



TRADE POLICY REVIEW

REPORT BY

THAILAND

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by Thailand is attached.

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1 OVERVIEW

1.1. During the review period, the Thai economy has faced different challenges, such as changes of political situation, natural disasters, for example the 2011 floods, and external uncertainties of other major economies, including depreciation of main international currencies and economic stagnations in several economies. Nevertheless, statistics for gross domestic products (GDP) and other macroeconomic figures indicate that the Thai economy has been resilient to the changing situation.

1.2. In May 2014, the National Council for Peace and Order took action to end the prolonged political deadlock and the administrative paralysis in the previous six months. Afterwards, in late August 2014, the Cabinet was appointed and commenced its work under the concrete political roadmap, composing of three phases: reconciliation; reforms; and reinvigoration of democratic institutions. At present, Thailand is in the second phase of moving towards strengthened democracy with the new Constitution draft under final revision. The draft Constitution has received careful consideration and deliberation from all stakeholders, including several public hearing forums, symposia involving foreign experts, and debates among members of the National Reform Council (NRC), who is expected to vote on the draft Constitution after referendum by this year. National elections are then expected to take place in 2016.

1.3. Since September 2014, the Government has run the office comprehensively covering all the areas of reform, including law, education, economics, and local administrations. The principles of good governance and transparency have been emphasized throughout the administration.

2 ECONOMIC AND TRADE ENVIRONMENT

2.1. Statistics recorded by the Office of the National Economic and Social Development Board (NESDB) show that in 2012, Thailand's GDP increased by 7.3% from 2011 and then slowed down to 2.8% and 0.9% growth in 2013 and 2014 consecutively. In the first quarter of 2015, the economy grew by 3.0% from 2014 and is forecasted to grow by 3.0%-4.0% for the entire year of 2015. Main factors contributing to the first quarter's growth are private consumption expenditure, government investment, and export of services. On the production side, nearly all sectors have improved, especially construction, hotel and restaurants, transportation, and industrial sectors. Unemployment rates were steady at approximately 0.7%-0.8%.

2.2. Fiscal Policy Office, Ministry of Finance, in July 2015 forecasted Thai economy in 2015 to expand 3.0% (or within a range of 2.5-3.5%), higher than the previous year of 0.9%. The key factors will be public spending, especially the infrastructure investment, undisbursed central fund, increasing state-owned enterprises' capital expenditure disbursement, and the Government's higher capital expenditure budget framework. Meanwhile, external demand is expected to improve as the political situation returns to normal, resulting in the higher number of foreign tourist arrivals. However, export growth is still subject to uncertain global economic recovery. Private consumption and investment, on the other hand, are expected to regain their momentum following the overall economic recovery and clear government policies.

2.3. The growth rates of Thailand's total external trade value during 2012-2014, showed a promising sign in 2012, when trade grew by 5.95%; however, in 2013 trade slowed down with a minute growth rate of 0.14% and at end of 2014 shrank by 4.94%. In 2014, the total trade value amounted to Us\$455.27 billion, with exports accounting for Us\$227.52 billion and imports at Us\$227.75 billion. Compared to 2013, exports reduced by 0.43% while imports decreased by 9.05%.

2.4. During 2013-2014, Thailand's top three major trading partners were China, Japan and the United States approximately at Us\$64.3, Us\$60.3, and Us\$38.0 billion. If counting all ASEAN member States together, trade value between Thailand and its ASEAN counterparts would amount to Us\$100.8 billion, approximately 21.6% of Thailand's total external trade. Major exports by value are motor cars and parts, automatic data processing machines, jewellery, polymers of ethylene, propylene etc., refine fuels and rubber products. Major imports by value are crude oil, machinery and parts, electrical machinery and parts, chemicals, iron and steel products, and electronic integrated circuits.

2.5. Besides merchandise trade, trade in services also played an important role for the Thai economy, contributing 29.36% of GDP in 2014, a growth from 29.34% of GDP in 2012. During the same year, total trade in services registered at Us\$109.76 billion, with import of services valued at Us\$52.89 billion and exports of services at Us\$56.87 billion.¹

2.6. Inflows of foreign direct investment were on the rising trend from 2011-2013 but decreased from Us\$14,416.0 million in 2013 to Us\$12,825.6 million in 2014. Japan, the European Union and the United States remained Thailand's top originating countries. In 2014, 25%, as the largest proportion, of FDI inflow was for manufacturing sector, especially in electricity, gas, steam and air conditioning supplying, and transportation and storage. On the other hand, outflow of foreign direct investment arose from Us\$7,175.8 million in 2011 to Us\$14,260.6 million in 2012. Afterward, the outflow decreased from 12,276.1 million in 2013 to Us\$7,865.8 million in 2014. During 2011-2014, ASEAN was the top destination of Thailand's outflow investment. In 2014, the main proportions of outflow are in the mining and quarrying (34.3%), financial insurance activities (18.0%), and manufacturing (16.9%) sectors.

2.7. Headline and core inflations are expected to remain low in 2015 to be 0.9% and 1.2%, respectively. The low and stable price level would play a supporting role for domestic spending.

3 ECONOMIC AND TRADE POLICY DEVELOPMENT

3.1 Overall Economic Policy under the Current Reform

3.1. Out of the key 11 areas under the Policy Statement of the Council of Ministers delivered to the National Legislative Assembly, two areas focus on matters relating to economic and trade developments: enhancing Thailand's economic potentials and promoting Thailand's role and exploring opportunities in the ASEAN Economic Community.²

3.2. In order to enhance the country's economic potentials, three phases of implementation are being carried out: (1) in the immediate term where prompt action is required, including speeding up the utilization of and ensuring efficient spending of the outstanding capital budget of the fiscal year 2014, preparing a thorough plan for the fiscal year 2015 for concrete and efficient outcome of the annual budget under the transparency and non-discriminatory principles, and stimulating investment and undertaking necessary infrastructure investment projects; (2) in the intermediate term in which outstanding fundamental problems are to be addressed, including coordinating monetary and fiscal policies to support economic recovery while maintaining price stability, reforming fuel price structure, management of the public debt, and improving tax collection; and (3) in the long term where strong foundations are to be set for sustained growth, including improving transportation infrastructure, management structure in transport sectors, developing and improving system for management of state enterprises, seeking to more efficiently manage agriculture and reinforce poor farmers' capacity, strengthening capacity and competitiveness of small and medium enterprises (SMEs), and promoting the digital economy.

3.3. In promoting Thailand's roles and exploring opportunities in the ASEAN Economic Community, the Government emphasizes the policy of preparation for the ASEAN Economic Community (AEC) to be taken in full effect at the end of 2015, among others, in transport and logistics connectivity, trade facilitation, promoting competitiveness of Thai manufacturers especially for SMEs, and developing skills of labour force.

3.4. The Government's economic policies above are complimented by the ongoing work of the National Reform Council (NRC), who, under the Interim Constitution Sections 27-31, has undertaken reform tasks in 11 areas: politics, public administration, law and justice, local administration, education, economy, energy, public health and environment, media, society, and others. The tasks have been carried out through different National Reform Commissions. In the economics area, the Commission on Agriculture, Industry, Commerce, Tourism and Services has been established under the NRC. Diverse issues are the focus of the Commission, including, among others, the sufficient economy principle is to be upheld and implemented; long-term vision is to be determined to ensure competitiveness of the country and the people; private sectors can operate under the fair competition policy; and good governance and anti-corruption are to be promoted.

¹ WTO Statistics database, 2015.

² <http://www.mfa.go.th/main/contents/files/policy-20150205-103332-009818.pdf>.

3.5. With the export sector has slowed down, the Government sees the need to strengthen domestic spending through different types of reforms. Several short-term measures to revive domestic consumption and investment were introduced during the last quarter of 2014. Those include income transfer programs for rice and rubber farmers, revamped Board of Investment (BOI) privileges, clearing of substantial backlog of BOI applications, and reduction of approval period for factory licensing, among other measures.

3.6. Simultaneously, the Government puts emphasis on long-term reform programs to address structural issues and lays down the foundations for the future. The establishment of Special Economic Zones (SEZ) in six border towns along with the Dawei Special Economic Zone would enable Thailand to become an important gateway to neighbouring countries. Infrastructure development is also one of the major undertakings of this Government, aiming to improve the connectivity and linkages within the Greater Mekong Sub-region (GMS) and ASEAN and within Thailand as well as Bangkok area. Furthermore, the Government recognises the importance of the SMEs sector as the new backbone of the economy. Supports to SMEs would come in the forms of lower tax burden and more access to financing.

3.7. The Government gives priority to practical solutions to problems and usually holds meetings with the private sector under the Joint Committee between the Government and Private Sectors to Solve Economic Problems in order to directly hear problems from representatives of the private sector. At the latest meeting on 8 July 2015, the private sector was represented by the Board of Trade of Thailand, the Federation of Thai Industries, the Thai Bankers' Association, Tourism Council of Thailand, the Federation of Thai Capital Market Organizations, and Thai National Shippers Council. The meeting reached important resolutions, including (1) approval to establish the Technological Institute for Sustainability and Trade (TIST) to support technology for technical work and product development, the detail of which will be considered and developed by the Ministry of Science and Technology and submitted for the Cabinet's approval; (2) approval to eliminate excise tax on air conditions in motor vehicles, which is currently under the consideration of the Council of State; and (3) approval of the guideline to simplify and eliminate duplication of work among several agencies in determining requirements for sewage, and issuing permits to release sewage to the environment, environmental regulations, and environment assessment reports.

3.8. The Government is also committed to improving the overall investment environment. The Board of Investment (BOI) promotes investment in industrial and services sectors, namely agro-business; mining, ceramics and basic metals; light industry; metal products, machinery and transport equipment; electronic industry and electrical alliance; chemical, paper and plastics; and services and public utilities. Foreign direct investment is recognized by the Government as a means to generate employment, economic growth, and increase in productivity and efficiency of Thailand's industry.

3.9. In order to attract more foreign investors to come to Thailand as well as to facilitate the government procedure for the general public in obtaining licenses or approvals from a government agency, the Licensing Facilitation Act was passed on 22 January 2015. The Act requires, among others, all the agencies (1) to review their law in granting licenses or other approvals every five years whether they should revoke or improve existing requirements; (2) to produce a manual for the general public regarding the criteria, process, and conditions in submitting an application, as well as the steps and timeframe under which the agency will make a consideration; and (3) to inform the applicant in writing reasons of delay beyond the timeframe provided in the manual, which has to be done every seven days until the consideration is completed. Currently (as of 22 July 2015), the manuals required by the relevant agencies to produce are now publicly available at <https://www.info.go.th/>.

