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6 - Month Achievements

Summary of Accomplishments of the Ministry of Commerce For the period of 6 months (12th of September 2014 – 12th of March 2015)

General Prayuth Chan-Ocha's government has presented policies to the National Legislative Council. The core of the policies is the strategic development of the nation in accordance with His Majesty the King's principle of sufficiency economy, while focusing on the need of the Thai citizens and problems solving.

The Ministry of Commerce has operated in line with the government policies with the aim to increase the country's economic potential to the level of stability, prosperity and sustainability. As the principal organization in charge of economy and trade (both domestic and international trade) including coordinating with producers, traders and consumers as well as promoting Thailand's exports, General Chatchai Sarikulya, Minister of Commerce has been working actively with all Ministry's executives and officers to drive the operations of the Ministry under 4 major strategies. Major accomplishments under the strategies are as follows:

First Strategy: Proactively Management of Major Agricultural Products.

The Ministry of Commerce has focused upon raising farmers' income by reducing production costs and utilizing market mechanisms to ensure that agricultural product prices are appropriately raised. In addition, The Minister of Commerce and senior officials have coordinated and consulted with the Minister of Agriculture and Cooperatives and his senior officials to develop policies and measures to ensure that production corresponds to market demand. The objective is to provide sustainable solutions to problems regarding the fall of agricultural product prices. Significant accomplishments included the followings:

- Rice. The National Rice Policy Committee has designed measures to assist rice farmers during the year 2014/2015 as follows:
- 1. Reduction of production cost. Seeking cooperation from both producers and distributors of chemical fertilizer to offer discount prices to rice farmers from 605-770 baht per bag to 555-720 baht, i.e the reduction of 40-50 baht per bag or 6.02-8.26%. In addition, the discount prices of pesticide also reduced by

 5-10% and the cost of rice harvest tractor service has been reduced from 500-600 baht per rai to 450-550 baht per rai, i.e the reduction of 50 baht per rai (1 rai is 0.40 acres). As a result, cost of rice production has been reduced

more than 3.6 billion baht. Furthermore, officers at provincial level have closely monitored both the prices and the distribution to ensure that they are in line with suggested prices.

2. Market support measures.

- 2.1 Providing rice entrepreneurs with compensation of 3% interest rate in keeping 6 million tons of rice stock. In total, 153 entrepreneurs in 25 provinces have registered for the loan of 33.234 billion baht and for the stock of 3.2 million tons.
- 2.2 Introducing farmer loan scheme to delay paddy rice sale into the market when there are abundant of products in the market. The government has provided compensation for interest that farmers were required to pay for the loan. The aim was to encourage them to store paddy rice in their own barns and wait until a suitable period for selling. There were 79,423 farmers taking part in the scheme, with 474,237 tons of paddy rice and the sum of 6.722 billion baht.
- 2.3 Organizing the paddy rice flea markets 2014/15 in order to stabilize domestic rice prices 138 times in 40 provinces, with the sale volume of more than 98 billion tons, and the value greater than 990 million baht. As a result, rice prices at wholesale markets/rice mills have increased approximately by 100-800 baht per ton.
- 2.4 Releasing rice from the government's stock. The government has been burdened with the task of releasing more than 18 million tons of rice that was the result of the previous government's rice mortgage scheme. The process began with the assessment of rice quantity and the verification of rice quality to confirm the actual existence of the rice. The rice of high and modest qualities were released first. Legal process was carried out for the cases of low-quality/degraded rice, wrong type of rice, and for the quantity of rice that has disappeared. During the past 6 months, high-quality and modest-quality rice has been released from the stock through auctions that have been organized 6 times, as well as via other channels. The overall amount of rice released is 2 million tons. There have also been 4 selling contracts to trade new harvested rice for the quantity of one million ton. Therefore, the total amount of rice released was 3 million tons, for the value of 36 billion baht. Moreover, contracts have been signed with foreign governments for future delivery more than 2.6 million tons of rice. In addition, the Ministry of Commerce has endeavored to organize trade missions to sell rice and expand markets in various countries across the region. With endless efforts in promoting rice export during the second half of 2014, the export of Thai rice has reached the highest level in history at 10.97 million tons.
- Oil palm. Since there were inadequate palm fruits in the market during the end of 2014 and subsequently caused palm oil stock to substantially decreased to the crisis level, the Ministry of Commerce has proactively assessed the amount of oil palm production and

