



TRADE POLICY REVIEW

REPORT BY

THAILAND

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by Thailand is attached.

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1 OVERVIEW

1.1. Thailand has experienced many changes during the review period. The passing of His Majesty King Bhumibol Adulyadej in 2016 was a great loss among Thais across the nation. Since the passing of the beloved King Bhumibol Adulyadej, Thailand has been under the reign of H.M. King Maha Vajiralongkorn Bodindradebayavarangkun.

1.2. The new Constitution has been enacted in 2017 after being approved by voters in 2016. Afterwards, on 24 March 2019, Thailand held its first general election since 2014. General Prayuth Chan-ocha has been chosen by the parliament as the Prime Minister of Thailand and the leader of the coalition government.

1.3. Thailand is fully committed to the World Trade Organization (WTO) and strongly supports the rules-based multilateral trading system providing for stability and sustainability of international economic growth. In 2019, Thailand played importance role in both regional and international trade cooperation. Thailand was the chair of ASEAN Committee in Geneva (ACG) as an ASEAN's chairmanship and the chair of General Council. In addition, Thailand has successfully concluded two FTAs (Thailand-Chile FTA, and ASEAN-Hong Kong, China FTA) and is currently negotiating several bilateral and regional trade agreements.

1.4. During the review period, our international trade always accounts more than 100% of GDP. However, due to the global economic slowdown in recent years, plus the novel COVID-19 pandemic in 2020 which is still ongoing, the future of global economy, including Thai economy, might be gloomier than the 2008 Financial Crisis.

2 ECONOMIC AND TRADE ENVIRONMENT

2.1 Domestic Economy

2.1. In 2019, Thailand's economic structure comprised of service sector, the largest economic sector, with 61.1% share, followed by industrial and agricultural sectors with shares of 30.9% and 8.0% respectively.

2.2. In terms of gross domestic product (GDP), in 2015-18 Thai economy constantly expanded at 3.1%, 3.4%, 4.1% and 4.2% respectively, due to the continual growth of private final consumption expenditure which accounts more than 50% of Thai GDP. Nevertheless, in 2019, the economy grew with a slower pace at 2.4%, mainly because of the decline in exports and imports of goods and services, and the marginal increase of the private final consumption expenditure. In June 2020, the Bank of Thailand forecasted that the Thai economy will contract 8.1% in 2020, mainly due to the severe impact of the COVID-19 pandemic which enormously affected worldwide economies. On 18 May 2020, the National Economic and Social Development Council (NESDC) announced that the GDP in Q1/2020 contracted 1.8% year-on-year as a result of decreases in exports, public and private investments, and government expenditure.

2.3. Headline and core inflations remained low during 2015-19. Although the Monetary Policy Committee (MPC) and the Minister of Finance set the 2020 headline inflation target within the range of 1-3%, the headline inflation is expected to be lower than the lower bound of the inflation target because of lower demand-pull inflationary pressures and lower energy prices from declined oil demand, which is largely a result of the COVID-19 outbreak. Besides, the Ministry of Commerce estimated in April 2020 expected that the headline inflation of Thailand in 2020 will be -1.0 to -0.20%.

2.4. From 2015 to 2019, the MPC adjusted the policy interest rate several times to respond with the changing economic circumstances. From August 2019 to May 2020, due to the trade tension, global economic slowdown, and particularly the COVID-19 pandemic, the MPC decided to lower the rate five times (with 0.25% cut each) from 1.75% to 0.50% to mitigate the economic effects from such circumstances.

2.2 Foreign Trade

2.5. During 2015-19, Thailand's international trade was fluctuating. In 2015-16, the total trade dropped 8.40% and 1.77% respectively due to low commodity and oil prices and sluggish global demand. Nevertheless, the trade increased sharply at 11.86% in 2017 and 9.39% in 2018 because exports to major export destinations, such as United States, China, Japan, and ASEAN notably increased. After the sharp rise, the trade shrank 3.65% in 2019, mainly because of the decreases of both exports and imports of Thailand's major trading partners.

2.6. Thailand's major trading partners during 2015-19 based on total trade value are China, Japan, and United States respectively. In 2019, in terms of export, United States was Thailand's top major export destination, following by China and Japan with the export values of 31.3, 29.2, and USD 24.6 billion respectively. For imports, China was the largest import partner of Thailand, followed by Japan and United States with the import values of 50.3, 33.2, and USD 17.3 billion respectively. If counting all ASEAN member states together, ASEAN would become the most important trading partner of Thailand with values of export and import at USD 62.9 billion and USD 45.0 billion respectively.

2.7. In 2019, main exports of Thailand are motor cars and parts, automatic data processing machines, precious stones and jewellery, rubber products, and polymers of ethylene and propylene. Major imports are crude oil, machinery and parts, electrical machinery and parts, chemicals, and iron and steel products.

2.3 Foreign Investment

2.8. Inflows of foreign direct investment (FDI) were on an increasing trend from USD 55.4 billion in 2015 to USD 60.7 billion in 2018. Nonetheless, the FDI inflows decreased in 2019 to USD 59.0 billion. Japan has long been the most important investor in Thailand with its 14.5% share of FDI inflows to Thailand in 2019. Other large investors were China (14.0%), Singapore (13.4%), European Union (11.7%), and United States (6.8%) correspondingly. Foreign investors mainly invested in financial and insurance, manufacturing, and real estate.

2.9. Thai enterprises also increasingly invest abroad. The statistics show that in 2019 31.0% of Thai investment flows went to ASEAN, mainly to Singapore (20.0% of total investment outflows), followed by Japan (13.0%), the European Union (11.7%), the United States (10.0%), and Hong Kong China (7.5%). Sectors that Thai enterprises focused on were manufacturing, wholesale and retail trade, and financial and insurance.

3 ECONOMIC AND TRADE POLICY DEVELOPMENT, 2015-19

3.1 National Policies towards Structural Reform

3.1. The Government has laid out a long-term vision for Thailand to achieve high-income status by 2036. The 20-Year National Strategy (2018-2037) has been issued since 2017. The National Strategy sets its goal as a springboard for Thailand to transform itself to be a digital economy, based on the sufficient economy principle. The strategy includes a wide range of top-down initiatives, especially in infrastructure and people development, to transform Thailand into a nation that can compete against wealthier, more knowledge-based economies. The National Strategy's vision is to be determined to maintain national security; ensure competitiveness of the country and the people; strengthen human capital; improve social cohesion and social equality; promote public sector efficiency and private sectors can operate under the fair competition policy; enhance good governance and anti-corruption; eco-friendly growth and development are to be promoted. The tasks have been carried out through different committees parallel with the ongoing work of government agencies.

3.2. Moreover, there is the **Twelfth National Economic and Social Development Plan (NESDP) 2017-2021** which is the main tool for the implementation is set aside to drive the country to achieve its goals in the first period. There are four complementary strategies in the NESDP 2017-2021; advancing infrastructure and logistics; developing science, technology, research and innovation; developing regional, urban and economic zones; and strengthening international cooperation and development. Additionally, annual budget allocation, integrate development issues

to formulate specific strategic investment plans are also taken into account. To effectively achieve the objectives of the National Strategy and the NESDP 2017-2021, many concrete measures are indicated.

3.3. In the economics area, many economic policies are announced. **Local Economy** is one of key highlight measures to uplift the country competitiveness. The concept of "Local Economy" aims at transforming the country into an innovative, value-based industry especially in community **enterprises and people development, to enhance and transform community enterprises and small and medium enterprises (SMEs)** into a business that can compete against disruption, more knowledge-based economies. The cooperation between the Government authorities and private sector is highlighted for strengthening the local economy. For example, technology and innovation sharing which is significant tool to support the community enterprise and SMEs. Additionally, the Government also supports Public-Private Partnerships (PPP) in many integrated development projects such as matching business partners between the big firms, local authorities and community enterprises. As for the short term target, Thailand aims to increase the proportion of new entrepreneurs to at least 45% per GDP within 2021; strengthen investors' confidence and encourages private investment by fostering export growth in order to expand production capacity; and support entrepreneurs to expand their production capacity in Thailand more than 10% within 2021.

3.4. **"Thailand 4.0"** is also one of the key development policies supporting the National Strategy. To continue with the digital economy theme, the Government targets to encourage the utilization of digital technology in order to deal with emerging issues, such as, smart cities, the digitalization of public sector, transport and logistics system to improve the quality and reach of public services, and thus pursue more inclusive growth outcomes. Thailand 4.0 is set as a key engine to transform Thailand into a value-added, innovative and knowledge-based economy, among others, the Government targets to explore the concept and best practices of digital government as well as the integration of digital technologies into public administration to improve its quality and effectively and efficiently deliver public services. The Government also aims to apply emerging digital technologies via Thailand 4.0 to promote structural reform for better governance and regulation of the digital economy. Basically, this policy is based on the following core elements; advancing technology and innovation to increase productivity of ready high performing industries; developing new technology-based industries with great growth potential; enhancing Thailand's position as a regional hub by upgrading its physical infrastructure (ports, roads and rail links, and airports); and promoting the digital competitiveness of Thai Community enterprise and SMEs.

S-Curve & New S-Curve industries

3.5. Thailand has become a middle-income country since 1976. In order to overcome this problem and move up to high-income country, Thailand urgently needs to reform its economic structure and enhance country's competitiveness under the dynamic digital era. Thus, the Government has set **"10 Targeted Industries"** to be Thailand's new economic growth engines that will help Thailand achieve its structural reform by shifting Thai economy to be high-valued, high technology and innovative based.

3.6. The 10 targeted industries have been categorized into two groups as "First S-Curve Industries" - the upgrading of five existing industries, and "New S-Curve industries" - the development of new high-technology and innovative industries.

Table 3.1 Thailand's 10 targeted industries

First S-Curve	New S-Curve
Advanced Agricultural and Biotechnology	Biofuel and Biochemical
Smart Electronics	Digital
Affluent Medical and Wellness Tourism	Medical and Comprehensive Healthcare
Next-generation Automotive	Automation and Robotics
Food for the Future	Aviation and Logistics

3.7. In accordance with Thailand 4.0 policy, the Board of Investment (BOI) announced 7-year investment promotion strategy (2015-2021) with an aim to lead the country towards innovation-driven economy by offering incentives for targeted industries in order to accelerate R&D, innovation, and human resource development in Thailand.

EEC

3.8. To support the structural reform and economic development, enhance Thailand's competitiveness, and explore opportunities in the global supply chain, the Government has initiated the Eastern Economic Corridor (EEC) and the Eastern Special Development Zone Act B.E. 2561 (2018) has been in force since 10 May 2018.

3.9. EEC is the strategic area designated to be a centre of the targeted industries development to support high value-added, high-technology, and innovative economy. EEC initially focuses on three Eastern provinces, namely Rayong, Chonburi, and Chachoengsao. The EEC development plan includes world-class transport infrastructure development (rail, road, marine, and air transport), digital infrastructure development, smart cities, tourism development, and human resource and R&D development. Investors who invest in EEC will receive various generous incentives compared to who investment in other areas, for example, longer corporate income tax exemption (maximum 13 years), fixed rate of personal income tax for foreign executives and staffs at 17%, and longer period of land and real estate lease (50+49 years).

