

## Appendix 1: Key Indicators Table

	2009	2010	2010				2011	
	Year	Year	Q1	Q2	Q3	Q4	Jan	Feb
<b>Output, Employment and Prices</b>								
GDP (% change, previous year)	-2.3	7.8	12.0	9.2	6.6	3.8	..	..
Industrial production index (2000=100)	166.1	190.0	191.8	186.4	191.8	190.0	186.9	176.9
<i>(% change, previous year)</i>	<i>-7.2</i>	<i>14.4</i>	<i>31.2</i>	<i>17.6</i>	<i>9.8</i>	<i>2.6</i>	<i>4.1</i>	<i>-3.4</i>
Unemployment rate (%)	1.5	1.0	1.1	1.3	0.9	0.8	..	..
Real wage growth (%) 1/	-1.6	6.2	-0.6	2.8	4.1	6.2	..	..
Consumer price index (% change, previous year)	-0.8	3.3	3.7	3.2	3.3	2.9	3.0	2.9
<b>Public Sector</b>								
Government balance (% GDP) 2/	-3.0	-2.1	-7.8	5.7	1.3	-7.2	..	..
Public sector debt (% GDP, end-period) 3/	43.6	42.4	43.9	43.4	42.6	42.4	39.3	..
<b>Foreign Trade, BOP and External Debt</b>								
Trade balance (USD billion)	19.4	14.0	2.0	4.6	3.3	4.1	-0.6	2.0
Exports of goods (fob, USD billion)	150.7	193.7	43.9	48.1	49.7	51.8	16.5	18.4
<i>(% change, previous year)</i>	<i>-14.0</i>	<i>28.5</i>	<i>32.0</i>	<i>41.8</i>	<i>22.2</i>	<i>21.1</i>	<i>21.4</i>	<i>29.1</i>
Key exports: Machinery & mach. appliances (% chg in USD)	-15.2	27.0	57.5	27.2	21.4	11.0	-6.2	5.0
Imports of goods (cif, USD billion)	131.4	179.6	41.9	43.5	46.4	47.8	17.1	16.4
<i>(% change, previous year)</i>	<i>-25.2</i>	<i>36.8</i>	<i>63.9</i>	<i>44.9</i>	<i>30.7</i>	<i>18.8</i>	<i>26.7</i>	<i>33.4</i>
Current account balance (USD billion)	21.9	14.8	5.5	1.7	2.0	5.5	1.1	3.8
<i>(% GDP)</i>	<i>8.3</i>	<i>4.6</i>	<i>7.1</i>	<i>2.2</i>	<i>2.6</i>	<i>6.4</i>	<i>..</i>	<i>..</i>
Foreign direct investment, net (USD billion) 4/	4.5	4.4	1.5	0.9	1.5	0.5	-0.7	0.5
Total external debt (USD billion) 5/	75.3	96.9	79.1	81.1	90.1	96.9	..	..
<i>(% GDP)</i>	<i>28.6</i>	<i>30.4</i>	<i>25.4</i>	<i>26.6</i>	<i>28.6</i>	<i>28.1</i>	<i>..</i>	<i>..</i>
Short-term external debt (USD billion) 5/	33.1	46.7	35.7	37.2	42.1	46.7	..	..
Debt service ratio (% exports of goods and services) 6/	7.6	4.6	5.7	4.9	4.6	3.5	..	..
Reserves, including gold (USD million)	138.4	172.1	144.1	146.8	163.2	172.1	174.0	179.5
<i>(months of imports of goods)</i>	<i>10.7</i>	<i>10.0</i>	<i>9.0</i>	<i>8.7</i>	<i>9.2</i>	<i>9.3</i>	<i>..</i>	<i>..</i>

	2009	2010	2010				2011	
	Year	Year	Q1	Q2	Q3	Q4	Jan	Feb
<b>Financial Markets</b>								
Domestic credit (% change, previous year) 6/	3.1	12.6	6.0	8.5	10.8	12.6	14.5	15.0
Short-term interest rate (average period) 7/	1.35	1.50	1.25	1.25	1.67	1.83	2.25	2.25
Exchange rate (average period)	34.3	31.7	32.9	32.4	31.6	30.0	30.5	0.0
Real effective exchange rate (2000=100, + = appn) 8/ (% change, previous year)	108.8 -3.6	114.4 5.2	111.1 1.6	115.0 4.9	115.0 6.1	116.8 8.3	114.8 1.3	113.5 -0.4
Stock market index (SET), end of period	735	1,033	788	797	975	1,033	964	988
<b>Memo Items:</b>								
Nominal GDP (Billion USD)	263.4	318.6	77.8	76.3	78.7	86.1	..	..
Nominal GDP (Billion Baht)	9,041.6	10,103.0	2,560.1	2,471.4	2,490.0	2,581.4	..	..
Real per capita GNI (constant 2000 USD)	2,898.8	3,255.3	..	..	..	..	..	..

