

Latest Update on Situation in Thailand

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1. Rationale behind the Control of National Administration

- During the past 6 months, Thailand has been under increasing political turmoil. Different groups with strong beliefs have been pitted against each other, deepening social divisiveness and leading to the **entrenchment of each side's positions**.
- There was increasing violence against demonstrators; nearly 30 innocent lives have been lost, more than 700 people injured, public and private properties were destroyed and some government buildings were taken over.
- The previous administration had declared the Emergency Decree and the Internal Security Act in order to control the situation, while security forces were also mobilized to calm the situation. However, these measures were deployed to no avail. The administration of the country was almost paralyzed.
- **This prolonged political deadlock and the administrative paralysis have been highly detrimental to the stability of Thailand.** Losses of income from tourism and administrative vacuum have put strains on Thailand's GDP, which became negative for the first time in many years (-0.6%) in the 2nd quarter of 2014.
- **Had Thailand continued on the path we were heading, it would have led to more instability, protracted conflicts and divisiveness.** Given the situation, the military was **compelled to take control** of national administration in order to **provide a cooling-off period** for all sides, and to prevent further deterioration of the situation.
- **The action taken by the National Council for Peace and Order (NCPO) should therefore be viewed in the context of prevailing political situation of past six months.**

2. Political Situation Update

2.1 3-Stage Roadmap → "Reconciliation & Reform & Elections"

- It is the Council's intention **to create the right conditions for national reconciliation and push forward the reform process**, in order to put Thailand on a path towards free and fair elections and restore democracy once again. **NCPO has acted as a facilitator** to create a conducive atmosphere for exchanging and sharing opinions between all sides.
- **General Prayuth Chan-Ocha was officially appointed as Thailand's 29th Prime Minister** on 25 August 2014. He pledged to give priority to the people and the country, and to solve the nation's problems with integrity. He also stated that

the Cabinet lineup will be submitted for royal endorsement within September 2014. (NEW)

- **Two national assemblies will be created** from people from all walks of life in order to facilitate national reconciliation. **One assembly will be a forum to discuss and implement national reforms, while the other will act as a legislative body.**
- The NCPO's **Reform Working Group** has also gathered views and recommendations from leading academics all over the country, reviewing more than 200 documents and research papers. The Working Group has also invited inputs from the public and all sectors for reforms in 11 areas.
- **The 11 major areas** for reform includes: (1) Corruption (2) Legislative Power (3) Administrative Power (4) Judicial Process (5) Energy System (6) Basic Infrastructure Development (7) Mass Communication (8) Education and Learning (9) Moral and Virtues (10) Economic and Social Inequalities and (11) Allocation of Land, Water and Natural Resources.
- Key administrative and reform institutions have started their work according to the time frame established by the Interim Constitution. Each has made solid and tangible progress.
- The Prime Minister reminded each organ to put special emphasis on transparency and public participation. Meeting reports and details of their work are published on each institution's websites.
- The National Reform Council will draw up recommendations for the **Constitution Drafting Committee**, who will take around 10 months to complete their task. In other words, **a new constitution** can be expected within 12 months from the date which the interim constitution is announced, i.e. **by July 2015**.
- The **National Legislative Assembly was established on 1st August**. The NLA will nominate the **Council of Ministers**, who are expected to carry out their duties **from September 2014**.
- With a new Constitution in place, and **a general election expected towards October 2015**, Thailand will have a fully democratic regime with His Majesty the King as Head of State by the end of 2015.

2.1.1 The Promulgation of the Provisional Constitution

- **The Constitution Drafting Committee (CDC)**
 - The Committee has outlined the structure of the new constitution, comprising 4 chapters:
 - The Monarchy and the People, emphasizing the rights and duties of citizens, as well as public participation in political process.

- Political institutions and good governance, focusing on devolution of power and local administration
 - The Rule of Law, courts, and scrutiny of state power
 - Reforms and reconciliation
 - The CDC will ensure that the reform process leads to a reduction in inequality and the promotion of a just society.
 - The first draft of the constitution is expected by April 2015. The CDC is expected to present it for royal endorsement by September 2015.
- **The National Reform Council (NRC)**
 - Public participation is key to a successful and meaningful reform.
 - The NRC provides various channels through which the public can voice their opinions. These include postal address, telephone hotlines, website, television and radio programs, as well as social media channels such as Facebook.
 - Inputs from other public entities are equally crucial. The NRC has held meetings with political parties and political groups, providing a stage for them to voice their concerns and opinions.
 - Consultation letters have also been sent out to independent organizations and civil societies, such as the Election Commission, Office of the Ombudsman, and the National Human Rights Council.
 - Experts and community leaders who were nominated but not appointed to the NRC- 6,870 persons in total - will all be given advisory roles in the reform process through various deliberative channels within the NRC.
 - Foreign experts have also been invited to give comments and suggestions. They provide valuable examples for Thailand to strengthen our socio-economic and political systems on par with internationally accepted standards.
 - In the meantime, the NRC has started considering proposals and academic papers on 11 reform areas .
 - Emphasis will be given to reforms in the areas of pressing concern, such as energy, education, public administration and corruption prevention.
 - The NRC will also contribute to the constitution drafting process. It is expected they will give their inputs by 20 December 2014. The CDC will then complete the draft within 120 days – i.e. by April 2015.
 - **The National Legislative Assembly (NLA)**
 - The NLA has approved 8 important bills, and is now deliberating on over 58 draft bills. These cover a wide-range of political, social and economic issues.
 - Many of the laws under consideration are improvements on old, outdated legislations. Others are new ones needed to modernize Thailand's administrative and justice system. They will further

improve human rights, animal rights, environmental preservation and income distribution in Thailand.

