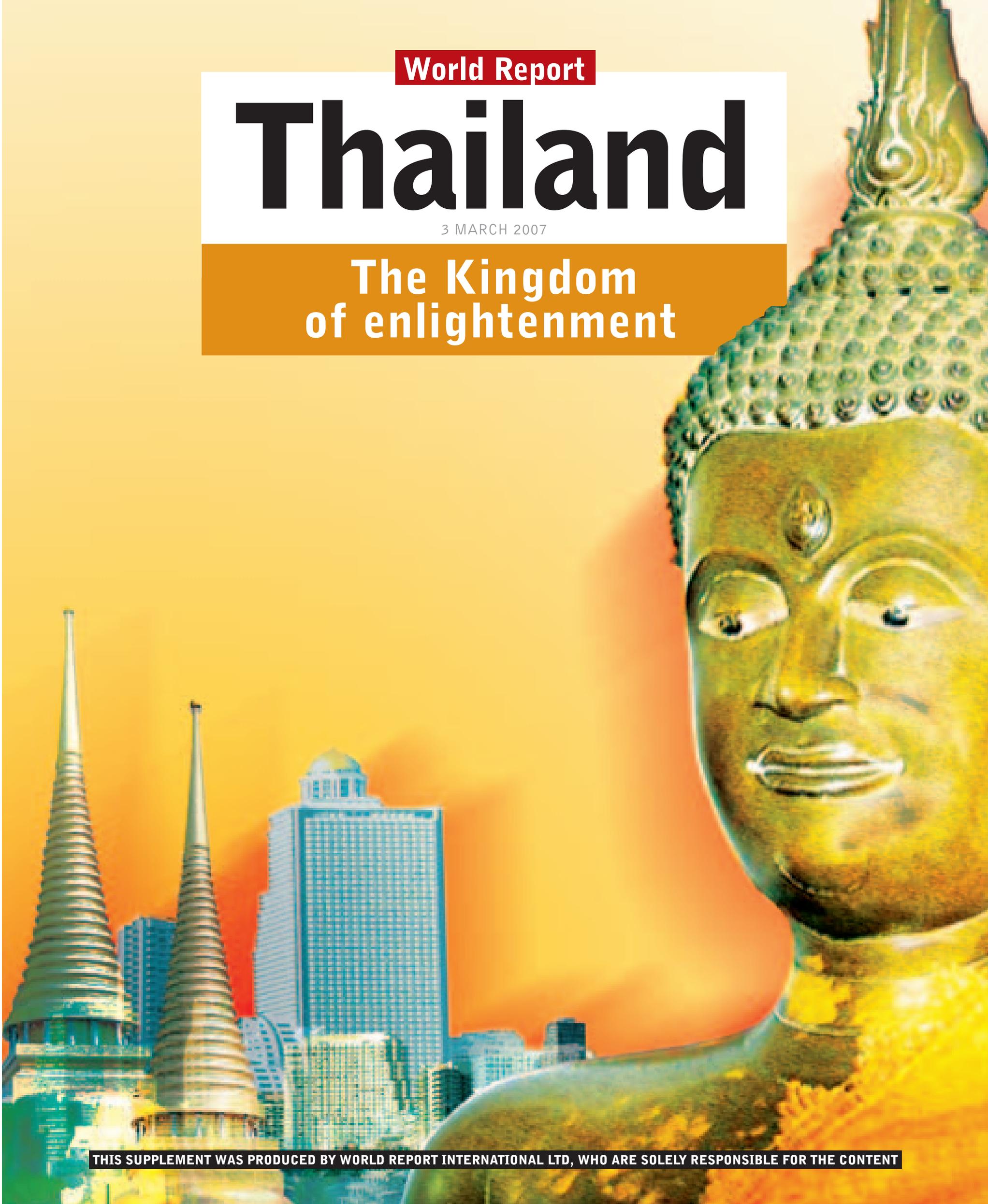


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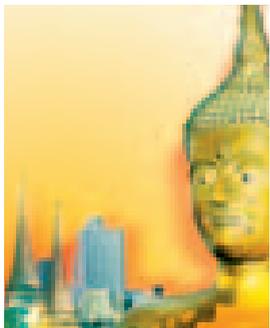
Thailand

3 MARCH 2007

**The Kingdom
of enlightenment**



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3 MARCH 2007

In a country that has experienced more than its fair share of political turmoil, King Bhumibol Adulyadej has stood as a beacon of stability for more than 60 years. Through his efforts on their behalf, the much-loved monarch has earned the people's admiration and respect



Anniversary wave
King Bhumibol Adulyadej and Queen Sirikit acknowledge the crowds.

Celebrating the working monarch



As a constitutional monarch, King Bhumibol Adulyadej of Thailand exercises little in the way of direct power. He is nevertheless the most iconic and influential figure in the country, commanding a quite extraordinary level of love and respect from ordinary Thais, to the improvement of whose well-being he has dedicated his long reign. Hundreds of thousands of people donned royal yellow and gathered to see the King appear on the balcony of the Ananta Samakhom Throne Hall in Bangkok dur-

ing last June's enthusiastic five-day celebrations of the 60th anniversary of his accession to the throne. Similar scenes can be anticipated when he celebrates his 80th birthday towards the end of this year. As one government minister puts it: "If you were to ask 100 Thai people if they would die for their Prime Minister you would most probably receive the answer 'yes' from less than 5 per cent, but for the King you would get 90 per cent." Another says more simply: "To the Thai people, the King is like God." For the vast majority of this nation of 64 million people, King Bhumibol, the world's

longest-serving ruler, has simply always been there. Longevity alone, however, would be unlikely to account for the universal affection in which he is held. No remote figurehead, he has from the very start of his reign actively involved himself in schemes to improve life for the people. The stability provided by the King's enduring presence has been a valuable asset to a country that has experienced 18 coups and 16 constitutions since absolute monarchy came to an end in 1932. The most recent political upheaval took place last September when the elected, but allegedly corrupt, government of Prime

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AT A GLANCE

AREA

▶ 198,000 sq miles.

