

Analysis of the economic, commercial
and social environment

Thailand / Việt Nam

21st century is marked by the economic and political rise of Southeast Asia, amid a backdrop of global challenges.

The **war in Ukraine** intensifies geopolitical tensions, affecting European defense commitments and global stability.

Simultaneously, the **Israel-Hamas war in Gaza** raises humanitarian concerns and geopolitical complexities, impacting regional dynamics and global perceptions

Tensions between **China and Taiwan** pose a significant geopolitical risk, with implications for regional stability and global trade routes

The conflict between **Iran and Yemen** adds another layer of instability, impacting the Middle East and global energy markets.

Sea freight transports face disruptions due to geopolitical conflicts and shifting trade routes.

A **potential Trump win** in the next USA election introduces uncertainties in international relations.

Climate change and the ongoing debate on **globalisation versus regionalisation** further shape the landscape, requiring businesses to navigate environmental challenges and evolving trade policies

What is Thailand / Vietnam?

Where is Thailand / Vietnam?

What do we know about their past /present?

What is happening in Thailand / Vietnam?

Does Thailand / Vietnam import? Does Thailand / Vietnam export?

Are there opportunities for companies?

Why Thailand / Vietnam?

Only advantages or also disadvantages?

Do's & Don'ts

What is Thailand?

Capital (and most populous city)
Bangkok

Thai is the official language

Form of government: Constitutional
monarchy under military dictatorship

Surface

- Total 513 156 km²
- Water (%) 0.4%

Borders 5 673 km

Waterfront 3 219 km

Total population 20th place

- Census 65.493.988 hab.
- Density 126 inhabitants/km²

GDP 20th place

- Total (2021) US \$ 505.95 billion
- Per capita US \$ 6123.95

Thai Baht Currency (฿, THB)

Time zone UTC + 7

What is Vietnam?

Capital: Hanoi

Most populous city: Ho Chi Minh City

Official language: Vietnamese

Form of government: Socialist Republic
with market economy

Surface:

- Total 331,210 1 km²
- Water (%) 1.3%

Borders: 4,639 km

Waterfront: 3,444 km

Total population

- Census 91,519,289 hab.
- Density 246 inhabitants / km²

GDP (PPP) 35th place

GDP increase 2022 : 8.02%

- Total (2021) US \$ 366,14bill.
 - Per capita Dec 2021 (PPP) US \$ 10628.22USD

Vietnamese Currency (, VND)

UTC time zone +7

(Source Wikipedia)

Where is Thailand?

Geopolitical situation

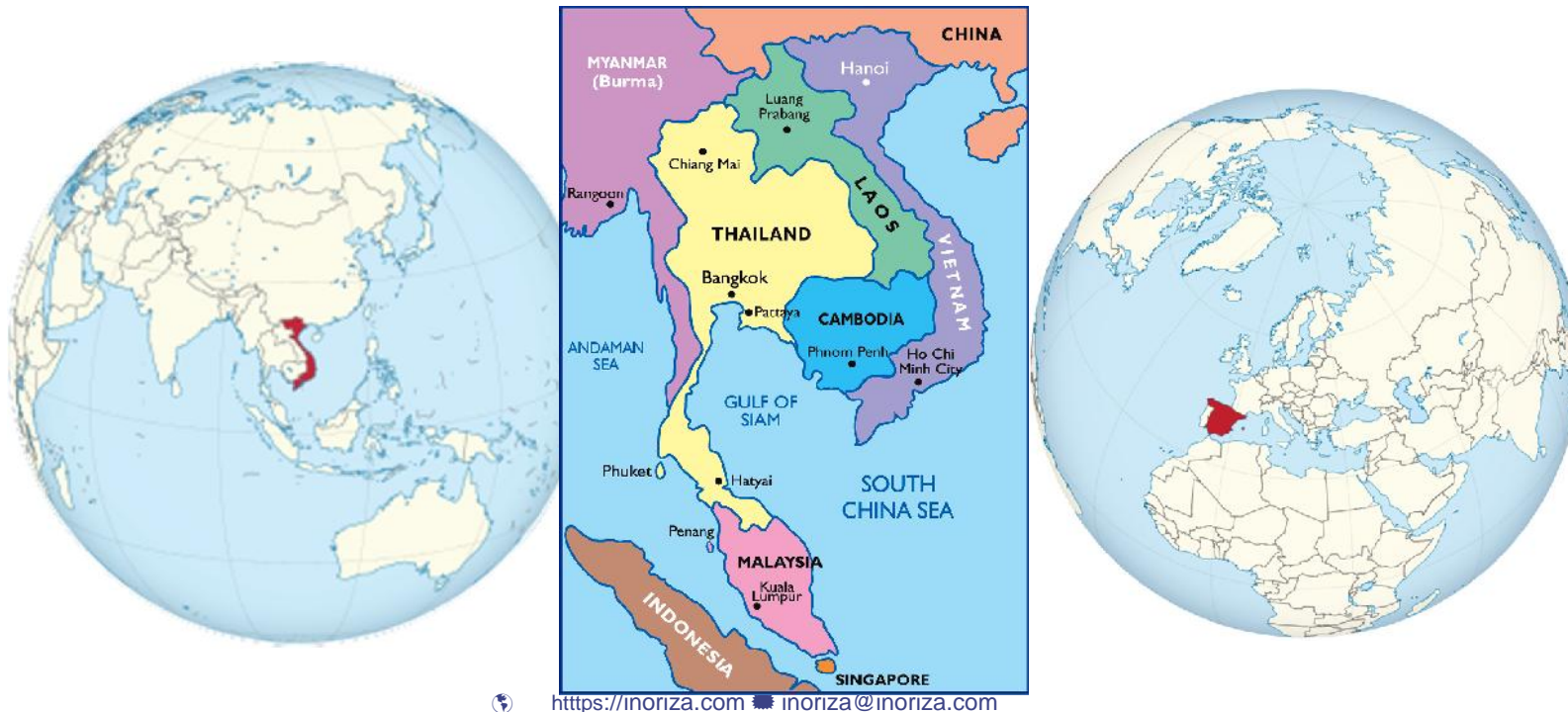
Located east of the Southeast Asian subregion, bordering east with Laos (much of the border is the Mekong River), southeast with Cambodia and the Gulf of Thailand, south with Malaysia and west with the Andaman Sea and Burma. It has an area of 513,120 km² and about 65 million inhabitants, the 20th most populous country in the world, which implies a population density of about 128 inhabitants / km².



Where is Vietnam?

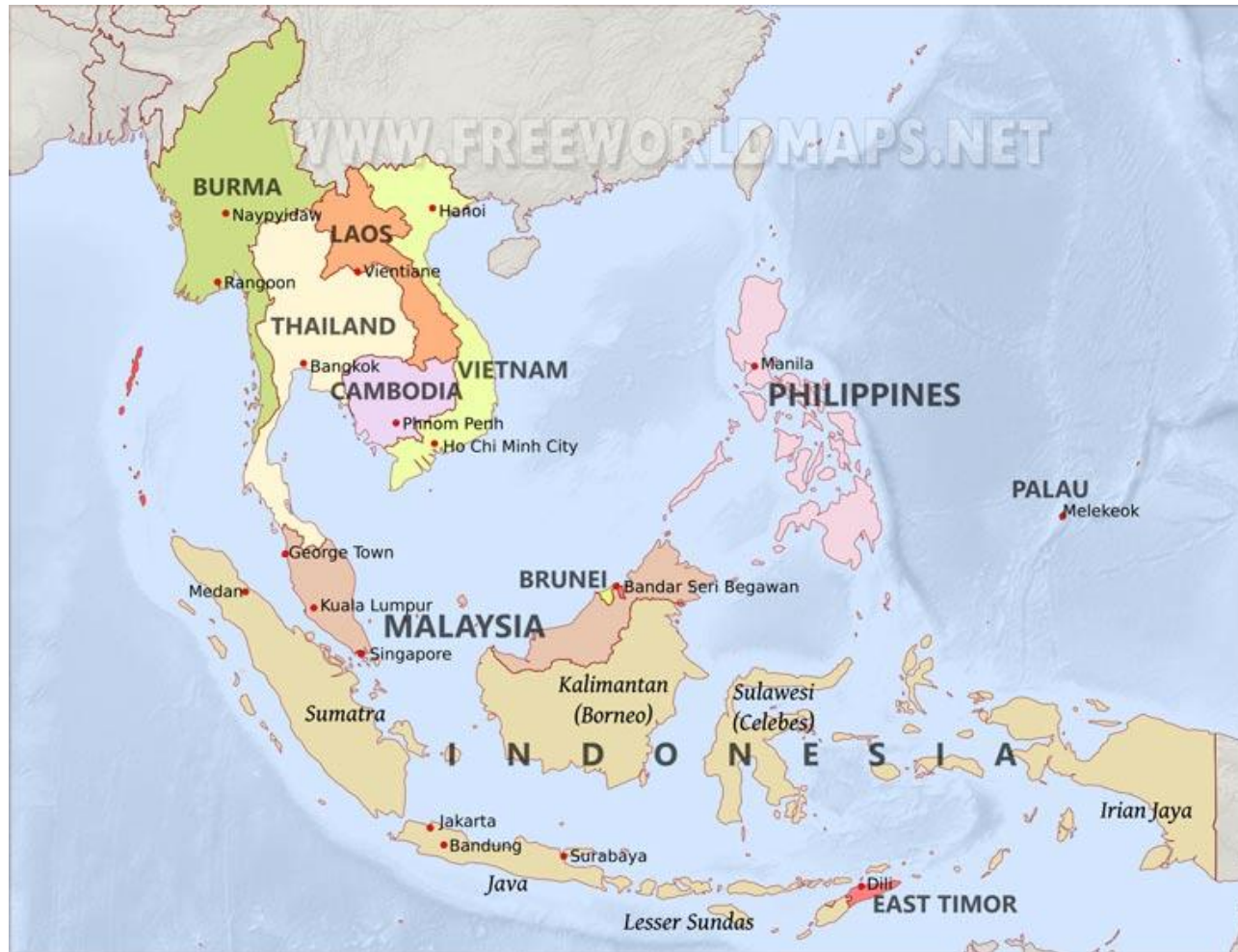
Geopolitical situation

A densely populated developing country of 92 million inhabitants and 330,000 km² of surface, located in Southeast Asia, south of China and east of Laos and Cambodia. more than 3,400km. of coast (South China Sea – Bien Dong - East Sea) and 4 639 km of borders.



Where are Thailand / Vietnam?

Geopolitical situation



What is Thailand / Vietnam ?