1/ Average wage of employed person from Labour Force Survey, National Statistical Office deflated by CPI inflation

2/ Cash balance of central government.

3/ Includes domestic central government (CG) debt, domestic debt of non-financial state enterprise and Financial institutions Development fund (FIDF) debt.

4/ Non-Bank FDI

5/ Source: Bank of Thailand

6/ IFS definition (net credit to the nonfinancial public sector, credit to the private sector, and other accounts).

7/ BoT Policy Rate (end of day liquidity adjustment window, average of borrowing and lending facilities).

8/ Source: Bank for International Settlements

## Appendix 2: Monitoring Matrices for Structural Reform Implementation

1. Poverty Reduction
2. Financial and Corporate Sector Reforms
3. Reforms to Improve Business and Investment Environment and Trade Regime
4. Public Sector and Governance Reform
5. Social Protection

## 1. Poverty Reduction

	Objective	Reform Measures Taken
A.	Improve quality of life for the poor by enhancing self-reliance and creating opportunities in the local economy	<p><i>Measures taken over last 6 months and significance</i></p> <ul style="list-style-type: none"> <li>• <b>The Cabinet, on February 22nd, 2011, approved the budget to relieve the farmer’s land problem.</b> Proposed by the Prime Minister’s Office, the amount of 168 million baht was approved to the Pilot Program for Relieving the Farmer’s Land Problem conducted under the Land Bank Fund Project. Since land problems are under cross-governed by different ministries (Ministry of Interior, Ministry of Agriculture and Cooperatives, etc), a public organization, entitled the Institute for Land Bank Management, will be established to be focal point of this land issue.</li> <li>• <b>The Cabinet, on January 9th, 2009, announced policy packages to tackle with structural socio-economic and income disparity called “Pracha Wiwat”.</b> The Cabinet approved a 9.1 billion baht for the allocation to a government programs presented by named “Pracha Wiwat” or “People’s Agenda”. The scheme aims expansion the coverage of social security and its justice to low income people mainly living in urban area. Those benefits include loans for taxi drivers, motorcycle taxi drivers, and street vendors, LPG subsidies, free electricity for households, controlling food prices, especially chicken eggs, etc.</li> <li>• <b>Corporate Tax relief for flood victims.</b> All donations or compensation from the government will not be taxed as long as it does not exceed property damage values. Payouts from insurance companies will also enjoy partial tax breaks. Firms with VAT, stamp duty, specific business tax or withholding tax due in October to November were also allowed to delay their payments until December 2010.</li> </ul>

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## 2. Financial and Corporate Sectors Reforms

