



## TRACK IV: E-COMMERCE

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### 1. The Status e-Commerce in Thailand

Due to the rapid expansion of e-Commerce worldwide and to prevent the loss of new trade opportunities, the Ministry of Commerce launched an e-Commerce pilot project under the Department of Business Economics in 1998 with the goal to equip the business sector and to enhance the public to understand e-Commerce. The project encouraged Small and Medium Enterprises (SMEs) to expand their businesses overseas using this vehicle. This was a considerable success which created awareness of the emerging trend of e-Commerce.

To promote e-Commerce, the Parliament launched the Electronic Transactions Act A.D. 2001, and the Ministry of Commerce has established an e-Commerce Division to directly support the development of e-Commerce. E-Commerce Research Center has also been set up to pilot, set developmental guidelines and determine the roles of related organizations.

Thailand's Information Technology Goals and Policy for the Year 2002 - 2010 have been approved by the Cabinet on March 19, 2002 with the purpose of benefiting the commercial interests of the entire nation. This includes boosting the competitiveness of Thailand and the potential of e-Commerce for export, trade and services as well as for the local consumption of the people.

Furthermore, strategies for the revolution of commerce in Thailand have also been formulated to increase its competitiveness in international markets. Related laws concerning electronic transaction have been amended. Furthermore, secured electronic payment has also been introduced with modern database and information management systems. This is to provide the needed support to SMEs who are instrumental in driving the new economy. Assistance is also provided to the development of human resources at every level. Moreover, fundamental infrastructures are provided to independent businesses to enhance the development of stable growth commercially.

### 2. Strengths and Weaknesses of Thailand's e-Commerce Development

#### *Strengths*

The numbers of Internet and mobile phone users in Thailand are expected to be 6 million and 2.3 million respectively in 2003. These are important indicators signifying that Thailand is ready to move towards becoming a full information technology society.

Apart from the above indicators, if one considers the environment for the development of Thailand's Information and Communication Technology (ICT) from the Master Plan of Thailand's ICT Development for the Year 2002-2006, Thailand has many strengths that will enhance in the development of e-Commerce as follows (prioritized by their importance).

1. Many IT related laws have been enforced.
2. Public and private sectors in Thailand have invested substantially in information technology infrastructure.
3. Organizations at the national level are actively involved in ICT and support new innovations.
4. Leaders and Administrators have given increasing importance to ICT.
5. The geographical location of Thailand serves as both the gateway and the center of trade.
6. Thai people are competent in detailed and delicate works which is an important criteria for the development of software products
7. ICT has been applied to add value to fundamental products.
8. Thailand is an open society.

#### ***Weaknesses***

The weaknesses that impede the country's ICT and e-Commerce development are as follows (prioritized by their importance)

1. The lack of collaboration between large enterprises and SMEs, and between public organizations and the private sector
2. There is a lack of resources to support research and development work and to commercialize successful academic research.
3. The law in general and ICT related laws have not been completely amended and reformed to fully support the advances in technology.

### **3. Legal Problems that Impede the Development of e-Commerce and solution guidelines**

#### **3.1 Problems and Obstacles**

- 1) *Law mechanisms are not sufficient to provide support to the development of e-Commerce*

The Ministry of Commerce does not have laws that relate directly to e-Commerce, however one of its duties is to promote e-Commerce through enhancing knowledge, and understanding, to promote the use of e-Commerce for Thai enterprises and to create confidence. For this reason the Ministry of Commerce has announced that every "individual and juristic person" working in the commercial sector must register with the Department of Business Development" according to the Act on Commerce Registration 1956. This is to create trust among entrepreneurs and consumers as the status and existence of the business enterprises can be verified.

Among IT related laws, only the Electronic Transactions Act (ETA) A.D. 2001 has been enacted (since April 8, 2002). However other laws which are Electronic Fund Transfer Law, Data Protection Law, Computer Crime Law and National Information Infrastructure are still under various stages of development. For this reason, not all IT related laws can be enacted and used at the same time, especially the laws that protect basic rights of people, or laws that protect societal interest which once completely implemented will undoubtedly help boost confidence on electronic transaction activities.

2) *The lack of supporting laws that define the details of electronic transactions.*

Although the Electronic Transactions Act A.D. 2001 is the only enacted IT related law, it requires the stipulation of many additional Royal Decrees to define the legal exceptions on the enforcement of the law. This include areas such as secure electronic transactions, the regulation of service businesses in electronic transactions in both the private and public sectors, and conducting electronic transactions with the government sector.

The Electronic Transactions Act also outlines that a committee on electronic transactions must be setup to formulate and make recommendations of Royal Decrees to the cabinet. With the election of the committee just completed on 28 October 2003, the enactment of Royal Decrees for detailing the law is still under process. However, priority is being given by the committee as they realize the importance of having the Royal Decrees compiled and having them enacted in due time.

### **3.2 Solution guidelines**

1) *Promote the emergence of self-regulation system*

This includes the actions of both the public and private sectors to create reliability in their business, for example the use of self-regulation systems to establish privacy policy in order to protect personal information of users, and the use of security policy to help create confidence when conducting electronic transactions.

2) *Create public awareness and understanding on the enforcement of electronic transaction law.*

It has been found that many people still misunderstand the effects of law enactment. For instance, with the digital signature law that accredit digital signature as equivalent to handwritten signature, people still misunderstand and assume that digital signature refers only to the digital signature created through the use of Public Key Information (PKI) technology. In reality, digital signature refers to anything that has been electronically created to verify a person when he/she decides to give consent to some electronic information. The Secretariat of the Electronic Transactions Committee has held many seminars to explain this to the business sector, the government and the public, and has handed out numerous brochures. In spite of that, the effort

is still inadequate and more needs to be done in providing knowledge and awareness to society.

