



## The sun sets on a golden era for foreign workers

By William Barnes

Published: March 22 2007 04:22 | Last updated: March 22 2007 04:22

Mark Greenwood, the first foreign stockbroker in Thailand, says he still wants to die in the country. But he is not sure right now whether he can live there.

"I think people like me feel as if they are having the door slammed in their face," says Mr Greenwood, now a businessman. "Foreigners have made enormous contributions to Thailand, but the messages we are getting now are that Thais don't need us or want us."

When Thaksin Shinawatra, the former Thai prime minister, sold his sprawling business empire to Singapore's state investment arm last year, Mr Greenwood wrote a research note saying this was an opportunity for Thailand to grasp the nettle of foreign ownership.

"It was obvious after the sale that Thailand was going to have to confront its demons. I thought the Thai intelligentsia would lay out an unopposable case for vital foreign knowhow, but that didn't happen," he says.

Thousands of foreign-controlled companies have used legal loopholes to skirt laws against foreign control and property ownership, but the \$1.9bn Shinawatra sale was too big and too controversial to ignore. The military junta that ousted Mr Thaksin in a coup last September, and its caretaker cabinet of retired officials, have warned that legal contrivances are unacceptable, although it is unclear what "foreigner" laws will be passed.

The consensus among experienced foreign executives is that an older Thai elite is trying to slow, perhaps reverse, creeping foreign ownership.

"While the rest of Asia seems to be moving faster and faster, Thailand wants to wrap itself up against foreigners. Do you think an ambitious executive now thinks that a few years in Thailand will brighten up their resumé, or will they go to China or Vietnam?" says Anthony Ainsworth of headhunters Richard Glynn.

Mr Ainsworth says that the example of the Philippines should give even the most chauvinist Thai pause: the most dynamic economy in the region half a century ago then proceeded to slide sideways and is still widely regarded as a relative backwater.

The Thai military junta has said it would organise national elections after writing a new constitution designed to block another "parliamentary dictator". The next civilian government is likely to be more favourably disposed to foreign investors than today's ruling generals.

This appears to be of little comfort for foreign executives who say that the fiasco of a new problem-ridden airport, the recent mishandling of capital controls, an increasingly violent Muslim insurgency in the deep south and continuing corruption scandals are not signs of an economy priming itself for ferocious regional competition.

The foreign head of a local bank notes how modern western technology and expertise was crucial in preserving Thai independence even under the old absolute monarchy, in the late 19th and early 20th century.

"This is the worst time for foreigners in recent memory. Thais have every right to turn away ruffians, but the people in charge now don't seem to understand that without foreign knowhow this country is going to have a very hard time," says the bank chief.

Thailand retains its reputation among executives as a friendly place, albeit one where residents, at least those not dazzled by its in-your-face entertainment districts, know that it floats over layers of conservative culture.

"This is still a nice place to live in, but I don't think we'd be able to hire a senior foreign investment analyst without paying a ridiculous salary. No one who is serious about Asia wants to work in Thailand right now," says Gillem Tulloch, head of Thai research at brokers CLSA.

What seems to surprise many executives is that Thailand should be going through an inward-looking phase at a time when China, Vietnam and even India are opening up to foreigners.

"I've been an unashamed cheerleader for Thailand for 20 years, but I'm frankly gobsmacked by what is going on," says Mr Greenwood.

CB Richard Ellis, the property consultants, say there is no evidence so far of any exodus from Thailand: the number of foreigners with work permits in Bangkok grew 12.5 per cent to 67,412 last year, slightly down on 13.4 per cent growth in 2005. (There were 54,679 foreigners with work permits outside Bangkok in 2006.)

Yet James Pitchon, the agency's transactions manager in Thailand, says signs of a slowing economy and confusion over foreign investment rules may be starting to show elsewhere.

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The increase in occupied office space slowed to 200,000 sq m in the capital last year, from an average annual addition of 300,000 sq m over 2000-20005.

There was also a 30 per cent drop in land sales on industrial estates last year.

The foreigners already here will not be easily dislodged because they play vital roles in carmaking, export manufacturing and in the tourism industry, argues Mr Pitchon.

"We could well see a slower growth in the numbers of foreigners here as international firms look elsewhere," he adds.

So should Thailand be worried? Yes, according to Rebecca Bustamente, the president of Chalré Associates, an executive recruitment firm in Manila.

"The Philippines is now on the way up and it looks as if Thailand is slipping. Our clients say they are confused about Thailand," says Ms Bustamente.

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