3.10. EEC will help Thailand becoming a land, water, and air transport hub, as well as an industrial and innovation hub; developing cities and promoting tourism; developing special economic zones for trade, investment and tourism, with a key focus on distinctive potentials of each region that are complementary to and in line with neighbouring countries' economic zones development; city planning; related facilities for trade and investment, implementing supporting measures designed to attract more investment in our targeted industrial sectors.

3.1.1 Infrastructure development**Transport development plan**

3.11. Ministry of Transport (MOT) has launched the 20-year Strategic Plan of the Transport Systems Development Strategy from 2018-2037 to enhance country's competitiveness in an area of seamless transport connectivity. This long-term strategic plan for transport development focuses on three fundamental concepts including (1) Transport efficiency, (2) Green and safe transport, and (3) Inclusivity. The 20-Year Thailand's Transport Systems Development Strategy also comprises of five areas: (1) Integrated Transport Systems (2) Transport Services (3) Regulations and Institution (4) Human Resource Development and (5) Technology and Innovation.

3.12. Additionally, the MOT has launched Thailand's Transport Infrastructure Development Strategy 2015-2022, which is a framework to efficiently implement and monitor transport infrastructure projects over the next eight years. The essence of the infrastructure development plan comprises of five plans as follows: (1) Intercity rail network development, (2) Improving public transport networks and service, (3) Enhancing connectivity between key domestic production bases and neighbouring countries, (4) Increasing water transport network, and (5) Enhancing air transport capability.

3.13. During 2015-19, Thailand has continually improved the quality of road network to assure the ultimate accessibility, mobility and safety. Road transport development covers projects in road development to support the agriculture and tourism sector, four-lanes highway development, Motorway development, intermodal facilities development, regional highway maintenances, bridges crossing the river, and bridge/tunnel crossing the train tracks. In term of air transport, Thailand is determined to enhance airport safety and efficiency in line with international standards as well as to increase airport capacity by constructing a new airport and implementing airport development projects, such as new terminal construction and expansion of runway, taxiway, and apron during 2015-22.

3.14. Water transport development includes developing Inland Port and Coastal ports in Thai gulf and Andaman coast to facilitate domestic and international freights. One of the key projects are the development of Laem Chabang Port and Map-Taput Port.

3.15. Furthermore, Thailand focuses on the development of nationwide railway network to increase the use of rail transport for both passenger and freight. Therefore, the Department of Rail Transport (DRT) was established on 15 April 2019 to oversee and regulate the railway operation of Thailand. The Government has many rail transport development projects to increase rail transport efficiency,

such as track upgrade (from single-track to double-track), new route construction to cover more provinces and connect with neighbouring countries, and mass rapid transit (MRT) development to accommodate urban transport. Moreover, two high-speed train projects are under construction, namely (1) Bangkok-Nakhon Ratchasima and (2) high-speed rail linking three international airports (Suvarnabhumi-Don Mueang-U Tapao).

3.1.2 Trade and business facilitation

3.1.2.1 Ease of doing business

3.16. Department of Business Development (DBD) has undertaken several activities in order to put force greater ease of doing business for foreign investors as follows.

- (1) Launching the e-Registration System and currently working on a project to upgrade the system with the objective to develop its capacity.
- (2) Improving the capacity of company name reservation system by using fully functional AI technology in considering the request to reserve a company name.
- (3) Launching a single-service platform by combining the incorporation process with Social Security registration.
- (4) Issuing Ministerial Regulations to remove service businesses under the Foreign Business Act, B.E. 2542 (1999) to exempt business from the foreign business license requirement in order to facilitate business operations and promote trade and investment in Thailand.

3.1.2.2 Relaxation of foreign exchange regulations

3.17. During 2019-20, the Bank of Thailand (BOT) relaxed the foreign exchange regulations under the Foreign Exchange Regulatory Reform to facilitate foreign exchange transactions, thereby enhancing the ease of doing business. Key relaxation measures are as follows:

3.1.2.2.1 Repatriation of export proceeds

3.18. Exporters with proceeds below USD 1,000,000 per bill of lading have been allowed to keep the proceeds abroad (compared to the previous threshold of USD 200,000). Furthermore, exporters with proceeds exceeding the above threshold have been allowed to offset the proceeds with foreign currency expenses, without prior approval from the Bank of Thailand. These regulatory relaxations have helped businesses reduce their fund transfer costs and manage their foreign exchange risk more efficiently.

3.1.2.2.2 Foreign currency deposit (FCD)

3.19. The BOT streamlined rules on foreign currency deposit (FCD) account held with onshore banks by consolidating foreign currency accounts with different sources of foreign currencies. These have provided flexibility for businesses, including exporters and importers, in managing their foreign currencies.

3.1.2.2.3 Outward transfers

3.20. The BOT increased the ceiling threshold for outward payment for eligible purposes, such as international trades and services, international lending and repayment of loans, that do not require supporting documents to USD 200,000 (compared to the previous threshold of USD 50,000) This has not only reduced the burden of providing documents, but has also facilitated outward payments and transfers, thereby promoting the more balanced capital flows.

3.1.2.3 Regulatory guillotine

3.21. To enhance Thailand's competitiveness and improve Thailand's ease of doing business, since 2016 the Government has initiated the project called "Regulatory Guillotine" by hiring Thailand

Development Research Institute (TDRI) to review Thailand's existing laws, rules, and regulations to ensure efficiency, as many laws have become redundant, obsolete, or incompatible with current situations. The first stage of the project is "Licensing Guillotine", focusing on streamlining the complex licensing and permits issuing processes and regulatory procedures to facilitate people and businesses.

3.1.3 BCG economy

3.22. In 2019, the Ministry of Higher Education, Science, Research and Innovation, Thailand, in the programme called "BCG in Action"; a Bio-Circular-Green economy (BCG) policy driven programme that aims to enhance the potential technological development and the infrastructure of the targeted industries (S-Curve), namely advanced agricultural, food, biofuel energy, medical and healthcare, and tourism. To achieve this, science, research and innovation are considered as significant tools which enable Thailand to maximize the benefits especially for farmers and community and encourage entrepreneurs to manufacture products and services with high added-value or innovation, as well as to create a network in driving innovation in the BCG economy.

3.23. The Government has introduced the concept of "Circular economy" which not only supports industries to achieve balanced and sustainable growth in all areas but also fulfills the United Nation's Sustainable Development Goal 12 "Ensure sustainable consumption and production patterns". In this connection, the Government has exerted much effort to restructure the industry's production pattern from linear to a new circulating pattern that employs cost-effective, waste management and raw materials recycling concepts. The development guidelines of circular economy can be divided into three main areas as follows.

- (1) Production: The Government promotes the use of degradable raw materials, such as biomaterials in production process. Some of the promotion measures are included in the Bio Industry Development Strategy. This strategy focuses on promoting the use of technology, innovation, research and development to improve the production process and propel by facilitating mechanism, such as the Industrial Transformation Center (ITC), the Industrial Design Centre (IDC), and the Centre of Robotics Excellence (CoRE).
- (2) Waste Management: The Government emphasizes on the development of industrial and waste management systems by applying digital and information technology to develop applications, such as the auto E-license system to reduce time for approval the removal of industrial waste from factory, the factory inspection system 4.0 to monitor waster balance and secondary waste, and the E-Manifest system to control hazardous waste transportation using mobile system.
- (3) Secondary use of raw materials: The Government encourages the use of raw materials that have already passed production and consumption into the new production process. At the same time, the Government tries to promote the processing of waste and used goods back into industrial raw materials and to set the standards for secondary use of raw materials.

3.24. These measures and projects could be characterized into three different objectives, which are:

- (1) Monetary and fiscal measures to promote investment and support entrepreneurs: The Thailand Board of Investment (BOI) grants incentives to promote investment in targeted industries, including those related to the BCG economy model (Bio-Circular-Green economy). The current investment promotion policy (7-year investment promotion strategy, 2015-2021) will not only help strengthen Thailand's economy but also enhance Thailand's capacity to achieve sustainable development goals. Also, Ministry of Finance grants tax incentive for businesses that purchase bio-plastics packaging in order to promote the consumption of bio-plastics, the expenses of bio-plastic packaging can be used to deduct corporate income tax at the rate of 125%. And other measure is to financially support Green Projects in which the Bank for Agriculture and Agricultural Cooperatives provides low interest rate loans to approved agricultural entrepreneurs or agricultural related businesses which are in search of financial support for this environmentally friendly project.

- (2) Measures to support technology and innovation development: The Ministry of Industry (MOI) has established the Industry Transformation Center 4.0 (ITC 4.0) in all 76 MOI offices throughout the country for the purposes of assisting new and small entrepreneurs to have access to testing and experimenting facilities of new technologies and innovations. In addition, MOI also provided technological transfer and innovation knowledge to these businesses under the emphasis of establishing Circular economy Business Models (CBM) to enhance Circular economy strategy.
- (3) Measures to promote value added for agricultural products: The Ministry of Agriculture and Cooperatives (MOAC) aims at more efficient farming products and innovation creation of using agricultural products and farming by products in supporting of Bio-economy. In addition, MOAC also supports the establishment of Smart Farming projects as well as community enterprises in developing new and better OTOP Products.

3.2 Sectoral Policies

3.2.1 Tariffs and customs procedures

3.25. Thailand is a member of the Harmonized System Convention and currently applies the HS2017 tariff nomenclature. As an ASEAN member country, Thailand adopted 8-digit commodity classification code of AHTN (ASEAN Harmonized Tariff Nomenclature) that applies to all imports, i.e. imports from ASEAN member countries and from any other countries. Under the 8-digit classification, Thailand has 10,813 tariff lines, corresponding to the AHTN classification. Duties are levied as *ad valorem* rate, specific rate, or both *ad valorem* and specific rates. For goods subject to both *ad valorem* and specific rates of duty, only the rate which renders higher amount of duty shall be applied. The value of imports is normally based on the c.i.f. price. The Most-Favoured Nation Tariffs (MFN) average rate is 12.55%.

3.2.1.1 National Single Window & ASEAN Single Window

3.26. National Single Window (NSW) has been operating since 2008 and officially implemented in 2011 with the establishment of two secure data centres serving the exchange of electronic documents among government agencies and business sectors. It enables multiple transactions including G2G, B2G/G2B, and B2B and comprises various services to facilitate the stakeholders to reach the single point of entry, single submission to relevant agencies, and accommodate the regulatory authorities to perform the single decision making in accordance with international standard for Single Window. There are currently 37 government agencies linked through NSW and 19 of them have expanded the services to business. The prominent systems are launching to allow the traders utilizing single declaration to apply for the import/export permission and certification, e.g. hazardous substance importation, rubber exportation, certificate of origin, and SPS certificate.

