

**PRESS STATEMENT**  
**JOINT FOREIGN CHAMBERS OF COMMERCE AND TRADE (JFCCT)**  
**January 8, 2007**

Foreign Direct Investment (FDI) has been critical to the sizable growth of the Thai economy over the years, and the member associations of the JFCCT are proud of our longstanding and cooperative involvement in the rich fabric of Thai society. FDI provides significant benefits for the Thai population, such as significant employment opportunities, education in critical technology applications, revenues from tax payments that are used to support the Kingdom, and increased competition that encourages businesses to lift their performance and deliver increased benefits to Thai consumers.

The membership of the JFCCT is eager to work with the interim Thai Government on any and all issues, and has been pleased by statements that Prime Minister Surayud and his team are committed to moving Thailand from a “business as usual” environment to a “business as better than usual” environment. When possible reform of the Foreign Business Act (FBA) was proposed by the Thai Ministry of Commerce in the Fall of 2006, the JFCCT was pleased to have the opportunity to provide comments on the state and function of the FBA.

Through those comments, the foreign investment community in Thailand stated our unequivocal belief that any changes to the FBA -- definitions or scope -- should generally be in the direction of liberalization, and that any such changes will be taken very seriously by international investors. Furthermore, we stated that we welcome any changes that would reduce the scope and number of business activities restricted under the FBA, particularly those included on List Three. The JFCCT continues to call for as much liberalization of List Three as possible to further enhance the investment environment in Thailand. The JFCCT strongly believes that Thailand can continue to be an attractive location for foreign investment if the Thai Government does its part to create a welcoming and predictable investment environment.

However, the JFCCT has been disappointed not to receive any direct reaction to our comments from the Ministry of Commerce or other official Thai entity, and to not be apprised of the actual recommendations that were forwarded by the Ministry to the Minister of Commerce at the end of 2006. Credible sources have shared information regarding potential changes to the FBA leave us gravely concerned about the future of foreign investment in Thailand, and compelled us to speak out today.

The JFCCT emphatically believes that any change to the FBA that further restricts the definition of “foreigner” or “alien” for purposes of determining company ownership is a very serious consideration.

- The term “alien” is already defined in the Foreign Business Act in terms of share capital without any reference to voting rights, meaning that any change to this definition would be a change in Thai law -- not a “new interpretation” or “clarification” of current law as often described.
- The definition of “alien” has been confirmed by the Thai Government and Courts on numerous occasions.

- The definition of “alien” according to this longstanding Thai law and interpretation has led to the structuring of thousands of foreign companies in Thailand, many of which have been functioning here for decades.
- To change the definition of “alien” and thus Thai law would be to change the rules of the game for investment in Thailand.

Furthermore, if these new rules are applied retroactively to foreign companies that are already established in Thailand, many investors have told us that they view such action as compulsory divestiture, no matter what grace period is offered for them to come into compliance.

The JFCCT is concerned that any investor fearing an environment of compulsory divestiture or decreased economic liberalization in Thailand will choose to take his or her investment elsewhere, potentially leading to an erosion of foreign investment in Thailand. While the JFCCT of course recognizes that Thailand is a sovereign country with the right to change any laws as it sees fit, we feel cause to warn of the unintended effects such changes may have. Indeed, the Kasikorn Research Center released a report this past weekend asserting that FDI in Thailand is likely to hit a seven year low this year due to recent events in Thailand and actions by the Thai Government. These events have put the Kingdom on the radar screen of current and potential investors more than ever before, largely due to questions and concerns about Thailand’s stability as an investment environment. This sensitive period is not a good time for Thailand to be considering such radical changes to the laws governing foreign investment.

- The JFCCT encourages the Thai Government to reflect further, for at least six months, on any potential amendments to the FBA or other rules governing foreign investment in Thailand, perhaps by first organizing an economic impact study of any proposed changes.
- The JFCCT supports any changes to the FBA that promote economic liberalization and opposes any amendments that take a step backward from the open investment environment in Thailand.
- The JFCCT opposes any changes to the FBA that open the door to compulsory divestiture of established foreign enterprises in Thailand.

We hope to identify additional ways that we can work together, hand-in-hand, on positive initiatives that strengthen foreign investments and their benefits in Thailand for both the Thai people and foreign investors.

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