the remaining stock of raw palm oil during November 2014-January 2015, which was the period of low production. The outcome was presented to the National Oil Palm Policy Committee (NOPPC), which has successfully prevented the situation of palm oil shortage. The Public Warehouse Organization was assigned to import necessary amount of palm oil from other countries at 50,000 tons during 30th of January - 15th of February 2015. As a result, price levels of palm fruits were not affected. During the importation of palm oil, farmers could still sell palm fruits at prices between 5.70-6.00 baht per kilogram. In addition, the Ministry of Commerce has seek cooperation from the extraction factories to purchase palm fruits from farmers at the prices not less than 5 baht per kilogram.

- Fruits. A plan has been devised to distribute fruits that were entering markets to the distant markets that are far from places of production such as central markets, retail stores including border crossings areas. Measures have also been created to export fruit products to various countries. In February this year, a trade mission to Indonesia was organized, which led to the immediate sale of 35 million baht, and it is expected that the future sale will be more than 190 million baht.
- Rubber. There has been an agreement with China to import 200,000 tons of rubber from Thailand in the near future. Moreover, Thai and Indian companies have signed an MOU to joint-venture a tyre factory in Rayong province for export purpose. It is anticipated that more than 100,000 tons of rubber a year will be used as raw materials for production.
- Other agricultural products. In cooperation with the Ministry of Agriculture and Cooperatives, the Ministry of Commerce has devised a proactive plan in order to be effectively prepared before products are released to the market. The prime focus has been placed upon oil palm, fruits, tapioca, corn, and rubber. In addition, the Ministry of Commerce has closely monitored the situation of products such as shallots, garlic, meat, and eggs etc. Therefore, appropriate measures could be rapidly designed for each type of products similar to the successful case of palm oil.

Second Strategy: Monitoring Cost of Living for the Low-income Group.

High cost of living is one of the major problems of the Thai consumers especially the low-income group. Thus, various projects have been designed to help the consumers such as coordinating with producers, wholesalers and retailers to offer consumers with products at lower than market prices. In addition, the Ministry's officials have also closely monitored and investigated

all the retail prices of consumer goods on a regular basis. Major accomplishments included the followings:

- "Blue Flag" Fairs There were 1,003 fairs being organized nationwide in order to provide low-priced necessities across local communities in all provinces. Prices of products have been sold at the discount rate of 30%. Total sale revenue was more than 1.2 billion baht. The activities has been successful and be able to help lower the cost of living of more than 5 million people, for the total value of more than 510 million baht.
- "Blue Flag" Mobile Units The "Blue Flag" mobile units have been successfully launched in order to provide essential consumer products at lower prices to various low-income communities across 50 districts of Bangkok. Total sale value was more than 93 million baht and it was estimated that the units help lower cost of living more than 34 million baht.
- Noo-Nid...Pha-Chim (Recommended low-priced, ready-to-eat shops/restaurants) The scheme was launched since the 8th of August 2014 to provide a symbolic sign to participating shop/restaurant nationwide. So far 2,525 shops/restaurants have participated. Thanks to the scheme, cost of living has been reduced by more than 2 million baht per day, with the total value of more than 350 million baht. Furthermore, large retailing and wholesaling stores have been asked to initiate special zones to alternatively provide ready-to-eat meals at prices between 30-40 baht per dish for customers for 4 months, starting from February to June 2015.
- Bringing Back Happiness to People The event was organized during the New Year festival, between 24th -31st of December 2014. Product prices had been reduced by 20-70% nationwide in order to provide people with happiness, and to symbolize a new year present. Large producers and merchandisers, including retailing and wholesaling stores, department stores, and convenience stores took part in the event. In total 12,800 stores participated and the sale revenue was more than 50 billion baht. Additionally, during the school holiday, the Ministry of Commerce has devised a joint plan with the private sector to cut down prices of school uniforms, learning materials, and essential consumer products prior the beginning of the new semester. Similar projects are also expected to be undertaken in the future.
- Hotline for Consumer Complaint. The Ministry of Commerce has set up a hotline #1569 to receive complaint from consumer. During the past 6 months, 1,180 complaints were received, and 86 cases of wrongdoing were found, ranging from products without price tags to venders selling products at prices higher than displayed etc. In total, 170,400 baht in fines was collected.

