

World Report

THAILAND
**Open for
business**

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King Bhumibol Adulyadej and Queen Sirikit are held in high esteem in Thailand and are seen as symbols of stability and unity in the country. In his reign of more than 60 years, the King has played a uniquely unifying role for the Thai people in times of crisis

Thailand's government and business community moved quickly to restore the international community's confidence in the nation following the recent civil and political unrest in Bangkok. Retailers, schools and offices reopened just days after the end of the clashes and the capital swiftly returned to business as usual, aiming to regain the economic momentum it was showing just as the disputes took place.

"Democratisation is an evolutionary process," says Prime Minister Abhisit Vejjajiva. "In that process, a number of countries have experienced tensions, conflicts and sometimes even violence. Almost all

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countries have gone through similar phases. What has been happening in recent years, we see as growing pains of our democracy. The determination of this government is to restore stability."

Born in Newcastle-upon-Tyne and educated at Eton and Oxford, the Prime Minister personifies the close links the UK and Thailand share. He easily survived a vote of confidence in early June and the government is pressing ahead with a variety of short and long-term incentives to attract investment in key growth sectors, such as energy conservation, high-tech and creative industries, human resource development, infrastructure and agriculture.

Thailand is a springboard to a potentially huge ASEAN market. Bangkok in particular is perfectly placed to serve as the financial, touristic and economic epicentre of the region.

Khun Dusit Nontanakorn, chairman of the Thailand Chamber of Commerce and the Board of Trade, says, "By 2015, the Association of Southeast Asian Nations (ASEAN) will become one single market, as in Europe. The market will become enormous – instead of [Thai businesses] supplying products to a population of 65 million people, we will be looking at a market of about 580 million people."

According to figures released by the Board of Investment (BOI), Thailand's GDP in the first three months of this year expanded by 12 per cent, the highest rate in 15 years. Exports in the first quarter also grew by 32 per cent.

Foreign direct investment in Thailand in the first five months of 2010 was 86.2 billion baht (£1.8 billion), more than double that of the same period last year, reflecting investors' confidence in Thailand's long-term investment potential and strong economic fundamentals. Furthermore, the World Bank currently places Thailand in 12th place out of 183 countries in its Ease of Doing Business index.



Bangkok

Laying the blueprint for major infrastructural development

Landing at the magnificent Suvarnabhumi Bangkok Airport, visitors are immediately greeted in the "Land of Smiles" by traditional Thai hospitality in spectacular, contemporary surroundings. This intertwining of worlds has long been an intriguing forte of Bangkok, the gateway to Thailand for tourists and business travellers alike, and is ever-more evident today as spiritual sanctuaries sit side-by-side with five-star skyscrapers in this cosmopolitan, tropical metropolis.

Charged with building on the city's charm and strategic location, M.R. Sukhumbhand Paribatra became the 15th governor of the Bangkok Metropolitan Authority (BMA) on January 11, 2009, gaining around 45 per cent of the voters' support and beating his nearest opponent by some 50 per cent more votes.

A philosophy, political science and economics graduate of Pembroke College, Oxford University, the former deputy foreign minister also holds a Master's degree in international relations from Georgetown University, Washington DC and has a proven track record in the Thai political arena.

Here, Mr Sukhumbhand speaks about his role as governor and the emergence of Bangkok as an increasingly important economic and financial centre of South-East Asia.

How is the BMA helping international investment to develop the urban economy?

At the BMA we recognise the importance of Bangkok not only to the

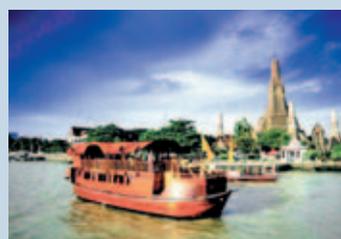
Thai economy but also to the country's role as a major financial and economic centre in South-East Asia. We also recognise that with the realisation of the ASEAN Free Trade Area (AFTA), Thailand is going to be one of the biggest if not the biggest beneficiaries of the process of opening up the economies of South-East Asia.

We are going to resolve urban problems such as solid waste management, wastewater management, mass transit infrastructure, education and more in a sustainable way. We are going to identify the main challenges once and for all and how to do it, especially where financing is concerned.

We are not going to wait around and fiddle with just a couple of kilometres of extension for the Bangkok Mass Transit System (BTS). We are going to have a more comprehensive plan, not just a BTS but also supportive systems that can feed the main system and the mass rapid transit (MRT), which is not under our control, in the form of light rail or monorail. This is going to be supplemented by more use of the canals and rivers as the main channels of transportation.

Another example is solid waste management. In the past we have relied on and still do rely on landfills as the main means of solid waste management. We are going to move towards a cleaner, more sustainable solution in the form of incinerators.