3.10. More importantly, recognizing the importance of innovation-driven economic growth with regard to overcoming the middle-income trap, the Government established Science, Technology and Innovation (STI) Policies to drive Thailand's transformation towards a high income country by 2026. These policies include (1) the reform of STI administration system to increase effectiveness of public-private linkage and partnership; (2) Increase R&D expenditures to 1% of GDP with private/public sector ratio of 70:30 by 2021; (3) Accelerate support for STI manpower development through STEM education, work-integrated learning, talent mobility, technological assistance to SMEs; (4) Reform incentive systems, regulations and laws to enable commercialization of R&D and IP; (5) Use public mega investment projects and government

procurement to stimulate innovation in strategic areas, e.g. rail system and water management; and (6) Develop STI infrastructure & services to effectively support technology and R&D commercialization. Key actions were undertaken, such as the enhancement of tax deduction for research, development and innovation expenditures, Talent Mobility Program to facilitate the mobility of researchers in governmental agencies and higher education institutions to the industry, and SME & Innovation Partnership with important partners in respective areas.

3.2 Developments by Sectors/Measures

3.2.1 Monetary and fiscal policies

3.11. From 2009 to 2014, the Monetary Policy Committee (MPC) under the Bank of Thailand, empowered by law to set monetary policy and to implement measures necessary for achieving the price stability objective, and the Minister of Finance agreed to use the core inflation of 0.5%-3.0% per annum, on a quarterly average basis, as the monetary policy target. In 2015, however, the target was changed to headline inflation of $2.5\pm 1.5\%$ per annum, on a yearly average basis, in order to better reflect the cost of living. The change to headline targeting would help promote central bank communication and therefore anchor public inflation expectations more effectively. In cases where headline inflation moves away from the target, the MPC is responsible for providing an explanation of the situation, the period within which inflation is expected to return to the target band, and the appropriate policy response.

3.12. During the first half of 2015, the MPC reduced the policy interest rate twice from 2.00% to 1.50% per annum, the lowest level since July 2010, in order to support the economic recovery and cushion against higher downside risks both from internal and external factors. Going forward, MPC judged that monetary policy stance should continue to be adequately accommodative to support the economic recovery, while maintain long-term economic and financial stability.

3.13. For public expenditures in the fiscal year (FY) 2015, the Government gives priority to restoring confidence and accelerating the establishment of good foundation for the country. Emphasis is made on providing urgent assistance to the people. Measures will be initiated to stimulate the economy and investments, to mobilize the establishment of infrastructure in order to accommodate future development and the move towards the AEC in 2015. These measures will be undertaken along with the creation of balance in developing the country in terms of economy, society, culture, and natural resources under the principle of people-centred development.

3.14. Throughout FY2011-2014, the Government implemented a deficit budget policy, especially in order to continually support the economy after the global economic crisis in 2009–2010. This resulted in a deficit of 2.5%-2.6% of GDP in FY2011-2012. In FY2013, a lower deficit of 1.9% of GDP was a result of higher-than-target revenue collection. However, due to substantial economic slowdown, revenue collection in FY2014 dropped below targets. Budget deficit stood at 2.9% of GDP.

3.15. Although the deficit budget policy is adopted, the Government adheres to its framework for maintaining fiscal sustainability. The fiscal sustainability framework, designed to keep the ratio of public debt to GDP not exceed 60% and the ratio of debt service to the budget not exceed 15%, has been used as a guideline to conduct fiscal policy. On 30 November 2014, the public debt to GDP ratio was only 46.1% and for fiscal year 2015, the debt service to budget ratio stood at 7.1%.

3.2.2 Tariffs

3.16. Thailand is a member of the Harmonized System Convention and currently applies the HS2012 tariff nomenclature. As an ASEAN member country, Thailand adopted 8-digit commodity classification code of AHTN (ASEAN Harmonized Tariff Nomenclature) that applies to all imports, i.e. imports from ASEAN member countries and from any other countries. Under the 8-digit classification, Thailand has 9,558 tariff lines, corresponding to the AHTN classification. Duties are levied as *ad valorem* rate, specific rate, or *ad valorem* and specific rates, whichever is the higher. The value of imports is normally based on their c.i.f. prices. Customs tariffs at present range between 0%-80% with an average rate of 11.17%.

3.2.3 Customs procedure

3.17. Information and Communication Technology has been increasingly employed by the Customs Department in order to support a wide range of Customs' operations. The Thai Customs Department introduced the Thai Customs Electronic System (TCES) in February 2012, formerly known as e-Customs to enable the paperless services nationwide since 2008. These services include e-Import, e-Export, e-Manifest, and other relevant e-services. The Thai Customs Department was also the lead agency to establish National Single Window (NSW), the operation of which began in July 2008 (Phase 1). The NSW key stakeholders comprise importers, exporters, Customs brokers, freight forwarders, shipping agents, terminal operators, commercial banks and government agencies. World Customs Organization (WCO) Data Set and the United Nations Trade Data Element Directory (UNTDDED) have also been used as references for developing the TCES paperless services and NSW environment. The utilization of ebXML standard and PKI enables interoperable, reliable and secure information sharing between government and business sectors in the Customs electronic services and NSW environment.

3.18. The Thai Customs Department signed the Letter of Intent in 2006 to accept WCO Framework of Standard in its process to ensure security and facilitation of international trade at the same time by establishing partnership with private enterprises and to strengthen the global competitiveness of the country. After launching a pilot project in 2009, the Thai AEO (Authorized Economic Operators) Program for exportation has been fully implemented. In 2013, notifications were issued so that the program was extended to include not only exporters but also importers and customs brokers.

3.19. In addition, the Thai Customs Department expects to enter into Mutual Recognition Arrangement (MRA) with other customs administrations to enhance international supply chain security and facilitate movement of legitimate goods in the future. Currently, the Thai Customs Department has already signed the MRA with the Hong Kong, China Customs and Excise Department on 11 June 2015 and is in the process of MRA implementation negotiation. After signing the Action Plan with Korea Customs Service on 24 November 2014, the two Customs Administrations are working on the comparison of written authorization criteria as well as to finalize the Program of Activities for the joint site validation visit.

3.2.4 Agriculture

3.20. During 2012-2014, the agricultural sector contributed about 8.41%, 8.29%, and 8.31% to Thailand's GDPs, respectively. The drought in the end of 2013 and the first quarter of 2014 and the problem of Early Mortality Syndrome (EMS) for shrimp aquaculture were the severe factors, which had negative impacts on Thailand's agricultural production. Even though major crop areas were affected by flood in September 2014, production and export of agricultural products such as livestock, cassava, maize, oil palm and fruits still increased due to the recovering global economy and stability of the Thai currency.

3.21. For the period of 2012-2015, the Ministry of Agriculture and Cooperatives (MOAC), the principal authority responsible for formulating and implementing Thailand's agricultural policies concentrates on 3 strategies: (1) Farmers Development Strategy, focusing on improving quality of life of farmers by stabilizing farmer's incomes through crop insurance programs, supporting the roles of National Farmers Council on policy formulation, and encouraging and supporting young farmers to enter the agricultural sector; (2) Production Development Strategy, emphasizing on agricultural productivity, quality, standard, product management and food security through more cost reduction, R&D, new technology transfers and increase in value added through product development, marketing and certification; and (3) Agricultural Resources Development and Management Strategy, focusing on irrigated areas expansion, fishery resource development, soil improvement, and land development.

3.22. The MOAC formulated a 2015 roadmap, comprising six schemes for the abovementioned three strategies:

- (1) Farmer Market Scheme, which aims to facilitate both farmers and consumers to sell and buy high-quality agricultural productions directly at the local price. These markets are established in 77 provinces of Thailand.

- (2) Drought Relief Scheme, which seeks to help farmers impacted from drought by restoring infrastructure, career training and improving efficiency of production.
- (3) Water Sources Development Scheme, which focuses on expanding the irrigation and constructing small irrigation system.
- (4) Prevention and Suppression illegal activities.
- (5) Legislation and Legislative Amendment Scheme, which focuses on the conformation of law by the current situation.
- (6) Large Fields, which is a type of area-based agricultural extension and require integrated among agencies to be expandable for all activities along the supply-chain in the area.

3.23. Additional steps have also been taken in implementing the 2015 Roadmap by increasing private sector participation on product inspection and certification and developing the "Smart Farmer and Smart Officer" project in preparation for the Digital Economy.

3.24. Regarding the Paddy Pledging Scheme, which was terminated by July 2014, currently the Government utilizes through four channels to release the rice in its public stock through (1) Government to Government (G-to-G) transactions, based on the world market price; (2) public auction to domestic purchasers, based on domestic market price; (3) trade in the agricultural products future market, under normal market mechanism; and (4) donation to people affected by natural disasters. All of these channels do not affect the world market price of rice.

3.25. In 2014, Thailand's measures to assist farmers were to reduce the costs of inputs and services by seeking cooperation from the private sector in decreasing the prices of, for instance, fertilizers, pesticides, and seeds. Other measures were an arrangement of farmers market for rice and other field crops so that farmers had other alternatives to directly sell their produce, and an insurance programme for seasonal rice to insure against natural disasters and other unexpected negative impacts to the produce.

3.2.5 Fisheries

3.26. The fishery and seafood industry is very important to Thailand's economy, with around two million people employed across the whole industry. Accordingly, the Government has moved towards a more sustainable and environmentally-friendly fisheries industry, including implementing measure to fight against illegal, unreported, and unregulated fishing (IUU fishing), which is currently a top priority of the Government's policy.

3.27. The Ministry of Agriculture and Cooperatives established the Roadmap for Eliminating IUU Fishing, the main elements of which are as follows:

- (1) New Fisheries Act: the new Act was adopted in January 2015 and published in the *Royal Gazette* on 28 April 2015, making it effective as of 26 June 2015, 60 days from the date of publication. The Act introduced sanctions up to B 30 million to deter illegal fisheries and the improvement of official oversight of Thai fisheries to better reflect current industry realities. It also established a fisheries management scheme and improved Port State Measures. In the meantime, the Government is preparing another draft amendment to the Act to become even more comprehensive and consistent with the international standards in combating IUU fishing, such as clear definitions of IUU fishing, coverage of the law over both Thai nationals conducting fisheries and Thai vessels in and outside Thai territorial waters, and measures for sustainable fisheries.
- (2) National Plan of Action to eliminate IUU fishing (NPOA-IUU). The Government is currently improving the NPOA-IUU, to be consistent with International Plan of Action (IPOA-IUU) of the Food and Agriculture Organization (FAO). This is expected to complete in 2015.
- (3) Vessel Monitoring System (VMS) to be fixed in all fishing vessels of 30 gross tonnes and over: currently, this is implemented to vessels of 60 gross tonnes and the coverage will be expanded to vessels of 30 gross tonnes.

