



EUBUSINESS AVENUES IN SOUTH EAST ASIA

SPEAKERS



Market Insights by Industry Experts seminar

Theme: Insights into Thailand's ICT industry trends, offerings, experience and regulations.

28th September 2020 2.40PM – 3.15PM

- Engaging in the Digital Economy in Thailand - **Mr. Bob Fox**, Chairman, Digital Economy/ICT Working Group, European Association for Business and Commerce (EABC) and JFCCT. 15 mins
- Sharing by Thailand-based European SMEs on their Experiences in Developing their Businesses in Thailand. 4 mins each (in separate slide pack)
 - **Mr. Jostein Aksnes**, CEO, 7 Peaks Software
 - **Mr. Denis Cappi**, Managing Director, Kiratech Asia Co. Ltd.
 - **Mr. Svend Nelson**, Lecturer & Entrepreneur, Former Partner & MD, Webcontrol Limited
 - **Mr. Peter Fischbach**, President, ISM Technology Recruitment Ltd.
 - **Mr. Allan Rasmussen**, Founder, One Development (Thailand) Co., Ltd.

BACKGROUND



Market Insights by Industry Experts seminar

Monday 28 September 2020

The EABC and JFCCT Digital Economy/ICT group is pleased to have been associated with EUBA every year since 2017, making 2020 the fourth consecutive year of engagement.

JFCCT and EABC and their members offer EUBA and the 'visiting' European ICT SMEs the benefits of their knowledge and experience of the Thailand market.

Engaging in the Digital Economy in Thailand

**Bob Fox,
Chair - Digital Economy/ICT group,
EABC and JFCCT**



V 1.4A circulation version

Bangkok 28 September 2020



Agenda



- 1. Thailand market environment**
- 2. Foreign Engagement; How to Participate**
- 3. Some laws and regulations**
- 4. Opportunities**



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Big picture



Coup May 2014

Cabinet make up 2014 - technocrats + military-related career politicians.

2014 to July 2019: Some very positive developments and reforms. Since mid 2019 more nationalist/domestic; likely more so since July 2020.

Election 2019 – bicameral legislature

- PM continues

- Senate - appointed

- Government – coalition

- Cabinet – from July 2019, reshuffled July 2020; no finance minister since September 2020

7 Thailand - ASEAN chair 2019 (Vietnam 2020)

Some key metrics



Population	69.7m
GDP nom. per cap	\$7,792 (2019)
GDP PPP per cap	\$20,365 (2019 est)
GDP Δ 2019	2.4%
GDP Δ 2020 (est)	-9% to – 11% (whole year)
Wealth inequality	About the world's highest
Mobile Pen	136%
Internet Users	52m (75% pen); high social media use

Some rankings



World Bank 'doing business' (10 criteria)	2015, 2017: 46; 2018: 26; 2019: 27; 2020: 21
IMD World Competitiveness Rankings (WCR) /63	2018: 30 2019: 25 2020: 29
IMD Digital Competitiveness /63	2017: 41; 2018: 39; 2019: 40
WEF GCI 4.0 (ICT Adoption) / 140	2018: 38; 2019: 40

Key features 1



Still many foreign investment restrictions (Foreign Business Act, Foreign Dominance regulation)- but BOI, FBA permissions; note specifically promoted areas.

Three main mobile operators, negligible MVNO activity; mobile broadband low in innovation competition (cf Korea, Singapore)

No regulated wholesale market, no structured national broadband plan yet, SOE for rural broadband; mobile broadband very popular; big take up of smartphone apps;

Payments – Prompt Pay (like Pay Now) ,Fintech development growing – Regulatory sandox. MoU between central banks for SGP and TH.

Large number creative local and foreign doing software development etc; Graduates need on-the-job training

Key features - 2



Some restrictions on international capacity (eg cable landing stations);
Higher cost of international capacity.

Slow take up of service liberalisation

Industry wages lower than

Stable currency

High level push for a digital economy: co-working space, promotions
and incentives.

