China, and repayments can be made in RMB. To apply, non-Thai nationals need to provide their ID cards, work permits, passports and proof of three months' current at the counter to fill out an application form.

### 4.3 financial market

The Stock Exchange of Thailand (SET) is Thailand's only stock exchange, which officially began operations in April 1975, and is responsible for secondary market trading and for handling companies' applications for listing, including ensuring the eligibility of applicants and submitting accurate information and documents. The SET is also responsible for establishing the necessary information for disclosure of listed companies and supervising all trading activities of listed companies.

The Stock Exchange of Thailand has a wide range of equity and debt securities, with listed securities including ordinary shares, preference shares, bonds, warrants, derivative warrants and unit trusts. Its activities are regulated by the Securities and Exchange Commission (SEC) under the Ministry of Finance of Thailand, which is mainly responsible for the formulation of laws and regulations on the supervision, promotion, development and operation of securities in order to ensure the fair development of the capital and financial markets, to improve operational efficiency, to maintain long-term stable development and to enhance the international competitiveness of Thailand's capital markets, among other things.

The Thai securities market has two main segments: (1) SET market is the main market of the Stock Exchange of Thailand (SET), which is a market for raising capital for companies that are generally larger, longer established and have some profitability. As of May 2022, there are 599 companies listed on the SET. (2) MAI Market is the Second Board of the Stock Exchange of Thailand, also known as the Small and Medium Enterprises Board (SMEB), established for small, medium-sized or high-growth companies that do not meet the requirements for listing on the Main Board to enter the capital market to obtain lower-cost capital and diversify risks, similar to China's Growth Enterprise Market (GEM). As of May 2022, there are 186 companies listed on the MAI.

In 2015 SET enacted regulations to allow foreign investors to raise funds for IPO listings; in February 2022, SET adjusted the listing rules for foreign companies to attract foreign companies to list in Thailand, including shortening the quiet period.

Thailand's regulatory framework limits the percentage of foreign investor

ownership in the shares of listed companies to a maximum of 49 per cent and 25 per cent for the banking and financial sector. In the investor structure of the Thai stock market, in terms of average monthly trading volume, foreign investors accounted for 47 per cent of trading volume, domestic individual investors accounted for 37 per cent, domestic institutional investors accounted for 7 per cent, and the rest were brokers.

#### 4.4 factor cost

##### 4.4.1 Water, electricity, gas and oil prices

###### [Electricity billing rates]

Electricity rates for small businesses, commercial and residential are about 3 baht/kWh, with an average of about 4 baht/kWh for industrial use and about 8 baht/kWh for commercial use. Industrial electricity consumption peaks at 4.1 baht/kWh and troughs at 2.3 baht/kWh. Agricultural electricity consumption is 4.18 baht/kWh during peak periods and 2.60 baht/kWh during trough periods (peak periods are defined as Monday to Friday, 9 a.m. to 10 p.m.).

#### [Water billing rates]

Water consumption is divided into 11 classes from small to large, with rates for residential water ranging from 15-20 baht per cubic metre, and rates for government, commercial, state enterprises, industry and other water use ranging from 20-24 baht per cubic metre. The rate for agricultural water is 0.5 baht per cubic metre.

#### [Oil and gas prices]

Petrol 95 is 45.00 baht/litre, ethanol 91 is 35 baht/litre and LPG is 30 baht/kg. Oil prices fluctuate with the international market. (Exchange rate on 20 June 2021: US\$ 1 ≈ 35.18 baht).

#### [Natural gas prices]

Natural gas 12.45 baht per cubic metre.

### 4.4.2 Labour wages and supply and demand

Depending on the level of economic development of each region, the actual average wage level varies from place to place, with Bangkok and the surrounding areas having the highest salary levels. The average salary of an ordinary worker is about US\$427-498 per month, with some annual adjustments. Department managers and factory directors earn about US\$2,000-3,000 per month, engineers about US\$1,500-2,000, office workers US\$700-1,000, and handymen and drivers about US\$300-500. The social security contribution rate is 10 per cent of the salary, with individuals paying 5 per cent and enterprises paying 5 per cent.

Thailand has implemented a minimum daily wage policy from 1 January 2013 throughout the country. Different minimum wage levels are set according to regions. The current minimum wage in Thailand was implemented in January 2020 and is still in effect today, with a national minimum daily wage of approximately US\$8.6 (300 baht). The 2022 minimum wage is still under discussion. Thailand's current minimum wage rate is second only to Singapore. Thailand is currently conducting a feasibility study on increasing the minimum wage rate from the current 300 baht to 492 baht.

In June 2022, the Thai Government stipulated a minimum daily wage increase for 16 types of professional and technical workers in six types of industries to enhance the skills, knowledge and professionalism of labourers. For example, the statutory

minimum daily wage for professional floor and wall tile laying workers and skilled jewellery processing workers among construction workers is 650 baht, the minimum daily wage for professional hairdressers is adjusted to 630-650 baht, the daily wage for professional waiters in hotels and restaurants is increased to 440 baht, and the minimum daily wage for staff caring for the elderly is 500 baht, among others.

Thailand has relatively abundant labour resources and exports a large number of workers to other countries every year, but with the recovery of the domestic economy and the increasing scale of foreign investment, there is also a shortage of labour, and a number of foreign workers are now imported from Laos, Cambodia, Myanmar and Viet Nam every year through agreements. In accordance with the relevant provisions of the Foreign Workers Act, Thailand generally prohibits ordinary foreign workers from working in the country, but allows the conditional importation of skilled and managerial personnel. Thailand requires all foreigners working in Thailand to obtain a work permit before working.

#### 4.4.3 Land and housing prices

(1) Purchase of industrial land (within industrial zones): approximately US\$162/sqm in Chonburi and US\$91.2/sqm in Rayong.

(2) Rental of industrial premises: Chonburi (inside the park) about USD 7.78/sqm/month, outside the park about USD 5.76/sqm/month; Rayong (inside the park) about USD 1.11/sqm/month, outside the park USD 0.798-0.894/sqm /Month.

(3) Office rents in Bangkok range from USD 14-29 per square metre per month, regular flat rents are around USD 6-10 per square metre per month and serviced flats are around USD 10-30 per square metre. Buying a residence in Bangkok is USD 3,200-4,800/square metre.

#### 4.4.4 construction cost

Reinforcing bars: 23 baht (\$0.8)

per kilogram; steel sections: 32

baht (\$1.1) per kilogram;

Cement: 1,600-1,700 baht (\$51.2-54.4) per

tonne; sand and gravel: 250 baht (\$8) per

tonne;

Plastic (not used in Thailand).

The cost of factory buildings in Rayong Industrial Park is about 6,000 baht per square metre.

## 5. Regulatory policy

### 5.1 Trade regulations and policies

#### 5.1.1 Trade authorities

The Ministry of Commerce is the government department in charge of trade in Thailand, and its main responsibilities are divided into two parts: internally, it is responsible for promoting enterprise development, promoting the development of domestic trade in goods and services, regulating the price of goods, safeguarding the rights and interests of consumers, and protecting intellectual property rights, etc.; and externally, it is responsible for participating in the WTO and various kinds of multi-bilateral and bilateral trade negotiations, and promoting the development of international trade in a healthy way. External Departments of the Ministry of Commerce in charge of external operations include the Office of Trade Negotiations, the Office of International Trade Promotion and the Office of Foreign Trade, while departments in charge of domestic operations include the Office of Business Development, the Office of Domestic Trade and the Office of Intellectual Property.

#### 5.1.2 Trade regulations

Thailand's main trade-related laws are the Export and Import Commodities Act of 1979 and its amendment (2015), the Anti-Dumping and Countervailing Act of 1999, and the Import Surge Safeguard Act of 2007. For relevant laws, see the website of the Department of Foreign Trade, Ministry of Commerce: <https://www.dft.go.th/en-us/Legal-Translation>.

#### 5.1.3 Relevant provisions on trade regulation

##### [Import management]

Thailand has a free import policy for most commodities, and any importer with a letter of credit can engage in import business. Thailand imposes regulatory measures such as import bans, tariff quotas and import licences on only some products.

##### [Export Management]

Thailand is free to export most products, except those controlled through export



registration, licences, quotas, export taxes, export bans or other restrictions.

[Government procurement]

Thailand has not yet acceded to the WTO Agreement on Government Procurement (GPA), and government procurement activities are mainly based on the Public Procurement and Supply Supervision Act of 2017, with the General Audit Department (CGD) of the Ministry of Finance overseeing the implementation of the law. Thai government procurement is a decentralised system, with each department conducting procurement ex officio. Foreign suppliers cannot directly participate in government procurement and must apply for registration with the CGD. The registered company must be a Thai legal entity, must have an office in Thailand, and must have at least half Thai directors. Government procurement must give preferential treatment to Thai suppliers in areas supported by the government, such as agricultural production, farmers' cooperatives, small and medium-sized enterprises (SMEs), disadvantaged groups, and educational institutions, among others. Preferential treatment is usually realised through specific procurement methods. The 2017 Public

The Law on Common Procurement and Supervision of Supplies cancelled the provision on price preferences.

#### 5.1.4 Import and export commodity inspection and quarantine

The main laws related to commodity inspection in Thailand are the National Standardisation Act (2008) and the Industrial Products Standards Act (1968) and its amendment (2019). The Thai Industrial Standards Institute (TISI), under the Ministry of Industry, is responsible for standards and technical regulations, while other relevant departments include the National Agency for Agricultural and Food Standards (ACFS), the Ministry of Commerce, the National Metrology Office and the Office of the National Committee for Standardisation. Thailand has mandatory standards for products in 10 areas, including raw materials for civil construction, consumer goods, electrical engineering, hydraulic engineering, food, heat exchange engineering, medicine, paint and paint volatiles, mechanical engineering and vehicles, and chemicals.

Related: <https://www.tisi.go.th/list-tisi>.

Thailand's laws related to animal, plant and food inspection and quarantine include the Food Act (1979) and the Agricultural Standards Act (2018)

Animal Disease Act (2015), Animal Feed Quality Control Act (2015), Plant Quarantine Act (2008), Plant Act (2007), Plant Import Quarantine Regulations and Wildlife Conservation and Protection Act (1992). Food products are classified into four categories according to the level of risk and are subject to different registration, labelling and approval requirements. The relevant regulatory bodies include the National Agency for Agricultural and Food Standards (ACFS) under the Ministry of Agriculture and Cooperatives, the Departments of Agriculture, Animal Husbandry and Fisheries, and the Food and Drug Administration under the Ministry of Health.

Related: <http://www.thailandntr.com/en/goods/non-tariff-measures>.

#### 5.1.5 Customs administration regulations

The Customs Act is the fundamental legal regime governing customs administration in Thailand and was last amended in 2017. The Thai Customs Act and related regulations can be found on the Thai Customs website at [www.customs.go.th](http://www.customs.go.th).

Imported goods are usually subject to customs duty and value added tax (VAT).

Customs duties are generally levied on a value-for-money basis, but some goods are also taxed at a specific unit rate. Generally, the amount of customs duty on imported goods is calculated by multiplying the CIF (Cost-Insurance-Freight) price of the goods by the import duty rate for the goods, which ranges from 0-80 per cent for the majority of goods, and VAT is calculated by multiplying the total value of the imported goods, after the payment of customs duty and excise tax (which is required for some goods) by 7 per cent.

**Table 5-1      General tariff rates for major imports into  
Thailand**

Product Name	HS code	General tariff rates
crude oil	2709	25 per cent
IC	8542	35 per cent

Parts for office machines such as typewriters	8473	40 per cent
Motorbike parts and components	8708	60 per cent
Solid media storage media with unrecorded content such as optical discs, magnetic tapes, memory cards, etc. (except film)	8523	60 per cent
refined oil	2710	Tax number 27101211~20 rate of 2.91 baht/litre and the rest at 30% tax on price
Natural gas and other gaseous fuels	2711	Adoption of unit-specific tax rate of 0.001 baht/kg
Fine copper and copper alloys, unworked	7403	6 per cent
Automatic data-processing equipment	8471	40 per cent
Unprocessed gold, gold dust	7108	35 per cent

Source: Thailand Customs Department

In addition to the ordinary rates, most imported products can enjoy different preferential rates under different circumstances such as FTAs and specific industries, etc. The tariff rates and concessions for specific commodities can be found on the Customs website.

Website link: <http://itd.customs.go.th>.

## 5.2 Foreign investment regulations

### 5.2.1 Investment authorities

The authority responsible for investment promotion in Thailand is the Board of Investment of Thailand (BOI), which is tasked with formulating investment-related policies in accordance with the Investment Promotion Act. The BOI office is responsible for the implementation of the BOI's policies, including the approval of investment incentives and the provision of investment counselling and services.

Website link: <https://www.boi.go.th>

### 5.2.2 Foreign investment regulations

Thailand's laws and regulations related to foreign investment are the Alien Business Act (ABA) introduced in 1999 and its amendments (2013).

### 5.2.3 Provisions for the investment industry

According to the relevant provisions of Thailand's Act on Business by Foreigners, there are three categories of industries in which foreigners are restricted from investing in Thailand, as follows:

[Industries in which foreigners are prohibited from investing for special reasons]

Includes: newspaper, radio and television; rice cultivation, dry land cultivation, orchard cultivation; pastoralism; forestry, log processing; fishing in Thai territorial waters and Thai special economic zones; Thai herbal medicine preparation; business and auction of Thai antiques or cultural relics of historical value; Buddha statue and bowl making or casting; land transactions, etc.

[Industries subject to the approval of the Minister of Commerce]

Including: investment operations involving national security and stability or adversely affecting art, culture, customs, folk crafts, natural resources and the ecological environment, and industries in which foreign investors may engage only with the approval of the Minister of Commerce on the basis of a decision of the Cabinet of Ministers:

(1) Investment operations related to national security and stability, including the production, sale and repair of firearms, bullets, gunpowder, explosives and their related accessories, weapons, military vessels, aircraft, vehicles, all machine parts and equipment for war equipment or related accessories; domestic land, water and air transport, including domestic aviation.

(2) Investments that adversely affect art, culture, customs, folk crafts, natural resources and the ecological environment, including the sale and purchase of antiques and works of art of traditional Thai crafts, the manufacture of wood carvings, sericulture, the production of Thai silk, the weaving of Thai silk, the printing of Thai silk patterns, the manufacture of Thai folk musical instruments, the manufacture of gold, silver, ebony-silver inlaid wares, stone-encrusted gold wares, lacquer wares, and the manufacture of plates, bowls and earthenware related to traditional Thai crafts. Manufacturing.

(3) Investment operations that have an adverse impact on natural resources and the ecological environment, including sugar production, sea salt and mineral salt production, rock salt production, mining, stone blasting or crushing and processing, furniture and timber processing.

[Investment operations in which nationals are not competitive with foreigners]

Trades subject to approval by the Director of the Commercial Register of the Ministry of Commerce on the basis of a decision of the Committee for Foreigners Doing

Business: rice milling, processing of rice flour and other vegetable flour; aquaculture; development and operation of forest plantations; manufacture of plywood, veneer, chipboard and hardwood panels; lime production; accounting, legal, architectural and engineering services; construction of works, but not included:

(1) Construction of public infrastructure facilities, public facilities using new machinery and equipment, special technology and professional management, and transport facilities in which foreigners have invested a minimum capital of 500 million baht or more.

(2) Other engineering and construction; intermediary or agency business as prescribed by ministerial regulations, but not including:

① Securities trading intermediary or agent, agricultural futures trading, securities trading business;

② Intermediary or agency business of buying, selling, purchasing, and seeking services for the production and service needs of the associated enterprises;

(iii) Providing intermediary or agency services for buying, selling, purchasing, marketing, and seeking domestic and foreign markets for international trading enterprises that market domestic or imported products with a minimum capital of 100 million baht or more invested by foreigners; and Auctioneering, excluding: a) International auctioneering, where the subject matter of the auction does not involve antiques or antiquities of traditional Thai craftsmanship, archaeological or historical value,

(b) Auction of works of art; (c) Other auctions as prescribed by ministerial regulations; international trade involving local specialities or agricultural products not expressly prohibited by law; retailing of department stores with a minimum capital of less than 100 million baht, shops with a minimum capital of less than 25 million baht; wholesale of goods with a minimum capital of less than one million baht; publicity and advertisement; hotel and inn business, excluding hotel and inn management; tourism; catering; development of new varieties of plants and improvement of varieties; services other than those prescribed in the ministerial regulations. improvement of plant varieties; services other than those specified in ministerial regulations, etc.

In addition to the approval of the Minister of Commerce pursuant to a resolution of the Cabinet, a foreigner shall be required to fulfil the following two conditions in order to engage in the industries specified in Category II above: firstly, the shareholding held by a Thai or a non-foreign legal person in accordance with the provisions of this Act shall not be less than 40 per cent of the capital of the company of the foreign legal person (unless there is a proper reason for it, the Minister of Commerce, pursuant to the approval of the Cabinet, may relax the said shareholding, but the minimum shall not be less than 25 per cent); secondly, the Not less than  $\frac{2}{5}$  of the directorships are held by Thais.

The minimum investment for a foreigner to start a business in Thailand shall not be less than 3 million baht for the above mentioned industries that fall under categories II and III of the Foreign Business Enterprise Act, which require permission to invest, and not less than 2 million baht for other industries. The minimum investment amount refers to the registered capital for legal entities registered in Thailand and the foreign exchange remitted for business operations in Thailand for foreign investors or legal entities not registered in Thailand. Foreigners may engage in certain industries specified in categories II and III if they are investors who are entitled to investment incentives or business licences under the Investment Promotion Act, the Industrial Estates Regulation or other relevant laws.

#### [Eligibility management]

According to the relevant provisions of Thailand's Investment Promotion Act, enterprises that have been granted investment incentives in Thailand with an investment of 10 million baht or more (excluding land cost and working capital) are required to



obtain certification of ISO9000 or ISO14000 or other equivalent international standards within 2 years from the date of the required commencement of business, or else the period of their exemption from corporate income tax will be reduced by 1 year. The specific approval criteria are as follows:

( 1 ) For projects with an investment of up to 500 million baht (excluding land fees and working capital), the value added of products must be no less than 20 per cent of sales revenue, except for electronic products and their accessories, processing of agricultural products, and projects specially approved by the BOI; the ratio of liabilities to the registered capital of a new investment project must not be more than 3:1; the investment project must use advanced production technology and new machinery and equipment, and if old machinery is to be used, its efficiency must be verified by an authoritative agency and approved by the BOI; and there must be adequate environmental protection measures. If old machinery is to be used, its efficiency must be verified by an authoritative institution and approved by the IPC; there must be adequate environmental protection measures, and the IPC will focus on reviewing the location of factories and their pollution treatment methods for projects that have a negative impact on the environment.

( 2 ) Projects with an investment of 750 million baht or more (excluding land cost and working capital) shall be required to submit a project feasibility report in accordance with the regulations of the Board of Investment Promotion, in addition to the above regulations.

[Equity Restrictions]

For investments in the following industries, Thai investors may not hold less than 51 per cent of the shares: agriculture, livestock, and fisheries,

Exploration and Mining and Service Industries in Category I of the Appendix of the Act on Foreigners in Business enacted in 1999 On 9 January 2006, the Cabinet Meeting of the Government of Thailand approved in principle a draft amendment to the Act on Foreigners in Business submitted by the Ministry of Commerce, and decided to send it to the Legislative Affairs Commission (LAC) to make further changes to certain provisions. The draft amendment has three main points:

(1) (a) The definition of "foreign legal person", which, in addition to the original provision that a foreigner holding more than 50 per cent of the shares is considered to be a foreign legal person, provides that even if a foreigner does not hold more than 50 per cent of the shares, a foreigner who has more than 50 per cent of the voting rights is also considered to be a "foreign legal person". ";

(2) Amend the penalty provisions to increase the amount of penalties for a foreign enterprise that operates without approval in a business restricted to foreign enterprises or a foreign enterprise whose shares are held by a Thai agent;

(3) Adjustment of the catalogue of Category III industries in the Annex to the Act on Foreigners in Business (i.e., industries in which Thai enterprises do not yet have the capacity to compete with foreign enterprises, and in which foreign enterprises are required to obtain the approval of the Committee on Foreigners in Business and a licence issued by the Department of Business Development of the Ministry of Commerce), so that industries that are already regulated by other specific laws (e.g., tourism, finance, securities, etc.) are no longer included in the Category III industries.

For existing foreign enterprises that do not comply with the new provisions mentioned above, the draft amendment to the Act on Foreigners Doing Business gives a grace period for amendment. For foreign-invested enterprises that are not authorised or use Thai proxy shareholdings to operate in Category I industries (industries where foreigners are prohibited from operating for special reasons, such as newspapers, radio stations, television stations, land transactions, etc.) and Category II industries (industries related to national security and culture and art, such as weapons, cultural relics and works of art, etc.), they must report the matter to the Ministry of Commerce within 90 days, and amend it within a year; for FIEs in which foreigners do not hold more than 50 per cent of the shares but have more than half of the voting rights, they

must notify the Ministry of Commerce within one year and reduce their voting rights to less than 50 per cent within two years. For foreign-invested enterprises belonging to the third category of industries, they must report to the Ministry of Commerce within 90 days and one year, respectively, on the status of their foreign shareholding and the percentage of their voting rights, and then they may continue to operate without reducing the percentage of foreign shareholding and voting rights, as such industries are not related to national security and do not fall into the category of industries prohibited for foreigners to operate. For businesses established after the adoption of the amendment to the Law on Business by Foreigners, the new legal provisions must be followed.

[Provisions for foreign participation in local agricultural investment cooperation]

Thailand strictly prohibits foreign investment in agricultural investment and does not allow foreign investors to acquire ownership and contractual rights to farmland.

[Provisions for foreign participation in local forestry investment and cooperation]

Thailand strictly prohibits foreign investment in forestry investment and does not allow foreign investment to acquire ownership and contractual management rights of forestry arable land.

[Provisions for foreign companies to participate in local securities trading]

There are no special regulations on the participation of foreign companies in local securities trading in Thailand. Foreign companies incorporated in Thailand enjoy the same treatment as local companies when participating in securities trading.

