



Sweden
Sverige



BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN THAILAND 2024

A REPORT FROM TEAM SWEDEN IN THAILAND

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FOREWORD

The purpose of this report is to enhance the reader's understanding of the recent performance of Swedish companies in Thailand and to explore the opportunities and challenges presented by the Thai market. Additionally, this report aims to serve as a reference for bilateral trade relations between Sweden and Thailand.

Team Sweden conducted the Business Climate Survey, inviting Swedish companies of all sizes and industries operating in Thailand to provide feedback on their perception of economic and market conditions, as well as comment on factors such as sustainability and innovation. Approximately 60 per cent of the identified Swedish companies in Thailand participated in this report, ensuring a comprehensive outlook on the Swedish business landscape in the Thai market.

Despite the geopolitical turbulence and global supply chain disruptions witnessed in recent years, Swedish companies have demonstrated resilience in their economic endeavours and continue to display a strong willingness to engage with Thailand and establish new subsidiaries in the market. This has contributed to Thailand's position as Sweden's top investment destination in Southeast Asia for over 15 years.

Currently, Swedish companies hold a predominantly neutral sentiment regarding the business climate outlook in Thailand, indicating a slight improvement compared to the previous Business Climate Survey in 2022. This can be attributed to various factors, including the ongoing recovery from the Covid-19 pandemic and a smooth transition to civilian government.

This business climate survey aims to highlight the current state of Swedish business and industry engagements in Thailand while shedding light on the challenges the Swedish industry currently faces. It is our sincere hope that this report will contribute to strengthening and stabilising bilateral trade and investment relations between Sweden and Thailand in the coming years.

Lastly, we would like to express our deepest gratitude to the participating companies and respondents who have contributed to the compilation of this report.



Anna Hammargren
Swedish Ambassador
to Thailand



Kacper Pierzynowski
Swedish Trade
Commissioner to
Thailand



Peter Björk
President, Thai-Swedish
Chamber of Commerce

64 respondents in Thailand

Current business climate

3.0 /5

Industry turnover

73%

of Swedish companies expect their industry turnover to increase.

Future investments

45%

of Swedish companies plan to increase their investments slightly or significantly in the next 12 months.

Globally valued success factors

1. Cost Efficiency
2. Service Development and Adaptation
3. Staff Development and Training.

Brand Sweden

58%

of Swedish companies in Thailand consider Brand Sweden beneficial for business.

Local conditions with high satisfaction

1. Personal Safety
2. Physical Infrastructure
3. Access to Service Providers.

Local conditions with the least satisfaction

1. Customs
2. Licence, permits, and approvals
3. Access to specialists and key personnel.

Environmental considerations

26%

of respondents say the environment influences customer purchases.

Corruption

25%

of respondents have been exposed to corruption.

Human rights violation and labour rights abuse

3%

are aware of or have exposure to human or labour rights violations.

ABOUT THE SURVEY

High participation by Swedish companies offers nuanced insights into Thai business climate

Business Climate Surveys are conducted to assess the opportunities and challenges Swedish companies face when conducting business globally. The survey for Thailand was carried out in February 2024 to evaluate Swedish companies' performance in 2023 and their expectations for 2024 and beyond.

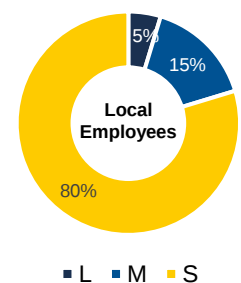
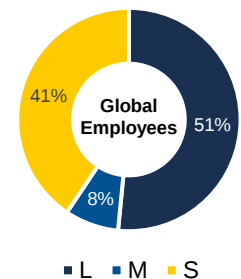
Before the 2024 Business Climate survey, Team Sweden in Thailand already had produced three reports. These reports provided Swedish companies from various industries of different sizes and ages with the opportunity to participate in the survey. This inclusive approach ensured a comprehensive coverage of companies, industries, and diverse perspectives. Participants were encouraged to share their insights on the economic environment, market conditions, regulatory and legal frameworks, as well as their views on the ease of doing business in Thailand.

In 2024, Team Sweden identified 114 Swedish and Swedish-affiliated private entities operating in Thailand, out of which contact information was obtained for 107 entities. The survey was completed by local Managing Directors, CEOs, Country Managers, or the most senior officers present in the country. Out of the 107 companies contacted, 64 submitted complete responses, resulting in a response rate of 60 per cent.

Defining a 'Swedish' company can be challenging, and Team Sweden adopted a pragmatic and liberal approach. Companies with majority Swedish ownership, foreign-owned companies with a solid Swedish legacy and/or significant employment in Sweden (e.g., Volvo Cars), and a majority of Thai distributors primarily representing Swedish companies were all invited to participate. In addition to quantitative data collection, eight companies were selected for in-depth interviews during Q1-Q2 2024 to provide further insights and granularity. These companies were chosen to ensure a diverse representation in terms of size, industry, and age. The interviewees were also asked to share their perspectives on factors such as the importance of sustainability and innovation in their operations in Thailand.

This report is a valuable resource that provides insights into how different companies across various industries are influenced by the dynamic business climate, both globally and domestically. Team Sweden aims to provide a comprehensive understanding of the current market conditions and the situation in Thailand, as well as offer insights for future predictions.

If you are interested in discussing the results or accessing Business Climate Surveys for other markets, please feel free to contact Business Sweden at ask.thailand@business-sweden.se. We would be delighted to assist you further.



NOTE:
Number of Employees:
Large >1000, Medium 250-1000, Small 0-249
The number of respondents for this question was 64.
SOURCE: Business Climate Survey for Swedish Companies in Thailand 2024.

Swedish footprint in Thailand

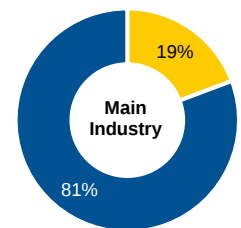
Sweden and Thailand have enjoyed a longstanding relationship that spans over 156 years, starting with the signing of the Siam-Sweden Friendship Treaty in 1868. This relationship has endured and continues to thrive.

Notably, Thailand has consistently held the position of Sweden's top investment destination in Southeast Asia for the past 15 years, a testament to the stability and attractiveness of Thailand's investment environment. This is reflected in the steady growth of foreign direct investment (FDI) in Thailand, which has seen an annual increase of +7.6 per cent over this period.

Such sustained investment demonstrates Swedish businesses' confidence and trust in Thailand's economic potential.

“With a newly established commercial set-up for APAC and MEA, Australia and **Thailand** are becoming key hubs for the Group in the region.

Director
Swedish Industrial company

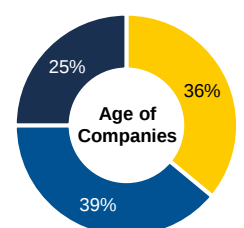


■ Manufacturing
■ Non-Manufacturing

MAIN INDUSTRY

UNIT: % of companies
NOTE: The number of locally registered entities included was 114.
SOURCE: Ministry of Industry and Business Sweden Research.

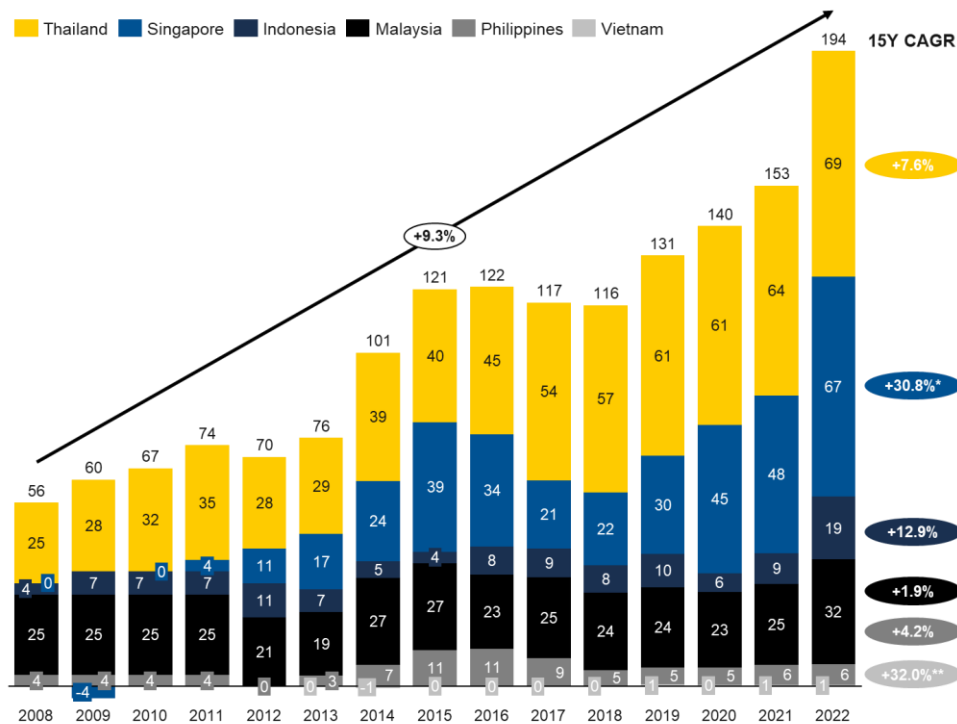
AGE OF COMPANIES



■ Mature (-2000)
■ Experienced (2001-2014)
■ Newcomer (2015-)

UNIT: % of companies
NOTE: Based on company-reported figures or the Department of Business Development, there are 101 independent companies or business groups in Thailand.

Sweden's Foreign Direct Investment Position in Selected Southeast Asian Countries



UNIT: THB billion.

SOURCE: *Kommerskollegium* (2008-2012) and OECD (2013-2022).

NOTE: Constant exchange rate 1 SEK = 3.5 THB. FDI Position ("FDI outstanding") represent the value of the stock of direct investments held at the end of the reference period. FDI outstanding can be harmful when foreign investors' divestments and disinvestments exceed the value of their assets in a particular country. *Singapore's CAGR is calculated from 2011. **Data is reported from Vietnam from 2013 onwards, with CAGR calculated from 2015.

The consistent growth of Swedish investments in Thailand can be attributed to both increased investments by existing companies and the establishment of new companies. Notably, 36 per cent of Swedish companies in Thailand were established before 2000, indicating a long-standing commitment and presence in the market. Additionally, an impressive 25 per cent of all Swedish companies currently operating in Thailand were established within the past 10 years. These newer companies generally operate in diverse sectors and are slightly smaller players, often specialising in fields such as manufacturing equipment, supplying Thailand's significant industrial sectors. This demonstrates that Thailand remains an attractive destination for Swedish companies looking to establish new businesses and expand their operations.