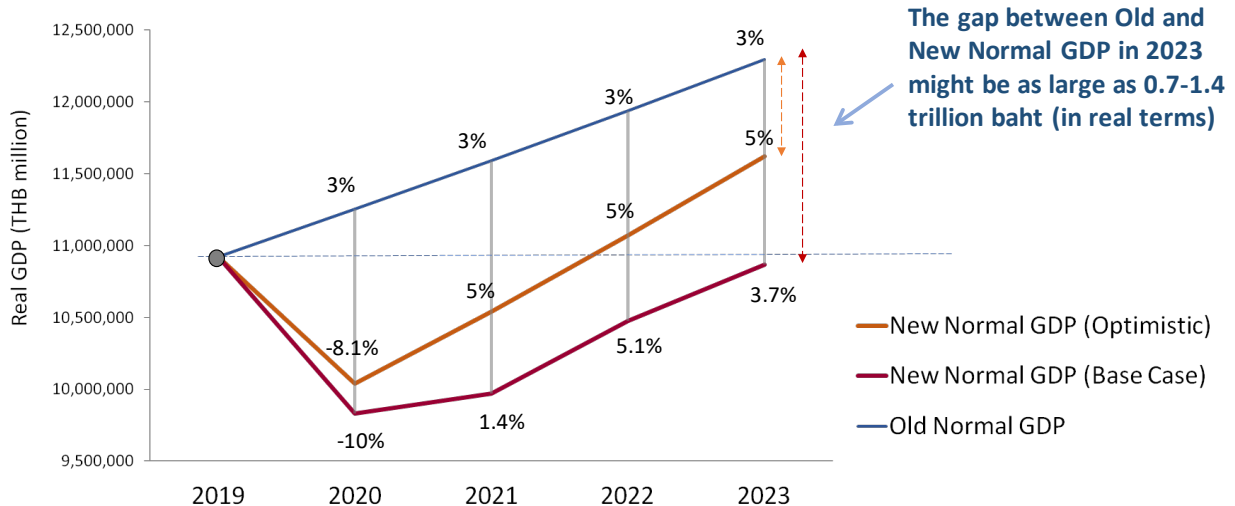
Still much red tape – big focus on ‘doing business’ lesser on eGov
(unclear digital government plan); huge Work Permit / Visa issues !
SMART VISA good start (but only 300 or so approvals)

COVID 19

Borders largely closed. “Zero” mindset is proudly held (low infections, public anti-foreigner statements about disease).

Mandatory 14 day quarantine at own cost (green lane and quarantine bypass are not yet part of the rules).

Economic contraction likely to be worst in S E Asia



Spectrum after 5G auctions



Spectrum bandwidth (MHz) held by operators after Feb 16 licence auction

Spectrum operator	700MHz	850MHz	900MHz	1800MHz	2100MHz	2300MHz	2600MHz	26GHz	Total
AIS	30		20	40	60*		100	1,200	1,450
TUC	20	30***	20	30	30		90	800	1,020
DTAC	20		10	10	30	60**		200	330
CAT	20	30							50
TOT					30	60		400	490

*Of 60MHz of bandwidth, 30MHz was granted by TOT under a partnership deal

**60MHz of bandwidth was granted by TOT under a partnership deal

***30MHz of bandwidth was granted by CAT under a partnership deal

■ Bandwidth shown includes both licences awarded by the NBTC and those under partnership deals with state enterprises TOT and CAT

■ Bandwidth shown on 700, 850, 900, 1800 and 2100MHz ranges, which are under time division duplex (TDD) mode, covers both uplink and downlink transmission

