

ESD.265

Specialized Aspects of International Logistics County and Regional Issues

THAILAND



Team Members:

Mark Dinning
Prechajan Ratanaruka
Chatchai Unahabhokha
Ariyasak Thepchatri
Ping Wang

1. Rough Dimensions: Thailand

Location: Southeastern Asia, bordering the Andaman Sea and the Gulf of Thailand. The country's borders are with Burma on the West and with Laos and Cambodia on the East across the Mekong River.

Geographic Coordinates: 15 00 N, 100 00 E

Area: Total: 200,781 sq miles
 Land: 199,910 sq miles
 Water: 871 sq miles

Land boundaries: Total 3,039 miles

Coastline: Total 2,011 miles

Elevation extremes: Lowest point: Gulf of Thailand 0 feet. Highest point: Doi inthanon 8,587 feet.

2. Population

Overall: 62,534,796

The three largest cities are Bangkok, Nakorn Ratchasima and Ubon Ratchatani

- Percentage live in Bangkok 16.13% (10 millions)
- Percentage live in Nakorn Ratchasima 4.1% (2.5 millions)
- Percentage live in Ubon Ratchatani 2.85 % (1.77 millions)

Population Growth 0.91%

3. Predominant language: Thai

English is used quite commonly in businesses, especially in foreign owned entities. Usage of English varies by industry, from very little in Governmental agencies to very common in English or US owned companies. English is usually an employment requirement for companies dealing in the Import/Export arena.

4. Political instability:

The political climate has been stable in last decade and especially during the three years: There some protest but nothing severe.

5. Currency and Exchange Rates:

Thai currency is Baht. The exchange rates relative to the US dollars has been:

March 1, 2002	1 USD: 44.10 Baht
January 1, 2001	1 USD: 43.078 Baht
January 1, 2000	1 USD: 40.12 Baht

6. Time zones: Thailand has one time zone. Compared to Cambridge, MA is +12.00 hours in winter and +11.00 hours in summer. This means, when it is noon in Cambridge, it is at midnight in Bangkok, Thailand.

7. Unique Requirements: There are no unique requirements for products sold in this country. However, there are some regulations regarding food products.

All items of food for human consumption are subject to import license requirements, which are often unclear and non-transparently administered. Some items are not subject to a licensing requirement but are subject to other administrative or regulatory requirements including fees or a requirement that imports must be accompanied by Certificates of Origin. The Thai Food and Drug administration (TFDA) required standards, testing, labeling, and certification permits for the importation of all food and pharmaceutical products. Some Thai Food and Drug Administration procedures have been streamlined, but delays of up to a year can occur. Also, all processed foods must be accompanied by a detailed list of ingredients and a manufacturing process description. American manufacturers are reluctant to disclose trade secrets, and some American products have not reached the Thai market for this reason.

8. Regulations for Freight Transport:

There is an Expressway network that is essentially a raised highway network above the city (similar to Hong Kong). This network links the major routes from the North, South, East, and West allowing passenger cars to connect to these regional highways without actually entering the city streets of Bangkok. Unfortunately, heavy trucks called “10 wheel trucks” cannot use the expressways. In addition, they are not allowed to enter city center during rush hours. This can present some problems for trucks getting to the port of Klong Tuy, which lies in the heart of Bangkok. Not only are they not able to access the port using the Expressway system but are unable to use the city streets during the rush hours. The road weight restrictions for these trucks are 28 metric tons in total. Finally, drivers have no limitation or restrictions on the amount of hours they can drive, thus drug abuse (amphetamines) is a rampant problem among truck drivers.

9. There are two main saltwater ports, which are

- Leam Chabang, about 80 miles away from major population centers area. This is considered a deep water port.
- Klong Tuy, located in Bangkok by the waterfront district.

Although these are the two major ports for Thailand, they typically host feeder vessels that consolidate cargo with the line hauls in Singapore or in Keelung/Kochung.

10. Business terms and financial instruments: Most sales terms utilize the INCOTerms standard and Letters of Credits are used as the method of payments for international commercial transactions (Confirmed). Domestic transactions lean more towards cash and bank drafts (sight).