• "LAI-TANG-KHONG-TOOG" The Ministry of Commerce has set up online project aimed at providing consumers with access to in-expensive products, and to promote discount stores by utilizing information technology, such as websites, facebook, and mobile phone applications. The objective was to inform the public of where to find alternative products that are low-priced.

Thanks to a number of recent projects designed to oversee cost of living, the Ministry of Commerce has successfully maintained prices of essential products and services by preventing them from rising.

> Third Strategy: Export Promotion

The Ministry of Commerce places high priority on expanding exports, which is the key growth engine of the Thai economy. Despite the global economic slowdown during the past 6 months, Thai exports have been able to maintain their market share in key markets compared to the previous year, namely, USA (1.20% compared to 1.16% during previous year), EU (1.21% compared to 1.02%), Japan (2.81% compared to 2.55%), and China (2.07% compared to 1.97%) etc. The Ministry has attempted to revise trade rules and regulation in order to facilitate trade. Proactive measures designed to boost export promotion have also been established in order to maintain existing markets, as well as expanding into new potential markets. Significant accomplishments were the followings:

• Marketing Strategies. The Ministry has categorize oversea markets into 4 groups, namely, (1) Highly developed markets (2) Middle-to-high income markets (3) Potential markets and (4) the ASEAN market. Recently, the Ministry has facilitated trade delegations comprising of members from the private sector to participate in trade fairs abroad to expand into new markets and to network with foreign business people. The Ministry has also led business delegations from overseas to meet with Thai suppliers in trade fairs. One success story was a trade delegation led by the Minister of Commerce to India to promote the Twin City initiative, during which both sides agreed to establish India's Surat City and Thailand's Surat Thani as sister cities. During this visit, Thai contractors signed a construction contract to build a seaport in Mumbai. Moreover, a joint venture investment of 5 billion baht was agreed upon by Thai and Indian investors to set up a tyre plant in Rayong Province for exports, which will utilize up to 100,000 tons of rubber. Another success story initiated by the Ministry is the "PEE-JUNG-NONG" project, where leading Thai companies, such as CP Group, Thai Charoen Corporation,

Central Group, and Sahaphat Group assisted Thai SMEs to explore the ASEAN market by networking them with their business partners. These projects have successes in helping more than 5,000 Thai SMEs to expand their markets aboard and earn more than 50 billion baht in revenue, during September 2014-February 2015.

The Ministry has worked closely with the private sector to develop products and services in order to meet specific global trends. This initiative includes collaboration on developing innovative products, green products and services, products for an aging society, pet care products and services, as well as products for hotels and weddings. The Ministry has provided producers with information on market trends and product development and assisted in market testing of new products. Value creation is encouraged, as well as building consumer confidence on a worldwide level in Thai exports through brand creation. For this purpose, the prestigious *Prime Minister's Award* is given to the best of Thailand's exports. Other awards initiated by the Ministry to guarantee the high quality of Thailand's top exports are the *DEmark* best design award and *Thailand Trust Mark*. The Ministry has initiated the *Product and Service Champion* project to highlight products and services from Thailand which are recognized and appreciated globally, such as, Thai rice and processed products, spa and spa products, food supplements and beverages just to name a few.

- Reforming Thailand's Export Structure. The Ministry has set several initiatives to increase the competitiveness of Thai exports. The reform of Thailand's export structure aims to establish new foundations for the Thai economy by emphasizing value creation by means of innovation, creativity and through the service sector. The competitiveness of SMEs has been increased through information technology, the promotion of online trade, and the launch of www.thaitrade.com. More than 11,000 entrepreneurs have expanded their markets through this initiative, earning more than 6.5 billion baht in revenue. The Ministry has also launched a mobile phone application named DITP Connect and a #1169 hotline, and established a One Stop Export Service Center for assisting exporters. The Ministry also provided online courses on international commerce to 5,700 entrepreneurs to enhance their competitiveness.
- Expanding markets and reducing trade barriers through proactive trade negotiations. The Ministry of Commerce thrives to foster good relations with Thailand's trading partners and remains committed to Thailand's international obligations at all levels.