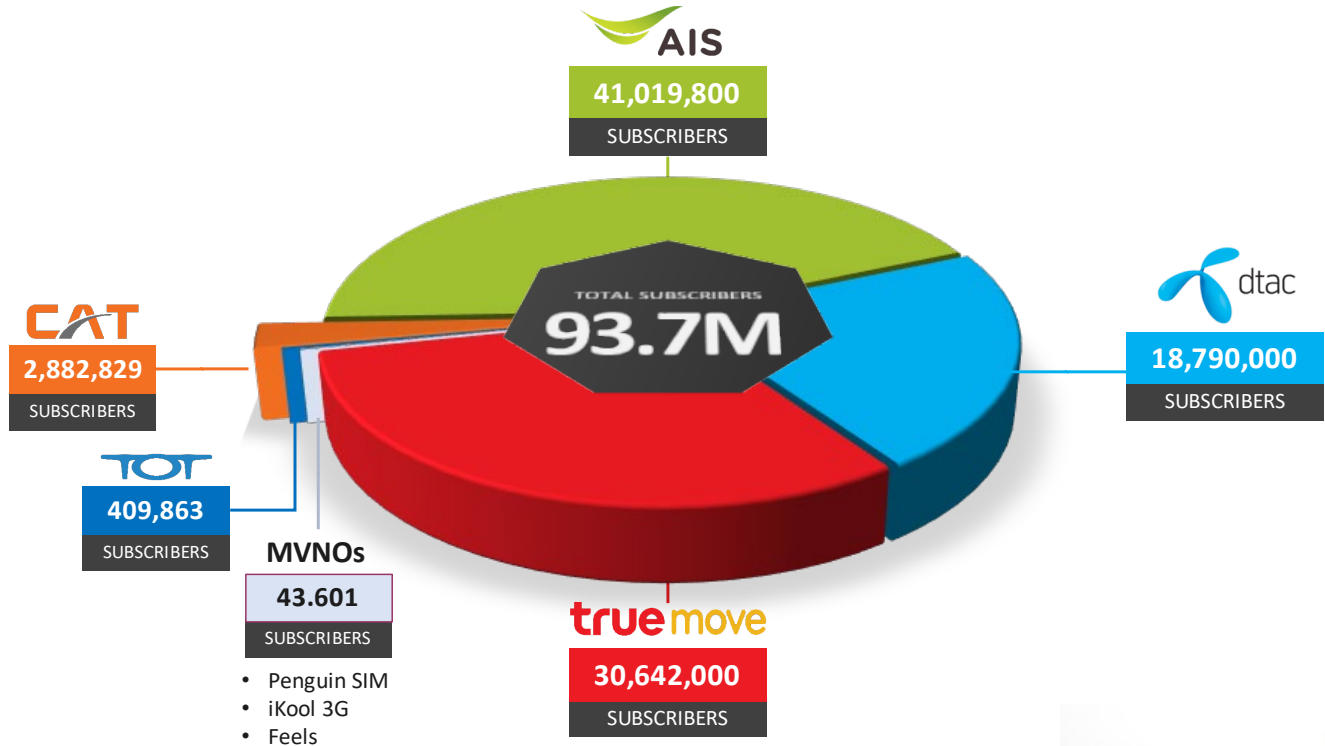


BKPgraphics

Source: NBTC



Mobile subs end H1 2020

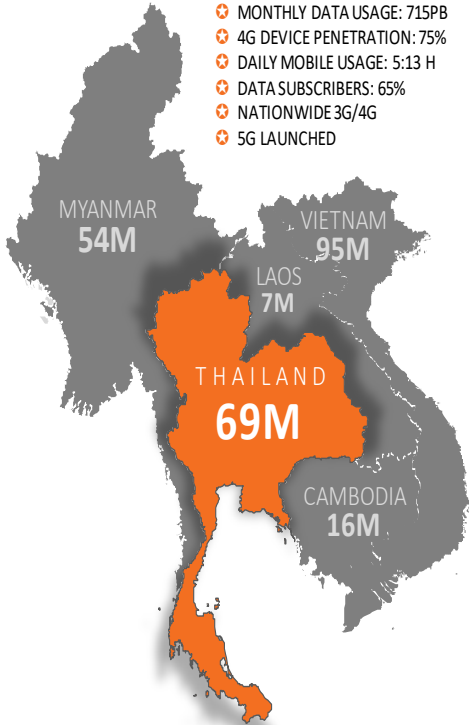