- (4) Improving traceability: the Government is currently improving the traceability system for fisheries products through the whole production chain as well as looking to increase officers to examine and improve database of relevant agencies to enhance efficiency of the traceability system.

3.28. On 1 May 2015, the Command Centre for Combating Illegal Fishing, supported by the Royal Thai Navy, was established under Order of the National Council for Peace and Order No. 10/2015 to bring together all the relevant agencies to combat IUU fishing efficiently and effectively.

3.2.6 Industry

3.29. In 2014, the industrial sector contracted by 1.1%. Manufacturing Production Index (MPI) decreased by 4.6% and the capacity utilization rate averaged at 60.5%.

3.30. Thailand's industry is currently guided by the National Industrial Development Master Plan (2012-2031), the vision of which is to attain innovative, well-balanced, and sustainable industrial sector, summarized as follows:

- (1) knowledge-based industry (2012-2016), to build a strong foundation throughout the value chain by improving regulations, laying down efficient structures for raw materials and labour, developing industrial clusters, and creating ASEAN supply chain in preparation for the AEC;
- (2) innovative industry (2012-2021), to adopt more advanced technology and to innovate products and services in response to customers' needs and enhance sectors' competitiveness;
- (3) sustainable industry (2012-2031), to become not only creative but also green economy by taking into account adverse social and environmental impacts, and at the same time promoting Thai brands to gain global recognitions.

3.31. The Government's main policy on industrial development consists of the following objectives: (1) to promote industrial sectors consistent with the country's competitiveness, for instance, agro-processing industry, high-tech industry, design and creative industry, and hi-technology machinery industry to transform production process into automated and semi-automation; (2) to enhance small and medium enterprises (SMEs) competitiveness through knowledge improvement in efficient manufacturing process; product development and internal management; easy access to capital, financial and investment services; marketing and investment opportunities overseas; and (3) to promote a digital economy which includes manufacturing and trading digital products, i.e. hardware, software, digital devices, and digital telecommunications equipment, as well as the usage of digital data in the production system.

3.32. In getting ready for the AEC, the Government emphasizes on enhancing competitiveness of enterprises at all levels, particularly SMEs, by means of cooperating with enterprises from other ASEAN member States, to promote supply chain linkages with the global market. The Government also stresses the significance of workforce development, execution of industrial development plan under regional and sub-regional cooperation, as well as cross-border production and trade development under special economic zone so that business opportunities can be well utilized towards the AEC.

3.33. In the meantime, the Government does not lose sight of sustainable industrial development, and priorities have been given to tackling waste management problem, turning garbage into energy, regulating and imposing measures to manage, monitor, and prevent any illegal dumps of industrial waste.

3.34. The Government has seen the problems in prices and supplies in the upstream and downstream manufacturing of rubber; consequently, it issued the Guideline for Rubber Development to solve the problems in the short and long run to achieve the following objectives: (1) move towards sustainability by controlling the areas of rubber plantations and maintaining the balance between production and utilization, including improving efficiency of plantations in order to solve the oversupply problem; (2) improve the liquidity in doing business of agricultural

institutions and other market operators, including improving the quality of rubber; (3) improve basic value-added of rubber so as to raise the income of farmers by supporting the establishments or renovations of rubber processing plants; and (4) improve value-added of domestic rubber products, by promoting manufacturers to expand the production in order to increase domestic utilization of rubber in the countries.

3.2.7 State-owned enterprises

3.35. Since the start of its office, one of the Government's key agendas has been to reform state-owned enterprises (SOEs), so that they can become an effective mechanism to promote sustainable economic and social development in Thailand. Accordingly, the Cabinet has recently modernised the regulations of the Office of the Prime Minister on the Policy and Governance of State Enterprises with a view to providing for a framework of the SOEs policy as well as clear objectives and strategic directions for SOEs whether they should be corporatized or kept as state enterprises in conducting social and welfare-related missions.

3.36. The State Enterprise Policy Committee, chaired by the Prime Minister, was established under the regulation of the Office of the Prime Minister. The Committee consists of 17 ministers, top management officers from relevant government agencies, and 8 experts from various sectors. By having all members from the top managements in the country, the Committee, as the centralized decision-making body, have been well-equipped to formulate effective SOEs-related policies and to make prompt and efficient decisions in order to resolve any urgent matters.

3.2.8 Government procurement

3.37. On 20 April 2015, the Cabinet passed a resolution for Thailand to become an observer in the WTO Committee on Government Procurement. Later, Thailand submitted a written request to the Committee and was accepted by the Committee as an observer on 3 June 2015.

3.38. The Electronic Government Procurement (e-GP) has been introduced in 2002, aiming to enhance transparency and efficiency, simplify access to procurement opportunities, and shorten procurement process in Thailand's procurement system. Government procurement information, laws and regulations, procurement guidelines, tendering notices and awards will be published on the e-GP information centre website (<http://www.gprocurement.go.th>). Thailand is currently in the ongoing process of developing an e-GP system. On 1 February 2015, Thailand launched the third phase of the e-GP system, using the pilot e-Market and e-Bidding procurement methods, with three government-run hospitals and nine agencies under the Ministry of Finance. At present, the pilot project has been expanded to cover 148 agencies under all ministries and will cover all agencies in the future. E-Market is a method for procuring commercial products and services through e-GP system, while e-Bidding is a method for procuring complicate and technical products and services, such as construction projects, pharmaceutical products and information technology system. The third phase of e-GP will allow Thailand to fully utilise the electronic government procurement system and will enhance efficiency and effectiveness in procurement. Moreover, e-GP is expected to increase openness and transparency in the process and to help reduce corruptions in government procurement.

3.2.9 Tourism

3.39. Tourism and related industries is one of the key sectors providing immense contribution to the Thai economy. It has been an effective means in creating job opportunities and raising local incomes as well foreign exchange revenues. Foreign tourists generate more than B 900 billion in national income each year, e.g. B 983.92 billion in 2012 and B 1,207.14 billion in 2013.

3.40. The number of tourists coming to Thailand has grown steadily. In 2013, there were approximately 26.54 million international tourist arrivals, up from 22.35 million in 2012, which was equivalent to an expansion of 18.76% from the previous year.

3.41. The tourism industries, ranging from leading five-star hotels, world-class airlines, quality restaurants and other primary food producers, health providers, to domestic transportation industries, are Thailand's major source of export service revenue. From 2012-2013 income

generated by hotel (accommodation) and restaurants (food and beverage) has significantly increased from B 447.65 billion to B 592.61 billion, registering 24.06% growth.

3.42. The Government has been very active in upgrading infrastructures, including public roads, telecommunications waste disposal and the safety standards of public facilities, to keep abreast with the industry's growth and to ensure the industry's long-term stability.

3.43. The National Tourism Development Plan B.E. 2555-2559 (2012-2016) aims to develop Thailand as a highly competitive, world-class tourist destination, which will in turn become a significant source of national revenue that will be distributed back to the society in balance and sustainable manner. In order to achieve such goal, five strategic directions have been set as follows:

- development of basic infrastructures and facilities for tourism purposes;
- development and rehabilitation of tourist destinations for sustainability;
- improvement of tourism products, services and other supporting tourism factors;
- improvement of tourism confidence and tourism promotion; and
- encouragement of participation process from all related sectors, including public sectors, civil societies and local administrations, in tourism management.

3.44. The idea of establishment of "Tourist Court" (a special section in the courts catered to disputes involved tourists) was proposed in 2013 and currently there are Tourist Case Units in Provincial Courts in Chiangmai, Phuket, Pattaya and Samui, and Bangkok District Courts (Phatumwan, Dusit, Bangkok North Municipal) in operation, to provide better protection for tourists who may receive unfair treatment from tour agencies and robbery or crime against foreign tourists. This is expected to help increase confidence in Thailand among international visitors.

3.2.10 Competition

3.45. The Competition Act B.E. 2542 (1999) remains the main law defining Thailand's competition policy framework. Since 2014, reform of the Competition Act has become one of major national reform issues. Two National Reform Commissions under the National Reform Council (NRC) have proposed two draft texts of the Act, which are under a consolidation process. Meanwhile, the Ministry of Commerce is also undertaking its own initiatives in issues for amendment. The draft texts of the National Reform Commissions and the Ministry of Commerce shared common proposed amendments, for instance, expanded scope of the law, upgrading of the Office of Trade Competition Commission to become an independent body, and appropriately enhanced penalties and powers of the Commission in filing lawsuits against violators. National Reform Commissions planned to propose the consolidated draft texts to the National Reform Council by end of August 2015 while the Ministry of Commerce expects to propose the draft amendment to the Cabinet within 2015.

3.2.11 Transportation

3.46. Ministry of Transport established the Transport Infrastructure Development Plan for 2015-2022 with the main objectives to develop more intercity rail networks, improve public transport networks and services, enhance connectivity between key domestic production bases and neighbouring countries, increase water transport networks, and enhance air transport capacity. This Development Plan was established consistently with the Eleventh National Economic and Social Development Plan (2012-2016). The budget for the entire system of infrastructure projects (not include high speed rail or standard gauge railway) is estimated at approximately B 1,900 billion, with the budget for rail network development (dual track development and Mass Rapid Transit (MRT), the public rail transport system in the Greater Bangkok area) accounting for 56.05%, road transport for 32.60%, water transport for 5.30%, network connecting Bangkok metropolitan to the nearby provinces accounting for 3.44%, and air transport for 2.62%.

3.47. For the entire development plan, rail network connecting provinces and municipalities is expected to increase by 17 routes with total of 3,237 kilometres, and rail transport in the metropolitan area would increase from 4 routes of 80 kilometres to 10 routes of 464 kilometres. Infrastructure for road transport covers projects in building bridges crossing the Chao Phraya River in Samut Prakan, Nonthaburi, and Pathum Thani; development of NGV buses and bus main stations; and increase of connections of highways to significant production bases in neighbouring countries, including four-lanes highway development, regional highways maintenances, rural road development to support agriculture and tourism sectors, and motorway and intermodal facilities development.

