SwissThai

July 2021 | SWISS-THAI CHAMBER OF COMMERCE | E-NEWSLETTER #132

TOP NEWS:

Economy:	**Special Report by Dachser (Thailand) Co., Ltd.**
Legal:	**Investment Guide from Respondek & Fan (German only)**
STCC Internal News:	**90 Years of Swiss-Thai friendship**
New Members:	**PAPER & PAGE (Thailand) Co., Ltd.**
RIS Swiss Section:	**Interview with new headmaster**

THE PRESIDENT'S MESSAGE

DEAR MEMBERS OF THE STCC, DEAR READER,

PRESIDENT BRUNO G. ODERMATT

You might have noticed that we introduced many new changes and launched exciting initiatives lately. Our Executive Director David Stauffacher and myself take alternative turns in updating you on our changes on a monthly basis through our different communication channels. If you participated in our recent webinar - Learn from the Expert: Roche's Covid Tests and How They Work, you might have noted something different this time. This webinar was initiated and spearheaded by the STCC and it was attended by close to 60 people. What is amazing to see is that for the first time most Swiss Chambers in our region participated in a webinar, ranging from SwissCham Australia to SwissCham Hong Kong. It reflects the growing regional cooperation amongst various Swiss Chambers, all in the line with our relevant theme of ONE SWITZERLAND.

Another major change which truly excites me is our new STCC office location at the premises of the Swiss Embassy. Actually, it consists of two prefabricated shipping containers, fully equipped to host up to 4 employees, displayed in the STCC red/white signature colour and reflecting the innovative spirit of our Chamber. This has been in the making for some time and once we have the desired infrastructure in place - including an office, manpower, and an IT platform - we can perform at an even higher level to serve you. You still have the opportunity to become a sponsor and place your company logo on the outer shell of our container, which will offer you a life-long public recognition

SERVICE

MEMBER DETAIL UPDATES

Do you have changes among your delegates or changes to your e-mail, mobile, telephone, or fax numbers?

Please send all updates to ***secretary@swissthai.com***

THE PRESIDENT'S MESSAGE

of your company's brand.

Looking at the after effects of the Covid pandemic, I believe that real-time data availability and automated data analytics are the key drivers to adapt our businesses in this dynamic and volatile world we live in. Every business is a digital business per se and needs to use data to react and adapt in this dynamic environment, and this also applies to governments and civic organizations. It is one of the reasons why we upgraded our software systems this year and integrated different databases into one comprehensive membership database. It is a small step in the right direction. As the American proverb goes: Little strokes fell great oaks.

One major daily headline news item is the "Sandbox" model which will kick-off on 1st July in Phuket. As the date draws closer, government officials are busy preparing all necessary measures to ensure everything goes smoothly. And here is the deal: All foreign tourists, who have to prove that they are vaccinated, will be required to spend a mandatory 14 day-period at a government approved hotel. They are required to download the Mor Chana tracking app and will be fitted with location-tracking wristbands. Facial recognition cameras are installed at key locations on the island to identify tourists who travel to other regions before their 14-days Phuket experience is up. Before they can enter Thailand, the tourists need to obtain a COE (certificate of entry), proof of negative PCR test taken within 72 hours before boarding the flight, health insurance coverage of at least 100,000 USD, and proof of payment for the government approved hotel. Once arrived at Phuket airport, they will be tested again for Covid-19, at their own expense, and will have to undergo further tests on day 6 and 13. There might be some punishments for those who are violating these measures, not just for the tourists but also for anyone who tries to assist them. The Phuket Deputy Governor said that he is expecting to welcome 129,000 foreign visitors. I leave it up to you to decide as to who would go through the pain and expense to experience such an exotic ordeal.

Last but not least, one survey I diligently follow every year is the annual list of the world most competitive country rankings, published by IMD World Competitive Center since 1989. It is based on 334 selection criteria and comprehensive economic research. For the first time ever, Switzerland comes in on the top stop, followed by Sweden, Denmark, Netherlands, and Singapore. What is interesting to note is the dominance of European

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countries, the rise of China (16), the stable position of other large countries, such as USA (10). Thailand improved one place (28), before France (29), Japan (31) and Italy (41). It is great to see that Switzerland achieved this top position in the middle of a major health crisis. It shows that excellence in innovation, digitalization, welfare benefits and government leadership to support business in dire times pays off.