Source Yozzo



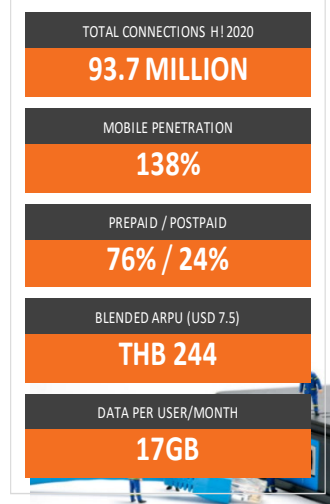
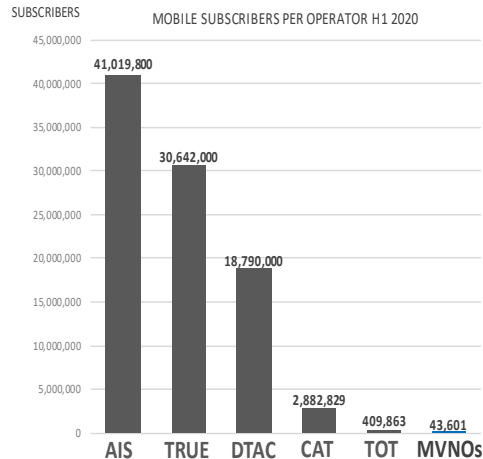
Telecoms Market

