

*(Unofficial Summary)*  
**“Business Laws and Regulations Reform in the Era of New Normal”**

On 22 May 2021, the Urgent Law Reform Committee<sup>1</sup> organized a Clubhouse webinar on “Business Laws and Regulations Reform in the Era of New Normal.” Key speakers were (1) Dr. Kobsak Pootrakool, Senior Executive Vice-President of Bangkok Bank and Chairman of the Subcommittee on Business Regulation Reform; (2) Mr. Kitti Tangjitmaneesakda; (3) Dr. Supareak Chomchan; and (4) Dr. Abhichon Chandrasen. The discussion highlighted the necessity of the regulatory guillotine to facilitate investment and improve Thailand’s overall competitiveness. Gist as follows:

**1. Necessity of the Regulatory Guillotine**

1.1 The reform is urgent because a fundamental objective of regulatory guillotine is to improve Thailand’s competitiveness. Obsolete laws and regulations have hindered the ease of doing business in Thailand and the wellbeing of the people.

1.2 Amending laws and regulations can be difficult, but it is not impossible. To such extent, the challenge depends on how fast and effective to review approximately existing 100,000 laws.

1.3 Regulatory Guillotine approach will speedily review, simplify and eliminate outdated laws and regulations. A research by Thailand Development Research Institute (TDRI) shows that around 1,000 procedures could be amended or abolished completely. Five key proposals were also suggested to improve obsolete and burdensome laws as follows: (1) repealing those laws completely, (2) making amendments to improve those laws, (3) combining relevant provisions, (4) retaining useful provisions, and (5) creating new provisions to facilitate or regulate new business activities.

**2. Laws Reform Process**

2.1 As a result of the COVID-19 pandemic and its negative impact on the private sector, the Urgent Law Reform Committee had to re-prioritize the proposals submitted to the Prime Minister by putting emphasis on improving laws and regulations related to the tourism industry and tourism-related businesses.

2.2 The Hotel Act is mentioned as an example. The law perceives the hotel to be gigantic, and incorporated with high-end facilities. Such perception does not suit small hotels, such as boutique hotels and hostels, which are prevalent and bring revenues into nearby communities today. Another mentioned example was the Warehouse Act. The current conditions change the purpose of warehouse from storing goods over a long period of time to a place which has transportation facilities available for goods to be shipped out.

2.3 Several laws and regulations reforms are also initiated and supported by the Thai Chamber of Commerce and the Joint Foreign Chambers of Commerce (JFCCT) in order to increase economic activities and revenues. One of which is the amendment of Visa and Work Permit scheme under the Immigration Act. Tax and Customs law are also considered as obstacle to marine tourism, especially yacht and cruise lines.

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<sup>1</sup> The Urgent Law Reform Committee is a special task force agency appointed by the Prime Minister to make recommendations for laws and regulations reform.

### **3. Emergence of Thai Tech Startup Hub and the Future of Laws Reform**

3.1 Given the COVID-19 crisis, the technology sector and the creation of Tech Startup Hub in Thailand have become an emerging key economic driver. Skilled labour and labour laws are key necessary factors to achieve the target.

3.2 The recent surveys stated that there are severe highly-skilled labour shortage in Thailand. Regulations such as asking companies to have a registered capital of 2 million Baht (approx. 60,000 USD) in order to hire skilled labour from overseas is a major hindrance since companies such as tech startups are no longer on large-scale manufacturing that requires high capital.

3.3 To tackle concerns about competition for jobs from foreigners, the proposal is to gradually relax the regulation for some positions in certain industries that genuinely require overseas expertise. It is suggested that foreigners should be allowed to change their tourist visa to working visa in different circumstances without having to leave the Kingdom as required by the current legislation.

3.4 Another recommendation is to consider whether foreign investors with assets and family in Thailand should be under the provisions of the Immigration Act regarding the Notification of residence of foreigners for businesses and the Notification of staying in the Kingdom over 90 days.

### **4. Progress and Way Forward**

4.1 The rank of Thailand in the World Bank's Ease of Doing Business Index improved from 49 in 2016 to 21 in 2019, among 190 economies. Setting up a business used to take more than 10 days, but now it takes only 2.5 days on average.

4.2 The Cabinet has recently approved the Committee's proposal to amend the Public Limited Companies Act, B.E. 2535 (1992). The draft amendment covers the legal recognition of electronic communication methods between company and its shareholders which can be used instead of publishing in newspapers or sending a postal mail.

4.3 The government is being urged to speed up amending regulations related to tourism industry and tourism-related businesses with the aim of achieving Thailand's ambition to become a regional medical hub. Meanwhile, the COVID-19 pandemic helps urging the authority to realize the importance of laws reform to facilitate the operation of new business models as well as to better enable a rapid recovery after the pandemic.

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