With this in mind I would like to encourage you to further support the restructuring of our Chamber and the Swiss Thai business community. If you would like to take part in our sponsorship programs, then please reach out to me at president@swissthai.com.

With my best wishes,

Bruno G. Odermatt-Maag
President

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STCC Calendar July 2021:

Thursday, July 15:	**(Supported Webinar) Home Use Test Kits & Their Role in COVID-19 Control**
Tuesday, July 20:	**2nd KKBF Thematic Online Webinar: Transport & Logistics**
Tuesday, July 27:	**DX Leaders: A Series On Digital Transformation, EPISODE 2: EFFECTIVE LEADERSHIP: A PANACEA FOR HEALTHCARE'S SUSTAINABLE DIGITAL FUTURE?**

ECONOMY SPECIAL REPORT BY DACHSER

MAINTAINING SUPPLY CHAIN RESILIENCY THROUGH THE COVID-19 PANDEMIC

Dachser Thailand geared up for challenges in 2021 and beyond

The COVID-19 crisis was a black swan event that shocked the global logistics sector. How has Dachser Thailand proven their resilience in the face of these uncertain times?

In the face of these uncertain times? The pandemic affected every aspect of life including logistics. In Thailand, this was no exception. The disruption of manufacturing and shipping cycles has posed a major challenge to the country's emergence as an ASEAN logistics hub. Immediately following the escalation of the COVID-19 crisis in early 2020, travel restrictions grounded passenger planes worldwide. Thailand's logistics capacities took a deep hit due to its heavy reliance on the travel industry, the reduced belly cargo capacity has directly impacted air freight rates.

The sea freight market was not spared either. The dire situation became apparent at the end of last year when capacity constraints, equipment shortages and delayed schedules became the new normal in the ocean freight world. The blockage of the Suez Canal added fuel to the fire, resulting in a backlog that will have long-term knock-on effects down the already-strained supply chain.

The market of demand and supply mismatch

While supply chains run at reduced capacity, there is also a surge in demand for not only medical equipment and pharmaceutical items but also consumer goods due to lockdowns and travel restrictions. This supply and demand mismatch in logistics has resulted in exorbitant prices for shipping.

The logistics sector has changed from a buyer's market to a seller's market, the Dachser team is happy to provide solutions to customers.

Between March 2020 and January 2021, CNBC has reported that freight rates from China to the US and Europe have jumped 300%. The Shanghai Container Freight Index, the most widely used index for sea freight rates out of China and as indicator for long-haul traffic out of Asia, has shown significant increases throughout 2021, continuing to break records in the past months and expected to rise into the third quarter.

The logistics industry has struggled to resume normal rates of operations. According to market data and industry reports, this trend is projected to continue on for at least until the end of 2021. As parts and components for manufacturing are sourced worldwide for most products, these shipping costs will have ripple effects across the global economy and impact

ECONOMY SPECIAL REPORT BY DACHSER

the budgets of all players along the supply chain.

Risk management and cost control along the supply chain

Dachser Thailand, a Germany headquartered global logistics service provider with 90 years of history, has proven resilient in the face of these challenges. Responding in lockstep with the rapid changes facing the logistics sector, the company helped its customers get through these turbulent conditions by keeping their supply chains uninterrupted and costs stable.

Umaporn Limpiphiphatn, Sales Manager, DACHSER Air & Sea Logistics Thailand

"Since the start of the COVID crisis last year, we realized early on how quickly market conditions were changing. Our sales team maintains close communication with customers and ensures pricing stability to make short term planning viable despite market turbulence, this can give ample time for the customers to re-adjust to the new situation," said Umaporn Limpiphiphatn, Sales Manager Air & Sea Logistics Thailand.