	Objective	Reform Measures Taken
A.	Enable sharing of credit information among financial institutions	<p><i>Measure taken over last 6 months and significance</i></p> <ul style="list-style-type: none"> <li>• <b>A national credit-scoring system was launched.</b> The National Credit Bureau (NCB) launched the Consumer and Commercial Credit Scoring in 2011. Currently both individual and corporate customers are able to request their confidential credit reports from additional channels, including ATM machines.</li> </ul> <p><i>Measure to be taken, but delayed</i></p> <ul style="list-style-type: none"> <li>• <b>The Government's plan for the submission of credit information by insurance firms will be reconsidered again when the time is appropriate.</b> The decision on the requirement of insurance companies to report information of customers to the NCB has not yet been finalized.</li> </ul>
B.	Formulate and implement a medium-term strategy for Thai financial sector	<p><i>Measure taken over last 6 months and significance</i></p> <ul style="list-style-type: none"> <li>• <b>The Stock Exchange of Thailand (SET) strengthened its position in Indo-China market.</b> The SET signed a memorandum of understanding (MOU) in October 2010 with the Lao Securities Exchanges (LSX) to strengthen capital markets in Indo-China region; extending the first 2-year MOU signed on July 7, 2008. Under the new MOU, the SET will train LSX personnel and hold Certified Modern Investment Professional courses for securities professionals.</li> <li>• <b>Thai bourse able to offer broad range of products and services.</b> The SET renewed its agreement for NASDAQ OMX Group to provide continued support for the integrated trading and clearing platform, TFEX, for another 5 years. The NASDAQ OMX will support TFEX in providing night trading sessions and provide a wider variety of commodity-based products and services to investors.</li> </ul>
C.	Transition from the current blanket government guarantee on deposits to a limited deposit insurance	<p><i>Measure to be taken, but delayed</i></p> <ul style="list-style-type: none"> <li>• <b>Blanket guarantee on customer deposit is extended until August 2011.</b> Deposit protection will be limited to THB 50 million per person per financial institution on 11 August 2011 and will be further reduced to THB 1 million on 11 August 2012.</li> </ul>
D.	Remove legal impediments and provide a favorable enabling environment.	<p><i>Measure taken over last 6 months and significance</i></p> <ul style="list-style-type: none"> <li>• <b>Authorities allowed the use of foreign currency as derivative collateral.</b> The Capital Market Supervisory Board and the Bank of Thailand gave permission to the Thai Clearing House Co. Ltd. (TCH) to receive USD and Euro as collateral for derivatives traded on the TFEX. This measure allows foreign investors to manage collateral more effectively and increase trading flexibility.</li> <li>• <b>Four ASEAN Exchanges completed technology design study for the ASEAN trading link.</b> Four ASEAN Exchanges, namely Bursa Malaysia (BM), The Philippine Stock Exchange, Inc. (PSE), Singapore Exchange (SGX) and the SET completed the design study of the technology framework for the ASEAN Trading Link. The trading link aims to electronically interconnect participating markets and facilitate seamless cross border order trading.</li> <li>• <b>The SEC streamlined regulations on the undertaking of reverse repurchase agreements ("reverse repo") by mutual and private funds.</b> This in turn enables the funds to seek additional returns from transactions and to further</li> </ul>

	Objective	Reform Measures Taken
		<p>support the policies of the Bank of Thailand and the Thai Bond Market Association in increasing liquidity of the Thai bond market.</p> <ul style="list-style-type: none"> <li>• <b>Bilateral cooperation with Japan.</b> The Market for Alternative Investment (MAI) signed a Memorandum of Understanding (MOU) with TOKYO AIM Inc. to explore opportunities for closer cooperation in helping growth companies access capital markets more effectively.</li> <li>• <b>Regulations on insurance business are principally approved.</b> The cabinet approved in principle the draft regulation on Life and Non-Life Insurance requiring the identification of shareholder structures, fund management and fund resolutions.</li> <li>• <b>Establishment of an additional microfinance institution, Post Bank.</b> The cabinet agreed in principle to the establishment plan of the Post Bank to perform the microfinance business for the underserved population, those who are denied access to other financial sources. Post Bank, to be set up under the state-run Thailand Post Company, will begin start with 10 pilot branches and have an initial registered capital of THB 50 million.</li> </ul> <p><i>Measure to be taken in the next 6-12 months</i></p> <ul style="list-style-type: none"> <li>• <b>Assessment of investors' risk profiles.</b> Starting in mid 2011, the SEC has obligated asset management companies and their selling agents to assess the investor's risk profile before allowing investments in any mutual funds; exempting local money market funds categorized as low risk. This ensures that investors are aware of their risk tolerance and are able to make well informed investment decisions suitable to their risk profile.</li> </ul>
E.	Development the domestic financial markets, including bond, capital, and money markets	<p><i>Measures taken over last 6 months and significance</i></p> <ul style="list-style-type: none"> <li>• <b>Creation of the Steel Sector listing under Industrials Group.</b> The SET has created the steel sector under the Industrials Industry Group to promote the importance of listed companies in the steel business and allow for improved data comparison by investors. 27 listed companies were reorganized under the new Steel sector comprising of 16 from the Industrial sector and 11 from the Construction sector.</li> <li>• <b>Expanded the role of foreign securities companies.</b> The SEC allowed foreign securities companies to provide investment advice on both Thai and foreign financial products, including those to Thai institutional investors. In the past, foreign securities companies were only allowed to provide advice on foreign financial products to Thai institutional investors under the condition that such advice was for overseas investment.</li> <li>• <b>More choice for clients' money under custody.</b> In addition to the existing deposits with commercial banks or derivative clearing houses, the SEC has allowed securities companies and derivative agents to place deposited money by clients in financial instruments with low or no risks and high liquidity. Such instruments include debt securities whose principle and interest are fully guaranteed by the Finance Ministry, the Bank of Thailand bonds, promissory notes and bills of exchange issued by commercial banks and investment units of money market funds investing exclusively in the domestic market.</li> <li>• <b>Fit and proper test for capital market personnel.</b> The SEC revised regulations on prohibited characteristics of capital market personnel to be more in line with those imposed on directors and executives of securities issuers and listed companies.</li> <li>• <b>More products launched in SET and TFEX to support the Capital Market Development Master Plan.</b> (1) TFEX launched bond futures worth THB 1 million per contract with 5-year government bonds as their underlying asset.</li> </ul>