3.48. Water transport development includes, among others, developing cruise seaports in Krabi and Samui, the development projects for Laem Chabang Port, Chumpon Port, and Pakbara Port. As for air transport, the plan covers building one new airport in Betong, Yala, and expansion of Suvarnabhumi Airport, Don Mueang Airport, Phuket Airport, and U-Tapao Airport.

3.49. With all the infrastructure investment under this Development Plan for 2015-2022, the Government expects the following results: (1) logistical costs will decrease by at least 2%; (2) the number of travellers between provinces by personal cars will decline from 59% to 40%; (3) average speed of freight trains will increase from 39 kms/hr to 60 kms/hr and passenger trains from 60 kms/hr to 100 kms/hr; (4) rail transport for freight will increase from 2.5% to 5%; (5) fuel expense will reduce not less than B 100,000 million per year; (6) transport by MRT in the Greater Bangkok Area will increase from 5% to 30%; (7) capacity of Suvarnabhumi and Don Mueang Airports will improve from 63 million people to 90 million in 2016; (8) capacity in management of flights will increase from 600,000 to 1.4 million flights per year in 2024; and (9) the number of travellers flying from regional airports will increase from 8 million to 23 million people per year in 2024.

3.2.12 Intellectual property

3.50. The Government has continued its efforts to develop a robust intellectual property rights (IPR) regime in all areas including law making, law enforcement, inter-agency cooperation and public awareness, in order to ensure that the national intellectual property regime is in line with international practice and responsive to modern requirements of stakeholders. The Department of Intellectual Property (DIP), an agency under the Ministry of Commerce, is the IP regulator responsible, *inter alia*, for implementing intellectual property legislation; providing administrative support to the National Committee on Intellectual Property Policy; representing the Government internationally on intellectual property matters; and promoting intellectual property awareness.

3.51. Between 2011-2014, there was a momentum of reforms in order to enhance competitiveness and broaden market access for industries, domestic services and business of small and medium sized enterprises by promoting ownership and utilization of intellectual property and further integrating them into a knowledge-based, innovation-driven and creative economy. Thailand's IP policies are guided, in the medium term, by another two key instruments. They are (1) the National IP Strategy for the year 2013 to 2016; and (2) the Proactive Plan on the Prevention and Suppression of IPR Violations 2012–2015.

3.52. The National Intellectual Property Strategy prescribes agency actions during the 2013-2016 period by different agencies in seven areas as follows:

- (1) IP Creation: to boost the accumulated innovative potential and improve innovation capacity of competitive sectors by supporting innovation from research and development, public and private partnership and development of technology infrastructure;
- (2) IP Commercialization: to provide the tools for successful management and utilization of intellectual property;
- (3) IP Protection: to build a modern and efficient IP system that encourages creativity and innovation and provides for effective protection of genetic resources and traditional knowledge;
- (4) Prevention and Suppression of IPRs violation: to promote effective rights enforcement and fair competition;

- (5) Education and awareness: to cultivate the knowledge and understanding on the value of intellectual property and respect for IPRs;
- (6) International Cooperation: to enhance protection of rights overseas and continue to develop domestic intellectual property system on par with international standards and practices; and
- (7) IP Finance: to ensure that new or original knowledge and the creative expression of ideas lead to viable business commercialization by putting in place a mechanism that facilitates access to funding and sources of funds.

3.53. Despite the challenges at the national and international levels, the Government has accomplished significant improvements in IPR protection in legislative, enforcement, and public awareness areas.

3.54. Following the dissolution of the Parliament in December 2013, it was not until October 2014 that the legislative process was resumed. The Ministry of Commerce reinstated its intention to pursue the passage into law of all the bills related to IPR it had initiated and then resubmitted them to the National Legislative Assembly (NLA).

3.55. The Copyright Act has been amended in the following issues: (1) to criminalize unauthorized camcording in cinemas; and provide a specific exception to copyright infringement to facilitate access to copyright works for disabled persons; and (2) to enhance copyright protection in digital environment by introducing new provisions on the protection for rights management information (RMI) and technological protection measures (TPMs) and new provisions on ISP's liability limitation. These two amendments were reinstated, approved by the NLA, and published in the Government *Gazette* on 5 February 2015. They have been effective since the expiration of 60 days and 180 days from the date of their publication respectively.

3.56. The amendment to the Trade Secret Act to restructure the Trade Secret Committee and modify penalty provisions was reinstated, approved by the NLA, and published in the *Royal Gazette* on 5 February 2015. It took effect the following day.

3.57. A package of draft amendments to the Trademark Act to support future accession of Thailand to the Madrid Protocol and to address the issue of illegal refilling practices is currently being reviewed by the Council of State in order to merge with another amendment to the Trademark Act which aims to streamline the registration process and allow the registration of unconventional marks.

3.58. The DIP also continued to prepare groundwork for the amendment to the Patent Act B.E. 2522 (1979), as amended by the Patent Act (No. 2) B.E. 2535 and the Patent Act (No. 3) B.E. 2542, the main purpose of the amendment is to prepare Thailand for future accession to the Hague Agreement.

3.59. Other important amendments pivotal to promotion of effective enforcement that are outside the Ministry of Commerce's jurisdiction are:

- the provision regarding Customs officers' ex officio powers to inspect, suspend and seize illegal goods in transit and transshipment, which has been in force since 4 March 2015;
- the principles of draft Computer Crime Act to include IPRs infringement as a predicate offence, which has been approved by the Cabinet and is now under consideration of the Council of State in order to submit for the NLA's approval; and
- an amendment to the Export and Import of Goods Act B.E. 2522 (1993), proposed by the Department of Foreign Trade in order to ensure that the definitions of importation and exportation cover goods in transit and goods declared for transshipment, which has been approved in principle by the Cabinet and is now under consideration of the Council of State before further submission to the NLA.

3.60. Thailand has been an active participant in the WTO negotiations on the establishment of a multilateral system of notification and registration of geographical indications (GIs) for wines and spirits. It has stated its support for a proposal submitted by a group of Members.

3.61. Thailand also appreciates the need of a mechanism to facilitate access to essential medicines by countries particularly those with no or insufficient manufacturing capacity in the pharmaceutical sector. Public consultations involving stakeholders have been held and the government is considering the means and internal procedures provided by domestic law to achieve the objectives of 2003 Decision on the Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health of 2001 (WT/L/540), and the subsequent General Council Decision on the Amendment of the TRIPS Agreement of 6 December 2005 (WT/L/641).

3.62. In addition to legislative-related matters, the DIP also engages in cooperation activities with major IP offices, such as the United States Patent and Trademark Office (USPTO), State Intellectual Property Office of the People's Republic of China (SIPO), and Japan Patent Office (JPO). The DIP also maintains close contacts with national IP offices of ASEAN member States, international organizations such as WIPO and WTO and major stakeholder and user organizations. This cooperation is to benefit IPRs owners and users as the DIP is becoming a more quality-focused, productive, user-friendly, accessible, efficient and cost-effective organization.

3.63. The DIP carried out activities on a continual basis under a bilateral MOU with several IP Offices namely the USPTO (signed on 14 February 2012), Viet Nam's National Office of Intellectual Property (NOIP) (signed in 2005), and People's Republic of China's IP agencies such as State Intellectual Property Office, of the People's Republic of China (signed on 7 April 1995), National Copyright Administration (signed on 1 December 1995) Department of Science and Technology, the General Administration of Quality Supervision, inspection, and Quarantine (signed on 9 September 2013).

3.64. At the regional level in the field of patents, Thailand joined the ASEAN Patent Examination Cooperation (ASPEC) project in early 2013, when the project began, and currently nine ASEAN countries (except Myanmar) participate. The purpose of this program is to share search results between the participating offices to allow applicants in participating countries to obtain corresponding patents faster and more efficiently. The project is expected to potentially reduce duplications on search and examination work. In addition, the search and examination work already completed is encouraged to serve as a useful reference in producing quality reports. The DIP has already received a number of applications from applicants who have ASEAN wide business interest.

3.65. The National Intellectual Property Strategy is supplemented by the Proactive Plan, which focuses on 4 aspects of enforcement namely, supervision, law enforcement, legal infrastructure, and education and awareness. In April 2013, the Government established the National IPR Enforcement Centre, a cross-cutting agency with an effort to implement the Government's enforcement priorities. Among different highlights of the efforts was the designation of 2013 as the "Year of Anti-IPRs Violation" which raised awareness to the public of consequences of not protecting IPRs.

3.66. In 2014 as reflected in Table 3.1, there were 9,938 cases conducted by the Royal Thai Police (RTP) and the Department of Special Investigation (DSI) in which 1,195,891 infringing items were seized. The authorities have intensified the procedure against large-scale infringers. The arrests and seizures by customs officials at the border are also indicated in Table 3.2.

Table 3.1 Arrests and seizures of intellectual property infringing items produced and sold in Thailand, 2008-2014

Year	Arrest cases	Confiscated items
2014	9,938	1,195,891
2013	9,795	2,373,400
2012	9,927	1,975,679
2011	9,872	5,561,272
2010	5,573	4,338,829
2009	7,613	5,318,535

Year	Arrest cases	Confiscated items
2008	5,923	3,416,316

- a Actions taken under Trademark Act B.E. 2534 (1991); Copyright Act B.E. 2537 (1994), Patent Act B.E. 2522 (1979), and other relevant laws (Penal Code, Optical Disk Production Act B.E. 2548 (2005); Motion Pictures and Video Act B.E. 2551 (2008); Excise Tariff Act B.E. 2527 (1984); Cosmetics Act B.E. 2525 (1992); Consumer Protection Act B.E. 2522 (1979); Protection of Geographical Indications Act B.E. 2546 (2003).

Source: The Royal Thai Police, ECD, DSI, Metropolitan Police Bureau, and Provincial Police Regions 1-9.

Table 3.2 Arrests and seizures of intellectual property infringing items by the customs officials at borders, 2008-2014

Fiscal year	Arrest cases	Confiscated items
2014	770	263,760
2013	774	631,121
2012	754	1,531,440
2011	628	451,772
2010	759	628,803
2009	684	1,051,474
2008	651	2,222,254

Source: Customs Department, Ministry of Finance.