3.27. The way forward to enhance the business activities using NSW was recently defined, for example, completely simplify and standardize the process for import/export of strategic goods (sugar, rice, rubber, frozen product, and hazardous substance), cooperate and develop the integration of port and logistics communities via NSW, and expand the single submission system for the import/export permission of agricultural products.

3.28. ASEAN's efforts to promote trade facilitation in the region continued to intensify towards achieving the regional goals of reducing the trade transaction costs by 10% by 2020 and doubling intra-ASEAN trade between 2017 and 2025. One such measure is the ASEAN Single Window, which is an electronic mechanism for exchanging trade-related documents. The ASW live operation has been started since January 2018 to enable the exchange of ATIGA e-Form D in order to expedite and enhance the granting of preferential tariff treatment for the customs procedure and finally all 10 ASEAN member countries came on board by the end of 2019.

3.29. The ongoing ASW work plan is to expand the exchange of additional electronic documents, e.g. ASEAN Customs Declaration Document (ACDD) which is the advance export information exchanged between the customs of partner countries for the risk management proposes, electronic Phytosanitary certificate which will be exchanged between the national plant protection organizations of the ASEAN countries to certify the import requirements of plant and its product. In addition, ASW would also be used to exchange the electronic documents with the non-ASEAN dialog partners in

the upcoming years and the sustainable development of ASW is handling by Project Management Office worked at ASEAN Secretariat coordinating with ASEAN member countries.

3.30. Other initiatives on trade facilitation include the operationalization of the ASEAN-wide Self Certification (AWSC), allowing certified exporters to self-certify the origin of their exports to enjoy preferential tariffs under the ATIGA. The ASEAN Seamless Trade Facilitation Indicators (ASTFI) has also been developed to measure and monitor the implementation of trade facilitation measures across the region. Finally, the live operation of the ASEAN Customs Transit System (ACTS) will enable ASEAN to achieve a seamless movement of transit goods in the context of single truck, in single declaration, and single guarantee.

3.31. Practical trade facilitation tools were also developed to facilitate trade in the region, such as the ASEAN Tariff Finder, a no-cost free online search engine to obtain up-to-date information on tariff-related information under various ASEAN Plus One FTAs. Another tool is the ASEAN Solutions for Investments, Services, and Trade (ASSIST), a non-binding consultative mechanism for solving operational problems encountered by ASEAN-based enterprises on the implementation of ASEAN economic agreements.

3.2.1.2 Authorized Economic Operator (AEO)

3.32. Thailand's Authorized Economic Operator (AEO) Program has been administered by Thai Customs Department since 2011. The program is carried on in accordance with WCO SAFE Framework of Standards to secure and facilitate global trade. There are two categories of AEO operators in Thailand: Importer/Exporter and Customs broker. The AEO operators will enjoy the benefits such as simplified customs procedures covering import, export and re-export, speed and fast process for tax/duty refund and compensation, facilitated and simplified process for placing a guarantee on transshipment and transit, tax incentive including export under the Mutual Recognition Arrangement (MRA). As of 31 March 2020, there were 382 AEO operators; 196 AEO Importers/Exporters and 186 AEO Customs brokers. Thai Customs Department has signed AEO-MRA with Hong Kong, China (June 2015), the Republic of Korea (December 2016), and Singapore (June 2018). Under the MRAs, Thai Customs Department takes into account the status of the other AEO programs when conducting its own risk assessment. In addition, Thai Customs Department has its strategy to expand the AEO-MRA in order to strengthen cooperation with other foreign Customs Administrations and enhance the security level of global supply chain and facilitate global trade.

3.2.1.3 Border trade facilitation

3.33. Thailand is a member of the WTO which has an obligation to comply with WTO Trade Facilitation Agreement (WTO TFA) for simplification and harmonization of customs procedures. The latest update in March 2020 for Thailand on the Implementation of WTO TFA in provisions amounts to 97% have already been executed. Thai Customs Department has continuously improved customs procedures to tackle with changes in the global trade environment by issuing the related customs notifications as follows:

- (1) Customs notification No. 5/2561 dated 10 January 2018 concerning Pre-Arrival Processing in order to accelerate the performance of customs procedures for imported goods from foreign countries and to promote national logistics and international trade which is beneficial to enhance Thailand's competitiveness.
- (2) Customs notification No. 9/2562 dated 10 January 2019 providing additional options for duty payment to reduce time and costs for traders.
- (3) Customs notification No. 139/2560 dated 10 November 2017 concerning e-Transition System comply with customs procedures under the Customs Act B.E. 2560 (2017).

3.2.2 Agriculture

3.34. During 2015-19, the agricultural GDP increased from USD 19.73 billion in 2015 to USD 7.56 billion in 2019, with an average growth rate of 2.3% per year. In 2015-16, agricultural GDP declined continuously due to severe natural disasters, especially, the drought that had occurred since 2014. Agricultural GDP started to increase again in 2017/18 due to the situation of the agricultural production returned to normal. However, in 2019 agricultural sector has growth only

0.1% due to drought, plant diseases and pest, including the slowdown of global economy, which eventually affected the exportation of agricultural products.

3.35. The Ministry of Agriculture and Cooperatives (MOAC) provides the MOAC 5-year agricultural plan (2018-2022) as well as the short-term operational plan. These plans comply with the 20-Year National Strategy (2018-2037). The 5-year operational plan of MOAC is under the vision of "Secured Farmers, Prosperous Agricultural Sector and Sustainable Agricultural Resources." This vision aims at strengthening farmers and agricultural institutions as well as increasing farmer's income up to more than USD 3,134.53 per year in 2022. The plan comprises of five strategies as follows:

- (1) *Strengthening the Farmers and Agricultural Institutions*, which aims to strengthen farmers and agricultural institutions to become Smart Farmers and Smart Groups with Smart Enterprises. Moreover, the program enhances farmers to be proud and feel secure in their careers, as well as, applying innovation and technology in farm labour management, farmland, financing opportunity and risk management.
- (2) *Increasing the Productivity and Quality Standards of Agricultural Commodities*, which seeks to develop product's quality and sustainable agriculture, and improve agriculture by using BCG model, comprising of three components. The first component is Bio economy (B), which is biodiversity-based economy, aiming to use biological resources with zero-wasted method. The other component is Circular economy (C), targeting to utilize materials. Both components are under the third component, which is Green economy (G), directing to solve the pollution problem in order to reduce the impact on the world sustainably.
- (3) *Increasing Competitiveness in Agricultural Sector through Technology and Innovation*, which focuses on developing technology and innovation to drive Agriculture 4.0 under the Thailand 4.0 Economic Model. The program will manage the agricultural information technology for farmers in order to access information regarding agriculture and agricultural technologies, and develop agricultural researches and papers to commercialization, and precision agriculture.
- (4) *Managing Agricultural Resources and the Environment to be Balanced and Sustainable*, which comprising of water resource management, conservation and recovery of agricultural resources, agricultural area management (agriculture, fishery, and livestock), adaptation to climate change and decrease in its effects, as well as international cooperation.
- (5) *Development of Public Administration System*, which emphasizes on developing implementation method, structure, and administration system of the Government. Capacity building for the Government officials will be provided to improve their skills and capacities.

3.36. In addition, the MOAC gives precedence in driving government's agricultural policies both crucial and main policies, which comply with master plan in agriculture, and national strategy. In 2020, eight important policies in agricultural sector are driven as follows:

- (1) Managing water resource system by increasing irrigation area and water management.
- (2) Encouraging agricultural sustainability by promoting alternative agriculture/integrated agriculture, encouraging organic farm, as well as reducing chemicals and replacing with organic substances in order to promote food safety.
- (3) "Market-led production" producing in market demand, by expanding marketing channels/new markets, encouraging smart farmers/young smart farmers to be entrepreneurs, strengthening community enterprise/cooperatives, and developing processing method for value-added agricultural products.
- (4) Reducing cost of production by using appropriate agricultural inputs, promoting the use of production technology and agricultural machines, developing system and increasing efficiency of the agricultural logistics system, and building up "Agri-technology and Innovation Center - AIC" throughout the country, which is the place to educate and practice in technology and innovation of value-added agricultural products.

- (5) Managing sustainable fishery by solving Illegal Unreported and Unregulated Fishing (IUU) problem and recovering aquatic resources.
- (6) Solving urgent problems of farmers by implementing royal rain making in drought area, providing land ownership for farmers, promoting livestock raising according to market demand (cattle and goat), controlling and preventing outbreak of animal diseases/plant diseases and promoting substitute plants to reduce water usage in water shortage area.
- (7) Establishing the National Agricultural Big Data Center (NABC) to provide data and information for planning and decision making in agricultural production.
- (8) Establishing the Agricultural Learning Center (ALC) at farm level to be the demonstration size and technologies transfer in rural area.

3.2.3 Fisheries

3.37. The fishery and seafood industry are very important to Thai economy, with around two million people employed across the whole industry. In the last five years (2015-19) seafood products export revenue was approximately USD 6,355 million per year. Seafood is also an important source of protein food for domestic consumption. The Government focuses on creating sustainability for the fisheries sector throughout the supply chain especially sustainable fishery management and improving the quality of life and well-being conditions of fishermen and farmers.

3.38. Department of Fisheries, under the Ministry of Agriculture and Cooperatives, as an agency responsible for the promotion and development of the Thai fishery sector has made a 3-year Action Plan (2020-2022) consisting of five strategies which are in line with the MOAC 5-year agricultural plan (2018-2022).

3.39. Since 2015, the Thai Government has taken steps to tackle Illegal, Unreported, and Unregulated Fishing (IUU fishing) in various areas until the European Union delisted Thailand from the list of possible countries that do not cooperate under the IUU regulations of the European Union (yellow card) on 8 January 2019. Thailand received international recognition and confidence in implementing solutions to the problems of IUU fishing policies and strategies. The Government has completely laid the foundation for the system to tackle IUU fishing to contribute to the sustainability of marine resources in six main areas:

- (1) *Legal framework*: Thailand has issued a new fishery law, namely the Royal Ordinance on Fisheries B.E. 2558 (2015) and its amendment B.E. 2560 (2017). Thai vessel law was improved to control the fishing fleet and fishery by issuing numerous regulations to effectively enforce the law. There are strict penalties to deter illegal behaviour. There is no legal loophole to let the illegal vessel and illegal action back into the system again. The new fishery legal framework is modern and in accordance with international laws and regulations. Moreover, Thailand became a party to the port state measures agreement (PSMA), the UN Fish Stock Agreement (UNFSA), and has formulated a National Plan of Action to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing (NPOA-IUU), which is in line with the International Plan of Action to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing (IPOA-IUU) of the United Nations Food and Agriculture Organization (FAO).
- (2) *Fleet management and fishery management*: The Thai Government can control overfishing and overcapacity problems through fishing gears control measures, fishing days and fishing licenses that are consistent with the number of aquatic resources that do not exceed sustainability levels, according to the Fisheries Management Plan of Thailand (FMP). The Thai Government has established a new Thai fishing vessel registration system to be able to control and monitor the entire fishing fleet with a system linking data among relevant departments for efficient fleet management.
- (3) *Monitoring, Control, and Surveillance (MCS)*: A system has been developed to control and monitor illegal fishing by establishing the Fisheries Monitoring Centre (FMC), there is a Vessel Monitoring System (VMS) installed in all Thai commercial vessels. Port In-Port Out Control Centers are also established in both coastal provinces of the Gulf of Thailand and the Andaman Sea to control the entry-exit of Thai flagged vessels before and after fishing. There are vessel inspections for species and weights of the aquatic animals of which Thai fishing vessels bring to the fishing port. There are also inspections at sea and air

surveillance. For vessels flying Thai flag operating in international waters, the Department of Fisheries has laid down measures to control, monitor and prevent illegal fishing including the development of observers onboard to monitor fisheries and transshipment of carrier vessels in the international waters. In this regard, the Fishing Info Network has been developed, which is a real-time electronic database of fishing vessels linking various data to enable the operations unit to inspect and control effectively and accurately.