11. Size of Supermarkets and Department stores: Most supermarkets are located in big department stores. The stores range in size from 1,500 to 5,000 sq meters (14,000-45,000 sqf) in floor area. There is one large Thai department store chain call Central that is very popular and looks and feels very similar to a large western store. There are also freestanding supermarkets such as Carefurr, Lotus, and Macro that range from 800 to 4,000 sq meters (7000 – 36,000 sqf) in floor area.

12. Large US Discount Retailers: There are no large US discount retailers stores like Wal-Mart, K-Mart, Toys ‘R Us in Thailand at the present time. Although, large fast-food chain exists and are very popular in Thailand.

13. Highway and Rail Infrastructure: At present, the transportation system in Thailand has been extensively developed. The road transportation network of the country totals 169,794 km, consisting of 15,899 km of national highways and expressways, 25,895 km of provincial roads, and about 128,000 km of rural roads. The northeast region has the greatest length of national and provincial roads, amounting to about 30 percent of the total, followed by the north with 27 percents, the central region with 24 percent, and the south with 19 percent.

We can consider the highway and railroad infrastructure in Thailand as moderate to extensive compared to those in the West.

14. Traffic Congestion: Bangkok is one of the most congested cities in the world. This is especially true during the rush hours. For example, it can take one hour to travel five or six miles. However, the congestion problem has improved in the past 2-3 years. The traffic problem can severely interfere with the transportation of goods, especially via trucks. Air quality is poor in the city center due to the pollutants from the vehicles. There is no formal/enforced emission inspection and testing procedure to certify vehicles.

15. Primary Trading Partner of Thailand:

Country	Export to	Import from	Balance
US	22 %	14 %	Surplus of 8 %
Japan	14 %	26 %	Deficit of 12 %
Singapore	9 %	6 %	Surplus of 3 %

16. Logistics Security: Logistics security such as theft is an issue in Thailand. The trucks are generally open tops and are prone to theft since there is no contained trailer that can be secured with a seal. Although today, ocean containers are more commonly used to transport cargo. The southern part of Thailand is also prone to truck high-jacking.

17. Phone System: Thailand’s phone system is quite reliable nowadays.

There are three phone agencies – The Telephone Organization of Thailand (TOT), the Communication Authority of Thailand (CAT), and the Post and Telegraph Department

(PTD) – are responsible for Thailand's public telecommunications and postal service. At present the telecommunication system has been much developed. There are about 1.5 million telephone subscribers, one million in Bangkok and half a million throughout the rest of the country. There are altogether 1,130 post offices, 20,437 postboxes, and other services. However, these services are not yet adequate to meet the fast growing demand and government has therefore initiated several operational plans which include the launching of a telecommunication satellite, an increase of 207,300 telephones (161,800 of which will be in Bangkok), an enlargement of the cellular telephone service area in Bangkok and provinces, and the establishment of an SP I international telephone switching service.

18. Internet Access: About 3-4 million people in Thailand have Internet access nowadays and the number is growing each year.

19. Gasoline Price: At present, the price of Regular gasoline is at \$ 1.215 per gallon. Although, this seems reasonable compared to the US, the Thai Baht has devalued by about 60% since 1997.

20. Trade restrictions in Thailand:

Import Restrictions:

Most commodities may be imported freely in Thailand, but import licenses are required for some commodities. Imports of certain items are prohibited for national security, health or other protective reasons. All imports of goods originating in or shipped from South Africa are subject to licensing. Imports of gold require a license issued by Thailand's Ministry of Finance. Certain other commodities are subject to licensing by the Ministry of Commerce. In general, the items under import licensing control may be classified into three categories:

- Goods whose import is normally prohibited in order to protect local industries; (for example sugar, rice, textiles and fruit juices).
- Goods whose import is subject to a requirement for concurrent purchase of similar goods produced domestically; (for example gold, coffee, tea, raw silk).
- Goods whose import is controlled for health, security, or other reasons; (for example arms, ammunition and explosives, opium and dangerous drug, playing cards). Application for licenses should be accompanied by a pro forma invoice or commercial contract. Licenses must be obtained one month before shipment and are generally valid for one month and for all countries. The validity period for licenses may be extended for goods that are manufactured to specifications or for items, which require a longer delivery period.