I am trying to lay down a blueprint for massive infrastructural development. Of course I cannot do every-



SUKHUMBHAND PARIBATRA,
Governor of Bangkok

thing in my term but if we have a blueprint that is acceptable, based upon reason and is not just false hopes and dreams, I think there is no reason why the blueprint cannot be continued by my successors.

Are there investment opportunities for UK companies to come here and use their expertise to create joint ventures and public-private partnerships (PPPs)?

Oh yes. For example where the incinerators are concerned, we are going to

have a pilot project, which can handle 300-500 tonnes of solid waste a day. The quickest way forward is for someone to invest in this as a pilot scheme.

Mass transit most definitely needs investment. We are looking at light rail and monorail systems, which are quicker and cheaper to build, require less space and are things that the BTS can build upon. Each of the lines can have different investors. They will serve to link different urban centres to the major rail systems or link the two rail systems, the BTS and the MRT, together. There are lots of opportunities for investment.

With regards to wastewater management, a lot of foreign government agencies have already addressed it in lending to us. The World Bank is very interested. Many, many agencies are interested in green technologies, conservation projects and so on. There is ample opportunity for foreign involvement.

What is the competitive advantage of Thailand?

We have a great location and we have a tradition of hospitality that is absolutely unmatched. We have a great service industry of hotels, restaurants, shopping and most important of all, we have service-minded people. Also, communication within central Bangkok has

become much easier. We have plans to build a total of 395 kilometres of mass transit rail in 20 years.

How would you like tourism in Bangkok to be perceived?

We prefer sustainable tourism and tourists who are here on business or are interested in the arts, culture and history. We are promoting things for visitors to do on weekends, including new sites and attractions.

We also want to build Skywalks. Most major four and five-star hotels are within two kilometres of the main airport link station. If we can build Skywalks, it would be very convenient for visitors to get on a plane and not have to take any taxis at all.

The governor is fervently passionate about his city. In October 1999, while serving as deputy foreign minister, he offered himself as an exchange for 100 hostages when Burmese dissidents seized the Burmese Embassy in Bangkok. Fortunately nobody was harmed, but the governor is applying that same dedication to the long-term prosperity of Bangkok. He draws similarities with London and to both cities' legacies of history, art and culture. He points out that many Thais in positions of power and responsibility were educated in England and hopes for continued exchanges between the nations.

'At the BMA we recognise the importance of Bangkok not only to the Thai economy but also to the country's role as a major financial and economic centre in SE Asia'

'We have a great location and a tradition of hospitality that is absolutely unmatched'

'Thailand is going to be one of the biggest beneficiaries of the process of opening up the SE Asian economies'



So much to do, so much to see, so much to eat...
Oh, where to begin? Bangkok is such an exciting city, full of inspiring temples, enticing shops, fascinating museums, alluring streets, glorious architecture and, of course, mouth-watering food, that it will be hard to decide where to start.

How about beginning with a smile, and letting your heart and your feet do the rest?

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PTT: the power behind the alternative energy drive

Thailand's top energy conglomerate is committed to a greener future and a reduced dependency on imported oil and gas supplies

At the moment, Thailand imports around 80 per cent of its crude oil requirements and some 25 per cent of its natural gas needs. In addition to its role to secure energy supplies for the country, national oil company PTT is the government's leading player in the quest to propel the use of alternative sources.

"The government plans to replace around 20 per cent of the national energy consumption with alternative and renewable energy by 2022. Half of that will come from natural gas for vehicles (NGV) plus biofuels, and the other half from renewable energy. It is a team initiative," says Tevin Vongvanich, CFO of the PTT Group.



