



## ***Better than Before – Creating Long Term Growth in Thailand Post-COVID 19 AMCHAM White Paper***

The American Chamber of Commerce in Thailand (AMCHAM) is the voice and focal point of U.S. business in Thailand. We have 650 member companies representing over 50 billion USD of cumulative investment in the Kingdom. Currently, there are over 200,000 Thai people working for American companies in this country. AMCHAM helps attract U.S. companies to invest in Thailand and we support economic partnership with the Thai government. We promote the ease of doing business policy and the enhancement of the country's attractiveness and competitiveness as an international investment hub.

COVID-19 presents unprecedented challenges to Thailand. We congratulate the Thai government for introducing effective measures to mitigate and contain the spread of COVID-19 within the Kingdom and we appreciate the government's policy to keep manufacturing running during the State of Emergency. The safety and well-being of people in Thailand are the highest priority for the government and AMCHAM believes the correct measures are being taken to ensure this. Our member companies have also implemented many strict measures since the onset of COVID-19 to facilitate increased sanitation and worker health.

Without a widely available vaccine, the economic impact of COVID-19 could be deep and long lasting for many countries. COVID-19 is also expected to accelerate ongoing transformations in the way that work is conducted, e.g. e-commerce, diverse supply chains and the tools businesses will need to succeed, e.g. technology and innovation. We expect dramatic changes in many areas, ranging from trading to supply chains, and from business operations to consumer habits and preferences. Countries that implement long term policy measures to capture those opportunities, while safely managing the risks of COVID-19, will thrive in the next decade.

Although the timing of economic recovery from COVID-19 is uncertain, we believe that with an open approach Thailand can position itself once again to be the favored destination in Southeast Asia for investment, tourism and innovation. US companies are here for the long term. We stand ready to help Thailand achieve its vision of being a high-income country by 2037. To get there we encourage a long-term policy focus on three themes:

1. Creating ASEAN's leading investment environment.
2. Enhancing productivity, technology and innovation.
3. Building skills and human capital for the workforce of tomorrow.

We offer suggestions for further cooperation in several key areas: **(1) US-Thai trade relations, (2) Supply Chain, (3) Digital Economy, (4) SMEs, (5) Tourism, (6) Healthcare (7) Energy and (8) Skills.**

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

### **US-Thai Trade Relations: How can investor confidence be transformed to help capture future investment?**

US Business are keen to demonstrate their support for Thailand's goals and aspirations and to forge productive relationships here through various partnership approaches.

- US companies are eager to champion Thailand's virtues as a place to invest in the region. Long-term investors in Thailand are best placed to advocate for Thailand as a place to invest.
- Investors seek regulatory predictability and transparency, contract certainty and assurance that the application of tax and excise laws will be applied consistently and fairly.
- Thailand can send a strong signal to international investors that it is open to new and continued investment by working transparently with international investors to resolve commercial, tax and other disputes within the framework of current agreements and accepted international norms.
- Reconsideration of some of Thailand's taxation policies and regulations could help raise the country's competitiveness in the near-term for longer-term benefits. Tax rates and policies that are commensurate with the economic situation would not only mitigate the tax burden for investors, but also allow for more robust economic activities necessary for Thailand's economic recovery after the pandemic.

### **Supply Chains: How do companies build stronger, more dependable supply chains?**

Thailand has always been one of Southeast Asia strongest manufacturing bases. The disruption to supply chains has prompted firms to re-think their existing supply chains to develop more resilient models. We offer a few suggestions to help Thailand capture the opportunities:

- In Southeast Asia and Thailand, geography makes road transport a viable option for cost-effective and cross-border logistics. With the country's geographic centrality, it has the potential to serve as Indochina hub. This requires cargo to travel across different jurisdictions and experience several varying customs processes. Regulations aimed at harmonizing customs and trucking networks will enable delivery of goods with fewer obstacles and delays.
- Cross-border trade is even more essential to enable both short and long-term economic recovery. We encourage the Thai government to review regulatory barriers at the borders that create bottlenecks for supply chains. Paperless procedures, automated systems and the elimination of restrictive risk management processes would improve efficiency of cross border trade greatly.

### **Digital economy: How can innovation and adoption of digital technology and ecommerce be accelerated to create sustainable growth in Thailand?**

COVID-19 has accelerated the transition to digital processes for the way we work, consume and interact. Countries with laws and regulations that facilitate and embrace the digital opportunity will benefit most. US companies can provide advice and support to Thailand to achieve this goal this with the introduction of laws and regulations to facilitate investment and new domestic enterprise.

