

# ASEAN TODAY

## REGIONAL LEGAL & BUSINESS NEWS

February 2022

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### ASEAN Economic Community News

#### ASEAN Economic Performance Lag

Until the beginning of 2020, the ASEAN-6 economies, Indonesia, Thailand, Singapore, Malaysia, Vietnam and the Philippines, had been outperforming most countries in terms of GDP growth and economic output, productivity, and standards of living. However, experts say that due to the shock of the global pandemic, the ASEAN-6 countries are no longer the leaders and are falling behind in their short-term economic performance. Three factors may explain the recent weak performance of the ASEAN-6 countries. First is the different vaccination rate between ASEAN-6 and more advanced economies. The slow rollout of vaccinations in ASEAN allowed the region to be more vulnerable to the more infectious variants and caused harsher lockdowns. Second is the different monetary and fiscal policy space between ASEAN and advanced economies. ASEAN, particularly the middle- and lower-income countries, has less policy space to stimulate the member states' economies during a downturn. Last is the slowdown in China due to its direct and indirect trade and financial links and high multiplying effect that spills over onto both ASEAN and the global economy. Overall, however, experts believe that the downturn in ASEAN- countries will be short-lived.

#### Commercial Vehicle Production

A new report says that overall commercial vehicle volume in ASEAN is expected to reach 1.7 million units by 2030 with a compound annual growth rate (CAGR) of 7.9% between 2020 and 2030. Post pandemic, demand is outpacing supply in the commodities market resulting in higher prices and exports in the region and will be the major drivers for commercial truck demand in the near and long term. Thailand and Indonesia produce

75% of the region's commercial vehicles (CV) and Thailand is also responsible for 60% of the region's light commercial vehicle (LCV) sales. ASEAN has the potential to be a major automotive manufacturing hub that exports vehicles and parts worldwide.

#### ASEAN Digitalization

Digitalization is reshaping business in ASEAN and opening a range of opportunities for its citizens and changing how companies make and offer their propositions and interact with their customers. Asia has the most mobile phone users globally with the highest growth rates in South and Southeast Asian countries. Smartphone penetration also continues to grow across the region. The pandemic also impacted the growth of Southeast Asia's digital economy. 60 million people in the region became online consumers and the Philippines and Malaysia have become the top two countries in e-commerce retail growth, increasing by 25% and 23% per year respectively. Asia now accounts for nearly 60% of the world's online retail sales and Asian-Pacific e-commerce is expected to nearly double and reach US\$2 trillion by 2025. Additionally, experts estimate that the proportion of digital payments in Asia will be at 65% in 2024 making the continent the world's consumption growth engine.

#### Singapore News

##### New Tax Measures

Singapore announced new tax measures for businesses and individuals this month as part of its 2022 budget. The new tax measures include increased taxes for higher income groups and incentives to help businesses and address social inequalities. The top marginal personal income tax (PIT) will be increased for the 2024 year of assessment. The goods and services tax rate (GST) will increase from 7% to 8% on January 1, 2023 and to 9% on January 1, 2024. From 2023 to 2024, the marginal tax rates for non-owner-occupied residential properties and for owner-occupied residential properties will increase. Singapore is also exploring implementing a minimum effective tax rate regime that will impose a 15% tax rate on multinational enterprise groups with annual revenues of at least US\$50 million.

## Indonesia Update

### Cryptocurrency

When it comes to cryptocurrency, Indonesia is ahead of many nations. Cryptocurrency trading is legal in Indonesia and the country currently has no regulations that deal specifically with cryptocurrencies. The Indonesia Financial Services Authority (OJK) does prohibit financial institutions from using or marketing cryptocurrency and bans them from facilitating asset trading. The Commodity Futures Trading Regulatory Agency (BAPPEBTI) has issued a list of legal cryptocurrency assets approved for trading in Indonesia that includes 229 crypto assets that are used for trading on registered exchanges. Indonesia's cryptocurrency user base expanded to 7.4 million users in 2021, an 80% increase on 2020. The government is also deliberating a taxation regime for cryptocurrency. At present, there is only a 0.1% tax on stock trades, but a 0.05% tax on the crypto trade and an income tax for investors of 0.03% is being considered.

## Laos Bulletin

### Economic Zones

Laos's Vientiane Economic Zone Management and Development Committee announced its plans to continue monitoring project rollout and improve facilities in Laos' economic zones in 2022. The committee says it will enforce the Laos' Enterprise Law, cancel contracts with businesses that do not carry out planned developments, and prioritize working with the tax authorities on the collection of tax revenues within the economic zones. The committee also plans to set up One Door investment units in the economic zones. Laos' One-Door Service system provides public services delivery to the general public that include administrative, land management, public security, tourism and cultural, sports, commercial and public works.

