

**Speech by Mr. Pisan Manawapat,
Ambassador of the Kingdom of Thailand
to the United States of America
at a Lunch talk with member companies of the U.S. Chamber of Commerce
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at U.S. Chamber of Commerce**

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Friends from business community,

(Introduction)

I would like to thank the Chamber for organizing this event. Tami Overby, John Goyer, and Natalie Obermann came to see me at the Embassy two weeks after I arrived. We talked about our cooperation and projects together, and how we can work together to further boost up trade and investment between Thailand and the U.S.

I am therefore very pleased to have this opportunity to meet all of you today. The American business community has been a strong supporter of the strong Thai-U.S. relationship. We in Thailand appreciate the support and commitment that American businesses have in Thailand. You have stood by us not only in times of rapid growth but also in times and periods when we face challenges. I had wished to have a chance to meet you sooner.

I arrived in Washington just six weeks ago on February 13 to assume my position as the 44th Thai Ambassador to the United States. I was warmly welcomed by the U.S. Administration, in spite of the cold weather.

I was able to present a copy of my credentials to the Chief of Protocol on the first working day after my arrival, which enabled me to attend a meeting between Deputy Secretary of State Tony Blinken with the ASEAN Ambassadors that same day. And I was fortunate to be the 13th and last Ambassador in the latest batch to present my credentials to President Obama. That was 10 days after my arrival.

For the past 6 weeks, I have been meeting with the Administration and Members of Congress, and spent three weekends traveling to North Carolina and Boston to speak about the ASEAN Economic Community at the Fuqua School of

Business at Duke University and Harvard Business School; and then to Miami to preside over the 25th Asian Culture Festival and meet a group of business people. I will be speaking at the Wharton School of Business and visiting New York in two weeks' time.

(Promoting Thai economy)

Over the years, Thailand – whether under elected or unelected governments – has maintained the consistent policy of being an open, market-oriented and business-friendly economy. We have continuously been making efforts to create an environment conducive to businesses, and promote investment that will bring growth and foster innovation, thereby making our economy competitive.

The present Government came in a time of challenges, after the country had faced a period of political paralysis, dysfunctional government, prolonged street protests, political violence, and economic stagnation. But it also is in a time of opportunities – opportunities to undertake reform, improve necessary laws and regulations and address certain fundamental problems accumulated over the years – particularly corruption.

The Government's economic policy has been implemented in three stages:

1) An urgent phase – The focus was on an economic stimulus package during October-December 2014, including disbursement of the government budget to create jobs, create income, and stimulate the economy through the increase of capital flows.

2) A middle phase – The efforts are aimed at addressing unresolved issues, such as amending laws that have long been obstacles for economic growth because of political disagreement.

3) A long-term phase – This focuses on Thailand's sustainable development, such as infrastructure development projects, human resources development. Other policies being pursued are encouraging establishment of international headquarters and international trade centers in Thailand by tax exemption incentives, as well as legalizing foreign labor to increase workforce and build Digital Economy.

(Economic situation and prospect)

While 2014 did not see a growth that we had hoped, for 2015, our GDP is expected to grow by 3.5-4.5%. The fundamentals remain strong. Head line inflation is around 1.5%, international reserves stand at around 152 billion USD, and unemployment rate at 0.61%.

And because the Thai economy is picking up speed in 2015, due to accelerated government spending and improvement in urban consumption, the Ministry of Finance of Thailand expects the economic growth during the first quarter of this year to be 2-3 percent. A rising tax revenue in January was a good indicator of improved investment, and urban consumers have started to spend.

Thus the Government's plan to raise value-added tax (VAT) by 1 percentage point to 8 percent is not a priority for increasing revenue. The focus will be rather on increasing the effectiveness of tax collection. And even though the tax collection in fiscal year 2015 will be lower than expected, revenue from the State own enterprises' dividend can top it up.

And given the importance of tourism to the economy, the number of tourists to Thailand in 2014 – while less than in 2013 at 25 million versus 26.5 million – has shown a trend this year that it will return to – or in fact exceed – its former height. 28.8 million tourists are expected this year. Looking to the long term, the strategy for our tourism industry will focus on promoting sustainable tourism with quality, value-added and balance among business, community and the environment, as well as ensuring more broad-based wealth distribution.

(Amending laws and reforms)

With focus on reform, there have been some developments which may be of your interest.

Customs Reform

The Ministry of Finance is driving Customs Law amendment to propose to the current government as one of the reforms to promote foreign trade and investment. This amendment will prepare Thailand for the AEC as well. So the draft amendment is waiting to be approved by the Finance Minister.

