

EABC SEMINAR ON FOREIGN BUSINESS ACT

Foreign Investment and Economics Regulation

Radisson Blu

February 26, 2019

Deunden Nikomborirak

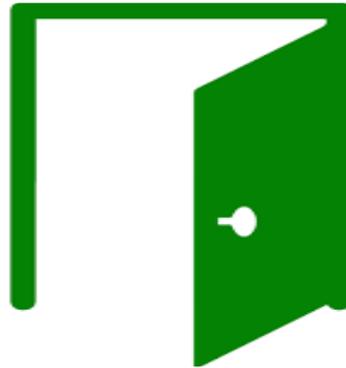
I. Size and Composition of Thailand's FDI



Outline of Presentation



1. FDI trend

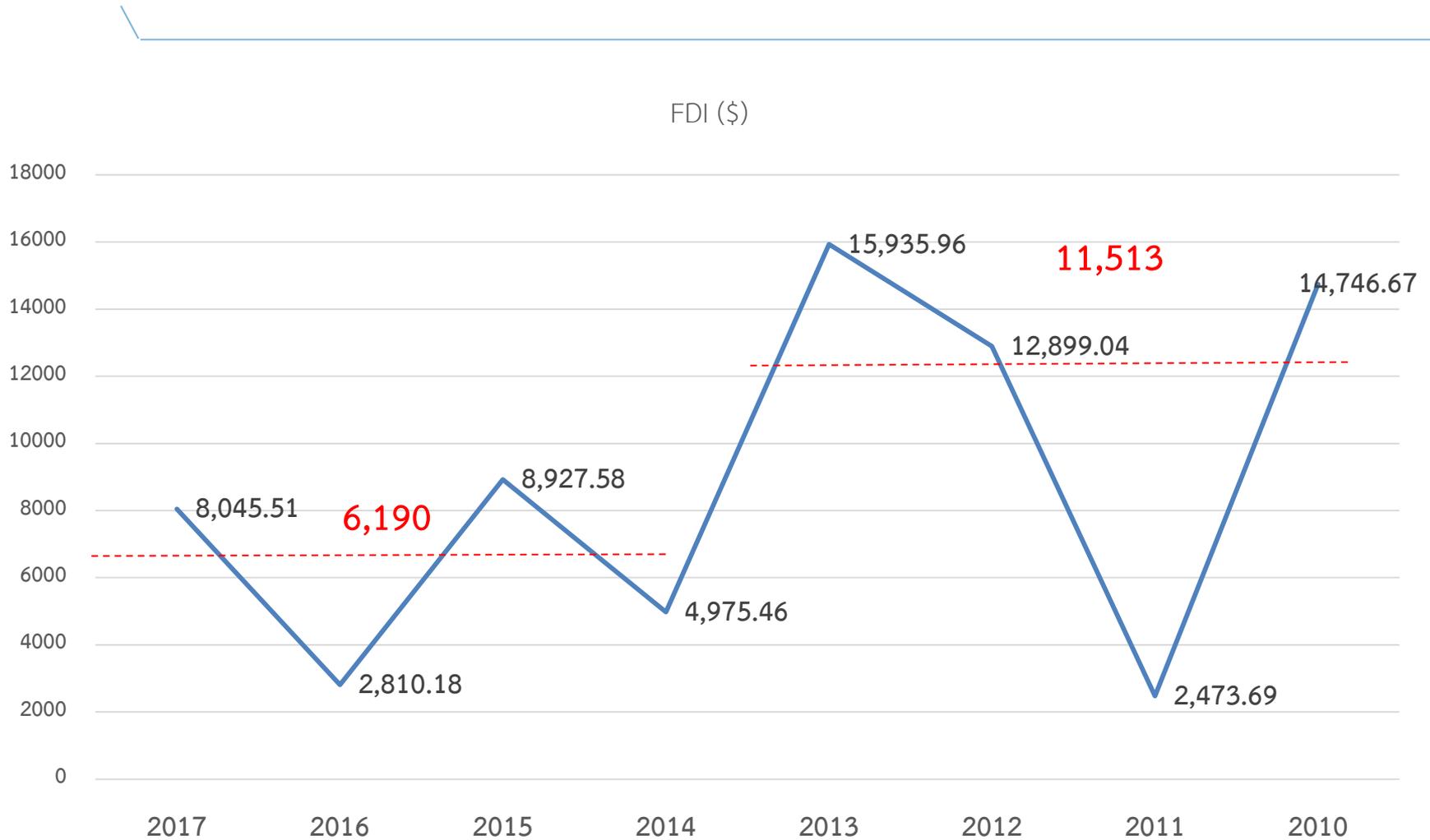


2. Past Liberalization



3. Going forward

Declining FDI Flow 2010 - 2017

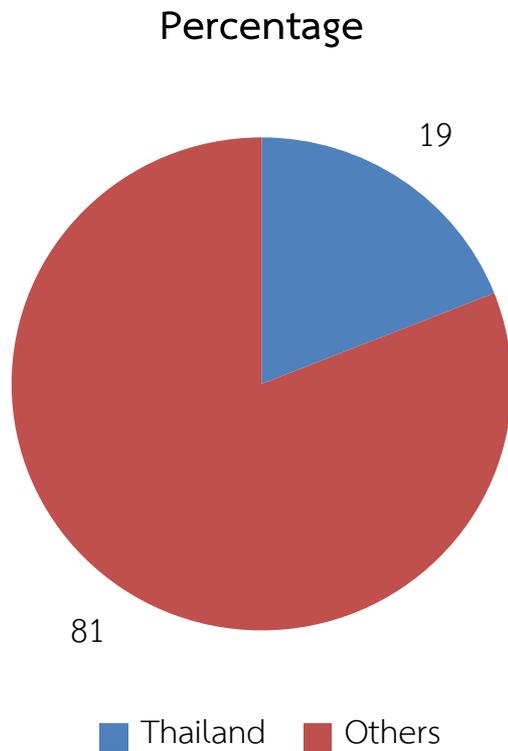


Source: Bank of Thailand

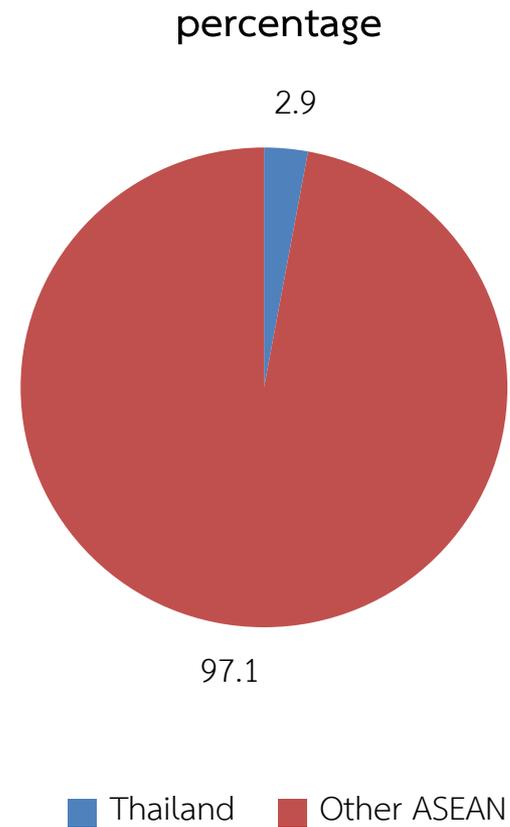
— FDI (\$)