3.67. The IPRs Coordination Centre in cooperation with rights holders maintains and updates regularly the information on the trademark database to facilitate investigation conducted by Customs officers (see <http://www.iprcustoms.com/>). The Centre also joined the World Customs Organization's project called Interface Public Members (IPM) that promotes information sharing by rights holders.

3.68. In its battle against infringement of IPRs, Thailand works to inculcate a non-infringement mindset in the general public, emphasizing the value and importance of intellectual property including the role it plays in promoting long-term social and economic development. In 2014, the Department of Intellectual Property, through its partners with other public and private agencies, launched several projects to build public respect for protecting intellectual property. Notable examples include the annual on-campus activities to raise IP awareness among the young generation, the student scholarship essay contest and "Load Len Len Kor Pen Ruang" Campaign. In addition, the RTP and the DSI as enforcement agencies also play active role to raise IP awareness for the public such as Networking for Prevention and Suppression of IPR Violation in local communities.

3.2.13 Telecommunications

3.69. Thailand's telecommunications sector has been under reform since the previous review and some significant progress has been made in order to respond to the increasing demand for technology advanced telecommunications services and the need for better administrative efficiency and regulation in this area. The Ministry of Information and Communication Technology (MICT) is the main body responsible for managing the policies under the 10-year National ICT Policy Framework (ICT 2020). The Framework was approved by the Cabinet on 22 March 2011 and aims at providing direction and strategies for the development of information and communication technology (ICT) in Thailand over the period 2011 to 2020 under the "Smart Thailand 2020" vision.

3.70. The Government is aware of importance in developing broadband services within the scope of the National ICT Policy Framework and has established targets under the National Broadband Policy which aims to develop the broadband network to cover at least 80% of the population by 2015 and up to 95% by 2020, while ensuring high standard quality of services at reasonable prices. In addition, broadband services with at least 100 Mbps via fiber optic, will be provided in business areas in Thailand by 2020.

3.71. The Government has prioritized two key challenges. First is to revolutionize the country's broadband infrastructure in order to (1) reduce redundancies of infrastructure investments in commercially competitive areas, in order to lower operators' costs that will be passed on to consumers; and (2) install more broadband in rural and hard-to-reach areas to ultimately close the

existing digital gap. Infrastructure sharing (fibre, tower, etc.) will be the main focus. Second is to put in place a spectrum management scheme that maximizes public interest. Thailand is currently planning to auction spectrum licenses in the 900 MHz and 1800 MHz bands and considering making use of other bands suitable for 4G services such as 2300 MHz currently held by TOT PCL and 2600 MHz held by MCOT PCL (formerly known as Mass Communication Organization of Thailand) and not being utilized to its full potential.

3.72. The National Broadcasting Telecommunications Commission (NBTC) is the independent regulatory body overseeing broadcasting and telecommunications business in Thailand pursuant to the provisions of the Act on Organization to Assign Radio Frequency and to Regulate the Broadcasting and Telecommunications Services B.E. 2553 (2010).

3.73. Under the law, the NBTC is tasked to set the Telecommunications Master Plan, a spectrum Management Master Plan, National Table of Frequency Allocation and Broadcasting Master Plan. These master plans aim to provide public with wide varieties of telecommunications and broadcasting services, via modern telecommunication networks in an equal access manner, with affordable price on the basis of fair competition and efficient resource management. This will provide essential infrastructure for the national development towards knowledge-based and innovative society, reduce disparity between city and rural residents in order to continually improve the competitiveness of the country in the area of telecommunications infrastructure, as well as to develop measures to ensure the efficient consumer protection.

3.74. Thailand is one of the countries where International Telecommunication Union (ITU) has supported the transition from Analogue to Digital broadcasting with the positive outcomes. The NBTC has pursued the Thai Roadmap, which is divided into four phases: Phase 1 Digital Terrestrial Television Broadcasting (DTTB) policy development, Phase 2 Licensing policy and regulation, Phase 3 Planning and execute auctions and tenders, and Phase 4 Digital Switch Over (DSO) communications and supervision.

3.75. At the end of December 2013, the NBTC granted licenses to the commercial broadcasters via auction. In June 2014 the first phase of the digital television network was taken into operations. The broadcasting landscape in Thailand is 73.4% through cable and satellite, while 26.6% through terrestrial television. For radio broadcasting, radio stations in Thailand are divided into 3 different types, 313 FM stations, 193 AM stations, 19 shortwave stations, accumulated to 525 stations in total.

3.76. For fixed-line telephone service, Thailand has three major fixed-line operators, namely, TOT Public Company Limited (TOT), TRUE Corporation Public Company Limited (TRUE), and TT&T Public Company Limited (TT&T). TOT shares 61.0% of the total fixed-line market share, while 28.8% owned by TRUE and 10.2% owned by TT&T.

3.77. In October 2012, the NBTC held a spectrum auction in the band of 2.1GHz and granted three licenses to subsidiaries of three major mobile operators. They are now providing 3G and 4G mobile services in Thailand. Thus, at present, mobile phone service operators in Thailand comprise Mobile Phone Network Operators (MNOs), and Mobile Virtual Network Operators (MVNOs). The 7 MNOs are as follows: (1) Advanced Info Service Public Company Limited (AIS); (2) Total Access Communication Public Company Limited (Dtac); (3) Advanced Wireless Network Company Limited (AWN) under AIS; (4) Dtac TriNet Company Limited (Dtac Trinet or DTN) under Dtac; (5) CAT Telecom Public Company Limited (CAT); (6) TOT Public Company Limited (TOT); and (7) Real Future Company Limited (RF).

3.78. For broadband internet service, the 3 main operators are True Internet Company Limited (True) with 37.7% of the total market share, while TOT shares 28.0%, TripleT Internet Company Limited (3BB) shares 30.3% and other retails internet operators share 4.0%. Broadband internet penetration rate reaches 26.6% of the total households. In addition, broadband internet access through fixed-line service is currently at 95.7% of the total fixed-line subscribers (as of the third quarter of 2014).

3.79. Over the past years, the NBTC has undertaken to promote the telecommunications sector by improving rules and regulations to facilitate the market entry and liberalizing many key services that effect the development of the telecommunications industry, including interconnection services

(call origination, call termination and call transit), International Internet Gateway (IIG), International Private Leased Circuit (IPLC) and International Direct Dialling (IDD). The NBTC has recently updated the cost-based reference voice interconnection rates for the telecommunications sector in Thailand, in the light of technological changes and market developments, especially with the 2.1 GHz spectrum auction in 2012 and each of concession agreements began to expire. The reference interconnection rates allow a managed transition from the previous relatively high rates to the lower, cost-based rates and thus positively affect the retail price paid by the end-users.

3.80. The NBTC continuously promotes the market entry of the wireline and wireless network as it is the backbone network for downstream service. In 2012, the NBTC awarded 3 licenses for 3G service frequency band 2.1 GHz to provide mobile services. Thus, there are currently seven major mobile service operators. On the other hand, telecommunications network providers are gradually increasing over the past few years, mostly are the core and access network providers. As of December 2014, the NBTC granted 64 facility based licenses. The services of those network providers cover various facility based service depending on their scope of service.

3.81. As of December 2014, the NBTC granted 382 telecommunications licenses to operators comprising 305 Type I (without network) licenses, 36 Type II (with or without network) licenses and 41 Type 3 (with network) licenses.

3.82. Moreover, NBTC issued various relevant notifications and regulations for both telecommunications and broadcasting sectors, pursuant to provisions of promoting free and fair competitions among both businesses. Such notifications and regulations are as follows:

- NBTC Notification Re: Criteria and Procedures for Merger and Cross-holding in Telecommunications Business B.E. 2553 (2010).
- NBTC Notification Re: Prescription of Prohibited Acts which are deemed as Foreign dominance B.E. 2555 (2012).
- NBTC Notification Re: Market Definition and Relevant Telecommunication Market B.E. 2557 (2014).
- NBTC Notification Re: Criteria and Procedures to Identify Operators with Significant Power in Each Relevant Telecommunication Market B.E 2557 (2014).
- NBTC Notification Re: Criteria and Procedures to Identify Operators with Significant Market Power in Each Relevant Broadcasting Market B.E. 2557 (2014).
- NBTC Notification Re: Criteria and Procedure for Anticompetitive Conducts in Broadcasting Business B.E. 2557 (2014).
- NBTC Notification Re: Criteria and Procedures for Merger and Cross-holding in Broadcasting Business B.E. 2557 (2014).

3.83. During the previous universal service phase (2009-2011), the NBTC had simultaneously focused on the policy for promoting broadband internet expansion and basic telecommunications in unserved target areas. Currently, NBTC has established the Universal Service Obligation Plan for 2012-2016, which its implementation plan has also been focusing on expansion of broadband internet and utilizing information technology for social target, such as disable people. Moreover, all universal service expenses are subsidized by the Broadcasting, and Telecommunications Research and Development Fund for the Public Interest (BTFRP), and bidding mechanism will be deployed to find an optimal universal service provider.

3.2.14 Financial sectors

3.2.14.1 Banking

3.84. The Thai banking system has remained strong and resilient over the past decade owing to various supporting factors, including banking supervision in accordance with international standards with emphasis on prudent risk management, implementation of micro- and

macro-prudential policies to ensure the stability of individual financial institutions and the banking system as a whole, and various measures under Financial Sector Master Plan Phase II (FSMP Phase II).

3.85. Since 2010, the banking system has had a robust performance with continuous stability. In 2014, the system recorded capital adequacy ratio at 16.8% with a proportion of high-quality capital reflected by the level of tier-1 ratio at 13.7%. Moreover, gross and net non-performing loans (NPL) reduced to 2.15% and 1.08%, respectively.

3.86. Upon the completion of FSMP Phase II in 2014, the Thai banking system has shown significant structural changes and sustained improvements in terms of efficiency and competitiveness. Major achievements under this phase are voluntary bank mergers as a result of tax incentives provided by the plan, conversions of existing foreign bank branches to subsidiaries which are allowed to expand network through more branch offices, and the permission of new banking licenses to foreign banks. Overall, new players will play an important part in stimulating competition, thus elevating the efficiency level of the system. This, in turn, will enhance strength and competitiveness for the financial system towards regional connectivity.

3.87. In a bid to better seize crucial risks that might induce unsteadiness in the banking system, different key measures regarding supervision and regulation of financial institutions have been employed, for instance, requirements for banks to set aside some provision for current and possible impaired loans, thematic examination on focused areas such as automobile loans and application of bank stress tests which take into account both internal and external factors that impact the health of the institutions, as a defensive tool against systemic risks.

