

## Country Summary – Thailand (meaning Land of the Free)



### 1. Location – Infrastructure

- Thailand formerly known as Siam and officially became the Kingdom of Thailand in 1932. It is located in South East Asia and is bordered to the North by Myanmar (Burma) and Laos, to the East by Laos and Cambodia and to the south by Malaysia
- Time zone - GMT +7
- Bangkok is the capital and largest city and remains the centre of all retailing in the country, but many regional cities, such as Khorat and Khon Kaen in the northeast, Chiang Mai in the north, and Hat Yai in the south, have become significant subcentres. In those cities, as in many other towns throughout the country, large stores and shopping malls charging fixed prices have been established alongside the smaller shops and traditional markets where bargaining still takes place
- Thailand encompasses diverse ecosystems, including the hilly forested areas of the northern frontier, the fertile rice fields of the central plains, the broad plateau of the northeast, and the rugged coasts along the narrow southern peninsula
- Thailand can be divided into four major regions (phak)—the north, northeast (also known as Isan), centre, and south (southern peninsula). Two additional subregions are the eastern seaboard, which straddles the central and northeast regions, and the west, which is part of the southern peninsula
- Bangkok is the centre of Thailand’s water, land, and air transport systems. The rivers of the Chao Phraya delta have been used since antiquity, and modern irrigation canals have added to the waterway transportation network
- The rail system, constructed from early in the 20th century and essentially completed in the 1950s still remains important. It has, however, been overshadowed by a system of highways and all-weather roads built with the support of the United States during the 1950s. By the end of the 20th century, roads had been extended into even the remote upland areas of the north
- The official currency is the Baht (THB).

### 2. Demographics

- Thailand has a population of 69 million people
- Lonely Planet describe the country as “Friendly and food-obsessed, hedonistic and historic, cultured and curious, Thailand tempts visitors with a smile as golden as the country's glittering temples and tropical beaches”

- In the uplands of western and northern Thailand are found peoples who speak languages belonging to several other language families. However, the majority of the inhabitants of Thailand are descendants of speakers of Tai languages who have been dominant in the area since the late 13th century, the population also includes numerous non-Tai peoples. Members of the largest indigenous minority speak a dialect of Malay. Other significant indigenous minorities include speakers of Mon, Khmer, and other Mon-Khmer languages of the Austroasiatic family
- Majority of Thailand population are adherents of Buddhism. 4.3% are Muslim and 1.1% are Christian or other
- Compulsory education was instituted in the 1920s for the purpose of ensuring that all citizens—both gender, would share the national language and identify with the national heritage. By the early 21st century, education had been made compulsory for nine years or until a person reached the age of 16, and three years of high school were provided by the government. Since 2004 two years of preschool have also been provided free of charge. Compared to other countries in the region, Thailand has one of the highest literacy rates: nearly universal for both men and women
- All male citizens in Thailand are required to register for conscription to military service at the age of 18
- The official ‘Thai’ language is widely spoken throughout Thailand, many Thais also speak and understand English, though more so in Bangkok and the major tourist areas.

### **3. Culture & Religion**

- Certain Buddhist holy days have been recognized as national holidays. Among these are Visakha Puja, the festival celebrating the birth, enlightenment, and death of the Buddha, and the beginning and end of “Buddhist Lent” (phansa)—a three-month period corresponding to the monsoon season, during which both monks and laypeople give added attention to religious practices such as meditation
- Women comprise nearly half of the total workforce. Although the Thai constitution guarantees equal rights for men and women, women still receive unequal treatment in the workplace in terms of pay, promotion, and benefits. International and local nongovernmental organizations (NGOs) have issued reports about the exploitation of women in sweatshop labour and in the sex industry
- A good Thai meal typically includes a blend of spicy, mild, sweet, and sour dishes. Among the most popular Thai dishes are curries made with coconut milk, shrimp paste, garlic, chili peppers, and seasonings such as coriander, lemongrass, galangal, and Kaffir lime leaves. The Thai use fish sauce—today a commercially prepared extract—as a basic ingredient for many dishes in the same way that the Chinese use soy sauce. Although rice is fundamental to Thai cuisine, the Thai have adopted many foods, such as noodles, that form a basic element of Chinese and Sino-Chinese cuisine.