Under-performing in ASEAN

Thailand's Share of ASEAN GDP 2017

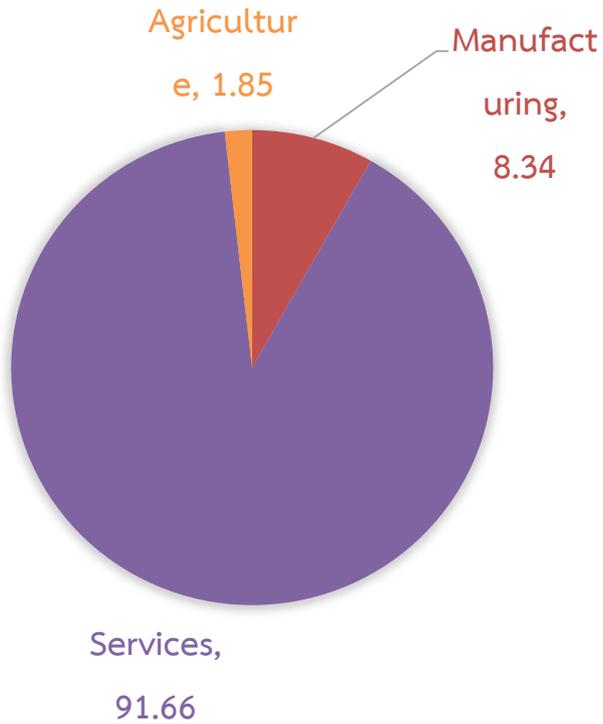


Thailand's share of ASEAN FDI
2016*

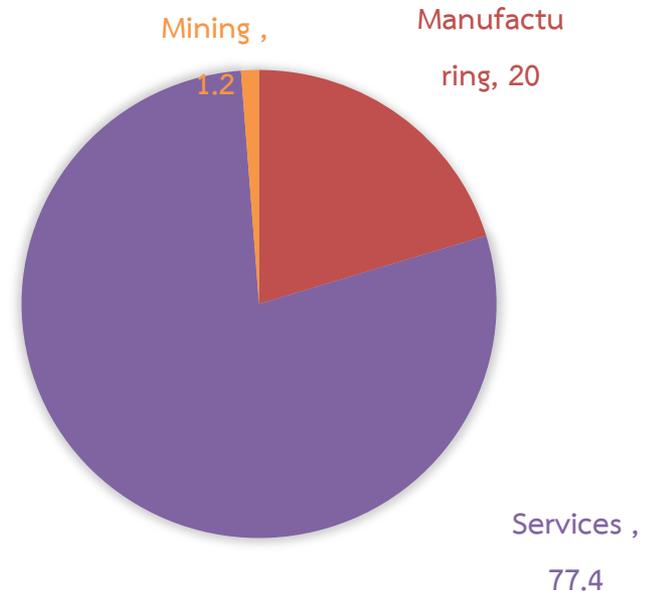


*Source: ASEAN Investment Report 2017

ASEAN 2016

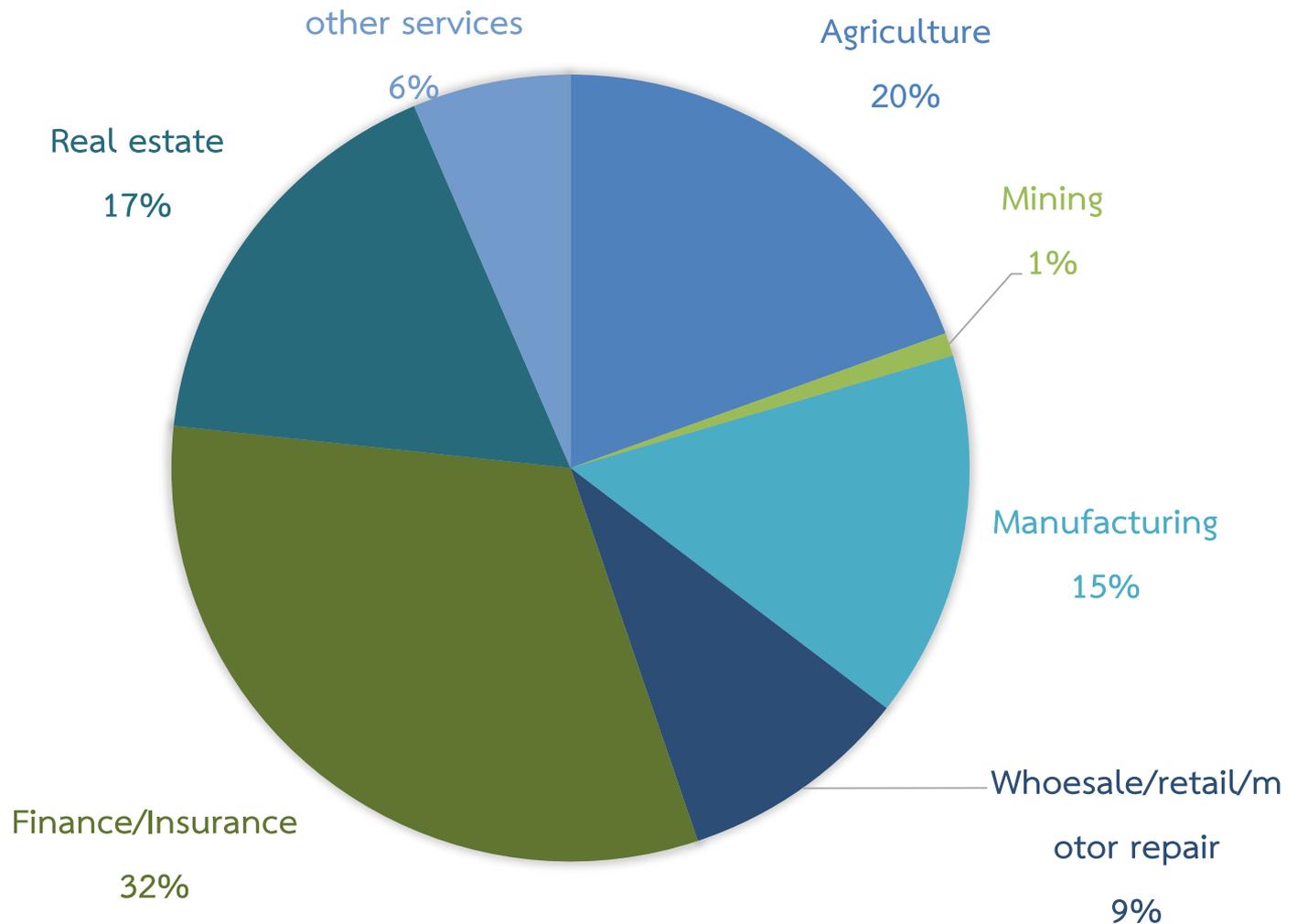


THAILAND 2017



Source: ASEAN Investment Report 2017