POPULATION

▶ 64.6 million.

CAPITAL CITY:

▶ Bangkok.

GDP GROWTH RATE

▶ 4.4% (2006 est.)

GDP BY SECTOR

▶ Agriculture 10%
industry 44.9%
services 45.2% (2006 est.)

EXPORTS

▶ Textiles and footwear,
fishery products, rice,
rubber, jewellery,
automobiles, computers
and electrical appliances

IMPORTS

▶ Capital goods,
intermediate goods and raw
materials, consumer
goods, fuels



Getting involved The King has initiated numerous agricultural projects to help and empower some of the nation's poorest citizens.

Praise for the King

'The King is regarded more highly than anyone in the country. This is not because he was born as a king, but because of his performance as a king over the past 60 years'

PRIDIYATHORN DEVAKULA, Deputy Prime Minister and Minister of Finance

'His Majesty has contributed much to Thailand's development, as well as to the nation's political and economic stability'

APINAN SUMANASENI,
Thai Airways International

'The King means everything to the Thai people. He is a great leader and a great stabiliser'

TIRAPHOT VAJRABHAYA,
Shell Companies in Thailand

'Whilst political leaders come and go, he remains. The monarchy is the country's most stable institution'

PIPOP PRUECKSAMARS,
Petroleum Institute of Thailand

'Because of our monarchy we don't feel that there is any instability in the country'

SITTHICHAI POOKAIYAUDOM,
Minister of ICT

Minister Thaksin Shinawatra was ousted by the military. The billionaire businessman had been accused of abusing his office to enrich his friends and family. He is also held responsible for a hardline approach towards Muslim insurgents in the southern part of the country, where more than 1,800 people have died, and for a crackdown on the drug trade in 2003 that left another 2,000 dead. The coup, which followed months of street protests and political crisis, took place while he was out of the country.

Much of the credit for the fact that the coup was bloodless has been given to the King. He has since backed the administration installed by the military, using his birthday speech last November to say that he thought the country would be run "smoothly and successfully", and describing the interim Prime Minister, Surayud Chulanont as "strong and careful, and a man of principle".

For their part, the government has promised to restore the political process to normalcy under a new constitution, to be approved through a referendum. Free and fair elections have been promised for later this year.

In the meantime, Mr Surayud says he will make Thailand a better place to invest in. He says the administration will bring trans-

parency, efficiency and the rule of law to business and government.

Away from politics, King Bhumibol channels his efforts to help and empower the poor and vulnerable through an ongoing series of royal development projects, including numerous rural development schemes promoting small-scale agriculture, farming technologies, sustainable use of water, conservation, and flood and drought initiatives.

His work was internationally recognised in May last year when then-United Nations Secretary-General Kofi Annan presented the King with the United Nations Development Programme's first Human Development Lifetime Achievement award.

The strong focus on agriculture is explained by Sumet Tantivejkul, Secretary General of the Chaipattana Foundation, which was established by the King to support royal and other devel-

opment projects. He points out that 75 per cent of the Thai people live and work in rural areas.

"The poor will have no liberty or freedom while their first priority is to feed their families," he says. "His Majesty works with the poor to give them land and water. However, his final aim was, and still is, to establish stability alongside democracy."



SUMET TANTIVEJKUL
Secretary General
of the Chaipattana
Foundation

INTERVIEW

'The royal projects help Thai people to be self-reliant'



As Principal Private Secretary to the King since 2000, Arsa Sarasin acts as coordinator between the monarch, the government, and the community

How would you characterise Thailand under King Bhumibol Adulyadej?

Thailand is a safe and stable country and we welcome and invite visitors and business people. On one side, we want tourists to feel happy and relaxed in Thailand, while on the business side

of things, we have many new infrastructure projects online – including the new airport, the new subway and the new sky train – and all of these will need good international partners and business friends to join in.

Why is the King so important to Thais?

His Majesty has worked very hard for the kingdom and the people of Thailand during the 60 years of his reign – harder than anyone else I could imagine. Last year was a very important year for the King and the Thai people and we celebrated in grand style. This year will also be very important, as the King's 80th birthday will fall on the 5th of December, and

there will be big celebrations throughout the country then as well. Our King is a leader and stabiliser for the Thai people; he is someone our people turn to in times of need and he always finds a way to aid his people as best he can.

The King keeps our country and its people stable and secure. Firstly, it is important to remember that under King Bhumibol's reign, Thailand has established its place as a leader in promoting world peace. Thailand managed to avoid the major conflicts that plagued much of the region during the Cold War and, unlike many Asian countries, has been proudly independent throughout its modern history.

What is the vision behind the royal development projects?

