

Foreign military equipment is sold to the Thai armed forces almost exclusively through local agents. It is necessary to expend considerable effort to develop contacts with both an agent and the military before sales can be expected. Numerous repeat visits will likely be necessary.

Computers

The reduction of the Thai import tax on computers and components in July 1991 expanded the local computer market and increased operational efficiency of both private and government organizations. The import duties on a completed computer were reduced from 20% to 5%, peripherals from 40% to 5%, computer parts from 40% to 5% for traders, and to 1% for manufacturing for local use and no tax for manufacturing for export. Some of the computers sold in the country are from locally assembled products of which components and spare parts are imported. Taiwanese and South Korean products have captured the largest market shares of such products. More sophisticated computers are imported to serve high-income customers and businesses which require high efficiency machines. Imports increased annually by 28.7 per cent during 1987-1990. In 1990 Thailand imported computers, spare parts and CPU parts worth approximately \$1.2 billion.

In light of the tariff reductions, sales of DOS based personal computers are predicted to increase 60-80% this year, in comparison with earlier predictions of about 33%. It is expected that 82,600 PCs will be installed. Workstations and Unix-based minicomputers are also expected to experience rapid growth in 1991.

Software

The PC software industry has long been dormant despite the growth of hardware sales, but this is changing. Last year's total sales of software were \$3-5 million, a level expected to double in 1992. However, should copyright law clearly protecting software be enforced, the industry is expected to be worth 3-5 times that figure. It is hard to estimate the actual size of software industry since most software distributed to date in Thailand has been pirated copies. But the trend is slowly changing, with the increasing awareness of the value of software resulting in local users being more willing to pay for software. Other factors contributing to the changes are that a wide variety of software is now available at more affordable prices and that local versions of popular packages are merging.

Networking (especially LAN), accounting and Unix software packages will become increasingly popular this year, while Windows platform is expected to gain greater acceptance, but it will take a few years to take off.