

OECD Services Trade Restrictiveness Index (STRI)

THAILAND – 2020

Key findings

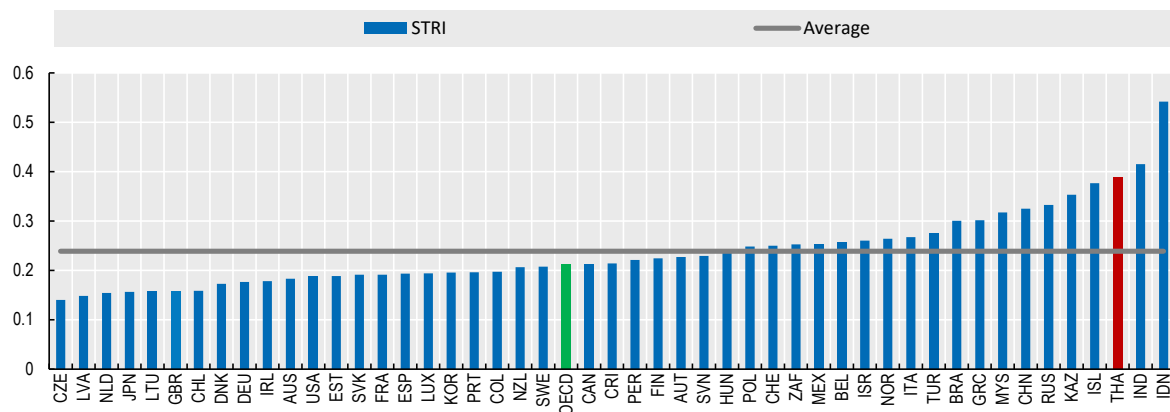
- The 2020 STRI of Thailand is high compared to other countries in the STRI sample, indicating a relatively closed regulatory regime for foreign services suppliers, with no change compared to 2019.
- Thailand’s regulatory environment for services has become more open over the past years. Previously, key reforms include the adoption of a new Personal Data Protection Act.
- Despite progress on trade liberalisation efforts, Thailand’s market remains relatively closed to foreign services providers. Further liberalisation would be beneficial, especially in key strategic sectors like rail freight transport services.

Recommendation

- 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.

The 2020 STRI of Thailand is high compared to other countries in the STRI sample (Figure 1), unchanged compared to 2019.

Figure 1. Average STRI across countries, 2020



Note: The STRI indices take values between zero and one, one being the most restrictive. The STRI database records measures on a Most Favoured Nations basis. Air transport and road freight cover only commercial establishment (with accompanying movement of people). The indices are based on laws and regulations in force on 31 October 2020. The STRI regulatory database covers the 37 OECD countries, Brazil, China, Costa Rica, India, Indonesia, Kazakhstan, Malaysia, Peru, Russia, South Africa, and Thailand.

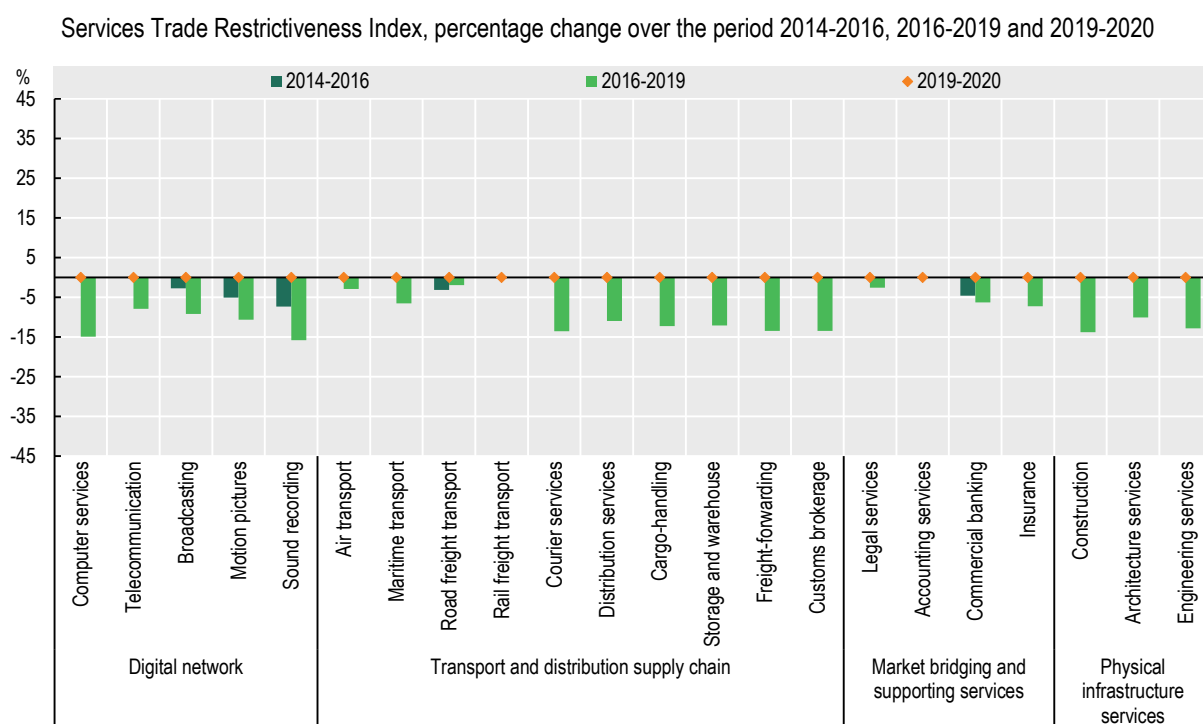
Source: OECD STRI and TiVA databases (2020).