The priorities of this amendment will be:

(1) AEC Preparedness

- Create Common Control Area (CCA) among Thai customs officers and its neighboring countries including Laos, Myanmar, and Cambodia to facilitate the releasing goods process. The current law does not allow this customs process outside customs territory.

- Implement National Single Window by using electronic data transfer, especially restricted items that import certificate will not be needed under the new law. This Single Window system will be linked with Malaysia, Philippines, and Indonesia. The rest of the ASEAN will join the system later.

(2) Transparency

- Customs Reward System will be amended. The reward to the third-party whistleblowers will not exceed 30% of value of goods and not over 300,000 USD (10 million baht). The reward to the customs officials who identified and handled the case will be reduced from 25% to 15% and not over 150,000 USD (5 million baht).

(3) Retrospective

- Tax recalled will be limited to 5 to 7 years.

Foreign Business Act

The Amendment of the Foreign Business Act (FBA) in Thailand has not been drafted. The Ministry of Commerce is in the process of studying the existing law and conducting public hearings from concerned stakeholders. The Government's economic policies will focus on promotion, facilitation and reduce difficulties of trade and investment. The FBA will not be amended at this stage.

Digital Economy Bills

The Thai Government is considering bills that are necessary to make Thailand more competitive and better equipped to compete in the global digital economy. These include the following:

1. National Digital Committee for Economy and Society Bill;
2. Ministry of Digital for Economy and Society Bill;
3. Electronic Transaction Bill (amendment);
4. Computer-related Crime Bill (amendment);
5. Cyber-security Bill;
6. Personal Data Protection Bill;

7. Digital Economy Promotion Bill;
8. Digital Development for Economy and Society Fund Bill;
9. Broadcasting and Telecommunication Regulator Bill (amendment);
10. Electronic Transaction Development Agency Bill (amendment).

These laws will be done in a transparent manner and in consultation with all stakeholders. The Government has been conducting public hearings to listen to all involved sectors. The National Reform Committee on Laws conducted the latest hearing on February 24 and invited academia, NGOs, government officials, and public society to share comments and suggestions on the bills related to digital economy. Such consultations will continue during this process of public hearings on these bills.

(Investment privileges)

Thailand Board of Investment has recently announced its new Seven-Year Investment Promotion Strategy, to be in line with the overall National Economic and Social Development Plan. It emphasizes 6 major points of investment promotion policies:

1. Promote investment that helps enhance national competitiveness by encouraging R&D, innovation, value creation in the agricultural, industrial and services sectors, SMEs, fair competition and inclusive growth;
2. Promote activities that are environment-friendly, save energy or use alternative energy to drive balanced and sustainable growth;
3. Promote clusters to create investment concentration in accordance with regional potential and strengthen value Chains;
4. Promote investment in border provinces in Southern Thailand to help develop the local economy, which will support efforts to enhance security in the area;
5. Promote special economic zones, especially in border areas, both inside and outside industrial estates, to create economic connectivity with neighboring countries and to prepare for entry into the ASEAN Economic Community (AEC); and

6. Promote Thai overseas investment to enhance the competitiveness of Thai businesses and Thailand's role in the global economy.

Depending on activities and investment, investors will get from 3-8 years of corporate income tax exemption, exemption on import duty on machinery and raw materials, and non-tax incentives. On top of that, if you invest in the special economic zones, you will get additional 5 years of 50% corporate income tax exemption with double deduction from cost of transportation, electricity and water supply for 15 years.

(Infrastructure Development and Connectivity)

Last year, the Government approved a 75 billion USD master plan for infrastructure. Thailand's infrastructure development plan from 2015-2022 has 4 main objectives, namely: (1) to revamp the provincial rail network; (2) to improve public transport systems to ease traffic congestion in Bangkok; (3) to boost the capacity of highways to connect with production bases in rural areas and neighboring countries; and (4) to improve the efficiency of water and air transport systems.

This plan opens opportunities to do more business with Thailand, to trade with Thailand, and to investment in Thailand. And within 8 years, additional road and rail networks being built will further facilitate greater trade and investment within the ASEAN Economic Community (AEC).

(Special Economic Zones)

The Thai Government is also setting up Special Economic Zones along its borders to boost trade and prepare for the AEC.