Service FDI concentrated in 3 sectors - 2018



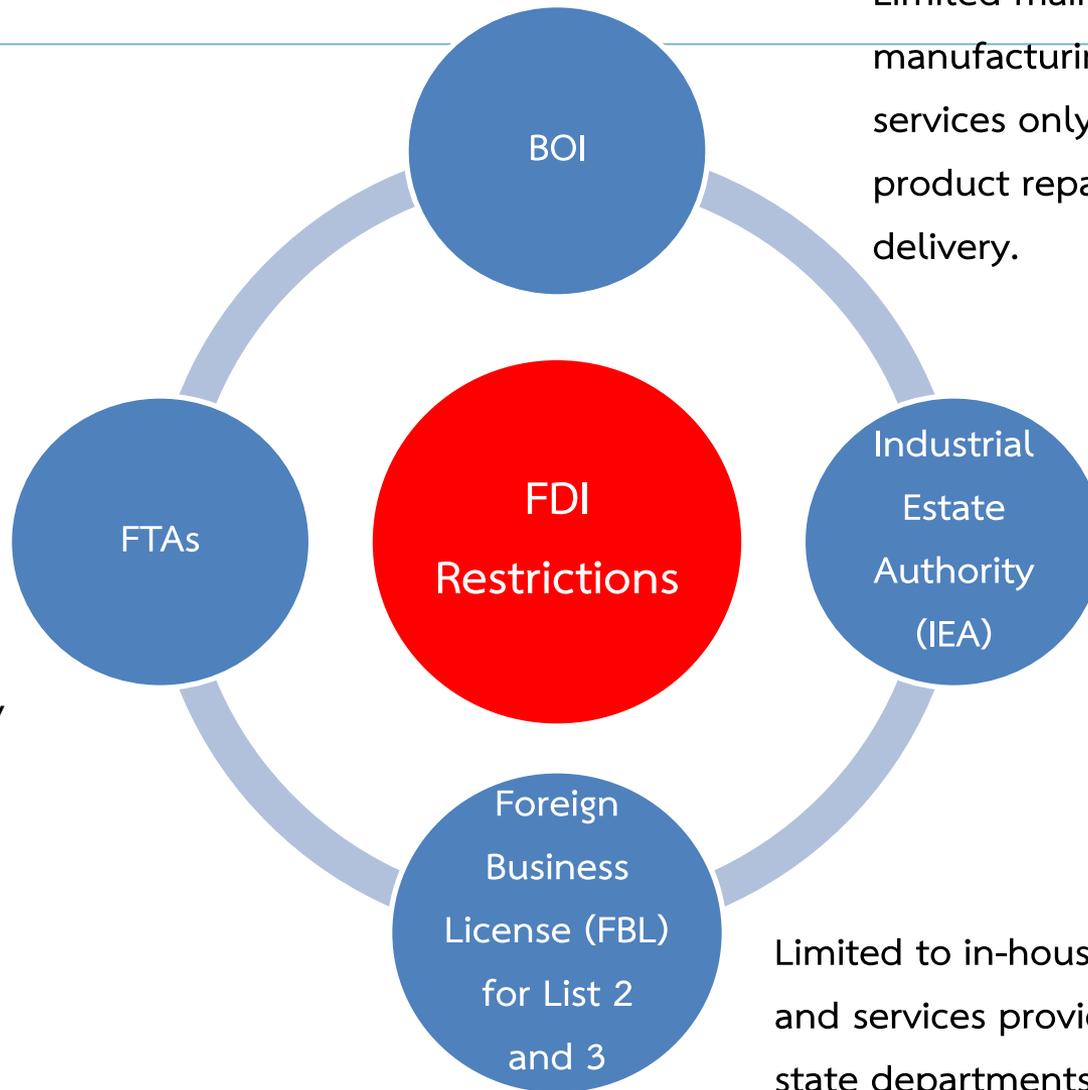
Source: Bank of Thailand

II. History of Liberalization of List 3



Waivers

- 0 for AFAS
- 3 for JTEPA
- 0 for TAFTA
- Over 100 for Treaty of Amity



Limited mainly to manufacturing-related services only such as own product repair and delivery.

Limited to in-house services and services provided for state departments and state enterprises

Reasons for not applying for a Foreign Business License



Time required: 4 months - 1 year



Expense:

- Application fee: 150,000 baht (for registered capital of 3 million baht)
- Lawyer fee 100,000 baht