The objective of the numerous royal-initiated projects is to help Thai people to be self-reliant. One of His Majesty's significant principles is that development must be suitable to the geographic and social conditions. There must be proper promotion of knowledge and modern technology. Developments must be based on the principles of sustainable conservation and the development of natural resources. His Majesty's New Theory proposes guidelines for the proper management of limited natural resources to achieve optimum benefit, and has been used throughout the world.

Economy still on course for growth

GDP is forecast to rise this year by 4-5 per cent as the government pursues sustainable development through a sufficiency economy

Long advocated by King Bhumibol Adulyadej, and now adopted by the Surayud government, the principle of a "sufficiency economy" is intended to balance competitiveness with sustainable development, social justice and contentment.

"If you apply the sufficiency economy philosophy to a market economy, it means a market economy with a conscience, and it tells us not to think only about growth, but also about finding the right balance," says Pridiyathorn Devakula, Deputy Prime Minister and Minister of Finance.

According to the Deputy Prime Minister, the government is using the philosophy as a framework for all



Sustained economic growth has turned Bangkok into one of the region's leading financial centres.

developments to ensure sustainable growth, but importantly it will be "growth with quality".

Says Mr Pridiyathorn: "Thailand used to invest beyond its capacity, and its

debts were too high. It had many projects that were too big and not well adjusted to the needs of the country. The consequence of this is that financial institutions get hurt and lose confidence in the nation. Our capital flow almost wiped out our reserves.

"If you grow too fast, you tend to overuse your natural resources, and they cannot be rebuilt to support further growth. It's important to have a sustainable economy in place and to monitor it so that it doesn't spiral out of control."

Rather than focusing only on economic statistics, the government intends to concentrate on the distribution of income, natural resources and rebuilding the environment to ensure the sustainability of important industries, such as tourism.



PRIDIYATHORN DEVAKULA,
Deputy Prime Minister
and Minister of Finance

Nevertheless, it has been at pains to reassure international investors that economic stability will be maintained despite the recent political change, and that Thailand is still a liberalised market in which the private sector is the key engine of growth.

"Despite the fact that we are one of the biggest importers of oil we have a strong economy," says Mr Pridiyathorn. "My duty and responsibility is to ensure the continuity of the economy, and so far we have been very successful."

While it has been tightening up on the implementation of rules and regulations governing commercial and investment practices, the government emphasises that investment policies, incentives and services remain unaffected, and that Thailand continues to encourage investments by both Thais and foreigners.

At the end of January the central bank, Bank of Thailand, lifted controls on foreign loans and cut its key interest rate for the first time in more than three years to spur the economy. The bank is forecasting growth this year of between 4-5 per cent.

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- Recipient of the 2004-2005 Superfund Award and the 2005 Thailand Brand Award from Brand's Digest magazine, the 2004 and 2005 Superfund International certificate for outstanding performance
- Awarded A from Standard & Poor's (S&P)



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INVESTMENT

Welcome for foreign firms

Thailand's steadily developing economy offers many opportunities for foreign companies, and the country regularly features prominently on lists of top destinations for international investment. Indeed, a 2006 survey by the Japan External Trade Organisation pinpointed Thailand as the "most optimal location for establishing a production/sales base in the coming five to ten years."

Thailand offers abundant natural resources and a skilled and cost-effective workforce. It is a welcoming and highly attractive place to live and do business, with modernised transportation facilities and upgraded communications and IT networks. A World Bank report last year ranked it the fourth easiest country in Asia in which to do business, and the 20th easiest in the world.

Thailand's Board of Investment offers tax incentives, support services and import duty concessions for businesses that are regarded as priority activities. Recently, it announced strategies to strengthen the industrial sector, with particular focus on engineering and supporting industries.

Target industries for investment include agriculture and agro-industry, alternative energy, automotive, electronics and ICT, fashion and value-added services, including entertainment, health care and tourism.

In addition to a domestic market of 64 million people, Thailand offers access to a regional market of more than 500 million in the countries that make up the Association of Southeast Asian Nations (ASEAN). It is also conveniently placed for trade with China and India.

Multimedia offers big opportunities

Thailand is building a reputation as a place where European and US companies can outsource software projects relatively cheaply. Today, multimedia is one of the country's most dynamic industries. By 2009, the total value of the software market is projected to reach £1.2 billion, with an additional £762 million in sales from animation, multimedia and mobile software.

High levels of creativity and craftsmanship combined with low costs have helped to make a particular impression in the animation industry. Thailand's first 3D animated film was released in 2005, and Thai studios are attracting outsourcing work from Hollywood.

Driving the bid to become a major player in the multi-billion dollar global multimedia industry is the Software Industrial Promotion Agency (SIPA). SIPA President, Avudh Ploysongsan, says Thailand is firmly committed to becoming "one of the main countries to be trusted for software development outsourcing".



**AVUDH
PLOYSONGSAN**
President of SIPA

Thai creativity and craftsmanship are helping the kingdom to establish itself as an international centre for outsourcing

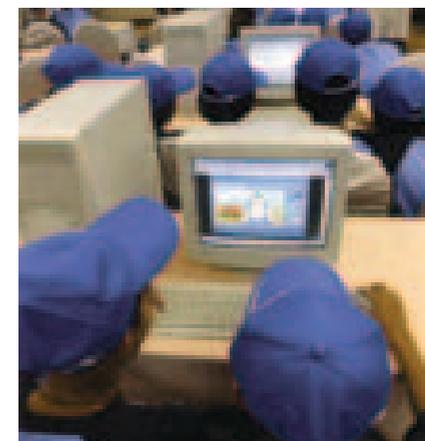
SIPA is encouraging foreign investment in the industry, and promoting it in both domestic and foreign markets. Development is focused on three main areas: enterprise software, animation and multimedia, and mobile applications.

