

BUSINESS **PROSPECTS** **in THAILAND**

Denise Hall



PRENTICE HALL

Singapore New York London Toronto Sydney Tokyo

ABOUT THE AUTHOR



Denise Hall was trained in economics in France and in the United States. She obtained a doctorate in economics from Institut D'Etudes Politiques in Paris and an MA in economics from UCLA in the United States. In 1985, she moved to Hong Kong to teach economics at the University of Hong Kong for several years. Currently, she is involved in consulting work, specializing in Asian markets and advising on business opportunities in Asian markets.

BUSINESS **PROSPECTS** **in THAILAND**

Denise Hall



PRENTICE HALL

Singapore New York London Toronto Sydney Tokyo

First published 1996 by
Prentice Hall
Simon & Schuster (Asia) Pte Ltd
Alexandra Distripark
Block 4, #04-31
Pasir Panjang Road
Singapore 118491



© 1996 by Denise Hall

All rights reserved. No part of this publication may be reproduced, stored in retrieval system or transmitted in any form, or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior permission in writing from the publisher.

Cover illustration by Bertrand Martin

Printed in Singapore

1 2 3 4 5 99 98 97 96

ISBN 0-13-398165-7

Prentice Hall International (UK) Limited, *London*
Prentice Hall of Australia Pty. Limited, *Sydney*
Prentice Hall Canada Inc., *Toronto*
Prentice Hall Hispanoamericana, S.A., *Mexico*
Prentice Hall of India Private Limited, *New Delhi*
Prentice Hall of Japan, Inc., *Tokyo*
Editora Prentice Hall do Brasil, Ltda., *Rio de Janeiro*
Prentice Hall, Inc., *Upper Saddle River, New Jersey*

CONTENTS

Preface	xi
Acknowledgments	xii
Abbreviations	xiii
Trademarks	xiii

Chapter 1 Introduction to Thailand	1
1.1 Thailand's place in Asia	2
1.2 Geography	6
1.2.1 Natural resources	7
1.2.2 Regions	10
1.2.3 Climate	15
1.3 The people	16
1.3.1 Language	16
1.3.2 Religion	17
1.3.3 Society	18
1.4 Political system	20
1.5 History	21
1.5.1 The Sukhothai era	21
1.5.2 The Ayutthayan era	22
1.5.3 The Bangkok period	23
1.5.4 Military rule	25

Chapter 2 Life Styles	29
2.1 Demography	30
2.1.1 Structure of population	30
2.1.2 Regional distribution	31
2.1.3 Health	36
2.2 Purchasing power	40
2.2.1 Occupations	41
2.2.2 Incomes	42
2.3 Education	48
2.3.1 Educational attainment	48
2.3.2 Attendance	50
2.3.3 Vocational training	52
2.3.4 School system	55
2.3.5 Schools	55
2.4 Living quarters	56

2.4.1	Housing	57
2.4.2	Household equipment	60
2.4.3	Utilities	63
2.5	Recreation	66
2.5.1	Festivities	67
2.5.2	Gambling	69
2.5.3	Sports	70
2.5.4	Crafts	72
2.5.5	Leisure activities	74
2.6	Religions	77
2.6.1	Buddhism	78
2.6.2	Islam	81
2.6.3	Other beliefs	82
Chapter 3	Consumption and Distribution	87
3.1	Food	89
3.1.1	Cereal products and staples	91
3.1.2	Meat and poultry	92
3.1.3	Fish and seafood	94
3.1.4	Fruits and vegetables	96
3.1.5	Eggs and dairy products	100
3.1.6	Oils and fats	103
3.1.7	Sugar and sweets	104
3.1.8	Spices and seasonings	105
3.1.9	Prepared meals	107
3.2	Beverages	109
3.3	Tobacco and betelnut	113
3.4	Clothing and footwear	116
3.4.1	Clothing	117
3.4.2	Footwear	121
3.5	Medical and personal care	125
3.5.1	Medical care	125
3.5.2	Personal care	129
3.6	Housing	132
3.6.1	Home	133
3.6.2	Utilities	134
3.6.3	Furnishing and equipment	136
3.6.4	Cleaning	141
3.7	Transportation and communications	142

3.7.1	Public transportation	144
3.7.2	Personal transportation	147
3.7.3	Communications	148
3.8	Recreation	149
3.8.1	Religious activities and ceremonies	150
3.8.2	Recreational and electronic equipment	152
3.8.3	Admissions and reading material	154
3.9	Distribution	156
3.9.1	Department stores and shopping malls	156
3.9.2	Supermarkets and convenience stores	157
3.9.3	Direct selling	158
Chapter 4	Media and Advertising	161
4.1	Television	162
4.1.1	Broadcasting	162
4.1.2	Audience	166
4.2	Radio	172
4.2.1	Broadcasting	172
4.2.2	Audience	174
4.3	Publishing	181
4.3.1	Publications	182
4.3.2	Readers	184
4.3.3	Printing	191
4.4	Cinema	192
4.4.1	Producers	193
4.4.2	Audience	193
4.5	Advertising and public relations	195
4.5.1	Media	195
4.5.2	Advertising agencies	201
4.5.3	Regulations	203
Chapter 5	Production and Trade	209
5.1	Agriculture, fishery, forestry	211
5.1.1	Crops	213
5.1.2	Livestock products	220
5.1.3	Fishery	223
5.1.4	Forestry	225
5.2	Extractive resources	226
5.2.1	Oil and gas	226
5.2.2	Lignite	229