	Objective	Reform Measures Taken
		<p>TFEX in cooperation with the Thai Bond Market Association will exchange information on trading regulations and distribute information such as indicative yields to investors. (2) TFEX launched two more short-term interest rate futures, 3-month BIBOR Futures and 6-month THBFIX Futures, in addition to the existing 5-year Government Bond Futures. Both new futures worth THB 10 million per contract will require a cash settlement. (3) SET allowed securities in the SET 100 Index to be sold short, whereas the securities in the SET 50 Index, ETF units and ETF-linked funds remain available for short-selling activities. This measure provides risk management tools for investors.</p> <ul style="list-style-type: none"> <li>• <b>Under the Capital Market Development Master Plan, more products and services in the pipe line.</b> (1) the Cabinet has approved the inclusion of silver and platinum on the SEC list of 14 approved goods and variables under the Derivative Act of 2003, (2) the SEC Board approved in principle the establishment of a carbon credit fund to support the development of projects for reduction of greenhouse gas emission by clean development mechanism (CDM), (3) TFEX will begin trading silver futures in June 2011, (4) Starting in June 2011, TFEX plans to extend trading hours for gold and silver future until 22.30 hours, (5) the SEC Board approved the listing of foreign passive-ETFs on the SET. To be eligible for the SET listing, the ETFs must have non-complicated features and investment policies must track commonly accepted securities indices (or price indices) such as those whose underlain by a basket of securities, crude oil, gold or commodities, (6) the SEC Board approved in principle the establishment of infrastructure funds. These funds will be divided into several tranches to serve different risk appetites. (7) the SEC Board has approved in principle the establishment of real estate investment trust (REITs) as an alternative investment channel in the real estate market, and (8) the SEC Board has approved in principle, a revision to the regulations governing issuance and sale offerings of debt securities under securitization projects. The amendment allowed foreign governments to be the originator of both Thai baht- and foreign currency-denominated bonds issued under securitization projects, and allowing such issues to be rated by international credit rating agencies.</li> </ul>
F.	Government effort to promote transparency and good corporate governance	<p><i>Measures taken over last 6 months and significance</i></p> <ul style="list-style-type: none"> <li>• <b>Thai bourse encourages corporate governance of the listed firms.</b> The SET implemented guidelines for the disclosure of information with a systemic and consistent follow up system. In the case of abnormal events, the SET will coordinate its investigation with the SEC, with clear guidelines on the enforcement of regulations.</li> <li>• <b>Regulation on public offering to rely more on information disclosure.</b> The SEC imposed revised rules governing the approval of share issuance for public offerings on January 1, 2011. The amendment included (1) adequate and reliable disclosure of relevant information, (2) professional roles and responsibilities of intermediaries, and (3) promotion of investors' roles in perusing disclosed information before making investment decisions.</li> </ul> <p><i>Measures to be taken in the next 6-12 months</i></p> <ul style="list-style-type: none"> <li>• <b>Listed firms will implement the International Financial Reporting Standards (IFRS) in phase.</b> SET 50 companies, those with the largest capitalization in the SET, will start applying IFRS international accounting standards in financial reports for the first-quarter of 2011; followed by SET 100 companies in 2013. By 2015, IFRS will be a mandatory requirement for all companies listed on the SET and the MAI.</li> <li>• <b>The securities companies and derivative brokers will implement the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS).</b> The Accounting Standards-Setting</li> </ul>

	<b>Objective</b>	<b>Reform Measures Taken</b>
		<p>Committee is in the process of revising current Thai accounting standards and laying out new accounting and financial reporting standards in line with the International Financial Report Standards (IFRS) and the International Accounting Standards (IAS). The revised and newly issued standards, which will affect bookkeeping systems of securities business operators in different degrees, are expected to become effective one after another from the year 2011 onwards.</p>

