



His Excellency
Mr Kittiratt Noa-Ranong
Deputy Prime Minister and Minister for Finance
Rama VI Road
Bangkok
Thailand

10 October 2012

Dear Minister:

LIBERALISATION OF FOREIGN INVESTMENT IN THE LIFE AND NON-LIFE INSURANCE INDUSTRIES

We, the undersigned members of the Global Services Coalition, are writing to express our concern about implementation of rules that would require a number of foreign insurance companies to divest major parts of their investments in Thailand.

An advanced and productive services sector is critical for sustained economic growth and in overcoming the middle income trap. The most effective way of achieving a productive services sector is through the ongoing liberalisation of the rules governing services trade and investment.

In the aftermath of last year's floods, the importance of an efficient and competitive insurance industry is clear. International insurers can pool and diversify risks and offer a professional approach to asset and liability management. Foreign investment can help the efforts of your Government to raise the efficiency and effectiveness of the Thai insurance industry by injecting additional competition, deepening the access to financial resources, encouraging tighter prudential management and facilitating innovation.

One of the key conditions necessary for strong, stable levels of foreign investment in Thailand is confidence on the part of the foreign investor that the regulatory regime applying to their investment will not change to their disadvantage. It is therefore very damaging to investor confidence that rules applying to long standing investments in the insurance industry have been changed to the significant detriment of the non-Thai parties.

To address this issue, the Global Services Coalition supports the proposal put forward by a number of Insurance Associations, namely that the Office of the Insurance Commissioner have a general power to approve foreign shareholdings of up to 100%, including utilising this to approve the continuation of foreign shareholdings grandfathered prior to the 2008 amendments to the Insurance Acts.

It is becoming increasingly well understood that a productive services sector is an important elevator for growth as are the underlying policies to foster services productivity. The Global Services Coalition would welcome the opportunity to discuss these matters further with you and your staff.

Yours sincerely,

Australian Services Roundtable
Coalition of Service Industries (of US)
European Service Forum
Canada Services Coalition
Coalition of Service Industries Malaysia
Business New Zealand