Thailand currently has 11 free trade agreements (FTAs) with 16 countries. Most of these FTAs are under negotiations to further liberalize trade and investment between Thailand and its trading partners and further integrate the Thai economy with that of its trading partners. ASEAN is a clear example. There is a government policy to raise Thailand's role as well as increase utilization from the ASEAN Economic Community (AEC). The Ministry of Commerce is

Thailand's lead agency and focal point for Thailand's AEC integration. The Ministry has successfully driven Thailand's AEC campaign to a position well poised to meet the 31 December 2015 deadline set by ASEAN.

With respect to services, the Ministry of Commerce was responsible for the successful conclusion of 5 trade in services agreements under the ASEAN. These are the Protocol to Implement the Ninth Package of Commitments Under the ASEAN Framework Agreement on Services, ASEAN Mutual Recognition Agreement on Accountancy Services, Agreement on Services under the Framework Agreement on Comprehensive Economic Cooperation between the Association of Southeast Asian Nations and the Republic of India, Agreement on Investment under the Framework Agreement on Comprehensive Economic Cooperation between the Association of Southeast Asian Nations and the Republic of India and the Protocol to Amend the ASEAN Comprehensive Investment Agreement (ACIA).

These agreements will facilitate the Thai private sector to set up businesses in ASEAN member countries and India. The Ministry of Commerce is formulating the Protocol to Implement the Ninth Package of Commitments Under the ASEAN Framework Agreement on Services and negotiating the Agreement on Trade in Services and Investment under the free trade agreement between ASEAN and Japan.

In addition to ASEAN, Thailand has collaborated with ASEAN in its FTA negations with 6 trading partners which has resulted in the ASEAN-China FTA, ASEAN-Japan FTA, ASEAN-Korea FTA, ASEAN-India FTA and ASEAN-Australia-New Zealand FTA. ASEAN is currently negotiating an FTA with Hong Kong and the Regional Comprehensive Economic Partnership or RCEP which comprise of the 10 ASEAN members and China, Japan, Korea, India, Australia and New Zealand to expand trade benefits already derived from the existing FTAs which ASEAN has concluded with the abovementioned countries.

Thailand has 5 FTAs at the bilateral level with Australia, New Zealand, Japan, India and Peru. There are plans to launch negotiations with Turkey and Pakistan of which bilateral trade with Thailand is at 1.3 and 1 billion baht respectively. Trade between Thailand and all 16 FTA partners have increased, during the recent 10 years, by 200% from \$100,000 million in 2004 to \$260,000 million in 2014. In terms of Thailand's total exports, Thai exports to its 16 FTA partners have increased from 49.6% in 2004 to 56% in 2015.

Thailand is supportive of the World Trade Organization (WTO) multilateral trade negotiations and has actively participated at the latest Informal WTO ministerial gathering in Davos, Switzerland in early 2015. Thailand supports the WTO Trade Facilitation Agreement which will benefit exporters and importers and expects to become a party to this agreement within this year. Thailand also supports duty free and quota free (DFQF) market access to

least developed countries. Since 9 April 2015, Thailand has granted duty-free and quota-free market access to products from 48 least developed countries covering 73% of all products lines. This has seen Thai manufacturers benefit from duty free materials imported under this program and a rise in trade with LDC countries mostly located in Africa and South Asia.

The Minister of Commerce has constantly meet with foreign Ministers, Ambassadors and business leaders from Thailand's trading partners which include Myanmar, Cambodia, Laos, Singapore, Philippines, India, Pakistan, Kazakhstan, Israel, Australia, Russia, United Kingdom, Norway, Italy, Hungary, and Canada to hold bilateral dialogues so as to foster trade relations and resolve trade disputes. The Minister and Deputy Minister of Commerce cochaired the Joint Trade Commission meetings with Russia and Laos respectively. The Minister also received business leaders from Japan, United States and the European Association for Business and Commerce.

Fourth Strategy: Driving Thailand Towards the ASEAN Community.

The Ministry of Commerce has been aware of the commencement of the ASEAN Community, and has prepared the country with the aim of ensuring that it would acquire benefits from the phenomenon. Border trade and Special Economic Zone (SEZ) have also been promoted using both proactive and reactive strategies as follows:

Development of border trade.

