

## Thailand's Bogor Goals Progress Report (as at 13 August 2012)\*

### Highlights of Achievements and Areas for Improvement

- Tariffs were reduced and eliminated for 38 tariff lines since 2009. However, high MFN tariffs still remain for some agricultural products.
- Import prohibitions or licensing are applied in some cases.
- Commercial presence with foreign equity participation is allowed in almost all business sectors, even though limitations on foreign equity participation still persist in some sectors.
- The investment promotion policy has been revised to ensure that it satisfies the needs of both investors and the government, and suits prevailing economic conditions.
- A One Start One Stop Investment Center has been established to offer a wide range of investment-related services on a range of topics by multiple agencies.
- A One Stop Service Center for Visa and Work Permits has been set up to facilitate the application process for stay, re-entry and work permits.
- Thailand aims to align its domestic standards to international standards. Room for improvement. Active participation in international standardization activities.
- Gradual development of a single window to facilitate customs procedures. Same for the Electronic Procurement Information Center (e-GP) to facilitate government procurement.
- On-line applications for trademark are now available.

### Summary of Updates

#### Tariffs

Thailand's simple average tariff measured at the HS 8-digit level was equal to 12.4 percent in 2011. Since 2009, tariffs were reduced or eliminated for 38 tariff lines such as natural gas, cocoa beans, malt extract, copper ores, crane lorries, gear boxes and parts, and automatic regulating or controlling instruments, among others. However, high MFN tariff rates still remain for some agricultural products.

Thailand is also reducing tariffs for the goods originating from Thailand's FTA signatory partners as agreed in the corresponding tariff liberalization schedules.

According to its commitment under the WTO, tariff rate quotas are applied and imposed for 23 agricultural products.

#### Non-Tariff Measures

Thailand prohibits the import of electrical and mechanical operations devices for gambling. In general, import prohibition measures are only applied to protect public morals, national security, human, animal and plant life, public health and intellectual property.

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\* This brief report was prepared with information from the Thailand's submission of 2012 APEC Individual Action Plan (IAP) template and the minutes of the meeting of Thailand's WTO Trade Policy Review from November 2011.

Discretionary import and export licensing is applied for some products on the grounds of public health and moral, financial security, conservation of domestic resources and treasuries, which are consistent with WTO. Import of fuel oils needs approval of the Department of Foreign Trade.

### Services

Commercial presence with foreign equity participation is allowed in almost all business sectors. Limitations on the amount of foreign equity participation are imposed on certain services sectors.

For financial services, the 2008 Financial Institutions Business Act, the consolidated financial act that replaced the 1962 Commercial Bank Act and a 1979 Act on financial services, allows foreign equity ownership up to 49 percent. However, foreign ownership between 25 percent and 49 percent requires prior approval from the Bank of Thailand. The Law also allows the Ministry of Finance to authorize foreign ownership greater than 49 percent if deemed necessary to support the stability of the overall financial system during an economic crisis.

Under the second phase of Financial Sector Master Plan (FSMP II: 2010-2014), which was approved by the cabinet in 2009, Foreign banks are allowed to open up to 3 branches (2 additional branches from the existing one) regardless of location from 2010 onward. In parallel with this, in 2012 the authorities will consider allowing newly converted and existing subsidiaries to open up to 20 branches and 20 off premise ATMs subject to the Ministry of Finance approval. Currently, subsidiaries are allowed to open up to 5 branches (2 branches in the Bangkok Metropolitan area and the remaining 3 branches outside the Bangkok Metropolitan area). Foreign management personnel are limited to six professionals in full branches and subsidiaries of foreign banks, however exceptions are often granted.

### Investment

Foreign investors are welcomed to invest in most businesses in Thailand. However, certain restrictions exist on businesses, in particular for those related to safety or security, arts, culture and traditions, natural resources and environmental matters.

The Board of Investment revises its investment promotion policy periodically to ensure that it satisfies the needs of both investors and the government, and suits prevailing economic conditions. The policies aim to enhance the efficiency and effectiveness of tax privileges; to promote development of quality and production standards and enhance competitiveness; and to give priority to small and medium industries and targeted industries. Those mentioned conditions are applied in line with international trade and investment agreements.

Furthermore, the One Start One Stop Investment Center has been opened to support private sector investment since January 2009, by providing guidance to interested investors in investment and investment-related services.

Thailand has signed 40 Investment Promotion and Protection Agreements so far, among which 36 already entered into force. Thailand also signed 61 Treaties for Avoidance of Double Taxation and the Prevention of Fiscal Evasion, among which 54 are already in effect.

### Standards and Conformance

Thailand aims to align its domestic standards to international standards, 50 of them are aligned with international standards. Most food standards have been aligned with Codex standards.

Thailand participates actively in international standardization activities, and is a signatory of the Pacific Accreditation Cooperation and the International Accreditation Forum Multilateral Recognition Arrangement, the Asia Pacific Laboratory Accreditation Cooperation and the International Laboratory Accreditation Cooperation Multilateral Recognition Arrangement (MRA), among others. Besides, Thailand currently participates in the APEC Electrical MRA Part I, APEC Food Sectoral MRA, and APEC Arrangement for the Exchange of Information on Toy Safety. A bilateral MRA on Automotive Products was concluded with Australia as well.

### **Customs Procedures**

Thai Customs Department provides electronic customs services for import and export. The National Single Window (NSW) Phase I is in operation since July 2008, and Phase II is in the development and to be completed by early 2012.

Thailand has improved the profiling system for risk management to facilitate trade flows. Also, a division working group was set up to implement express consignment procedures, taking into account global standards. The E-express program for exporters and importers was implemented in 2010.

### **Intellectual Property Rights**

To ensure the expeditious granting of Intellectual Property Rights (IPRs), the patent examination process was partially outsourced to foreign searching authorities, public universities, and governmental institutions. The Department of Intellectual Property (DIP) has introduced a guideline to reduce the average turnaround time of registration process. On-line applications for trademark have been introduced to provide easy access to IPR protection.

Campaigns increasing awareness on IP matters were implemented. For example, DIP prepared manuals with instructions on the fair use of copyright, including the fair use of work, without violating copyrights.

### **Government Procurement**

Thailand is developing the Electronic Government Procurement System (e-GP) in three phases. The first phase, implemented in April 2010, involved the development of the Electronic Procurement Information Center, which improved transparency, worthy and efficiency of government procurement. Thailand is currently developing the second phase of e-GP, which will include an interface connecting agencies with a supplier grading system, contract management system, penalty calculations, among others. The third phase will implement two systems, the e-bidding for non-standardized goods or services and the e-market for standardized goods or services.

### **Dispute mediation**

Dispute settlement mechanisms are included in Bilateral Investment Treaties (BITs). Thailand has concluded BITs with 39 partners. Further reviews of BIT provisions are periodically conducted.

The Thai Judiciary is fostering the court-annexed mediation in the Court of Justice of Thailand; and has issued the President of the Supreme Court's Rules on Mediation B.E. 2554 (2011) which provides more protection for the confidentiality and the integrity of the mediation process.

### **Mobility of Business People**

A One Stop Service Center for Visa and Work Permits has been established to facilitate visa and work permit extensions and all related arrangements. The process of visa and work permit extension can be completed within only three hours.

### **RTA/FTAs**

Thailand has implemented 11 RTA/FTAs with 16 partners. It is currently in the process of negotiating the extension of the coverage for four existing RTA/FTAs and negotiating an additional new FTA.