

Legal Update: Proposed Amendments to the Foreign Business Act regarding the Enhancing Competitiveness and Reducing Barriers in Thailand

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On 23rd April 2025, the Cabinet approved in principle the proposal by the Law Reform Commission, Office of the Council of State, to amend the [Foreign Business Act B.E. 2542 \(1999\)](#) (“FBA”). The amendment initiative is based on the recognition that the FBA, which has been in force for more than 25 years, no longer reflects current business and investment conditions in Thailand. The proposed amendments are intended to ease regulatory barriers for the private sector, shift the policy focus from a traditionally protectionist foreign investment regime toward strengthening national competitiveness, and support the growth of startups and emerging industries. As a result, the amendments are expected to further enhance the capabilities and international competitiveness of Thai enterprises. The Ministry of Commerce, as the responsible authority, has been tasked with obtaining input from relevant agencies in order to advance the amendment process.



1. Overview of the FBA B.E. 2542

The FBA was enacted to replace Revolutionary Council Announcement No. 281 (1972). Its primary purpose is to regulate the scope and conditions under which foreigners may conduct business in Thailand, striking a balance between protecting domestic enterprises and promoting foreign investment. The FBA is administered by the Ministry of Commerce through the **Department of Business Development (“DBD”)**.

Pursuant to the FBA, certain businesses deemed significant to national interests are classified into three categories annexed to the FBA. Foreign participation in such businesses is either strictly prohibited or subject to prior approval, depending on the category, from either the Ministry of Commerce or the Director-General of the DBD, as applicable.

Category	Description	Examples	Requirement
List One	Businesses strictly prohibited for foreigners due to special national considerations	<ul style="list-style-type: none"> Press, radio, or television broadcasting Fisheries in Thailand’s territorial waters or EEZ Rice, crop, or livestock farming Land trading 	Foreign participation prohibited
List Two	Businesses relating to national security, cultural heritage, handicrafts, natural resources, or the environment	<ul style="list-style-type: none"> Production, distribution, and maintenance of firearms or ammunition Trading of antiques that are handicrafts of Thailand Domestic transportation Mining 	Prior approval from the Ministry of Commerce required
List Three	Businesses in which Thai entrepreneurs are not yet ready to compete with foreigners	<ul style="list-style-type: none"> Sale of food and beverages Retail and wholesale trading Brokerage and agency businesses Hotel, legal, accounting, and engineering services 	Prior approval from the Director-General of the DBD required

		<ul style="list-style-type: none"> • Other services 	
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Businesses not included in the annexed lists of the FBA, such as general manufacturing or import-export activities, are not subject to prior approval. However, any business involving the provision of services is generally interpreted as falling under List 3 (“Other Services”). Accordingly, it should be noted that many activities not specifically listed in the annexes, including contract manufacturing, may also fall within this “Other Services” category.

2. Evolving Business Conditions and Rationale for Amendment

2.1 Current Challenges

The Law Reform Commission, in its report to the Cabinet, noted that Thailand’s trade, investment, and technological landscape has changed significantly since the enactment of the FBA. The FBA’s underlying protectionist framework, inherited from earlier regulations, is no longer aligned with modern economic realities.

In addition, the report further noted that such protectionist conditions have discouraged Thai businesses from enhancing their capabilities and competitiveness. Moreover, the FBA does not facilitate the relocation of “future businesses” to Thailand and inhibits the growth of certain sectors, such as startups, which have flourished in other countries but have yet to mature within the Thai economy.

2.2 Amendment Proposals from Relevant Government Agencies

In response to the proposed FBA amendments, various government agencies have submitted comments and recommendations, with the key proposals summarized below.

Government Agency	Key Proposals / Comments
Law Reform Commission (Main Proponent)	<ul style="list-style-type: none"> • Revise the criteria for determining which businesses qualify as foreign under the FBA. Currently, under the FBA, a business is considered a foreign business if it is more than 49% foreign-owned. However, the revised criteria have not yet been established. • Update the annexed lists of businesses requiring prior approval to support the expansion of startups. • Promote development of new economic sectors, including the digital economy, advanced technology industries, and domestic research and innovation, as engines for economic growth and enhanced national competitiveness.
Office of the National Economic and Social Development Council (“NESDC”)	<ul style="list-style-type: none"> • Remove certain businesses from the annexed lists, particularly those requiring specialized expertise or advanced technology, to facilitate technology transfer, especially in sectors aligned with national priority policies. • Include a representative of the Trade Competition Commission as a member of the Foreign Business Committee under the FBA. • Focus on supporting and easing foreign participation, including streamlining licensing, enabling electronic fee payments, integrating systems with the Government’s One-Stop Service platform, and allowing entrepreneurs to track document status directly.
Ministry of Finance	<ul style="list-style-type: none"> • Expressed no objection to the proposals from the Law Reform Commission and NESDC. • Any amendment should take into account business categories, appropriate investment ratios, the development level of each business sector, and relevant regulations. • Amendments should ensure consistency with other applicable laws and criteria, particularly those governing foreign participation in specific types of businesses.

3. Potential Impact on Businesses

If adopted, the proposed amendments are expected to generate significant benefits for businesses in Thailand, particularly startups, high-technology enterprises, and foreign investors seeking clear and supportive regulatory frameworks. By easing foreign ownership restrictions and updating the foreign business criteria, Thailand can attract more foreign investment in innovative and high-growth sectors. Facilitating foreign participation in advanced industries will accelerate technology transfer and promote the adoption of new technologies. These changes are intended to encourage the establishment and growth of innovative businesses while strengthening national competitiveness and technological capacity.

Updating the restricted business lists will enable startups and high-tech enterprises to thrive, strengthening Thailand's competitiveness both regionally and globally. Greater transparency and predictability, including the ability to monitor application status directly, will build confidence among entrepreneurs and investors, creating a more supportive and reliable regulatory environment.

In addition, general business operators would benefit from broader improvements to administrative procedures, including licensing, fee payments, and document tracking. Such measures are expected to reduce compliance burdens and enhance the overall ease of doing business.

Collectively, these proposed amendments are anticipated to promote economic growth, improve the competitiveness of Thai enterprises, and contribute to an enhanced quality of life for the public.

4. Conclusion



The proposed amendments to the FBA reflect Thailand's efforts to modernize its legal framework in line with current economic and technological realities. By reducing protectionist restrictions, revising the annexed lists under the FBA, facilitating the growth of startups and high-technology enterprises, and improving administrative procedures, the proposed amendments are expected to enhance national competitiveness, attract foreign investment, and strengthen the overall business environment. While the proposals remain under review by the Ministry of Commerce, business operators are encouraged to monitor developments closely to ensure compliance and to position themselves to fully benefit from the anticipated changes.

Should you have any questions or require further clarification regarding FBA compliance, please do not hesitate to contact One Asia Lawyers (Thailand Office), where our team will be pleased to assist you.

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