The latest survey conducted by Deloitte* after COVID suggested that driving operational efficiency based on predictability is perceived to be of utmost importance among the Chief Procurement Officers (CPOs). However, only 22% of CPOs are able to identify and predict risk based on predictive analytics of their own data. This low percentage highlights the importance of consulting professional logistics service providers.

"At Dachser we have a strong product team at the global, regional and local level. This gives us the necessary edge to adapt appropriately to the changes in market situation. Our close collaboration within the company allows us to provide customers with the latest market updates on a regular basis, which are highly relevant and often budget-changing to our customers. Based on that we offer space availability in accordance with customer demand," continued Limpiphiphatn.

"We do not simply forward the shipment, but we work beyond that by providing macro overview of the market situation and give advisories," the young manager stressed. "Using our expertise and industry know-how, we proactively offer scenario planning to our customers, outlining all possible options in a structured way with visual illustration for easy understanding. This transparency gives customers the resources to accurately gauge costs versus risk for effective decision making. Based on the requirements of each customer, we will advise which option we believe to be the most cost-effective."

Change of focus on the procurement side

In the logistics sector, securing space is one of the most critical aspects in guaranteeing the smooth flow of the supply chain. The recent changes in the space allocation to the relevant trade lanes had severe impacts down the supply chain, changing the logistics section from a buyer's market to a seller's market for asset-based carriers. At present there are no indications that this situation will revert to pre-pandemic level. It can be an unused and often new situation, but also a necessary adaption for many shippers and consignees alike.

Jan-Michael Beyer, Managing Director, DACHSER Air & Sea Logistics Thailand

Safeguarding its operations from space fluctuations, Dachser has a Space Protection Program with its long-term strategic carriers to ensure continuity for its key trade lanes, particularly for trade with Europe. This program provides reliable transport capacity even in the unpredictable market conditions of the current crisis. For example, the company has guaranteed space allotments on flights from Bangkok to Frankfurt and pre-booked space on vessels traveling from Hamburg to Bangkok.

As a result of the pandemic, reducing costs is no longer seen as the top priority among Procurement Officers, digital transformation and innovation are gaining significant importance as the main drivers for sustainable growth*.

"We always encourage our customers to transmit shipment data through EDI for higher accuracy and faster processing. We also offer integrated solutions with worldwide standardized processes to our customers to avoid further risk along the supply chain," said Jan-Michael Beyer, Managing Director Air & Sea Logistics Thailand, "we have a firmly established set up in Europe with a pan-European road logistics network for procurement and distribution. We can also offer warehousing solutions if needed. By using our own services, we have full control of the whole transport logistics process to reduce uncertainty. The process is managed via our in-house developed Transport Management System Othello. Customers are also able to monitor the process using our real time track & trace system eLogistics."

Get prepared

The global uncertainties resulting from the COVID-19 pandemic have not yet been resolved and will continue to have effects into the foreseeable future.

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These conditions will make forecasting difficult this year, with further delays and capacity constraints expected, especially in the sea freight sector. However, Beyer and Limpiphiphatn have a few recommendations for shippers to increase the resilience of their supply chains:

- Consult a reliable logistics services provider for market intelligence and operate based on market forecast.
- Mutual integration with logistics provider to increase transparency and drive reliability and innovation.
- Seek the consulting competence of logistics providers to collaboratively take strategic decisions.
- Work out an accurate shipment forecast. The more stable the volume, the higher the chance to secure space.
- Define tangible scenarios and contingency plans in cooperation with suppliers and logistics providers.
- Stay flexible regarding transport mode and equipment. Consider sea freight LCL services, which are not exposed to the same risks as the now heavily delayed FCL services.

"Reliability is best proven during a crisis – at Dachser we are happy to overcome challenges together with our customers throughout this difficult period. Customers particularly like our consultancy approach, in which we do not just offer them space on carrier but also provide personalized analysis and advice for a total logistics solution. Sometimes it costs more to ship using a premium option, but at the end, the shortened and reliable transit time optimizes the cost-effectiveness," concludes Beyer. "We are optimistic of returning to more predictable times in the soon future."