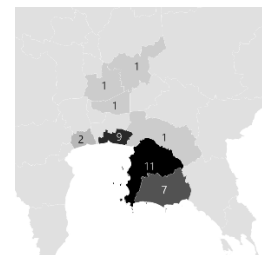
According to the Department of Industrial Works, as of 2023, approximately 33 factories owned by 22 Swedish companies in Thailand have a total capital expenditure (CAPEX) investment of THB 15.3 billion. Notably, 58 per cent of these Swedish-invested factories are strategically located in the Eastern Economic Corridor (EEC). This concentration of investments in the EEC aligns with Thailand's vision to enhance and revamp the region's physical and social infrastructure, further supporting its development and transformation goals.

Furthermore, Swedish investments and purchases of exports from Thailand have significantly contributed to job creation in the country. It is estimated that in 2023, Swedish businesses directly employed approximately 19,500 individuals in Thailand, with around 4,300 positions in the manufacturing sector. On average, each Swedish firm is expected to employ some 171 persons.

Moreover, Sweden's contribution to job creation extends beyond direct employment. It is estimated that the purchase of goods and services by Sweden from Thailand has resulted in the creation of an additional 38,000 jobs in the tourism sector, as well as another 38,000 jobs related to agricultural products and processed food in 2023. These estimations were based on the gross value added per employee and Swedish purchase value in respective industries.

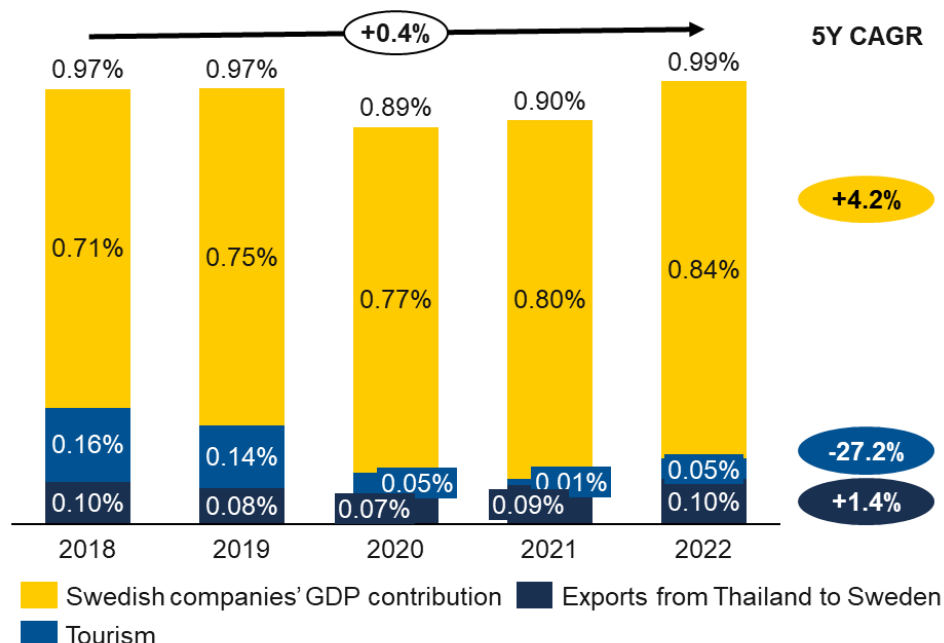
Overall, Sweden has made a significant and sustained contribution to Thailand's economy, accounting for nearly one per cent of the country's GDP through various means. Swedish companies operating in Thailand have been the primary drivers of this contribution, with their share of the Thai GDP experiencing a commendable growth rate of +4.2 per cent over the past five years. Despite the challenges posed by the Covid-19 pandemic, the tourism sector is gradually recovering, and Swedish visitors continue to play a role in supporting Thailand's tourism industry. Moreover, the export of goods from Thailand to Sweden has displayed a consistent upward trend, underscoring the strengthening trade relationship between the two nations. These factors collectively highlight the positive and enduring economic impact of Sweden's presence in Thailand, paving the way for further growth, collaboration, and mutual prosperity.

SWEDISH MANUFACTURING IN THAILAND



UNIT: # of Factories
SOURCE: Ministry of Industry and Business Sweden analysis.
NOTE: Calculation includes only factories with active manufacturing licenses. The Eastern Economic Corridor (EEC) includes Chachoengsao, Chonburi and Rayong.

SWEDEN'S CONTRIBUTION TO THAILAND'S GDP



UNIT: % to Thailand's total GDP

SOURCE: The Department of Business Development (DBD), Bank of Thailand, Tourism Authority of Thailand, National Statistics Office, Thai Customs, and Business Sweden analysis.

NOTE: N=107 companies with latest financials. Calculation does not exclude intragroup transactions. Assumes revenue of Swedish companies in Thailand, tourism and exports from Thailand directly translates into GDP contribution on a 1:1 basis.

ECONOMIC OUTLOOK

Thailand's GDP falls short compared to regional neighbours

Thailand's economic recovery is progressing towards pre-pandemic levels, driven by tourism spending, goods exports, and sustained private consumption. However, it is worth noting that Thailand's economic growth has yet to match the growth rates seen in some other regional markets, which have experienced significantly higher post-pandemic growth. Projections indicate that other Southeast Asian and Asia Pacific countries are expected to continue growing at a higher rate than Thailand in the coming years.

Foreign Direct Investment (FDI) is crucial in Thailand's recovery and growth. The manufacturing industry, particularly in metal products, machinery, electrical appliances, and electronics, continues to attract substantial FDI. Notably, there has been an increase in investments in the electric vehicle (EV) sector, solidifying Thailand's position as a regional hub for EV production. Renowned brands such as Hyundai, Daimler AG, BYD Auto, Great Wall Motor, SAIC Motor, and Changan Auto have recognised the country's potential and established manufacturing facilities.

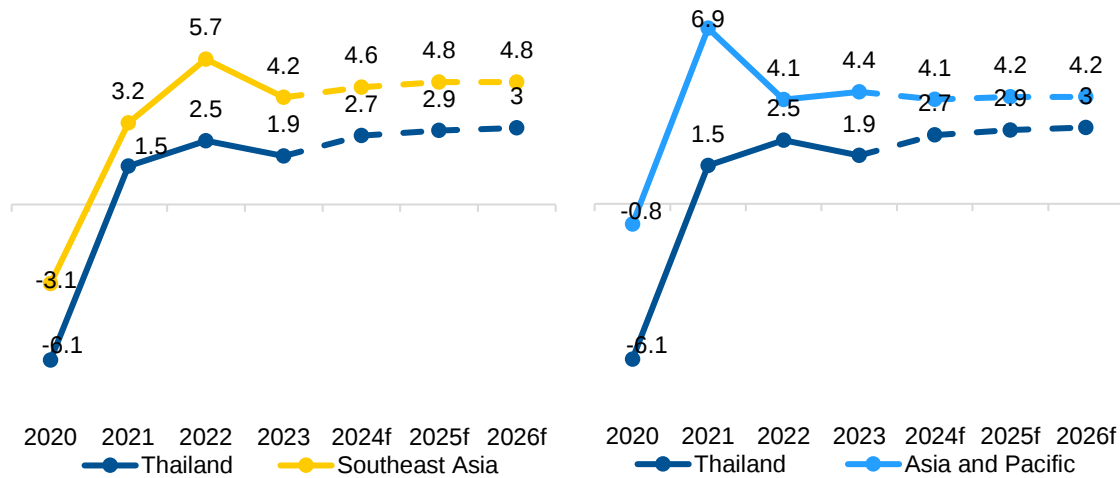
Thailand has maintained a commendably low inflation rate compared to other Southeast Asian countries. The Bank of Thailand (BOT) has been successful in keeping its inflation target of 1.0-3.0 per cent by 2024, with the country's inflation rate estimated to be 1.4 per cent according to the International Monetary Fund (IMF).

In comparison, Lao PDR is projected to have an inflation rate of 18.5 per cent in 2024, while Vietnam is expected to have a rate of 3.6 per cent, and Malaysia is anticipated to experience an inflation rate of 2.8 per cent in the same year. As of 10 April 2024, Thailand's interest rate stands at 2.5 per cent. This rate may be subject to adjustment based on improvements in the Thai economy or structural changes within the country.

The current rates set by the BOT reflect the uncertain global outlook and market conditions within Thailand, providing flexibility for future policy adjustments, but also ensuring a stable economic environment for investors and businesses. The impact of Thailand's digital wallet scheme on growth and inflation remains to be seen.

The scheme is expected to increase Thailand's inflation rate during 2024 and 2025 and promote short-term economic growth. However, there could be long-term effects, such as higher public debt, which could pose challenges for future fiscal policies. The consequences of the digital wallet scheme will depend on its implementation and the overall economic landscape in the coming years.

PROJECTED GDP GROWTH IN THAILAND



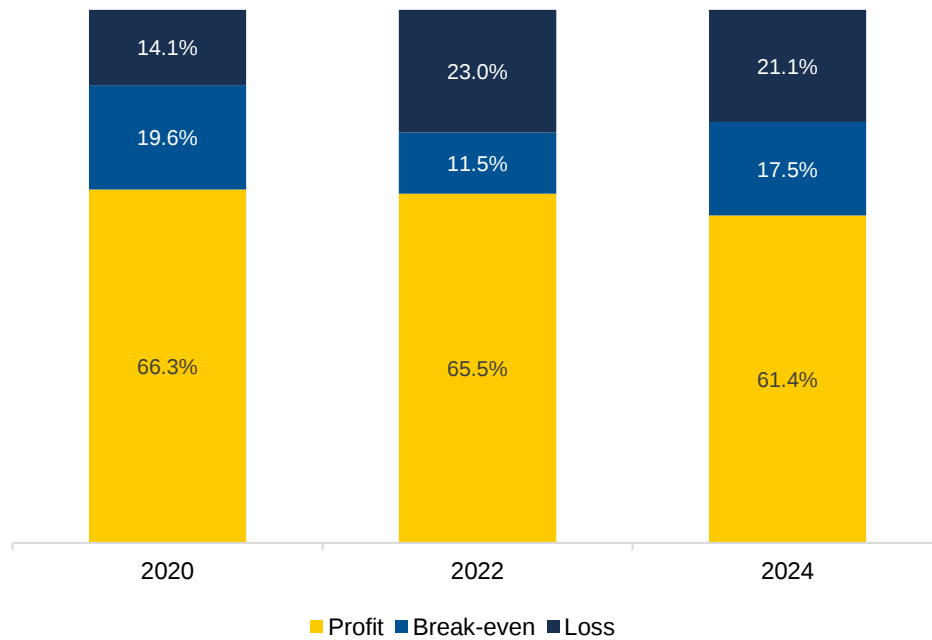
The Swedish economic outlook: A stricter market amid rising optimism

Thailand has witnessed significant economic growth in the past, but in recent years, this growth has slowed down, mainly due to the financial impact of the Covid-19 pandemic. Despite this, Thailand remains Southeast Asia's second-largest and strategically significant regional hub. However, Thailand has lagged behind its regional peers in growth despite its aspirations to become a high-income country.

