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## Thai Legal News Flash

Latest News on law, tax and business in Thailand

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## TPP might become less relevant for Thailand

In past editions of this publication we reported about the Thai government's considerations to join the Trans-Pacific Partnership (TPP); a debate which is currently changing direction due to actual political developments. According to Deputy Prime Minister Somkid Jatusripitak Thailand is likely to see more benefit than harm if the new US president drops the TPP trade pact. Accordingly, the Thai government is monitoring the policies of US President-elect Donald Trump closely. While outgoing US President Barack Obama sought to "rebalance" trade towards deals with Asia and the Pacific, President-elect Trump has voiced opposition to TPP during his campaign in the light his promise to "bring back jobs" to America and revive industries that were negatively impacted by foreign competition.



*Empire Tower Building at South Sathorn Road, Bangkok*

Mr Somkid stated that the pact, if implemented, may cause troubles for exports to countries that are not TPP members. From current Thai perspective it could hence be beneficial if the pact is aborted.

Mr Somkid said that Thailand would remain interested to join TPP if the new US government stays committed to the pact. However, without TPP the Regional Comprehensive Economic Partnership (RCEP) to which Thailand will be a member would become vital to regional and global trade. The RCEP was launched in November 2012 with the aim of establishing deeper economic cooperation between the 10 ASEAN members and six trading partners, i.e. China, India, Japan, South Korea, Australia and New Zealand, while the US are not a member to this agreement in contrast to TPP. RCEP is now seen as more likely path to a free-trade area in Asia-Pacific, as the US Congress does not appear to ratify TPP during President Obama's remaining period in office.

## Law against online piracy ahead

The acting director-general of the Intellectual Property Department, Thosapone Dansuputra, recently stated that the draft bill of the Ministry of Digital Economy and Society to tackle online sales of pirate products is expected to enter into effect next year. He added that the new legislation will include provisions for legal action against violators of intellectual property rights on the internet, which appears to include measures of interim relief. Mr Thosapone said that the preparation of legislation to tackle internet-based piracy came in response to a request from the United States, as despite continued efforts to tackle intellectual property violations there had numerous complaints about intellectual piracy in social media. The Thai government aims to have Thailand removed from the US's Priority Watch List for intellectual property violations in 2017.

In the light of the above, Prime Minister Prayut Chan-ocha had ordered state officials to speed up the crackdown on digital piracy, especially transactions using popular social media. According to Mr Thosapone, the department is liaising with the Digital Economy and Society Ministry, Office of the National Broadcasting and Telecommunications Commission and Internal Security Operations Command to launch a clampdown on piracy on Facebook as a short-term measure and amend the Computer Crime Act to extend the penalty to cover IP infringements on the internet. In a longer term authorities plan to spend more on research and development and the creation of an IP database. Efforts shall also be made to raise awareness of the harm caused by using pirated products. Such long-term reform plan and related action plans shall be jointly implemented by Thai authorities and their US counterparts.

## Private investment stimulation planned

The Thai government considers private investment as a key factor for economic recovery. In this regard Finance Ministry permanent-secretary Somchai Sujjapongse informed about plans concerning a new stimulus measure to encouraging the private sector to speed up investment. The measure shall be targeted at reaching economic growth of 4% next year according to Mr Somchai. The Fiscal Policy Office is in charge to find measures to reach this target.

Under previous tax incentives, companies that commenced their investment before the end of 2015 were entitled to a two-fold corporate tax deduction on investment expenses incurred. The government had introduced various stimulus measures including 60 billion baht allocated to Village Funds and 5 million baht dispensed to each Tambon to develop projects. Mr Somchai stated that the new measures need to be suitable for the economy and efficiently stimulate the right sectors instead of merely implementing blanket measures.

Finance Minister Apisak Tantivorawong had earlier told senior officials at the Finance Ministry that even though the global economy will grow at a near-zero rate that does not mean Thailand would have to grow at the same pace. Instead it should use its potential and find ways to make the best use of the country's strengths to shore up the economy. Further details on such measures have not been revealed so far. However, state investment is expected to gain pace in the second half, particularly for the envisaged 1.64-trillion-baht infrastructure projects, to trigger further investment.

## Cabinet in Thailand approved 10 Year Visa to promote medical and wellness tourism

The Thai government is promoting Thailand as a destination for medical and wellness tourism. According to a recent cabinet resolution, foreign long stay visitors aged over 50 years shall be eligible to apply for a 10 years Visa under certain condition. The foreign long stay visitors still have to comply with the 90 days reporting requirement and the visa shall be valid initially for five years and could be renewed for another five years. The visa shall further require a monthly income of at least 100,000 THB or a bank deposit of at least 3 million THB, to be maintained for minimum of one year after receiving the visa. Also evidence of health insurance coverage for at least US\$1,000 for outpatient care and \$10,000 or more for inpatient care per policy per year shall be provided.

## BOI confirms increasing aviation investment

According to the Thai Board of Investment (BOI) new investment in the aviation sector has developed significantly within the first 10 months of 2016. The BOI sees this as indication that Thailand is further approaching the target of becoming an ASEAN aviation hub. In this context Thailand recently initiated an investment promotion scheme for high-technology businesses, including sectors related to aviation industries.

Applications have been submitted by foreign investors for 22 aviation-related projects in the said timeframe and include aviation logistics and airline businesses, aviation parts production as well as aviation tyre manufacturers. The respective investment had a total value of THB 22.9 billion, Secretary-general Hiranya Suchinai said. She added that the BOI is confident that the aim to develop Thailand as ASEAN aviation hub could be achieved in the near future and that several aviation operators had expressed their interest to invest in Thailand. Especially projects regarding the production of aircraft tyre and aircraft parts would appear of interest for investors.

In order to further increase Thailand's attractiveness in this sector the Transport Ministry announced to study whether an ease of the requirement that Thai investors need to hold a 51% shares in aviation investment projects

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