

Thailand

An overview on economy and business environment



The Kingdom of Thailand is the second largest economy in Southeast Asia and the world's 19th largest manufacturer. Over the last four decades, Thailand has made remarkable progress in social and economic development, moving from a low-income to an upper-income country in less than a generation. For this reason, Thailand's has been generally considered as a development success story, with persistent strong growth and remarkable poverty reduction.

The country has consistently reached vigorous economic growth thanks to the country's strong basis - low inflation, low unemployment, and reasonable public and external debt levels - and also thanks to its diversified industries. Furthermore, tourism and government expenditure on infrastructure and short-term incentive measures have helped to boost the economy.



Also The Bank of Thailand has been supportive, with several interest rate reductions. These factors were also the root of the resilience that allowed the country to recover quickly from the 2008 global financial crisis.

Thailand serves also as an economic anchor for its developing neighbor countries.

In a future perspective, Thailand's economic development is set to follow a 20-year National Strategy Plan, with a vision of achieving security, prosperity and sustainability. The new economic model is called Thailand 4.0, and the goal is to unlock the country from several economic challenges resulting from past economic development models which placed emphasis on agriculture (Thailand 1.0), light industry (Thailand 2.0), and advanced industry (Thailand 3.0). These challenges include "a middle income trap", "an inequality trap", and "an imbalanced trap".

Thailand

An overview on economy and business environment



Thailand 4.0 will overcome these traps through the use of “New Growth Engines” by:



- building economic prosperity through innovation, knowledge, technology and creativity “competitive growth engine” to unlock from middle income trap;
- building social security through equitable distribution of income, opportunity and wealth (inclusive growth engine) with the principle of “moving forward together without leaving anyone behind” to unlock from inequality trap
- creating sustainability through environmentally friendly development (Green Growth Engine) to unlock from imbalance trap.

So, the four Objectives of Thailand 4.0 are: Economic Prosperity, Social Well-being, Raising Human Values and Environmental Protection.

However, there still is much work to be done because a recent ministry study found that only 2% of industries in the country meet the 4.0 level. Most industries (61%) remain at level 2.0, 28% are at 3.0 and 9% are at 1.0. To improve industry standards, the Industry Minister has instructed the Office of Industrial Economics to define measures and issue incentive packages to encourage and support industries to comply the 4.0 level. In applying of the Thailand 4.0 Model, the Thai government has launched the SMART Visa. Designed to encourage highly skilled professionals to work or invest in the Kingdom. SMART Visas provide more benefits and privileges than any other type of visa issued by Thailand. It eliminates the need for a work permit, and also extends to spouses and children of those who qualify. SMART Visas are available for investors, executives, talented individuals and those involved in start-up incubators and accelerators that are working in one of the 11 industries targeted by the Thai government.

Thailand

An overview on economy and business environment



To attract and strengthen more technology-driven investment into the country, the Eastern Economic Corridor was established as a prime location for the world's top companies wishing to expand their investments in the Southeast Asian region. The new economic zone, which covers Rayong, Chonburi, and Chachoengsao provinces, will receive heavy investments in infrastructure development both for improving the existing infrastructure and building new networks.



With regard to labor force and unemployment, Thailand official unemployment rate is among the lowest in the world due to low birth rate, lack of social insurance and informal sector employing the bulk of workforce (street vendors, motorbike taxis and self-employed).

A great part of the labor force, approx. 32,8%, is employed in agriculture which contributes only 8.7% of the GDP. The country is one of the leading producers and exporters of rice and also possesses rubber, sugar, corn, jute, cotton and tobacco among its major crops. Fishing constitutes an important activity as Thailand is a major exporter of farmed shrimp. However, agriculture's contribution to the GDP is declining, while the exports of goods and services have increased.

The manufacturing sector constitutes 35.0% of the GDP and is well diversified, employing 22.6% of the active population. The main Thai industries are electronics, steel and automotive. Thailand is an assembly hub for international car brands. Electrical components and appliances, computers, cement production, furniture and plastic products are also important sectors.

Thailand

An overview on economy and business environment



The textile sector employs less than a quarter of the active population and is no longer as dynamic as tourism, which has become the main source of foreign currency.

The tertiary sector, including financial services, is rising and contributes to 56.3% of the GDP. It employs 44.6% of the active population. Tourism plays an ever more important role in the Thai economy.



Thailand is highly dependent on exports, which account for more than two-thirds of the GDP. Thailand is an active member of ASEAN and is very open to international trade. Main export commodities are data processing machines, vehicles, electric and electronic equipment and gold. Thailand mainly imports electric and electronic equipment, mineral fuels and oil, electric and electronic equipment, gems and precious metals, and parts and accessories for vehicles.

The country's main export partners are China, US, Japan, Hong Kong, Vietnam, Australia, Malaysia. The main import partners are China, Japan, US and Malaysia.

The country's efficiency of import-export procedures and attractive feature to foreign investors makes Thailand an excellent trading partner. However, before establishing a business relationship or in order to keep safe business relationships, it is necessary to get in depth and reliable information on the companies of interest.

Expanding your business to Thailand requires some preventive assessments to be profitable, because new business relationships represent new opportunities, but can also hide risks; therefore, it is important to carry out some proper investigations before dealing with unknown partners.

Thailand

An overview on economy and business environment



Thanks to SkyMinder, it is possible to receive the most complete and updated credit report on any Thai company thanks to the expertise of business information local providers. On SkyMinder, all reports on Thailand are freshly investigated and include all the information available. With the support of SkyMinder credit reports on Thai businesses, you gain a better insight into your business partners thanks to the credit rating and credit opinion allowing you to prevent credit risk by carefully selecting your customers or suppliers.



In Thailand there are approximately 1,700,000 businesses, but most of them are individual proprietorships: 89,4% individual proprietorships, 4,3% company limited or public company limited, 4% government, state-enterprise, cooperatives and others, 2,3% juristic partnership. All companies in Thailand have to prepare and keep accounts. Only a private person is exempted from this obligation. However, there are some cases where companies do not comply with legal requirements to disclose accounts.

SkyMinder local providers perform fresh investigations by accessing all local official registries. All reports include the following information (if available at local sources):

- Complete company identification details: correct company name, adresse(s), contact details such as phone, fax, email, webs, etc.
- Company registration details: our local providers try to access local registries and to get registration number, company id, fiscal code, and any information that can be retrieved at the local registry
- Directors and company structure: board of directors, shareholders and related companies
- Financials: balance sheet and profit and loss (as filed at the company registry).
- Credit rating and suggested credit limit

Thailand

An overview on economy and business environment



- Number of employees
- Activity details: sector and industry of the company, when possible also information on import and export activities.
- Negative information on the company
- Banks information

SkyMinder offers also the fastest delivery times, by ensuring the most accurate and updated credit report in a few working days. The reports are complete, updated and easy to read. Thanks to SkyMinder credit reports and the expertise of local providers, it is possible to establish safe and profitable business partnership with Thai companies.

Sources: <https://www.worldbank.org/>, <https://www.nordeatrade.com/>; <http://web.nso.go.th/>; www.interactivethailand.com;
<https://www.cia.gov/library/publications/the-world-factbook/geos/th.html>; <https://www.bangkokpost.com/>,
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