The 2020 STRI is due to restrictions that apply on key strategic services sectors such as rail freight transport services and accounting services. These two sectors are completely closed for foreign services suppliers due to different types of restrictive regulations applicable.

Moreover, stringent economy-wide regulations include requirement on boards of directors and managers. Foreigners are not allowed to acquire shares exceeding 49% in publicly controlled firms. 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.

Thailand has been progressively introducing reforms over the past years, contributing to easing the conditions for trade and investment in several sectors (Figure 2).

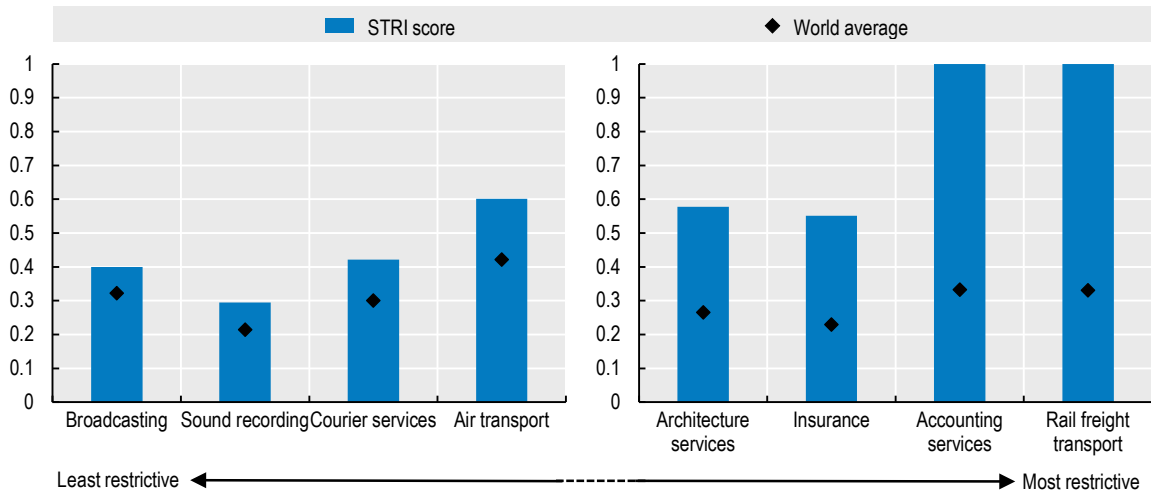
Figure 2. Evolution of STRI scores by sector in Thailand



Source: OECD STRI database (2020).

Broadcasting, sound recording, courier services and air transport are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Architecture services, insurance, accounting services and rail freight transport are the sectors with the highest score relative to the average STRI across all countries.