5.2.3	Tin	229
5.2.4	Zinc	230
5.2.5	Other minerals	230
5.3	Manufactured products	232
5.3.1	Food processing	233
5.3.2	Beverages and tobacco	236
5.3.3	Textile, clothing, and footwear	238
5.3.4	Oil and chemicals	240
5.3.5	Electrical and electronic equipment	244
5.3.6	Transportation equipment	244
5.3.7	Gems and jewelry	248
5.4	Construction and building materials	250
5.4.1	Construction	250
5.4.2	Building materials	251
5.5	Electricity and water	254
5.5.1	Electricity	254
5.5.2	Water	256
5.6	Tourism	257
5.7	International trade	260
Chapter 6	Finance and Real Estate	267
6.1	Bank of Thailand	267
6.1.1	Monetary activities	268
6.1.2	Financial reforms	270
6.2	Banks	272
6.2.1	Commercial banks	272
6.2.2	Special-purpose banks	275
6.3	Finance and credit institutions	277
6.3.1	Finance and securities companies	277
6.3.2	Real-estate-financing companies	279
6.3.3	Industrial finance institutions	280
6.3.4	Mutual fund management companies	281
6.3.5	Factoring	281
6.3.6	Cooperatives	282
6.3.7	Pawnshops	282
6.4	Stock exchange	283
6.4.1	Trading	284
6.4.2	Supervision	286
6.4.3	Getting listed	287
6.5	Raising capital	287

6.5.1	Debt instruments	288
6.5.2	Equities	289
6.5.3	Financing joint ventures	289
6.6	Insurance	290
6.6.1	Life insurance	291
6.6.2	Non-life insurance	292
6.7	Real estate	295
6.7.1	Investors	295
6.7.2	Market	296
Chapter 7	Transportation and Communications	300
7.1	Maritime transportation	301
7.1.1	Port of Bangkok-Klong Toey	301
7.1.2	Sattahip	303
7.1.3	Laem Chabang and Mab Ta Phud	304
7.1.4	Phuket, Songkhla, and Si Chang	305
7.1.5	Shipping lines	305
7.2	Air transportation	306
7.2.1	Airports	307
7.2.2	Airlines	308
7.3	Railroads, roads, and waterways	309
7.3.1	Railroads	309
7.3.2	Roads	312
7.3.3	Waterways	313
7.4	Transportation in Bangkok	314
7.4.1	Roads	314
7.4.2	Mass transit	316
7.5	Communications	317
7.5.1	Telephone, radio, paging	317
7.5.2	Satellite	320
7.5.3	Computers	320
7.5.4	Mail	321
Chapter 8	Doing Business	323
8.1	The business community	324
8.1.1	The Chinese	324
8.1.2	The military	325
8.1.3	The government	326
8.1.4	Foreign investors	328
8.2	Business practices	330

8.2.1	Dealing with the administration	330
8.2.2	Trading with Thailand	331
8.2.3	Distributing and sourcing	333
8.2.4	Thailand as a regional base	334
8.3	Labor	335
8.3.1	Training	335
8.3.2	Expatriates	336
8.3.3	Social coverage	337
8.3.4	Rights of workers	338
8.4	Regulation of business	339
8.4.1	Business organizations	340
8.4.2	Restrictions on foreign investment	340
8.4.3	Taxation	341
8.4.4	Price controls	343
8.4.5	Protection of environment	344
8.5	Facilities for investors	348
8.5.1	Promotion of investment	348
8.5.2	Industrial estates	349
8.5.3	Development zones	350
8.6	Protection of intellectual property	351
8.6.1	Copyrights	352
8.6.2	Patents	352
8.6.3	Trademarks	353
8.7	Tips for business travelers	353
8.7.1	Etiquette	353
8.7.2	Business relations	354
8.7.3	Practical information	355
8.7.4	Sources of information	356
Appendix 1		361
Appendix 2		362
Appendix 3		363
Bibliography		367
Further reading		369
Index		371

PREFACE

My first contact with Thailand was as a visitor. I wanted to see the kingdom's legendary scenery. I was thrilled by what I saw, but what impressed me most was the economic potential of the country. I found lush farmlands, bustling towns, modern business districts, well stocked shops, elegant boutiques, and open-minded and entrepreneurial people.

I had many more opportunities to appreciate this potential later. While consulting in Hong Kong, I spent much time evaluating the prospects of Asian markets and Thailand figured prominently. I also discovered that information was available, but that it was difficult to obtain and decipher.

Dealings with clients on these issues convinced me that there was a demand for a clear and detailed study of the Asian markets. This was, however, beyond the scope of a single book; I resolved to focus on Thailand. I set to the task with a view of drawing a profile of the country and its people. I inquired into the culture, living habits, consumption patterns, and business practices of the Thais and into the industries of Thailand.

I have relied on many different sources of information, especially surveys and statistical reports published by the Thai administration. This book reports my findings with the use of statistics, verbal descriptions, and anecdotes. Some 150 charts portray the patterns of life in Thailand. My goal is to offer an explanation to these findings, while providing readers with the elements for forming personal judgments about prospects for business in Thailand.

I have tried to record my sources carefully. Thai administrations, however, do not report years of publication consistently and the dates which appear in titles do not necessarily match the dates of publication. This leads to some apparent anomalies in the referencing, but interested readers may find these sources by following the notes in the references.

I have also made every effort to check the accuracy of my results. Mistakes and omissions, however, remain mine and I am solely responsible for the opinions expressed in this book.

Denise Hall

ACKNOWLEDGMENTS

The author wishes to thank the following publishers for granting permission to use the sources listed:

Bangkok Post. Use of data on petrol stations published by BANGKOK POST/Thailand Department of Commercial Registration—July 9, 1993. Used by permission of the Editor.

Zenith Media Worldwide. Use of data on media and advertising published by Zenith Media Worldwide, *Asia Pacific Market and MediaFact*, various issues, London. Used by permission.

International Monetary Fund. Use of data on trade, population, exchange rate, and gross domestic product published by International Monetary Fund, *IFS*, various issues. Used by permission of the Copyright Office.

ABBREVIATIONS

IFS	International Financial Statistics
MAC	Ministry of Agriculture & Cooperatives
MPH	Ministry of Public Health
OPM	Office of the Prime Minister
SRT	State Railway of Thailand

TRADEMARKS

Bangkok Post	The Post Publishing Public Company Limited.
The Nation	Nation Publishing Group Co Ltd.

1 INTRODUCTION TO THAILAND

Thailand's famed scenery and rich cultural heritage make it a popular tourist destination and a setting for Hollywood fantasies, but these attractions often overshadow the country's economic standing. For some time a world-leading supplier of agricultural and fishery products, Thailand embarked more recently on a bold program of development. Today, it is becoming an industrialized country and its purchasing power, already substantial, is increasing rapidly.

