

• STCC President's word

Dear Members

Coup or counter-coup ...welcome to amazing Thailand.

On 19th of September a bloodless coup ousted former Prime Minister Thaksin.

Foreign governments condemned the coup without really knowing what was going on in Thailand. It was not that a democratic government was overthrown but rather that a parliamentarian dictatorship elected under the pretext of democracy was ousted. In stark contrast to the foreigners the Thai elite and middle class welcomed the coup and instead of being afraid of the tanks and soldiers they took their children for picture taking to the streets. Some tour operators sensed business opportunities, welcomed their foreign guests and organized sightseeing tours to see the peaceful armed forces in the streets of Bangkok!

For the Thai elite the almost absolute power of ex Prime Minister Thaksin was too much and something had to be done. The power the TRT enjoyed in parliament helped to have quick decisions but opened up also the avenue for policy corruption. There was no longer a check and balance system in place. The Shin Corp – Temasek deal triggered the outcry but the many other questionable deals filled the glass until it was flowing over. Their calls that the PM should step down went unheard. The timing for the coup was also very crucial. End of September the reshuffling of the Army was going to take place and the ex Prime Minister was on the way to consolidate his power within the ranks. Another important factor in the timing was the danger of clashes between Thaksin's opponents and supporters for the planned protest on 20th of September.

Businesses were suffering from the prolonged vacuum. The caretaker government had no legal base and power to pass new laws and projects. Plans for the much advertised mega projects came to a brisk halt with the dissolution of the Parliament.

The interlink of business and politics in Thailand derails on and on the democratic development. The patriarchal relationship between the politicians and the electorate has to be broken that a sustainable political development is possible. To enter politics is like setting up a business. An investment is made to garner the votes. The so called democratic votes enable the

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politicians to form the government and to look for return on their investment. No sound businessman is willing to make an investment without expecting a return. The source of the return on investment is found in overpriced projects. The electorate has to be educated that to sell their votes is a short sighted income for them but a long term benefit for the buyers. The government of former Prime Minister Anand Panyarachun was hailed as a dream team with many capable honest Ministers. Those Ministers did not invest money to get the job and had not to look for a return.

Over the last weekend Gen Surayud Chulanont was appointed as the country's 24th Prime Minister and within one week he should be able to form his cabinet. From the names that are handed around as potential cabinet members the expectations are high.

Neither the appointed Prime Minister nor his cabinet members have invested money to get into office so they don't have to look for any returns. Prime Minister Surayud's task is healing the wounds of division and to bring Thailand back on track. His task is not to become rich but to serve the country and H.M. the King.

As business people we can rest assured that the new government will be pro business and at least we are not left in the dark and know who is in charge and the mega projects can again be tabled but most probably with a different focus.

A coup is never a positive thing and Gen Surayud was appointed by former Prime Minister Chuan because of his view against coups but as it might have been the only way to find a peaceful bloodless solution to the deadlock we faced over the past months. It seems that Thailand took one

step back to be able to leap several steps forward.

Nandor von der Luehe, President
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- **Business / Economy News**

In the second quarter of 2006, the Thai economy expanded by respectable 4,9 %, compared to growth of 6,1 % for the first quarter. The slowdown was mainly due to higher oil prices, raising interest rates and the prevailing domestic uncertainty. It is expected that the economy will expand in the range of 4,% to 4.7 % by the end of 2006, with inflation of 4.5 % to 4.7 %, a small current account surplus of 0.6 % of Gross Domestic Product (GDP) and unemployment rate of around 1.8 % to 2.0 %.

The latest economic figures of the Bank of Thailand indicate that hikes in export prices have been a key factor in increasing total export growth, despite lower export volume compared to last year. In August 2006, the macroeconomic indicators showed slower growth from previous months whilst export and import values continued to grow significantly on a year to year basis.

As of August, the Manufacturing Production Index (MPI with 76 product categories) expanded by 7.4 % on a year-on-year basis, mainly due to the production of electronics and food products for exports. Motor vehicles production also expanded as a result of the production of new models of passenger and commercial cars for both domestic and foreign markets. The Domestic Spending Index (CPI) rose by 1.3 % year-on-year, though decelerating from the previous month following the slowdown in quantity of consumer goods imported and passenger cars sales. Government revenue collection totalled Baht 220.2 bil, increasing by 18.0 % on a year-to-year basis, which is an encouraging development.

It appears that Thailand's economy continues to remain resilient despite the recent military coup, as the coup helped to clear political uncertainty and pending political issues. The ongoing current-account surplus and the strong international reserves, which stood at US\$ 59,4 bil at the end of August, will serve as a cushion in order to overcome minor shocks that might emerge from the military coup. Foreign Direct Investments has

made a great contribution to the development of the Thai economy in past years and its role in strengthening Thai industrial and export sectors. There should not be any major impact on the willingness of foreign companies to invest in Thailand following the recent military coup, as long as Thailand is committed to return to a democratic government as soon as possible.