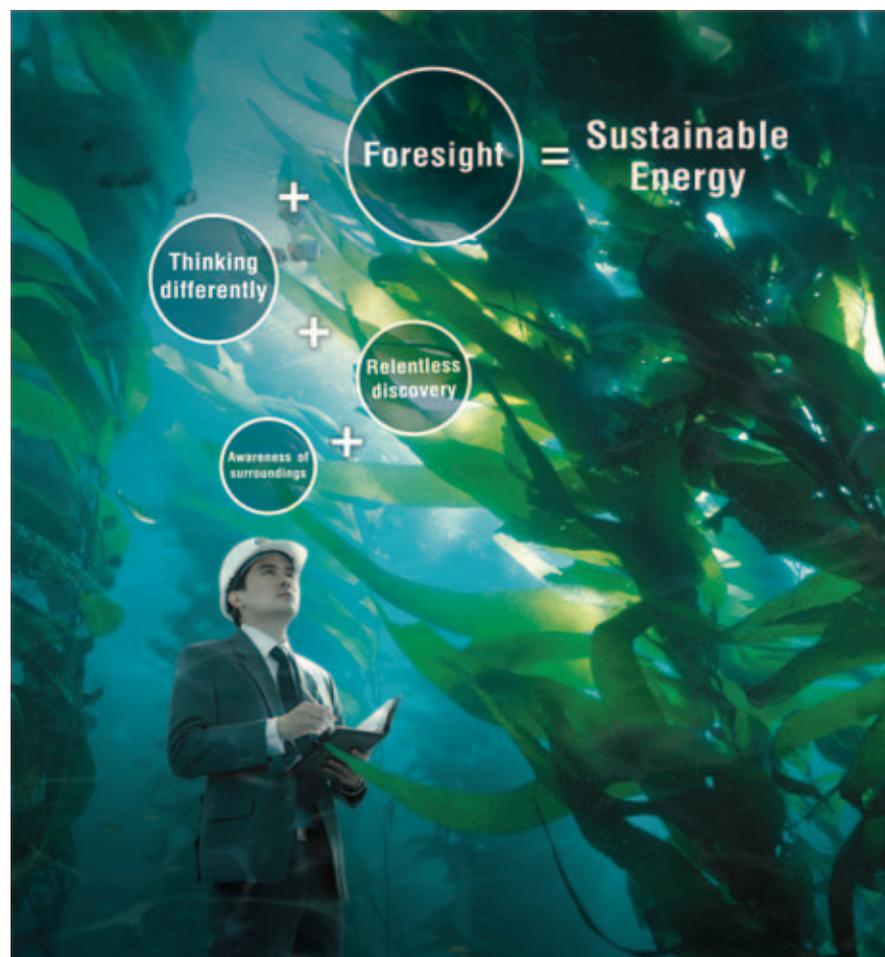
TEVIN VONGVANICH
CFO of
PTT Group

"Thailand is now going towards more biofuel, mixing ethanol and gasoline to make gasohol and expanding the use of biodiesel. Biofuel was first started as a royal initiative by His Majesty the King 25 years ago," Mr Vongvanich adds. "PTT has been supporting this project for

years, experimenting with gasohol on a small scale at the start. NGV was introduced here as an experimental programme for the transport sector over ten years ago when PTT launched a pilot with the Bangkok Mass Transit System (BMTS). Now both the alternative fuels are getting much larger commercially."

"The government has developed an incentive programme aiming to expand the NGV uses, promoting the [benefits to] users to convert their vehicles from conventional fuel to NGV. PTT has taken up the NGV [network] development programme, building around 300 stations in three to four years," the CFO explains.

Not only does PTT aim to crack the top 100 (currently at 118th) of the Fortune Global 500 list, but it also targets a better position in greener energy and sustainability. "We would make Thais proud by representing them respectfully in the global battle for future energy," Mr Vongvanich claims.



Today, with an advanced bio-chemical process to extract and capitalize on bio-diesel fuel derived from seaweed, PTT has discovered that natural seaweed generates a much greater volume of bio-diesel fuel in comparison with other crude oil generating plants (COGPs). Our quest for alternative energy sources is ongoing, and always will be, for the even better energy future of Thailand.

www.pttpic.com



New airport bolstered by top safety and security

Thailand's showcase international airport is on a trajectory to become the prominent aviation nexus in South-East Asia

"Suvarnabhumi Airport will ultimately be an airport city. A one-stop-service centre for passengers. Everything is here," says Nirandra Theeranartsin, general manager of Suvarnabhumi International Airport. The award-winning airport is the gateway to Thailand not only for tourism but for investment and business; a springboard in the region and a leader in the air transportation sector.

Mr Theeranartsin says, "Our competitive advantage over other regional airports is our geographical location, as we are the centre for destinations in South-East Asia. We have the best connection flights to anywhere in the world here – even to America, Europe and Australia. We are suitable for long-haul flight refuelling; we currently serve over 100 airlines to more than 200 destinations worldwide."

The new airport opened for full commercial operations in September 2006 being granted the name Suvarnabhumi by His Majesty the King of Thailand; meaning "Golden Land". The airport covers an area exceeding 12.3 square miles, with two

runways that can manage 76 flights per hour at peak times and a terminal capable of handling 45 million passengers plus three million tonnes of cargo annually.

With the objective of becoming one of the world's top 10 airport rankings in the Airport Council International's (ACI) Airport Service Quality (ASQ) programme, Suvarnabhumi is Asia's leading airport business. In the airport's ultimate plan, "when all the construction of additional airport facilities are completed, we will be able to accommodate 100 million annual passengers," says Mr Theeranartsin.



NIRANDRA THEERANARTSIN
General Manager
Suvarnabhumi
International
Airport

A sterling feature at Suvarnabhumi is its dedication to safety and security. It has recently changed to a centralised security screening system, as recommended by the

Transportation Security Administration (TSA), US Dept of Homeland Security. In addition, the airport is also backed by a multi-phase contingency plan to counter various emergency situations at the airport that even deals with unexpected public disturbances.