- Important legislation that has been approved includes the Prevention of Animal Cruelty and Animal Welfare Management Act.
- Important ones under consideration are : draft legislation on the Regulation of Ivory Trade, draft amendments to the Wildlife Preservation and Protection Act, draft Inheritance Tax, and draft Administrative Procedure Bill.

- **The Government**

- The interim government sets priorities in restoring Thailand's economic health and social harmony. During the past 3 months, the government has expedited the following policies:
- Employment creation and financial support to low-income groups. The government has launched a 363-billion Baht stimulus package for the last quarter of 2014. This will create jobs and boost income of the most vulnerable groups. Projects include investment in infrastructure, education, health care, irrigation. It also includes one-off income subsidies to farmers.
- Promoting digital economy - by increasing the use of IT in various sectors such as banking and automotive industry. This will enhance efficiency and competitive advantage of the Thai economy.
- Promoting investment in infrastructure - covering projects such as the construction of new dual track rail lines, extensions of the Skytrain and MRT rapid transit systems in Bangkok, expansions of airports in border provinces, and improvements to highways connecting neighboring countries.
- Improving Thailand's productive capacity through investment and training - by encouraging investment in R&D and development of new technology as part of foreign investment.

- **The Constitution of the Kingdom of Thailand (Provisional) B.E 2557 has been promulgated on 22 July 2014.** Containing 48 Sections, it sets up five principal organs in the administration of the country in Phase 2 of the 3-phase Roadmap.

- **The National Legislative Assembly** will consist of **220 members** selected by the NCPO. Their main task is to pass legislations, approve Emergency Decrees, and approve the signing of international agreements. These functions are in line with the authority and powers of a normal Parliament. The Assembly can ask the government to explain its actions, but will not have the power to initiate a vote of no-confidence. The Assembly will terminate upon the installment of a new Parliament pursuant to the new Constitution.

- **The Council of Ministers** will consist of 36 members, the same number as in the previous government's. They are tasked with administering the country,

expediting the reform process, and continuing with reconciliation. This Cabinet will cease to function when a new cabinet assumes office after the general election is held pursuant to the new Constitution. (It is expected that the National Legislative Assembly and the Council of Ministers will be installed and begin their duties from September 2014).

- **The National Reform Council** will consist of **250 members**, selected from all 77 provinces of Thailand and 11 social and professional sectors nationwide. The Council will recommend various reform measures, which the Cabinet will carry out under existing laws, or under new laws passed by the Legislative Assembly. The Council will also deliberate on the draft of the new Constitution. The Council is expected to be appointed in early October 2014.
- **The Constitution Drafting Committee** will consist of **36 members** nominated by the National Reform Council, the National Legislative Assembly, the Cabinet, and the NCPO at the ratio of 20 : 5 : 5 : 6 respectively (the NCPO nominates the Chair of the Constitution Drafting Committee). Committee members must not be a member of any political party or independent organization during the past 3 years prior to his/her appointment.
- **The National Council for Peace and Order (NCPO)**, consisting of **no more than 15 members**, will continue to exist to help the Cabinet with maintaining peace and security in the country. The NCPO can submit policy proposals to and request to hold joint meetings with the Cabinet. The Cabinet can choose whether to act upon these proposals.

2.1.2 Drafting Process of the New Constitution

1. **Selection Committees** will be appointed to propose a short list of names for the members of the **Reform Council**.
2. The NCPO will further shortlist down to 250 members.
3. Within 15 days, a full Constitution Drafting Committee must be nominated by the National Reform Council, the National Legislative Assembly, the Cabinet, and the NCPO.
4. The Constitution Drafting Committee, taking into account recommendations from the Reform Council, proposes a draft of the new Constitution within 120 days.
5. The Reform Council and the NCPO will jointly consider the draft new Constitution and revert to the Drafting Committee with their suggestions within 40 days.

6. The Drafting Committee considers these suggestions, revises the draft, and returns the revised draft to the Reform Council within 60 days.
7. The Reform Council votes to either accept or reject the revised draft as a whole – no further amendment is possible.
 - 7.1 If the Reform Council rejects the draft, the terms of office the Reform Council and the Drafting Committee also terminates.
 - 7.2 In this case, the selection process for the Reform Council and the Drafting Committee will start again.
8. If the Reform Council accepts the draft, the Chairman of the Reform Council will submit it for Royal Endorsement.
 - 8.1 If the draft does not receive the Royal Endorsement, the terms of office of the Reform Council and the Drafting Committee will terminate, and the selection process for the Council and the Drafting Committee will start again.
9. If the draft receives Royal Endorsement, it will be promulgated in the Royal Gazette. On that same day, the Provisional Constitution will cease to be in force.
10. With a new Constitution in place, and a **general election** expected **towards October 2015**, Thailand will have a fully democratic regime with His Majesty the King as Head of State.

