



COUNTRY PROFILE

THAILAND



THAILAND - Basic Facts



Languages



Capital

Bangkok, population

5,686,646

(Thailand National Statistical Office 2020)



Political system

Unitary constitutional
parliamentary monarchy



GDP

Nominal GDP

\$ 536.841 billion

(World Economic Outlook Database, IMF 2020)

GDP per person

\$ 7,674

(World Economic Outlook Database, IMF 2020)

GDP growth rate

2.4% in 2019

(World Economic Outlook Database 2020)



Urbanisation

Urban population

51.4%

of total population

(Indexmundi.com 2020)

Rate of urbanisation:

1.73%

annual rate of change
(2015-20 est.)

www.indexmundi.com



Population

66,558,935

(Thailand National
Statistical Office 2020)



Age structure

0-14

years

16.45%



5,812,803



5,533,772

15-24

years

13.02%



4,581,622



4,400,997

25-54

years

45.69%



15,643,583



15,875,353

55-64

years

13.01%



4,200,077



4,774,801

65

years
and over

11.82%



3,553,273



4,601,119

www.indexmundi.com (2020 est.)



Number of registered SMEs and numbers employed in relation to the total number of registered companies

A new version of SME Definition is publication in the Royal Thai Government Gazette under the Ministerial Regulations on January 7th, 2020 by using Number of Employee or Revenue to categorize the entity.

Type	Micro		Small		Medium	
	Staff (Person)	Assets (million THB)	Staff (Person)	Assets (million THB)	Staff (Person)	Assets (million THB)
Manufacturing	1-5	≤1.8	6-50	1.8-100	≤51-200	>100-500
Trade and Services	1-5	≤1.8	6-30	1.8-50	≤31-100	>50-300

In case that the number of staff is matched to particular definition but the revenue is not matched, will consider a definition with greater number as a basis.

Companies by size (2018)

Size of company	No. of companies	% of companies	No. of employees	% of employment
Micro*	2,645,084	84.79%	5,016,300	33.93%
Small	415,722	13.33%	5,712,274	38.64%
Medium	44,290	1.42%	1,427,073	9.65%
Large	14,663	0.46%	2,629,525	17.78%
Total	3,119,759	100%	14,785,172	100%

https://www.sme.go.th/upload/mod_download/download-20180912111251.pdf

*Includes sole proprietorships and community companies



Overview

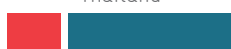


Thailand occupies a central position within South East Asia, bordering Myanmar in the west and north, Lao PDR and Cambodia in the east and to the south, the Gulf of Thailand and Malaysia, as well as having maritime borders with Viet Nam, Indonesia, and India. The country is today a constitutional monarchy and parliamentary democracy, and is considered to be a strong power in the region, with the second-largest economy.

The country has a relatively well-developed infrastructure, and an open economy with business-friendly policies. Thailand has strong international trade networks, with exports accounting for around 67% of GDP, including electronic articles, agricultural products and processed foods, and vehicle production including parts. While the country has long been known for its agricultural production, this only contributes around 10% of GDP, while modern industry and services account for 90%. [Read more here.](#)

The economy slowed somewhat since the coup in 2014, but the overall economy is positive with low inflation, low unemployment and relatively good levels of public debt. Thailand has developed steadily over the past decades and is ranked a very creditable 21st place in World Bank Ease of Doing Business out of 190 countries. In 2019, Thailand launched the Thailand 4.0 strategy intended to encourage investment into an innovation and services driven economy and move the country to a higher technological level with focus on robotics, aviation and logistics, biofuels and biochemicals, medical hub and digitalisation. This will also include changes in the education system to help the country be better positioned for the future.

Due to the COVID-19 pandemic, Thailand registered negative GDP growth in 2020 for the first time since 1998, going from 2.4% in 2019 to -7.1%. In its January 2021 update of the World Economic Outlook, the IMF revised GDP growth projections for Thailand to 2.7% in 2021 and 4.6% in 2022, showing a slower recovery than expected in October 2020, reflecting the challenges with vaccine rollout and the country's dependence on global economic recovery, particularly for the tourism and service industries.





Opportunities and challenges

As the overall economy slowed down slightly over recent years, it was recognised that Thailand was squeezed between new emerging economies like Viet Nam, Cambodia and Myanmar and advanced, innovative countries like Singapore and Korea. The government launched **Thailand 4.0** as a new economic model, aiming to pull the country out of the middle-income trap and to become a high-income country. The plan was focused on becoming a value-based economy with an emphasis on R&D, science and technology, creative thinking, and innovation.