Export controls

The Act Controlling the Importation and Exportation of Goods authorizes the Ministry of Commerce to subject products to export control. At present, close to 50 items require such control. Certain goods require export licenses under other laws, such as seeds, trees,

and leaves of tobacco. Certain goods, such as sugar and rice, are subject to export licenses under the Export Standard Act, which aims to ensure that such exports are of a set quality. Exporters of agricultural commodities may find that membership in trade associations is mandatory, and they may impose their own regulations for membership.

There are many Acts, Royal Decrees, Customs Regulations and Ministerial Regulations, which involve the prohibitions and restrictions on importation and/or exportation of certain goods.

Examples of prohibited goods on both importation and exportation, and in some cases possession as well are:

- Narcotics;
- Obscene (pornographic) articles
- Goods with an improper Thai flag design

In the case of restricted goods (for example; fertilizers, medicines, live animals, plants, food, etc.), the importer or exporter must submit a permit or license issued by the government agency concerned to Customs at the time of lodging a Customs goods declaration.

There are six duty rates for imported goods, excluding vehicles, which have special rates. These duty rates are as follows:

- Duty rate is 0% for goods that government policy provides not to collect duties
- Duty rate is 1% for raw materials
- Duty rate is 5% for primary products and capital goods
- Duty rate is 10% for intermediate products
- Duty rate is 20% for finished products
- Duty rate is 30% for government-protected goods

There are two rates of duty to be paid for exported goods:

- Duty rate of 5 baht/kg for rawhide
- Duty rate of 40% for wood and sawn wood

In October 1997, the Thai government temporarily raised tariffs on passenger cars and sport utility vehicles to 80 percent, up from 42 and 68 percent. These increases were scheduled to be lifted on January 1, 2000, but they remain unchanged. In addition, in order to come into compliance with its WTO obligations, Thailand in 1999 removed local content requirements in the automotive industry. At the same time, Thailand announced its intention to raise the tariff rate on completely knocked down (CKD) kits from 20 to 33 percent.

21. Customs documents to be submitted with the import declaration form are as follows:

- One original copy of invoice together with 3 copies
- One Bill of Lading or a duplicate
- One copy of packing list
- One copy of Foreign Transaction Form (Thor Tor 2) (if any)
- Permit or license for restricted goods (if any)
- Other documents according to the requirements of regulations such as, the certificate of origin
- Delivery Order or Custom Permit.
- Amended shorthanded / overlanded form (if any)

Customs documents to be submitted with the export declaration form are as follows:

- One original copy of invoice together with 3 copies
- One Bill of Lading or a duplicate
- One copy of packing list
- One copy of Foreign Transaction Form (Thor Tor 2) (if any)
- Permit or license for restricted goods (if any)
- Other documents according to the requirements of regulations such as, the certificate of origin
- Delivery Order or Custom Permit.
- Amended shorthanded / overlanded form (if any)

22. Bribery is quite common in Thailand, although officially illegal and frowned upon, it is almost a customary way of business to “greasing the wheels of commerce”. Not many agencies will ever admit to it, although it does occur frequently. It often pays to use this method to get things done rather than to go through ‘official’ channels. This issue has been taken up in the Thai Parliament and a special division has been created to investigate allegations made in both the government and private sector. There has been a shift in the last decade or so to curb this problem especially in the government ranks.

23. The labor unions are quite strong; the factory workers union typically in the sugar, rice, and manufacturing sectors are the more powerful unions. They generally negotiate the minimum wage rates and workers conditions. Disruptions are not very common in the manufacturing sector especially since the economic downturn where jobs are scarce. There is also the port worker’s union similar to the ILU and ILWU, there has been some problems regarding labor strikes, which has disrupted port operations (crane worker’s strike). Most strikes do not last very long as disputes are often resolved fairly quickly in the interest of business, especially exports as that is a valuable source of foreign currency. At present there is no central truck drivers union that could disrupt logistics operations.