*Deloitte Global Chief Procurement Officer Survey, 2021

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ECONOMY SPECIAL REPORT BY UNCTAD

KEY MESSAGES FROM THE WORLD INVESTMENT REPORT 2021

Full Report available here: *https://unctad.org/*

Source: UNCTAD

INVESTMENT TRENDS AND PROSPECTS

The COVID-19 crisis caused a dramatic fall in foreign direct investment (FDI) in 2020. Global FDI flows dropped by 35 per cent to $1 trillion, from $1.5 trillion in 2019. This is almost 20 per cent below the 2009 trough after the global financial crisis.

The decline was heavily skewed towards developed economies, where FDI fell by 58 per cent, in part due to oscillations caused by corporate transactions and intrafirm financial flows. FDI in developing economies decreased by a more moderate 8 per cent, mainly because of resilient flows in Asia. As a result, developing economies accounted for two thirds of global FDI, up from just under half in 2019.

FDI patterns contrasted sharply with those in new project activity, where developing countries are bearing the brunt of the investment downturn. In developing countries, the number of newly announced greenfield projects fell by 42 per cent and the number of international project finance deals – important for infrastructure – by 14 per cent. This compares to a 19 per cent decline in greenfield investment and an 8 per cent increase in international project finance in developed economies. All components of FDI were down. The overall contraction in new project activity, combined with a slowdown in cross-border mergers and acquisitions (M&As), led to a decline in equity investment flows by more than 50 per cent. With profits of multinational enterprises (MNEs) down 36 per cent on average, reinvested earnings of foreign affiliates – an important part of FDI in normal years – were also down.

The impact of the pandemic on global FDI was concentrated in the first half of 2020. In the second half, cross-border M&As and international project finance deals largely recovered. But greenfield investment – more important for developing countries – continued its negative trend throughout 2020 and into the first quarter of 2021. FDI trends varied significantly by region. Developing regions and transition economies were relatively more affected by the impact of the pandemic on investment in GVC-intensive and resource-based activities. Asymmetries in fiscal space for the roll-out of economic support measures also drove regional differences.

- Among developed countries, FDI flows to Europe fell by 80 per cent. The fall was magnified by large swings in conduit flows, but most large economies in the region saw sizeable declines. Flows to North America fell by 42 per cent; those to other developed economies by about 20 per cent on average. In the United States the decline was mostly caused by a fall in reinvested earnings.

- FDI flows to Africa fell by 16 per cent to $40 billion – a level last seen 15 years ago. Green field project announcements, key to industrialization prospects in the region, fell by 62 per cent. Commodity exporting economies were the worst affected.

- Flows to developing Asia were resilient. Inflows in China actually increased, by 6 per cent, to $149 billion. South-East Asia saw a 25 per cent decline, with its reliance on GVC-intensive FDI an important factor. FDI flows to India increased, driven in part by M&A activity.

- FDI in Latin America and the Caribbean plummeted, falling by 45 per cent to $88 billion. Many economies on the continent, among the worst affected by the pandemic, are dependent on investment in natural resources and tourism, both of which collapsed.

- FDI flows to economies in transition fell by 58 per cent to just $24 billion, the steepest decline of all regions outside Europe. Greenfield project announcements fell at the same rate. The fall was less severe in South-East Europe, at 14 per cent, than in the Commonwealth of Independent States (CIS), where a significant part of investment is linked to extractive industries.

FDI in structurally weak and vulnerable economies was further weakened by the pandemic. Although inflows in the least developed countries (LDCs) remained stable, greenfield announcements fell by half and international project finance deals by one third. FDI flows to small island developing States (SIDS) fell by 40 per cent, and those to landlocked developing countries (LLDCs) by 31 per cent.

COVID-19 has caused a collapse in investment flows to sectors relevant for the SDGs in developing countries. All but one SDG investment sector registered a double-digit decline from pre-pandemic levels. The shock exacerbated declines in sectors that were already weak before the COVID-19 crisis – such as power, food and agriculture, and health. Large MNEs, key actors in global FDI, are weathering the storm. Despite the 2020 fall in earnings the top 100 MNEs significantly increased their cash holdings, attesting to the resilience of the largest companies. The number of State-owned MNEs, at about 1,600 worldwide, increased by 7 per cent in 2020; several new entrants resulted from new State equity participations as part of rescue programmes.