### **4. Business Culture**

- Partnership with a Thai citizen is a common way to start a business in Thailand. Due to the complexity of labour and immigration laws, foreigners would not be able to

take part in the day-to-day running of the business and would require the Thai partner to front the operation. These types of operation have a high failure rate

- Alternatively, you could form a limited company, but foreign shareholders can only have a maximum of 49%, so the owner may be outvoted by the 51% majority Thai shareholders. You also need to employ a minimum number of Thai staff per foreign employee.

## 5. Political

- Thailand is a constitutional monarchy and parliamentary democracy; however, in recent history, its government has experienced multiple coups and periods of military dictatorships
- The government is experienced primarily through centrally appointed officials who hold posts in local administration, the main units of which are provinces (changwat) and districts (amphur). In the 1990s three new provinces were carved out of the existing ones, resulting in a total of 76
- Major political parties since the 1990s have included the New Aspiration Party, Democrat Party, National Development Party, Thai Rak Thai (“Thais Love Thais”), Thai Nation, Social Action Party, and Thai Citizens’ Party. Following a parliamentary election, the parties with the most legislative seats typically form a coalition government. In 2007 Thai Rak Thai, the party of the ousted prime minister, was dissolved, and a new party, People Power Party, was formed; it was widely viewed as the reincarnation of Thai Rak Thai
- Until 22 May 2014, the politics of Thailand were conducted within the framework of a constitutional monarchy, whereby the prime minister is the head of government and a hereditary monarch is head of state. The judiciary is independent of the executive and the legislative branches. This framework has provided for a National Assembly with a prime minister as head of government. Power is exercised by the bicameral National Assembly, the Council of Ministers, and the courts in accordance with the provisions of the constitution and laws passed by the National Assembly
- Following the coup d’état of 22 May 2014 revoking the 2007 constitution, a military organization called National Council for Peace and Order (NCPO) had taken over administration. The chief of NCPO abolished the national assembly and assumed the responsibilities of the legislative branch. Under the martial law enforced throughout the kingdom, military courts have been tasked to be responsible for some cases that are normally under the civilian courts. However, the court system, including the Constitutional Court, still remain in existence, even without the constitution. The NCPO was formally dissolved following the swearing-in of the new cabinet on 16 July 2019.

## 6. Economic

- The Bank of Thailand was established in 1942, issues the baht, acts as central banker to the government and to the commercial banks, and serves as the country’s financial agent in dealing with international financial markets, international monetary organizations, and other central banks. Together with the Ministry of

Finance, it is at the pinnacle of the government's economic technocracy and plays the key role in managing the economy

- Thailand would be considered as a middle power in global affairs, and a founding member of ASEAN; ranking high in the Human Development Index. It has the second-largest economy in Southeast Asia after Indonesia, and the 20th-largest in the world by PPP
- Thailand is an emerging economy and is considered a newly industrialized economy; manufacturing, agriculture, and tourism are leading sectors of the economy. In 2017 GDP was US\$1.236 trillion (on a purchasing power parity basis). Thailand ranks midway in the wealth spread in Southeast Asia as it is the 4th richest nation according to GDP per capita, after Singapore, Brunei, and Malaysia
- Thailand functions as an anchor economy for the neighbouring developing economies of Laos, Myanmar, and Cambodia. In the third quarter of 2014, the unemployment rate in Thailand stood at 0.84% according to Thailand's National Economic and Social Development Board (NESDB)
- Thailand is the UK's 37th largest trading partner, as well as its 48<sup>th</sup> largest export partner. The economy of Thailand is heavily export-dependent, with exports accounting for two-thirds of gross domestic product (GDP). Thailand exports over US\$105bn worth of goods and services annually. Major exports include cars, computers, electrical appliances, rice, textiles and footwear, fishery products, rubber and jewellery
- Like many countries, Thailand's economy was hit hard by the COVID-19 pandemic last year. The country's GDP fell by over 6 percent in 2020 and many workers, especially those related to the tourism sector, lost their jobs. Thailand's economy is forecast to grow at 2.6 percent in 2021
- The pandemic precipitated a sudden stop in tourism flows and a significant contraction in economic activity. Thailand's GDP fell by 6.1 percent in 2020, the largest contraction since the Asian financial crisis. The tourism sector, which accounts for about a fifth of GDP and 20 percent of employment, has been especially affected by the cessation of tourist travel. Low-skilled workers and informal and migrant workers have been hit hard, particularly women and the youth, who have suffered disproportionately from diminished employment opportunities in contact-intensive sectors bearing a significant burden of the layoffs observed in 2020. The financial sector has thus far weathered the pandemic well, but stress has been building up in the small and medium enterprises sector
- At 0.8 percent of total retail sales, e-commerce still takes only a tiny proportion of overall retail spend in Thailand. As the nation's digital infrastructure continues to improve, this means there is a huge amount of untapped potential in this nation of mobile-first internet users
- Taxes generate the great bulk of the national revenue. The tax system relies on a combination of personal and corporate income taxes and a value added tax (VAT; a type of sales tax). The VAT was introduced in 1992 as part of a major restructuring of the tax system that also reduced personal and corporate income tax rates. The VAT was supposed to be applied only to the price retailers paid for certain goods and services, but in many cases retailers have also applied it to the price they charge consumers. In addition, excise taxes are levied on tobacco, petroleum products, alcoholic beverages and soft drinks, and other products