THAILAND

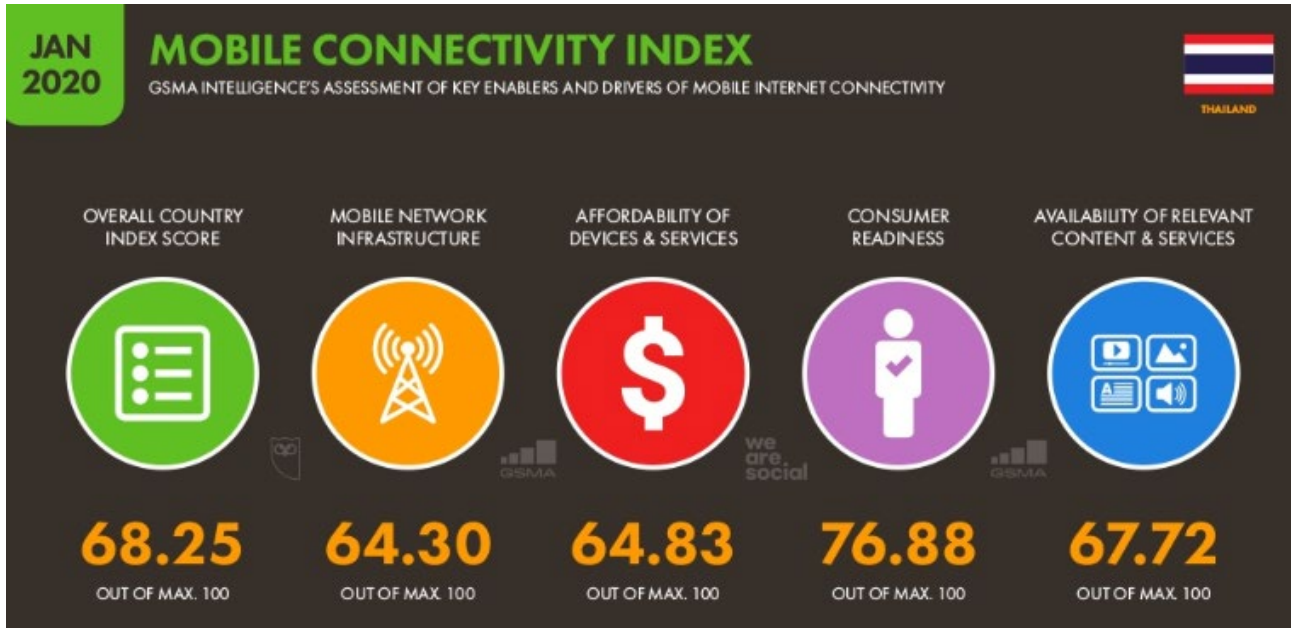


- 📶 MONTHLY DATA USAGE: 715PB
- 📶 4G DEVICE PENETRATION: 75%
- 📶 DAILY MOBILE USAGE: 5:13 H
- 📶 DATA SUBSCRIBERS: 65%
- 📶 NATIONWIDE 3G/4G
- 📶 5G LAUNCHED

- 🌟 There are three private mobile network operators (MNOs) in the market: **AIS**, **DTAC** and **TRUE**, as well as the two state owned operators: **CAT Telecom** and **TOT**
- 🌟 With a combined market of **97%** and influence on the network of the two state enterprises, the three private MNOs enjoy complete dominance in the market.
- 🌟 The three private mobile operators (AIS, DTAC; TRUE) reported a combined mobile service revenue of **THB 330 billion** (USD 10 billion) at the end of 2019.



Market environment



Source: DataReportal on Hootsuite – Thailand 2020



Financial Inclusion

JAN
2020

FINANCIAL INCLUSION FACTORS

PERCENTAGE OF THE POPULATION AGED 15+ THAT REPORTS OWNING OR USING EACH FINANCIAL PRODUCT OR SERVICE



THAILAND

HAS AN ACCOUNT WITH
A FINANCIAL INSTITUTION



81%



HAS A
CREDIT CARD



9.8%



HAS A MOBILE
MONEY ACCOUNT



8.3%

we
are
social

MAKES ONLINE PURCHASES
AND / OR PAYS BILLS ONLINE



19%

PERCENTAGE OF WOMEN
WITH A CREDIT CARD



9.5%

we
are
social

PERCENTAGE OF MEN
WITH A CREDIT CARD



10%



PERCENTAGE OF WOMEN
MAKING ONLINE TRANSACTIONS



19%

we
are
social

PERCENTAGE OF MEN
MAKING ONLINE TRANSACTIONS



19%

Source: DataReportal on Hootsuite – Thailand 2020



E Commerce



Source: DataReportal on Hootsuite – Thailand 2020



It's not the EU ! (eg no supranational legislature)

Many ASEAN instruments

Some positive forces for integration, but often a slow pace

ASEAN eCommerce Agreement

ASEAN Payments Connectivity MoU

ASEAN –Digital Integration Framework Action Plan
(DIFAP)

Treaties



EU – TH FTA some time away

EFTA – TH FTA closer

RCEP close

CP TPP accession being debated.

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3. Some laws and regulations

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Participation



A. Commercial Presence (mode 3)

1. Thai partner (eg 51% local shareholder in company)
2. BOI promotion – eg software development, eCommerce, data centres, some cloud, TISO, BPO, advanced services. Allows up to 100% foreign equity, easier hiring of foreigners, tax holidays

Permission for greater than 49% foreign equity under FBA FBL (Licence) or if BOI – FBC (Certificate).
Permission is not available for some activities.