3.88. In addition, the Thai banking system has adopted the Basel III capital standard in 2013, in line with the Basel Committee on Banking Supervision's (BCBS) timeframe. Banks are to maintain capital adequacy ratio at least 8.5%, slightly higher than BCBS's requirements. With regard to other elements under Basel III, the Liquidity coverage ratio (LCR) principle will come into effect in 2016 and the Net Stable Funding Ratio (NSFR) is under observation period.

3.2.14.2 Securities

3.89. Thailand continues to deepen its capital markets to better serve capital mobilization and investment. In 2014, the total value of market capitalization of the Stock Exchange of Thailand (SET) was B 13.86 trillion (increased by 66% from 2010), while total value of market capitalization of the Market for Alternative Investment (mai) was B 383.08 billion (increased by 6 times from 2010). On 27 November 2014, the combined market capitalization of SET and mai hit a highest record since the market was established. The SET index at the end of the year stood at 1,497.67, up 15.32% from the end of 2013. The SET's dividend yield was 2.94% while the mai's dividend yield was 0.87%.

3.90. Total trading value (both SET and mai) in 2014 was B 11.14 trillion, with a daily average trading value of B 45.47 billion, considered the highest in ASEAN for three consecutive years. In terms of trading value by investor type, retail investors accounted for 62% of total trading value, while foreign investors, local institutional investors and proprietary trading were accounted for 20%, 9% and 9%, respectively. In 2014, derivatives trading volume jumped 116% from a year earlier to an average of 147,025 contracts per day, mostly due to rises of single stock futures and the change in SET50 index futures' contract sizes.

3.91. To ensure a quality growth, the Securities and Exchange Commission (SEC) is committed to raising the supervisory and regulatory standards to be on par with international ones. Its primary role is to formulate and effectively implement policies, rules and regulations regarding supervision, promotion, and development of securities and derivatives businesses, as well as other activities relating to securities businesses, securities exchange and entities related to securities businesses, including the issuance and offering of securities for sale to the public, the acquisition of securities for business takeovers, and the prevention of unfair securities trading practices.

3.92. In terms of international standards, the SEC has monitored and improved the Thai capital market standards to be internationally acceptable, in particular International Organization of Securities Commission (IOSCO) standards. In September 2014, the SEC was elected to be a

member of International Organization of Securities Commission (IOSCO) Board as a representative of the IOSCO Asia-Pacific Regional Committee. Serving as the member of the IOSCO Board from 2014 to 2016, the SEC will take part in reviewing major securities regulatory issues with regulators of global financial centres, such as the United States, the United Kingdom, Japan, Australia, and Hong Kong, China, and further encourage implementation of the IOSCO principles and standards. The SEC also participates in IOSCO Policy Committee on International Accounting, Auditing, and Disclosure Standards, Policy Committee on Retail Investors, and Growth and Emerging Market Steering Committee.

3.93. Moreover, the SEC has emphasized raising Thai capital market standards to be recognized by major markets so that Thai financial products could be distributed into those markets. The SEC signed Memorandum of Understanding (MOU) with regulatory authorities in European Union (EU) and European Economic Area under the term of the Alternative Investment Fund Manager Directive (AIFMD) and cooperated with the Stock Exchange of Thailand to support the European Market Infrastructure Regulation (EMIR).

3.94. With regards to corporate governance (CG), Thailand has become a regional leader. In 2012, Thailand obtained a score of 82.83 points from a possible total of 100 in the World Bank's Report on the Observance of Standards and Codes: Corporate Governance Country Assessment (CG ROSC), receiving higher scores than regional averages in every category. Extensive efforts putting in place in the development of CG practices led to the improvement in Asia's Corporate Governance Comprehensive Assessment (CG Watch) by the Asian Corporate Governance Association and CLSA (Credit Lyonnais Securities Asia) Asia-Pacific Markets. The CG Watch assessed the quality of corporate governance practices in 11 Asian countries. In 2010, Thailand was ranked fourth and earned recognition as the country with the highest score improvement. In 2012, Thailand was ranked third in Asia, behind only Singapore and Hong Kong, China. In 2014, Thailand was ranked fourth with higher score in enforcement. Moreover, Thai top listed companies also scored the highest among the participating countries in ASEAN CG Scorecard in 2013/2014.

3.95. In addition to encouraging listed companies to have good CG, the SEC announced sustainability development roadmap for listed companies in 2013, which included the implementation of CG practices, corporate social responsibility (CSR), and anti-corruption. The approach can be divided into three components; namely, CG in substance, CSR in process, and anti-corruption in practice. The CSR and Anti-corruption Progress Indicators for Thai Listed Companies were developed and launched, respectively. The SEC has also joined the Anti-Corruption Organization of Thailand with more than 40 organizations.

3.2.14.3 Insurances

3.96. In 2013, Thailand had 0.46% share of the world insurance market and ranked 30th in terms of total premium volumes. At present, Thailand has 86 insurance companies, of which 23 are life insurers, 61 are non-life insurers, and 2 are domestic reinsurers.

3.97. The Thai insurance industry, at the end of November 2014, expanded by 9.52% compared to that of the same period in the previous year, with a total insurance premium of B 635,751 million. Out of this number, the life insurance business expanded by 13.71%, recorded a total life insurance premium of B 450,369 million. Meanwhile, the non-life insurance business expanded by 0.53%, recorded a total non-life insurance premium of B 185,382 million. The insurance penetration rate (insurance premium over country GDP) as of end of September 2014 stood at 5.50%.

3.98. The main factors contributing to this continuous growth are as follows:

- The Office of Insurance Commission's (OIC) progressive measures have focused on strengthening the Thai insurance system through the "Insurance to the People" project, which has been disseminated throughout many regions around the country aiming to improve insurance literacy to the general public.
- The OIC has been improving distribution channels and a one-stop service centre to provide guarantees in life and property of the people as well as to provide better access to the insurance system.

- The OIC has been promoting development of insurance products that are affordable and meet the needs of people by issuing Microinsurance, offering simple, non-complex, and inexpensive insurance premiums for people with lower income.
- The OIC has been promoting pension insurance policies through tax deduction for consumer buying pension insurance policies. A consumer who buys a pension insurance policy can deduct up to B 300,000 from personal taxable income in which B 100,000 can fully be deducted for life insurance policy and B 200,000 can be deducted for pension insurance policy. However, the amount deducted should not exceed 15% of total taxable income.

3.99. The Office of Insurance Commission (OIC) is currently developing the Insurance Development Plan Vol. 3 (2015–2019), which is expected to be finalized and submitted for approval in September 2015.

3.100. The OIC has also been implementing measures to prepare the Thai insurance industry for the ASEAN Economic Community (AEC), among others, by acquiring knowledge and understanding about the rules, regulations, and language of other ASEAN member States. Furthermore, the OIC has implemented measures to strengthen the insurers' capacity to compete internationally. The OIC has strengthened capital reserves or the second phase of risk based capital reserves by increasing the capital adequacy ratio to at least 140% from 120%.

4 REGIONAL TRADE ARRANGEMENTS AND ECONOMIC COOPERATION

4.1. Thailand's long standing policy is to fully support the credible and well-functioning multilateral trading system, that is, the World Trade Organization, as a key to freer and fairer global trade, which will in turn contribute to the betterment of peoples' standards of living and employment, as well as development in various aspects. Free trade agreements (FTAs) are supplemental to the work of the multilateral level as they allow better preferential treatment in market access for FTA partners, with specific considerations among partners.

4.2. Currently, 11 Thailand's regional and bilateral free trade agreements have been effective (see below).

Table 4.1 Thailand's effected free-trade agreements

Thailand's FTAs	Date of entry into force
ASEAN	1 January 1993 (Goods), 30 April 1999 (Services), 21 June 1999 (Investment)
Thailand-India (Early Harvest Scheme)	1 September 2004
Thailand-Australia	1 January 2005
Thailand-New Zealand	1 July 2005
ASEAN-China	20 July 2005 (Goods), 1 July 2007 (Services), 15 February 2010 (Investment)
Thailand-Japan	1 November 2007
ASEAN-Japan	1 June 2009 (Goods)
ASEAN-Korea	1 June 2009 (Services), 1 October 2009 (Goods), 31 October 2009 (Investment)
ASEAN-India	1 January 2010 (Goods), 1 July 2015 (Services)
ASEAN-Australia-New-Zealand	12 March 2010
Thailand-Peru (Early Harvest Scheme)	31 December 2011 (Goods)

4.1 WTO

4.3. Thailand is a strong supporter of the multilateral trading system and potential successful conclusion of the Doha Development Agenda. Thailand expects that significant and meaningful outcome can be achieved at the upcoming Tenth Ministerial Conference.

4.4. Thailand sets priority in the implementations of the decisions of the Ninth Ministerial Conference, one of which is on the Agreement on Trade Facilitation (TFA). Currently, Thailand intends and attempts to complete the ratification process to accept the TFA Protocol by this year. The timely entry into force of the TFA will significantly and efficiently contribute to world trade.

4.5. Thailand also gives priority to S&D provisions, which are necessary to ensure that developing countries can fully and effectively implement all WTO provisions and that their participation in the multilateral trade will yield greater economic benefits, which would in turn positively contribute to development. On 9 April 2015, Thailand's Duty Free Quota Free (DFQF) scheme for LDCs came into effect, which provides preferential market access to all the LDCs under the list of the United Nations.

4.6. Furthermore, at a high-level meeting of the WTO Services Council on 5 February 2015, among other members, Thailand announced the preferential treatment to be given to the LDCs. The notification of LDCs services waiver will be notified in due course once the internal process has been completed.

4.2 ASEAN

4.7. In the remaining period of 2015, ASEAN is accelerating the implementation of its measures under the AEC Blueprint, to achieve the goals of ASEAN Economic Community (AEC). As of July 2015, Thailand has implemented 93.3% of the prioritized measures under the Blueprint, while overall ASEAN has achieved 90.5%. Thailand expects that the implementation of all measures under the Blueprint will be completed by 2015 as targeted.

4.8. Substantial progress in terms of tariff reduction/elimination is evident. As of 2015, ASEAN-6 Member States have eliminated tariffs for 99.20% of their tariff lines, and CLMV have reduced their tariffs to 0-5% for 90.85% of their tariff lines and will eliminate almost all tariffs in 2018. To this end, approximately 99.8% of Thailand's total tariff lines are already at 0% while tariff rates of the remaining tariff lines are 5%.

