

European Business Position Paper 2025



**Elevating Thailand's Competitiveness:
Driving Economic Transformation and Regulatory Reform**

Better is
health for all and
hunger for none

Through the power of science, we strive to create a world where everyone has the chance for a better life.



Health for all, Hunger for none

Contents

Endorsement by Prime Minister of the Kingdom of Thailand	3
Endorsement by Ambassador of the European Union to Thailand	4
Endorsement by Chair of European Business Organisation (EBO) Worldwide Network	6
Message from EABC President	7
Acknowledgements	9
About the European Association for Business and Commerce (EABC)	10
Acronyms and Abbreviations	12
Introduction	19
Automotive	33
Cross-Sectoral Issues (CSI)	43
Digital Economy / ICT	65
Energy	82
Food, Agriculture and Beverages	105
Healthcare and Pharmaceuticals	120
Insurance	131
Intellectual Property Rights (IPR)	135
Small and Medium-sized Enterprises (SMEs)	150
Sustainability	159
Tourism	169
Transport, Logistics, Rail and Road	181



DIAGEO MOËT HENNESSY

Diageo Moët Hennessy (Thailand) Ltd. (DMHT) is the leading importer and distributor of premium wines and spirits in Thailand. We are renowned for our portfolio of iconic brands, including Johnnie Walker, The Singleton, Talisker, Hennessy, Moët & Chandon, and many more.

At DMHT, we are committed to conducting business with integrity, balancing our responsibility to promote responsible drinking with the right to trade freely. This commitment is

embedded in our corporate ethics, governance, and engagement with employees, customers, consumers, suppliers, and communities.

As a responsible corporate citizen, DMHT upholds the highest standards of good governance and advocates for responsible alcohol consumption.

For more details, our **Global Corporate Citizenship Report** and **Asia Pacific Citizenship Report** are available for download at www.diageo.com.

*Celebrating life,
every day,
everywhere*

Endorsement by Prime Minister of the Kingdom of Thailand H.E. Paetongtarn Shinawatra

I commend the European Association for Business and Commerce (EABC) for the continued efforts in strengthening Thailand - Europe economic ties. I extend my support to EABC's 2025 European Business Position Paper, which reflects a shared vision for a stronger, more competitive, and resilient Thai economy.

As we continue to rebuild and modernise our economic landscape, partnerships with key stakeholders play an essential role in achieving sustainable and inclusive growth with a view of securing Thailand's leading position in global competitiveness. EABC has been my government's key partner in fostering trade and investment, to enhance our competitiveness and attractiveness as a business destination.

Thailand's economic development strategy is rooted in a commitment to serving the people, laying the groundwork for a nation where citizens can thrive with dignity and prosperity. We are focused on modernising key industries, particularly agriculture and energy, by leveraging advanced technologies to enhance productivity, increase incomes, and reduce costs. At the same time, we are promoting emerging industries, including green technology, to address environmental challenges, as well as digital innovation and healthcare.

In an interconnected world with many challenges and opportunities, competitiveness requires both structural reforms and a commitment to preserving and promoting what makes Thailand unique. From digital infrastructure upgrades to initiatives that bolster our 'soft power' in 13 key industries, Thailand is positioning itself as a dynamic hub for investment and collaboration.

We are also committed to strengthening trade and investment partnerships. As such, the EU-Thailand Free Trade Agreement (FTA) will play a crucial role in unlocking new opportunities for businesses and industries across both regions. We look forward to advancing negotiations with a focus on mutual benefit and long-term prosperity for both Thailand and the European Union.

EABC's Business Position Paper is a valuable contribution that bring together industry expertise and offer insights and concrete policy recommendations to support Thailand's efforts towards inclusive, competitive, and sustainable economic growth.

I sincerely thank the EABC for continued collaboration and commitment to our shared future and extend my best wishes for the successful launch of the 2025 European Business Position Paper.



(Paetongtarn Shinawatra)

Prime Minister of the Kingdom of Thailand



Endorsement by Ambassador of the European Union to Thailand H.E. David Daly

I would like to congratulate the European Association for Business and Commerce (EABC) for its 2025 European Business Position Paper. The paper provides a comprehensive overview of the perspective of European businesses on the trade and investment landscape in Thailand.

The EU and Thailand enjoy a long-standing and dynamic trade and investment relationship, underpinned by shared commitments to the rules-based trading system. The relationship is built on solid ground, we trade over one billion of goods and services every week and the EU is Thailand's third largest investor representing 12% of total foreign direct investment in the country. There are 19,000 companies registered in Thailand with investments from the EU totalling to € 40 billion, these provide more than 160,000 jobs locally. The EU is also the third largest source of tourists visiting Thailand representing over 10% of arrivals last year.

European companies play a pivotal role in this partnership, contributing to Thailand's economic growth. They bring world-class expertise in innovation, green technologies, digital transformation, and advanced manufacturing – sectors that are aligned with Thailand's development priorities. Their investments contribute not only to economic growth but also to skills development, innovation, and long-term sustainability.

The EU-Thailand Free Trade Agreement (FTA) provides a unique opportunity to deepen these ties and create a state of the art framework that facilitates greater market access, promotes fair competition, enhances regulatory transparency, and facilitates sustainable investment. An ambitious and comprehensive FTA will reinforce Thailand's position as a regional hub, providing greater certainty for businesses and unlocking new opportunities for European and Thai enterprises alike.

The EU supports the process of Thailand's accession to the OECD paving the path for the country's deeper economic integration in global economy.

The EABC's 2025 European Business Position Paper spanning 12 chapters provides valuable insights into the opportunities and challenges facing European businesses in Thailand. Key issues such as regulatory predictability, fair competition and removal of market entry barriers require close collaboration between the public and private sectors. The EU is one of Thailand's largest trade and investment partners and fostering a business-friendly environment will be crucial in unlocking the full potential of our economic relationship.

The EU is committed to working with Thailand and the EABC to enhance the trade and investment environment, promote sustainable business practices, and advance our mutual interests. I commend the EABC for its continued efforts in advocating for European businesses and look forward to our continued collaboration in building a stronger, more resilient, and prosperous economic partnership.



A handwritten signature in blue ink that reads "David P. Daly".

H.E. David Daly

Ambassador of the European Union to Thailand

Novo Nordisk Pharma Thailand



Who We are ?



Our story starts in 1923 when two small Danish companies started the production of the revolutionary new drug insulin. Our purpose is to **drive change to defeat serious chronic disease**.



Established in 1983, Novo Nordisk Pharma (Thailand) has been operating in Thailand for more than 40 years.

More than

270+

employees in Thailand

5 times
times Best Place
To Work (2020 – 2024)



3 times
times Best Place To Work
for Women in Thailand

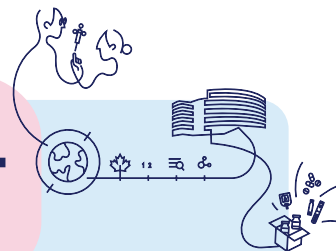
More than

300K+

patients reached in Thailand

600+

patients in more than **12** Clinical
Trials operation



What We do ?



Diabetes

Strengthen leadership by offering innovative medicines and driving patient T1D – T2D outcomes



Secure a leading position by leveraging full portfolio and expanding into adjacent areas

Rare Disease

Novo Nordisk Way

Driving change
to defeat serious
chronic diseases

Sustainable business

Obesity

Strengthen leadership through market development and by offering innovative medicines

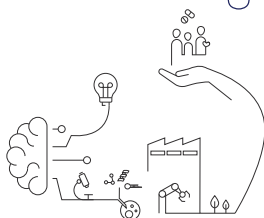


Establish position in cardiovascular disease and build a presence in emerging therapy areas

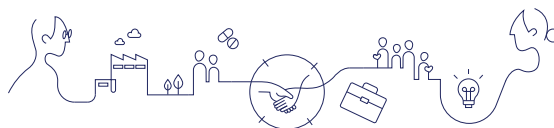
Cardiovascular & Emerging Therapy Areas



How We achieve ?



Innovations



Public - private partnerships



Sustainability

Endorsement by Chair of European Business Organisation (EBO) Worldwide Network Jason Collins



The European Business Organisation (EBO) Worldwide Network, spanning across continents, provides support to European businesses operating internationally. Working in partnership, the network and its members address shared global challenges—ranging from promoting fair trade, driving sustainable transitions, to upholding responsible business practices for the benefit of all.

As a valued member of EBOWN, EABC Thailand plays a crucial role in advancing European business interests in the region by engaging in policy advocacy for facilitating trade and investment between Europe and Thailand. Through its biennial European Business Position Paper, EABC provides valuable insights into Thailand's economic landscape, identifying key industry challenges and opportunities, and developing well-researched policy recommendations for a more competitive and business-friendly environment.



On behalf of EBOWN, I am pleased to extend our endorsement and support for EABC Thailand's 2025 European Business Position Paper. The 2025 edition, themed 'Elevating Thailand's Competitiveness: Driving Economic Transformation and Regulatory Reforms' serves as a vital contribution to shaping trade and investment policies that will promote sustainable economic growth, enhance Thailand's attractiveness as an investment destination, and further strengthen the partnership between European businesses and the Thai government.

EABC Thailand's ongoing commitment to economic integration, sustainability, and regulatory reforms aligns with EBOWN's mission to foster stronger global business linkages. By actively engaging in policy dialogue, investment facilitation, and business development, EABC Thailand continues to create meaningful opportunities for European enterprises to thrive in Thailand's evolving economic landscape.

Each year, European Chambers from across the world, spanning regions including Africa, the Americas, Asia, Europe, and Oceania, convene as part of the EBO Worldwide Network to collaborate on shared interests and to exchange insights. This network provides a robust platform for cooperation, facilitating joint initiatives, policy advocacy, and knowledge-sharing among European business organisations globally.

We commend EABC Thailand's dedication to supporting European businesses and look forward to the successful launch of the 2025 Position Paper. We will work alongside EABC Thailand, as a valued member and partner of the EBOWN, and our broader European business network to advance our shared mission and priorities.


Jason Collins
Chair, EBO Worldwide Network
(Sydney, Australia)

Message from EABC President

On behalf of the European Association for Business and Commerce (EABC), it is with great pride and optimism that I share with you the latest position paper of European Business in Thailand, titled **‘Elevating Thailand’s Competitiveness: Driving Economic Transformation and Regulatory Reform’**. The 2025 European Business Position Paper reflects the unified voice of European business in Thailand and underscores our unwavering commitment to supporting Thailand’s journey towards a more dynamic, competitive, and resilient economy. The publication additionally stands as a testament and a key milestone of EABC Missions to promote Stability, Security, Competitiveness, Inclusivity, and Sustainability.

In today’s fast-evolving global economy, adaptability, innovation and technological advancement are critical to sustainable success. Thailand stands at a pivotal moment, ready to unleash its full potential through targeted economic transformation, strategic regulatory reform and deeper international integration. Of particular significance is the European Union-Thailand Free Trade Agreement (FTA) currently under negotiation. This agreement has the potential to unlock unprecedented opportunities for both regions, enhancing trade flows, attracting high-quality investment, fostering greater innovation across industries, and promoting sustainable development.



The 2025 European Business Position Paper outlines key areas in various industrial sectors where reforms can help Thailand fully capitalise on this opportunity. Enhanced market access, trade efficiency, regulatory improvement, and promoting sustainability will enable Thailand to strengthen its global competitiveness and position itself as a leading destination for European investment and trade partnerships.

Achieving this vision requires collaboration. I want to express my deepest gratitude to all stakeholders who contributed their expertise to this important development of the 2025 European Business Position Paper. Your insights have been essential in shaping a roadmap for progress. EABC remains fully committed to working alongside Thai authorities, European authorities, business leaders, SMEs and any related organisations to turn these recommendations into concrete actions. Together, we can break down barriers, enhance market competitiveness which will promote a more favorable business climate, and accelerate Thailand’s economic transformation for the benefit of businesses and citizens alike.

As we embark on this journey, I am inspired by the opportunities that lie ahead. Let us move forward with a shared purpose to create a stronger, more competitive, and prosperous Thailand. Thank you for your continued support, dedication, and partnership. I look forward to the future we will build together.

Yours sincerely,

Paranee Adulyapichet

President, European Association for Business and Commerce (EABC) Thailand



Dextra Group, established in 1983 by French entrepreneurs, stands as the global leader in engineered steel and fibre-reinforced polymer solutions, serving diverse construction sectors, including civil infrastructure and nuclear projects, with a focus on enhancing structural integrity, quality and sustainability in the construction industry. Dextra upholds international standards, with ASME and ISO 19443 nuclear certifications, underscoring our meticulous approach to excellence and product reliability.

On the sustainability front, Dextra supports environmentally responsible practices by offering solutions that reduce material waste and energy usage throughout their lifecycle. The group has also published Environmental Product Declarations (EPDs) for its products, further demonstrating transparency and a commitment to minimizing environmental impact, supporting sustainable infrastructure and development worldwide.



> 1,000
People Worldwide



> 20,000
Mega Projects

King Power MahaNakhon,
Thailand

CONCRETE
REINFORCEMENT
PRODUCTS

Suvarnabhumi Airport,
Thailand

ENGINEERED
BAR SYSTEMS

Grand Paris Express,
France

GROUND
ENGINEERING
SOLUTIONS



www.dextragroup.com

reliable
connections

ACKNOWLEDGEMENTS

The **European Association for Business and Commerce (EABC)** extends its appreciation to all **EABC Working Groups**, whose vision and expertise have guided the in-depth analysis and practical recommendations presented in this publication. EABC recognises the individuals and organisations in the Working Groups for contributing their experience.

EABC expresses its sincere gratitude to the **Thai-European Business Association (TEBA)** for their contribution to the **Automotive Chapter**. TEBA's valuable insights, as reflected in its White Paper 'Future of Mobility in Thailand' are a fine foundation for the Chapter.

Lastly, EABC extends its sincere thanks to the **Office team** for coordinating the production of this paper from its inception to completion.

About the European Association for Business and Commerce (EABC)

The European Association for Business and Commerce (EABC), established in 2011, also known as the European Chamber of Commerce in Thailand, aims to be the unified voice of the European business community in Thailand. EABC's objectives are to advocate member interests, to support European business in Thailand and to promote Thailand as an attractive partner for European foreign investment and trade. EABC acts as the European chamber of commerce in Thailand, covering all EEA (European Economic Area) states, and the UK, not just EU states.

Our main activities include carrying out policy and advocacy dialogues and action plans, building consensus, providing support to European businesses about trade and investment, and organising key events to foster opportunities for European businesses in Thailand.

Our Advocacy Groups have been established to facilitate constructive policy and regulatory dialogues among European businesses toward improvement on market access and robust business cooperation between Europe and Thailand. These transversal as well as sectoral advocacies involve:

- (i) Automotive
- (ii) Cross Sectoral Issues (CSI)
- (iii) Digital Economy / ICT
- (iv) Energy
- (v) Food, Agriculture and Beverages
- (vi) Healthcare and Pharmaceuticals
- (vii) Insurance
- (viii) Intellectual Property Rights (IPR)
- (ix) Small and Medium-sized Enterprises (SMEs)
- (x) Sustainability
- (xi) Tourism
- (xii) Transport, Logistics, Rail and Road

Our Missions:



Promoting **SECURITY** through **trade diversification**, shifting reliance onto new partners and less on traditional partners, and enhancing economic resilience. **This will be crucial in addressing geopolitical tensions and global economic uncertainty.**



Enhancing **STABILITY** of supply through **reliable market access and supply chains and sourcing between Europe and Thailand**; high quality, innovative, technologically advanced goods, and services from Europe, goods such as electronics, automotive parts, and agricultural commodities from Thailand and enhanced services supply in hospitality and newer technology-based service areas.



Fostering **COMPETITIVENESS** in the economy **through greater ease of doing business**, i.e. licensing, services liberalisation, productivity enhancements, direct procurement, IP protection, innovation, enhancing access to finance particularly for start-ups and SMEs, value-adding technology take up, skills enhancement and elevating anti-corruption and integrity standards. **A competitive economy with fair competition rules supports investment attractiveness, longer-term commitment and growth, and more value-adding trade.**



Reinforcing **INCLUSIVITY** of the trading partners and participation in the Thai economy, which will **improve and align regulations, standards, and regulatory systems** to facilitate trade and investment. This would **enhance the integration of the value chains and broaden the scope of growth.**



Striving for **SUSTAINABILITY** which will ensure sustainable business operations delivering **sustainable economic contribution and prosperity of trading partners, and address global challenges** to reduce negative societal, environmental/ climate, and business impacts.

EABC is committed to working closely with European businesses, the Royal Thai Government, EU institutions and bodies, and the Chambers of Commerce as well as counterparts in Thailand, in ASEAN, and in Europe. EABC issues a position paper approximately every two years with recommendations by the European business community in Thailand for the Thai government and other stakeholders.

With strong support from the European Union as well as our partners and extensive networks in Thailand and Europe, EABC serves as a communication platform for businesses to interact with authorities and counterparts in Thailand.

Acronyms and Abbreviations

4 IR	Fourth Industrial Revolution
AATHP	ASEAN Agreement on Transboundary Haze Pollution
ABS	Anti-Lock Braking System
ACEA	European Automobile Manufacturers' Association
ACFTA	ASEAN-China Free Trade Area
ACT	Anti-Corruption Organisation of Thailand
ACTS	Automated Cargo Tracking System
ADAS	Advanced Driver Assistance Systems
AEC	ASEAN Economic Community
AEDP	Alternative Energy Development Plan
AEO	Authorised Economic Operator
AI	Artificial Intelligence
AIGC	AI Governance Centre
AOL	Air Operating Licence
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ASIFMA	Asia Securities Industry and Financial Markets Association
ATO	Automatic Train Operation
AVRI	Autonomous Vehicles Readiness Index
AWGIPC	ASEAN Working Group on Intellectual Property Cooperation
B2B	Business to Business
B2C	Business to Consumer
BAWE	Biochar-Assisted water electrolysis
BECCS	Bioenergy with Carbon Capture and Storage
BEPS	Base Erosion and Profit Shifting
BEVs	Battery Electric Vehicles
BIG	Bangkok Industrial Gas
BOI	Board of Investment
BOR	Biochar Oxidation Reaction
BT	British Telecom
BTR	Biennial Transparency Report
BV	Business Visitor
C2G	Citizen to Government

CAC	Collective Action Against Corruption
CAGR	Compound Annual Growth Rate
CAPEX	Capital Expenditure
CAT	Computer-Aided Translation
CBAM	Carbon Border Adjustment Mechanism
CBDC	Central Bank Digital Currency
CBU	Completely Built Up
CCA	Climate Change Act
CCUS	Carbon capture, Utilisation and Storage
CIGS	Copper Indium Gallium Selenide
CII	Critical Information Infrastructure
CIT	Corporate Income Tax
CKD	Completely Knocked Down
COD	Commercial Operation Date
COGS	Cost of Goods Sold
COPTICS	Center of Operational Policing of Thailand Against Intellectual Property Violations and Crimes on the Internet Suppression
CPC	Civil Procedure Code
CPI	Corruption Perception Index
CSDDD	Corporate Sustainability Due Diligence Directive
CSI	Cross-Sectoral Issues
CSMBS	Civil Servant Medical Benefit Scheme
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
DAC	Direct Air Capture
DBD	Department of Business Development
DCCE	Department of Climate Change and Environment
DEDE	Department of Alternative Energy Development and Efficiency
DEFA	Digital Economy Framework Agreement
DEPA	Digital Economy Promotion Agency
DGA	Digital Government Development Agency
DIP	Department of Intellectual Property
DITP	Department of International Trade Promotion
DMF	Department of Mineral Fuels
DOA	Department of Agriculture

DOEB	Department of Energy Business
DRT	Department of Rail Transport
EABC	European Association for Business and Commerce
EECO	Eastern Economic Corridor Office
EEC	Eastern Economic Corridor
EEP	Energy Efficiency Plan
EFTA	European Free Trade Association
EGAT	Electricity Generating Authority of Thailand
EGDI	eGovernment Development Index
EPO	European Patent Office
EPPO	Energy Policy and Planning Office
EPR	Extended Producer Responsibility
ERC	Energy Regulatory Commission
ESB	Enhanced Single Buyer
ESG	Environmental, Social and Governance
ESS	Energy Storage Systems
ETCS	European Train Control System
ETDA	Electronic Transactions Development Agency
ETS	Emissions Trading System
EU	European Union
EUDR	European Union Deforestation Regulation
EUIPO	European Union Intellectual Property Office
EUP	Experimental Use Permit
EV	Electric Vehicle
F&B	Food and Beverage
FBA	Foreign Business Act
FBC	Foreign Business Certificate
FBL	Foreign Business Licence
FCEV	Fuel Cell Electric Vehicle
FDA	Food and Drug Administration
FDI	Foreign Direct Investment
FDN	Foreign Dominance Notification
FMCGs	Fast-Moving Consumer Goods
FOCA	Fuel Oils Control Act
FOTA	Fuel Oils Trading Act
FTA	Free Trade Agreement

GATS	General Agreement on Trade in Services
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
GHG	Greenhouse Gas
GI	Geographical Indication
GoA4	Grade of Automation 4
GPA	Agreement on Government Procurement
GPO	Government Pharmaceutical Organisation
GTRA	German Thai Railway Association
HFSS	High Fat, Sugar, and Salt
IBC	International Business Centre
ICEs	Internal Combustion Engines
ICOs	Initial Coin Offerings
ICT	Information and Communication Technology
IEA	International Energy Agency
IFRS17	International Financial Reporting Standard 17
IHQ	International Headquarter
ILO	International Labour Organisation
IMD	International Institute for Management Development
IP	Intellectual Property
IPP	Independent Power Producers
IPPU	Industrial Processes and Product Use
IPR	Intellectual Property Rights
ISP	Internet Service Provider
ISPs	Intermediary Service Providers
ITU	International Telecommunication Union
IUU	Illegal, Unreported, and Unregulated fishing
JFCCT	Joint Foreign Chambers of Commerce in Thailand
JPO	Japan Patent Office
JSCCIB	Joint Standing Committee on Commerce, Industry and Banking
KIPO	Korean Intellectual Property Office
KPI	Key Performance Indicator
LNG	Liquefied Natural Gas
LTR	Long-Term Resident
LULUCF	Land Use, Land-Use Change and Forestry
MCC	Model Contractual Clauses

MDES	Ministry of Digital Economy and Society
MEA	Metropolitan Electricity Authority
MFN	Most Favored Nation
MICE	Meetings, Incentives, Conferences and Exhibitions
MNOs	Mobile Network Operators
MOC	Ministry of Commerce
MOE	Ministry of Energy
MONRE	Ministry of Natural Resources and Environment
MoU	Memorandum of Understanding
MPP	Maximum Procurement Price
MRA	Mutual Recognition Arrangements
MRLs	Maximum Residue Limits
MSM	Multi-Stakeholder Model
MSMEs	Micro, Small and Medium Enterprises
MSW	Municipal Solid Waste
MTI	Medical Tourism Industry
MTR	Mid-Term Review
MVNA	Mobile Virtual Network Aggregator
MVNO	Mobile Virtual Network Operator
NACC	National Anti-Corruption Commission
NBTC	National Broadcasting and Telecommunications Commission
NCDs	Non-Communicable Diseases
NCSA	National Cyber Security Agency
NCSC	National Cyber Security Centre
NDC	Nationally Determined Contribution
NEP	National Energy Plan
NESDC	National Economic and Social Development Council
NGV	Natural Gas for Vehicles
NLEM	National List of Essential Medicines
NSTDA	National Science and Technology Development Agency
NT	National Telecom
NTBs	Non-Tariff Barriers
OCPA	Oncology Prior Authorisation
OCPB	Office of Consumer Protection Board
OCS	Overseas Courier Service
OECD	Organisation for Economic Co-operation and Development

OEM	Original Equipment Manufacturer
OER	Oxygen Evolution Reaction
OIC	Office of Insurance Commission
OPDC	Office of the Public Sector Development Commission
OPEX	Operating Expense
OTC	Over-The-Counter
OTCC	Office of Trade Competition Commission
OTT	Over the top
OVEC	Office of Vocational Education
PCA	Comprehensive Partnership Agreement
PCD	Pollution Control Department
PDP	Power Development Plan
PDPA	Personal Data Protection Act
PDPC	Personal Data Protection Committee
PEA	Provincial Electricity Authority
PET	Polyethylene Terephthalate
PHEVs	Plug-in Hybrid Electric Vehicles
PLI	Participating Life Insurance
PPP	Polluter-Pay Principle
PPP	Public-Private Partnership
PTT	Public Company Limited
PTT GCs	PTT Global Chemical
PV	Photovoltaics
R&D	Research and Development
RAMS	Specification and Demonstration of Reliability, Availability, Maintainability and Safety
RBC	Risk Based Capital
RCEP	Regional Comprehensive Economic Partnership
RECs	Renewable Energy Certificates
REX	Registered Exporter System
RKC	Revised Kyoto Convention
ROO	Rules of Origin
SCC	Standard Contractual Clauses
SDGs	Sustainable Development Goals
SEA	Southeast Asia
SET	Securities Exchange of Thailand
SMEs	Small and Medium-sized Enterprises

SMRs	Small Modular Reactors
SOE	State-Owned Enterprise
SOS	Save Our Souls
SPMA	Sustainable Packaging Management Act
SPP	Small Power Producers
SPS	Sanitary and Phytosanitary
STAR	Sustainable Tourism Acceleration Rating
STO	Strategic Transformation Office
TCIRs	Thai Customs Intellectual Property Rights Recordation System
TDRI	Thailand Development Research Institute
TGIA	Thai General Insurance Association
TI	Transparency International
TOT	Telephone Organisation of Thailand
TOTEX	Total Expenditure
TP	Transfer Pricing
TPA	Third Party Access
TRD	Thailand Revenue Department
TRIPS	Trade-Related Aspects of Intellectual Property Rights
TSD	Trade and Sustainable Development
TSOC	Tourism Safety Operations Center
UCC	Union Customs Code
UHC	Universal Health Coverage
UK	United Kingdom
UNFCCC	United Nations Framework Convention on Climate Change
US	United States
USPTO	United States Patent and Trademark Office
VC	Venture Capital
VSPP	Very Small Power Producers
WCC	World Competitiveness Centre
WHO	World Health Organisation
WIPO	World Intellectual Property Organisation
WJP	The World Justice Project
WPPT	WIPO Performances and Phonograms Treaty
WTO	World Trade Organisation

Introduction

A. THE THAI ECONOMY

(1) GDP and Labour Force; Main Drivers and Dependencies

(a) GDP and key economic indicators

Thailand’s economy is still gradually recovering from pandemic. GDP growth for 2024 is estimated at 2.6 % with a government target of 3% (2.3% to 3.3 % estimated by NESDC) for 2025¹. Thailand’s economic growth in 2024 was influenced by a combination of proactive government measures, a recovery in tourism, favorable growth in export of goods and services and public consumption, while private consumption decelerated, and private investments contracted.

In Q3 2024, public investment expanded for the first time in six quarters, accompanied by favourable growth in exports of goods and services and government consumption expenditure. However, private consumption showed a deceleration, and private investments contracted. Private consumption expenditure increased by 3.4%, slowing from 4.9% in the previous quarter, with a decline observed across most spending categories, particularly in durable goods such as vehicles. Expenditure on services rose by 6.5%, albeit at a slower rate than in the previous quarter. Similarly, spending on non-durable and semi-durable

goods exhibited moderate growth. Meanwhile, government consumption expenditure increased significantly by 6.3%, driven by growth in social transfers, employee compensation, and spending on goods and services. Despite this, the disbursement rate of the current budget was lower than both the preceding quarter and the same quarter of the previous year.

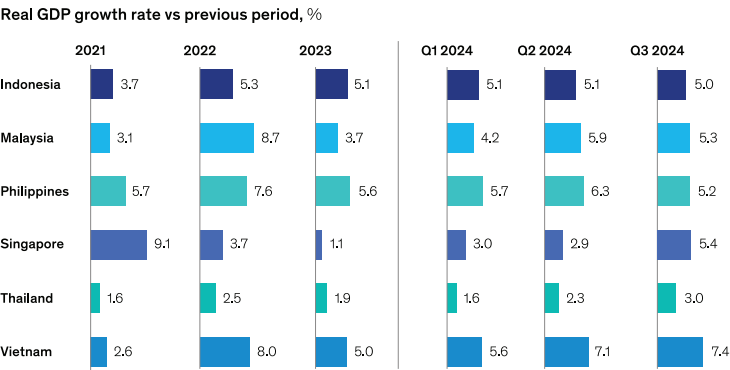
Economic fundamentals remained robust with strong exports and investment performance in the third quarter of 2024.

Change over previous quarter ¹		Declining No significant change Improving					
Category	Indicator	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam
Macro-economic	Private consumption						
	Fixed investment						
	Business/industry						
	PMI ²						
	Exports						
	Prices						
	Labor market						
Financial	Currency						
	FDI ³ inflows						
	Policy rate						

¹ Defined as % change in growth rate over previous quarter. Worsening = more than 0.5% decline; no significant change = 0.0 to 0.5% change; improving = more than 0.5% increase.
² Purchasing managers' index.
³ Foreign direct investment.
Source: Countries' national statistics offices; Oxford Economics

¹ National Economic and Social Development Council (NESDC), Thai Economic Performance in Q3 and Outlook for 2024–2025, NESDC, published Q3 2024, https://www.nesdc.go.th/nesdb_en/article_attach/article_file_20241216132355.pdf

Southeast Asian economies experienced mixed top-line growth in the third quarter of 2024.



Source: Countries' national statistics offices; Oxford Economics

McKinsey & Company

Figure 1 and 2: Economic Performance, McKinsey & Company (2)

Thailand’s economic recovery has progressed at a slower pace compared to other countries in ASEAN. The other ASEAN countries have achieved accelerated growth through strong export performance and investment across multiple sectors as key drivers. (Figure 1 and 2).

Exports were stronger, at \$77.2 billion for Q3, 2024, reflecting an 8.9%YoY increase. This provided continual growth in total exports of \$223.18 billion for three quarters of 2024 compared with \$223.18 billions of 2023 in the same period³. This growth was supported

by substantial gains in manufacturing and agricultural exports, particularly in products such as rice, rubber, computers, and telecommunication equipment. Imports also grew well, with a value of \$71.4 billion, an 11.3 %YoY increase. The trade balance remained in surplus, amounting to \$5.8 billion.

For 2025, Thailand’s economic management should emphasise driving exports to obtain stronger expansion while preparing to mitigate the possible impacts of escalating global trade barrier measures, avoiding as much as possible the impacts of a trade war, protecting the manufacturing sector from dumping and unfair trade practices, stimulating private investment, assisting farmers in adapting their agricultural production, and providing support to SMEs experiencing financial difficulties due to a continual decline in credit quality by prioritising income generation and enhancing their production capacity and competitiveness.

² McKinsey & Company. “Southeast Asia Quarterly Economic Review: Q3 2024.” McKinsey & Company, <https://www.mckinsey.com/featured-insights/future-of-asia/southeast-asia-quarterly-economic-review>.
³ Bank of Thailand. State of the Thai Economy: Monthly Economic Report, October 2024. Bank of Thailand, 2024. <https://www.bot.or.th/content/dam/bot/documents/en/thai-economy/state-of-thai-economy/monthly-report/macro-2024-10-slides.pdf>.

Real GDP Growth, Exports of Goods Growth, and Inflation rates of Key Economies

(%YoY)	GDP					Exports of Goods (USD)					Inflation Rate (percent)						
	2022	2023	2024			2022	2023	2024			2022	2023	2024				
	Year	Year	Q1	Q2	Q3	Year	Year	Q1	Q2	Q3	Year	Year	Q1	Q2	Q3	Oct	
US	2.5	2.9	2.9	3.0	2.7	18.7	-2.1	-0.0	3.8	2.8	8.0	4.1	3.2	3.2	2.6	2.6	
Eurozone	3.6	0.5	0.5	0.6	0.9	5.1	2.1	-1.7	0.3		8.4	5.4	2.6	2.5	2.2	2.0	
United Kingdom	4.8	0.3	0.8	0.2		13.7	2.7	1.8	-0.4		9.1	7.3	3.5	2.1	2.1		
Australia ^{1/}	3.9	2.0	1.3	1.0		19.9	-9.9	-12.9	-8.7	-4.4	6.6	5.6	3.6	3.8	2.8		
Japan	1.2	1.7	-0.8	-1.1	0.3	-1.2	-4.0	-3.0	-4.2	1.4	2.5	3.3	2.5	2.7	2.8		
China	3.0	5.2	5.3	4.7	4.6	5.6	-4.7	1.1	5.7	6.0	2.0	0.2	0.0	0.3	0.5	0.3	
India	6.5	7.7	7.8	6.7		14.6	-4.8	4.9	5.9	-3.8	6.7	5.7	5.0	4.9	4.2	6.2	
South Korea	2.7	1.4	3.3	2.3	1.5	6.1	-7.5	8.0	10.1	10.4	5.1	3.6	3.0	2.7	2.1	1.3	
Taiwan	2.6	1.3	6.6	5.1	4.0	7.4	-9.8	12.9	9.9	8.0	2.9	2.5	2.3	2.2	2.2	1.7	
Hong Kong	-3.7	3.3	2.8	3.2	1.8	-9.3	-7.8	12.2	12.8	8.3	1.9	2.1	1.9	1.2	2.4		
Singapore	3.8	1.1	3.0	2.9	4.1	12.7	-7.7	3.8	6.4	8.2	6.1	4.8	3.0	2.8	2.2		
Indonesia	5.3	5.0	5.1	5.0	4.9	26.0	-11.3	-7.1	1.9	6.5	4.2	3.7	2.8	2.8	2.0	1.7	
Malaysia	8.9	3.6	4.2	5.9	5.3	17.6	-11.1	-5.2	1.2	12.2	3.4	2.5	1.7	1.9	1.9		
Philippines	7.6	5.5	5.8	6.4	5.2	6.5	-7.5	4.8	0.1	-2.5	5.8	6.0	3.3	3.8	3.2	2.3	
Vietnam	8.1	5.0	5.9	6.9	7.4	10.6	-4.6	16.8	13.9	15.3	3.2	3.3	3.8	4.4	3.5	2.9	
Thailand	2.5	1.9	1.6	2.2	3.0	5.4	-1.5	-1.1	4.5	8.9	6.1	1.2	-0.8	0.8	0.6	0.8	

Source: CEIC, compiled by Office of the National Economic and Social Development Council

Remark: ^{1/} Australia's inflation rate in quarter*(b) Labour force*

In 2024, Bank of Thailand data from January to October reveals a stable and resilient labour market, characterised by high employment levels, low unemployment rates, and significant sectoral diversity. However, challenges persist, particularly in addressing seasonal work fluctuations and skilled workers, underemployment, and the inclusion of marginalised groups⁴. The way unemployment is measured, however, can belie the true state.

Thailand's labour market is shaped by various dependencies, including a reliance on agriculture, which is vulnerable to climate and market fluctuations, and gaps in education and skill development, particularly in emerging sectors. The country's integration into global trade makes it susceptible to international economic shifts, while demographic changes, such as an aging population, may lead to labour shortages. Gender inequality limits women's workforce participation, and technological advancements, including automation, require the workforce to adapt through upskilling.

⁴ Bank of Thailand, Labour Force Survey, accessed January 4, 2025, https://app.bot.or.th/BTWS_STAT/statistics/BOTWEBSTAT.aspx?reportID=638&language=eng.

(c) Population dynamics⁵

Thailand's population aged 15 years and over grew marginally from 59.07 million in January to 59.28 million in October 2024. This demographic forms the basis of the labour force, which includes both employed and unemployed individuals. The size of the workforce in Thailand was 40.07 million as of October 2024, with the majority of the workforce under 35 years of age. There are around 800,000 people entering the labour market annually⁶.

(d) Employment across sectors⁷

There are traditionally three sectors in the economy – industry, services and agriculture. The agricultural sector, which includes activities such as farming, forestry, and fishing, employed between 10.1 and 12.6 million people. This sector accounted for almost one-third of the workforce in Thailand but contributes to only 8.6% of the nations' GDP and requires significant support to increase productivity. Its seasonal nature resulted in significant fluctuations, primarily caused by the impact of flooding. Non-agricultural sectors consistently employed a majority of the workforce, with employment ranging from 27.4 to 28.9 million individuals. Within this sector, wholesale and retail trade was a standout, employing an average of 6.8 million people, Manufacturing, another key driver, provided jobs for 6.1 to 6.8 million workers, while construction employed between 1.9 and 2.6 million.

⁵ *Ibid.*

⁶ Board of Investment Thailand. *Demographic Overview*. Board of Investment Thailand, <https://www.boi.go.th/index.php?page=demographic&language=en>.

⁷ *Ibid.*

(e) Unemployment⁸

Thailand's unemployment rate was between 0.84-1.21% throughout in 2024. A significant proportion of unemployed individuals were new entrants to the labour market, reflecting the influx of fresh graduates or first-time job seekers.

(f) Government's support measures and investment stimulus

There are various government support schemes – e.g. utility subsidies. One scheme with the aim of stimulating the economy by boosting domestic consumption (and assisting vulnerable groups) is called Digital Wallet. The digital wallet scheme is implemented in phases. The original plan was expenditure being restricted to defined goods and geographic areas, but those restrictions appear to have been abandoned. The scheme is controversial, with many business groups not supporting it on the basis that it is a handout not an enabling tool. EABC advocates for empowering, enabling, strengthening, upskilling and reskilling, with productivity enhancements.

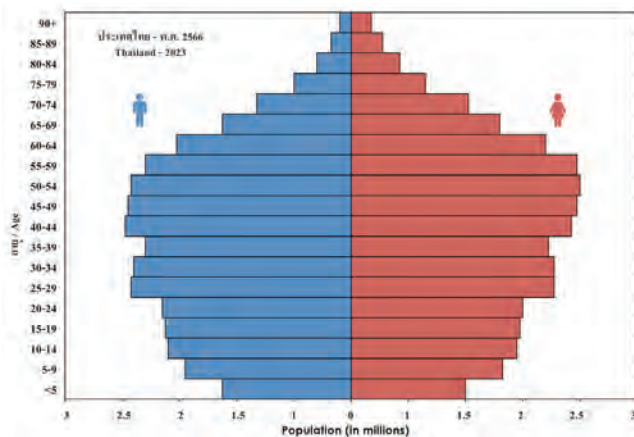
Both private and public investments are key to Thailand's economic recovery. The Board of Investment (BOI) and Eastern Economic Corridor Office (EEC) aim to attract foreign investment and provide tax and non-tax benefits to promote investment in various sectors. Success depends on continued infrastructure support and favorable investment policies to boost investor confidence as well as inter-government agencies' coordination on holistic approach and regulatory facilitation to promote investment.

⁸ *Ibid.*

(g) Tourism recovery

Tourism remains a cornerstone of Thailand's economy, especially in sectors like hotels, transport, and retail and defined flavours of tourism such as wellness tourism. International tourists rebounded in 2024 with 35.5 million international arrivals⁹. The post COVID return of international tourists, particularly from China, is key to recovery. While Chinese tourism has rebounded to 60% of pre-COVID levels, budget tourism may not fully recover due to shifting travel patterns. However, the mid-to-high-end market is expected to thrive, driving economic growth, job creation, and higher wages in 2024.

(2) Demographic and Human Capital



Thailand faces significant structural challenges that demand immediate reforms. Income inequality and regional disparities remain persistent, as highlighted by the Gini coefficient. Furthermore, Thailand's aging population threatens labor force participation and increases healthcare burdens.

To address these challenges, Thailand must prioritise human capital development, digital transformation, and economic diversification. Investing in vocational training and STEM education can bridge skill gaps, while reducing regional disparities through targeted educational policies is crucial. Expanding digital infrastructure and incentivising SMEs to adopt technology will enhance productivity and competitiveness. Additionally, diversifying the economy into sectors like green energy and biotechnology can reduce dependency on traditional industries, fostering greater resilience against global economic shifts.

Effective governance reforms and proactive strategies for managing demographic changes are equally critical. Addressing the aging population through sustainable pension reforms, active aging policies, and immigration incentives will help sustain the labor force. By implementing these comprehensive reforms with strong political commitment, Thailand can build an inclusive and robust economic future, ensuring equitable growth for its citizens.

⁹ Tourism Authority of Thailand. Pre-COVID 2019 Saw 39.8 Million Tourists. Tourism Authority of Thailand, 2024. <https://intelligencecenter.tat.or.th/articles/22978>.

B. COMPETITIVENESS AND EASE OF DOING BUSINESS

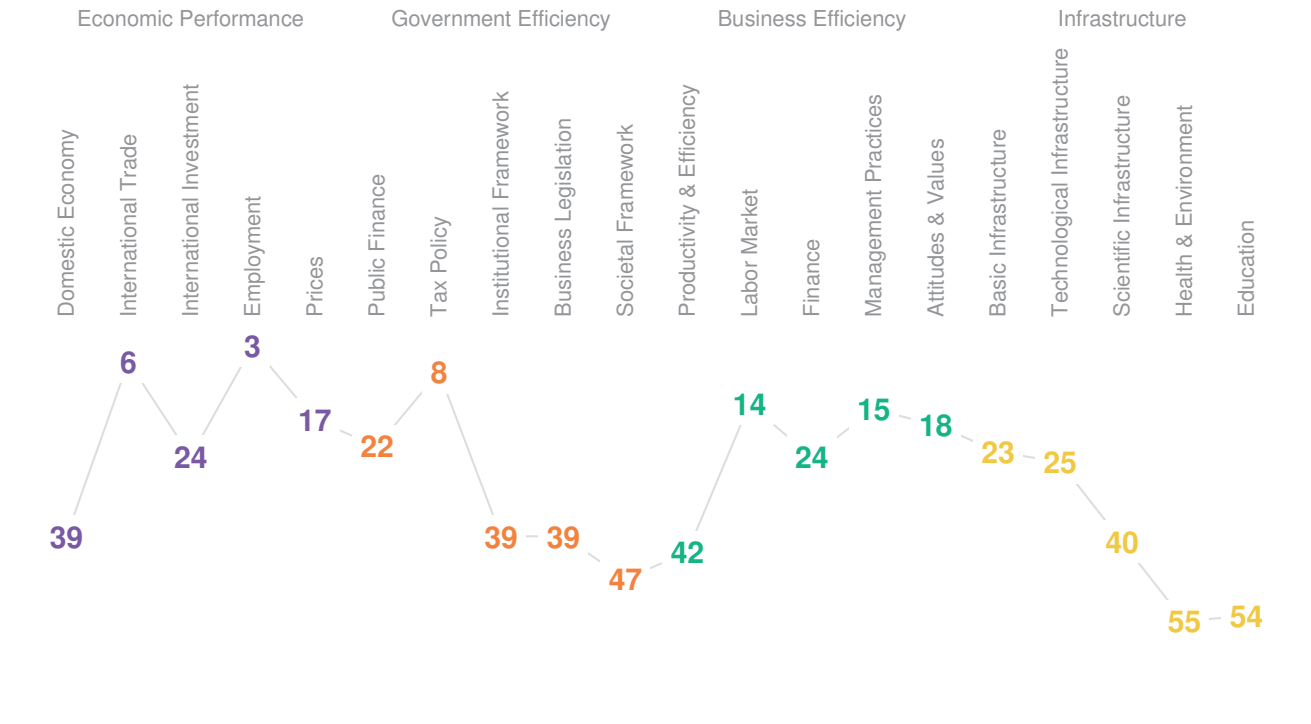
The competitiveness landscape indicates the country’s ability to compete in the world economy and Thailand’s ability to attract investments. According to the rankings of the World Competitiveness Yearbook 2024 by the International Institute for Management Development (IMD)’s World Competitiveness Centre (WCC), Thailand ranked 25th out of 67 countries evaluated, improved from the 30th rank out of 63 in 2023, while Singapore led in the 1st rank. Referring to sub-indices, there are various areas of improvement for consideration if Thailand would like to strengthen the competitiveness

and attract more investment, especially government efficiency and infrastructure development including education. Data disclosed challenges in particular to continued rising cost of living and concern over household debt, capability to capture value from the emergence of generative AI, SMEs’ awareness of and ability to handle international regulations on low carbon footprint, handling of geopolitical risks and awareness of and capability to cope with cybersecurity threats.



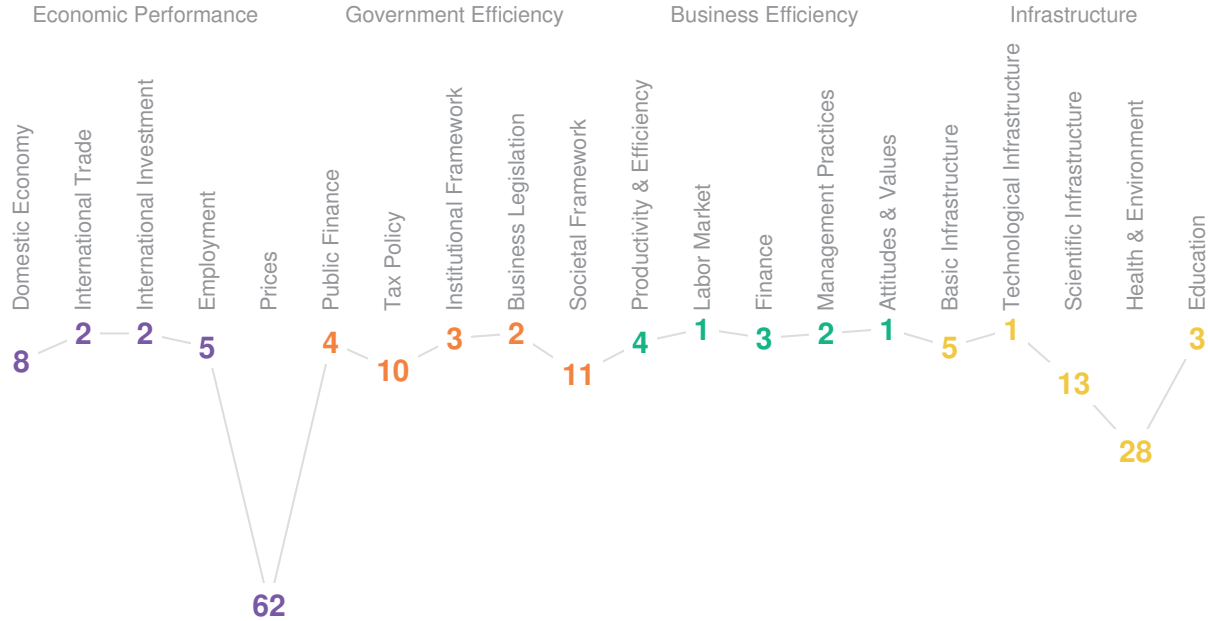


COMPETITIVENESS LANDSCAPE





COMPETITIVENESS LANDSCAPE



Two other key rankings published by IMDs WCC are:

- (i) Digital Competitiveness Ranking where Thailand has slipped two places 35th to 37th between 2023 and 2024¹⁰. See the Digital Economy/ICT Chapter.
- (ii) World Talent Ranking where Thailand has slipped two places 45th to 47th between 2023 and 2024¹¹.

Thailand’s ease of doing business ranking in the Asia Securities Industry and Financial Markets Association (ASIFMA) in APAC region has seen a steady decline over recent years, dropping from 5th place in 2021 to 9th in 2022 and further to 12th in 2023¹². This downward trend highlights increasing challenges within the country’s market development, regulatory framework, and operating environment.

Markets	Average Score	Ranking in 2023 (Change to last year)	Ranking in 2022 (Change to last year)	Ranking in 2021
Singapore	7.67	1 (-)	1 (-)	1
Hong Kong	7.38	2 (↑ 2)	4 (↓ 2)	2
Australia	7.16	3 (↓ 1)	2 (↑ 1)	3
Taiwan	6.61	4 (↑ 2)	6 (-)	6
Japan	6.60	5 (↓ 2)	3 (↑ 1)	4
India	5.94	6 (↑ 1)	7 (↑ 3)	10
Mainland China	5.84	7 (↑ 3)	10 (↓ 1)	9
Korea	5.74	8 (↓ 3)	5 (↑ 2)	7
Malaysia	5.72	9 (↓ 1)	8 (-)	8
The Philippines	5.65	10 (↑ 2)	12 (-)	12
Indonesia	5.58	11 (-)	11 (-)	11
Thailand	5.38	12 (↓ 3)	9 (↓ 4)	5
Vietnam	5.14	13 (-)	13 (-)	13

¹⁰ IMD World Competitiveness Center. World Digital Competitiveness Ranking. IMD, 2024. <https://www.imd.org/centers/wcc/world-competitiveness-center/rankings/world-digital-competitiveness-ranking/>.

¹¹ IMD World Competitiveness Center. World Talent Ranking. IMD, 2024. <https://www.imd.org/centers/wcc/world-competitiveness-center/rankings/world-talent-ranking/>.

¹² Asia Securities Industry & Financial Markets Association (ASIFMA), 2023/2024 Asia-Pacific Capital Markets Survey, ASIFMA, 2024, 20, https://www.asifma.org/wp-content/uploads/2024/02/asifma-capital-markets-survey-2024_v6-1.pdf.

(1) Good Governance and Transparency

Corruption is also a factor in investment attractiveness and competitiveness. Transparency International’s Corruption Perception Index (CPI)¹³ for Thailand for 2024 is 107th a drop from best rank in the past decade of 99th but one place better than 2023. However, the raw score slipped. Private sectors groups such as the Anti-Corruption Network and the Collective Action Against Corruption (CAC), working with the National Anti-Corruption Commission aim to reduce corruption and achieve a much-improved ranking.

C. NATIONAL PLANS

(1) 20-year National Strategy 2561 – 2580 BE (2018-2037)

Thailand’s 20-year National Strategy serves as a long-term roadmap to achieve sustainable development. Its vision is to transform the country into a ‘developed nation with security, prosperity, and sustainability’ by addressing challenges like economic stagnation, inequality, and environmental degradation.

The strategy focuses on six key areas: national security, competitiveness, human capital, social cohesion, eco-friendly growth, and public sector reform.

The strategy’s goals include fostering peace, modernising the economy through innovation, reducing inequality, and promoting environmental sustainability. It emphasises lifelong learning, ethical

¹³ Transparency International, Corruption Perceptions Index 2024, <https://www.transparency.org/en/cpi/2024>.

governance, and inclusive development while leveraging technology and regional cooperation to ensure progress. Public sector reform and anti-corruption measures aim to enhance efficiency and transparency in governance.

The challenges with any plans are resourcing (budget and people with the right skills) and then acting in a concerted way to achieve the goals.

(2) 13th National Economic and Social Development Plan 2566 – 2570 BE (2023–2027)

The 13th National Economic and Social Development Plan (2023–2027) aims to transform Thailand into a sustainable, prosperous, and secure nation by focusing on innovation, social equity, and environmental sustainability. It seeks to restructure the economy, prioritise high-value sectors like agriculture, tourism, and electric vehicles, and ensure equitable growth through improved social protection and reduced inequalities.