- (4) *Traceability*: Thailand has developed the traceability system to prevent illegal aquatic animals and illegal fishery products from Thai fishing vessels as well as imported products from foreign countries into the Thai production lines. The electronic traceability system has been completely developed in compliance with the Port State Measures (PSM) to prevent the importation of aquatic animals derived from IUU fishing into Thailand.
- (5) *Law enforcement*: Laws enforcement under the Royal Ordinance on Fisheries B.E. 2558 (2015) and its amendment B.E. 2560 (2017), as well as other laws and regulations concerning labour in the fisheries sector of the Ministry of Labor and the Ministry of Social Development and Human Security have been adopted in the same direction. When finding the wrongdoing, criminal law is enforced including fines and strict administrative measures under the Fisheries Act, such as suspension of fishing licenses, withdrawal of vessel registration or fishing license, detaining or confiscating fishing vessels and aquatic animals.
- (6) *International Cooperation with foreign countries and regional fishery management organizations*: In addition to closely cooperating with the European Union to develop and improve the law measures and tools to combat IUU fishing as a flag state, coastal state, and port state, the Department of Fisheries has expanded cooperation with foreign countries and third countries that are flag states, coastal states, port states, and has continued strong cooperation with the relevant RFMOs: the Indian Ocean Tuna Commission (IOTC) and the South Indian Ocean Fisheries Agreement (SIOFA) by following the Conservation and Management Measure, and the administration of the organization and cooperation in the fight against IUU fishing at the regional and global levels.

3.2.4 Industry

3.40. The Government has launched the "Action Plan on Industrial Development" under the vision "Moving towards Wisdom-driven Industry that Connects with Global Economy". The 20-year Action Plan (2017-2036) targets are: (1) industrial sector GDP growth of not less than 4.5% per year, (2) the investment growth of not less than 10% per year, (3) export value average of not less than 8% per year, (4) Total Factor Productivity (TFP) average of not less than 2% per year, and (5) creation of 150,000 new innovation-driven entrepreneurs. The Action Plan has three main objectives as follows.

- (1) To enhance Thailand's industrial competitiveness in international level.
- (2) To generate country's income and employment as well as continuous and stable economic growth.
- (3) To utilize industrial development as the key engine to drive Thailand towards a high-income and developed country.

3.41. To achieve the objectives of this Action Plan, the Government has set five sectors of targeted industries as the "New Engine of Growth" namely (1) Agricultural and bio-technology, (2) Health, wellness, and bio-med, (3) Smart device, robotics, and mechatronics, (4) Digital, and (5) Creative industry, culture, and high value services. Furthermore, restructuring and strengthening competitiveness of primary industries and supporting industries are also emphasized in order to support the targeted industries. These primary industries include petrochemical and chemical, energy, metallurgical, packaging, machinery, mold, and mine industries.

3.42. Additionally, the Action Plan consists of three following guidelines with the goals to boost national competitiveness, ensure consistent economic growth, and support the country vision towards "Thailand to become a developed country with security, prosperity, and sustainability in accordance with the Sufficient Economy Philosophy" as stipulated in the National Strategy:

- (1) To transform Thailand's industry towards wisdom-driven industry by enhancing productivity of targeted industries, increasing the utilization of digital technology in SMEs,

raising the amount of Innovation-driven Enterprise (IDE), as well as reducing waste and CO₂ from industrial sector.

- (2) To reform Thailand's Industrial Ecosystem towards wisdom-driven industry through restructuring governmental bodies to facilitate the development of targeted industries and increasing number of FDIs in targeted industries, R&D investment, researches and patents in targeted industries, and skilled labours enhancement to support the targeted industries.
- (3) To connect Thailand's Industry with global economy by creating industrial production pattern that meets global demand and embracing digital technology for raw material procurement and market expansion at the global scale.

3.2.5 Services

3.2.5.1 Civil aviation

3.43. The International Civil Aviation Organization (ICAO) audited the Department of Civil Aviation (DCA) of Thailand under the Universal Safety Oversight Programme - Continuous Monitoring Approach (USOAP-CMA) from 19 to 30 January 2015. It was found 572 findings, 33 of which were significant safety concern (SSC) concerning the certification process for the issuance of air operator certificates. On 18 June 2015, ICAO listed Thailand as a "Red Flag" country and put red flag symbol on its website symbolized that the state is not providing sufficient safety oversight to ensure the effective implementation of applicable ICAO Standards.

3.44. In this regard, the Ministry of Transport and the Civil Aviation Authority of Thailand (CAAT) jointly resolved the 33 findings by amending Thailand Air Navigation Act and enhancing CAAT officers' competence to gain trust and credibility from global civil aviation community. A new air operator certification process was introduced and all international air operators were required to re-certify under the new scheme.

3.45. On 30 June 2017, CAAT has resolved all the 33 findings and requested for a re-audit from ICAO. ICAO accepted Thailand's request with an audit by ICAO Coordinated Validation Mission (ICVM) under USOAP-CMA. This was an audit to monitor the level of progress made by the state in resolving previously identified deficiencies. For this reason, from 20 to 27 September 2017, ICAO audit team conducted the mission and audited focusing on the AOC re-certification programme with new AOC certification process to resolve the 33 findings.

3.46. The ICVM results showed that Thailand resolved all the 33 findings effectively and was able to practically implement them. This results in an increase in the overall Effective Implementation (EI) from 34.20% to 41.1%. Therefore, ICAO SSC Committee announced the removal of Thailand from the list of countries that have safety risk in civil aviation (Removal of Red Flag) on ICAO website from 6 October 2017 onwards. Afterwards, CAAT continued the effort in implementing the corrective action plans with tangible progress. Therefore, the preliminary audit result of the second ICVM audit during 13-22 May 2019 showed that, within four years, the EI level of Thailand has almost doubled from 34.20% to 65.07%, surpassing ICAO's target of 60%.

3.2.5.2 Financial services

3.2.5.2.1 Banking

3.47. During 2015-19, the Thai banking sector has been developed substantially through the implementation of Financial Sector Master Plan Phase III (FSMP III). Over the past five years, the Thai banking system has remained strong and resilient due to high levels of capital fund and loan loss provision to withstand shocks from economic uncertainties together with implementation of micro- and macro-prudential policies. Additionally, the Bank of Thailand has consistently put effort on enhancing the Thai banking regulations to international standards through enhanced banking supervision, and the TFRS 9 accounting standard adoption.

3.48. The Bank of Thailand has implemented the FSMP III in order to promote financial sector development since 2016. The FSMP III incorporated four key themes, including competitive, inclusive, connected and sustainable. One of the main initiatives regarding regional connectivity includes further liberalization of banking sector on a reciprocal basis, through bilateral negotiations

with ASEAN members. This aims to strengthen the role of ASEAN, enhance trade and investment connectivity across the region and promote greater role of regional banks.

3.49. In response to more volatile economic environment and capture key risks that could be detrimental to the financial system, the Bank of Thailand has emphasized on the quality of banking supervision and regulations on financial institutions. Consequently, the Bank of Thailand has participated in the Financial Sector Assessment Program (FSAP), conducted by the IMF and the World Bank. The outcome of the FSAP shows an excellent score in 24 key areas and a good score on 5 out of a total of 29 assessed areas. This indicates that the Thai financial system is strong and can withstand market volatility well, while the standards of regulation is on par with those in developed countries.

3.50. Furthermore, the Thai banking system has further converged with IFRS Accounting standards. Thailand has replaced its accounting standard on financial assets with the new standard, TFRS 9, as suggested by the Federation of Accounting Professions (FAP) and the Bank of Thailand. Prior to the adoption, the Bank of Thailand and the FAP had ensured that financial institutions and small and medium enterprises (SMEs) were ready for TFRS 9 adoption to prevent any possible adverse impacts. TFRS 9 became effective nationwide on 1 January 2020.

3.2.5.2.2 Securities

3.51. Thailand has continued to improve its capital market to become a significant source of financing while the elements of fairness, efficiency and transparency are fully maintained. In 2019, the total value of market capitalization of the securities listed on the Stock Exchange of Thailand (SET) and the Market for Alternative Investment (mai) was THB 16.96 trillion (increased by around 35% from 2015). Especially for SET, the market capitalization increased to THB 16.75 trillion which was 36.35% increase from 2015. The SET index at the end of the year stood at 1,579.84, up 1.02% from the end of 2018. The SET's dividend yield was 3.14% while the mai's dividend yield was 2.91%.

3.52. Total trading value of both SET and mai in 2019 was THB 12.98 trillion, with a daily average trading value of THB 53.19 billion, considered the highest in ASEAN for eight consecutive years. In terms of trading value by investor type, foreign investors comprised 41% of total trading value, while local investors, proprietary trading, and local institutes were accounted for 34%, 14%, and 11% respectively. Compare to 2015, a daily average of derivatives trading volume rose to 428,368 contracts per day in 2019, which was a compound annual growth rate of 29%, mostly due to the rise of single stock futures and the popularity of gold online futures.

3.53. In terms of international standard, Thailand has voluntarily undertaken the Financial Sector Assessment Program (FSAP) in 2018. The assessments of FSAP for capital market sector¹, which were based on two international standards: IOSCO Principles for Securities Markets and CPMI-IOSCO Principles for Financial Market Infrastructures, revealed significant progress in every area with Broadly Implemented and above for majority of the principles. The positive outcome of the assessments not only helped strengthening the confidence of global investors and increasing business opportunity and investment choices but also reaffirmed the Thai capital market's competitiveness and efficiency.

3.54. In addition, Thailand's significant progress has been recognized in the World Bank's Doing Business Report 2020. Particularly, it was ranked No. 3 among the 190 participating economies, in the area of protecting minority investors - a significant jump from No. 15 in the preceding year. This significant progress was substantially due to the mechanism to enhance governance safeguards on protecting shareholders from undue board control by separating the roles of chairman and CEO.