4.9. Further efforts have been exerted collectively by all ASEAN member States to facilitate trade within the region. Rules of Origin have been simplified to promote a regional production network. The ASEAN Single Window Pilot Project is on process to reduce the customs release time and help reduce costs of business transactions. To enhance our customs efficiency and trade competitiveness, Thailand National Single Window is already active to link trade data and information between relevant government agencies and businesses. ASEAN Trade Facilitation Framework and work plans to address other trade-related issues such as customs procedures and SPS have also been adopted.

4.10. In addition, ASEAN member States have implemented two Self-Certification Pilot Projects to enhance trade facilitation within the region. Thailand has joined Brunei, Malaysia and Singapore to implement the First Self-Certification Pilot Project since October 2011 (Myanmar and Cambodia are on process) and has joined Indonesia, Philippines, Lao PDR and Viet Nam to implement the Second Self-Certification Pilot Project since May 2015. By harmonizing the Operational Certification Procedures of the two pilot projects, ASEAN aims to implement the ASEAN-wide Self-Certification Scheme by the end of 2015.

4.11. Regarding Non-Tariff Measures/Non-Tariff Barriers (NTMs/NTBs), the main focus of ASEAN is the full elimination of NTBs. Currently, ASEAN is in the process of compiling non-tariff barriers to seek pragmatic approaches to eventually eliminate these barriers to trade. To enhance transparency of NTMs, Thailand and other ASEAN member States have developed their own National Trade Repository (NTR) to store trade measures and other trade-related information. Thailand's NTR has been accessible to the public via <http://www.thailandntr.com/> since November 2014. Moreover, ASEAN is in the process of developing the ASEAN Trade Repository (ATR), which will link all 10 NTRs together by the end of 2015.

4.12. As Member States have also worked towards achieving free flow of services under the ASEAN Framework Agreement on Services (AFAS). In August 2014, ASEAN, except the Philippines, signed the Protocol to Implement the 9th Package of Commitments under AFAS. Thailand had finished its internal consultation process and ready to submit the 10th package of Commitments under the ASEAN Framework Agreement on Services (AFAS). Thailand's schedule of specific commitments covered approximately 100 services sub-sectors with equity participation capped at 70% and has increased number of commitments from 9th Package under two sectors, namely, communication services and transport services.

4.13. Since 2013, Thailand has participated in negotiation of ASEAN Trade in Services Agreement (ATISA) to replace AFAS in order to enhance the services liberalization in ASEAN with higher ambition. However, in order to enable the focus on the preparations for the 10th Package, the Meeting agreed to incorporate the ATISA into the post-2015 agenda and focus on the 10th Package of services commitments.

4.14. To date, ASEAN has concluded seven following Mutual Recognition Arrangements (MRAs) to facilitate the movement of ASEAN professionals through recognition of their qualifications: (1) MRA on Medical Practitioners; (2) MRA on Nursing Services; (3) MRA on Dental Practitioners; (4) MRA on Architectural Services; (5) MRA on Engineering Services; (6) Framework Arrangement for the Mutual Recognition of Surveying Qualifications; and (7) MRA on Accountancy Services. ASEAN is also undergoing the implementation process for the MRA on Tourism Professionals which aims to develop the skills and capabilities of professions in the tourism sector.

4.15. Furthermore, the ASEAN Agreement on the Movement of Natural Persons (MNP), signed on 19 November 2012, provides the legal framework to facilitate temporary cross-border movement of natural person in the region. ASEAN Comprehensive Investment Agreement (ACIA), which came into force on 29 March 2012, contains commitments to liberalize and protect cross-border investment activities including investment promotion and facilitation.

4.16. While expediting the work to achieve the AEC goals by 2015, ASEAN is now in the process of formulating the AEC Post-2015 Vision, particularly on how to further deepen and broaden regional economic integration. Recently, ASEAN Leaders have adopted the central elements of three pillars of the ASEAN Community, which provide a basis for the development of ASEAN Post-2015 Vision. On the economic front, significant progress has been made in preparing the AEC Attendant Document, comprising five central elements, namely (1) an Integrated and Highly Cohesive economy; (2) Competitive, Innovative and Dynamic ASEAN; (3) Resilient, Inclusive, People-Oriented and People Centred ASEAN; (4) Enhanced Sectoral Integration and Cooperation; and (5) Global ASEAN. The Document will be further developed as a new AEC Blueprint for 2016-2025.

4.17. Through ASEAN, Thailand is actively pursuing regional trade liberalization. During the 21st ASEAN Summit and Related Summits in Phnom Penh, Cambodia, on 20 November 2012, the leaders of ASEAN member countries and Australia, China, India, Japan, Republic of Korea and New Zealand through "Joint Declaration on the Launch of Negotiations for the Regional Comprehensive Economic Partnership", officially launched negotiations for Regional Comprehensive Economic Partnership or RCEP. Leaders also endorsed the Guiding Principles and Objectives for Negotiating the Regional Comprehensive Economic Partnership, adopted by their Economic Ministers in Siem Reap in August 2012. Based on the said Guiding Principles, the RCEP – although to be initially negotiated by ASEAN and its existing FTA partners – would allow the region's economic partners to eventually accede into the agreement. The RCEP is also expected to include economic and technical cooperation that would allow all parties, regardless of their level of development, to maximize the opportunities made available by deeper and broader economic engagements. RCEP negotiations were commenced in 2013 and expected to be concluded the negotiation by the end of 2015. Another concrete step for ASEAN FTAs is ASEAN-Hong Kong, China which began negotiations in 2014, with Thailand as the country coordinator. The negotiations are expected to be concluded in 2016.

4.18. Recent significant developments in ASEAN existing FTAs are as follows: the Second Package of Specific Commitments under the Agreement on Trade in Services of ASEAN-China Free Trade Area (ACFTA), signed in November 2011 and became effective on 1 January 2012; the Protocol to Incorporate Technical Barriers to Trade and Sanitary and Phytosanitary Measures into the Agreement on Trade in Goods of ACFTA, signed on 19 November 2012 and became effective on 1 January 2013; the First Protocol to Amend the Agreement to establish the ASEAN-Australia-New Zealand Free Trade Area, signed on 26 August 2014 and expected to be in force on 1 October 2015; and the ASEAN-India Trade in Services Agreement and the ASEAN-India Investment Agreement, both signed in November 2014 and became effective on 1 July 2015. Moreover, the Third Protocol to Amend the ASEAN-Korea Trade in Goods Agreement is expected to be signed at the AEM-ROK Consultations in August 2015, while the investment negotiations regarding the discussion of the work programme under Article 27 are expected to be concluded within the end of 2015.

4.3 Other Preferential Agreements

4.19. The Thailand-Australia Free Trade Agreement (TAFTA, effective since 1 January 2005), the Thailand-New Zealand Closer Economic Partnership (TNZCEP, effective since 1 July 2005), and the Japan-Thailand Economic Partnership Agreement (JTEPA, effective since 1 November 2007) are Thailand's existing comprehensive bilateral FTAs with developed countries. These Agreements cover provisions of trade in goods, trade in services, investment, and economic cooperation. To date, Thailand and its FTA counterparts had several meetings to govern and monitor the implementations of those agreements as well as undertake the built-in agendas set out under the FTAs.

4.20. The FTA agreement between Thailand and Chile was signed on 4 October 2013 but is yet to be implemented. In the meantime, FTA negotiations with Peru for a comprehensive agreement were concluded on 5 October 2013. Thailand and India is currently under the process of the comprehensive FTA negotiations, covering elements on trade in goods, trade in services, investment, sanitary and phytosanitary measures and technical barriers to trade measures. The Agreement on Trade in Goods of the Framework Agreement on Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) Free Trade Area is currently awaiting Sri Lanka's submission of its complete schedule before signing. In 2015, Thailand has also planned to negotiate FTAs with Turkey and Pakistan. The first round of negotiations with Turkey is expected to start by the end of 2015. As for FTA with Pakistan, both sides announced the negotiations at the Third Meeting of the Joint Trade Committee in Pakistan in August and will begin the first round of FTA negotiations in September 2015. Meanwhile, negotiations with the EU and the European Free Trade Association (EFTA) have been stalled at the moment.

4.4 Other Regional Arrangements

4.21. Thailand continues to play an active role in participating in regional cooperation namely Asia-Pacific Economic Cooperation (APEC), Asia-Europe Meeting (ASEM) and Asia Cooperation Dialogue (ACD) as well as sub-regional cooperation namely Greater Mekong Sub-region (GMS), Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) and Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS).

4.22. Thailand has long been supportive of the APEC Bogor Goals of free and open trade and investment in 2020. Thailand has also fully supported the Beijing Roadmap for APEC's Contribution to the Realization of the Free Trade Area of the Asia-Pacific (FTAAP) in 2014 and has joined Member Economies to undertake the Collective Strategic Study on Issues Related to the Realization of the FTAAP (due for completion in 2016), which is considered as a concrete step to accelerate progress toward achievement of the Bogor Goals. Furthermore, Thailand supports APEC's groundbreaking commitment in 2012 to reduce the applied tariff rates of the APEC List of 54 Environmental Goods to 5% or less by the end of 2015, which is a considerable contribution to trade liberalization objectives under the Bogor Goals and the green growth and sustainable development agenda.

4.23. Recognizing that Global Value Chains (GVC) has become a dominant feature of the global economy, Thailand has placed importance to the new initiatives provided under the APEC Strategic Blueprint Global Value Chains development and cooperation. In 2014, Thailand particularly welcomed the work in "Promoting SMEs' Integration into Global Value Chains in Major Industries" and is participating as Sector Lead of the Agribusiness Sector with the objective of drawing concrete policy recommendations that can facilitate SME's integration into GVC of this area.

4.24. ASEM has strengthened the inter-regional relationship and cooperation from Asia and Europe regions and expanded membership from 25 in 1996 to 53 in 2014. In the same year at the 10th ASEM Summit Meeting in Milan, ASEM leaders reaffirmed their commitment to striving for an open world economy and to strengthening trade and investment relations through (1) stronger connectivity; (2) better implementation of the Trade Facilitation Action Plan (TFAP) and Investment Promotion Action Plan (IPAP); and (3) a more open, stable and predictable rules-based multilateral trading system. Thailand fully supports these recommendations. The Prime Minister of Thailand has reiterated the importance of improving connectivity in infrastructure, trade and investment regulations, exchanges of know-how and technology, and the funding of connectivity

project in Asia. Thailand also encouraged FTAs between Asia and Europe along with Thailand's and ASEAN's role in food and energy security.