2.2 National Security

- **The NCPO action is intended to prevent further violence, restore stability, and put the country back on track towards full democracy.**
- The NCPO has been working closely with civil servants, various stakeholders, and technocrats to **invigorate national efforts** and attention to solving the most urgent problems in Thailand in an integrated and coherent manner, such as jumpstarting the economy, addressing threats to the society and social well-being especially corruption, illegal gambling, illegal armed possession, and criminal syndicates and activities.
- Military and police officers have been successful in **seizing large quantities of military-grade weapons** throughout the country. Thus far, 1,996 illegal firearms, 31,840 rounds of ammunition, and 265 grenades and other explosive devices have been seized. They are also monitoring and apprehending various armed networks to eliminate risks of violence and organized crime.
- Effective cooperation between security agencies and civil society has led to successful **suppression of rampant criminal activities** including narcotics networks, illegal gambling dens, and exploiters of protected natural resources. This intensified operation has made citizens feel safer and more secure in many areas.

- **Soldiers have been allowed to carry their weapons only for the purpose of self-defense.** All security personnel have also been briefed on the rules of engagement which are in line with the international standards.

3. Thailand's Economic Outlook

- Three months of **active measures by the NCPO** have already resulted in key economic developments such as **GDP growth in the second quarter, adjustment of the cost of living and control of prices, initiating a plan for water management, a revised BOI investment strategy, measures to promote SMEs, and investing in infrastructure development.** With the new government in place, it is expected that the economy will continue to grow and measures will further progress.
- A number of **clear economic measures**, set out by the NCPO since May 2014, **have resulted in significant improvements in the economy.** For instance, consumer confidence has been on the rise, the SET Index has increased by 10 per cent, and the Thai Baht is more stable. In addition, credit rating agencies such as Moody's, Fitch, and S&P affirm their respective ratings for Thailand which **reflects their confidence in the Thai economy and the NCPO's economic strategy.**
- Dr. Supachai Panitchpakdi, former head of the WTO and UNCTAD, recently spoke at an event and discussed the 4 major areas that Thailand needs to focus on for stability:
 - 1) **increase infrastructure development,** 2) **focus on trade with emerging countries and investment abroad,** 3) **develop a sustainable trading system,** and 4) **tighten cooperation with ASEAN** as well as support **Regional Comprehensive Economic Partnership (RCEP).**
- Furthermore, Dr. Panitchpakdi **predicts that Thailand's economy will grow by 5 per cent** due to government investments and increased trade within the ASEAN market.
- A draft of the **2015 fiscal budget of USD 81.01 billion** has been recently submitted, with defense and education receiving the largest increases. The bill is expected to be passed by 1 October 2014, the beginning of Thailand's fiscal year.
- The Thai Chamber of Commerce believes that the Thai economy is likely to grow in the second half of this year due to the 2014 budget disbursement of more than Baht 100 billion, which will result in overall economic growth of -2.5% for the entire year.
- At the 4th Bank of Thailand Policy Forum on Asia's contribution to the global economy, the **Governor of the Bank of Japan, Mr. Haruhiko Kuroda,** stated in

his remarks **that the Thai economy is resilient and flexible** with regard to both international and local market factors. **With the improvement in the political climate right now, the Thai economy will be back on track.**

- Bloomberg Businessweek recently reported that Thailand's economic activity has shown significant improvement and there is a positive outlook on the Thai economy. For instance, the value of Thailand's **5-year bonds are rising** and there is a **gain in stocks and corporate earnings** all of which are optimistic signs for the country.
- **Unemployment is on the decline**, according to the National Economic and Social Development Board (NESDB) due to the improvements in the economy.

3.1 Economic Facts & Figures

3.1.1 GDP

- **CIMB Bank (Thailand) estimates that the GDP will grow at 2 per cent in the third quarter of this year**, after the formation of the government. It is also estimated that the fourth quarter will display growth at 5 per cent due to government expenditure and investments, which will contribute to economic growth as well as boost investor confidence.
- **The National Economic and Social Development Board (NESDB) is considering raising the GDP forecast to 2.5% this year**, due to the return of political stability, depreciating Baht, and rise in consumer confidence. Deputy Secretary General of the NESDB Poramethee Vimolsiri revealed that the NESDB was scheduled to convene on August 18 to reconsider its estimated forecast of the annual GDP growth figure, which was previously set at 1.5-2.5 percent.

3.1.2 Thai Baht

- The Bank of Thailand (BOT) has revealed that the Thai Baht gained 1.3 percent in value during the first half of this year, while the outflow by foreign investors was valued at about USD 3 billion. After the NCPO takeover, the Baht has been stronger due to the more stable political situation.
- On 21 July 2014, **the Thai baht climbed to a seven-month high** due to the rebound in Thailand's exports and the increased investment in Thailand's stock market. The baht has gained 1.4 per cent in July, the second-best performance among 24 emerging-market exchange rates tracked by Bloomberg.

3.1.3 Investment

- On 5 September 2014, Japanese entrepreneurs, members of Keidanren (Japan Business Federation), met with Thailand's MFA Permanent Secretary in

Tokyo and reaffirmed that Thailand remains their ideal location for trade and investment within the ASEAN community. Keidanren believes that the Thai economy and politics have regained stability.