3.55. To enhance connectivity of the market, the SEC placed a strategic focus on creating proactive alliance with regional and global regulators through assistance providing and information sharing to enhance supervisory efficiency and enforcement at the multilateral level, e.g. ASEAN Capital Markets Forum (ACMF) and Alternative Investment Fund Managers Directive (AIFMD). Similarly, the SEC has also strengthened market connectivity through the bilateral cooperation, by signing MoUs, Letter of Intent and Exchange of Letters for Cooperation with 23 foreign securities regulators. Additional to

¹ The assessments cover: (1) roles and responsibilities of regulator, (2) market participants including issuers, market intermediaries, collective investment schemes, secondary market, auditors, and credit rating agencies, and (3) securities clearing and settlement systems.

collaboration of supervision and information sharing, the SEC has pushed forward an implementation of cross-border financial products and the cooperation on market data connection in capital markets by signing the MoU concerning cooperation and exchange of information on cross-border equity offering and issuance of depositary receipt with the Securities and Exchange Commission of Cambodia (SECC) in 2019. Continuously, the SEC has also explored potential collaboration with other strategic partners and facilitated as CLMV connector to create better opportunity for businesses in capital market, prosperity of the region, and ultimately, the growth in ASEAN.

3.56. In term of Corporate Governance (CG) practice, Thailand has remained the regional leader. As evidenced in the ASEAN CG Scorecard assessments from 2012 to 2018, the selected Thai listed companies had consecutively received the highest average scores. In the 2018 assessment, the highest average score was 85.73%, and 11 listed companies were included in the list of top 50 regional companies with the highest scores. Another CG improvement was evidenced in the 2018 CG Watch Assessment by the Asian Corporate Governance Association and CLSA (Credit Lyonnais Securities Asia). Thailand was ranked 6th out of 11 Asian countries, and received second highest scores for the listed companies' provision of audited financial statements, strong risk, and environmental, social, and governance (ESG) reporting.

3.57. Recognizing recent developments related to Financial Technology (Fintech), the SEC has worked toward a more flexible licensing regime to further enable innovative players to operate in Thailand and tackle key obstacles. In May 2018, the Royal Decree on the Digital Asset Businesses B.E. 2561 was enacted to regulate the offering of digital tokens and undertaking of digital asset business (exchange, broker, dealer, and ICO portal).

3.58. In addition, the SEC has also exerted its efforts to further enhance the capital market beyond good CG and more towards sustainability in order to propel the country to achieve the United Nations Sustainable Development Goals. The initiatives have included, for instance, the introduction of CG Code and I Code 2017. The former serves as the guidelines for the corporate boards to incorporate ESG matters into their business decision-making in order to create long-term business value, whereas the latter is a market-force mechanism to increase companies' ESG awareness by the investors. In 2019, the SEC began to create a roadmap on developing the eco-system for sustainable finance. The Roadmap has been part of the SEC strategic plan 2020-2022 with an aim to support responsible investment regarding ESG principles.

3.2.5.2.3 Insurance

3.59. In 2018, Thailand had 0.51% share of the world insurance market and ranked 27th in terms of total premium volumes. The sector's direct premium income remained roughly at THB 849,189 million. At present (end of 2019), Thailand has 81 insurance companies, of which 22 are life insurers, 57 are non-life insurers, and 2 are domestic reinsurers.

3.60. Thailand's life insurance sector has been ranked as the world's top 30 in terms of premium income in 2018. Direct written premiums for life insurance reached at THB 617,081 million with the growth rate of 4.34%. Life insurance penetration was 3.78% and life insurance density was THB 9,291.43 per capita. As the world's top 35 largest non-life market in 2018, total premium written was THB 232,108 million with the growth rate of 5.67%. Non-life insurance penetration rate was 1.42% and non-life insurance density was THB 3,494.87 per capita.

3.61. The Office of the Insurance Commission has conducted several activities according to the Government and the Insurance Commission's policies under the Insurance Development Plan Vol. III (2016-2020) with the main mission to regulate and foster efficiency of insurance business in order to ensure that it operates with efficiency, transparency, trustworthiness and to ensure that the policy benefit has been delivered to beneficiaries accurately and in a timely manner. The OIC is currently developing the Insurance Development Plan Vol. IV (2021-2025). The vision of the Insurance Development Plan Vol. IV is to promote Thai insurance industry to grow sustainably under the new challenging environment.

3.62. The main factors contributing to this continuous growth are as follows:

- The OIC has strengthened a prudential supervision to align with an international standard in order to ensure that companies are stable, financially strong and operate their business

with high quality standard and trustworthy. The OIC has implemented many activities such as developing Risk Based Capital phase 2 (RBC 2), Own Risk and Solvency Assessment (ORSA), Enterprise Risk Management (ERM), Early Warning System (EWS), International Financial Reporting Standard 19 (IFRS 19), and overall analysis of Thailand's insurance industry (Stress test).

- The OIC has promoted a development of insurance products that are appropriate and suit customer needs. Moreover, in order to access to people in rural area, the OIC promotes microinsurance products which offer simple, non-complex and affordable insurance premiums for people with low income such as a rice insurance and personal accident insurance. In addition, the OIC also launched other crop insurance such as Maize Insurance, Longan Insurance, and Lava Durian Insurance. A personal accident (PA) microinsurance product was another product that gains a success and make people more access to an insurance system.
- The OIC has encouraged the insurance sector to adopt new technology to enhance efficiency and provide better service to consumers. In 2017, OIC launched an insurance regulatory sandbox project to promote innovative ideas and foster growth in an insurance sector. In addition, the Insurance Bureau System has been developed and operated as an insurance data centre to support an insurance business and enhance supervisory capability. The OIC also established the Center of InsurTech, Thailand (CIT) to be a focal point among insurance companies and start-ups to exchange knowledge and experience on Insurance development. Another role of the CIT is developing the digital infrastructure for Thai insurance industry such as OIC Gateway and central applications.
- The OIC has promoted an insurance literacy and awareness to the public about the use of insurance as a risk management tool, aiming that people will have interest to insurance and use insurance product as a proper tool to manage their risks. The OIC's activities are as follows: the OIC community, Training for the trainer project, and insurance training courses for various agencies.

Improving regulatory capacity

3.63. The OIC has developed the insurance law by entirely redrafting the Life Insurance Act and the Non-life Insurance Act with the main goals to address the current issue of law enforcement and to be in line with an international standard and those of other financial sector's regulations. The content of the drafts has been divided into three groups of related provisions as follows: (1) provisions regarding consumer protection, (2) provisions regarding prudential and stability of an insurance company, and (3) provisions regarding to promotion of merger and acquisition and a liability of board members and senior managements. So far, the scrutiny of group 1 has become effective since 21 November 2019. The group 2 and 3 are still in the legal procedure.

Participating in FSAP

3.64. The OIC has participated in Financial Sector Assessment Program (FSAP) mission during February-March 2019 which was the first full scope assessment. The assessment was conducted by The World Bank and IMF, and it was benchmarked against the ICPs issued by the International Association of Insurance Supervisors (IAIS). The result of assessment was graded in a high level. It showed 10 ICPs with the Observed (O) level, 12 ICPs with Largely Observed (LO) and 4 ICPs with Partly Observed (PO). There was none of Not Observed (NO) or Not Applicable (NA). The Assessor's comment in the report identifies that OIC has a prominent point in the development of qualified and effective supervisory staff, the implementation of stronger supervisory requirements, an effective risk-based supervisory framework, and enhanced information exchange and cross-border cooperation.

3.2.5.3 Tourism

3.65. Tourism and related industries are ones of the key sectors providing immense contribution to the Thai economy. It has been an effective means in creating job opportunities and rising local incomes as well as foreign exchange revenues. Foreign tourists generate more than THB 900 billion in national income each year, e.g. THB 1,876.136 billion in 2018 and THB 1,933.368 billion in 2019.

3.66. The number of tourists coming to Thailand has grown steadily. In 2019, there were approximately 39.80 million international tourist arrivals, up from 38.18 million in 2018, which was equivalent to an expansion of 4.24% from the previous year.

3.67. In realizing the vision of Thailand Tourism 2036, the nation needs to devise stepping stones to lay out the development path to reach the ambitious goal. The 5-year objectives and targets have been set to portray what Thailand could realistically achieve in the next five years. The overarching strategic objectives and targets over the next five years focus on improving the overall quality and capabilities of Thailand's tourism industry and supporting sustainable growth that leverage the great value of Thainess. The challenge now lies in the ability to create greater economic benefits from the industry, while ensuring the sustainability of the nation's tourism assets.

3.68. Thailand's tourism industry is driven under the guideline of the Second National Tourism Development Plan B.E. 2560-2564 (2017-2021) aims to guide development actions in accomplishing the four objectives: (1) to become quality tourism destination which increases tourism competitiveness, (2) to increase economic value of tourism industry with balance and sustainability, (3) to distribute tourism income and benefits inclusively throughout the nation, and (4) to sustainably develop tourism industry on the principle of Thainess and environmental sustainability.

3.2.6 Intellectual property

3.69. Intellectual property (IP) remains an area in which the Government has continued to strengthen its efforts with an aim to develop an effective and robust intellectual property regime. Since its establishment in 2011, the National Committee on Intellectual Property Policy, which is an interagency committee led by the Prime Minister, has continued to provide policy direction and oversee the implementation of Thailand's policies on intellectual property. In 2016, the National Committee on Intellectual Property Policy adopted the 20-Year (2017-2036) IP Roadmap in order to guide the development of the country's IP system and to ensure that the IP system is aligned with the country's shift towards "Thailand 4.0".

3.70. The Roadmap covers six areas, namely: (1) IP creation, (2) IP protection, (3) IP commercialization, (4) IP enforcement, (5) geographical indications, and (6) genetic resources, traditional knowledge and traditional cultural expressions. Since its adoption, the Roadmap has been providing the direction for the development of the nation's IP system and is currently being implemented by the relevant agencies, with the Department of Intellectual Property of the Ministry of Commerce (DIP) being the main responsible agency.

3.71. Thailand recognizes the importance of joining international IP agreements to ensure that its IP system is in line with international standards. To this end, Thailand deposited its instruments of accession to the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks on 7 August 2017 and to the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled on 28 January 2019. The two agreements entered into force for Thailand on 7 November 2017 and 28 April 2019, respectively. In addition, Thailand is also in the preparation process for its accession to the WIPO Copyright Treaty, the WIPO Performances and Phonograms Treaty and the Hague Agreement Concerning the International Registration of Industrial Designs.

3.72. In terms of legislative development, Thailand has amended its Trademark Act and Copyright Act during 2016-2019 and is currently in the process of amending its Patent Act, as well as further amending the Copyright Act.

3.73. The Trademark Act (No. 3) B.E. 2559 (2016) which amended the Trademark Act B.E. 2534 (1991) came into effect on 28 July 2016. The amendment aimed to, *inter alia*, streamline the registration process, allow for the registration of sound marks and support Thailand's accession to the Madrid Protocol. The Copyright Act (No. 4) B.E. 2561 (2018), which amended the Copyright Act B.E. 2537 (1994), entered into force on 11 March 2019. The purpose of the amendment was to incorporate copyright exceptions for persons with certain disabilities, including persons who are blind, visually impaired or otherwise print disabled, and support Thailand's accession to the Marrakesh Treaty. Another important legislative development is the Computer Crime Act (No. 2) B.E. 2560 (2017), which amended the Computer Crime Act B.E. 2550 (2007). After the revised Act

entered into force on 24 May 2017, right owners have been able to make use of the site blocking mechanisms under the Act to combat online infringements.