"For anybody who sees an opportunity for cooperating with us in investment, by tapping our potential and doing business with us, or maybe even by buying our high quality software, we offer international quality with good, cheap service," says Mr Avudh. "The opportunity is there, and we invite any interested international players to come to Thailand."

Cities such as Phuket, Chiang Mai and Khon Kaen are being developed as ICT hubs, and training and skills development centres, universities and vocational colleges are producing more than 20,000 qualified and advanced programmers each year.

Local software developers are being encouraged to achieve the internationally accepted CMMI (Capability Maturity Model Integration) standard for software outsourcing organisations. One international company taking advantage of the incentives that Thailand offers is Reuters, the world's largest information provider, whose regional software development centre is the largest in the country and was the first to attain CMMI certification.

Sitthichai Pookaiyaudom, Thailand's



Teaching of ICT skills is being stepped up.

Minister of ICT, says his goal is to promote fair competition to stimulate development in both the ICT and telecom sectors.

"There is a lot of development potential, especially in the area of 3G technologies," he says. "We need to prepare for the next wave of investment, where we will have more data and less voice communication."

The minister says the government intends to promote IT awareness and access more expansively than before. "This is especially the case with the broadband network and 3G technology. To do this we will increase investment locally, and give foreign investors the opportunity to invest in Thailand's IT sector. We will upgrade the existing 3G network in the near future, and we hope to see more investment over the next five years," he adds. ●

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Insurance becoming more competitive

Changes in the insurance industry will help it exploit the huge potential the market offers

Around 100 companies currently operate in Thailand's insurance sector, but increased mergers and acquisitions are on the cards as the industry continues to undergo restructuring and strengthening to prepare for a more competitive environment.

Insurance penetration is still relatively low in Thailand, so there is plenty of market potential; only 16 per cent of Thai people hold a life insurance policy. Changes since the Asian economic crisis of 1997 have increased the attractiveness of the Thai market to foreign insurers, although their participation is limited by law.

About a quarter of Thailand's insurance firms are life assurance companies, which account for 65 per cent of the insurance premiums generated.

The biggest life insurer, with 49 per cent of market share, is American International Assurance (AIA), which began operating in Thailand 68 years ago and today boasts more than 5.5 million policyholders, 1,700 staff and 76,000 agents. AIA has assets worth more than 300 billion baht (£4 billion) in Thailand and is the second largest asset holder after Thailand's Government Pension Fund.

As part of the AIA group, the top insurance company in Asia, the company enjoys the highest brand awareness among Thailand's insurance providers, and expects last year's strong growth in premiums to continue this year.

Executive Vice President and General Manager Thomas White says AIA will be launching new products to support its distribution strategies. "We continually de-



Only 16 per cent of Thais have life insurance, but the industry is starting to grow.

velop our products and services to satisfy our customers, agents and strategic partners."

A strong believer in developing human resources, the company has trained its agents to be financial consultants as well as service providers.

"We will see our industry developing in two ways," says Mr. White. "The first will be the increase in the level of insurance awareness and the level of disposable income. The second will be through the professionalism and knowledge of the insurance agents. Due to the nature of the Thai market and the strong focus on relationships, the insurance agent will continue to be the primary source of sales and service."

Despite being an American-founded organisation, AIA has always regarded itself as a part of Thai society, and contributes to its development in areas such

as medical and public health, education, community development, environmental protection, the arts and religion.

Thai Life Insurance, the country's second largest insurer, is another long-established presence in the industry. Formed 65 years ago, it has issued close to three million policies, serving its customers and



THOMAS WHITE
General Manager
of AIA



CHAI CHAIYAWAN
President of Thai
Life Insurance

policyholders through 18,000 agency forces at over 270 branches. The company has conceived pioneering policies for senior citizens and disabled people, as well as insurance for officers and cadets in the Royal Thai Army.

In line with this commitment to innovation, it was the first company to design products to cater specifically for the demands of each and every customer group. Thai Life Insurance also develops and supports non-profit seeking policies, such as its sponsorship of the Bang Pu Nature Education Centre, a joint project coordinated by the Royal Thai Army and the World Wide Fund for Nature. A haven for the preservation of Thailand's indigenous fauna, the centre will also serve as a valuable learning tool for students and the general public. Devised to mark the 72nd birthday of Her Majesty the Queen, the habitat preserved

within the reservation will comprise one of the largest untouched mangrove forests in the South East Asian region. The company also works closely with the medical sector and the Red Cross to promote blood and organ donations, in addition to its humanitarian work with underprivileged people across Thailand through the Thai Life Insurance Foundation.

As Company President Chai Chaiyawan explains, "The people are the key to Thai Life Insurance's success. They are the greatest asset and the capital of the company."

Mr Chai believes the life insurance business is growing, but that changing attitudes takes time.

"This is because of the nature of the Thai people. Their first priority is to buy a car and a house, especially in remote areas, where local people do not earn much money." ●



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Moves towards cleaner and greener fuel

Once almost entirely dependent on oil to satisfy its demand for energy, Thailand is turning increasingly to cleaner, alternative and renewable fuel sources, such as natural gas, biogas and wind power.