- The Secretary General of the Board of Investment (BOI) announced that a BOI meeting will be held mid-September in order to discuss the new investment promotion strategy which is expected to take effect in early 2015. Additionally, investors submitting an investment promotion application in 2014 will receive their incentives according to the existing policy.
- On 19 August 2014, The **Board of Investment (BOI – chaired by Head of NCPO) approved a new investment strategy for 2015-2021** that will take effect in the beginning of 2015. The new plan will focus on value-added manufacturing, high-tech and eco-friendly projects, emphasize R&D, and also place priority on SMEs. This plan aims to make Thailand a more attractive investment destination with an emphasis on sustainable long-run growth.
- Since the **Board of Investment’s (BOI – chaired by Head of NCPO)** inaugural meeting on 18 June 2014, there have been **92 projects approved for a total investment of Baht 258.68 billion** or 35 per cent of the total value of projects previously reviewed, which can be considered a satisfactory outcome. It also expects to receive requests from investors projects worth Bt700 billion this year. (The latest meeting held on 18 July 2014 led to approved applications for 15 additional industrial projects worth over Baht 51 billion.) (1 USD = 32 baht)
- Investment applications to the BOI have also reached a six-month high in June, which again demonstrates a good sign of confidence since investors are beginning to apply for incentives.
- BOI found that from its survey that in the first half of 2014, **foreign investors have confidence in Thailand** and they continue to hold a positive perspective of Thailand and maintain their investment here. **Thailand Foreign Investors’ confidence Survey 2014** conducted by Bolliger & Company Consulting (Thailand) revealed that **98 per cent of foreign investors remained strongly confidence in Thailand**. Among them, 24 per cent planned to expand their investment while 74 per cent had no plan to relocate to other countries. Investments in the metal, machinery and transport equipment industry are most interested in expanding investment, followed by those in the electronics and appliances, and industrial chemicals, paper and plastic industries.
- The two surveys revealed that the largest contributing factors to their confidence in Thailand included the adequate number of suppliers, availability of raw materials, its infrastructure, the convenient access to raw materials, easy access to funding, as well as the reasonable wages for skilled labour.

3.1.4 Export

- Vice Chairman of the **Federation of Thai Industries**, Mr. Supant Mongkolsuthree, stated the appreciation of Thai Baht is still manageable and the **overall economy is looking positive with the prospect of export growth at 3-5 per cent in 2014.**
- A survey by the Trade Policy and Strategy Office, Ministry of Commerce revealed that 48.3 per cent of 205 exporters believed that exports in quarter 3/2014 will be better and 44.2 per cent believed that it will remain stable with only 7.5 per cent perceived that the economy will slow down. The positive opinions of the private sector clearly show a sign of confidence in the national economy. In addition, the Office of the National Economic and Social Development Board forecasted export in the second half of 2014 to expand at 6 – 7 per cent.

3.1.5 Bond

- Thailand's **five year bond continues to gain in value**, primarily from the easing of political tensions. Global funds investment into Thai stocks and bonds totalled USD 1.3 billion, as the NCPO approved a new budget starting Oct. 1 with a 2 per cent increase in investment in projects including rail infrastructure and water management.

3.1.6 Set Index and Exchange Rate

- The **Stock Exchange of Thailand (SET)** Index is averaging positive levels at roughly 1,571.147 points, continuing its record highs.

	<i>7-10 July 2014</i>	<i>16-18 July 2014</i>	<i>22 – 28 July 2014</i>	<i>19 – 25 August 2014</i>	<i>26 Aug– 8 Sept 2014</i>
Thai BAHT / USD	32.4577	32.31	31.96	32.08	32.13
SET Index	1509.18 points	1533.1 63 points	1,537.65 4 points	1,553.02 6 points	1,553.0 26 points

3.1.7 Thailand's Competitiveness

- The World Economic Forum recently released its **Global Competitiveness Report for 2014-2015**, which **Thailand moved up to number 31** (from 37 last year). The

improvement was mainly contributed by Thailand's macroeconomic pillar and strength in the financial development sector.

- The University of the Thai Chamber of Commerce (UTCC) reported that the **consumer confidence index rose** to 80.1 in August 2014 from 78.2 in July, the highest in 13 months. This ultimately reflects improved confidence in the political situation in Thailand, particularly with the appointment of the new Prime Minister.
- According to the Huffington Post, **Thailand is among “The World’s 7 Most Retiree-Friendly Nations”** with other countries such as Malaysia, Ecuador, and Nicaragua also making the list. Low monthly financial requirements along with a formal retiree residency option make Thailand an attractive retirement destination.
- On 28 July 2014, Governor of the Industrial Estate Authority of Thailand (IEAT), Mr. Verapong Chaiperm, encourages the NCPO to allow the IEAT to be able to incorporate subsidiaries for the purpose of direct investments or joint ventures abroad in order to stimulate Thai investments especially in the neighboring countries and to boost Thailand's competitiveness in the international realm.
- It is expected that the current economic reforms will help increase Thailand's competitiveness and upgrade our industrial sector. It will also assist Thailand in becoming the logistics and connectivity hub of mainland Southeast Asia/ ASEAN with air-road-rail-ports linkages. Together with our strategic location, reforms will make Thailand an attractive place for foreign investors.
- Thailand retains its 18th spot in the World Bank's Ease of Doing Business Report. Moreover, it is ranked 3rd in ASEAN in terms of the most convenient place to do business. Our positive rating can help encourage investors to remain confident and interested in investing in Thailand.

