

# Doing business in thailand

[Business](#)



Thailand" s booming economy has encouraged me to begin a new business relationship with a highly recognized Thai company. I manufacturer a line of products for the sugar processing industry. I recently signed a one-year contract with Thai Chemiclas and Engineering Co. Ltd., located in Bangkok, to be my exclusive representative in the Thailand area. Thai Chemicals and Engineering will promote my product line and get it into the all the sugar mills in the area. They will purchase two containers per month for which we have negotiated a compatible price.

The containers will be shipping out of Savannah, Georgia with a final destination of the port of Bangkok. The shipping terms will be CIF: Bangkok. I decided to use a local company to represent my product line for various reasons. First of all, I need someone that knows the culture and business environment who has an established relationship with other locals. Once my products become known, I would like to establish a factory in Thailand. Therefore, I found it necessary to gather all the information required to begin a new business in Thailand.

Although business can be 100 % owned by foreign investors, some are reserved for 51 % Thai ownership. People of any nationalities can participate in ownership to varying degrees: through sole ownership, a limited company corporation, an ordinary partnership, a limited partnership, or a branch of a foreign corporation. The Ministry of Commerce's Department of Commercial Registration is directly in charge of company registration.

The Stock Exchange of Thailand (SET) is a well-developed financial institution which welcomes foreign investment.

Bangkok's modern Don Muang International Airport can easily serve your arrivals or connections. Thailand is equipped with an extensive and ever-developing transport infrastructure and an extensive state-run rail system. There are numerous shipping ports including Bangkok's Klong Toey Port and the Eastern Seaboard's Mab Ta Phut and Laem Chabang deep-sea ports within 200 kilometres of Bangkok.

Typical business hours are : for banks and financial institutions, Monday - Friday 9: 30 a. m. - 3: 30 p. m.; Government offices, Monday -Friday 8: 30 a. m. - 4: 30 p. m. (closed noon - 1 p. m.); private business, Monday - Friday from 8: 30 p. m. - 5: 30 p. m.

The Royal Thai Government (RTG) has been reducing import duties and trade barriers as part of its obligations as a founding member of the World Trade Organization (WTO) and as a member of the Association of South East Asian Nations' (ASEAN) Free Trade Area (AFTA).

A Factory Establishment Licence must be obtained from the Ministry of Industry. Fees depend on machinery power rating and the number of employees.

Arbitrary customs valuation procedures constitute another barrier to U. S. exports. The Thai Customs Department may use as a check price the highest previously invoiced price of a product imported from any given country and may disregard actual invoiced values in favor of the check price for assessment purposes.

On June 6, 1995, the Thai Cabinet approved a policy to require, on a case by case basis, countertrade on government procurement contracts valued at over 500 million baht (\$20 million)

Thailand maintains several programs that subsidize exports, including preferential financing for exporters. Thailand's export-import bank, established in September 1993, is responsible for some of these programs, particularly the packing credit program.

One of the most prominent trade issues between the United States and Thailand has been the extent of Thailand's protection for U. S. copyright, patent and trademark holders. The Kingdom of Thailand respects all international laws regarding copyrights and trademarks.

Thailand passed a new copyright law in December 1994 that strengthened legal copyright protection and increased the penalties for copyright infringement

Amendments to the trademark law in 1992 provide higher penalties for infringement and extend protection to services, certification, and collective marks.

Under current Thai regulation, only persons of Thai nationality may be licensed in many professional services, including accounting, architecture, engineering, construction management, brokerage services and legal services. However, there is planning to revise these regulations.

The announcement of National Executive Council No. 281, commonly known as the Alien Business Law, limits foreign equity in many Thai firms to less  
<https://assignbuster.com/doing-business-in-thailand/>

than fifty percent. The Treaty of Amity and Economic Relations between Thailand and the United States provides for 100 percent U. S. ownership of companies in most industries. Businesses in the fields of communications, transport, fiduciary functions, natural resources, or trade in agricultural products are excluded from treaty coverage.

The Communications Authority of Thailand imposes stringent equity and revenue sharing requirements on International Value Added Network Service (IVANs) providers.

In conclusion, The World Bank predicts that Thailand will be the world's eighth largest economy within 20 years by the year 2020. Thailand will have a larger economy than Brazil, Britain, France, Italy and Taiwan. Thailand's own National Economic and social Development Board has seen a doubling of the economy in the year 2000 and the Kingdom ranking first in Southeast Asia, among the seven ASEAN states. I feel that this is the perfect timing to invest and I am confident that my business will prosper.