Going forward, businesses and entrepreneurs are facing a number of pressing factors which are difficult to control, such as 1) foreign exchange, whereby exporters cannot pin their hopes on a weaker Baht any longer, 2) Production Costs, whereby there is increasing pressure from increased oil and commodity prices 3) Stiff Competition as a results of an inflow of cheaper foreign goods as Thailand's key competitors in developing countries are steadily increasing the quality of their products.

Bruno G. Odermatt

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- **Legal Matters**

Legal Procedure under Thai law III

In civil cases, the party who is not satisfied with the judgment may appeal to the Courts of Appeal, except where the disputed amount or the value of the property in dispute is less than Baht fifty thousand, the party is not able to appeal on the question of facts. Although, according to the law, the Courts of Appeal may hold a hearing for oral argument by the parties, the Courts of Appeal will practically decide cases by considering only case files. A judgment of the Courts of Appeal on the question of facts can be appealed to the Supreme Court when the amount of claims or the value of property in dispute exceeds Baht two hundred thousand. Judgments of the Supreme Court are final.

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- **Joint Foreign Chambers**

New Visa Regulations per 1. October 2006

The Immigration department released on its website some new regulations for different visas, see a copy here:

A] Principle and Reason: Because the previous immigration procedures have not been updated since 1997 the immigration Bureau has improved and revised the above mentioned in order to

provide travellers with our best services as well as to strengthen national security.

B] Visa Exemption (Visa on arrival): Passport holders from 36 exempted countries will be able to enter into the Kingdom of Thailand without visa and remain in Thailand for 30 days per each visit. However the total duration of stay should not exceed 90 days within a six month period, counting from the date of first entry.

C] Tourist Visa: Nationals of 40 listed countries may enter the Kingdom of Thailand with a tourist visa, in accordance with Ministry of Interior's regulations, for a maximum stay of 60 days for the purpose of tourism only. Other nationals may enter the Kingdom of Thailand with a tourist visa of 30 days.

D] Extension for Business (Non-B-Visa): Foreigners must have work permit. The business must have registered share capital of at least 2 Million Baht. The business must have enough income to pay the salary of their employees including all fringe benefits for all foreigners in their company's next year account. Total Shareholders equity in the balance sheet must be more than 1 Million Baht.

Comment: the effects of above changes will be quite heavy on all foreigners which used the "visa-run" system, as this will not be possible any more. Also Non Immigrant B visa holders employed by smaller NON-BOI companies must make sure their employers have the necessary financial strength as well as an accurate book keeping and auditors report to proof to fulfil the conditions under D].

Immigration website:

<http://www.immigration.go.th/nov2004/2notice/newpro.html>
<http://www.immigration.go.th/nov2004/en/base.php>

Office of the Board of Investment

PRESS RELEASE

No. 116/49 (O.43)

October 4, 2006

Thai Investment Policy Remains Unchanged

The Board of Investment of Thailand (BOI) is pleased to inform the international investment community that the recent political transition has not affected investment policies, incentives and services. Thailand's investment policy remains the same; the BOI will continue to promote investments by both Thais and foreigners.

With the peaceful transition to a new government under Prime Minister Surayud Chulanont, Thailand remains on a steady course to expand exports and advance the prospects for sustainable development. A new government with a clear vision of economic and political stability and a culture tolerance and harmony provide the foundation for a secure investment.

In the coming days, a number of new cabinet level appointments will be made, and later this month the Board of Investment will convene a meeting of representatives of the foreign chambers of commerce in Bangkok and senior government officials to provide additional information on specific policies and programs.

The BOI would like to reiterate that its policies remain unchanged and that investors can be confident in the country's continued enabling investment environment.

Thomas Gerber, Executive Director

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- **Swiss Embassy News**

No news.

- **Events Calendar**

- **Up coming STAMMs:**

- 2nd Thursday of the month**

The next STAMM will be held at

Mingles Pub & Restaurant, Amari Atrium Hotel,
1880 New Petchburi Road, Bangkok

- October 12, 2006, from 18:00 onwards

- November 9, 2006, details to follow.

- December 14, 2006, details to follow.

- **Luncheon, October 26, 2006** with

Khun Dey-Udom Krairit, President of the Thai Law Society will speak on

Thailand's interim constitution and the drafting of the new constitution.

For more information please see Events at

www.swissthai.com

- **Miscellaneous**

- **Manpower:**

Please go to our website www.swissthai.com >

"Members" > "Classifieds" where you will find interesting manpower offers to be contacted directly. Direct link:

http://www.swissthai.com/upshow_classifieds.asp

- **Trade Fairs**

Please visit the following sites for detailed info:

www.cmpthailand.com

www.impact.co.th

www.bitec.net

www.tradefairs.ch

- **Secretary**

Please be so kind and inform us about any **changes in your contact information**.