[Local laws and regulations on intellectual property protection]

Thailand's laws relating to the protection of intellectual property rights involve three main texts: the Patents Act (1979), the Trademarks Act (1991) and the Copyright Law (1994). The three laws provide clear provisions on the definitions, types, application, use and protection of patents, trademarks and copyrights, respectively.

[Penalties for intellectual property infringement]

According to the relevant provisions of the Thai Patent Act (1979), a person who does not have the rights provided for in this Act shall not use the words "Thai Patent" or "Thai Utility Model Patent" or any other foreign characters with the same meaning on the product containers, product packages, or publicity of inventions or designs, or any other words with the same meaning. Other foreign characters with the same meaning, or other words with the same meaning, and no person shall use the words "patent pending" or "utility model patent pending" or other words with the same meaning on product containers, product packaging or publicity of inventions or designs (except in the case of a patent pending approval). (except for a patent application or utility model patent application which is in the process of being approved), shall be punishable by imprisonment for a term not exceeding one year or a fine not exceeding 200,000 baht, or both; and any person who uses a product, technology or design (except for the use of a design patent for the purpose of teaching and research) patent belonging to the patentee without the permission of the patentee shall be punishable by imprisonment for a term not exceeding two years or a fine not exceeding 400,000 baht. The penalty shall be imprisonment for a term not exceeding two years or a fine not exceeding 400,000 baht, or both; any person who, without the permission of the owner of a utility model patent, infringes upon the rights of the owner of the utility model patent by using the same shall be liable to a term of imprisonment for a term not exceeding one year or a fine not exceeding 200,000 baht, or both; and any person who, in the course of applying for a patent for an invention, a design patent, or a utility model patent, furnishes false information to the enforcement officer with the aim of obtaining a

certificate for the invention or a utility model patent shall be liable to a term of imprisonment for a term not exceeding one year or a fine not exceeding 300,000 baht. utility model certificate shall be liable to imprisonment for a term not exceeding six months or to a fine not exceeding five thousand baht or to both; where the person punished for the offence under this Act is a legal person, the executor or representative of the legal person shall be liable to the penalty prescribed by the law accordingly, unless the act of the legal person can be proved to be unrelated to the person himself/herself or is not endorsed by the person himself/herself.

Thailand's Trade Marks Act (1991) and Copyright Act (1994) do not provide for penalties relating to offences. Website link:

<http://th.mofcom.gov.cn/article/ddfg/qita/201805/20180502744098.shtml>

<https://ipr.fjut.edu.cn/12/07/c4716a70151/page.htm>

### 5.2.3 Provisions for investment modalities

#### [Equity investment]

The ways in which foreigners invest and operate in Thailand can be classified into the following two categories: firstly, registering as a legal entity in Thailand in accordance with Thai law in the form of a sole proprietorship, partnership, private limited company and public limited company.

etc.; and secondly, the formation of a Joint Venture (JV), which usually refers to an entity formed by a number of natural or legal persons under an agreement for the purpose of engaging in a particular business activity. A JV is not a legal entity under the Thai Civil and Commercial Code, but it is considered a single entity for the purposes of corporate income tax under the Tax Code.

#### [Listing]

Under Thai law, only public limited companies are eligible to apply for registration on the stock exchange. A limited company can be converted into a public limited company in accordance with the relevant provisions of the Public Limited Company Act enacted in 1992. There are no special restrictions on the listing of foreign companies in Thailand and public limited companies incorporated in Thailand can apply for listing if they comply with the relevant regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

#### [Acquisition]

Thailand does not have specific laws and regulations on cross-border mergers and acquisitions, and the laws and regulations governing acquisitions include the Civil and Commercial Code.

The Public Limited Companies Act and the Securities and Exchange Act enacted in 1992. Acquisitions are usually carried out in the form of wholly-owned mergers and acquisitions, share acquisitions and asset acquisitions. The acquisition of a private limited company is subject to the relevant provisions of the Civil and Commercial Code. The acquisition of a public company is subject to the Securities and Exchange Act and the relevant regulations of the Securities and Exchange Commission of Thailand.

#### [Mergers and acquisitions process]

According to Thai law, the main procedures regarding foreign investment in Thailand to carry out acquisitions, mergers and acquisitions are as follows:

- (1) Obtaining preliminary information (preliminary understanding of the enterprise's shareholding structure and assets and liabilities, assessment of the price of the shares or assets to be acquired and the enterprise's employment situation, the status of all types of licences, etc.);
- (2) Issuing a letter of intent to acquire (key points include stating the price of the

stock or asset to be acquired, requesting legal, financial, tax, production and other due diligence, etc.);

(3) Legal due diligence (including basic information about the enterprise, employees, assets and liabilities, acquisition of various types of licences, environmental protection, intellectual property rights, disputes and litigation, etc.);

(4) Master the key points of equity or asset mergers and acquisitions (e.g., arrangements for equity and shareholders after the acquisition, details of share transfers, etc., restrictive provisions on foreign ownership of land in asset mergers and acquisitions, etc.);

(5) Signing of equity or asset acquisition agreements. Consulting organisations for foreign M&A in Thailand include the Board of Investment (BOI), the Securities and Exchange Commission of Thailand (SEC) and various specialised law firms and accounting firms.

[Security clearance]

In Thailand, there are no legal provisions specifically addressing security vetting of M&A and investment and M&A by state-owned enterprises, and foreign investors are not allowed to invest in M&A.

The investor may invest on the basis of the following conditions, provided that the investor does not violate the provisions of the Thai Foreigners Business Act that prohibit or restrict investment by foreigners.

Investment and mergers and acquisitions in Thailand under the relevant provisions of the Civil and Commercial Code, the Public Limited Company Act and the Securities and Exchange Act.

[Antitrust investigation]

Thailand's law on antimonopoly and concentration is the Trade Competition Act (TCA). The Act was enacted in 1999, replacing the Price Fixing and Anti-Monopoly Act of 1979. The Act consists of seven chapters and 57 articles, which mainly provide legal provisions on restricting market monopoly and encouraging free competition in many aspects. Under the Act, Thailand has established the Trade Competition Commission (TCC), which is responsible for formulating the criteria for constituting a market monopoly and the regulations for the implementation of the Anti-Monopoly Act, as well as for handling various anti-monopoly complaints and conducting anti-monopoly investigations. The TCC, which is subject to Cabinet approval, is chaired by the Minister of Commerce, with the Permanent Secretary of the Ministry of Commerce as Vice-Chairman and the Permanent Secretary of the Ministry of Finance as Secretary General, and consists of not less than 8 and not more than 12 members. Under the Act, the main categories of monopolistic behaviour subject to legal restrictions include the following:

- ( 1 ) Abuse of a dominant market position;
- ( 2 ) Operator concentration;
- ( 3 ) Establishment of private agreements or collective concerted action to restrict free competition in the market;
- ( 4 ) Monopolisation of commodity import channels undermines consumers' right to direct imports;
- ( 5 ) Exclusion or restriction of competitors through unfair competition.

The Act also stipulates that the TCC has the right to demand that enterprises with a market share of more than 75 per cent stop increasing or decreasing their market share. In practice, if a firm is found to have market power, it should be subject to an antitrust investigation, and the TCC further specifies that the criteria for determining a firm that constitutes a dominant market position are:



( 1 ) Holds a market share of over 33 per cent;

( 2 ) Annual sales exceed 1 billion baht. In 2003, the TCC submitted a new proposal to the Cabinet, which recommended, among other things, that the **definition of "dominant enterprise" be** extended from a single enterprise to a community of internally related enterprises, and that specific criteria for determining dominance be developed for different industries. The second is to formulate specific criteria for determining market dominance in different industries.

The Act exempts individual organisations from investigation for monopolistic behaviour:

( 1 ) Public administration;

( 2 ) State-owned enterprises included in the budget;

( 3 ) Farmers' groups or legally established cooperatives;

( 4 ) Other enterprises that are exempted from investigation under the regulations of the relevant sector.

The Act establishes penalties for monopolistic behaviour, including: criminal prosecution; administrative penalties; and compensation for damages.

At present, there are not many cases of M&A and investment by Chinese enterprises in Thailand, and there has not been any case of obstruction. 2007 Haier's merger and acquisition of Japan's SANYO Thailand Co., Ltd. and 2010 ICBC's merger and acquisition of Thailand's ACL have attracted greater attention locally and achieved greater success.

#### 5.2.4 Provisions for security clearances

##### [Security clearance]

Thailand has not yet enacted laws and regulations that specifically address the security review of foreign mergers and acquisitions (M&A) and investment and M&A by State-owned enterprises, and foreign investors may conduct M&A in Thailand in accordance with the provisions of the Civil and Commercial Code, the Public Limited Company Act and the Securities and Exchange Act, as long as they do not contravene the relevant provisions of the Thai Foreigners' Business Act that prohibit or restrict foreigners from investing in the country.

#### 5.2.5 Provisions of the infrastructure PPP model

In recent years, there has been a high demand for investment in Thailand's economic and social infrastructure development. In Thailand's eight-year infrastructure design and construction plan approved by the Cabinet in 2014, PPP projects accounted for 20 per cent. Currently, the five major infrastructure projects of the Eastern Economic Corridor (EEC), which is the focus of the Thai government, are also PPP projects. Public infrastructure in the areas of transport, water supply and sewerage, waste disposal, medical and nursing care, education, science and administration are the main areas involved in Thailand's infrastructure PPP projects.

Thailand's PPP models are mainly of the concession type. There is no uniform standard for the duration of the concession, which is generally determined according to the needs of the project itself, but generally does not exceed 30 years. The State Enterprise Policy Office (SEPO), a division of the Ministry of Finance, is the planning and issuing authority for PPP projects in Thailand, and issues strategic plans for PPP

projects in accordance with the national constitution and national socio-economic development plans.

On 17 December 2017, in an effort to encourage private sector investment in the public service sector, Thailand released the 2017-2021 Five-Year PPP Strategic Plan (PPP Strategic Plan B.E. 2560-2564 [2017-2021]), which plans to develop 55 potential PPP projects with a total gross investment of approximately 1.62 trillion baht (approximately RMB 320.9 billion). Thailand welcomes Chinese companies to participate in the design, investment, construction and operation of its PPP projects.

China's participation in PPP projects in Thailand started relatively late, and now it mainly participates in Thai PPP projects by forming consortiums with local Thai enterprises. For example, China Railway Construction Corporation (CRCC) has formed a consortium with Thailand's Chengtai (CP) Group and other enterprises to bid for a high-speed railway project connecting the three major airports, with the Chengtai Group accounting for 70 per cent of the shares, and CRCC taking 10 per cent of the shares. 10 per cent.

When considering investing in a PPP project in Thailand, the following factors need to be taken into account: economic growth rate, level of public debt,

Existing tax systems, marginal contribution rates, etc.

### 5.3 Policies and regulations related to the digital economy

[The Government of Thailand introduces policies to support the digital economy]

The Thai government has always attached great importance to the development of the digital economy, and in 2016, it established the Ministry of Digital Economy and Society and the Office of the National Commission on Digital Economy and Society (NCDES), with the Prime Minister as the Chairman of NCDES. In order to seek new impetus for economic development, Thailand has launched the "Industry 4.0" strategy and the "Eastern Economic Corridor" (EEC) programme, in which the digital economy is one of the key target industries. According to the relevant plan, Thailand will be the first to implement 5G commercialisation in the EEC special zone to develop the technology industry and attract foreign investment. Other first areas include Bangkok, Chiang Mai, Phuket and some domestic airports with 5G coverage.

Recently, Thailand, like many other countries, has been hit hard by the ongoing outbreak of New Crown Pneumonia: factories have been shut down, shopping malls, entertainment venues and hotels have been closed, international air transport has been temporarily disrupted, the airline industry and the tourism industry have been hit hard, and the export of agricultural products, especially tropical fruits, has been hampered, among other things. However, the epidemic has allowed Thailand's digital economy to buck the trend and improve its quality.

There is a strong link between the development of data centres as the backbone of the digital economy and the growth of the digital economy, which will increase the demand for data centres. Looking ahead, Thailand will continue to see the growth of large government data centres, small and medium-sized data centres in the private sector, and increased interconnectivity between large and small data centres to facilitate the development of many hybrid data centres. The capacity and security of Thailand's data centres will also increase, helping businesses maximise flexibility while minimising the costs of digitisation and remaining competitive. The digital transformation of the banking, telecommunications, insurance and e-commerce industries will also create new value and opportunities across the data centre supply chain, with many businesses

seeing increased profitability. As a result, Thailand's digital economy will continue to grow and accelerate.

Thailand is the second largest economy in Southeast Asia and an important country connecting Southeast Asia's island and land countries. Thailand's own data centre development will continue to spread to neighbouring countries, and it is expected to become one of the important data centres in the region after Singapore, which is a top-class data centre in Southeast Asia. The development of the digital economy will lead to the transformation, upgrading and sustainable development of the Thai economy, consolidate and enhance Thailand's important economic position in Southeast Asia, and accelerate Thailand's economic integration with the rest of Southeast Asia, which will also be beneficial to the development of the digital economy in the rest of Southeast Asia and to the development of the regional economy.

Thailand's digital economy is expected to be worth a total of US\$30 billion in 2021, up 51 per cent year-on-year, according to a new report on the Southeast Asian digital economy in 2021 by Google, Temasek and its partner Bain & Company. By 2025, the value of Thailand's overall internet economy will grow at a compound annual growth rate of 17 per cent to reach a value of US\$57 billion

The sectors that will contribute the most to Thailand's digital economy in 2021 are e-commerce at \$21 billion, online media at \$4.5 billion, online tourism at \$2.8 billion, and transport and food at \$2 billion. The e-commerce sector grew by 68 per cent, making up for the delayed recovery in tourism and becoming a key engine driving growth in Thailand's digital economy. Additional data shows that from the start of the epidemic in 2020 to June 2021, Thailand has added 9 million new digital consumers, the second highest consumer penetration rate in Southeast Asia, and that more than 90 per cent of Internet users consume digital services.

[Laws and regulations related to the development of digital economy in Thailand]

#### ( 1 ) Digital Economy and Social Development Bill

Thailand enacted the Digital Economy and Social Development Act in 2017 and established the Digital Economy Promotion Agency (DEPA) in the same year, whose main function is to follow up on the implementation of the Act and is responsible for promoting and supporting the development of the digital innovation industry and promoting the popularisation of digital technology. The Digital Economy and Social Development Act sets out Thailand's policies and related planning for the development of the digital economy, establishes the National Commission on Digital Economy and Social Development, defines the powers and duties of the Commission and establishes a specialised fund for digital economy and social development to promote the development of the digital economy.

Website link: <https://onde.go.th/>

#### ( 2 ) Personal Data Protection Bill and Cyber Security Bill

On 28 February 2019, the National Legislative Assembly of Thailand passed the Personal Data Protection Bill and the Cybersecurity Bill. The bills were enacted to directly regulate the collection, storage, use or processing of personal data. The bills help strengthen legal safeguards in cyberspace, ensure national security, and protect personal data privacy. At the same time, the Personal Data Protection Act has extraterritorial application and will have a significant impact on businesses within and outside Thailand that aim to collect and use personal data or monitor the behaviour of natural persons in Thailand. On 1 June 2022, Thailand's Personal Data Protection Act came into force, which was initially enacted in the Royal Gazette of Thailand in May 2019 with a one-

year grace period, but due to the outbreak of the New Crown Pneumonia epidemic, the Thai government has extended the compliance deadline to 1 June 2022. The Personal Data Protection Act is the first law enacted in Thailand for the management and protection of data, and it applies to entities processing personal data within Thailand for the purpose of providing products or services to Thailand.

Website link: <https://www.mdes.go.th/law/detail/3577-Personal-Data-Protection-Act-B-E-2562--2019->

<https://www.mdes.go.th/law/detail/3572-Cybersecurity-Act-B-E-2562--2019->

### ( 3 ) Computer Crimes Act and Electronic Transactions Act

The Computer Crimes Act addresses computer-related issues such as unlawful access to and interference with computer systems and data, unlawful disclosure of security measures and unlawful interception of computing.

Link Portal:

<https://www.mdes.go.th/law/detail/3618-COMPUTER-RELATED-CRIME-ACT-B-E--2550-2007->

The Electronic Transactions Act applies to all civil and commercial transactions that use data information, including the generation, sending, receiving, storing or processing of information by electronic means such as electronic data interchange (EDI), electronic mail, telegrams, telexes or facsimiles.

Link Portal:

<https://www.mdes.go.th/law/detail/3616-ELECTRONIC-TRANSACTIONS-ACT--B-E--2544-2001->

[Thailand's access policies and preferential policies for foreign investment in industries related to the digital economy]

The Board of Investment of Thailand (BOI) is encouraging businesses to adopt digital technologies through a series of measures to promote greater investment in the digital economy during the NKP epidemic. Tax incentives of 11 to 13 years of corporate income tax exemption (with no upper limit) are granted for Category 8 development of STI-related industries, including the development of targeted technology industries, such as biotechnology, nanotechnology, advanced materials technology and digital technology. If factories are established in the following 20 provinces with low per capita incomes, including Kalasin, Chaiyaphum, Nakhon Phanom, Nan, Bungyam, Buriram, Phrae, Maha Sarakham, Morakham, Mae Hong Son, Iseo Thong, Lai Yai, Sisaket, Sakhon Nakhon, Sakon, Sukhothai, Sukhothai, Nong Mrak Lamphun, Ubon, and Anat Chaknang (the above does not apply to the Southern Border Areas and the SEZs which have been specifically provided for in other regulations), the following additional incentives are available. The following additional incentives are available: Transportation, utilities and electricity charges are deducted at twice the cost for a period of 10 years; installation or construction of public conveniences are deducted from the cost at 25 per cent of the investment amount, and a tax exemption from corporate income tax for 13 years (with no upper limit) is available.

In March 2022, the Thai government relaxed its tax policy for approved digital asset transactions by exempting income generated from cryptocurrency and digital token



transactions from 7% VAT until the end of 2023. The incentive is intended to support and encourage the growth of the digital asset industry in Thailand and increase its competitiveness in the global market.

#### 5.4 Policies and regulations related to the green economy

[Policies related to the green economy]

In 2010, the Ministry of Industry of Thailand launched the Green Industry Programme. The programme aims to provide guidance on green factories and to make companies across Thailand aware of the basic elements of "Developing Green Industry". The programme is divided into a series of sections covering topics ranging from the formulation of corporate environmental policies (Level 1) to the strict implementation of Level 5 environmental management systems. More than 23,000

Companies have been certified under the Green Industry Programme, with most of them being certified at levels I to III. Enterprises are encouraged to utilise advanced green technologies and other biotechnological processes, which are essential to prevent environmental damage from industrial activities.

For more than a decade, Thailand had devoted significant government resources to creating and participating in a sustainable economy. That included moving forward in the areas of biofuels, biochemistry and biotechnology, and in 2004, Thailand had developed the National Biotechnology Framework, which had helped to create the conditions and capacity for the country to achieve its biotechnology development goals. This was followed by the National Biotechnology Policy Framework 2012-2021, which aims to encourage innovation, enhance overall competitiveness and increase productivity across the bioeconomy. Other subsequent policies include the 2012 Alternative Energy Development Plan and, since 2015, the Growth Plan for Thailand's 4.0 Economy. The BCG economic model, or the development of a Bio-Circular-Green Economy, is a national development concept pursued by the Thai government. In September 2021, Thailand approved national measures to promote the BCG model, including expanding the scope of investment measures to support the basic economy, such as agriculture, increasing the scope of promotional measures to improve efficiency, reducing greenhouse gas emissions, and granting incentives to environmentally friendly businesses and business improvement incentives. Promoted by the Board of Investment (BOI), the BCG economic model continues to attract Chinese investors to focus on Thailand. China is now one of the major economies investing in Thailand.

[Laws and regulations related to the development of a green economy]

( 1 ) environmental protection

Thailand's environmental policies and regulations are mostly based on the National Economic and Social Development Plan 2017-2021.

Link Portal: [https://www.nesdc.go.th/ewt\\_dl\\_link.php?nid=9640](https://www.nesdc.go.th/ewt_dl_link.php?nid=9640)

① In terms of air pollution, Thailand has regulations and measures to improve the emission of gases and pollutants caused by open burning of industrial, transport, agricultural and municipal wastes.

② In terms of water management, for example, the Ministry of Industry regulates the discharge of

wastewater from factories and limits the concentration levels of chemical and metal pollutants in the Factories Act, and the Ministry of Public Health regulates the discharge of water pollution harmful to human health from buildings, factories, and livestock farms in the Public Health Act.

Link Portal:

[https://www.jetro.go.jp/ext\\_images/thailand/e\\_activity/pdf/FactoryAct\\_02\\_2562.pdf](https://www.jetro.go.jp/ext_images/thailand/e_activity/pdf/FactoryAct_02_2562.pdf)

[http://web.krisdika.go.th/data/document/ext838/838066\\_0001.pdf](http://web.krisdika.go.th/data/document/ext838/838066_0001.pdf)

③In terms of waste management, Thailand has been actively promoting the 3R (Reduce, Reuse, Recycle) policy and zero waste management in recent years.

In addition, Thailand is currently implementing the Master Plan on Waste Management, which aims to reduce waste at source, strengthen treatment capacity, and enhance recycling and disposal of waste.

Waste management is managed through knowledge and technology.

( 2 ) circular economy

The Thai government supports the development of a circular economy and focuses on biotechnology, industrial processes, and waste management. For example, it has developed and implemented the Roadmap on Plastic Waste Management (2018- 2030), which sets the goal of recycling all plastic waste by 2027.

( 3 ) nuclear energy storage

In order to promote the development of renewable energy and to reach the target of 30% renewable energy in final energy consumption by 2036, Thailand enacted the Integrated Energy Blueprint (Thailand Integrated Energy Blueprint) in 2015, which includes: a power development plan, an alternative energy development plan, an energy efficiency plan, a natural gas plan and a petroleum plan, and The implementation of the plan's targets are checked every five years.

