

BOI / JFCCT Consultative session early November 2021 – Thumbnails of JFCCT-proposed topics.

It is suggested that the event could have a theme which embraces Economic Recovery. The opportunity to recover into a greener economy, with more skills and upgraded skills, should be grasped. Thus a thematic title something like these could be used which includes green and being upskilled.

‘Economic Recovery – major issues for advancing a green and upskilled Thailand’ or

‘Major Measures for Thailand’s green and upskilled Economic Recovery’ or

‘Economic Recovery – agenda for a greener and upskilled economy’

To put the JFCCT topics in context, it is assumed that the event would be structured somewhat the same as for 16 December 2020:

1. Welcoming Remarks Ms. Duangjai Asawachintachit, BOI Secretary General

2. Keynote Address H.E. Mr. Supattanapong Punmeechaow, Deputy Prime Minister

3. Responding Remarks Mr. Stanley Kang, Chairman of Joint Foreign Chambers of Commerce in Thailand

4. Discussion

I. BOI Policy Update

II. JFCCT Topics. Below are thumbnails (short descriptions) of the JFCCT topics.

1: Services Liberalization

Manufacturing liberalization is a great success story. What became the Eastern Seaboard with an automotive eco-system is a result. But liberalization of services has stalled. The EEC’s objectives will require services liberalization.

JFCCT has proposed lifting of List 3 of the Foreign Business Act for three years to support economic recovery, and in that time also to remove permanently certain items in List 3:

logistics, most of item 21, education, agriculture, engineering. The telecoms sector needs a competitive review, given the role of an SOE.

The FBA has origins going back to 1972, even though enacted in 1999. Since enactment, only four sets of activities have been removed from List 3, most being liberalization net neutral as often sector-specific legislation covers the issue. There is a practice of announcing changes but with no result (eg three changes announce in October 2020). The process for review seems not to be in line with economic recommendations.

The related 1979 Decree about 39 Professions (replaced by an April 2020 Notification) also restricts foreigners from undertaking certain work. While the 2020 change did not change the substance, but provided some flexibility, there continue to be a limited number of activities relevant to supporting services liberalization.

At a third layer are professional body restrictions.

Treaties such as RCEP tend to be frameworks which rely on specific commitments. Thailand's specific commitments are often too timid.

2: Digital transformation / Digital Gov / Digitalization/ Thailand 4.0

Concept (distinction in terminology used by DEPA)

- *Digitalisation* – process re-engineering, a true on-line experience interoperability amongst agencies, single sign-on
- *Digitisation* – soft forms of hard copy documents; a quick solution but not on the development path towards digitalisation
- 'Being Digital' requires a change of mindset, the change occurs at individual, company, industry and economy-wide level.

Digitalising the economy relies on a digitally enabled government at its core and support for making the private sector digital. Forcing transactions to be digital, rather than analogue or 'off line' is one method. The Digital Government Development Agency (DGA)'s **whole-of-government plan** for digital government deserves support.

The Digitalisation Sub Committee of the Fast Track Regulatory Reform Committee has made some advances in causing enablement of digitally-enabled laws and processes.

While some parts of government are advanced in terms of digitalisation, some others are laggards; there is resistance from some agencies.

Family of Digital Economy laws There is a tsunami of law and regulation which needs harmonising and overall, rationalising. PDPA, Digital Platforms Governance Decree, Data Retention Notification, Cybersecurity Act, eCommerce Tax; ETA, also relevant are OTCC

Guideline change. Laws which digitally enable generally and which review need to have digital KPIs.

Thailand 4.0 is a vision based on Fourth Industrial Revolution (4IR) ideas of cyber-physical systems. To enable this requires a change of mindset, an upskilled workforce and leaving behind

3: Doing Business Easily / One stop service (includes work permit and visa)

Given the demise of the World Bank's 'Ease of Doing Business' index and ranking (which never measured contracting with government or work permit/visa issues, and how the ranking was 'remeasured' a number of times, we suggest using 'Doing Business Easily' as the substance of ease of doing business continues to be a valid aim. Other rankings such as competitiveness are useful proxies.

The Work Permit and Visa system is the most commonly cited area of aggravation in doing business in Thailand. Unless there is a concerted effort and political will to fix it, it will take a long time to fix and there is much resistance. We supported Smart Visa as a new way – easier to start a new standard (if it works and is it widespread) as it bypasses much bureaucracy. A revised Smart Visa would be good if it were made more attractive and it could be the norm. As it is narrowly focused, it is unlikely that Long Term Residents (LTR) will fill that role.

JFCCT maintains a master file of issues, which include rationalisation/harmonisation, 90 day reporting, staff ratios, volumes of paper work with repetitions, chamber permits, student visas, retirement visas and inconvenient ability to work, a broad definition of 'work' and the lack of digitalisation processed.

Fast track regulatory reform which was somewhat revitalised in September 2020 is progressing, but actual implementation is slow. Proper funding and support for this endeavour is needed.

Long Term Resident proposals – four categories + revised Smart Visa

Although the proposals include benefits associated with certain investments, they do not address most of the significant barriers regularly encountered by legitimately established, long-term foreign residents living and working in Thailand who are already contributing to its economic and social well-being – the work permit and visa regime. Nor will these proposals improve the ease of doing business in Thailand. LTR is in no way a substitute for fixing the fundamental issues.

One Stop Service may be the OSOS facility, or it may be a way of describing a concept of 'one touch' resolution of issues, issuance of licences and permits etc. Other 'doing business easily' enhancements would include reducing the number of licences needed, an omnibus law approach which considers risk-based categories of licensing type (eg mere registration, to class licence, to individual licence).

4: Sustainability and BCG-ESG green Models

- Bio-Circular-Green Economic Model
- ESG (Environmental, Social and Governance)

Several large businesses in Thailand have embraced a Circular Economy model. BCG of which Circular is part, adds complexity. BCG is a part of government policy in Thailand. The event could usefully examine how the private sector is expected to, and can support BCG objectives.

The UN Sustainable Development Goals (17 SDGs) are aspirational. Implementation programmes do exist.

There are other 'better business' developments in the world – eg mandatory Due Diligence. Some strategic thinking is needed about which are more important and relevant and what needs to be implemented. The modern FTA will include some of these.

ESG is with us. How best to implement will be the theme.

SMEs in particular will struggle, unless support is available, to be part of these ideals and requirements.

Done at 8 October 2021