Three special economic zones which have the potential to attract multitude of investment: Maesod (western border with Myanmar), Aranyaprathet (eastern border with Cambodia) and Sadao (southern border with Malaysia). These special economic zones expect investment in 2015 for approximately 900 million USD in industrial estates, small, medium and large entrepreneurs in logistics, agricultural processing products, and labor-intensive manufacturing sector.

Each zone will have its own specialization. Tak province will become an international cross-docking center and labor industrial network for garment,

textile, and processed food industries. Srakaew province will become an agricultural food processing industry and transportation of goods in transit center, which can easily transport goods to Lamchabang Seaport and Suvarnabhumi International Airport. Trad province will become a logistics center, transportation-of-goods-in-transit center, and center of tourism in the region. Mukdahan province will become a logistics center and transportation-of-goods-in-transit center. Songkhla province will focus on processed industries, such as rubber, tire, seafood processing, halal food, and it will also become a transportation-of-goods-in-transit center.

These Special Economic Zones will help support development along the border areas and thus contribute to bridging the development gap between Thailand and neighboring countries. Foreign companies, including yours, will be much welcome to invest in these areas.

(Dawei)

The Dawei Special Economic Zones project in Myanmar, which is located 218 miles west of Bangkok, is another successful example of Thailand and Myanmar's cooperation to boost up economic along the border line.

On 19 December last year, Thailand and China signed a memorandum of understanding to build 542 miles of 10.66 billion USD double-track railway from Nong Khai on our border with Laos to the Thai industrialized eastern seaboard.

On 7-8 Feb.2015, during Thai Prime Minister's visit to Japan, Japan announced willingness to invest in the route to connect the Dawei project in Myanmar to Cambodia via Thailand. Both Prime Ministers met again in Sendai a week ago and agreed to have a trilateral meeting to build the project Dawei together among Japan, Thailand, and Myanmar in this coming June.

(Digital Economy)

Digital Economy is set as one of priority agenda for Thailand to enhance more opportunity to utilize digital tools to drive the economy, and the Government will set up a venture-capital funding organization, such as cloud funding, to help start-ups and other businesses run their operations smoothly. Thailand now has more than 26 million Internet users, 33 million Line members and 28 million Facebook users. The government plans to build data centers to

provide analytic business information to support small and medium-sized businesses.

There are five main areas of focus to build a Digital Economy for Thailand

Hard infrastructure → The government will cooperate with the private sector to provide suitable information-technology infrastructure to support a digital economy, such as high-capacity broadband Internet, various data centers, and digital gateways.

Soft infrastructure → The government aims to boost confidence about online transactions such as verification systems to identify individuals online and cybersecurity in order to encourage e-commerce.

Service infrastructure → Electronic Transactions Development Agency (ETDA) would introduce e-documents so government offices could offer faster services to the public. Laws will be pushed to create connectivity among offices. Moreover, the government will set up an "ICT Law Centre" to provide legal information to every party involved in online business and online transactions.

Digital economy promotion → The government will develop the digital skills of entrepreneurs to improve their efficiency. It will utilize digital tools to support the business growth in sectors such as banking, services and manufacturing. It will utilize IT to support small and medium-sized enterprises.

Digital society and knowledge resource → The government will provide universal access to online channels, ensuring everyone can access the Internet at an affordable price.

To accomplish the Digital Economy within one year, the Government has set up a National Digital Economy Committee to make policy. Six subcommittees will support this policy, staffed by people from both the private and government sectors.

(Political Situation)

It is hard not to mention about our political situation. With the return of peace and order for the last 9 months, Thailand is focusing on moving forward and building a foundation for a stronger and more sustainable democracy.

We are in the 2nd phase of the announced 3-Phase Roadmap, which focuses on reconciliation, reforms, and reinvigoration of democratic institutions. During the last quarter of 2014, the National Reform Council (NRC) intensively deliberated on reform recommendations in 18 areas, which were sent in from all over the country through every means possible, including the social media and academic symposiums. The views from all sides are taken into account in the ongoing reform process including the drafting of the new constitution. The first draft is expected to be done next month as scheduled, and the final draft in September this year.

The Prime Minister has affirmed that the general election could be held by early 2016.

(Working together to strengthen commercial relations)

The longstanding Thai-U.S. relationship is facing a challenging period. And one of my main missions in this immediate term is to ensure that this **relationship continue to be strengthened and expand.**

In my remarks when I presented the credential to President Obama, I identified six key areas where our strategic partnership could further serve our mutual interest and that of the region and beyond. These are (1) Security with focus on human security; (2) Global Health Security, including addressing the challenges of Ebola, Malaria and HIV/AIDS; (3) Climate Change, especially within the Lower Mekong Initiative (LMI); (4) Economic Cooperation, or trade and investment; (5) Science, Technology and Innovation, including STEM Education; and (6) Women Empowerment, People-to-People Contact, and Youth including President Obama's Young Southeast Asian Leaders Initiative (YSEALI).

