AMCHAM White Paper: Enhancing Thailand’s Competitiveness as an International Hub

AMCHAM Thailand: Background
The American Chamber of Commerce in Thailand (AMCHAM Thailand) is a business association representing 650 corporate members and 2,000 executives and professionals. AMCHAM Thailand actively advocates for U.S. businesspeople to invest in Thailand and promotes strong commercial partnerships with the Royal Thai Government. Members have cumulatively invested over 50 billion USD in Thailand and have provided 200,000 local jobs. AMCHAM provides scholarships to Thai university students through AMCHAM members’ contributions and AMCHAM’s own fund-raising activities. Since 1976, more than 2,900 scholarships have been awarded. AMCHAM has also donated over 110 million baht to rural Thai primary schools through our “Adopt-a-School Program”, under the Office of Basic Education Commission (OBEC), Ministry of Education, providing classroom buildings, library buildings and equipment, bathrooms, dormitories, canteens, playground, sports facilities, water tanks and filtration.

AMCHAM Thailand serves as a locus of exchange and a collaborative hub where efforts can be coordinated to improve business opportunities for American, Thai, and multinational companies operating in Thailand. Furthermore, through the AMCHAM Thailand Foundation, we are striving to enhance the quality of education and the level of English proficiency in Thailand.

Our members are committed to doing business responsibly through compliance with laws, good corporate citizenship, respect for the dignity of workers, training and education for employees, environmentally responsible business practices, promotion of intellectual property rights, and high standards of professional and business ethics.

AMCHAM Thailand: A Partner to the Royal Thai Government
AMCHAM Thailand proposes a selection of recommendations to support the Royal Thai Government’s endeavors. Our members believe that these recommendations can be implemented and achieved in the short-to-medium run, enhancing Thailand’s investment climate and spurring economic growth and job creation. We offer suggestions for further cooperation in five key areas: (1) Healthcare, (2) Digital Economy, (3) SMEs, (4) Eastern Economic Corridor, (5) Human Resources, and (6) Tourism and the Sustainability of the Environment.

AMCHAM Thailand stands ready to constructively engage in dialogue with the Royal Thai Government to support our shared vision.

Healthcare
AMCHAM Thailand supports the promotion of Thailand as a leading International Medical Tourism destination. We aim to support Thailand’s positioning as a provider of tertiary healthcare for complex medical conditions and to help attract more patients and tourists.

However, there are certain rules and regulations that limit access to innovative medicine and advanced treatment and hinder Thailand’s competitiveness. These concern professional licensing restrictions and local promotion practices under the Thai Innovation List.
Medical Tourism

Ease the foreign licensing process to keep Thailand competitive and solidify its status as a global hub for medical tourism. Other countries in the region such as Singapore, Vietnam, Cambodia, Laos and Myanmar allow foreign licensing. Thailand risks losing the opportunity to compete with those countries should they attract foreign licensed physicians and dentists.

Local Promotion under the Thai Innovation List

Adjust the Thai Innovation List to be more inclusive of U.S. and other foreign research-based biopharmaceuticals, thereby increasing patient access to innovative medicines and advanced treatments. At present, the system sends the wrong message to foreign companies by earmarking at least 30 percent of government hospital budgets to Thai-owned companies if they can demonstrate that their generic copy of a medicine is a bioequivalent to competitors.

Intellectual Property Ecosystem

Align the Patent Act with international standards and improve the registration and protection of patents to further develop the Intellectual Property Ecosystem. Intellectual Property Rights has been recognized as a key element to promoting the Thai healthcare system and attracting foreign investors. The Royal Thai Government can consider increasing the number of competent patent examiners and adopting patent term adjustment.

Digital Economy

AMCHAM Thailand supports the Thai Government’s goal of creating an environment in which the Digital Economy can flourish. The Digital Economy includes all economic activity mediated by software and enabled by telecoms infrastructure, whether intrinsically digital or as an online substitute for established services. It is the means of enabling everyone’s participation in social and economic enterprise, and includes the role played by governments in developing that infrastructure and those services. To that end, we respectfully offer the following points for consideration.