Doing business in Thailand is no longer the prerogative of adventurers, but it still holds many promises. The country's rapid economic growth, cheap labor force, and large consumer market offer potential for investors. In addition, Thailand's location at the heart of Southeast Asia makes it an ideal base for conducting regional business in this economically dynamic part of the world.

Business Prospects in Thailand explains how Thais make money, spend money, how they use their time, and how the economic and business conditions are evolving. This book touches on more aspects of Thai economic, political, and social life than most readers will care to know to evaluate their specific business prospects. However, the book is organized so that readers may skip between sections to extract information easily. It is designed as a reference book, a guide to participating in the expanding Thai economy.

Because it addresses both technical and human issues, this book combines information of various types. Data on economic and social activity assess the progress and potential of Thailand, but more

anecdotal reports illustrate the unique features of Thais as consumers and as producers.

Part of this uniqueness results from the interaction between economics and culture. With its strong traditions and rapid development, Thailand is a land of contrasts. The capital, Bangkok, for instance, is a modern city whose shops, department stores, hotels, and restaurants rival those of major cities of the world. Bangkok has one of the best English-language newspapers in Asia and enough cars to make the Los Angeles traffic seem mundane by comparison. The city, however, retains a distinctive Thai flavor.

Everywhere in modern Bangkok, traditions are omnipresent. Temple spires emerge between modern buildings. Monks jostle with business people. Sarong-clad women make offerings to temple gods in the financial district. Luxurious condominiums look over river houseboats. Street vendors and food stalls sell their wares next to boutiques and elegant restaurants.

This continuity of Thai life owes a great debt to the country's exceptional history. Thailand escaped colonization, a rare fate in Asia. This is especially remarkable because all of Thailand's neighbors, Burma, Malaysia, Laos, and Cambodia, were less fortunate. Free from the trauma of colonization, Thais are open to Western ideas and technology, although they adapt them to fit local standards.

Thai politics also has its own pace. The country went from centuries of absolute monarchy to military dictatorship and recently turned democratic. The royalty survived these changes and Thais have maintained an unfaltering awe for their king.

This traditional kingdom is, nevertheless, an active business center. The following sections introduce Thailand from a marketing viewpoint, showing how its peculiarities affect business. They position the country within Asia, review its geography, introduce its people, and outline its political and historical background.

1.1 THAILAND'S PLACE IN ASIA

Investing in Thailand, once the preserve of multinational companies with diversified interests in Asia, is no longer a high-risk operation that requires large financial backing. Thailand is a rapidly developing country. It outperforms many of its Asian neighbors and attracts a steady flow of foreign capital. With its large and young

population, increasing income, and expanding international trade, Thailand appeals to entrepreneurs looking for a cheap labor force and a large consumer market.

The Thai labor market offers good prospects. The demographic expansion of the past few decades combined with the high literacy rate guarantees an abundant supply of qualified labor. With about 29 percent of its people aged under 15,¹ Thailand has a younger population than leading Asian powers like Taiwan, Korea, Singapore, Hong Kong, and Japan. Only countries like Indonesia, Malaysia, and the Philippines have younger populations.

The consumer market is also attractive. Thailand's large population offers potential for mass consumption. In 1992, 57.8 million people lived in the kingdom. This is greater than the populations of Singapore, South Korea, and neighboring Malaysia and Burma, for example (see Figure 1.1).

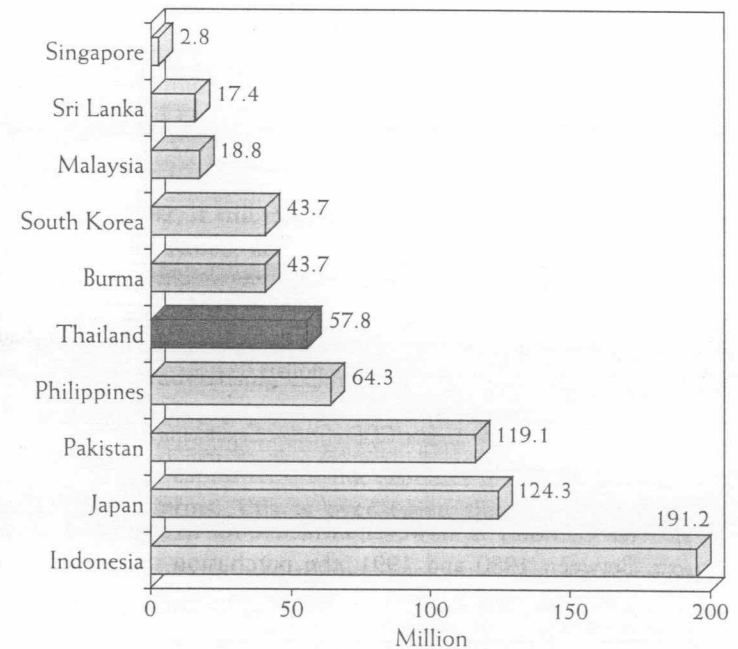


Figure 1.1 Population of Asian Countries in 1992
(Source: Based on International Monetary Fund, IFS, April 1994.)

Thailand is no longer a poor country, but it is not wealthy yet. With a per capita gross domestic product (GDP) of over US\$1,800 in 1992, Thais are wealthier than the people of India, Pakistan, China, Indonesia, and the Philippines but poorer than the people of Malaysia, Singapore, and South Korea, for example (see Figure 1.2).