The Thai economy is a diverse one, with key sectors such as tourism, manufacturing (including automotive, electronics, and heavy industries), and financial services playing a significant role. Services, in particular, contribute to over 59 per cent of Thailand's GDP. As the country gradually reopens in tandem with the global economic recovery, it is projected that Thailand's economy will regain its pre-pandemic strength by 2024.

The latest edition of the Business Climate Survey indicates stability in the financial performance of Swedish companies in Thailand. For 2024, 61.4 per cent of the respondents reported profitable operations, 17.5 per cent reported break-even results, and 21.1 per cent reported a loss. These figures can be compared to the previous report, where approximately 23 per cent of the surveyed companies reported losses in their operations.

HOW WOULD YOU DESCRIBE YOUR COMPANY'S FINANCIAL PERFORMANCE IN THAILAND IN 2023?



UNIT: % of respondents

NOTE: The number of respondents for this question was 57 in 2024. The "Don't know/Not applicable" responses are excluded.

SOURCE: The Business Climate Survey for Swedish Companies in Thailand.

PROFITABILITY DISPARITIES AND OPPORTUNITIES: INSIGHTS FROM THE 2024 SWEDISH BUSINESS CLIMATE SURVEY

When analysing the results of the Business Climate Survey, it becomes evident that larger corporations exhibit significantly higher profitability than smaller companies. Among the surveyed medium and large companies, 100 per cent reported a profit, whereas only 58 per cent of small companies reported the same. This disparity can be attributed to the limited resources available to smaller-sized companies, which makes them more susceptible to market fluctuations. Consequently, smaller companies may encounter greater challenges in maintaining consistent profitability than their larger counterparts.

In terms of profitability for Swedish companies in the APAC region in 2024, Thailand fell slightly below the regional average based on this year's Swedish Business Climate Survey findings. With 61 per cent of companies classified as profitable, Thailand's profitability rate is lower than the average of 64 per cent among the survey participants. However, this also presents an opportunity for growth and development, as Thailand stands out as one of the countries with a higher proportion of companies experiencing losses, with 21 per cent of businesses reporting a loss. This indicates a potential for improvement in Thailand's business climate, which could lead to a more favourable environment for Swedish companies.

“There is fierce competition in our industry, with a limited number of customers and strong dominance from Chinese players.”

SVP
Swedish
Telecommunications
company

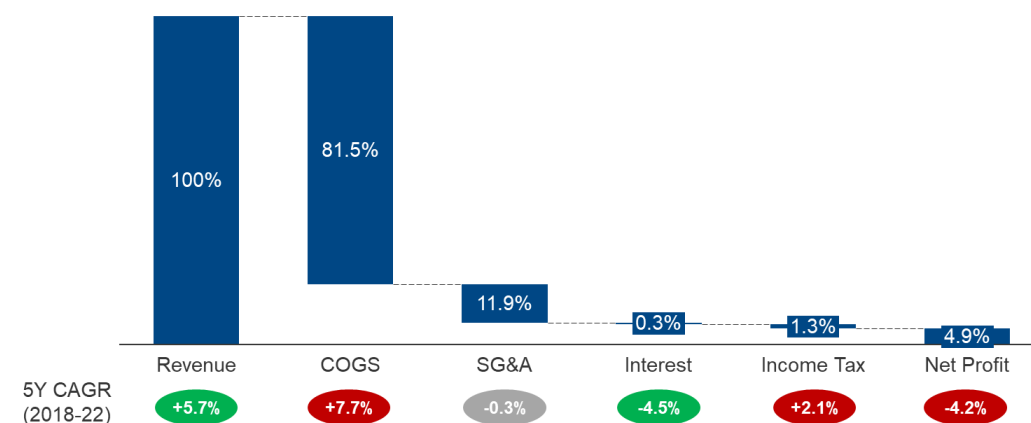
Despite profitability, Swedish companies face compressed margins in Thailand

Despite maintaining profitability, Swedish companies operating in Thailand have experienced a contraction in their profit margins. A detailed analysis reveals that while revenue has shown a healthy growth rate of +5.7 per cent over the five years from 2018 to 2022, the cost of goods sold (COGS) has grown at a higher rate of 7.7 per cent. This indicates that Swedish companies have faced challenges in effectively managing their production and operational costs. On the other hand, selling, general, and administrative expenses (SG&A) have remained relatively stable during this period. However, despite efforts to control costs, the net profit of Swedish companies in Thailand has declined by -4.2 per cent. This suggests that the compression of profit margins has had a negative impact on the overall financial performance of Swedish companies in the Thai market.

“The FTA with China has led to an intensification of competition and the importation of low-cost, low-efficiency products.”

CEO
Swedish Industrial
company

THE COST STRUCTURE OF SWEDISH COMPANIES IN THAILAND IN FY2022

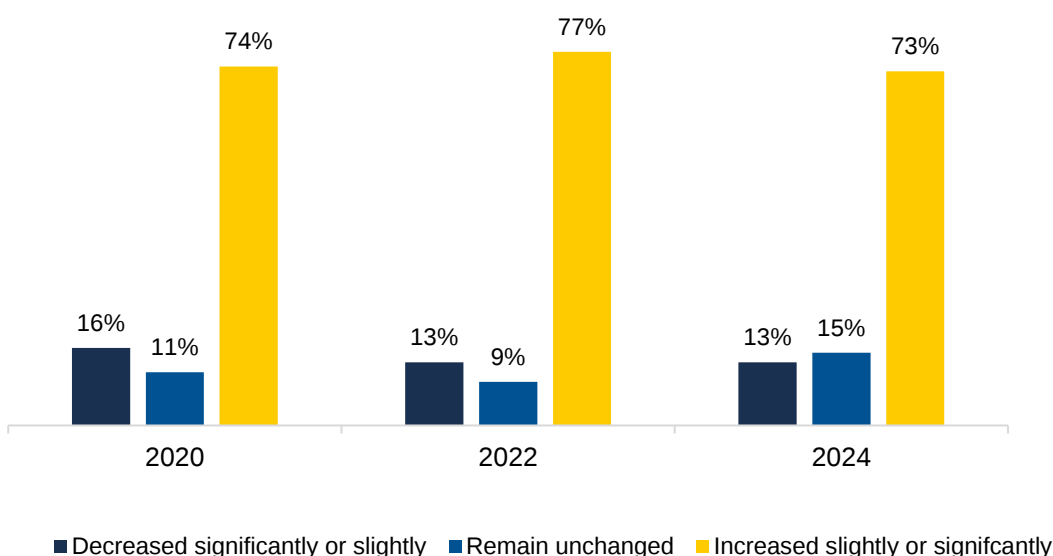


UNIT: % of aggregate revenue of Swedish companies revenue in 2022 (revenue of entities registered in Thailand only)
SOURCE: Business Sweden Research and Department of Business Development.

Swedish companies optimistic about increased turnover as pandemic recedes

The turnover expectations in Thailand indicate a relatively less optimistic outlook for the future than in previous survey editions. However, it is worth noting that most companies still anticipate a higher turnover in 2024. According to the survey results, approximately 73 per cent of the surveyed companies believed their turnover would either increase slightly or increase significantly in the upcoming 12 months.

COMPARED TO THE DEVELOPMENTS IN THE PAST 12 MONTHS, WHAT ARE YOUR EXPECTATIONS FOR TURNOVER IN YOUR INDUSTRY IN THAILAND FOR THE NEXT 12 MONTHS?



UNIT: % of respondents

NOTE: The number of respondents for this question was 62.

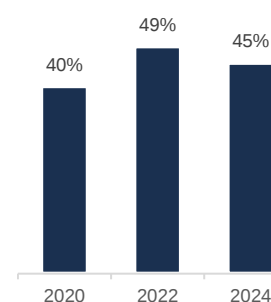
SOURCE: Business Climate Survey for Swedish Companies in Thailand 2024.

Swedish companies plan to increase investments in Thailand

Thailand ranks among the top five markets in the Asia-Pacific (APAC) region, where Swedish companies strongly tend to increase their investments, either slightly or significantly. According to the survey, 45 per cent of the respondents plan to boost their investments in Thailand in the upcoming year, a slight decrease from the nearly 50 per cent reported in 2022. This trend aligns with the overall cautious optimism in the report regarding increased turnover in the next 12 months.

The prevailing theme among Swedish companies is a steadfast commitment to Thailand, with plans to either maintain or expand their investments in the country over the next year. The study participants were asked about various business areas, with options to decrease, maintain, or increase investments. The responses indicate that Swedish companies are primarily focused on developing their current employees, increasing staff numbers, and enhancing their Marketing & Sales and Sustainability efforts. This strategic focus on long-term growth underscores the enduring commitment of Swedish companies in the Thai market, providing a sense of stability and reliability to stakeholders.

PLAN TO INCREASE INVESTMENTS



UNIT: % of respondents

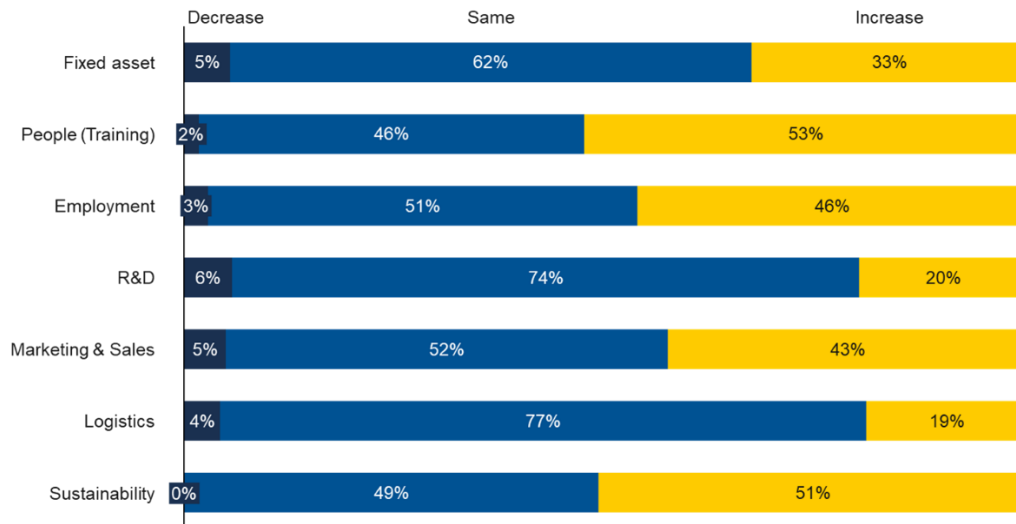
NOTE: The number of respondents for this question was 64. The "Don't know/Not applicable" responses are included.