01-MAR-2002 11:05 MILOTT LABORATORIES CO D 662 7504988 P.05

Commercial Invoice		1-2
COMMERCIAL INVOICE		0505-0-0245-04320
Seller REVLON INTERNATIONAL CORPORATION ROUTE 27 & TALMADGE ROAD EDISON, NJ 08818 U.S.A.	Invoice No. 0553671 Date 2/15/02 Cust Acct# Reference#	SID#: 055367 CUST ID: 030902
Sold to MILOTT LABORATORIES CO., LTD. 84/55 MOO 11 SOI TANASIT TEPARAK ROAD, BANGPLA, BANGPLEE SAMUTPRKARN, THAILAND 10540	Origin of Goods USA unless indicated Wire Remittance REVLON INTERNATIONAL CORPORATION C/O CHEMICAL BANK-ACCT# 009-090735 4 NEW YORK PLAZA NEW YORK, NY 10015	
Ship to MILOTT LABORATORIES CO., LTD. JAPAN	Payment Terms 7/15/02 OPEN ACCOUNT-150 DAYS FROM	

Export Declaration Form				กศก.101/1	
ใบขนสินค้าขาออก ผู้ส่งออก (ชื่อ ที่อยู่ โทรศัพท์) บ.ไมลอตท์ เลบอราทอรีส์ จำกัด MILOTT LABORATORIES CO.,LTD 84/55 หมู่ 11 ซ.ธนสิทธิ์ ต.เทพารักษ์ อ.บางพลี จ.สมุทรปราการ TEL. 312-1178-81 FAX 312-1182		เลขประจำตัวผู้เสียภาษี 3101751949 1		ประเภทสินค้า 217	
ชื่อและเลขที่ใบตราสินค้า นายชาญชัย จันทร์ 200213 / 04-02-2542 - 03-02-2545 ใบอนุญาตส่งออกหรือหนังสือรับรอง		เลขที่ใบขนสินค้า CT10001606 1120 10943 13701 ใบขนสินค้าขาออกหรือใบตราสินค้า INVOICE NO. VM015/43E (นายชาญชัย จันทร์) (2043) GREEN LINE ให้แนบมาด้วยทั้งทำศุลกากร และส่งกรมการตรวจ			
แบบ ร.ด. 1 วันที่		ภาษีอากรที่ต้องเสีย อัตราขาออก		ค่าภาษีอากร (บาท) 12 ก.ย. 2543	
ชื่อยานพาหนะ BY PLANE		วันส่งออก 01/10/2543		เลขที่ชำระภาษีอากรประกัน 11/09/2543	
ส่งออกโดยทาง เครื่องบิน		ทำหรือที่ส่งของออก ผ่านทางสินค้าขาออกที่ 2		รหัส 1142	
จำนวน (ตัวอักษร) (TWENTY CARTONS ONLY)		อัตราแลกเปลี่ยน THB 1:00 : 1.0000 BAHT			
รายการ เครื่องหมายและเลขหมายสินค้า SAME AS PER INVOICE		จำนวนและลักษณะสินค้า 20 CARTONS		หมายเหตุ 501.10 KOM ปริมาณ 5,021.00 C62 ประเภทสินค้า 8 PART 3 รหัสสินค้า หน่วย 3304.990-009/KGM	
ชนิดของ AVON BRAND เครื่องสำอางใช้ทาความสะอาดหน้า AVON PT WHITE TONER 100 ML 1FVCLPM		ราคา FOB (เงินต่างประเทศ) THB 53,172.39		ภาษีอากร THB 53,172.39	
อัตราอากร FREE		อัตราภาษีอากร 0.00		อัตราภาษีอากร 0.00	
เจ้าหน้าที่					

Milott Laboratories Co., Ltd.