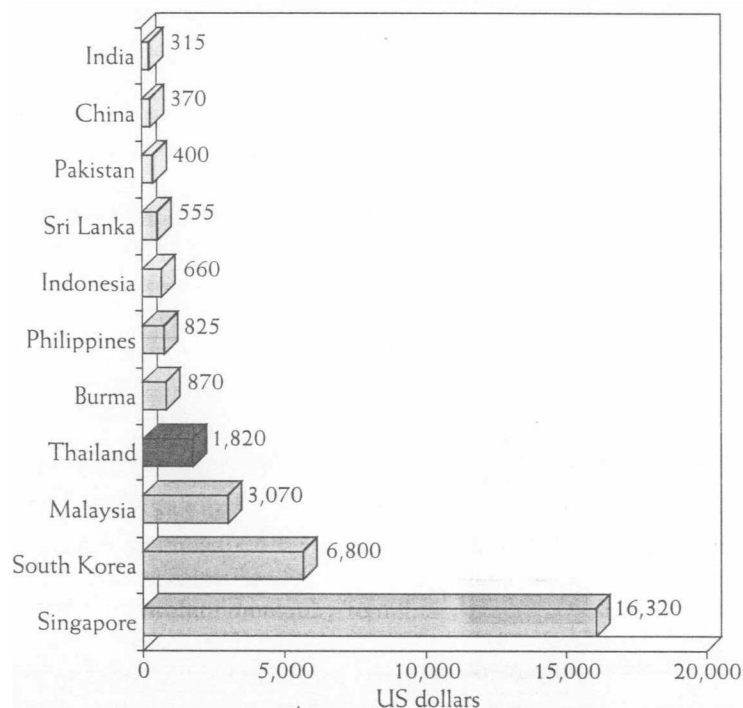


Figure 1.2 Per Capita GDP of Asian Countries in 1992
(Source: Based on International Monetary Fund, IFS, April 1994.)

The Thai economy is, however, attractive for its rapid and steady growth. Between 1980 and 1991, the purchasing power of Thais increased annually by 6 percent. Its growth rate was especially high between 1987 and 1990, when it exceeded 10 percent per year (see Table A.1.1 in Appendix 1). If maintained, such a progression will allow Thailand to catch up with other more-developed Asian countries. Except for Korea, which managed a sustained yearly income growth of over 10 percent during the past decade, the

growth rates were much lower elsewhere. They stood at about 6 percent in Taiwan, Hong Kong, and Singapore 3 percent in Malaysia and Indonesia, and 2 percent in Australia and New Zealand.

This growing income is a boon for foreign products. Although consumption remains basic, the market is gradually opening to more sophisticated goods, many of which are not produced locally. Items that were once luxuries such as personal care products are becoming more common while new products and processes are readily accepted by these enthusiastic consumers.

International trade is responding to the economic changes by developing rapidly. Rising incomes fuel the demand for imported goods while growing industrialization increases export potential. Between 1987 and 1992, Thailand's total foreign trade increased by 24 percent per year in real terms, twice the growth rate of the GDP.

The expanding trade bodes well for foreign investors, but it still does not make Thailand a leading trader. Thai international trade remains moderate, especially when compared to the performances of world-leading trading centers like Hong Kong and Singapore. In 1992, with US\$32 billion exports, Thailand stood well behind Hong Kong, Taiwan, South Korea, and Singapore (see Figure 1.3). As an importer, Thailand is not a leader either. With US\$41 billion imports in 1992, it still ranked behind countries such as Singapore, Taiwan, South Korea, and Hong Kong² (see Figure 1.4).

The advertising industry is also feeling the effects of the economic growth. The Thai consumer market, until recently too narrow to justify much advertising, is now offering new opportunities. In 1992, the per capita advertising expenses stood at only US\$14, compared to US\$162 in Singapore and US\$267 in Japan, but the advertising industry is developing rapidly (see Figure 1.5). Between 1980 and 1992, Thai per capita advertising expenses grew by 15 percent per year in real terms; this is over twice the growth rate of the purchasing power.

A sign of modern times, the booming economic activity stretches the limits of existing infrastructure. Congested ports and airports, traffic jams, and storage problems are but a few of the infrastructure headaches. Thai authorities, however, are responding by speeding up the development of additional facilities such as highways, railways, ports, airports, repacking warehouses, and inland container depots.

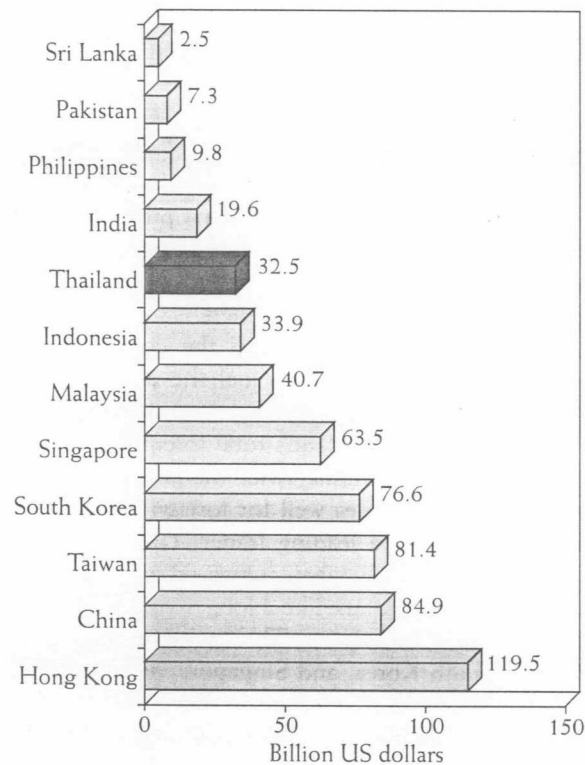


Figure 1.3 Exports of Asian Countries in 1992
(Source: Based on International Monetary Fund, IFS, April 1994, p. 64.)

1.2 GEOGRAPHY

Geographically, Thailand is in a strategic position to set up a regional office. It is located at the heart of Southeast Asia. It shares borders with Burma (now called Myanmar), Laos, Cambodia, and Malaysia and its less immediate neighbors include China, Vietnam, Singapore, and Indonesia. In addition, Thailand enjoys good access to the sea, a definite advantage for shipping. The country's sea coastal area stretches over 2,615 kilometers (1,625 miles), 70 percent of which is on the Gulf of Thailand and the rest on the Andaman Sea (near the Indian Ocean).