The plan has 5 core objectives: economic restructuring, human capital development, social fairness, sustainable production, and resilience to global challenges like aging populations and climate change. Key milestones include making Thailand a leader in high-value agriculture, a hub for electric vehicles, and a smart city developer, while promoting a competitive SME sector and sustainable practices.

To achieve these goals, the plan emphasises investment in technology, public sector reforms, and improved infrastructure. With specific targets for 2027, such as

increasing GNI per capita and reducing greenhouse gas emissions, the plan sets a clear path for Thailand's development toward a more resilient, inclusive, and sustainable future.

(3) ASEAN

ASEAN has continued its work to strengthen connectivity, foster inclusivity, and build a more resilient ASEAN Community. Economic growth across ASEAN countries continues to expand steadily reinforcing its trajectory towards becoming the fourth-largest economy globally by 2030, with GDP expected to rise 4.6% year-on-year in 2024 compared with a global average of 2.4% with opportunities to access the market of 677 million population. Sustainability and digitalisation remain central to its integration agenda, with notable advances in decarbonisation, the circular and blue economies, and the ongoing negotiations for the ASEAN Digital Economy Framework Agreement (DEFA). ASEAN is also reinforcing its position as a globally competitive region by implementing the Regional Comprehensive Economic Partnership (RCEP) and upgrading its internal and external Free Trade Agreements (FTAs) ensuring that they remain modern, relevant, and dynamic in the evolving global economy, while proactively exploring new high-growth markets. As ASEAN comes to the end of the implementation period for the ASEAN Community Vision 2025 and the Master Plan on ASEAN Connectivity 2025, work has begun on developing the ASEAN Community Vision 2045 and the new Strategic Plans. ASEAN is broadening its focus to address a wide range of challenges, including climate change, digital transformation, and socio-economic disparities.

D. EUROPE-THAILAND PARTNERSHIP

(1) EU-Thailand FTA and Comprehensive Partnership Agreement (PCA)

The Thailand-EU Comprehensive Partnership and Cooperation Agreement marks a significant milestone in fostering closer ties between Thailand and the European Union. This agreement establishes a framework for comprehensive collaboration in diverse sectors, including trade, investment, science, technology, and political relations. By formalising these commitments, the PCA strengthens Thailand's role as a strategic partner in Southeast Asia while aligning with global standards and enhancing its international standing. The Thai Parliament has approved 'Thailand-EU Comprehensive Partnership and Cooperation Agreement' on August 29, 2024.

As part of this broader relationship, the PCA serves as a foundation for advancing negotiations on a Thailand-EU Free Trade Agreement (FTA). It opens pathways for greater economic integration and shared growth opportunities, aligning with Thailand's aspirations for deeper global connectivity and economic development. The agreement also reinforces mutual efforts to address challenges such as climate change, human rights, and sustainable development.

The European Union is negotiating an FTA with Thailand with the aim of facilitating new market access, increasing trade and investment between the EU and Thailand, and promoting sustainable development. The EU-Thailand FTA was announced the relaunch of negotiations in March 2023 with the first negotiation round in September 2023 after the resumption. In 2023, the EU was Thailand's fourth-largest trade partner (after China, the US and Japan), accounting for 7.1% of the country's total trade. Thailand is the EU's 28th largest trading partner worldwide. The FTA would make Thailand an attractive destination for foreign direct investment, a new wave of high-tech investment and enhance the capacity of Thailand's supply chains to support the manufacturing of advanced-technology products in the future. It is an opportunity for the services sector to be opened, which could be an essential aspect of this FTA.

For more information:



[Expectations and challenges of an EU-Thailand Agreement \(FTA\): Perspectives from European Business in Thailand](#)



[EU-Thailand Framework Agreement on Comprehensive Partnership and Cooperation](#)



[EU-Thailand agreement](#)

(2) Thailand's Accession to OECD

On 10 July 2024, the Organisation for Economic Co-operation and Development (OECD) Council adopted the Roadmap for Thailand's accession¹⁴, following the cabinet resolution on 26 December 2023¹⁵, marking the beginning of the formal process. The roadmap lays out the key steps and conditions Thailand must meet to fully align with OECD standards, which span across a wide array of policy domains, including trade, governance, anti-corruption, environmental protection, and climate change. The roadmap emphasises the importance of rigorous technical reviews and evaluations by 26 technical committees within the OECD, each tasked with assessing Thailand's policies and practices in comparison to OECD standards.

This process is essential for ensuring that Thailand's legislative frameworks, governance structures, and policy practices align with those of OECD member states. While the timeline for completing the process remains flexible, the roadmap underscores the OECD's commitment to supporting Thailand in its ambitious reform agenda, which envisions the country becoming a high-income nation by 2037. The technical reviews and subsequent assessments will not only guide

Thailand's efforts to meet international best practices but also serve as catalysts for much-needed domestic reforms.

Thailand has also expressed interest in joining BRICS. This may create challenges in balancing the contrasting priorities between BRICS and OECD.

(3) Thailand-European Free Trade Association (EFTA)

On 29 November 2024, Member States of the European Free Trade Association (EFTA); Iceland, Liechtenstein, Norway, and Switzerland, and Thailand concluded a Free Trade Agreement. The EFTA Thailand FTA was consequently signed on 23 January 2025 in Davos, Switzerland. This agreement aims to enhance trade relations by eliminating or reducing customs duties and facilitating trade between the parties. It covers various areas, including market access for goods and services, investment, intellectual property rights, competition policy, government procurement, and sustainable development. The FTA is expected to boost Thailand's GDP by more than 3% through increased foreign investment and exports. The agreement will enter into force after ratification by the respective parties.

In 2024, Thailand-EFTA trade totalled \$10.29 billion, growing 23.22% from the previous year. Major Thai exports include jewellery, watches, processed seafood, and machinery, while imports include precious metals, meat, pharmaceuticals, and machinery.

¹⁴ Organisation for Economic Co-operation and Development (OECD), *Roadmap for the OECD Accession Process of Thailand, C(2024)118/FINAL (2024)*, [https://one.oecd.org/document/C\(2024\)118/FINAL/en/pdf](https://one.oecd.org/document/C(2024)118/FINAL/en/pdf).

¹⁵ Thailand Ministry of Finance, มติคณะรัฐมนตรีวันที่ 26 ธันวาคม 2566 [Cabinet Resolution on December 26, 2023], <https://ofm.mof.go.th/view/attachment/file/3139313336/%E0%B8%A1%E0%B8%95%E0%B8%B4%E0%B8%84%E0%B8%93%E0%B8%B0%E0%B8%A3%E0%B8%B1%E0%B8%90%E0%B8%A1%E0%B8%99%E0%B8%95%E0%B8%A3%E0%B8%B5%E0%B8%A7%E0%B8%B1%E0%B8%99%E0%B8%97%E0%B8%B5%E0%B9%88%2026%20%E0%B8%98%E0%B8%B1%E0%B8%99%E0%B8%A7%E0%B8%B2%E0%B8%84%E0%B8%A1%202566.pdf>.

For more information:



[The EFTA-Thailand FTA](#)

E. EUROPEAN BUSINESS AND EABC ADVOCACY

European business at its best offers experience, integrity, leading technology and knowhow with a values-based approach to problem solving, coupled with a legal and regulatory system which reflects advanced thinking, policy and regulation developed over a long period.

Thus, European business and Europe have much to offer; European business as a partner and investor and Europe as a trading partner. This part covers EU policy, law and regulation and EABC's approach.



To read more, please scan the QR code or click on the link [here](#).

F. POLICY, LAW AND REGULATION

European business practices and values can be most attractive in many ways, and it is part of EABCs mission to promote good business. Further it is important that EU policies are well understood; also, Thai policies, law and regulation, and regional policies and regulation.

EABC always looks for what is best for European business in Thailand. There may be examples and

precedents from almost anywhere, in addition to those from Europe, and there can be benefit with European harmonisation.



To read more, please scan the QR code or click on the link [here](#).

G. INCOME GAP AND WEALTH GAP

The pandemic and economic disruption impacted Thailand and significantly affected income and wealth inequality. The issue is noted by the Governor of the Bank of Thailand.



To read more, please scan the QR code or click on the link [here](#).



WE'RE PROUD TO BE RECOGNIZED AS ONE OF THAILAND'S TOP MARKETING AGENCIES.

GVN Marketing is your trusted partner for innovative, data-driven digital marketing solutions. Our 100% in-house team of top talent has combined industry expertise with a commitment to transparency, earning the trust of globally recognized corporations and renowned Thai brands.

185+

Satisfied Customers



Website Development & Optimization



Branding & Content Creation

97.40%

Client Retention



Google Ads & PPC Services (SEM)



SEO Services & Audit

12+

Awards Won in 2024 & 2023



Social Media Advertising & Strategy (SMM)



Programming & Integration

LET'S CREATE IMPACTFUL STRATEGIES THAT DRIVE MEASURABLE SUCCESS TOGETHER.

Contact Us Today

DIGITAL MARKETING DONE RIGHT

GVN Marketing Co., Ltd.
1 Park Silom, Room No. 30.07
30th Floor, Convent Road, Silom,
Bang Rak, Bangkok, 10500

Tel: +662-821-5097
Email: info@gvnmarketing.com
www.gvnmarketing.com

Visit our website



Automotive

SUMMARY OF RECOMMENDATIONS

A. Charging Infrastructure

1. Allow corporate/personal income tax deduction for expenses related to the installation of wall-box chargers.
2. Require new buildings to install charging infrastructure.
3. Reduce import duties for charging equipment.
4. Create awareness of Thailand's energy security and renewable energy situation and targets.

B. Supply

1. Extend incentives for all EV segments, including boats, trucks, and other commercial vehicles.
2. Adjust the local content and significant production process requirements to allow more flexibility.
3. Level the playing field for BEV imported from Europe, against Chinese BEV.

C. Demand

1. Raise public awareness of EV usage by issuing special licence plates for PHEV/BEV.
2. Switch government and fixed-route fleets to PHEV/BEV.
3. Allow personal income tax deductions for expenses related to the purchase of PHEV / BEV vehicles.
4. Increase tax deduction ceilings for corporate purchases of PHEV/BEV.
5. Provide non-momentary incentives e.g. EV parking spaces, EV lanes, EV-only zones.

D. Technical and xEV regulations

1. Harmonise local to international regulatory compatibility.
2. Reduce / eliminate redundant type testing and approvals.
3. Push for a timely implementation of the ASEAN MRAs.

E. Human Resources

1. Promote vocational and tertiary training and education uplift.
2. Induce knowledge exchange amongst and within institutions.

F. Batteries

1. Contemplate relevant regulations for the handling of used EV batteries.
2. Allow the importation of used EV batteries for recycling.
3. Provide incentives for second-life application of used EV batteries.

G. FCEV

1. Recognise FCEV as a crucial element in future mobility and incentivise uptake of FCEV.

H. Miscellaneous

1. Create an open environment that encourages the introduction of ADAS – Advanced Driver Assistance.
2. Utilise the Autonomous Vehicles Readiness Index (AVRI) in the planning of autonomous policy.
3. Improve infrastructure to be ADAS-ready.
4. Continue to raise standards for safety and environmental consistent with UN Regulations.
5. Implement mandatory motorcycle ABS in Thailand.
6. Incorporate key cybersecurity agendas into consideration, as outlined in the ASEAN cybersecurity defense playbook.
7. Enhance future generation of security professionals with cybersecurity capabilities with a view to effectively tackling emerging threats.

A. GLOBAL AUTOMOTIVE

In the past years, the global automotive industry has faced several challenges, including supply chain disruptions, geopolitical uncertainty, and rising commodity and energy prices. However, despite these obstacles, global electric vehicle (EV¹) sales, over the past five years, surged from 1 million to 10 million units in 2022.

¹ The term EV (Electric Vehicle) is used in a broad sense to include electrified drivetrains such as hybrid electric vehicle, plugged-in electric vehicle (PHEV), and fuel cell electric vehicle (FCEV). On the other hand, the term BEV (Battery Electric Vehicle) only covers vehicle with fully electric drivetrain.

According to the International Energy Agency (IEA), three major markets have emerged as dominant players in EV sales:

- (i) China leads the way in EV sales, with an impressive 80% growth rate. It accounts for 60% of global EV sales, with 4.4 million battery electric vehicles (BEVs) and 1.5 million plug-in hybrid electric vehicles (PHEVs). Consequently, more than half of all electric vehicles on the roads worldwide are found in China.

- (ii) Europe stands as the second-largest market for EVs, experiencing a 15% sales growth in 2022. While BEV sales increased by 30% compared to the previous year, PHEV sales saw a slight decline of approximately 3%. This means that more than one in every five cars sold in Europe was electric.
- (iii) The United States holds the position of the third-largest market for EVs, witnessing a 55% increase in EV sales. BEVs contributed to a 70% sales increase, while PHEVs accounted for a 15% growth rate.

According to estimates, by 2035, battery-electric vehicles (BEVs) are expected to represent over 50% of the global vehicle production while hybrid powertrains are projected to account for around 35%. The adoption of electrified vehicles will vary from one market to another. In terms of sales, Europe is expected to lead with BEV market share approaching 100% in 2035. In addition to the increasing numbers and share of electrified vehicles, electrification technology will undergo significant modifications to enhance sustainability compared to current models.

Europe has taken a proactive role in the shift to electric vehicles, with the EU sanctioning a ban on internal combustion engine vehicle sales starting from 2035. Government incentives and infrastructure development, including charging stations, play crucial roles in driving BEV adoption.

According to the European Automobile Manufacturers' Association (ACEA), investments of up to EUR 280 billion will be necessary in the European Union by 2030 to ensure a convenient charging experience for EV users. This

investment encompasses various aspects, including the procurement and installation of charging points (both private and public), upgrades to the power grid, and the construction of renewable power plants to facilitate the use of carbon-neutral electricity for EV charging. Achieving carbon-neutral transportation by 2050 will require a total investment of approximately EUR 1,000 billion.

(1) Thai Automotive

Amidst the accelerating global shift towards electrification and the increasing momentum behind the pivot to electric cars, Thailand remains resolute in maintaining its stronghold in the automotive industry, a sector that contributes a significant 10% to Thailand's overall GDP.

To maintain its leading position among ASEAN countries, Thailand has set ambitious targets for EV adoption. The country aims for BEVs to account for 30% of its annual production of 2.5 million cars by 2030, a target known as the EV30@30 policy. Under this policy, various incentive programs have been introduced. The incentive programs, known as the EV3, and the EV3.5 packages, led to a surge in BEV sales, turning Thailand into the leading BEV market in the region, capturing over 75% of ASEAN BEV sales, followed by Indonesia and Vietnam.

The EV3/EV3.5 programs have also led to the emergence of Chinese car manufacturers as dominant players. Leveraging the favorable environment created by the EV3/EV3.5 incentives, Chinese automakers have introduced competitive BEV models, capturing a significant share of the market. Their active involvement has accelerated the growth of the BEV market, with BEV sales experiencing a nearly tenfold increase in the first quarter of 2023 compared to the same period in 2022.

Several Chinese OEMs have started establishing their production facilities in Thailand, solidifying their presence in the market. Meanwhile, established Japanese and European car manufacturers are also making significant investments in electric vehicles. Some European players have opted to produce BEVs and high-performance lithium-ion batteries in Thailand, reflecting the country's growing importance as a hub for electric vehicle production and innovation.

B. THAILAND'S AUTOMOTIVE POLICY

In recent years, Thailand has implemented several policy measures aimed at catalysing the adoption of electrification in both the market and industry. The establishment of the National EV Policy Committee played a pivotal role in spearheading incentive programs that spanned across various government agencies and ministries. These policies, of which many are in alignment with the recommendations provided by TEBA, have successfully propelled Thailand's EV market forward.

The following policies are seen, from TEBA's perspective, as being 'on the right track':

- (i) A clear roadmap/target for public charging infrastructure development has been established,
- (ii) Incentives for the development of public charging network have been provided, and
- (iii) Low electricity costs have been set for charging stations.
- (iv) Incentives have been provided for local production of BEV, with conditions stipulating the development of a local EV component supply chain.

- (v) Relevant government agencies have collectively contributed to fostering a positive investment climate in the EV sector.
- (vi) The Department of Land Transport has given an 80% discount on the first-year registration tax for BEV registered within November 2022 – October 2025.
- (vii) The Budget Bureau has amended the reference procurement list to include electrified vehicles.

While the above initiatives reflect positive development that can be observed in Thailand's EV sector, TEBA re-emphasises a handful of earlier policy recommendations while also introducing new suggestions, as follow.

Recommendation:

Charging Infrastructure

1. Allow corporate/personal income tax deduction for expenses related to the installation of normal charging infrastructure, whether at home or at commercial premises. Such initiative would encourage companies to play a significant role in transitioning their fleets to plug-in hybrid electric vehicles (PHEVs) and battery electric vehicles (BEVs), thereby stimulating overall demand for electromobility.
2. Require new buildings, including residential and commercial structures, to install charging infrastructure or, at a minimum, to prepare the electrical capacity and running conduits during construction.

3. Reducing import duties for charging equipment would enhance competition in the market, and consequently lower purchase and installation costs for both public and private charging infrastructure.

4. Create awareness of Thailand's robust energy security and renewable energy situation and targets.

Technical Standards and xEV Regulations

1. Develop a clear roadmap for harmonising national electric vehicle standards with international regulations, such as UN regulations.

2. Reduce or eliminate redundant testing requirements for EVs and EV components by fully adopting relevant UN regulations and recognise previously obtained type approval certificates, as well as test reports issued following UN regulations. This includes exploring alternative methods for battery verification under the EV3/EV3.5 program, such as accepting UN-R100 certificates.

3. In order to facilitate the export performance of electric vehicles within ASEAN countries the formation and timely implementation of an ASEAN Mutual Recognition Arrangement (MRA) is essential. The relevant authorities should actively engage in developing and implementing ASEAN MRA for Electric Vehicle products.

Human Resource Development

1. TEBA suggests that the Thai government develop mid and long-term strategies to promote effective vocational training and incorporate practical industry training into the higher education curriculum. This comprehensive technical education curriculum, overseen by relevant authorities such as the Ministry of Higher Education, Science, Research, and Innovation, is essential for boosting the fast-growing EV industry in Thailand.

2. Allowing for the exchange of knowledge within and between institutions will create significant progress toward the goal of developing the EV industry. Fostering collaboration between the public and business sectors in developing a curriculum to meet the upcoming demand for high-skilled labor in the future mobility industry should be prioritised.

Demand

1. Raise public awareness of EV usage by introducing special license plates for PHEV / BEV vehicles. Issuing specially designed license plates for PHEV / BEV users is a cost-effective and efficient measure that can stimulate demand for electrified vehicles.

2. Switching government and fixed-route fleets to PHEV / BEV vehicles will help stimulate initial demand for electrified vehicles, establish best practices, and reaffirm the government's dedication to transitioning to EVs and achieving carbon neutrality.

3. Implement monetary incentives, such as income tax deductions, for private users and corporate fleets to alleviate the expenses associated with PHEV / BEV adoption.
4. Allow personal income tax deductions for expenses related to the purchase of PHEV / BEV vehicles.
5. Increase the threshold for corporate income tax deductions (set in 1997) for expenses related to the purchase (currently capped at 1 million THB) or lease (currently capped at 36,000 THB per month) of PHEV / BEV vehicles. Reviewing the deductible threshold is timely, considering the inflation of over 60% in the past 24 years. Allowing a larger deductible would incentivise companies to transition their corporate fleet to PHEV / BEV vehicles.
6. Implement non-monetary incentives for PHEV / BEV. For example, encourage government and commercial properties to designate parking spaces specifically for PHEV / BEV, reduce tollway/expressway fees for PHEV / BEV, establish dedicated EV lanes in areas where feasible, and designate 'Zero-Emission Zone', where only electric-mode vehicles are permitted to operate.

Supply

1. Extend EV incentives to cover the entire range of vehicle segments, including also the premium or small-volume segment. Expanding the incentives to encompass all vehicle segments will promote broader adoption of electric vehicles across different price points, stimulating market growth and diversification.
2. The conditions for BEV production, such as the local content criteria announced by the Thailand Automotive Institute or the significant production process requirements outlined by the Office of Industrial Economics, should be made more flexible. They shall be clearly defined and relatively lenient in the beginning stages, such as focusing on final assembly processes for a period of 5 to 7 years.
3. Level the playing field concerning duty-free battery electric vehicle (BEV) imports under the ASEAN-China Free Trade Agreement (ACFTA), with a view to promote fair competition and encourage a more diverse and competitive market for electric vehicles in Thailand. As such, Thailand should review the tariffs imposed on European-sourced EVs while the proposed Thailand-EU FTA should include tariff reduction/elimination for EV, including completely built units (CBU), as well as complete knock-down units (CKD).
4. EV incentives should be extended to cover other types of vehicles, such as boats, trucks, and other commercial vehicles, with flexible technology options like battery swapping

C. AFTERMARKET: EV BATTERY LIFE CYCLE

As the adoption of EVs continues to grow, concerns have arisen regarding the proper disposal of lithium-ion batteries used in these vehicles once they reach the end of their lifespan. Consequently, the management of used EV battery becomes a crucial topic that the Thai government shall consider. As lithium-ion batteries contain valuable materials such as lithium, cobalt, and nickel, recycling is a significant step towards achieving a sustainable and circular economy. By recovering valuable resources and minimising environmental risks, this process plays a crucial role in facilitating the transition to a greener future.

In Thailand, there is no specific legislation addressing used lithium-ion batteries, whether from EVs or production scrap. However, there are laws pertaining to hazardous waste or substances management that regulate the disposal and handling of lithium-ion battery waste. Recycling capability is also not adequate. As such, used lithium-ion batteries are collected and only undergo pre-treatment by authorised recycling companies. They are later exported to final recyclers overseas for further processing.

In addition to recycling, the process of extending the usable life of EV batteries, known as 'Second Life,' also offers significant benefits, such as prolonging product lifespan, reducing greenhouse gas emissions, and providing a cost-effective alternative to new batteries. Typically, EV batteries are retired or deemed unfit for EV

applications when their capacity drops below a certain threshold, often around 70-80% of their original capacity. However, even with reduced capacity, these batteries can still be suitable for second-life applications where full capacity is not critical. Depending on factors such as the specific second-use case and the overall health of the battery, a second-life battery could provide energy storage for an additional 5 to 15 years. This approach maximises the value of EV batteries and contributes to more sustainable practices within the electric vehicle industry.

Second-life applications are typically divided into two categories: reusing and repurposing. Reusing involves employing a second-life EV battery in another EV application that do not require high ranges, such as forklifts, golf carts, or vehicles used for short trips around ports and rail yards. Repurposing entails using an old EV battery in a different energy storage application. This could include decentralised energy storage solutions such as fast charging stations, solar energy storage for rooftops or Energy Storage Systems (ESS) for industrial use.

Extending battery lifespans through second-life applications leads to lower life cycle emissions and is more cost-effective than purchasing new batteries. As the EV market continues to grow, it is crucial for Thailand to develop comprehensive regulations and infrastructure for the proper management, recycling, and extending the life of lithium-ion batteries. TEBA encourages the Thai government to consider the issue a priority and advocate for proper management practices.

Recommendations:

1. The government should pass essential legislation to oversee the handling of used EV batteries and regulate the entire supply chain.
2. The government should contemplate permitting the importation of used EV batteries to bolster local pre-treatment capacity and encourage investment in future local EV recycling plants.
3. The government may consider offering subsidies, tax waivers, or reductions to support the utilisation of used EV batteries in second-life applications, as well as assisting waste battery processors and recyclers.

D. HYDROGEN / FUEL CELL ELECTRIC VEHICLE

With hydrogen being recognised as a promising cleaner alternative to fossil fuels, Fuel Cell Electric Vehicles (FCEV) are gaining increasing attention as being integral to the decarbonisation process. Compared with other drivetrains, Battery Electric Vehicles (BEVs) experience a rapid increase in weight and a decrease in efficiency as their range increases. Consequently, while BEVs are effective for short-range transportation, they become less efficient for longer distances. FCEVs and Internal Combustion Engines (ICEs) become more efficient as the range increases, with FCEVs delivering the highest efficiency over long distances.

FCEVs have gained popularity due to their enhanced performance, faster refueling times, and extended driving ranges. Advancements in catalyst technology have improved fuel cell durability, representing key developments in the FCEV market. It possesses the characteristics of being movable, storable, combustible, and suitable for use as a feedstock. Additionally, hydrogen is noted as the lightest gas, highly flammable, odorless, and capable of igniting with a colorless flame. When utilised as a fuel, hydrogen offers higher energy output per unit mass compared to typical fuels.

Recommendation:

1. Recognise FCEV as a crucial element in future mobility and provide various incentives for the usage of FCEV, and investment in FCEV infrastructure.

E. READINESS OF CONNECTIVITY / AUTONOMOUS DRIVING

Rapid advancement of automotive technology is transforming future mobility. From the integration of smart features to the rise of connected cars, the automotive industry is constantly evolving to enhance the driving experience as well as improve safety. Advanced Driver Assistance Systems (ADAS), road safety, and cybersecurity play a crucial role in ensuring the safety and security of both drivers and passengers, and, thus, should be considered when formulating automotive and transport policies.

ADAS, a prominent component of modern vehicles, encompasses a range of advanced technologies designed to assist drivers and enhance safety on the road. These systems utilise sensors, cameras, and artificial intelligence algorithms to provide real-time feedback and support to drivers. From adaptive cruise control to lane departure warnings and automatic emergency braking, ADAS features are aimed at mitigating risks and improving overall driver awareness.

Road safety is a paramount concern for drivers, policymakers, and automotive manufacturers alike. With millions of accidents occurring worldwide each year, the need for effective road safety measures is evident. By integrating ADAS technology, vehicles can actively contribute to reducing accidents and fatalities. The combination of intelligent sensors, predictive algorithms, and real-time feedback empowers drivers to make informed decisions, avoid potential collisions, and maintain safer driving practices.

As vehicles become increasingly connected, the issue of cybersecurity takes center stage. With the rise of connected cars and the Internet of Things, vehicles are vulnerable to cyber threats that can compromise safety and privacy. Cybersecurity in automotive technology focuses on protecting vehicle systems from unauthorised access, data breaches, and potential hacking attempts. By implementing robust cybersecurity measures, automakers can ensure the integrity and reliability of vehicle systems, including ADAS features.

Recommendations:

1. Create an open environment where the introduction of Advanced Driver Assistance Systems (ADAS) features is encouraged, as it will play a key role in enhancing efficiency, reducing environmental impact, and raising road safety.
2. Make use of the Autonomous Vehicles Readiness Index (AVRI) as a tool for assessing the readiness of countries for autonomous vehicles, considering factors such as policy and legislation, technology and innovation, infrastructure, and consumer acceptance.
3. Make improvements in the design, construction, and maintenance of infrastructure. This includes urban planning initiatives taking into account road safety considerations to ensure that infrastructure developments prioritise the safety of road users.
4. Continue to raise standards for safety and environmental requirements in alignment with international standards (UN Regulations) in the automotive sector to help attract green technology and new investments.
5. Implement mandatory motorcycle ABS in Thailand and across all ASEAN nations. By ensuring that ABS is included as standard equipment on all motorcycles, regardless of engine capacity, manufacturers can greatly enhance the safety of riders and other road users.

6. Incorporate four key cybersecurity agendas into consideration, as outlined in the ASEAN cybersecurity defense playbook:

- Elevate cybersecurity on the regional policy agenda.
- Secure a sustained commitment to cybersecurity.
- Fortify the ecosystem.
- Build the next wave of cybersecurity capability.

7. Enhance future generation of security professionals with cybersecurity capabilities with a view to effectively tackling emerging threats. This shall be done in a way that embraces a paradigm-shifting strategy that emphasises increased cohesion, and the collective utilisation of resources.

As the automotive industry undergoes rapid transformation from conventional to electrification, as elaborated above, TEBA collaborates with relevant Thai authorities and industry stakeholders in this transition.

For more information, please see TEBA's White Paper 'Future of Mobility in Thailand.'



[TEBA's White Paper 'Future of Mobility in Thailand'](#)

Cross-Sectoral Issues (CSI)

SUMMARY OF RECOMMENDATIONS

A. Tax Regime – Competitive, Efficient, Inclusive and Fair

1. Implement efficiency enhancements to streamline financial and tax processes.
2. Reduce and gradually remove domestic withholding tax.
3. Establish clear timelines for tax audits to enhance transparency and predictability.
4. Establish binding tax rulings to provide clarity, consistency and legal certainty.

B. Foreign Investment

1. Adopt a bold approach to List 3 of the Foreign Business Act and reform the decision-making process.
2. Review consequential legislation that impacts foreign employment.
3. Maintain FBA standards to preserve regulatory stability.

C. The Legal System

1. Promote the ‘Rule of Law’ to ensure fairness, transparency, and consistency in legal enforcement.
2. Enhance law-making and consultation processes by adopting refined practices and stakeholder engagement.
3. Improve court reporting and digitalise court processes to enhance accessibility.
4. Expand arbitration access to cover all categories of government contracts, ensuring fair dispute resolution and access to information.
5. Reform Fast-track regulatory by implementing changes from the Guillotine phase.
6. Remove inappropriate laws.

D. Work Permit & Visa – Skilled workers focus

1. Align the definition of ‘work’ with APEC business mobility principles and adopt the RCEP Business Visitor concept to allow a broader range of business activities without requiring a work permit.
2. Implement specific changes for those living and working in Thailand to improve work permit and visa regulations.
3. Enhance the attractiveness of smart Visa and LTR programs.
4. Eliminate TM.30 and transition TM.6 to an online format or replace it with a simplified information capture system. Limit 90-day reporting to cases of residence changes only.

5. Ensure compliance with ILO standards with necessary actions and uphold labour rights and fair employment practices.

E. Fast Track Regulatory Reform

1. Establish a fast-track model with a central resource and political backing for swift decision-making on regulatory reforms, reducing reliance on individual ministries for approvals.
2. Implement a fast-track 'guillotine' process, digitalising it into the Digital Government framework.

F. Anti-Corruption

1. Enhance education and awareness programs while encouraging collective action to reject corruption. Strengthen private sector groups to play a more active role in anti-corruption efforts.
2. Implement internal controls to improve transparency and accountability within organisations.
3. Strengthen whistleblowing mechanisms and witness protection measures to ensure a safe and effective reporting system.

Cross-Sectoral Issues (CSI) are those which impact on a number of sectors or are economy-wide. This chapter has been re-organised into Clusters, or topic groups, which for the purposes of the 2025 European Business Position paper are:

- A. Tax Regime – Competitive, Efficient, Inclusive and Fair
- B. Foreign Investment
- C. The Legal System
- D. Work Permit & Visa – Focus on Skilled Workers
- E. Anti-Corruption

A. TAX REGIME – COMPETITIVE, EFFICIENT, INCLUSIVE AND FAIR

(1) Overall Approach and Specific Aspects

Since the tax systems significantly impact companies' ease of doing business and investment decisions, the EABC urges the Thai government to develop a tax system which fosters business investment and economic growth. Keeping tax rates (for corporates and individuals) at reasonable levels, administering tax law in a consistent and transparent manner and promptly sharing information with the public will enhance Thailand's competitiveness for scarce capital and human resources. Attracting and retaining robust foreign direct investment that value tax transparency and certainty will expand the tax base and increase tax revenue. Both business and government can benefit from tax systems which are simple to administer and have reasonable compliance costs.

Recommendations:

EABC appreciates Thailand's efforts on tax reforms to strengthen the country's competitiveness. However, further concrete actions are needed to simplify tax compliance to improve economic efficiency, as well as enhancing transparency in tax collection. EABC expresses its readiness to closely work with the Government towards addressing hindrances and improving the competitiveness of the country's tax regime and compliance. Some tax initiatives which could assist in achieving these objectives include:

1. Not implementing worldwide basis of taxation for personal income tax

We understand that the Revenue Department is at the time of publication in the process of drafting amendments to the Revenue Code that would mean that Thai tax resident individuals would be subject to personal income tax on their worldwide income, regardless of whether the income is remitted to Thailand.

This move will discourage expatriates from moving to and living in Thailand and will have a detrimental impact on foreign investment, as personal taxation of foreign employees and executives is one of the key investment decision factors. An outflow of expatriates and foreign businesses is expected if this legislative change is introduced. This appears to be at odds with other Thailand's policies aimed at attracting direct foreign investment, such as the Board of Investment and EEC incentives, International Business Centre incentives, long term resident

visa. While some of these initiatives provide a reduced personal income tax rate for expatriates (15% or 17%), they will be ineffective if Thailand proceeds with the expansion of personal income tax to worldwide earnings.

It is acknowledged that some developed countries have worldwide basis of taxation, however many others – particularly capital destination and 'hub' economies – do not. Some notable examples of countries that either do not tax their residents on worldwide income or have exceptions to the worldwide basis of taxation for foreign residents in that country are Singapore, Hong Kong, Japan and the UK.

Recommendation: EABC urges the Government to reconsider the proposed change to a worldwide basis of personal income taxation. If the government does decide to proceed with this change, we recommend it to consider granting exceptions to foreign nationals along the lines of those available in the countries noted above. We also urge the Government to significantly simplify administration and compliance for taxpayers to claim foreign tax credits to avoid double taxation.

2. Changes in the interpretation of personal income tax

The interpretation of the Revenue Code has changed effective from 1 January 2024, whereby Thai tax residents are subject to personal income tax when the income is remitted to Thailand. This can potentially discourage investment in real estate by foreigners as there is a requirement for the capital to be remitted from offshore, as

well as influence the decision of wealthy pensioners and professionals to relocate to Thailand. Instances of double taxation are also likely to arise as the current regulations for claiming foreign tax credits are administratively burdensome.

Recommendation: We urge the Government to simplify the compliance procedures and issue clear guidelines for taxpayers and revenue officers to follow.

3. Global minimum tax

We understand that Thailand intends to adopt 15% global minimum tax developed by the OECD and is currently in the process of drafting legislation to implement the law effective 1 January 2025. We recommend that the rules are implemented consistently with the OECD model rules. To the extent there are any inconsistency, taxpayers should be able to rely on the OECD model rules and administrative guidance.

Recommendation: Any penalties, fines and surcharges for non-compliance with the global minimum tax legislation should be designed specifically for this law, rather than following those under the Revenue Code. This is in recognition that the global minimum tax rules are extremely complex and there are many areas of uncertainty that will take several years for global tax legislators to resolve. Taxpayers should not be penalised for compliance errors if they made reasonable efforts to comply.

4. Eliminate the requirement for a Thai corporate buyer to deduct Thai tax from a foreign seller's gain realised from the sale of shares

Some double tax treaties in force with Thailand allow relief from Thai capital gains tax from the disposal of shares by a foreign person, but many do not. With all other things equal, a foreign seller would generally prefer to sell a target company's shares to any buyer that is not Thai. This rule creates a clear and huge disadvantage to Thai companies who want to expand offshore since there would be a shortage of potential sellers and target companies.

Recommendation: Foreign taxpayers should not be required to pay Thai income tax from the sale of shares to a Thai corporate buyer. We are not aware of any other country that would assess tax on capital gains realised from the sale of non-Thai shares sold by a non-resident of Thailand purely based on the location from where the payment is made. In line with international tax principles, the source of taxation should be determined based on the location, and nature of the business, of the target.

5. Decrease domestic withholding tax on services from 3% to 1.5%; ultimately remove most types

With the permanent reduction in the corporate income tax (CIT) rate for companies from 30% to 20%, without a corresponding reduction in the domestic withholding tax rate on services of 3%, companies are required to achieve a profit margin of at least 15% before tax, or else they

will be in an overpaid tax position. In the current economic times, achieving a profit margin before tax of 15% for service companies is extremely challenging. If the domestic withholding tax rate on services is reduced to 1.5%, a company would need to achieve a 7.5% profit margin, which is more realistic in the current economic climate. The withholding tax reduction similar to that provided for payments made via the e-Withholding Tax system is a move in the right direction which should be considered to be permanent and extended to cover all payments. Longer term consideration needs to be given to eliminating the various categories of withholding tax, which apply at varying rates depending on the type of payment.

Recommendation: Decrease domestic withholding tax on services from 3% to 1.5%; ultimately remove most types.

6. Increase underestimated mid-year CIT threshold and expand the scope of justifiable reasons for underestimated mid-year CIT

Companies are subject to a 20% surcharge on the midyear CIT shortfall resulting from underestimating annual net profits for mid-year CIT calculation purposes. The allowed 'margin for error' is currently 25% of the actual net profits at year-end. Given the current economic situation, revenue may significantly fluctuate due to factors outside of businesses' control.

Recommendation: The 25% threshold should be increased to encourage businesses to estimate their net profits for mid-year CIT purposes accurately but without a fear of being subject to

exorbitant surcharges (which often leads companies to choose to rely on the 'safe harbour' and pay the half of the CIT paid for the prior year even if they ultimately end up in a tax refundable position, this creating unnecessary cash burden).

Concurrently, consideration should be given to expanding 'justifiable reasons' prescribed for underestimated mid-year CIT to include any commercially explainable reasons. This will also reduce the amount of CIT overpayment to be further discussed below.

7. Refunds of CIT overpayments

Refunds typically arise due to overpayments of CIT, resulting from the domestic withholding tax rate on services of 3% or due to an overpayment of CIT in the mid-year tax returns. Currently the overpayment of CIT can only be dealt with on a refund basis.

Recommendation: It would be mutually beneficial for both taxpayers and the Revenue Department where the taxpayer could elect to have the overpayment refunded or treated as a credit (similar to VAT), which could be applied to the CIT liability of the following year or any other tax liability (VAT, specific business tax, stamp duty) to the Revenue Department. Where the credit basis is selected, this would assist taxpayers who are 'out of pocket' as they are required to make payment of the current year's CIT liability or other tax liability, whilst still awaiting a refund from the TRD for the prior year. Similarly, the TRD can continue to hold onto the overpayment of CIT without the requirement of a cash refund to the taxpayer. Should a refund be requested

by a taxpayer, tax audit and refund processes should adhere to a clearly defined timeline. This point will be further discussed below.

8. Timelines for tax audits

There are currently no timelines for the Revenue Department, which must be adhered to in concluding a tax audit. This creates uncertainty for taxpayers and often, the duration of the audit is extended unjustifiably, sometimes spanning over a year.

Recommendation: An administrative process with clear deadlines for the Revenue Department should be introduced to ensure audits are finalised in a timely manner. The legislation can provide for an extension of the timelines if agreed to by both the taxpayer and the Revenue Department.

9. Incentive for tax audits

In the event of a tax audit, surcharges could run continuously until the tax audit is completed, resulting in huge amount of surcharges due to lengthy tax audit process. This means that the Revenue Department has no incentive to close tax audits in a timely manner.

Recommendation: The introduction of certain measures such as progressive reduction of surcharges (and penalties) based on the length of a tax audit process or interest payable by the Revenue Department to the taxpayers on the amounts of tax refund owed to taxpayers, would encourage tax officers to expedite tax audit process. Precedents for such measures exist in other countries.

10. Decrease in the monthly surcharge of 1.5% and availability of deduction for surcharge

During the course of an audit, any additional assessable income will attract a surcharge of 1.5% per month which is payable to the Revenue Department. This amounts to 18% on an annual basis. Considering the return one would normally make on money deposited in a bank account, an 18% return is disproportionate to market conditions and further imposes an unnecessary financial burden on taxpayers.

Recommendation: The monthly surcharge rate of 1.5% should be reduced to an appropriate market rate. Since the surcharge is payable to the Revenue Department where tax is imposed is akin to interest, EABC recommends that it be considered to allow taxpayers a deduction of this surcharge in computing their CIT liability.

11. VAT and withholding tax reporting obligations for SMEs and non-resident VAT registrants

Currently all companies are required to submit monthly VAT, payroll and withholding tax returns (if a payment is due) to the Revenue Department. In the context of SMEs, which typically have limited resources and small tax payments, or non-resident VAT registered e-service providers that do not have any personnel in Thailand, this is an administrative burden.

Recommendation: VAT and withholding tax reporting obligations for SMEs and non-resident VAT registrants should be limited to quarterly reporting obligations.

12. Binding advance tax rulings

Before entering into a transaction, taxpayers generally consider the tax consequences which may arise. Where the numbers involved are substantial and the transaction is complicated, obtaining tax certainty may be an important consideration and may have an impact on the investment decision. Currently, the rulings are not binding and are generally only issued for transactions which have already occurred. In these and others instances the Revenue Department should issue an 'advance tax ruling' which is binding and issued in a timely manner.

Recommendation: Similar to tax audits, there should also be a specific timeline for the consideration and responses given to the tax ruling requests. The taxpayers who act in good faith should be protected from a negative tax ruling issued, e.g., reduction or exemption of surcharges and penalty, with an unreasonable delay.

13. Consistent and accurate interpretation of legislation by Revenue Officers

There have been instances where the Revenue Officers of the Revenue Department have issued assessments for which the basis in law is unclear.

Recommendation: When assessments are issued by the Revenue Department they should be supported with well-reasoned arguments and reference to the respective sections of the law. In addition, an assessment should be reviewed

by a technical panel to ensure it is technically correct. Tax rulings previously issued with well-reasoned arguments should be allowed as reference for other taxpayers to follow.

14. Legislative incentives vs execution of incentives

There are many beneficial incentives from which taxpayers can take advantage, however, in certain instances, the execution and implementation of the incentives have impacted their success. For example, to take advantage of the accelerated 200% deduction for R&D expenses, the project must be examined and approved by the National Science and Technology Development Agency (NSTDA). In practice, however, it is very difficult to obtain timely approval from the NSTDA and there are no clear guidelines which projects the NSTDA will likely approve. On average, the NSTDA can take six months or longer before granting their decision. This is an example to illustrate that legislating an incentive is not enough to drive investment.

Recommendation: Clear and reliable implementation and execution of such incentives is imperative, without which, the incentive will be ineffective.

15. Future tax reforms or change of laws

Changes in tax policy and legislative amendments must be transparent, announced with sufficient notice and subject to a meaningful public consultation process.

Recommendation: Public consultations should be conducted with relevant stakeholders to understand compliance challenges with the aim of balancing the government and taxpayers' benefits. Once the legislation process is completed, a grace period/advance notice must be provided to allow affected taxpayers in the compliance preparation.

16. eCommerce tax e Commerce

eCommerce tax in Thailand warrants close continued monitoring. It is covered in the Digital Economy /ICT Chapter.

17. Customs

Customs recommendations are covered in the Transport, Logistics, Rail and Road Chapter.

B. FOREIGN INVESTMENT

(1) Basic of Regulation

Doing business in Thailand has a number of possible formats or means. In this part we focus on Commercial Presence. Commercial presence in Thailand is possible via:

- (i) A local entity which is at least 51% Thai owned and, in some cases, depending on the industry, may have other restrictions.
- (ii) A local entity which is up to 100% foreign owned, with a foreign business licence (FBL) under the Foreign Business Act (FBA) 1999; the entity may or may not be BOI promoted (with a foreign

business certificate- FBC). The FBA has three lists; an FBL is available for activities under List 3 by approval of the Minister of Commerce via a committee; Cabinet approval is needed for List 2 and List 1 is not open to foreigners (i.e. requiring a change to the law).

- (iii) A local entity relying on other sector-specific legislation or possibly a Treaty.

The FBA is the base standard for commercial presence. The 'FBA standard' is a test based on the first level of shareholding, not on control or other factors.

The FBA standard has become the accepted basis for investment. Standards other than the FBA standard include:

- (i) Broadcasting – control and nationality factors
- (ii) Foreign Dominance Notification (telecoms) – a long list of connecting factors including control, indirect shareholding, banking relationships, staff etc., see also Digital Economy/ICT Chapter.
- (iii) Insurance with some caps at 25% but in practice different
- (iv) Aviation services from January 2017, relying on a 47-year-old Decree – restricts nationality, control, shareholding for an Air Operating Licences (AOL), on safety grounds.
- (v) Certain other specific cases.

Removal of an item from List 3 has the effect that a foreign company (up to 100% foreign ownership) may participate in the sector without the need for an FBL or an FBC, subject to the terms of any sector-specific or other relevant restriction. Removal from List 3 does not override or clear such other regulations.

(2) The Wider Picture of Restrictions on Participation

Operating in Thailand (e.g. services via Mode 4) can be restricted by a number of personal qualification issues, work permit and visa regulation etc. In the ASEAN context (See later in this chapter), some nine ASEAN Mutual Recognition Arrangements (MRAs) purport to allow 9 professions /endeavours to be recognised. But this is usually stymied by regulation relating to each profession. For example, nurses must speak Thai and need to have a local test.

The table below is a navigation tool for legislation of what is allowed in terms of business activities of entities, professions not closed to foreigners and then specific profession-level regulation. Engineering for example appears at all three levels.

The 39 professions not open to foreigners under a 1979 Decree are compounded by the additional filter of profession-specific law and regulation.

The 1979 Decree was replaced by an April 2020 Notification which retained the same 39 professions but grouped them into four categories, with the idea of better supporting possible liberalisation via treaties or Arrangements.

The situation is complex as each profession has its own regime and issues, and sector-specific legislation apart from the 2020 Notification. EABC has identified eight professions to open and in mid 2018 has made an analysis and recommendations about removing restrictions. Accounting has some special treatment; EABC recommends the removal of at least 7 from the list of 39, being: certain agriculture activities, certain accounting activities, auction, brokerage/agency, civil engineering, architecture and tour facilitator.

Subject	Effect	Regulatory source
Business activities of entities (eg companies) with more than 49% foreign shareholding	Restricts the business activity of the company using three lists. List 3 has unnecessary restrictions.	Foreign Business Act AD 1999. Foreign Business Licence (s.7) Under IPA (the basis of BOI promotion) Foreign Business Certificate (s. 12). (Certain other sector-specific regulation also restricts foreign ownership)
Professions which may not be undertaken by foreigners	Prohibits foreigners (individuals) from carrying out 39 professions. 8 of these have been identified as of interest	*AD 1979 Decree; April AD 2020 Notification groups these into 4 categories
Professional licensing or permits at sector or individual professional level.	An additional barrier which is often overlooked by regulatory moves to liberalise professions.	Various sector or profession-specific laws – eg Engineers Act, Accountants Act, Lawyers Act which typically set up a professional licensing authority. MRA's (Mutual Recognition Arrangements in an ASEAN context)

**Notification of the Ministry of Labour: Prescription of Prohibited Occupations for Foreigners (April 2020), made pursuant to the Labour Decrees of 2017 and 2018.*

(3) Services Liberalisation; Opening up the Foreign Business Act Lists

Services Liberalisation includes:

- (i) Removing foreign equity levels
- (ii) Allowing freer movement of skilled people; including those which restrict certain professions (see above)
- (iii) Addressing sector-specific market access constraints or foreign equity limits
- (iv) General removal of administrative overhead for investment approvals.

List 3 is required to be reviewed annually (i.e. removing items from List 3 so that they are open to majority foreign ownership) and has been revised five times (2013, 2016, 2017, 2019, 2024) with over 20 specific industries or activities (sometimes called 'sectors') released from List 3. The releases are considered largely liberalisation-net neutral as there is sector-specific legislation covering the same fields, or the items may be for internal business.

EABC recommends a bold approach to the FBA with a strong commitment to liberalisation of services and a thorough review then reform of the List 3 review process to ensure transparency and timely action. In particular, these sectors need to be addressed:

- (i) Logistics
- (ii) Education (focus on higher education)
- (iii) Certain professional services
- (iv) Engineering

As for accounting the following suggestion is in keeping with Thailand as a high services hub.

Philippines and India are hubs for regional accounting and other back-office services. Due to restrictions on what services foreign accountants are permitted to provide in Thailand, the ability of service providers in Thailand to compete with the likes of the Philippines and India is constrained.

Advantages to Thai economy: e.g. back-office services to foreign businesses operating outside Thailand, including accounting services

- (i) Additional source of revenue that is presently being lost to the likes of India and Philippines;
- (ii) Opportunity to expose Thai accounting staff to international accounting standards and practices;
- (iii) Exposure and interfacing with foreign clients will improve language skills in particular English and provide confidence in dealing with foreigners.

Suitably qualified foreign accountants, working with locally trained professionals and staff, will be needed to impart the required skills and provide marketing, coordination and quality control.

Accountancy standards in Thailand place Thailand well competitively. Local and foreign accountants in Thailand could lift Thailand's standing as a regional services hub

Recommendations:

1. EABC recommends major reforms to List 3 and proposes a particular emphasis on services is recommended.
2. The FBA standard should continue to be the basis for foreign investment, but a limited, specific negative list is ideal. Thus, the catch all item (xxi) should be removed from List 3.
3. The decision-making process for List 3 and consultation needs to be reformed.
4. The total picture of foreign participation, which also includes other laws, needs to be reviewed in accordance with, EABC suggests, submissions made by EABC. The 39 professions list is too restrictive and at least 7 should be removed as listed in the main text – see above.
5. Thailand would do well to develop business services including accounting, with a regional hub perspective.

C. THE LEGAL SYSTEM**(1) A Rule of Law Policy**

Respect for the law in Thailand is weak. There is a belief in some quarters that money and connections can work to avoid an issue. This is not a policy or attitude endorsed or promoted by the government or leading private sector bodies. But a weak Rule of Law understanding and respect for its importance are an investment and ‘doing business’ obstacle.

The World Justice Project (WJP) Rule of Law Index provides an indication of how strong the Rule of Law is. Thailand is placed 78 / 142 in the 2024 ranking¹.

‘WJP Rule of Law Index® is the world’s leading source for original data on the rule of law. The Index relies on more than 110,000 households and 3,000 expert surveys to measure how the rule of law is experienced and perceived in practical, everyday situations by the general public worldwide.

‘Performance is measured using 44 indicators across eight primary rule of law factors, each of which is scored and ranked globally and against regional and income peers: Constraints on Government Powers, Absence of Corruption, Open Government, Fundamental Rights, Order and Security, Regulatory Enforcement, Civil Justice, and Criminal Justice’.

(2) Development of Laws and Content; Consultation process; Changes to Policy, Law and Regulation

Good law making requires that a law must have a purpose, be able to be understood and be administered fairly so that its purpose is achieved. While the practice of stating a purpose as part of the law is useful, sometimes the law is too broad or would not achieve the stated purpose.



To read more, please scan the QR code or click on the link [here](https://worldjusticeproject.org/rule-of-law-index/global).

¹ World Justice Project, Rule of Law Index, <https://worldjusticeproject.org/rule-of-law-index/global>.

Recommendation:

1. For new laws and regulations and amendments, sufficient time should be allowed for consultation to take place and for the results of the consultation to be appropriately considered and the Regulatory Impact Assessment Act to be honoured in ways which support good rulemaking.
2. Subsequent to enactment, assessment and improvement should be done at regular intervals to identify any further issues or practical opportunities for enhancement. Such feedback from the private sector should be disclosed to the Public.
3. Consolidated versions of laws are needed.

(a) Permanent Law Reform Commission as part of regulatory reform

The function of law reform in Thailand itself needs reform. Often there is no real structural reform, but just add-ons – consider a huge hopper with uncatalogued and un-cross-referenced laws, into which are dumped new laws. This is called reform, but it is not. There are some but a few exceptions where there is real structural reform.