3.1.8 Consumer Confidence

- Consumer confidence has been high nationwide. According to a survey conducted by ASEAN Confidential in June 2014, there has been a significant turnaround in consumer sentiment about the NCPO. 71 per cent of respondents in the survey believed political stability would improve in the next 6 months, compared to 27.7 per cent in February.
- In its latest report on Thailand, **Moody's Investment Service points out that the takeover by the NCPO has helped boost investor and consumer confidence and affirms Thailand's sovereign's credit profile at “Baa1”**. However, it has warned that if the country's economic reforms are not quickly implemented, Thailand's GDP would grow only up to 3 per cent at most during a two to three year time-span.

Thailand's Economic Index can be downloaded in the link at the end of this page.

3.2 Economic Measures & Policies

- Economic reform is included in the Provisional Constitution of the NCPO promulgated on 22 July 2014. It sets to create an effective mechanism that will enhance economic foundations and sustainably drive the country forward both economically and socially.
- On 22 August 2014, the **Joint Public and Private Sector Consultative Committee** held its second meeting this year, with General Prayuth Chan-Ocha as chair. In this meeting, the private sector proposed a number of economic measures to boost the economy that included 1) increasing permanent border checkpoints along Thailand - Myanmar and Thailand - Cambodia in order to facilitate trade and prepare for the AEC, 2) addressing issues concerning work permits and business visas, 3) establishing central testing center for certification of automotive tires which are up to European standards (UN-ECE) , 4) improving laws relating to customs, and 5) initiating Thailand as the center for bioplastics in ASEAN. (NEW)
- The NCPO highlights the importance of investment, particularly in infrastructure, human resources and knowledge, to enable Thailand to hit its growth target, and to maintain Thailand's economic competitiveness. The NCPO has agreed to set up **three working groups on transport, energy infrastructure and water management** to restore investor confidence and invite more investment from abroad.
- The NCPO **has remained committed to the international community**. At the same time, Thailand maintains its role as an important partner of many global powers. It aims to promote mutually beneficial partnerships with the global community while we are undergoing reform.
- Vice Chairman of the **Federation of Thai Industries**, Mr. Supant Mongkolsuthree, stated that **the provisional Constitution served to ensure investors of the political and economic stability**.

3.2.1 Infrastructure & Transportation

- On 20 July 2014, Deputy Chief of the NCPO, ACM Prachin Chantong, called a meeting between the Permanent Secretary of the Ministry of Transport and representatives of relevant state enterprises to consider ways to develop the country's transport infrastructure. This meeting stems from work plans for transport strategies that have previously been discussed on how to connect important cities in Thailand and the neighboring countries in preparation for the ASEAN Economic Community (AEC). Once completed, these transport strategies will be submitted for review and approval by the NCPO.
- The NCPO has instructed the **Bangkok Mass Transit Authority (BMTA)** to reexamine certain aspects of the project to procure NGV buses in a bid to ensure transparency.

- Thailand has been invited by China to be a founding member of the **Asian Infrastructure Investment Bank (AIIB)**. The Bank of Thailand's Governor Prasarn Trairatvorakul sees this joint venture as a tangible demonstration of cooperation in the region. The Ministry of Finance is assigned to join other ASEAN member countries in discussing with the Chinese Ministry of Finance on the AIIB and the prospect of co-operations.
- As part of the NCPO's attempt to reform various state enterprises, the Board of Directors of **Thai Airways** plc on 24 July 2014 approves the restructuring of Thai Airways. The plan focuses on raising the efficiency of services and overhauling the management with an aim to bring down as much as Baht 4 billion of the costs within the first Quarter of 2015.

3.2.2 Agriculture

- The Bank for Agriculture and Agricultural Co-operatives is exploring options for assisting debtors in the informal loans market, as per NCPO policy. A recent proposal is to utilize the existing measure of the Ministry of Agriculture but widening the scope to include supporting farmers that do not operate on their own land.
- **Reuters reports that Thailand is set to reclaim its status as the world's top rice exporter** as weak monsoon rains curb India's crop.
- The Ministry of Commerce plans to announce a **new policy to make bidding for rice more flexible**, and is set to release another 140 billion tons of rice during September, with all rice passing quality control before sold internationally.

3.2.3 Border Trade

- The NCPO has agreed to the National Economic and Social Development Board (NESDB) request to **develop business along the border** especially the border crossings with Malaysia of Sadao and Padang Besar District Border Crossings, which generate high trading value for the country. A railways development project is also in the works to support the transportation of goods from Singapore passing through Malaysia, and Thailand to China.

3.2.4 Railways Infrastructure

- Railway System – The current rail system in Thailand uses one-meter-wide tracks to accommodate trains running up to 90 kilometres per hour. To prepare for transportation connectivity with neighbouring countries, Thailand requires a new

set of 1.435-meter-wide railway tracks to accommodate trains running up to 160-180 kilometres per hour.

- In order to prepare the railway system to carry both goods and passengers at the same time, existing 1-metre-wide tracks will also be restructured and extended. The NCPO Chief of Economic Cluster will deliberate with relevant governmental agencies on important projects to be implemented as soon as possible.
- Starting from October 2014, additional 1-meter-wide tracks will be built and upgraded on 5 transport routes with heavy traffic connecting Bangkok with the Eastern-seaboard industrial zones as well as transport bottleneck towards the southern region.

3.2.5 Water-Resource Management

- The preparation of work plan will be ready by the end of October 2014. Meanwhile, 13 billion baht from current budgetary year will be allocated to improve existing structure to prepare for the coming rainy season.
- In parallel, a long-term and comprehensive plan for water-resource management infrastructure will be drawn up in three phases. The first phase will see the formulation of project plans under the responsibility of five sub-committees, to be finished by July 2014. For the second phase, details and specifications for the projects are to be completed within 45 days. Lastly, the third phase will see the complete water-resource management plan by October 2014.