3. Under a Treaty

B. Supply via distributor (could involve mode 4)

C. Direct on-line supply (mode 1)

eCommerce -What is being sold



intrinsically digital – streaming video, eBooks, computing services, Software-as-a-Service, social media,-games, various intelligent uses of Data to create value,

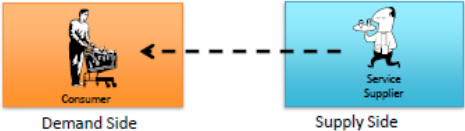
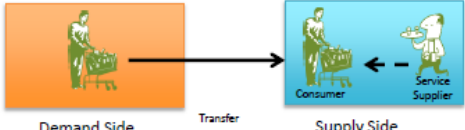


substitutes for established equipment and services – virtual private communications networks, security services, virtualised PBXs, Platform-as-a-Service and services delivered on-line (e.g. accounting / other business processes, graphic design, software development, data analytics, banking and financial services, on-line payments, telemedicine; industry and home automation),

marketing, sale, logistics, etc. of physical goods – (e.g. Amazon, eBay, Alibaba, Tarad.com, Lazada, Shopee),

marketing and sale of services which are not delivered on line (eg air services, taxi services, hotel bookings).

How to participate

4 Modes of Supply of Services

Modes	Forms of Service Provided
<p>Mode 1: Cross-Border Supply Consumer and Service Supplier remain in different countries -Only the service crosses the border (E.g. An EU resident uses online services offered by a Singapore-based company)</p>	 <p>Demand Side Supply Side</p>
<p>Mode 2: Consumption Abroad -Consumers making use of a service in another country (E.g. Tourism services; Customer from the EU travelling to Singapore to consume services from a company based here) -Also covered is the movement of consumer's property (E.g. Sending a ship or other equipment abroad for repair)</p>	 <p>Demand Side Supply Side</p>
<p>Mode 3: Commercial Presence -Foreign companies setting up subsidiaries or branches to provide services in another country (E.g. Foreign firm from Singapore setting up a branch in the EU to provide wholesale trade services)</p>	 <p>Demand Side Supply Side</p>
<p>Mode 4: Presence of Natural Persons -Individuals travelling from their own country to supply services in another country on a temporary basis (E.g. Salesperson from Singapore practices in EU)</p>	 <p>Demand Side Supply Side</p>

Promotions



First 'S' curve (5) and New 'S' curve (5) industries – new:
robotics, aviation and logistics, biofuels and biochemicals,
digital industry, medical hub + defence + 1.

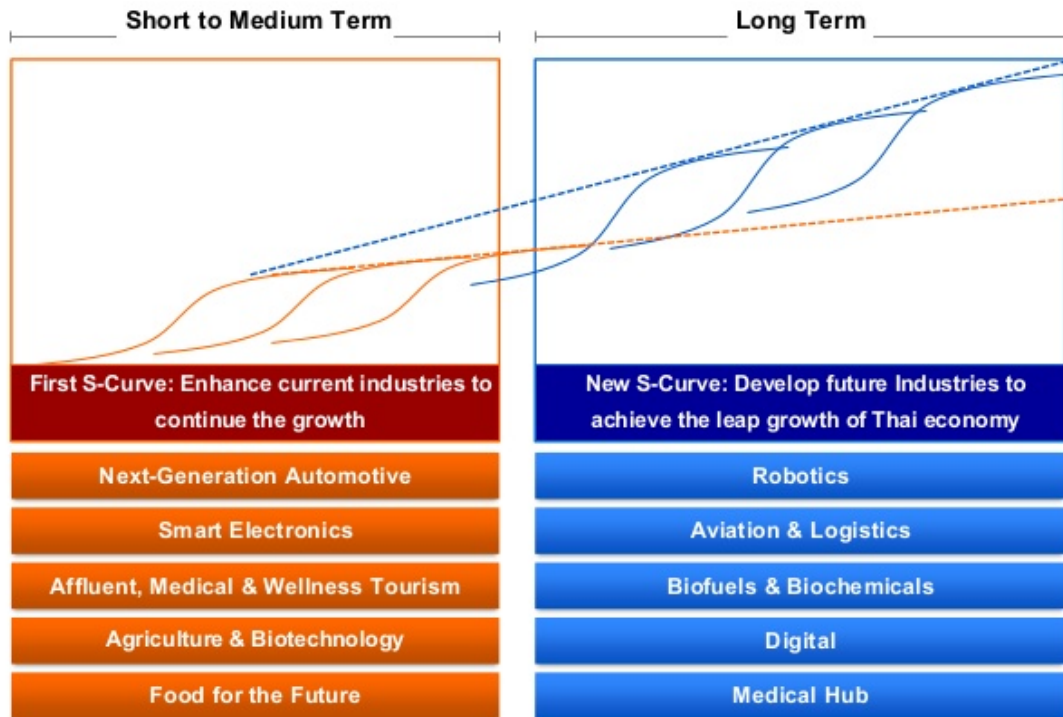
EEC – Eastern Economic Corridor (Eastern Seaboard)