Thailand is also a sizeable country with varied resources and

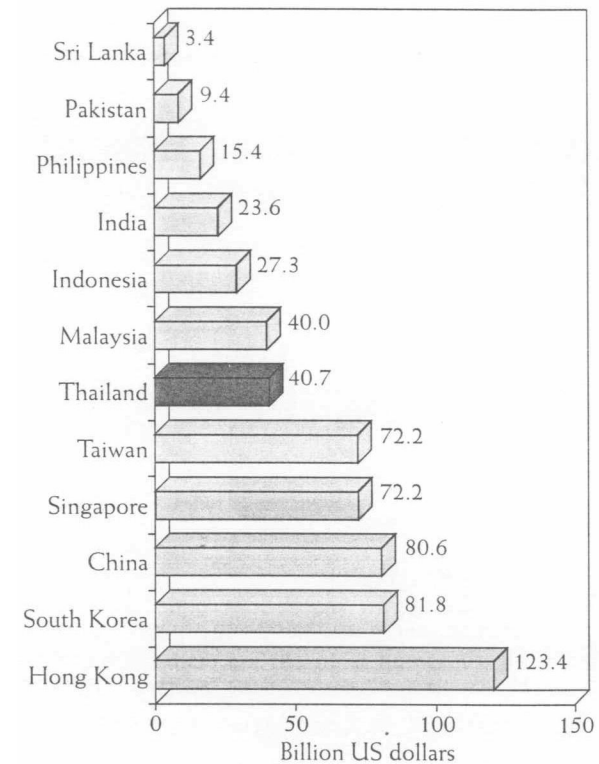


Figure 1.4 Imports of Asian Countries in 1992
(Source: Based on International Monetary Fund, IFS, April 1994, p. 65.)

topography. Its total area is about 513,000 square kilometers (198,000 square miles), almost the size of France. The country spreads from north to south over 1,650 kilometers (1,025 miles) and its greatest width is 780 kilometers (485 miles).

1.2.1 NATURAL RESOURCES

Thailand is rich in natural resources. Its fertile soil and warm weather are propitious for agriculture and forestry. Agricultural land and forests combined occupy two-thirds of the territory (see Figure 1.6). In addition, the country abounds with minerals and other extractive resources.

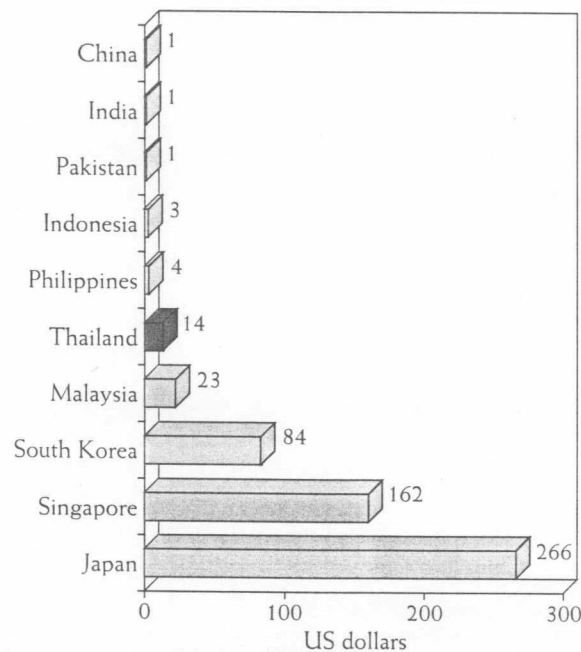
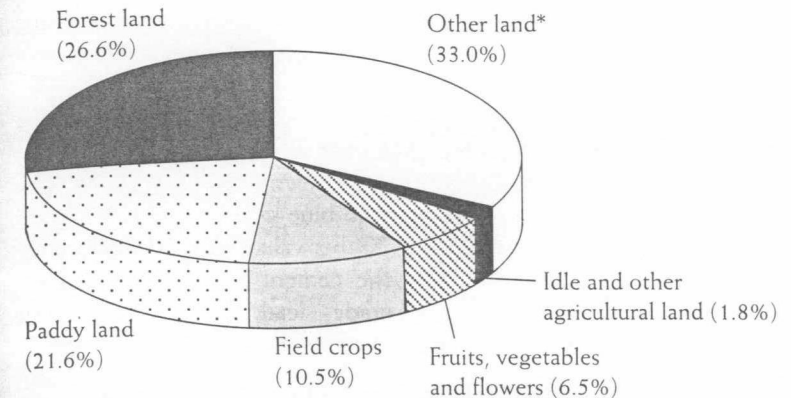


Figure 1.5 Per Capita Advertising Expenses in 1992
(Sources: Based on Zenith Media Worldwide, Asia Pacific Market and MediaFact 1993, London, 1993, p. 2, and International Monetary Fund, IFS, April 1994.)

With its varied natural resources, Thailand has a stable economy somewhat independent of world prices. It is, for example, a world-leading producer of rice, rubber, and tin, but it does not depend on these products to survive. Its economy is sufficiently diversified to absorb fluctuations in commodity prices easily.

Agriculture Agriculture is a large industry. In 1991, its output accounted for one-eighth of the Thai GDP.³ Rice is the prime crop but Thai farmers grow many other products including cassava, rubber, sugar, maize, fruits, vegetables, chili peppers, soybeans, mung bean, palm beans, coffee beans, cotton, tobacco, and orchids. Many of these products, both fresh and processed, supply foreign markets. Together, they account for almost a third of Thailand's export earnings.



*Includes residential areas, railroads, highways, public areas, and swamps.

Figure 1.6 Land Use in 1991
(Source: Based on Center for Agricultural Statistics, Agricultural Statistics of Thailand, Crop Year 1991/1992, MAC, Bangkok, 1992, pp. 212-13.)

The economic weight of agriculture is, however, small compared to its social role. Farmers are the most numerous, but they are the poorest people in Thailand. In 1991, nearly two-thirds of Thais worked on farms, many living at or near subsistence level.⁴

This large farming population is a legacy of the past. Thais are farmers by tradition. For centuries, agriculture was Thailand's almost unique source of income and the sole occupation of nearly everyone. Rice, for many years the country's major crop, supplied both domestic and foreign markets. This earned Thailand the nickname of the "Rice Bowl of Asia." Well into the 1900s, it exported rice mostly. In 1921, for example, rice exports accounted for three-quarters of all Thai exports by value.⁵

The preeminence of agriculture, however, is eroding gradually. Agriculture is growing less rapidly than other sectors and since 1981, it has ceased to be the leading income earner in Thailand.