3.2.4 Other Economic Measures and Policies

- The NCPO announced that it would maintain **VAT at 7 per cent for a year from October 1, 2014, to September 30, 2015**, after which it would be increased to 10 per cent.
- Thailand has allocated **Baht 2.575 trillion for its national budget** for the fiscal year 2015. Among the biggest beneficiary will be the Ministry of Education.
- On 16 July 2014, Head of NCPO, chaired a meeting of the **Joint Public-Private Consultative Committee**. The meeting approved 2 major proposals by the private sector to stimulate the economy: (1) the criteria to support the establishment of **Special Economic Zones (SEZ)** along the border, including investment promotion privileges, one-stop services, support of migrant workers, and infrastructure development for regional connectivity; and, (2) a **visa fee waiver for Chinese and Taiwanese travelers** between 1 August and 31 October 2014.

- The Joint Standing Committee on Commerce, Industry, and Banking (JSCCIB) is set to propose action plans to the NCPO which consist of 1) boosting trade and investment both domestic and foreign, 2) promoting the industrial sector, 3) enhancing the tourism sector, 4) developing a transportation network and logistics hub, and 5) address issues that hinder investment.

3.3 Thai Economy by Sector

3.3.1 Tourism

- The Department of Tourism states that tourism numbers are increasing, thanks to increased political stability. Six additional countries have lifted their travel advisory warnings, which include Cambodia, Lao, Maldives, Viet Nam, Iran, and the UAE, which reaffirms confidence these countries have in the Kingdom. Additionally the NCPO has also cleaned up many tourist destinations, allowing for more confidence to travelers.
- According to TMB Bank's Economic Analysis Centre, it is forecasted that **Thailand's tourism sector will rebound after August** and there is a positive outlook for the future due to increased political stability. Most businesses were deeply affected by the political unrest and there was a significant drop in arrivals in Suvarnabhumi Airport (from 42,000 in January to 20,000 in May) but now mid-August numbers demonstrate a rebound of 42,500 arrivals.
- The Finance Ministry will **accelerate the budget disbursement** and **approval of tax deduction for travel expenses** to boost domestic tourism and spending in order to stimulate economic growth for the rest of this year.
- Jones Lang LaSalle (JLL) hospitality group recently stated that **Thailand still remains an attractive location for hotel investment**, revealing that it had helped a local investor reach two big deals after the NCPO takeover.
- The NCPO recently asked the Tourism Authority of Thailand (TAT) to find ways to **promote tourism through campaigns** since the high season is approaching and tourists are planning their trips. These campaigns will be geared towards all major markets, such as Japan, India, Hong Kong, ASEAN, the European Union and China. General Prayuth Chanocha urged TAT and the Tourism Council of Thailand to join hands with various foreign airlines and chartered airlines that are friends of Thailand to boost travel during the periods of October 2014 and March 2015.

3.3.2 Automobile

- The Energy Policy and Planning Office (EPPO) reported a **restructuring of Thailand's domestic fuel pricing mechanism**, which resulted in a reduction in gasoline prices and an increase in diesel prices with the objective of lowering the cost of living.

- Nissan Motor Co. has opened a second production plant in Thailand for the manufacture of its new NP300 Navara pickup truck, which amounts to roughly to Baht 3.7 billion, as well as bringing with it 2,000 new jobs. Additionally, **Thailand is considered a key market for Nissan's growth strategy in Asia.**
- The BOI approved a joint venture plant between Auto Alliance (Thailand) Co Ltd, Ford Motor Company and Mazda Motor Corp worth Baht 9.7 billion. The plan's production capacity is up to 158,000 eco-friendly vehicles a year.

3.3.3 SMEs

- **SME promotion** is a priority on the national agenda, since SME businesses are vital to Thailand's economy. The NCPO recently initiated the National Board of SMEs Promotion and held its first meeting with the committee on 7 July 2014. The committee is set to revise the structure of the Office of SMEs Promotion (OSMEP) so that it will have a more expanded role and will integrate all sectors from the government and private sectors. The objective is to speed up management and allow SMES to have easier access to financial aid, thus increasing their economic potential.
- The Office of Small and Medium Enterprises reported that there was a decrease in the dissolution of SME businesses in the first half of 2014 by 51.43 per cent, which demonstrates that SME operations have significantly improved. (NEW)
- The NCPO held their first meeting of the Public and Private Sector Joint Committee in order to discuss SMEs reform proposals on 16 July 2014. Capacity building and increasing Thailand's competitiveness were on the forefront of the agenda. The JSCCIB will suggest a framework to **assist SMEs** in the short, medium, and long term. One of the goals is to increase the income of SMEs so that the sector's contribution to the GDP would be 50 per cent.

3.3.4 Service Industry

- **Starbucks** finds Thailand as an attractive place for investment, as it plans to expand its business to include **400 Thai outlets in the next five years**. The company has been able to successfully develop the market in Thailand, and their plans for expansion clearly show investor confidence.

Did you know?

*** Starbucks Coffee (Thailand) Co., Ltd. was founded in Thailand since July 1998. Starbucks Coffee (Thailand) now operates 169 retail locations throughout the Kingdom of Thailand. The company also contributes positively to the community through its sponsorship of sustainable coffee production with Thai hill tribes under the name of Muan Jai® (Thai blended coffee).