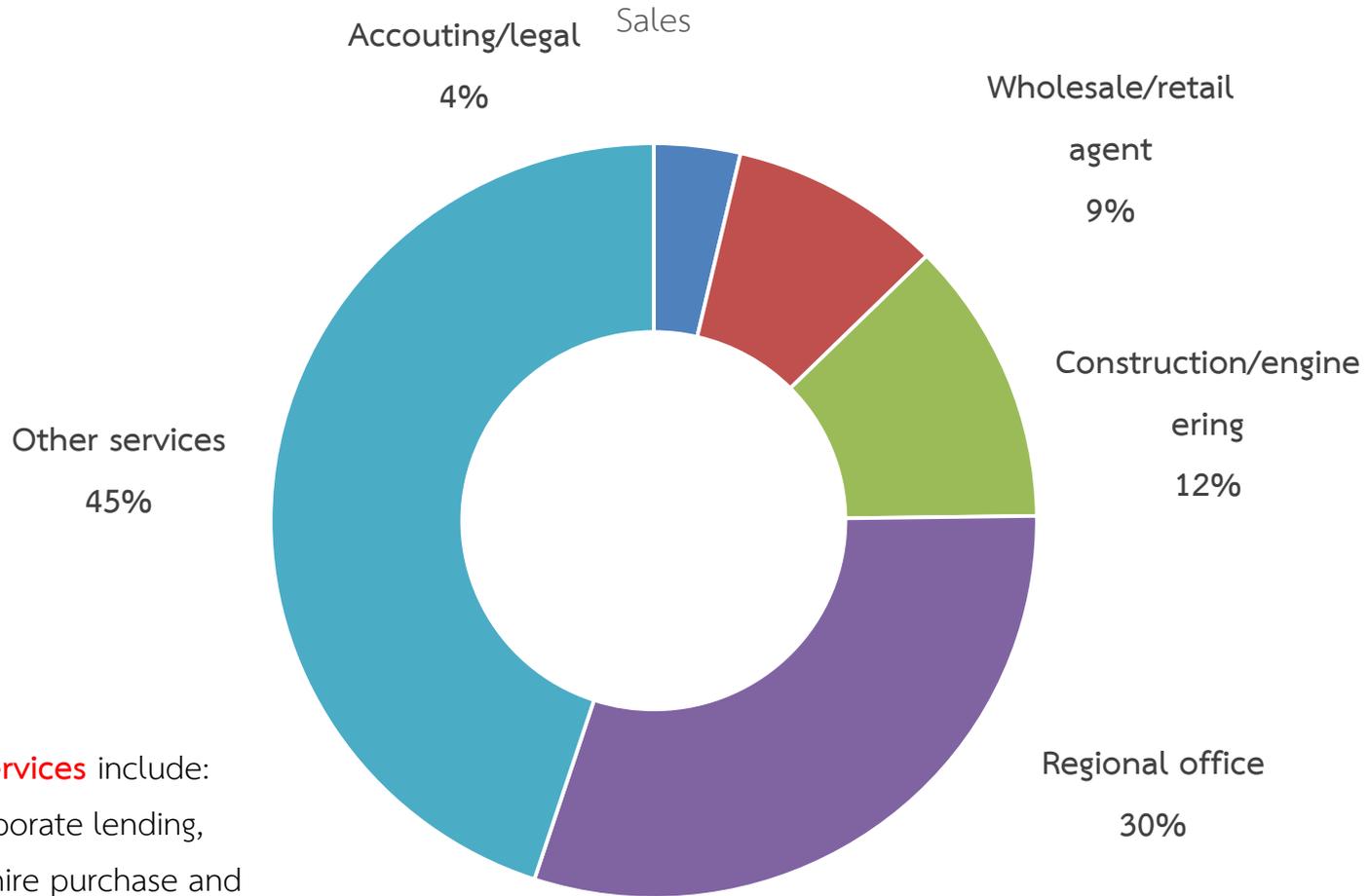
Scope of operation granted

- Extremely narrow. For example, agricultural machinery rental business permit specifies the “brand” of machineries that can be rented.



Granting of permission uncertain as criteria are broad.

Types of services that received FBL (2000 – 2017)



Other services include:
Intra-corporate lending,
leasing, hire purchase and
repair for own product
only

Source: Department of Business Development, Ministry of Commerce

Past Liberalization



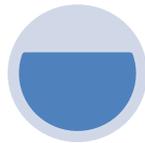
2013

Amendment of List 3

to liberalize trade in Agriculture Future Exchange of Thailand (AFET) whereby goods are delivered/received outside of Thailand

Passing of the Ministerial Regulation 1:

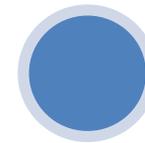
exempting securities and derivatives related services



2016

Passing of the Ministerial Regulation 2:

exempting banking and insurance businesses



2017

Passing of the Ministerial Regulation 3:

exempting specific activities under the banking and insurance businesses and additional services: asset management, international trade representative office, regional office, services that are provided under a contract with state departments or state owned enterprises.