84/55 Moo 11 Soi Tanasat, Teparak Road., Bangpla, Bangplee,
Samutprakarn, Thailand Tel. 312-1178-81, 312-1386-88 Fax 312-1182

INVOICE

TI. NO. 43E381

Invoice No. VM015/43E

Page: 1

Date SEPTEMBER 8, 2000

Ship to Port
KUALA LUMPUR, MALAYSIA
FROM : BANGKOK, THAILAND

Your Order No.

54526

1120 1094313701

L/C Issuing Bank

Term of Payment

T/T 30 DAYS AFTER INVOICE DATE

Sold to :
AVON COSMETICS (MALAYSIA) SON. BHD.
LOT 13A, JALAN 219, SECTION 51A,
46100 PETALING JAYA, SELANGOR, MALAYSIA
TEL : 007-803-757 3848
FAX : 007-803-757 4220

No. & Date of L/C

Ship Via
AIR FREIGHT

EDI

Qty	Code	Description	Unit price	Amount
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PCS

" AVON BRAND "



ORIENT STAR TRANSPORT INTL. INC.

8TH FL. NO. 81, SEC 2, HANKING EAST ROAD, TAIPEI, T.C.

SHIPPER/EXPORTER

DOCUMENT NO.

S/O. 0024

B/L NO. HEAPK202759

MILOTT LABORATORIES CO. LTD.
84/55 MOO 11 SOI TANASIT, TEPAK ROAD,
BANGPLA, BANGPLEE, SAMUTPRAKARN
THAILAND 10540

CONSIGNEE

LENO MARKETING (M) SDN. BHD.
NO. 1, JLN PSI/11, BANDAR PINGGIRAN
SUBANG SEKSYEN 1, SHAH ALAM
40150 SELANGOR, MALAYSIA **

FORWARDING AGENT REFERENCES

1ST

ORIGINAL

POINT AND COUNTRY OF ORIGIN

FOR CARGO DELIVERY, PLEASE CONTACT:

EAST ASIA LINE SDN BHD.
NO. 7A LORONG CUNGAN, PORT KLANG
SELANGOR, PARUL KHSAN, MALAYSIA
TEL: (03) 31679600, FAX: (03) 31675487

NOTIFY PARTY

SAME AS CONSIGNEE

ARTTEL: 603-7488888 FAX: 603-7474277

PRE-CARRIAGE BY

SINAR LOMBOK V 050

OCEAN VESSEL/VOYAGE/FLAG

NITHI BHD V 2517

PORT OF DISCHARGE

PORT KLANG

PLACE OF RECEIPT

BANGKOK, THAILAND

POINT OF LOADING

BANGKOK, THAILAND

FOR TRANSHIPMENT TO

ONWARD INLAND ROUTING

PLACE OF DELIVERY

PORT KLANG, MALAYSIA

FINAL DESTINATION (FOR THE MERCHANTS REF)

PARTICULARS FURNISHED BY SHIPPER

CONTAINER NO./SEAL NO. MARKS AND NUMBERS	NO. OF CONT OR OTHER PKGS	DESCRIPTION OF PACKAGES AND GOODS	GROSS WEIGHT	MEASUREMENT
PART OF TTNU0521517	8 PALLETS VVVVVVVV	SAID TO CONTAIN : 8 PALLETS	(KGS) 4,021.00	(CBM) 13.958
LENO MARKETING (M) SDN. BHD. NO. 1, JLN PSI/11, BANDAR PINGGIRAN SUBANG SEKSYEN 1, SHAH ALAM		"LENO BRAND" -LENO KIDS HAIR AND BODY WASH LENO KIDS BODY TALCUM		

Milott Laboratories Co., Ltd.

84/55 Moo 11 Soi Tanasit, Teprarak Road., Bangpla, Bangplee,
Bangprakarn, Thailand Tel. 0-2312-1178-81, 0-2312-1906-98 Fax. 0-2312-1182

2-4

PACKING LIST

Sold to : LENO MARKETING (M) SDN. BHD.
NO. 1, JLN PSI/11, BANDAR
PINGGIRAN SUBANG SEKSYEN 1,
SHAH ALAM 40150 SELANGOR MALAYSIA

No. & Date of L/C

Ship Via

SEA FREIGHT

Invoice No.