3.74. Thailand is in the process of amending the Patent Act B.E. 2522 (1979), which covers both the patent section and the industrial design section. For the patent section, the amendment focuses on streamlining the patent registration procedures, complying with the Protocol Amending the TRIPS Agreement and addressing the formality of applications for patents related to genetic resources and traditional knowledge. For the industrial design section, the amendment focuses on streamlining the registration procedures for industrial designs and laying the groundwork for Thailand's accession to the Hague Agreement.

3.75. In addition, Thailand is in the process of further amending the Copyright Act B.E. 2537 (1994), which consists of two phases. The first phase aims at enhancing the mechanisms for the protection of copyright in the digital environment and preparing for Thailand's accession to the WIPO Copyright Treaty. The Council of State already completed its consideration on the draft amendment and submitted it to the Cabinet for further review. The draft amendment will then be forwarded to the Parliament for its approval. After the completion of the first phase, Thailand has a plan for the second phase of the amendment of the Copyright Act, which involves laying the groundwork for Thailand's accession to the WIPO Performances and Phonograms Treaty.

3.76. At the WTO, Thailand attaches great importance to the TRIPS Council and has continued to actively participate in the body. Thailand also appreciates the need for a mechanism to facilitate access to essential medicines, particularly by countries with no or insufficient manufacturing capacity in the pharmaceutical sector. On 28 January 2016, Thailand deposited its instrument of acceptance for the 2005 Protocol Amending the TRIPS Agreement, joining other members in bringing the amendment to the TRIPS Agreement into effect on 23 January 2017.

3.77. The Department of Intellectual Property (DIP), as the main government body responsible for IP issues, continues to engage in cooperation activities with its counterparts in different regions, such as the United States Patent and Trademark Office (USPTO), the China National Intellectual Property Administration (CNIPA), Japan Patent Office (JPO), the European Union Intellectual Property Office (EUIPO) and the European Patent Office (EPO). The DIP also maintains close contacts with national IP offices of ASEAN Member States and is an active participant in the ASEAN Working Group on Intellectual Property Cooperation (AWGIPC), which is a forum for cooperation in the area of intellectual property among ASEAN Member States, as well as between ASEAN and its dialogue partners, such as Japan, China, the Republic of Korea, the European Union and the United States of America.

3.78. The DIP has taken various steps to improve the efficiency of its registration procedures. To increase service efficiency and facilitate IP applications, the DIP has made available an electronic filing (e-Filing) system as an alternative channel for submitting application, as well as an e-Payment system as a means for accepting electronic payments. The e-Filing system has been running since 19 February 2018. In terms of human resources, the DIP has recruited 78 patent examiners and 20 trademark examiners during 2016-18 to facilitate the registration process. Moreover, the DIP, in cooperation with its counterparts, as well as the World Intellectual Property Organization, has regularly organized capacity building activities for its examiners so that they are best equipped to perform their tasks.

3.79. Thailand recognizes the importance of an open and transparent process with respect to the development and implementation of its IP policies. In this regard, the DIP, in carrying out its missions, welcomes engagement of stakeholders to ensure that all views and concerns are taken into consideration. Stakeholders have been invited to participate in public hearings throughout the legislative amendment process. Consultation meetings have also been held by the DIP to serve as a forum for IP right holders to be kept informed about current IP policies and for views to be exchanged between right holders and relevant government agencies on IP issues.

3.80. Thailand also sees the importance of the inclusion of local communities within the IP system. In this connection, the DIP has been promoting geographical indications as tools for local farmers and producers to increase economic value of their products. Provinces across the country have been encouraged to have their products registered as GI products, and as of June 2020, 76 out of 77 provinces have at least one GI registered, with a total of 126 GIs. The DIP has also sought to

promote the registrations of Thai GIs in foreign countries, which resulted in Thai GIs now being registered in the European Union (Thung Kula Rong-Hai Thai Hom Mali Rice, Doi Tung Coffee, Doi Chaang Coffee, and Sangyod Muang Phatthalung Rice), Viet Nam (Isan Indigenous Thai Silk Yarn), Indonesia (Lamphun Brocade Thai Silk), and India (Lamphun Brocade Thai Silk).

3.81. The DIP has sought to encourage innovation and promote IP commercialization in a number of ways. In February 2017, the DIP set up a new unit called the Intellectual Property Innovation Driven Enterprise Center (IP IDE Center) as an advising centre for entrepreneurs and SMEs on IP issues, such as technology trends, the management of IP, and the protection of IP abroad. In January 2018, the DIP launched a new version of its "IP Mart", an online platform for IP owners to commercialize their products. The IP Mart, at <http://www.thaiipmart.com>, provides a channel for IP owners to showcase and sell their products to consumers. The DIP also organizes the "IP Fair" on an annual basis. The event is organized under a theme, which varies from year to year, and covers activities such as IP seminars, IP product exhibitions and IP consultation services.

3.82. Thailand has given intellectual property right (IPR) enforcement a high priority at all levels of government. At the policy level, the Cabinet instructed key enforcement agencies to combat IP infringements in both physical and online marketplaces, as well as other forms of infringements such as online piracy. To ensure the coordination and integration of relevant enforcement agencies, the Sub-Committee on IPR enforcement, led by the Deputy Prime Minister responsible for security and crime suppression matters, has been playing a major role in developing appropriate measures and overseeing enforcement operations in Thailand.

3.83. Enforcement agencies, namely the Royal Thai Police, the Department of Special Investigation (DSI), and the Customs Department, in cooperation with the DIP and right holders, have continued to intensify their efforts in combatting IPR infringements. Statistical data on arrest and seizure cases are summarized in Table 3.2.

Table 3.2 The arrests and seizures of intellectual property infringing items

Year	Arrest cases	Confiscated items
2019	4,880	1,649,638
2018	6,938	10,825,5382
2017	7,548	3,232,486
2016	7,511	5,546,141
2015	7,437	3,846,969

Source: The Royal Thai Police, DSI, and the Customs Department, Ministry of Finance.

3.84. The DIP has carried out various awareness and educational activities on IP. These include seminars and workshops designed to educate the public on a variety of IP topics, as well as the distribution of public relation materials to convey knowledge about IP, from creation, protection, commercialization to enforcement. In addition, the DIP has also utilized social media platforms such as Facebook and YouTube to reach out to the wider public, particularly the younger generation.

Plant varieties

3.85. The protection of new varieties of plants (PVP) or Plant Breeder's Right (PBR) in Thailand has been regulated under the Plant Varieties Protection Act B.E. 2542 (1999) by the Department of Agriculture (DOA), Ministry of Agriculture and Cooperatives (MOAC) as a competent authority. There are 91 plant species/genera, expanding 29 items from 2015, eligible to apply for the protection, as of March 2020. Thailand recognizes the importance of international cooperation to develop and strengthen PVP system in the region. The DOA has actively participated to the meetings under the East Asia Plant Variety Protection Forum (EAPVPPF) with ASEAN Plus Three (Japan, China, and the Republic of Korea) member states, and has continuously engaged in cooperation activities with the EAPVPPF and also other organizations, such as the United States Embassy Bangkok and the EUIP Key South-East Asia in the areas of raising public awareness, capacity building, and technical training.

²This number includes 9,000,000 counterfeit cigarettes seized by the Chiang Saen Customs House in April 2018.

3.2.7 SMEs

3.86. Small and Medium Enterprises (SMEs) form a vital pillar of Thai economy. They are the primary mechanisms for promoting and strengthening the economic growth by creating incomes and employment as approximately 3 million enterprises of which 99.8% are SMEs, employ around 12.2 million people or 82% of the country's total employment, and accounted for 42.4% of national GDP.

3.87. While the 3rd Thailand SME Promotion Plan (2012-2016) was about empowering SMEs to globalization and improving SMEs' productivities, the 4th Thailand SME Promotion Plan (2017-2021) emphasizes on the industry 4.0 era. The master plan, in accordance with the 20-year national strategic plan, focuses on developing Thailand into a valued-based, innovation-driven economy by creating the ecosystem and developing the capacity of SMEs. Its goal is aiming to increase SMEs' GDP growth to 50% of total GDP.

3.88. In this era of digital economy, the reformation of Thai SMEs has been driven by numerous projects through cooperation among public and private sectors, universities and academic institutes and financial institutions. Some projects carried out by the Office of Small and Medium Enterprises Promotion (OSMEP) are the SME ONE: the platform compiling public and private intelligent projects, the SME Knowledge Center Project via the comprehensive SME One-Stop Service Center (OSS), the SME Online Project: the development of e-market format for SMEs.

3.89. SMEs in Thailand were previously defined according to their assets and employment but under the promulgating of the Ministerial Regulation on the Small and Medium Enterprise Definition B.E. 2562 (2019) SMEs are now defined in accordance with their income and employment instead. Manufacturing sector, trade sector and services were also recategorized by consider defining SMEs in trade sector and SMEs in services under the same criteria.

3.2.8 Government procurement

3.90. In 2017 Public Procurement and Supplies Administration Act has been enacted in Thailand. The main objective of this Act is to promote transparency, accountability, efficiency, effectiveness, and value of money which lead to reliability in Thai public procurement for all sectors in both national and international level. According to the Act, all government agencies must follow the procurement procedures, including State-owned Enterprises (SOEs), local administrations, and other Independent public organizations except the procurement by SOEs that directly involving commerce such as purchasing oil and gas of Petroleum Authority of Thailand.

3.91. The Act will set standard to public procurement procedures, improve transparency and fairness in public procurement, reduce corruption, and increase efficiency and effectiveness of public spending. Transparency in procurement takes form in a variety of practices, such as publication of procurement plans, advertisement of tender notices, and disclosure of evaluation criteria in solicitation documents. Furthermore, the Act also encourages public participation, as all steps involved in procurement process need to be disclosed in the Electronic Government Procurement (e-GP) website for public access.

3.2.9 Competition

3.92. The Trade Competition Act B.E. 2560 (2017) is Thailand's current law which governs competition policy framework. Repealing the Trade Competition Act B.E. 2542 (1999), the present law has been in force since 5 October 2017. The Act regulates anti-competitive conducts such as abuse of market dominant position, mergers and acquisitions, cartels (vertically and horizontally) and unfair trade practices.

3.93. Besides provisions regulating anti-competitive conducts, the Act also establishes the new Trade Competition Commission which comprises of a Chairperson, a Deputy Chairperson, and five other Commissioners. The Commission has the fundamental powers and duties to:

- (1) Regulate business operations and impose guidelines to maintain free and fair competition.
- (2) Consider complaints and make inquiries regarding offences under the Act.