Forestry Forestry is almost extinct. Thai forests, once famed for their abundance of teak wood and other hard woods, succumbed to extensive logging and encroaching. Forests used to cover most of Thailand, but they have shrunk gradually. Between 1950 and 1991, the size of the forest dropped from 62 percent of the territory to

27 percent.⁶ To prevent further depletion, the Thai government imposed a nationwide logging ban in January 1989. It has also invited the private sector to participate in a reforestation program by developing commercial eucalyptus plantations.

Extractive resources Thailand is renowned for its numerous gemstones, especially the highly prized blue sapphires, but this is a small part of its extractive resources. Other valuable deposits include tin, lignite, zinc, limestone (for the cement industry), gypsum, feldspar, fluorite (of metallurgical grade), lead, shale, kaolin, glass sand, granite, marble, and dolomite. In addition, natural gas, recently discovered in the Gulf of Thailand, has become a major source of mining revenue.

1.2.2 REGIONS

With its dense jungles, cool hills, denuded plateaus, deep gorges, fertile plains, and white sandy beaches, Thailand has a varied geography. The Thai administration divides the country into four geographic regions: the North, the Northeast, the Central Region (occasionally subdivided into the Central, Eastern, and Western regions), and the South (see map on page 11).

This convenient division highlights the differences in population, topography, resources, and wealth in various parts of Thailand although it creates regions of unequal size. The North and the Northeast are the two largest regions; each covers one-third of the territory. The Central Region occupies 20 percent of the land while Southern Thailand, the smallest region, covers 14 percent of the territory.⁷

The North Northern Thailand, which stretches along the Burmese and Laotian borders, is better known for its opium cultivation and drug trade than for its other activities. The region's northernmost area, where the frontiers of Thailand, Burma, and Laos meet, is the lawless "Golden Triangle." For its greatest part, however, the North has a more licit economy. Its jungle-covered mountains, fertile valleys, and rich underground hold numerous resources (see Figure 1.7).

The mountains, chiefly composed of limestone overlaid with ferruginous sandstone, are covered with jungle where many varieties of wild orchids flourish (Thailand exports orchids). The North harbors about 77,000 square kilometers (30,000 square miles) of



The Regions and Provinces of Thailand

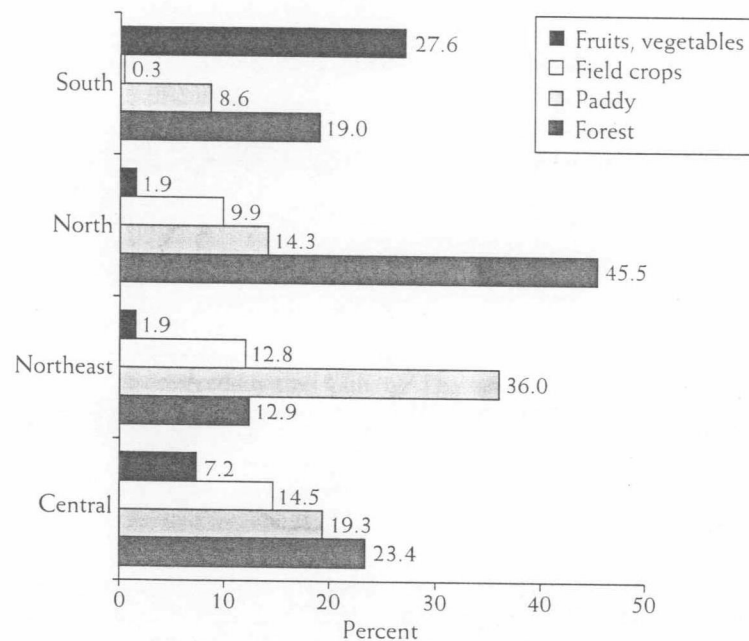


Figure 1.7 Land Use by Region in 1991

(Source: Based on Center for Agricultural Statistics, *Agricultural Statistics of Thailand, Crop Year 1991/1992*, MAC, Bangkok, 1992, pp. 212-13.)

forest, over half of the entire Thai forest.⁸ Once a wild area where elephants, bears, and tigers roamed, the jungle is now much tamer.

Along with its wild life, the jungle has lost much of its productivity. It used to be a valuable source of teak wood for the logging industry and of firewood and building material for local residents. Decades of logging and encroaching have drained these resources. Today, logging is severely restricted and Thai authorities are promoting reforestation programs.

Between the jungle-covered mountain ranges are fertile river valleys. Three main rivers, the Ping, the Yom, and the Nan, drain the Northern Region north to south and they link to form the Chao Phraya River, Thailand's most important river. The broad valleys that these rivers irrigate are covered with rice fields and orchards.

Here, Northerners grow most of their crops. The North accounts for a large proportion of Thailand's agricultural output. The region produces over a quarter of the country's rice crop, about half of its

maize, sorghum, and groundnuts, four-fifths of its soybeans and mung beans, and nearly all its lychees and longans.⁹

The North is also rich in mineral deposits. Its most valuable resources are gypsum, zinc, and lignite. The region is Thailand's leading producer of antimony, ball clay, calcite, diatomite, granite, kaolin, manganese, talc, and tungsten. In addition, the North has developed a marble quarrying and processing industry which supplies the domestic and foreign markets.

The Northeast The Northeast, in contrast, is Thailand's chronic problem. This region, bounded by Laos, is the driest and poorest area in Thailand. In prehistoric times, it was covered with jungles, but now it is a barren plateau plagued both by floods and droughts. The region's flat portion turns into a swamp during the rainy season and into a barren land the rest of the time while its elevated lands are often too salty to allow any vegetation to grow (see Figure 1.7).