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### 3. Reforms to Improve Business and Investment Environment and Trade Regime

	Objective	Reform Measures Taken
A.	Improve competitiveness of business sector	<p><i>Measures taken over last 6 months and significance</i></p> <ul style="list-style-type: none"> <li>• <b>Implementation of national Single Point e-starting business service.</b> In October 2010, the Department of Business Development under the Ministry of Commerce implemented the national single point e-starting business service. The service reduces average processing time for business registration from four days to 90 minutes. Waiting time for business owners has also been reduced from 32 days to seven days and four hours. The service aims to reduce waiting times further in 2011 to two days.</li> <li>• <b>Draft MOU for the construction of a high speed route from Bangkok to Nong Khai province approved.</b> The high speed rail link will connect Thailand to Beijing via Vientiane, Lao PDR by 2015. The move comes in anticipation of the AEC which should help reduce goods transportation costs and increase regional tourism. An extension of the line has also been proposed to continue the line south into Malaysia and Singapore.</li> <li>• <b>Establishment of Creative Economy Fund.</b> The fund, financed by a consortium of EXIM, GSB, SME Bank, Islamic Bank, and the Small Business Credit Guarantee Corp, was established in November 2010 in private public partnership to promote innovation, craftsmanship, and design within the economy. The fund will invest mainly in companies that rely on intellectual property assets in their business operations, production, and services over a seven year term.</li> <li>• <b>Eight clusters for Tourism Development (2012-2014).</b> A fund of 6.65 billion baht will be spent on the rehabilitation of eight regional cluster groups across the country through infrastructure development, personnel training, and preservation of natural and historical sites.</li> <li>• <b>Thailand-US Creative Partnership.</b> The partnership will promote public and private collaborations in seven sectors encompassing: information technology, design, arts and animation/audio-visual, clean energy and green technology, health, food and agro-technology, and financial sectors. The partnership hopes to promote business opportunities through joint ventures, commercialization and marketing of Thai products in US markets, and capacity building of human resources in creative industries.</li> <li>• <b>The Board of Investment introduced additional measures to further promote domestic investment.</b> (i) those affected by the floods will be granted an import duty exemption for machinery until December 2011, (ii) Five to eight years of corporate tax exemption for those who invest in diversified healthcare services including rehabilitation, specialized medical services (Heart, Cancer, and Allergy Centers), and medical technologies (iii) Alleviating the impact of the strong baht with corporate tax exemptions for up to 70% of investment value on machinery replacement investments, (iv) Incentives for SMEs by raising the investment ceiling per application from 20 to 80 million Thai Baht.</li> <li>• <b>Tax incentives for MNCs setting up International Procurement Centers (IPCs) in Thailand.</b> As part of the effort to promote the operation on regional headquarters in Thailand, eligible companies would be entitled to a 15 percent corporate income tax rate for five accounting periods for income from selling Thai products to their production facilities abroad. The movement towards a regionally competitive corporate tax rate was welcomed by the ASEAN business community.</li> </ul>