Some of the aims including increasing R&D investment from the current 1% to 4% of GDP, ambitious plans for improving education and skills' levels, tapping into advantages of biodiversity and cultural pluralism to enhance competitiveness through increased innovation and creativity, particularly within:



Food and farm products



Public health and medical technology



Electronically controlled robots and machinery, digital technology, and connectivity



High-value creative industries

As a result, there are numerous opportunities for selling technologies and services which facilitate and improve the development of business towards the Thailand 4.0 targets. The government is offering a number of tax advantages to companies investing into Thailand with relevant products and services (www.boi.go.th) Thailand 4.0 supports the continued development of the Eastern Economic Corridor (EEC) which is an ambitious infrastructure development, launched on 1st February 2018, to develop the three eastern provinces of Chonburi, Rayong, and Chachoengsao into a leading ASEAN economic zone. The government expects a total investment of US\$43 billion (Thai Baht 1.5 trillion) over the period 2018-2023, which will be a combination of state funding, public-private partnerships (PPPs), and foreign direct investment (FDI), combined with generous tax exemptions. The four 2 "core areas" identified by the government include: (1) increased and improved infrastructure including rail, sea and air; (2) business, industrial clusters, and innovation hubs; (3) tourism and; (4) the creation of new smart urban cities.

Just within **infrastructure development**, there are major plans to develop U-Tapao airport to alleviate the other two Bangkok airports, develop new ports at Sattahip and redevelop and expand the large facilities at Laem Chabang and Map Ta Phut. This is supported by the expansion of the eastern rail route, including a high-speed railway from Bangkok to Rayong, connecting all three international airports of Don Mueang, Suvarnabhumi and U-Thapao within one hour, a passenger light railway, as well as new highways and motorways. While most of the large infrastructure projects will be suitable for large multinational companies, there are still numerous opportunities for ASEAN SMEs including transport technology and intelligent transport systems, airport management and safety, catering services, manufacturing of components and related services, training, and education services. Within the construction sectors, there is opportunity for equipment hire, hoardings and scaffolding, installation services and safety equipment to name a few. More information on infrastructure projects can be found on:

<http://www.otp.go.th/index.php/intro/view?id=36>

A major element within Thailand Industry 4.0 is the development of the **IT and digital sector**, which is anticipated to contribute 25% of Thailand's GDP by 2027. A lot of this will be indirect, via transformation and modernisation of leading manufacturing sectors such as electronics, automotive and household appliance manufacturing, service areas such as healthcare and tourism, and nascent industries such as aviation. These sectors have a demand for robotics and automation, internet of things (IOT), big data, cybersecurity, and other applications to increase productivity and competitiveness. There is currently a very generous support system including multi-annual tax holidays for foreign IT companies who wish to set up in Thailand, to service these industries. Other support actions under the US\$ 45 billion investment into digitally transforming the Eastern Economic Corridor include investments into the Digital Park Thailand, which will host the Internet of Things Institute. (Digital Economy Promotion Agency, Eastern Economic Corridor)

At consumer level, Thailand has one of the largest markets in South East Asia, with good access to broadband internet, low rates of power shortages and downtime. Statista figures show that Thailand's online consumer economy in 2018 was worth ca. US\$ 8.3 billion, an increase of 25% from the year before. Most of the purchases were for travel related costs US\$ 4.14 billion and consumer goods US\$ 3.75 billion with other services such as music and film entertain still very much in early stages. Lazada and Shopee are the two most popular sites, although many small businesses operate very active Facebook accounts for their sales support.

A snapshot from September 2019 shows that over 85% of the Thai population purchased something online, with 75% of the purchases via mobile phone. Updated figures from the Bank of Thailand in 2020, show that the average Thai now makes approximately 194 e- payment transactions per year, a 117% increase from 89 transactions in 2018. The volume of transactions per day conducted via PromptPay alone has grown 121% since 2019.