AFAS package 9 and 10 (final according to AEC)

Package 9 (100 sectors)

Tax preparation for employees of affiliated co.

R&D on physical sciences

Bicycle courier for food delivery

Dedicated private leased circuit services

Production of TV programs excluding broadcasting and AV services

Rental of non-Thai flag vessels with crew

Towing and pushing services on transoceanic waters (excluding cabotage)

Maritime cargo handling services in private-owned port

Car valet services

Package 10 (120 sectors)

Package-switched data transmission service (CPC 7523**)

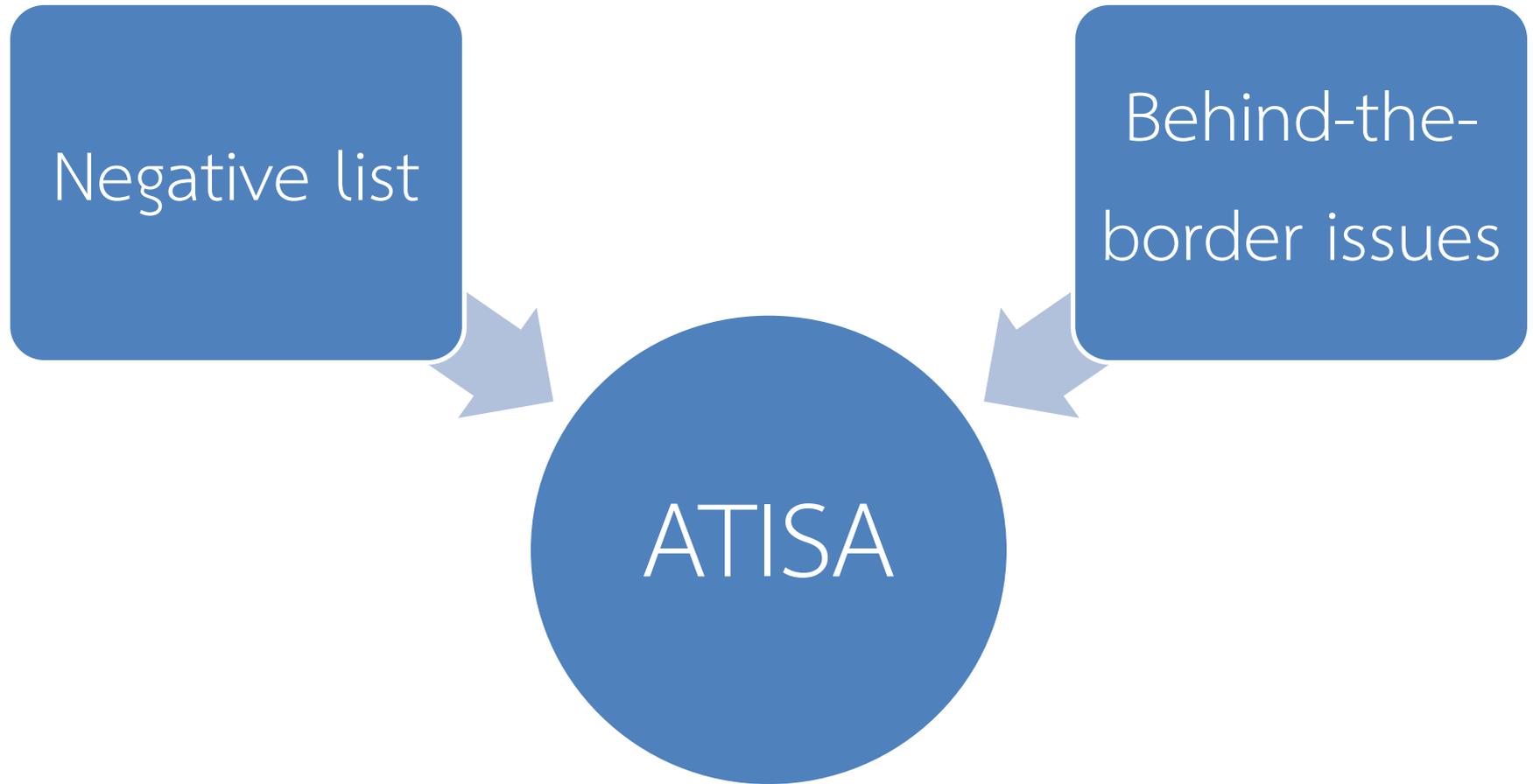
EDI ((CPC 7523**)