- Sustainable growth can be supported by policies to promote online delivery of content and services, support the “sharing economy” while protecting workers’ rights. This is our chance to create a viable infrastructure on which to build the “Internet of Things,” and enable new technologies such as telemedicine and robotics.
- Policies and regulations which comply with international standards for ensuring end-to-end security and integrity of data transfers are fundamental to these goals. A ‘Trusted Internet’ is the basic foundation for a secure digital ecosystem in support of Thailand’s vibrant economic potential. Creating and maintaining that trust must be a shared and active responsibility of both the public and private sectors.
- Thailand’s Digital Government Agency (DGA) is well-positioned to design and implement a whole-of-government approach to ‘being digital’, and we support efforts to prioritize the integration of government services. A key aspect of this will be standardized and consolidated electronic processing of all work permit and visa requirements.
- The Simple and Smart License project (“Guillotine Project”) to eliminate redundant laws and regulations should be prioritized and quickly implemented. Many regulations are no longer relevant and impede the adoption of modern business models which are an integral part of the Digital Economy. These changes require directives from the highest levels of government in order to succeed.
- Electronic payments have become a fundamental element driving the growth of Thailand’s Digital Economy. Initiatives to increase e-Payment literacy, combat cybercrime and financial fraud, develop Thailand’s financial infrastructure to be interoperable, and create “sandbox” environments for ongoing innovation should be supported.
- Any taxation structure which Thailand may implement for e-Commerce transactions should align with those adopted by other ASEAN countries and 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. We encourage ensuring that any e-Commerce taxation structure allows companies operating in Thailand to claim appropriate credits for the taxes paid.

### **Entrepreneurship: How can SMEs drive the economy of the future?**

There is a urgent need to 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.

### **Travel and Tourism: How do you enable the tourism of the future?**

Thailand is at a pivotal moment in its travel economy. Providing confidence to the global tourism stakeholders that Thailand is a safe place to travel and has stringent hygiene procedures is an immediate short-term requirement. We would encourage the following to support this:

- Establish reciprocal protocols for access without quarantine requirement
  - First phase with nation-to-nation corridors based on reciprocity.
  - Second phase to increase accessibility based on reaching specific KPI's for Covid-19 prevention and control.
- Provide incentives to increase air seat capacity.

In the long-term, Thailand has an opportunity to create the desired tourism industry for the next decade and beyond. Some suggestions are as follows:

- Establish programs to stimulate domestic tourism through promotional campaigns and tax incentives.
- Implement policies and programs that encourage the sustainable growth of high yield tourism.
- Develop quality experiential tourism with cultural education and consideration for all aspects of safety.
- Implement policies and programs that promote Environmentally Sustainable Tourism.
- Support the promulgation of medical tourism for elective surgeries and wellness.
- Establish targeted marketing campaigns to key source markets, involving a collaborative approach by key tourism promotional entities such as TCEB and TAT.

#### **Healthcare: How can Thailand become Asia's medical hub of the future?**

Thailand has a hard-won reputation for healthcare in the region. To build on that foundation we encourage market environment improvements for better patient access to innovative medicine and treatment in Thailand by:

- Improving the pricing and reimbursement scheme for healthcare products, with greater consideration for the value of innovation to therapeutic outcomes and clinical needs.
- Exploring new solutions to enhance patient access to treatment such as offering alternative access models and innovative and value-based financing.
- Developing appropriate policies and regulatory framework in coordination with ASEAN countries for digital health in order to maximize the benefits to the Thai population.
- Adjust the Thai Innovation List to be more inclusive of foreign research-based biopharmaceuticals, thereby increasing patient access to innovative medicines and advanced treatments.
- Align the Patent Act with international standards and improve the registration and protection of patents and to further develop the Intellectual Property Ecosystem.

#### **Energy: How can Thailand deliver low energy prices and a broad economic stimulus?**

Thailand is well placed to become a regional energy hub that maximizes efficiently the benefits from its own domestic resources as well as accessing import opportunities to meet growing demand in Thailand and its neighbors.

- Accelerate implementation of the 2018 Energy Reform Plan to liberalize the energy sector to promote productivity, innovation and efficiency.

- Make it easier for third parties to buy and sell gas through PTT's gas pipeline and to use PTT's LNG terminals for imports and ensure non-discriminatory access to the pipeline network.
- Accelerate development of market conditions for Thailand to become an LNG energy hub. Build capacity at EGAT and make it easier to approve 3rd party LNG import licenses
- Promote energy efficiency through green building codes and policies to enable companies that produce their own power to sell any excess to the grid. To enable this opportunity, we recommend either eliminating or increasing the current cap to allow for wheeling i.e. the upload of excess energy to the grid as long as the supplier can find buyers for it anywhere in Thailand. This also supports the government's strategy on energy conservation and efforts to build sustainable practices.
- Accelerate development of untapped domestic natural gas resources. Oil and gas development in the Overlapping Claims Area in the Gulf of Thailand would yield billions to Thailand in revenue otherwise lost, secure affordable feedstock for local petrochemical and fertilizer industries, provide energy to the EEC and create up to 20,000 jobs.
- Adopt open market policies on fuel products and prices to deliver the most competitive price to consumers.
  - Create conditions for a more open, competitive market.
  - Improve regulations to reflect international standard practices supporting a competitive market price mechanism.
  - Support IT communications (paperless) among operators and authority.

**Skills: How do we build the workforce of the future?**

The way forward is to involve local private and public sector participants, as well as foreign investors, in crafting policies to determine 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.
- Enhance basic foreign language education at elementary and middle schools and increase vocational skills development for the local workforce.
- Lifelong adult-learning programs of both a technical and a non-technical nature should be encouraged, to ensure that all Thais can benefit from participation in the Digital Economy. We would like the Department of Skills Development (DSD) to consider online learning with appropriate testing as creditable development.