Where is Thailand / Vietnam?

**What do we know about their past/
present?**

What is happening in Thailand / Vietnam?

Does Thailand / Vietnam import?

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Do's & Don'ts

What do we know about his past /present?

Some historical references. THAILAND

Khmer Empire Independence

Sukhothai Kingdom	1238-1368
Ayutthaya Kingdom	1350-1767
Kingdom of Thonburi	1767 - 7th April 1782
Chakri dynasty	7th April 1782

Constitutional monarchy

24th June 1932

Indian Ocean Earthquake

26/12/2004

Political crisis in Thailand

from 2008 to 2010,

Protests in Thailand

2013 - 2014

Coup

2014

Elections

2019

and again Elections

2022

What do we know about his past / present?

Some historical references. VIETNAM

- 2879 - 111 BC: Early Dynastic Era
- 111 BC - 939 AD: Chinese occupation
- 939 - late 19th century: Tay Son Dynasty and Nguyen Dynasty
- French Protectorate until World War 2
- 1946 - 1954: 1st Indochina War between France and Viet Minh, ends with the Geneva Conference and the division between the North and South of the country
- 1955 - 1975: Second Indochina War between the South (with support from the US and the North (USSR), ends with Unification in a Socialist Republic.
- 1986 Start of the REFORM Process (Doi Moi)
- 1989 Withdrawal from Cambodia
- 1992 Approval of the New Constitution
- 1995 Normalization of relations with the US and China. ASEAN entry
- 1998 Entry into APEC
- 2000 Bilateral Trade Agreement with the US
- 2005 WTO Pre-FT Agreement with the EU
- 2006 WTO entry

What do we know about his past /present?

PRESENT. THAILAND / VIETNAM

After the signing, ratification, entry into force and implementation of these agreements, Vietnam, partly Thailand, will be one of the countries with the most extensive free trade agreements, having free access to the three most important markets in the world: the European Union 27, Southeast Asia (ASEAN) and APEC countries of the Pacific Rim and RCEP



What do we know about his past /present?

Asia-Pacific Economic Cooperation

Account for:



of world population



of world trade



of world GDP



Source: APEC/USTR

What do we know about his past /present?

RCEP (Regional Comprehensive Economic Partnership)



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What is happening in Thailand?

Basic Facts

- ❑ Traditionally, Thailand has played a **leading role in the Southeast Asian region and the Greater Mekong**, due to its strategic geographical location and economic importance. According to the latest classification of the World Bank, Thailand is considered a medium-high income economy.
- ❑ **Solid growth from 2000 to 2020** - an average of more than 4% per year -, following the recovery of the Asian financial crisis of 1997-98.
- ❑ Thai **exports - mostly machinery and electronic components, agricultural products and jewelry** - will continue to boost the economy, which accounts for more than half of GDP.

What is happening in Thailand?

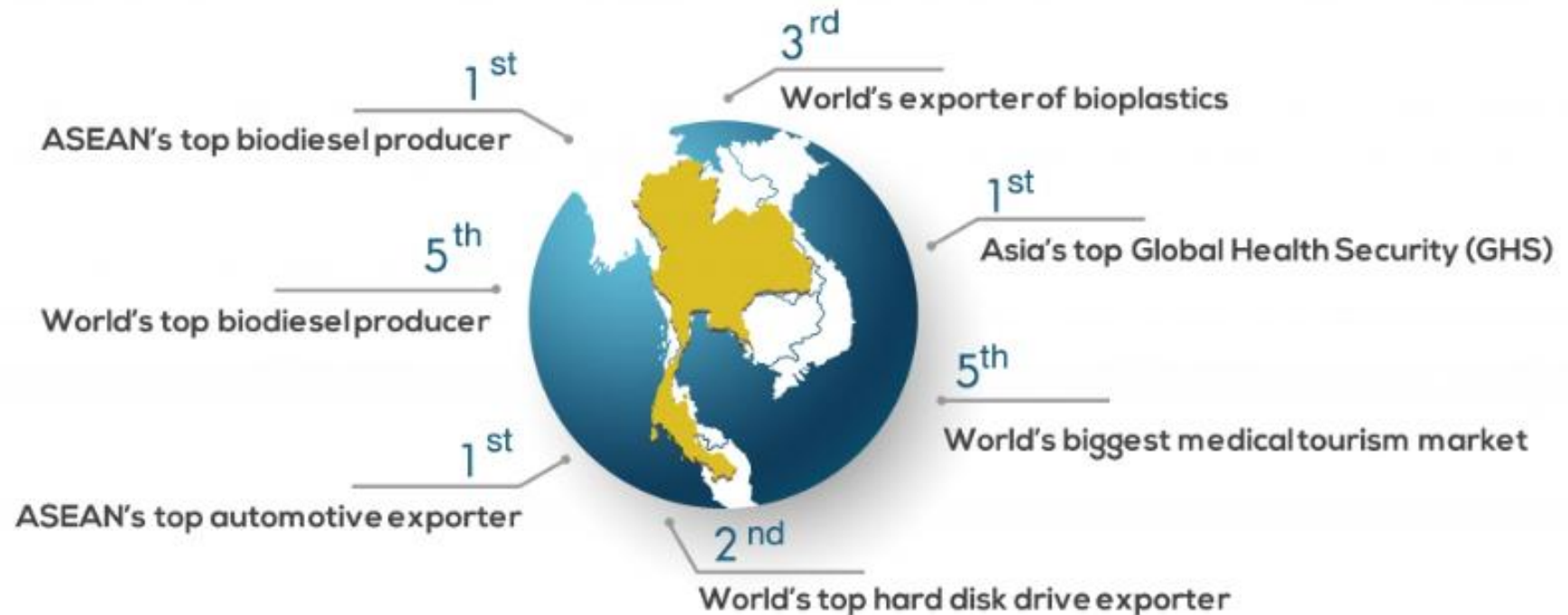
Basic Facts

- ❑ Anti-government protests and the political polarization of the country had a temporary impact on business and consumer confidence.
- ❑ Although tourism was hit hard during the protests, its rapid recovery helped boost consumer confidence to new highs. In 2019, the economy grew at 7% its fastest pace since 1995.
- ❑ The **Thai industry, generally very concentrated in Bangkok** and its surroundings, has undergone a great expansion in the last 25 years.
- ❑ The evolution of manufactures during the last twenty years has been really spectacular, with **industrial production being the real engine** of Thailand's economic transformation.

What is happening in Thailand?

Basic Facts

THAILAND IN THE WORLD'S RANKING



Sources: NESDC, BOT, MOC, Johns Hopkins Center for Health Security, Pocket World in Figures 2022

What is happening in Thailand?

Economic Overview and Outlook

- Export-based growth and IDE entry
- Export oriented companies. Exports account for 60% of its GDP
- Tourism is a sector with a great weight in Thailand's GDP (it represents 8% of GDP).
- Relatively developed infrastructure
- Free enterprise economy
- Policies favorable to investments

What is happening in Vietnam?

Evolution marked by three events: “**Doi Moi**” (renewal) in 1986, **ASEAN** in 1995 and accession to the **WTO** in 2007

Until 1986

- Population: 62.45 million (19.6% urban population)
- GDP growth: 2.1%
- GDP per capita of **USD 198**
- Exports of **880 million USD**
- **80% of the population below the poverty line**

Since 1986

Commitment to the modernization of the economy:

- Recognition of property and private initiative.
- Opening (gradual) to foreign direct investment.
- Stimulation of foreign trade, especially exports.

What is happening in Vietnam?

Reforms "Doi Moi"

Developing country, which has grown an average of 8% per year in terms of GDP and has managed to significantly reduce the poverty rate to 12%

- ❑ GDP (2021) **US \$ 366.14 BILLION**
- ❑ GDP per capita (ppp) (2021) **US \$ 10628.22**
- ❑ Economic and social stability
- ❑ Young population (almost 27% are under 14 and 50% under 30)
- ❑ 70% rural, although the urbanization rate (30%) increases every year.
- ❑ **Literacy rate is 97%.**

What is happening in Vietnam?

Integration in ASEAN, WTO, FTAs

The integration into the **ASEAN** (Association of Southeast Asian Nations) in 1995 implies the incorporation of the country into the institutional circuit of world trade with very considerable consequences:

- The gradual reduction of import tariffs.
- The liberalization of certain sectors.

The entry into the **WTO** (2007) allowed the country to benefit from the arrival of **Foreign Direct Investments**

Several **free trade agreements** (FTAs) entered into force within the framework of the ASEAN (Japan in 2008, and Australia, New Zealand, India and South Korea in 2010).

What is happening in Vietnam?

EU – Vietnam Free Trade Agreement

Ratification of a new **FTA with the European Union** in 2022.

At an aggregate level the EU is the largest importer and investor in Vietnam. The agreement would boost the process of economic modernization and economic growth of the Asian country.

THE EUROPEAN UNION accounts for 27% of Vietnamese exports but exports from Europe only get a 9% market share in Vietnam.

What is happening in Vietnam?

Trans-Pacific Protocol / TPP

Following the withdrawal of the Trump administration from the **Trans-Pacific Protocol or TPP**, the remaining 11 countries signed their ratification in March 2018 in Santiago, Chile. The TPP intends to eliminate tariffs on a limited number of products but of application in countries such as **Vietnam, Japan, Canada, Australia, Mexico, Chile, Peru, Brunei, Singapore, Malaysia and New Zealand.**

After the signing, ratification, entry into force and implementation of these agreements **Vietnam will be one of the countries with the most extensive free trade agreements, having free access to the three most important markets in the world:** the European Union 27 , Southeast Asia (ASEAN) and APEC countries of the Pacific Basin.

What is happening in Vietnam?

Economic Overview and Outlook

Vietnam: one of the most dynamic markets in the world.

It combines strong economic growth with an open market-oriented trade policy.