Apart from the large infrastructure projects, Thailand also has a large and well-developed consumer market, with many opportunities within food and beverages. With a growing younger generation and increasing middle-class incomes, the market for premium foods and beverages and dining out has risen. This has been further fuelled by the large increases in tourism numbers which in 2019 reached 39,797,406 visitors. In 2018, the grocery market accounted for nearly 65% of total retail sales, sold via Thailand's large range of modern food outlets which are increasingly pushing out traditional markets and local, non-chain stores. These include over 15,000 convenience stores (7-eleven, Family Mart, Lotus Express, Lawson 108), over 500 supermarkets (Lotus-Talad, Big C Market, Tops, Villa Market) and over 500 hypermarkets and large stores (Tesco Lotus, Big C, Makro and Tops Superstore). Supermarkets and department stores such as Central Food Retail usually have their own import divisions, although Tesco Lotus only imports own branded products. Note that there is a licensing procedure for food products imported to Thailand, which means that in many cases, importers may find it easier working directly with a Thai importer. (USDA Foreign Agricultural Services 2019)

Food products with expected future sales potential include:

- Food products which appeal to an aging population with demand for functional foods including dried fruits and nuts, beans and pulses, plant-based proteins including vegetarian options, health supplements such as proteins, amino acids, vitamins and minerals, essential oils, omega-3 and omega-6 lipids etc.
- Bakery and bread products, including both premium range and bake-off goods. This includes flours, dough blends, dairy powders, dried products to add to bread such as nuts, fillings etc., starches, sugar, food colouring, flavours, and preservatives.
- Sweeteners, colours, and flavours for use in non-alcoholic beverages, ice cream, milk shakes and other dairy products, as well as confectionary, snacks, baked goods, processed meats, and noodles. Note that there is a continually increasing tax on sugar products which is designed to reduce obesity, so non-sugar sweeteners are expected to continue to grow.

Another strong and growing consumer market is within **personal care and cosmetics**. The Thai market for personal care and cosmetics is expected to rise to around THB 650 billion (US\$ 20.25 billion) by 2021, from its current level of THB 489.9 billion (US\$ 15.24 billion), making it the fastest growing cosmetics industry in ASEAN (BMI Research, Thailand Consumer & Retail Report 2017). There is strong competition from Japanese and Korean brands, but given the growth rates in the market and the interest in more natural, and organic cosmetics, and products for the senior market, including anti-aging creams, there are still good opportunities for other market players.

While Thailand offers a large and relatively developed market for many ASEAN companies, there are also a number of **challenges**. Companies report relative lengthy procedures for customs clearance into and out of the country. The Thai baht has been steadily growing in strength for several years and is causing some concern for Thai exporting companies, in many cases, pricing them out of the market. The currency did however fall at the beginning of 2020, alleviating this concern somewhat, although it is far from its previous rate.



Summary



Thailand is a large and relatively well-developed middle-income country, which is in the process of transforming towards an innovation-led economy. The country has a variety of different industries, centred in a large geographic cluster in the Eastern Economic Corridor area, east of Bangkok, and a strong and growing service industry, which originally sprang out of tourism, but now covers all modern financial services. The population of just under 70 million is rapidly becoming more middle-class and has access to modern consumer retail outlets and online shopping. The country has an open economy, and Thailand is therefore a very interesting market in South East Asia.

Further information and assistance can be obtained from:

- The Thailand Board of Investment provides updated information and support services to SMEs [here](#).
- The Thai Chamber of Commerce and Industry provides updated English-language information including business news and events.
- The Thai Customs Department has a document archive of all required import and export paperwork [here](#).
- The Thai Trade Promotion agency contains useful links to many interesting Thai companies as well as forthcoming trade events:

Trade figures by country

● Largest import partner	● Trade value million USD (WITS 2018)	● Partner share %
China	2,750,811	14.57
United States	1,573,643	8.34
Germany	1,436,856	7.61
Japan	807,965	4.28
South Korea	601,732	3.19

● Largest export partner	● Trade value million USD (WITS 2018)	● Partner share %
USA	2,314,963	12.49
China	1,680,279	9.07
Germany	1,183,472	6.39
Hong Kong	659,846	3.56
United Kingdom	650,901	3.51

Trade figures by product

● Largest exports by 6-digit HS code	● Value USD (thousands) WITS 2016
271000 Petroleum oils, etc, (excl. crude); preparation	747,382,239.39
270900 Petroleum oils and oils obtained from bituminous minerals	713,828,944.18
854211 Monolithic integrated circuits, digital	673,580,307.76
852520 Transmission apparatus, for radiotelephony incorporating reception apparatus	387,625,391.86
870323 Automobiles with reciprocating piston engine with cylinder capacity 1500-3000	288,473,521.23