In addition to targeted policy programmes, the Thai Government has also proposed various complementary measures to develop renewable energy. Economic incentives such as tax relief for enterprises for 5-8 years, exemption of import duties on machinery and materials for related industries, and non-economic incentives such as preferential visa applications for foreign experts and staff, permission for foreign corporations to own land, and permission for international remittance of currency.

In addition, the Thai government has allowed developers to participate in renewable energy investments in local communities in Thailand. The Peer to Peer (P2P) power trading model allows foreign companies to build distributed power generation systems such as solar, biomass and biogas in local communities in Thailand.

( 4 ) energy-saving

Transportation, industrial manufacturing, commercial and residential applications are the major energy-consuming sectors in Thailand. For this reason, the Thai government has formulated the Energy Efficiency Development Plan (EEDP) 2015-2036, and regards electricity conservation, energy-saving equipment, LED lighting, and energy management as important directions to achieve the goal. The EEDP also considers electricity conservation, energy-saving equipment, LED lighting, and energy management as important directions to achieve the goals, such as replacing streetlights

with LED lighting nationwide and encouraging people and businesses to replace fluorescent tubes with LED bulbs. In addition, in order to achieve the EEDP targets, Thailand has established financial incentive programmes such as the Energy Efficiency Revolving Fund, the ESCO Fund, and the Demand Side Management Bidding Scheme to promote investment in energy efficiency.

[Preferential policies for foreign investment in green industries and investment in green transformation of polluting industries]

( 1 ) Additional incentives for investing in energy efficiency, alternative energy sources and environmental protection

To invest in the renewal of machinery that saves energy or uses alternative energy sources or reduces the impact on the environment, the applicant must submit a plan and implement any of the following provisions: ① Invest in the renewal of state-of-the-art machinery and equipment that can be used with alternative energy sources or that reduces the impact on the environment. (ii) Investing in the renewal of machinery and equipment that can use alternative energy sources, and where the alternative energy sources account for a significant portion of the overall energy use.

ratio to meet specified requirements. (iii) Invest in upgrading machinery to reduce environmental impact, whether it be waste discharge, sewage, exhaust gas discharge, etc., to meet the prescribed standards.

Preferential rights and benefits: ① Exemption of import duty on machinery; ② Exemption from enterprise income tax for three years from the original business project, with the exemption amount being 50% of the investment capital invested in upgrading machinery (excluding land and working capital); ③ The period of exemption from enterprise income tax is calculated from the date of generating income after the issuance of the investment promotion certificate.

( 2 ) All net profits generated from the operation of greenhouse gas emission reduction projects shall be exempted from corporate income tax for three consecutive fiscal periods if the following conditions are met: (1) the applicable greenhouse gas emission reduction project must be an emission reduction project that has registered with the Greenhouse Gas Management Organisation of Thailand (Public Organisation) for a "Voluntary Emission Reductions (VERs)" type carbon credit sales certificate from the date of entry into force of the Act to 31 December 2020; and "(ii) The first fiscal year in which the exemption can be applied for is the fiscal year in which the Thailand Greenhouse Gas Management Organisation (Public Organisation) issues the carbon credit sales certificates to the participants; (iii) Participating enterprises and legal partnerships shall file separate tax returns for their normal business income and income from voluntarily registered greenhouse gas emission reduction projects, using the same taxpayer identification when filing the returns. The same taxpayer identification number shall be used for filing.

[Thailand's carbon emission-related regulations]

In 2015, Thailand pledged to the United Nations Framework Convention on Climate Change (UNFCCC) to reduce greenhouse gas emissions by 20 per cent by 2030. In order to curb Thailand's GHG emissions, the Thai government began implementing the Energy 4.0 policy in 2016. The Energy 4.0 policy consists of three sector-specific policies, such as Electricity 4.0, Transport Fuel 4.0, and Heating 4.0. These three sectoral policies will help Thailand transition to a low-carbon economy and increase the production of renewable energy. Currently, there is no available data to determine the direct impact of

the Energy 4.0 policy on reducing carbon emissions in Thailand.

In May 2021, Thailand's Cabinet Meeting approved the Thai Ministry of Energy to take the lead in developing a national energy plan, and Deputy Prime Minister and Minister of Energy Supra instructed all sectors to work together and place high priority on reducing greenhouse gas emissions and moving towards the zero carbon target. The Ministry of Energy has taken the lead in organising a workshop with the National Electricity Authority (NEA), the PTT Group, and the Federation of Thai Industries (FTI) to discuss concrete initiatives and timelines to achieve the reduction target.

## 5.5 Corporate Taxation

### 5.5.1 Tax systems and regimes

The fundamental law on taxation in Thailand is the Tax Code enacted in 1938, and the Ministry of Finance has the authority to amend the provisions of the Tax Code. The Department of Revenue is the highest authority responsible for taxation in the Thai Ministry of Finance. Taxes in Thailand are divided into two main categories: direct taxes, including personal income tax, corporate income tax and oil and gas corporate income tax, and indirect taxes and other taxes, such as special business tax, value-added tax, withholding tax, stamp duty, customs duty, social security tax, excise tax, real estate tax, and other taxes.

Property tax, etc. As of today, Thailand has no capital gains tax, estate tax or gift tax.

Taxes are classified into central and local taxes.

### 5.5.2 Main taxes and rates

#### [Corporate income tax]

Enterprises with legal personality are required by law to pay taxes within the prescribed period and in the prescribed manner. Enterprises are required to declare their business income at the end of each accounting cycle. The accounting cycle is usually from 1 January to 31 December of each year, but enterprises may also choose the date of company registration as the accounting cycle. Enterprises are required to file income tax returns every six months. The tax rates for each type of company are listed below:

**Table 5-3 Table of tax rates for various types of companies**

纳税人	税基	税率
1、小规模纳税人（纳税年度实付资本少于 500 万铢）	年净利润在 30 万-300 万铢（含 300 万铢）以内	15%
	年收入超过 300 万铢	20%
2、上市公司（SET）	年净利润	20%
3、新上市公司（SET）	年净利润	20%
4、创业板上市公司（MAI）	年净利润	20%
5、从国际银行业务机构获取利润的银行	年净利润	10%
6、从事国际运输的外国公司	年总收入	3%
7、不在泰国经营的公司收到来自泰国公司的分红	总分红	10%
8、不在泰国经营的公司收到来自泰国公司的除分红外的其他收入	总收入	10%
9、外资企业处置净利润至泰国境外	处置利润总额金额	10%
10、以经营为目的的协会及基金会	年总收入	2%或 10%



#### [Personal Income Tax]

The tax year for personal income tax is the calendar year. The taxable year is the calendar year in which a Thai resident or non-resident earns lawful income in Thailand, or in Thailand.

Income from assets in the country is subject to personal income tax, which is payable by both resident and non-resident taxpayers. Resident taxpayers are fully liable for tax and are required to pay personal income tax on income derived from sources within Thailand as well as on income repatriated outside the country, while non-resident taxpayers are liable for personal income tax only on income derived from sources within Thailand. A resident is defined as a person who resides in Thailand continuously or for an aggregate period of 180 days or more in a year.

**Table 5-4 Individual Income Tax Rate Table**

Annual income range (baht)	tax rate
0-150,000	0 per cent
150,001-300,000	5%
300,001-500,000	10%
500,001-750,000	15%
750,001-1,000,000	20 per cent
1,000,001-2,000,000	25 per cent
2,000,001-5,000,000	30 per cent
5,000,001 and above	35 per cent

#### [VAT]

The ordinary rate of VAT in Thailand is 7 per cent. Any person or entity with an annual turnover of more than 1.8 million baht is liable to pay VAT in Thailand on the sale of taxable goods or the provision of taxable services in Thailand. Importers, whether registered in Thailand or not, are subject to VAT, which is levied by the Customs Department upon importation of goods. Exemptions from VAT include small businesses with an annual turnover of less than 1.8 million baht; sales or imports of unprocessed agricultural products, livestock, and agricultural raw materials such as

fertilisers, seeds and chemicals; sales or imports of newspapers, magazines, and textbooks; auditing, litigation, health services and other professional services; cultural and religious services; and goods or taxable services subject to a zero-rate of VAT, including exported goods, labour supplied in Thailand but used abroad, international air or sea transport services provided by a corporate body, goods or services provided to government agencies or state-owned enterprises under foreign loans or foreign aid projects, goods or services provided to United Nations agencies or diplomatic missions, and the provision of goods or services between enterprises in bonded warehouses or export processing zones. When the input tax is greater than the output tax in each month, the taxpayer can apply for a refund, which is available as a cash refund or tax credit in the following month. For zero-rated goods, the taxpayer is always entitled to a tax refund. Input tax relating to hospitality is not deductible, but may be treated as a deductible expense in the calculation of corporate income tax.

[Special sales tax]

The industries subject to the special business tax are banking, finance and related businesses, life insurance, pawnbroking and brokerage, housing

Real estate and other businesses specified in the Royal Act. These include 3 per cent of income from interest, depreciation, service charges and foreign exchange profits for banking, finance and related businesses, 2.5 per cent of income from interest, service charges and other fees for life insurance, 2.5 per cent of income from interest, fees and sales of obsolete property for pawnbroking, and 3 per cent of gross receipts for real estate. A local tax of 10 per cent is also levied on top of the special sales tax.

#### [Stamp Duty]

Stamp duty is levied on instruments rather than on transactions or individuals, in this case all documents subject to tax as defined in the Tax Code. The rate of stamp duty depends on the type of instrument, and failure to fulfil the tax obligation may result in a payment or a surtax. The object of taxation includes the vast majority of documents submitted by businesses to government departments or entities and official documents of businesses, such as land transfer licences, leases, stock transactions, corporate bonds, mortgage contracts, life insurance policies, pensions, powers of attorney, promissory notes, letters of credit, cheques, etc.

#### [Digital Services Tax]

Thailand has enacted the Digital Services Act, which comes into force on 1 September 2021. The Act requires foreign digital businesses that meet certain conditions to pay VAT from September 2021 onwards. Under the Act, foreign digital service companies or platforms providing digital services in Thailand with annual revenues of more than 1.8 million baht (approximately RMB 387,000) are required to pay 7 per cent VAT.

#### [Carbon Emissions Tax]

Thailand imposes a carbon tax on motor vehicles based on different types and emissions.

#### [Tax rate enquiry website]

Website of the Revenue Authority of Thailand: <http://www.rd.go.th/>

Website of the Inland Revenue Authority of Thailand: <http://www.excise.go.th/>

## 5.6 Special economic zone provisions

### 5.6.1 Laws and regulations relating to special economic zones

The Eastern Economic Corridor of Thailand Act, which was introduced into force

in 2018, contains 73 clauses setting out the positioning and development policies of the Eastern Economic Corridor (EEC) of Thailand, and clarifying industrial development plans, investment promotion directions and foreign investment-related rights and interests within the Special Economic Zone (SEZ).

Website link: <https://www.eeco.or.th/th/related-laws>

#### 5.6.2 Introduction to Special Economic Zones

[Eastern Economic Corridor Special Zone]

The Eastern Economic Corridor (EEC) is the flagship project of Thailand's "4.0" strategy, covering the three provinces of Phetchaburi, Chonburi and Rayong on the eastern coast of Thailand, with a total area of 13,285 square kilometres, and is the country's only national-level special economic zone. world-class economic centre, trade and investment centre, transport and logistics centre, world-class tourist destination and gateway to Southeast Asia.

[Other special economic zones]

Northern Economic Corridor: Includes the provinces of Chiang Rai, Chiang Mai, Lamphun and Lampang, with a focus on building a creative economy based on Lanna culture.

Northeast Economic Corridor: Includes the provinces of Khon Kaen, Udon Thani, Korat and Nong Khai, focusing on the construction of production bases for bio-economy industries.

(b) The Central and Western Economic Corridor (CWEC): comprising the provinces of Ayutthaya, Phuket, Suphan and Phetchaburi, focusing on agriculture, tourism and high technology, and linking the capital, Bangkok, to the Eastern Economic Corridor region.

Southern Economic Corridor: Including the four provinces of Chumphon, Ranong, Surat Thani and Lok Khun, it focuses on the construction of a trade and logistics centre in the southern region, and serves as a corridor connecting the Andaman Sea and the Gulf of Thailand coastline to countries such as India, Sri Lanka and Bangladesh.

[First border economic development zones]

In 2014, Thailand identified the first five special economic development zones (SEZs) in border areas, including: the Night Beam SEZ in Lai Hin Province in the west of the country, the Special Economic Development Zone on the Border in Morakot Province in the north-east of the country, the Special Economic Development Zones on the Border in Yalan and Tong Ai in Sa Kaeo Province in the east of the country, and the Sai Ro Special Economic Development Zone in Sai Ro, Songkhla Province in the south of the country.

The Lai Hinh Phu Nha Be Special Economic Development Zone in the west: bordering Myanmar, with a total area of 886,872 (1,419 square kilometres) Border Special

Economic Development Zone in Morakot Province in the north-east: bordering Laos, with a total area of 361,542 ไร่ (578.5 square kilometres).

(Miles), the main industry is the electronic industry production base, product wholesale centre, can deepen the development of industrial production, the establishment of product distribution centre, warehousing base and logistics centre.

Yalan Special Economic Development Zone, Sa Kaeo Province, East: Bordering Cambodia, with a total area of 207,500 ไร่ (332 km<sup>2</sup>) it is a famous wholesale and retail market, agricultural product processing base in Thailand, and could be developed into an international warehousing centre in the future.

Special Economic Development Zone on the Eastern Border of Tong Ai Province: Bordering Cambodia, with a total area of 31,375 ไร่ (50.2 km<sup>2</sup>) this is a well-known tourist area in Thailand, with the possibility of establishing a border duty-free zone, a product distribution centre and a logistics centre in the future.

Sirao Special Economic Development Zone, Songkhla Province, South: located on the border with Malaysia, with a total area of 345,187 ไร่ (552.3 square kilometres).

### 5.6.3 Key Administrative Areas and Related Laws and Regulations

Investors investing in Thailand's special economic development zones are eligible for favourable policies from the Thailand Investment Promotion Board (TIPB)

Support, details included:

[General business]

Exemption from corporate income tax for an additional three years, and a 50 per cent tax reduction for five years for enterprises that have already received eight years of tax exemption (A1 and A2 categories). Other benefits include a deduction of twice the cost of transport, utilities and electricity from the taxable base price for a period of 10 years; a deduction of 25 per cent of the cost of installing living equipment and facilities; exemption from import duties on machinery and equipment; exemption from import duties on raw materials imported for the purpose of export; other non-tax incentives; and permission to legally employ foreign unskilled labour.

[Preferential industries as defined by the Special Economic Development Zones Policy Board]

Exemption from corporate income tax for up to eight years; a 50 per cent tax reduction for five years is also available. Other taxable base price deductions for transport, utility costs, and deductions for installation of living facilities and equipment are in line with those for general enterprises.

Enterprises that do not receive support from the Thailand Investment Promotion Board are also eligible for a reduction in corporate income tax, receiving a reduction in the tax rate from 20 per cent to 10 per cent for a period of 10 years (only for enterprises incorporated within 2017).

In terms of financing, the National Savings Bank provides low-interest loans in the range of 1-20 million baht, and the Small-Scale Industrial Credit Guarantee Corporation exempts enterprises from credit guarantee fees for the first two years, and the fees for the next two years are calculated on the basis of the amount of the loan at an interest rate of 1.75 per cent per annum.

With regard to land leasing by foreigners, foreigners are allowed to lease real estate for commercial and industrial purposes for a period of more than 30 years but not more than 50 years, and the lease can be renewed at the end of the lease period for a period of not more than 50 years; those who are in compliance with the 1977 version of the Investment Promotion Ordinance have the right to hold the ownership of a certain area of land for the purpose of operating the type of business specified by the



Board of Investment, and the investor is required to sell the land he owns within one year in the event of the closure of the operation or the transfer of the business. In the event of closure or transfer of the business, the investor is required to sell the owned land within one year.

## 5.7 Labour and employment legislation

### 5.7.1 Core elements of the Labour (Movement) Act

The Labour Protection Act (LPA) currently in force in Thailand was enacted in 1998. The Act specifies the rights and obligations of employers and employees, and establishes minimum standards for general labour, employment of women and child labourers, remuneration of wages, termination of employment, and employee relief funds. The Labour Protection Act also empowers the Government to intervene in the administration to ensure a fair and healthy relationship between employers and employees. In addition, relevant legislation includes the Labour Relation Act (1975), the Act on Establishment of Labor Courts and Labor Courts Procedures (1979), the Social Security Act (1979), the Employment Protection Act (1979), the Employment Protection Act (1979), the Employment Protection Act (1979), the Employment Protection Act (1979), the Employment Protection Act (1979), the Employment Protection Act (1979), the Employment Protection Act (1979) and the Employment Protection Act (1979). Social Security Act (1990) and the Workmen's Compensation Act (1990).

Act) (1994), etc.

The main elements of the above-mentioned laws and regulations are:

[Minimum wage]

Thailand has different minimum wage levels depending on the region. In 2019, the national minimum daily wage rate is 313 baht (about US\$9.7); Chonburi and Phuket are the highest at 336 baht (about US\$10.4), Bangkok City is 331 baht, and Rayong is 335 baht.

[Working hours and leave]

Working hours are standardised at no more than 8 hours per day and 48 hours per week, with the possibility of longer daily working hours in special professions, but the total number of working hours per week may not exceed 48 hours. In the case of work harmful to the health of the employee and dangerous work, the daily working hours may not exceed 7 hours and the weekly working hours may not exceed 42 hours. Employees are entitled to at least one day off per week, and employers may not require employees to work overtime unless the employee agrees, and employees must be paid overtime for hours worked in excess of the maximum, which is between one and a half (for weekdays) and three times (for holidays) the normal wage for the hours worked. Employees may not work more than the maximum working hours of 48 hours per week.

Employees may take sick leave (work-related injuries and maternity leave are not considered as sick leave) in accordance with their medical condition, but the number of days of paid sick leave shall not exceed 30 working days, and employers may require a medical certificate if an employee takes more than three days of sick leave. Employees who have worked continuously for the same employer for one year are entitled to not less than six days of paid leave per year in addition to the national statutory holidays. Female employees are entitled to a total of 98 days of maternity leave, including holidays (the definition of maternity leave includes a series of pregnancy tests prior to the birth), but only 45 of these days are paid leave.

[Employee records]

Employers employing 10 or more persons are required to draw up a labour regulation charter and publish it within 15 days from the date when the number of employees reaches 10. The employer is required to keep a copy of the labour regulation

in its premises and, for the convenience of the employees, the employer is required to display the labour regulation in a public place or in electronic form. 4

[Use of women workers]

Provides for the types of work in which an employer may not use a female worker for labour, as well as the types of work in which an employer may not use a pregnant woman for labour. It is stipulated that an employer may not dismiss a female worker because she is pregnant.

[Use of child labour]

The types of work in which employers may not use child labour (15-18 years of age) are defined. Employers are only allowed to employ child labourers over the age of 15 years and are required to declare the employment of child labourers to the Labour Inspectorate. Employers are not allowed to use child labour for overtime work or work on holidays, and in general not to use child labour for work between 10 p.m. and 6 p.m. The employer is not allowed to use child labour for overtime work or work on holidays.

### [Workers' pensions]

Employers are required to provide pensions to employees who are injured, ill or die as a result of or in the course of their work, which can be divided into four categories: pensions, medical expenses, rehabilitation and funeral expenses. The rate of the pension depends on the severity of the incident, and in general employers are required to pay 60 per cent of the employee's original salary as a monthly pension, and in the case of loss of organs, disablement or death, the employer is required by law to pay a pension for a certain period of time. All employers are required to contribute to the Workers' Pension Fund administered by the Social Insurance Office by 31 January of each year, at rates set by the Ministry of Labour.

### [Social security]

All employers are required by law to deduct from the employee's monthly salary the social security fund, which is currently set at 5 per cent of the employee's monthly salary (with a maximum monthly salary benchmark of 15,000 baht), and the employer is also required to contribute the same amount of the social security fund on behalf of the employee. Employers and employees must remit the social security fund to the Social Insurance Office by the 15th of the following month. Employees registered with the Social Security Fund can apply for compensation for injury, illness, disability, or death not attributable to work, as well as for child benefits, old-age pensions, and unemployment benefits.

### [Termination of employment]

In the case of an employment contract without a time limit, both the employer and the employee may terminate the employment relationship by giving written notice to the other party on or before the payday and then on the next payday. An employee may be dismissed without prior notice and without severance pay except in cases where the employee has intentionally committed a crime against the employer or used his/her position to gain an undue advantage, or has negligently caused great damage to the employer, or has been absent from work for three consecutive days without a reasonable explanation (regardless of whether or not there is a holiday interval between the three days), or the employee has been sentenced to imprisonment by a final court of law, which, in the case of a criminal offence of negligence or a

misdemeanour, requires that the act has caused damage to the employer. An employee who is dismissed through no fault of his or her own is entitled to severance pay, the amount of which depends on the number of years the employee has worked for the employer.

If an employer lays off employees for reasons such as departmental and business restructuring, equipment and technical renovation, etc., the employer shall notify the employee and the labour inspector of the list of dismissals and the reasons for the dismissal no less than 60 days in advance, or pay the employee 60 days of wages as severance pay (this paragraph applies to those who fail to give 60 days' advance notice). In addition, for employees who have worked for the same employer for six consecutive years, additional severance pay is payable, calculated as 15 days' wages for each additional year of service, up to a maximum of 360 days' wages, starting from the seventh year of service.

On 5 April 2019, the Thai Government Gazette website published a notice of the 10th King's Royal Assent to the Labour Protection Act (7th edition of 2019), with the new version of the Labour Protection Act coming into effect 30 days after its publication. It provides for a number of measures that significantly increase labour benefits, including severance pay for dismissal of workers and maternity leave for women who give birth to children.

Website link: <https://www.labour.go.th/index.php/en/labour-laws/47756-labour-protection-act-b-e-2541>.