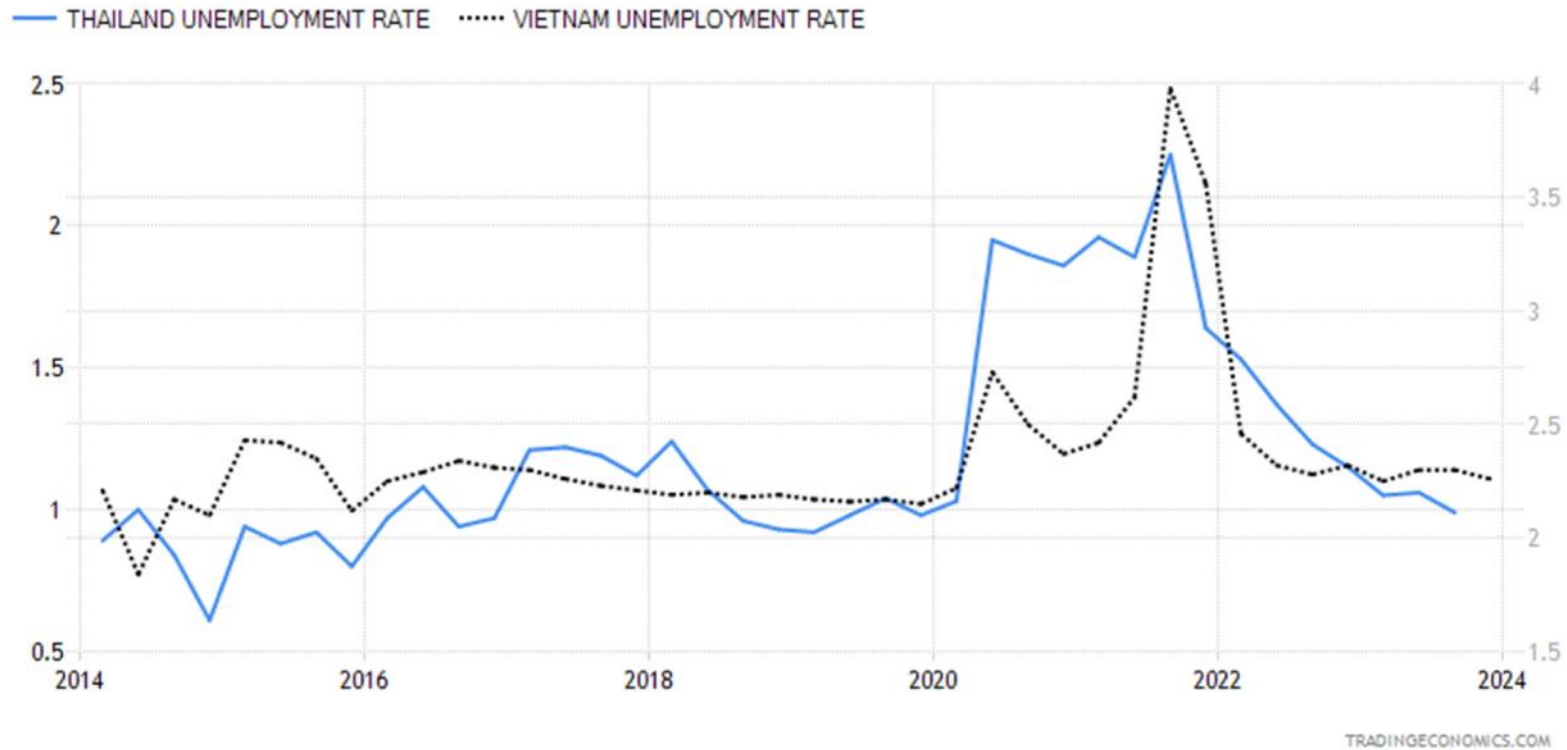
Economy grows at 6% -8% annually and industrial production expands at twice that rate (between 14% and 16%).

Vietnam's economy is on the way to doubling its size over the next decade.

What is happening in Thailand / Vietnam?

Economic Overview and Outlook

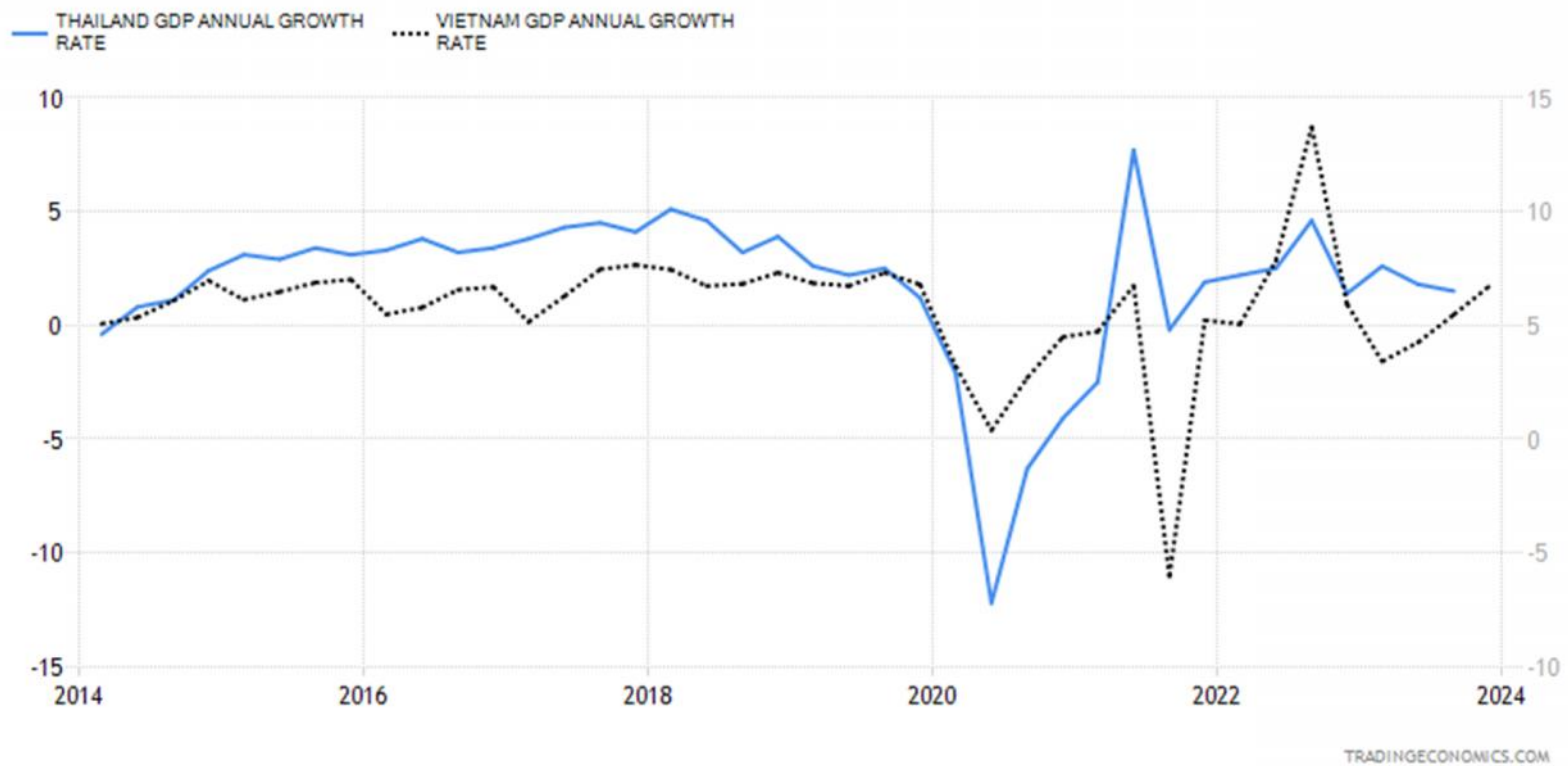
Unemployment Rate (in %)



What is happening in Thailand / Vietnam?

Economic Overview and Outlook

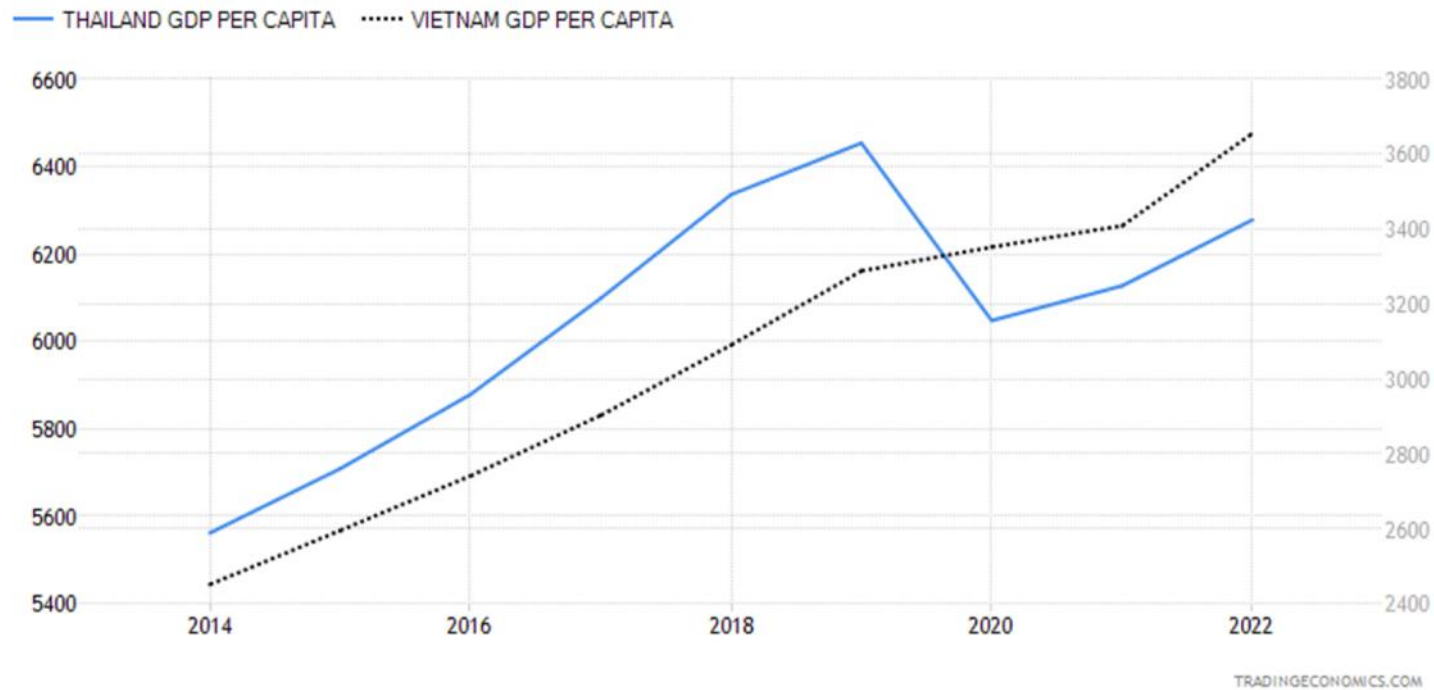
GDP (in %)



What is happening in Thailand / Vietnam?