● Largest imports by 6-digit HS code	● Value USD (thousands) WITS 2016
270900 Petroleum oils and oils obtained from bituminous minerals	1,199,967,142.26
854211 Monolithic integrated circuits, digital	786,404,320.27
271000 Petroleum oils, etc, (excl. crude); preparation	685,838,128.44
852520 Transmission apparatus, for radiotelephony incorporating reception apparatus	450,353,086.26
300490 Other medicaments of mixed or unmixed products	293,881,130.24

Source: <https://wits.worldbank.org/CountryProfile/en/Country/WLD/Year/2018/Summary>

Import restrictions by country, e.g., quotas or non trade-barriers



There are a number of goods which are prohibited to import to or export from Thailand including narcotics, pornography, counterfeit goods and goods infringing IPR, fake coins or banknotes and animals or parts of animals on the CITES list.

There are certain goods which are restricted and where a permit is required from a governmental agency as part of the customs procedures. These include:

● Types of Goods

● Issuing Authorities

Buddha image, artifact/objects, antique	Fine Arts Department (http://nsw.finearts.go.th)
Guns, bullets, explosives, and the equivalents to guns	Department Of Provincial Administration, Ministry of Interior (www.dopa.go.th)
Plants and their parts	Department of Agriculture (www.doa.go.th)
Living animals and carcass	Department of Livestock Development (www.dld.go.th)
Food, medicine, cosmetics, and food supplement	Food and Drug Administration (FDA) (www.fda.moph.go.th)
Vehicle parts	Ministry of Industry (www.industry.go.th)
Cigarettes, tobacco and alcoholic beverages	Excise Department (www.excise.go.th)
Communication Radio Devices and telecommunications equipment	Office of The National Broadcasting and Telecommunications Commission (www.nbtc.go.th)

www.customs.go.th

Product and Trade indexes

(efficiency of customs clearance, openness to trade and trade tariffs)



The ASEAN Trade in Goods Agreement (ATIGA) aims to achieve free flow of goods in the region resulting in fewer trade barriers and closer economic linkages between the ten Member States, lower business costs, increased trade, and a larger market and economies of scale for businesses. The agreement was signed by the Economic Ministers of the Governments of Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Viet Nam, Member States of the Association of Southeast Asian Nations (ASEAN) on 26 February 2009 at Cha-am, Thailand. From 1st January 2010, Malaysia, Brunei Darussalam, Indonesia, the Philippines, Singapore and Thailand) made a complete free trade area and have eliminated import duties on 99 per cent of products in the Inclusion List (except for products listed in the Sensitive and Highly Sensitive Lists). Today, the ASEAN-6 have 99.20% of tariff lines in the Inclusion List at 0% import duty. This means that, only 0.35 per cent of the tariff lines in the Inclusion list incur import duties.

Form D is required in order to benefit from ATIGA preferential tariffs: [download here](#).

Full information can be found [here](#).

On April 23, 2019, the **ASEAN Trade in Services Agreement (ATISA)** was signed at the 25th ASEAN Economic Ministers Meeting in Phuket, Thailand, entering into effect 180 days later. It aims at achieving an improvement of the regulatory standards for the services sector in the region, as well as a reduction of unnecessary barriers to the trade in services within ASEAN, and at increasing regulatory transparency in each of the ten member states. The agreement does not commit to a fixed timetable for implementation and enforcement. More information can be found on

<https://asean.org/asean-economic-community/sectoral-bodies-under-the-purview-of-aem/services/>



Business dynamism index

(financing to SMEs, costs of starting a business, time of starting a business)

In the World Bank's Doing Business 2020 report, Thailand further climbed up the rankings, gaining a very respectable 21st place out of 190 countries in the world, within ASEAN behind Singapore and Malaysia.

Thailand ranks 40th out of 141 countries in the Global Competitiveness Report published by the World Economic Forum in 2019, falling two places since the previous year.

Thailand has improved marginally in ease of setting up a company improving its score to 92.4, a climb of 0.1 from the year before and gaining a 40th place on the World Bank Doing Business 2020 report section on setting up a company. Procedures include:

- Search and reserve a company name online – this can be done at the Department of Business Development website on www.dbd.go.th;
- Deposit the paid in capital to a bank;
- Register memorandum of association, apply and pay to register the company as a legal entity (final registration) and obtain TIN. This is carried out at the Partnerships and Companies Registration Office, Department of Business Development, Ministry of Commerce;
- Register for Value Added Tax at the local revenue department of the city where the company is located;
- Register employees with the Social Security Office.

The entire process takes around 6 days in total.

A full list of the procedures can be seen on the World Bank website.