Oil once accounted for more than 90 per cent of the country's total energy demand, with most of it having to be imported at high cost. By developing the country's domestic natural gas industry and alternative energy sources, however, dependency on oil has been reduced to 50 per cent.

Most of Thailand's power plants are now fuelled by natural gas, which has become a key contributor to economic growth, enabling the development of one of the most advanced manufacturing sectors in the region. With the recent hike in international oil prices, this is a trend the government is eager to encourage, and over the next five years, the capacity of Thailand's natural gas infrastructure will be boosted from four billion cubic feet per day to more than six billion cubic feet per day.

"We have been able to gain a tremendous advantage by developing our domestic natural gas industry," says Prasert Bunsumpun, President of the state-owned PTT Plc. "Natural gas offers a secure domestic energy supply, competitive costs relative to imported oil and an environmentally clean alternative to coal."

PTT's capital expenditures for 2006-2010 will be approximately £3billion. Almost 75 per cent of that has been earmarked for the expansion of its gas business. "We plan to do significantly more with this strategic resource," Mr Prasert asserts.

At the same time, exploration for oil and gas is being stepped up. Through its subsidiary, PTTEP, PTT is planning aggressive expansion of petroleum exploration and production investments in Thailand, Southeast Asia and beyond. "Such investment will serve to satisfy domestic demand and secure continued supply for our midstream and downstream opera-

Dependence on imported oil is being reduced as Thailand turns up its use of natural gas and encourages investment in biofuels and wind power



Exploration for oil and gas is being stepped up both in Thailand itself and abroad.



PIYASVASTI AMRANAND
Minister of Energy



TIRAPHOT VAJRABHAYA
Chairman Shell Companies in Thailand



ANUSORN SANGNIMNUAN
President of Bangchak Petroleum



PRASERT BUNSUMPUN
President of PTT

tions, while enhancing the security of supply for Thailand generally," explains Mr Prasert.

Meanwhile, Thailand's new Energy Minister Piyasvasti Amranand has promised "sweeping reform" of the energy sector,

including increasing the use of renewable fuel in power production. Plans by the previous administration to build a series of hydropower dams have been put aside. Instead, Thailand will buy more hydroelectric power from neighbouring Laos.

According to the minister, the government's aim is to stabilise energy costs and enforce free and fair competition in the industry. "Energy conservation will be a key factor. We will look increasingly at the local market; there are many options in Thailand for energy production.

"We will also provide incentives for waste recycling stations for energy production, as there is a lot of untapped potential in Thailand. We will promote the involvement of international investors and specialists to develop wind farms and waste power plants across the kingdom."

Financial support will be given for production and distribution of alternative energy fuels, such as gasohol, biodiesel and natural gas for vehicles (NGV). The government also wants to see a big increase in the number of gas stations selling NGV and biodiesel.

PTT says its NGV business is one of the fastest growing in Thailand. Today, there are about 25,000 NGV-fuelled vehicles in the greater Bangkok area. The government wants to see an increase to 500,000 by 2011. PTT is targeting a rise in the number of NGV fuelling stations from the current level of 90 sites to about 740 by 2010.

Tiraphot Vajrabhaya, Chairman of Shell Companies in Thailand, says the energy sector is changing, and new products need to be made available. "We need to bring better products to our consumers," he says. "We need to see what consumers want, and then we can decide on the products."

Shell has been present in Thailand for over a century and were the first petroleum company to find crude oil in the country. Today, it focuses solely on the marketing side of the sector, its main concerns being fuels, lubricants and chemicals.

"We have a strong brand reputation as well as product leadership in the market," says Mr Tiraphot. "One of our main focuses is the service we give to the consumer, as well as the new products we develop, such as fuels containing biocomponents."

continued on page 8

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continued from page 7

He says the company has had a good response from customers following its introduction of the top grade diesel Pura, a synthetic diesel blend that is more environmentally friendly. "We have had great feedback for this product from our consumers, simply because it is reducing the smog and pollution and taking good care of their engines."

A company at the forefront of the promotion of biofuels and natural gas is oil refiner and retailer Bangchak Petroleum Company, which is increasing the number of fuel stations it operates selling gasohol, biodiesel and NGV. By the end of this year it plans to make biodiesel available at 400 gas stations and it has opened its own biodiesel plant with a capacity of 50,000 litres per day to supply them. In the next couple of years it plans to build a new plant with a capacity of 300,000 litres per day.

In a joint venture with PTT, Bangchak plans to expand its network of gasohol stations across the western, upper-southern and central parts of the country.

Anusorn Sangnimmuan, Bangchak's President, says: "This project is a collaboration between PTT and Bangchak, with PTT funding the investment for the stations and Bangchak providing the land for them to be built. We expect that this move will receive an enthusiastic response from NGV users across Thailand."

"There is strong potential to increase our market share because the prices of biodiesel and gasohol are lower, and the government provides incentives," concludes Dr. Anusorn.



www.bangchak.co.th

New airport is taking off as regional hub for air travel

Suvarnabhumi airport, the new home of national carrier Thai Airways International, is set to become the aviation hub of the region

Situated 15 miles to the east of Bangkok, Thailand's new Suvarnabhumi International Airport, which opened last September, can handle up to 45 million passengers a year – approximately 50 per cent more than currently pass through New York's busiest airport, JFK. Expansion of the airport is already being planned and in the long term it could cater for up to 120 million passengers.