Economic Overview and Outlook

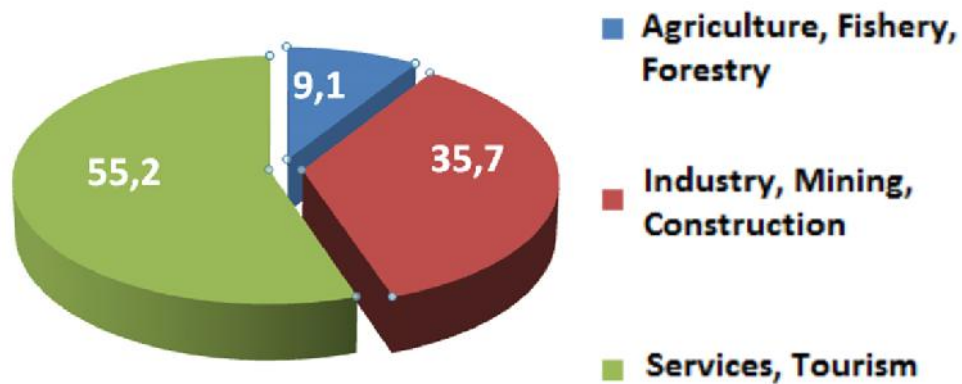
GDP per cápita (in USD nominal)



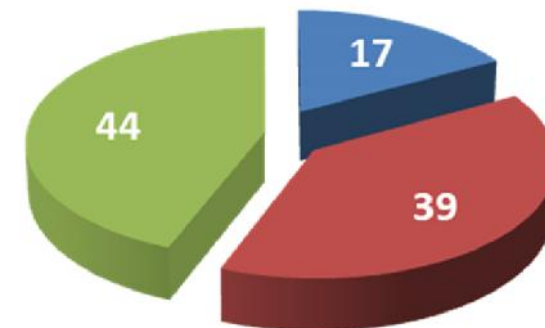
What is happening in Thailand / Vietnam?

Economic Overview and Outlook

GDP Structure (sectors) Thailand



GDP Structure (sectors) Vietnam

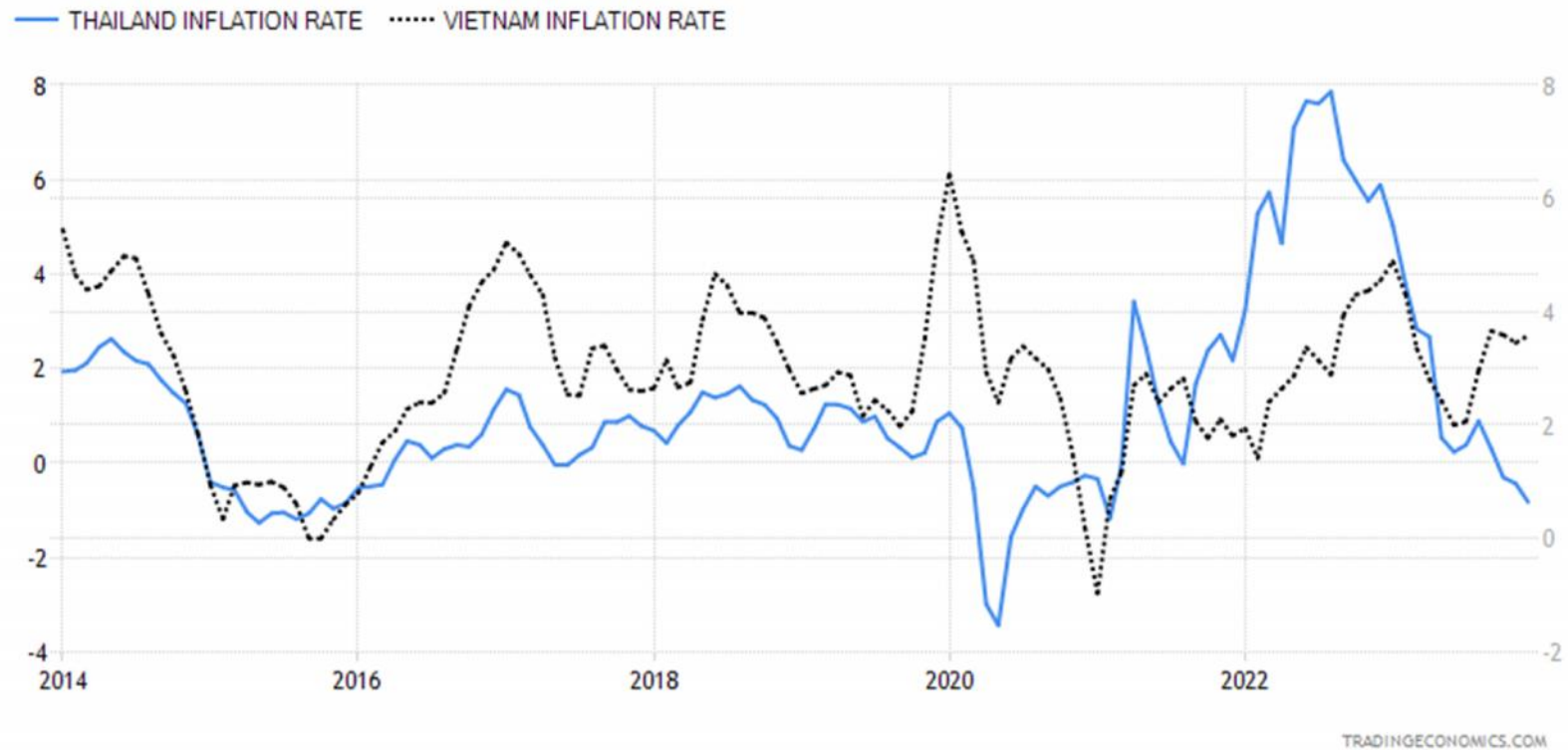


Fuente: Bank of Thailand, -General Statistic OfficeLast update March 2023

What is happening in Thailand / Vietnam?

Economic Overview and Outlook

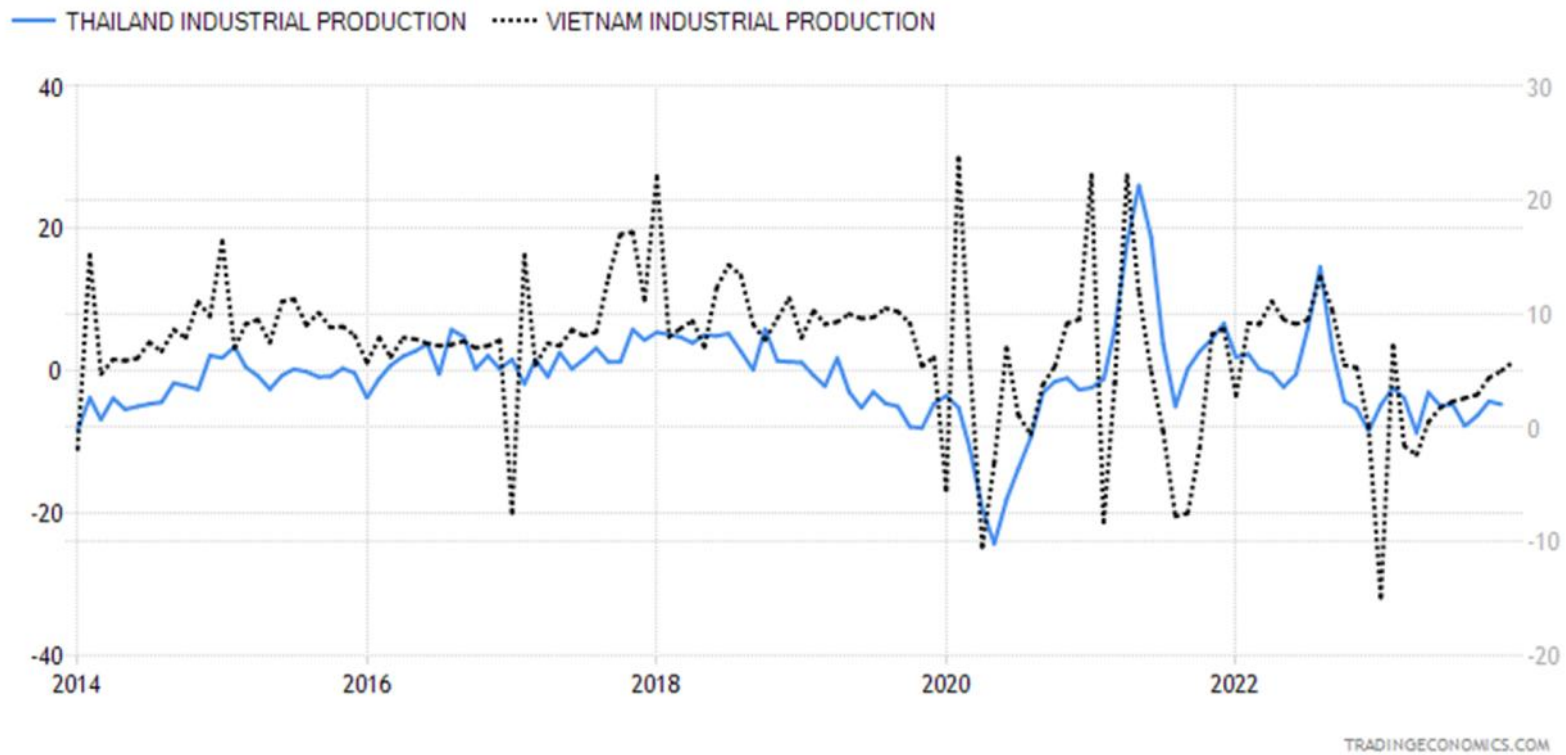
Inflation (in %)



What is happening in Thailand / Vietnam?