#### **4. The roles of the Parliament in solving e-Commerce issues**

By approving the legal effect of electronic transactions as equal to conventional transactions that are done on paper, the Parliament had been instrumental in the enactment of the Electronic Transactions Act A.D. 2001 which created confidence when performing electronic transactions and e-Commerce. Also, the legal effect of electronic signatures has been approved as of equal importance to normal handwritten signatures.

Other e-Commerce related laws that are in the various formulation processes are:

- 1) Personal Information Protection Law which is intended to protect personal information which can be quickly and easily violated by dissemination through electronic means.
- 2) Computer Crime Law which is intended to stipulate guilt and punishment for computer crime committed. The scope of authority for the officer who will be handling the case must also be defined.
- 3) National Information Infrastructure Law or ICT Development which is intended to foster basic IT infrastructure development throughout the country in order to increase people's access to information technology.

Although these three laws have not yet been sent to the Parliament, the Parliament should allow NECTEC to present an overview and basic principles of the laws at the earliest opportunity. This will create an understanding and allow the law to be quickly enacted once they are ready. The speedy enactment of the laws will provide a timely response to the needs of society. It would also alert other government organizations, private sector and the people to realize the needs and importance of the above laws. This will raise societal awareness to the potential threats from violation of personal information and computer crimes. Furthermore, people will become more innovative regarding the use of information technology and the Internet to create new opportunities and bridge the current digital divide.

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## TRACK IV : E-INDUSTRY

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### 1. The Status of Thailand's e-Industry

According to the IT Policy 2003-2010 of Thailand as stated in the ICT Master Plan 2003-2007, the objective of e-Industry is to promote the development and utilization of IT products of the private sector to enhance knowledge-based industrial production by 2010. The strategy is to utilize the Internet network to link market information for industrial development, emphasizing on the development of ICT to support SMEs. ICT is a crucial tool that should be utilized to strengthen, secure, and to increase competitiveness for the modern Thai economy. Research and development on ICT in the industrial sector must be utilized for the benefit of the industrial sector. Moreover, employees in this sector should be trained to develop their ICT skills.

Currently Thailand has only one ICT law that is related to the promotion of SMEs - the Act on Electronic Transaction A.D.2001. There has been no research on the effects of the law on SMEs. Furthermore, entrepreneurs often lack skills and experience on the application of ICT in the work process. Moreover, the development of software for use in some business sectors, is not sufficient. The use of ICT, therefore, is limited to some business sectors, mainly in medium size industries, such as the finance industry, and the automobile and motorcycle rental industry.

### 2. Strengths and Weaknesses of Thailand's e-Industry Development

#### Strengths

- 1) The government administrators acknowledge that ICT is useful and the use of ICT should be promoted. The government has started to implement ICT to serve the people in order to increase understanding amongst the private sector on the benefits of ICT, and increase the confidence of organizations to adopt ICT into their organizations.
- 2) In the education sector, the Government promotes and supports learning on ICT continuously, starting from the primary level through to the university level. This helps in increasing the number of knowledgeable workers who are competent in the use of ICT in the labour market and would be able to respond to the needs of entrepreneurs.

- 3) For the Laws, the Government's administrators see the importance of protecting users from threats derived from the Internet and continuously enact related laws to protect people's rights who might be offended.
- 4) Regarding the infrastructure, basic infrastructure for IT systems have been sufficiently developed and ready for the expansion and development of new technology.
- 5) Many enterprises realize the importance of ICT usage for public relations purposes, which would enhance growth in the utilization of ICT.

#### **Weaknesses**

- 1) The grass-roots level of enterprises do not understand IT systems and are not aware of its benefits.
- 2) Many enterprises have less confidence on the use of software that are produced within the country. This results in the slow growth of the national software industry and affects the development of human resources to support this industry.
- 3) There is no serious support, promotion or advertisement for an open source group. As a result, the software market is bound to be limited to software producers, and Thailand cannot control the prices of software that are produced abroad.
- 4) There is a lack of integration in administration among government organizations that are related to the industry's development.

### **3. Legal problems that impede the Development of e-Industry and the Approach for Improvements**

The Electronic Transactions Act A.D. 2001 has just recently become effective and no study on its effects on SMEs has yet been made. However, at this early stage, the government should proceed with the revision of laws that relate to business operations of SMEs by correcting or pushing forward the enactments of electronic related laws. For instance,

- 1) Consumer Protection Law
- 2) Intellectual Property Rights
- 3) Criminal law related to the responsibility of persons who are the mediators of electronic services
- 4) Tax laws for eliminating problems concerning tax payments made electronically
- 5) Electronic Fund Transfer Law
- 6) Computer Crimes Law
- 7) Data Protection Law
- 8) Law concerning trade competition

### **4. The Expectations on the Role of the Parliament to Solve Problems relating to e-Industry Development**

- 1) Push forward any corrections, additions, amendments or newly developed laws for the purpose of supporting the development of SMEs

- 2) Establish multilateral or bilateral trade for assuring the existence of markets and use ICT as a tool for trade by reducing the cost of sending and tracking information. For instance, create an e-Commerce trade credential by establishing international rules and regulations relating to product delivery and payment
- 3) Push forward budgets for proceeding ICT plans of the Office of SMEs Promotion

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