- A national lottery is also a major source of revenue for the government. Additional tax revenue comes from tariffs on imported products and certain exports.

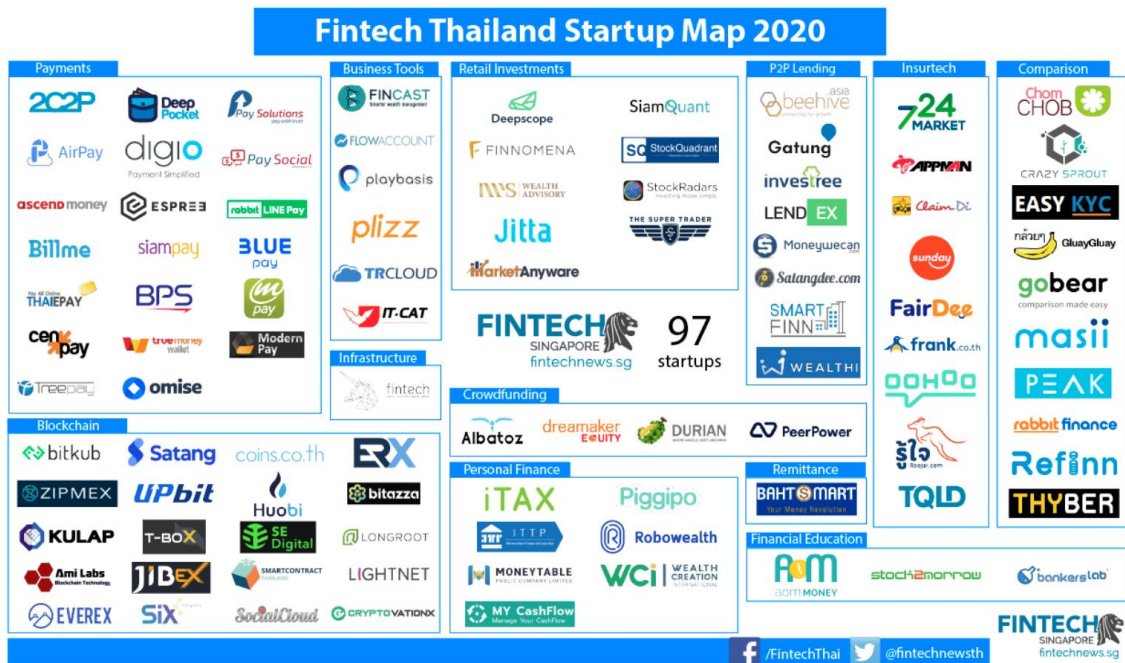
## 7. Social

- The Labour Relations Act of 1975 provided a legal foundation for the establishment of unions. By the late 1990s there were more than 1,000 unions formed under labour federations. The main labour federations include the Labour Congress of Thailand, the National Congress of Thai Labour, and the Thai Trade Union Congress. Union participation, however, has remained low
- The rapid growth of the Thai economy since the mid-20th century has enabled the government to improve health and welfare services significantly, but this economic growth also has produced marked inequalities in standards of living. A combination of public and private investment has made it possible for the upper and middle classes in Thailand to have access to some of the best medical care in the world. Public investments in health care for people living in rural areas culminated in the early 21st century in a national plan allowing most people access to health care at nominal costs. Such health-care initiatives have led to major reductions in infant mortality, advances in the control of infectious diseases, and more reproductive health care
- Deaths and injuries from industrial accidents have risen rapidly, prompting increased pressure for better enforcement of industrial safety laws
- While instances of traditional infectious diseases such as cholera, smallpox, malaria, and even leprosy have been greatly reduced, the number of cases of sexually transmitted diseases has increased exponentially. Because of cultural tolerance, the rise in disposable income, and a lack of political will to control the sex industry (which has attracted many tourists), Thailand has one of the highest per capita rates of prostitution in the world. The country was, therefore, particularly vulnerable when HIV infections began to spread across the globe. For some years Thailand had the highest rate of HIV and AIDS infection of any country in Asia.

## 8. Technology

- Thailand is considered a mobile-first country, with the use of smartphones and other mobile devices outstripping desktop internet usage. The Thai mobile commerce market is already the dominant e-commerce sales channel in the country, used for 52 percent of all online shopping transactions and worth \$13.6 billion. This makes the country one of the regional forerunners for mobile commerce
- Cross-border spending makes up half of Thailand's total e-commerce spend, suggesting a strong appetite for international goods and brands, but also a lack of local options. The top three overseas sales destinations are China, Japan and the U.S