A permanent law reform commission in the British Commonwealth / European style which takes references about laws – holistic approach about the subject matter, consultation and reform. This is one of the practices used in Korea after their successful regulatory guillotine approach and a key recommendation of the APEC report and the Korean expert.

One subject or reference could be the Civil Procedure Code. The current Code was inspired by the French CPC of the 1910's and does not appear ever to have been comprehensively reviewed. Similarly, the Civil and Commercial Code. Thailand has for some time been bypassing the Codes to some extent with specific statutes and supporting secondary legislation (Regulations/ Notifications).

The Thai Chamber of Commerce and Board of Trade recommended setting up government agency specifically to manage the 'guillotine' process of removing unwanted and unnecessary laws (see under Fast Track Regulatory Reform in this chapter).

(3) Court Reports and the Court Process

Even though Thailand is a civil law jurisdiction, law reports (reports of court cases) do have precedent and persuasive value and are recommended to be reported clearly in Thai and English in a universally accessible and regularly updated digital repository. This will assist to improve access to justice, the actual and perceived quality of legal advice provided to non-Thai speakers and will assist to enhance confidence and perceived certainty in the Thai legal system. Case summaries and reports could be listed in such a repository with an international citation system. This will further assist the Thai legal profession in its cross-border interactions.

The new initiatives relating to the pandemic for 'Smart Courts' such as administering cases by digital means, permitting e-filing; allowing e-signatures, allowing interested parties to track court process electronically and regulating a presiding judge from denying evidence

solely due to its electronic format are welcomed. These can be modified to become permanent features of court proceedings and allow for more efficient proceedings where Thai or foreign parties are, cannot be or it is cost prohibitive to be physically present for proceedings without detrimental effect on justice and to reduce unnecessary delays, postponements or rejections of applications and filings due to physical absence.

The EABC supports the adaptation and co-operation with the EU Commission's 'Communication on Digitalisation of Justice in the EU'² which includes 'e-CODEX', a computerised system for communication in cross-border civil and criminal proceedings. Such a system can assist citizens with the exercise of their rights and access to justice; businesses with tools to access information and rely upon effective justice systems to conduct their operations, and reduce costs for all businesses but in particular for SMEs; allow legal practitioners to support clients in the best possible way, safely and efficiently with document security, and assist co-operation between state agencies responsible for justice.

Continuation and enhancement of the existing initiatives will increase transparency, improve Thailand's rule of law and justice ratings, increase access to justice for Thai citizens and firms and for foreign investors and participants in its system.

² European Commission. *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. COM(2020) 710 final, December 2, 2020.* <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=COM:2020:710:FIN>. See also: https://ec.europa.eu/info/policies/justice-and-fundamental-rights/digitalisation-justice/communication-digitalisation-justice-european-union-and-proposal-e-codex-regulation_en.

(4) Arbitration and other ADR

Thailand has great potential as an arbitration centre. For example, commercial agreements may choose a governing law other than Thai law (e.g. English or New York law) and suitably qualified arbitrators can hear cases from Thailand-based arbitration centres such as THAC.



To read more, please scan the QR code or click on the link [here](#).

Recommendations:

1. Take measures to enhance Rule of Law standing; including establishing, supported by recent legal changes, a more effective consultation procedures; establishing permanent and active Law Reform Commission and professional support for 'Guillotine' functions; enhance court reports; and driving the regulatory guillotine project to remove and revise unwanted and unnecessary laws and regulation; and enhancing arbitration availability (see more in law section above).
2. Make competition regulation (i.e. fostering a pro-competitive environment through the use of regulated competition) more effective by providing industry education and effective implementation of the amendments to the Trade Competition Act.
3. Enhance the existing features of digitalisation of civil and criminal court systems, make these permanent and allow for wider virtual

attendances to facilitate non-physical attendance and access to justice by participants in a case. Consider parallels and benefits of an e-CODEX style system.

4. Widen Smart Visa or Long-Term Resident initiatives to allow foreign and Thai counsel and arbitrators to work on cases governed by Thai law but reserving Thai law interpretation to Thai counsel. Ensure all global arbitration institutions are able to issue certificates to enable Smart Visas to be issued and provide a digitised English arbitration case report system based on deemed or actual consent of the parties to publish. Provide systems to prevent vexatious lawsuits against arbitration professionals and a supporting professional indemnity insurance system.

5. Further developments to support arbitration, especially for on-line disputes, are needed.

EABC values the regular consultations held and urges more. EABC's Cross Sectoral Issues working group welcomes the opportunity to support Thailand and to provide best practices in these areas. Engaging outside experts is often valuable and effective.

(5) Competition Regulation

The Trade Competition Act was amended in 2017. But it is not regarded as a major enabler of fair competition in markets in Thailand.

The history of promotion of competitive practices and avoidance of monopoly-type situations and dominant market behaviour is weak in Thailand. The Trade Competition Act has most of the necessary tools and machinery but how it is enforced means that opportunities for effective market regulation are not taken.

Other agencies defer to the Trade Competition Commission and its office (OTCC) for decisions, rather than making competition regulation decisions themselves.

EABC continues to recommend effective use of pro-competition tools.

(6) Fast Track Regulatory Reform

Fast Track refers to a process of centralised authority to make changes to laws and regulation, including the removal of unwanted and unnecessary laws. The example of South Korea is used to illustrate how laws and regulations are reviewed to pass the tests of meaningfulness, (i.e. they must serve a purpose), ease of compliance and ease of understanding. In that case, an outside expert was engaged to manage this process, rather than leave it to Sub-Ministries. The measures got rid of many laws and regulations and streamlined many others (some 11,000 overall). The strategy worked; overall ease of doing business greatly improved and GDP improved.

Lessons from the Korean experience including a visit from an expert in the Korean PMs office, included:

- (i) Political will from the top and a centralised unit
- (ii) A good data base of all laws
- (iii) A well-staffed, permanent law reform function with the necessary budget

The Guillotine project first phase looked at ‘doing business’ issues, focusing on eight of the former ten World Bank ‘ease of doing business’ criteria³ with some credible contribution to Thailand’s improved Ease of Doing Business ranking to 21st for 2020 (from 27th 2019; 26th for 2018). The second phase covered some 1,000 licence issues with recommendations to remove them or modify them. The detailed work to analyse, discuss and draft the proposed text has already been done.

There were also successful projects with the Securities & Exchange Commission and the Bank of Thailand. The Bank of Thailand project (about FX management) is reported to have saved some THB 1.4bn, annualised. Some milestones:

- (i) A well-staffed Guillotine unit was established in 2018 and a consultant hired. JSCIB supported the project financially with most budget from government.
- (ii) Some 1,094 licence issues were identified and processed for processing (‘cut/combine/change/continue’) and were done by July 2019. About 100 of these were contributed by the foreign business community, in which EABC and others such as JFCCT played a central role.

- (iii) In about November 2019, TDRI made a detailed report about it for implementation.
- (iv) That was picked up in September 2020 by the Strategic Transformation Office (STO) which released a report (often referred to as the TDRI Report). The Cabinet endorsed setting up a Fast Track Regulatory Reform main committee was established, with nine sub committees.
- (v) The work of the sub committees continues. Two in particular (Guillotine and Digitalisation) are very relevant to business regulation.
- (vi) That work ceased and in 2023 a new committee for reform of laws was established. But even with the good work it does, it is limited in scope and does not have the resources to tackle the large volume of regulation needing to be reviewed.

(7) Inappropriate Laws

Trust in the Rule of Law is vital for the economy and an intelligent, well-informed society.

An older style of law making was to cast a wide net (with broad powers) and allow for selective interpretation (‘if you’ve done nothing wrong you’ve got nothing to worry about’). Such laws are fewer in more recent times, but they still exist. An effective consultation process is a good way to prevent these.

Other laws which unreasonably seek to curtail fair comment also need to be reviewed.

³ The old World Bank ranking was officially scrapped by the World Bank in Sep 2021 following a pause in its use from August 2020.

Separately, EABC has long advised that criminal defamation should not be available for use except possibly in the most extreme cases of prolonged, intentional harm. This is in line with international norms. A legislative or executive change to that effect is needed. Civil defamation as a remedy for relevant wrongs is never an easy recourse but it can be a valid remedy in appropriate cases. For on-line comments, see the Digital Economy/ICT chapter.

D. WORK PERMIT & VISA – FOCUS ON SKILLED WORKERS

(1) Ease of Employment Procedure and Law to Facilitate Free Movement of Foreign Skilled and Unskilled Workers

Some aspects of Thailand's Work Permit and Visa system go back, largely unchanged, almost 50 years (to 1972). The foreign business community and the local business community, both of which frequently rely on foreign skills, have recommended for many years that major revisions to the system are necessary. Work Permits and Visas continue to be the single most referred-to irritant in doing business and disincentive to foreign investment.

Some changes were made in June 2017 and March 2018 via two Labour Decrees which repealed the Foreign Employment Act and made a number of other changes and since then:

- (i) Some partial digitisations of Work Permits
- (ii) New visa policy from mid 2024

The changes to visas from July 2024 are also welcome, but the lack of clarity about needing some kind of work permit for visa – free arrival-based work is unclear. Short

term business activity should be allowed without the need for cumbersome instruments.

However, in many cases, the process required for foreigners to gain permission to work and reside legally in Thailand is exceedingly complicated and requires excessive and ultimately unnecessary paperwork. A change of mindset is needed about the content, usefulness, and method of collecting required information, including a fundamental re-design of the system to eliminate duplication. The Smart Visa (which is a limited carve-out rather than a systemic change) was a good way to kick-start some of the necessary changes. But even the Smart Visa retains some seemingly complicated procedures. Recent changes to Long Term Resident (LTR) visa should see LTR as more attractive and welcome. These are both limited scope tools for on boarding skills.

Considering the shared vision for Thailand 4.0, a major uplift in the freer flow of skilled labour and an infusion of talent are needed, as are lower-cost and less labour-intensive administrative processes to accomplish these goals efficiently.

(2) There are Two Groups of People

Those not working in Thailand (Business Visitors) or on very short-term visits; and 2: Those who need to live and work in Thailand (Employees and others).

(a) Group 1: business visitors

Business Visitors have no intention or need to take up local employment and who are not resident in Thailand. They should be able to enter easily and carry out some basic business functions.

The definition of ‘work’ is too broad and is based on inappropriate principles.

Whether a work permit application (WP-1 or WP-34 (previously WP10)) is required depends on whether ‘work’ is being done. Trying to support business engagement based on nebulous principles and definitions which produce grey areas and artificial distinctions is time consuming and costly. Interpretation principles are based on a 1972 law (about 50 years old) which was most recently incorporated into the then 2008 Foreign Employment Act, such that the following activities were defined as ‘work’:

- (i) If physical effort or knowledge is required in order to complete such activity/task
- (ii) If it has little or no effect on the labour market in Thailand.

The two labour decrees of 2017 and 2018:

- (i) Repealed the Foreign Employment Act
- (ii) Continued the basis for the definition of work (see above) but, importantly made it narrower by requiring that the activity must be linked to activities conducted for the purpose of carrying on an occupation or undertaking a business.
- (iii) Empowered the Minister of Labour to issue a Declaration or Notification saying what activities were not ‘work’.

There may be different English versions of the important change in (ii) but it is an intentional change which is understood to remove from the requirement for a work permit those situations where, for example, people may be meeting to discuss the business or economic

environment, or may be speaking at a conference where they are not carrying on an occupation or undertaking any business. A good development is that it is possible to enter the Kingdom and carry out a range of activities which are not ‘work’. Greater clarity is needed, however.

Thailand’s international business centre (IBC) promotions are at odds with the work permit system by restricting what directors can do.

Directors or managers involved in any company operating in Thailand on a regional basis should not need a work permit to carry out normal functions.

Thailand is a sought-after MICE destination with many conference organisers arranging high level conferences, often with high-level visiting speakers. These foreign speakers need a work permit to be in-line with the law, but it is not the practice of such organisers to advise them accordingly or help arrange such a work permit. The two labour decrees specifically provide for MICE activity, but they do not go far enough and would still require a work permit where it is unreasonable to need one.

In all cases where a business visitor is in Thailand carrying out various ‘business visitor’ type activities for which a work permit is currently needed, there is a high likelihood that a claim under a travel insurance policy could be denied as the business traveller did not hold all valid permits to perform the activity. For IHQ activities, with frequent, but often short notice visits, there is a business risk due to non-compliance.

RCEP brings with it the concept of a Business Visitor (BV), as a framework. That should be capitalised on.

A positive move is that the WP 34 is stated to be a reporting matter, not a permission matter. That is for urgent and necessary work. No work permit should be needed for the visa free arrival situations where some 16 types of business activity are permitted.

Recommendations:

1. Develop to law due to the 23 June 2017 Decree and March 2018 Decree which narrowed the definition of 'work'.
2. Without narrowing the scope of action 1, it is requested that the Minister of Labour issue a Declaration about what is not 'work' – the recommended text is provided by EABC which is broader than these decrees provide for. 'Work' should only be a narrow scope for people who intend to live and work in Thailand.
3. Even with the mid 2024 changes, create an on-arrival business visa for all cases.
4. There should be no need for the WP-34 (previously WP 10) category for 'urgent and necessary work'; as no work permit would be required for any of the activities contemplated. Making the WP-34 reportable only, not a permission should assist.
5. As should be the case for all processes, put everything on-line and eliminate paper-based assessment. Use RCEP to support Business Visitors.

(b) Group 2: people with Thailand-based jobs; employees and others

People who are employees of local companies (or local affiliates of multinational or other foreign companies), or who are owners of local businesses need to work and reside in Thailand. They are engaged in the generally accepted definition of 'work'. For those in this category, the concept of a merged work permit and visa (e.g., to a 'work visa') would be an attractive and logical improvement. A separation into two categories for skilled and unskilled work would also be useful. In addition, the process of applying for and granting these work visas would need to be streamlined, not least by giving a single government agency full responsibility for the process, rather than requiring interaction with two completely separate (and often conflicting) bureaucracies (i.e. Immigration and Labour) as is currently the case.

Fundamental reforms are needed to the structures of work permits and visas; as much as possible should be put on-line with the opportunity for process re-engineering which that affords, along with many items better to support overall objectives, including removing burdensome actions – see below.

For people who are not Business Visitors (i.e. people who are living and working in Thailand), a number of changes are needed to the overall system through fundamental reforms. These are extensive and detailed and are the subject of a separate document. The recommendation summary for this group is listed here.

Recommendations:

EABC has and will continue to recommend a large number of administrative and legislative remedies; and also, structural change in the area of work permit and visa for those working and living in Thailand.

1. Restructure permits and licensing into skilled / unskilled categories with different requirements. Skilled should not need the level of health checks and other overhead.
2. Change thinking about work permits so that they support working from anywhere, are issuable while the person is still overseas.
3. Eliminate unnecessary steps. A 'whole-of-government', on-line architecture be devised as soon as possible, to allow introduction of efficiency improvements in high priority areas. Take the opportunity to effect business process re-engineering; safety in the pandemic also requires this. A Digital Government system needs to see process re-engineering, interoperability amongst agencies and single sign-on.
4. Eliminate 90-day reporting; change to report (on-line) only where there is a change to residential address.
5. Clarify that no additional work permit is needed for a work permit holder to carry out non work activity; and effect/implement this change in procedures.
6. Fully cease using capital invested (THB 2m) and staff ratios (4:1) as bases for hiring foreigners.

7. Review, consult about and propose a mechanism for Mode 4 service delivery minimal, legal licensing which does not introduce tax complications. Alternatively exempt the requirement in order to foster advanced service sector development.

8. Harmonise work permit and visa terms; cut, combine, change or in the longer term, use one instrument (e.g. work visa). There are recommended charts prepared for this.

9. All two-year work permits for all chamber of commerce staff. The LTR change to support some Chamber staff is welcome.

10. Exempt Permanent Residents from the need for a work permit, or deem a flexible work permit to be included.

11. Allow retirees to work say 20 hours per week (LTR has no limit).

12. Allow change of status without having to leave Thailand, including from any tourist visa. Skills are needed in Thailand.

13. Provide a pathway to long stay support for students who have been educated at least partly in Thailand have grown up in Thailand. Age 20 is the crucial stage.

14. Many are also relevant to unskilled labour, including the same recommendations about removing 90-day reporting (reporting only change of residence, which for unskilled labour, often the employer should do), removing

location specific work restrictions and other time-consuming requirements. For MoU and non-MoU unskilled workers, a process review is needed to remove cumbersome and unnecessary steps.

(3) TM 30, TM.28, 90-day Reporting and Related Provisions

The Immigration Act 1979 has cumbersome reporting provisions. While s. 28 (reporting by the foreigner) has largely been removed, s. 30 requires property owners to report about the foreigner. Ultimately EABC recommends its removal.

90 reporting was changed to annual reporting for Smart Visa holders with a similar arrangement for Long Term Residents. While there appear to be some legislative hurdles with the inconsistencies about how 90-day reporting applies in s. 37(5) of the Immigration Act, a way should be found so that 90-day reporting applies only to changes to residential address.

Recommendations:

1. Limit TM30 (landlord reporting) only to those situations such as private short stay, if necessary, as a short-term measure, but eliminating it at the earliest time.
2. Use on-line systems to cover all situations.
3. Change to 90-day reporting to reporting only change of residential address.

(4) Smart Visa / Long Term Resident Visa

The smart visa is a useful instrument, released from February 2018 to cover four types (plus 'O' for family). but it should be more attractive and easier to gain.

Smart visa applies to the ten 'S' curve industries and three others. It has attractive features such as being issued for four years in most cases and not needing a separate work permit. 90 days reporting is changed to annual reporting.

But it has suffered from low take up. Removing burdensome scrutiny is one important means.

Long Term Resident visas were launched in September 2022 and have been revised due to low take up (about 6,000 issued as at end 2024)

The LTR is an attractive but small-scale focus. For the Highly Skilled Professional category, it needs to be more attractive.

Recommendations:

1. Recognise wealth broadly, including existing investments and established businesses.
2. LTR visa, while open to individuals already in Thailand, has not been effective in attracting skilled talent—review the attractiveness of the Highly Skilled Professional (HSP) category.
3. Maintain the HSP category under the LTR visa.
4. Address anomalies outside the LTR framework, including 90-day reporting, retiree policies, and residency regulations.

(5) International Labour Norms

There are cases of poor treatment of workers. Thailand as a participant in the world trading order will improve its status through upgrading adherence to international norms. The ILO has standards. The situation with illegal, unreported and unregulated (IUU) activity in the fishing industry has improved through intervention. Other areas need addressing.

(a) Importance of English and other important language for the Thai workforce

During the past 25 years, neighbouring economies have gone through, and continue to go through, major economic development, and liberalisation of their laws that affect foreign investment, but Thailand has been slow in this respect. Thailand faces significant competition. Countries such as Malaysia, Vietnam, Cambodia, Indonesia have all progressed and developed. They are competing with Thailand in areas in which Thailand has substantial economic activity and investment: manufacturing, tourism and agriculture. The ability of the Thai workforce to communicate in English and other languages is poor when compared to its competitors, as many surveys have indicated.

Recommendation:

1. EABC urges Thailand to improve education for younger generations, especially in English language skills, which are a very important tool for communication.

E. ANTI-CORRUPTION

EABCs objective is the reduction of corruption so that it is no longer considered by some as an easy option or normal way of doing business, with real incentives to avoid corrupt practices.

Transparency International (TI), in its Corruption Perceptions Index 2015, ranked Thailand 76th out of 175 nations on the issue of public sector corruption. The 2024 ranking was 107th. previously ranked 85th in 2014. In 2016, Thailand's ranking slipped to 101st out of 176 countries and in 2017, gained slightly to 96th / 180⁴. The 2018 ranking was 99th/180 (improved over 2017) but 2020 104th. The 2021 ranking, released in January 2022, slipped to 110th. TI notes that this reflects Thailand's worst score, then improved to 101st and for 2023, 108th.

The direction of movement is not encouraging. The public and private sectors, led by government leaders and private sector groups will need to work together to improve this.

Although private sector bodies such as

- (i) ACT (Anti-Corruption Organisation of Thailand), a Foundation from 2014, formerly ACN⁵
- (ii) CAC Collective Action Coalition Against Corruption, a private sector project of Thai IoD which acts as the secretariat⁶

⁴ Transparency International. *Corruption Perceptions Index 2018*. <https://www.transparency.org/cpi2018>.

⁵ National Anti-Corruption Commission (NACC). *Anti-Corruption in Thailand*. <http://www.anticorruption.in.th/2016/en/>.

⁶ Thai Collective Action Against Corruption (Thai CAC). *About Thai CAC*. <http://www.thai-cac.com/node/7601>.

have relevant objectives, membership requirements etc., a small minority of their members may use membership as a kind of CSR checkbox or PR tool. Based on industry experience, it is known that some such members engage in corrupt practices. Neither body condones nor supports this.

The Stock Exchange of Thailand has instituted some initiatives also with some positive measures.

Increasing penalties alone has a limited impact. Also needed are:

- (i) Away from a rent-seeking mentality (concession style) in government licensing, project and permits can have a corruptive effect. More can be done to position, present and tender for government projects and value-enhancing investments, moving away from a rent-seeking, concession mentality.
- (ii) Education about internal controls and the need to implement them. (see s. 176 of the organic Anti-Corruption Act)

- (iii) An end to the use of Criminal Defamation is also needed. This is used as a tool to stymie corruption allegations and otherwise improperly.
- (iv) Corporate activism – collectively saying ‘no’.
- (v) Rule of Law measures (see this Chapter) especially about consultation.
- (vi) Whistleblower protection for NACC investigations and witness protection; better budget
- (vii) Symbolic action so that the law applies to all; well-connected people are not exonerated.

The NACC has published internal controls guidebooks in four languages (TH, EN, CN, JP) available by downloaded PDF or hard copy.

Recommendations:

1. Greater education and collectively saying ‘no’ are needed.
2. Implement internal controls.
3. Strengthen whistleblowing and witness protection.

Digital Economy / ICT

SUMMARY OF RECOMMENDATIONS

A. Fundamentals and Base Enablers

1. EABC analyses the Digital Economy in layers which are building blocks. The definition includes the role of telecoms infrastructure. A competitive telecoms sector is needed as a base which involves the structure of the sector, effective competition regulation and economically optimal spectrum. MVNO development should be supported.
2. Digitalisation is a transformation which needs to apply to all participants in the economy. The tools and training needed have to be available for smaller companies which may not be able to afford them.
3. Digital Government; Digital ID, Digital Signatures all need to be used for greater efficiency and effectiveness.
4. Foreign investment needs opening to attract services of all kinds., Cease the Foreign Dominance Notification.

B. Major Topics and Operational

1. Artificial Intelligence needs, more fundamentally than anything, good AI Governance rather than a hard law. The economy must be skilled in its use.
2. Digital trade, WTO regulations and cross-border trade must be kept on free trade principles.
3. We urge the PDPC to take on the responsibility of issuing whitelists of 'adequate' jurisdictions for cross border data flows.
4. Cybersecurity is everyone's look out. For government operations, a multi-vendor approach is needed.
5. Digital Platforms regulation while encouraging better business and supporting consumer protection should not create undue burdens for business and should not require local commercial presence.
6. Digital Skills are in short supply. Specialist visas are good for those who have them but are only a small step.

A. BACKGROUND ABOUT DIGITAL ECONOMY

The Digital Economy grows in two ways:

- (i) By the digitisation of processes, services and products which have evolved from an analogue or off-line state, or have new digital equivalents
- (ii) By the entry of ‘native’ digital services, products or processes.

‘Digitalisation’ refers to the transformation from older analogue or off-line standard business procedures and capabilities to a state relying on the use of data, platforms and tools which are typically connected (online). This change needs to occur at four levels: personal, company, industry and economy wide. The Thailand 4.0 vision and objectives (being a national interpretation of the 4 IR – or Fourth Industrial Revolution concept), requires digitalisation at its core. A future 5IR (a possible Thailand 5.0?) which includes sustainability and the human dimension, would also.

‘Digitisation’ is an electronic form of a hard copy – e.g. submit a PDF file online but without electronic processing. It is usually not a path to digitalisation.

On definition of ‘Digital Economy’ updated in 2024, together with function of the Digital Economy layers.



To read more, please scan the QR code or click on the link [here](#).

EABC’s 2022 European Business Position Paper described all activity in these three layers. In this 2025 publication, issues are identified in two groups: Fundamentals and Base Enablers, and Major Topics and Operational.

Changes better to support Arbitration are welcome. The Smart Visa system was updated to permit foreign arbitrators to perform duties in an arbitration case. However, for Thailand to be able to compete as an arbitration destination, restrictions preventing foreign counsel or foreign arbitrators or other support workers being able to participate in an arbitration case subject to Thai law should be liberalised so that Thai licensed counsel may work alongside foreign counsel in such proceedings. Naturally if a contract is made subject to Thai law, the parties may have agreed or may agree to proceedings being conducted under the arbitration regime of the Thai legal system, but any encumbrance to a foreign party being able to include foreign assistance will be a deterrent to promoting Thailand as an arbitration hub and competing with other arbitral systems. Such improvements may be made without excluding Thai counsel from proceedings but instead providing co-operative framework for case preparation, administration, and other necessary legal works.

Even recognising proposed changes (as at the launch date of this Position Paper), the Smart Visa system could be further improved so that arbitration institutions with and without a permanent physical presence in Thailand can still issue certificates to allow foreign arbitrators to use the rules and administrative functions of those institutions, under the supervisory national system of Thailand, thereby broadening the

scope and number of potential arbitrations under the Thai system and to allow ad hoc arbitrations the opportunity to elect to use institutions. The method by which foreign counsel can obtain such VISAS should be promoted clearly and transparently.

To avoid malicious and hostile lawsuits against professional arbitrators and foreign counsel seeking to legitimately use Smart Visa and other arbitration systems modified by Thai agencies, clearer provisions on the immunity of arbitrators to lawsuit in the furtherance of their duties should be provided to prevent vexatious lawsuits in the court system by losing parties against foreign arbitrators and legal professionals which can damage the reputation and integrity of the system. Summary dismissals and realistic costs orders against applicants seeking to file such suits would be one method of deterrent. A professional indemnity insurance scheme under which contributions would allow professional arbitrators and counsel to be defended on an indemnity basis from insurance funds would also assist with confidence in practicing arbitration in Thailand.

Arbitration Institutes and Government could provide uniform arbitration case summaries and reports in English, removing sensitive confidential information or obtaining consent from the parties to publish awards, to allow the development of use of case interpretations by arbitration professionals and improve access to information for Thai and foreign counsel.

For overall policy making, the Ministry of ICT became the Ministry of Digital Economy & Society (MDES), with some rearrangements. The three main agencies are DEPA (Digital Economy Promotion Agency; previously SIPA), ETDA (Electronic Transactions Development Agency) and DGA (Digital Government Development Agency, previously Electronic Government Agency EGA), although they are not all part of the Ministry of Digital Economy & Society. The two SOEs (TOT and CAT) have been merged into National Telecom and confusingly sometimes act as a corporatised instrument of policy and as operators in MDES. The merged regulator NBTC (National Broadcasting and Telecommunications Commission) is intentionally independent but must follow government policy. A Digital Economy Committee has become a centralised focus of power, and a Digital Economy & Society Commission includes a remit on digital society matters. There is a separate committee for Personal Data Protection (PDPC) and Cybersecurity (NCSA) and ETDA (Electronic Transactions Development Agency) has AIGC (AI Governance Centre).

EU policies, regulations and practices are relevant in this area. See Introduction chapter for how EU Policy Law and Regulation may apply. Relevantly, the Digital Single Market, Digital Inclusion, GDPR, platform regulation, Digital Services Act all have policies which offer good precedent and in the case of the GDPR a good global standard. These are mentioned.

There are many digitally related **ASEAN instruments** which range from MoUs, to expressions of intent, to agreements. An ASEAN Digital Framework Agreement is in development.

B. FUNDAMENTALS AND BASE ENABLERS

(1) The Telecoms Sector Must Be Competitive

The telecoms industry globally works on a tried and tested three-layer structure. Thai law (Telecoms Business Act) is consistent with this and consistent in that respect with the Telecoms chapter in GATS.

But the industry in Thailand has never properly evolved. This is because of the long duration (through to 2018 at least which was the formal end of the last mobile concession agreement before being extended, and in other guises, on-going through fresh agreements) of concession arrangement whereby two SOEs TOT and CAT owned the spectrum and allowed the private sector to use it under concession arrangements. National Telecom (NT) is still 100% state owned.

Historically, the SOE evolutionary path in the sector based on global practice described in this chapter in the 2022 European Business Position Paper. But this process never happened in Thailand.

As TOT and CAT were not forced to be competitive during an era of telecoms change, they did not make investments in other economies unlike a common global model.

There is a competitive and quite effective sector in fixed line broadband in Thailand. However, the main industry is with mobile network operators of which there are now two with about 96% market share, NT with about 3% and MVNOs less than ½%.

An SOE such as NT may have some national service function in providing broadband to areas where there is less than a commercial return on investment, and there are other legitimate focus areas. These roles do not justify the lack of reform and many wonder why NT continues with retail mobile services. Considering recent market concentration, there may be a more value-adding role for NT as a provider of infrastructure and base services.

Structural reform means:

- (i) creating a workable and regulated **wholesale market** and
- (ii) **re-direction; reformation and re-focus of National Telecom** which now seems to pursue many unrelated businesses (including retail mobile, competing with the private sector, which many believe will never be sustainable on a fully costed basis); the merger is not real reform.

The Ministry of Finance (NT's shareholder) has indicated that reform is needed. Indicatively:

- (i) Focus on core, fixed business, get out of retail mobile
- (ii) Strengthen backhaul, backbone, international gateways
- (iii) Collaborate, work with the entire industry on a fair and non-discriminatory basis.

Real Reform of the SOE is a policy omission – for an effective wholesale market, for transparency, to reduce corruption and to support more innovation, to enhance

the overall value of the sector, for 5G which to work effectively according to ITU will need to get the structure right which includes evolving NT.

(a) National broadband infrastructure

NT continues to be used as public policy tool. While a regional broadband network built and run by an existing SOE may possibly serve some well, the opportunity to do a properly structured national backbone with appropriate wholesale regulation has not been taken. The rural broadband project Net Pracharat¹ has received well-deserved accolades for its achievements. But it does not provide a whole-of-country solution which would also serve to underpin infrastructure needed for 5G. A structured approach whereby financial returns (and thus funding) vary from different parts of the network is necessary.

With high industry concentration, the idea of a national wholesale market re-emerges as something which could provide real solutions.²

(b) Spectrum

Under the NBTC Act B.E. 2553 (also known as the Frequency Act) s. 4, radio spectrum is defined as a subset of the electromagnetic waves lying below 30 gigahertz (GHz - billions of cycles per second). These support a wide range of business, personal, industrial, scientific, medical research and cultural activities, both

¹ "Net Pracharat," www.netpracharat.com/Netpracharat_EN/one-page/.

² Yozzo. *A National Telecom Wholesale Network in Thailand*. September 2019. <https://www.yozzo.com/media/2019/09/RESEARCH-REPORT-A-National-Telecom-Wholesale-Network-in-Thailand-1.5.1.pdf>.

public and private. Growth of a variety of beneficial technologies and services drives demand for spectrum, but the regulatory practice has been slow to change. Where there is an imbalance between the demand of spectrum and the amount of available spectrum, and artificial scarcity increases the high cost of spectrum.

Results of the 900MHz and 1800MHz spectrum auctions for 4G use classifies Thailand as an extreme outlier in spectrum prices in both the 900MHz and 1800MHz bands.

The ultimate goal of spectrum allocation policy should be to achieve the most efficient use of the scarce natural resources and ensure the maximum benefit to society and the economy. This is achieved through the comprehensive deployment of the spectrum to increase network capacity and improve the quality of service for consumers.

The 2G, to 3G to 4G development saw a shift from switched voice to data-based services. 5G is showing itself to be a game-changer which allows a single mobile network to provide a variety of heterogeneous services in various sectors-not limited to the communication sector as in the past. However, spectrum is a crucial and critical resource in the 5G era. 5G needs spectrum within three key frequency ranges to deliver widespread coverage and support all use cases.

Thailand held its first 5G spectrum auction in February 2020. A spectrum auction which involves some re-farming, planned for H1 2025, may include the idea of an electricity-sector based wholesale plan.

(c) Mobile Virtual Network Operators (MVNOs)

A Mobile Virtual Network Operator (MVNO) offers mobile services, similar to mobile network operators (MNOs). However, the MVNO owns neither the spectrum nor most network elements., instead it enters into an agreement with an MNO (or a Mobile Virtual Network Aggregator (MVNA)) to pay for bulk access to network services, at wholesale rates, and then sets its retail prices and service offers independently. There are variations on business models – a continuum view can be useful, which also includes a ‘full MVNO’:

VNO models – variety of commercial relationships

	Reseller	Service provider	Partial VNO	Full VNO	Network Operator with spectrum
Radio access					✓
Switching				✓	✓
Transmission				✓	✓
Gateways			✓	✓	✓
Interconnect			✓	✓	✓
Service platforms			✓	✓	✓
Own SIM like card etc		✓	✓	✓	✓
Products and services			✓	✓	✓
Customer management		✓	✓	✓	✓
Billing		✓	✓	✓	✓
Marketing and sales	✓	✓	✓	✓	✓
Device – handset, PDA, PC card			✓	✓	✓

Over 60 MVNO licenses have been awarded in Thailand, with nine launching since the introduction of MVNO in Thailand in 2009. Few remain more or less active with approximately 50,000 subscribers combined; this represents less than 0.5% of the market share of subscribers.

The MVNO is not an OTT (‘Over the Top’) service but has to satisfy - and live up to industry standards and

terms - in order to obtain a MVNO license in Thailand. It is an organisation bound by local laws and culture, including paying tax and fees as well as adhering to regulations. An MVNO may be an SME.

The rationale for introduction of MVNOs to a market includes:

- (i) Stimulate competition
- (ii) Efficient utilisation of network resources
- (iii) Efficient utilisation of investment in network infrastructure
- (iv) Introduce new or better services aligned to lifestyle propositions or to serve specific segments or customer bases in other industries which may currently be unserved or underserved
- (v) Promote investment opportunities for local and international businesses in the telecom market.

Approximately, one third of the companies which obtained a MVNO license in Thailand have had foreign investment/shareholders and include brands like Softbank, BT (British Telecom), Axiata, NTT, DoCoMo, etc.

Somehow, the rules requiring 10% of licensed spectrum to be made available for MVNOs have not resulted in a thriving MVNO sector. MNOs have not found them attractive. A fair and workable policy which addresses the opportunities afforded by MVNOs is needed.

The NBTC has introduced regulations for the MNOs to give access to MVNA and MVNOs. However, the regulation has not been enforced by the NBTC itself for more than a decade. The NBTC continues to sell

MVNO licenses. Likewise, the NBTC announced policies at the end of 2023 to promote both MVNA and MVNO but with little or no traction. The only MNO to launch MVNOs has been the state-enterprise operator NT. As NT has to return its spectrum in 2025 for the multi-band spectrum auction, NT has announced it will no longer be able to host MVNOs.

MVNOs tend to be smaller businesses. While SMEs in other sectors enjoy benefits, not so in the telecoms sector. To assist MVNOs a change in the licensing model to class licenses (dispensing with the need for individual licenses) is recommended as a first step. As noted in the SME Chapter of this Policy Paper, clearing the regulatory overhead is a key issue for SMEs.

Recommendations:

1. Industry reform, including wholesale and SOE restructuring, is essential. A comprehensive national broadband infrastructure plan is required.
2. Spectrum management needs a long-term strategy, pricing based on economic principles, and measures to prevent artificial scarcity.
3. For MVNO (Mobile Virtual Network Operators), recommended is recommended to develop a workable and fair policy to stimulate. Abolishing individual licences and rather using class licences (as Europe did from 2009) and many countries do now. Standard benchmarked access offers should be workable.

(d) An independent regulator - NBTC

EABC reiterates the issues about the importance of an independent regulator. The three dimensions to independence (independent of any operator; independent of government edict; operational integrity) means a need for a board which includes outsiders in a non-executive capacity. There are models in SET listed companies, in similar regulators in the region and to some extent in other agencies in Thailand. Such a change to bring in this kind of independence would strengthen the regulator.

(2) Foreign Equity Restrictions and Service Sector Liberalisation

Foreign equity caps for category 2 and 3 telecoms licencees (s.49) are in the Telecoms Business Act but for category 1, List 3 of the FBA applies which includes a permissive regime for majority foreign ownership via a Foreign Business Licence. Type 1 licences were removed from List 3 in a long process in 2024, leading into 2025. The issues have not materially changed since 2006 and are referred to in the Cross Functional Issues Chapter in this Position Paper, which describes restrictions on foreign equity participation, and thus effective competition, in the services sector. A structured approach is needed for foreign equity in telecoms, with changes to the law including the Telecoms Business Act which hard wires foreign equity at 49% for category 2 and 3 licences. Telecoms Business Act needs amendment to lift the equity limits. Type 1 licence was agreed to be removed from List 3 FBA so that 100% foreign ownership is possible (without special licence or certificate) in 2024.

The **Foreign Dominance Notification** (FDN) which applies to category 2 and category 3 telecoms licencees has no place in a competitive market, especially when all three major operators now have foreign participation. It is an unnecessary and burdensome overhead which is out of thinking with 'Thailand 4.0' and the Fast Track Regulatory Reform objectives. EABC has formally recommended its revocation. It should be frozen immediately and not applied, then repealed in the short term.

With changes in the market, the Foreign Dominance Notification of 2012 continues to be an administrative burden with no value to the economy.

A deep-probing and comprehensive seminar was organised by EABC in February 2019. Detailed materials in a Primer and Background in the event Booklet are available on the EABC website.

Recommendations:

1. NBTC governance needs revision to include independence and independent thinking focused on the good of the industry, economy and consumers.
2. The Telecoms Business Act needs amendment to lift the equity limits. This could be affected via a structured policy; FBA List 3 or other policy needs revising to make majority foreign equity the norm not just for Type 1 telecoms licences
3. The Foreign Dominance Notification should be frozen, not applied for and then rescinded (removed) in the medium term.

(3) Platforms Economy

There are many possible functions of platform – merchant, marketplace, social media, other intermediation services, search, number independent communications (IM, voice/video), video streaming, etc.

EABC supports the general purpose and intent about promoting ethical business, consumer protection, a pro-competitive marketplace and respect for various commercial rights and obligations and individual rights. EABC has also supported and promoted ease of doing business for many years. Our approach is about balance so that all communities can operate with confidence and Thailand is a respected and attractive on-line and digital marketplace. Much of this is about creating trust.

The Digital Platforms Governance Decree came into force in 2023. By early 2024, some 1,600 platforms had registered. It is intended to be a 'light touch' regulation but there are now some 14 subsidiary rules. It should also not require commercial presence (mode 3 of services supply) but rather having a representative.

International precedents relied on include the EU's Digital Services Act and Japanese legislation. What is right for Thailand is being resolved in Thailand with engagement of relevant operators and users.

Developments at the time of publication are to include competition aspects, into a merged and expanded 'Platforms Economy Act' which would be modelled on EU's Digital Markets Act.

EABC recommends caution in over-regulating this area. What is appropriate for the EU is not necessarily what the Thailand economy and business in Thailand serve best.

C. MAJOR TOPICS AND OPERATIONAL

(1) Artificial Intelligence

AI has been with us since the 1950s. It was not until late 2022 with the release of a generative AI platform, that the world started to notice AI in a much way. AI can be, with the right governance, development and deployment, a great support for innovation, positive changes to the workforce and to productivity. Misuse can lead to harmful outcomes. Thus, more effective than a hard law is the idea that AI Governance plays the key role in engendering value-adding outcomes. Essentially, an AI strategy is:

- (i) Ethical / Trustworthy use of AI
- (ii) AI Literacy / Competence
- (iii) Human in Charge – an AI bot can be useful in the operating theatre, but it is not conducting the operation
- (iv) Avoid harm. It may mean ethical committees overseeing major projects or the use in a large company group.
- (v) No-one left behind. AI will replace some jobs (some with repetitive tasks but also some where thought or direction is needed), but more importantly it is about looking for complementarity. Not that AI will replace specialist doctors, but that those doctors who don't use AI may be sidelined by those who do.

- (vi) Education and training not only in AI Competence but also in learning the skills needed to manage in an AI world.

Most of the world's economies involved somehow in positive AI developments are like minded about AI Governance. Possibly the best chance the world has of one single source is the Hiroshima Process³ with Guiding Principles for Organisations Developing Advanced AI Systems. Other thought- leading

The Digital Economy/ICT Working Group has invested much time in building local (e.g. ETDA's AI Governance Centre AIGC⁴, regional and global relationships better to understand AI with a focus on:

- (i) AI Governance
- (ii) Select verticals such as Education, then other areas.

Each informs the other. An AI Compendium with alpha-numeric information is maintained.

AI in education should recognise essentially three groups:

- (i) Students
- (ii) Educators / Researchers
- (iii) Institutions.

³ Ministry of Foreign Affairs of Japan. Japan-Thailand Relations (Basic Data). <https://www.mofa.go.jp/files/100573471.pdf>.

⁴ Electronic Transactions Development Agency (ETDA). Artificial Intelligence Generated Content (AIGC). <https://www.etda.or.th/th/Our-Service/AIGC/AIGC.aspx>.

From the many issues, can be distilled major policy questions:

- (i) AI in Assessable Output: Authenticity and Accountability—Governing student disclosures on AI use, defining what is assessed, and ensuring output integrity.
- (ii) Pedagogy and Cognitive Development – Ensuring AI complements experiential learning by maintaining active cognitive engagement, analogous to calculator integration.
- (iii) What are the Essential Skills and Competencies for Graduates?—Defining core AI literacy, critical thinking, and adaptability competencies relevant across disciplines.

Particular skills vary across disciplines. Lawyers for example may not need the level of manual or on-line research they once needed, but will need critical thinking, the ability to gain wisdom over time and of course AI skills

AI is an available tool. The many versions are usually ‘freemium’ offerings – a free version with a paid premium version. It can be learned initially by playing with any of a number of Generative AI platforms.

AI may replace some jobs, but more importantly, it offers complementary. The wrong question is whether AI will replace radiologists, but radiologists without AI skills may be replaced by those with them.

For AI and IPR, please see the IPR Chapter.

(2) Cybersecurity

(a) Background, standards, types of threat

Cyber threats grow. Reports of respected publishers – e.g. CrowdStrike, ENISA (the EU agency) show that ransomware is the no.1 threat.



To read more, please scan the QR code or click on the link [here](#).

(b) Cybersecurity Act

A secure market and economy are important for investment. Regulation and practices supporting cybersecurity thus have economic dimensions. Ransomware is the #1 reported threat. All economies suffer from economically motivated, as well as state-sponsored attacks. The NCSA has moved ahead with policies and regulations to support cybersecurity. We commend NCSAs actions including on cloud policy but recommend not relying on localisation as a tool.

EABC sees at least three roles of government. There needs to be a degree of independence depending on the role. This is illustrated in a cybersecurity context.

Three Roles of Government	What it should be
Policy Maker, Rule Maker	Government acts through the legislative function and executive function to make policies, laws and regulations, with consultation
User	Cybersecurity (and other) laws apply to all; Government actors should not be exempt from complying with Personal Data Protection law or Cybersecurity law or other laws.
Operator of a Cybersecurity Command Centre	As operator, NCSA must be objective and fair. Critical infrastructure (CII) is privately owned, much is state-owned. Needs multistakholder model (MSM) of governance with private included. Direct management needs independence from policy making and independence from infra owners.

Standards for state action. There are three levels of threat, which makes sense. But only one (the least severe) allows for oversight or review. Acting with an immediate response is sometimes necessary. This is no basis for dispensing with due process and oversight. Although the Act does require procedures to be developed, the idea that these can be carried out without court order and absent any other review, will not lend support for trust of the overall system. All state action should be based on proper purpose and standards and should be both administratively reviewable and justiciable. The NCSA (Agency, or Office of the NCSC) is aware of the issue and seeks to address it administratively.

(c) Cloud standards

Critical Information Infrastructure and how the private sector gets involved operationally. CII may be in public or private ownership. CII is defined very broadly; exactly how otherwise innocuous infrastructure (e.g. someone's laptop) may be designated as CII needs to be based on an objective process. The need for private inputs into planning and operational protocols is well understood.

NCSA has published cloud standards to be in force September 2025. EABC recommends that localisation (requiring data to be stored locally) not be used as a security tool.

(3) Personal Data Protection (sometimes also referred to as 'Data Privacy')

The Personal Data Protection Act (PDPA) came into force partially in late May 2019, with the balance 1 June 2022 (after two extensions).

The PDPA follows well-recognised international norms and is compatible with (in many respects identical to) the EU General Data Protection Regulation (GDPR) which came into force in May 2018. The GDPR continues to apply in Thailand and anywhere else in the world, depending on EU connecting factors. The PDPA requires consent to each stage of collection, use and disclosure and covers cross border rules, etc.

The PDPA applies to data from which individuals can be identified (personal data).

The Personal Data Protection Committee is the central body to oversee the PDPA. It has a master plan for Thailand Data Protection in 2024 – 2027. There are four strategies as follows:

- (i) PDPA Effective and Balanced Enforcement
- (ii) PDPA Knowledge and Trust Enhancement
- (iii) PDPA Digital Economy and Society Promotion
- (iv) PDPA R&D and Technology Adoption.

While much has developed with the administration of the PDPA, a major gap is about recognising other jurisdictions as 'adequate' such that data can be disclosed cross border⁵. Even with model clauses (ASEAN's Model Contractual Clauses MCC or the EU SCC – Standard Contractual Clauses) leaving the decision for companies (in effect the Data Controllers) to make is very difficult. EABC recommends and requests that PDPC addresses this by publishing whitelists.

⁵ *Personal Data Protection Act (PDPA)*, B.E. 2562 (2019), secs. 28–29, accessed February 27, 2025, <https://www.montrealhec.com/thailand/pdpa>.

(4) Digital Trade

The world needs easy cross border data flows. The WTO Moratorium on no customs duties for cross border data flows is essential. Levying customs duties on transborder data flows would be an administrative nightmare. The issue will arise for extension in March 2026. In the meantime, efforts must be made to avoid such imposts.

The proposed Digital Trade chapter and the Services & Investments chapter of the proposed EU-Thailand FTA are relevant to ensuring free trade. Liberalisation of services is unlikely to be effective in Thailand without the necessary skills developments.

(5) Digital Government

The eGovernment Development Index (EGDI) ranks Thailand 55th of 193 for 2024⁶ which is a small improvement on the previous year, thus a step in the right direction. The Digital Government Development Agency (DGA) aims to be in the top 40.

The transformation to a fully digital government is a massive and complicated task but one well worth achieving as soon as it can be. It needs a co-ordinated, concerted public and private effort.

There are many tools in the Digital world which need to be compatible with international standards. Legal and policy frameworks compatible with them are one

thing. Some agencies have embraced necessary changes, some resist, seeming to prefer paper-based processes. In the private sector, many businesses still use paper-based, wet signature solutions.

EABC notes the progress of the plans and transformation towards Digital Government and the implementation of the Electronic Performance of Administrative Functions Act where four agencies (DGA, OPDC, OCS and ETDA) have worked together towards full realisation. This is one part of the whole story.

The Licence Facilitation Act (2015) had strengths and weaknesses. It lacked any digitalisation KPI. The new draft Public Service and Licensing Facilitation Act includes digitalisation but also has the same five-year review period and does not include a fast-track regulatory reform mechanism. We recommend using this to build a fast-track capability which means a central resource and drive for reform.

Other developments such as an updated Electronic Transactions Act provide enablement. Ease of Doing Business must continue to be a driver.

Digital government needs these steps:

- (i) First reform requirements and regulations (Fast Track – e.g. Guillotine)
- (ii) Then revise, process re-engineer; business analysis.

Then use systems analysis for digital processes; test to ensure workability and being user friendly and connectedness (interoperability) amongst agencies.

⁶ United Nations, Department of Economic and Social Affairs, "Thailand," accessed February 27, 2025, <https://publicadministration.un.org/egovkb/en-us/Data/Country-Information/id/169-Thailand/dataYear/2024>.

Thailand's ranking in 2024 IMD WCC Digital Competitiveness Index was 37th / 67, slipping two places in 2023.

(6) Digital ID

With the right safeguards about misuse, Digital ID is an important part of interaction with government, digitally, and for B2B, B2C interactions. There are currently multiple owners of the source data but there needs to be one agency ultimately which is a trusted manager and developer of the Digital ID solution, for all groups – citizen, entity, foreigner otherwise it will be difficult to manage and will cause delays in development. Thus, efficiency gains towards reaching a full digital ID system are needed.

Recommendations:

1. Cybersecurity needs an 'all in' approach; regulations and organs to support this principle; state actors should have a defined basis for action and be accountable. Localisation is not recommended as a tool.
2. Speed up rollout of Digital ID.
3. Data Privacy – avoid administrative burden though effective regulation.
4. A 'whole of government' architecture with phased development of inter-Agency and Citizen to Government (C2G) capability, building to this architecture, is needed.

(7) Electronic Signatures / Digital Signatures

The legal enablement of electronic signatures has been in the Electronic Transactions Act since 2001. ETDA issued a Guideline about electronic signatures and digital signatures in 2021.

Unfortunately, practice both in the private and public sectors to rely on these tools is slow and weak. Banks for example still rely heavily on hard copy, wet signature. The practice is out of line with Thailand's 4.0 aspirations and claims to digital leadership.

Third party platforms are readily available for digital signatures.

A stronger mandate for use of electronic signatures is needed, with education in the private and public sectors.

(8) IPR: Software, Responsibility of On-Line Intermediaries

Intellectual Property Rights (IPR) are an important aspect of building a knowledge and innovation economy and in supporting investor confidence overall. Please see the IPR chapter. There are two key IPR issues relevant to Digital Economy.

Software Piracy: Software piracy practices in Thailand continue at an acute level. It is common practice for example to use counterfeit operating systems and other unauthorised versions of software.

Remedies include a range of measures:

- (i) A change in attitude to non-tolerance of the use of pirated software.
- (ii) More affordable versions – e.g. academic and student versions and SME versions, all with appropriately packaged functionality levels.
- (iii) Education about the negative consequences of the use of pirated software.
- (iv) Greater likelihood of being caught and enforced penalties for breaches.

Government moves to require legitimate versions are commendable.

Responsibility of on-line intermediaries for IPR infringements. Online intermediaries are referred to, in this context, as Intermediary Service Providers (ISPs). They are, for example, data centres, mobile operators or on-line marketplaces. The topic is covered in the IPR chapter. The Computer Crimes Act and Copyright Act have been amended to provide ‘safe harbour’ to ISPs.

Recommendations:

1. Software Piracy needs education to change practices, and also very affordable versions to that incentives for misuse are reduced.
2. Positive developments in the regulation of responsibility for on-line intermediaries should see a better-balanced approach. MoUs assist in good governance and resolution. See IPR chapter.