Economic Overview and Outlook

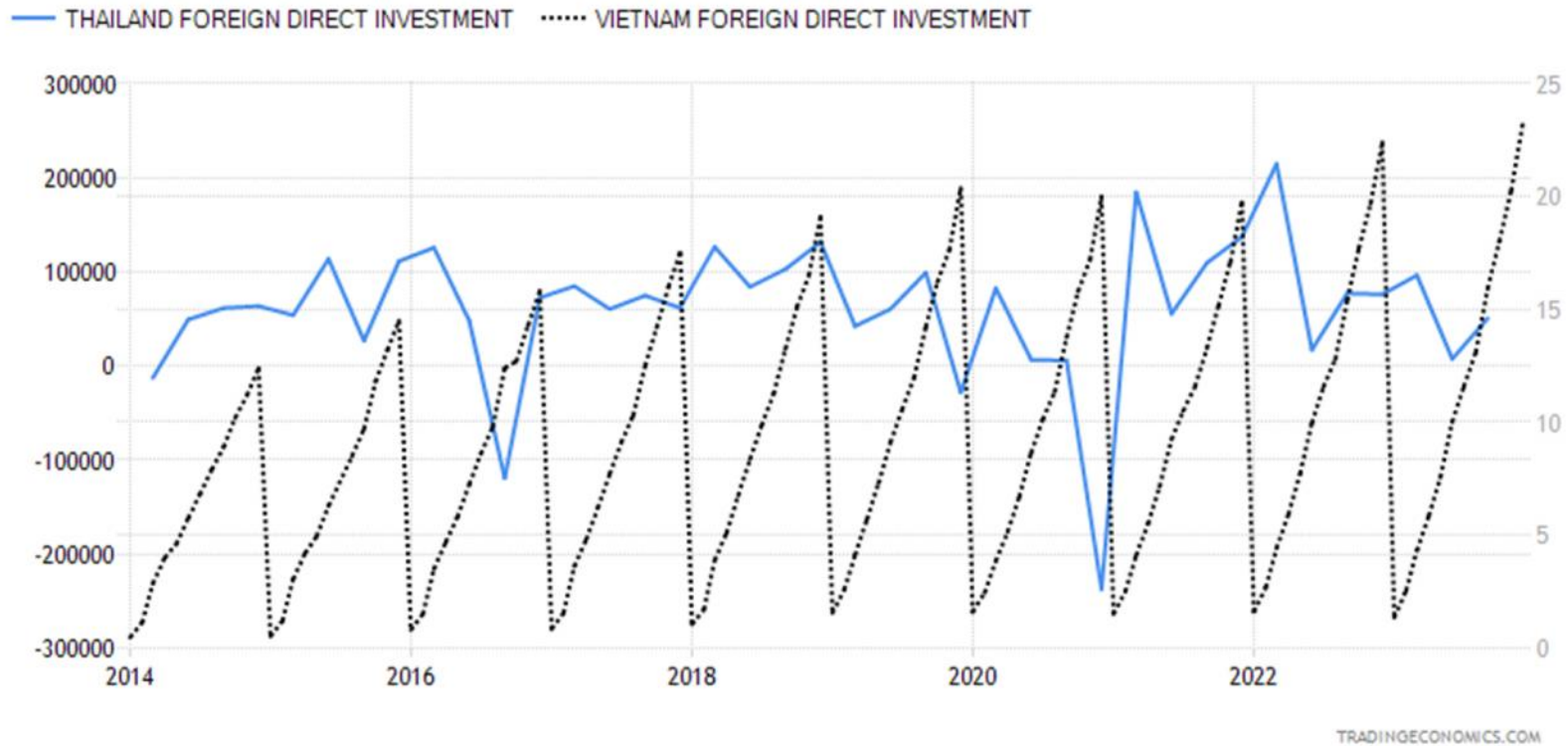
Industrial Production (in %)



What is happening in Thailand / Vietnam?

Economic Overview and Outlook

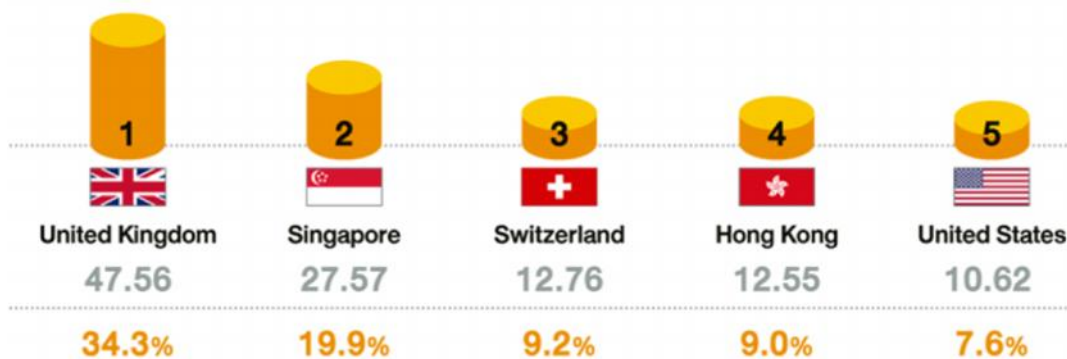
Foreign Direct Investments (Thailand in USD millions. Vietnam in billions USD)



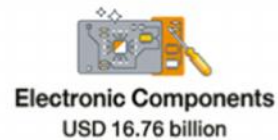
What is happening in Thailand / Vietnam?

Economic Overview and Outlook

Foreign Direct Investments THAILAND USD billion



Top 3 sectors by foreign shareholding value



Note: 1 USD equal to THB 36.82
Data as of end-July 2022

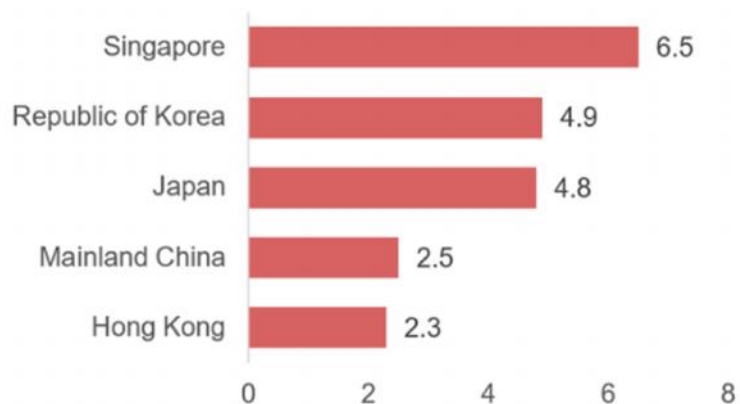
Fuente: Bank of Thailand, March 2023

What is happening in Thailand / Vietnam?

Economic Overview and Outlook

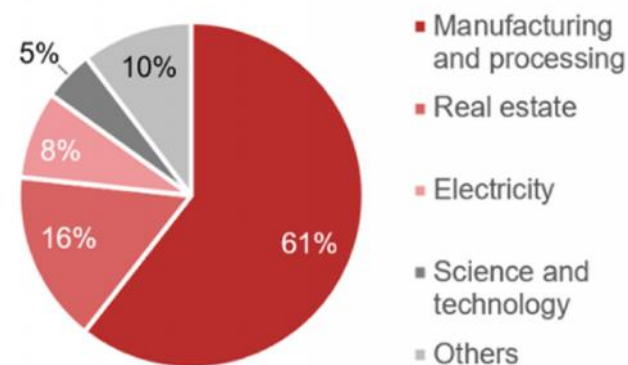
Foreign Direct Investments VIETNAM

Top 5 investors by country/territory in Vietnam 2022 (billion USD)



Source: Vietnam's Ministry of Planning and Investment, Vietnam's Foreign Investment Agency

Share of FDI by sector 2022



Source: Vietnam's Ministry of Planning and Investment, Vietnam's Foreign Investment Agency

Fuente: General Statistic Office March 2023

What is Thailand / Vietnam?

Where is Thailand / Vietnam?

What do we know about their past /present?

What is happening in Thailand / Vietnam?

Does Thailand / Vietnam export?

Does Thailand / Vietnam import?

Are there opportunities for companies?

Why Thailand / Vietnam?

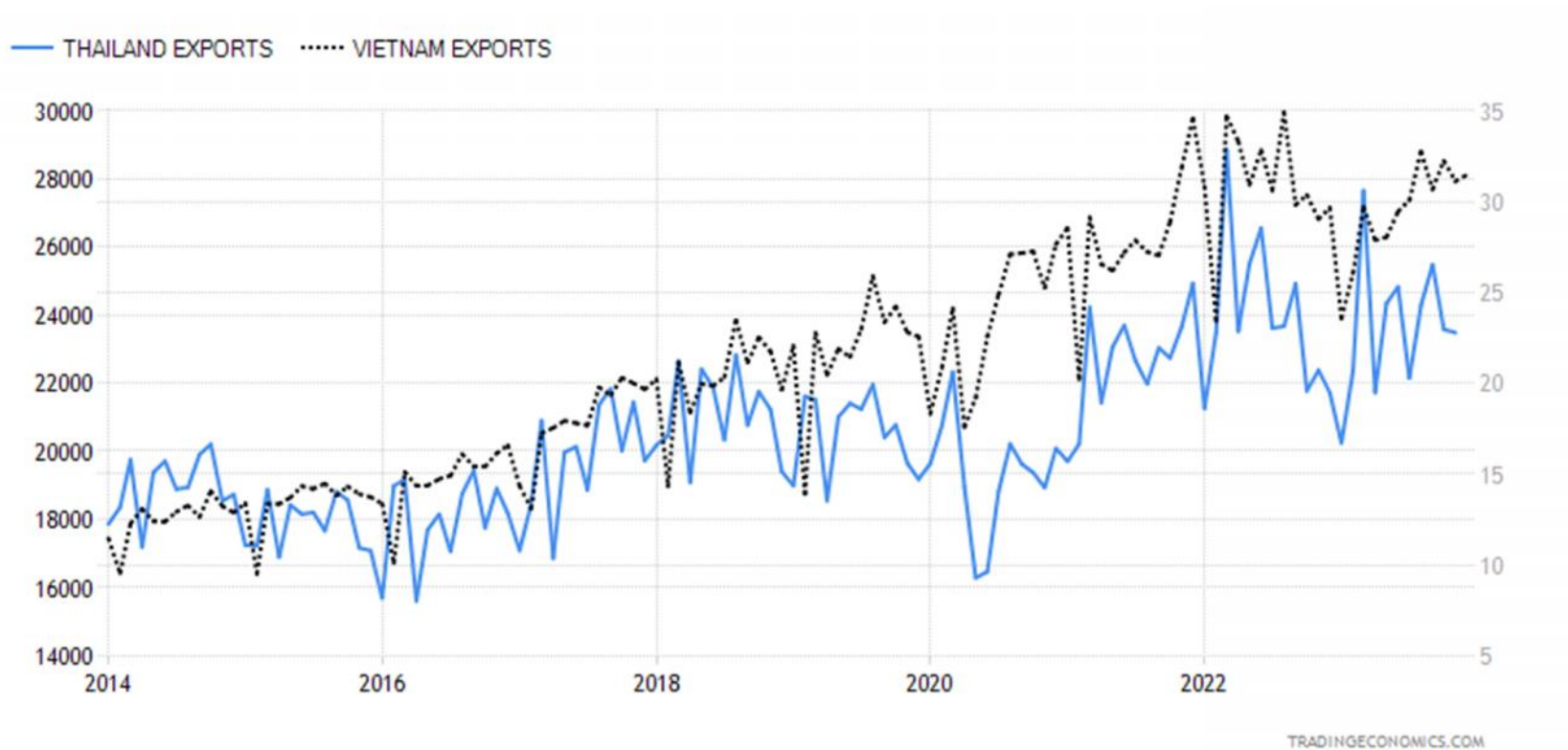
Only advantages or also disadvantages?