The other main mission for me is related to the issue of **trafficking in persons.** The present Thai Government has made combating trafficking in persons a national agenda. And no previous government in Thailand has done as much on this issue. Here in the U.S., my focus is to ensure that the commitment of the

Government, efforts and actions that have been taken, and progress that have been made are duly recognized.

Every year the State Department issues its Trafficking in Persons Report around mid June. The tier ranking has got too much fanfare – and we can deny that the State Department’s dropping Thailand to the same level as North Korea, Syria or Iran hurts.

Thailand is addressing the trafficking problem, not simply because we want to be better on the tier. It’s the right thing to do. So we look beyond June, and wish to turn this report into a catalyst for further cooperation. We seek the U.S.’ encourage and support, not sheer criticism or condemnation.

So, on the question of how we can work together, I must say Thailand and the United States already have had groundworks for cooperation in all areas. But I want to work with our friends in the United States to further concretize our actions with focus. And you, members of the business community, can contribute to these efforts and work with us in various ways – some through your corporate social responsibility activities and others through commercial interactions and sharing of technologies and know how.

Some U.S. companies have been undertaking beneficial projects, such as:

- **Accenture** has developed a project called "Young Entrepreneurship Development Project".
- **Chevron** has invested in initiatives that help strengthen and improve the quality of life of communities in education / environment and energy conservation, economic development and employee engagement.
- **Citi** has done work on financial education for women at risk and low income students, and Citi Thailand has also launched the research-based program for literacy improvement for better finance in Thailand.
- **Seagate** is topping up there investment on R&D facility in Thailand. This will create not only jobs, but also upgrade our innovative industry.

These are examples of activities that may related to STEM that Thailand would need. Another simpler ways include, for example, supporting young Thais to be trained or have opportunity to do internship as ways to promote youth exchanges. Such projects and activities not only underscore to the people and communities involved the values – with emphasis on good governance and social

responsibility – and the quality of American companies investing and operating in Thailand. They will also further engender positive bias for American products and services, which have already been there in Thailand, and will help support the long-term and more deepened commercial relations between our two countries.

(Fighting against Human Trafficking)

With regard to human trafficking that The Royal Thai Government gives high importance to combating human trafficking and in bringing the perpetrators to justice to the fullest extent of the law. The Prime Minister has designated this issue as a top national priority and directed all relevant agencies to integrate their work in order to expedite anti-trafficking efforts.

The Department of Special Investigation (DSI) has begun official investigation into the Indonesian island of Benjina incident more than 10 months well before the publication of the Associated Press (AP) report. The investigations revealed a connection among human trafficking cases found in the waters off Ambon and Benjina islands. An example of a successful investigation was the case of the Mahachai Navy 24 boat whereby 3 persons were arrested on human trafficking charges. As for the AP reported case of Silver Sea Line cargo ship, probes into suspects linked to human trafficking by DSI has been ongoing for some time now.

The government has initiated measures to solve the problem at the root cause and mitigate risks in the long term. One such measure was the registration of at least 1.6 million foreign migrant workers, a majority working in the fisheries industry. These workers will receive the same legal protection as Thai labourers which will lessen their chances of being exploited.

The government has carried out a no impunity policy in punishing state officials involved in human trafficking. Criminal actions are being pursued against human traffickers, including brokers and illegal employment agencies. Investigations into complex cases have provided useful leads into a wider criminal network resulting in more significant arrests.

An improved monitoring and surveillance system in the fishery industry will be implemented. Measures include mandatory installation of vessel monitoring systems (VMS) in 7,740 fishing vessels to be completed this June along with regular random inspection of fishing vessels. A Port-in/Port-out surveillance

will help monitor the labour welfare and develop a traceability system of catch throughout the supply chain.

Most importantly, the Royal Thai Government stands ready to cooperate with all stakeholders in suppressing human trafficking. We would welcome the contribution of the private sector, civil society and the media in providing credible information that could provide leads into further investigations and prompt apprehension of perpetrators

I will stop here and am open for future discussions to hear your comments and suggestions to strengthen our commercial relations, keeping the channel opens for dialogue.