(9) Skills in the Digital Economy; Digital Literacy

Capitalising on the benefits of innovation and IT leadership will mean support for free movement of a range of skilled people, and investment in education and training in ICT areas and English language training. An IT Competency Framework will be useful but without a licensing or certification regime.

In the Ministry of Education, the Office of Vocational Education (OVEC) is responsible for dual vocational education.

The skills gap needs to be addressed by:

- (i) Education and Training
- (ii) Freer movement of foreign skills
- (iii) Making Thailand an attractive place for innovation, incubation and growth.



To read more, please scan the QR code or click on the link [here](#).

Recommendations:

1. Address the skills gap through local education and training, the inflow of foreign skilled professionals, and policies that make Thailand an attractive hub for innovation and growth.
2. Minimise reliance on local certifications by adopting a system of recognition and an IT competency framework.

3. Implement major reforms to work permit and visa regulations (refer to Cross-Sectoral Issues – CSI Chapter).
4. Introduce a comprehensive package of measures to enhance applied R&D, industry-academic collaboration, inter-academic cooperation, and workforce training.
5. Promote digital literacy through education and programmes on cyberbullying, cyber wellness, misinformation, and online safety.
6. Develop specialised skills to support AI competency and its effective adoption across industries.

(10) Procurement; Corruption

Government procurement has improved with the Public Procurement Act 2017, administered by the Public Procurement Division of the Comptroller General's Department, Ministry of Finance, along with the implementation of a procurement platform.



To read more, please scan the QR code or click on the link [here](#).

(11) Jurisdictional Issues / Conflict of Laws

The on-line world gives rise to many complex jurisdictional issues. EABC is privileged to work with the Internet & Jurisdiction Policy Network⁷ (Paris headquartered) on relevant issues.

In Thailand, Copyright in the software belongs to the developer employee unless agreed otherwise. There is a practice as we understand it for DIP (MOC) not to ask about which parts might be created and which are integrated.

(12) Fake News; Negative Online Comments



To read more, please scan the QR code or click on the link [here](#).

Recommendations:

1. Combat misinformation with a comprehensive approach, prioritising education.
2. The Fake News Centre should not be an arbiter of truth.
3. Support fact-checking and investigative journalism.
4. Address negative anonymous online commentary.
5. Treat deepfakes as more than just an AI issue.

⁷ Internet & Jurisdiction Policy Network, accessed February 27, 2025, <https://www.internetjurisdiction.net>.

(13) FinTech & Other New Tech; IT Start-Ups

Technology development with effects which disrupt (positively) is an essential part of a successful Digital Economy. FinTech developments have been embraced by end users, corporates/ SMEs and banks and other intermediaries with many applications being used in banks' back end. In keeping with developments in many parties of the world, sandbox guidelines were issued by the Bank of Thailand and an MoU signed with the Singapore central bank (Monetary Authority of Singapore). There have been a number of sandbox participants, and a number of 'graduates'.

In addition to Fintech, new tech innovations with applications in eGov, eCommerce, eHealth, EduTech, AgriTech and Smart Nation offer exiting capabilities.

IT Start-Ups have seen growth in recent years due to real focus from the private and public sectors. Co-working spaces and better availability of funds is a big boost. Availability of finance has improved although it is still limited and for Venture Capital it is heavy on corporate VC. The biggest single issue for Start-Ups is clearing the regulatory burden, more of which is seen generally in the 'doing business' aspects of the Cross Functional Issues (CSI) chapter. The tendency towards gravitating to Singapore or Hong Kong, once some development is reached, is still strong.

Developments in support of start-ups including co-working spaces, various incentives, a planned expanded smart visa to include Digital Freelancers are noted and welcome. There are also fundamentals about work permits and visas and other daily aspects.

Recommendations:

1. Developments in support of innovation are noted and welcome. There are also fundamentals about work permits and visas and other daily aspects.
2. In addition to availability of finance (and review of the Business Collateral Act), the biggest single issue for Start-Ups is clearing the regulatory burden. The regulatory Guillotine approach (see CSI Chapter) needs good support, as does development of non-bank means of finance (see SME Chapter).

(14) e-Commerce and ePayments

eCommerce has boomed in Thailand. This area is regulated by the Electronic Transactions Act, the Consumer Protection Act and the Direct Sales and Direct Marketing Act. The Office of Consumer Protection Board (OCPB) notes that only a fraction of eCommerce businesses in Thailand are registered.

PromptPay has become a useful way for individuals and consumers to make quick and easy payments. Prompt Pay corporate uses Tax ID. There are many cross-border payment partners for PromptPay.

(15) e-Commerce Tax

Most economies in the world seek to tax profits made from offshore eCommerce. The motivation is often seen to do with profit shifting, as described in the OECD Base Erosion & Profit Shifting (BEPS) programme.

After some false starts, a VAT based eCommerce tax came into force in September 2021. Foreign providers with over THB 1.8m in Thailand-based revenues must register for VAT.

Under the simplified system (which is condoned by OECD), there is no tax neutrality (no input tax credit). The foreign platform must pay VAT on the transaction and could increase its prices but does not issue VAT certificates. EABC monitors progress with eCommerce tax.

(16) Digital Assets

Digital Assets, including Cryptocurrency and Digital Tokens (e.g., those issued through Initial Coin Offerings (ICOs) or token sales) are regulated by both public offerings of Digital Tokens and the operation of Digital Asset Businesses. The key distinction between these two types of assets lies in their purpose and functionality. Cryptocurrencies are primarily designed to function as a medium of exchange, facilitating transactions for goods, services, or other rights, or as a means of trading other Digital Assets. In contrast, Digital Tokens are typically created to represent specific rights, such as investment rights or entitlements to particular goods or services.

Thailand's regulatory approach to cryptocurrencies (The Decree of 2018 on digital assets business operations) does not recognise them as legal tender. However, a sandbox or pilot program is being tested in a limited area to explore potential use cases.

Additionally, the Central Bank Digital Currency (CBDC) is undergoing a pilot project for digital banking. CBDC is not classified as a crypto asset.

Energy

SUMMARY OF RECOMMENDATIONS

A. Greater reliance on renewables is needed under power plans. Inevitably, there will be reliance on LNG at least during a transition period. However, other energy alternatives will be increasingly attractive.

B. Electricity Generation

1. Amount of electricity generated (capacity vs. peak demand): Given that Thailand's electricity consumption will grow, additional capacity will be needed.
2. The global energy transition will likely involve a greater dependence on electrification of other sectors, such as transport, manufacturing, heating and cooling, etc. Thailand is no exception, and Thailand's electricity demands will certainly continue to rise.

C. Greenhouse Gas Targets and Other Measures

1. More ambitious climate goals and agenda are to be met. Thailand is preparing for concrete steps to facilitate its energy transition as this will bring the country economic opportunity and improvement of Thailand's positioning as a regional leader.
2. Carbon pricing: Thailand aims to set carbon pricing policies for future including the implementation, policy measures, considering the views and interests of all stakeholders.
3. European Green Deal, CBAM: Thai companies and business are encouraged to meet this policy and standards.
4. Thailand needs to be aware of the CBAM or similar policies in other country and prepared itself accordingly. Continuing to rely on carbon intensive fuels to generate electricity could put Thai industries at a competitive disadvantage if the CBAM or similar policies are fully implemented. (Transition Period 1 October 2023 – 31 December 2025)

D. Areas for Further Development

1. Support energy transition: Some initiatives will require governmental fiscal support, which is complex and requires a complete understanding of public finances which is beyond the scope of this position paper. However, many policies present minimal costs to the treasury but could have an outsized impact on reducing carbon emissions.
2. Increase solar deployment: appropriately tailored policies to promote rooftop solar should be devised to improve penetration in the residential market and commercial properties in city centers.
3. Carbon Capture, Utilisation and Storage: An alternative policy tool could be utilising tax incentives through the BOI to encourage utilisation of BECCs.

4. Green hydrogen production: Thai government publishing guidelines for Hydrogen industry and roadmap but a better supported effort is needed for public-private promotion.
5. EVs and EV infrastructure: MEA and PEA could take the lead in rolling out charging infrastructure. Alternatively, a licensing system should be established to allow private parties to develop the charging infrastructure.
6. Alternative storage: The National Energy Plan should include greater use of energy storage coupled with solar power for a speedier transition from fossil fuels to clean energy.
7. Unlock rooftop solar in the residential sector: The government should support the installation of household solar rooftops, especially in the following issues such as laws and regulations, financial support such as tax credits for homeowners and/or credit default insurance schemes to stimulate private finance.

A. OVERVIEW OF THAILAND'S ENERGY MARKET

(1) Upstream

(a) Thailand's demands and supplies

(i) Thailand current and forecast energy demand¹
The GDP growth as a driver of energy demand has been modest for the past few years ranging 1.5% to 3%, potentially picking up some speed in the near future according to NESDC. The final commercial energy consumption for 2023 was 1,455 thousand barrels of oil equivalent per day, a decrease of 1.0% from the previous year. Except for the increases in electricity and refined oil, the consumption of refined oil, which accounted for the highest share at 56% of the final energy consumption and increased by 0.6% and electricity consumption increased by 3.4%. Meanwhile, natural gas consumption decreased by 4.1%, and the use of imported coal fell by 11.0%.

¹ Office of the National Economic and Social Development Council (NESDC). Economic Report. https://www.nesdc.go.th/nesda_en/article_attach/article_file_20241118091422.pdf.

(ii) Oil and gas supplies

Thailand is a net importer of crude oil. In 2023, refined oil consumption rose 0.7% to 138 million liters per day, driven by a 4.0% increase in gasoline usage (31 million liters/day), fueled by economic recovery and extended holidays boosting travel and tourism.

The consumption of diesel was at 69 million liters per day, a decrease of 5.7%. This decline was from the unusually high consumption in 2022, which was due to policies encouraging the use of diesel in power plants as a substitute for natural gas when LNG prices were high. Additionally, a slowdown in exports led to reduced diesel use in freight transport. As for natural gas, the consumption was at 4,410 million cubic feet per day, an increase of 6.4%. This increase was driven by a 12% rise in usage for electricity generation due to higher electricity demand from the recovering domestic economy and a lower-than-normal base from the previous year. Usage in petrochemical and other industries increased by 0.4%, while consumption in the industrial sector decreased by 3.3% due to a slowdown in industrial production, consistent with

reduced export volumes. Additionally, the use of natural gas as fuel for vehicles (NGV) decreased by 2.5%, partly due to the gradual increase in NGV retail prices following the end of the fixed retail price measure for general vehicles at 17.59 baht per kilogram (from December 16, 2022, to June 15, 2023). As of December 2023, the NGV price stood at 19.59 baht per kilogram.

(b) Electricity generation

(i) Installed capacity and peak demand

In 2023, Thailand's installed electricity generation capacity was 53,852 MW, reflecting a 1% increase from the previous year. The capacity breakdown included 17,649 MW from Independent Power Producers (IPP), 9,483 MW from Small Power Producers (SPP), 4,248 MW from Very Small Power Producers (VSPP), and 3,179 MW from lignite sources.

The peak electricity demand for the three power authorities in 2023 was recorded on May 6 at 21:41, reaching 34,827 MW, a 5.0% increase compared to the previous year. As electricity consumption continues to rise, further adjustments to capacity will be necessary. By 2030, the total installed capacity is projected to reach approximately 65,000 MW.

As of October 2024, Thailand's electricity generation capacity is reported as follows: IPP—19,598 MW, the Electricity Generating Authority of Thailand (EGAT)—16,261 MW, SPP—9,066 MW, electricity imports—6,235 MW, and VSPP—4,251 MW. The peak electricity demand for 2024 occurred on May 2 at 22:24.

(ii) Key players and operations

Thailand has developed distinct legal regimes relating to electricity generation and petroleum operations. Thailand's energy sector is primarily administered through the Ministry of Energy (MOE), which comprises of several departments and other independent entities that have an impact on energy policies in Thailand, including the Department of Energy Business (DOEB), the Department of Alternative Energy Development and Efficiency (DEDE), the Energy Policy and Planning Office (EPPO). As for oil & gas producers, the Department of Mineral Fuels (DMF) is the primary regulator. Furthermore, there are three important entities, PTT Public Company Limited (PTT), Electricity Generating Authority of Thailand (EGAT). And one independent agency, the Energy Regulatory Commission (ERC).

(iii) Oil and gas

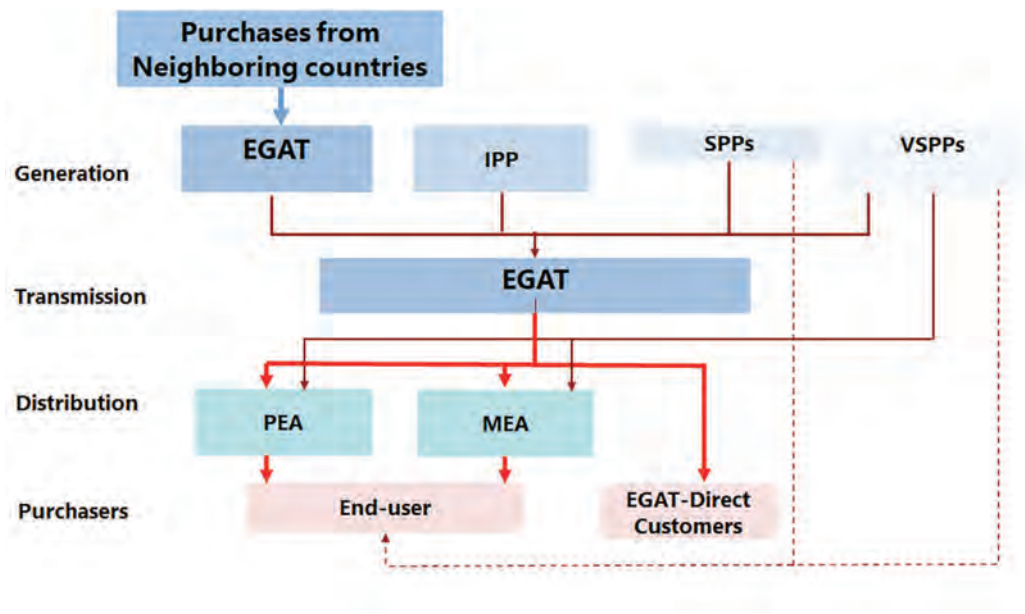
Thailand has a well-developed legal framework for upstream exploration and production of petroleum. The discovery of commercially viable natural gas fields in the Gulf of Thailand in the 1970s and 1980s has been a significant driver of economic growth over several decades. The midstream and downstream markets are gradually liberalising, adding complexity to the legal environment.

The cornerstones of the legal framework governing upstream oil & gas production in Thailand are the Petroleum Act B.E. 2514 (1971) and the Petroleum Income Tax Act B.E. 2514 (1971).

Exploration and production of petroleum is carried out by virtue of concession agreements and, from 2019, production sharing contracts. The MOE is the counterparty to concession agreements and production sharing contracts, while the government agency with primary responsibility to regulate the upstream market is the DMF.

(iv) Electricity

Thailand's electricity market is dominated by three state-owned utilities: the Electricity Generating Authority of Thailand (EGAT), the Metropolitan Electricity Authority (MEA) and the Provincial Electricity Authority (PEA). A general illustration of the generation, transmission and distribution functions of the sector is set out below.



As its name suggests, EGAT is responsible for generating electricity at the power plants which it owns and operates. In addition, EGAT purchases bulk electricity from private power producers and neighboring countries and sells such electricity primarily on a wholesale basis to the MEA and PEA.

(c) Sources of energy

(i) Sources of oil and gas

Oil

Although there are several small crude oil sources across Thailand, they are insufficient to meet the country's demand. As a result, Thailand relies on importing crude oil for refinement and domestic use. As of October 2024, Thailand has imported a total of 47.76 billion liters of crude oil from various global sources, including the Middle East and Far East.

Natural gas

While Thailand relies on its natural gas source in the Gulf of Thailand, natural gas also imported from its neighboring country: Myanmar accounting for 11% of the total sourcing².

(ii) Sources of fuel for electricity generation

According to data presented by the Division of Media Administration, Department of Organisational Communication and Public Relations, EGAT, Thailand's primary sources of electricity as of November 30, 2024, were 61.67% natural gas, 19.51% coal, 17.58% renewable energy, 0.02% diesel, 0.15% furnace oil, and 1.07% other sources³.

- Traditional fuel sources (including 'old' renewables)

² Energy Policy and Planning Office (EPPO). *Monthly Energy Overview Report January – October 2024*. Accessed from EPPO Website. [https://www.eppo.go.th/index.php/th/energy-information/energy-status/month?orders\[publishUp\]=publishUp&issearch=1](https://www.eppo.go.th/index.php/th/energy-information/energy-status/month?orders[publishUp]=publishUp&issearch=1).

³ Electricity Generating Authority of Thailand (EGAT). *Statistics on Fuel Usage*. Accessed from EGAT Website. <https://www.egat.co.th/home/statistics-fuel-usage/>.

Coal and Lignite

The consumption was at 14,450 thousand tons of oil equivalent, a decrease of 15% from the previous year. The consumption of imported coal was at 11,271 thousand tons of oil equivalent, a decrease of 16.1%, driven by a 13.3% reduction in coal usage in industrial sector usage and a 31.4% reduction in coal usage in IPP power plants.

Hydroelectricity

The Electricity Generating Authority of Thailand (EGAT) owns and operates 14 hydroelectric dams in Thailand, accounting for 4.539 TWh of electricity generated in Thailand of the first ten months in 2024. This currently amounts to only around 2.6% of Thailand's overall electricity supply.

Nuclear

Thailand does not have nuclear power plants, although government plans in 2015 anticipated the development of some nuclear capacity by the mid-2030s. Those plans have since been abandoned. A recent addition to the new PDP draft is the potential inclusion of Small Modular Reactors (SMRs) as a promising clean energy solution, with plans to develop a 300 MW SMR by 2037. As nuclear power emits nearly no carbon, this may assist the government in reaching its emission targets.

Pursuant to the draft PDP 2024, nuclear power is included as a source of electricity generation, accounting for 1% of total capacity by 2030. In the absence of a formally approved PDP, however, the ERC does not have the requisite policy framework to issue any related licenses.

- Renewable energy sources

Solar

To support the public in generating their own electricity from solar energy and selling the excess back to the grid. The target for purchasing electricity from residential solar systems from 2021 to 2030 was set at a maximum of 90 megawatts. For the years 2022-2023, power purchase agreements were signed for 9,366 households with an installed capacity of 51,416 kilowatts (kWp). As of December 2023, 5,366 households had successfully connected to the grid (COD) with a total installed capacity of 29,474 kilowatts.

Biomass

Through combustion, organic material can be converted into electricity or fuel. As of November 2021, Thailand had 272 biomass projects with planned or operating capacity of 3,908 MW.

Waste-to-Energy

Energy production from waste occurs by converting municipal solid waste (MSW) into electrical energy through incineration via heat boilers and power turbines. Currently, there are 36 waste power plants in Thailand. The Alternative Energy Development Plan (AEDP) seeks to grow these numbers in the coming years and has set a target of 400 megawatts by 2025. The government has also chosen to include MSW energy in the country's Feed-in Tariff scheme.

Wind

Studies on the potential of wind power have been conducted since 1975. As of September 2020, there are 34 wind projects with capacity of 1,522 MW in Thailand that have reached commercial operations. Most projects are located in the northeast of Thailand.

Hydrogen

Hydrogen can be used for power generation and energy storage, heating for industry and for transportation. 'Hydrogen Economy' is a term to cover the various roles that hydrogen can play, Hydrogen is a leading option for storing energy from renewables, with hydrogen-based fuels capable of transporting energy over long distances—from regions with abundant energy resources to energy-hungry areas thousands of kilometers away⁴.

To meet sustainability requirements, hydrogen (the most abundant element in the universe) needs to be produced from renewable sources. The attached is about 'colours of hydrogen' with the most relevant being green, blue and grey.

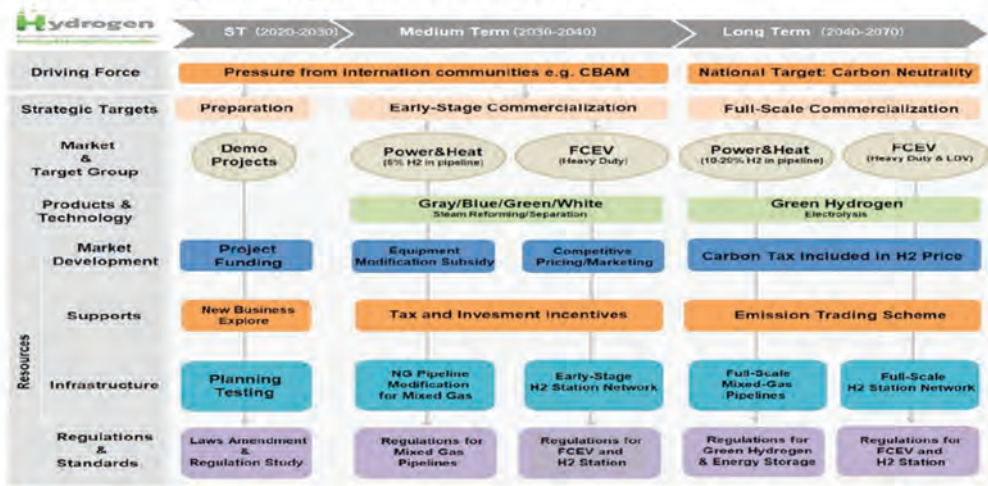


[The Colours of Hydrogen](#)

⁴ ScienceDirect. Hydrogen Energy Storage. Accessed from ScienceDirect. <https://www.sciencedirect.com/topics/engineering/hydrogen-energy-storage>.

EPPO has implemented a project to develop a strategic plan for hydrogen utilisation in the energy sector.

Thailand hydrogen roadmap



Source: EPPO with ERI-CU and ERDI-CMU

For more on hydrogen, see below under Part D – Areas for Further Development.

- LNG and natural gas
- Cross-border purchases

Natural gas is Thailand’s primary fuel for electricity generation. In 2023, natural gas shared 58% of electricity generation in Thailand.

Half of the natural gas used for electricity generation is domestically produced, amounting to 50% in 2023. As reserves are being depleted, Thailand, therefore, would need to rely on imports of LNG to maintain the supply of current levels of domestic consumption.

Approximately 11% of electricity consumed in Thailand is imported; primarily, this amount is delivered from hydroelectricity projects in Laos PDR. This amount is likely to increase in the coming 10 – 15 years, based on agreements reached between the two countries.

(2) Downstream

Thailand’s transmission and distribution system operates under the ‘Enhanced Single Buyer’ (ESB) model, established by the cabinet resolution on 9 December

2003. Under this model, the Electricity Generating Authority of Thailand (EGAT) purchases electricity and supplies it to the Metropolitan Electricity Authority (MEA) and the Provincial Electricity Authority (PEA) (together, the 'Utilities'), creating a physical monopoly over transmission and distribution infrastructure. Additionally, MEA and PEA directly purchase electricity from very small power producers (VSPPs) generating less than 10 megawatts.

(a) Oil and gas

The midstream and downstream markets for refined products derived from crude oil as opposed to natural gas are subject to different legal regimes and regulators.

(i) Midstream natural gas

The midstream natural gas market is governed by the Energy Industry Act B.E. 2550 (2007), which is the same statute governing electricity generation and distribution. The main regulator of the midstream market is ERC.

Until recently, PTT had an effective monopoly on the distribution of natural gas to industrial customers and independent power producers. Since 2015, ERC has taken steps to ensure that PTT develops a third-party access regime to its transmission pipeline network and LNG receiving terminal. PTT has since developed third party access codes (TPA Codes). The ERC has now issued Natural Gas Acquisition and Wholesale Licenses to third parties, thus increasing competition in the midstream gas market.

(ii) Midstream and downstream refined crude

The midstream and downstream markets for refined petroleum products are governed by the Fuel Oils Control

Act B.E. 2542 (1999) (FOCA) and the Fuel Oils Trading Act B.E. 2543 (2000) (FOTA), respectively. Both the FOCA and the FOTA are administered by the DOEB.

The FOCA sets out requirements relating to the storage and transportation of petroleum, including transportation via pipelines. There are currently few pipelines for refined petroleum products in Thailand. A pipeline stretching from the Map Ta Phut industrial port to a terminal in Saraburi is currently being extended to Khon Kaen, thus providing shippers greater access to the northeastern region of Thailand.

With respect to the downstream market, the FOTA sets out a licensing regime for the sale and transportation of refined petroleum products. The FOTA requires the DOEB to take a 'hands on' approach to managing supply and prices of petroleum products nationwide.

B. ENERGY POLICIES/MARKET

(1) Thailand's Current Energy Plan

The MOE is responsible for high-level planning in the energy sector. The main agency responsible for energy planning is EPPO. Currently (2025), Thailand is developing a National Energy Plan (NEP), which is expected to be approved and rolled out in this year. The NEP are specific policy and planning documents relating to each sub-sector, consisting of the Power Development Plan (PDP), Oil Plan, Gas Plan, Energy Efficiency Plan (EEP) and Alternative Energy Development Plan (AEDP). These plans provide an overall picture of the direction Thailand's government is steering the energy sector.

To date, only PDP 2018 v1, AEDP 2018, and EEP 2015 have been duly approved and remain in effect. Other plans, such as the Gas Plan and Oil Plan, remain under revision by the EPPO and other relevant entities. For the purpose of facilitating updates, public hearings were convened last year concerning the draft PDP 2024, Gas Plan 2024, Oil Plan 2024, AEDP 2024, and EEP 2024; however, the Cabinet has yet to grant final approval of these plans.

(2) Thailand's 20-year Smart Grid Master Plan Enables Cost-Effective Technologies for A Greener Energy Future

The Royal Thai Government has put a high priority on increasing 'clean' renewable energy and reducing use of fossil fuels, launching a 20-year Smart Grid Master Plan in 2015 to support this goal. This 20-year Master Plan creates a roadmap to guide multi-agency efforts, particularly for Thailand's three power utilities, in their system and network modernisation planning and investment.

In support of the Master Plan, Thailand's three electricity utilities, i.e. EGAT, the MEA and the PEA, have been conducting pilot projects under their areas of responsibility. Pilot projects of EGAT emphasise grid modernisation, big data, grid connectivity, and renewable energy forecasting. Meanwhile, pilot projects by the MEA and PEA focus on distribution system management, smart metering, and demand response.

- (i) System Modernisation or 'Smart System': ICT Integration; energy and distribution management systems; data communication systems; automation; wide-area monitoring, protection, and control systems.
- (ii) Consumer-Focused Reforms or 'Smart Life': Real-time pricing; efficient demand response; smart grid hardware and software; intelligent charging system; smart meter; meter data management.
- (iii) Increased Use of Renewable or 'Green Society': Reform of Thailand's grid code, renewable energy forecast systems; development of energy storage systems to support renewable-based microgrids.

OUTLOOK-Thailand energy scenario

1 Current Energy Demand

Electricity Consumption

- Thailand's electricity demand has been steadily rising, driven by economic recovery and increased industrial activity post-COVID-19. In 2023, the country reported electricity consumption at approximately 200 TWh annually.
- The industrial sector is the largest consumer, accounting for over 40% of the total electricity demand, followed by the residential and commercial sectors.

Natural Gas Usage

- Natural gas remains a dominant fuel, comprising about 60% of the power generation mix. As of 2023, Thailand consumed approximately 44 billion cubic meters (bcm) of natural gas annually.

Renewables Contribution

- Renewables account for about 13-15% of the total energy mix, with solar and biomass leading among renewable sources.

Overall Energy Demand Growth

- Thailand's energy demand is projected to grow at a CAGR of 3-4% through 2030, primarily due to industrialisation and urban expansion.
- Total electricity demand is expected to reach 250 TWh by 2030.

Shift Towards Renewables

- Under the Power Development Plan (PDP) 2024, Thailand aims to increase renewable energy's share to 50% of the total power mix by 2050, with significant investments in solar, wind, and hydropower.
- The government plans to install 30 GW of renewable energy capacity by 2037.

Natural Gas Forecast

- Despite the renewable push, natural gas demand is expected to grow moderately, reaching 48 bcm by 2025, driven by its continued use as a transition fuel.

Energy Efficiency Targets

- Thailand has set ambitious targets under its Energy Efficiency Plan (EEP) to reduce energy intensity by 30% by 2036, compared to 2010 levels.

2 Forecast Energy Demand

3

**Key Investments
and Infrastructure
Developments****Clean Energy Investments**

- The Thai government has announced a 2.9 trillion baht investment plan for renewable energy projects, including floating solar farms and grid modernisation.

Energy Storage Systems

- Development of energy storage systems to support intermittent renewables is a priority, with plans for 500 MW of storage capacity by 2030.

Grid Modernisation

- Smart grid initiatives and infrastructure upgrades aim to enhance grid reliability and integrate renewable energy efficiently.

4

**Key Drivers and
Targets****National Energy Plan (NEP 2024)**

- Aims to achieve 50% renewable energy in electricity generation by 2050.
- Targets significant investments in solar, wind, biomass, and energy storage systems.

Greenhouse Gas Emission Reduction Goals

- Thailand's Long-Term Low Greenhouse Gas Emission Development Strategy (LT-LEDS) aims to achieve net-zero emissions by 2065.
- Renewable energy plays a central role in decarbonising the energy sector.

Power Development Plan (PDP 2024)

- Focuses on transitioning from fossil fuels to cleaner energy sources.
- Includes plans for 30 GW of renewable energy capacity by 2037.

5

Current Status

Installed Capacity

- Total renewable energy capacity stands at approximately 12-14 GW, accounting for 13-15% of the energy mix.
- Breakdown
 - Solar: ~7 GW
 - Biomass: ~3 GW
 - Hydropower: ~2 GW (domestic and imported)
 - Wind: ~1.5 GW

Energy Generation

- Renewable energy contributes ~10-15% to total electricity generation.
- Biomass and solar are the dominant contributors, with wind energy growing steadily.

Energy Storage Development

- Battery Energy Storage Systems (BESS) are being integrated into renewable projects to manage intermittency, with pilot projects under development.

Solar Energy

- Thailand is a regional leader in solar power, with large-scale solar farms and rooftop solar installations.
- The floating solar farm project at Sirindhorn Dam is one of the largest hybrid solar-hydro systems in the world.

Wind Energy

- While relatively small, wind power is growing, with projects concentrated in northeastern and southern Thailand.
- Offshore wind projects are in the early stages of exploration.

Biomass and Biogas

- Biomass and biogas are significant, leveraging Thailand's agricultural waste (e.g., rice husks, sugarcane bagasse).
- Expansion is expected in rural areas to support decentralised energy production.

Hydropower

- Domestic hydropower is complemented by electricity imports from Laos under Power Purchase Agreements (PPAs).

Hydrogen

- Hydrogen pilot projects are under discussion as part of Thailand's future energy diversification.

6

Renewable Energy Sources

7

**Key Projects
and Initiatives****Floating Solar Farms**

- EGAT plans 2,700 MW of floating solar farms across reservoirs by 2037.

Decentralised Renewable Energy

- Programs to support rooftop solar and community-level biogas systems are gaining traction.

Energy Storage

- Large-scale battery systems are being deployed to stabilise the grid and enhance renewable integration.

Cross-Border Electricity Trade

- Thailand imports hydropower from Laos, contributing to renewable energy targets while enhancing regional energy cooperation.

8

Challenges**Grid Integration**

- Thailand's grid infrastructure needs upgrades to accommodate increased renewable capacity.
- Balancing intermittent renewable sources like solar and wind with demand is a challenge.

Policy and Regulatory Frameworks

- The private sector has called for clearer policies and incentives for renewable energy investments.

Financing and Investment

- Achieving renewable energy targets requires sustained investment, with financing often cited as a barrier for small developers.



Renewable Energy Growth

- Solar capacity is expected to exceed 15 GW by 2030, with wind and biomass also expanding.
- New technologies, including hydrogen and advanced energy storage, will complement traditional renewables.

Increased Private Sector Participation

- Thailand is encouraging private sector investments through public-private partnerships and independent power producer (IPP) models.

Regional Leadership

- Thailand is positioning itself as a renewable energy hub in Southeast Asia, leveraging cross-border electricity trade and technology sharing.

References:

Thailand Power Development Plan (PDP 2024) – Ministry of Energy, Thailand.

EGAT Reports on Renewable Energy Initiatives – Electricity Generating Authority of Thailand.

IRENA – Renewable Energy Statistics and Insights for Thailand.

IEA Southeast Asia Energy Outlook 2024.

World Bank Reports – Renewable Energy Policies in Southeast Asia.

Statista Reports on Thailand's Electricity Generation and Consumption.

International Renewable Energy Agency (IRENA) - Renewable Energy Insights for Thailand.

Fitch Solutions - Thailand Energy Market Outlook 2024-2030.

Mordor Intelligence - Thailand Power Market Growth Forecasts.

C. GREENHOUSE GAS TARGETS AND OTHER MEASURES

(1) Thailand's national plans and COP26

Thailand's updated nationally determined contribution ('NDC') intends to reduce 20% of greenhouse gases from business-as-usual level by 2030⁵. Thailand has produced an NDC action plan which has been endorsed by cabinet. Plans for 2025 include the next NDC action plan.

Thailand was absent from the major agreements reached at COP26, including those to end deforestation and cut methane emissions by 30% by 2030. Thailand also did not commit to the phasing out of coal⁶. Thailand is working on these issues, but Thailand did not sign these because cabinet approval needed. Thailand stated that there was not sufficient time to secure that process. Following COP 26, Prime Minister Prayut tasked ministries and state enterprises with the revisions to the country's plans and commitments as to assess cost, feasibility and required actions before being put forward to Parliament and eventually becoming official policy so that Thailand would be in a position to sign onto the COP26 agreements.

On 19 December 2024, the DCCE approved the draft Climate Change Act (CCA), following the public hearing that concluded on 22 November 2024. The DCCE intends to submit the draft CCA to the Cabinet by the end of

January 2025. Notably, this draft legislation provides for various carbon pricing mechanisms, including a carbon tax, a cap-and-trade system, and CBAM. These mechanisms should be addressed in each relevant section hereunder.

(2) Carbon Pricing

Internalising the costs of carbon pollution is seen as a key policy tool in nudging private parties to reduce or eliminate emissions. More than 70 jurisdictions around the world have already established carbon pricing schemes, representing approximately 20% of global emissions⁷. Carbon pricing is needed to ensure that certain business models in the green economy are viable, such as carbon capture, utilisation and storage (CCUS) technologies. These will be discussed further below.

Carbon pricing is being considered by policy makers as a tool to promote Thailand's drive towards net carbon neutrality. The International Energy Agency (IEA) published a report in April 2021 that modeled several carbon pricing scenarios and the resultant effects on Thailand's CO₂ emissions⁸. On a particular note, the IEA found that a price of USD 40/t CO₂ would result in an 11% decrease in CO₂ emissions from the electricity generating sector by 2030 compared to a scenario with no carbon pricing. This may be an underestimate, as it may not fully consider the likely virtuous cycle of the deployment of other green technologies.

⁵ *Thailand's Updated Nationally Determined Contribution, made in accordance with Decision 1/CP.21 of the Conference of the Parties to the United Nations Framework Convention on Climate Change, 20 October 2020*, <https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Thailand%20First/Thailand%20Updated%20NDC.pdf>.

⁶ Tita Sanglee, "What Was Thailand Doing at the COP26 Summit," *The Diplomat*, November 11, 2021, <https://thediplomat.com/2021/11/what-was-thailand-doing-at-the-cop26-summit/>.

⁷ British Columbia, "British Columbia's Carbon Tax," Government of British Columbia, <https://www2.gov.bc.ca/gov/content/environment/climate-change/clean-economy/carbon-tax>.

⁸ International Energy Agency, "The Potential Role of Carbon Pricing in Thailand's Power Sector," International Energy Agency, April 2021, <https://www.iea.org/reports/the-potential-role-of-carbon-pricing-in-thailands-power-sector>.

Thailand has set carbon price at THB 200 per mTon equiv CO₂, which is at the low end globally.

(3) European Green Deal - CBAM

The European Green Deal is a set of policies which would make the EU the first continent to be carbon neutral and have other related objectives.

Announced in July 2021, the European Commission has launched a carbon border adjustment mechanism (CBAM) to be implemented on imports to the European Union⁹. The CBAM is a response to European industry's concerns that with carbon pricing in effect within the EU, European companies are disadvantaged by imports that are created using carbon intensive power or processes. companies are disadvantaged by imports that are created using carbon intensive power or processes. To address this concern, CBAM currently requires importers of certain goods to report embedded greenhouse gas emissions during a transitional phase, with plans to introduce carbon costs starting in 2026.

The European Green Deal¹⁰ targets for Greenhouse Gas (GHG) Mitigation Mechanism:

- (i) 2030: 55% reduction in Greenhouse Gas Mitigation Mechanism GHG on 1991 levels
- (ii) 2050: Net neutral.

⁹ European Commission, "Carbon Border Adjustment Mechanism: Questions and Answers," European Commission, 14 July 2021, https://ec.europa.eu/commission/presscorner/detail/en/qanda_21_3661.

¹⁰ European Commission, "European Green Deal," European Commission, accessed March 12, 2025, https://ec.europa.eu/clima/eu-action/european-green-deal_en.

Thailand should proactively consider the implications of the CBAM and similar policies by reducing reliance on carbon-intensive fuels. Transitioning to cleaner energy sources will help ensure that Thai industries remain competitive as CBAM's financial obligations take effect in 2026 and similar measures are adopted worldwide.

(4) Transborder ASEAN Issues

The ASEAN Agreement on Transboundary Haze Pollution (AATHP) 2002 has been ratified by all ASEAN member states (Thailand 2003, Indonesia 2014). There are issues about clean air which are impacted by energy production.

For a general view of Sustainability including environmental issues and clean air, please see the Sustainability Chapter.

D. AREAS FOR FURTHER DEVELOPMENT

(1) Supporting Energy Transition

The global energy sector will experience an energy transition over the coming 20 – 30 years. The forces accelerating the energy transition are global in nature, meaning no single country can unilaterally set its own energy policies in a vacuum. The deployment of new technologies, trends against investing in fossil fuels (including upstream oil & gas production), and policy measures abroad aimed at reducing carbon emissions such as the CBAM are all factors that are outside the control of domestic policy makers.

With the above in mind, it would be counterproductive to cling to a 'business as usual' scenario for the energy sector. Lawmakers must anticipate trends and align policies to achieve their objectives.

The energy transition creates an enormous potential opportunity for Thailand. Given the country's existing deployment of renewable energy and its ability to increase this share, Thailand has the chance to be a regional leader in accelerating the green energy transition. Some initiatives will require governmental fiscal support, which is obviously complex and requires a complete understanding of public finances which is beyond the scope of this position paper. However, many policies present minimal costs to the treasury but could have an outsized impact on reducing carbon emissions.

(2) Increasing Solar Deployment

The current PDP envisions solar capacity to increase from just under 4 GW at present to 10 GW by 2037. While the target for increased deployment is welcome, there is room for greater ambition given Thailand's abundant solar resources. From the additional 6 GW of installed capacity, 2.725 GW will come from floating solar projects on hydroelectric dams owned and operated by EGAT. The remaining 3 – 4 GW will presumably come from a combination of rooftop and ground-mounted installations. As outlined above, Thailand will be adding more than 56 GW of new generating capacity by 2037; if solar power will only account for a little more than 6 GW of that new capacity, that amounts to slightly more than 10%. It is difficult to imagine Thailand being able to meet its NDCs with such minimal penetration of solar power.

More importantly, solar is cheaper than many alternative sources of electricity. Current rates charged by the MEA for household and business use range from THB 2.3 – 5.7 per kWh, depending on the time of day the electricity is consumed. By contrast, rooftop solar for self-consumption

typically results in energy charges of THB 1 – 1.8 per kWh over a lifespan of 25 years, depending on the equipment in use.¹¹ Put simply, solar energy is already price competitive with traditional sources of fuel for electricity generation. It is therefore unclear why the Thai government is not prioritising greater deployment of solar energy.

Solar energy does have a few drawbacks, including intermittent and land use. On intermittency, new storage technologies are available at affordable costs that can ensure a continuous flow of electricity (see below). As for land use, appropriately tailored policies to promote rooftop solar should be devised to improve penetration in the residential market and commercial properties in city centers.

Further, floating solar projects have begun to make inroads in inland waters, particularly artificial ponds on industrial estates. Offshore solar is a nascent technology, though it shows a great deal of promise since it avoids concerns relating to land use. Unlike offshore wind, offshore solar installations are invisible or barely visible on the horizon, thus minimising any potential negative impact of sight pollution.

New technologies with an ultralight and flexible solar panel which, among other things, is intended for bitumen and plastic membrane as a base, will permit the end product to become a discreet solar roof. These solutions are developed for larger roof areas on commercial properties, industrial buildings, warehouses and sports arenas, as well as apartment buildings and private homes.

¹¹ Solaris Green Energy Company Limited, "Solar Wiki," Solaris Green Energy, accessed March 12, 2025, [https://solaris.co.th/solar-wiki/#:~:text=Depending%20on%20size%20and%20system,of%20system%20\(25%20Years\)%20.](https://solaris.co.th/solar-wiki/#:~:text=Depending%20on%20size%20and%20system,of%20system%20(25%20Years)%20.)

They produce 90% lower CO₂ emissions compared to traditional solar panels; only 17.5 kg CO₂ per m² installed solar panel against over 200 Kg for traditional PV (photovoltaic) panels. Flexible solar panels allow installation on curved surfaces and roofs while offering superior shading performance. The bypass (connectivity) technology between each cell ensures that shading on one or more solar cells only affects that cell instead of the entire panel. Highly efficient CIGS (copper indium gallium diselenide) thin-film photovoltaic panels, without toxic cadmium are superior in several respects to customary PV cells.

(3) Carbon Capture, Utilisation and Storage - CCUS

Carbon capture, utilisation and storage will be needed globally in order to reach global net zero carbon emissions. Although direct air capture (DAC) has gained attention within the past year due to reports of initial projects coming online, DAC technology is still a relatively expensive method of removing carbon from the atmosphere, given the low concentrations of CO₂ in ambient conditions.

An alternative technology that is being developed under the CCUS banner is bioenergy with carbon capture and storage, or BECCS. This involves the generation of electricity from biomass or biogas, alongside the capture of carbon dioxide emissions at the source, where concentrations of CO₂ are significantly higher than ambient atmospheric conditions. In theory, if 100% of the CO₂ is captured and permanently stored, BECCS would be a carbon negative technology. In other words, not only

does BECCS not contribute to adding new carbon emissions, but since the fuel sources are derived from plant material that has absorbed CO₂ from the atmosphere, the net result is the removal of carbon from the atmosphere.

BECCS is promising, but only viable with the proper governmental incentives. A key policy tool to encourage development of BECCS would be instituting a carbon pricing mechanism to encourage power producers to install BECCs technology. An alternative policy tool could be utilising tax incentives through the Board of Investment (BOI) to encourage utilisation of BECCs. For example, if a 'normal' biomass project qualifies for an eight-year CIT exemption when it does not utilise BECCS, increasing the CIT holiday to thirteen years without a cap may entice developers to install the necessary technology. Carbon accounting standards would also need to be devised to ensure carbon is being properly removed. The BOI has announced that it will be providing additional tax incentives to projects that utilise CCUS technologies; this is a welcome development that will hopefully result in greater deployment of these technologies.

(4) Green Hydrogen Production

Hydrogen has the most potential to reduce greenhouse gas emissions when used in chemical production, refineries, international shipping, and steelmaking, according to the International Renewable Energy Agency.

Green hydrogen can play a significant role in decarbonising energy systems where there are challenges and limitations to replacing fossil fuels with direct use of electricity.

For the ‘colours of hydrogen’ please see chart referred to earlier in this Chapter [here](#).

Given Thailand’s abundant solar radiation, relatively inexpensive land, ample coastlines and proximity to major markets, it is well-situated to be a leader in the deployment of green hydrogen.

Technology involves splitting water molecules into their component parts of oxygen and hydrogen through electrolysis. If the electricity is generated from non-carbon emitting sources of energy, such as solar, wind or hydroelectricity, it is generally classified as ‘green’ hydrogen.

Thailand has abundant potential for additional deployment of solar photovoltaics. However, over-reliance on solar energy to power the electricity grid is impractical given the intermittent nature of solar radiation. One option to overcome this limitation is energy storage technology (see below). The generation of green hydrogen is similar to energy storage, since the gas can be combusted to generate electricity in the future. Green hydrogen has additional applications, such as being a feedstock for chemical manufacturing (such as ammonia), as well as acting as a fuel for methods of transport that are harder to electrify due to weight constraints of batteries, such as long-haul shipping, trucks and buses, and potentially aircraft.

Thailand’s emissions reduction strategy includes a transition from coal and lignite to natural gas. Since natural gas emits less carbon dioxide than coal, it is often seen as a ‘bridge’ fuel in the energy transition. One downside to deploying natural gas, however, is the upfront

infrastructure costs lock in policy choices for decades to come and may, on their surface, make future transitioning more difficult. The good news is that green hydrogen can act as another ‘bridge’, since it can generally be combusted alongside or as a substitute to natural gas in existing power plants (though some retrofitting is likely inevitable). Thus, the reliance on natural gas in the near term (5 – 10 years) does not necessarily entail guaranteed future carbon emissions, provided Thailand can develop a green hydrogen industry.

Hydrogen fuel can produce the intense heat required for industrial production of steel, cement, glass, and chemicals, thus contributing to the decarbonisation of industry alongside other technologies, such as electric arc furnaces for steelmaking. But it may play a larger role in providing industrial feedstock for cleaner production of ammonia and organic chemicals. For example, in steelmaking, hydrogen could function as a clean energy carrier and also as a low-carbon catalyst replacing coal-derived coke.

Hydrogen used to decarbonise transportation is likely to find its largest applications in shipping, aviation and to a lesser extent heavy goods vehicles, through the use of hydrogen-derived synthetic fuels such as ammonia and methanol, and fuel cell technology. As an energy resource, hydrogen has a superior energy density (39.6 kWh) versus batteries (lithium battery: 0.15-0.25 kWh). For light duty vehicles including passenger cars, hydrogen is behind other alternative fuel vehicles, especially compared with the rate of adoption of battery electric vehicles. See Automotive Chapter for more on EVs and in particular FCEV (Fuel Cell Electric Vehicles).

Green hydrogen can also be used for long-duration grid energy storage, and for long-duration seasonal energy storage, and as an alternative to batteries for short-duration energy storage.

Green hydrogen can be a means to decarbonise heavy industry, long haul freight, shipping, and aviation and in the energy sector. Hydrogen can be a as an important pillar of a net zero economy.

Hydrogen can be produced from water by electrolysis. Electrolysis powered by renewable energy is carbon neutral.

Biochar-assisted water electrolysis (BAWE) reduces energy consumption by replacing the oxygen evolution reaction (OER) with the biochar oxidation reaction (BOR). A 2024 study showed that the reaction was six times more efficient than conventional electrolysis. The process could be driven by small-scale solar or wind power. Cow manure Biochar can be better than materials such as sugarcane husks, hemp waste, and paper waste. Almost 35% of the biochar and solar energy was converted into hydrogen. Biochar production (via pyrolysis) is not carbon neutral.

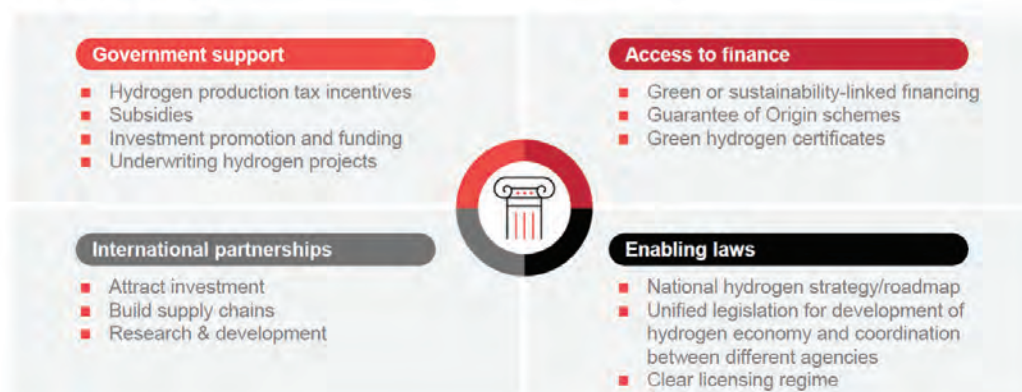
EPPO has developed a Thailand Hydrogen roadmap, which is a good start, but to develop hydrogen take up a multi-faceted strategy is needed. For more information, please refer to the QR code earlier or click [here](#).

Now, there is little to no regulatory framework surrounding hydrogen production, transportation and combustion. As a preliminary point, the Thai government should enact clear guidelines to provide investors certainty with how the market will be regulated. Hydrogen could be regulated under the FOCA and the FOTA by DOEB, or it could be regulated under the Energy Industry Act by the ERC. Further, BOI incentives would encourage development of generation and transportation of green hydrogen. BOI incentives should also be allocated to the manufacturing of key technology, such as electrolyzers, to ensure a ready supply for ramping up production. The introduction of carbon pricing would encourage power producers to blend green hydrogen with natural gas to minimise their tax liabilities; as with CCUS, this will necessitate the development of carbon accounting standards.

(a) Regulations and standards

In the European Union, certified 'renewable' hydrogen, defined as produced from non-biological feedstocks, requires an emission reduction of at least 70% below the fossil fuel it is intended to replace. This is distinct in the EU from 'low carbon' hydrogen, which is defined as made using fossil fuel feedstocks. For it to be certified, low carbon hydrogen must achieve at least a 70% reduction in emissions compared with the grey hydrogen it replaces. For Thailand, all regulation should be easy to use and comply with and support innovation.

Key pillars of facilitating a hydrogen economy



Source: Baker McKenzie Thailand, Jan 2025

Recommendations:¹²

Potential hydrogen uses for are power generation and energy storage, heating for industry and transportation.

1. Power sector: hydrogen mixed with natural gas in pipeline, co-firing power, stationary fuel cell for power.
2. Heating for industry: heating forward-to-abate sector with high temperature application.
3. Transportation: Heavy-duty truck, inter-city bus and power train (FCEV).

Eight Key Strategies

1. A concerted private: public effort for development and adoption of hydrogen; 'Hydrogen Thailand / the Hydrogen Club of Thailand is an active promoter of the development of uses of hydrogen in Thailand. Decentralisation is a key. Programmes such as PTT GCs and BIG can unlock innovations 14 (May 2024).

2. Research and innovation.¹³

3. Reduce price.

4. Support domestic production with R&D and other supported promotions.

5. Access to finance.

6. Develop international partnerships further – e.g. with EU.

7. Provide infrastructure.

8. Enable laws and regulation with standards, proposed for Thailand hydrogen roadmap with an 'Ease of Doing Business' pro-innovation approach.