### 5.7.2 Provisions for foreigners working locally

#### [Legal basis]

The Act on the Regulation of Foreigners' Work (Revised Edition 2018), enacted in 2017, is currently the basic law for the Thai government to regulate the work of foreigners in Thailand. The Regulations on the Approval of Applications for Work by Foreigners (Revision 2, 2017), published in 2011, and the Restrictions on the Types of Work to be Engaged in by Foreigners (Revised Edition 2, 2017) and the latest Restrictions on the Types of Work to be Engaged in by Foreigners (Revised Edition 2020) published in April 2020, are the main official basis for accepting and approving the work of foreigners in Thailand. 依据。

The Employment Department of the Ministry of Labour is the focal point for the administration of work permits for foreigners in Thailand, and the Foreigner Work Permit Authority under the Ministry of Labour directly manages the acceptance and approval of applications for work permits for foreigners in Thailand, with a two-tier management system at the central and local levels. In addition, the Foreign Workers Inspection Bureau of the Ministry of Labour coordinates with the Immigration Bureau and the Tourism Police Bureau under the Thai Police Department in the management of illegal labour entry; and the Labour Inspection Bureau of the Ministry of Labour is responsible for receiving complaints and reports from the public on foreigners working illegally and conducting investigations to obtain evidence and eventually deal with them.

#### [Employment regulations]

All foreigners working in Thailand must first obtain a work permit from the Thai Ministry of Labour, and foreigners without a work permit are prohibited from engaging in any form of work in Thailand. Foreigners applying for work permits must be permitted to legally reside in Thailand or enter the country on a non-immigrant visa in accordance with the Immigration Act; foreigners on tourist or transit visas are not permitted to apply.

#### [Processing time frame]

As of today, Thailand has not officially authorized any intermediary agency to engage in the business of issuing work permits for foreign labour. The processing time for work permits depends on the type of work and generally does not exceed 15 working days. Enterprises enjoying local investment promotion incentives or other

policies will process work permits for their foreign employees within seven days from the date of receipt of the application and will be allowed to work during this processing period. Expatriates who enter the country temporarily to perform urgent or professional work may be exempted from obtaining work permits if the period does not exceed 15 days, but are required to report in writing to the relevant officials.

[Requirements for licences]

(1) The validity period is 1-2 years (depending on the enterprise), and an application for renewal must be submitted in time before the expiration date; (2) The holder must carry the document with him; (3) The employer must provide appropriate assistance to officials of the labour administration when they come to the owner's place of residence for the purpose of checking the document; (4) It is not possible to use the document in other places (without changing the employer), and when applying for a place of employment, it is necessary to indicate the places of the head office and the branch office separately. (4) If you cannot use the workplace off-site (without changing your employer), you must indicate the location of the head office and branch office separately when applying for a workplace. If a branch office applies in the name of the head office, the application must be made at the location of the branch office.

[Provisions for foreign labour]

The Thai government is basically positive towards foreigners applying for work permits for investment, business, teaching, etc., and encourages foreigners in Thailand to apply for work permits through legal procedures. The latest Restrictions on the Types of Jobs for Foreigners published in April 2020, while conditionally liberalising the restrictions on some types of jobs, still strictly restricts foreigners from working in the following 27 types of jobs:

(1) wood carving work; (2) car driving or driving of other non-motorised transport vehicles, except driving of national flights and forklift driving; (3) auctioning; (4) jewellery and diamond processing; (5) hairdressing; (6) handloom weaving; (7) mat weaving or work on utensils using rattan, hemp, grass, and bamboo; (8) handmade paper making; (9) lacquerware making; (10) making of Thai musical instruments; (11) ebony silver inlay making; (12) gold, silver and copper jewellery ware making; and (13) stoneware making; (14) Thai doll making; (15) Monk bowl making; (16) Handmade Thai silk making; (17) Buddha statue making; (18) Making paper or cloth umbrellas; (19) Manager or agent work, except for international investment and trade agents; (20) Thai massage; (21) Handmade cigarettes rolling; (22) Tourist guides and travel agents' work; (23) Individual small traders; (24) Handmade Thai characters Printing; (25) Hand-wire drawing; (26) Clerical or secretarial work; (27) Legal services or legal proceedings, except arbitration, assisting in work or acting in arbitration proceedings.

## 5.8 Regulations on the Acquisition of Land/Forest Land by Foreign Enterprises in Thailand

### 5.8.1 Main elements of the land law

Thailand's laws on land and property are mainly based on the civil law legal system, with reference to the relevant laws of civil law countries. The Land Code Promulgating Act B.E. 2497 was enacted by the Ministry of the Interior of Thailand and has been in force since 10 December 1954. The Land Code Promulgating Act B.E. 2497, which includes the allocation of land, the granting and definition of land ownership, the issuance of related documents, etc., clarifies the restrictions on religious land, land for foreigners, and land for legal entities in certain industries, as well as the regulations on land surveys, land transactions and fees, and penalties. For the first time, the Act



stipulates the maximum amount of land that can be held by an individual.

Since then, the Ministry of Internal Affairs issued amendments to three articles of the Land Law in 1999 and 2008, adjusting the provisions on land for foreigners, land-related fees and penalties, respectively. In principle, foreigners are prohibited from owning land, except where special laws permit it.

In addition to the Land Act of 1954, laws such as the Lease of Industrial and Commercial Real Estate in Thailand Act and the Industrial Zones of Thailand Act have provisions dealing with land use by foreigners in Thailand.

#### 5.8.2 Provisions for the acquisition of land by foreign-owned enterprises

The 1954 Land Law provides for the ownership of land by foreigners: "A foreigner may, in accordance with the provisions of bilateral treaties permitting

Provisions for the ownership of premises and land under the jurisdiction of this Land Law.” Under the Act, foreigners and foreign legal persons may own land for residential purposes and for the purpose of engaging in commercial, industrial, agricultural, cemetery, charitable, religious and other activities, in accordance with the regulations of the Ministry of the Interior and with the approval of the Minister of the Interior. The maximum area of land that can be held by a foreigner is regulated for different purposes.

In order to meet the needs of economic and social development, the Ministry of the Interior issued another amendment to the Land Code Amendment Act No. 8 on 19 May 1999, which amended the Land Code with regard to the estates of foreigners and foreign corporations, allowing foreigners and foreign corporations to own land estates under certain conditions. The main contents of the provisions include:

"Any foreigner who needs to hold land in Thailand must bring in not less than 40 million baht from abroad as stipulated by the Ministry of the Interior, and with the approval of the Minister of the Interior, may own not more than 1 rai (Thai unit of area, 1 rai = 1,600 square metres) of land for his or her residence."

"The said foreigner must also fulfil the following conditions: ( 1 ) his/her investment in Thailand must be beneficial to Thailand's own economic and social development or meet the requirements of the Board of Investment (BOI) for investment promotion; (2) the duration of the investment shall be not less than three years; (3) the land held shall be within the Bangkok Metropolitan Area, Pattaya or other areas specified under the Town Planning Act as within the boundaries of residential land."

Foreign enterprises that have made considerable investments in Thailand and benefited the Thai economy are entitled to certain privileges and exemptions in respect of the holding of Thai land during their operations in Thailand, if the provisions of section 27 of the Thai Investment Promotion Act, section 44 of the Thai Industrial Estates Authority Act, or section 65 of the Thai Petroleum Act are applied.

(1) Section 27 of the Thai Investment Promotion Act: with the approval of the Board of Investment Promotion, an investor may own land for investment activities beyond the scope of other laws; in the case of an investor who is a foreigner, if his/her investment activities in Thailand are discontinued or if he/she transfers his/her

investment project to another person, he/she is required to sell the land within one year, and if he/she fails to do so, the land will be taken back by the Land Office and will be auctioned off.

(2) Section 44 of the Industrial Estate Authority of Thailand Act: With the approval of the Industrial Estate Management Board, an industrial operator may own land in an industrial estate for industrial activities beyond the scope of other laws. In cases where the investor is a foreigner, if his/her business activities in Thailand cease or are transferred to another person, he/she is required to return all the land used to the Industrial Park Authority of Thailand or transfer it to the transferee of the enterprise within three years, or else the Land Authority will take it back and transfer it to the Industrial Park Authority of Thailand or the transferee of the enterprise.

(3) Section 65 of the Petroleum Act of Thailand: The Commission has the authority to authorise concessionaires to own land for petroleum operations beyond what is provided for in other laws.

Therefore, at present, under Thai law, foreigners are only permitted to own land for residential purposes subject to the above conditions, or foreign enterprises that fulfil the conditions are permitted to own land for the purpose of business operations on a restricted basis. Foreign enterprises are not allowed to freely conduct investment business in Thai land. In addition, even in the case of joint ventures in which Thai people are in the majority (in terms of shareholders and shareholdings), the Thai Government has introduced regulations to prevent land management in this capacity.

Link to relevant legislation: [http://thailaws.com/law/t\\_laws/tlaw0135.pdf](http://thailaws.com/law/t_laws/tlaw0135.pdf)

#### 5.9 Requirements for foreign companies to participate in local stock exchanges

There are no special regulations on the participation of foreign companies in local securities trading in Thailand. Foreign companies incorporated in Thailand enjoy the same treatment as local companies when participating in securities trading.

#### 5.10 Environmental protection regulations

##### 5.10.1 environmental authority

The government department responsible for environmental protection in Thailand is the Ministry of Natural Resources and Environment (MNRE), whose main responsibility is to formulate policies and plans, propose measures for natural resources and environmental management and coordinate their implementation, and which consists of the Department of Water Resources, the Department of Groundwater Resources, the Department of Marine and Coastal Resources, the Department of Mineral Resources, the Royal Department of Forestry, the Department of Wildlife and Vegetation Conservation in National Parks, and the Office of Natural Resources and Environmental Policy Planning, The Office of Pollution Control and the Office for the Promotion of Environmental Quality.

Website link: [www.mnre.go.th](http://www.mnre.go.th)

##### 5.10.2 Major environmental laws and regulations

Thailand's basic law on environmental protection is the National Environmental Quality Promotion and Protection Act, enacted in 1992 (see annex).

(Enhancement and Conservation of the National Environmental Quality Act), which sets out

the environmental considerations that must be taken into account in business operations.

Other environmental protection laws and regulations include, inter alia, the National Parks Act of 1961, the National Forest Protection Act of 1964, the Town Planning Act of 1979, the Industrial Estate Authority of Thailand Act of 1978, the Building Control Act of 1979, the Public Health Act of 1992, the Clean and Orderly Management Act, enacted in 1992, Factories Act, enacted in 1992, National Environmental Treatment Promotion and Protection Act, enacted in 1992, Hazardous Substances Act, enacted in 1992, Land Excavation and Landfill Act, enacted in 2000, Prime Minister's Office Regulation on the Prevention and Abatement of Oil Pollution, enacted in 1995, Prime Minister's Office Regulation on the Protection and Utilisation of Biological Diversity, promulgated in 2000, the Law of the Prime Minister's Office on the Prevention and Elimination of Oil Pollution, promulgated in 2004

Regulation, the National Tourism Policy Act enacted in 2008, etc.

For more details, see the website of the Office of Pollution

Control of the Ministry of Natural Resources and Environment:

[www.pcd.go.th](http://www.pcd.go.th)法规链接:

[www.pcd.go.th/info\\_serv/en\\_reg\\_envi.html](http://www.pcd.go.th/info_serv/en_reg_envi.html)

### 5.10.3 Basic points of environmental laws and regulations

Thailand's environmental laws and regulations have clear provisions on air and noise pollution, water pollution, soil pollution, waste and hazardous substances discharge standards, and there are penalties for violations of the law, please refer to the relevant notice on the website of the Department of Environmental Quality Promotion, Ministry of Natural Resources and Environment of Thailand.

([www.deqp.go.th/website/52/](http://www.deqp.go.th/website/52/)). In addition, Thailand first introduced mandatory requirements for Environmental Impact Assessment (EIA) in 1975, and the relevant provisions are currently detailed in Section 46 of the National Environmental Quality Promotion and Protection Act of 1992. The Ministry of Natural Resources and Environment (MNRE) of Thailand has the authority to prescribe the scale and type of projects for which an EIA is mandatory, with the approval of the Natural Environment Council of Thailand (NEC). Large-scale projects that may have an impact on the natural environment are required to submit EIAs to the Office of Natural Resources and Environmental Policy Planning (ONEP) for review and modification, and the EIAs must be issued by consulting firms registered and accredited with ONEP.

[Relevant laws and regulations applicable to carbon emissions in Thailand]

Thailand's basic law on environmental protection is the National Environmental Quality Promotion and Protection Act, enacted in 1992.

(Enhancement and Conservation of the National Environmental Quality Act). In addition, the Ministry of Natural Resources and Environment of Thailand has issued a series of announcements on pollution control and protection in the areas of air, noise, water and soil.

Thailand's environmental laws and regulations are clear on air and noise pollution, water pollution, soil pollution, waste and hazardous substance discharge. The

standards for air and noise pollution, water pollution, soil pollution, waste and hazardous substance discharge are clearly defined, and there are penalties for violation of the law, please refer to the announcement on the website of the Department of Environmental Quality Promotion, Ministry of Natural Resources and Environment. Operationally, there are three main components, namely the management of wastewater, waste gas and solid waste.

The National Ordinance for the Promotion and Protection of the Environment, which is Thailand's main law on air pollution control, sets standards for air pollutants and sets standards for emissions from various industries. The Factories Ordinance stipulates standards and control methods for toxic and other wastes generated in factory operations that have an impact on the environment. The Land Transport Ordinance provides for standards and testing methods for vehicle emissions.

[Other relevant laws]

Regulation on the Standards for the Control of Exhaust Emissions from Various Industries, issued by the Ministry of Natural Resources and Environment of Thailand; Announcement of the Ministry of Industry on the Standards for Toxic Substances in Factories, issued by the Ministry of Industry in accordance with the Factories Act; and the Regulations on the Standards for the Control of Exhaust Emissions from Various Industries, issued by the Land Transport Department in accordance with the Land

Regulations on the Methods and Standards for Testing Exhaust Emissions from Vehicles, issued by the Transport Act.

#### 5.10.4 Environmental Impact Assessment Regulations

##### [EIA law]

According to the National Environmental Quality Promotion and Protection Act (1992), in order to protect and enhance the quality of the environment, the Ministry of Natural Resources and Environmental Conservation, with the approval of the Natural Environment Commission, shall categorise the types and scales of investments or projects undertaken by government departments, state-owned enterprises and individuals that may have an impact on the natural environment and are subject to the EIA report, and shall publish the report in the government press under the signature of the Minister. The announcement shall be made in the government press after being signed by the Minister. The publication shall also include other relevant materials to be submitted. The Minister of Natural Resources and Environmental Protection may, with the approval of the Natural Environment Council, publish the EIA report for a specific investment or project as a model in the government press if it is of a general nature, and other similar investments or projects may be exempted from submitting an EIA report on the basis of agreement with the contents of the model.

##### [EIA Management]

According to the above law, for investment or engineering projects that require the submission of an EIA report, if they are to be implemented by a government department, a State-owned enterprise or a joint project between the former two and a private enterprise, and are to be submitted to the Cabinet for final approval, the government department or State-owned enterprise is required to prepare an EIA report at the feasibility study stage of the project and submit it to the Cabinet for approval, after obtaining the approval of the National Environment Commission. If necessary, the Cabinet may invite relevant experts or professional organisations to participate in the evaluation of the project.

##### [EIA process]

If an investment or engineering project is required by law to prepare an EIA report



prior to construction or implementation, the responsible person shall submit the report to the relevant project approval authority and the Office of Environmental Policy and Planning at the same time. The submitted report may be in the form of a standard model. Only after the approval of the Office of Environmental Policy and Planning can the project approval body issue the investment or project implementation permit. If the Office of Environmental Policy and Planning finds that the submitted EIA report does not meet the relevant requirements or there are missing materials, it shall give feedback to the submitter within 15 days of receiving the report. If the materials in all aspects are complete and meet the relevant requirements, a preliminary opinion shall be issued and forwarded to the Expert Committee for further review within 30 days of receiving the report. The Expert Committee shall issue its review results within 45 days from the receipt of the report, and if it fails to issue an opinion within the specified time, the review shall be deemed to have been passed.

[Qualification of EIA bodies]

With the approval of the National Environment Commission, the Minister of Natural Resources and Environmental Protection may set specific requirements for the qualifications of the preparer of an EIA report, who shall be an expert in the field and be certified in the relevant qualifications. The application for and issuance of qualification certificates, the qualification conditions for becoming an expert and the renewal, suspension and revocation of the certificates, as well as the relevant fee rates, shall be implemented in accordance with the relevant regulations established by the Ministry of Natural Resources and Environmental Protection.

Currently, there are many professional firms in Thailand that are engaged in EIA consultancy and services, and can provide relevant services to enterprises.

Business.

#### 5.11 Provisions against commercial bribery

Thailand does not yet have a specific law on commercial bribery. Legal provisions relating to commercial bribery are reflected in different legal texts. Among them, the Anti-Graft and Corruption Organisation Act (enacted in 1999 and amended in 2007), a law on corruption and bribery of public government officials, contains a series of clear provisions on commercial bribery and official corruption. In addition, there are also legal provisions on commercial bribery in the Thai Penal Code, Commercial Code, Public Service Act, Public Service Act, Trade Competition Act and Tender Act, among others.

The Organic Act on Combating Corruption contains clear provisions on defining, investigating, preventing and punishing corrupt behaviour of government officials and bribe-givers, as well as on the disqualification of officials and the disclosure of their assets. Under the Act, Thailand has a National Anti-Corruption Commission (NACC), consisting of a chairman and eight commissioners, all of whom must be recommended by the Senate and appointed by the King, which is fully responsible for corruption investigations involving senior Thai public officials and related matters. Government officials are defined in the Act as "individuals holding political positions, public officers of central and local government departments, persons holding positions in State-owned enterprises or State agencies, and related staff who are entrusted with public duties of the Government in accordance with this Act and other laws".

According to the relevant provisions of the Thai Penal Code and the Act on Offences against Staff of Government Agencies, the following elements must be included in order to constitute an illegal bribe: (1) the bribe recipient must be a public official of the Government, a public official of a legislative body or a staff member of a State-owned enterprise, as well as other persons who work for or receive remuneration from the above-mentioned bodies; (2) **the "benefit" used by the briber to pay the bribe (2) The "benefit" used by the bribe giver to offer a bribe** is not legally obtained by the bribe taker according to the regulations; (3) The definition of the above **"benefit"** is not only limited to visible property or goods that can be measured in money, but also includes all kinds of illegal gains actually

obtained by the bribe taker; (4) The motivation of the bribe giver for paying the above **"benefit" must be the same as the motivation of the bribe taker to offer a bribe.** (4) The motivation of the bribe-giver to pay the said "advantage" must be the fulfilment or non-fulfilment of a specific official duty by the bribe-taker. In addition, the Organic Law on Combating Corruption further provides that "benefits" received by former government officials who have been out of office for not more than two years from the time of their departure from office from a person related to them are likewise defined as "passive bribes", unless otherwise provided by the National Anti-Corruption Commission (NACC).

Under Thailand's Public Service Act, Thai government officials are not permitted to serve as general managers, managers, partners or equivalent roles in enterprises, unless authorised by the government in accordance with the law (e.g., serving as a manager of a state-owned enterprise). In addition, some Thai government agencies, such as the Ministry of Finance and the National Industrial Estates Authority (IEAT), have established internal regulations on issues related to disqualification of internal staff.

Under the Thai Penal Code, the penalties for passive and active bribery in Thailand include imprisonment, fines or both. It stipulates that a person who, directly or through an intermediary arrangement, provides property or other benefits to a public official is liable to a fine.

A public servant who requests, accepts or agrees to accept a financial or other benefit from another person in order to enable the public servant to perform or refrain from performing a specific official duty, whether or not the act is in conformity with the duties of his/her office, shall be punished by imprisonment of not more than five years or a fine of not more than 10,000 baht, or both. and a fine of 100,000 to 400,000 baht or the death penalty.

In particular, it should be noted that Thailand's current anti-corruption laws only provide for the active bribery of domestic government officials by domestic persons, but not the active bribery of Thai officials by foreign persons or the active bribery of officials of foreign countries or international organisations by domestic persons. Currently, the Thai Ministry of Justice and the Thai Parliament are promoting amendments to the above provisions within the existing legal framework.

Legal link: [https://www.nacc.go.th/download/article/article\\_20190401140617.pdf](https://www.nacc.go.th/download/article/article_20190401140617.pdf)

## 5.12 Provisions for Foreign Enterprises Contracting Local Works

### 5.12.1 licensing scheme

(1) The Thai contracting market is conditionally open to foreign enterprises. In accordance with the relevant provisions of the Act on Business by Foreigners, the construction and engineering services industry is a restricted industry for foreigners, and foreigners can only undertake engineering projects in Thailand if they form a joint venture or consortium with Thai nationals, and the joint venture or consortium must be controlled by Thai nationals, with the proportion of foreigners' investment not exceeding 49 per cent. In addition, Thailand has adopted more stringent market access conditions for foreign contractors in terms of bidding and business performance. Foreign exchange control used by foreign contractors is strictly regulated by the local Foreign Exchange Management Act. International standards are basically adopted in terms of quality, safety and imported materials for construction projects.

(2) Foreign natural persons are not allowed to undertake local contracting projects.

### 5.12.2 Prohibited areas

From a legal perspective, Thailand has no restrictions on foreign contractors in the

field of contracting, except for the requirement that foreigners in joint ventures or consortiums are not permitted to hold large shares. However, at the practical level, several large local Thai contractors have a natural advantage in bidding for some projects, especially government public projects. In general, the construction contracting industry is one in which foreign companies are not encouraged.

#### 5.12.3 Bidding method

Contracted engineering projects in Thailand can be divided into two categories: firstly, public projects invested by the state, which usually adopt the electronic bidding (E-Auction) method for Thai legal persons to participate in the bidding, with only a few projects adopting the form of international bidding; and secondly, privately-invested projects, in which the currently prevailing forms of bidding, such as international bidding, invitations to tender and negotiated bids, etc., are all adopted. Private projects are generally

Selecting contractors who have a longstanding relationship with the owner to build the project has been more common in recent years through negotiated co-operation.

