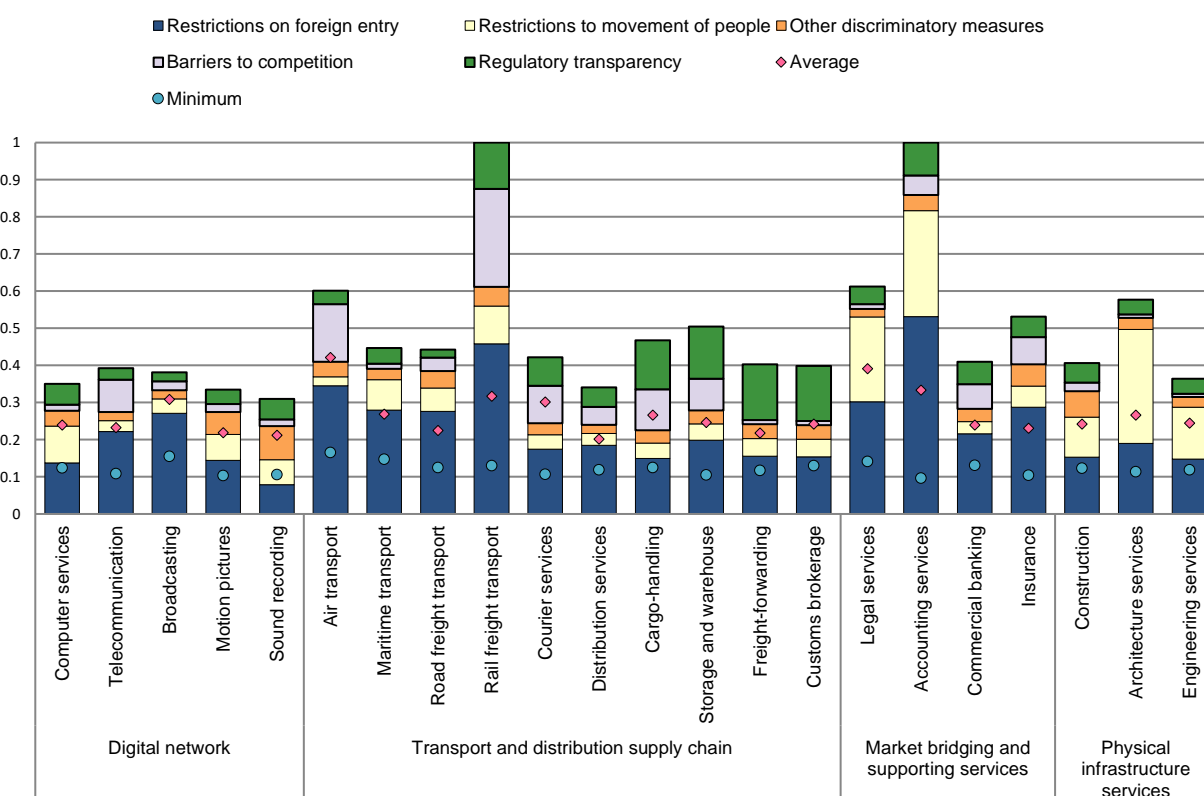


OECD Services Trade Restrictiveness Index (STRI): Thailand 2019

Thailand exported services worth USD 84 billion (1.4% of world services exports) and its services imports amounted to USD 55 billion (1% of world services imports) in 2018. Travel and other commercial services are the two largest services being exported and imported. Thailand's score on the STRI in the 22 sectors is shown below, along with the average and the lowest score among the 46 countries included in the STRI database for each sector. Thailand has a score above average in all 22 sectors covered by the index.

STRI by sector and policy area (2019)



Note: The STRI indices take values between zero and one, one being the most restrictive. They are calculated on the basis of the STRI regulatory database which contains information on regulation for the 36 OECD Members, Brazil, China, Colombia, Costa Rica, India, Indonesia, Malaysia, Russia, South Africa, and Thailand. The STRI database records measures on a Most Favoured Nations basis. Preferential trade agreements are not taken into account. Air transport and road freight cover only commercial establishment (with accompanying movement of people).