Figure 3. Sectoral breakdown – The least and most restricted sectors in Thailand



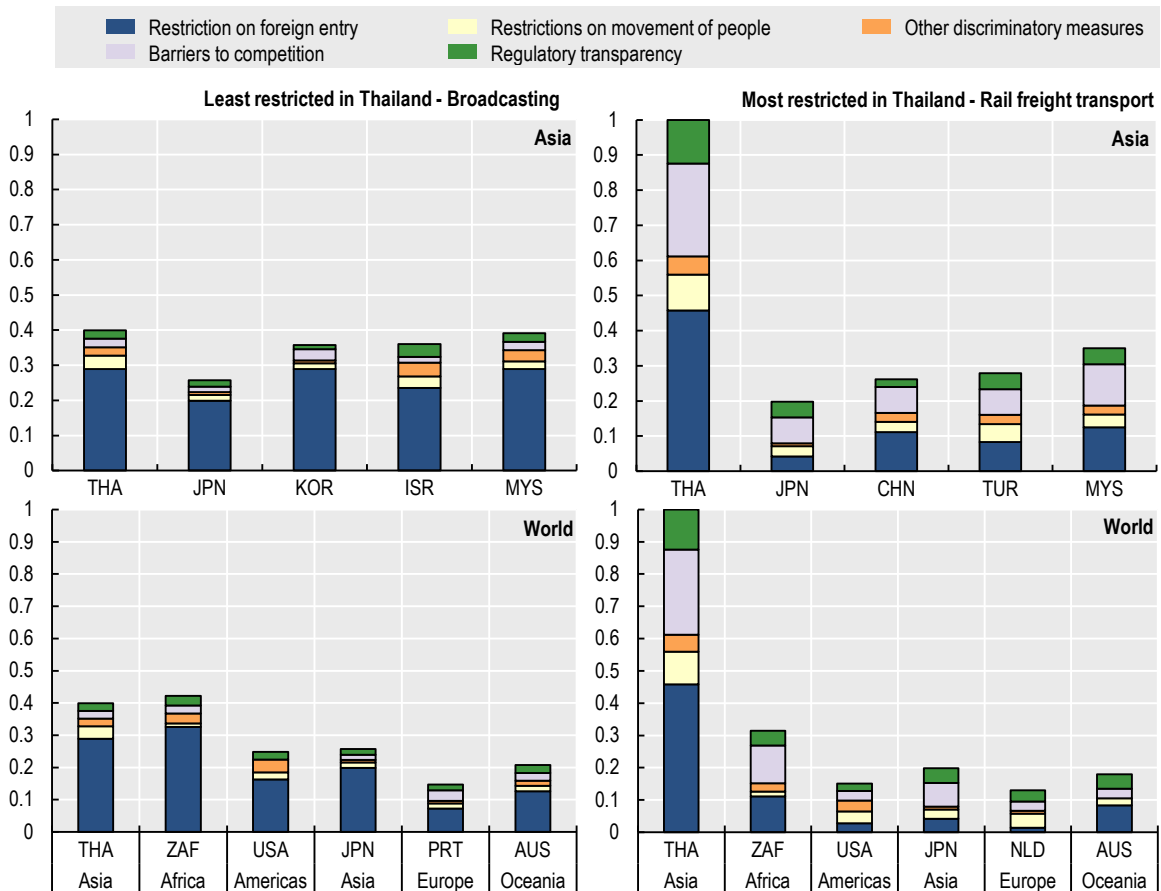
Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference

i.e. $(STRI_{country, sector} - STRI_{world average, sector}) / STRI_{world average, sector}$

Source: OECD STRI database (2020).

Broadcasting is the least restricted services sector in Thailand compared to Asia and the other best performers elsewhere while rail freight transport is the most restricted (Figure 4).

Figure 4. Thailand compared to Asia and World's best performers

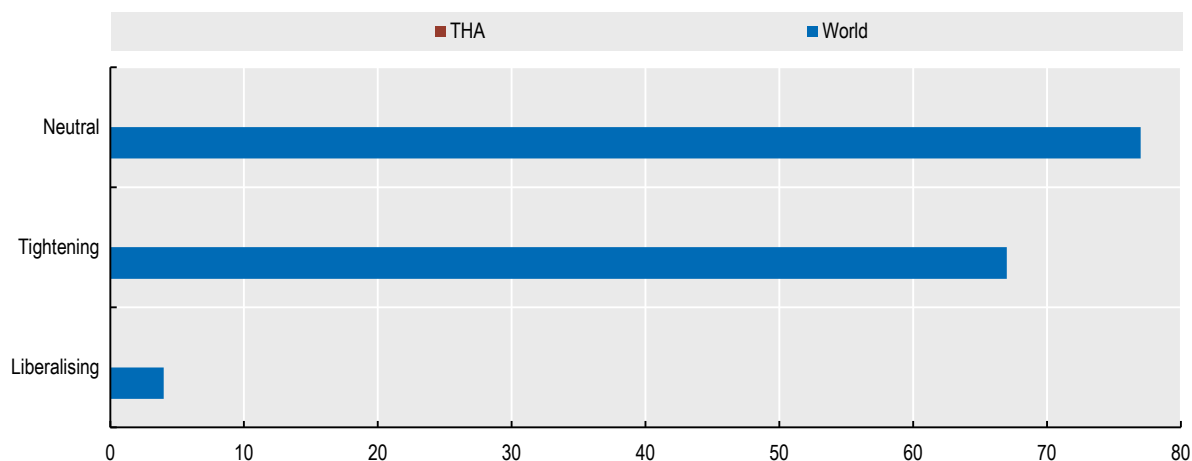


Source: OECD STRI database (2020).

Special focus: Impact of COVID-19-related measures on the stringency of services regulations

While Thailand has adopted several measures in response to the COVID-19 crisis, these were either temporary in nature or not directly relevant for the measures considered in the STRI database. Many countries have tightened their regulatory framework following the COVID-19 shock, by tightening their investment screening process or their visas requirements (Figure 5).

Figure 5. COVID-19 related measures in Thailand and in the world



Source: OECD STRI database (2020).

Key reforms

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.

More information

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