SOURCE: Business Climate Survey for Swedish Companies in Thailand 2024.

Conversely, logistics and research and development (R&D) show the lowest intentions for future investments, as companies primarily aim to sustain their current investment levels, rather than increase them

Notably, over 50 per cent of companies intend to increase their sustainability investments. This demonstrates a strong commitment among Swedish firms towards sustainable practices and underscores their role in driving environmental and social governance (ESG) initiatives forward.

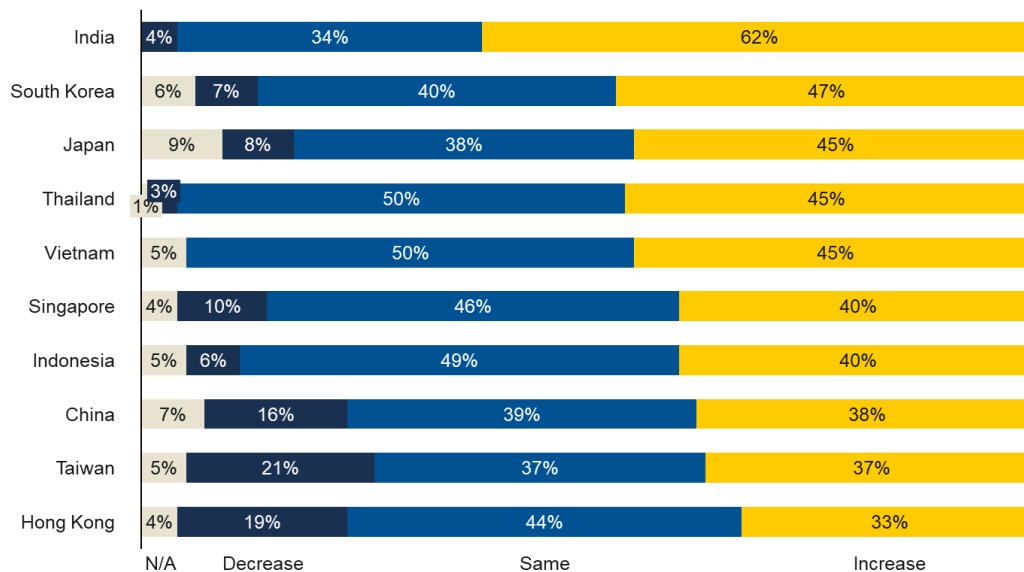
WHAT ARE YOUR COMPANY'S INVESTMENT PLANS FOR THE COMING 12 MONTHS IN THAILAND COMPARED TO THE PAST 12 MONTHS?



UNIT: % of respondents by type of investment

SOURCE: Business Climate Survey for Swedish Companies in Thailand 2024.

INVESTMENT PLANS OF SWEDISH COMPANIES ACROSS APAC FOR 2024



UNIT: % of respondents

SOURCE: Business Climate Survey for Swedish Companies 2024.

THE MARKET

Thailand's economy: Strong agricultural, developed manufacturing and stable service sectors

Thailand's economy is characterised by diverse sectors, including agriculture, industry, and services, all of which play significant roles. Historically, the agricultural industry, including fisheries, has been important but has experienced a gradual decline in its contribution to GDP due to factors such as climate change, urbanisation, and the shift towards industrialisation. Nevertheless, it remains a primary employer, accounting for 30.4 per cent of employment in 2022.

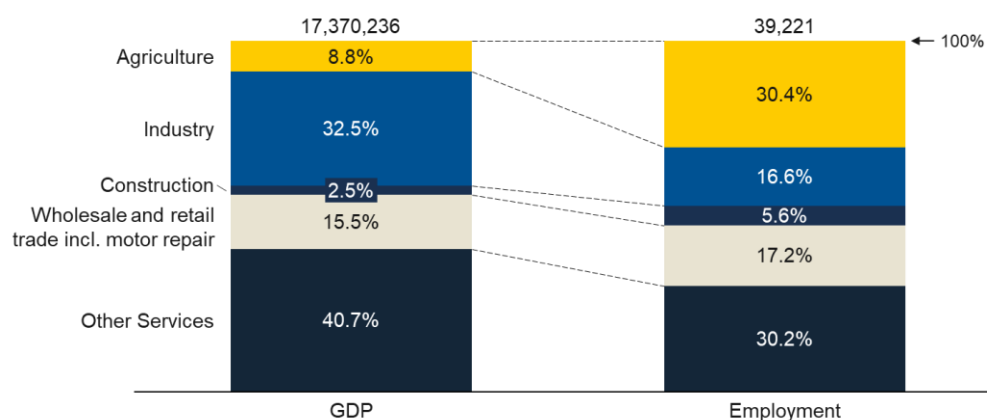
The industrial sector, encompassing manufacturing and production of goods, has been a driving force behind Thailand's export-oriented economy and GDP growth. It has created a demand for skilled labour and has a larger GDP share than its employment contribution.

The services sector, powered by wholesale and retail trade, as well as tourism and hospitality, has not just been a vital contributor, but a cornerstone of Thailand's GDP. The country's allure as a tourist destination has significantly boosted revenues in this sector. In 2022, the service sector accounted for 59 per cent of Thailand's economy, surpassing Malaysia's service sector contribution of 51 per cent but lower than Sweden's 64 per cent. The significance of the service sector's contribution to the economy cannot be overstated, as it can vary across countries due to factors such as economic and human development levels, leaving a lasting impression on Thailand's economic landscape.

Thailand has made significant strides in human development, achieving a 'Very High' ranking in 2022 compared to a 'Medium' ranking before the year 2000. This remarkable progress not only indicates a bright future for the workforce and general conditions, but also instils optimism about Thailand's potential, including access to knowledge, a long and healthy life, and a decent standard of living.

In summary, Thailand's economy is characterised by a robust agricultural sector, a developed manufacturing sector, and a stable service sector. The country's diversification across these sectors has contributed to its economic growth and resilience.

THAILAND'S GDP AND EMPLOYMENT IN 2022



UNIT: GDP: THB million | Employment: Thousand Persons

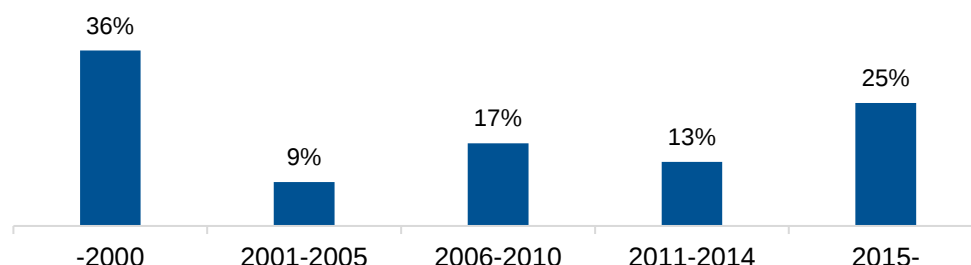
SOURCE: Bank of Thailand and Office of the National Economic and Social Development Council.

The Thai market remains an attractive destination for Swedish business

Thailand holds the position of being the second-largest economy within the ASEAN region, making it a significant investment destination for Sweden. According to reputable sources such as the OECD and *Kommerskollegium*, Thailand has consistently been Sweden's top choice for investment in Southeast Asia for more than 15 years. This enduring preference is a testament to the country's appeal as a market for Swedish companies.

In fact, a notable 36 per cent of the surveyed Swedish companies have been operating in Thailand since before the year 2000, highlighting the long-standing presence and success of Swedish businesses in the country. This demonstrates the enduring attractiveness of Thailand as a market for Swedish companies, further solidifying its position as a preferred investment destination within Southeast Asia.

IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN THAILAND?



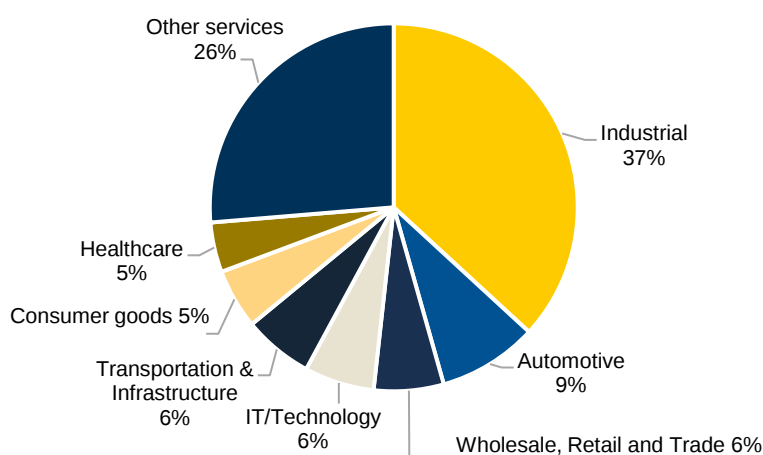
UNIT: % of companies

NOTE: Based on company reported figures in the survey or Department of Business Development, whichever is earlier within a business group. There are 101 identified independent companies or business group in Thailand.

SOURCE: Business Climate Survey for Swedish Companies in Thailand 2024, Department of Business Development and Business Sweden Research.

Swedish firms in Thailand represent a wide range of industries, highlighting the diversity of the Swedish business presence in the country. However, it is worth noting that most of these companies primarily operate in the industrial sector.

WHAT IS YOUR COMPANY'S MAIN INDUSTRY IN THAILAND?



UNIT: % of companies.

NOTE: The number of companies included were 114. Other services include consulting, defence and security, engineering consulting, fitness, hotel and restaurants, logistics, marine services, media, and real estate/interior design.