¹³ Example: Energy Research and Development Institute, Chiang Mai University was established on the 6th of March 2007 by merging two efficient institutes, the Energy Management and Conservation Office and the Biogas Technology Center. The emerging institute was entitled "Energy Research and Development Institute, Chiang Mai University (ERDI-CMU). https://erdi.cmu.ac.th/website_new/?page_id=11089&lang=en

¹² Including inputs from Chiang Mai Knowledge Hub for Green Hydrogen

(5) EVs and EV Infrastructure

The Thai government has announced ambitious goals relating to the deployment of electric vehicles (EVs). The government is aiming for 50% of all new car sales to be EVs by 2030, and 40% of all new two-wheeled vehicles to be powered by electricity¹⁴.

While this is welcome, widespread EV use will only have a positive influence in reducing CO₂ emissions if the electricity grid is decarbonised. Currently, nearly 80% of Thailand's electricity is generated by burning fossil fuels. The increase in demand for electricity that will arise due to widespread use of EVs should be met with renewable energy sources to make a meaningful contribution to reducing greenhouse gas emissions.

EV infrastructure will require government support. Many owners and users of EVs will be able to charge their vehicles at their homes or places of work. Fueling stations for vehicles with internal combustion engines do not need to be replicated to satisfy recharging needs, though there will need to be some recharging capacity for long-haul trips. Given their position as the primary distributors of electricity throughout the country, the MEA and PEA could take the lead in rolling out charging infrastructure. Alternatively, a licensing regime could be established to permit private parties the ability to develop the necessary charging infrastructure.

More information can be found in the Automotive Chapter.

(6) Alternative Storage

So far, there has been limited deployment of grid-scale energy storage in Thailand, though there are several projects in the pipeline. The primary technology being considered is typically lithium-ion batteries, which have proven effective in facilitating the deployment of EVs due to their high energy density. However, the lifespan of lithium-ion batteries is typically limited to 7 – 10 years, meaning there will need to be ongoing decommissioning. Further, the primary minerals that comprise a lithium-ion battery are lithium, cobalt and nickel, which are not abundantly or readily available, raising concerns of securing the necessary supply chains.

Fortunately, alternative storage technologies are already available and ready to be deployed. Energy Vault, a company that recently listed on the New York Stock Exchange, constructs towers of bricks which are raised and lowered by cranes, thus utilising gravity as a storage of potential energy; Energy Vault's technology is conceptually similar to pumped storage hydroelectricity. Another alternative is the iron-air battery storage being developed by Form Energy, another US-based company. Form Energy's technology is reportedly cheaper than lithium-ion batteries and utilises iron as its core mineral component, which is widely available and less expensive to mine and process than lithium, cobalt and nickel.

In short, there are numerous start-ups working on storage technology that will enable greater deployment of renewable energy by solving the intermittency problem inherent in solar and wind power. The PDP should plan for greater use of energy storage coupled with solar to realise a speedier transition from fossil fuels. See also about hydrogen above.

¹⁴ Prime Minister's Office, "EV, Smart Electronics and LTR Deep Dive for JFCCT," November 10, 2021.

(7) Unlocking Rooftop Solar in the Residential Sector

In 2019, the government introduced a pilot scheme that would allow up to 100 MW per year of installed residential rooftop solar capacity to sell excess electricity generated to the grid. This net metering scheme welcomed development, but interest was very low amongst the public. The MOE should learn from this experience and develop new policies that will permit greater deployment of residential rooftop solar.

First, eliminating the cap of 100 MW per year would allow private developers to better evaluate long-term growth opportunities. Second, the feed-in-tariff must be high enough to properly incentivise homeowners; ideally, the feed-in-tariff should match the purchase price per kWh of electricity that homeowners pay to the MEA or PEA. Another area to consider is financing; rooftop solar has been successful in Thailand in the commercial and industrial sectors largely because solar developers absorb construction and installation costs and realise investment returns through long-term power purchase agreements. This is less practical in the context of the residential sector, meaning homeowners need to purchase solar equipment outright. The government should explore ways to encourage financing in this sector, such as by offering tax credits to homeowners and/or credit default insurance schemes to stimulate private finance. New types of solar panels that are lighter, thinner, with a lower carbon footprint, more flexible in shape and high aesthetical value would allow for more options in the residential market.

Food, Agriculture and Beverages

SUMMARY OF RECOMMENDATIONS

A. Regulatory Facilitation Related to FAB to Promote Ease of Doing Business and Sustainable Investment

1. Revisit alcohol control laws to unlock sales during certain hours, ease advertisement restrictions, lift e-commerce bans, implement age verification, and reconsider sales method restrictions, with government-private sector collaboration to ensure compliance and support economic growth.
2. Advise against adopting the Draft Act. If adopted, promote the 'Healthier Choice' logo, include healthy lifestyle education in schools, lower the marketing age threshold to under 13, and encourage private-government collaboration to support economic growth and reduce NCDs.
3. Update regulations to enhance agricultural innovation, streamline approval processes, reduce duplicate testing, and improve market access while ensuring farmer protection and effective post-market monitoring.
4. Streamline the marketing authorisation process for crop protection products by eliminating redundant steps, enhancing efficiency through parallel testing, strengthening post-market monitoring, and fast-tracking innovative solutions to support sustainable agriculture.
5. Adopt an optimal excise tax for alcoholic beverages and reducing import duties on spirits can enhance revenue, reduce tax evasion, attract high-spending tourists, and support Thailand's tourism and economic growth.
6. Limit price controls to crises to ensure food security while allowing the free market to maintain competitive prices and efficient production in normal times.

B. Contribution towards Sustainable Development

1. Set clear recycled content targets, phasing out problematic plastics, providing financial incentives, assessing environmental impacts of alternatives, and improving hazardous packaging treatment to promote a circular economy.
2. Foster public-private collaboration, promoting digital literacy, leveraging private sector expertise, investing in GHG reduction knowledge, training farmers in sustainable practices, highlighting economic benefits, supporting green finance, and incentivising early adopters to accelerate the transition to Net Zero.
3. Implement sustainable cropping systems, advancing plant science and pest management, using innovative fertilisers, and leveraging digital solutions and agronomic expertise to enhance productivity and reduce emissions.

4. Implement a recycled content target policy, developing a roadmap for eco-design, conducting life cycle assessments, and declassifying hazardous packaging after appropriate treatment to enhance recycling efficiency and reduce plastic waste.
5. Public-private collaboration, digital literacy, and investment in GHG reduction practices can enhance knowledge dissemination to farmers, with a focus on crop nutrition, protection, soil health, and the economic benefits of regenerative practices.
6. Create a public-private 'Hospitality Working Group,' implement alcohol education, and provide hospitality skills training to promote responsible consumption and improve public safety.

C. Enhancing Trade and Investment through Free Trade Agreement

1. Remove tariffs on key EU food and beverage exports, advocate reciprocal tariff reductions for Thai exporters, and simplify rules of origin criteria. Harmonise standards through MRAs, modernise customs with digitalisation, and leverage the EU-Thailand FTA for regulatory alignments. Strengthen IP enforcement by enhancing agency coordination, establishing specialised IP courts, expanding GI protection, and streamlining patent and trademark processes.

The Food, Agriculture, and Beverages (FAB) industry in Thailand, particularly the European companies operating within the country, are significant contributors to Thailand's economy. They play a crucial role in the nation's blueprint for sustainable growth, enhancing the country's competitiveness in Southeast Asia, attracting trade and business, improving employment for both local and foreign workers, and providing high-quality products and services to local consumers and foreign visitors.

Despite the numerous opportunities, the industry faces several risks and challenges that impact its ability to produce better products and services and compete

effectively in the marketplace. These challenges include policies to stimulate investments, marketing and regulatory hurdles, ease of doing business, restrictions and requirements for registrations, certifications, and communications. Additionally, there are sustainability requirements, such as those in the upcoming EPR law for reducing GHG emissions and managing packaging, as well as fiscal measures like excise and import taxes aimed at raising government revenue and influencing social habits.

Addressing these risks and challenges is essential for the FAB industry to continue growing its business and contributing to the well-being of Thai consumers and the overall growth of Thailand's economy.

A. REGULATORY FACILITATION RELATED TO FAB TO PROMOTE EASE OF DOING BUSINESS AND SUSTAINABLE INVESTMENT

(1) Development of the Alcoholic Beverage Control Act to Promote the Tourism and Hospitality Industry Supporting Thai Economy

Thailand's tourism and hospitality sector is vital to its economy, attracting millions of visitors annually with its rich culinary and beverage offerings. Alcoholic beverages and nightlife activities significantly contribute to revenue, particularly from premium tourists and MICE (Meetings, Incentives, Conferencing, and Exhibitions) travelers. Expatriates and Thai citizens also play key roles in driving revenues and creating jobs. Government initiatives promoting Thai culinary heritage and innovative cocktails made from local ingredients further enhance the industry's appeal, benefiting communities, creating jobs, and supporting small businesses.

The Alcoholic Beverage Control Act B.E. 2551 (2008) poses trade and investment barriers, hindering business growth in the tourism and hospitality sector. Key challenges include:

- (i) Restricted sales hours: Alcohol sales allowed only between 11:00 to 14:00 and 17:00 to 24:00.
- (ii) E-commerce ban: Prohibition of online alcohol sales.
- (iii) Advertising restrictions: Limited dissemination of information about alcoholic beverages.
- (iv) Labeling requirements: Mandatory warning statements on products.

Although aimed at public health, these measures lack evidence of effectiveness in reducing harmful alcohol use and impose significant challenges on legitimate businesses. They also undermine Thailand's goal of becoming a leading premium tourism destination, conflicting with consumer trends and economic objectives.

Recommendations:

1. Unlock sales during 14:00–17:00 to support small businesses and restaurant operators in tourist areas.
2. Replace vague rules with a clear Code of Conduct for advertising, allowing manufacturers to educate consumers about product quality, origin, and safe consumption, balancing public health goals with economic benefits.
3. Eliminate burdensome warning statement requirements that lack evidence of effectiveness in reducing harmful consumption. This would reduce production costs and alleviate unnecessary regulatory burdens.
4. Replace the e-commerce ban with a robust Code of Conduct to curb illicit trade, cater to online shopping preferences, and support the digital economy.
5. Permit sampling, vending machines, and hawkers in controlled areas like tourist zones to boost small businesses.
6. Implement biometric or equivalent systems for both offline and online sales to ensure compliance and prevent underage consumption.

7. Reconsider bans on alcohol sales during Buddhist religious days to minimise economic disruption, particularly in the tourism sector, while respecting cultural practices.

8. Support continued dialogue with the Thai government to ensure effective measures that reduce harmful alcohol use while fostering economic growth and innovation in line with Thailand's development goals.

(2) Sustainable Solution to Ensure Consumer Protection and Draft Act to Control the Marketing of Food and Beverages that Affect Children's Health

Thailand's growing economy and changing consumer demands are influencing the food and drink choices of its youth. Policy development must consider these trends to ensure a healthy, nourished population with access to affordable products. Promoting healthy dietary behaviors involves making cost-effective, nutritious products available to everyone. Education, parental involvement, accessibility to nutritious food, and supportive policies can encourage healthy food options in schools and communities, enhancing children's health and quality of life.

Key issues in Thailand's nutrition environment include:

- (i) excessive consumption of carbohydrate-rich staple foods like rice
- (ii) insufficient intake of fruits and vegetables causing micronutrient deficiencies

- (iii) frequent consumption of low-nutrient snacks
- (iv) high intake of processed foods and sugary beverages leading to obesity and other non-communicable diseases (NCDs)
- (v) malnutrition due to poor-quality diets lacking essential nutrients like iron, calcium, and vitamin D

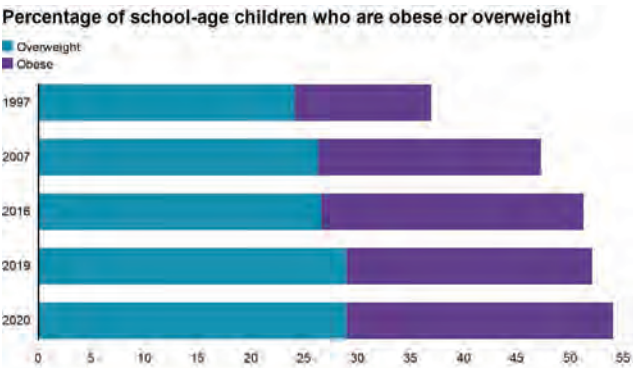
The Draft Act to Control the Marketing of Food and Beverages that Affect Children's Health seeks to combat childhood obesity and NCDs by restricting the marketing of high-fat, salt, and sugar (HFSS) products to children under 18 years old. Using the 'Nutrient Profile' as an assessment tool, the Act aims to limit exposure to unhealthy food advertisements. The proposal also bans the sale and marketing of HFSS products within educational institutions. However, it is imperative to consider the potential economic, trade, and environmental impacts of this legislative proposal.

Economically, restrictions may lead to revenue losses in the food, beverage, marketing, and retail sectors, particularly affecting SMEs. Reduced competition, innovation, and consumer choice could prompt multinational corporations to relocate, weakening Thailand's economic competitiveness, foreign direct investment (FDI), tax revenues, and employment opportunities.

Environmentally, restricting marketing of short shelf-life products could increase food waste, impacting sustainability. In 2022, Thai consumers produced 1.3 kg of waste daily, with 64% being food waste.

Balancing public health goals with economic and sustainability considerations is crucial. Recommendations include setting the marketing age threshold to 13 years, adopting voluntary self-regulation frameworks for responsible marketing, and establishing a joint working group with government and private sector representatives. These measures can help Thailand achieve its public health objectives while safeguarding economic growth and sustainability.

Evidence linking food marketing restrictions to improved health outcomes is limited. Experiences from countries like the UK and Chile show that stricter regulations alone may not significantly reduce childhood obesity rates.



While the Draft Act aims to improve children’s nutrition, a flexible approach and stakeholder involvement are necessary to avoid compromising Thailand’s competitive edge and economic prosperity.

Recommendations:

1. Ensure regulations are necessary, practical, and evidence-based, with stakeholder collaboration.
2. Reconsider the Draft Act or adjust it to balance public health goals with industry realities.
3. Establish a joint working group of government and private sector representatives to develop responsible marketing practices.
4. Promote voluntary self-regulation frameworks, such as those by the International Food & Beverage Alliance.
5. Focus on the ‘Healthier Choice’ logo program, which has been in place for 8 years, instead of introducing new restrictions.
6. Adjust the marketing age threshold to 13 years, aligning with international standards.
7. Remove the ban on all food and beverage advertising affecting children’s health to preserve access to valuable product information.
8. Reject restrictions on donations by food and beverage manufacturers to educational institutions, as these contributions support children’s education and development.

(3) Driving Regulatory Framework to Enhance Access to Innovation and Technology in Agriculture, Especially Innovative Crop Protection Products and Fertilisers

The agriculture sector in Thailand makes up one-third of the workforce in Thailand but contributes to only 8.6% of the nation's GDP¹. This is attributable to low productivity, limited access to knowledge and innovation, and concentration in low-value products. Climate change further complicates the situation for farmers, for example, navigating extreme weather conditions and managing pests. Innovation is therefore crucial to support food security and sustainable farming practices.

Reforms to production and distribution in the sector are needed for productivity gains.

Farmers are in need of new knowledge and tools, however, the product registration process for agriculture inputs remains lengthy and complicated. This results in delayed opportunities for Thai farmers in early access to innovative solutions to enhance their competitiveness and resilience. Furthermore, when fertilisers enter Thailand, there is a lengthy process for lab analysis before the product can be sold in the market, which delay the availability of the product to farmers.

EABC encourages the Thai government to work together to reduce the timeline to allow farmers in early access to necessary solutions to strengthen their productivity and competitiveness while adhering to international standards

on safety and efficiency. This will foster a regulatory environment that supports innovation, protects public health and the environment, and ultimately contributes to a more resilient and sustainable agricultural sector.

Recommendations:

1. Update the Fertiliser Act to improve access to innovation and technology in agriculture by revising requirements and definitions to ensure farmers in Thailand can access products and solutions promptly.
2. Accept international certification or recognition of fertiliser testing from European-certified labs to reduce time and costs associated with importing and selling fertilisers.
3. Eliminate duplicate analysis by the Department of Agriculture (DOA) to speed up product release to the market.
4. Revisit the Ministerial Regulation for marketing authorisation of crop protection products to expedite processes and optimise resources.
5. Eliminate the Concentration Listing step before marketing authorisation submission while maintaining the concept of one concentration in one formulation to protect farmers.
6. Enhance process efficiency by conducting sample analysis, toxicity assessment, and field trials in parallel.
7. Avoid duplicate testing for license renewal by re-testing only where resistance is evident to streamline procedures and reduce unnecessary burdens.

¹ *Labour Statistics Yearbook 2023, Ministry of Labour, Thailand, <https://www.mol.go.th/wp-content/uploads/sites/2/2024/06/labour-statistics-yearbook-2023.pdf>.*

8. Establish robust post-market monitoring to track resistance development and ensure safe and proper use of crop protection products.
9. Support increased registration fees to facilitate effective post-market surveillance and resource management.

(4) Reduction of Excise Tax and Import Duty to Enhance Competitiveness in Alcoholic Beverage Industry

Premium imported alcoholic beverages can attract foreign tourists, expatriates, and affluent Thai residents, positioning Thailand as a preferred destination. This would drive spending in hospitality and entertainment, aiding the recovery of these sectors. However, imported alcoholic beverages currently account for only 1.4% of Thailand's alcoholic beverage market. The primary obstacle to their growth is prohibitively high prices driven by excessive taxation.

Thailand imposes a 60% Most Favored Nation (MFN) tariff on imported alcoholic beverages—the highest in ASEAN. This creates significant price disparities between Thailand, its neighbors, and the illicit market. Imported spirits in Thailand can cost double compared to neighboring countries or travel retailers. Such pricing incentivises smuggling and counterfeiting, as illegal operators capitalise on the opportunity to undercut the legal market.

Recommendations:

1. Adopt a specific excise tax structure at optimal rates to enhance revenue stability, reduce tax evasion, promote fairness, and support public health goals. This approach encourages lower-alcohol or higher-quality products and ensures transparency, predictability, and ease of administration.
2. Reduce Import Duties on Spirits by aligning with planned 2024 reductions for wine and champagne by lowering import duties on spirits. This would foster equitable pricing, attract high-spending tourists, boost premium establishment sales, and support Thailand's goal of becoming a top global tourism destination.

(5) Cost-based Price Adjustments to Enhance Competitiveness and Access to Quality Products

Thailand maintains price controls for a list of essential goods and services with the aim to ease the cost of living. Several food products and farming supplies are on the list, for example, dairy products and fertilisers. During normal times, the price ceiling has little or no effect on most products because in a free market, producers compete to deliver the best product quality at prices well below the ceiling. However, some products are caught under an unrealistic price ceiling that was established a long time ago. Moreover, price ceilings do not account for the rising global prices of goods nor the rising energy/transportation costs. Under such circumstances, price control has the effect of a non-tariff barrier to trade as



importers are faced with unfeasible selling prices. Importers would either have to discontinue the product or opt for a variation of the product with a lower cost, and hence quality, in order to meet the price ceiling. These market distortions impact Thailand's business competitiveness as well as consumers' access to the highest quality products.

Recommendations:

1. Limit the use of price controls to times of emergency or crisis, such as combating illegal price manipulation.
2. Use price controls during crises as a tool to ensure food security.
3. Avoid price controls in normal times, as they do not contribute to food security.
4. Allow the free market to ensure competitive food prices and efficient food production during normal periods.
5. Recognise that price controls in non-crisis times negatively affect the market by limiting access to high-quality food products and agricultural supplies.

B. CONTRIBUTION TOWARDS SUSTAINABLE DEVELOPMENT

(1) Ensuring Effective Implementation of Extended Producer Responsibility on Draft Regulation Related to Sustainable Packaging Management

The global increase in plastic production has resulted in significant environmental challenges, including growing waste and pollution. In response, many countries have implemented policies promoting the use of recycled materials in plastic manufacturing.

Thailand faces its own challenges in managing plastic waste, with a recycling rate of only 17.6% for key plastic resins in 2018—falling short of the National Plastic Waste Management Roadmap 2018-2030 target of 22%.² The country's waste management system struggles to effectively utilise recycling systems, resulting in over 2,000 rapidly filling landfills.³ To combat this, the Thai government released the Roadmap for Plastic Waste Management 2018-2030, aiming to reduce plastic waste and promote recycling.⁴

² World Bank, *Market Study for Thailand: Plastics Circularity—Opportunities and Barriers*, <https://www.worldbank.org/en/country/thailand/publication/market-study-for-thailand-plastics-circularity-opportunities-and-barriers>.

³ WWF International, *Zero Plastic Waste in Thailand*, https://wwfint.awsassets.panda.org/downloads/zero_plastic_waste_in_thailand_en.pdf.

⁴ Public Construction Department, *Report on the Public Construction Department Activities (19 October 2021)*, https://www.pcd.go.th/wp-content/uploads/2021/10/pcdnew-2021-10-19_08-59-54_995414.pdf.

Implementing significant changes in packaging management requires a new legal framework. To address this, the Pollution Control Department (PCD) has developed the Sustainable Packaging Management Act (SPMA), a vital component of the Plastic Waste Roadmap and the Action Plan for Plastic Waste Management, Phase 2 (2023-2027). The SPMA employs a life-cycle approach, encouraging industries to redesign packaging and foster a circular economy.⁵

Adopting recycled content in plastic manufacturing encounters significant hurdles. Economic barriers are a primary concern, as recycled plastics often cost more than virgin materials, discouraging their adoption. Additionally, supply constraints further hinder progress. The limited availability of high-quality recycled plastics restricts the industry's ability to scale up the use of recycled content.

Recycling complexities also pose challenges. Additives, colorants, and hazardous chemicals present in certain plastics, such as PET bottles, reduce material quality and complicate the recycling process. This limits the effectiveness of recycling efforts.

Design limitations play a significant role. The lack of standardised eco-design criteria continues to perpetuate the production of non-recyclable plastics, making it difficult for manufacturers to transition to more sustainable materials.

Collaboration among agencies like the Pollution Control Department, Thai FDA, and industrial stakeholders is essential to advancing sustainable practices and achieving waste reduction targets.

Recommendations:

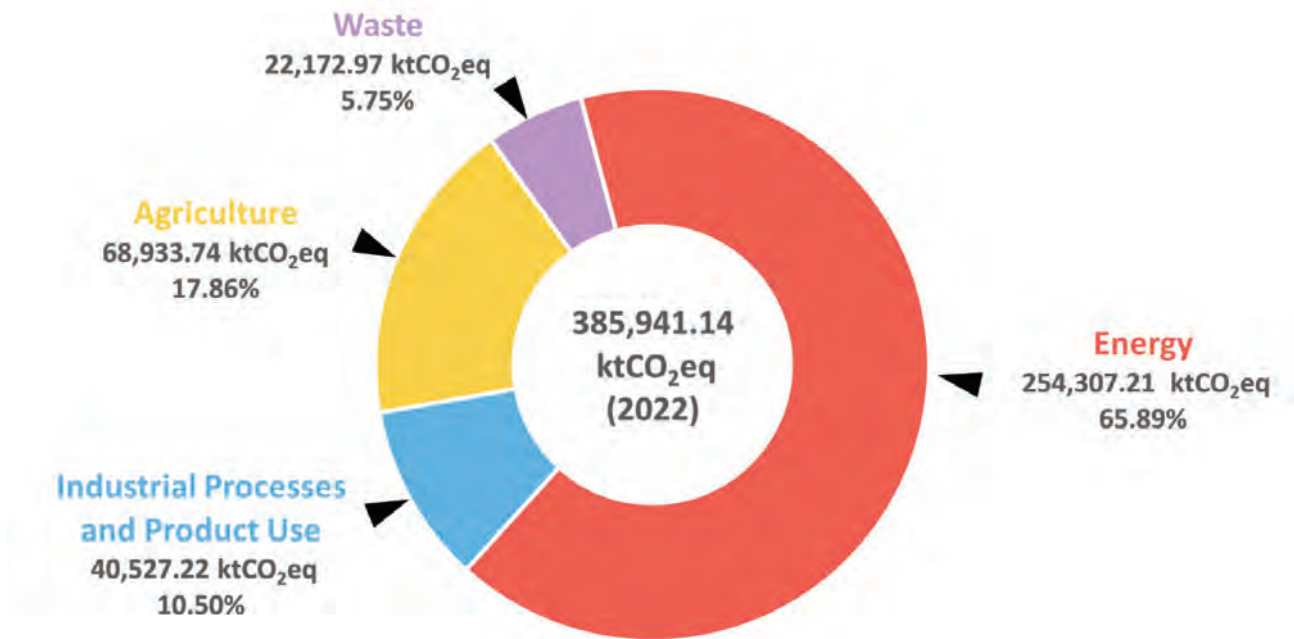
1. Set clear targets for recycled content in plastic manufacturing to stimulate demand for recycled materials, promoting recycling and sustainable industry practices.
2. Develop a roadmap with eco-design criteria to phase out problematic plastics and reduce hazardous chemicals. Transitioning to easily recyclable materials, like clear PET bottles, can improve recycling efficiency and support a circular economy.
3. Offer financial incentives for manufacturers to use recycled materials and foster collaboration across stakeholders—government, industry, and recycling sectors—to share best practices and innovation.
4. Assess the full environmental impacts of alternative packaging, considering waste management and carbon footprint before implementation.
5. Recommend pre-treatment methods like triple rinsing for hazardous packaging (e.g., household or crop protection products) to enable declassification as non-hazardous waste, improving waste management and facilitating collaboration.

⁵ Samitthiwetcharong, S., P. Kullavanijaya, K. Suwanteep, et al., "Towards Sustainability through the Circular Economy of Plastic Packaging Waste Management in Rayong Province, Thailand," *Journal of Materials Cycles and Waste Management* 25 (2023): 1824–1840, <https://doi.org/10.1007/s10163-023-01657-0>.

(2) Public-Private Collaboration, Including Capacity Building and Literacy Enhancement, on Regenerative Agriculture and GHG Reduction in Agriculture

Thailand aims to achieve carbon neutrality by 2050 and net zero by 2065. Agriculture is the second largest emitter of greenhouse gases (GHG) – behind energy – and accounts for roughly 18% of the country's total emissions. At the same time, agriculture is one sector that is adversely impacted by climate change and rising temperatures. Extreme weather conditions and climatic stresses like floods, droughts, heat, pathogens and pests affect crop

growth and distort planting/harvesting season. As a result, farmers need to adopt new practices that minimise environmental impact, optimise resource use (land, water, crop nutrition/protection), and enhance crop resilience. This can be achieved through regenerative agriculture (an outcome-based production model which has improving soil health at its core and strengthening resilience as a key objective. Other principal aims include mitigating climate change, maintaining or restoring biodiversity, conserving water as well as increasing yields and improving the economic and social well-being of farmers and their communities).



Volume of greenhouse gas emissions in Thailand by sector in 2022⁶

Recommendations:

1. Develop platforms for public-private collaboration, focusing on capacity building and literacy enhancement to disseminate knowledge and advice to farmers.
2. Promote digital adoption and literacy to expand knowledge dissemination across the country and various crop segments.
3. Leverage the private sector's expertise in areas such as crop nutrition, integrated pest management, soil health, and resource use efficiency.
4. Implement cohesive programs that involve all stakeholders to drive effective knowledge dissemination and reach broader audiences.
5. Governments and research institutions should invest in developing and sharing knowledge about greenhouse gas (GHG) reduction practices.
6. Provide training for farmers on regenerative practices, precision farming, carbon farming innovations, and other emission-reducing methods.
7. Highlight the economic benefits of adopting regenerative practices, including improved soil health, water retention, and drought resilience, to incentivise farmers.
8. Promote green finance to support farmers' transition towards greener innovation and technology.

9. Implement an incentivisation system for early adopters in business transformation to accelerate the transition to Net Zero goals.

(3) GHG Reduction in Agriculture and Regenerative Agriculture

Thailand has committed to be the carbon neutrality in 2050 and net zero greenhouse gas emissions by 2065. In Thailand, the agricultural sector is the second-largest emitter of greenhouse gases, accounting for 15.23% of total emissions, following the energy sector at 69.96%. Within the agricultural sector, rice cultivation is the predominant source of greenhouse gas emissions, contributing 50.58%¹. Given the resource-intensive nature of rice cultivation, current practices are unsustainable. Therefore, the adoption of regenerative agricultural practices is imperative.

While there is no commonly agreed definition of regenerative agriculture, we could summarise the perspective what Regenerative Agriculture is - an outcome-based production model. Improving soil health is a key part and often foundational to it, which leads to increased resilience. Other key aspects include mitigation of climate change through greenhouse gas emissions reductions and increased carbon removals, maintaining, preserving or restoring on-farm biodiversity, conserving water resources through improved water retention and decreases in water run-off, and improving the social and economic well-being of farmers and communities.

⁶ Thailand's First Biennial Transparency Report, <https://unfccc.int/sites/default/files/resource/THAILAND%E2%80%99S%20BTR1.pdf>.

Recommendations:

1. Implement diverse and sustainable cropping systems to enhance production efficiency and environmental sustainability.
2. Utilise breeding research and plant science technology to improve crop resilience and performance.
3. Adopt new chemical profiles and biological solutions for sustainable pest management.
4. Introduce advanced fertilisers to improve soil health and promote sustainable farming practices.
5. Leverage data, digital solutions, integrated mechanisation, and agronomic expertise to support carbon farming and reduce greenhouse gas emissions.
6. Leverage data, digital solutions, integrated mechanisation, and agronomic expertise to support and enhance carbon farming practices.

(4) Education on Alcoholic Beverage Consumption as a Responsible Practice

The European alcohol industry recognises that alcoholic beverages are part of cultural traditions and a balanced lifestyle. We are committed to promoting responsible consumption among adults, while working with stakeholders to tackle issues like excessive drinking, drink driving, and underage consumption. Partnerships with governments, civil society, and the alcohol industry are vital for creating effective programs to reduce alcohol-related harm. We invest in education, road safety, underage drinking prevention, and hospitality training, while ensuring responsible marketing practices.

In Thailand, alcohol misuse and related road accidents present significant social and economic challenges. Factors like individual drinking behavior and drink driving contribute to high human and financial costs. To address this, collaboration between government, the private sector, and civil society is essential to promote responsibility and community safety. However, the alcohol sector often faces challenges in collaborating with government agencies, limiting its ability to contribute effectively. A coordinated, inclusive approach is necessary to mitigate alcohol-related harm in Thailand.

Recommendations:

1. Establish a public-private 'Hospitality Working Group' involving government, private sector, and civil society stakeholders to foster collaboration for social responsibility, public safety, and sustainable growth in the hospitality sector.
2. Promote comprehensive alcohol education programs focused on moderation and informed choices. Key initiatives include:
 - Interactive programs to raise awareness about alcohol risks and encourage positive behavior changes.
 - Collaborative efforts addressing drink driving through workshops and e-learning, reinforcing the 'Never Drink and Drive' message.
3. Support Thailand's goal of becoming a premium tourism destination by recommending hospitality training for students and workers, enhancing professionalism, boosting economic recovery, and ensuring safe, high-quality tourism experiences.

4. To reduce alcohol-related harm and promote responsible consumption, implement a strategic approach focused on:

- Raising awareness, fostering behavior change, and encouraging responsible practices in entertainment venues.
- Forming public-private partnerships, implementing targeted education programs, and providing specialised training for the hospitality sector to protect consumers, enhance public safety, and reduce harmful alcohol use.

C. ENHANCING TRADE AND INVESTMENT THROUGH FREE TRADE AGREEMENT

(1) Promoting Trade and Investment Attractiveness

The EU-Thailand Free Trade Agreement (FTA) provides a significant opportunity to strengthen economic ties by eliminating tariffs, reducing trade barriers, and enhancing market access. Thailand serves as a vital market for EU exports such as food and beverage (F&B) products, machinery, and pharmaceuticals. Conversely, the EU represents a critical destination for Thai agricultural and processed goods. Despite this potential, tariff structures, regulatory misalignments, and complex rules continue to hinder trade and investment.

The trade relationship between Thailand and the EU faces several significant challenges. High tariff barriers are a major issue, as EU products such as food and beverages (F&B) and advanced machinery are subject to high import duties in Thailand. This diminishes their competitiveness, particularly when compared to goods from countries with existing Free Trade Agreements (FTAs). At the same time, Thai agricultural and processed goods encounter significant tariffs in the EU, restricting their ability to grow exports.

Complex and strict Rules of Origin (ROO) further complicated trade between the two regions. These strict requirements discourage businesses from fully utilising tariff preferences under the FTA. The burdensome certification processes increase the time and cost of trade transactions, which can deter businesses from engaging in the benefits provided by the agreement.

Non-tariff barriers (NTBs) also present a challenge. Divergent technical standards and certification requirements between Thailand and the EU necessitate duplicate testing and adaptations, increasing compliance costs for businesses. Inconsistent labeling regulations, including allergen declarations and differing packaging formats, create additional operational complexities. Thai customs processes, with extensive documentation requirements and limited digitalisation, further delay trade flows.

Intellectual property (IP) protections are another area of concern. Weak enforcement of IP laws in Thailand has led to an increase in counterfeit goods and trademark

violations, undermining investor confidence. Additionally, limited protections for geographical indications (GIs) fail to meet the EU's high standards. The lengthy patent registration process and insufficient regulatory measures further hinder innovation and market entry for EU businesses.

Recommendations:

1. Eliminate tariffs on key EU exports of F&B products and advocate for reciprocal tariff reductions to support Thailand's agricultural and processed good exports. These measures will create mutual benefits and strengthen trade relations.
2. Simplify Rules of Origin (ROO) to facilitate trade compliance by introducing flexible and transparent criteria and streamlining certification processes through tools like the Registered Exporter System (REX), reducing administrative burdens on businesses.
3. Reduce Non-Tariff Barriers (NTBs) to enable seamless trade by aligning technical standards through Mutual Recognition Agreements (MRAs) and harmonising labeling requirements. Modernise customs processes with digitalisation, risk-based inspections, and standardised procedures to improve efficiency across entry points.
4. Enhance intellectual property protections through improved enforcement and better inter-agency coordination. Expand GI protections to align with EU standards and streamline patent and trademark registration processes to reduce delays and encourage innovation.

(2) Unlock Regulatory Barriers

Thailand's Food and Beverage industry plays a vital role in the country's economy, particularly through its exports to the EU. However, trade between the two regions faces significant challenges due to regulatory misalignments and non-tariff barriers (NTBs), including differing standards, labeling regulations, certification requirements, and customs procedures, all of which increase costs and inefficiencies for businesses. Despite efforts to align Thailand's regulatory framework with global standards, critical gaps persist.

Key issues include divergent standards and certification requirements. Differences in product safety, quality, and certification processes necessitate duplicate testing and certifications, leading to increased time and costs for exporters. The absence of Mutual Recognition Agreements (MRAs) in key sectors forces businesses to navigate separate regulatory systems, delaying market entry.

Inconsistent and onerous labeling regulations also pose significant challenges. Conflicting allergen declaration rules and packaging formats between Thailand and the EU require exporters to adapt products for each market. These dual standards increase production complexity, particularly for SMEs with limited resources.

Additionally, complex customs procedures in Thailand contribute to delays and raised costs. Lengthy clearance times and manual inspections are prevalent, and the limited digitalisation of customs operations exacerbates these issues, especially for time-sensitive and perishable goods.

Lastly, disparities in sanitary and phytosanitary (SPS) measures, such as maximum residue limits (MRLs) and pest control protocols, create trade barriers for agricultural and food products.

To improve trade, both regions need to align regulatory standards, enhance mutual recognition agreements, and modernise customs processes, which would reduce inefficiencies and lower costs, benefiting businesses on both sides.

Recommendations:

1. Establish MRAs, align technical and SPS standards with international benchmarks, and streamline labeling requirements to reduce compliance burdens and operational costs.
2. Enhance digitalisation, implement risk-based inspections, and standardise customs procedures across entry points to expedite trade flows and minimise delays.
3. Leverage the EU-Thailand FTA: Utilise the FTA negotiations to advocate for regulatory alignments such as labeling and packaging standards or requirements to enhance market access and competitiveness.

Healthcare and Pharmaceuticals

SUMMARY OF RECOMMENDATIONS

A. Improving Health Security and Stability through Sustainable Healthcare Financing

1. Implement risk-sharing agreements to balance costs and improve access to medicines with supportive regulations, confidential agreements, and data registry.
2. Diversify funding through public-private partnerships and supplementary private health insurance.
3. Enable self-care policy with the availability of self-care medicines, digital tools, promotion of health literacy, and incentivisation of self-care practices through tax benefits.

B. Promoting Ease of Doing Business to Attract Investment and Strengthen Thailand's Competitiveness

1. Improve regulatory efficiency to promote investment and timely access to innovative treatments.
2. Enhance reimbursement, market environment, and ecosystem to promote access to innovation and attract investment.
3. Enhance the innovation ecosystem and intellectual property protection with streamlined patent processes, patent term restoration, and data exclusivity.
4. Create a level playing field in government procurement and international government procurement standard alignment.

C. Enhancing Seamless Patient Access from Anywhere and Ensuring Consumer Protection

1. Establish regulatory frameworks to support e-pharmacy development and ensure safe remote dispensing and delivery of medicines.
2. Enforce effective mechanisms to tackle counterfeiting and online smuggling.

Healthcare is the cornerstone of a nation's wealth and resilience. A robust healthcare system not only improves individual well-being but also strengthens a country's economic stability, which enables sustained growth and development. As global challenges continue to evolve, it is crucial for Thailand to progress its approach to healthcare investment. This includes embracing innovative financing mechanisms, fostering healthcare innovation with strengthened intellectual property protection to

encourage investment towards research and development, and enhancing regulatory frameworks advancing digital health solutions.

The current reliance on public funds for healthcare is not sustainable to derive healthcare outcomes in the long-term considering the aging population and rising healthcare demands. Sustainable healthcare financing requires alternative strategies that reduce dependency

on general taxation. Public-private partnerships, supplementary health insurance, and other innovative funding models can help diversify financial streams, ensure adequate resources for future healthcare needs and contribute to health security and stability. In addition, empowering self-care for an individual will increase health literacy amongst the population and enable them to better look after their health to prevent diseases and reduce healthcare burdens and costs contributing to a sustainable health system in the future.

Moreover, fostering innovation within the healthcare sector can drive economic prosperity. By supporting research and development in pharmaceuticals, medical devices, and healthcare delivery systems, Thailand can position itself as a regional hub for healthcare innovation. In turn, this will create more jobs and productivity, increase Thailand's global competitiveness, and improve overall public health. However, this requires a regulatory framework to promote ease of doing business and attract investment, alongside a strong intellectual property regime to protect and encourage investments in new technologies and align government procurement to international standards and practices to integrate Thailand into the global value chain.

In parallel, digital health technologies are transforming the way healthcare is delivered. To complement the established telemedicine, telepharmacy and e-pharmacy can improve access, enhance efficiency, and reduce costs, thus, making quality healthcare more accessible. These advancements underscore the need for regulatory facilitation to ensure compliance and capacity building for healthcare providers.

The journey toward a progressive, resilient, and sustainable healthcare system requires bold, forward-thinking initiatives. EABC would like to support the Thai government through collaborations, sharing international experiences, and partnerships to enhance all sustainable solutions for better and seamless access of innovative medicines, medical devices, self-care medications, and digital health.

This Chapter aims to underscore some of the key points that need to be unlocked to enhance Thailand's health and economic resilience and enable Thailand's opportunities and competitiveness to become an innovation-led economy and a true leader in healthcare provision.

A. IMPROVING HEALTH SECURITY AND STABILITY THROUGH SUSTAINABLE HEALTHCARE FINANCING

Sustainable healthcare financing is vital for managing rising costs due to aging populations and, rising of chronic diseases. A multi-stakeholder approach, including public and private efforts, is essential for creating long-term solutions and optimising the benefits of technological advancement.

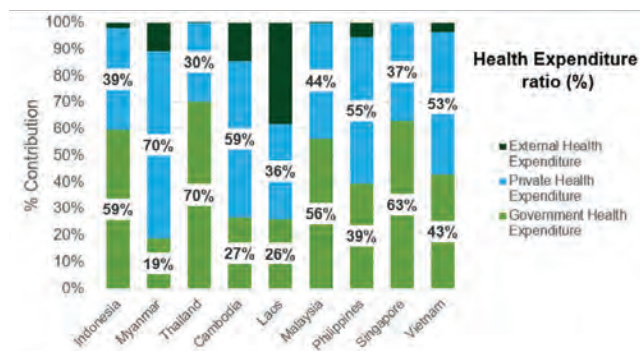


Figure 1: Health Expenditure Ratio (%) in SEA countries

Having adequate and sustainable healthcare financing is one of the keys enabling factors to ensure a greater chance of success in innovation development as a key engine to drive the country's economy, due to the market environment. Currently, the Thai health system relies heavily on public funding with around 70% of total health expenditure contributed from public sources, the highest in Southeast Asia (Figure 1). It is important that the government make sure that there are appropriate and adequate sources of funding since increasing chronic diseases and life expectancies associated with an aging population tend to drive overall healthcare expenditures up. This will also ensure sustainable access to healthcare, treatment outcomes and quality of life for patients, which require public and private efforts to provide alternative and collaborative solutions in the long term.

EABC has experienced similar challenges in the other government agencies including in the European countries. We would like to highlight some of the solutions which could support Thailand's development of sustainable healthcare financing. These are public-private collaboration on financial risk-sharing, supplementary private health insurance, as well as promoting self-care policy as the contributing solution to promote sustainable healthcare financing. This could support the sustainable health system development to enhance patient access for pharmaceuticals and medical devices and efficient government budget management.

(1) Public-Private Collaboration through Financial Risk-Sharing

Risk-sharing/ Managed-Entry Agreements through Public-Private Collaboration has been experienced in many

countries and could be one of the key elements to ensure sustainable healthcare investment as an alternative/ innovative mechanism that the private companies share the financial risks at the national level with the government on patient treatment costs. This can promote patient access, as well as the government budget can be predictable and manageable to achieve superior health outcomes at the same or reasonable incremental costs. An example and key points on value for budget management through Risk-sharing Agreement/ Managed-Entry Agreement Models could be highlighted below.

- (i) Enabling the introduction of new and advanced medicines into the reimbursement system in a controlled way
- (ii) Improving patients' access to necessary medicines and other health technologies timely
- (iii) Enhancing financial sustainability of the reimbursement system through predictable incremental budget and potential direct saving
- (iv) Providing a flexible mechanism to support future pricing and reimbursement policy

From international experience, Risk-sharing/ Managed-Entry Agreements can be classified under two major types: financial-based agreements and performance-based agreements. These agreements would be established as confidential agreements with data registry to enhance transparency and facilitate monitoring of the agreements.

In Thai contexts, there has been partial adoption of the principle of the risk-sharing/managed-entry agreement in the public healthcare reimbursement schemes for Universal Health Coverage (UHC), National List of Essential Medicines (NLEM), and a Civil Servant Medical Benefit

Scheme (CSMBS) principally on the Oncology Prior Authorisation (OCPA). Previous examples implemented the capitation model in which the companies shared the financial risk by providing medicines, free of charge, to patients according to the agreed capitation threshold. However, there were limitations for this type of partial risk-sharing agreement, especially in the reconciliation and administration of the medicine between the payer, hospitals, companies, and patients.

If we aim to enhance the utilisation of risk-sharing/managed-entry agreements in Thailand to cover broader scopes of models similar to other countries, i.e. rebate and refund models, it will require consideration and justification of the legal feasibility to ensure compliance, transparency, and monitoring.

Recommendations:

EABC would like to support and collaborate on the development of a 'risk-sharing' framework and proposed key requirements and registry for consideration in an establishment to benefit patients and government management:

1. Policy and regulations related to procurement and reimbursement to enable 'risk-sharing' reimbursement for patient access as proposals.
2. Explore feasibility in the establishment of a confidentiality agreement for risk-sharing implementation under Thailand contexts.
3. Development of the data registry and system for reconciliation, tracking, and data sharing platform for reimbursement (among payer, hospital, and company).

(2) Supplementary Private Health Insurance

Thailand's healthcare system is 70% publicly funded mainly through general taxation. When compared to the total government budget, government health expenditure accounts for around 18.8% of the total budget. At macroeconomic level, the total health expenditures are currently at 5% of GDP, compared to the global benchmarks in developed healthcare systems at 10%. This shows that the reliance on public spending is unsustainable and creates challenges in expanding healthcare services without overburdening the government's budget.

Supplementary private health insurance can enable a dual funding approach, reducing the constraint and dependence on merely public funds, and providing alternative funding sources. In principle, supplementary private health insurance can be applied as the topped-up values to the public healthcare schemes which will enable the additional benefits to patients. This model, as experienced in other countries, can lead to several benefits.

- (i) Improved health system resilience with an integrated funding model through public-private cost-sharing mechanisms capable of adapting to economic fluctuations and increasing healthcare demands.
- (ii) Enhanced healthcare access in which individuals with voluntary supplementary private health insurance can benefit from broadened access to standard of care, thereby improving overall healthcare quality and availability.

- (iii) Potential budget relief for the government by sharing healthcare costs with private insurers. When necessary, the government can reallocate resources to other critical areas, especially in emergency situations.
- (iv) In the case of mandatory supplementary health insurance (referred as social health insurance or Bismarck model), this will create a significant alternative source of funding for the health system while ensuring sufficient risk pooling, minimising adverse selection, and lower the pre-paid insurance premium and household burden. However, the challenge of how to ensure vulnerable groups who cannot afford insurance must be addressed.

Recommendations:

EABC urges policymakers, insurers, and stakeholders to collaborate on this transformative initiative. EABC stands ready to support discussions, provide technical expertise, and facilitate partnerships to drive this vision forward. For effective integration of supplementary private health insurance to Thailand's healthcare system, the following factors should be considered:

1. Establishment of regulatory framework

- Establish clear policies ensuring seamless collaborations between public and private health insurers.
- Develop legal mandates for supplementary private health insurance to complement public schemes without duplicating benefits.
- Address barriers such as regulatory delays and encourage innovation in public health insurance offerings.

2. Development of benefit packages and premium design

- Tailor benefit packages to cover innovative treatments and allow more access to non-reimbursable or inaccessible medications and medical procedures to fill unmet medical needs and enhance the quality of treatments.
- Ensure affordability through risk-pooling mechanisms and tiered premium options based on income brackets.

3. Mitigation of adverse selection

- Implement measures such as mandatory private health insurance enrollment for high-income groups and incentivised voluntary enrollment for others.
- Utilise data analytics to monitor and manage risk distribution.

4. Facilitation of incentive structures

- Offer additional tax deductions as an incentive to encourage uptake.
- Engage employers in co-financing private health insurance for employees, fostering a shared responsibility model.

5. Data integration and relevant technology

- Establish a centralised health data registry, linking public and private insurers with patient claims and medical records.
- Leverage established platforms such as Healthlink or iNet to enable efficient claims processing and reduce fraud.

(3) Enabling Self-Care Policy and Incentivisation

Promoting self-care, defined by the World Health Organisation (WHO) as individuals managing their health independently, can enhance efficiency in healthcare systems. Self-care supports universal health coverage, reduces hospital burdens, and empowers communities. It also offers economic benefits, such as cost savings and increased productivity, while fostering health literacy and digital innovation. For Thailand, self-care policies can address healthcare access for aging and rural populations.

Experienced in other countries, digital health tools, e-pharmacy systems, and tax incentives for OTC drugs can support sustainable selfcare frameworks. Besides, holistic approach to enable selfcare for sustainable health system will require policy endorsement to support transformation with collaboration between sectors that can lead to innovative, resilient healthcare systems. EABC is ready to contribute expertise for Thailand's selfcare development.

Recommendations:

1. Modernise regulations for self-care medicines through simplification and enabling switching or reclassification, establish secured e-pharmacy systems, and integrate digital health tools to improve healthcare accessibility and empower self-care practices.
2. Improve public health literacy through education and digital tools i.e. e-labelling and health education.

3. Introduce tax incentives to encourage and empower people on self-care practices which can optimise resources in the health system, and foster community engagement.

B. PROMOTING EASE OF DOING BUSINESS TO ATTRACT INVESTMENT AND STRENGTHEN THAILAND'S COMPETITIVENESS

(1) Regulatory and Reimbursement Improvement to Enhance Business Promotion and Accelerate Patient Access

Regulatory Reform with improvement in registration and approval timeline can facilitate business operations and competitiveness. Whilst this development supports the policy agenda of 'Medical Hub' by enhancing the regulatory environment to promote ease of doing business and investment climate. The regulatory efficiency and regulatory resource optimisation could be achieved through a risk-based assessment approach to streamline regulatory framework and requirements. One example could be illustrated through simplified registration for self-care medicines, in which the regulatory requirements could be assessed based on the product risks which could result in reducing dossiers or simplifying evaluation procedures. This would enhance the business climate to attract more investment in the self-care area that can enable more choices for individuals and encourage a better health system.

Market environment and ecosystem to promote access to innovation is another key enabling factor for innovation, attracting investment, especially in the procedures for reimbursement at the national level and specific healthcare scheme, which if improved for clarity, consistent enforcement, and transparency, will support the investment promotion and support patients.

Thailand has a multi-tiered health system with multiple healthcare reimbursement schemes. However, only the Civil Servant Medical Benefit Scheme (CSMBS) allowed the reimbursement of any innovative medicines immediately after being granted marketing authorisation. In an effort to control costs, the policy related to the restriction of usage of innovative and high-cost medicines was introduced requiring any innovative and high-cost medicines registered after the 1st of January 2018 to be assessed before being eligible for CSMBS reimbursement. This delayed the introduction of innovative medicines into the CSMBS by at least 2 years and significantly impacted patients' health outcomes and timely access of necessary medicines. This would strongly require alternative financing models and continual dialogues between the payer and private sector to ensure process and selection criteria can support timely access to medicines according to the medical needs of patients.

Cost containment policy could result in pricing control, such as the Maximum Procurement Price (MPP) and Fee Schedule. Predictability, transparency, and stakeholder participation in the development and implementation of such policies will create a market dynamic that promotes investment to bring in more innovation, clinical research, knowledge, and technology transfers by the pharmaceutical companies.

Recommendations:

1. Improve regulatory efficiency through the encouragement of regulatory framework and requirements according to a risk-based approach including simplified registration for self-care medicines.
2. Continual dialogues to develop alternative financing models, reimbursement evaluation procedures and criteria for high-cost-care innovative medicines, with due consideration for the value of innovation to therapeutic outcomes and clinical needs.
3. Create a positive market dynamic to promote investment to bring in more innovation, clinical research, knowledge, and technology transfers by developing and implementing cost containment and reimbursement policies that are predictable, transparent, and with active stakeholder participation.