	Objective	Reform Measures Taken
		<ul style="list-style-type: none"> <li>• <b>BOI increases allowance of unskilled foreign workers.</b> The policy addresses short term labor shortages in the manufacturing sectors by allowing firms to source foreign employees up to 15% of their total workforce.</li> <li>• <b>Tax waiver for Carbon credit-related income.</b> In a move to promote clean energy usage and reduce overall greenhouse gas emissions, a carbon credit tax waiver will be effective for three years from the day that the green projects win endorsement from the Clean Development Mechanism Executive Board; or when the Thailand Greenhouse Gas Management Organization (TGO) issues the voluntary emission reductions certificate to project operators.</li> <li>• <b>Promotion of Foreign Film Production in Thailand.</b> In coordination with the Department of Tourism, filming fees for limited locations throughout Thailand will be exempted until December 2011 by the Thai Revenue department.</li> </ul>
B.	Reform of legal and judicial regime	<p><i>Measure taken over last 6 months and significance</i></p> <ul style="list-style-type: none"> <li>• <b>Charter Amendment passes on Section 190.</b> The non-amended version of Section 190 required broad parliamentary approval for all international agreements encompassing territory, trade, investments and economic interests. The amended version, passed in February 2011, will require an organic law to specify the types of agreements which need parliamentary approval. This will potentially allow for more flexible free trade negotiations.</li> <li>• <b>Revision of Foreign ownership rules in Logistic Services sector.</b> A new draft law on logistics services business intends to apply both ownership as well as management structure restrictions in preparation for ASEAN economic community (AEC) in 2015. Thailand raised its 49 percent ceiling on foreign ownership of logistic services to 51 percent in January 2011; in line with the AEC goal to increase foreign ownership ceiling to 100 percent by 2015. The implementation of the revision will allow for greater potential for FDI, technology transfer, and greater competition from foreign companies into the sector.</li> </ul>
C.	Improve the skills and quality of labor	<p><i>Measure taken over last 6 months and significance</i></p> <ul style="list-style-type: none"> <li>• <b>Announcement of ‘One Province, One University’ project.</b> With the establishment of at least one university in each province, the government hopes to provide easier access to higher learning, create a local academic environment with community links, and develop academic services for provincial development.</li> <li>• <b>Establishment of Sub-district learning centers.</b> The centers aim to promote non-formal education to improve the quality of life among grassroot communities with greater access to internet services and learning activities for community development.</li> <li>• <b>Establishment of Creative Academies through local universities.</b> Seven universities throughout the country were selected to provide training programs in ten fields of the creative economy including: performing arts, traditional medicine, cultural tourism, visual arts, handicrafts, architecture, agro industry, and IT software development. The initial list of universities include Mahidol, Rangsit, Silapakorn, Chiang Mai, Thammasart, Kasetsart, Bangkok, and Sripatum universities.</li> </ul>

	Objective	Reform Measures Taken
D.	Reduce tariff to improve Thailand's competitiveness	<p><i>Measure taken over last 6 months and significance</i></p> <ul style="list-style-type: none"> <li>• <b>Establishment of Special Economic Zone in Mae Sot and Tak provinces.</b> Cross-border trade between Thailand's Mae Sot and Myanmar's Myawaddy has revived significantly following Myanmar's relaxation of border control measures lifted in January 2011 following the closure of the border in August 2010. The move comes in an effort to improve cross border trade and development of the East-West economic corridor. Investors in the economic zone would benefit from incentives provided by the Industry Estate Authority of Thailand, Customs Department and the Board of Investment. The economic zone is designed as tax-free and the use of foreign workers will be allowed.</li> <li>• <b>Reduction of import tariffs on Eco cars and components.</b> Beginning January 2012, import tariffs on dual-fuel vehicles with a cylinder capacity below 3,000 cc will be reduced from 80 to 60 percent. The regulation extends to parts and components of these vehicles which may also be imported duty free.</li> <li>• <b>Rules for re-export production relaxed.</b> In an effort to balance capital inflows, the MOF revised regulations to allow Thai exporters to make payments of local purchases for re-export production in US dollar.</li> </ul>
E.	Promote Thai exports to new markets	<p><i>Measure taken over last 6 months and significance</i></p> <ul style="list-style-type: none"> <li>• <b>Free Trade Agreements.</b> (i) Negotiations between Thailand and Japan on the Japan-Thailand Economic Partnership Agreement (JTEPA) will be postponed following the aftermath of the Japanese quake. The focus of the pending partnership was set to discuss of tariff reductions for Thai agricultural goods and Japanese industrial goods. A new date will be set for later this year. (ii) Trade liberalization of over 5,000 goods among the seven members of BIMSTEC (Thailand, India, Myanmar, Bangladesh, Sri Lanka, Nepal and Bhutan) is expected to come into effect in mid 2012. (iii) Thailand is seeking adjustment to the Thai-Australia FTA to relax trade barriers on Thai agricultural products and ease the process for Thai employment in Australia. (iv) The Thai-India FTA is set to conclude in 2011 which will not only spur trade in goods but also services and investment. The pact will focus on expanding the current Early Harvest Scheme launched in 2004 from 82 product lines to 5,244 product lines. The FTA is expected to reduce or eliminate tariffs on about 90 percent of goods traded between both countries. Thailand has been especially interested in expanding its construction services to India given the Indian government's recent commitments to public infrastructure. (v) The Thai-EU FTA talks were reinitiated in November 2010 after talks stalled due to Thailand's opposition to the inclusion of alcohol in the agreement. The EU has recently moved its position in favor of regional FTA with ASEAN to ensure fairness among all partner countries. Thailand however remains keen on a bilateral agreement encompassing liberalization of goods, services, and investment. (vi) The Thai-Peru FTA became effective in November 2010. The Thai-Peru FTA is set to be signed in November 2010 liberalizing 70% of goods trade between both countries. The FTA serves as a launch pad for Thailand's access to the Latin American market.</li> <li>• <b>Memorandum of Understanding signed between Thailand and Chile.</b> The signing of the MOU committed each country to exchange information and enhance cooperation between the private sectors.</li> <li>• <b>Thailand Distribution center for Thai food and products established in Bahrain.</b> The establishment of the distribution center will focus on food products and hopes increase trade between Thailand and the Middle East.</li> </ul>