Source: <http://www.starbucks.co.th/about-us/starbucks-in-thailand>

4. Social Policy Reform

4.1 Human Rights Issue

- The NCPO has pledged that individual rights and freedoms are to be upheld, and that it would ensure full respect of the rule of law, which would be applied to all without exception. This is fully reflected in the Interim Constitution, Section 4, that Thailand fully abides by all of her international commitment and obligations on human rights issue.
- As for those who have been called in according to the NCPO's Orders, no one is still in custody; all have been released within 7 days, and many of them were able to return home within 1 or 2 days. Those who have arrest warrants issued against them have entered due judicial process.
- While in custody, these individuals have been well treated in guest quarters. Immediate family members have been given access to them, as well as doctors, medical personnel and legal counselors if required. There has been no report of torture or ill-treatment of any kind.
- The NCPO has also provided access for the National Human Rights Commission (NHRC) of Thailand to visit three locations where these individuals were accommodated. The NHRC have been able to interview some of these individuals themselves after they have been released. The Commission will draft a report of their view on this issue, which will be released in due course.

4.1.1 Trials of Civilians by Military Court

- The adjudication process and the composition of the military court are governed by the Statute of the Military Court Act B.E. 2498 (1955). In other words, **it is not arbitrary but as prescribed by law.**
- In substance, the military court is of little difference from the civilian court. Although it can be argued that the military court is now functioning under exceptional situation, which implies the application of exceptional measures, Article 38 of the Statute of the Military Court explicitly allows the provisions governing the court in normal situation to be similarly applied to the court during exceptional times.
- Although there can be military officers with no legal knowledge presiding as a judge, the impact of this is mitigated by the **compulsory presence of**

a military judge as stipulated in Article 26-29 of the Statute of the Military Court Act.

- Relevant regulations, in particular the Ministry of Defense Regulation on Military Court Judges B.E. 2528 (1985), require the military judge to have, among other things, **legal knowledge, work experience in legal field, and is a member of the Thai Bar Association**. Thus, this provides a guarantee that adjudication process in the military court is based on the rule of law and not on the whims of men.
- Rights of the accused or the defendant under the jurisdiction of the military court **are still guaranteed under the law**.

4.1.2 So-Called “Detention”

- The NCPO has pledged that individual rights and freedoms are to be upheld, and that it would ensure full respect of the rule of law, which would be applied to all without exception. Any limitations that have been put in place are only those necessary to prevent further disruption, untoward incidents, or any efforts to instigate violence and hatred.
- National Human Rights Commission (NHRC) of Thailand remains active and operational under the National Human Rights Commission Act B.E. 2542, which is still fully in force. The NCPO has been in contact with the NHRC and are kept abreast with the NHRC’s concerns with regard to possible human rights violations or temporary limitations of certain rights.
- Since 25th June 2014, every single individuals who have reported themselves according to the NCPO’s Orders (387 persons) have been released within 7 days; 35% of them were able to return home within 1 or 2 days.
- Those who face criminal charges during the invocation of the Emergency Decree and the Internal Security Act will undergo due judicial process.
- These people include not only leaders of political groups involved in past conflicts, but also those involved in narcotics, local racketeers, illegal business owners, and owners of illegal firearms. They have been brought in to eliminate risks of violence and organized crime.
- Immediate family members have been given access to them, as well as doctors, medical personnel and legal counselors if required. All of them have been well treated in guest quarters. There has been no report of torture or ill-treatment of any kind.

- The NCPO has provided access for the National Human Rights Commission (NHRC) of Thailand to visit three locations where these individuals were accommodated. The NHRC have been able to interview some of these individuals themselves after they have been released. The Commission will draft a report of their view on this issue, which will be released in due course.

4.1.3 Freedom of Expression

- Since 22nd May, any limitation imposed on the media are only those deemed **necessary to prevent further disruption and pre-empt efforts to instigate violent incidents** during this crucial period of national reconciliation.
- People from all walks of life and all political beliefs are participating and engaged in this long awaited process, which the NCPO has so far facilitated in 56 provinces.
- While genuine and comprehensive efforts for **reconciliation is underway**, hate mongering, often in the guise of “freedom of expression”, should be discouraged, as it can only lead to further violence and divisiveness. Peace and stability are the pretexts for national reconciliation and reform to strengthen Thailand’s democratic institutions.
- The recent announcements on media control and managing freedom of expression should be seen in this context.
- Indeed, measures such as prohibition of publishing confidential information or news slandering individuals **are in line with media ethics and integrity**. These measures are **intended to be temporary**, subject to the progress of national reconciliation process.

4.2 Migrant Workers

- Thailand’s commitment to combat human trafficking remains firm and uninterrupted with strong political will from the highest level of the country’s leadership.
- The NCPO has, in June **2014**, resolved to tackle the problem of forced labour and human trafficking even more vigorously and in a systematic and integrated manner.
- So far, the NCPO issued a number of announcements (especially no. **67, 68** and **70**) stipulating policies and measures to regulate migrant workers from Myanmar, Laos and Cambodia working in Thailand and to combat forced labour and human trafficking.