SOURCE: Business Sweden Research

The Swedish and Sweden-affiliated firms in Thailand play a significant role in the local economy, employing approximately 19,500 individuals. The manufacturing sector, in particular, stands out with around 4,300 people employed. On average, each firm employs approximately 171 individuals, highlighting the substantial workforce that these companies have established in Thailand. Notably, the top four companies are estimated to employ between 1,000 and 1,500 employees each, underscoring the strong presence and impact of Swedish businesses in terms of job creation and contributing to the country’s economic growth.

“ I would say the business climate is slightly better after the election last year.

CEO
Swedish Industrial company

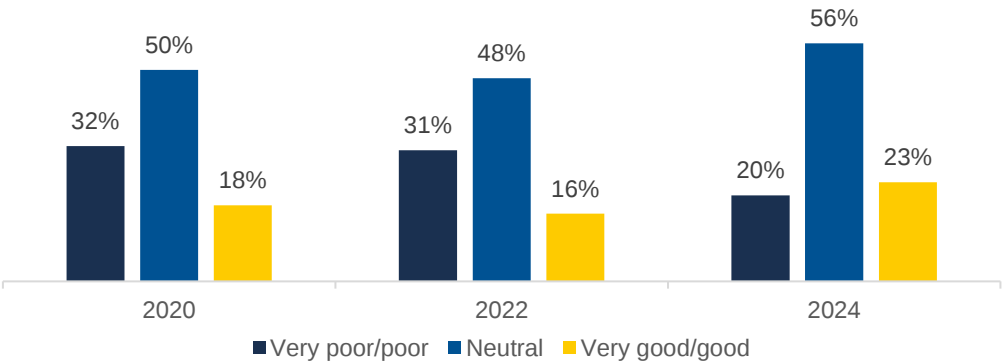
Most respondents view the current business climate favourably, describing it as neutral, good, or very good

The perception of the business climate in Thailand as neutral, good, or very good is shared by 79 per cent of respondents. In comparison to previous years, there has been a significant increase in the number of companies that view Thailand’s business climate as favourable. Additionally, the number of companies that consider the business climate as poor or very poor has almost halved. These findings indicate a potentially more business-friendly environment in Thailand and reflect the confidence in the country’s transition to a new democratic government under Prime Minister Srettha Thavasin.

“ With 30 years of experience, Thailand has proven to be resilient in the face of challenges. Despite military coups and changes of government, the business environment in Thailand remains steadfast and continues to thrive.

CEO
Swedish Automotive company

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN THAILAND?



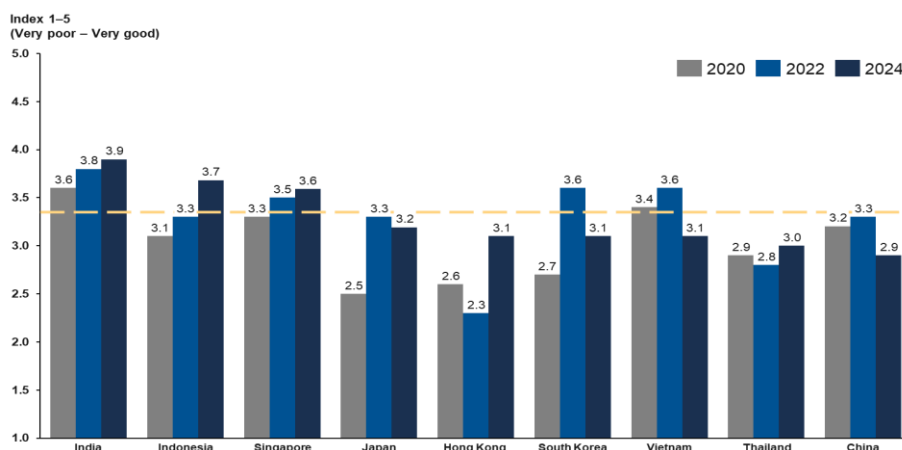
UNIT: % of respondents.
NOTE: The number of respondents for this question was 64.
SOURCE: Business Climate Survey for Swedish Companies in Thailand 2024.

In 2024, the business climate is still perceived as more favourable in neighbouring countries compared to the region under discussion. Among these neighbouring countries, India, Indonesia, and Singapore stand out with the highest levels of optimism. Surprisingly, sentiment has declined in countries such as Japan, South Korea, Vietnam, and Mainland China.

“Corruption within customs and excise department is an issue.

CEO
Swedish Industrial
company

BUSINESS CLIMATE SENTIMENT INDEX ACROSS APAC IN 2024



SOURCE: Business Climate Survey for Swedish Companies in 2024.

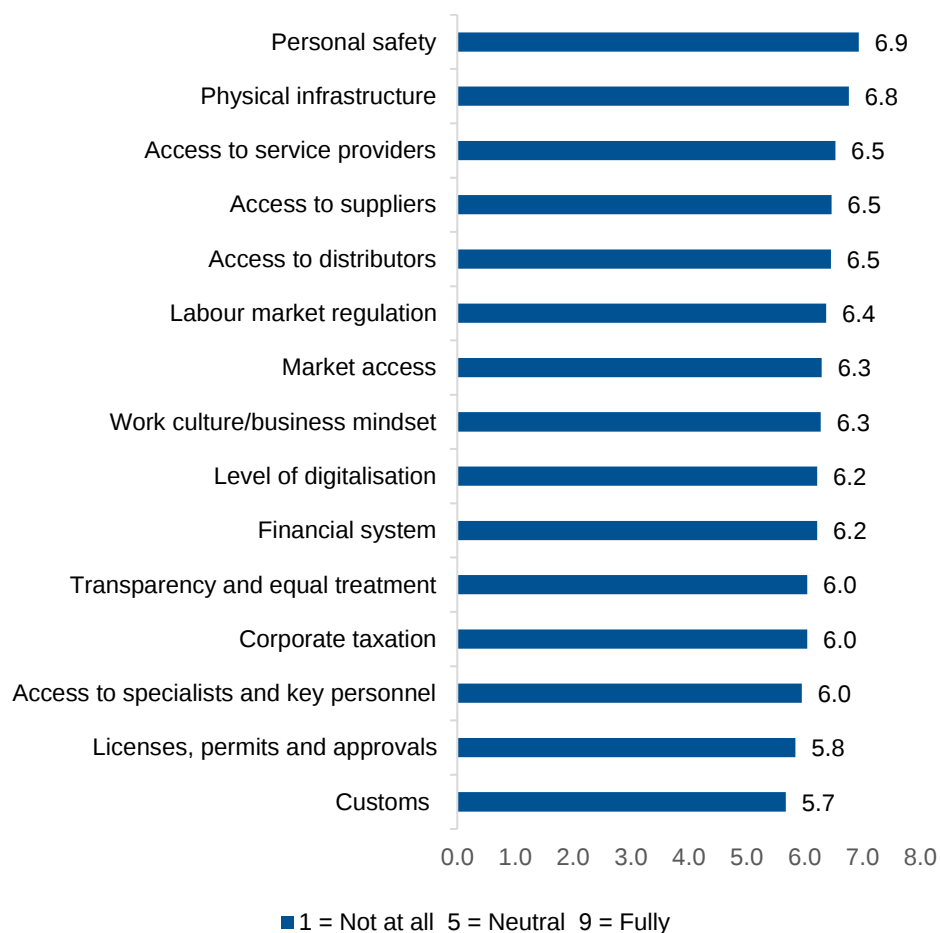
General satisfaction with Thai business conditions, room for improvement

Most respondents have provided positive scores for all factors assessed in the Thai market. However, it is important to note that there are primary challenges that companies face, including customs, licensing, permits, and approvals. These obstacles often arise due to ownership restrictions and work permit requirements, with most difficulties stemming from Thailand's regulatory environment.

Despite these challenges, there are several positive aspects that companies can take comfort in. Firstly, the safety of employees is generally assured in Thailand. Additionally, the country boasts a robust physical infrastructure and a well-developed ecosystem of service providers, suppliers, and distributors.

It is worth mentioning that the challenges related to lack of transparency and complexities associated with licenses, permits, and approvals are not unique to the Thai market. Similar trends can be observed across other Southeast Asian markets. However, it is important to note that compared to the previous Business Climate Survey, the market conditions in Thailand have shown significant improvement.

HOW EFFECTIVELY DO THE FOLLOWING CONDITIONS MEET YOUR COMPANY'S NEEDS IN THAILAND?



NOTE: The number of respondents for this question was 64.
SOURCE: Business Climate Survey for Swedish Companies in Thailand 2024.

“We are still encountering problems with imports of some of the products we use. The Thai customs are not always consistent in their classification of items, which leads to various custom duties that, in turn, obviously make pricing our own products difficult.”

CEO
Swedish Healthcare company

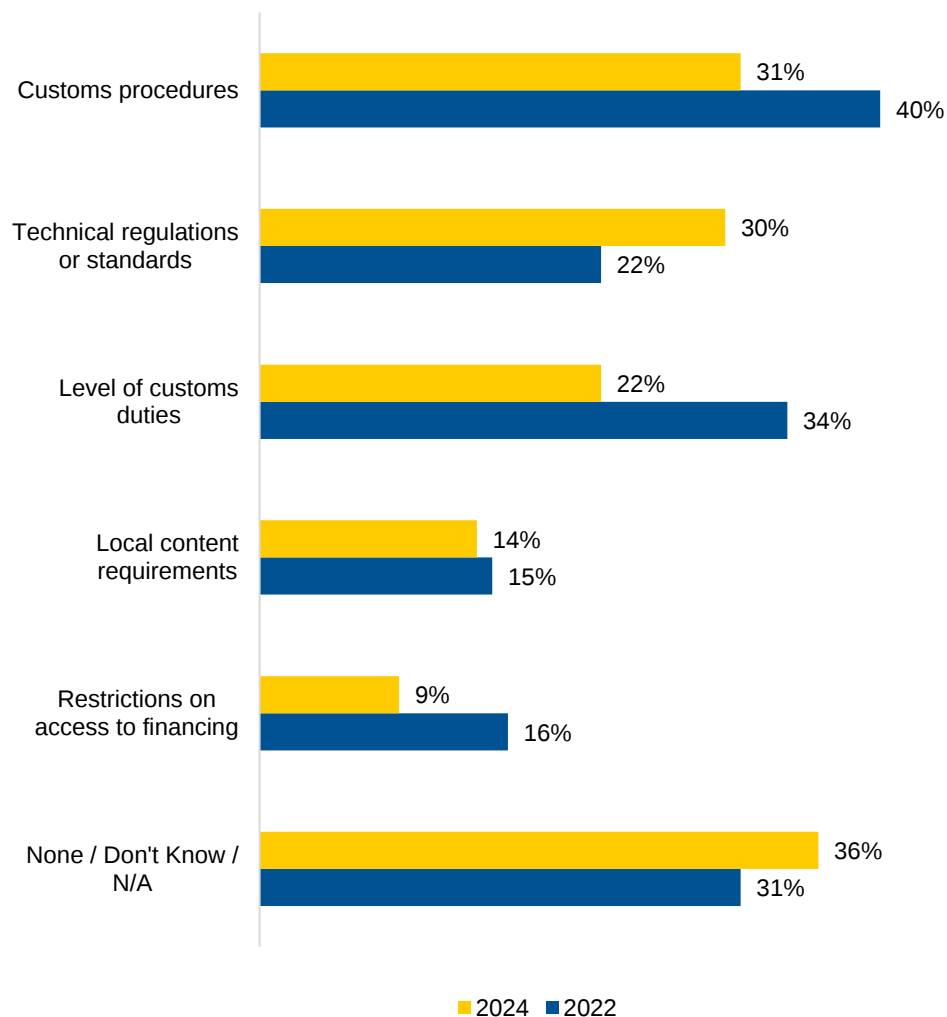
Customs continues to complicate business

Swedish companies often encounter several trade barriers when operating in Thailand, including customs procedures, technical regulations or standards, and customs duties. These barriers contribute to a complex business environment that poses challenges for Swedish companies.