Do's & Don'ts

Does Thailand / Vietnam export?

Economic Overview and Outlook

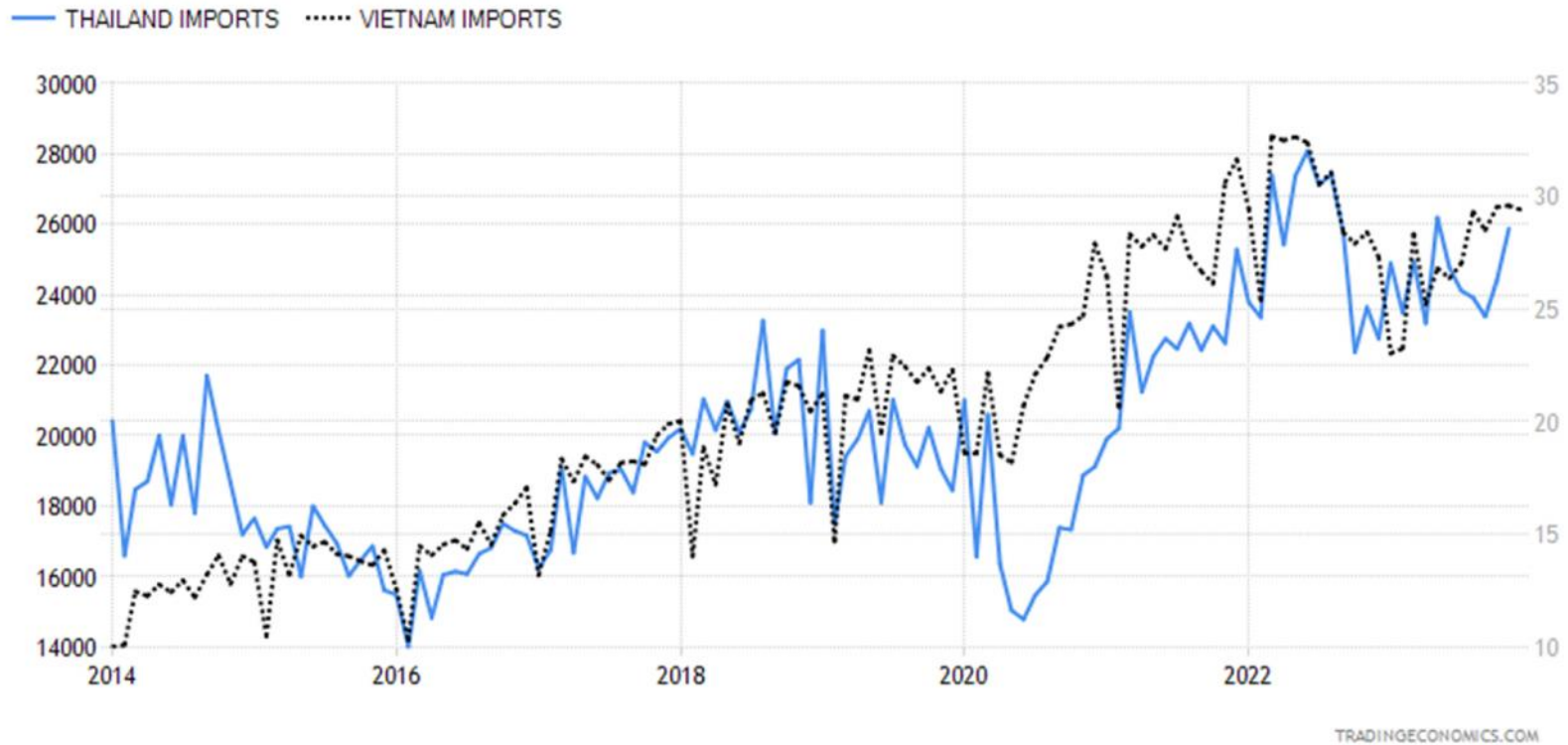
Exports (Thailand in USD millions. Vietnam in thousand million USD)



Does Thailand / Vietnam import?

Economic Overview and Outlook

Imports (Thailand in USD millions Vietnam in billions USD)



Do Thailand / Vietnam import? Do Thailand / Vietnam export?

Foreign Trade. Spain

- ❑ Evolution of our sales to Thailand and Vietnam are **far from presenting a stable progression** (supplies of concrete projects)
- ❑ **In recent years a greater dynamism in our exports**, which do not compensate for the rapid growth of imports
- ❑ **Continuous and steady progression of their exports** reflect the growing productive potential and **competitiveness** of products manufactured in these countries.

Do Thailand / Vietnam import? Do Thailand / Vietnam export?

Foreign Trade. Spain

THAILAND & VIETNAM HAVE NOT BEEN ON THE MAP OF SPANISH COMPANIES

Both in the commercial and investor field there is a certain deficit of Spanish presence. Final reasons must be explained based on a number of factors:

- **Lack of tradition and mutual knowledge.**
- **Some incompatibility in industrial and commercial patterns.**
Thailand and Vietnam have basically been **demanding technology**
- **Absence of specific comparative advantages for the Spanish company.**
Thailand and Vietnam are a countries of great competition

Do Thailand / Vietnam import? Do Thailand / Vietnam export?

Foreign Trade

- ❑ **Difficulties of the Thai Viet market for Spanish SMEs.** The magnitude of the projects, the difficulties of management in these countries, and the long maturation of the business cycle has not made SEA, until recently, an easy environment for the Spanish exporting SME.
- ❑ **Shortage of human resources, with knowledge of the countries and languages,** which will facilitate the Spanish presence in Thailand or Vietnam.
- ❑ **Absence of large Spanish business groups,** as most of their capacities are invested in the international expansion into other markets.
- ❑ **Lack of technological projection of Spain** in both countries and general absence of a defined country image.

Anyhow there are elements that allow us to be optimistic about the future.

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Do's & Don'ts

Are there opportunities for companies? THAILAND

- Automobile industry
- Biotechnology
- Medicine
- Infrastructures
- Tourism
- Energy
- Agro-food Processing Industry

Are there opportunities for companies? THAILAND

Automobile industry

- ❑ Mainly Japanese Car assemblers, but 16 of the world's leading assembly companies are located in Thailand.
- ❑ Thailand exports 40% of its production, being one of the world's largest exporters of vehicles.
- ❑ The rest is domestic demand, making the Thai vehicle market the largest in Southeast Asia.

Are there opportunities for companies? THAILAND

Biotechnology

- ❑ Biotechnology: this industry is an important element in Thailand's national technology development plan 2015-2035, with the purpose of transforming Thailand into the center of biotechnology in Asia.
- ❑ There are more than 165 biotechnology companies in areas such as agriculture, medicine, industry and the aquatic environment.

Are there opportunities for companies? THAILAND

Medicine

- ❑ Thailand is establishing itself as the region's **leader in the health sector**, so it needs to import much of the medical equipment, especially the most advanced for cardiology, neurosurgery and non-invasive surgery, rehabilitation, laboratory, surgery and aesthetics.

Are there opportunities for companies? THAILAND

Infrastructures

- ❑ Among the priority infrastructure projects for Thailand are the transport, energy and environmental sectors.
- ❑ Within the National Infrastructure Development Plan 2035, two urgent projects have been approved for the construction of two railway lines for the circulation of dual-track trains in order to connect with China for the transport of goods.

Are there opportunities for companies? THAILAND

Tourism

- ❑ Tourism: Thailand is among the top 20 world destinations and Bangkok was several times in the last years (first time 2013) the **most visited city in the world** according to Forbes magazine.
- ❑ It is a priority sector that requires all kinds of equipment and products for hotels and spas since Thailand intends to become the **regional center of tourism** thanks to its natural resources and investments made in recent years.

Are there opportunities for companies? THAILAND

Energy

- ❑ Thailand is trying to promote the use and production of renewable energy, mainly solar, wind and biomass, with the purpose of reducing its dependence on energy from abroad and getting 20% of energy generation from renewable sources in 2025.
- ❑ The government of Thailand, together with the Asian Development Bank and the World Bank, has created the Clean Technology Fund for the realization of urban transport, energy efficiency and renewable energy development projects.

Are there opportunities for companies? THAILAND

Agro-food Transformation Industry. Opportunities

- ❑ **Agribusiness:** Thailand requires equipment to meet the sanitary and quality requirements of export markets, such as processing and packaging machinery, and refrigeration. It needs to improve the quality of the facilities, food and health of livestock and aquaculture.
- ❑ It should increase the productivity of agriculture through more advanced agricultural machinery, both for irrigated crops and for post-harvest treatment.
- ❑ **Thailand is one of the top five net food exporters worldwide and the largest rice exporter.**

Are there opportunities for companies? VIETNAM

- **Fluid Handling**
- Infrastructures
- Energy
- Agro-food Processing Industry

Are there opportunities for companies? VIETNAM

Fluid Handling Equipment

OIL

- First export item
- First refinery construction (Técnicas Reunidas)
- Two other refineries have opened in the last years

GAS

- Gas fields in the south of the country
- Planned construction of two gas pipelines (Investment 800 million USD)
 - Construction of combined cycle power plants

WATER

- Ambitious municipal water treatment and supplies projects
- Ho Chi Minh City, Da Nang, Can Tho, Ha Noi, etc. and countless rural development projects, irrigation plans, etc.

Are there opportunities for companies?

Fluid Handling Equipment. Oportunitites

- Engineering services
- Supply of Prospection Equipment
- Supply of Fluid Handling Equipment

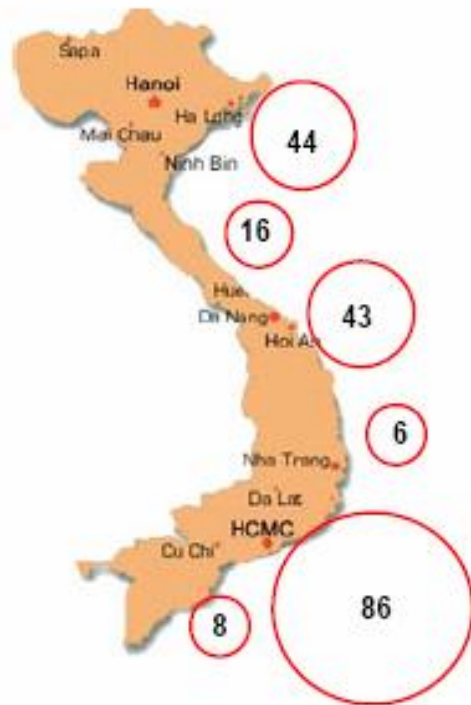
Are there opportunities for companies?