Member List

If you need a hard copy of our member list please contact the secretary at secretary@swissthai.com.

- **Membership fee 2006**

> **It is now October and there are still some unpaid membership fees for the year 2006!** If you have not yet paid your MSF please settle your debt up to the end of this month. Please do not forget to fax the pay-in slip with your company name as requested. **Thank you for your co-operation.**
secretary@swissthai.com

- **Comments from our Members**

This place is reserved **for our members!**

We have received a Press Release from our member **Novartis (Thailand) Ltd. launching a village partnership with the PDA. Please read the details on page 5.**

If you have any suggestions, a wish or you want to bring us closer to your business, please do it here. Thank you.

secretary@swissthai.com

- **Swiss Society Bangkok**

For social activities, please check the following address: www.ssb.or.th

- **Useful Links**

- Swiss Trade Promotion Office
www.osec.ch and www.osec.ch/newsletter

- CH Foreign Trade
www.swisstrade.com

- CH News Paper NZZ
www.nzz.ch

- Swiss Embassy Bangkok
www.eda.admin.ch/bangkok

- State Secretariat for Economic Affairs
www.seco-admin.ch

- World Economic Forum
www.weforum.org

- Swiss Business Federation
www.economiesuisse.ch

- Swissinfo
www.swissinfo.org

- The Federal Authorities
of the Swiss Confederation
New outfit please have a look.
www.admin.ch

- EU launches on-line helpdesk to foster
developing country access to EU markets
<http://europa.eu/int/comm/trade/issues/global/development/thd-en.htm>

- Interesting links in Thailand
www.yellowpages.co.th
www.thailandexportguide.com
www.eguide.co.th
www.tradepointthailand.com
www.bangkok.com
www.thailand.com
www.thaiwebsites.com

- Department of Export Promotion's websites:
www.deptahai.go.th and www.thaitrade.com

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Next Newsletter: January 2007
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Press Release

NOVARTIS LAUNCHES VILLAGE PARTNERSHIP

WITH THE PDA

Novartis Thailand, one of the leaders in global healthcare, has emphasized its commitment to Corporate Social Responsibility in Thailand with the announcement of a unique village partnership project - The Novartis Village Partnership - coordinated by the Population Development Association (PDA).

Novartis will collaborate with the PDA in supporting the village of Thong Larng in Jakkarat Province, Khorat Province with a variety of efforts aimed at improving the lives of the 739 people who live in the village.

"At Novartis, corporate social responsibility is a global priority. In Thailand, Novartis has been engaged for many years in various community support programs focusing on patient assistance, drug donations and education. Today, 350 people of Novartis Thailand declare their commitment to reach out to 739 people of Thong Larng Village," said Peter Jager, Country Head Novartis Thailand.

"It is our aim to help the villagers of Thong Larng in developing sustainable activities that generate income and in improving their chances for better and higher education. We are proud to be the first healthcare company engaged in such a project and we are very grateful to Khun Meechai and the Population Development Association for facilitating the project," he added.

Novartis will carry out four key phases of development for the village - needs assessment, idea generation, project development and implementation, coaching, feedback and follow up. The main focus will be in the following areas - health, environment, education and economic development. Several projects are planned to secure clean water supply, to improve waste management, and provide medical support.

Furthermore, the Novartis Village Partnership will include projects that help raise employment in

non-agricultural sectors through special skills training and the start-up of sustainable business projects.

One of the key aims of the project is to get Novartis' employees directly involved.

"Novartis has recruited a group of 10 staff volunteers of different skills and backgrounds. They will be granted a total of 60 days of annual leave in 2006 so that they can dedicate time to the Village Partnership project. We hope this project will become a role model for many more to follow by many more companies," said Mr Jager.

The initial funding is THB 750'000, which is being co-sponsored by the Novartis Foundation for Sustainable Development.

CEO and President of the Novartis Foundation, Klaus Leisinger, explained that cooperation was vital for projects like this to succeed.

"I see the Novartis Village Partnership programme and the cooperation of Novartis Thailand with Khun Meechai as an outstanding example of applied corporate responsibility thinking beyond daily business life," said Mr Leisinger.

"Such cooperation does not only help poor people in a direct way and hence is a welcome contribution to the achievement of the UN Millennium Development Goals - it also brings a different perspective into a managerial way of thinking. One would hope that more companies would engage in such endeavors," he added.

This was backed by Khun Meechai who has been one of the leading advocates of community projects.

"We are delighted to have Novartis work with us on this project and hope that many more companies see the opportunity to help local communities throughout Thailand," said Khun Meechai.

"The impact that this will have on the village will be significant and long-lasting and we hope that our collaboration with Novartis will improve living standards for the villagers," he said.

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