Looking ahead, global FDI flows are expected to bottom out in 2021 and recover some lost ground, with an increase of about 10 to 15 per cent. This would still leave FDI some 25 per cent below the 2019 level. Current forecasts show a further increase in 2022 which, at the upper bound of projections, would bring FDI back to the 2019 level. Prospects are highly uncertain and will depend on, among other factors, the pace of economic recovery and the possibility of pandemic relapses, the potential impact on FDI of recovery spending packages, and policy pressures.

INVESTMENT POLICY DEVELOPMENTS

The number of investment policy measures of a regulatory or restrictive nature more than doubled in 2020. UNCTAD's monitoring of national investment policy measures counted 50, against 21 in 2019. The increased use of screening mechanisms driven by national security concerns over FDI in sensitive industries was a key factor. Most measures that liberalized, promoted or facilitated investment were adopted in developing economies; the total number of these measures remained stable. As a result, the share of more restrictive policy measures reached 41 per cent, the highest on record.

The international investment agreements (IIA) regime is going through a process of rationalization. The entry into force of the EU agreement to terminate all intra-EU bilateral investment treaties (BITs) and the emergence of new megaregional IIAs are adding to the consolidation of bilateral investment policymaking and accelerating regional rulemaking.

The number of ISDS cases surpassed 1,100. Most of the 68 publicly known ISDS cases initiated in 2020 were brought under IIAs signed before the turn of the century. In 2020, ISDS tribunals rendered at least 52 substantive decisions in investor–State disputes. Discussions on the reform of the investor–State dispute settlement (ISDS) system continued at the multilateral level.

All newly signed IIAs now include reform-oriented clauses. IIAs concluded in 2020 all contain features in line with UNCTAD's Reform Package for the International Investment Regime, with the preservation of States' regulatory space being the most frequent area of reform. In 2020, UNCTAD launched its IIA Reform Accelerator to support the reform process.

Investing in the health sector

Most countries actively encourage domestic as well as foreign investment in the health sector, according to an UNCTAD survey. The range of policy tools deployed varies by region and level of development and includes incentives, investment promotion and facilitation, and dedicated special economic zones. While the pandemic has led some countries to increase oversight of health-sector investment, it has also led many governments to double down on efforts to encourage investment in the industry. Internationally, these efforts are complemented by market access and national treatment commitments for health services in the GATS and in some free trade agreements, and by treaty regimes for the protection of investment and intellectual property rights. However, low- and lower-middle-income countries (LLIMCs) face

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specific challenges that limit their capacity to attract investment in the health sector. Therefore, UNCTAD proposes an Action Plan for the promotion of investment to build productive capacity in key segments of the health-care industry, in support of SDG 3.

INVESTING IN SUSTAINABLE RECOVERY

The recovery of international investment has started, but it could take some time to gather speed. Early indicators on greenfield investment and international project finance – and the experience from past FDI downturns – suggest that even if firms and financiers are now gearing up for "catch-up" capital expenditures, they will still be cautious with new overseas investments in productive assets and infrastructure.

The focus of both policymakers and firms is now on building back better. Resilience and sustainability will shape the investment priorities of firms and governments. For firms, the push for supply chain resilience could lead to pressures in some industries to reconfigure international production networks through reshoring, regionalization or diversification. For governments, recovery stimulus and investment plans focusing on infrastructure and the energy transition imply significant project finance outlays. The implications for international investment flows of both sets of priorities are significant.

Supply chain resilience

MNEs have three sets of options to improve supply chain resilience. They include (i) network restructuring, which involves production location decisions and, consequently, investment and divestment decisions; (ii) supply chain management solutions (planning and forecasting, buffers, and flexibility); and (iii) sustainability measures that have the additional benefit of mitigating certain risks. Because of the cost of network restructuring, MNEs will first exhaust other supply chain risk mitigation options.

