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Strengthened Scrutiny of Nominee Landholding in the EEC

The increasing acquisition of land for industrial development in the Eastern Economic Corridor ("EEC") has raised concerns regarding the potential use of Thai individuals or Thai-incorporated companies to hold land on behalf of foreign investors. As a general principle, foreign individuals and foreign juristic entities are restricted from owning land in Thailand unless they obtain permission under applicable laws.

A nominee arrangement may arise where a Thai individual or Thai-incorporated company is registered as the legal owner of the land, while the purchase funds and effective management control belong to a foreign investor. Such an arrangement may expose both the foreign investor and the Thai nominee to criminal liability and other legal consequences under the relevant laws.

Although Thailand has effective laws in place regulating foreign land ownership and nominee arrangements, concerns remain that enforcement may not be sufficiently comprehensive. The private sector has therefore called for closer coordination among the relevant government authorities, including the Ministry of Interior, the Ministry of Industry, the Ministry of Commerce, and the Ministry of Natural Resources and Environment. The Department of Lands and relevant local authorities should also strengthen their monitoring of land transactions and issue alerts where unusual or suspicious transfer activities are identified. Anyone involved in such nominee arrangements will therefore be subject to increased scrutiny and severe penalties.