(2) Enhancing Innovation Ecosystem and Intellectual Property

An innovative economy can help Thailand overcome the middle-income trap and achieve sustainable growth. To align with the government's agenda in driving research and development and innovation-driven industries, Thailand must establish an efficient intellectual property ecosystem through streamlined patent registration and its enforcement. Patent registration in Thailand is lengthy and poses uncertainty for business operations. Patent delays create investment risks, increase infringement potential, and hinder incremental innovation, an area crucial for Thai innovators. The average patent pendency time for Thailand is around double compared to US,

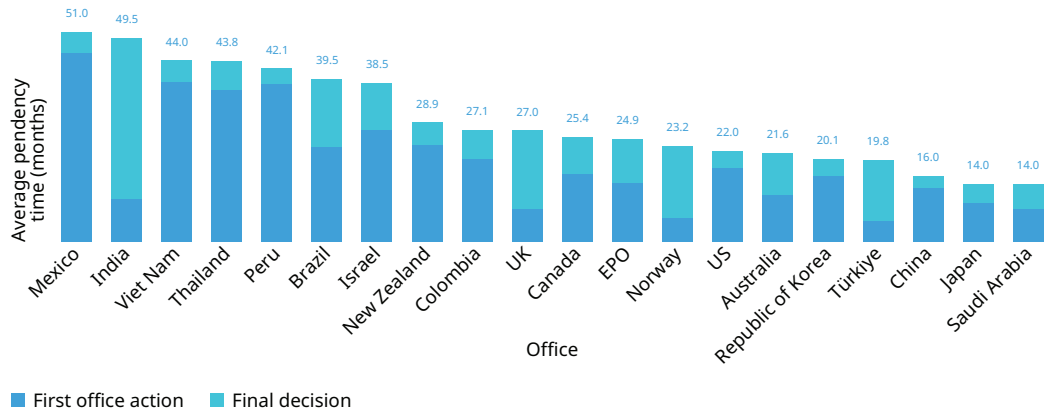


Figure 2: Average pendencytime (months)

European Union, Australia, and Korea (Figure 2) with low numbers of patent examiners compared to other countries (Figure 3). This would require the mechanisms to ensure the effectiveness of patent protection and fair treatment for investors with a significant reform in the patent registration process, protection and enforcement which is vital to attract investment and advance Thailand towards an innovative economy.

Since the Department of Intellectual Property recently introduced the new draft of the Patent Act amendment in 2018, which is under proposal for cabinet consideration, EABC would like to strongly support the streamline of patent registration process that focuses on the examination bottleneck; especially on substantive examination phase and compulsory licensing that should remain aligned with international standards, considering the following.

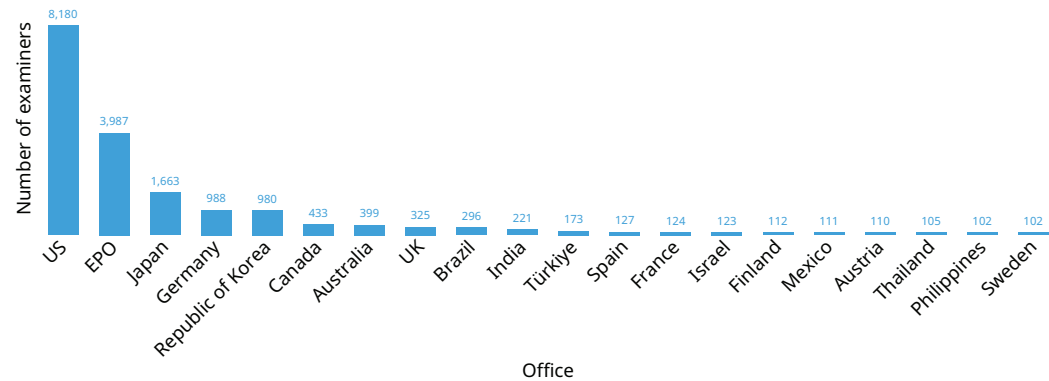


Figure 3: Number of examiners

(a) Change of the patent opposition system from pre-grant opposition to post-grant opposition: EABC supports the legislative amendment towards the post-grant opposition, in which the opposition process would occur only after the officially granting of patent approval, this can avoid unnecessary delay in application review and enhance efficiency to promote innovation. Practically, the result of post-grant opposition should be optional, either to retain the granting status of patent, or to amend the opposed patent under the approved claims, or to revoke the granting status.

(b) Exercising the compulsory licensing in accordance with international rules, and only in exceptional circumstances and as a last resort: Decisions should be made through fair and transparent processes that involve participation by all stakeholders and consider all relevant facts and options.

(c) Effective patent protection and enforcement: EABC supports the establishment of a patent term restoration or adjustment in the national law, to address unreasonable patent examination delays. Patent term restoration or adjustment has been established in the international legal framework regarding unreasonable delay in patent registration exceeding the standard patent registration timeframe, which would redress the impingement on the patent rights of affected patent applicants for lost time and investment. The term 'extension' has been seen and distorted as somewhat of a scheme, biased towards monopolisation, in which de facto is prejudiced to those investing and working in research and development. The term 'restoration' better illustrates the concept.

(d) Regulatory data protection: data exclusivity, in compliance with the WTO TRIPS agreement, Article 39, is necessary to provide a measure of certainty to the innovator that they will be provided with a period of protection for their efforts of testing a drug and ensuring its safety and effectiveness for patients. Patents are an important form of intellectual property but are not themselves necessarily sufficient to create the favorable environment needed to support the development of medical advances. Data exclusivity is not an extension of patent rights, and it does not prevent the introduction of generic versions of the innovative drug during the data exclusivity period, if the marketing approval of the generic version does not use or rely upon the innovator's test data.

Recommendations:

1. Align the amended Patent Law with international standards and practices enables efficient registration and protection for increased technology transfer and investment.
2. Recommend to increase the number of competent patent examiners in particular in the fields of chemical, medical device, and pharmaceutical research to speed up the review process.
3. Adopt patent term restoration and data exclusivity to create a holistic framework enticing innovation in the long term.

(3) Level Playing Field in Government Procurement

Under the current circumstances of the national government procurement, preferential treatment has been granted to its state-owned pharmaceutical enterprises. It is observed that state-owned pharmaceutical enterprises can benefit privileges that other privately-owned domestic and foreign companies could not receive, since the government procurement regulation allows the state-owned enterprise, specifically the Government Pharmaceutical Organisation (GPO), strong preferences and price advantages that the hospitals need to purchase medicines exclusively from the GPO. This practice distorts the market mechanisms of the public healthcare and pharmaceutical market. Therefore, EABC would like to propose that a level playing field should be exercised with open competition, in order to best serve consumers and patients. Any preferential treatment for state-owned pharmaceutical companies or national companies should be eliminated. It is essential that legislation in procurement must be reviewed for further liberalisation to allow competition on an equal basis.

Recommendations:

1. Level playing field in government procurement by removing local and government preferential treatment.
2. Encourage Thai government in consideration on accession to the Agreement on Government Procurement (GPA) under the WTO framework which Thailand has been an observer to the GPA since 2015. This will bring the advantage to the country as the benefit of GPA members and good governance in Thai procurement system.

C. ENHANCING SEAMLESS PATIENT ACCESS FROM ANYWHERE AND ENSURING CONSUMER PROTECTION

(1) Establishment of Regulatory Framework to Facilitate E-Pharmacy

E-Pharmacy allows patients to receive medical consultations with pharmacists via online platforms, receive dispensed medicines at home which supports patients in access to essential medicines, and additionally help reduce overcrowding in hospitals. It can additionally help to solve the problems of illegal selling of medicines and counterfeit medicines through online channels since patients and consumers can have access to official e-pharmacies endorsed by the competent authorities. The European Union, Australia, Switzerland, Singapore, and Philippines, for example, have legalised e-pharmacy. There are certain requirements which pharmacies must comply in order to be able to proceed with prescriptions from physicians or patients online, dispense prescription-only medicines, and handle home delivery to patients.

Establishing E-Pharmacy in Thailand would require the development of relevant laws and regulations, to allow official registration and legalisation of e-pharmacy with specific requirements or guidelines to ensure patient safety, privacy, and delivery of quality medicines to the patients. The current physical pharmacy stores which have been qualified under Thai Good Pharmacy Practice Guideline could potentially be certified as e-pharmacy in addition if they could comply with certain laws, regulations, and guidelines similar to those implemented by other countries.

EABC supports the establishment of a properly regulated system of E-Pharmacy and would be pleased to share international practices to benefit the E-Pharmacy development in Thailand.

Recommendations:

1. Establish regulatory framework to enable legalised E-Pharmacy and facilitate patient care, drug dispensing and delivery remotely
2. Strengthen digital literacy of consumers to enhance digital outreaching with a good governance

(2) Enforcing Effective Mechanisms to Tackle Counterfeiting and Online Smuggling

Thai Food and Drug Administration's current approach to illicit drugs involves reclassifying medications as 'Special-Controlled Drugs,' which restricts access through pharmacies. EABC supports the Thai FDA's efforts to combat illicit drug use but is concerned about the strategy of reclassifying medications from 'Dangerous Drugs' to 'Special-Controlled Drugs.' While this measure may help regulate access and distribution, it also limits patients' access to essential medications and drives more people to hospitals, causing overcrowding and placing a burden on the healthcare system. Additionally, the rise of smuggling and parallel imports introduces unregulated drugs into the market which increases public health risks. EABC advocates for a more effective approach, including effective law enforcement, regulating parallel imports, and public education to ensure both patient access and public safety.

Recommendations:

1. Strengthen efforts to combat smuggling and parallel imports through enhanced border control and international cooperation.
2. Raise awareness about the dangers of unregulated drugs, promote the use of legitimate medications, and encourage obtaining medications from reliable sources rather than online purchases.

For more information



[EABC Sustainable Healthcare Financing solutions – Risk-Sharing Agreement Proposal](#)



[Executive Summary -EABC Sustainable Health Financing Solutions – Risk-Sharing Agreement Proposal](#)



[EABC Sustainable Healthcare Financing Solutions - Enhancing efficiency in the Existing Health System through Self-Care Policy](#)

Insurance

SUMMARY OF RECOMMENDATIONS

A. Capital and Ownership

1. Remove Foreign Equity Limits – Liberalise the services sector, including financial services, to enhance investment, attract foreign entrants, and improve market standards. Streamline approval processes for increasing foreign shareholdings in insurance companies.
2. Enhance Capitalisation Framework – Align risk-based capital (RBC) requirements with the Solvency II regime to ensure capital adequacy, create a level playing field, and facilitate foreign capital deployment into the Thai insurance market.

B. Products and Pricing

1. Revise Product Approval Process – Allow insurers to develop and launch new products with full accountability for performance, while the regulator should focus on setting guidelines and ensuring compliance and accountability rather than approving products per se.
2. Normalise Health Insurance Repricing – Permit insurers to set pricing for health insurance products without case-by-case approval, following clear pricing guidelines to account for claims experience, medical inflation, and claims behavior.
3. Implement De-tariffication – Develop a plan to abandon tariff-rated products, particularly in motor insurance, and allow pricing based on driver risk factors. Establish a centralised motor claims driver history database to support individual risk pricing and incentivise responsible driving. Consider liberalising premium tariffing and product parameters in life insurance.

C. Other

1. Facilitate Data Sharing – Promote the sharing of customer data, particularly claims experience, across insurers while ensuring data protection, to enable efficient, market-led pricing.
2. Align Tax Regulation – Align tax regulation for insurers with the new IFRS17 accounting framework and discontinue the ‘65Ter’ tax regulation to follow international best practices.

A. INSURANCE SECTOR

The insurance sector contributes significantly to the wellbeing of a nation. This is achieved through the economic activity the sector generates as well as the benefits it brings to society as a whole. The general insurance industry brings value in many different ways but principally by providing methods of transferring risk and providing the peace of mind that individuals and businesses of all sizes seek. The life insurance sector also provides risk transfer and protection in respect of mortality, disability and longevity risks through health, life and pension insurance products. Nations that have well developed insurance industries are able to focus on the economic and social welfare aspects of their population that are not readily insurable knowing that insurable risks are catered for by the insurance industry.

Demographic shifts, including an aging population, rapidly expanding consumer demands and insurance awareness, emerging technology related risks, the potential for digital and AI enablement of product and service delivery, all call for an agile, responsive, innovative and robust insurance sector and regulatory approach.

Representing a cross-section of insurance businesses operating in Thailand, which have in one form or another European influence over them, the EABC Insurance Working Group seeks to engage with the Government to create favourable conditions for investment and sustainable growth in the insurance market in Thailand to help ensure that it is responsive to the population's expanding economic and societal needs.

B. CAPITAL AND OWNERSHIP

(1) Removal of Foreign Equity Limits

The Thailand's economy would benefit significantly from the liberalisation of the services sector, including the financial services sector.

The insurance industry and its consumers would in the long run benefit greatly from the removal of all current foreign ownership restrictions and requirements which will ease the entry of new foreign entrants and raise standards across the whole of the market.

We appreciate the clarification and revisions of the criteria for consideration in respect of an increase in foreign shareholdings in insurance companies made by the Office of the Insurance Commission in 2024, including for increases to over 49% which need to be approved by the Ministry of Finance. Further widening of the criteria and streamlining of the approval process would be welcomed.

Recommendation:

1. Remove restrictions on foreign business ownership generally. Please see the Cross Sectoral Issues Chapter for more information about the Foreign Business Act.

(2) Capitalisation

The implemented RBC (Risk Based Capital) requirements have proven to be an effective measure to ensure the capital adequacy of insurers. It would be desirable to further develop a framework more aligned with the Solvency II regime to which some foreign insurance companies are already subjected on a consolidated basis, which would help create a more level playing field and potentially ease the deployment of foreign capital into the Thai insurance market.

C. PRODUCTS AND PRICING

(1) Product Approval

The OIC's initiatives in recent years to promote product innovation, including sandboxing and file and use, are welcomed, and the file and use approach for simple life insurance products has proved to be effective particularly. It would be helpful if file and use could also be adopted for more complex life products however, such as Participating Life Insurance (PLI) and Investment Linked Products.

For non-life insurance products, the approval process can still be tedious, although insurers appreciate the rigor with which the regulator's staff approach the approval process.

Measures to encourage insurers to 'stand on their own feet' in developing competitive products and pricing offers by taking full accountability for their products' financial performance would be helpful. This would mean the abandonment of requirements for product approval

submissions to the regulator. This approach would see the regulator set the overall standards and product governance and control procedures that insurers must adhere to in developing products and setting prices, with the role of the regulator shifting in focus to ensuring compliance with those standards rather than playing an approval role in the process itself.

Recommendation:

1. EABC would like to see a revision of the product approval process so that insurers are allowed to develop and launch new products with full accountability for the performance of those products, with the role of the regulator restricted to provision of guidelines for insurers to follow when developing products.

(2) Health Insurance Repricing

For the life insurance industry, the constraints around repricing health products present particular challenges. It would be helpful if the regulator could issue clear pricing calculation guidelines for insurers to apply in resetting premium rates to account for claims experience (medical inflation, claims behavior, etc.), but not insisting on approving the updated rates themselves on a case-by-case basis. As in most other major health insurance markets, regular health repricing and premium adjustments need to become normalised in Thailand, as this is a core condition for insurers' ability to offer sustainable and competitive long term health insurance, especially in the context of medical inflation and a highly developed private medical sector. The regulatory environment plays an important role in this normalisation.

Recommendation:

1. EABC would like to see insurers allowed to set pricing for the health insurance business, both new and renewal, without required case-by-case approval by the regulator and within clearly defined rules.

(3) De-tariffication

It would similarly benefit all insurers and consumers if a plan could be established to abandon tariff rated products, particularly in the motor segment, thus allowing for and encouraging pricing to be set more around driver risk factors with the resultant incentives and disincentives for drivers encouraging responsible driving behavior on the road, and thus a reduction in road casualties and fatalities. It would also encourage the adoption of further technological innovations.

In this, the set-up of a centralised Motor claims history file or repository, under the responsibility of the OIC or the TGIA, with the contribution of each non-life company doing Motor business, is highly recommended and would align with the practice in most countries (including Malaysia, Europe or the US). This would allow them to consider the pricing, the claims history of each driver, which is a key individual risk factor.

Also, for the life insurance industry, some liberalization in premium tariffing or other product parameters (e.g. cash value) would be a welcome step forward.

Recommendation:

1. EABC would like to see a roadmap showing further revision and reduction of tariff requirements.

D. OTHER**(1) Data Management**

In order to ensure market led efficient pricing, it is imperative that key data is shared in order that pricing is set on the most relevant and complete data available. This would apply in particular to claims data for motor and health insurance products.

Recommendation:

1. EABC would like to see efforts made to facilitate the sharing of customer data, in particular claims experience, across insurers, subject to data protection requirements.

(2) Tax Regulation

The transition to local IFRS17 in 2025 is welcomed. Furthermore, an alignment of the tax regulations for insurers with the new accounting framework would be welcomed, as this would align with international best practices to align tax and accounting frameworks.

Recommendation:

1. EABC would like to see the alignment of new tax regulation for insurers with accounting basis (i.e. with TFRS17), and to discontinue the '65Ter' tax regulation for insurers.

Intellectual Property Rights (IPR)

SUMMARY OF RECOMMENDATIONS

A. Thailand's Intellectual Property System in the Context of Global Developments

1. Align the IP system with international standards to foster innovation and attract investment.

B. Amending Existing Intellectual Property Laws and Practice to Improve and Streamline IPR Registration Procedures

1. Ensure proper patent protection for the pharmaceutical field by streamlining the patent application process through simplified procedures, reduced bureaucratic delays, and clear guidelines.
2. Align legislative amendments with internationally recognised post-grant opposition systems to prevent indefinite delays.
3. Ensure opposition proceedings occur only after patent issuance, adhering to global standards for maintaining, revising, or revoking patents.
4. Clarify the purpose of public interest in compulsory licensing provisions by adding the term 'non-commercial use.'
5. Remove the exemption in Section 64 of the Draft Patent Act, which allows the Thai government to bypass patent holder consultation for compulsory licensing in export cases, as it conflicts with the TRIPS Agreement and Doha Declaration Paragraph 6 framework.
6. Specify the exact timeframe for submitting divisional applications to ensure clarity and predictability for applicants.
7. Reduce the high rate of preliminary refusals for Madrid System applications in Thailand, which exceeds that of other member countries, to improve alignment with international trademark registration standards.
8. Ensure consistency among trademark examiners by strictly applying Trademark Guidelines, preventing unnecessary amendments for applications with previously accepted specifications.
9. Provide proper training for trademark examiners on the consideration of distinctiveness of the trademarks.
10. Ensure timely appeal decisions so that trademark holders know the registrability of their mark well before it is due for renewal.

C. Improving IP Protection Framework and Enforcement Both Online and Offline

1. Ensure ISP liability exemptions are clear and practical, preventing unnecessary legal and administrative burdens.
2. Introduce a good faith compliance exemption, allowing ISPs that genuinely strive to follow regulations to receive liability protection, creating a fair and balanced approach to IP enforcement.
3. Strengthen stakeholder cooperation through MoUs to combat IPR infringement, keeping them open for new signatories and ongoing improvements.
4. Explore including financial service providers as ISPs to support IPR enforcement while ensuring regulations remain fair and manageable.
5. Implement a cross-platform reporting system and strengthen legal frameworks with stricter penalties to enhance protection against online infringement.
6. Strengthen collaboration between digital platforms, rights holders, and law enforcement through public-private partnerships to streamline enforcement efforts.
7. Provide specialised training for enforcement officers and enhance private-sector cooperation to improve enforcement capabilities.

D. Frontier Technologies including Artificial Intelligence

1. Support AI education and training to build literacy and skills, promoting responsible and ethical use through sound governance and emerging best practices.

E. Thailand Role as a Regional Hub for IP

1. Facilitate regional IP harmonisation, including the establishment of an ASEAN trademark registration system, to streamline cross-border IP protection and enforcement.

F. Plant Variety Protection to Support Thailand's Vision as Global Seed Hub

1. Recognise the UPOV Convention and UPOV 1991 as the best framework for plant variety protection and encourage Thailand's accession to UPOV 1991.
2. Implement key provisions of UPOV 1991 alongside an effective patent protection system to drive innovation in agricultural science and support the development of new and improved plant varieties.
3. Ensure Thai farmers benefit from enhanced seed access while equipping them to respond to environmental and economic challenges in agriculture.

G. Enhancing Innovation Ecosystem and Intellectual Property

1. Expand the number of qualified patent examiners, particularly in chemicals, devices, and pharmaceuticals, to accelerate the patent review process.

H. Border Defence System and Programme

1. Enhance digital transformation in IP enforcement while ensuring strong coordination between customs authorities and intellectual property rights holders to improve efficiency and protection.

A. THAILAND'S INTELLECTUAL PROPERTY SYSTEM IN THE CONTEXT OF GLOBAL DEVELOPMENTS

Thailand's intellectual property (IP) system has evolved significantly in recent years, driven by global trends, technological advancements, and shifting economic dynamics. The rise of AI, post-pandemic consumer behavior changes, and the changing and increasing demands from IP right holders have created new challenges and opportunities for the country's legal and regulatory framework. As Thailand deepens its integration into the global economy, aligning its IP system with international standards is crucial to fostering innovation and attracting investment. EABC recognises both challenges and strategic opportunities in this process and would like to outline key recommendations to strengthen Thailand's IP framework, enhancing its competitiveness in the global innovation landscape.

B. AMENDING EXISTING INTELLECTUAL PROPERTY LAWS AND PRACTICE TO IMPROVE AND STREAMLINE IPR REGISTRATION PROCEDURES

European businesses, as long-standing partners and investors in Thailand, emphasise the importance of aligning the country's IP system with international standards to attract foreign direct investment (FDI) and drive innovation-led economic growth.

While we have seen notable improvements in Thailand's IP landscape in these recent years, especially in the area of trademark registration process, there is still a gap in the patent side. The Department of Intellectual Property (DIP) has made significant strides, particularly through the fast-track program, the use of AI for trademark searches, the recruitment of additional examiners to manage the growing number of registrations, and the amendment of the relevant laws.

These initiatives have resulted in faster registration timelines for trademarks, marking a promising development. For instance, the typical timeframe for trademark registration, which previously took 1.5 - 2 years, has now been reduced to just 6 to 8 months. Similarly, the trademark renewal process, which used to take about a year, can now be completed in only 2 to 3 months. However, the slow progress on the patent side, particularly in the pharmaceutical field, raises significant concerns.

The pharmaceutical industry always faces unique challenges in terms of patentability, complexity, and the need for specialised knowledge when examining pharmaceutical patents. This sector requires a deep understanding of both scientific innovation and legal frameworks, as well as the nuances of emerging technologies in medicine.

The DIP and relevant stakeholders should be aware that the investment in R&D within the pharmaceutical sector is substantial, often involving years of research, clinical trials, and significant financial resources. Without proper patent protection, innovators may be discouraged from advancing the development of new medicines, as they would be vulnerable to imitation or unauthorised use of their discoveries. In the worst-case scenario, the lack of adequate patent protection could result in Thai citizens being denied access to new, potentially life-saving medicines. If inventors face difficulties in securing patent protection in Thailand or experience prolonged delays, they may be reluctant to risk further investment or market their innovations in

Thailand due to concerns over potential patent infringements. This could eventually limit the availability of cutting-edge treatments to the public.

To foster continued innovation in the pharmaceutical industry, as well as in other sectors, DIP should consider implementing additional measures to streamline and expedite the patent application process. This includes simplifying procedures, reducing unnecessary bureaucratic delays, and providing clear guidelines to ensure that pharmaceutical patents, along with patents in other fields, are granted promptly and efficiently. Timely and effective patent protection is essential to safeguard innovators' intellectual property rights, especially in industries like pharmaceuticals, where the development of new medicines requires significant investment of time, effort, and financial resources. By ensuring that patents are granted in a timely manner, the DIP can create a more secure environment for innovation, encouraging further investment in research and development. This, in turn, would accelerate the availability of life-saving medical advancements, benefiting both local and global populations. Moreover, a streamlined patenting process would help Thailand become a more attractive destination for global innovators and investors, fostering economic growth and positioning the country as a leader in innovation-driven sectors.

In recent years, the DIP has made significant strides in amending existing intellectual property laws and practices to improve and streamline IPR registration procedures, while enhancing overall protection. EABC

greatly appreciates these efforts and recognises the positive impact they have on the IP landscape. However, we would like to take this opportunity to raise several concerns regarding certain issues that we believe require further attention and serious actions, which could be outlined below.

(1) Comments on Draft Thai Patent Act

(a) Patent opposition system

A pre-grant opposition system, where objections are raised before the patent is issued, could create unnecessary delays in patent registration. It could prolong the approval process, leaving the applicant in a state of uncertainty for an extended period. Furthermore, it could provide competitors with opportunities to exploit the system by submitting objections with the intention of delaying or disrupting the applicant's ability to secure patent protection. EABC expects that the current legislative amendments should align with internationally recognised **post-grant opposition systems**. This would mean that opposition proceedings would occur only after a patent is issued, avoiding the situation where a patent application approved by the DIP could be delayed indefinitely until opposition proceedings are completed.

However, it is essential that the post-grant opposition process be clearly defined, with well-established timelines for submission, review, and decision-making. This would not only ensure efficiency and predictability but also build greater confidence among innovators and businesses. Furthermore, we recommend that decisions on opposition should be based on three key

aspects, consistent with international standards: (1) maintaining the granted patent, (2) revising the claims (if necessary), and (3) revoking the patent. This framework would help ensure that the opposition process remains fair, transparent, and aligned with the best global practices.

(b) Compulsory licensing

EABC have certain concerns regarding the proposed amendments on compulsory licensing, specifically in the Draft Patent Act, Section 62. We recommend adding the term 'non-commercial use' to clarify the purpose of public interest in the compulsory licensing provisions. This addition would help provide greater clarity regarding the intent of this section and better reflect the spirit of its development.

Additionally, Section 64 of the Draft Patent Act allows the Thai government in exemption to consult on permission of patent holder for compulsory licensing for export in the cases of emergencies in the importing countries or any other urgent circumstances or for the purpose of public interest, non-commercial use. Such a scenario is not permitted under the Trade-Related Aspects of Intellectual Property Rights (TRIPS) and Doha Declaration Paragraph 6 framework, and we would like to propose removing the clause to align with international context.

Further details on our position regarding compulsory licensing can be found in the Healthcare and Pharmaceuticals chapter of this Position Paper.

(c) Divisional applications

Patent applicants should be provided with the flexibility to voluntarily file divisional applications in order to expedite the grant of claims that do not face objections or opposition. While EABC supports the proposed amendments that would allow applicants to file divisional applications, in alignment with international practices, there are certain aspects of the draft legislation that require further clarifications. Specifically, it remains unclear whether applicants will be allowed to file divisional applications more than once for a single patent application. Additionally, the proposed amendments should clearly specify the exact timeframe for submitting divisional applications to ensure clarity and predictability for applicants.

Furthermore, the draft legislation does not address whether, in cases where opposition is filed against only certain claims of an otherwise approved patent application, the applicant may elect to have the non-opposed claims approved through a divisional application. Such an option would be beneficial, as it would allow the applicant to move forward with the uncontested claims without unnecessary delays, while still addressing the opposition for the contested claims.

To improve the overall efficiency and clarity of the patent process, EABC believes these issues should be explicitly addressed in the proposed amendments.

Additionally, as mentioned above and in further detail in the Healthcare and Pharmaceuticals chapter of this Position Paper, the patent backlog is a significant concern for innovation-driven companies seeking

protection in Thailand. EABC strongly urges the Thai government to ensure that the amendments to the Thai Patent Act effectively achieve their intended goals of streamlining patent registration procedures and facilitating efficient and timely patent protection.

(2) Comments on Trademark Examination Practices

(a) Formality objections

While EABC has observed notable improvements in Thailand's IP landscape, particularly in the trademark registration process as mentioned above, there are still several areas where DIP can improve. For example, applications filed under the Madrid System have a much higher rate of preliminary refusals compared to other member countries of the international trademark registration system. There is also frequent inconsistency among Thai trademark examiners, which leads to situations where applicants are required to amend their applications, even when earlier applications with the same specifications were accepted. The introduction of Trademark Guidelines should help address these issues, provided that the examiner applies the guidelines consistently and strictly.

(b) Distinctiveness

In addition, the number of trademark objections based on a lack of distinctiveness in Thailand is notably higher compared to other countries. EABC emphasises the need for trademark examiners to adopt a more flexible approach, particularly when the same trademark application has been accepted for registration in other

countries with similar substantive examination systems. This flexibility would help align Thailand's IP system with global practices, ensuring fairness and consistency in the registration process. Moreover, it is crucial that trademark examiners receive proper training, particularly to help them differentiate between 'suggestive marks'—which should be registrable—and 'descriptive marks', which generally should not be accepted unless they have acquired distinctiveness through secondary meaning. A proper understanding of this distinction is vital to ensuring that legitimate trademarks are not unjustly rejected.

(c) Timeline for trademark appeal

Currently, the examination timeframe for trademark appeals averages between 4 to 5 years, with a growing trend toward even longer delays. In some cases, trademark holders may not receive a decision on their appeal for up to 7 years, despite the fact that the trademark protection term is only 10 years. In simple terms, applicants may only learn whether their trademark is registrable and protected when the mark is due for renewal.

(3) Draft Amendment to the Copyright Act B.E. 2537 (1994) (Copyright Act)

On April 26, 2024, the Minister of Commerce proposed the draft amendment to the Copyright Act to the Cabinet for approval in principle. The proposed amendments aim to support Thailand's accession to the WIPO Performances and Phonograms Treaty

(WPPT), as well as to ensure that the law aligns with the evolving economic and social landscape. Thailand has an obligation to become a party to the WPPT under the Regional Comprehensive Economic Partnership (RCEP), a significant trade agreement covering approximately 30% of the world's GDP, comprising the 10 ASEAN member states and 5 key trading partners. Participation in RCEP presents substantial economic and trade benefits for Thailand.

Furthermore, amending the Copyright Act to comply with the WPPT provides an excellent opportunity to enhance the protection of Thai performers, enabling them to reap the benefits of their performances. This amendment will also promote business and investment in the performance and sound recording sectors, enhancing the competitiveness of Thailand's entertainment industry in the global market. The status at Position Paper publication time of the changes is that the proposed amendments are still in the legislative process.

The DIP has also moved forward with draft Copyright Collection Act. Currently, Thailand has numerous copyright collection organisations, with each organisation following different standards for copyright fee collection management. This creates difficulties and confusion for business operators seeking permission to use musical works. EABC hope the revised law will help expedite solutions and resolve the uncertain copyright collection issues, making copyright fee collection more efficient and aligned with international practices.

C. THAILAND'S INTELLECTUAL PROPERTY SYSTEM IN THE CONTEXT OF GLOBAL DEVELOPMENTS

(1) Comments on Current Thai Copyright Act: Intermediary Service Providers (ISPs) and Safe Harbours

Notably, the current Copyright Act establishes a clearer exemption framework for ISPs that adhere to the required compliance measures, in line with global norms including EU legislation and with the earlier-amended Computer Crimes Act. It also provides a more precise definition of different types of ISPs, helping to clarify their legal responsibilities and the extent of their liability protections. However, the practical application of these liability exemptions remains uncertain in some cases. The introduction of additional conditions for ISPs to qualify for safe harbor protections raises evidentiary challenges, which could become burdensome for certain providers. Industry stakeholders have expressed concerns that the cumulative conditions may impose excessive legal and administrative requirements on ISPs. Furthermore, the burden of proof in demonstrating compliance with exemption criteria falls on the ISPs themselves.

To address these challenges, EABC previously proposed the introduction of a **good faith, substantial compliance** exemption. Under this approach, even if an ISP does not meet every formal requirement of an exemption, courts or relevant tribunals could assess whether the ISP has made a genuine and substantive effort to comply. If such good faith compliance is demonstrated, the ISP could still benefit from liability protections.

EABC believes this approach would provide a more balanced legal framework, ensuring both effective IP enforcement and a fair regulatory environment for ISPs.

(2) IPR Infringement on Digital Platforms

(a) MOUs on cooperation for suppression and prevention of online IPR infringement

In January 2021, the DIP signed a memorandum of understanding (MoU) on **protection of IPR on the internet** with various brand owners, IP law firms, e-commerce platform owners, and also integrates collaboration with the Department of Business Development (DBD) and the Department of International Trade Promotion (DITP) which play vital roles in online trade promotion. EABC is also a signatory. Without prejudice to legal rights, the MoU provides a coordination platform to support online takedown or law enforcement actions. Under the MoU, the DIP also plays a very helpful role as an intermediary between the platform owners and IP owners, particularly in cases where the former is restricted by personal data privacy law.

A second MoU, signed later in January 2022, focuses specifically on **online advertising and IPR infringement**. This agreement builds on the first MoU's objectives and creates a framework to address the advertisement of infringing goods and services online. It further enhances cooperation between IPR owners, advertisers, and relevant associations, with the DIP playing a central role in facilitating the removal of infringing ads. The second MoU aims to discourage the promotion of

IPR-infringing products through online advertising by ensuring that advertisers, platform owners, and IPR holders can work together to resolve such issues effectively.

The MoUs should be effective in strengthening co-operation amongst stakeholders in the fight against intellectual property infringement on digital platforms. The MoUs will remain open for further signatories; there are recommendations to enhance the MoU.

(b) Roles of intermediary service providers in context

Easy access to counterfeit products on an online selling platform is potentially damaging to IPR owners if misused. We trust that signing of both MOUs is an important milestone in strengthening Thailand's IP protection and enforcement system which will help ensure appropriate environment for the growth of online trading. EABC encourages more ISPs to join the MOUs. We recommend an exploration of including financial service providers as ISPs which can play a role in preventing IPR infringement. Any regulation should be avoiding burdensome regulatory overhead for financial intermediaries; all parties need to be encouraged to play a role.

(c) Holistic approach to tackle counterfeiting

Addressing counterfeiting in the digital age requires a comprehensive and adaptive approach that combines traditional enforcement methods with modern technologies. While previous recommendations have laid the foundation for combating counterfeit goods, it is essential to intensify efforts to address the challenges posed by online platforms.

Recommendations:

1. Governments and industry stakeholders should leverage advanced tools such as AI-powered content monitoring to detect and remove counterfeit listings. Advanced authentication systems can also be employed to ensure the traceability and authenticity of products.
2. Cooperation between digital platforms, rights holders, and law enforcement agencies is critical. Public-private partnerships can help establish shared responsibilities and streamline efforts to reduce counterfeit goods.
3. Governments should prioritise training enforcement officers to better understand digital environments and monitor online platforms effectively. This capacity-building effort should be complemented by close collaboration with the private sector, including rights holders and technology experts, to enhance enforcement capabilities.

Joint initiatives, such as co-hosted training sessions, workshops, and knowledge-sharing programs, can equip enforcement officers with the tools and skills needed to combat IPR infringements in the digital space. The private sector, specifically platform owners, can contribute expertise in emerging technologies, such as AI-driven monitoring systems, while government agencies can provide legal and enforcement frameworks to ensure robust action against offenders.

This collaborative approach would not only improve enforcement efficiency but also foster stronger partnerships between public and private stakeholders,

ultimately creating a more unified and effective response to the rising challenges of IPR infringement on digital platforms.

These efforts will enhance the detection, prevention, and elimination of counterfeit products online while reducing the financial and reputational impacts of IPR infringement.

(d) Strengthening enforcement against IPR infringement on online platforms

The proliferation of counterfeit goods online, particularly cigarettes and e-cigarettes, highlights the urgent need to strengthen enforcement mechanisms. Despite existing measures, such as takedown procedures and reporting systems, enforcement remains inadequate to combat the growing scale of IPR infringement on social media platforms which are used as on-line marketplaces.

Recommendations:

1. Digital platforms must be required to adopt proactive measures to identify and remove counterfeit listings automatically. This can include investing in AI tools that scan and flag suspicious posts in real time.
2. Governments should introduce regulations mandating online platforms to take greater responsibility for counterfeit goods sold on their sites. These frameworks should include significant penalties for non-compliance.

3. Strengthen measures such as anti-money laundering initiatives and targeted raids can help disrupt the financial networks supporting illicit trade. These actions can complement online efforts, ensuring a comprehensive approach to tackling IPR violations.

4. Implement Data-Driven Insights according to a tobacco industry survey, over 1,000 posts per month were identified promoting counterfeit cigarettes. Similar trends have been observed for other goods of listings appearing on social media platforms. These figures underscore the urgency of addressing the issue.

Below are three key additional solutions that can serve as immediate measures to strengthen enforcement.

(i) **Establish a specialised task force for digital IPR enforcement**

Forming a dedicated task force will enhance collaboration among digital platforms, law enforcement agencies, and businesses, ensuring a unified approach to combating online IPR infringements. This task force would serve as a centralised entity to coordinate efforts, share intelligence, and develop best practices for identifying and mitigating intellectual property violations in the digital space. By leveraging the combined expertise of public and private sectors, the task force can implement more effective strategies to protect intellectual property rights online.

This task force would serve as a centralised entity to coordinate and streamline enforcement efforts across platforms, industries, and jurisdictions.

The task force would focus on the following:

- Brought together representatives from digital platforms, rights holders, and law enforcement agencies to create a unified approach to detecting and removing counterfeit goods.
- Developed a transparent, cross-platform reporting and monitoring system to improve accountability and efficiency. This system should enable users to report counterfeit goods easily and allow for data sharing among stakeholders.
- Updated the existing legal frameworks to address the dynamic nature of online platforms. This should include stronger penalties for IPR violations and non-compliant platforms.
- Raised awareness for consumers about the risks of purchasing counterfeit goods online and promoting the importance of choosing legitimate products.

The task force would also rely on data-driven insights, including the targeted number of counterfeit product listings which should be detected annually, to monitor trends and adjust strategies accordingly.

Establishing such a task force would provide a much-needed centralised and strategic response to IPR infringements in the digital realm, fostering better collaboration, transparency, and accountability among all stakeholders involved.

(ii) **Develop a cross-platform reporting system**

Implementing a comprehensive reporting mechanism across digital platforms will improve transparency and accountability, enabling efficient detection and removal of infringing content. This system would allow rights holders and consumers to report suspected IPR violations easily, facilitating swift action by platform operators and enforcement agencies. A standardised reporting framework would streamline processes, reduce response times, and ensure consistent handling of infringement cases across various platforms.

(iii) **Update legal frameworks with stronger penalties**

Revising existing laws to address the evolving nature of digital platforms is crucial. Incorporating stricter penalties for IPR violations will deter potential infringers. Legal frameworks should be adapted to hold online platforms accountable for the sale of counterfeit goods, requiring them to implement proactive measures against infringement. Enhanced penalties for non-compliance would serve as a significant deterrent, encouraging platforms to prioritise the protection of intellectual property rights and invest in robust enforcement mechanisms.

D. FRONTIER TECHNOLOGIES INCLUDING ARTIFICIAL INTELLIGENCE

So-called ‘Frontier Technologies’¹, including Artificial Intelligence, can be a great boon to innovation, efficiency and effectiveness. However, just as with easy

¹ World Intellectual Property Organisation (WIPO), “Frontier Technologies,” WIPO, https://www.wipo.int/about-ip/en/frontier_technologies/.

access to creative tools on social media, IPR violations can occur with misuse of AI. Aspects which are relevant to IPR issues include: (1) input of sources of training data (2) the AI system or platform itself (3) outputs (using AI to create works) and the adequacy of the IP system to protect against misuse.

The world has largely aligned on AI Governance, with guidelines and rules such as ethical/trustworthy AI, ‘do no harm’, ‘human in charge’ (not just human in the loop), AI literacy/competence, vetting major projects before use and respecting IPRs. Probably the most widely supported single set of rules and principles appears in the Hiroshima Process.²

There is only one major hard law (EU AI Act) which has not been taken up as a leading policy precedent (unlike for example the GDPR). Other existing laws on paper at least protect against deepfakes but can be ineffectual.

EABC has confidence in the Thai government’s approach supporting and developing AI Governance through ETDA’s AI Governance Centre (AIGC). EABC will continue to participate with DIP and other agencies in the development of appropriate protection for IPR.

For additional information regarding AI, please refer to the Digital Economy/ICT chapter.

² European Commission, “Hiroshima Process: International Guiding Principles for Advanced AI System,” *Digital Strategy*, <https://digital-strategy.ec.europa.eu/en/library/hiroshima-process-international-guiding-principles-advanced-ai-system>.

Recommendations:

1. Continue to work with the development of AI Governance to include addressing issues related to IPR protection.
2. Support education and training for all in AI literacy and skills, based on sound governance and evolving norms.

E. THAILAND ROLE AS A REGIONAL HUB FOR IPR

EABC strongly supports Thailand’s ambitious goal of becoming a leader in IP within the ASEAN region. This vision aligns seamlessly with the broader objectives outlined in the ASEAN Intellectual Property Rights (IPR) Action Plan 2016-2025, which sets forth key strategic goals and initiatives aimed at transforming ASEAN into a hub for innovation and competitiveness. The plan emphasises the role of IP as a fundamental driver for economic growth, technological advancement, and regional integration, underscoring its significance in shaping a robust and dynamic IP ecosystem.

In 2020, the ASEAN Working Group on Intellectual Property Cooperation (AWGIPC), comprising the IP offices from all 10 ASEAN member states, conducted a Mid-Term Review (MTR) of the ASEAN IPR Action Plan 2016-2025. This review led to the development of the ASEAN IPR Action Plan 2016-2025 v2.0, which introduced updated deliverables, refined existing initiatives, and removed those that were no longer viable or relevant. The revised version reflects the region’s evolving IP landscape, addressing emerging challenges and opportunities in a rapidly changing

global environment. These updates are critical as ASEAN continues to adapt to the demands of a digital economy, the growth of e-commerce, and the need for enhanced IP protection and enforcement. As part of ongoing efforts to strengthen regional cooperation, ASEAN is also conducting feasibility studies on the creation of a common ASEAN IP system. This includes initiatives such as the establishment of an ASEAN trademark registration system, which would significantly enhance regional IP harmonisation. These studies aim to streamline IP protection, making it easier for businesses to safeguard their IP across multiple ASEAN countries. Numerous activities, such as workshops, seminars, and collaborative projects, have been successfully carried out to advance these goals, with more expected in 2024 and 2025.

In alignment with these positive developments, EABC continues to collaborate with the IP Key South-East Asia (SEA) project, which is funded by the European Union (EU) and implemented by the European Union Intellectual Property Office (EUIPO). The project's primary objective is to strengthen IP rights protection and enforcement across Southeast Asia. In 2024 and beyond, this partnership will involve a series of activities aimed at enhancing the technical capacity of IP offices, facilitating the exchange of best practices, and raising the standard of IP protection and enforcement. These efforts are crucial for ensuring a fair and competitive IP environment and fostering greater respect for IP rights across the region.

EABC's continued representation of the South-East Asia IP SME Helpdesk in Thailand underscores its dedication to supporting European SMEs in Southeast Asia, helping them secure and enforce their intellectual property rights. This initiative is crucial for navigating the complexities of the region's IP landscape and strengthening the international competitiveness of these SMEs. EABC's work aligns with the broader goal of fostering innovation and IP protection in the ASEAN market, which is integral to supporting economic growth in the region.

EABC's active engagement in these initiatives underscores our commitment to advancing IP protection and enforcement across Southeast Asia. Through these collaborative efforts, Thailand and the ASEAN region are well-positioned to continue their journey toward becoming global leaders in IP innovation, protection, and enforcement. The progress made in 2024 and the expected developments in 2025 will serve to further solidify ASEAN's position as a dynamic and competitive force in the global IP landscape.

F. PLANT VARIETY PROTECTION TO SUPPORT THAILAND'S VISION AS GLOBAL SEED HUB

Thailand government has the vision to bring Thailand as the tropical seed hub for export. Due to the continuous evolution of new pests and diseases as well as changes in climatic conditions and users' needs,

there is a continuous demand by farmers/growers of new plant varieties and development by breeders of such new plant varieties. New varieties of plants with features such as improved yield, resistance to plant pests and diseases, salt and drought tolerance, or better adaptation to climatic stress are key elements in increasing productivity and product quality in agriculture, horticulture, and forestry, whilst minimising the pressure on the natural environment. Strong and effective Intellectual Property (IP) protection encourages further breeding and research that will be required to meet our increasing food, feed, nutrition, and fuel needs, whilst preserving the planet.

Recommendations:

1. Recognise the UPOV Convention and UPOV 1991 as the best framework for plant variety protection and encourage Thailand's accession to UPOV 1991.
2. Implement key provisions of UPOV 1991 alongside an effective patent protection system to drive innovation in agricultural science and support the development of new and improved plant varieties.
3. Ensure Thai farmers benefit from enhanced seed access while equipping them to respond to environmental and economic challenges in agriculture.

G. ENHANCING INNOVATION ECOSYSTEM AND INTELLECTUAL PROPERTY

As mentioned in the Healthcare and Pharmaceuticals chapter of this Position Paper, to overcome the middle-income trap and foster sustainable growth, Thailand

must enhance its IP ecosystem, particularly by streamlining patent processes. Delays in patent registration pose investment risks, increase infringement potential, and hinder innovation, which is critical for Thai industries. An efficient, clear patent system is key to defining patentable subjects, fostering innovation, and supporting economic growth. EABC strongly supports the streamlining of the patent examination process and the alignment of compulsory licensing with international standards. Key recommendations include transitioning to post-grant opposition to improve efficiency, ensuring compulsory licensing is exercised under exceptional circumstances, introducing patent term restoration to address examination delays, and implementing exclusivity data in line with WTO TRIPS standards. Additionally, expanding the number of qualified patent examiners, especially in fields like chemicals, devices, and pharmaceuticals, will expedite the review process. These reforms will attract investment, boost technology transfer, and create a favourable environment for innovation.

H. BORDER DEFENCE SYSTEM AND PROGRAMME

Customs function has an ancient origin that emerged around late BC and early AD. Since its inception, border control became a common administrative measure adopted to regulate the flow of goods in and out of a country. The original function of Customs mostly focusses on duties collection and have gradually evolved into trade facilitation, risk control by detecting importation of dangerous items into a country following the continued progress and evolution of commercial

and business development of a country. Thailand started to set up Customs function in 13th Century – around the Sukhothai Period. The modern Thailand Customs Department has full scale regional and local customs houses across Thailand. Thailand has also further modernised the Border protection structure and set up in 2022 by formalising into the **Thai Customs IPR Recordation System (TCIRs)**; allowing brand owners to register their intellectual property rights into the system as well as product identification information to facilitate detection and enforcement. To further strengthen Thailand’s customs and intellectual property protection framework, relevant agencies may

consider modernising customs processes through digital transformation while maintaining strong coordination between customs authorities and intellectual property rights holders. This could help ensure more effective border control measures and enhanced protection against counterfeit goods.

Last but not the least, Thailand is thriving in the retail industry with continual inflow of tourist and customers viewing it as an international shopping paradise. Preventing free flow and distribution of counterfeit will protect the local economy, attract investment and enhance international reputation.

Small and Medium-sized Enterprises (SMEs)

SUMMARY OF RECOMMENDATIONS

A. Simplify Regulatory Frameworks

1. Implement one-stop services for SME registration and compliance.
2. Reduce administrative delays and streamline licensing procedures.

B. Improve Access to Finance

1. Establish public-private partnerships to expand alternative financing options for SMEs.
2. Increase incentives for venture capital and private investment targeting SMEs engaged in high-growth industries, innovation and technology development.

C. Develop Credit Guarantee Schemes

1. Establish and enhance Credit Guarantee Scheme (CGS) to reduce the supply–demand gap in SME finance.

D. Promote Digital Transformation

1. Enhance existing digital support programs by expanding the SME Digitalisation Fund and offering targeted training initiatives.
2. Provide financial support for technology adoption and digital infrastructure.

E. Enhance SMEs' Market Access

1. Strengthen programs that facilitate access to international markets and supply chains.
2. Encourage collaboration between Thai and European SMEs through trade missions and knowledge-sharing initiatives.

F. Apply National Treatment to Foreign SMEs

1. Apply national treatment to ensure that Thai and foreign SMEs can receive equal access to government support, programs, and policies including eligibility criteria for government incentives.

G. Support Innovation Development for SMEs

1. Enhance support for innovation development through financial and policy measures, including R&D grants for collaboration with research institutions, tax incentives for technology investment, and the establishment of innovation hubs for resource-sharing and networking.
2. Enhance the innovative ecosystem and intellectual property protection with capacity building will enable SMEs to safeguard and commercialise their innovations which can enhance competitiveness and growth in the long term.

Small and Medium-sized Enterprises (SMEs) are the backbone of Thai and European economies, contributing significantly to employment, innovation, and GDP growth. 99% of European businesses are SMEs. They provide jobs to more than 85 million European citizens. SMEs are at the heart of innovation and entrepreneurship. The ideas and solutions of 24.3 million entrepreneurs, women and men, contribute to a sustainable and digital economy, central to Europe’s competitiveness.

In Thailand’s context, MSMEs have been redefined based on annual revenue and employment to be able to promote the targeted entrepreneurs to provide the benefits and policy development effectively. They distinguish Manufacturing, and Service/Merchandising and no longer rely on fixed assets. In the event that the number of employees fits one type of enterprise, but the revenue fits another type, whichever is higher shall be used to determine the type of enterprise. According to Ministerial Regulations on Designation of the Characteristics of SME Promotion Act B.E. 2562 (2019) and the Announcement of the Office of SME Promotion Subject Designation of Characteristics of Micro Enterprises, the Definition of MSMEs can be illustrated as follows.

Definition of MSMEs

Type of Business	Micro and Small Enterprise				Medium Enterprise	
	Micro Enterprise		Small Enterprise		Medium Enterprise	
	Annual Income (Millions baht)	Employment (Person)	Annual Income (Millions baht)	Employment (Person)	Annual Income (Millions baht)	Employment (Person)
Manufacturing	≤ 1.8	≤ 5	≤ 100	≤ 50	≤ 500	≤ 200
Service and Merchandising	≤ 1.8	≤ 5	≤ 50	≤ 30	≤ 300	≤ 100

Figure 1: Definition of MSMEs in Thailand

A foreign SMEs, the criteria for SMEs are generally the same. However, there is restriction in foreign ownership that the foreign ownership of the company is limited to 49%, meaning at least 51% of the company must be owned by Thai nationals. Exceptions can be made with special approvals.

The Thailand Board of Investment (BOI) offers incentives and exemptions to foreign businesses in promoted industries. The benefits included Exemption from foreign business restrictions that will allow BOI-promoted companies to have majority or even 100% foreign ownership. Industries that often receive BOI promotion include manufacturing, technology, and certain service sectors. To qualify, businesses must meet specific criteria related to their industry and the benefits they bring to Thailand.

A. THE DEVELOPMENT OF SMEs IN THAILAND

The development of SMEs in Thailand demonstrated the steady trend contributing to the economic growth since the pandemic recovery phase. In Q3 of 2024, the GDP of micro, small, and medium enterprises (MSMEs) in Thailand accounted for 35.1% of the total GDP with the numbers of more than 3.1 million enterprises. SMEs operate in a wide range of industries, including tourism, manufacturing, and services, all of which are vital to the nation’s economic stability.

Regarding European SMEs’ exports to Thailand, the value as of January to November 2024 accounted for 8.6% of total importation of SMEs to Thailand or \$324.1 million with 4.4% growth from the previous year.