#### 5.12.4 Acceptance requirements

(1) Local regulations on the construction process and acceptance of works. In Thailand, local projects are strictly enforced in the construction process by submitting materials and equipment for examination in advance, retaining all kinds of process information such as text, images, test and environmental protection reports, and firstly carrying out on-site physical acceptance, verifying all kinds of submitted information one by one after passing, and completing the acceptance only after all the staff of the Supervisory and Management Committee have no objections and have signed to confirm it.

(2) Relevant local regulations on quality standards and acceptance and exemption of liability for works. Local projects in Thailand strictly implement the standards of the Industrial Standards Authority of Thailand (ISAT), and the manufacturers and technical parameters of all kinds of major materials and equipments are clearly specified in the bidding documents. There are some corresponding national standards in Thailand, but they are not sound, and sometimes the use of British, American, European or even Japanese standards is required.

(3) Whether Chinese standards are applicable in Thailand. Chinese standards have not been officially approved for formal application in Thailand, and currently only the China-Thailand High Speed Railway is authorised by the government to use Chinese standards.

#### 5.13 Provisions for the protection of intellectual property rights

##### 5.13.1 Laws and regulations on the protection of intellectual property rights

Thailand's laws relating to the protection of intellectual property rights involve three main texts: the Patents Act (1979), the Trademarks Act (1991) and the Copyright Law (1994). The three laws provide clear provisions on the definitions, types, application, use and protection of patents, trademarks and copyrights, respectively.

The core of the Patents Act (1979) is that certain criteria must be met for a patent

to be established, and different criteria are used to apply for different protection. During the period of patent protection, the owner of the patent has the exclusive right to develop and exploit his invention in any country that recognises the patent. Since patent protection is territorial in nature, inventors need to apply for patent protection in each of the countries where they need to protect their patents. In most jurisdictions, an inventor may request patent protection in other countries within one year of the initial application for patent rights. The effective period of protection of a patent is 10 or 20 years, depending on the type of patent, from the date of filing the application.

The core of the Trade Marks Act (1991) is that a trade mark is a sign that is intended to be used or has been used for a particular good to distinguish between different goods. In order to be registered, a trade mark must be distinctive and must not be identical with or confusingly similar to another registered trade mark. The Trademark Law provides that the following types of marks may be protected by law: (1) service marks; (2) collective marks; and (3) famous marks. The Trademark Law provides that once a trademark is registered, it is protected for a period of 10 years, during which time it is valid.

A registered trademark can be renewed if the required fee is paid within 90 days prior to termination; otherwise, the registered trademark will be cancelled upon expiration. Both registered and unregistered trademarks are protected, but unregistered trademarks are protected to a lesser extent.

The core of the Copyright Act (1994) is that it protects the right to create literary, artistic and performing works and makes it an offence to reproduce or publish a work without the creator's permission. The Act defines "**copyright**" as "the exclusive right of the creator to dispose of his or her work" and "**copyright creator**" as the producer or creator of the work. The owner of a copyright has the exclusive right to reproduce, adapt, sell computer software, audiovisual, cinematographic and phonographic works, distribute the benefits of the copyright harvest and authorise others to use his or her copyright.

Details of the above regulations can be found on the website of the Department of Intellectual Property, Ministry of Commerce, Thailand: [www.ipthailand.go.th](http://www.ipthailand.go.th)

#### 5.13.2 Penalties for intellectual property infringement

According to the Thai Patent Act (1979), a person who does not have the rights provided for in this Act shall not use the words "Thai Patent", "Thai Utility Model Patent", "Thai Utility Model Patent", "Thai Utility Model Patent", "Thai Utility Model Patent", "Thai Utility Model Patent" or any other foreign words or phrases with the same meaning on a product container, a product packaging or a publicity of an invention or design, or any other words with the same meaning. or other foreign characters with the same meaning, or other words with the same meaning. No person shall use the words "patent pending" or "utility model patent pending" or other words with the same meaning on the product container, product packaging or publicity of the invention or design (except for patent applications or utility model patent applications that are pending approval). (except for patent applications or utility model applications in the process of approval). Any person who commits an offence shall be liable to imprisonment for a term not exceeding one year or to a fine not exceeding two hundred thousand baht, or to both; any person who, without the permission of the patentee, uses a patent for a product, technology or design (except for the use of a patent for a



design for the purposes of teaching and research) which is owned by the patentee shall be liable to imprisonment for a term not exceeding two years or to a fine not exceeding four hundred thousand baht, or to both; any person who, without the permission of the owner of a utility model patent, infringes on the use of a utility model patent shall be liable to imprisonment for a term not exceeding three years or to a fine not exceeding four hundred thousand baht. utility model patentee without the permission of the utility model patentee, shall be liable to imprisonment for a term not exceeding one year or to a fine not exceeding two hundred thousand baht, or to both; and any person who, in applying for a patent for an invention, a design patent or a utility model patent, furnishes false information to an enforcement officer with a view to obtaining a certificate for the patent or a certificate for the utility model shall be liable to imprisonment for a term not exceeding six months or to a fine not exceeding five thousand baht or to both; and any such person shall be liable to a fine not exceeding five thousand baht or to both. or a fine of not more than 5,000 Baht, or both; where the person punished for the offence under this Act is a legal person, the legal executor or representative of the legal person shall be subject to the penalties prescribed by law, unless the act of the legal person can be proved to be unrelated to the person himself/herself or is not endorsed by the person himself/herself.

Thailand's Trademark Act (1991) and Copyright Act (1994) do not provide for penalties for offences. Details of the above regulations can be found on the website of the Intellectual Property Office of the Ministry of Commerce of Thailand at [www.ipthailand.go.th](http://www.ipthailand.go.th).

In addition, Thailand created a fast-track patent registration system in May 2022 to facilitate Thai inventors, starting with a pilot project for healthcare-related inventions, including medicines, treatments, care and food. The Intellectual Property Department of the Ministry of Commerce said the new system will increase the competitiveness of innovation and intellectual property rights, creating more jobs and income for Thai people and businesses. Patent applications and registrations in Thailand currently take 55 months from filling out data to being approved, and under the fast-track system

Will be reduced to 24-36 months.

#### 5.14 Main ways of resolving business disputes and applicable law

When commercial disputes arise in Thailand, they are generally resolved through negotiation, mediation, arbitration and litigation. Of these, arbitration settlement is the commonly used means of international commercial dispute resolution.

Under the Thai Arbitration Act, the validity of a written agreement to submit a dispute to arbitration is determined by an ordinary or administrative court, depending on the nature of the dispute. Arbitration may be chosen to resolve certain types of disputes with the consent of the parties to the agreement. If one of the parties submits the matter in dispute to court proceedings, the other party may object under the arbitration clause of the contract. In this case, the court will refuse to accept the case and order the parties to settle the dispute by arbitration.

The law of the country to be applied in resolving disputes depends on the agreement of the parties. For example, the Thai Arbitration Act provides that the parties agree to adjudicate in accordance with the provisions of the Arbitration Act, and when a country is involved, if there are no corresponding legal provisions and relevant mediation, the relevant and non-contradictory laws and regulations of that country shall be invoked. In addition, under the Agreement on Promotion and Protection of Investments (APIP) signed between Thailand and the six ASEAN countries in 1987, the conciliation and arbitration institution for investor-state investment disputes is specified as either the International Centre for Settlement of Investment Disputes (ICSID), the United Nations Commission on International Trade Law (UNCITRAL), the Regional Arbitration Centre (RAC) located in Bangkok or the Regional Arbitration Centre (RAC) within the ASEAN or any other body that institution designated for the purpose of arbitration by agreement of the parties to the dispute.

If the parties do not stipulate the law to be used for the award in the content of their agreement, the Arbitration Commission may base the award on Thai law. The Arbitration Act also provides that a court may enforce a foreign arbitral award if the parties are entitled to rely on the provisions of the relevant international law.

If a Chinese enterprise has a business dispute in Thailand, the Chinese enterprise can complain about the dispute case to the Department of Trade Development Promotion or the Department of Business Development of the Ministry of Commerce of Thailand and obtain a solution; if the trade dispute needs to be resolved by arbitration, the Chinese enterprise can contact the Trade Court of Thailand for arbitration counselling. In addition, the use of law depends on whether the contract has agreed on the application of Chinese law or Thai law. If there is no agreement, the law of the defendant's location will be used, as the lawsuit is to be filed at the defendant's location; if it is agreed that the dispute is to be resolved by arbitration, the law of the location of the arbitration institution will be used.

Circular No. Koh Kor (Koh Wo Jor) 0405.2/Wo 423 issued on 10 September 2020 by the Hearing Committee on Government Procurement and Material Management under the Central Accounting Office of Thailand specifies Covid-19 as force majeure. Case: A Chinese enterprise contracted a project in which an organisation of the Thai government was the contractor, and the progress of the project was seriously delayed after the outbreak of the epidemic. According to the provisions of the Thai Civil and Commercial Code, the epidemic can be recognised as force majeure. At the same time, the Thai government issued a decree for

For works where a Thai government department is the contracting authority, if there is an extension of time, it can apply for an extension of time from a designated government department. In accordance with the above Act, a Chinese enterprise, with the assistance of its legal counselling unit, succeeded in obtaining a waiver of the extension of the project, i.e., an extension of the term of the project contract, which did not constitute a breach of contract.

Link to circular:

<http://www.gprocurement.go.th/wps/wcm/connect/2356b392-dcc5-421b-ab52-930b5a4e1e11/423.pdf?MOD=AJPERES&ContentCache=NONE&CACHE=NONE&CACHEID=ROOTWORKSPACE-2356b392-dcc5-421b-ab52-930b5a4e1e11-nikV0Ij>

## 6. Procedures for investment cooperation in Thailand

### 6.1 Procedures required for investing in a registered business

#### 6.1.1 Forms of establishment of enterprises

In Thailand, the forms of investment in the establishment of an enterprise include joint venture/partnership (bcorporation) private limited liability company (PLC), public limited liability company (PLC), joint venture/cooperative enterprise (JV/CoE), branch (sub-branch) of a foreign company, representative office of a foreign company, and regional representative office of a multinational company.

##### [Joint ventures/partnerships]

There are three main different forms of joint ventures/partnerships in Thailand, depending on the system of responsibility:

( 1 ) All partners in an unregistered general joint venture/partnership are jointly liable and there is no cap on the liability of the joint venture to repay debts. Such a joint venture/partnership is not a legal entity and is taxed only as a private individual.

( 2 ) A registered general joint venture/partnership is a legal entity which, upon registration with the Commercial Registry, has a separate and distinct legal identity that is relatively independent of all partners. A registered general joint venture/partnership is taxed as a corporate entity.

( 3 ) A limited liability joint venture (LLP) is a partnership in which the individual liability of one or more partners to repay debts is capped at the amount of their respective contributions, and one or more partners are jointly and severally liable for all debts. LLPs are taxed as corporate entities.

##### [private limited liability company]

A private limited liability company in Thailand is similar to what is commonly referred to as a corporation. The company may be wholly owned by foreigners. However, in business industries and fields that are reserved and protected in Thailand's national policy regulations, the percentage of foreign ownership is normally limited to 49 per cent.

The liability of the shareholders of a company to repay debts is capped at their recognised share of the registered capital. However, there is no cap on the liability of the board of directors if it is stipulated in the company's memorandum of association or in the articles of association. According to the company's deed charter and the law, a limited liability company is managed by its board of directors.

Although the law does not set a minimum capital for private limited liability companies, it requires that the registered capital must be sufficient to fulfil the company's objectives. All company shares must be subscribed and at least 25 per cent of the subscribed shares must be paid up. Both ordinary and preference shares may be issued, but all shares must have voting rights. Thai law prohibits the issuance of shares with no par value and requires that the par value of the shares offered must be 5 baht or more.

The Thai Companies Act has some special features. For example, private limited liability companies are prohibited from offering treasury shares (debenture stock); and private limited liability companies are required to have no fewer than three holders of shares at any one time. In addition, the offering of non-voting shares, whether ordinary or preference shares, is not permitted; and the original authorised capital shares must be fully subscribed.

#### [Public Limited Liability Company]

The procedure for the establishment of a public limited liability company is very similar to the procedure for the establishment of a private limited liability company, and the Public Limited Liability Companies Act 1992 contains provisions that allow a private limited liability company to be converted into a public limited liability company. The main difference between a public LLC and a private LLC is that a private LLC is prohibited from offering its company shares to the public. Other differences are listed in the table below:

**Table 6-1. Comparison of private and public limited liability**

	private limited liability company	public limited liability company
Minimum number of natural persons as promoters of the company (persons)	3	15
Minimum number of shareholders (persons)	3	15
Public subscription of shares in the issue programme	prohibited	permissible
Public subscription of bonds for the issue programme	prohibited	permissible
Registration fee (Baht)	5500 (one-time fee)	1000 (per million baht)

natural or legal persons signing a joint memorandum/agreement to operate an undertaking together. It is not recognised as a legal entity in the Civil and Commercial Codes. However, in the Tax Code, the income of a joint venture/cooperative company is included under corporate tax and it is classified as a separate entity.

#### [Branches/branches of foreign companies]

Companies incorporated under foreign laws may establish their branches in Thailand. To operate in Thailand, a foreign branch/agency should be mindful of the type of industry

in which it operates, and if the scope of operation involves a reserved category under the Foreign Business Act, it is required to apply for a business licence from the Ministry of Commerce, as well as to ensure that it complies with the other conditions set out in the Foreign Business Act.

For example, as one of the conditions for the approval of a foreign business licence for a branch of a foreign company, the minimum amount of registered capital that the foreign company must inject into Thailand cannot be less than 2 million baht. However, if there is a special provision in a cabinet bill, this amount is also



Subject to change. A branch may exist for an indefinite period until the date of its own dissolution.

[Representative offices of foreign companies]

A foreign legal entity may establish its representative office in Thailand to operate limited, non-profit earning related operations. These operations are limited to:

- ( 1 ) Develop resources for the company's headquarters for products and services in the local market, and monitor the quality and quantity of products produced by its headquarters;
- ( 2 ) Provide relevant, all-round advice and after-sales service for products sold directly from its corporate headquarters to local distributors and consumers;
- ( 3 ) Provide and disseminate information material on new products and services from its corporate headquarters;
- ( 4 ) Reporting on local business development and activities to corporate headquarters;
- ( 5 ) The minimum registered capital of a representative office of a foreign company is the same as that of a branch of a foreign company.

Note: It is important to clarify the composition of the organisation's income with the Thai tax authorities in advance, as the Thai tax authorities may include profits earned by the foreign head office directly from the Thai domestic market in the Thai tax net.

#### 6.1.2 Receiving organisations for registered businesses

Registration of the different business forms mentioned above in Thailand, especially the establishment of a limited company, etc., requires an application to be made at the Business Registration Office of the Department of Business Development, Ministry of Commerce, Thailand.

#### 6.1.3 Main procedures for registering a business

[Procedures for the registration of a limited company] include the following:

- ( 1 ) Registration and approval of company name. Before establishing a limited company,

the selected company name must first be registered and approved by the Commercial Registry. The registered company name must not be similar or identical to the names of other companies. Some specialised names are not allowed to be registered and must comply with the Guidelines for the Registration of Company Names of the Department of Business Development of the Ministry of Commerce of Thailand. The approved registered company name is valid for 30 days and cannot be extended.

Drafting of a Memorandum of Association (Articles of Association) containing the approved registered name of the company, the detailed registered address of the company, the objects and scope of business of the company, personal details such as the names of the three promoters of the company, the subscription of s h a r e s by the shareholders, and data on the registered capital of the company, once approved. The capital information must include the number of shares and the nominal value of each share, and the capital may be invested in instalments but the total amount should be clear.

The law does not specify a minimum amount of capital, but requires that the invested capital should be able to meet the needs of business operations and development.

To. The fee for the registration of the articles of association is five ten thousandths of the registered capital, with a minimum lower limit of 500 baht and a maximum upper limit of 25,000 baht.

( 2 ) Convening of statutory meetings. Once the share structure of the company has been determined, a statutory meeting is organised for all shareholders with the approval of the law and the company's charter to elect the company's board of directors, approve the transactions and expenditures of the company's promoters, and appoint an auditor. The first capital contribution should not be less than 25 per cent of the total capital.

( 3 ) Registration. Within three months of the statutory meeting, the Board of Directors must submit an application for company registration to the Business Registration Office. The registration fee is 5 per cent of the registered capital, with a minimum lower limit of 5,500 baht.

( 4 ) Tax registration. Within 15 days of the company's official establishment and commencement of business, an operator whose annual revenue exceeds 1.8 million baht must apply for registration for value added tax (VAT) on products and become a VAT payer within 30 days from the date his sales reach 1.8 million baht.

[Branches, representative offices and regional offices]

Foreign companies wishing to conduct business in Thailand through the establishment of branches, representative offices and regional offices must submit the relevant documents. These documents must be provided by the head office of the company and notarised by a notary public or certified and approved by the Thai embassy or consulate in the country in which it is located.

## 6.2 Procedures for Undertaking Engineering Projects

### 6.2.1 Access to information

Information on Thai government projects is usually available through the following channels:

( 1 ) Government announcements. Each government department in Thailand regularly publishes tender notices for their respective projects, and bidders may send their personnel to each department to obtain tender information;

( 2 ) (b) Government departments' websites. Government departments will post tender

information on their respective websites, from which bidders can find it;

( 3 ) Newspaper announcements. For certain large projects, especially large infrastructure projects with foreign funding, the authorities usually publish announcements in Thai-English newspapers;

( 4 ) Invitation to bid. For certain large projects, especially large infrastructure projects with foreign funding, the competent authorities usually send out bidding information to contractors in the host country through channels such as chambers of commerce and Thai embassies abroad.

#### 6.2.2 tenders and bids

The methods of bidding and tendering for Thai government projects vary depending on the project, and there are three commonly used methods: first, direct

(b) Takeover bidding, which is usually applicable to projects of average size, where qualified bidders directly submit commercial bids after purchasing tenders. The second is "pre-qualification + bidding", which is usually applicable to large-scale projects, in particular large-scale infrastructure projects financed from abroad. Bidders are required to undergo pre-qualification in accordance with the requirements of the tender, and only those who pass the examination are eligible to participate in the commercial bidding. Qualification is usually divided into general qualification and technical qualification. General qualification examination is the bidding company background, past performance, financial status, personnel and equipment, etc.; technical qualification examination requires that the bidding company must be based on the characteristics of the project to put forward specific construction technology programme, and even design or design expansion programme. Both general and technical qualifications are usually required for mega-projects, while certain domestic budget projects may require only general qualifications. Thirdly, special tenders/negotiated tenders are likely to be used for small national budget projects (usually not exceeding 100 million baht), while negotiated tenders are often used for national budget projects outside the country, such as embassies and consulates abroad.

All government projects in Thailand are required to complete a budget to determine the median price of the project prior to bidding, and for the first two types of bidding mentioned above, if the median price of the project is greater than 100 million baht, the commercial bidding has to be conducted by means of electronic bidding (E-Auction).

#### 6.2.3 government procurement

According to the procurement regulations for the public sector of the Government published by the National Audit Office, the proportion of local government budgets for the procurement of national products must not be less than 60 per cent, and in the case of building materials products it must be more than 90 per cent.

#### 6.2.4 Licensing procedures

Thailand does not have a single national qualification register and qualifications registered with different departments (e.g. Ministry of Interior, Ministry of Transport, Ministry of Agriculture and Cooperatives, etc.) are only applicable to that department and are not interchangeable. Thai contracting companies (Thai legal entities) can apply

for qualifications at various government departments, which will approve the applicant's qualifications based on his/her company. The highest qualification is Grade 1, followed by Grade 2, Grade 3, etc. Only contracting companies with all levels of qualifications are eligible to bid for state budget (non-foreign) projects, and bidders usually specify the level of qualification required in the Tender Offer Requirements (TOR). However, in the case of certain large infrastructure projects, in particular those financed by foreign capital, foreign contractors bidding independently or as part of a bidding consortium are exempted from this requirement.

In recent years, large-scale government budget projects in Thailand generally require enterprises to issue ~~noted~~ letters of credit, qualification, performance and shareholders' list, etc., which are eligible to participate in the project bidding only if they are ~~noted~~ translated into Thai and re-certified by the Ministry of Foreign Affairs of Thailand.

### 6.3 Patent and Registered Trademark Applications

### 6.3.1 Patent application

#### [Procedure for filing a patent application]

After inventing or designing a product, a patent applicant may apply to the Intellectual Property Office of the Ministry of Commerce for the appropriate type of patent protection based on the characteristics of the nature of the product (e.g., complexity and sophistication of the invention) and the need for it. The types to choose from are: invention patents, design patents, and petty patents. Depending on the type of application, the filing fees and procedures required vary accordingly.

After the conditions for filing a patent application are met, the application procedure is as follows:

( 1 ) Completion of the patent application form (including fees). Application documents include: patent application form, description of the legal provisions of the patented invention, claimed rights, abstract, drawings (if any), other documents (if any, e.g., written power of attorney agreement, contract of employment, attorney's rights, and proof of legal personality, etc.).

If there is an obvious error in the completed application documents, the Patent Approval Officer will notify the applicant or his/her representative to make amendments within 90 days from the date of notification, with an additional filing fee as appropriate. If the amendment cannot be completed after the deadline, it will be regarded as abandoned.

( 2 ) Patent application publicity. The term of publication is 90 days for invention and design patents and 1 year for petty patents. The fee for publication of invention and design patents is 250 baht and the fee for publication of petty patents is 500 baht, which must be paid within 60 days of receipt of the notice.

( 3 ) If the application is for a patent for invention, the applicant must request an examination of the patent within five years from the date of publication and pay a fee. Afterwards, the patent examiner will examine whether the application complies with the conditions and legal requirements, and will request the payment of the registration fee and deposit, and finally issue a certificate of patent for the invention.

If the application is for a design patent, an examination application is not required. The Patent Examining Officer will examine the submitted documents after 90 days from

the date of publication and require a registration fee of 500 baht and finally issue a certificate of patent for the product design.