- Fluid Handling
- **Infrastructures**
- Energy
- Agro-food Processing Industry

Are there opportunities for companies?

Infrastructures. Ports and Maritime Sector

Capacidad anual en M Tons



- Port network construction and modernization plan
- Shipyard and fleet renewal
- Increase port capacity of 127 million tons from to 350 in 2030
- Necessary investments: more than 5,000 million USD
- Maritime Law allows new forms of investment: BOT and JV

Are there opportunities for companies?

Infrastructures. Ports and Maritime Sector. Opportunities

- Engineering services
- Naval Auxiliary Industry
- Maritime Software

Are there opportunities for companies?

Railway. Infrastructures and Rolling Stock

Railway infrastructure master plan of the country

Replacement of the track width of 1,000 mm by 1,436 mm

Signaling Renewal

Double track construction (HCMC- Hanoi)
and North - Chinese border

Rolling Stock Renewal

Ho Chi Minh City Metro

Financing Asian Development Bank and Germany

Investment 2 billion USD. Completion: 2023-24

Japan financing

Investment 2 billion USD.

HANOI Tram

French financing Investment: USD 500 million

Commuter trains in Hanoi and Ho Chi Minh City

. Investments: USD 2 billion

Are there opportunities for companies?

Railway. Infrastructures and Rolling Stock. Opportunities

- Engineering services
- Railway Auxiliary Industry

Are there opportunities for companies?

- Fluid Handling
- Infrastructures
- **Energy**
- Agro-food Processing Industry

Are there opportunities for companies?

Energy

Need to increase power generation by 30,000 MW until 2030

- Master Plan for the Development of the Electric Sector
 - Investments in hydroelectric plants are a priority
- The planned investments up to 2030 are USD 30 billion
 - Forms of Investment: BOT
- The development of nuclear energy has just been ruled out
- **The government decisively supports renewable energy**

Are there opportunities for companies?

Energy. Opportunities

- Engineering services
- Equipment supplies
- Investment in generation Electrical (BOT)

Are there opportunities for companies?

- Fluid Handling
- Infrastructures
- Energy
- **Agro-food Processing Industry**

Are there opportunities for companies?

Agro-food Processing Industry. Opportunities

Commerce

- Additives, veterinary products
- Processing machinery, **cold equipment**, ovens, sorters ...
- Packaging and packaging machinery

Investment

- Processing plants
- Canned fish
- Veterinary products and animal feed

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Why Thailand / Vietnam?

Only advantages or also disadvantages?

Do's & Don'ts

Why Thailand / Why Vietnam?

Strengths

- ❑ An important domestic market of 70 million inhabitants Thailand and Vietnam of 90 million.
- ❑ Central situation in an area in expansion and strong growth.
- ❑ Perfect location in the center of Southeast Asia.
- ❑ Sustained growth process for more than 15 years with figures that approach 6% in many periods
- ❑ Integration process in the world economy
- ❑ Process of deep social changes.

Why Thailand / Why Vietnam?

Strengths

- ❑ In a relatively short period of time the city population has doubled
- ❑ Additionally, an **emerging middle class** has been set up, the number of which is clearly increasing, along with its purchasing and savings capabilities. We can describe this phenomenon of social change based on a series of relevant characteristics:
 - ❑ Emerging of a young middle class
 - ❑ Rapid urbanization process
 - ❑ Mimetization of the Western way of life in many areas of consumption and lifestyle

Why Thailand / Why Vietnam?

ADDITIONAL STRENGTHS OF VIETNAM

- ❑ **Introduction Platform in China**
- ❑ **Sustained growth process for more than 15 years** with figures that approach 10% in many periods,
- ❑ **Repositioning of investment strategies in China.** With costs rising rapidly in China, many manufacturing companies are reallocating their production plants to Southeast Asian countries and especially to Vietnam (Strategy: China + 1).

The strategy of China + 1, which seeks to diversify risks and produce cheaper, in addition to expanding to other markets such as ASEAN - Association of Southeast Asian Nations
- ❑ **US SANCTIONS to CHINA**
- ❑ **Development of communications and IT.** As a result of the problems encountered by investment companies in China (FOXCOM, Samsung, LG, etc.), many foreign hi tech companies have relocated their productions and research centers to Vietnam. The Vietnamese government encourages the creation of technology parks .

Why Thailand / Why Vietnam?

Opportunities for the future

- **Intense public investment process:** concessions and privatizations. infrastructure, both road and rail, port, airport
- **Rapid urbanization** process. collective transport infrastructure (metro, light rail, etc.), new needs in the fields of supplies and water treatment, gas, garbage collection and other municipal services.
- **Increase in living standards.** Increase and diversification of consumer demand. Access to a series of products that until a few years ago were culturally alien. As far as Spain is concerned, and although at very limited levels, the effect can be seen in the demand for **wine and olive oil**.
- A sector of special importance which also derives from this increase in the **standard of living**, is related to **leisure and tourism**. Both in terms of attracting tourism and satisfying leisure demands

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Strengths: Thailand / Vietnam

Aspect	Thailand	Vietnam
Trade	Among the top 10 emerging countries. Important internal market of 60 million inhabitants TH and 90 million inhabitants VN	
Trade Area	Part of the largest free trade area globally	
Economic Stimulation	Ambitious programs for economic stimulation	
Urban Middle Class	16 million people in Bangkok + Center with >\$10,000 income HCMC: 12 million people but also Da Nang, Hanoi, Hai Phong, Can Tho. with GDP per capita over 10.000 USD	
Economic Growth	Constant economic growth	One of the most dynamic economies in Asia and the world

Only advantages or also disadvantages?

Strengths: Thailand / Vietnam

Aspect	Thailand	Vietnam
Economic Policies	Prudent economic policies	
Financial System	Healthy financial system and external solvency	
Social Security	Generalized social security	
Education	Extensive schooling with up to 97% literacy in Vietnam	
Technology Transfer	Linked to Foreign Direct Investment (FDI)	
Remittances from Expatriates	N/A	Vietnamese abroad send over USD 11 billion in remittances
Natural Resources	Abundant natural resources	
Economic System	Free enterprise economy	
Investment Policies	Policies favorable to investments	

Only advantages or also disadvantages?

Weaknesses: Thailand vs Vietnam

Aspect	Thailand	Vietnam
Infrastructure	Acceptable transport infrastructure	Poor infrastructure
Technology Transfer	Linked to Foreign Direct Investment (FDI)	
Population Characteristics	Abundant active population, predominantly young with low wages	Young, educated, well-formed active population
Labor Market	Flexible labor market	Flexible labor market

Only advantages or also disadvantages?

Weaknesses: Thailand vs Vietnam

Aspect	Thailand	Vietnam
Economic Growth Model	Excessive focus on investment and external demand	
Income Distribution	Growing income imbalances between cities and regions	
Political Stability	Political instability	High political stability
Income Inequality	Unequal distribution of income, 40% <\$5,000	
Regulatory Consistency	Inconsistent principles and regulations between administrations	
Auxiliary Industry	Lack of auxiliary industry and outsourcing	
Intellectual Property	Intellectual Property Issues	No Intellectual Property Issues
Power Outages	N/A	Power outages (blackouts) during dry season

What is Thailand / Vietnam?

Where is Thailand / Vietnam?

What do we know about their past /present?

What is happening in Thailand / Vietnam?

Does Thailand / Vietnam import? Does Thailand / Vietnam export?

Are there opportunities for companies?

Why Thailand / Vietnam?

Only advantages or also disadvantages?

Do's & Don'ts

Do's & Don'ts

Some basic principles of business culture

- **Thailand is a strongly Buddhist society**
- **Vietnam is a strongly Confucian society**
- BUT their business practices are often more similar to those of China, Japan and Korea than those of its Southeast Asian neighbors (Indonesia, Malasia....).
- The social dynamics and global vision of the Thai and Vietnamese society are reflected in the business climate, and in issues such as "**relationship**", "**face**", "**consensus**" and the logic of "**Zero-sum**".
- **Personal relationships and empathy** are essential to establish business relationships. Before doing business, the counterpart will want to know who they are dealing with.

Do's & Don'ts

Some basic principles of business culture

Don't Sell—Build a Relationship First

One of the pitfalls of Westerners desiring to do business in Asia is the applying of linear and goal-oriented thinking while failing to understand the importance of courting a personal business relationship first.

An European team will assume that making three trips to Vietnam, Thailand or Japan is sufficient.

On the first trip, they would introduce themselves and make a presentation. They then expect to follow up and negotiate the deal during a second trip. And by their last excursion, they should be able to close the deal and celebrate their success.

Do's & Don'ts

Some basic principles of business culture

- ❑ In Asia, knowing your counterpart on a deep, personal level is part of doing business. It is a deep human relationship that is cultivated, earned and is non-transferable.
- ❑ If everything else is equal, **an Asian will do business with a partner with whom he has a good personal relationship** and in whom he trusts. And this holds true even when things are less equal.

Do's & Don'ts

Some basic principles of business culture

- ❑ **Business Relationships, Human Relationships and Personal Relationships as an Integral Part of Asian Culture.** Many business leaders say that it is impossible to be successful without it.
- ❑ At its most basic, **describes a personal connection between two people** in which one is able to prevail upon another to perform a favour or service, or be prevailed upon. The two people need not be of equal social status.
- ❑ Personal Relationships can also be used to describe **a network of contacts**, which an individual can call upon when something needs to be done, and through which he or she can exert influence on behalf of another.
- ❑ In addition, Personal Relationships **can describe a state of general understanding between two people**: "he/she is aware of my wants/needs and will take them into account when deciding her/his course of future actions which concern or could concern me without any specific discussion or request".

Do's & Don'ts

Some basic principles of business culture

- **"Not losing the "face"** is extremely important for Thai and Viet people. For them it is not a picturesque issue. It is essential not to put counterparts in an embarrassing situation in public. The fear of losing face often makes them cautious when making decisions spontaneously.
 - For Asians it is very important. It assimilates the loss of prestige and this could very well mean the loss of contact and the failure of the negotiation and loss of the business opportunity.
- **Tact, sensitivity and discretion** are considered the most effective approach in the treatment of disagreements or uncomfortable situations.