The ongoing EU-Thailand Free Trade Agreement negotiations hold promise for Swedish and European businesses operating in Thailand. This agreement, once finalised around 2025/26, has the potential to significantly reduce the trade barriers currently faced by these companies.

Establishing a free trade agreement would significantly improve market conditions for Swedish companies in Thailand. It would foster a commitment to upholding higher standards in the Thai market, similar to the Free Trade Agreement between the EU and Vietnam. Additionally, Thailand would be required to address human rights issues and enhance conditions for European businesses as part of the agreement.

IN THE PAST YEAR, HAS YOUR COMPANY ENCOUNTERED TRADE BARRIERS IN THAILAND THAT HAVE NOTICEABLY NEGATIVE IMPACTED OPERATIONS IN ANY OF THE FOLLOWING AREAS?



UNIT: % of respondents

NOTE: The number of respondents for this question was 64.

SOURCE: Business Climate Survey for Swedish Companies in Thailand 2024.

HOW SWEDISH COMPANIES SUCCEED IN THAILAND

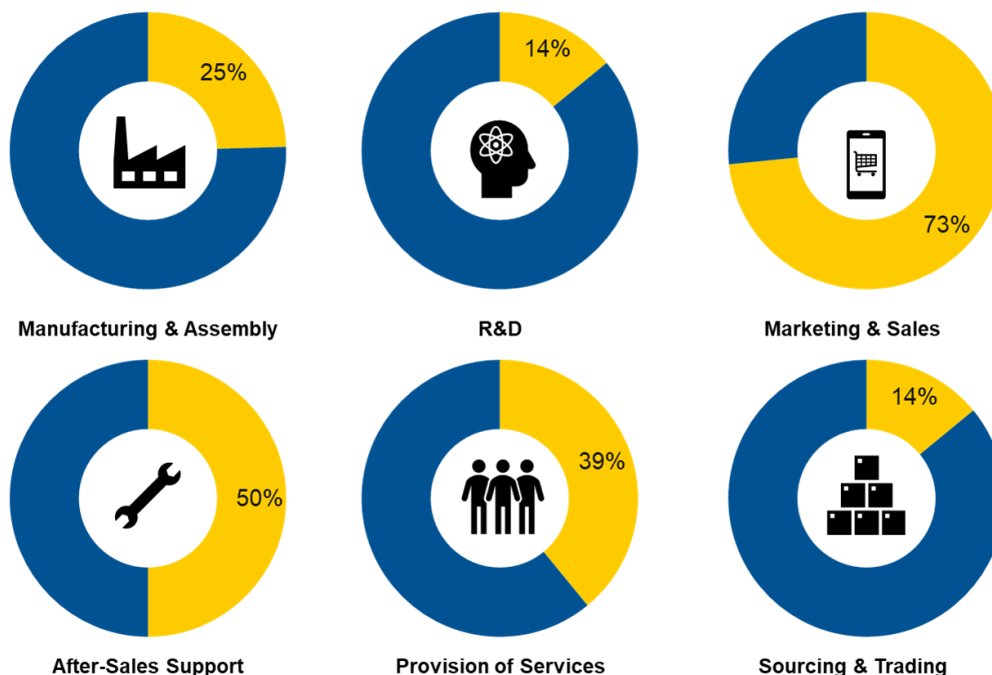
Swedish companies in Thailand see it primarily as a sales market

Sweden and its industry maintain a solid competitive position in international markets thanks to their emphasis on innovation, sustainability, and technological advancements. These qualities are supported by a skilled workforce that effectively promotes and markets Swedish offerings.

Swedish firms are undergoing a strategic shift. A significant majority (73 per cent) are now primarily engaged in marketing and sales activities. Additionally, 50 per cent of the respondents reported involvement in after-sales support, while 39 per cent operated in providing services. However, only 14 per cent of the surveyed companies are focused on research and development (R&D), which is lower compared to neighbouring India (27 per cent). This shift in focus is noteworthy, as Swedish companies are increasingly prioritising the service sector, aiming to position services as their primary product.

The total value of exports from Sweden to Thailand reached approximately USD 810 million in 2023. The main export categories include machinery, telecommunication services and equipment, energy generation and transmission services and equipment, pulp and paper products, and pharmaceutical products. Interestingly, around 25 per cent of the respondents indicated that their manufacturing and assembly operations are based in Thailand. This suggests that Swedish companies perceive Thailand as a market primarily focused on sales rather than being predominantly a manufacturing hub.

OPERATIONS OF SWEDISH FIRMS IN THE MARKET (% OF RESPONDENT)



UNIT: % of respondents

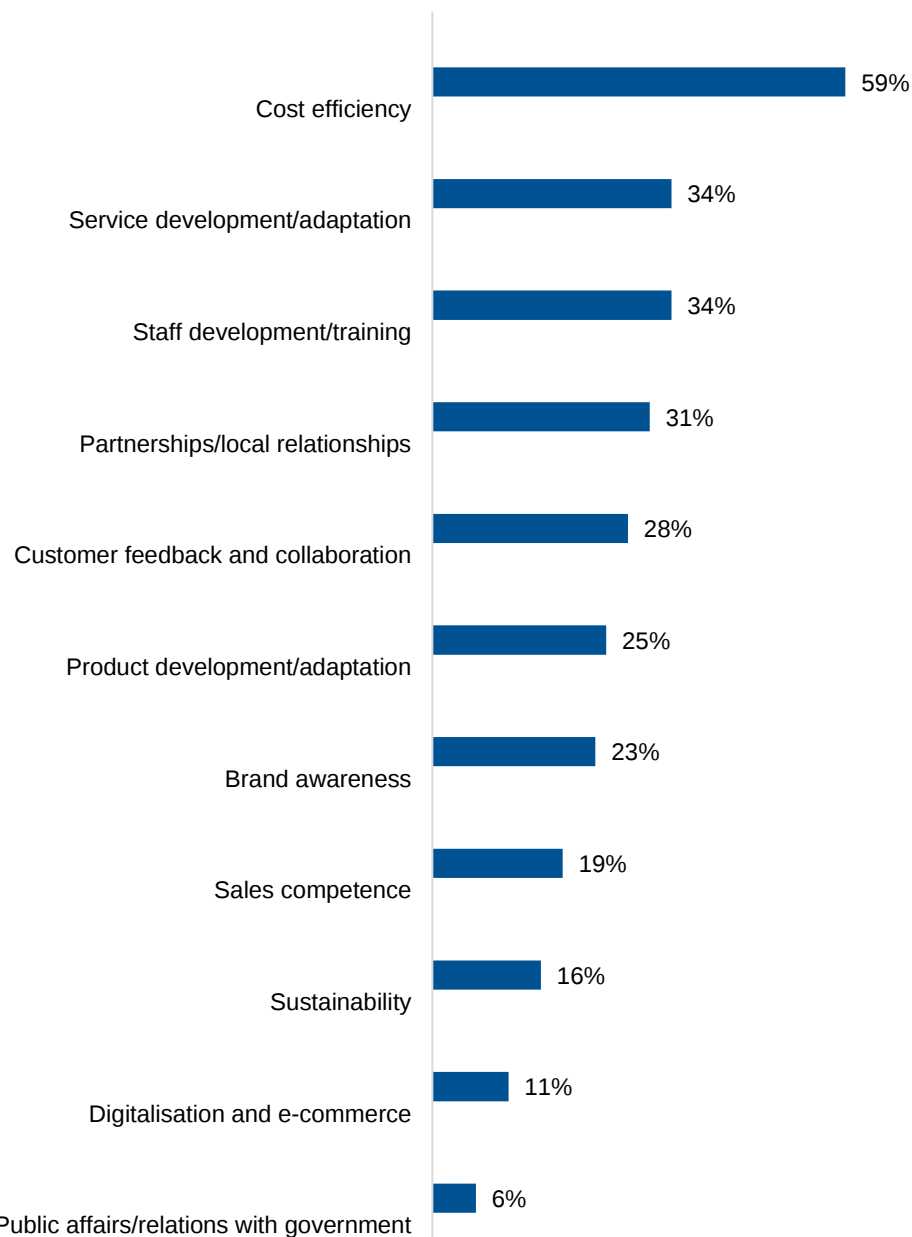
NOTE: The number of respondents for this question was 64.

SOURCE: Business Climate Survey for Swedish Companies in Thailand 2024.

Cost efficiency most vital to remain competitive in the Thai market

Cost efficiency and staff development/training remain crucial priorities for sustaining competitiveness in the Thai market, as highlighted by the 2024 Business Climate Survey results. However, there has been a notable shift in focus, with customer feedback and collaboration now ranking fifth, giving way to service development and adaptation as the new priority areas in 2024.

TO DATE, WHICH OF THE FOLLOWING AREAS HAVE BEEN IMPORTANT FOR MAINTAINING COMPETITIVENESS IN THAILAND?



UNIT: % of respondents

NOTE: The number of respondents for this question was 64. The "Don't know/Not applicable" responses are included but not shown in the figure.

SOURCE: Business Climate Survey for Swedish Companies in Thailand 2024.

It's good to be Swedish in Thailand!

Sweden, a global leader in innovation, sustainability, and trustworthiness, has a brand that is a key driver of business achievements. A survey found that 58 per cent of respondents attribute their success to the 'Swedish Brand'.

