

September 18, 2008

Thailand Political Update

APCO
worldwide®



THAILAND POLITICAL UPDATE

On 17 September, Thailand's parliament elected Somchai Wongsawat, deputy leader of the People's Power Party (PPP), as the new prime minister of Thailand.

BACKGROUND OF THE NEW PRIME MINISTER

Somchai, 61, is married to the younger sister of former prime minister Thaksin Shinawatra. Somchai served as first deputy prime minister and minister of education under previous prime minister, Samak Sundaravej, who was stripped of office last week. Somchai began his career at the Ministry of Justice where he served as permanent secretary from 1999 to 2006, before becoming permanent secretary of the Labor Ministry. He resigned from this position shortly after the military coup in 2006 which ended Thaksin's government.

NEXT STEPS FOR THE NEW GOVERNMENT

The immediate priority for the new government is to try to stabilize the political situation. Earlier this week Somchai, then acting prime minister, with support from the commander of the army and chief of police, took the first steps back to normalcy by rescinding the state of emergency measures in Bangkok. Over the next two weeks insiders expect a quick cabinet reshuffle and several policy announcements from the new government.

There is speculation that the PPP will move key personalities to the Ministries of the Interior, Defense, Education and Public Health in order to prepare for the next general election. With the exception of the minister of finance appointment, there are likely to be only minor changes within the economic ministries. The Foreign Ministry is expected to be led by a former career diplomat in order to handle negotiations with neighboring countries and the chairmanship of ASEAN, which Thailand will assume later this year.

APCO believes that the current polarization in Thailand between supporters of the PPP and those opposed to the government coalition will continue unabated for the time being, particularly given Somchai's close relationship with controversial former prime minister Thaksin. The political situation will not stabilize overnight. However, there are signs that the People's Alliance for Democracy (PAD), the anti-government group, is losing its legitimacy and its popular support. The seizure of Government House by PAD will be less prominent to the public as the government is moving its administration to former airport terminal buildings in Don Muang.

To regain public confidence the government will need to announce policies and plans to stimulate the economy in the last quarter of this year as a matter of urgency. These plans will be announced prior to the general election, which commentators agree will now inevitably need to take place within the next few months.

For further information please contact:

Apirux Wanasathop
managing director
APCO Worldwide
153/3 Goldenland Building,
3rd Floor, Room D3 Soi Mahardlekluang 1,
Rajadamri Road Lumpini, Pathumwan,
Bangkok 10330,
Thailand

Telephone : +66.2652.2492
Fax: +66.2652.2493
awanasathop@apcoworldwide.com

For further information about APCO Worldwide, please visit our web site:

www.apcoworldwide.com