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#### 4. Public Sector and Governance Reform<sup>1</sup>

	Objective	Reform Measures Taken
A.	Improving public service quality by streamlining and redesigning work processes and procedures	<p><i>Measure taken over last 6 months and significance</i></p> <p><b>None</b></p>
B.	Changing roles, responsibilities, and rightsizing the government bureaucracy by restructuring public administration and improving intergovernmental relations at all levels	<p><i>Measures taken over last 6 months and significance</i></p> <ul style="list-style-type: none"> <li>• <b>Royal Decree on Civil Service Union proposed by OCSC was approved in principle on rules, procedure and requirements to form the union by the cabinet in March 28, 2011.</b> The key content of the draft Royal Decree includes six classifications of constituent make-up and its role as a union, application and registration requirements, OCSC's authority as a regulator and a set up of appeal system. The Royal Decree is referred to the Constitution 2007, section 64 prescribing that government and state officials will be provided with the opportunity to unite and form and association, that could be in forms of Union, League, Co-operative, a Farmer's group, Private organization, a non-governmental organization or any other group equivalent to other non-state employees. The draft Royal Decree will be submitted to State Council for their opinions on the details proposal. Office of the Secretariat to the Cabinet will be providing opinion on the appropriated timing to make the Royal Decree effective.</li> </ul>
C.	Enhancing capacity and performance of public sector to efficiently and effectively perform their functions by reforming financial and budgetary system, reviewing system of human resource management and compensation, developing a new mindset, work culture and value, and modernizing government operation.	<p><i>Measures taken over last 6 months and significance</i></p> <ul style="list-style-type: none"> <li>• <b>On February 22, 2011, cabinet approved on State Railways of Thailand's request on 800 million baht loan extension for one year.</b> The Ministry of Finance will act as SRT's guarantor under the loan agreement as recommended by the Ministry of Transportation (MOT). In turns, MOT will proceed following to MOF's recommendations on SRT's organization re-structure as well as to increase SRT's operating revenues from commercial transportation, rail freight and improved asset management. In particular, the Bureau of the Budget and the Office of the National Economic and Social Development Board suggested that SRT utilizes land for commercial purposes more efficiently and control and reduce operating costs as stated in investment plan in infrastructure 2010-2014.</li> </ul> <p><i>Measures to be taken in the next 6-12 months</i></p> <ul style="list-style-type: none"> <li>• <b>The Draft of Public Financial Act is approved by the Cabinet on October 13, 2009 and is in the process of the Council of State consideration before presenting to the Parliament for approval.</b> The 2007 Constitution mandated the government to develop a new Public Financial Act. The Act aims at imposing fiscal discipline on the while public sector including the medium term fiscal financial plan preparation, revenue collection, budget</li> </ul>

<sup>1</sup> The objectives detailed in this matrix are consistent with the Government's Public Sector Development Strategy (2003-2007) and the more recent Public Affairs Management Plan.