With air travel booming in the Asia Pacific region, the state-of-the-art facility will boost the domestic aviation and tourism industries, and enable Thailand to take advantage of its geographical location to vie with Singapore and Malaysia as the aviation hub of the region. The airport is also on its way to becoming Southeast Asia's regional cargo hub, with the ability to move six million tons of freight per year.

Thai Airways International (Thai), the national carrier, has poured huge investment into making Suvarnabhumi its new home, and other international airlines,

such as India's Jet Airways, are now looking at Thailand as a base for their regional expansion strategies.

Moving to the new airport has given Thai the opportunity to increase frequencies on its successful existing routes – including its recently introduced direct services to New York and Los Angeles – and to add new ones, such as Johannesburg and Hyderabad.

Thai is currently engaged in one of its most dynamic fleet expansion programmes ever, designed to improve passenger service and increase its competitive advantages. New widebodied aircraft are being brought into service to fly major trunk routes to European destinations and the United States.

Scheduled for delivery within the next four years are a further ten aircraft, including additional A340-500 and 600s, and B777-200ER jetliners. Thai is also set to be one of the first airlines to employ the A380-800 super jumbo; six are on order, although production delays at manufacturers Airbus will delay delivery by up to two years.

Southeast Asia's largest airline, and the first Thai company to establish a global reputation, Thai operates in 34 countries, calling at more than 70 destinations worldwide.

The airline makes a major contribution to Thailand's tourism industry and works closely with the Ministry of Tourism and the Tourism Authority of Thailand. This year it is offering a special package to tourists to mark the King's 80th birthday.

INTERVIEW



Apinan Sumanaseni, President of Thai Airways International, talks about the national carrier's ongoing expansion

What changes are ongoing at Thai?

The last few years have been extremely challenging in rolling out our new corporate identity, upgrading the long-haul fleet and expanding our network. Thai's strategy has remained customer-centric throughout the years, and our 'Smooth as Silk' tagline is probably one of the most recognisable among the international airlines – one that translates into the unique Thai sense of gracious hospitality.

What are the company's plans for expansion?

We have a five-year plan in place where we will not focus solely on expanding the network, but also on increasing frequencies on the profitable routes we have in place. London is one of our most profitable routes at the moment; we would love to extend flights to Heathrow Airport.

What are your goals at the new airport?

Thai has invested over £223 million in six main activities at Suvarnabhumi Airport. Our objective is to ensure that overall services are effectively provided with the highest standards of quality and safety in order to achieve maximum customer satisfaction.

How does Thai fulfil its social responsibility?

Thai is more than a service provider; it is an integral part of the community in which it works. It is actively involved in supporting a wide range of community service projects, within Thailand and overseas, as well as sponsoring major sporting events.

We want to return something to the country. For the King's 80th birthday we are working with TAT to offer packages to nine destinations where the King has his royal development projects. This will enable visitors to our country to see the great work our King does for the benefit of the Kingdom.

Can the pioneers in Liquefied Natural Gas continue to set the standards?



Matesteja Sokiew believes so.

NGV saw the start of an extraordinary success story. This year, Brunei LNG – a joint venture between the Government of Brunei, Shell and Mitsui – made its first shipment of Liquefied Natural Gas. Since then, Brunei LNG has safely delivered more than 5,000 shipments. The first LNG project in the world to do so, Plant Manager Matesteja Sokiew, is not only pioneering this remarkable world, he is now extending the life of the facilities to 2020 and beyond. Through long-term joint ventures such as this, Shell is at the forefront of global LNG supply. Find out how we're working with governments and partners to meet growing energy demand at shell.com/matesteja



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Suvarnabhumi Airport will be able to handle 120 million passengers a year in the long term.

Boom in no-frills flying

Pioneering low cost air travel in Southeast Asia is both a challenging and a rewarding remit

The authorities are being urged to speed up a feasibility study into building a new passenger terminal at Suvarnabhumi to cater exclusively for budget air travellers. Cheap, no-frills aviation has taken off in Thailand in the last few years and is currently expanding at a rate of 40 per cent annually.

Recently established operators like Thai AirAsia and Thai Airways' subsidiary Nok Airlines have introduced services that are not only affordable but convenient, with bookings online, via mobile phone and through local supermarkets and convenience stores.

Thai AirAsia, the largest and most popular low-fare carrier, has seen rapid expansion in its customer base since launching in 2004. Now operating 76 daily flights, its fleet of 11 aircraft fly to nine domestic and nine international destinations.

The airline is embarking on further expansion. This year, it will acquire the first of 30 brand new Airbus 320 aircraft to be rolled out over a three-year period, enabling it to maintain the youngest fleet among low-fare airlines in Asia.

Thai AirAsia's low-cost fares have made air travel accessible to those who would otherwise have been unable to afford it, or at least reluctant to hand over a large portion of their savings. "Only 5 per cent of Thais are regular air travellers," says the company's CEO, Tassapon Bijleveld. "We are looking at the other 95 per cent, and we try to offer them affordable prices to enjoy a vacation."



TASSAPON BIJLEVELD
CEO of
Thai Air Asia



PATEE SARASIN
CEO of
Nok Airlines

Thai AirAsia also benefits from Bangkok's appeal as a tourism hub. Many of the two million tourists a month who visit the capital go on to experience the attractions of Thailand's other cities and neighbouring countries, and Thai AirAsia flies them to their destinations.

To an airline whose thrust is to offer affordable air travel to everyone, while at the same time reaping profits, striking a balance between keeping its costs low and maintaining a level of service

on a par with that of competitors is a constant challenge. Thai AirAsia addresses this by streamlining its systems and cutting out of air travel the frills that build up unnecessary expenses.