The only fertile area lies around the region's sole river system, the Nam Mun River and its tributaries, which flow toward Laos into the Mekong River. The Northeast has about 55 percent of Thailand's entire paddy land, but it produces only 40 percent of the total rice crop.¹⁰ Other products include kenaf, cassava, groundnuts, maize, sugarcane, and cotton.

The Northeast has few extractive resources. Its most valuable deposits are marble and barite. The region is also Thailand's sole producer of anthracite and, more importantly, of rock salt. It is believed to have some of the world's largest deposits of rock salt, with reserves estimated at several billion tons. Rock salt in itself is not a valuable material but it has many industrial uses.

The Central Region The Central Region, which stretches along the Gulf of Thailand and connects the North and the Northeast with the South, is the country's richest area. It is an expanse of fertile plains drained by the country's main river, the Chao Phraya River (see Figure 1.7).

The Chao Phraya River, which flows into the Gulf of Thailand at Bangkok, is to Thailand what the Nile is to Egypt. It irrigates surrounding fields and during the rainy season, it floods the flat central plains and deposits fertile silt.

Central Thailand owes its large farming industry to this river. The region occupies only one-fifth of the territory, but it produces about

30 percent of the country's rice and cassava, 60 percent of the sugarcane, and 25 percent of the maize.¹¹ In addition, its farmers raise livestock for domestic consumption and for export. They produce over half of Thailand's ducks, a third of its swine, and a quarter of its chickens.¹²

Extractive resources also abound. The Central Region is the kingdom's leading producer of gemstones, limestone, quartz, shale, pyrophyllite, glass sand, lead, and dolomite and it has sizeable deposits of feldspar, marble, phosphate, zircon, iron, and manganese.

More important, perhaps, are the region's trading and manufacturing activities. Central Thailand houses some of the country's biggest factories and almost all of its industrial estates. The Bangkok area is especially prominent, being Thailand's major business and shipping center.

The South The Southern Region, a long and narrow strip of land bordered by Burma to the northeast and by Malaysia to the south, differs in many ways from the rest of Thailand. This region remained isolated until the construction of the southern railroad line. It developed independently, relying on its own assets to prosper. The South has valuable and unique agricultural and mining resources, while its fishing industry is thriving. It is also legendary for its scenic beaches and limestone caves where small swifts build the bird's nests so highly prized in Chinese cooking.

The South has a prosperous and distinctive agriculture. Unlike other regions, Southern Thailand grows hardly any rice, but it is the kingdom's largest producer of coffee, fruits, and rubber (see Figure 1.7). Two-thirds of Thailand's fruit-growing areas and nearly all of its rubber and coffee plantations are located in the South.

The rubber industry, which started in 1900 with the introduction of rubber trees from Malaysia, is a leading export earner. Thailand is one of the world's largest producers of rubber. The kingdom is also a member of the International Natural Rubber Organization.

The South is renowned for its valuable extractive resources. It produces over 70 percent of Thailand's tin and two-thirds of its gypsum.¹³ Tin is the region's most important mineral. Southern tin mines have been active for centuries and they have attracted a regular influx of Chinese migrants. Tin brought various fortunes, but it remains a substantial export earner. Thailand is a member of the

Association of Tin Producing Countries.

In addition, the South has a large fishing industry. This long peninsula is bounded on most of its length by the Gulf of Thailand to the west and the Andaman Sea to the east. It has some 1,600 kilometers (1,000 miles) of coast line. Fishing is the traditional activity in coastal villages. Most of the catch is marine fish, but fishermen also farm tiger prawns.

1.2.3 CLIMATE

Thailand is a tropical country which has a hot and humid weather. Its climate, which is dominated by the northeast monsoon in winter and by the southwest monsoon in summer, has three seasons: cold, hot, and rainy. During the cold season, from October to February, the northeast monsoon dominates and temperatures fall below 25°C (77°F). The hot season lasts from March to May with temperatures reaching 38°C (100°F). During the rainy season, from June to September, the southwest monsoon brings lower temperatures of about 30°C (86°F).

In most parts of the country, this tropical climate calls for light clothing preferably made of natural fibers. This applies especially to Central and Southern Thailand where the maritime influence produces mild temperatures throughout the year (see Table 1.1). The only exceptions are the hills of the North and the Northeast where cold air from mainland China may bring near-freezing temperatures occasionally in winter.

Table 1.1 Regional Climate

Region	Average temperature		Rain		Humidity
	Maximum °C (°F)	Minimum °C (°F)	Rainfall mm (in)	Rainy days	Percent humidity
Bangkok	33 (91)	24 (75)	1,610 (63)	126	73
North	33 (91)	22 (72)	1,200 (47)	114	71
Northeast	32 (90)	22 (72)	1,180 (46)	106	70
South	32 (90)	24 (75)	2,070 (81)	160	77

Source: Based on National Statistical Office, *Statistical Yearbook Thailand 1989*, OPM, Bangkok, pp. 9-11.

1.3 THE PEOPLE

Thailand is a melting pot of people. Besides ethnic Thais, the dominant people, there are Malay, Indians, Chinese, and many different hill-tribe people. The Chinese are, however, the biggest minority. Over centuries, Thailand has absorbed a constant stream of Chinese immigrants and in the late nineteenth and early twentieth century they arrived in large numbers. This immigration almost ceased after 1950, but the Chinese still form a sizeable community. Estimates claim that some 10 percent of Thais are ethnic Chinese, although it is difficult to know the exact number because many Chinese intermarry or assume Thai names.

Ethnic Thais are also a mixture of people of Indian and Chinese origin. Throughout history, four major migration waves, the first two from India and the following ones from Tibet and China, brought successively Austronesians, Mon-Khmers, Tibeto-Burmans, and finally Tais.

Tais are a Chinese ethnic group from Yunnan, a province of Southern China. They moved to what is now Thailand toward the end of the eighth century. Although they were not the first people to settle in Thailand, the Tais became the dominant power and they gave their name to the inhabitants of the country.

1.3.1 LANGUAGE

In this multiracial society, people use several languages, although most speak Thai, the official language. Foreign visitors, however, can get by with English in Bangkok and in major tourist areas. In these places, most businesses, administrations, hotels, and department stores have at least a few English-speaking employees. It is also possible to conduct simple transactions in English with large companies and high-ranking government officials. A local agent is, however, essential for complex negotiations.