- (3) Propose opinions and recommendations to the Minister and the Cabinet with regard to the Government's policies on competition.
- (4) Give recommendations to government agencies on rules, regulations, or orders which are obstacles to competition and causing obstruction, restriction, or reduction of competition, and that may result in unfairness between business operators.
- (5) Make an order in writing to instruct that business operator to suspend, stop, or correct or change such conduct in accordance with criteria, methods, conditions, and the time period prescribed by the Commission, provided that the Commission has sufficient evidence to believe that a business operator has violated or will violate the provisions under the Act.

3.94. Furthermore, the Act also establishes the new Office of Trade Competition Commission which is independent from the Executive branch, unlike the old law in which the Office was under the Ministry of Commerce.

3.95. The other key characteristic of the Act that aligns with international standard is its application. The Act currently applies to all business operators regardless its owners including state-owned enterprises with limited exception provided that such enterprises conduct their undertakings according to the law or resolutions of the Cabinet which are necessary for the benefit of maintaining national security, public interest, the interests of society, or the provision of public utilities.

3.2.10 COVID-19 related policies and measures

3.96. Due to the COVID-19 outbreak, the Government has elevated the implementation of measures to the highest level by virtue of Section 5 of the Emergency Decree on Public Administration in Emergency Situations B.E. 2548 (2005) on 26 March B.E. 2563 (2020). Since March 2020, the Government has approved three phases of COVID-19 Relief Package to mitigate the economic impacts from the pandemic, focusing on economic stimulus package and healthcare spending.

3.97. Additionally, various measures related to trade and investment have been implemented temporarily as follows.

- (1) Trade-related measures: (1) Tariff exemption for essential products, such as surgical masks, (2) Export prohibition of bird eggs to prevent the critical shortage, (3) Export restriction of surgical masks to ensure adequacy of the products, and (4) Exemption of conformity assessment for licensing to import for sale industrial products.
- (2) ICT-related measures: (1) Providing high speed broadband internet for people, (2) Offering Special tariff and payment terms for telecommunication services, and (3) Establishing cloud Infrastructure to support government applications/IT systems needed during COVID-19 outbreak.
- (3) Services-related measures: (1) Insurance, such as premium refunds and premium discounts, and (2) Security and Exchange, such as notifying the business operators to activate Business Continuity Management (BCM) and Business Continuity Plan (BCP), and postponement of financial statement submission for companies that are affected by COVID-19.
- (4) Investment-related measures: such as: (1) Extension of the application deadline for corporate income tax exemption privileges, (2) Launching of online document submission service (e-submission), and (3) Launching of SMART Visa Online Clinic.

3.3 Regional Trade Arrangements and Economic Cooperation

3.3.1 FTAs

3.98. At present, Thailand has 13 regional and bilateral free trade agreements (FTAs) successfully in effect (see table below). There are two FTAs which have entered into force during 2015-19, namely Thailand-Chile FTA and ASEAN-Hong Kong, China FTA.

Table 3.3 Thailand's FTAs with effective date

Thailand's FTAs	Date of entry into force
Regional FTAs	
ASEAN	1 January 1993 (Goods), 30 April 1999 (Services), 21 June 1999 (Investment)
ASEAN - China	20 July 2005 (Goods), 1 July 2007 (Services), 15 February 2010 (Investment)
ASEAN - Japan	1 June 2009 (Goods)
ASEAN - Republic of Korea	1 June 2009 (Services), 1 October 2009 (Goods), 31 October 2009 (Investment)
ASEAN - India	1 January 2010 (Goods), 1 July 2015 (Services)
ASEAN - Australia - New Zealand	12 March 2010
ASEAN - Hong Kong, China	11 June 2019
Bilateral FTAs	
Thailand - India (Early Harvest Scheme)	1 September 2004 (Goods)
Thailand - Australia	1 January 2005 (Goods, Services and Investment)
Thailand - New Zealand	1 July 2005
Thailand - Japan	1 November 2007
Thailand - Peru (Early Harvest Scheme)	31 December 2011 (Goods)
Thailand - Chile	5 November 2015 (Goods and services)

3.99. Thailand is in the process of negotiating FTAs with Pakistan, Turkey, and Sri Lanka. Since 2019, Thailand has undertaken internal procedures reform and engaged in consultations with the European Union and the European Free Trade Area (EFTA) with a view to complete internal process in 2020.

3.3.2 WTO

3.100. Thailand has been a strong supporter of the rules-based multilateral trading system and the WTO. Thailand believes that the multilateral trading system is a crucial mechanism for achieving fair, transparent, predictable and freer trade that can lead to inclusive and sustainable economic growth.

3.101. Filling Vacancies in the Appellate Body is a top priority for Thailand as it will retain the tried-and-tested two-tier system of dispute settlement which is a central element in providing security and predictability to the multilateral trading system. To this end, Thailand presented to the General Council meeting in May 2019 a proposal on the Dispute Settlement System of the WTO (WT/GC/W/769) as well as actively participated in discussions with other members with a view to resolving the Appellate Body Impasse. Thailand has also co-sponsored Mexico's proposal to launch the selection process of the Appellate Body members as soon as possible.

3.102. Thailand supports all efforts to enhance the efficiency and effectiveness of the WTO and make it more relevant to current trading landscape. In this regard, Thailand has actively engaged in WTO reform discussions in order to improve the functioning of the WTO in various areas, including improving transparency and notification records, enhancing the work of WTO regular bodies, as well as revitalizing negotiations to update WTO rules while recognizing the core principles and objectives of the WTO.

3.103. Ambassador, Permanent Representative of Thailand to the WTO and the World Intellectual Property Organization (H.E. Ms. Sunanta Kangvalkulkij) had the honour to be appointed by the membership as the Chair the Disputes Settlement Body (DSB) in 2018 and as the Chair of the General Council in 2019 which is the highest-level decision-making body of the WTO between the Ministerial Conferences. During her chairpersonship of the General Council, the Ambassador put in utmost efforts that have resulted in the smooth functioning of the WTO during a challenging time and unprecedented circumstances, including facilitating the membership to the decision on the extension of the Customs Duties on Electronic Transmissions and TRIPS moratoria until MC12 and revitalization of the Work Programme on Electronic Commerce at the General Council meeting in December 2019.

3.104. During Thailand's ASEAN Chairmanship year in 2019, Thailand also chaired the ASEAN Committee in Geneva (ACG), where Thailand facilitated discussions and the sharing of information between ASEAN Member States on important WTO matters through weekly ACG Meetings and fostered the active role and participation of ASEAN in the WTO, including through numerous joint

statements at the Trade Negotiations Committee meetings, the General Council meetings, and Trade Policy Review meetings.

3.105. Thailand supports existing negotiations under the WTO with a view to update and refresh WTO rulebook and making it more relevant to the trading landscape in the 21st century. On Fisheries Subsidies, Thailand recognizes the importance of establishing effective and proportionate subsidy disciplines and has actively engaged in discussions to maintain marine sustainability. On Agriculture, Thailand has worked collectively with members of Cairns Group to move forward the negotiations with a view to updating disciplines on agriculture including trade-distorting domestic support taking into account of developing needs of WTO members.

3.106. On Electronic Commerce, Thailand has participated in discussions under the Work Programme on Electronic Commerce and co-sponsored the Joint Statement on E-commerce Initiative launched in January 2019 during the Informal WTO Ministerial Gathering (IMG) in order to strongly support negotiations on trade-related aspects of e-commerce.

3.107. For the implementation of Trade Facilitation Agreement (TFA), Thailand is at a rate of more than 94.1%. Thailand notified all definitive dates for the implementation of Category B commitments on 22 February 2018 and continues working tirelessly to complete remaining commitments by deadlines in 2024.

3.3.3 APEC

3.108. Supporting the final review of the Bogor Goals in 2020, Thailand supports the final assessment of the Bogor Goals which could be served as a guideline to improve the narrative of trade and investment in our region and provide recommendation on APEC's regional economic integration in the future. Hence, Thailand joined APEC Member Economies to undertake Individual Action Plan Update for 2019-2020 to provide improvements made since 2018 and future works planned for 2020 and beyond.

3.109. Thailand recognizes significant progress on advancing Regional Economic Integration (REI) through the endorsed initiatives and activities as an integral part of implementing Lima Declaration for the realization of Free Trade Area of the Asia-Pacific (FTAAP). Coordinating on sharing best practices and information, Thailand places importance on views and recommendations from multi-stakeholders, business and academic perspectives through Public-Private Dialogue (PPD) to strengthen APEC readiness and pathway to achieve the FTAAP.

3.110. In response to different levels of economic development, Thailand supports capacity building mechanism that aims to promote MSMEs' competitiveness to integrate into Global Value Chains (GVCs) to realize an inclusive and sustainable development. This also includes initiatives to promote regional economic integration to reduce trade barriers and to enhance trade facilitation.

3.111. In 2018, Thailand particularly achieved the work on "Brainstorming Workshop towards an APEC Green Road: Promoting Responsible and Sustainable Tourism in MSMEs" in enhancing competitiveness of MSMEs in tourism sector, which is one of the pilot sectors in the APEC Strategy for Green, Sustainable and Innovative MSMEs.

3.112. As Bogor Goals' expiration date is in 2020, APEC Member Economies have agreed on drafting APEC Post-2020 Vision with the assistance from Malaysia as current host in coordination with New Zealand and Thailand as future hosting economies in developing the draft on APEC Post-2020 Vision.

3.113. Thailand supports APEC cooperation in responding to impacts from COVID-19 pandemic and in exploring ways and means to pursue economic recovery in APEC region in accordance with operationalizing APEC MRT Statement on COVID-19 endorsed on 5 May 2020 and Ministers Responsible for Trade Virtual Meeting Joint Statement 2020 attached with Declaration on Facilitating the Movement of Essential Goods by the APEC Ministers Responsible for Trade (MRT) endorsed on 25 July 2020.

3.3.4 ASEAN

3.114. Driven by the theme of "Advancing Partnership for Sustainability", Thailand as a chair of ASEAN in 2019 had pursued 13 priority economic deliverables (PEDs) under the following three strategic drivers: (1) Future-Orientation such as ASEAN Digital Integration Framework Action Plan (or DIFAP) 2019-2025, ASEAN Innovation Roadmap 2019-2025, Guideline on Skilled Labour/Professional Services Development in Response to the 4IR, (2) Enhanced Connectivity such as ASEAN Single Window, Local Currency Settlement Framework, The Conclusion of RCEP, (3) Sustainable in all dimensions such as Promoting Sustainable Fisheries through ASEAN Cooperation, Conclude the MOU between the ASEAN Centre for Energy and an ASEAN partner university/institution to support the work towards the establishment of an ASEAN Biofuels and Bioenergy R&D Network Center, Roadmap for ASEAN Sustainable Capital Markets.