- It has never been the policy of the Thai authorities to pursue harsh measures towards illegal migrants that would violate their basic human rights. It has been reassured earlier in June that no crackdown order targeting Cambodian workers had been issued by the NCPO.
- Above all, the NCPO recognizes the contribution to the Thai economy by the works of migrant workers and the significance of upholding their universal human rights which is also in accordance with Thai social values.
- The systematic registration of migrant workers has been implemented and expedited to ensure that the migrant workers will be covered, protected and provided with welfare under Thai labour law and to prevent them from falling prey to exploitation, especially those in the fishing industry and related businesses.
- The NCPO announcement also urges all business sectors to follow legal procedures to ensure protection of the rights of migrant workers.
- A total of **33** One Stop Service (OSS) Centers were already set up to facilitate such registration with the operating principles of **(1)** timeliness **(2)** affordable fees and **(3)** minimal red tape. Among the **33** Centers, **4** are located at the border provinces with Cambodia and dedicated their work to the registration of Cambodian migrant workers. The rest are **23** Centers located mostly in the coastal provinces and **6** Centers in Bangkok.
- After complete the registration, migrant workers will be provided with temporary work permit for **60** days, ID categorized by nationality, and health insurance coverage. The registration fee has been reduced to merely **1,305** Baht (about **43** USD). With the improved database and filing system from such registration, authorities will be more effectively monitor movements of workers and ensure decent working conditions as well as appropriate protection.
- Meanwhile, Thailand also encourages migrant workers from the **3** neighbouring countries to come to work in Thailand through bilateral MOUs. By importing migrant workers through this legal channel, risk of fraudulent employment, trafficking in persons and violations of labour rights will be reduced. Thailand will work closely with the neighbouring countries toward simplifying the process to increase incentives for workers, avoid the exploitation especially by illegal brokers or recruitment agencies, and combat smuggling of migrant syndicates and traffickers.
- The NCPO has publicly announced that they will not tolerate any government officials' involvement in people smuggling, human trafficking, and forced labour activities. Any officials found to have been involved in such crimes will be brought to justice and punished according to law.

- The newly established Policy Committee on Migrant Workers and Human Trafficking, chaired by General Thanasak Patimaprakorn, the Chief of Defence Forces and Deputy Chief of the NCPO, is tasked to formulate policies, measures and work plan as well as monitor the implementation. The NCPO also attaches great importance to the consultation with all relevant stakeholders in this process.
- The registration is only a temporary measure and the first step to address the issue of systematic labour migration, forced labour and human trafficking. Thailand is in the process of taking recommendations from different sectors including civil society, private sector and line agencies to review our policies and relevant laws. We have also engaged with partner countries and related International Organizations, especially the UN-Country Team (UNCT) in Thailand, to exchange views and inputs in this important process.
- The systematic registration of migrant workers has been implemented since June 2014 to allow them to enjoy their rights under relevant Thai laws and enable the authorities to effectively monitor their working conditions and appropriate protection.
- As of 2nd August, there are about 453,000 migrant workers from 3 neighboring countries registered with the One Stop Service Centers (OSS). From this number, 37% of registered migrant workers are from Myanmar, 15% are from Laos and 48 % are from Cambodia.
- A total of 83 OSS Centers were set up in all 77 provinces of Thailand to facilitate and expedite such registration with the operating principles of (1) timeliness (2) affordable fees and (3) minimal red tape.
- The NCPO has recently extended the registration and national verification process till March 2015 to ensure the completion of the process. The NCPO Chief stressed the importance that the Thai authorities work closely with their counterparts in the 3 neighboring countries to achieve this in due period.
- To facilitate the national verification process, the NCPO allows the registered migrant workers to use the temporary ID issued by the Ministry of Interior to return to their countries of origin to complete the process and acquire proper documentation. Meanwhile, Thailand is asking Myanmar, Cambodia and Laos to consider facilitating the verification process of their nationals in Thailand.
- The NCPO is in close consultation with line agencies and is compiling policy recommendations for future reform of the labour migration system and the anti-human trafficking plan. All sectors, including the private sectors and CSO, have constantly been engaged to provide inputs on improving relevant policies, law and regulations, especially those related to fishery industry.

- Thailand continues to engage foreign private sectors and buyers to enhance their better understanding of our anti-human trafficking efforts and the NCPO's commitment to promote a more robust labor migration management.
- Thailand will continue our dialogues with partner countries and related International Organizations especially UN-Country Team (UNCT). The Ministry of Foreign Affairs has received a set of useful recommendations from the UNCT and already channeled them through various meetings/discussions under the framework of the Policy Committee on Migrant Workers and Human Trafficking. We will also continue to engage the Headquarters of related International Organizations, such as ILO and IOM, on this matter.

4.3 International Community

- **The Council has pledged to protect all diplomatic missions, consulates, international organizations, as well as all tourists and foreign nationals residing in Thailand.**
- **The Council has reaffirmed that all diplomatic relations between the Kingdom of Thailand and foreign nations remain unchanged from their status under the previous government.** All on-going negotiations will also be carried out as planned. **Thailand's commitment under various international obligations will be respected.**
- The Council will take various initiatives to explain Thailand's situation to the international community.
- Thailand intends to continue our proactive foreign policy, especially in ASEAN, the United Nations and other multilateral fora.
- **The Council therefore asks for an understanding and patience from the international community in allowing time for effective administration and social harmony to be restored in Thailand.** NCPO has pledged to return the situation to normal as soon as possible, and to ensure long term stability for both Thailand and the region.
- **It should always be emphasized that the Monarchy is not involved in, and always remain above, politics.**