Personal Data Protection and Cybersecurity

Provide opportunities for private sector participation in developing the subordinate laws and regulations being drafted to implement the recently enacted Personal Data Protection Act and Cybersecurity Act. Inclusion of all relevant stakeholders, public and private, will further strengthen the legal framework, facilitate compliance, and ensure alignment with international standards. A “Trusted Internet” is everyone’s responsibility, and is the foundation for a holistic and secure digital ecosystem in support of Thailand’s vibrant economic potential.

e-Commerce

Harmonize any taxation structure which Thailand may implement for e-Commerce transactions to align with those adopted by other ASEAN countries and, ideally, with emerging global standards. These standards will enable Thailand to compete on the global stage as the volume of e-Commerce continues to increase exponentially.
**e-Payments and the Cashless Society**

Work with AMCHAM Thailand and its members to collaborate on initiatives to increase e-Payment literacy, combat cybercrime and financial fraud, develop Thailand’s financial infrastructure to be at the cutting edge, and create “sandbox” environments for ongoing innovation. Electronic payments have become a fundamental element driving the growth of Thailand’s Digital Economy. The Thai Government can be commended for the extensive effort put into enabling and promoting penetration of e-Payments into new sectors and locations, resulting in rapid adoption. This comes with increased risk, however, related to trust and the safety of payment systems.

**e-Government**

Provide opportunities for AMCHAM to work with DGA, other relevant government agencies, and private sector partners to support development of a roadmap and specific architecture for the creation and implementation of broad digital government capabilities. Beyond financial cybersecurity, the utilization of digital identity is becoming increasingly important as it allows not only for seamless and secure online transactions, but also for highly efficient delivery of government services. The Thai Government should focus its efforts on creating a digital identification platform that is highly secure, interoperable with, and accessible to the private sector. In addition to improving commercial interactions, this will greatly reduce opportunities for fraud and will help broaden the reach of government services to all Thai citizens.

**Telecom Reform**

Reform the telecommunications sector to eliminate market inefficiencies which discourage investment and limit Thailand’s network readiness. Although Thailand has a high penetration of mobile phone and internet usage, the fundamental underlying structure of its telecom environment remains unevolved. Optimized spectrum management and frequency allocation require a clear and reliable roadmap in order to attract the billions of baht in investment necessary for the deployment of modern telecommunications infrastructure such as that required for 5G. Spectrum pricing at auction should not be based solely on short-term revenue but also on the longer-term economic benefits, across all sectors, of an efficient and fair wholesale and retail market. Reliance on a transparent and suitably empowered independent regulator to define and enforce a level playing field is also necessary if Thailand hopes to keep pace with the world’s rapidly changing telecom landscape.

**Streamlining Government Regulations**

Continue to drive the “Simple and Smart License” project to eliminate redundant laws and regulations. Many regulations still in force are no longer relevant for and, in some cases, may impede the adoption of modern business models which are an integral part of the Digital Economy. We encourage the development of policies which will promote the online delivery of content and services, support the “sharing economy” while protecting workers’ rights, create a viable infrastructure on which to build the “Internet of Things,” and enable new technologies such as telemedicine and robotics. AMCHAM welcomes the continued opportunity to contribute ideas and to work closely with the Thai Government in achieving these goals.
Small and Medium Enterprises (SMEs)

SMEs account for significant contributions to economic growth, tax base, employment and innovation in Thailand. Nonetheless, Thailand’s efforts to recognize the importance of SMEs through various programs have historically fallen short of providing effective promotion and support. We respectfully recommend the following points to address these challenges.

Access to Capital

Create better government backed policies and programs for SMEs to access capital in order to grow. Existing SME programs offered by banks focus on selling services to SMEs, rather than providing meaningful, easy access to capital. Government backed finance schemes that encourage banks to offer reasonable rates with manageable conditions, will lessen the financial burdens that come from expensive sources of capital.

Bureaucratic Hurdles

Update SME promotion programs and streamline approval processes. Programs that prioritize SMEs should seek to expedite refunds, application procedures, and other regulatory requirements. Existing programs can prove costly for SMEs, as they must allocate limited resources to professional services to gain approval. Delays in tax refunds and in the processing of other applications further strain SME finances.

Inequitable Allocation of Promotions

Provide more promotion opportunities for service-based SMEs in order to compete on the global stage. Historically, promotions have been directed towards production-based services, but the global trend is shifting from production to services.