4.25. Moreover, Thailand has hosted many important economic meetings in the past few years, for instance, the 10th ASEM Finance Ministers' Meeting, ASEM Finance Senior Officials' Meeting (October 2012), the 6th Meeting of the ASEM Working Group on Customs Matters (AWC) and the Third ASEM Customs-Trade Day (September 2012). Recently in March 2015, ASEM Symposium on the Future Direction of ASEM was held in Bangkok and produced an outcome that will be discussed further as recommendations for ASEM 20th anniversary Summit in 2016.

4.26. Thailand has played a leading role in the Asia Cooperation Dialogue (ACD) and assisted the cooperation as ACD Coordinator. Thailand will assume ACD chairmanship after the Kingdom of Saudi Arabia completes its term in September 2015. At the Summit level, ACD Leaders meet every three years. The First ACD Summit was held in Kuwait City on 16 October 2012 which helped revitalize the ACD cooperation and welcomed Thailand's proposal to promote further discussion on regional connectivity and to host the Second ACD Summit.

4.27. Recognising that developing regional connectivity is important for propelling economic integration and sustainability of Asia, Thailand hosted "the High Level Forum on ACD Regional Connectivity" on 4 September, 2014 and proposed the Tentative Road Map for ACD Regional Connectivity which was welcomed as a visionary way forward and received broad support as a basis for further consideration. The latest version of the Road Map comprises sixteen projects in seven priority areas: transport and telecommunication infrastructure, institutional infrastructure, energy security and connectivity, food security and mobility, financial connectivity and security, tourism, and human development. These fields of cooperation are crucial for steering interactions among Member States towards creating mutual economic benefits and reducing inequality in the region.

4.28. In 2014 at the Fifth GMS Summit in Bangkok, leaders of the country members adopted the Regional Investment Framework Implementation Plan (RIF IP) to push forward implementation of the Regional Investment Framework approved at the GMS ministerial meeting in December 2013. RIF is composed of 215 investment and academic assistance projects under ten fields; transportation, energy, agriculture, environment, human resource development, urban development, tourism, trade and transport facilitation, ICT, and others. Other major progress of GMS economic cooperation that has been reported to the Fifth GMS Summit were establishment of the Regional Power Coordination Centre in the Greater Mekong Sub-region, and the Greater Mekong Railway Association (GMRA), and the acceleration of the implementation of the GMS Cross Border Trade Agreement (GMS CBTA).

4.29. The Ninth IMT-GT Summit was held in Malaysia in April 2015, where the leaders of Indonesia, Malaysia, and Thailand noted the progress in the Implementation Blueprint 2012-2016, covering sector strategies and flagship programs in six areas: (1) transport and energy; (2) trade and investment; (3) tourism; (4) agriculture; (5) Halal products and services; and (6) human resources development. The leaders also recognized the adverse environmental impacts and applauded the initiative of the Chief Ministers and Governors Forum on the Green Cities Action Plan (GCAP) currently implemented in Melaka and Songkla and to be implemented in Medan and Batam. The leaders welcomed the completion of the Special Border Economic Zones (SBEZ) scoping study at the Malaysia-Thailand border to promote private sector investment, cross-border trade and transport facilitation. They also considered that more efforts should be undertaken to support the ASEAN transport agreements within IMT-GT and welcomed the completion of the study on Belawan-Penang-Trang Roll on/Roll off (RoRo) services and the preparatory works to introduce a RoRo ferry service for the Dumai-Melaka route.

4.30. At the Sixth ACMECS Summit in Myanmar in June 2015, the leaders of Cambodia, Lao PDR, Myanmar, Thailand, and Viet Nam, agreed in promoting different matters, such as to promote foreign direct investment, to expedite the implementation of ACMECS rice cooperation mechanism to promote rice sector development among ACMECS countries, to encourage the establishment of industrial zones, Special and Specific Economic Zones along the ACMECS countries borders and other potential areas, to promote cross border travel with the ACMECS countries under the concept of "Five Countries, One Destination", and to enhance cooperation between ACMECS countries on environmental conservation and sustainable use of natural resources of the Ayeyawaddy, Chao Phraya and Mekong Rivers.

4.5 Financial and Technical Cooperation

4.31. Thailand has provided assistance to other developing countries both in financial and technical cooperation through Neighbouring Countries Economic Development Cooperation Agency (Public Organization) or NEDA and Thailand International Cooperation Agency (TICA, formerly known as Thailand International Development Cooperation Agency) under the Ministry of Foreign Affairs. Such cooperation aims at fostering sustainable social and economic development in other developing countries.

4.32. NEDA has provided both technical and financial cooperation. In terms of technical cooperation, NEDA provides technical assistance for project preparation and knowledge-sharing classes for officials from neighbouring countries. Regarding financial cooperation for development, NEDA serves as a funding source for Thailand's neighbouring countries to support and promote investment and trade expansion, by improving infrastructure network, including those projects under GMS, ACMECS and BIMSTEC cooperation frameworks which focus on development of transportation networks for greater opportunities in trade, investment and tourism within the sub-region. Current projects include, for example, Lao-Thai Railway Construction Project Phase II (Thanaleng-Vientiane) including the construction of a containers yard and lifting facilities and telecommunication system at Thanaleng station; Ban Huag (Phayao) – Muang Khob – Muang Xing Hone and Muang Khob – Ban Pakkob – Ban Koneteun Road Improvement Project in Lao PDR; and Water System Development Project in Lao PDR.

4.33. Thailand's technical cooperation, overseen by TICA, has been implemented in forms of development projects, Master degree program, training courses, study visits and Thai volunteers, aiming to support other developing countries including neighbouring countries and other Asia countries, Africa, Latin America and Central Asia. Examples of Thailand's technical cooperation for developing countries related to trade, services and investment are as follows:

- Trade related projects for GMS countries such as Project on ICT System Development for Trade and Investment data-based in 5 provinces of Lao PDR, Foreign Investment Promotion, Capacity Building for Teaching and Learning of the Technological University of Dawei in Myanmar Project, the Centre of Thailand-Cambodia Labour-Skill Development in Cambodia Project, Strengthening Cooperative and SMEs in Central Viet Nam Project, and the South-South Cooperation for Tourism Management.
- Short-term training courses such as Training on SME Cluster Development and Export; Port Management & Operation; Agricultural Sector Value Chain Analysis and Promotion; Enhancing Entrepreneurship – Experience and Lessons Learned from Thailand; Global Experience in Managing a Competitive Export Business; Trade Negotiation Skills; Microfinance/Microcredit; and Enhancing Trade Competitive for Goods and Services.
- Thai International Postgraduate Programme (TIPP) such as Master of Sciences in Business Administration and Master of Sciences in Service Innovation Program.
- Joint training programme with other donors on Trade Facilitation and Logistics Development in the GMS, IT Security and Management, Development Strategies for SMEs in Cambodia, and Advanced Technical Service for SME in Selected Industrial Sectors of Viet Nam.

4.34. In addition, Thailand is now extending its work in international development cooperation to the modality of "partnership" or "triangular cooperation" to create a synergy of technical collaboration between Thailand and its partner countries and international organizations to help accelerate the third countries' efforts in achieving economic development and attaining development goals including Millennium Development Goals (MDGs) and Sustainable Development Goals (SDGs) which are the key objectives of the Post 2015 development agenda.

5 FUTURE ECONOMIC AND TRADE POLICY DIRECTIONS

5.1. At the end of 2013, Thailand started the period of volatility in political situation, i.e. change of administrations, and different plans and ideas were discussed. Not until 2014, the clearer directions of the country began to materialize. Since then, the Government has comprehensively conducted reforms in all aspects, including trade, commerce and investment promotion, as well as

improving transparency and simplification of governmental procedures. This signals a good faith of working in shaping the country's future economic and trade policy direction progressively; in the mean time, the roadmap to the general election to take place in 2016 has been continuously and concretely framed. Many efforts of the Government, for instance, the Licensing Facilitation Act and reforms in investment promotion, have been welcomed by the private sector, indicating that Thailand is on the right track.

5.2. All of this positive work by the Government, in any case, has taken place in the midst of slowdown of the world economy as a whole, with stagnation of the major economies, resulting in less international market demand and depreciations of some major currencies. All of these external factors unavoidably affected Thai economy, and in particular, exports. Against this background, the Government has carefully and thoroughly implemented its overall policies especially economic ones, so that the country's economy stays resilient and flexible to the external factors in the world economy.

5.3. Along with the thorough economic policies, Thailand maintains its longstanding position in supporting the work in the multilateral trading system, particularly under the umbrella of the World Trade Organization. Thailand believes that free and fair trade will contribute to the sustainable and healthy world economy; accordingly, Thailand looks forward to the successful Tenth Ministerial Conference. Supplemental to the work in the multilateral trading system, Thailand also focuses on continuously moving forward with other regional and preferential trade agreements (RTAs/PTAs) and economic cooperation.

5.4. At present, the Thai economy is in the period of recuperating from the economic slowdown over the past years and the rate of recovery has gradually been realized with the Government's spending on different projects, including investment on fundamental infrastructure; strong foundations in monetary and fiscal policies; and more progressive policies in trade facilitation and investment promotion. Discussions have been started on the Twelfth National Economic and Social Development Plan (2017-2021). Efforts have been gathered and put together to increase the economy's competitiveness, through different strategic plans on agriculture, i.e. for Thailand's main crops, such as rice, maize, cassava, palm products and palm oil, and sugarcane and sugar; transportation infrastructure, especially on rails; supports to SMEs; and driving the digital economy policy. Some current measures, for instance, tax reform, energy price structure adjustment, and measures against corruptions, may cost some short-term pain and slowed down some short-term investment, but gain is expected in the long run. The Government has intended to lay a strong foundation for the future of the country with a clear direction to carefully lead the economy in the ever-changing international situation with a view to driving the economy forward, along with stabilizing the economy as a whole.

5.5. In implementing its economic and trade policy, the Government has all along taken into account other aspects, such as social and environmental ones. The policy of the country has integrated all relevant aspects without neglecting other possible side effects. As Thailand ranks top on the happiest economies list in the world by Bloomberg³, this should be a good indicator that Thailand will finally achieve the status of a strong economy together with people's happiness.

³ <http://www.bloomberg.com/news/articles/2015-03-03/the-15-happiest-economies-in-the-world>.