If the application is for a petty patent, it will be granted upon payment of the filing fee and the publication fee. An interested party may request an examination and inspection of the petty patent within one year from the date of publication, and if the petty patent violates the Patent Law, it will be cancelled.

[Patent term]

Patents for inventions are valid for 20 years from the filing date of the application, patents for designs for 10 years from the filing date of the application, and petty patents renewed in accordance with the law for 6 years from the filing date of the application.

The period during which the patent is considered by the court is not counted. During the validity period of a patent, the patent owner is the only person who has the right to use the patented invention and design, produce and sell the product of the right holder. Any infringement case concerning the patent is not considered an offence until the patent has been examined and cleared. The owner of a patent may licence its patent to others to own or use it, subject to the following conditions: the patentee may not impose any conditions or restrictions or cause undesirable competition; and the owner of the patent may not demand payment from the licensee after the expiry of the patent's term of validity.



Any authorisation contrary to the above is void. Any agreement or licence must be in writing and duly registered.

[Cancellation of patents]

Notwithstanding the granting of a patent, any person or interested party or the public prosecutor who contests it may sue in court for cancellation of the patent.

Foreign patents that have not yet been granted a patent in Thailand are not protected by the Thai Patent Act. However, the holder of a foreign patent or the holder of the right to an invention or design may enter into business in Thailand in co-operation with a Thai organisation and at the same time receive the same protection through contractual obligations under a licence agreement. Foreign patents, inventions and designs are not protected by the Thai Patent Act, and therefore, Thailand does not entertain disputes arising from the production and sale by a third party of a product of the holder of a foreign patent without payment of the relevant fees or the filing of an application in Thailand for a patent that has already been filed in another country.

### 6.3.2 registered trademark

[Trade Marks Act]

In 1991, Thailand enacted the Trademark Act and its related amendments (2000, 2006). The Act regulates the registration and protection of trademarks. The Act defines a trade mark as a symbol used to indicate the ownership of goods, which must be unique and capable of proving that the goods of the trade mark owner are different from the goods of other trade mark owners.

Website link: [www.ipthailand.go.th](http://www.ipthailand.go.th)

[The

registration

process]

consists

mainly of:

( 1 ) Search. A pre-application search serves to identify similar or identical trade marks in Class 45 that have been applied for/registered or are in the process of being applied for/registered and that have an impact on the application.

( 2 ) Application. A trade mark application is filed by the owner or his agent by completing the official application form provided by the Office of the Registrar of Trade Marks. The owner or agent must have a precise address in Thailand for the Office of the Registrar of Trade Marks to contact him/her. Once the application is filed, it will be examined by an examiner of the Trademarks Registry. If the application complies with the provisions of the Trade Marks Act and does not conflict with other registrations or applications for registration, the Trademarks Registry will issue a Publication Licence and set out the conditions under which the trade mark will be granted registration.

If the Office of the Registrar of Trade Marks accepts the application and considers the trade mark to be registrable, and no objections are received within 60 days of the official publication of the application, the trade mark may be duly registered.

[Duration of trademark registration]

If no interested party objects or the Registrar raises an objection within 2 months from the date of publication, the applicant may apply for a certificate of registration. It takes approximately 12 to 18 months from the date of filing to the issuance of the certificate. A trade mark is valid from the date of filing

10 years from the date of expiry. The owner of a trade mark must apply for renewal 90 days before the expiry date of the trade mark to request a further 10 years; however, if the trade mark has exceeded its period of protection, the new Trade Marks Act allows for a six-month grace period during which a fee of 20 per cent of the normal handling fee is payable.

A trade mark that has not actually been used may also be registered. However, there is no right of action against a third party for applying to use the trade mark.

[Penalty]

The owner of a trade mark is the sole lawful user of that trade mark and may be legally prosecuted for infringement.

[Service marks, certification marks and collective marks]

Under the Trade Marks Protection Act 1991, service marks, certification marks and collective marks are also considered to be among the trade marks that are subject to and protected under the provisions of the Trade Marks Act.

#### 6.4 Procedures for Businesses Filing Tax Returns in Thailand

[Legal basis]

The fundamental law on taxation in Thailand is the Tax Code. Currently, there are three types of direct taxes in Thailand, namely, corporate income tax, personal income tax and petroleum income tax; and indirect and other taxes, namely, value-added tax, special sales tax, excise duty, customs duty, stamp duty, inheritance tax, land and building tax, and signboard tax.

[Tax Administration Agency]

The Ministry of Finance is the authority responsible for fiscal and tax administration in Thailand, with offices such as the Office of Fiscal Policy, the Office of the Comptroller General, the Department of Finance, the Department of Customs, the Department of National Excise, the Department of Taxation, the Office of National Debt Management, and State-owned enterprises such as the Office of the Government Lottery, the Tobacco Monopoly Office, the Housing Bank, the Bank of Thailand, the Playing Card Factory and the Asset Management Company. Those responsible for tax collection and administration are mainly the Department of Revenue, the Department of National Revenue and the Department of

Customs. The Department of Revenue is mainly responsible for collecting income tax, value-added tax, special sales tax, etc.; the Department of National Goods Tax is responsible for collecting excise tax; and the Department of Customs is responsible for collecting import and export duties. Local governments are responsible for collecting property taxes as well as local taxes.

The Department of Taxation is the supreme administrative body responsible for tax collection and administration and collects and administers the following taxes: corporate income tax, personal income tax, value-added tax, special business tax, stamp duty and petroleum income tax. The Tax Department is headed by a director and has four deputy directors. The organisational structure of the Revenue Department is divided into two parts throughout the country, namely the Central Tax Administration and the Prefectural Tax Administration.

The tax administration organisations in the provinces include the Prefectural Tax Office and the District Tax Office outside Bangkok. Sub-prefectural tax administrations are under the direct control of the governor or district administrator.

Website link: <https://www.rd.go.th/272.html>

#### 6.4.1 Time to file tax returns

Thailand's Revenue Regulations set out the details relating to the collection of income tax. Here, we will mainly focus on the information related to the filing of corporate income tax returns. Thai Corporate Income Tax is a direct tax levied on businesses that operate in Thailand or do not operate in Thailand but derive specified income derived from Thailand. Thai corporate income tax is filed twice a year. The balance of taxable income less related expenses and deductions is considered as taxable income, and the tax payable is generally calculated at a corporate income tax rate of 20%.

Corporate income tax is levied on a semi-annual basis, the first time in the first half of the annual accounting period, when the legal person should file a return within two months from the closing date of the first half of the current year's accounting year, and the second time within 150 days from the closing date of the second half of the current year's accounting year. Employers are required to deduct personal income tax from their employees' salaries. The accounting year is generally set at 12 months, except for newly established companies. Tax returns must be submitted to the relevant authorities together with the company's financial statements.

Corporate taxpayers (unlisted companies or companies not subject to the provisions of article 67 of the Tax Code) pay 50 per cent of the estimated annual tax by the end of the eighth month of the fiscal year. Taxpayers who fail to file their returns by the due date are subject to a criminal penalty corresponding to the number of days overdue; if the taxpayer has a taxable amount, he/she is also subject to a penalty multiplied by the percentage of the penalty corresponding to the number of days overdue, by the amount of tax due. A penalty of 20 per cent of the underpayment will be imposed on those who, without proper justification, file a tax return that is more than 25 per cent below their annual profit.

Individual income tax must be declared on paper by the end of March of the year following the year in which the income was earned, or can be declared, paid and returned online by 8 April.

#### 6.4.2 Channels for filing tax returns

The Thai government has no hard and fast rules on how and where to file tax

returns. However, the way of filing and calculating corporate income tax in Thailand is complicated. Therefore, companies usually hire professional accounting firms to assist them in preparing and completing their returns.

#### 6.4.3 Tax filing procedures

Enterprises are required to fill out the tax return forms and prepare the required documents by themselves or by a qualified accountant within the filing deadline, and then submit them to the local (prefectural or county) tax authorities to pay the tax.

#### 6.4.4 tax return information

Documents required for company tax returns are: completed tax return form; company's books of account confirmed by a qualified auditor (Income and Expenditure Statement), Profit and Loss Account, Balance Sheet and some other relevant documents as required.

## 6.5 Work Permit Processing

### 6.5.1 competent authorities

The Employment Department of the Ministry of Labour is the focal point for the administration of work permits for foreigners in Thailand, and the Foreigners' Work Permit Authority under the Ministry of Labour directly manages the acceptance and approval of applications for work permits for foreigners in Thailand, with a two-tier management system at the central and local levels.

In addition, the Foreign Workers Inspection Bureau of the Ministry of Labour coordinates with the Immigration Bureau and the Tourist Police Bureau under the Police Department of Thailand in managing the management of illegal entry for labour; and the Labour Inspection Bureau of the Ministry of Labour is responsible for receiving complaints and reports from the public about foreigners working illegally and conducting investigations to obtain evidence and final action.

### 6.5.2 Work permit system

All foreigners working in Thailand must first obtain a work permit from the Thai Ministry of Labour, and foreigners without a work permit are prohibited from engaging in any form of work in Thailand. A foreigner applying for a work permit must be employed under the Thai

The Immigration Act provides for legal residence in Thailand or entry into Thailand on a non-immigrant visa; foreigners on tourist or transit visas are not allowed to apply. The processing time for work permits depends on the type of work and generally does not exceed 15 working days. As of today, Thailand has not officially authorized any intermediary agency to engage in the business of issuing work permits for foreign labour.

#### [Exemptions]

Thailand exempts from the requirement of a work permit foreigners engaged in the following professions: members of the diplomatic corps; members of the consular corps; representatives and officials of member States of the United Nations and its special agencies; persons in the private service who come from abroad to work for the

above-mentioned persons; persons carrying out official duties under an agreement between the Government of Thailand and another country or international agency; foreigners entering Thailand for the purpose of education, culture, arts or sports; and foreigners who come to Thailand for the performance of duties or to carry out missions specially approved by the Government of Thailand. (c) Foreigners who come to Thailand to fulfil their obligations or perform their duties with the special permission of the Thai Government.

[Special exceptions]

Although most foreigners must apply for a work permit and may not start work until the permit has been issued.

The Act Governing the Work of Aliens provides special treatment for the following cases:

( 1 ) Urgent and important work

Under the Act on the Regulation of the Work of Foreigners, persons who temporarily enter Thailand to perform any urgent and important work and who stay in the country for a period not exceeding 15 days may not be required to obtain a work permit. However, such persons must submit a written report signed by themselves and endorsed by their employer, with the consent of the Director General of Immigration or his designated delegate. Foreigners who are entitled to this treatment may enter Thailand on the basis of any type of visa. The so-called "urgent and important work" is not clearly defined in the law.



The granting of exemptions to work permits is entirely at the discretion of the administering authority.

#### ( 2 ) investment promotion

Under the Investment Promotion Act, foreigners attempting to obtain a work permit in Thailand must submit an application for a work permit within 30 days of receiving a notice of appointment from the Board of Investment Promotion. Such persons may engage in authorised work while their applications are being processed by the relevant government agencies.

#### 6.5.3 Application Procedures

A work permit is a visa type that needs to be changed to a Non-Immigrant Visa "B" in accordance with Thai law if the foreigner is working or running a company in Thailand. Upon completion of the change, a work permit must be applied for, otherwise the person will not be allowed to work in Thailand. Foreigners who are already holding a Non-Immigrant Visa "B" but have not yet applied for a work permit are required to apply for a work permit from the Ministry of Labour within 90 days of arrival in Thailand. Foreigners working in Thailand must obtain a work permit before they start working, and the employer may fill in the application form on their behalf before they start working. However, according to the regulations, a work permit is only issued when the foreigner enters Thailand under the Immigration Act and must be collected in person. Applicants entering Thailand on a business visa whose company has been granted a BOI can apply for a work permit at the Department of Labour's counter at the One Stop Investment Service Centre (OSOS), which is now basically an electronic work permit.

The validity of a work permit is limited to the period of time that the foreigner's non-immigrant visa allows him to stay in Thailand under the Immigration Act. Therefore, the work permit will be renewed in accordance with the extension and renewal of the visa. The work permit must be renewed annually within the validity period of the work permit before applying for a work visa or extension. For foreigners with Thai residence permits, work permits can be renewed annually. The Department of Labour is responsible for the renewal of work permits, which in principle are initially valid for one year. Work

permits must be renewed before their expiry date, otherwise they will automatically expire.

#### 6.5.4 information provide

The following documents are required to apply for a work permit:

( 1 ) Information to be provided by the employed person

① For non-permanent residence, a valid passport with a non-immigrant visa (a business visa (NON- B), not a tourist visa or transit visa is required);

② For permanent residence, a valid passport, residence permit, and alien ID card;

(iii) The applicant's academic qualifications and a letter of recommendation from his/her former employer (detailing the applicant's past positions, duties, performance, place of work and duration). If the document is in English, it must be accompanied by a Thai translation and certified by the Thai Embassy or the Thai Diplomatic Service.

### Ministry Certification;

④ Recent medical certificate (not older than 6 months);

⑤ Three 3cm x 4cm photos (within 6 months);

(vi) Work permit application form. If the application form is not completed by the person himself/herself, it must be accompanied by a valid power of attorney in the prescribed form and a 10 baht tax invoice; and copies of the identity cards of the employer and the authorised person (for use of work permits where the employer is a foreigner)

(vii) When filling out the "Job Description" section of the application form, the applicant must provide details of the work to be performed, who will be involved in the work, and what kind of equipment and raw materials will be required for the work;

(8) If the work applied for is subject to the issuance of a licence (certificate) in accordance with some special laws, a copy of the licence (certificate) must also be attached (e.g., a teacher's certificate, a doctor's certificate, a journalist's certificate, etc.);

(i) If the job applied for is not in Bangkok, the application form should be completed at the Labour Office of the relevant province. If there is no such agency, it is to be completed at the city hall of that province;

⑩ Map of the work site;

The certificate of employment or labour contract is displayed.

( 2 ) Information to be provided by employers (private companies)

A copy of the Certificate of Incorporation of the company and a list of shareholders issued by the Ministry of Business Development within 6 months of the date of processing. Or a copy of the company's business licence and proof of the source of foreign investment funds issued in accordance with the 1999 law on foreigners operating companies in Thailand;

② Copy of VAT certificate (Phor.Por.01 and Phor.Por.20), if there is a change in the type of business of the company it must be indicated (Phor.Por.09);

(iii) If the employer is a foreigner, the employer's work permit is required; if the employer is not working in Thailand and does not have a Thai work permit, the employer is required to provide a power of attorney authorising the director or relevant person to exercise the right to sign in place of the employer, which is notarised by a

notary public and certified by the embassy;

④ Licences issued by the relevant agencies of the industry in which the employer is engaged, such as factory licences, hotel licences, food and drug licences, tourism industry licences, etc;

⑤ List of expatriates in the company with their work permit numbers, division of labour map, and map of the geographical location of the company's premises;

(vi) Copies of recent paid social security certificates and current income documents, i.e. financial statements and Phor.Ngor.Dor.50 or

Phor.Ngor.Dor.51 (latest version) and Phor.Por.30.

(7) 4 photos of the office, including 1 photo with the company name clearly visible, 1 photo where you need to see the building in front of the building, and 2 photos of the office layout.

Link to related website: <https://www.doe.go.th/prd/>

## 6.6 Institutions able to provide investment co-operation advice to Chinese enterprises

### 6.6.1 Economic and Commercial Section of the Chinese Embassy in Thailand

Economic and Commercial Section of the Chinese Embassy in the Kingdom of Thailand

Address: 57 Rachadaphisek Rd., Dindeang, Bangkok 10400

57 Ratchadaphise Road,

Bangkok, Thailand 10400

Tel: 0066-2-2457038

Fax: 0066-2-2472123

E-mail: [th@mofcom.gov.cn](mailto:th@mofcom.gov.cn)

Consulate General in Songkhla

Address: NO. 9 Sadao Road, Songkhla 90110, Thailand

9 Sathorn Road, Songkhla, Thailand

Tel: 0066-7-4322034/325045

Fax: 0066-7-4323772

Consulate General in Chiang Mai

Address: 111 Changlo Road, Haiya District, Chiangmai 50100, THAILAND

111 Changro Road,

Chiang Mai, Thailand Tel:

0066-5-3280380

Fax: 0066-5-3274614

Consulate General Khon Kaen

Address: 142/44 Moo2, Rob-Bueng Rd., Muang, Khon Kaen 40000 Thailand

Tel: 0066-4-3001770

Fax: 0066-4-3227037

### 6.6.2 Thailand Chinese Enterprises Chamber of Commerce/Association

Thailand China Enterprise Chamber of Commerce

Address: NO. 1168/76 E Lumphini Tower Condominium, 26th Floor Rama 4 Road,  
Thungmahamek Sub-district, Sathorn District, Bangkok 10120

Tel: 0066-2-6799918

Fax: 0066-2-6799912

E-mail: cegat2001@gmail.com

6.6.3 Embassy of Thailand in China

Address: 40 Guanghua

Road, Beijing, 100600,

P.R. China

Tel: 010-65321749/1848/2151

Fax: 010-65321748

E-mail: thaibej@public.bta.net.cn

Consulate General of Thailand in Shanghai

Address : No.7, Section 1,

Zhongshan East Road,

Shanghai, China Tel: 021-

63234095

Fax: 021-63234140

Consulate General of Thailand in Guangzhou

Address: White Swan Hotel, Sha Mian South Street, Guangzhou

City, Guangdong Province (Garden Hotel, Huan Shi Dong Road)

Tel: 020-81886986

Fax: 020-81879451

Consulate General of Thailand in Kunming

Address : No.145, 1/F, South Building, Kunming

Hotel, Dongfeng East Road, Kunming, Yunnan,

China Tel: 0871-3168916、 3149296

Fax; 0871-3166891

Consulate General of Thailand in Xi'an

Address: Room 704-706, Block B, Huixin ( IBC ), No.1, Zhanba Yi  
Road, Hi-Tech Zone, Xi'an, Shaanxi Province, P.R. China Tel:  
029-87306726  
Fax: 029-87306722

Consulate General of Thailand in Xiamen

Address: Villa, Building 3, Xiamen Hotel, 16 Huyuan Road, Xiamen, Fujian 361003,  
China  
Tel: 0592-2027980  
Fax: 0592-2058816

Consulate General of Thailand in Nanning

Address: 1/F, Oriental Manhattan Building, No. 52-1 Jinhua Road, Nanning, Guangxi  
Zhuang Autonomous Region 710004, China  
Tel: 0771-5526945-47  
Fax: 0771- 5594997

Consulate General of Thailand in Chengdu

Address: 12F, Building 3, Fengde International Plaza, No.6 Aviation  
Road, Wuhou District, Chengdu, Sichuan Province, China 610041 Tel:  
028-66897861  
Fax: 028-66897869

Consulate General of Thailand in Hong Kong

Address: 8/F, Tung Cheong Building, 8  
Cotton Tree Drive, Central, Hong Kong  
Tel: 00852-2521-6481 to 5  
Fax: 00852-2521-8629

Consulate General of Thailand in Qingdao

Address: Unit 1504-1505, Qingdao Shangri-La Centre Office Tower, No. 9  
Hong Kong Middle Road, Qingdao, Shandong Province, P.R. China Tel:



0532-68877038/7039

Fax: 0532-68877036

#### 6.6.4 Thailand Investment Services

Office of the Board of Investment Promotion (BOI), Thailand

Office of the Board of Investment

Address: 555 Vibhavadi-Rangsit Road, Chatuchak, Bangkok 10900, Thailand

Tel: 0066-2-5378111-55

Fax: 0066-2-5378177

E-mail:

head@boi.go.th 网址:

www.boi.go.th

Thailand OSOS One-Stop

Investment Service Centre

website: osos.boi.go.th

E-mail:

osos@boi.go.th 电话 :

0066-2-2091100 Fax:

0066-2-2091199

One Stop Service Centre for Thailand Visa and Work Permit

One-Stop Service Centre for Visas and Work Permits

Address: 18th Fl, Chamchuri Square Building, Phayathai Rd, Pathumwan, Bangkok 10330,  
Thailand

Tel: 0066-2-2091100

Fax: 0066-2-2091194

Thai Board of Investment (BOI) Beijing

Office Address: No. 40 Guanghai Road,

Beijing, China 100600

Tel: 010-65324510

Fax: 010-65321620

E-mail: beijing@boi.go.th

BOI Shanghai Office Address: 567 Weihai

Road, Shanghai 200041, P.R. China

Tel: 021-62889728-9

Fax: 021-62889730

E-mail: [shanghai@boi.go.th](mailto:shanghai@boi.go.th)

BOI Office in Guangzhou: No. 368 Huan  
Shi Dong Road, Guangzhou, Guangdong,  
China

Postcode: 510064

Tel: 020-83338999 Exit. 1216-18

Fax: 020-83872700

E-mail: [guangzhou@boi.go.th](mailto:guangzhou@boi.go.th)

## 7. Issues to be noted for investment cooperation by Chinese enterprises in Thailand

### 7.1 offshore investment

[Typical problems faced in investment operations]

#### ( 1 ) Frequent political fluctuations

In recent years, there have been frequent changes in the top echelons of the Thai government, resulting in a lack of policy continuity and constraints on the governance of the ruling group. The policy changes have resulted in complex and lengthy approval procedures and higher upfront investment costs.

#### ( 2 ) Highly competitive market for contracting work

Compared to ASEAN countries such as Indonesia, Malaysia, Vietnam and Laos, Thailand's contracting market is relatively limited in size and is a protected market with high barriers to entry.

#### ( 3 ) Changes in the international environment put pressure on investing companies

The international environment has changed considerably in recent years, with factors such as the spread of the New Crown Pneumonia epidemic, the Russian-Ukrainian conflict, geopolitical turmoil, the rise of trade protectionism, the escalation of economic and trade friction between China and the United States, sharp exchange rate fluctuations, stock market turbulence, high commodity prices and declining effective demand, which have negatively impacted the production and operation of Chinese enterprises and increased pressure on them.

#### ( 4 ) Labour inefficiency

Wages for Thai workers are relatively low, but the hidden cost of labour in Thailand is still high given the lack of discipline, skills, and higher overtime wages.