Do's & Don'ts

Some basic principles of business culture

- ❑ **Consensus decision making** is deeply rooted in South East Asia.

Consensus usually means that all parties with a voice can exercise the right of veto and therefore all parties must be convinced.

- ❑ In the process of building consensus, the minority opinion must be especially valued and taken into account.

Do's & Don'ts

Some basic principles of business culture

- We must be able to adapt to a logic of "**Zero-sum**". Western businessmen assume that "**win-win**" **situations** are common and relatively easy to reach with their Vietnamese counterparts.

Few Thais / Vietnamese probably share that perception. For most, the business is a "Zero-sum" relationship. **There is a winner and a loser.**

- This zero-sum model is the one that probably defines the relationship of the entrepreneur with his Thai / Viet counterpart and the relationship of his Thai / Viet counterpart with the local market.

Do's & Don'ts

Some basic principles of business culture

- **Introduction:** When contact with an entity is initiated, it is better to be **presented by a third person**. The introduction outside the known circle of a person can be viewed suspiciously. A presentation from a mutual friend, an acquaintance or a known partner who has dealt with the company before the initial contact can help alleviate some of the problems that arise in the first correspondence or meetings.

If it is not possible for a third party to introduce you, the self-presentations should begin with an explanation of what led you to contact this particular organization. This will help the Thai / Vietnamese side to understand how it should relate to your company.

Do's & Don'ts

Some basic principles of business culture

- **Correspondence:** The first contact with a potential partner in these countries **should always be long in form and very short or short in substance.** The effort should be dedicated to the introduction of you, your company and the objectives in the market. **Relatively little emphasis should be placed on the details of your goals.** The correspondence must end with cordialities - " set phrases" - and with an invitation to continue the dialogue.

If your business relationship continues through correspondence, you must continue to include "**set phrases, introductions and closures**" in your mail, fax, letters. In Asia, the formalities are common and the abruptness of some western commercial correspondences can make their counterparts feel uncomfortable.

Do's & Don'ts

Some basic principles of business culture

- **Business attire:** People are judged in Thailand and Vietnam for their attire. The normal work attire consists of a **suit and tie** for men and suit or blouse and skirt or dress for women.

During the hottest months, the formal attire for men is a shirt and tie. Open collar shirts can be used in informal meetings depending on the situation.

The trend in the hot season is more casual, jackets are worn only on formal occasions and in the first introductory meetings.



Do's & Don'ts

Some basic principles of business culture

Business meetings: The establishment of operations or the realization of sales involves numerous face-to-face business meetings, as well as telephone conversations, mails, etc.

The first meeting tends to be formal and is seen as an introductory session.

If you are not sure exactly who your counterpart should be at the meeting, you should request an interview with the highest official / manager of the company.

Start of the meeting:

The host will be late.

The meetings are usually **opened by the guest director with introductory comments**. These comments should include formal thanks for the acceptance of the hosts to hold the meeting,

Do's & Don'ts

Some basic principles of business culture

Meeting table:

WE AGAINST THEM. Facing.

Center the highest ranking and on the sides the rest of the team

"U" form. Base of the U and the parts in order of importance from left to right



CARDS:

They are collected with both hands. They are not saved. They are left on the table throughout the meeting.



A meeting does not last more than an hour.

Visitors are expected to signal the start of the meeting

Do's & Don'ts

Some basic principles of business culture

- Hiring a **reliable interpreter** is essential, in most business and official meetings, even if both speak English.
- Speak slowly, clear and simple sentences.
- Tie all the ends well when negotiating. **Asians are complacent in nature.** When negotiating, they may not bring up issues that may later give rise to misunderstandings. **Don't get carried away by the kindness of the moment.** Seek legal advice before signing a contract.
- **A first "YES" in a negotiation does not mean that the proposal is accepted,** it simply means that what is being considered is understood, even if they do not agree.
- **Avoid demonstrations of impatience, anger or frustration,** which can create uncomfortable situations. **Try to be calm.**

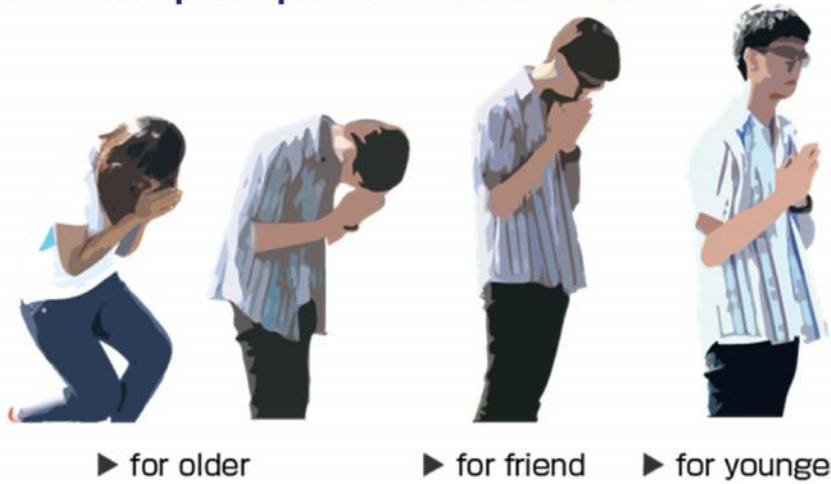
Do's & Don'ts

Some basic principles of business culture. THAILAND

- **Names:** When speaking with your Thai interlocutor, contact him by his first name, preceded by the word Khun, or Mr./Mrs. Thai surnames are extremely complicated especially for foreigners and are not used much.
- You should always respond to your contacts as Mr., Mrs., Mrs. or Miss followed in Thailand by your own name (never by name only). Thai citizens often also follow this custom when they treat foreigners. If you are not sure how to address someone, consult them directly.
- **Greetings:** In Thailand you can greet with a "wai" (putting your hands together in prayer and slightly bowing your head) or with a simple handshake.
- **Affection is not demonstrated in the street**, so you will not see expressions of love on the street, between couples, even between parents and children. Therefore, the kisses of greeting to a Mrs. or Miss are seen as a very serious lack of education apart from being very violent to those who receive them.

Do's & Don'ts

Some basic principles of business culture



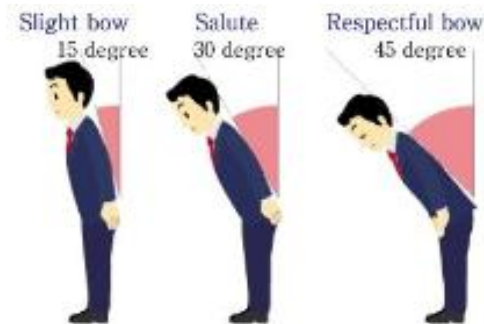
Do's & Don'ts

Some basic principles of business culture. VIETNAM

- **Names:** Vietnamese names begin with the last name, followed by the middle name and, finally, the proper name. Vietnamese address each other by their first names (remember: the last one that appears on the cards). Therefore, Mr. Nguyen Anh Quang would be called Mr. Quang.
- You should always respond to your contacts as Mr., Mrs., Mrs. or Miss. followed in Vietnam by the proper name (never by just the name). Vietnamese citizens often also follow this custom when they treat foreigners. If you are not sure how to address someone, ask them directly.
- **Greetings:** In Vietnam, you can greet a Mr. with a handshake and a Mrs., slightly bowing her head or shaking her hand, **if she has previously offered it.**
- **Affection is not demonstrated in public,**

Do's & Don'ts

- In Vietnam, you can greet a **gentleman with a handshake** and a **lady by slightly bowing your head**



- **or shaking hands if she has extended her hand first.**



Do's & Don'ts

Some basic principles of business culture

Don't be overly affectionate in public.

Public display of physical affection including kissing is considered impolite.



Do's & Don'ts

Some basic principles of business culture

Don't touch a person's head.
Thai people regard the head as a sacred part of the body. So avoid patting or touching people's hair or head.



Some basic principles of business

Do's & Don'ts

Do smile.
not only signifies
happiness, but also
friendliness.



**Do show respect
and dress modestly,**
when visiting
temples or religious sites, by not wearing
shorts or sleeveless tops.



**Don't raise
your voice.**

Thai people are generally polite and calm,
so always keep your voice down
and don't be aggressive when speaking.



Do respect elders
Showing respect to elders or those
of higher rank is not only polite
but culturally important.



**Do take your shoes off.
before entering a house,**
or if you see a sign requesting you do so.
It is not only polite but maintains cleanliness.



Do say
Thailand
"Kor Tor" (sorry) and
"Korp koon" (thank you) are polite
Vietnam
"Xin lỗi" (sorry) and
"Cảm ơn" (thank you) are polite



Do's & Don'ts

Some basic principles of business culture

- **In Thailand avoid criticizing the Monarchy or Buddhism**



Do treat Buddha images and Buddhist monks with high respect.
Women should refrain from touching monks.
When presenting something to monks, women should place it on the floor or on a piece of cloth which is spread in front of him.



Do show respect to the King and the Royal Family.
Thai people have a deep, traditional reverence for the Royal Family.



Do's & Don'ts

Some basic principles of business culture

- In Vietnam, it is advisable to avoid speaking, **especially criticizing the GOVERNMENT and the PARTY** (the Party is synonymous with the nation, so any dissenting political view is seen as anti-Vietnamese) and the symbols of national sovereignty.



- **NO TAKING PHOTOS** in restricted areas.
- **Severe penalties for drug trafficking.**
- **Prostitution and pornography are prohibited.**

Do's & Don'ts

Some basic principles of business culture

Overall:

- **Be respectful of the customs of the country.** Be careful with certain customs in Asia that seem trivial but are considered very important socially and can ruin a good business.

In body language, there are some important taboos, such as not **pointing the** finger at portraits of Buddha, people or things, which is considered insulting. So, when sitting down, if you do it with your legs crossed, be sure **not to point your foot** towards anyone's face

and **do not touch anyone's head, especially children.**

The **foot is considered the least noble** area of the body, and the head the most noble, so doing so would be a serious disregard.

Do's & Don'ts

Some basic principles of business culture



You need to know Asia.



kap khun kha/
krab !

Eskerrik Askok !

¡ Gracias por su
atención !



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“Make frequent trips, to reach the destination”

With perseverance, the goal is reached.

Xin chào mừng quý vị và các bạn đã quan tâm theo dõi !



Eskerrik Asko !

¡ Gracias por su atención !