	Objective	Reform Measures Taken
		preparation process, cash and asset management, and making the fiscal report publicly available.
D.	Improving governance in public sector through participation, accountability, and transparency	<p><i>Measures taken over the last 6 months and their significance</i></p> <ul style="list-style-type: none"> <li>• <b>The draft amendments of three organic laws related to the electoral system as proposed by Election Commission (EC) approved by Parliament in April 7, 2011.</b> The three draft amendments comprises of; (i) Organic law on the election of members of the House of Representatives and senators ; (ii) Organic law on the election commission; and (iii) Organic law on the political parties. The key change to the electoral system is to propose the single-seat constituency, known as one-man, one-vote system, and the propose of 375 constituency-based Member of Parliaments (MPs) and 125 party-list MPs. The draft three laws were passed the first reading (approval in principle) by the Parliament in March 23, 2011. The second and third readings which scrutinizing and discussing in details of proposal are approved together with the majority of parliamentary votes in April 7, 2011, prompting the government for the new general election in may 2011.</li> <li>• <b>The Prime Minister and pilot government agencies signed an agreement on anti-corruption to public procurement in March 18, 2011.</b> OPDC has implemented pilot project of integrity pack to prevent government procurement corruption, referred to cabinet resolution in October 12, 2010. The beginning stage is to have memorandum of understanding signed between PM and head of each pilot agencies, comprising of 18 government agencies and 1 state owned enterprise with total 20 candidate projects amounts to Bt 2.7 billion. Lesson learns from pilot project would be enlarged to the stage of full deployment of scheme i.e. information disclosure, public scrutiny, punishment mechanism.</li> </ul>

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## 5. Social Protection

	Objective	Reform Measures Taken
A.	Develop social insurance mechanisms for the elderly and those affected by unemployment, work-related injuries or other shocks to income.	<p><i>Measures to be taken in the last 6 months and their significance</i></p> <ul style="list-style-type: none"> <li>• <b>The Cabinet, on February 15<sup>th</sup>, 2011, acknowledged the Report on Implementation of the Government Policies to Ensure Income Security for the Elderly.</b> Submitted by the Cabinet Resolution Coordination and Mobilization Committee, the report brings attentions on providing allowance to the elderly who are living below subsistence level.</li> <li>• <b>The Cabinet, on January 18th, 2011, agreed in principles on Draft Degree to establish rules and contribution scheme expanding the social security to informal workers.</b> Proposed by the Ministry of Labour, around 24 million of informal workers are non-covered by social security right, the draft degree has specified rules, contribution schemes, benefit types for informal workers who voluntarily apply for the social security rights.</li> </ul>
B.	Establish a safe work environment through standards and enforcement and increase labor market efficiency by facilitating job matches and placement.	<p><i>Measures taken in the last 6 months and their significance</i></p> <ul style="list-style-type: none"> <li>• <b>The Cabinet, on February 22<sup>nd</sup>, 2011, has endorsed the draft Royal Decree on the Establishment of Professional Qualification Institute (Public Organization)</b> The Professional Qualification Institute (PQI) aims establishing standard of professional qualification in labor market. The draft was previously reviewed by the Office of the Council of State before the Cabinet to retain all provisions pertaining to the Professional Qualification Institute Management Committee and instruct relevant agencies to proceed with further actions.</li> <li>• <b>The Cabinet, on December 14<sup>th</sup>, 2010, approved an increase of the minimum wages for the year 2011,</b> Proposed by the Ministry of Labour, the cabinet approved the announcement of the Minimum Wage Committee to raise the minimum wage in 2011 ranged from the maximum of 221 Baht per day in Phuket to the minimum of 159 baht per day in Payao province.</li> </ul>
C.	Provide effective poverty alleviation and social assistance programs for those with limited or no other means of support	<p><i>Measures taken in the last 6 months and their significance</i></p> <ul style="list-style-type: none"> <li>• <b>The Cabinet, on January 22nd, 2011, approved the extension of government's subsidies to relieve the cost of living.</b> Proposed by the Ministry of Finance, the Cabinet agreed to extend the government's subsidy measures for relieving the cost of living until June 30th, 2011. Those subsidies are 1) Free electricity for households usage with no more than 90 units per month, 2) Free 800 public buses covering 73 routes un Bangkok and peripheral areas, and 3) Free 164 third-class trains and 8 long-distance commercial trains.</li> <li>• <b>The Cabinet, on January 18th, 2011, approved for the measurements to help farmers who are customers of the Bank for Agriculture and Agricultural Cooperatives.</b> Proposed by the Bank of Agriculture and Agricultural Cooperatives, The Cabinet agreed in principles for assisting measures to approve the budget to compensate the loan interest that the farmers unable to pay to the bank. The budget will also allocated and proceeded by the Cooperatives Promotion Department</li> </ul>

	Objective	Reform Measures Taken
		<ul style="list-style-type: none"><li>• <b>The Cabinet, on December 14th, 2010, approved the budget for farmers who experiencing drought.</b> The Cabinet assigned the Budget Bureau to allocate the budget of 924 million baht to the Bank of Agriculture and Agricultural Cooperatives as the direct funding distributor to farmers affected by drought.</li></ul>

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