In 2015, the Ministry of Commerce endeavors to expand the value of Thailand's border trade and cross-border trade to reach the target of 1.5 trillion baht. Bilateral meeting at the Ministerial level were held with Myanmar, Laos PDR and Cambodia.

- "Mae Sot District" Special Economic Development Zone in Tak Province Set target of border trade value for the year 2016 to double from 200 billion baht to 400 billion baht, and to establish "Ban Pi Muang Nong" (Sister Cities) between Mae Sot District in Thailand and Myawaddy City in Myanmar;
- "Mukdahan Province" Special Economic Development Zone Set target to increase trade value to 8 billion USD; and
- "Aranyaprathet District", Special Economic Development Zone in Sa Kaew Province Set target to increase trade value by 30% annually.

Moreover, future visit to another Special Economic Development Zone in Sadao district, Songkhla province, has also been planned. The total value of Thailand's border trade, cross-border trade and frontier town trade during the recent 6-month period (October

2014 - March 2015) was more than 700 billion baht, which represents 47% of total target border trade.

Drive Thailand towards the AEC beyond 2015.

Thailand has nearly completed the implementation of the AEC Blueprint towards the establishment of the ASEAN Economic Community in 2015. Currently, the ASEAN is expediting the progress of implementing 626 AEC measures set for the period of 2008-2015, all of which are aimed to be completed by the 31st of December 2015. The AEC Scorecard reports that 66% of the targets have been achieved by the ASEAN. As for individual member states, Thailand has achieved the highest implementation rate of 72%.

With regard to ASEAN beyond 2015, ASEAN leaders have adopted *Nay Pyi Taw Declaration on the ASEAN Community's Post-2015 Vision*. According to the Declaration, the ASEAN leaders have endorsed the central elements as the basis to develop the post-2015 vision of the ASEAN Community covering all 3 pillars, which are political-security, economic integration, and socio-cultural integration. As for the ASEAN Economic Community during post-2015 period, it aims to promote (1) an integrated and highly cohesive economy; (2) competitive, innovative and dynamic ASEAN; (3) resilient, inclusive and people-oriented, people-centered ASEAN; (4) enhanced sectoral integration and cooperation; and (5) global ASEAN.

In order to integrate ASEAN with the world economy, the Regional Comprehensive Economic Partnership (RCEP) negotiations were launched by leaders from the ASEAN and the ASEAN's FTA partners. Thus far, there have been 7 rounds of RCEP negotiations. During the 7th round held in Bangkok, Thailand, the negotiations were conducted in the areas of goods, services, investment, intellectual property, competition, economic cooperation, and legal issues. Although the progress of negotiations is noteworthy, further breakthrough would depend on an agreement on the modalities for major areas including goods, services and investment. The RCEP negotiation is expected to be concluded by the end of 2015.

Another achievement regarding the driving of Thailand towards AEC is the establishment of the website "www.thailandntr.com" as an information gateway on Thailand's international trade regulations. The *Thailand National Trade Repository* or *Thailand NTR* will facilitate international trade for private entities in obtaining necessary information with regard to customs tariffs, laws and regulations, as well as trade-related measures. *Thailand NTR* will be connected with national trade repositories of other ASEAN Member States in 2015 to support the goals of the ASEAN Economic Community.

Another important mission of the Ministry of Commerce is to raise awareness and promote understanding regarding the ASEAN Community in order to provide the public with

greater understanding of the benefits of AEC and other FTAs. The Ministry of Commerce has arranged 41 activities with governmental agencies and private entities, with the amount of participants as high as 9,100 people. For instance, the AEC Business Plan Award was arranged as a forum to enhance students' knowledge of the ASEAN Economic Community. According to the statistics, the information disseminated online has reached entrepreneurs, farmers, students, and the public in general as many as a million people. In addition, the AEC Information Center has welcomed 37,500 members and 32,000 users since its establishment. Similar information centers have also been established in 76 provinces across Thailand, with the total of more than 70,000 users.

Improve Thailand competitiveness.