Maintenance and repair of vessels (only 500 ton gross of LNG feeder) (part of CPC 87419)

Supporting services for internal waterway transport (only for barge cleaning services)(part of CPC 75490)

Road transport services of freight by man or animal-drawn vehicles (CPC version 1.1 64334)

Going forward ...

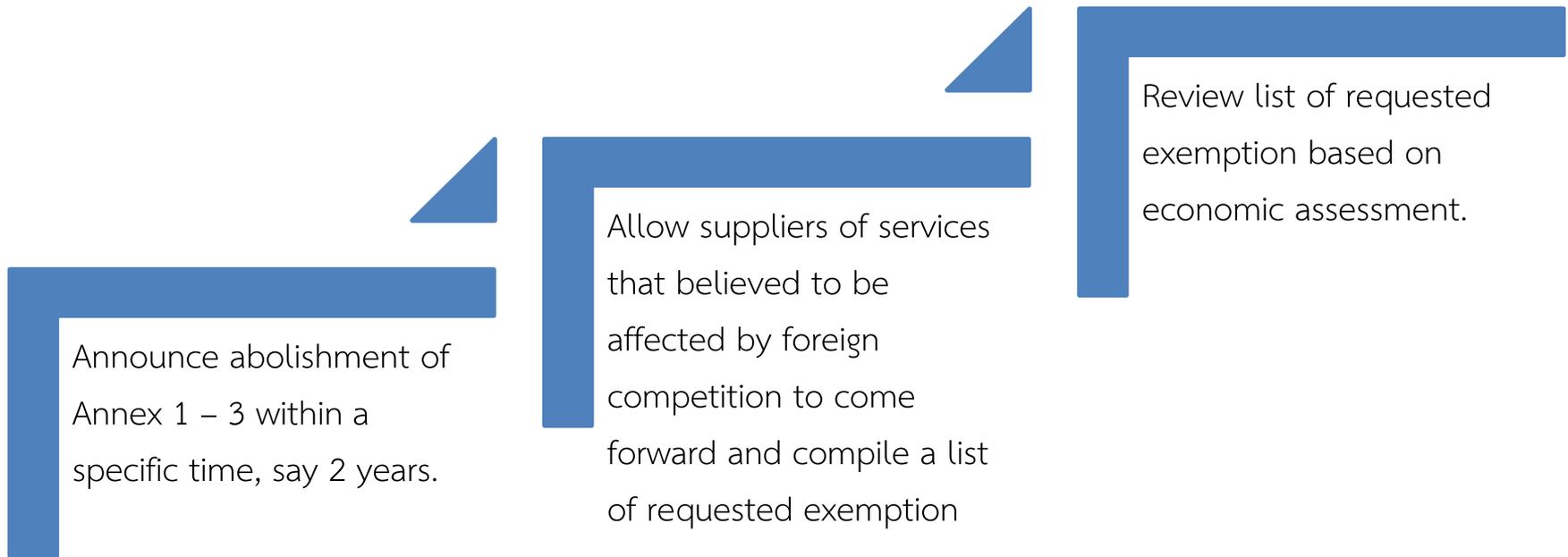


III. GOING FORWARD:

Recommendations for Liberalization of Foreign Investment



Path towards Negative List



TDRI

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