Horizontal policy measures

The STRI results for Thailand can be explained in large part by general regulations that apply to all sectors in the economy. At least half of the board of directors in a public limited company must be residents, and the same requirement applies also to managers of foreign companies operating under a foreign business license in Thailand. Foreigners are not allowed to acquire shares exceeding 49 % in publicly controlled firms. In terms of movement of natural people, Thailand applies labour market tests and limits the duration of stay to 12 months for persons seeking to provide services in the country on a temporary basis as intra-corporate transferees, contractual services suppliers or independent services suppliers. Moreover, companies must respect quotas when hiring foreign nationals where four local nationals must be employed for every foreigner. In addition, a maximum of ten foreign work permit can be requested per company. Foreigners are allowed to own immovable properties in Thailand but only when permitted in international treaties. According to the new Personal Data

Protection Act introduced in 2019, transfer of personal data to a foreign country or an international organisation is possible only if the receiving party has a similar level of protection for personal information as foreseen in the Act. In public procurement, local suppliers have to be considered before foreign suppliers. Finally, the mandatory period to publish adopted laws prior to entry into force is significantly less than best practice.

The sectors with the relatively lowest STRI scores

Broadcasting, courier services and air transport are the three sectors with the lowest score relative to the average STRI across all countries. However, in all three sectors, the indices remain above the average. At least 75% of shareholders in broadcasting companies must be Thai nationals. A company applying for the license to operate broadcasting and television business shall be established under Thai law. In courier services, foreign investment is subject to a screening process that explicitly considers economic interest. Moreover, licenses for courier services are granted based on economic needs. Like in many other countries, foreign equity in air transport services is limited to 49 %. Prior authorisation from the Ministry of Transportation is required to lease foreign aircrafts with crew. There is no regulation on airport slot allocations for take-off and landing in Thailand.

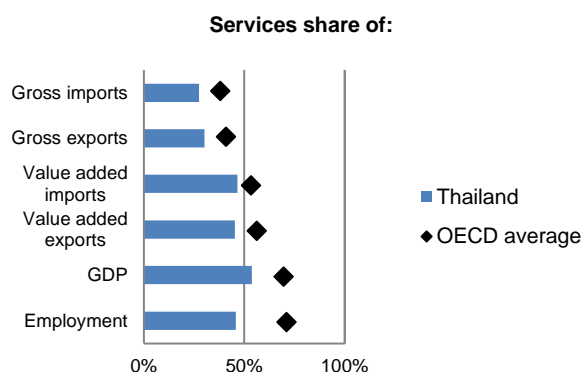
The sectors with the relatively highest STRI scores

Rail freight transport, accounting services and insurance services, are the three sectors with the highest score relative to the average STRI across all countries. All rail services must be conducted by the State Railway of Thailand - a state-owned enterprise. This together with no significant cross-border transit rights for foreign suppliers closes the market for international trade. For accounting and auditing services, only locally licensed individuals or firms may acquire shares in these companies. Thai nationality is required for supervising, auditing or providing accounting services and a temporary licensing system is not in place. These three conditions together also close the sector for international trade. For insurance, foreigners cannot acquire more than 25% of the voting shares in an insurance company but 49% foreign ownership is permitted with approval from the Finance Minister. There is lack of transparency in the process of issuing insurance licenses in the sector and the supervisory authority is not fully independent from the Government. Moreover, commercial presence is required for cross-border trade in this sector. Insurance companies in Thailand must cede a share of risks to domestic reinsurer hindering the cross-border provision of reinsurance by foreign suppliers. Moreover, underwriting insurance policy in foreign currency is limited. Thai nationality is required for brokerage or agency work, except brokerage or agency work in international trade. The Thai Government holds majority shares in two companies present in the insurance sector - Krungthai/AXA and Dhipaya life.

Recent policy changes

In May 2019, the Personal Data Protection Act was adopted. Prior to this Act, no significant regulation existed on cross-border data flows in Thailand. The Act established a comprehensive framework for data protection and establishes rules and safeguards for cross-border data flows. As of 2017, publicly-controlled firms are not exempted from the general competition law.

Efficient services sectors matter



Services account for 30% of Thailand's gross exports, but 45% in value added terms. This indicates that Thailand's exports of goods rely intensively on services inputs. Services also account for 54% of GDP and around 45% of employment. The information and communication technology revolution opens new opportunities for inclusive growth for Thailand. Innovation and adoption of technology relies on access to knowledge and to the networks, people, goods and services that carry the knowledge around the world. In this context, Thailand could benefit from more open markets for services trade.

More information

- » Access all of the country notes, sector notes and interactive STRI tools on the OECD website at <http://oe.cd/stri>
- » Read more about services trade policies and their impacts in this publication: [Services Trade Policies and the Global Economy](#)
- » Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org