Another budget airline that has succeeded in making a big impact in a short time is Nok Air, which has the advantage of having Thai Airways International as its major shareholder.

The new airline benefits by association from the national carrier's impressive reputation for safety, its aircraft are leased from Thai and it employs highly experienced Thai pilots.

"Our competition is the other low cost airlines in the region and especially in Thailand, so when it comes to pricing we have tried to position ourselves in the upper end of the low cost market," says CEO Patee Sarasin. "The idea behind this is to make sure

that customers understand that we offer a great service and product compared to our competition."

This year the airline enters the international market with flights to India, and it is considering Singapore as another promising destination. Mr Patee sees the airline playing a significant role in the development of Thailand's tourism industry. He says: "It is in partnership with the next generation of airlines, such as Nok Air, that a more holistic image of the country has to be promoted to the international community." ●

Siam Smile

The Smile of Success of all Thais

Our smile doesn't just come from optimism, but from seeing the world as a challenge. Striving hard to excel, once a small energy company, today we have become Thailand's top stock market performer, known as the Number One in Asia for our outstanding management. With strong potential to expand and perform in the international arena, we are now ready to introduce our "Siam Smile" to the world, the smile of success of all Thais.

PTT Public Company Limited is the Thai national energy company operating an integrated petroleum business engaging in the exploration and production of natural gas, oil refinery and petrochemicals.



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'It is our responsibility to provide good service'

Minister of Tourism Suvit Yodmani sets out his vision for the short- and long-term expansion of the Thai tourism industry, and the preservation of the country's rich cultural heritage and celebrated natural beauty

What makes Thailand the place to visit in South East Asia?

Geographically, Thailand is situated in the heart of Asia, which is a great advantage, and we are advanced in terms of transport and communication. People want to come to Thailand to relax and enjoy our country's natural beauty. Also, Thai people are very open-minded with regards to other nationalities, and love visitors and tourists.

What are your key objectives for sustainable tourism?

I'm always asked how many tourists we are aiming to attract to Thailand. The previously set figure for 2007 is approximately 13.8 million tourists. Our main objective, however, is to attract tourists who will enjoy the attractions and beauty of Thailand, and also respect them. We would like to promote understanding, respect and friendship among people, and we welcome all those interested in the history and culture of Thailand. In a related effort, we are planning to support communities in developing new tourist destinations. This is key to sustainable tourism, and the overall development of Thailand.

Another key objective is the restoration and rehabilitation of some of the older

tourist sites in Thailand.

The more used tourist sites are, the more they need restoration. There are also many areas, like Krabi and Phuket, which suffered during the Tsunami and still need rehabilitation and rebuilding - including roads and other infrastructure.

The Ministry of Culture, with whom we work closely, are responsible for cultural

sites such as temples. We also work with the Ministry of Natural Resources and the Environment who look after the national parks, wildlife sanctuaries and marine parks.

You are marketing Thailand through the International Road Show Programme. What does the programme entail?

Our aim is to increase the quality of our

product. The Royal Initiative Discovery Project, for example, will feature 9 of more than 3,000 proposed sites of historical interest, which have been initiated by their Majesties the King and Queen. Special guides will be provided to guide tourists around these sites, which will provide something different from the norm, and which we believe will be very interesting for tourists.

How would you assess Europe's importance to the Thai tourism market?

The UK provides the largest number of European tourists visiting Thailand. Europeans who escape the winter climate and visit Thailand from November to February each year, predominantly from the UK, Germany, France, Scandinavia, Finland and Italy, are an important niche market for us. It is our responsibility to provide a good service for them. ●

CHIC BY THAILAND

Thailand - on the march to number one position in the hip parade

A cultural and tourism pearl bordering Laos and Cambodia to the east, Myanmar to the west and peninsular Malaysia to the south, Thailand is bejewelled with some of the most stunning natural scenery in the world, colourful festivals, fine cuisine and diverse shopping, as well as its world-famous beaches and islands. The recent launch of the Tourism Authority of Thailand's "CHIC by

Thailand" campaign in the UK - in conjunction with its sponsors Airline Network, Emerald Travel, EVA Air, Kuoni, Somak Holidays Quest Travel, Thai Airways, Thomas Cook Signature, Travelmood and Tropical Locations - is set to cement Thailand's place on the list of most popular world destinations by drawing attention to the deluge of hip bars, restaurants and hotels mushrooming across the country, as well as the continuing development of the island resorts for which Thailand is renowned.

The only Southeast Asian country to have remained independent during centuries of western expansion, the very word *thai* means freedom, and it is this freedom and a welcoming culture - as well as Thailand's reputation for the finer things in life - that has lured generations of travellers to the country. Once synonymous with the hippy trails of the sixties and seventies, Thailand is now among the most developed and elegant tourist destinations in the region. The service industry in Thailand is second to none, as demonstrated by the traditional *wai* greeting and the Theravada Buddhist philosophy of respect and kindness that pervades the population. With a focus on the upsurge of the bold and the new, *CHIC by Thailand* has launched a dedicated brochure for the discerning traveller - available online and produced in conjunction



with specialist tour operators - that lists a range of the most stylish bars, restaurants and hotels that the country has to offer, as well as featuring special offers and promotions for prospective visitors. Another facet of the integrated campaign is the revamp of the Tourism Authority of Thailand website - www.tourismthailand.co.uk - and a complete makeover of the popular subscriber on-line newsletter, including extra content, a fresh new design and a new name; *Travel Thailand* www.tourismthailand.co.uk/register. "Thailand lends itself to the concept of 'chic' because of the recent explosion of many boutique-style properties, with a growing trend within new resorts to focus on style and attention to detail," states Khun Tanes Petsuwan, Director of the Tourism Authority of Thailand in London, "Thailand has an abundance of hotels, guest houses, bars and restaurants which are both inexpensive and effortlessly fashionable."