[Proposals related to the development of investment by Chinese enterprises]

(1) Enhance the political sensitivity of investment decisions, fully understand and analyse Thailand's political winds and policy dynamics, and carefully study and judge the possible negative impacts on investment projects.

(2) Understand Thai laws and regulations carefully and do your due diligence. If necessary, hire professional lawyers or consulting firms to assist with pre- and post-

investment legal, financial, labour and tax issues.

(3) Choose investment projects carefully and avoid blind decisions. For certain mega-projects, thoroughly investigate the background of the project and the partner. It is advisable to consult the Economic and Commercial Section of the Chinese Embassy in Thailand or similar Chinese enterprises.

(4) Manufacturing companies try to invest in industrial parks recognised by the Board of Investment (BOI) in order to enjoy stable preferential policies and relatively sound logistical services.

(5) Understand and respect Thai society and humanities customs, and strive for localised management. Strengthen communication with employees and hold regular talks with labour unions to keep abreast of employee dynamics.

(6) Targeted development and improvement of internal early warning mechanisms for emergencies in accordance with their own circumstances, including security pre-emptions

The company has a working system for police, plans for dealing with various risks, emergency response to emergencies, etc., which is handled by specialised personnel. Timely and regular safety education is provided to employees to continuously strengthen their safety awareness, and specialists are set up to be responsible for production safety and daily safety and security work, investing the necessary funds to purchase the appropriate safety equipment, and purchasing insurance for employees to ensure their personal health and safety and property safety during their work in Thailand.

## 7.2 Foreign contracted projects

### ( 1 ) Understand Thai laws and regulations and operate in accordance with the law

When doing business in Thailand, Chinese enterprises should understand and comply with the relevant local laws, regulations and policies, and operate in accordance with the law. If necessary, they should hire local lawyers to avoid getting into some unnecessary legal problems. For example, Thailand implements a registration system for national corporate entities to engage in construction business, and has more restrictions on foreigners operating in the construction industry. The construction industry is not an industry that Thailand encourages foreign investment. Thailand's Foreigners in Business Act of 1999 stipulates that the construction service industry is not open to foreigners. Foreign investors engaged in the construction business must do so through a joint venture with a local company that is owned by the local company (51 per cent or more of the shares).

### ( 2 ) Implementation of localised business strategies

Localisation is an important business strategy for the survival and development of multinational corporations. Enterprises should adapt to market changes and enhance their ability to control projects so as to reduce costs and improve competitiveness. The implementation of localisation in Thailand by Chinese-funded contracting enterprises has three main aspects: first, localisation of business concepts. According to the international advanced overseas project management concepts to guide and carry out business activities, abandon the inherent inertia of domestic project management, drawing on foreign counterparts operating in Thailand, applicable to the local characteristics of the

management of business awareness to guide the development of business. The second is the localisation of the mode of operation, learning from excellent international contractors and local companies of the advanced structure, management experience and mode of operation, etc., to learn from all the strengths, and to improve the company's ability to win in the fierce market competition; third is the localisation of the talent to rely on and appoint local talent. On the one hand, it is necessary to increase the proportion of local management personnel in overseas companies, give full play to their roles, and make them become middle and senior management personnel of Chinese companies, playing an important role in the survival, development and growth of the company. On the other hand, it is necessary to make the mindset, working method and management quality of the management personnel sent from China gradually adapt to the requirements of local market competition.

### ( 3 ) Careful selection of good partners

A good partner is a key factor in the success of a project. When Chinese enterprises come to Thailand to do business, they must not be in a hurry and sign contracts blindly. Do not trust the projects introduced by intermediaries or middlemen. In particular, some so-called "**mega** projects" are likely to be "all thunder but no rain". We should try to understand the background of the partners, and carefully choose those partners who have good reputation, strong strength, understanding of marketing and good cooperation. Attention should be paid to a comprehensive understanding of the partner's



background and, if necessary, consult with the Economic and Commercial Section of the Chinese Embassy or Consulate General in Thailand before signing a binding contract.

( 4 ) To attach great importance to the safety of doing business in Thailand

Chinese enterprises doing business in Thailand must give top priority to safety. Effective safety protection measures and emergency response mechanisms for emergencies should be formulated to effectively maintain the safety of the personnel and property of the enterprises. Pay attention to fire prevention, theft prevention, fraud prevention and explosion prevention. At the same time, effective measures should be taken to effectively maintain the safety of state-owned assets and credit funds, strengthen the management of contracted projects, do a good job of cost accounting and capital risk control, and ensure the quality of contracted projects.

( 5 ) Focus on understanding Thailand's natural conditions and socio-cultural environment.

Enterprises should pay attention to the impact of natural conditions and socio-cultural factors on the projects they undertake. For example, Thailand has many holidays, and Thai workers often go on holiday; it is difficult to carry out construction during the rainy season (generally from June to October each year), so it is necessary to consider whether the construction period is sufficient when signing a contract; the majority of Thai people are gentle and polite, but their efficiency is relatively low, and many things are delayed and undecided, and so on.

### 7.3 foreign labour cooperation

[Attitudes towards the introduction of foreign labour]

The Thai Government has a basically positive attitude towards foreigners applying for work permits for investment, business and teaching in Thailand and encourages foreigners in Thailand to apply for work permits through legal procedures, but has a negative attitude towards general labour to work in Thailand.

[Intermediary issues]

To date, Thailand and China have not signed any labour cooperation agreements, and Chinese enterprises in Thailand are only allowed to bring in some of their managerial and technical personnel from China, while ordinary labourers are prohibited

from working in Thailand. In recent years, some black intermediaries in China have deceived domestic workers to work in Thailand through illegal means, which has resulted in many disputes and harmed the workers' personal and property rights. It is worth reminding that domestic workers going to Thailand should further enhance the concept of the legal system and awareness of risks, and if in doubt, they can contact the local official authorities or the Chinese Embassy in Thailand to verify the situation and avoid being deceived. In case of emergencies, domestic workers can contact the Chinese Embassy in Thailand or the local immigration and labour authorities in Thailand.

The Employment Department of the Ministry of Labour is the focal point for the administration of work permits for foreigners in Thailand. The Foreign Work Permit Authority under the Department is directly responsible for receiving and approving applications for foreigners' work permits in Thailand. In addition, the Foreign Workers Inspection Department of the Ministry of Labour coordinates with the Immigration Department and the Tourism Police Department under the Thai Police Department to deal with the problem of illegal foreign workers. The Labour Inspection Bureau of the Ministry of Labour is responsible for receiving complaints and reports from the public on illegal foreign workers, and conducting investigations, evidence collection and eventual processing.

Department of Labour website: <https://www.doe.go.th/prd/>

#### 7.4 Protecting against investment co-operation risks

In the process of investment, trade, contracting and labour cooperation in Thailand, special attention should be paid to investigating, analysing and evaluating the relevant risks beforehand, as well as avoiding and managing the risks during the process, in order to effectively safeguard one's own interests. This includes investigation and assessment of the creditworthiness of project or trade clients and related parties, analysis and avoidance of political and commercial risks in the project location, and feasibility analysis of the project itself. Enterprises should actively use insurance, guarantee, banks and other insurance financial institutions and other professional risk management institutions to protect their own interests. These include credit insurance, property insurance and personal safety insurance for trade, investment, contracted projects and labour services, factoring and forfaiting business of banks, and various types of guarantee business. (Government guarantees, commercial guarantees, letters of guarantee), etc.

Enterprises are advised to use credit risk protection products provided by the China Export and Credit Insurance Corporation, including political and commercial risks, and commercial guarantee services provided by policy banks, such as the Export-Import Bank of China, in carrying out outbound investment and cooperation. At the same time, it is necessary to make full use of Thailand's rich and high-quality local financial resources.

China Export and Credit Insurance Corporation (CECIC) is a state-owned policy insurance company funded by the State, supporting China's foreign economic and trade development and co-operation, with the status of an independent legal person, and is the only financial institution in China that undertakes policy-oriented export credit insurance business. The company's insurance products to support enterprises' foreign investment and cooperation include short-term export credit insurance, medium- and long-term export credit insurance, overseas investment insurance and financial guarantees, etc. It provides risk protection against economic losses caused by nationalisation levies, exchange restrictions, wars and political riots, breach of contract, and other political risks in the countries (regions) where the investments are made.

China Export and Credit Insurance Corporation website: [www.sinosure.com.cn](http://www.sinosure.com.cn)

If a risk loss occurs without effective risk avoidance, it is important to recover the loss as soon as possible through its own or related means, depending on the circumstances of the loss. In the case of business underwritten through credit insurance organisations, the credit insurance organisations will determine the loss and compensate for the risk loss. If the loss is caused by local policy adjustment or commercial fraud in Thailand, the company should actively reflect the loss to the relevant parties in Thailand through various means and report the situation to the Economic and Commercial Section of the Chinese Embassy in Thailand.

## 8. How to build harmonious relationships among Chinese enterprises in Thailand

### 8.1 Managing relations with the Government and Parliament

Thailand adheres to the principle of separation of powers and checks and balances in Western polities, whereby the parliament has the function of overseeing the administration of the government and can participate in the economic affairs of the country through budget deliberations, approval of major projects, and other means.

Chinese enterprises in Thailand should operate in strict accordance with the law, maintain good communication with government officials and parliamentarians of all parties, avoid getting involved in political disputes, and pay attention to the potential political risks of major projects.

### 8.2 Proper management of relations with trade unions

Chinese companies investing in Thailand must learn to properly handle relations with trade unions, which will help to reasonably control wage costs, reduce labour friction and maintain normal business operations.

#### ( 1 ) know the law

It is important to have a comprehensive understanding of Thailand's Labour Law and to be familiar with the development, systems and regulations, and mode of operation of local trade unions. Under Thailand's Labour Relations Act, enterprises employing more than 50 people are required to set up their own workers' committees; enterprises with 10 or more employees can apply to the relevant authorities to set up their own trade unions.

#### ( 2 ) law-abiding

Thailand's regulations on employment, termination of employment and social security must be strictly complied with; employment contracts must be concluded in accordance with the law; employees must be provided with the necessary skills training; wages must be paid in full and on time; and all kinds of insurance and security funds must be paid. Employees shall be given the required advance notice of termination of their employment contracts and be paid termination indemnities.

( 3 ) be familiar with the situation

It is necessary to carefully understand the organisational development of the trade unions in the enterprise and the trade unions in the location of the enterprise, and to grasp the characteristics of the trade union activities, so as to know one's enemy and know one's self.

( 4 ) negotiations

In the event of a reasonable request from an employee, the enterprise shall treat it correctly and endeavour to meet it. If employees or trade unions make unreasonable demands, enterprises should explain patiently; in the event of a trade union strike, enterprises should handle the matter calmly and solve the problem appropriately on the basis of full communication with the trade unions, so as to avoid intensification of the conflict; if necessary, legal channels can be sought.

( 5 ) link up

It is necessary to actively communicate and exchange ideas with neighbouring enterprises or enterprises in the same industry to understand the level of wages and salaries in the industry and the conventional ways of dealing with trade union issues. To maintain necessary communication with trade union organisations in daily production and operation to understand the ideological movements of employees.

The state and, as appropriate, the necessary de-escalation, and the timely resolution of problems identified.

( 6 ) disharmony

It is necessary to establish a harmonious corporate culture, enhance employees' sense of ownership, stimulate and protect their enthusiasm, and unite their wisdom and creativity.

### 8.3 Closer relations with the local population

Respecting local cultural customs and taboos, as well as managing relations with local Thai people, will help Chinese enterprises to conduct business in Thailand smoothly.

( 1 ) Understanding Thai Culture

To understand Thai culture and the cultural taboos and cultural sensitivities that go along with it, and to learn the local language, are key factors for Chinese companies to be able to build good relationships with the local population.

( 2 ) Achieving talent localisation

Actively employing local personnel to participate in the management of the enterprise can not only enhance the level of localisation of the enterprise and make up for the shortcomings of Chinese-funded enterprises in their dealings with local government agencies, but also increase local employment, raise the income level of local residents and create a harmonious community atmosphere for the development of the enterprise.

( 3 ) Participation in community activities

Treating the enterprise as a member of the community, investing a certain amount of manpower and resources to pay attention to issues of concern to the local people, and taking the initiative to participate in public welfare and disaster relief activities in the community, so as to draw closer to the local residents.

### 8.4 Respect for local customs

China is a country of etiquette. Chinese people working and living in Thailand should also respect the local culture and be a person who understands etiquette.

( 1 ) Respect for local religious beliefs

Buddhism is the national religion of Thailand. Those entering temples must dress modestly and neatly, and must not wear shorts, mini-skirts, bare-breasted outfits or other inappropriate clothing. Shoes must be removed when entering the temple and care must be taken not to step on the threshold. Every statue of Buddha, no matter how big or small or whether it is damaged or not, is sacred and one should never climb on a statue to take photos or make disrespectful gestures towards it. Buddhist monks are not allowed to come into contact with women, so if you wish to give something to a monk, you may first hand it to a man to do so.

( 2 ) Respect for local customs

The Thai people are used to the "Hap Sang Salute", where they bow their heads with their palms together and salute each other. Thai people regard the head as a sacred place because



Touching the head of another person or waving the hand over the top of another person's head is regarded as insulting and is a forbidden action; the feet are regarded as the lowest part of the body, so do not point your feet at any person or object, and in particular do not point the soles of your feet directly at the statue of the Buddha. Use the right hand when handing things, not the left. Pay attention to smoking occasions; smoking is prohibited in public places or you will be penalised. When drinking with Thais, do not force them to drink, but let them do as they please. Don't ask about Thai people's privacy, such as personal feelings, salary and income problems.

#### 8.5 Protection of the ecological environment in accordance with the law

The Thai government and people pay great attention to environmental protection. Chinese enterprises investing and cooperating in Thailand should protect the local ecological environment in accordance with the law.

##### ( 1 ) know the law

It is important to understand Thailand's environmental protection regulations and to track and comply with local environmental standards in real time.

##### ( 2 ) plan (how to do sth)

Enterprises should carry out scientific assessment in advance of the waste gas, waste water and other environmental impacts that may arise from their production and operation, and select good solutions in the planning and design process.

##### ( 3 ) link up

One of the necessary prerequisites for investing in a factory in Thailand is that the people living in the vicinity of the factory site are satisfied with the environmental assessment of the company to be invested in. Therefore, companies wishing to invest in Thailand must communicate with the people in the region in which they are investing in order to build a good public opinion base for their corporate image, so that they can successfully pass the people's survey of the EIA.

#### 8.6 Assumption of necessary social responsibilities

Chinese companies investing and cooperating in Thailand should not only endeavour to develop their business, but also assume the necessary social responsibility.

( 1 ) What's Hot

It is important to pay attention to resource, environmental, labour, safety and social governance issues arising from business development, so as to avoid arousing resentment and resistance from local residents. Since Thailand has a relatively strict labour system, labour issues such as wages, working conditions and overtime limits should be given high priority by enterprises.

( 2 ) safe production

It is important to enhance awareness of work safety and strengthen basic management, especially for Chinese enterprises in high-risk industries such as construction, mining and hazardous chemicals, which must take precautions to avoid work safety accidents.

( 3 ) social morality

Chinese enterprises and staff should know the law and abide by it, follow the local customs, refrain from violating local laws and social morals, and be responsible for the national image, corporate reputation and brand building, as well as for the long-term friendly relations between China and Thailand.

#### 8.7 Know how to deal with the media

The media are a unique public resource in modern life, with enormous social influence. Not only does the media widely disseminate knowledge and information and have an educational function, but media opinion also becomes an important basis for the public to react to and make choices about reality, influencing public decision-making and playing both positive and negative roles. Chinese companies in Thailand should know how to deal with the media.

##### ( 1 ) emphasise the importance of publicity

Enterprises should enhance their ability to deal with the media, attach importance to their corporate image, and actively publicise their involvement in public welfare projects, while avoiding involvement in controversies over sensitive local political and social matters. They should be prepared for negative reports involving the enterprise, focusing on explanations and clarifications to avoid escalating confrontations that could lead to speculation.

##### ( 2 ) Transparency and openness

Except for reasons involving commercial secrets, etc., the media should be co-operated with the media reports. Enterprises may regularly invite the media to visit and interview them to learn about the development of the enterprise, and welcome the media to publicise and supervise Chinese enterprises. If necessary, they can disseminate leading messages to the media through public relations consulting firms to guide the local media to conduct favourable publicity for the enterprise.

#### 8.8 Learning to deal with law enforcement

The police, industry and commerce, taxation, customs, labour and other law enforcement agencies are the national administrative forces that maintain social order in Thailand. It is the duty of Thai law enforcers to check the identity papers and working documents of residents and foreigners under their jurisdiction, ask questions about

relevant matters and inspect factories or construction sites, and the relevant personnel of Chinese enterprises should learn to deal with these law enforcers and actively cooperate with them in carrying out their official duties.

( 1 ) legal education

Chinese enterprises should establish a sound management system for doing business in accordance with the law, and hire lawyers to educate their employees about the law, so that they can understand the legal knowledge and countermeasures necessary for their work and life in Thailand, so that they can be aware of the law and comply with it, and respond to it in a reasonable manner.

( 2 ) Carrying Documents

Chinese personnel should carry their identity documents (or temporary residence certificates) and work documents with them when they go out. Important documents such as business licences and tax lists should be kept in a safe place.

( 3 ) Cooperate with the inspection

When law enforcement officers check identity papers and working documents, Chinese personnel should politely show their documents and answer the questions of law enforcement officers; if they do not have documents with them, they should not be afraid, do not hide, and do not run away, but should state their identity or write down their contact telephone numbers so that the company can send someone to contact them.

( 4 ) reasonable request

When encountering law enforcement officers searching companies or residences, they should ask them to show their documents and search certificates, and ask to contact the lawyers of Chinese enterprises. In the event that documents or property are confiscated by law enforcement officers, they should ask the officers to protect the commercial secrets of the Chinese enterprises; produce a list of confiscated documents or property as evidence and note down the number of the officers and their car number; and ask the police officers for a fine receipt when paying the fine.

( 5 ) rational response

In case of unfair treatment of Chinese personnel or enterprises by law enforcement personnel, Chinese enterprise personnel should not clash with the law enforcers, let alone break the law, but should respond rationally, be reasonable, favourable and courteous, and defend their legitimate rights and interests through lawyers; in case of emergencies, they should also notify the Chinese Embassy or Consulate General in Thailand in a timely manner.

## 8.9 Dissemination of traditional Chinese culture

The traditional Chinese culture of harmony, tolerance and friendliness is a unique advantage for Chinese enterprises to invest and cooperate with foreign countries and integrate into local societies. At the same time, Chinese culture "going out" is also an important way to enhance China's "soft power", "going out" enterprises not only have a sense of responsibility, but also have the confidence and ability to spread Chinese traditional culture in the local community. Traditional Chinese culture. In internal management, Chinese enterprises should learn to carry out civilized dialogue and exchange between traditional Chinese culture and local culture, especially in

the staff to create a friendly, tolerant and harmonious atmosphere; on the other hand, in external development, we should make use of the platform of public diplomacy to actively set up the enterprise culture that Chinese enterprises do not compete for profits with the locals, but get along with the locals harmoniously, and develop the business with the cultural charm of the Chinese enterprises and Chinese people. On the other hand, in foreign development, we should make use of the public diplomacy platform to actively establish the corporate culture of Chinese enterprises to live in harmony with the local community without competing for profits, and develop business with the cultural charm of Chinese enterprises and Chinese people.

#### 8.10 the rest

According to the relevant laws of Thailand, there are restrictions on the shareholding ratio of foreign investors in many industries in Thailand, coupled with the special political, economic and cultural characteristics of Thailand, how to base on the local realities, adhere to the co-operation and development, and to achieve mutual benefit and win-win situation has become an important issue for Chinese enterprises. In addition, with the increasing number of Chinese enterprises investing in Thailand, the competition among Chinese enterprises in various industries and the competition between Chinese enterprises and local enterprises as well as enterprises investing in other countries are gradually increasing, so it is very crucial to deal with the relationship between competition, cooperation and development in both internal and external aspects. Generally speaking, the basic principles to be adhered to by "Entering Thailand" enterprises are to abide by the law, strictly abide by the rules, conduct business in good faith, cooperate and win-win situation, and compete in an orderly manner. Investing in Thailand in compliance with international practices

It is also important to integrate into the local culture and to understand local peculiarities.

## 9. How Chinese enterprises/personnel can seek help in Thailand

### 9.1 Seeking legal protection

In Thailand, Chinese enterprises should register in accordance with the law, operate legally, and comply with local laws and regulations, Chinese enterprises will inevitably encounter various difficulties when operating abroad, once the enterprise encounters economic disputes, no need to fear or escape, if necessary, can solve the problem by legal means, according to the law, to maximise the protection of the legitimate interests of enterprises.

Specific practices: Firstly, hiring lawyers. Due to the differences in legal system and language, it is recommended that Chinese enterprises hire local lawyers to deal with relevant legal affairs, rely on professional lawyer team, solve economic disputes through legal channels, and effectively safeguard their own interests. Secondly, professional consultation. It is recommended to consult with reputable professional consulting firms in Thailand on legal, tax and manpower matters.

### 9.2 Seek help from local authorities

The Thai government attaches importance to attracting foreign investment to Thailand. While operating in accordance with the law, Chinese enterprises should strengthen close contact with the relevant departments of the local government, inform the development of the enterprise in a timely manner, reflect the problems encountered, and seek the legitimate and reasonable support of the local government. At the same time, they should keep in touch with Thai social organisations and local overseas Chinese leaders to make friends. In case of emergencies, in addition to reporting to the Chinese Embassy or Consulate in Thailand and the Company's headquarter, the Company shall promptly contact the relevant local government agencies to obtain support.