Other languages are spoken by various minorities. The Chinese speak both Thai and their Chinese dialects (usually Teo Chiew), the hill tribes have their own languages, and the Muslims speak Yawi. English is the second language. It became the language of trade and diplomacy after the Bowring Treaty (with Great Britain) opened Thailand to Western merchants in 1855.

The Thai language has little in common with Western languages and may prove difficult to learn. Originally a tonal and monosyllabic language akin to Chinese, Thai later evolved to incorporate non-tonal polysyllabic words from other languages.

Speaking Thai does not guarantee good communication. The Thai language has many versions. It is really a family of languages spoken in Thailand, Laos, Burma, Northern Vietnam, and Southern China. Even within Thailand, people speak many different dialects which fall into four broad groups: Northern, Northeastern, Central, and Southern Thai. Standard Thai, the dialect of the Central Region, is the national language.

Written Thai is based on the Indian Devanagari system of writing. Initially, Thai was a spoken language only. The first attempt to develop a written language came from Buddhist scholars. These precursors used the Khmer alphabet to transcribe the Buddhist literature, which was written in the Pali language. Thai became a distinct written language only toward the end of the thirteenth century when Thai King Ramakamhaeng used the Indian Devanagari system of writing to design a Thai alphabet.

To the untrained eye, written Thai seems baffling. It stretches in long successions of characters that bear no resemblance to the Roman alphabet. The modern Thai alphabet has 32 basic vowels, 44 consonants, and 4 tone marks. In this system, vowels may be written before, after, below, or above the consonant they modify. There is no space between words so that a string of characters may cover several lines before a space is inserted. In a text, spaces indicate the end of clauses or of sentences and are equivalent to our periods and commas.

The construction of speech is equally foreign. The sentence is the unit of speech and any word is acceptable as a verb, an adjective, a noun, a pronoun, etc.

1.3.2 RELIGION

Thailand is a Buddhist country, but Buddhism is not the sole religious influence in its society. Some 95 percent of Thais describe themselves as Buddhists although they practice Buddhism jointly with other beliefs especially of Brahmanic and animistic origin. These beliefs, superstitious in essence, often relate to luck and eviction of evil spirits. Many Thais do not distinguish between their various religious practices and assume that they are all part of

Buddhism. Such is the intermingling that it is common to find altars for animistic spirits in Buddhist temples.

A few people practice other religions. About 4 percent of Thais are Muslim, and the rest have Christian or other religious affiliations.¹⁴ These people often belong to ethnic minorities. Muslims are predominantly ethnic Malays living in the South near the Malaysian border—Malaysia is a Muslim country. Christians are usually Chinese, Vietnamese, or a few ethnic Thais that missionaries managed to convert.

Buddhism remains, nonetheless, the main religious influence on society. Over time, it has become an integral part of Thai life, a philosophy that dominates the arts, ethics, and traditions. Buddhist values pervade every aspect of life. Speech, mannerism, aspirations, and human relations, for instance, have some religious elements.

Centuries of Buddhist traditions have produced these deeply rooted values. Buddhism started in the third century B.C. when Indian emperor Ashoka dispatched missionaries to what would become Thailand. It became so successful that it spread to the various populations who came to Thailand later. Buddhism was the religion of the first Thai kingdom in the thirteenth century and it has maintained a strong foothold to this day.

1.3.3 SOCIETY

Thais are a pleasant and tolerant people. The first Thai settlers found a fertile land which provided a good living. This gentle life gave little incentive for development, but it enhanced cultural refinement. Early travelers often described Thais as respectful, mild-mannered, hospitable, and fun-loving people. Little has changed. Modern Thais are renowned for their restraint and for their relaxed, but subdued, behavior.

Dealing with Thais is often a nice experience. In all situations, Thais strive to keep even moods and they refrain from showing emotions. In this society, the smile is a communication device that conveys various messages. People smile, for example, to play down embarrassing situations or misfortune, to present a request, or to turn down a request.

These soft-spoken people dislike impulsiveness, impatience, high temper, and display of anger. Interactions must be amicable because verbal fights may damage relationships permanently. Embarrassing

people with frank or challenging arguments is counterproductive. Discussions, when necessary, must remain strictly private and tactful.

Thais pay much attention to dress and behavior. Dress is neat and orderly. Behavior is respectful. Body movements and position of the head and feet, for example, conform to accepted norms. Although Thais do not expect foreigners to be fully aware of local customs, they appreciate deferential behavior.

Thais have a strong sense of hierarchy. The society is divided into flexible strata where ranks are meritorious. People say that ranks reward the moral and ethical excellence accumulated in previous lives. Inheritance, in contrast, has hardly any effect on people's position in society. Royal titles, for instance, degenerate and reach common status after five generations.

This concept of hierarchy bears heavily on human relations. Thais enjoy relaxed and informal exchanges, but they rarely show lack of respect. People have a great deference for ranks that they indicate by proper gesture and subdued behavior. A lower-ranking person, for instance, is expected to keep her head below that of a superior.

These behaviors are remnants of old court customs. In ancient times, Thais were required to crawl in front of their superiors. Although King Chulalongkorn abolished public crawling in 1874, Thais continue to crouch before a higher-ranking person. Officials kneel or squat during audiences with the king at the palace, keeping especially prostrated in difficult situations. In May 1992, for example, after the army fired on unarmed protesters, Thai television showed one of the generals held responsible for the killings crawling on all fours in front of the king.

Hierarchy also prevails in business. Decision-making rests exclusively with top officials and managers of administrations and companies. The traditional Thai enterprise has an autocratic and a paternalistic management. The company head does not expect initiatives and challenging ideas from his subordinates and he seldom delegates power.

In this hierarchical society, enjoying life is still the major goal of most people. Whatever is not fun is not worth doing. Work, study, or religion should have some element of fun to be undertaken. Monotonous jobs, hard work, and high-pressure tasks do not appeal to Thais.