

# ASEAN TODAY

## REGIONAL LEGAL & BUSINESS NEWS

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### ASEAN Economic Community News

#### ASEAN Colocation Market Growth

A new report says that with the growing presence of hyper-scale cloud service providers, the high penetration of Internet connectivity, and the focus on cybersecurity and data privacy, the demand for data storage and managed hosting services is expected to grow exponentially across the ASEAN region. The report states that in mature data center markets like Singapore, demand for wholesale colocation from global cloud service providers will drive revenue growth. Emerging data market centers like Malaysia, Indonesia, and Thailand have the potential to experience exponential growth due to the abundant availability of resources and favorable government policies. However, some markets like Vietnam, which have growing data center penetration, lack the necessary connectivity and infrastructure to attract global data center vendors. To capitalize on this potential growth, data center service providers are adopting innovative solutions such as data center modernization and infrastructure management and edge/modular data centers optimizing operational workloads and enhancing service delivery by limiting latency related issues.

#### ASEAN Online Payment Market

Experts in the financial technology sector estimate that online payment market in the ASEAN region could reach as high as US\$1.5 trillion. While payments make up the bulk of online financial services, experts say that this segment is intensely competitive and fragmented as banks, insurers, telecoms, e-commerce firms, and other platforms vie for revenue. Now, lending and insurance are flagged as the next segments for fintech disruption. ASEAN fintech firms using online sales channels for the ASEAN insurance markets are being identified as exceptionally

high-margin businesses. ASEAN fintech firms are offering short-term loans at 2% to 5% a month, significantly higher than regional banks' rates, but with a high risk of bad debt, so risk management is crucial.

#### Chinese Trade Demand Benefits ASEAN

A new report by a global financial services company says that Chinese trade demand has jumpstarted recovery in the Asia Pacific (APAC) region, but that exports alone will not save ASEAN economies. Vietnam, Malaysia, Taiwan, and Indonesia were identified as key beneficiaries of Chinese demand. The report warns that Chinese trade alone will not guarantee economic recovery as regional trade between China and APAC also depends on stable demand from Europe and North America. The report estimates that most of ASEAN will not return to pre-pandemic output until early 2022 with Thailand and the Philippines being the last to recover due to their dependence on travel, tourism, and hospitality.

#### Malaysia News

##### Electric Vehicle Adoption Lag

Malaysia's largest bank reports that Malaysia has fallen behind its ASEAN peers in the public's adoption of electric vehicles, despite initially leading the region in the adoption of green vehicles in the early 2010s. The bank says that the recent roadmap for the future of Malaysia's automotive industry, the National Automotive Policy 2020 (NAP), lacks definition and does not provide specifics on incentives or details on the New National Car Project. The bank says that the NAP has no clear milestones like the ASEAN countries leading in electric vehicle production have and that the largest amount of investment is going to Thailand. In 2018-19, Thailand's Board of Investment approved 26 applications for the electric vehicle sector worth US\$2.6 billion.

#### Cambodia Update

##### Taxpayer Classifications

New criteria on how Cambodia classifies taxpayers have been in effect since January 1, 2021. Under Prakas 009 on the new Reclassification of Taxpayers under the Self-Assessment Regime, taxpayers are assessed on their annual turnover or the value of their assets and then classified as small, medium, or

large under the self-declaration regime. Prakas 009 replaces 2018's Prakas 25 of the same name which abolished the Simplified and Estimated Regimes of Taxation and launched the current Self-Assessment Regime.

## **Vietnam Watch**

### **GDP Growth**

A global credit ratings agency says that Vietnam's GDP is on track to double to 7.5% in 2021 due to its continued success in containing the spread of Covid-19 and attracting foreign direct investment. As companies continue to shift manufacturing from China into Vietnam and ASEAN, FDI is expected to remain strong in 2021 and 2022 and account for 4% of GDP each year. However, Vietnam is also facing multiple challenges including liability risks from state-owned enterprises, structural weaknesses in the banking sector, and vulnerability to shifts in external demand due to its high degree of openness.

### **Foreign Exchange Interventions**

The State Bank of Vietnam (SBV) has cut the frequency of its foreign exchange interventions to allow the Vietnamese Dong to move in accordance with the market. The SBV has reduced the frequency of buying intervention to once a week instead of daily. This is mostly likely in response to being labeled a currency manipulator by the United States. Vietnam has also stopped buying US dollars in the spot market where trades settle within days and has purchased them for delivery in July 2021.

## **Indonesia Bulletin**

### **New Implementing Rules**

Indonesia released 51 implementing rules this month that are part of its 2020 investment law overhaul. The rules cover land management, foreign worker regulations, and a new framework to determine which sectors are open or closed to overseas investors. Additionally, non-resident tax payers are now only liable for a 10% tax rate on earnings from debt securities, previously 20%, to align the country with its double taxation treaties. Palm oil plantations in designated forest areas must now get a state permit within 3 years or face sanctions. Business permits have been simplified and now businesses deemed low-

risk will only need an identity number to operate. Companies no longer have to apply for a new permit when hiring a foreigner holding a valid visa from another company as long as the employee is a director or commissioner or works in vocational training, the digital economy, or the oil and gas industry.