### 9.3 Obtaining protection from the Chinese Embassy (Consulate) in Thailand

Chinese nationals travelling and working in Thailand are mainly bound by international and local Thai laws. When the legitimate rights and interests of employees of



Chinese enterprises in Thailand are infringed upon, their personal freedom and safety are threatened, or they are involved in criminal cases, they may reflect the relevant situation to the nearest Chinese Embassy or Consulate in Thailand and request the Embassy or Consulate to provide necessary assistance. Before entering the Thai market, Chinese-funded enterprises shall seek prior advice from the Economic and Commercial Affairs Division of the Chinese Embassy in Thailand. After registering the investment, report to the Economic and Commercial Affairs Office for the record in accordance with the regulations. Establish a smooth communication channel with the Economic and Commercial Section in their daily work. In addition, when Chinese enterprises encounter major security problems and emergencies in Thailand, they should promptly report to the local government and the nearest embassy or consulate.

The Consular Section of the Chinese Embassy in Thailand provides consular protection and services to the employees of Chinese enterprises, please refer to the website of the Ministry of Foreign Affairs: [www.mfa.gov.cn](http://www.mfa.gov.cn)

The Economic and Commercial Section of the Chinese Embassy in Thailand provides services to Chinese investment enterprises in Thailand. For more information, please refer to the website of the Economic and Commercial Section of the Chinese Embassy in Thailand: [th.mofcom.gov.cn](http://th.mofcom.gov.cn).

## 10. Policy measures for the prevention and control of the outbreak of new crown pneumonia and economic recovery in Thailand

### 10.1 Status of the New Crown Pneumonia Outbreak

#### [Cases of infection and vaccination]

According to World Health Organization statistics, as of 31 December 2022, the cumulative number of cases of new coronavirus infection in Thailand

4,718,908 cases, 33,505 cumulative deaths, 197.68 doses of vaccine per 100 people, full basic immunisation rate

77.25 per cent and 38.22 per cent for booster vaccination.

Currently there are five brands of vaccines that are allowed to be marketed for use in Thailand, the brands and number of vaccinations are: Koxing vaccine, AstraZeneca vaccine, China National Vaccine, Pfizer vaccine and Moderna vaccine.

#### [Supply and use of vaccines in China and cooperation between China and the host country (region) in the fight against the epidemic]

As of June 2022, China has provided a total of 50.85 million doses of vaccines to Thailand, of which 3.35 million doses are non-reimbursable assistance, helping Thailand to establish an effective vaccine barrier.

#### [Losses and impacts on local priority/speciality industries caused by the new crown outbreak]

With the gradual relaxation of control measures, the Thai Government has taken a series of measures to stimulate the growth of the domestic economy, which will grow by 1.6 per cent in 2021, a recovery from the 6.2 per cent decline in 2020. Among them, import and export trade performed outstandingly, with export value of US\$270 billion, an increase of 18.8 per cent, the highest growth rate recorded in 11 years, and import value of US\$230 billion, an increase of 23.4 per cent. Agriculture, plantation and fishery grew by 1.4 per cent year-on-year, with the agricultural production index rising by 1.4 per cent, the agricultural product price index by 3 per cent and the farmers' income index by 3.2 per cent. Manufacturing output increased by 4.9 per cent year-on-year, the manufacturing production index rose by 5.9 per cent, and the manufacturing industry's utilization rate

remained at 63.37 per cent; the hospitality and service sectors were still severely affected by the epidemic, with output falling by 14.4 per cent year-on-year, with the hospitality sector's output falling by 30.9 per cent and the service sector's output falling by 8.3 per cent.

[Recovery of domestic economic activity]

In April 2021, due to the fifth wave of the epidemic, Thailand again tightened its control measures, including banning gatherings of more than 20 people in the "Highly Strictly Controlled Areas" including Bangkok, banning dine-in at all restaurants and allowing take-aways only, closing down venues with a higher risk of infection, and shortening the opening hours of shopping centres and convenience stores, etc. In December 2021, the Crimson Zone was completely abolished and the curfew was lifted and the scope of the Tourism Pilot Zone (Blue) was expanded to seven provinces. In December 2021, the crimson zone was completely abolished, the curfew was lifted, and the scope of the pilot tourism zone (blue) was expanded to seven provinces.<sup>2022</sup> In April 2022, the epidemic area was reclassified, with 10 provinces listed as Open Tourism Demonstration Zones (OTDZs), and part of the districts in 16 provinces listed as Tourism Demonstration Zones (TDZs).<sup>2022</sup> On 1 July 2022, the country eased the relevant measures and restrictions to allow Thailand to carry out its economic and social activities in near-normal conditions, and Measures such as the abolition of temperature checks in public places, normal transport of labour throughout the country, and voluntary non-wearing of masks in non-crowded places will be permitted.

[Resumption of production by local Chinese enterprises and projects]

Since the outbreak of Xinguancun pneumonia, Chinese-funded enterprises in Thailand have earnestly implemented all epidemic prevention measures, strengthened workplace disinfection and employee management, avoided aggregated infections, and ensured smooth production, in accordance with the relevant requirements for the prevention and control of the epidemic and the resumption of work and production in the country. At present, the production and operation of Chinese-funded enterprises in Thailand are progressing smoothly.

## 10.2 Epidemic prevention and control measures

### [Status of Thai immigration control]

In May 2022, the Thai government further relaxed entry conditions by eliminating the need for nucleic acid testing for fully vaccinated international tourists entering the country, and on July 1, 2022, Thailand completely abolished the "Thailand Pass" system, temporarily exempting tourists from having to fill out an entry/exit registration card, and requiring them to present only proof of vaccination or a new crown test. The only requirement for visitors to Thailand is to present proof of vaccination or a new crown test.

### [Control of cross-border movement of goods, inspection and quarantine regulations]

The types of quarantine have been increased, procedures for detecting new coronaviruses have been added, and requirements and standards have been raised.

### [Status of control of movement of persons and goods within the country]

Starting from 1 July 2022, Thailand has relaxed measures and restrictions to allow economic and social activities to be carried out in a near-normal state. It also abolished measures to detect body temperature in public places, allowed normal transport of labour throughout the country, and allowed voluntary non-wearing of masks in non-crowded places.

## 10.3 Economic policy in the post epidemic period

2022 was affected by the new Crown Pneumonia epidemic and the Russia-Ukraine conflict, which led to higher global energy prices and raw material shortages. As Thailand faced continued price increases, with inflation rising to 7.1 per cent in May 2022, a nearly 14-year high, the Bank of Thailand kept its policy rate unchanged at 0.5

per cent and lowered its outlook for economic growth in 2022 to 3.2 per cent. In order to maintain the dynamism of domestic consumption in 2022 and promote a steady pace of economic recovery, the Thai government has introduced a series of measures to stimulate economic recovery and development, in addition to the continuation of the "half for one" stimulus for consumption in 2021, and the introduction of 60 billion baht of livelihood relief measures benefiting the country's 17 million people who are below the poverty line. 76 provinces, Bangkok and surrounding areas to sell low-priced goods in at least 3,000 outlets such as convenience stores, shopping malls, markets, public areas, or petrol stations. 2022 In June 2022, the Thai government introduced eight new measures such as fixing the retail price of fuels, the price of liquefied petroleum gas (LPG), providing a subsidy on the price of LPG, and lowering the cost of fuels, with the aim of lowering the people's cost of living for a period of three months (July 2022 - September 2022) and alleviating the people's livelihood. September) to mitigate the negative impact of higher fuel prices on individuals and businesses.

[Fiscal policy]

- (1) Talent Policy. In an effort to attract high net worth individuals to invest in Thailand and stay in the country for the long term, the Thai Cabinet meeting approved a

A draft bill to reduce the personal income tax rate for long-term residents in Thailand will reduce the personal income tax rate by up to 17% for four categories of long-term resident visa (LTR) holders, namely affluent foreigners, retirees, foreign experts and highly skilled professionals who are allowed to work for a long period of time in Thailand, in order to attract foreign experts and skilled professionals to stay in the country for a long period of time and to authorise the provision of an LTR long-term residence visa for the four categories of expatriates. residence visas for up to 10 years in Thailand. These foreign experts or senior technical personnel must be employed by foreign-invested enterprises that are eligible for new investment incentives and for corporate income tax exemptions, especially those investing in the Eastern Economic Corridor (EEC) region. Through the above, Thailand hopes to attract foreigners with the potential to contribute to economic development to stay in Thailand for a long period of time.

(2) Tourism policy: Between 15 July 2022 and 31 December 2022, private companies will be able to deduct 1.5 times the tax on fees related to travel, training, seminars and other activities in first-tier cities, and 2 times the tax in second-tier cities. The policy of exempting foreign actors and actresses from personal income tax for filming in Thailand will be implemented for a period of about five years to serve as a major policy to attract more teams to come to Thailand to shoot films and enhance the country's soft power.

(3) Real Estate Stimulus. The registration fee for the transfer of Thai government housing has been reduced from 1% to 0.01%, effective from 18 January 2022 to 31 December 2022, which protects the capital flexibility of creditors and debtors while stabilising the overall balance of Thailand's real estate market, and also boosts the resumption of production and work in the construction industry. Meanwhile, the Thai Ministry of Interior's land and building tax collection for 2022 has been extended by three months as follows: the deadline for taxpayers to pay tax has been extended from April 2022 to July 2022, the deadline for local administrative agencies to send notices to taxpayers with tax arrears has been extended from May 2022 to August 2022, and the deadline for local administrative agencies to report the list of tax arrears to the Land Office or the Sub-Unit of Land has been extended from May 2022 to August 2022, the deadline for local administrative agencies to The deadline for filing the list of tax arrears was

extended from June 2022 to September 2022.

[Financial policy]

In May 2021, the Board of Investment Promotion of Thailand (BIPT) introduced an incentive to promote the listing of foreign companies on the Stock Exchange of Thailand (SET) or the MAI Stock Exchange, i.e., legal entities that have already been granted a tax deduction to list on the SET or the MAI Stock Exchange will be entitled to an additional 100 per cent tax deduction (excluding the price of land and working capital). For projects that have already received favourable promotion policies, they can still apply for this concession even if they already have income. Applicants must submit their applications by the last working day of 2022.

[Industrial Policy]

( 1 ) Electric Vehicle Industry. The electric vehicle (EV) industry is one of the S-curve target industries under Thailand's 20-year national development strategy, and the Thai government has set a target of producing no less than 750,000 EVs per year (30% of Thailand's total automobile production) by 2030. In November 2021, the Board of Investment (BOI) of Thailand announced a new round of investment promotion measures for the EV manufacturing industry, which will broaden the scope of business and increase the number of preferential rights and benefits to cover all types of purely electric vehicles. The BOI announced a new round of investment promotion measures in November 2021, expanding the scope of businesses that can apply for investment incentives and increasing the number of incentives to cover all types of pure electric vehicles.

In February 2022, the Thai Cabinet issued a new policy to promote the development of electric vehicles, with six major measures, which can be categorised into tax incentives and non-tax incentives, and which are basically valid from 2022 to 2025, to promote the development of electric vehicles. In order to be eligible for the incentives, a factory must be established in Thailand to produce a corresponding number of pure electric vehicles, and for every vehicle imported in 2022-2023 to take advantage of the incentives mentioned above, 1.5 pure electric vehicles must be produced domestically in 2024-2025 to compensate for the incentives. In June 2022, the Board of Investment Promotion of Thailand adjusted the investment promotion measures for EV battery production to optimise the benefits of the incentives for EV battery production. preferential rights and benefits for investment in EV battery production, preferential rights and benefits for high-technology EV battery production business, and extended the period of import duty exemption for raw materials and necessary materials for EV batteries used for domestic sales from 2 years to 5 years.

( 2 ) BCG Industries. 2021 September, Thailand's Board of Investment Promotion approves promotion of bio-cycling-green economy

( The National Measures for the Development of the BCG Model (BCG) provide strong support for investments in the BCG model, from upstream agricultural breeding to economic forestry, product sorting, packaging, agricultural warehousing, food processing, crop fuel production, modern agricultural systems, and biotechnology production and services, as well as new incentives. The first is to increase the scope of promotional measures to improve efficiency by granting a three-year corporate income tax exemption of 50% of the investment amount to companies that use renewable energy under energy-saving sub-measures or reduce environmental impacts to promote the replacement of machinery and equipment to reduce greenhouse gas emissions; the second is to grant incentives to two types of businesses for business improvement, including petrochemical production businesses using trapping technology to improve the utilisation and storage of carbon. Type adjustment, which is entitled to 8 years of enterprise income tax reduction and exemption. Enterprises using natural refrigerants in cold storage business, cold storage and refrigerated transport business are entitled to a three-year corporate income tax exemption; thirdly, eight-year corporate income tax incentives are granted to enterprises that are open to



promoting investment in natural gas separation plants, using trapping technology and carbon storage.

[Trade policy]

In February 2021, the Thai Government extended the export control order on masks, requiring that masks be banned from export and that individuals be allowed to take only a small amount of them with them when they leave the country for a period of one year, except with the prior approval of the Department of Domestic Trade of the Ministry of Commerce of Thailand.

Exemption from import duties on imported masks (operating theatre masks, dust masks, anti-smoke masks and anti-poisoning masks), medical equipment, equipment for detecting neocoronavirus pneumonia, and medicines for the treatment of neocoronavirus pneumonia, starting in 20203.

[Foreign investment policy]

In June 2022, the Board of Investment of Thailand (BOI) approved measures to increase the preferential rights and interests for foreign investors to hold land ownership in order to attract more foreign investors to invest in Thailand, and for foreign legal entities that have been granted preferential rights and interests for investment promotion and have paid-in registered capital amounting to not less than 50 million baht to hold ownership rights and interests in land used for office buildings, dormitories for foreign executives and specialists, and workers' dormitories, which are located in areas other than factories These are divided into: (1) land for corporate office buildings with an area of up to 8,000 square metres (5 mu); and (2) land for dormitories for expatriate management personnel and experts with an area of up to 16,000 square metres (10 mu);

( 3 ) Land for workers' dormitories with an area not exceeding 32,000 square metres (20 acres). If a foreign legal entity is granted an investment promotion project

programme is terminated, the land must be sold or transferred within 1 year of the date of termination of eligibility.

[International assistance received for economic recovery]

In May 2022, the Government of Japan loaned 50 billion yen to the Government of Thailand as an emergency support loan for the impact of the Shinkwon epidemic at a low interest rate. According to the agreement reached between the two sides, the international assistance loan provided by the Government of Japan will be used to support Thailand's post-epidemic economic recovery as well as public health, with an interest rate of 0.01 per cent and a term of 15 years, of which the first four years will be a grace period.

#### 10.4 Specialised anti-epidemic support policies for foreign-invested enterprises

In December 2021, in an effort to further stimulate investment to drive economic recovery, the Thailand Investment Promotion Board approved a one-year extension of existing incentives to promote investment in large-scale projects. In addition to the standard 5-8 year corporate income tax exemption, project applications submitted by the end of 2022 will have the opportunity to receive an additional 50 per cent corporate income tax exemption for a period of five years, provided that the project's investment does not fall below 1 billion baht within 12 months of the issuance of the investment certificate. There is no deadline set for the submission of applications for industry-specific investments in promoted areas such as in EECa (Eastern Air City), EECi (Industrial Innovation Base), EECd (Digital Park), EECmd (Medical Centre) and EECg.

#### 10.5 Special tips for Chinese enterprises

[Impact of the new crown epidemic]

Co-operative construction-type enterprises: During the epidemic period, bank guarantees for projects were blocked, affecting the participation of Chinese enterprises in local project bidding and performance at a later stage; during the implementation of the project, the flow of professional and technical personnel, construction materials, and special equipment in China was blocked, disrupting the project's construction cycle; and the fluctuation of the exchange rate of local currencies against the US dollar was

large, which had a knock-on effect on the cost of enterprises or led to project losses.

Production-oriented enterprises: the epidemic caused the obstruction of personnel flow, some enterprises are not enough to start work, the lack of technical personnel; the epidemic led to the obstruction of logistics, the enterprise raw materials, product transport is not smooth, the cost of rising; the epidemic led to the substantial reduction of investment groups to Thailand, is expected to slow down the recent investment in Thailand.

Service businesses: The outbreak has affected the global movement of people and has had a huge impact on the aviation and tourism industries, affecting Chinese-owned financial institutions and service businesses in Thailand to varying degrees.

[Recommendation]

As Thailand's anti-epidemic measures are constantly changing, enterprises intending to invest in Thailand are advised to continuously monitor the development of the local epidemic situation and information updates, especially the Thai government's various restrictive measures, including customs, ports, transport, visas, etc., as well as the Thailand

The Board of Investment Promotion's series of policies to mitigate the impact of the epidemic on the Thai economy and encourage the absorption of foreign investment. At the same time, we are concerned about the severe impact of the New Crown Epidemic on Thailand's finance, market, logistics, etc., and are doing our due diligence before investing in order to reduce investment risks.

## Appendix 1 List of Government Departments and Related Agencies in Thailand

- (1) Prime Minister's Office of Thailand, [www.thaigov.go.th](http://www.thaigov.go.th)
- (2) Ministry of Agricultural Co-operation, [www.moac.go.th](http://www.moac.go.th)
- (3) Department of Commerce, [www.moc.go.th](http://www.moc.go.th)
- (4) Ministry of Defence, [www.mod.go.th](http://www.mod.go.th)
- (5) Ministry of Education, [www.moe.go.th](http://www.moe.go.th)
- (6) Ministry of Finance, [www.mof.go.th](http://www.mof.go.th)
- (7) Ministry of Foreign Affairs, [www.mfa.go.th](http://www.mfa.go.th)
- (8) Ministry of Industry, [www.industry.go.th](http://www.industry.go.th)
- (9) Department of Transport, [www.mot.go.th](http://www.mot.go.th)
- (10) Ministry of Justice, [www.moj.go.th](http://www.moj.go.th)
- (11) Ministry of Health, [www.moph.go.th](http://www.moph.go.th)
- (12) Ministry of Internal Affairs, [www.moi.go.th](http://www.moi.go.th)
- (13) Department of Energy, [www.energy.go.th](http://www.energy.go.th)
- (14) Department of Digital Economy and Society, [www.mict.go.th](http://www.mict.go.th)
- (15) Department of Labour, [www.mol.go.th](http://www.mol.go.th)
- (16) Ministry of Tourism and Sports, [www.mots.go.th](http://www.mots.go.th)
- (17) Electricity Authority of Thailand, [www.egat.co.th](http://www.egat.co.th)
- (18) Industrial Estate Authority of Thailand, [www.ieat.go.th](http://www.ieat.go.th)
- (19) Port Authority of Thailand, [www.port.co.th](http://www.port.co.th)
- (20) Customs Office, [www.customs.go.th](http://www.customs.go.th)
- (21) Office of Intellectual Property, [www.ipthailand.go.th](http://www.ipthailand.go.th)
- (22) Stock Exchange of Thailand, [www.set.or.th](http://www.set.or.th)
- (23) Central Bank of Thailand, [www.bot.or.th](http://www.bot.or.th)
- (24) Tourism Authority of Thailand, [www.tourism.go.th](http://www.tourism.go.th)
- (25) Industrial Estates of Thailand, [www.fti.or.th](http://www.fti.or.th)
- (26) Thailand House of Trade, [www.thaichamber.org](http://www.thaichamber.org)
- (27) General Authority of the National Railways of Thailand, [www.railway.co.th](http://www.railway.co.th)
- (28) Thailand Investment Promotion Board, [www.boi.go.th](http://www.boi.go.th)

## Appendix 2 List of Chinese Chambers of Commerce, Chinese Associations and Major Chinese Enterprises in Thailand

serial number	name (of a thing)	telephone	web address
I. Chinese Chambers of Commerce and Associations			
1	Thai Chinese Chamber of Commerce & Industry	0066-2-6758577	www.thaicc.org
2	Federation of Thai Chambers of Commerce and Industry	0066-2-3984671	www.thaicci.org
3	Thai-Chinese Chamber of Commerce for Import and Export	0066-2-2677662	www.tcea.or.thg
II. Major Chinese enterprises			
1	Bank of China (Thailand) Co.	0066-2-2861010	www.boc.cn
2	Industrial and Commercial Bank of China (Thailand) Co.	0066-2-6639474	www.bankofchina.co.th
3	China Certification & Inspection Group Five Continents Inspection (Thailand) Co.	0066-2-2377740	www.cciethai.com
4	China Shipping Shipping (Bangkok) Co.	0066-2-6799808	www.cnshipping.com
5	Sinotrans (Thailand) Logistics Co.	0066-2-6618093	www.sinotrans.com
6	Thai-Chinese Rayong Industrial Park Development Co.	0066-2-4390915	www.sinothaizone.com

The Guide to Country (Region) for Outward Investment Co-operation (Thailand) provides an objective introduction to the investment and co-operation environment, which is of common concern to Chinese enterprises, especially SMEs, when they go to Thailand for investment and co-operation; and it also gives tips on the various problems that may arise when Chinese enterprises go to Thailand for business. It is hoped that this Guide will serve as an introductory guide for Chinese enterprises to enter Thailand. However, due to the limited space and the different information required by different investors, the information provided in this Guide is for the readers' reference only, and is not to be taken as a full basis for investment decisions.

The Department of Foreign Investment and Economic Cooperation of the Ministry of Commerce organised and coordinated the preparation of the Guide. The Guide was prepared by the Economic and Commercial Section of the Chinese Embassy in Thailand under the leadership of Minister-Counsellor Wang Liping, and written by commercial secretaries including Huangfu Zhiqiang, Yang Qing, Zhang Zhihong, Huang Kai, Yu Yang, Zhou Xiqi, Ge Jian, Wang Sisi, Yang Shanshan, Wu Fei, and with the great assistance of the Thai Chinese Enterprises Chamber of Commerce and other organisations. Researchers from the Institute of Foreign Investment and Co-operation, Research Institute of the Ministry of Commerce made additions, adjustments and modifications to the Guide. The Asia Department of the Ministry of Commerce provided valuable comments on the relevant contents of the text.

In preparing this book, we have referred to public information from the Ministry of Foreign Affairs of China, China Customs, relevant government departments of Thailand, as well as international organisations such as the World Bank, the International Monetary Fund, and the World Trade Organisation, for which we would like to acknowledge and thank them. Due to the time constraint and limited level, any inaccuracies are welcome to be criticised and corrected.