Various Board of Investment (BOI) promoted areas of
activity.

Other promotions

S curve + 2

5 + 5 TARGETED INDUSTRIES



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Plenty !

‘Frequency Act’ / ‘NBTC Act’

Telecoms Business Act

Cybersecurity Act

Personal Data Protection Act (similar to GDPR)

Computer Crimes Act

Copyright Act

Foreign Business Act

Foreign Dominance Notification

Investment Promotion Act (for BOI)

eCommerce changes to Revenue Code

Electronic Transactions Act

Electronic Signatures Guideline



Personal Data Protection law – in force for most parts May 2021



Lifted major parts from GDPR

Similar to SGP law of same name

No basic concept of Privacy; no inherent right to be forgotten

Consent to collect, use, disclose

Cross border: rules-based, but permissive; no data nationalization, localization but restrictions on medical, financial, national security

DPO

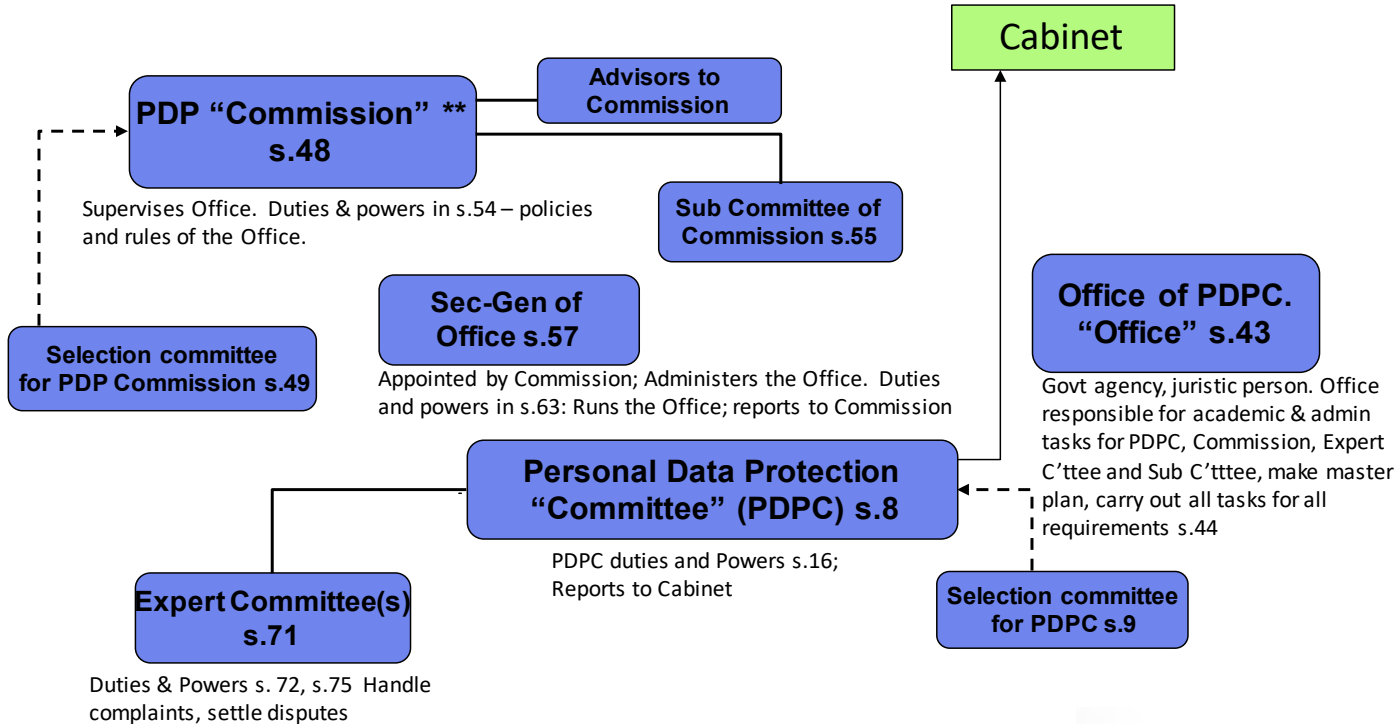
Extra-territorial reach

Issues:

Importing large parts of GDPR – good for harmonisation but could be burdensome

Need for a representative

PDPA Governance



** PDP Commission may be called 'PDPC Supervision Committee'



Cybersecurity law – in force late May 2019



Applies to ‘Critical Information Infrastructure’ - public or private, which has some specified, some vague criteria; once designated, not clear how one objects, removes oneself

Complex governance regime; significant powers

Threat levels:

Non severe

Severe

Critical

Only actions taken about non severe are reviewable

Cybersecurity



<i>Three Roles of Government</i>	<i>What is should be</i>
Policy Maker, Rule Marker	Some critical infrastructure is in private hands. Needs multi-stakeholder model (MSM) of governance with private sector on board
User	Cybersecurity laws apply to all; Government actors should not be exonerated from complying with Personal Data Protection law or Cybersecurity law.
Operator of a Cybersecurity Command Centre	Direct management needs independence from policy making and independence from infra owners, but co-operation with private sector needed – MSM model.

