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# ASEAN states told to ease non-tariff barriers, laws

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**Thailand and other Asean countries have been urged to take strenuous steps to genuinely open up the regional market in trade and services ahead of the Asean Economic Community in 2015, as there are still far too many non-tariff barriers and restrictions hindering trade and service sector growth.**

At yesterday's "2012 Thailand Investment Environment: Maximising the AEC Opportunities" seminar, panellists shared the view that those involved in Thai trade, service and investment should be less concerned by the challenges of a more intensive competitive environment under the AEC than by the lack of development caused by the many rules and regulations obstructing investment and new business coming to the Kingdom.

Kirida Bhaopichitr, senior economist at the World Bank, said Thailand's share of service sector business was falling because the country still had a high level of protection in business service trade.

"Thailand is losing competitiveness, with or without the AEC. Income in the Thai industrial sector has grown continuously, but income in the service sector has increased slowly when compared with other Asean members because of the high level of protection in the country," she said.

She said that although Thailand and other Asean countries have committed to liberalising the service sector and trade in goods, the fruits of the AEC's implementation would in effect be delayed because of too much protection through domestic laws.

Nandor von der Luehe, chairman of the Joint Foreign Chambers of Commerce in Thailand, said he believed that if Thailand did not open up the market, the country would lose out on benefits from the AEC.

The Kingdom has long developed its service and trade sectors and should no longer protect the market, as the benefits of liberalisation for its citizens will more than outweigh any impact on domestic enterprises, he said.

"If the country really opens up the market, the Thai service sector will become more developed. Consumers will then get better prices and better services," he added.

According to the Trade Negotiations Department, Thailand has already opened up the service sector in seven groups of businesses. However, the country and some of its fellow Asean members have not opened up many other service businesses because they have internal laws and regulations restricting the share of foreign enterprises in local companies and limiting the types of operation that can be undertaken by foreigners.

Phongsak Assakul, chairman of the Board of Trade, said Thai enterprises should be afraid of losing opportunities under the AEC, rather than of losing out due to a lack of competitiveness.

He said that besides the need for the government to eliminate non-tariff barriers for Asean integration, the private sector should strengthen its production and supply chain in the region in order to promote Thai trade and service development.

The panellist also urged the government to seriously tackle the problem of corruption, as it is one of most important factors in the minds of foreign investors when deciding whether to invest in the country.

David Lyman, member of the International Chamber of Commerce's Anti-Corruption Commission, said corruption in Thailand was significantly worse than in certain other Asean countries, in particular Singapore, because of a lack of political will to tackle the problem.

He added that the biggest concern influencing foreign investors' decisions to invest in Thailand was the stability of the political situation and government policies.

The government should impose clear and continuous policies in promoting investment as Asean integration approaches, as much investment will flow into the region in the coming years, Lyman said.



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