Bangkok Global Law
540, Unit 1705, 17th Floor, Mercury Tower,Ploenchit Road,
Lumpini, Pathumwan, Bangkok 10330 Thailand
Tel: +(66) 2 2525895-6 Fax: +(66) 2 2525897
Website: www.bgloballaw.com
E-mail: info@bgloballaw.com

Thailand Cabinet Approves in Principle Amendments to Foreign Business Act to Reduce Regulatory Barriers for Foreign Investors

Thailand may move towards a partial liberalisation of its foreign investment regime following the Cabinet's approval in principle on 12 May 2026 of proposed amendments to the Foreign Business Act B.E. 2542 (1999) (FBA). The proposed reforms, initiated by the Ministry of Commerce, form part of a broader policy objective to modernise Thailand's regulatory framework, reduce unnecessary administrative burdens, and enhance the country's attractiveness to foreign direct investment. Importantly, the changes are targeted rather than broad in scope and are intended to streamline regulation in selected sectors rather than materially relax Thailand's foreign ownership restrictions.

The proposed legislative package comprises two instruments: a draft Royal Decree revising the list of restricted business activities under the FBA, and a draft Ministerial Regulation prescribing additional categories of business that may be undertaken by foreign investors without requiring FBA approval. Collectively, these measures would remove nine business activities from the scope of FBA restrictions, subject to the completion of the legislative process. The reforms are designed to eliminate regulatory duplication in sectors already governed by specialised regulatory frameworks, while maintaining the integrity of Thailand's foreign ownership policy.

The activities proposed for exemption fall broadly into three categories. First, certain regulated sectors such as telecommunications services, treasury centre operations, securities-related lending, derivatives advisory services, and specific agricultural futures activities are already subject to comprehensive oversight by sector-specific regulators, including the National Broadcasting and Telecommunications Commission, the Bank of Thailand, and relevant capital markets authorities. Second, the proposal includes intra-group services such as administrative, human resources, information technology support, and domestic debt guarantee services provided exclusively within corporate groups, which do not directly compete in the open market. Third, certain supporting operational activities, including leasing limited space for electronic financial service equipment, vending machines and automated systems, as well as petroleum drilling services provided to concessionaires, are also included within the proposed scope of exemption.

If implemented, foreign investors operating in these sectors would no longer be required to obtain a foreign business licence under the FBA. However, the removal of FBA licensing requirements does not eliminate the need for regulatory compliance. Businesses will remain subject to the applicable licensing regimes administered by their respective sector regulators. For example, telecommunications operators will continue to require licences from the National Broadcasting and Telecommunications Commission, treasury centres will remain regulated by the Bank of Thailand, and petroleum-related activities will continue to fall under the supervision of the Ministry of Energy. The practical effect of the reforms is therefore expected to be a reduction in duplicative approval processes rather than a substantive deregulation of underlying activities.

At the same time, Thailand continues to maintain a strict enforcement approach towards foreign business compliance, particularly in relation to nominee structures and arrangements designed to circumvent foreign ownership restrictions. The authorities have repeatedly indicated that enforcement against non-compliant structures remains a regulatory priority, even as certain sectors are liberalised. Against this backdrop, foreign investors are expected to ensure that their corporate structures, shareholding arrangements, and operational models are fully aligned with Thai legal requirements.

From a broader legal perspective, the proposed amendments reflect a calibrated approach to regulatory reform within Thailand's foreign investment framework. By selectively removing FBA restrictions in sectors already subject to specialised supervision, the government seeks to improve regulatory efficiency while preserving core policy safeguards on foreign participation in the economy. If enacted, the reforms are likely to enhance ease of doing business for multinational companies and reduce procedural delays in affected sectors. However, they also reinforce the continued importance of robust compliance structures, as Thailand maintains a dual track approach of facilitating investment while intensifying scrutiny of ownership arrangements. Businesses should therefore monitor the legislative process closely and assess the potential impact of the changes on their licensing requirements and overall market entry strategies in Thailand.

Should you have any question, please do not hesitate to contact us via info@bgloballaw.com