Eastern Economic Corridor (EEC)

AMCHAM commends the Thai Government for its support of American, Thai, and multinational companies that are investing in the physical infrastructure of the eastern seaboard. Government efforts have helped to erect a favorable business environment in which companies across different sectors can conduct research, trial their services and products, and innovate. Yet there are certain challenges that could be addressed to further harness Thailand’s economic potential and advance the EEC.

Simple and Smart License Project

Continue to implement the Simple and Smart License project. This will help remove unnecessary and outdated regulations, streamline regulatory approval processes, and facilitate adherence by companies.

VAT Refunds

Streamline the VAT refund process to improve the ease of doing business in the EEC. Many companies are reporting delays in securing VAT refunds, with solutions to address these challenges bespoke to the specific company and the relevant revenue office.
Customs and Trade Facilitation

Increase efforts to align with the commitments outlined in the WTO Trade Facilitation Agreement. This will further increase investor confidence, attract more investment, and support trade opportunities. Efforts include promoting predictability and fairness by limiting the use of discretionary power by Customs and other trade-related authorities and adhering to the agreed international rules on matters such as customs valuation and tariff classification. AMCHAM Thailand and its members stand ready to participate in public consultation on draft regulations and other initiatives.

More Support to Companies Presently Active in the EEC

Further develop the EEC into a regional economic hub by providing more investment incentives for companies already invested there. Current EEC policies encourage new companies in select industries to invest, but do not offer incentives to existing companies to increase their capacity or invest more into their business. This also applies to businesses that do not operate in a prioritized industry sector but nevertheless contribute to existing supply chains and ecosystems. In addition, communication channels with businesses in the EEC, particularly for smaller enterprises, could continue to be expanded and enhanced.

Human Resources Development

AMCHAM commends the Thai Government’s efforts in recent years to help address talent shortages and create more opportunities for the Thai labor force. These efforts include education reform and skills development programs.

We recommend the Thai Government to consider the following points for each of the identified sectors:

Digital Economy

Involve local private and public sector participants, as well as relevant overseas parties, in crafting policies and a roadmap focused on equipping the labor force with key skills, ongoing training, and digital literacy. Policies can be geared towards giving future generations the basic skills necessary to function and thrive in the Digital Economy, with a concentration on STEM programs, creativity, and communication skills, including English language proficiency. Furthermore, lifelong adult-learning programs of both a technical and a non-technical nature can be encouraged, to ensure that all Thais can benefit from participation in the Digital Economy.

Healthcare

Relax licensing restrictions in the healthcare sector to attract more foreign direct investment, increase the pool of qualified medical personnel and ease the strain on the existing workforce. Current restrictions deter highly reputable international hospitals and institutions from the U.S. and other countries from investing in Thailand’s healthcare infrastructure (hospitals, clinics, nursing facilities), as they are not able to obtain professional licenses for their medical teams.
**Eastern Economic Corridor**

Expand the list of specific skill sets eligible for work permits to provide more talent for employers in the EEC. While some regional labor quotas have been relaxed under the ASEAN Economic Community (AEC), employers still require a larger talent pool to recruit from.

**SMEs**

Reduce restrictions on SMEs that limit hiring foreign talent. Attract more human capital to benefit the local SME and entrepreneur ecosystems. Many SMEs exist on the frontier of technology and require access to top talent from around the globe. Current employee ratios and capital requirements for work permits and visas hinder the growth of SMEs. The domestic workforce will benefit from the transfer of skills that occurs when working in close proximity to skilled staff.

**Tourism and the Sustainability of the Environment**

Thailand is one of the most popular tourist destinations in the world. Tourism to Thailand has developed exponentially over the past four decades into a mainstay of the Thai economy. Now tourism is one of the top three foreign exchange earners for the country. The industry accounts for 10 percent of Thailand’s GDP with almost 40 million tourist arrivals annually.

To ensure the healthy development of tourism in Thailand, it is essential to lower the impact that mass tourism has on the environment and the community.

We recommend and support “Responsible Tourism”, which should develop in a manner that minimizes negative impacts on local communities and the environment. Investment in eco-friendly tourism is the only way to create sustainable income in tourism.

AMCHAM welcomes every opportunity to cooperate and collaborate with the government of Thailand to encourage the implementation of our recommendations in order to secure foreign investment in the Kingdom for the future.

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