3.115. In addition, Thailand has successfully driven a number of key achievements, for example, signing the ASEAN Protocol on the Enhanced Dispute Settlement Mechanism (EDSM), finalization of the ASEAN Mutual Recognition Arrangement on Type Approval for Automotive Products (AP MRA), signing the ASEAN Trade in Services Agreement (ATISA) and the fourth protocol to amend the ASEAN Comprehensive Investment Agreement (ACIA) as well as the signing of the first protocol to amend the agreement on comprehensive economic partnership among Japan and member states of the Association of Southeast Asian Nations (AJCEP) which extends the agreement applied since late 2008 to cover trade in services, investment and the movement of citizens, in addition to market access for goods.

3.116. Considerable progress has been made in ASEAN trade liberalization with tariffs on 98.64% of goods fully eliminated under the ASEAN Trade in Goods Agreement (ATIGA). The ASEAN-6 (Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore, and Thailand) has eliminated 99.29% of their tariffs lines, while the CLMV has eliminated 97.67% of their tariffs lines.

3.117. Regarding the Non-tariff measures (NTMs), improvements have been made in populating the NTM section in the National Trade Repositories (NTR) of ASEAN Member States (AMS) which would be linked to the ASEAN Trade Repository (ATR), which is an ASEAN-level web-based interface that provides and maintains national-level trade and customs-related information. Through the ASEAN Guidelines on NTM, work to enhance the availability and quality of information provided through the links is being intensified for the full operationalization of the ATR.

3.3.4.1 Trade in services

3.118. AMS have also worked towards achieving free flow of services through the implementation of the ASEAN Framework Agreement on Services (AFAS). The Protocol to implement the 10th package of commitments under AFAS was signed on 11 November 2018 in Singapore. Thailand's schedule of specific commitments covered 106 sub-sectors with foreign equity participation capped at 70%. The number of commitments has increased from the 9th package by six subsectors under communication services and transport services.

3.119. Since 2012, Thailand has participated in the negotiation of ASEAN Trade in Services Agreement (ATISA). ATISA was signed by nine AMS in April 2019, at the 25th AEM Retreat Meeting in Thailand. The ATISA's main objectives are to upgrade and replace ASEAN Framework Agreement on Services (AFAS) and to provide greater opportunities for economic development by reducing barriers to trade in services.

3.120. To date, ASEAN has concluded the seven following Mutual Recognition Arrangements (MRAs) aiming to facilitate mobility of professionals/skilled labour in ASEAN through recognition of their qualifications namely: (1) MRA on Medical Practitioners, (2) MRA on Nursing Services, (3) MRA on Dental Practitioners (4) MRA on Architectural Services (5) MRA on Engineering Services (6) MRA on Accountancy Services, and (7) Framework Arrangements for the Mutual Recognition of Surveying Qualifications. ASEAN is also undergoing the implementation process for the MRA on Tourism Professionals which aims to facilitate mobility of tourism professionals within ASEAN, and at the same time, improve the quality of services delivered by tourism professionals.

3.121. In the area of electronic and digital integration, the ASEAN Agreement on Electronic Commerce, signed in 2019, aims to facilitate cross-border e-commerce transactions, contribute to

creating an environment of trust and confidence in the use of e-commerce, and intensify e-commerce to drive inclusive growth. Also, the ASEAN Digital Integration Framework was developed in 2018, followed by the ASEAN Digital Integration Framework Action Plan 2019-2025. The Action Plan focuses on facilitating seamless trade, protecting data while supporting innovation, enabling seamless digital payments, broadening digital talent base, and fostering entrepreneurship.

3.3.4.2 Free Trade Agreements (FTAs) with dialogue partners

3.122. Recently, major developments in ASEAN existing FTAs are as follows: the entry into force of the ASEAN-Hong Kong, China Free Trade Agreement and the ASEAN-Hong Kong, China Investment Agreement. There are also numbers of upgrading or reviewing of existing ASEAN Plus One agreements namely: (1) the ongoing implementation of the ASEAN-China Free Trade Agreement Upgrading Protocol, (2) the completion of the general review of the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA), and (3) the endorsement of a Work Plan for AANZFTA Upgrade Negotiations, as well as (4) the entry into force of the First Protocol to amend the ASEAN-Japan Comprehensive Economic Partnership to incorporate the chapters on services, investment and movement of natural persons.

3.3.5 RCEP

3.123. Through ASEAN, Thailand is actively pursuing regional trade liberalization. During the 21st ASEAN Summit and Related Summits in Phnom Penh, Cambodia on 20 November 2012, the leaders of ASEAN member countries and Australia, China, India, Japan, the Republic of Korea, and New Zealand through "Joint Declaration on the Launch of Negotiations for the Regional Comprehensive Economic Partnership", officially launched negotiations for Regional Comprehensive Economic Partnership or RCEP. The RCEP is expected to be a modern, comprehensive, high-quality, and mutually beneficial economic partnership agreement.

3.124. At the 3rd RCEP Summit on 4 November 2019 in Bangkok, the Leaders announced through the Joint Leaders' Statement stating that 15 RCEP Participating Countries have concluded text-based negotiations for all 20 chapters and essentially all the market access issues. They also tasked legal scrubbing to commence for signing in 2020. However, India has significant outstanding issues, which remain unresolved. In this connection, all RCEP Participating Countries will work together to resolve these outstanding issues in a mutually satisfactory way. India's final decision will depend on satisfactory resolution of these issues. Currently, the RCEP members are in the process of legal scrubbing the agreement so that the members can start their internal process for the signing of the agreement by the end of the year.

3.3.6 ACMECS

3.125. Recognizing the importance of the aim and future direction of the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS) in moving towards an Integrated and Connected Mekong Community, ACMECS leaders agreed that it is timely to reform ACMECS and its operational structure to effectively respond to the current geopolitical environment in the region and the world.

3.126. The 8th ACMECS Summit was held in Bangkok on 16 June 2018, where leaders of the member countries agreed to adopt the ACMECS Master Plan 2019-2023 under the vision of "Building ACMECS Connect by 2023". The main goals are to promote: (1) Seamless Connectivity, (2) Synchronised ACMECS Economies, and (3) Smart and Sustainable ACMECS. The ACMECS leaders also adopted the Bangkok Declaration, which underlines the strong commitment of all member countries as a strategic partnership, to enhance ACMECS cooperation in order to obtain mutual benefits and to become a centre of prosperity in the region. Thailand, an active partner in promoting inclusive growth and development within the sub-region, additionally proposed the establishment of an ACMECS Fund as a financing mechanism for upcoming cooperation projects under the ACMECS Master Plan.

3.3.7 ASEAN Capital Markets Forum

3.127. The ASEAN Capital Markets Forum (ACMF) comprising capital market regulators from all 10 ASEAN jurisdictions was established in 2004. Its initial goal was to integrate regional capital market in order to allow cross border activities and help broaden investor base and range of products, thereby strengthening domestic capital markets and increasing visibility of ASEAN as an

asset class. To guide its work on the next five years, the ACMF has been assessing key achievements under the ACMF Action Plan 2016-2020 in order to develop the Action Plan for 2021-2025 which is expected to be finalized this year. Additionally, to deepen capital markets connectivity, ACMF has initiated key frameworks that have substantial progress in 2019, including:

- **ASEAN Framework for Cross-Border Offering of Collective Investment Schemes (CIS)** to foster cross-border fund distribution and shorten time to market for funds. As of December 2019, the MoU on this framework had three signatories - Malaysia, Thailand, and Singapore (Philippines is in the process of joining this framework and the MoU is expected to be signed in Q2/2020) and 15 funds were approved.
- **Professional Mobility Framework** dividing into two schemes, namely the ACMF Pass to foster greater mobility of capital market professionals and the Cross-Border Publication of the Research Report to allow greater and easier access to reliable information on ASEAN capital market products, including listed share, bond, CIS and sukuk. As of December 2019, the MoU on this framework had four signatories - Philippines, Malaysia, Thailand, and Singapore, and 10 Singaporean analysts utilized this framework to register in Thailand.
- **ASEAN Disclosure Standards Framework** to facilitate cross-border offerings of securities, support fund-raising activity and enhance the investment opportunities in the region. As of December 2019, the MoU on this framework had three signatories - Malaysia, Thailand, and Singapore.

3.128. Apart from strengthening connectivity, ACMF has also introduced several frameworks, including the ASEAN CG Scorecard to promote CG practice in ASEAN, the Market Development Program to build capacity of securities regulators, and Digital Asset Oversight Networking to share views, experience and information on regulatory development and recent initiatives related to digital assets.

3.129. Recognizing the importance of promote sustainable development of ASEAN capital markets, since 2017, ACMF had developed the ASEAN Green Bond Standards (GBS), ASEAN Social Bond Standards (SBS), and ASEAN Sustainability Bond Standards (SUS). As of 29 February 2020, there were 25 issuances of bonds using GBS, SBS and SUS in ASEAN while 5 of these bonds were issued in Thailand (3 GBS, 1 SBS and 1 SUS).

3.130. To align with the theme of 2019 Thailand's ASEAN Chairmanship on "Advancing Partnership for Sustainability", SEC Thailand as the Chair of the ACMF underlined the importance of fostering sustainable capital market and played the active role in jointly developing the Roadmap for ASEAN Sustainable Capital Markets (Roadmap) with ACMF members to promote ASEAN asset classes for sustainable investment. In April 2019, concept of the Roadmap was endorsed in the ASEAN Finance Ministers' Meeting (AFMM). Further reinforcing through the 2020 Vietnam ASEAN Chairmanship, the Roadmap has fully developed to provide broad strategic direction and guide ACMF in developing necessary action plans and initiatives across the region. The finalized actionable recommendations under the Roadmap is expected to be reported to the AFMM in October 2020 and its priority areas will subsequently be integrated into the next phase of the ACMF Action Plan for 2021-2025 in order to push forward the agenda on fostering sustainable development in ASEAN capital markets.

4 FUTURE ECONOMIC AND TRADE POLICY DIRECTIONS

4.1. Despite the global economic uncertainties and challenges, Thailand views that free, predictable and transparent international trade relies on rules-based multilateral trading system and the WTO will contribute to the sustainable growth of global economy. In this regard, Thailand remains committed to work closely with WTO members towards further trade and investment liberalization as well as improvement of the WTO's effectiveness.

4.2. Moreover, Thailand hopes to see the positive results from the structural reform policies in the next review period. Since Thai economy was hit hard by the coronavirus, our economic policy direction in the near future will focus on economic recovery to alleviate the economic impacts caused by the pandemic, bringing businesses, people, and communities back to their normal life. More fiscal and monetary measures will be implemented.

4.3. Thailand also aims to make its economy more inclusive and sustainable. Our priorities under the sustainable and inclusive development include MSMEs development, digital economy, and BCG economy. Furthermore, the COVID-19 outbreak has highlighted Thailand the importance of economic resilience and emergency preparedness against future shocks or disruptions to ensure that the businesses and supply chain can continue their operation.

4.4. In conclusion, Thailand remains supportive of the rules-based multilateral trading system and the WTO as crucial mechanism for Thailand and WTO Members to address economic challenges resulting from COVID-19 crisis and prepare for the post-pandemic recovery. Thailand will also strive to become a value-based economy with a full of resilience, while emphasizing on inclusiveness and sustainability.
