



Thailand Agrees to Information Technology Agreement (ITA) Expansion

The Information Technology Agreement (ITA) is an international agreement enforced by the World Trade Organization (WTO) concerning the international trade liberalization of Information and Communication Technology (ICT) related goods and products. Thailand has been a party to this agreement, in its original version, since 1997, along with 51 other economies. Under this original agreement, members were bound to exempt tariffs on associated products that accounted for 96 percent of all global ICT products at that time. For several years now, the WTO has been attempting to expand the scope coverage to include new ICT products. Thailand, as an existing member of this agreement, has been involved in the negotiation since late 2012, and reached agreement upon terms to join the expanded iteration in December of 2015.

On 18 March 2016, the National Assembly approved the initiation of the internal process to ratify the scope expansion of the ITA. Mrs. Apiradi Tantraporn, Thailand's Minister of Commerce, stated that tariffs on 342 different types of products will be dropped to zero on the 1st July 2016. Examples of these types of products include printers and their parts, printer ink cartridges, heat sinks for electrical converters and electronic circuits for ATM. In addition, 182 other products are scheduled to be tariff free within 7 years.

The positive implications that underline this agreement, as pointed out by Ezell (2010), include a wider range of and lower prices for ICT products available to general consumers, and greater accessibility to ICT product inputs for local businesses in the ICT industry as a result of the

lower prices. In particular, Thai businesses will be able to obtain ICT goods, products or parts at lower price from the EU, the United States or any other countries with which Thailand has yet to conclude a free trade agreement (FTA) but which have already joined this expanded iteration of the ITA. Additionally, it is expected that Thai businesses will be able to save costs through tariff exemptions up to a total value of 4.7 billion baht per year.

Indonesia to harmonize customs port procedures and promote foreign investment

Since September 2015, Indonesia has released several investment packages in order to boost its economic growth amid a highly uncertain global environment. Under this policy, formed under the directive of Indonesia's President Joko Widodo, Indonesia has just released its 11th investment package in March 2016. The latest package aims at reforming port procedures and will reduce the time for processing customs clearance from Indonesian ports from the previous period of 4.7 days to only 3.7 days.

The Coordinating Minister for Economics who made this announcement stated that in the previous system, each of the 18 relevant government agencies with authority at customs ports had their own criteria for performing customs checks. The 11th package will harmonize all these criteria into one standard criterion to create a better customs procedure for exports and imports. With 94 percent of the previous investment packages already implemented, the port reforms are expected to be effectively harmonized in due time.

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Furthermore, in an attempt to make the Indonesian investment climate friendlier, changes have also been proposed to the negative investment list, known in Indonesia as Daftar Negativ Investasi (DNI). The DNI contains the list of industries that are entirely prohibited or only conditionally opened to foreign investors. The list is revised every 3 years with the latest amendment in 2014. These changes, which are currently waiting to be signed off by President Widodo, include the opening up of some 35 industries including: cold storage, sports centers, film processing labs, crumb rubber industry, warehousing; tourism, e-commerce with market value over Rp 100 billion, toll road operators, telecom device certification, non-hazardous waste management, and raw medicine materials. .

The DNI also provides for businesses that will be allowed up to 67 percent foreign ownership. This list includes job training, travel agencies, golf course developers, air freight and logistics supporting businesses, health care, private museums, catering, convention and exhibition centers, consulting and construction businesses with contract values above Rp 10 billion, and telecom network providers with integrated telecom services.

This latest package provides a lot of opportunities for exporters and investors from other countries including Thailand.

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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:

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