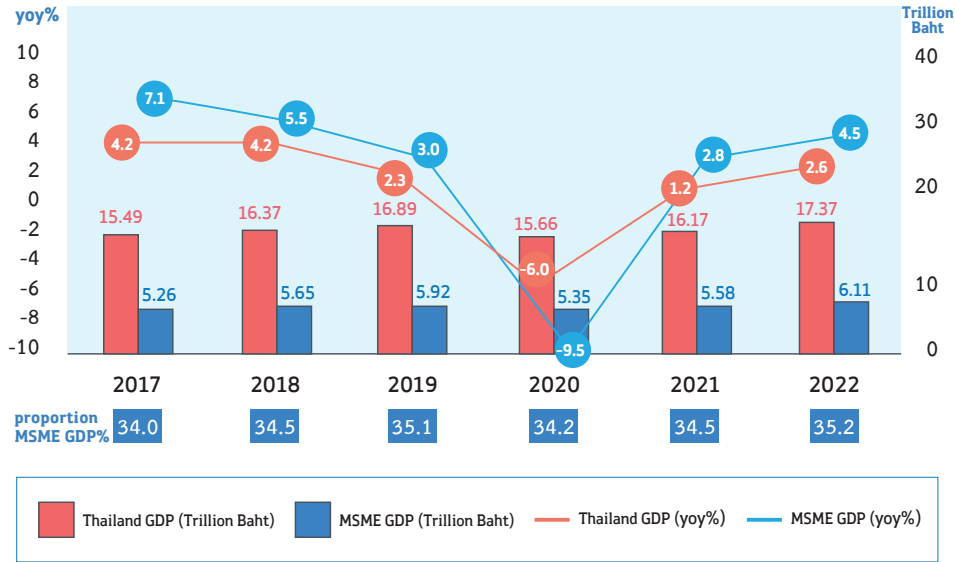


Figure 2: GDP of MSMEs in Thailand, 2017-2022

The Office of Small and Medium Enterprises Promotion (OSMEP) has announced its 2026 SME Promotion Action Plan in November 2024, focusing on digital transformation, green business transition, social responsibility, good governance, and leveraging soft power. The plan aims to enhance SME adaptability to evolving challenges and promote sustainable growth across Thailand. The framework outlines a unified strategy to integrate the efforts of government agencies, state enterprises, financial institutions, and relevant organisations. By ensuring alignment and reducing redundancy, OSMEP seeks to create cohesive support mechanisms for SMEs nationwide. The plan addresses challenges like climate change, economic uncertainties, geopolitical shifts, and rapidly changing consumer behaviors.

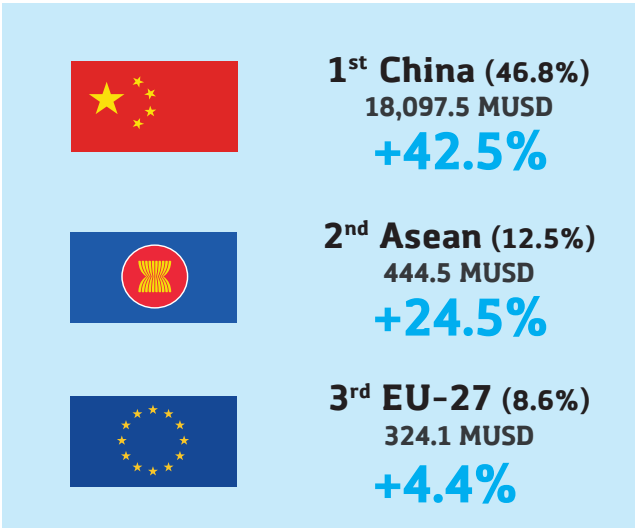


Figure 3: GDP SMEs' Import values and %growth to Thailand, Office of Small and Medium Enterprises Promotion

Key areas of emphasis include promoting digital transformation by encouraging SMEs to adopt advanced technologies like artificial intelligence and data-driven strategies. Green business transition initiatives will raise awareness of environmentally friendly practices, support green procurement, and provide certification assistance. Social responsibility is another focus, with efforts to support inclusive businesses and social enterprises that positively impact communities. Additionally, good governance will be encouraged to build consumer and partner confidence, fostering long-term potential. Soft power utilisation will promote cultural and technological value in SME products and services, expanding opportunities in global markets.

B. CHALLENGES TO SMEs

Similar to the large businesses, SMEs in Thailand face numerous challenges, including regulatory burdens, limited access to finance, and difficulties in scaling operations. European SMEs operating or looking to enter the Thai market encounter additional barriers such as complex administrative procedures and trade restrictions.

This position paper highlights key issues faced by SMEs in Thailand, particularly those impacting European companies, and to propose actionable solutions that will promote long-term growth and competitiveness. These difficulties can hinder investment and trade opportunities.

- (i) **Regulatory Complexity and high regulatory overhead:** Administrative procedures for business registration, licensing, and compliance are time-consuming and costly for SMEs i.e. work permit and visa compliance.

- (ii) **Operation excellence and efficiency:** Lack of resources (financial, technology, human resource and skilled labor, market access and market intelligence), lack of economies of scale and scope.
- (iii) **Market Access and business expansion:** Many SMEs struggle to expand their market reach, particularly in accessing global supply chains, lack of entrepreneurial experience, capacity, and know-how.
- (iv) **Access to Finance:** Limited financing options and stringent lending criteria hinder SME growth and innovation.
- (v) **Competition:** Increased market competition and concentration from large multinational enterprises caused by globalisation and economic integration.
- (vi) **Digital Transformation:** A significant number of SMEs are under-equipped to leverage digital tools, limiting productivity and competitiveness.
- (vii) **Innovation development:** Challenge in ability and R&D investment to develop innovation for long term competitiveness and growth.

Furthermore, the European SMEs or foreign-owned SMEs entering the Thai market may face additional challenges on lengthy procedures for business establishment and compliance, restrictions on foreign ownership and participation in certain sectors, and more limited access to local funding and incentives designed primarily for domestic enterprises.

C. STRENGTHENING SMEs, PROMOTION AND ABILITY TO INNOVATE

To promote SMEs' competitiveness, the Thai government has introduced various support programs, including tax incentives to stimulate consumption, funding schemes, and Board of Investment (BOI) Incentive program. However, there remains room for improvement in policy implementation and collaboration with private sector stakeholders.

Thailand Development Research Institute (TDRI) disclosed the information that the BOI initiative to enhance competitiveness has challenges to attract most typical small SMEs.¹ Although the program targeting SMEs has been ongoing since 2003, most SMEs find it challenging to participate at every stage, from accessing information to meeting the program criteria. Since this BOI program targets businesses with advanced technology, innovations, and high contributions to the value chain, the majority of SMEs consider it irrelevant to their capabilities and needs. In addition, the project proposal process is complicated, and strict accounting and tax system requirements exceed the capabilities of most SMEs.

There are two areas for consideration to enhance benefits of SMEs from this BOI investment promotion scheme.

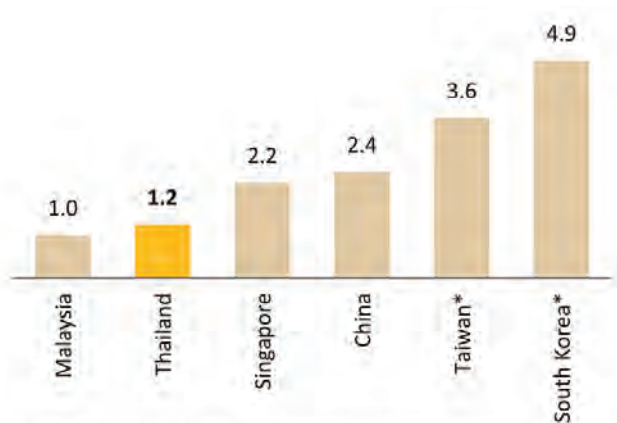
- (i) The government needs to boost SMEs' capabilities by integrating them with intermediary organisations such as the National Innovation Agency (NIA) and the Department

of Industrial Promotion, which can incubate them, particularly in technology and innovations.

- (ii) The BOI can also collaborate with the trainers to assist SMEs with innovation development and project application procedures. When ready, the intermediary agencies can help SMEs issue certifications and endorsements to apply for BOI support. This preparation helps SMEs grow and become ready for the next step while significantly simplifying the project application process. Another channel is for SMEs to apply directly to the BOI but with assistance from the BOI and the Office of Small and Medium Enterprises Promotion to navigate the complex application process. Additionally, within both channels, the BOI should consider adjusting procedures and regulations to better suit SMEs' conditions.

At the same time, Thailand offers significant opportunities for foreign-owned SMEs in sectors such as renewable energy, technology, healthcare, and sustainable development. Strengthening partnerships between European and Thai SMEs can create mutual benefits, including access to new markets, knowledge transfer, and innovation.

¹ Chakorn Loetnithat and Warawich Potranandana, "Revamp Policies to Boost Thai SMEs," Thailand Development Research Institute, August 2024, <https://tdri.or.th/en/2024/08/revamp-policies-to-boost-thai-smes/>.



Source: IMD 2023 (World competitiveness ranking 2022), by country
The Office of National Higher Education Science Research and
Innovation Policy Council (NXPO)

Note: * Data as of 2021 in South Korea and 2020 in Taiwan

Figure 4: Expenditure on R&D (% of GDP)

Regarding innovation capability, Thailand's R&D expenditure as a percentage of GDP is only 1.2% in 2021. An analysis by TDRI shows that direct funding of SMEs can lead to future innovation and success stories.² Compared to many of Thailand's competitors, this is very low, and R&D spending remains far off the 2027 target of 2% of GDP.³

EABC has long noted the need for greater support for R&D. Enhanced direct R&D support for SMEs is needed. Thailand needs science, technology, and innovation to rescue its flagging economy. The government should take a leading role in driving R&D investment in all sectors and to support the private sector to create innovations, for SMEs in particular, to strengthen the backbone of the economy.

D. INTERNATIONAL EXPERIENCES; PROMOTION OF SMEs AND INNOVATION DEVELOPMENT

(1) ASEAN



Figure 5: Innovation Support program for SMEs in Singapore

² Warakorn Awutpanyakul, "Innovation Is Key to Economic Recovery," Thailand Development Research Institute, January 2022, <https://tdri.or.th/en/2022/01/innovation-is-key-to-economic-recovery/>.

³ Krungsri Research, "Industry Outlook 2024-2026," Bank of Ayudhya, 2024, <https://www.krungsri.com/en/research/industry/summary-outlook/industry-outlook-2024-2026>.

In comparison to other ASEAN economies such as Singapore, Thailand's SME support frameworks are less streamlined. For example, Singapore offers highly digitised business registration and regulatory processes, 1-1 business advisory, along with strong government-backed funding programs. These best practices can serve as models for Thailand to enhance its SME ecosystem.

(2) European Union

Similarly, several European Union support tools are available to help SMEs find funding, information, guidance, training and partnerships, or help and advice.⁴ In September 2023, the European Commission published a communication on an SME relief package that announces measures to address the main operational challenges faced by SMEs like administrative burden and regulatory obstacles, payment delays, problems with access to finance, and solving the unavailability of skilled staff or experienced managers with the establishment of EU Talent Pool, capacity building, recognition of the qualifications and skills of third-country nationals and facilitating learning mobility. Adapting similar measures in Thailand could strengthen both domestic and foreign SME operations.

Competitiveness remains highly important for SMEs, the Sustainability Initiatives, like European Union Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD), can cause administrative burdens indirectly impacting to

SMEs in the value chain on their ability to comply.⁵⁶ Simplification of requirements and reporting requirements and capacity building can support the transition and facilitate implementation that ease challenges and support business continuity for SMEs.



Additionally, Innovation is crucial for long-term competitiveness and growth for the SMEs. The example of the EU projects is 'Horizon Europe', a major research and innovation program that provides funding to support innovation development which will be available until 2027 and is applicable for SMEs through collaborative projects and partnerships with universities and research institutions.

⁴ Council of the European Union, "Support to Small and Medium-Sized Enterprises," Council of the EU, accessed March 21, 2025, <https://www.consilium.europa.eu/en/policies/support-to-small-and-medium-sized-enterprises/>.

⁵ European Commission, "Corporate Sustainability Reporting," European Commission, accessed March 21, 2025, https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en.

⁶ European Commission, "Corporate Sustainability Due Diligence," European Commission, accessed March 21, 2025, https://commission.europa.eu/business-economy-euro/doing-business-eu/sustainability-due-diligence-responsible-business/corporate-sustainability-due-diligence_en.

Besides, strengthening intellectual property (IP) protections is crucial, enabling SMEs to safeguard and commercialise their innovations. Recently, the European Commission and the European Union Intellectual Property Office have launched the 2025 SME Fund to provide SMEs with financial support to better manage and protect their intangible assets.

The SME Fund is a grant scheme designed to help SMEs protect their intellectual property rights, including patents, trademarks, industrial designs and new plant varieties. In 2025, SMEs will be able to benefit from grants of up to €1,000 for patent registration costs, €1,500 for the legal costs of drafting and filing European patent applications and up to €750 for trademark or design registration costs.

In 2024, out of the 31,700 SMEs that applied for the SME Fund, over 23,500 were supported financially to protect their intellectual property and become more attractive for investment. Moreover, for 76% of the SMEs supported by the SME fund, this was the first time they had protected their intellectual property. This proves that protecting IPR is essential to increase the value of a company, become more attractive for investments and gain a solid base for future growth.

As part of our commitment to strengthening economic cooperation, EABC aims to support SMEs through improved policies, strategic partnerships, and capacity-building initiatives. We seek to work collaboratively with policymakers, stakeholders, and businesses to promote policies that enhance SMEs' competitiveness, foster innovation, and encourage stronger ties between European and Thai SMEs.

Recommendations:

To strengthen the SMEs' ecosystem in Thailand, EABC recommends policy reforms and strategic initiatives designed to address critical challenges and foster sustainable growth. These recommendations target regulatory, financial, digital, and market-access barriers faced by both Thai and European SMEs. By addressing key challenges, Thailand can unlock the full potential of its SMEs sector by creation of a more favorable environment for SMEs, driving innovation, employment, and sustainable economic growth.

1. Burdensome administrative processes hinder SMEs' growth by consuming valuable resources and creating delays. EABC recommends the establishment of one-stop service centers for consultation, business registration, licensing, and compliance to reduce bureaucratic inefficiencies. Clearer guidelines and streamlined procedures will help SMEs operate more effectively and attract greater foreign investment. Additionally, the government should digitise regulatory processes to reduce administrative delays.
2. SMEs frequently struggle with limited access to affordable financing, a critical barrier to growth and innovation. To address this, EABC advocates for public-private partnerships to provide alternative financing options such as soft loans, crowdfunding, and peer-to-peer lending. Additionally, there should be greater incentives for venture capital and private investment targeting SMEs in high-growth industries like technology, innovation development, healthcare, and sustainability. These measures can enable SMEs to expand operations, invest in innovation, and enhance competitiveness.

3. Apart from funding support, the Credit Guarantee Scheme (CGS) is a tool to reduce the supply–demand gap in SME finance. The CGS makes lending more attractive by absorbing or sharing the risks associated with lending to SME's. Credit guarantee schemes make banks' lending to SMEs easier, because in case of SME default, the credit guarantee cooperation, which is a government organisation, will cover a certain percentage of the lender's losses. EABC therefore strongly recommends establishing or enhancing such a scheme.

4. Digital technology is key to improving efficiency, productivity, and market access for SMEs. Many businesses, however, lack the resources to adopt digital tools. EABC recommends that the government enhance existing digital support programs by expanding the SME Digitalisation Fund and offering targeted training initiatives. These should focus on areas such as e-commerce, cloud solutions, and cybersecurity. Financial support for IT infrastructure upgrades and partnerships with technology providers should also be prioritised to accelerate SME adoption of digital tools.

5. Many SMEs face difficulties accessing larger markets due to limited networks and trade knowledge. EABC proposes strengthening programs that facilitate entry into international markets and supply chains. Trade missions, matchmaking events, and business expos can help SMEs connect with potential partners and customers. Moreover, fostering partnerships between Thai and European SMEs through bilateral agreements and knowledge-sharing platforms will enable SMEs to leverage new opportunities in both domestic and global markets.

6. To encourage investment from European countries, the national treatment should be applied to ensure that Thai and foreign SMEs can receive equal access to government support, programs, and policies including eligibility criteria for government incentives.

7. Innovation is crucial for long-term competitiveness and growth for SMEs. EABC recommends that the Thai government should enhance support for innovation development through financial and policy measures, including R&D grants for collaboration with research institutions, tax incentives for technology investment, and the establishment of innovation hubs for resource-sharing and networking. Additionally, initiatives like innovation competitions can drive creative solutions.

Strengthening IP protections is also crucial, enabling SMEs to safeguard and commercialise their innovations. Intellectual property protection should also be prioritised by streamlining the IP registration process and raising awareness of IP rights. Lastly, targeted training programs on entrepreneurship and emerging technologies will further enhance SMEs' competitiveness in domestic and international markets.

Sustainability

SUMMARY OF RECOMMENDATIONS

A. Development of Policy Framework and Regulatory Facilitation

1. Implement a national sustainability strategy with measurable targets to align with global standards. Focus on creating transparent and simplified regulations that encourage sustainable practices, particularly for SMEs.
2. Provide clear and measurable goals for reduction of certain emission/waste and how businesses can contribute.
3. Promote innovations and technology towards sustainable development through regulatory support and knowledge-sharing platforms to encourage adoption for business and public.

B. Facilitate Sustainable Development with Incentives and Partnerships

1. Introduce financial incentives like tax breaks, grants, and green loans to drive investment in sustainability.
2. Establish collaborative platforms to strengthen partnerships between government, private sector, and civil society for faster adoption of sustainable initiatives.

C. Development of the Draft Climate Change Act

1. Introduce and implement carbon pricing mechanisms such as a carbon tax and emissions trading system.
2. Ensure revenues are directed to a Climate Change Fund that supports mitigation and adaptation projects.
3. Align these carbon pricing mechanisms and emissions reporting systems with international standards to enhance global market recognition of Thailand's carbon credits and avoid trade barriers.

D. Development of the Draft Clean Air Management Act

1. Develop a unified framework to regulate air pollution from various sources, including industrial emissions, open burning, and vehicles.
2. Avoid regulatory duplication by coordinating with existing measures. Include incentives to promote clean energy and green technology adoption while maintaining business competitiveness.

E. Development of the Draft Sustainable Packaging Management Act to Support Extended Producer Responsibility (EPR) Principle

1. Implement sector-specific EPR policies with close collaboration between public and private stakeholders.
2. Standardise the management fees for packaging and allocate them to support eco-friendly innovation.
3. Provide incentives for sustainable packaging design and promote responsible material use across industries.

Sustainability is a cornerstone of long-term business competitiveness and resilience in a rapidly changing global economy. Sustainability must be acknowledged as a fundamental value driver, and integral to long-term business success and resilience. Policies and practices promoting sustainability should be seamlessly embedded into core business strategies, rather than treated as supplementary measures. The EABC and European Business Community in Thailand firmly believe that driving sustainability and ensuring business competitiveness must go hand in hand to foster innovation, meet evolving market and societal demands, and secure economic prosperity in the long term.

Key priorities are to enhance multi-stakeholders including industry players' education, foster a comprehensive understanding of the strategic value of sustainability, provide clear guidance on effective implementation, and enable innovation and technology to facilitate and accelerate sustainable business practices that can be tailored to promote implementation. Moreover, creating mechanisms to maximise the utilisation of available incentives and promotional frameworks will play a critical role in encouraging the adoption of sustainable practices across all sectors.

EABC noted the importance of the global policies related to sustainability including *UN Sustainable Development Goals (17 SDGs)*¹, *Paris Agreement*² and *United Nations Framework Convention on Climate Change (UNFCCC)*

which are the key foundations of Thailand's sustainability priorities³.

Additionally, the European Green Deal⁴ represents a comprehensive framework of policies aimed at making Europe the first carbon-neutral continent, encompassing various objectives and initiatives including the Carbon Border Adjustment Mechanism (CBAM), European Union Deforestation Regulation (EUDR), Corporate Sustainability Reporting Directive (CSRD)⁵, and Corporate Sustainability Due Diligence Directive (CSDDD)⁶, etc. Capacity building, facilitation mechanism or platform including simplifying of requirements of reporting for CSRD can support inclusivity especially SMEs which are key players in the value chain.

As Thailand is undergoing negotiation of the European Union – Thailand Free Trade Agreement (EU-TH FTA), the proposed EU-TH FTA with its Trade and Sustainable Development (TSD) Chapter⁷ will serve as a reminder of these commitments. The FTA itself does not create any new obligations; it formalises compliance with sustainability standards as contractual requirements.

¹ United Nations, *Sustainable Development Goals*, <https://sdgs.un.org/goals>.

² United Nations Framework Convention on Climate Change (UNFCCC), *The Paris Agreement*, <https://unfccc.int/process-and-meetings/the-paris-agreement>.

³ United Nations in Thailand, *Sustainable Development Goals*, <https://thailand.un.org/en/sdgs>.

⁴ European Commission, *The European Green Deal*, https://ec.europa.eu/clima/eu-action/european-green-deal_en.

⁵ European Commission, *Corporate Sustainability Reporting*, https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en.

⁶ European Commission, *Corporate Sustainability Due Diligence*, https://commission.europa.eu/business-economy-euro/doing-business-eu/sustainability-due-diligence-responsible-business/corporate-sustainability-due-diligence_en.

⁷ European Commission, *EU-Thailand FTA - Trade and Sustainable Development*, <https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/603d5662-0c8b-40c0-a5ac-61ef04a9bf55/details?download=true>.

The Partnership and Cooperation Agreement can be perceived to benefit in the capacity building and creation of the facilitating platforms and tools that will support and accelerate sustainability adoption.

This Position Paper reflects EABC's commitment to supporting Thailand's transition to a sustainable economy by leveraging European expertise, cutting-edge technology, and innovative solutions. It emphasises the importance of facilitating platforms for dialogue, knowledge exchange, collaboration, and capacity-building initiatives that empower businesses, policymakers, and stakeholders to address sustainability challenges effectively.

Through partnerships and cooperation, businesses can align with Thailand's sustainability priorities and strengthen their competitiveness to position Thailand as a leader in sustainable development and a prime hub for trade and investment in the region. This paper provides actionable recommendations to promote sustainability, enhance competitiveness, and build the capacity needed to navigate a more sustainable and inclusive future.

Please see the Energy Chapter in this Position Paper for insights on the growing role of energy towards sustainable development in that sector and the Automotive Chapter for details on the transformation of motor vehicles and the necessary actions required. Other relevant chapters include the Digital Economy/ICT Chapter and the Tourism Chapter.

A. DEVELOPMENT OF THE DRAFT CLIMATE CHANGE ACT

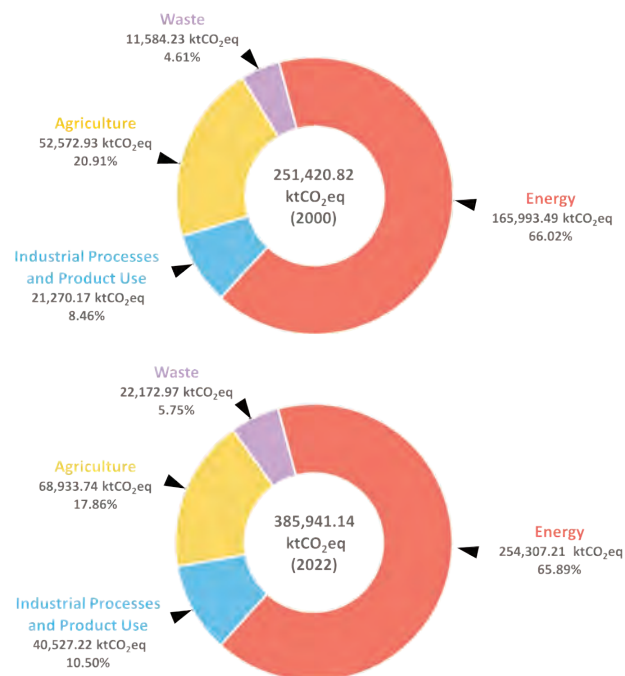


Figure 1: Thailand's national GHG inventory by sector (excluding LULUCF) for 2000 and 2022

Thailand has continued to track and report greenhouse gas (GHG) emissions according to the UNFCCC guidelines and requirements. The last publication of Thailand's first Biennial Transparency Report (BTR), (reported as of December 2024), disclosed the data in 2022 that the energy sector was the largest contributor to Thailand's GHG emissions, accounting for 65.89% of total GHG emissions, while emissions from the Agriculture, Industrial Process and Product Use (IPPU) and Waste sectors accounted for 17.86%, 10.50%, and 5.75%, respectively (data excluding those from the Land Use and the Land-Use

Change and Forestry, LULUCF sector). Total GHG emissions (excluding those from LULUCF) increased from 251,420.82 ktCO₂eq in 2000 to 385,941.14 ktCO₂eq in 2022, with an average annual increase of 1.97%.⁸

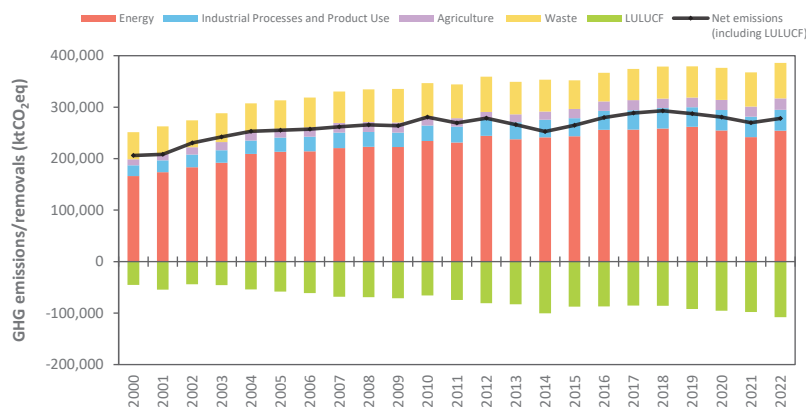
The Department of Climate Change and Environment (DCCE) under the Ministry of Natural Resources and Environment (MONRE) is pushing ahead with developing the Draft Climate Change Act. It seeks to increase efforts to fulfill Thailand's commitments under the Paris Agreement, which are to reduce greenhouse gas (GHG) emissions to move towards carbon neutrality by 2050, and net zero GHG emissions by 2065⁹. The Draft Climate Change Act lays out Thailand's Climate Change action plan and, importantly, imposes obligations and mechanisms such as climate change fund, carbon taxation, carbon credit, emission trading system, and penalties for the private sector to advance climate mitigation and adaptation efforts.

⁸ Thailand's First Biennial Transparency Report to UNFCCC, <https://unfccc.int/documents/645098>.

⁹ UNFCCC, Mid-century, Long-term Low Greenhouse Gas Emission Development Strategy, Thailand, https://unfccc.int/sites/default/files/resource/Thailand_LTS1.pdf.

As Thailand is involved in various agricultural activities, the use of land-based carbon removal credits can be one of the solutions for climate mitigation that the private sector can collaborate to drive this agenda. The use of land-based carbon removal credits in climate mitigation claims was or is a point of discussion in several EU legislative developments. Private investments in land-based climate mitigation can be incentivised by allowing the use of carbon removal credits generated through these investments in climate mitigation claims. These claims have market value since such claims can be perceived positively by customers and investors. This value will drive investments. It is therefore important to allow the use of land-based carbon credits in company climate mitigation claims. To contribute to climate change mitigation carbon credits must be used responsibly by companies to avoid abuse in the system. The sharing of best practices from the European Union can benefit this development in Thailand, climate mitigation and Thai farmers.

Figure 2: Trend of national GHG missions/removals by sector for 2000-2022



Remark: The GHG emissions covered 7 direct GHGs consist of Carbon Dioxide (CO₂), Methane (CH₄), Nitrous Oxide (N₂O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), Sulphur Hexafluoride (SF₆) and Nitrogen Trifluoride (NF₃).

EABC appreciates this effort of the Thai government to embrace expectations set by the Paris Agreement and other commitments embodied in the broad scope of the Draft Climate Change Act. We supported the Polluter-Pays Principle with the mandatory mechanisms to effectively drive the reduction of carbon emissions and would like to invite the Thai government to additionally consider the key points as follows which will support to complement Thailand in achieving the Net Zero agenda.

Recommendations:

1. Strong governance and cross-sectoral coordination are imperative for the successful implementation of the Draft Climate Change Act.

- The National Climate Change Master Plan should set clear and measurable short-, medium-, and long-term targets, including achieving carbon neutrality by 2050 and net-zero emissions by 2065. These goals must be supported by robust monitoring, evaluation, and transparent public disclosure to enhance accountability.
- Thailand's policies must align with global mechanisms, such as the European Union's Carbon Border Adjustment Mechanism (CBAM), to ensure global competitiveness for Thailand, avoid trade barriers, and minimise administrative burdens for businesses.
- Thailand should enhance its climate resilience by developing comprehensive adaptation plans at national, regional, and local levels. These plans should be informed by rigorous risk assessments and address vulnerabilities in critical sectors and communities.

2. The introduction of carbon pricing mechanisms, including appropriate carbon price, an Emissions Trading System (ETS) and a carbon tax, is central to Thailand's climate strategy. These mechanisms will not only incentivise emissions reductions but also create financial resources to support climate initiatives.

- To maximise their effectiveness, carbon pricing mechanisms including an Emissions Trading System (ETS) and a carbon tax must align with international standards to ensure the recognition of Thailand's carbon credits in global markets. This alignment will prevent trade disparities and avoid price arbitrage.
- Carbon pricing is considered a key driver towards carbon neutrality in Thailand, supporting green economy transition. Effective implementation of carbon pricing requires balancing price levels to ensure effective implementation or avoid market barriers. Carbon pricing would likely either come in the form of a cap-and-trade scheme or the implementation of a carbon tax. Most economists tend to prefer a carbon tax to a cap-and-trade scheme, as its simplicity.
- If the revenue generated from the carbon trading mechanisms would be directed to a dedicated Climate Change Fund, the Fund should be designed for specific purposes such as finance support mitigation efforts, climate adaptation projects, and enabling environments for sustainable development. Additionally, carbon pricing should prioritise emissions reductions over revenue collection, focusing

on incentivising behavioral and technological shifts toward sustainability.

- It is essential to ensure that the carbon trading partners receive tangible benefits from the Climate Change Fund, and the mechanisms for distributing these benefits must be clearly defined. This fund should operate transparently and equitably to build stakeholder confidence.

3. Comprehensive monitoring and reporting systems are critical to establishing accountability and driving emissions reductions. EABC supported the development of a secured and transparent National Greenhouse Gas Database, aligned with international standards, must be developed to ensure accurate and reliable emissions data.

- Mandatory greenhouse gas emissions reporting should be implemented gradually, evolving from voluntary to mandatory disclosure to allow the transformation of good business practices.
- Reporting should align with the international protocols and standards that facilitate comparability and prevent discrepancies and greenwashing.
- To enhance transparency and credibility, climate accounting standards should be integrated into financial reporting frameworks, like standardised financial disclosures. This will ensure that emissions reporting aligns with corporate governance.

- To strengthen these efforts, mandatory training and certification by Environmental, Social, and Governance (ESG) rating firms and certifying bodies should be introduced, enhancing the credibility of reporting processes.

4. EABC supported the Polluter-Pays-Principle as the foundation of Thailand's enforcement framework on Climate Change, ensuring that the costs of environmental degradation are borne by those responsible for pollution.

- This principle should be applied in a way that prioritises behavioral change and innovation rather than merely imposing penalties.
- Government-supported financial incentives should be designed to support investments in greenhouse gas reduction technologies, climate adaptation projects, and sustainable practices. These incentives must focus on achieving long-term impacts rather than providing short-term subsidies.
- To ensure compliance, a proportionate enforcement regime with clear penalties for non-compliance should be established. At the same time, carbon pricing mechanisms such as the ETS and carbon tax should be structured to incentivise emissions reductions while avoiding excessive burdens on businesses. This balanced approach will ensure that enforcement supports climate goals without stifling economic growth.

Please refer to the Energy Chapter for insights on Renewable Energy Certificates (RECs) and other climate-related impacts of the energy sector.

For information on regenerative agriculture and efforts to reduce greenhouse gas (GHG) emissions in agriculture through public-private collaboration—including capacity building and literacy enhancement—please see the Food, Agriculture, and Beverages Chapter.

B. DEVELOPMENT OF THE DRAFT CLEAN AIR MANAGEMENT ACT

Thailand's existing legal framework for air quality management is embedded within various laws that govern the monitoring, treatment, and establishment of air quality standards. Regulatory oversight is distributed among several governmental agencies, including the Ministry of Natural Resources and Environment (MONRE), the Ministry of Industry, and the Ministry of Public Health. However, there remains an absence of comprehensive, overarching legislation that consolidates air quality control under a unified framework to ease the impact on health, and the environment.

There is the establishment of the ASEAN Agreement on Transboundary Haze Pollution (AATHP) in 2002 and has been ratified by all ASEAN member states including Thailand in 2003. Nevertheless, there has long been a push for clean air legislation.

The proposed Draft Clean Air Management Act aims to address this legislative gap by introducing a holistic approach to managing and controlling activities and sources of air pollution. This includes point sources such as industrial facilities and business establishments, open burning practices, vehicular emissions, and transboundary pollution originating from neighboring countries. Additionally, the Draft Act incorporates economic instruments and policy measures to encourage the private sector and Thai citizens to mitigate air pollution and enhance air quality nationwide.

EABC commends the initiatives and efforts by the Thai government to enhance the country's legal framework to better address the air pollution issue. EABC would like to support the development and implementation of a workable Clean Air law, which is crucial for the health and well-being of our communities, ecosystems, and future generations. We recognise that the Draft Act represents a significant step forward in addressing the urgent issue of air pollution. Nevertheless, the business operators' perspective must be taken into consideration to ensure the effective implementation, business competitiveness as well as the overall operational effectiveness of the scheme proposed.

Recommendations:

1. Support the Polluter-Pay Principle (PPP) adherence. Any new fiscal or economic measures should be designed such that they directly apply only to the polluting activities according to the PPP, rather than to a broad range of businesses that may not be the sources of air pollution.

The negative externalities of polluting activities may be reflected in a fiscal measure, such as a ‘progressive’ tax or fee rate to effectively address such externalities and stimulate ‘behavioral change’ by all enterprises and individuals. Imposing any fee or tax, including earmarked tax on any goods and services that are not related to polluting activities, is not justifiable and inconsistent with the PPP.

2. Establish incentives to promote transformation. The establishment of incentives, such as tax breaks, tax deductions, and green loans, should be considered to encourage businesses to invest in clean energy or green technology or to comply with new environmental regulations and standards.

3. Avoid redundancy and duplication with existing laws and measures that could impact trade and investment. In designing any new fiscal or economic measures, it is important to avoid redundancy or duplication of various existing measures, so that business is not double-taxed. For example, under the Excise Tax Act 2017, automobiles are currently subject to excise taxation based on the level of CO₂ emission, which is directly related to air pollution. It is, therefore, not justifiable to impose additional tax that would apply to automobiles or automobile manufacturing under the Draft Clean Air Management Act. Such a new tax would effectively cause double taxation and

constitute an unnecessary and excessive burden to the automotive industry.

As the Draft Act contains provisions on various measures that impact business, such measures should be in line with the overall Thailand policy strategy to promote trade and investment as well as enhance ease of doing business. For example, a new earmarked tax on all excisable goods and services, any double taxation measures, or any other new requirements that are excessively burdensome would impact the business environment and, therefore, run counter to the country’s trade and investment promotion.

4. Ensure inclusivity and implementation of the law.

- Ensure that the proportion of representatives from each sector—government, private, and civil society—in the three committees established under the Draft Act is equal. This balance will foster integrated cooperation, transparency, and effectiveness in policy formulation and implementation.
- Integrate the authorities of agencies relevant to clean air quality management, including regulations, control, standards, and measuring. This integration aims to reduce duplication and enhance the effectiveness of policy and regulatory enforcement.
- Re-examine the provisions of the Draft Act in collaboration with relevant stakeholders, including the private sector. This review should consider economic tools, budgetary measures to drive a sustainable clean air

agenda, administrative management, legal enforcement, cross-border activities, and other relevant areas.

C. DEVELOPMENT OF THE DRAFT SUSTAINABLE PACKAGING MANAGEMENT ACT TO SUPPORT THE EXTENDED PRODUCER RESPONSIBILITY PRINCIPLE

The Pollution Control Department (PCD) under the Ministry of Natural Resources and Environment (MONRE) is pushing toward the Extended Producer Responsibility Principle (EPR) by drafting the Sustainable Packaging Management Act. The Draft Act will be enforced in two phases: the first phase with fast-moving consumer goods (FMCGs) and the second phase with the rest on specific industrial sectors like pharmaceutical, agricultural, and other chemical-related products.

EABC supported the direction toward this development and would like to invite the government to consider additional recommendations to benefit the implementation practically and effective enforcement.

Recommendations:

1. Ensure tailored implementation by considering sector-specific characteristics in the EPR framework for sustainable packaging management. Address the unique needs of each sector, such as smallholder farmers in agriculture. Strengthen collaboration between the public and private sectors to develop effective, long-term solutions.

2. Standardise management fees across all packaging material types within the Producer Responsibility Organisation model to maintain business competitiveness and ensure a level playing field.

3. Allocate fees effectively by directing collected funds toward the specific objectives of the law rather than the Environmental Fund to maximise impact and efficiency.

4. Establish incentives to encourage businesses to invest in innovation and technology, driving environmentally friendly designs that align with the law's goals and promote sustainability.

Please see more details on Extended Producer Responsibility in the Food, Agriculture, and Beverages Chapter.

D. ENABLING CONDITIONS AND PARTNERSHIPS TOWARDS SUSTAINABLE DEVELOPMENT

EABC strongly supports and commits to the sustainability contribution in Thailand aligned with the UN Sustainable Development Goals (UN SDGs).

To drive the sustainability agenda in Thailand successfully, EABC would like to urge the government to consider enabling conditions to make the transition and implementation effective while strengthening business and country competitiveness.



These include regulations and incentives, enabling market infrastructure and public awareness to create the right conditions for investment in a sustainable and green transition to facilitate development.

Recommendations:

1. Strengthen the regulatory framework by ensuring transparency, a level playing field, and simplified requirements to enhance inclusivity, especially for SMEs. Develop regulations that support innovation and technology to drive the green transition. Since this agenda will require public and private efforts to drive tangible outcomes, the government should provide clear and measurable goals for reduction of certain emissions/ waste and how businesses can contribute.

2. Establish incentives to accelerate early transformation through financial support, mechanisms, and centralised platforms that facilitate the green transition.

3. Improve market infrastructure and Public Awareness by developing a certification system and accrediting certification bodies in line with international standards. Enhance public awareness to drive the adoption of green transition initiatives, emphasising the long-term cost efficiency of sustainable products compared to conventional alternatives.

4. Enhance public-private collaboration by fostering joint efforts and collaborative platforms to accelerate the development and implementation of effective solutions, recognising that public investment alone is insufficient to meet the desired pace of change.

Tourism

SUMMARY OF RECOMMENDATIONS

A. Tourism in the Thailand Economy; Thailand as an Attractive Destination for Tourism

1. Implement soft power initiatives showcasing Thailand's cultural assets to drive economic growth, enhance national identity, and strengthen economic resilience.
2. Enhance Thailand's position in medical tourism by strengthening high-quality healthcare infrastructure and services, to promote treatments and wellness facilities internationally.
3. Integrate the trend of workcation and bleisure travel into the offered holiday package, implement flexible visa options, and provide accommodations for workspaces' necessities.
4. Strengthen Thailand's MICE sector by developing world-class infrastructure and fostering innovation to facilitate business connections from Thailand's position as a high value-added MICE destination.

B. The Importance of Entry and Access

1. Establish clear guidelines to enhance accessibility and avoid unnecessary burden on travelers.
2. Ensure that any reinstatement of the TM6 form is digital, travel-friendly, and non-disruptive to the booking process to maintain ease of entry.
3. Ensure transparency in the implementation of the proposed 300-baht tourism tax by providing clear guidelines of benefits, processes, and accountability measures.

C. Major Issues in Tourism

1. Strengthen collaboration with the private sector under the STAR initiative to develop a balanced tourism ecosystem that enhances visitor experiences while benefiting local communities.

D. Future of Tourism in Thailand

1. Develop a well-structured curriculum supported by the government to enhance workforce capabilities in the tourism sectors.
2. Ease foreign labour restrictions to address skill gaps and strengthen the tourism workforce.
3. Provide financial support to educational institutions to expand and improve tourism-related training programs.
4. Establish a Tourism Safety Operations Center to enhance crisis response and ensure visitor safety.
5. Promote the Thailand Tourist Police Application to improve accessibility to safety resources and emergency assistance for travellers.

The tourism sector is a vital pillar of Thailand’s economy, contributing significantly to national GDP, job creation, and local enterprise growth. In the post-pandemic global landscape, Thailand faces evolving challenges and opportunities that require comprehensive and strategic policy interventions. To secure Thailand’s position as a premier global tourist destination, strategic reforms must focus on elevating competitiveness through sustainable tourism, infrastructure development, workforce enhancement, and regulatory modernisation to support tourism’s long-term expansion. Tourism policies should emphasise not only economic recovery but also long-term structural improvements. Key areas of reform include creating an enabling regulatory environment to support new business models, simplifying access to the country, and ensuring fair competition within the sector. By fostering innovation, enhancing visitor experience, and implementing forward-looking policies, Thailand can transform its tourism landscape to drive broader economic growth and resilience.

This Chapter outlines essential policy recommendations designed to achieve these goals, helping Thailand unlock the full potential of tourism as a catalyst for national economic transformation.

A. TOURISM IN THE THAILAND ECONOMY; THAILAND AS AN ATTRACTIVE DESTINATION FOR TOURISM

(1) Significance of Tourism to the Thai Economy

Thailand exports of goods and services NESDC Chair on 16 Sep presentation had total exports at about 65% accounted for 65.45 percent of GDP in 2023, with tourism contributing to 8.4 percent of GDP (about 20% in 2019).¹ In 2023, international tourism receipts totalled THB 1.2 trillion, and 2023 international arrivals were 28.15 million.² Estimate of international arrivals for 2024 is 35 to 36 million (compared to 39.8 million in 2019). According to the World Bank, tourism is projected to return to pre-pandemic levels by mid-2025, set back by the slowdown of the Chinese economy and Chinese out-bound travel.

Country	GDP Contribution		Decline in GDP Contribution	Employment Contribution		Decline in Employment Contribution	Decline in visitor spending (USD) 2019-2020	
	2019	2020	2019-2020	2019	2020	2019-2020	International	Domestic
Thailand	20.1%	8.4%	- 60.8%	21.4%	18.1%	-15.1%	-76.5% (- 8.3 Bn)	-28% (-7.6Bn)

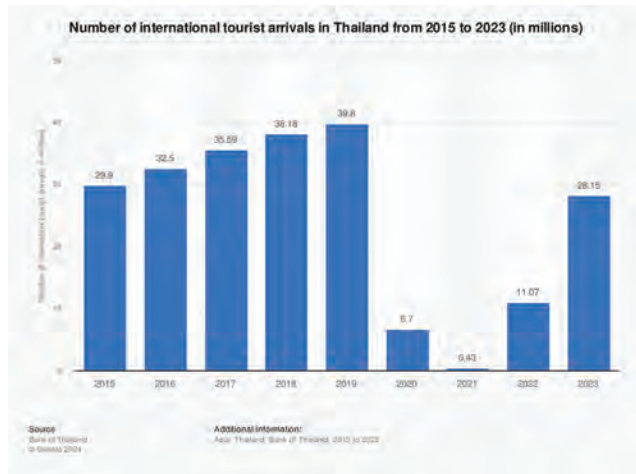
Source: TEM (WB) July 2021, WTTC 2021.

In 2024, the tourism spend by foreign arrivals was 1.6 trillion THB.³ Meanwhile, income from domestic tourists amounted to THB 1 trillion (5.7 percent of GDP) in 2023.

¹ World Bank, GDP (Current US\$) – Thailand, accessed January 24, 2025, <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=TH>

²Ministry of Tourism and Sports of Thailand, News Category 706, accessed January 24, 2025, <https://www.mots.go.th/news/category/706>.

³ Bangkok Post, “Kingdom of Thailand Welcomed 35M in 2024,” January 2, 2025, accessed January 24, 2025, https://www.bangkokpost.com/thailand/general/2931152/kingdom-of-thailand-welcomed-35m-in-2024#google_vignette



The 2019 Mastercard Global Destination Cities Index ranked Bangkok as #1,⁴ and Thailand appears in the Top 10 Global Trending Travel Destinations for Summer 2024 according to the Mastercard Travel Trends 2024 report.⁵

(2) Soft Power

Thai cuisine is renowned worldwide, and we commend the Thai government's ongoing efforts to promote gastronomy tourism, including support for the Michelin Guide Thailand 2022-2026 project. Gastronomic tourism is not just about food but also the cultural storytelling behind it, highlighting indigenous dishes, authentic culinary techniques, and immersive local food experiences. In December 2021, the Cabinet approved a budget of \$4.1

⁴ Mastercard, "Global Destination Cities Index 2019," Mastercard Newsroom, accessed January 24, 2025, <https://www.mastercard.com/news/insights/2019/global-destination-cities-index-2019-1/>.

⁵ Mastercard, "What Are the Top Global Destinations for Summer 2024?" Mastercard Newsroom, accessed January 24, 2025, <https://www.mastercard.com/news/perspectives/2024/what-are-the-top-global-destinations-for-summer-2024/>.

million to support this initiative, recognising that gastronomy experiences can significantly enhance Thailand's appeal to tourists.⁶ By integrating food with premium beverages, the country is positioning itself as a destination for high-value tourism, aligning with the '5 F's' of Thailand's soft power: **Food, Fashion, Film, Fight, and Festival.**⁷

Beyond food, the Thai government is leveraging another cultural treasure: Muay Thai. Efforts are underway to promote Muay Thai as a recognised Olympic sport, enhancing its global visibility and appeal. This initiative not only brings pride to the nation but also opens avenues for economic growth through sports tourism, global competitions, and training academies.

Completing this, the 'One Family One Soft Power' initiative aims to cultivate local talent and create job opportunities within these creative industries, targeting the development of 20 million skilled workers. By fostering creativity in film and fashion, alongside vibrant festivals that celebrate Thai culture, Thailand can create a holistic approach to soft power that not only attracts tourists, including to secondary destinations, but also strengthens national identity and economic resilience.⁸

⁶ The Nation, "Cabinet Okays Bt135m Budget for Beneficial Michelin Guide Thailand Project," October 6, 2021, accessed January 24, 2025, <https://www.nationthailand.com/in-focus/40007112>.

⁷ T. L. Nguyen, "Thailand's Soft Power Initiatives Could Sink or Surf the 'T-Wave'," East Asia Forum, June 29, 2024, accessed January 24, 2025, <https://eastasiaforum.org/2024/06/29/thailands-soft-power-initiatives-could-sink-or-surf-the-t-wave/>.

⁸ Chulalongkorn University, "Chula Launches 'One Family, One Soft Power' Initiative," Chulalongkorn University News, accessed January 24, 2025, <https://www.chula.ac.th/en/news/194514/>.

In the Global Soft Power Index 2024, Thailand is ranked 40th among 193 countries, climbing one spot from 41st the previous year and achieving a score increase of 2.4 points. This upward trajectory underscores the effectiveness of Thailand's strategic initiatives, demonstrating how a nation can harness its cultural assets to strengthen national identity, attract global audiences, and bolster economic resilience.⁹

(3) Wellness and Medical Tourism

Thailand began promoting medical tourism in 2004 with a detailed medical tourism website that highlights many of the most popular treatments available, including dental work, dermatology and cosmetic surgery, as well as listing reputed hospitals, making it easy for potential visitors to decide on a procedure.¹⁰ Part of Thailand's medical tourism success is due to its wider popularity as a holiday destination.

Wellness & Medical Tourism to Thailand continues to grow; in 2023 the value of medical tourism to Thailand reached 829 million USD (29 billion THB).

The International Healthcare Research Center's Medical Tourism Industry Index (MTI) for 2020-2021, Thailand ranked 5th out of 46 countries Medical Tourism Industry dimension, reflecting the country's strong infrastructure

and services in this sector.¹¹ The ranking was based on the quality of Thailand's medical services and the efforts it has made in gaining international accreditation for its hospitals and developing the quality of its medical staff. In terms of quality and services, Thailand is ranked 17th in the index, from a total of 46 countries. Overall, the index indicates that Thailand is well on the path to establishing itself as a globally attractive medical tourism destination.

Thailand's medical tourism industry is further supported by projections indicating that the market could grow significantly, with estimates suggesting it might reach approximately 66.1 billion USD by 2034. This growth is driven by the country's reputation for cost-effective healthcare services, high-quality medical facilities, and its ability to attract tourists seeking both medical care and wellness experiences.¹²

Recommendation:

1. Expand Thailand's position as a global leader in medical and wellness tourism. Investing in high-quality healthcare services, improve access to innovative and advanced medicines to enhance quality of treatments, and promote medical facilities internationally. Integrating wellness tourism with medical offerings will provide a unique value proposition, attracting both health-conscious travelers and those seeking high-quality care at competitive prices.

⁹ BrandFinance, Global Soft Power Index, 2024, accessed January 24, 2025, <https://brandirectory.com/softpower>.

¹⁰ Thailand Incentive and Convention Association, "Medical Tourism," Thailand Incentive and Convention Association, accessed January 24, 2025, <https://www.tica.or.th/why-thailand-categories/medical-tourism>.

¹¹ Medical Tourism Association, "Medical Tourism in Thailand," Medical Tourism Association, accessed January 24, 2025, <https://www.medicaltourism.com/destinations/thailand>.

¹² Future Market Insights, Thailand Medical Tourism Market, March 2024, accessed January 24, 2025, <https://www.futuremarketinsights.com/reports/thailand-medical-tourism-market>.

(4) Workcation/Bleisure Travel

Blending the lines between business and leisure travel, so-called ‘workcations’ and ‘bleisure’ travel are increasingly significant to Thailand’s tourism industry. As professionals seek to extend their business trips for personal enjoyment, this trend caters to the growing demand for flexible work arrangements and the desire to explore new destinations while still being productive.

The global bleisure travel market is experiencing significant growth. In 2024, it was valued at \$430 billion, up from \$394 billion in 2023, with a Compound Annual Growth Rate (CAGR) of 9.3%.¹³ Projections estimate the market could reach \$731.4 billion by 2032, driven by the increasing demand for work-life balance and the integration of work and leisure activities.¹⁴

By accommodating these travel preferences transparently, through clear and accessible rules around visa and work permit requirements, Thailand can attract a diverse range of visitors. To support this goal, the Thai Government has launched several initiatives to cater to workcation and bleisure travelers: See Destination Thailand Visa and catering for short courses and for Digital Nomads, see Chapter on the Digital Economy.

Thailand’s hospitality industry is also adapting to the needs of workcationers and bleisure travelers by offering packages that combine work-friendly environments with leisure amenities. Resorts and hotels are now providing accommodations with dedicated workspaces, high-speed internet, and wellness facilities to ensure a balanced work-life experience.¹⁵

By implementing flexible visa options like the Destination Thailand Visa and enhancing infrastructure to support remote work, Thailand is well-positioned to attract the growing segment of workcation and bleisure travelers. These initiatives not only cater to the evolving preferences of modern professionals but also contribute to the diversification and resilience of Thailand’s tourism industry.