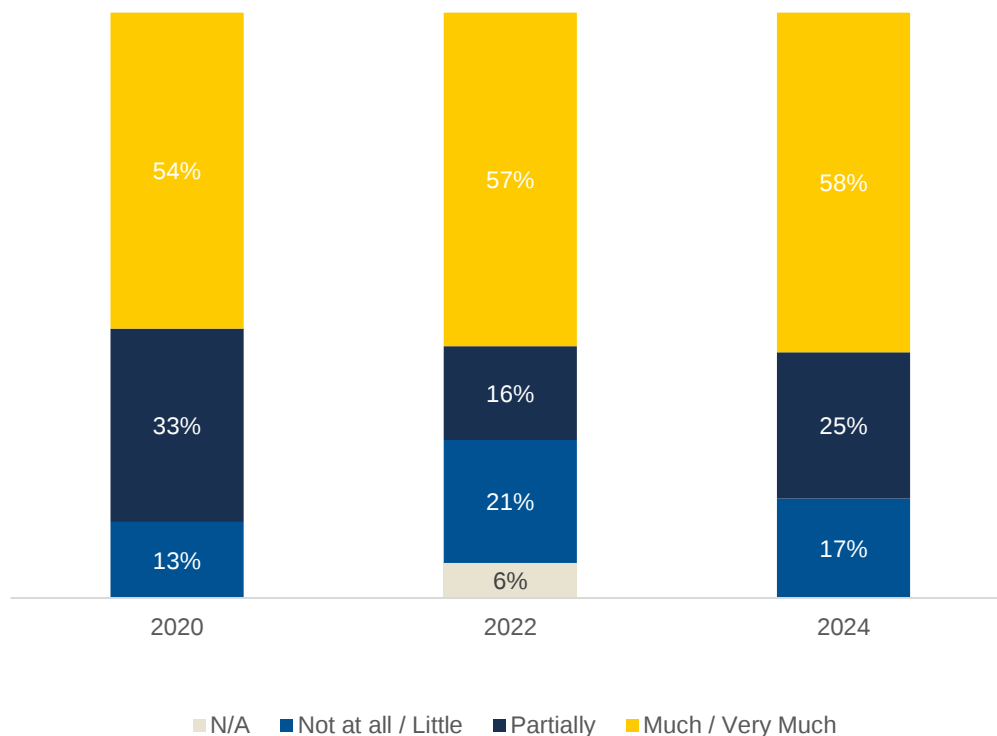
The significance and 'Swedishness' of Swedish brands have become increasingly crucial for Swedish companies. The survey reveals a notable increase in the perceived impact of being Swedish on business success since 2020, with a continuous upward trend. Impressively, 83 per cent of respondents in 2024 acknowledge that the Swedish Brand has contributed to their business, highlighting its value as a strategic asset for Swedish companies.

During interviews conducted by Team Sweden with local Swedish companies, it was observed that Sweden is associated with a reliable industry, production efficiency, and transparency throughout the supply chain. These attributes further enhance the reputation and appeal of the Swedish brand.

However, compared to other countries in the APAC region, the survey suggests room for improvement regarding the influence of the Swedish brand in Thailand. This indicates an opportunity for Swedish companies to enhance their presence and reputation in the Thai market.

By leveraging the Swedish brand's strengths of the Swedish brand, focusing on building stronger relationships, and effectively communicating the qualities that make Swedish companies stand out, there is potential to enhance further the impact and recognition of the Swedish brand in Thailand and other markets in the APAC region.

TO WHAT EXTENT WOULD YOU ESTIMATE THAT THE 'SWEDISH BRAND' CONTRIBUTES TO YOUR BUSINESS IN THAILAND?



UNIT: % of respondents

NOTE: The number of respondents for this question was 64.

SOURCE: Business Climate Survey for Swedish Companies in Thailand 2024.

ACTING SUSTAINABLY

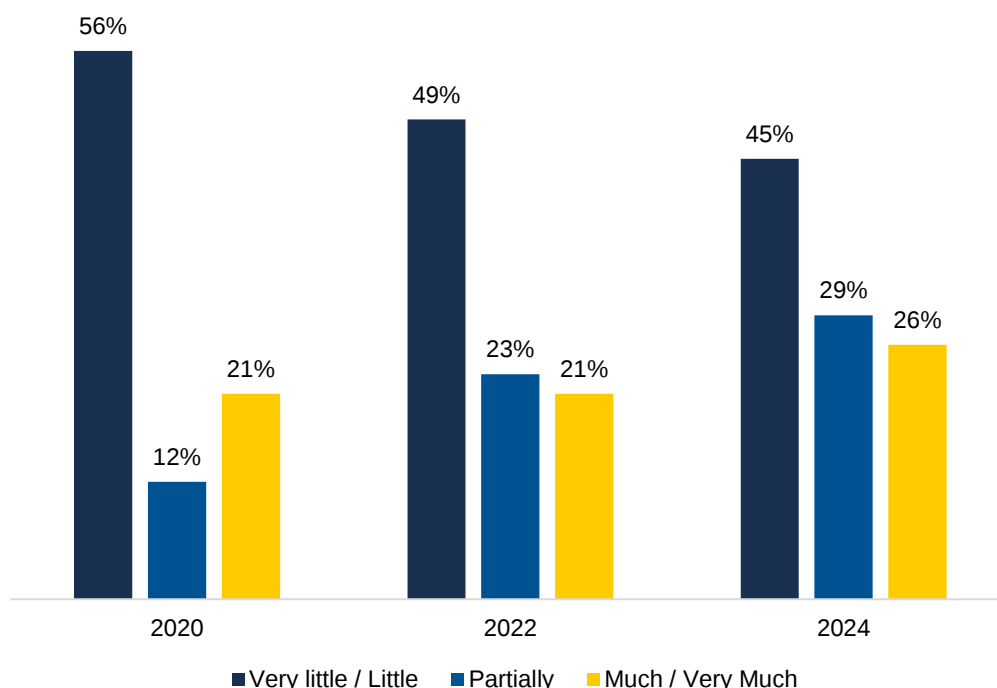
Environmental issues are gaining new interest, thanks to the government's agenda

Thailand is recognised as one of the countries most vulnerable to the impacts of climate change. This acknowledgement is reflected in the 13th National Economic and Social Development Plan. In response, Thailand has embraced the Bio-Circular-Green Economy Model (BCG Model) as a guiding principle that prioritises economic value creation while minimising environmental impact. Demonstrating its commitment to sustainability, Thailand has set a target to achieve net zero emissions by 2065.

Thailand's environmental challenges, such as air pollution, rising temperatures, floods, forest fires, overfishing, and waste management issues, have increased customers' awareness of environmental issues. This growing interest in sustainability drives a shift in customer preferences, and Swedish businesses recognise this trend. From 2020 to 2024, there has been a noticeable change in how Swedish companies acknowledge the importance of incorporating sustainability into customers' purchasing decisions.

Climate change and environmental issues pose significant risks for Thailand, and the demand for sustainable products is strong. Since 2020, there has been a four per cent increase in the number of companies that recognise environmental issues as a crucial factor in their customers' purchasing decisions. This highlights a growing recognition among businesses of the need to address sustainability concerns and adapt to the evolving preferences of Thai consumers.

TO WHAT EXTENT DO CUSTOMERS IN THAILAND CONSIDER ENVIRONMENTAL ASPECTS OF A PRODUCT OR SERVICE IN THEIR PURCHASING DECISION?



UNIT: % of respondents

NOTE: The number of respondents for this question was 62. The "Don't know/Not applicable" responses are included but not shown in the figure.

SOURCE: Business Climate Survey for Swedish Companies in Thailand 2024.

“Our customers are tough, well educated, hardworking and highly industrialised. They are starting to mention that renewables are on an upswing while still burning fossil fuels. Interesting times ahead when/if the energy market landscape changes.”

Head of Project Management
Swedish Industrial company

“I think the biggest challenge is getting our customers to understand that you can also earn money by being sustainable. Today, I find that sustainability is almost looked at as pure cost. It will be our job to help them show that you can earn money by being sustainable, and we cannot just continue business as usual.”

CEO
Swedish Industrial company

Corruption challenges increased during the last few years

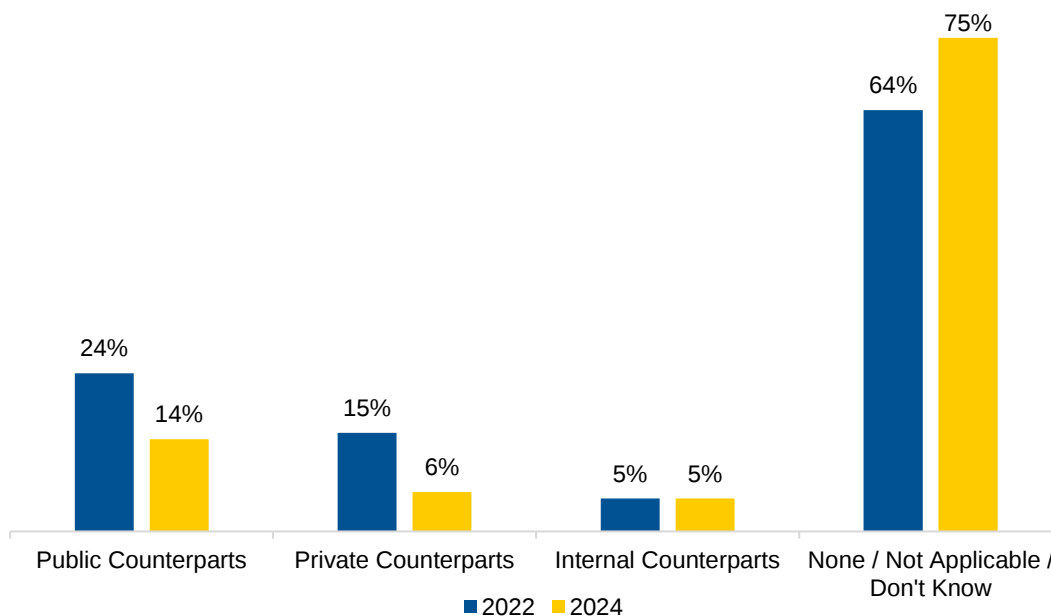
Thailand's global corruption ranking fluctuated between 35 and 36 in the last Corruption Perception Index (CPI). The country achieved its best scores in 2014 and 2015, with a score of 38. The Thai Government has set clear goals to combat corruption in the central and local administrations. However, since the last report in 2022, Thailand's global ranking has decreased.