## Vietnam Watch

### Future Solar Power Reduction

Vietnam's government announced that its planned solar power capacity for 2031-2045 is too high and should be reduced to make space for wind power. Solar will make up 25% of total power capacity from 2031 to 2045, but the government wants offshore wind

power capacity to be increased. According to state-owned Vietnam Electricity (EVN), as of 2021, Vietnam was among the top 10 countries with the highest solar power capacity at 16,504 MW, accounting for 2.3% worldwide.

## Philippines News

### EU Sanctions Warning

The European Parliament issued a resolution on February 17, 2022, regarding the recent human rights developments in the Philippines that warns of a temporary withdrawal of the country's trade privileges with the European Union (EU). The Philippines is part of GSP+, a special incentive scheme that allows duty-free exportation of 6,200 Philippine goods to the 27 EU member states. The EU was the Philippines' fourth largest trading partner in 2020 with trade between the two countries totaling EU€12.2 billion. The Philippines' top exports to the European Union are electronic products, coconut oil, manufactured goods, tuna, and machinery and transport equipment.

## Cambodia Update

### Free Trade Agreement with Canada

The Cambodian government formally asked Canada to explore the possibility of establishing a bilateral free trade agreement (FTA) with Cambodia as soon as practicable to improve trade flows between the two countries. The government also asked Canada to extend technical assistance under the Canadian Trade and Investment Framework (CTIF) in areas such as small and medium-sized enterprise (SME) capacity building, as well as trade and investment matching events and exhibitions that focus on the two countries. Trade between the two countries has risen significantly with US\$750 million worth of Cambodian goods entering Canada in 2021.

## THAILAND LEGAL REVIEW

### Immigration News

#### Test and Go Update

Travelers can now arrive in Thailand by air, land, and water with the required prepaid accommodation reduced to one night and the COVID-19 tests revised to 1 RT-PCR and 1 self-

ATK. The health insurance coverage has also been reduced to no less than US\$20,000. The following rules will be in effect from March 1, 2022, and will also apply to travelers who have applied for/obtained the Test & Go Thailand Pass or Certificate of Entry with scheduled arrivals from this date.

Points of entry:

- By air (direct international flight or transit domestically via dedicated flights)
- By land (at the border checkpoints in Nong Khai, Udon Thani, and Songkhla)
- By water (yachts)

Eligible travelers / countries:

- For arrivals by air and water: Fully vaccinated Thai citizens and foreign travelers from all countries & territories.
- For arrivals by land: Fully vaccinated Thai citizens and foreign travelers from neighboring countries connecting with the reopened border checkpoints.

## Corporate Law News

### Exemption from Compliance with the Hazardous Substance Act

From February 19, 2022, hazardous substances intended to be used for the purposes of education, testing, analysis, and research and development will be exempted from complying with the Hazardous Substance Act B.E. 2535. The significant points are as follows:

#### (1) Definition

Hazardous Substances under the Notification of Ministry of Industry on the List of Hazardous Substances which is under the responsibility of the Department of Industrial Works under List 5.1, 5.4, and 5.5

#### (2) Purpose

For the benefit of education, testing, analysis, and research and development

#### (3) Quantity of Hazardous Substance to be Produced/Imported/Exported/Possessed

Not exceeding 1 Kilogram or 1 Liter

#### (4) Requirements in order to be exempted under the Hazardous Substance Act B.E. 2535 (as the case may be)

- Advance notification made to the competent official,
- Licensing,
- Registration,

- Complying with the notification of the Responsible Minister issued under Section 20 (1) (1/1) (2) and (3) of the Hazardous Substance Act B.E. 2535 exempting compliance with the Notification of the Ministry of Industry on Hazard Classification and Communication System of Hazardous Substances, or
- Complying with the notification of the Department of Industrial Works on the declaration of the producer, importer, exporter or possessor of hazardous substances under the responsibility of the Department of Industrial Works (WoAo/AoKo 6)

However, any person who wishes to be exempted from such requirements mentioned in Clause (4) above shall first provide proof using Form WoAo/AoKo 31 via the electronic system of the Department of Industrial Works. If proceeding via the electronic system is not possible, appearing in person at the Department of Industrial Works will be required instead. After receiving the signature of the competent official, it can be used as evidence for the exemption of production, import, export, or possession of Hazardous Substances. Such evidence can only be used for a maximum of 6 months from the signing date and can only be used a single time.

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