4201207

Page:

1 / 1

Date

FEBRUARY 22, 2002

Ship to Port

KLANG, MALAYSIA.

FROM : BANGKOK, THAILAND

Your Order No.

2005/2001

L/C Issuing Bank

Term of Payment:

DOWN PAYMENT 60%,
T/T AFTER RECEIVED GOODS 40%

Qty

Code

Description

NET WT.

Gross WT.

"LENO BRAND"

HAWB NO : BKK 33102966

MAWB 131 - 8531 8494

Shipper's Name and Address
MILOTT LABORATORIES CO. LTD.
 84/55 MOO 11 SOI TANASIT, TEPARAK ROAD
 BANGPLA, BANGPLEE, SAMUTPRAKARN
 THAILAND 10540

Shipper's Account Number

Not Negotiable
Air Waybill
 Issued by



Gulf Agency Company
 GAC CARCO SYSTEMS

Consignee's Name and Address
REVLON, K.K. - MILOTT
 507-1, KOIZUMI,
 FUJINOMIYA-SHI,
 SHIZUOKA PREF. 418-0022, JAPAN

Consignee's Account Number

Billing Agent's Name and City

GULF AGENCY COMPANY (THAILAND) LTD

AGENTS IATA Code

Account No.

Airport of Departure (Indicate in Full) and Requested Routing
BANGKOK INTERNATIONAL AIRPORT

By Air Carrier	Routing and Destination	To	by	in	by	Currency	Class	WT/VAL	Other	Declared Value for Carriage	Declared Value for Customs
NGO	JL					THB	PRB		P	NVO	NCV

Amount of Insurance	Insurance
NIL	INSURANCE: If Carrier offers insurance and such insurance is requested in accordance with conditions reverse hereof indicate amount to be insured in figures in box marked "Amount of Insurance."

Handling Information
NOTIFY: REVLON, K.K. MILOTT
 500 SHIRATORI-CHO, HAMAMATSU-SHI, SHIZUOKA-KEN 435-002, JAPAN

No. of Pieces PCP	Gross Weight	AS IS	Net Weight Commodity Item No.	Chargeable Weight	Rate	Charge	Total	Nature and Quantity of Goods (e.g. Dimensions or Volume)
35	223.00	K		223.0	- AS AGREED -			SAID TO CONTAIN: COSMETIC PRODUCTS REVLON P.O. NO.055095# 4201119
MARK & NOS REVLON K.K. SHINJUKU PARK TOWER 30TH FLOOR NISHI SHINJUKU 3-7-1, SHINJUKU-KU, TOKYO 163-1030 JAPAN ATTN: PURCHASING DEP. TEL 03-5326-3496 FAX 03-5326-3183								

Prepaid	Weight Charge	Colours	Other Charges
AS AGREED			
	Volume Charge		
Total Other Charges Due Agent Total Other Charges Due Carrier			
Shipper certifies that the particulars on this invoice are correct and that INsofar as ANY PART OF THE CONSIGNMENT CONTAINS DANGEROUS GOODS, SUCH PART IS PROPERLY DESCRIBED BY NAME AND IS IN PROPER CONDITION FOR CARRIAGE BY AIR ACCORDING TO THE APPLICABLE DANGEROUS GOODS REGULATIONS. GULF AGENCY COMPANY (THAILAND) LTD. GULF AGENCY COMPANY (THAILAND) LTD. Signature of Shipper or its Agent			
Total Prepaid	TOTAL CTD-001		
AS AGREED			
Currency Conversion Rates	Any Changes in Decl. Currency		
For Carrier's Use only at Destination	Charges at Destination	Total Carrier Charges	
		31 JANUARY 2002 BKK / THAILAND Signature of Issuing Carrier or its Agent	
		HAWB NO : BKK 33102966	