



## US Extends GSP Privileges

General Chatchai Sarikalya, the Minister of Commerce, revealed on 1 July 2015 that the United States had agreed to extend its Generalized System of Preferences (GSP) privileges for Thailand until the end of 2017.

According to the Minister of Commerce, the GSP extension was approved by Barack Obama, the President of the United States, on 29 June 2015. The extension is valid for four years and five months, with two years retroactive effect from its previous expiry on 31 July 2013. The privilege will be in effect until December 31, 2017. As a consequence, Thai exporters are able to claim full tax refunds from 28 July 2015 onwards for the past two years. The total of such eligible refunds is estimated at approximately 6.2 billion baht.

The GSP privileges cover approximately 3,400 products including automobile parts, rubber products, electronic appliances and parts, jewelry and accessories, and food and processed foods. Among the 127 countries that enjoy GSP benefits given by the US, Thailand is the second-highest utilizer of the US' GSP system after India, accounting for 18.67 percent of total value of the GSP utilization in 2012. The extension of the GSP will, therefore, benefit most Thai exporters entering the US market by enabling them to export at a lower cost.

At present, Thailand's exports are facing difficult times due to declining exports to a number of trading partners. However, with the expansion of the GSP, Thai exports are expected to rise in the last three of four months of this year.

## Clarity and Transparency Increase as Licensing Facilitation Act Comes into Force

Thailand has lost much of her competitiveness internationally partly because of the bureaucratic red tape in granting/approving licenses, permits or business registration as well as the broad discretion that the government agencies are given when making decisions regarding these requests. This inefficiency may cost the country valuable investment opportunities and waste both the business and the government's valuable time and resources.

Published in the Royal Gazette since 22 January 2015, the Licensing Facilitation Act ("the Act") came into effect on 21 July 2015. With a few exceptions regarding court procedures, licenses related to the environment and military operations, the Licensing Facilitation Act applies to all licenses, permissions and registrations that professionals or individuals are required to obtain under Thai laws.

The Act requires every issuing authority to prepare **a manual** for the public consisting of the rules, procedures and conditions for the submission of applications and the time period the authority will take to approve the license and the list of required supporting documents. Most importantly, the government agencies must adhere to these rules as prescribed in the manual once it becomes available to the public, and can reject an application only when it does not meet the requirements specified in the manual. In such a case, the official must notify the applicant on the spot to facilitate correction to the application right away. However, if it is not possible for the official



to inform the applicant at the time of application, the official is obliged to do so in writing within the time limit specified in the manual. Moreover, the official cannot request additional documents if all of the documents specified in the manual or requested by the official have already been submitted along with the application. If the application is rejected, the official is obliged to inform the applicant in writing of the reason for the rejection and the applicant has the right to appeal against such decision.

Once approved, the authority must inform the applicant of the result within 7 days from the approval date. If there is a delay in the license approval process, the authority is obliged to clarify in writing the grounds of such delay to the applicant every 7 days until the decision process is finalized.

The Act also aims to enhance business facilitation by allowing the application to remain valid and subject to earlier regulation should a new law or regulation come into effect before the application is approved. Moreover, if the license requires constant renewal, the applicant can pay the renewal fee to the authority as prescribed by the law and bypass the submission of the license renewal application.

While the Act requires every issuing authority to set up a Service Link Center to accept all applications for the licenses under the administration of the authority that issues them and to provide all license-related information to the public, it also provides for the establishment of a One Stop Service in any ministry or province to

receive all license applications under the administration of all issuing authorities in one place. At the same time, the Act also provides a tool for oversight by empowering the Public Sector Development Commission to oversee the workflow, licensing time period, and/or the operations of the issuing authority and the responsible officials to ensure compliance with the rules and procedures of good public governance, although these rules and procedure are not clearly specified.

If effectively implemented and monitored for accountability, the Act has great potential to reduce the inefficiency and red tape of the government. It will also help to improve transparency with regard to how the issuing authorities work and will in turn reduce corruption among the responsible officials. With the law in place, Thailand may be able to attract more investment and business to generate much-needed stimulus to the economy.

Stay informed with latest development in trade negotiations and changes in trade laws/regulations. Get an insight of how the latest news will affect your market and regulatory environment from our “Trade Digest”.

If you have any comments or questions regarding Trade Digest or any matters discussed herein, or if you are interested in finding out more about Bolliger & Company Consulting services, please contact any of the persons below:

**Malika Bhumivarn** | Partner  
Malika.Bhumivarn@bolliger-consulting.com

**Rachda Chiasakul** | Partner | Director, Advisory Services  
Rachda.chiasakul@bolliger-consulting.com

Tel. +66 (0) 2 625 6300  
Fax. +66 (0) 2 625 6311

## **Bolliger & Company Consulting**

Bolliger & Company Consulting Limited is a Bangkok-based consulting firm with a proven track record in advising private and public sector organizations on a wide range of issues related to trade and investment. We are fully committed to delivering the highest standard of service and bringing our expertise to bear in helping our clients move forward in today’s dynamic business environment.

Highly experienced in fields of expertise that cover customs, legal and tax, supply chain, and advisory services, we have played a key role in improving the performance of our clients in more than 15 jurisdictions including China, Japan, Indonesia, Singapore, and Thailand.

*“Clients’ success is our best interest”*

**BOLLIGER & CO**

Bolliger & Company Consulting Ltd. | Bolliger & Company (Thailand) Ltd. | Tel. +66 (0) 2 625 6300 | Fax. +66 (0) 2 625 6311

[www.bolliger-consulting.com](http://www.bolliger-consulting.com)