



JFCCT - AEC Committee

Press Release February 2014

Many members of the JFCCT, and the wider Thai business community are looking forward to the opportunities created by the ASEAN Economic Community. The JFCCT are of the view that the AEC can be a great opportunity for Thailand, and we support calls by the government and media to take steps to prepare for this coming change.

The JFCCT does not get involved in Thai politics but as stakeholders in the economy the present divide and situation gives us a lot of concern. A number of specific changes to laws and procedures are required to ensure smooth implementation and to allow Thai companies and citizens to obtain the benefits envisioned. The current political situation, unclear outcome of elections, uncertainty of government functions and control issues raise significant concern in terms of decision making and implementation capabilities. Some changes will require a functioning parliament.

*The JFCCT would like to encourage the speedy resolution of the political problems so that the government can complete the necessary regulatory and process changes to enable the AEC agreements to operate and to allow all organisations in Thailand, and Thai citizens to gain the benefits that the AEC offers. **If this work is not completed, the JFCCT believes there is a real and significant danger that Thailand will fall behind its neighbours in many areas.***

To make ASEAN integration work smoothly all countries involved need to implement various changes to ensure that the various elements (goods, services, investment, capital and labour) operate as planned and agreed. Some countries need to change labour laws, some need to change investments laws, and others need to change processes involving equal treatment of foreigners and nationals. Many areas across ASEAN do not use the same standards, definitions or procedures.

Investors do not know how many areas of the AEC are going to work. This uncertainty, coupled with positive moves by other ASEAN countries puts future investments (of companies already in Thailand as well as new entrants) at risk. The JFCCT have many members that have indicated they are looking at alternatives in the region.

For example, to allow the labour changes to work, the Thai labour law needs amendment. A sitting parliament needs to do this. To allow the services changes involving ASEAN national foreign ownership of up to 70%, the Foreign Business Act and some other procedures need to be changed. Other changes needed include a large effort to harmonize the many varied definitions, standards and procedures. These include labelling, university qualifications, taxes, and customs practices. The ministers of multiple departments and staff from many ministries need to agree and implement these.

Thailand now goes into 2014, with an end date of 2015 for the AEC implementation, without a clear and cohesive plan or strategy for finishing the AEC efforts or for communicating the opportunities to Thai citizens and companies. There is much detailed work to be completed, and the JFCCT urges all of the Thai government to work with the various stakeholders to make the strategic decisions and develop a detailed plan.

*The JFCCT believes that the opportunities and benefits presented from the AEC are enormous for Thailand and its citizens, but the current political environment allows other countries to move ahead and forces some investors to look towards these other countries as preferred investment and management bases in the region. Thailand **IS** losing out and is likely to be left behind or taken over in the competition for foreign investment, technology advances and securing of energy supplies.*



ABOUT the JFCCT: The Joint Foreign Chambers of Commerce in Thailand (JFCCT) is the umbrella organization covering some 29 foreign chambers of commerce and business associations in Thailand with over 8,000 end member firms. The JFCCT has always taken a keen interest in trade and investment; it maintains a dialogue with many arms of government and aims to contribute to economic enhancement in a positive way.

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