- Although Thailand's e-commerce delivery infrastructure is still developing to meet demand, international courier businesses such as UPS, FedEx and TNT have established domestic delivery networks, and there is growth in the number of warehouses and local providers offering express services
- Telecommunications have developed rapidly in Thailand, although regionally the country has fallen behind Singapore and Malaysia. Government policies aimed at

privatizing and opening the sector to greater domestic and international competition accelerated growth in the 1990s. Wireless phone service has expanded rapidly, owing to the inadequacy of the landline telephone infrastructure and to the greater flexibility of wireless phones. By the early 21st century almost every family, including those in rural areas, owned a wireless phone. Internet use has also grown rapidly since the 1990s, although it has been hindered to some extent by the high cost of line rental.



## 9. Payments Network

- While cards are currently the preferred way to pay for online shopping in Thailand, digital wallets and bank transfers are growing in prominence
- When it comes to payment trends, bank transfer continues to top the e-commerce market at 31% while cash (62%) is still the choice for point-of-sale purchases. Keep an eye out for digital payments as consumers are migrating their credit cards into digital/mobile wallets
- Card brand breakdown 2020
  - Visa 68%
  - MasterCard 20%
  - Thai 10%
  - Amex 1%
  - JCB 1%
- Popular alternative payment methods:
  - Bank Transfer
  - Paypal
  - Direct Debit
- Since 26 June 2020, non-banks have been able to apply for an FX e-Money Licence through Bank of Thailand. Final approval is granted by the Ministry of Finance. The

process takes about 60 days. Applicants must be Thai entities holding an e-Money Service Business license with a minimum registered paid-up capital of THB 100m. Applicants need to demonstrate they are reputable businesses that have a proven track record of financial stability.

#### THAILAND: At a glance

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| Population <sup>4</sup>  | 69 million      |
| Average age <sup>5</sup>   | 38.1 years      |
| Gross domestic product <sup>6</sup>                                    | \$455.3 billion |
| E-commerce market value <sup>7</sup>                                   | \$26.2 billion  |
| Mobile commerce market size <sup>8</sup>                               | \$13.6 billion  |
| Mobile commerce as a percentage of e-commerce market size <sup>9</sup> | 52%             |
| Internet penetration <sup>10</sup>                                     | 53%             |
| Smartphone penetration <sup>11</sup>                                   | 63.9%           |
| Bank account penetration <sup>12</sup>                                 | 81%             |
| Card penetration per capita <sup>13</sup>                              | 1.06            |