Recommendation:

1. Support the trends of workcation and Bleisure travel by positioning Thailand as a top destination. Enhancing visa options, such as the Destination Thailand Visa, and improving infrastructure for remote workers can attract professionals seeking balance between work and leisure. This segment is projected to continue its rapid growth and contributing to drive Thailand’s tourism revenue.

¹³ TravelPerk, “Bleisure Travel Statistics,” TravelPerk, December 17, 2024, accessed January 24, 2025, <https://www.travelperk.com/blog/bleisure-travel-statistics/>.

¹⁴ L. Zay, “Bleisure Travel Statistics,” Navan, January 5, 2025, accessed January 24, 2025, <https://navan.com/blog/insights-trends/bleisure-travel-statistics>.

¹⁵ Y. Ng, “The New WFH: Out of Office but Working from Resorts,” Travel Weekly Asia, May 5, 2021, accessed January 24, 2025, <https://www.travelweekly-asia.com/Travel-News/Travel-Trends/The-new-WFH-Out-of-office-but-working-from-resorts>

(5) MICE

Meetings, Incentives, Conferences, and Exhibitions ('MICE') constituted a significant component of Thailand's tourism industry. The EABC recognises the vital role of MICE in driving economic growth and supporting the recovery of the tourism sector post-Covid. Thailand has been a global leader in MICE, and a focus on the removal of all barriers to an active and thriving MICE sector, including: no work permit or visa requirements for MICE activities with clearly defined timeframes and activity scopes.

In the first quarter of 2024 (January-March), Thailand's MICE industry generated total revenue of 36.55 million baht, marking a 99.30% growth compared to the same period the previous year.¹⁶ This growth was primarily driven by trade exhibitions, which accounted for approximately 60% of the total revenue. During the fiscal year 2024 (October 2023 - September 2024), Thailand welcomed 1.16 million overseas MICE travelers, a 42% increase from 810,000 in the previous fiscal year and nearing the pre-pandemic high of 1.2 million recorded in 2019.¹⁷

Looking ahead, the Thailand Convention and Exhibition Bureau (TCEB) aims to generate 200 billion baht from 34 million Thai and foreign MICE travelers in the fiscal year 2025, reflecting the sector's robust recovery and growth trajectory.¹⁸



To read more, please scan the QR code or click on the link [here](#).

B. THE IMPORTANCE OF ENTRY AND ACCESS

(1) Ease of Entry includes Visa Waivers

Thailand implemented from mid-July 2024 significant changes to its visa policies to facilitate easier access for tourists, aiming to boost the economy through increased travel. Since July 15, 2024, the country has granted a 60-day visa exemption to nationals from 93 countries. This increased the number of countries enjoying visa free entry by 70% and also doubled the previous 30-day allowance. This extension allows visitors to stay longer without a visa and can be further extended for an additional 30 days at immigration offices.

¹⁶ Thailand Convention & Exhibition Bureau, *MICE Quarterly Report Q1 2024*, 2024, accessed January 24, 2025, <https://elibrary.tceb.or.th/en/Publication/MICE-Quarterly-Report/6379?aliaspath=/Publication/MICE-Quarterly-Report/6379>.

¹⁷ K T. Koumelis, "Thailand's MICE Industry Reports Record Growth, Eyes Bigger 2025 Goals," *Travel Daily News Asia*, December 10, 2024, accessed January 24, 2025, https://www.traveldailynews.asia/reports-surveys/thailands-mice-industry-reports-record-growth-eyes-bigger-2025-goals/#google_vignette.

¹⁸ The Nation Thailand, "TCEB Targets THB200-Billion Revenue for MICE Industry Next Year," December 25, 2024, accessed January 24, 2025, <https://www.nationthailand.com/business/economy/40044494>

Additionally, the list of countries eligible for Visa on Arrival entry has expanded from 19 to 31, making it more convenient for travelers to enter Thailand for tourism purposes. Visa free arrival also allows for limited scope working (not a business visa) but it comes with some complications. See the CSI Chapter for details on working.

In 2022, Thailand temporarily suspended the requirement to complete the TM6 immigration form for foreign travelers arriving by air, and the requirement has been temporarily suspended for land and sea arrivals until April 30, 2025. Future efforts to reinstate the TM6 via a digital form should be done carefully, ensuring minimal effort on the part of the traveler and no disruption to the traditional travel booking process.¹⁹

The measures should encourage more international visitors, thereby generating increased revenue from tourism. This strategy should support the recovery of the tourism sector post-pandemic but also aligns with broader economic goals of revitalising local businesses and creating jobs within the hospitality industry.

¹⁹ M. Shoowong and M. Bangprapa, "Suspension of TM6 Form for Travellers Extended," *Bangkok Post*, October 15, 2024, accessed January 24, 2025, <https://www.bangkokpost.com/business/general/2884162/suspension-of-tm6-form-for-travellers-extended>

Recommendation:

1. Facilitate access and entry in Thailand's policy of easing visa restrictions, including extending the visa exemption period to 60 days for nationals of 93 countries, is a positive step towards improving accessibility. This policy is expected to attract more international visitors, particularly from Europe and North America. Furthermore, clear guidelines for working tourists, such as digital nomads and workcations, should be developed to support this growing segment. Simplifying entry requirements will be essential for maintaining Thailand's competitiveness in global tourism market.

(2) Tourism Taxes

For the last few years Thailand has debated whether to assess a 300-baht tax on foreign arrivals, aimed at generating additional revenue to support tourism infrastructure and services. While this initiative is intended to enhance the overall visitor experience and promote sustainable tourism development, care must be taken not to dampen tourist enthusiasm. Should this tax move forward, it will be important for the Thai government to communicate the benefits of this tax clearly, emphasising how the funds will be utilised to improve facilities and services that directly enhance the tourist experience.

Transparency in the use of any revenue generated from this tax is essential to maintain trust and encourage continued tourism. Tourists are more likely to embrace

such measures if they can see tangible benefits from their contributions, such as improved transportation, better public amenities, and enhanced safety measures. By providing clear reporting on how the funds are allocated and demonstrating accountability, Thailand can foster a positive perception of the tax among visitors. Ensuring that these revenues are reinvested into the tourism sector will not only support economic growth but also help sustain Thailand's reputation as a premier travel destination.

As of October 2024, the Ministry of Tourism and Sports announced plans to implement the 300-baht tourism tax, starting with air passengers, who constitute approximately 70% of foreign arrivals. The collection is expected to begin within six months of cabinet approval. The tax is intended to fund infrastructure improvements and enhance tourist safety.²⁰

The proposed tax includes an insurance component, with a capped premium of 60 baht out of the total 300-baht fee, offering coverage for up to 30 days, aligning with the average length of stay for tourists in Thailand.²¹

²⁰ N. Kasemsuk, "Tourism Tax to Start with Air Travel," *Bangkok Post*, October 24, 2024, accessed January 24, 2025, <https://www.bangkokpost.com/business/general/2889252/tourism-tax-to-start-with-air-travel>.

²¹ Travel and Tour World, "Thailand to Introduce New Tourism Tax for Air Passengers in 2024, Aiming to Fund Visitor Insurance and Infrastructure," October 25, 2024, accessed January 24, 2025, <https://www.travelandtourworld.com/news/article/thailand-to-introduce-new-tourism-tax-for-air-passengers-in-2024-aiming-to-fund-visitor-insurance-and-infrastructure/>.

With the implementation of this tax, the government aims to generate at least 3 trillion baht in tourism revenue.²²

Recommendation:

1. Strengthening of tourism infrastructure will ensure the country's reputation as a top destination. Investing in transportation networks, accommodation facilities, and public services is necessary to accommodate the increasing number of international visitors. The transparent implementation of the proposed 300-baht tourism tax will support these enhancements, ensuring a more seamless visitor experience. Clear communication on tax's benefits will enhance public understanding and acceptance, further supporting sustainable growth.

C. MAJOR ISSUES IN TOURISM

(1) Sustainable Tourism

Sustainable tourism is becoming increasingly vital for Thailand as it seeks to balance economic growth with environmental preservation and social equity. The Thai government, through initiatives like the Sustainable Tourism Acceleration (STAR) project,²³ aims to align its

²² M. Shoowong, "Minister Aims to Levy 300-Baht Tourism Tax," *Bangkok Post*, September 17, 2024, accessed January 24, 2025, <https://www.bangkokpost.com/business/general/2866607/minister-aims-to-levy-300-baht-tourism-tax>.

²³ SDG Move, "TAT STAR: Sustainable Tourism Acceleration," August 8, 2023, accessed January 24, 2025, <https://www.sdgmove.com/en/2023/08/08/tat-star-sustainable-tourism-acceleration-3/>.

tourism strategies with the 17 Sustainable Development Goals (SDGs) established by the United Nations. These goals emphasise the importance of responsible tourism practices that not only enhance visitor experiences but also contribute positively to local communities and ecosystems. By focusing on areas such as sustainable food systems, gender equality, and environmental conservation, Thailand has shown that it is working to create a tourism ecosystem that benefits both tourists and residents alike.

In addition to government initiatives, private sector participation is crucial. Notably, Thailand became the first country to implement the UNESCO Sustainable Travel Pledge nationwide. As part of this initiative, over 500 hotels have committed to eliminating single-use plastics and promoting local culture, demonstrating a significant move towards sustainable tourism practices²⁴.

Recommendation:

1. Promote sustainable tourism to balance economic growth with environmental and social responsibility to ensure that sustainability is not merely a marketing tool but a core principle in all tourism policies. The establishment of clear and measurable outcomes will foster both international trust and long-term growth in the tourism sector.

²⁴ United Nations Thailand. (2022, April 8). Thai hotels commit to sustainability. Retrieved January 24, 2025, <https://thailand.un.org/en/177262-thai-hotels-commit-sustainability>

(2) Fair Competition

(a) Hospitality

Hotels are currently facing price pressures. This causes sales levels with little contribution to overhead and difficulties in capturing the value provided by the hospitality sector, especially at high-end properties. The general lack of standardised ratings (e.g. number of stars) may exacerbate the issue. In Thailand there remains unclear guidelines around Short Term Rental Accommodation properties, including platforms such as VRBO or AirBnB, for example. While during the pandemic the government raised the limit on rooms and guests to allow slightly larger properties the ability to qualify as non-hotel accommodation, meaning they would not require hotel licensing, the area remains opaque creating an uneven playing field amongst properties. In August 2023, the Thai government updated the Ministerial Regulations regarding the operation of short-term rentals, changing the criteria for 'non-hotel accommodation' from a maximum capacity of 20 guests and four rooms to no more than 30 guests and eight rooms²⁵.

Despite these updates, the lack of a comprehensive framework continues to create a challenging environment for both hosts and guests. For instance, under Thailand's Hotel Act, properties rented for fewer than 30 days without a hotel license are considered illegal, with

²⁵ A. Newport, "Updated Short-Term Rental Regulations in Thailand a Boon to Small, Unique Operators," *TTG Asia*, September 12, 2023, accessed January 24, 2025, <https://www.ttgasia.com/2023/09/12/updated-short-term-rental-regulations-in-thailand-a-boon-to-small-unique-operators/>.

exceptions potentially applying to registered guesthouses or properties in designated zones. While there are ongoing efforts to clarify regulations, the lack of a comprehensive framework creates a challenging environment for both hosts and guests.

(b) Impacts on tour operators

According to the Department of Tourism (in Ministry of Tourism and Sports), in 2023 there were approximately 8000 tour operators operating in Thailand. Many tour operators have decided to suspend their business or ceased business due to the border control and economic stagnation as a result of Covid-19 pandemic. For tour guides, there are 76,329 tour guides reported in 2023. Tour guides is a profession restricted to Thai nationals and Thai companies (39 professions regulation and Foreign Business Act List 3). However, there is a clear demand and need for foreign tour leaders (or tour facilitators) to accompany many tour groups coming from abroad.

The purpose of allowing foreign tour facilitators is to enhance the tourist experience by having a person with some local knowledge and speaking the same language and appreciating the culture of the foreign tourists in that group. The foreign tour facilitator does not replace the local Thai tour guide. This is comparable to Thai tour leaders travelling with Thai tourists to foreign countries or being based in foreign countries to support the experience of Thai nationals visiting those countries. The tour facilitator can for example:

- (i) Accompany the group
- (ii) Support any language issues
- (iii) Translate
- (iv) Take direct care of group members for safety reasons; understanding other needs and enhancing the experience, particularly in languages which are not popularly covered amongst Thai tour guides.

Allowing foreign tour facilitators under clear and achievable guidelines will enhance the tourist experience by having a person with some local knowledge and speaking the same language and appreciating the culture of the foreign tourists in that group.

D. FUTURE OF TOURISM IN THAILAND

(1) Reskilling

During the pandemic some sectors were gutted due to layoffs and downsizing. Organisational learning and the capacity to offer world-class experiences were downscaled. Many businesses in the hospitality sector stopped operating during the pandemic, some permanently, some closing due to lack of customers, or forced closure.

Reskilling has become essential in order to deliver on expectations, and for economic recovery. It needs a workable and manageable curriculum plan. For example, using a hospitality competency framework, government support for training and re-skilling both for employers and individuals or relaxation of foreign hiring limits, at least for a time and special visas for hospitality.

These institutions will need financial support which tourism operators cannot afford. Economies of scale and economies of scope are also relevant. Government can provide financial support to these training and educational institutions by grants and soft loans when taking qualified tourism employees based on some simple criteria.

Recommendation:

1. Reskilling the tourism workforce would rebuild a competent, flexible workforce that meets evolving demands and keeps pace with changing trends.

- A well-structured curriculum, supported by government initiatives, will ensure that individuals in the hospitality and tourism sectors have the skills necessary to deliver world-class experiences.
- Easing foreign labour restrictions.
- Providing financial support for educational institutions will help address the skills gap and foster industry growth.

(2) Tourism Safety and Security

Tourism safety and security are fundamental priorities for Thailand as the country seeks to maintain its reputation as a welcoming and safe destination for international visitors. Ensuring a secure environment for tourists is not only essential for fostering trust but also for sustaining Thailand's tourism-driven economy.

The Understandings and principles from the 2013 Chao-Phraya Declaration on safety and security continue to be relevant today. These include:

- (i) Public and private sector should create an environment in which tourists feel safe and secure, with all stakeholders across the broad spectrum of tourism and travel working in harmony to ensure that visitors to Thailand, acting responsibly, are made aware of the potential risks.
- (i) Avoid and correct negative, wrong perceptions about Thailand tourism.
- (ii) Standards of safety and security must be improved and enforced by all parties to ensure that the vast majority of business and leisure travelers to Thailand experience a safe, secure, enjoyable and memorable stay. (By delivering on this objective, there is an immediate cost benefit in terms of lower overtime costs for employers)

The Thai government has implemented several key measures to bolster tourist safety, ensuring visitors feel secure during their stay.

In January 2025, the Royal Thai Police inaugurated the Tourism Safety Operations Center (TSOC) to coordinate and oversee safety measures for tourists. This center aims to enhance collaboration between security agencies and

ensure a swift and efficient response to incidents involving foreign visitors.²⁶

To further enhance safety, the Tourist Police Bureau launched the ‘Thailand Tourist Police’ mobile application. This app enables tourists to report emergencies in real-time by sending messages, photos, and location details, with direct connectivity to the police via a red ‘SOS’ button. The app also supports multiple languages, ensuring accessibility for international visitors.²⁷

A significant development in this realm is the country’s recent legalisation of same-sex marriages, making it the first Southeast Asian nation and the third in Asia to do so. On January 23, 2025, Thailand celebrated its first legal same-sex weddings, marking a historic milestone in its commitment to inclusivity and diversity. This progressive move not only strengthens Thailand’s national identity but also enhances its appeal as a welcoming destination for all tourists.²⁸

Recommendation:

1. Enhance safety and security measures would strengthen Thailand’s reputation as a safe and welcoming destination by improving security infrastructure. The establishment of the Tourism Safety Operations Center and the launch of the ‘Thailand Tourist Police’ mobile application are keys steps in ensuring quick emergency response and enhancing tourist safety.

²⁶ Khaosod English, “Thailand Bolsters Tourist Safety with New Operation Center,” January 13, 2025, accessed January 24, 2025, <https://www.khaosodenglish.com/tourism/2025/01/13/thailand-bolsters-tourist-safety-with-new-operation-center/>.

²⁷ Government Public Relations Department Thailand, “Tourists Advised to Download ‘Tourist Police’ Application for Worry-Free Travels in Thailand,” January 2, 2025, accessed January 24, 2025, <https://thailand.prd.go.th/en/content/category/detail/id/2078/iid/352419>.

²⁸ N. Wesshasartar and C. Setboonsarng, “Thailand Holds Its First Same-Sex Weddings, Targets Record Registrations,” Reuters, January 23, 2025, accessed January 24, 2025, <https://www.reuters.com/world/asia-pacific/thailand-holds-its-first-same-sex-weddings-targets-record-registrations-2025-01-23/>.

Transport, Logistics, Rail and Road

SUMMARY OF RECOMMENDATIONS

A. Long Term Goals for Customs Facilitation

1. Legal framework: Improve Transparency and Predictability in the drafting and implementation of policy, rules and regulations through the involvement of all stakeholders and affected parties in a fair and open consultation process starting well before Laws and Regulations are drafted.
2. Reasonable Care Concept: Clearly indicate ways in which companies can comply with regulations and Customs can accept the concept of 'reasonable care'. Thai Customs to accept voluntary disclosures from importers / exporters / agents / any other concerned parties of errors and breaches of all and any regulations with reduced / waived penalties. Customs to publish guidelines for Compliance to aid much-needed transparency.
3. Enhancement to the Voluntary Disclosure under the One Stop Service Program: EABC supports making the One Stop Service Program permanent and recommends that TP adjustment issues, which are typically tax compliance-related and occur annually, be treated differently from any other disclosures. Additionally, EABC proposes a Valuation Advice mechanism to establish agreed ranges for customs value adjustments. Overall, collaboration between Thailand Revenue Department and Customs is necessary to enhance the One Stop Service Program.
4. Reward and penalty system: We appreciate the way forward from Thai Customs that we clearly see. We urge that there should be a clear plan and timeline toward the elimination of the reward and penalty system. : EABC recommends amending the Customs laws and regulations to clearly define the types of non-compliance, introduce a mechanism to distinguish between intentional and unintentional errors, and at the same time reduce penalties for unintentional errors to maintain fairness. In addition, EABC supports amending the reward and whistleblower scheme by reducing the reward cap or replacing it with non-monetary incentives, aiming to phase it out. The system should reward only independent third-party whistleblowers, verified for independence, and provide them with legal protection, confidentiality, and a fair reward system.
5. Goods in transit: To enhance Thailand as a Regional Logistics Hub, Goods in International and Goods being transported within Thailand between Thai Customs offices under Customs Bond transit will have to be liberalised to the level of international best practice, but the steps to be taken will differ.

6. Digitalisation in customs and document compliance: To achieve a paperless environment, there is a need for further cooperation among related parties to promote the practices especially at each customs house and check point. EABC supports Customs in adding a module to the eCustoms system for importers/exporters to extract the import/export entries. In the meantime, the manual request process through Information and Communication Technology Center should be reintroduced.

B. Levers to Establish Thailand as ASEAN's Railway Technology Hub

1. Special Envoy for Economic Recovery through Transport Infrastructure Investments.
2. Approvals from Ministry of Transport for Infrastructural Products and Systems.
3. Implement Know-How submitted by European Institutions and Countries.
4. Consider modern technologies in design and procurement, evaluate TOTEX.
5. Realise benefits by liberalisation and international co-operation.
6. Modernise Road Traffic Control.

C. Rules on Foreign Direct Investment

1. We recommend that Thailand study opening the postal market to Private Sector and International competition.
2. We encourage Thailand to review its regime for foreign investment, in the services sector and the logistics industry in line with ASEAN policy. Logistics should be removed from List 3 of the FBA. World-class Service industries play a critical role in supporting the growth of strategic manufacturing sectors. The desired major investments from Foreign Logistics Services Providers are unlikely to materialise as long as foreign investors are restricted to minority holdings.

A. LONG TERM GOALS FOR CUSTOMS AND FACILITATION

Thanks to its strategic geographical location, Thailand has a unique opportunity to position itself as the leading logistics hub in ASEAN. Customs clearance is one of the critical processes in the freight forwarding market that largely affects efficiency. The governments of the region have started to take the necessary steps for improving the efficiency of the customs clearance process.

The present national laws and regulations governing the Importation, storage in bond, transit and re-export of cargo are, however, still unsuited to those ambitions. The new Customs Act 2560 has made some changes, and most of them are beneficial. It is still the case, however, that a Regional Logistics Hub operating in a fashion attractive to International Distributors of Goods or their Logistics Service Providers cannot be operated in an ideal way under the existing Law and Regulations.

EABC welcomes the establishment of the Eastern Economic Corridor (EEC) to attract new business and to enhance infrastructure. To make the EEC interesting especially for ASEAN or Asian wide distribution centres, customs handling would need to be adapted to the needs of such a logistics concept. We understand that the EEC or companies in the EEC can be exempt from general customs law under Section 57 of the EEC Act. We suggest having regulations drafted for companies to especially enable region wide distribution centres including distribution of goods in transit to neighbouring countries, free zones or bonded areas. This should be setup as general rule and regulation for e-commerce businesses as well as regular cargo and not made available upon investment only.

Trade facilitation seeks to reduce the transaction costs faced by exporters and importers to stimulate trade, investment and improves productivity. Customs plays a critical role in facilitating trade as customs and other border procedures have a direct impact on trade costs. Streamlined procedures, simplified documentation requirements and automation are the most critical aspects for efficient customs clearance procedures.

The Thai Customs Department has in the past decade introduced several laudable initiatives, such as an automated clearance system, and simplified procedures for recognised and trusted traders. The New Customs Act 2560 has also made beneficial changes in the areas of Penalties for Customs Avoidance and Import Restrictions, established a 30-day period for goods to stay in Bonded area and made improvements to the Customs Appeal Committees and Post Audit systems.

There remain, however, features with significant potential for improvement.

(1) Legal Framework

The legal framework lacks sufficient clarity and therefore becomes subject to interpretation from individual customs officials. Detailed, technical guidelines are not always made publicly available, which makes enforcement and customs clearance procedures a source of uncertainty for the business community. To ensure foreign businesses' confidence in the Thai economy it is important that rules and regulations are aligned between departments and ministries as well as that timely public consultation takes place before Laws and Regulations are drafted. Equally important, the policy framework and legal environment must be improved to serve fair, market-based competition and wider social interests prior to the enactment of rules, regulations and laws. When changes to the law are being considered it is important that stakeholders and other concerned parties should be involved in a fair, open and early consultation process on such changes. There must be clarity over what should be expected from all stakeholders.

Recommendations:

1. When changes to the law are being considered, it is important that stakeholders and other concerned parties should be involved in a fair, open and early consultation process on such changes.
2. There must be clarity over what may / shall be expected from all stakeholders.

(2) Reasonable Care Concept

Customs should recognise reasonable care by the trading community to encourage compliance with laws and regulations. This tangent the issue of intent or lack of, in a non-compliance or violation: distinguishing between unintentional non-compliance and intentional/fraudulent violations.

Countries such as the US and EU have clear programs which encourage companies to voluntarily comply with regulations, which recognise proven reasonable care and allow the trading community to voluntarily disclose errors/ violations without attracting significant penalties. It should not be the case that all cases be deemed fraudulent and therefore attract significant penalties. Customs should consider 'reasonable care' by recognising internal compliance programs of traders, publishing clear guidelines on how to comply and allow for inadvertent/ unintentional errors by the trading community. The present rules, by not recognising and rewarding self-declaration of violations by trading companies encourage deception and re-enforce the adversarial relationship between Customs and Im-/Exporters.

In the case of disputes arising despite all efforts, an impartial, separate legal channel should be available for resolution of such disputes. Such a channel may be either be the standard external legal system or, if Customs-internal, should have equal participation from the Private and Governmental sectors and practice transparency and openness in all dealings. The structure of the Appeals Committees in the 2017 Act, whilst incorporating several improvements over the old Act, cannot be perceived by the Private sector as impartial given that all members are

from Governmental organisations with no Private sector representation.

Recommendations:

1. Clearly indicate ways in which companies can comply with regulations and Customs can accept the concept of 'reasonable care'.
2. Thai Customs to accept voluntary disclosures from importers / exporters / agents / any other concerned parties of errors and breaches of all and any regulations with reduced / waived penalties.
3. Customs to publish guidelines for Compliance to aid much-needed transparency.

(3) Enhancement to the Voluntary Disclosure under the One Stop Service Program

We appreciate that Thai Customs Department (Customs) has extended the One Stop Service Program from 1 October 2021 to 30 September 2026, allowing importers/ exporters to voluntarily disclose their mistakes in good faith without being penalised. We believe this program has fostered strong relationships between businesses and Customs, improved overall compliance, and reduced the leakage of Government revenue.

Based on the latest information available on the Customs website regarding the One Stop Service Program, it has gained significant traction among businesses and benefited the government from a tax revenue collection perspective. Over the four years of previously launched programs, approximately 13% of the revenue collected has derived solely from businesses voluntarily disclosing their mistakes to Customs.

Considering the program's success over the years and the traction it has received from businesses, EABC supports Customs extending this program beyond 30 September 2026 and making it permanent. This would encourage businesses to come forward in good faith and ensure overall compliance with customs laws.

In addition, under the One Stop Service Program, Customs has the discretion to reject a disclosure if it is repetitive in nature. On this note, EABC believes that specific areas should be addressed individually, particularly on Transfer Pricing (TP) adjustments, which affect the customs value of goods originally declared at the time of importation (i.e., the price actually paid or payable).

TP adjustments are generally made at the end of each fiscal year to ensure that transaction prices between related parties are at arm's length and to achieve a profit margin in compliance with the TP rules under the Thailand Revenue Department (TRD). However, any adjustments to the cost of goods sold (COGS) related to imported goods, would affect the price actually paid or payable (i.e., the customs value of the goods originally declared at the time of importation), which falls under the purview of Customs. Since retrospective TP adjustments occur only after the time of importation, they present challenges from a customs valuation perspective. If the customs declaration is not amended, there is a possibility that penalties may be imposed for any duty and/or tax shortfall identified during a post-clearance audit.

EABC encourages further enhancement of the One Stop Service Program, particularly to better address cases involving TP adjustments. Given that TP adjustments often arise from efforts to comply with TP rules rather than

fraudulent intent, they should be treated differently from other errors disclosed under the program. Moreover, these adjustments typically occur on an annual basis.

To further support this initiative, a Valuation Advice mechanism could be established to facilitate agreements between companies and Customs on a specific percentage variation for the customs value to be declared at the point of importation. This mechanism would involve setting a range for adjustments to the customs value, whether upwards or downwards, in line with Customs' standards. For instance, if it is agreed that the price of imported goods can vary between 2% and 5% of the import price, the goal would be to ensure that adjustments remain within this range for each declared good. The Australian Customs and Border Protection Service has implemented a similar Transfer Pricing Policy, which Customs could refer to as a benchmark.

Since the TRD and Customs are both governed by the Ministry of Finance, EABC hopes that these two tax authorities can collaborate to enhance the One Stop Service Program, as businesses wish to remain compliant require adjustments not only from a tax perspective but also from a customs perspective.

Recommendations:

1. Make the One Stop Service Program permanently for businesses to voluntarily disclose any mistakes on good faith.
2. Enhance the One Stop Service Program, with a focus on addressing TP adjustments more effectively.
3. As these adjustments often stem from tax compliance efforts rather than fraudulent intent and typically occur annually, EABC suggests treating them differently from other disclosures.
4. Introduce the Valuation Advice mechanism to set agreed ranges for customs value adjustments.

(4) Reward and Penalty System

EABC acknowledges that Customs laws and regulations are in place to safeguard trade integrity and government revenue. While these laws grant Customs the authority to address non-compliance through effective enforcement, they can present challenges for businesses operating in good faith to meet regulatory requirements.

The penalty provisions of the Act heavily penalise actions with the intent to defraud with up to 4 times the value of goods concerned, which can be a significant amount if the errors made by the businesses are purely typographical or administrative in nature. The broad interpretation of intent can sometimes pose confusions for businesses attempting to demonstrate compliance, especially when intent is not clearly defined under the law.

The current reward and penalty system within the Customs Department encourages individual customs officials to take an aggressive and rigid stance in customs clearance, including customs valuation, document inspection, controls and audits, to get rewarded even for minor, administrative errors.

In charges of ‘Smuggling’ under section 242 Customs do not bear the burden of proof and so they are allowed by law to qualify certain non-compliances as smuggling, regardless of the circumstances and the intention of the alleged offenders.

‘Section 242: Any person who imports or exports goods, which have not been passed through customs formalities into or out of the Kingdom, or unloaded goods from a means of transport, a bonded warehouse, a go down, a place of security, a permitted port or a duty free zone without a permission from a customs officer, shall be liable to an imprisonment for a term not exceeding ten years, or a fine of four times of a price of goods including a duty or both. Such goods shall be forfeited irrespective of whether or not there is a person inflicted with the punishment according to a judgment. Any person who attempts to commit the offence under paragraph one, shall be liable to the equivalent penalty’

‘Section 243 Any person who imports goods, which have been passed through or being passed through a customs formality, into or exports such goods out of the Kingdom in any manner to avoid or attempt to avoid a duty payment with an intention to defraud the government’s duty payable for such goods, shall be liable to an imprisonment for a term not exceeding ten years, or a fine from half but

not exceeding four times of an additional duty or both. The court may order to forfeit such goods irrespective of whether or not there is a person inflicted with the punishment according to a judgment. Any person who attempts to commit the offence under paragraph one, shall be liable to the equivalent penalty'

EABC completely agree that, where there are clear instances of intentional non-compliance, traders should be penalised. However, technical mistakes are currently disproportionately penalised by Customs with fines of up to 4 times the value of the goods concerned.

This is a significant disincentive for foreign companies working in Thailand, especially where it is applied to routine stock discrepancies in the warehouses of companies manufacturing in Customs- free areas.

Whilst it is important to have in place effective customs investigation to prevent any offence or attempted breach of customs' provisions, a clear distinction must be made between intentional, serious offences and unintentional or technical mistakes. This is well recognised under the Revised Kyoto Convention (RKC) which states that 'Customs shall not impose substantial penalties for errors where they are satisfied such errors are inadvertent and that there has been no fraudulent intent or gross negligence. Where they consider it necessary to discourage a repetition of such errors a penalty may be imposed but this shall be no greater than is necessary for this purpose'.

EABC recommends amending Customs laws and regulations to clearly outline the types of non-compliances and their corresponding penalties, ensuring consistent

interpretation and limiting penalties to clearly defined non-compliances. While we acknowledge that it may not be feasible to list all possible non-compliances, there should be a mechanism for Customs to differentiate between intentional attempts to circumvent Customs laws and unintentional errors. Customs should also consider reducing the quantum of the penalties for unintentional errors to ensure the penalties remain fair and proportionate to the nature of the non-compliance.

To incentive the change in the penalty system, the reward and whistleblower scheme must also be amended as these go hand in hand. The Customs Act allows the Director General of Customs to reward whistleblowers for identifying non-compliance with Customs rules. While this system promotes strict compliance, the EABC believes there should be a balance between addressing minor administrative errors and imposing strict measures, particularly when personal rewards are involved.

In recent years, businesses have expressed concerns about this reward system, arguing that it may be unfair and financially driven. Since the enactment of the Customs Act B.E. 2560 (2017), the important change made has been to cap the reward system at 5 million baht per case, a limit that did not exist previously.

EABC recommends that Customs reduce the cap for the reward system in parallel with the reduction of penalties, with the objective to ultimately phasing out the reward system. Customs could consider gradually replacing financial rewards with non-monetary incentives, such as awards, certificates, public recognition, or special privileges, to encourage compliance and maintain enforcement.

The reward system could also be adjusted to focus solely on third-party whistleblowers, rather than directly rewarding customs officials, aligned with the international standards. A mechanism should be put in place to verify the independence of the whistleblowers, ensuring that they are not reporting under any influence or directions of others to claim the reward. Whistleblowers must also be guaranteed legal protection, confidentiality, and a fair reward system to ensure they are not adversely affected when reporting non-compliance.

EABC support the position taken by the Thai private sector represented by the Joint Standing Committee on Commerce, Industry and Banking (JSCCIB), that, to prevent abuse of the reward and penalty system, heavy penalties should only be imposed and rewards only allowed in cases which have clear fraudulent intent as reflected in international best practice under the RKC. The burden of proof of guilt should here, as elsewhere, be on the prosecution i.e. the Customs and, as mentioned above, in case of dispute, clear and independent legal judgement should be provided.

Equally, EABC notes, and welcome, that in the Customs Act B.E. 2560, Intent, or absence of Intent, is recognised as a factor in the evaluation of Penalties for section 243 ('Avoidance of Customs Duty') and section 244 ('Avoidance of Import Restrictions') but we miss that recognition for section 242 ('Smuggling'). We would welcome a discussion on how Intent could also be factored into Penalties for this section too.

Recommendations:

1. EABC appreciates the progress since 2017, and we are keen to see the positive developments on the reward and penalty system as recommended. We urge that there should be a clear plan and timeline toward the elimination of the reward and penalty system.
2. We recommend the Customs Department to amend the Customs laws and regulations to clearly outline the types of non-compliance and its corresponding challenges, while introducing a mechanism to differentiate intentional and unintentional errors. At the same time, penalties can be reduced for unintentional errors to ensure they remain fair and proportionate.
3. EABC supports the amendment to the reward and whistleblower scheme, to reduce the reward cap or replace with non-monetary incentives, with the objective to phase out completely in the future.
4. The reward system should also focus on rewarding only third-party whistleblower and introduce a mechanism to verify their independence. Whistleblower should be provided legal protection, confidentiality, and fair reward system to ensure they are not adversely affected by reporting the non-compliance.

(5) Goods in Transit

Thailand's current regime for goods in transit particularly affects cross-border road freight services and works diametrically against the Government's objective of establishing Thailand as a logistics and transit hub.

Currently, regulations do not allow loading into the same vehicle goods in transit and goods for import, unless all goods are formally imported into Thailand (i.e. even goods in transit). They do not allow goods destined for different types of Customs-free zone to move in the same vehicle nor for goods to be transhipped en-route. Effectively consolidation of many shipments into one economical load is almost impossible to arrange legally. Regulations require presentation of documents at border posts even though the shipments in question will not be cleared into free circulation there and, in many cases, never will enter Thailand for Customs purposes as they are for regional distribution.

Discussions on this subject have been complicated by misunderstandings over the use of the word 'Transit'. Europeans would also use that word to refer to a domestic movement under Customs bond to another Customs area. In Thailand the word is generally only used for international cargo transiting Thailand from Border to Border.

To avoid such misunderstandings, we suggest that it would be a good start to distinguish clearly between

- (i) Goods in International Transit on the one hand and
- (ii) Goods being transported within Thailand between Thai Customs offices under Customs Bond on the other hand.

If 'Thailand Regional Logistics Hub' is to become a reality both types of transit will have to be liberalised to the level of international best practice, but the steps to be taken will differ.

The ACTS has been a good approach to allow international transit however the licensing is cumbersome, and the practice is still not following international best practices.

The first step would be to recognise that there is no need for the regulations concerning the transport of goods in bond to be tied to international agreements focused on the free passage of foreign trucks. Those agreements cover both free access for Trucks, in which Thai Customs have a minimal interest and Cargo moving under Bond which is fully within the remit of Customs.

It is quite possible to create regulations governing the Transport under Bond of cargo from Border Station. Sadao to Border station, Nong Khai, or from any Border station to an Inland Customs Area. Bangkok, without any reference to the type or nationality of trucks to be used.

As it stands, the trucks would be Thai. However, if bilateral agreements come into force, other trucks could be used. Thai Customs regulations, however, would focus solely on the cargo. The 'Transit' sector would, in effect, become a sub-set of the general sector 'Cargo moving under Bond within Thailand'.

In this sector three issues need to be addressed.

Firstly, regulations exist hindering the movement of cargo in bond between different types of Customs areas set up at different dates under differing legislation. These should

be amended to acknowledge the commonality of all Customs areas, at least as far as transport is concerned. Thus, the same rules would cover all cargo moving between different Customs areas, regardless of what type of Customs area may be concerned.

Secondly, transport between Customs areas is at present encumbered by many regulations specifying that each bonded shipment must be alone in a sealed truck, that this truck may only follow a specified route, that it should be inspected at certain places. These regulations do not conform to international best practice. They render the cost of distribution from a Bonded Hub in Thailand hopelessly expensive and make such a Hub non-competitive in international comparison. We suggest that Customs use the AEO system and free up the transport specifications to say only that the AEO may take out cargo under bond and move, tranship and load it as he likes, on condition that the goods arrive at the specified destination Customs area complete and in good order before a specified deadline. Otherwise, the Guarantee of the AEO will be debited and, in the case of multiple violations, the AEO accreditation will be withdrawn.

We accept that there may be reluctance to change based on worries about the 'identity' of the cargo delivered. We would be glad to participate with Customs in discussions to find a mutually satisfactory solution based on international practice.

Thirdly, because of the above the new rules should allow transport of bonded shipments economically in consolidated loads together with other cargo, and the consolidation and de-consolidation ('Break-bulk') of consolidated trucks within Bonded / Customs areas should

be allowed. Now Customs officials do not allow this even though there is no regulation forbidding it.

(6) Digitalisation in Customs and Document Compliance

- (i) The digitalisation of customs documentation allows harmonisation of information which enhances efficiency and the effectiveness of customs processes. Most importantly, with growing concern for environmental issues, the change protects the environment from countless paperwork. The European Union Customs Code (UCC) was adopted and applied on 1 May 2016 to shift the EU customs to a paperless and fully electronic and interoperable environment with core values of simplicity, service and speed. In the case of Thailand, unfortunately businesses, logistics brokers and stakeholders still find that paperless system still requires hardcopies to be presented at customs checkpoints even though this should be completely 'paperless' since the notification no. 0501/3 dated 27 January 2020.
- (ii) Under Customs law, importers and exporters must retain all customs-related documents for at least five years from the date of importation or exportation to ensure compliance. Import/export entries are important for businesses to maintain continuous compliance with customs laws and regulations and for conducting their own internal audits. Without access to these records, companies may face challenges in overseeing their operations. Moreover, unforeseen events such as natural disasters, fires, or miscommunication with

customs brokers can further complicate record-keeping.

Historically, EABC appreciates the effort and time that Information and Communication Technology Center of Customs had provided to assist businesses to extract import/export information, upon request. Unfortunately, this practice has been discontinued in recent years, and such requests from importers/exporters are no longer entertained.

According to the Official Information Act, individuals have the right to request official information that is not already published or publicly available. The responsible State agency (in this case, Customs), is obligated to provide the requested information within a reasonable timeframe. Currently, there is no provision under Thai law that prohibits the sharing of import/export entries belonging to importers/exporters. A similar principle applies when an individual requests a replacement for a damaged or lost excise registration certificate or returns from the Excise Department, or when requesting an import license or details from the permit issuing authority.

Aligned with the digitalisation goal of Customs, EABC recommends that Customs add a module to the eCustoms system that allows importers/exporters direct access to and extraction of their import/export entries. This would reduce the workload at Customs and ensure that companies have the documents they need to remain compliant. While progressing towards this addition, we support Customs in reintroducing the option for importers/exporters to manually

retrieve Customs entries or any other related documents from the Information and Communication Technology Center.

Recommendations:

1. To achieve a paperless environment, there is a need for further cooperation among related parties to promote the practices especially at each customs house and check point. Parallely, EABC remain to be a pinpoint to spread the information and practices to foreign business community.
2. EABC supports Customs in adding a module to the eCustoms system for importers/exporters to extract the import/export entries. In the meantime, the manual request to Information and Communication Technology Center should be reintroduced.

B. LEVER TO ESTABLISH THAILAND AS ASEAN'S RAILWAY TECHNOLOGY HUB

(1) Special Envoy for Transport Infrastructure Investments

The extensive plans of the Thai government to expand the roads and railroad lines are supporting the growth trajectory of Thailand's economy. The financial resources invested here have a multiple effect. The contractors ensure an increase in the number of employees, but also with many suppliers and service providers. And the completed roads and railway lines reduce the costs, and the time required for people and goods transport, which has a significant additional economic advantage. Timely implementation is recommended to maximise the

economic benefits. In fact, however, there are serious delays in numerous projects.

The reasons are, among others, bureaucratic obstacles, lack of provision of financial resources and legal restrictions for change in flexible response to difficulties.

PPP projects need state protection for the risks that no one would have thought possible before the crisis. PPP contracts need to be inflation-adjusted and availability-based, attracting investors and guaranteeing sustainability in the long term.

Recommendation:

1. The cabinet shall appoint a special envoy - reporting to the cabinet - to ensure that the planned infrastructure should be identified with measures proposed to the cabinet.

(2) Approvals from Ministry of Transport for Infrastructural Products and Systems.

During the past years the Department of Rail Transport (DRT) has been established centralising the Thailand's Railway Strategy and Standardisation. The EABC praises this important step in line with modern international procedures and as previously recommended by the EABC.

To this day, products, processes, and systems used are still planned to be approved during the project period by the responsible officials, supported by consultants. This procedure is very time-consuming and inhibits scalability and know-how sharing between different customer's

projects. A centralised system is easier to be overseen by the government and will increase the markets confidence in an effective and fair process.

EABC recommends the setup of centralised system to standardised approvals and optimise the timespan allocated. To shorten the implementation time a specialist committees should be set up under DRT leadership.

EABC is prepared to support the necessary know-how through contacts with the relevant European Governmental offices. The EABC will support to establish contacts with the relevant European offices in order to make know-how in this sector accessible.

Recommendation:

1. The Department of Railway Transport shall start issuing national Thai approvals for the transport infrastructure in line with international best practice.

(3) Implement Know-How Submitted by European Institutions and Countries

Technology is evolving faster and faster; both in the field of classic Railway systems - e.g. unattended rolling stock (GoA4), interlocking in the cloud, ATO over ETCS – as well as in supporting and adjacent field like predictive maintenance, cyber security or Mobility-as-a-Service incl. mobile payment. Adopting above technological advancements into the specifications of current and future Transport Infrastructure Projects could utilise efficiency in Operation and maintenance processes as well as enabling modern business models which could support Thailand's the increasing Startup scene.

The German Thai Railway Association (GTRA) in co-operation with the EABC was already highly successful in Know-How transfer with Working Groups and Seminars. Civil servants and consultants got free access to the latest Know-How. To shorten an implementation timeline, it is recommended for the Ministry of Transport to release a long-term Framework and for the Department of Rail Transport to prepare a recommended minimum implementation for the above-mentioned topics to put the knowledge into practice and to apply the Know-How.

Recommendation:

1. To utilise the benefits of shortened headways, to optimise investment and life cycle cost and to enable digitalisation and cybersecurity, DRT should prepare an implementation recommendation along a government innovation framework. EABC and GTRA can support DRT with international best practices.

(4) Consider Modern Technologies in Design and Procurement, Evaluate TOTEX.

For a long time now, Governmental Project managers have been well informed about the benefits and the necessity of Sustainability by Life Cycle Management, not least through EABC consultations and seminars. Nevertheless, this is largely ignored in governmental projects. In contrast, Thai private investors have successfully integrated the Life Cycle Management.

In a very encouraging development, the recent state sponsored Railway Projects require the implementation of the International Standard IEC 62278 (EN50126) *Railway Applications Specification and Demonstration of*

Reliability, Availability, Maintainability and Safety (RAMS). The Department of Rail Transport is recommended to verify the correct implementation of the mentioned standard and to adopt its requirements in future projects to the latest versions released by the International Standards Organisation, where Thailand is a member. The EABC published the contact details of European specialists who can accompany the introduction of this standard in Thailand.

The continuous application of the recent version of the standards will ensure purchasing high-quality products that provide optimised operating and maintenance costs and a predictable asset life.

The interoperability with the railroad systems of neighbouring countries will also be endangered, although connectivity is of importance due to the great geopolitical location of Thailand. Modern sensor technologies allow huge savings, e.g. with adaptive maintenance systems.

In road projects and civil engineering, there is also considerable room for improvement. The construction costs are much too high in international comparison and the long-term quality of structures is low. The lack of systematic inspection, evaluation and maintenance, results in a cost trap for future generations. This could be avoided by co-operating with experienced international experts, free from any conflict of interests.

Bridges, for example, designed in accordance with the Eurocodes, have a longer life span and considerably lower construction costs than the viaducts built in Thailand based on American standards. Viaducts can be checked using modern sensor technology. Possible defects can be

detected in good time, so remediation is cost-effective. The EABC supports to contact European suppliers, system providers, consultants, and universities to get more information about these technologies.

Authorities are recommended to focus on the evaluation of life cycle costs to prevent political and social complaints.

Recommendation:

1. As in all industrialised countries, also in Thailand, the total costs of investment TOTEX including capital spend CAPEX and operation and maintenance cost OPEX as well as the life span of the products must be considered when determining the best bidder.

(5) Realise Benefits by Liberalisation and International Co-operation.

Many problems that are currently visible in the implementation of infrastructural investments could be tackled by the know-how of experienced international contractors and system suppliers. This is limited by the visa and work permit requirements.

EABC suggests adding 'Rail and Road' as a Targeted Industry under the 'Smart Visa', 'Long-term Residence Visa' project, to attract state-of-the-art know-how for the huge infrastructural projects and to speed up implementation of Thailand becoming the Regional Railway Technology Hub for ASEAN as formulated in the Ministry of Transportations strategy.

Being the European Chamber of Commerce Thailand, EABC can initiate and support co-operation with European governmental rail or road operators.

If, due to a lack of liberalisation, the knowledge of independent worldwide experienced consultants is ignored, there is a risk that investments will turn into a financial fiasco.

Recommendation:

1. Attracting foreign know-how is a fast way to establish Thailand as ASEANs Railway Technology Hub as Targeted by the Government. Liberalisation will highly support attracting talents and will provide a positive impact on the Thai economy in short and long term.

(6) Modernise Road Traffic

Urban traffic in most cities in Thailand, including Bangkok and Chiang Mai, is managed by simple countdown timer traffic controller, not considering traffic volume or special circumstances, like afterschool or after-office hours. Modern traffic equipment like vehicle presence detectors, programmed traffic controllers and traffic management can significantly reduce traffic congestions.

With non-intelligent traffic lights, cars need to stop even when the other side of road has zero traffic. European Intelligent Traffic Solutions, recognising many cars on the other side of the road, switch traffic lights, so the congested lane can flow.

EABC refers to the positive experiences in Europe with holistic combinations of vehicle detectors, programmed-traffic controllers and an advanced traffic management system, a benefit for busy cities worldwide. Installing vehicle detectors before a junction gives the real-time input to the controller, whether to switch from red to green. The flow of the traffic does not depend only at one junction's situation but on many junctions before and around. Intelligent Traffic Solutions collect traffic data from a wide variety of sources, including accidents, weather forecast or events and process them to create a solid basis for implementing strategic measures which can be initiated manually or automatically. The system allows the integrated monitoring and control of different traffic zones such as city, urban highways, or even entire country networks.

Motorways and expressways in Thailand are used daily by commuters, as it would help them get to their destination in a shorter time. However, we often see the expressways, filled by standing cars. With a European Intelligent Traffic System, Thailand can optimise the traffic flow of roads, reduce the economic costs arising from traffic congestion and increase the safety of the drivers.

Funding for the conversion to electrical operation of vehicles, especially public transport such as buses and taxis or tuk-tuks, can now develop an economically unprecedented leverage effect. The same applies to expanding the network of charging stations. The state-owned companies in the energy sector should be obliged to get involved.

However, most electric energy generated in Thailand is based on fossil fuel. Going 'electric' with replacement of existing cars with EVs or electrical rail transport will not resolve congestion and provide.

C. RULES ON FOREIGN DIRECT INVESTMENT

(1) Gradual Liberalisation of the Postal Sector

According to the Postal Act of 1934, the Royal Thai Government has the exclusive right to handle postal services. Collection, delivery or handling of letters and postcards fall under a monopoly held by Thailand Post. The breach of the postal monopoly by private postal, courier or express delivery operators is currently subject to a fine of THB 20 for each letter and postcard that is delivered from abroad to an addressee in Thailand. This creates an uneven level playing field, since the monopoly also covers segments which are outside the scope of basic postal services (such as express mail).

We recommend that Thailand follow other countries in gradually opening the Postal market to competition.

(2) Liberalising Logistics Service

We recognise and support the Thai Government's policy of increasing foreign investment, both in Manufacturing and Logistics in Thailand. Virtually all World-wide operating Logistic Service Providers are also operating in Thailand: they need to, given Thailand's important position in international trade. For the most part, however, they operate on an 'Asset-light' basis, working from rented offices and leased warehouses, owning few,

if any trucks. Their 'investment' or fixed assets are not much more than office furniture. Although this is an accepted modus operandi for Freight Forwarders worldwide it is taken to extremes in Thailand due to the fact that foreign owners are limited to 49% ownership of the companies in Thailand. Furthermore Foreign-owned Logistics companies are not allowed to operate their own truck fleets, nobody is going to invest large amounts into a company which they cannot control and a market in which they cannot compete on an even playing field.

This position is at odds with Thailand's commitments to ASEAN, among others.

The ASEAN Logistics Roadmap contains a list of sectors where ASEAN member countries 'shall endeavor to achieve substantial liberalisation' by 2013. The objectives of the Logistics Roadmap are to 'create an ASEAN single market by 2015 by strengthening ASEAN economic integration through liberalisation and facilitation measures in the area of logistics services'.

The AEC further commits to allow for foreign (ASEAN) equity participation of 70 per cent by 2013. The EABC feel that Thailand, as a country wishing to develop world-level Logistics capabilities and seeking investment from foreign Logistics companies in order to achieve that, should allow 100% foreign ownership of Logistics companies or, at the very least, meet our obligations under the ASEAN Logistics Roadmap and at the same time extend the 70% ownership level to Logistics companies from all countries, not just those of ASEAN origin.

Success is...

logging on without the long commute.



Claim back one of the most valuable resources you have – time. Regus flexible office spaces give you a local place to work, so you never have to give up the things that are most important to you. And with 60 locations in Thailand, you're closer to finding the perfect work-life balance.




RegusTM
Part of the IWG network

Offices
Coworking
Meeting rooms
regus.com

ROYAL SILK - A320

A Whole New Level of Serenity & Comfort



Enjoy the new, comfortable seat in Royal Silk Class on THAI's A320, with a 38" pitch and 5" recline for the perfect rest. Featuring a modern design and full service to meet your needs, you can also access 'THAI Vision Connect' and enjoy movies and music on your personal device.

thaiairways.com

New THAI A320 Royal Silk Class is available on selected flights and routes.

A STAR ALLIANCE MEMBER 

 **THAI**
Smooth as silk