“Critical Information Infrastructure” can be public or private

Indirect taxes

Foreign on-line service providers must register for VAT (7%) where value used in Thailand > THB 1.8m p.a.

No VAT input credit, no tax invoice issued (simplified system)

Electronic signature enhancements

Payment data files (upgrading to more information rich
ISO standard)

Automatic electronic data exchange system – supporting
conclusion of contracts

Digital ID recognition – not yet in force

Online governance - Thailand



Sample Topic	TH/Other Regulatory cover – indicative
Privacy	GDPR (where relevant) PDPA from 31 May 2021; Topic specific – eg Financial records, Medical records
General internet use	Computer Crimes Act, other;
Data	Computer Crimes Act, PDPA, ASEAN instruments, GATS
Cybersecurity	Cybersecurity Act
Banking & Financial Services	Payment Systems Act, myriad of regulations
Telecomms	Frequency Act (NBTC Act); GATS Telecoms Chapter; other
eCommerce	eCommerce Act, see also EU Directive, VCPs (MoUs); Cross border also addressed in FTAs. Digital Taxes – proposed e Commerce tax (OECD co-ordination desired)
The Truth	Fake News Centre** also relevant: Defamation law
Electronic Meetings	Elegant solution in 18 April 2020 Decree BUT for technical baggage both in new Decree and old 2014 regulation (which is to be updated)
Authorisations	Electronic Transactions Act
IPRs	Computer Crimes Act (2017 Amends); Copyright Act with proposed amends
Domain Names	ICANN and related



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Opportunities



Digital Government

eGov; eCommerce; network and operational security; mobile broadband apps, SME Accounting; FinTech, MedTech, AgriTech, EduTech, media services; content management

Other 'S'curve industries

Payments, Fintech

BPO / ERP / ERM

Cybersecurity

Infrastructure management

Regulatory / competitive, services.

Internet governance services.

Cyber risk insurance

Training / digital literacy/ Education

37 Participate through EABC/ JFCCT.

Thank you



Participate through EABC/ JFCCT

www.eabc-thailand.org

www.jfcct.org

Thank you



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