A room with a view: rising visitor numbers have created a surge of chic hangouts such as Sirocco, Bangkok.



SHOPPING & NIGHTLIFE

A 24-hour shop like no other

► **THE** Bangkok shopping circuit is amazingly diverse. In a city where it is possible to shop for global fashion labels and bespoke suits, exquisite jewellery and luxury watches, time is optimum. The boutiques, shopping complexes, night markets at Patpong and Chaing Mai and the Chatuchak weekend market offer a round-the-clock service, while grandiose shopping complexes such as the Siam Paragon, Asia's largest shopping concept, house everything imaginable under one roof.

For night owls, the capital puts the kok into cocktail, with a host of trendy bars serving a mixture of international and local drinks to a young, hip and fashionable clientele. Rub shoulders with top models and international jet-setters as you soak up the atmosphere of Bangkok's ultra-chic after-hours venues.



BEACHES & ISLANDS

Escape to tranquility

► **2,000** miles of coastline predominantly spread along the Kra Isthmus in the south of Thailand and its attendant islands offer the finest in Thai beach life, a blend of the accessible and the exclusive that combines enchantment, sophistication and allure. On the eastern side of the Isthmus is the Gulf of Thailand, in whose balmy waters lie Koh Samui and Koh Chang, the most fashionable of the islands. On the Western side, in the Andaman Sea, the endlessly enticing and uninhabited Similan islands have inspired numerous visitors, including the epitome of chic, James Bond. For seekers of seclusion, the lesser known islands of Ko Yao, Ko Racha and Ko Lanta are all a short hop by boat from Krabi and Phuket: the chance to discover your very own island paradise.



GOLF & SPAS

Thailand's tiger in the woods

► **CHAMPIONSHIP** courses set in the most arresting tropical scenery and an unrivalled attention to detail - highly trained caddies with refreshments served every three holes - make Thailand the coolest new venue on the international golf circuit. Furthermore, the natural topography of Thailand could have been designed with golf in mind.

With your relaxation in mind, Thailand's long association with massage has been given a modern touch, with many new, dedicated holistic therapy resorts springing up. Left in the hands of one of Thailand's expert masseurs and surrounded by the serenity of the forests and beaches, relax as you absorb the peace and tranquillity of the authentic Thai massage experience.



HOTELS & RESTAURANTS

A taste of things to come

► **THAILAND** is synonymous with gourmet cuisine and the finest hospitality. Now eastern charm and western technology combine to add a new twist to the Thai hospitality sector. From chic, hi-tech big city hotels to the epicurean splendour of the country's beach resorts, Thailand caters to the increasingly discerning tourist, and builds hotels that complement the beauty of our land, rather than overshadow it.

For seclusion and meditation, Thailand is unsurpassable. From jungle hideaways to remote beach resorts, there are an abundance of opportunities to refresh your spiritual side. For the urban-chic, Bangkok's neoteric bar and restaurant scene offers the latest and most fashionable tastes, sights and sounds.

BANGKOK

A capital experience

ALTHOUGH often mistakenly referred to as Bangkok by westerners, Thais call their capital Krung Thep - the City of Angels. Originally a small trading port known as Bang Makok, King Rama I renamed the city in 1782. From its humble beginnings, Bangkok has risen to become one of the most important cities in the region, and the world. A gateway to the Gulf of Thailand, Bangkok's economy is on an even par with Singapore, and experts predict that Bangkok will soon be the economic and financial centre of Southeast Asia.

As a major contributor to the national economy, tourism has always played a large part in the growth of the nation, and Bangkok is the epicentre of this thriving industry. Ranked as Asia's top tourist destination and the third most popular worldwide by Travel and Leisure magazine, Bangkok is an intoxicating mix of the ancient and the modern, and a truly global city where east meets west.

In celebration of this unique fusion, *CHIC by Thailand* is accentuating the beauty and elegance of Bangkok's historical monuments by presenting a celebration of the contemporary and the stylish - a natural continuation of the city's artistic and architectural heritage.

For many years, Bangkok has been positioning itself as the most avant-garde city in Southeast Asia. Stylish venues abound across the city, adding lustre to what is already the party capital of the region. Places such as Sirocco, Bangkok's highest balcony restaurant, and the Bangkok Marriot Resort and Spa provide the urbane visitor with an oasis of relaxation from the perpetual motion of the streets.

A string of international festivals add to the year-round colour of the city. The Bangkok International Film Festival is an established favourite that attracts some of the leading players in the industry and a host of stars, while the Bangkok Fashion Week further cements the city's prestige on the international stage. Music is also catered for in the shape of the Thailand International Jazz Festival, a celebration of avant-garde music held annually in the capital.

An unforgettable experience in a paradisaical country with a touch of modern class, Bangkok is now.



CHIC

by Thailand

To order your free copy of CHIC by Thailand call 08459 400456* or visit www.tourismthailand.co.uk

*calls charged at national rate