## **Philippines Update**

### **Pharmaceutical Economic Zone**

The Philippines is launching the country's first pharmaceutical special economic zone in Bulacan Province, just north of Manila, to spur medical research, manufacturing, and tourism. The head of the Philippine Economic Zone Authority (PEZA) says that the COVID-19 pandemic has reaffirmed the country's need for investments in health care and pharmaceuticals and export related industries. PEZA also plans to promote and develop more world-class economic zones in every province as an effective strategy to bounce back from the present economic crisis and to prevent it from happening again.

## **Laos News**

### **MSME Update**

A recent survey says that 94% of the Lao PDR's 134,000 registered enterprises are microbusinesses. But according to the survey, even though microbusinesses dominate the business landscape, they represent the smallest percentage in terms of access to finance from banks. The Small and Medium Enterprise Promotion Association of the Lao PDR was also launched this month. The Director General of the Department of Small and Medium Enterprise Promotion says that the new SME association is an important part of the government's development focus and will strengthen the Lao business sector's ability to compete in the marketplace.

## **THAILAND LEGAL REVIEW**

## **Immigration News**

### **Extension of the State of Emergency**

On February 25, 2021 (as per the Announcement in the Government Gazette), the Royal Thai Government approved the extension of the Emergency Decree nationwide until March 31, 2021, as part of

the strengthened measures nationwide to contain local transmission of Covid-19. This latest extension is the tenth since the initial order in March 2020. The Government has ordered the easing of some Covid-19 containment measures as authorities prepare to start a vaccination rollout.

### Revision of categories of foreigners who are eligible to enter Thailand during the COVID-19 situation

All passengers are still required to obtain a Certificate of Entry (COE) from a Thai Embassy or Consulate prior to being able to enter Thailand. The revised categories are:

- Guests of the Government
- Members of diplomatic missions or international organizations or representatives of foreign governmental agencies
- Spouse, father, mother, children of a Thai citizen
- Holder of Certificate of Residence (Permanent Residence) issued by the Royal Thai Police Immigration Bureau
- Holder of a valid Work Permit, including spouse and children
- Carriers of necessary goods, subject to immediate return after completion
- Crew members on a mission
- ED Visa holder – Pupils or students in government or certain private Thai educational institutions.
- Study, training, internship or attending religious activities in Thailand.
- Patients (not COVID-19 patients) who need certain types of medical treatment in Thailand
- Non-Thai nationals who are permitted to enter Thailand under a special arrangement or been granted by the Prime Minister
- Approved Thailand Elite Member
- APEC card holder
- Long Stay Visitor
  - Non-immigrant O-A visa holder (Retirement Visa)
  - Non-immigrant O-X visa holder (Retirement Visa)
- Medium term visitor
  - Tourist -TR visa holder (single entry)

- Business Traveler and investor (Non-immigrant B visa holder)
- Special Tourist Visa (STV holder)
- Approved Film Crew Member
- Former Thai Citizens
- Court appearance
- Transit Passengers
- Religious/Missionary work with work permit
- Volunteers or Non-Governmental organization worker (NGO)
- Approved Participants of Sport Activities/Tournaments
- Visa Exemption Countries/Territories: Andorra, Australia, Austria, Bahrain, Belgium, Brazil, Brunei Darussalam, Canada, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, Iceland, Indonesia, Ireland, Israel, Italy, Japan, Korea, Kuwait, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Maldives, Mauritius, Monaco, Netherlands, New Zealand, Norway, Oman, Peru, Philippines, Poland, Portugal, Qatar, San Marino, Singapore, Slovakia, Slovenia, Spain, South Africa, Sweden, Switzerland, Ukraine, Sweden, UAE, UK, USA, Vietnam.
- Important Note: Passport holders from the countries and territories other than those listed above are required to obtain a visa before entering Thailand. Upon arrival in Thailand, they will be granted permission to stay in Thailand for 45 days. Travelers from the listed countries and territories who visit Thailand with the purpose of tourism are NOT required to obtain a visa, while a specific visa is required for visiting Thailand for other purposes such as a non-immigrant visa “B” for a business meeting.

Important Note: Although the Ministry of Foreign Affairs has revised the categories of foreigners eligible to enter Thailand by adding more categories onto the list, Thai Embassies and Consulates in certain countries reserve the right to not grant visas to foreigners. All visas granted will be at the sole discretion of each Embassy or Consulate subject to the COVID-19 outbreak and any potential health

risk in the country the Thai Embassy or Consulate is located.

**Mandatory requirement of COE and 14-day Alternative State Quarantine (ASQ) for all foreign national passengers**

All types of foreign national passengers are required to obtain a Certificate of Entry (COE) prior to entering Thailand and complete a 14-day ASQ upon arrival in Thailand. While some people may have received the required dosage of a COVID-19 vaccination, they are still required to complete a 14-day ASQ upon arrival in Thailand. Passport vaccination has not yet been announced to be accepted to replace the ASQ in Thailand for the time being

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