Thailand faces challenges in effectively addressing corruption compared to its neighbouring countries in ASEAN. Thailand and the Philippines are considered the weakest performers in terms of corruption, with Malaysia scoring 50 and Singapore leading with a score of 83. Thailand ranks fifth globally, one rank higher than Sweden.

According to a survey, one-fourth of the companies reported experiencing corruption. However, there has been a decrease in corruption incidents involving public and private counterparts in 2024 compared to 2022. This is a clear indication of the progress we've made in our anti-corruption efforts. The respondents did mention that they encountered a similar level of corruption with internal counterparts, such as employees, as in the previous survey, highlighting the need for continued vigilance.

The significant number of businesses responding with "None/Not Applicable/Don't Know" indicates that Swedish companies can operate successfully in Thailand without encountering corruption. However, continuing the fight against corruption at all levels is crucial, as 25 per cent of businesses still experience corruption. Combating corruption is essential for companies to operate smoothly and without obstacles.

HAS YOUR COMPANY IN THAILAND BEEN EXPOSED TO CORRUPTION, INCLUDING BUT NOT LIMITED TO ATTEMPTS OF BRIBERY OR FRAUD, IN ANY OF THE FOLLOWING AREAS?

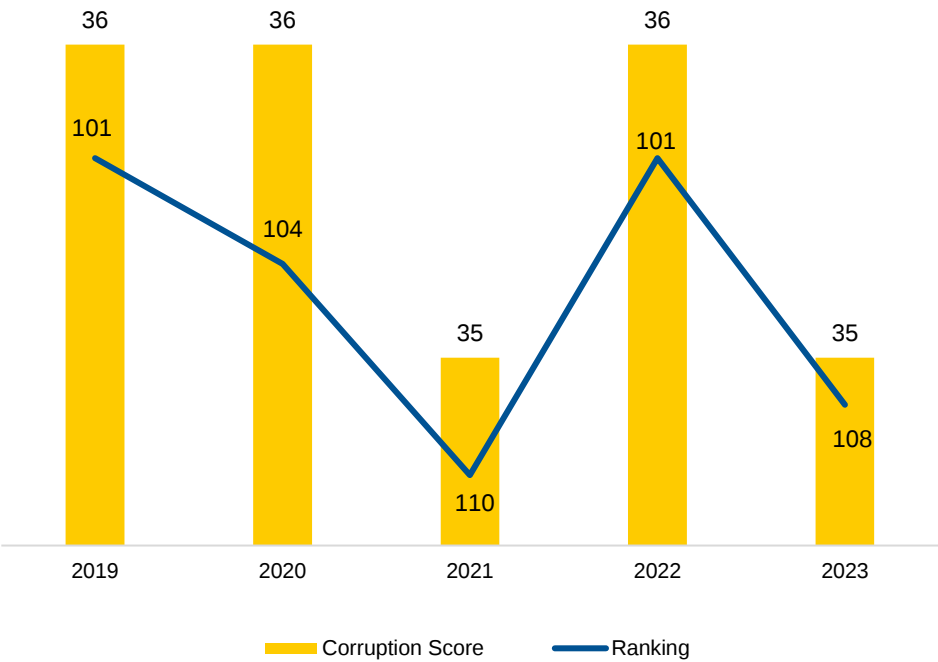


UNIT: % of respondents

NOTE: The number of respondents for this question was 64. The "Don't know/Not applicable" responses are included and shown in figure.

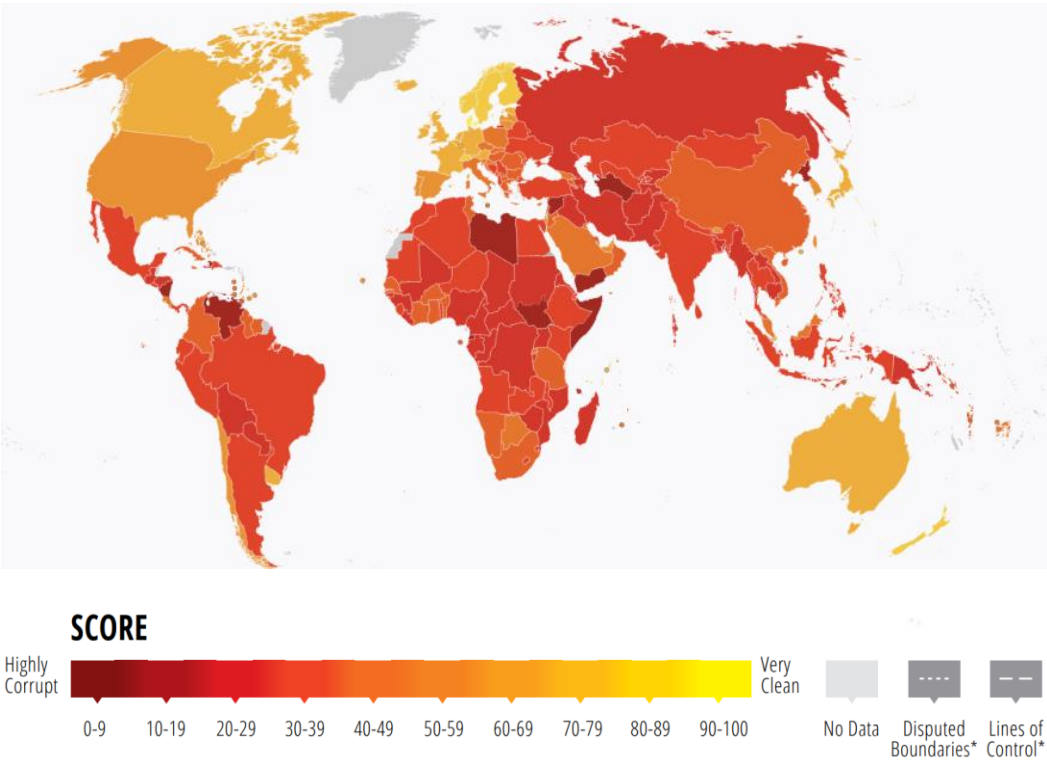
SOURCE: Business Climate Survey for Swedish Companies in Thailand 2024.

CORRUPTION PERCEPTION INDEX FOR THAILAND 2019-2023



NOTE: Transparency International Corruption Perception Index, Thailand 2019-2023 Global Ranking and Corruption Score.
SOURCE: Transparency International

GLOBAL CORRUPTION PERCEPTION INDEX 2023



*The designations employed and the presentation of material on this map follow the UN practice to the best of our knowledge and as of January 2024. They do not imply the expression of any opinion on the part of Transparency International concerning the legal status of any country, territory, city or area or of its authorities or concerning the delimitation of its frontiers or boundaries.

SOURCE: Transparency International

Moderate perceived risk of human rights violations

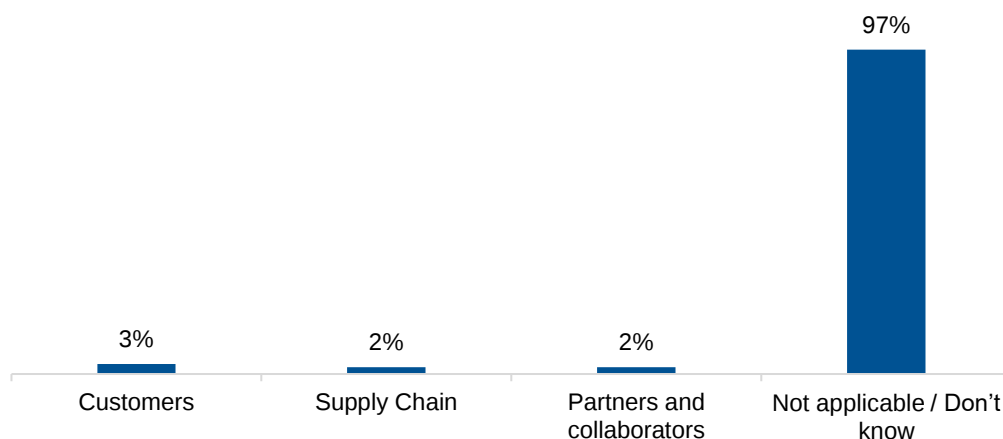
Upholding human rights remains an ongoing global challenge, and Thailand is no exception, facing persistent issues concerning political rights and civil liberties. According to the 2024 report from Freedom House, Thailand received a score of 36 out of 100 in terms of political rights and civil liberties. However, there have been positive developments in Thailand, such as the adoption of the Prevention and Suppression of Torture and Enforced Disappearance Act, as well as the proposed same-sex marriage bill, which would significantly enhance LGBTQ+ rights in the country.

Migrant labour continues to be prevalent in Thailand, giving rise to various challenges. Recent estimates indicate that approximately 4-5 million migrants are working and residing in Thailand, with an estimated 1 to 2.5 million of them in an irregular status. Migrant labourers are primarily employed in sectors such as fishing, agriculture, hospitality, domestic work, and manufacturing, which heavily rely on their contributions. The majority of migrant workers in Thailand originate from Cambodia, Laos, and Myanmar. Efforts are being made to promote and protect the rights of migrant workers, with initiatives launched by the International Organisation for Migration (IOM), the European Union (EU), and Sweden to safeguard their rights in Thailand and across Asia.

Thailand currently holds a Tier 2 ranking in the US State Department's 2023 Trafficking in Persons (TIP) report. The report acknowledges Thailand's commitment to eliminating trafficking. In a related report, the Global Slavery Index rates Thailand with a vulnerability score of 46 out of 100 regarding modern slavery and a government response score of 55 out of 100. The report estimates that approximately 401,000 individuals are living in modern slavery in Thailand. While human rights violations persist in Thailand, the government has taken steps to address these issues, including increased investigations, prosecutions, and convictions.

A survey revealed that Swedish companies have encountered human and/or labour rights issues primarily among customers, followed by the supply chain and partners/collaborators. However, it is worth noting that 97 per cent of the respondents stated that they had not encountered or were unaware of any human rights or labour violations.

IN THE PAST YEAR, HAS YOUR THAILAND-BASED COMPANY ENCOUNTERED ANY FORM OF HUMAN RIGHTS VIOLATIONS AND/OR LABOUR RIGHTS ABUSE IN/ WITH YOUR ...?



UNIT: % of respondents

NOTE: The number of respondents for this question was 64. The "Don't know/Not applicable" responses are included.

SOURCE: Business Climate Survey for Swedish Companies in Thailand 2024.



Embassy of Sweden
Bangkok



Thai-Swedish
Chamber of Commerce