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MARKET FOCUS

Although politically Thailand has seen some uncertain times, businesses in the service industries, medical supplies and IT services still see growth opportunities in the long term. IE Singapore's Centre Director for Bangkok offers tips and insights.

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Exporting to Thailand

With a population of approximately 63 million people, Thailand enjoys a free-enterprise economy, well-developed infrastructure and pro-investment policies.

Thailand, an active member of the Association of South East Asian Nations (ASEAN), achieved an estimated US\$272.1 billion gross domestic product in 2008.

The country's exports, in particular automobile production, and farm output, were the key economic drivers, as foreign investments and consumer demand slowed down amid persistent political turmoil.

Singapore - Thailand Trade

Trade between Singapore and Thailand has grown impressively over the years, and Singapore is now Thailand's fourth largest trading partner after the United States, Japan and China. It is also the second largest foreign investor in Thailand after Japan.

Both governments have provided significant structures in which trade and investment can be enhanced. The Singapore-Thailand Enhanced Economic Relationship saw the signing of multiple Memoranda of Understanding on trade and investment, SME promotions, and collaborations in sectors such as spa development, automotive parts and components manufacturing, tourism and heat processed pork.

Singapore's exports to Thailand amounted to US\$13.44 billion, representing a growth of 8.6 percent in 2008 versus 2007. Meanwhile, imports increased by 24 percent to US\$15.9 billion in 2008 from US\$12.8 billion in 2007.

Thailand's Import Requirements

The Thai Ministry of Commerce is the government agency that issues import licenses, which are valid for three months. Extensions are permitted for items requiring longer delivery periods and for goods produced according to certain specifications.

In addition to the licensing requirements of the Commerce Ministry, the Thai Food and Drug Association must approve the import of coffee (above 0.5kg), cosmetics, dairy products, eye wear, food, medicine, nutritional supplements and vitamins.

Exporters should also take note of the following commodity-specific stipulations to avoid delays at customs:

- Shipments of animal skins require a Convention on International Trade Endangered Species of Wild Fauna and flora (CITES) certificate. An import license is also required from the Royal forest Department and Livestock Department.
- Shipments of mobile phones require an import license from and registration with the Telecommunication Department.
- Shipments of used electrical items require approval and certification from the Industrial Factory Department.
- The consignee must provide the import license for shipments of toys. Commercial shipments also require a certificate from the Industrial Standards Department. This certificate is provided by the importer and may take 5 days to obtain.
- Shipments of food require an import license from Thailand's Food and Drug Department and the Ministry of Public Health. Weight restrictions are imposed by the Food and Drug Association in Thailand on edible products imported as samples. Depending on the commodity the weight can range from 1 kg to 10 kgs.

Need further information? UPS can advise you on any restrictions or special requirements for shipping to Thailand.

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UPS in Thailand

UPS has daily flights from Singapore that links to Bangkok, Thailand.

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Q: What are the growing industries in Thailand?

A: The key areas of Singapore investment include the manufacturing and manufacturing-related areas of logistics, supporting industries for the electronics sector, information technology, and telecommunications.

More recently, we are seeing an increase in interest from the information and communications technology (ICT) solutions industry. Players in service industries such as food services, retail of consumer products, medical products and supplies, education, as well as franchise players have been keen to explore and expand their businesses in Thailand.

Some Singapore food services companies also have plans to increase their food chain operations in the next two years. Thailand ranks a strong third place behind China and Japan in Business Monitor International's (BMI) Regional Food and Drink Business Environment Ratings in the first quarter of 2009. They were ranked strongly because of reasonable existing consumption levels and strong growth potential, benefitting from high tourism levels. According to BMI, the domestic food processing industry is expanding rapidly, with Thailand being the largest food exporter in Southeast Asia.

We have also gladly observed that at the recently concluded 13th Business Opportunity and Franchise Expo 2009 in Bangkok participants from Singapore said that the number and quality of leads generated from the event exceeded expectations.

Q: What are the industries that the government plans to invest in and develop?

A: The government has set a guideline for competitiveness development focused on tourism, creative products, food, logistics, green industry and alternative energy. For tourism, developing competitiveness would emphasise on marketing the uniqueness of Thai culture, enhancing medical tourism and driving infrastructure development.

Q: In what ways can the IE Singapore office in Thailand assist the Singapore companies?

A: IE Singapore's Bangkok office provides Singapore companies with the necessary market information needed for a successful venture into Thailand. Familiar with the market, we are able to provide the right contacts to make a company's entry smoother. These include linking companies up with local investment agencies, legal consultants and local financiers. The Bangkok office also works tirelessly to facilitate business matching support when we see an opportunity that is relevant for you.

For more information, please visit [IE Singapore website](#).

ASK THIS IADVISOR A QUESTION

1. The government increased the maximum amount of mortgage interest payments that can be deducted from income for tax purposes yearly from THB100,000 to THB300,000. For SMEs, the tax threshold will increase from THB60,000 to THB1million. Source: EIU Report, February 2009.