The Ministry of Commerce has carried out several initiatives in order to enhance the private sector's competitiveness, and to enable them to compete efficiently both at ASEAN and global levels. Another goal is to support the realization of the creative economy. The initiatives have included the following:

- 1. The "DBD e-Filing" was developed to provide financial services via the electronic system. As a result, businesses can file financial reports electronically for the first time in Thailand and as the second country in the ASEAN. Furthermore, the taxonomy within the Department of Business Development has been standardized in order to establish an e-Filing Single Point. The database has also been connected with other agencies so that businesses can receive accurate and useful information in a timely manner. The system has 3,200 users.
- 2. Certificate of Juridical Person in English can now be provided through the electronic system utilizing the electronic-based Digital Signature. The aim is to facilitate international business transactions, as well as reducing processing time and expense. The Certificate is issued as an official, original copy, which may be used domestically or in foreign countries. The service is now in operation and has 450 users.
- 3. The credibility of business registration system has been increased through supervision of businesses such as direct sales and direct marketing etc. Financial statements of corporations with capital registration higher than 5 billion baht have also been audited in order to increase transparency.
- 4. The Ministry of Commerce has placed a significant emphasis on promoting the protection of intellectual property rights in Thailand. The long-awaited processes of intellectual property registrations have been substantially expedited, for instance, curtailing the 20-month process of trademark registration to only 9 months. In addition, the full-scale reform of related intellectual property laws has been undertaken in conformity with

international standard, and with a view to fully tackling the dynamic of the new era of international trade. More specifically, the Copyright Act has been reinforced to effectively suppress copyright infringements in the form of unauthorized camcording of cinematographic works, thereby cushioning the movie-making industry and related businesses from financial losses that would have been incurred. This Act, however, incorporates the pivotal exceptions specifically facilitating those with deafness or mental retardation to gain access to copyrighted works. In terms of copyright protection measures, this Act enhances the level of copyright protection to the extent compatible with cutting-edge technologies in the digital age through a multitude of measures, including outlawing copyright-violating activities manipulated by hackers through the computer systems. Moreover, the Ministry of Commerce has developed a robust cooperation with a number of entities, i.e. the Royal Thai Police, the Customs Department, the Department of Special Investigation, and the owners of intellectual property, on destroying 700,000 counterfeit items after the sentence of each case has been promulgated, counting the total value of more than 2 billion baht. This is to assure the owners of intellectual property and investors that there will be no counterfeit goods available in the market or exported to foreign countries in the future. A series of seminars has been held to raise awareness of intellectual property rights at both central and regional levels, with more than 900 participants in total. Distribution channels for intellectual property products have been promoted through the "Intellectual Property Fair 2015" and the "Geographical Indication Market 2015" in order to create opportunities for local businesses in modern trade. Furthermore, various initiatives have been designed to provide more than 5,600 entrepreneurs in both central and regional areas with better understanding on commercial exploitation of intellectual property, stronger competitiveness, and in preparation for the AEC. Mobile units have also been established to provide consultations on intellectual property and intellectual property registration service.

The Ministry of Commerce has 34 laws under its responsibility, 17 of which has been proposed for revisions. 5 Bills which have already been completed and published in the Royal Gazette are the Act of Metrology Measurement, Reorganization of the Ministries Act (establishment of Trade Policy and Strategy Office), Copy Rights Act (addition of the protection of rights management information and the punishment for illegal duplication in theatres), and the Trade Secrets Act (revision of the Trade Secrets Board). There are laws which remain under legislative process such as the Draft Act on the termination of the Export Promotion Act B.E. 2503 (1960) (termination of the old law which has not been implemented anymore), the Draft Warehouse, Silo, and Cold Storage Act (completely new enactment), the Draft Export and Import of Goods Act (addition of the provisions on goods in transit or transshipment).

Moreover, the Ministry of Commerce is preparing to review the Trade Competition Act to be consistent with the policy of the Minister of Commerce.

Furthermore, under the government policies to support good governance on the state administrative and the anti-corruption and -misconduct in the government, the Ministry of Commerce has founded the Anti-Corruption Operation Center, which has already organized several activities including: - the seminar and show of the power against the corruption of the Ministry of Commerce under the theme "MOC Zero Corruption Day" with approximately 400 participants; and - the training course on "Government Procurement and Contract Management for Achieving Maximum Benefit" for all level officers to have knowledge and understanding on the government procurement regulation, and be able to perform accurately, transparently and efficiently. Approximately 150 officers participated in the training course. Another course of training was organized to raise awareness among civil servants in order to prevent and combat corruption under the project "Thai Government Service without Corruption".