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NEWSLETTER

Strategic Reforms to Thailand's Foreign Business Act (FBA) – A Step Toward Economic Competitiveness

Thailand's foreign investment framework is undergoing a substantial transformation, driven by governmental initiatives aimed at attracting international investment and fostering long-term economic growth. Among these developments, the Foreign Business Act B.E. 2542 (1999) ("**FBA**"), which serves as the principal legislation regulating foreign business activities in Thailand, is now under a process of reform for such purpose. The FBA defines the categories of businesses restricted from foreign ownership and sets out the mechanisms for obtaining licenses, certificates, or exemptions required to operate within Thailand.

Cabinet Endorses Urgent FBA Reform

On April 22, 2025, Thailand's Cabinet approved, in principle, a proposal to reform the FBA as a matter of urgency, assigning the Ministry of Commerce to oversee the reform process. The initiative is aimed at modernizing the FBA, eliminating unnecessary regulatory barriers, and strengthening Thailand's global economic competitiveness. This reform is part of a broader national economic strategy focused on fostering innovation, embracing new technologies, and promoting sustainable economic development.

Rationale and Objectives of the Reform

Having been in effect for nearly 25 years, the FBA was originally designed to "protect" domestic enterprises by restricting majority foreign ownership in certain sectors. However, in the context of a rapidly evolving global economy and technological advancements, the FBA has become a constraint on innovation and competitiveness.

The proposed amendments seek to encourage foreign investment by relaxing restrictions, especially for startups and high-tech industries, ensuring that Thailand remains an attractive destination for global investors. This should also encourage the improvement and enhance capabilities for competitiveness of Thai business operators. The Ministry of Finance has also emphasized the need to carefully assess various factors during the reform process, including business categories, investment thresholds, and the development stage of each sector within Thailand, to ensure coherence with existing laws and regulatory frameworks.

Looking Ahead

The Cabinet's endorsement of the FBA reform, aimed at transforming the FBA from "**Protective**" to "**Encouraging Competitiveness**", represents a significant step toward modernizing Thailand's business environment. By aligning the FBA with contemporary economic realities and the country's long-term strategic goals, the Thai government aims to foster a more competitive and sustainable economy. Businesses and investors are advised to closely monitor developments while the reform process progresses and prepare for the anticipated legal and regulatory changes.

For further information or legal consultation regarding the FBA, please contact:

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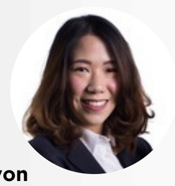

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