In the short term, the impact of the resilience push on international investment patterns will be limited. In the absence of policy measures that either force or incentivize the relocation of productive assets, MNEs are unlikely to embark on a broad-based restructuring of their international production networks. Resilience is not expected to lead to a rush to reshore but to a gradual process of diversification and regionalization as it becomes part of MNE location decisions for new investments.

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However, in some industries the process may be more abrupt. Policy pressures and concrete measures to push towards production relocation are already materializing in strategic and sensitive sectors. Recovery investment plans could provide further impetus: most investment packages, in both developed and developing countries, include domestic or regional industrial development objectives.

Recovery investment priorities

Recovery investment plans in most countries focus on infrastructure sectors – including physical, digital and green infrastructure. These are sound investment priorities that (i) are aligned with SDG investment needs; (ii) concern sectors in which public investment plays a bigger role, making it easier for governments to act; and (iii) have a high economic multiplier effect, important for demand-side stimulus.

A broader perspective on priorities for promoting investment in sustainable recovery includes not only infrastructure but also industries that are key to growth in productive capacity. Investment in industry, both manufacturing and services, was hit much harder by the pandemic than investment in infrastructure. A slow recovery of investment in industrial sectors – in which FDI often plays a more important role – will put a brake on productive capacity growth. For developing countries in particular, initiatives to promote and facilitate new investment in industry, especially in sectors that drive private sector development and structural change, will be important to complement recovery investment in infrastructure.

Recovery investment challenges

Recovery investment packages are likely to affect global investment patterns in the coming years owing to their sheer size. The cumulative value of recovery funds intended for long-term investment worldwide is already approaching $3.5 trillion, and sizeable initiatives are still in the pipeline. Considering the potential to use these funds to draw in additional private funds, the total “investment firepower” of recovery plans could exceed $10 trillion. For comparison, that is close to one third of the total SDG investment gap as estimated at the time of their adoption.

The bulk of recovery finance has been set aside by and for developed economies and a few large emerging markets. Developing countries account for only about 10 per cent of total recovery spending plans to date. However, the magnitude of plans is such that there are likely to be spillover effects – positive and negative – to most economies. And international project finance, one of the principal mechanisms through which public funds will aim to generate additional private financing, will channel the effects of domestic public spending packages to international investment flows.

The use of international project finance as an instrument for the deployment of recovery funds can help maximize the investment potential of public efforts, but also raises new challenges. Addressing the challenges and maximizing the impact of investment packages on sustainable and inclusive recovery will require several efforts:

- Swift intervention to safeguard existing projects that have run into difficulty during the crisis, in order to avoid cost overruns and negative effects on investor risk perceptions.
- Increased support for and lending to high-impact projects in developing countries, as the deployment of recovery funds in developed economies will draw international project finance to lower-risk and lower-impact projects.
- Efforts by bilateral and multilateral lenders and guarantee agencies to counter upward pressure on project financing costs in lower-income developing countries.
- Vastly improved implementation and absorptive capacity, because recovery investment plans imply an increase in global infrastructure spending of, at a minimum, three times the biggest annual increment of the last decade, for several years running.
- Strong governance mechanisms and contracts that anticipate risks to social and environmental standards on aggressively priced projects.

A policy framework for investment in sustainable recovery

Promoting investment in resilience, balancing stimulus between infrastructure and industry, and addressing the implementation challenges of recovery plans requires a coherent policy approach. At the strategic level, development plans or industrial policies should guide the extent to which firms in different industries should be induced to rebalance international production networks for greater supply chain resilience (from a firm perspective) and greater economic and social resilience (from a country perspective). They should also drive the promotion and facilitation of investment in industry, needed for complementarity with infrastructure spending.

For developing countries, industrial development strategies should generate a viable pipeline of bankable projects. The lack of shovel-ready projects in many countries remains a key barrier to attracting more international project finance. The risk now is that, in the absence of projects that have gone through the phases of design, feasibility assessment and regulatory preparation, the roll-out of recovery investment funds will incur long delays.

At the level of execution, addressing recovery investment challenges can draw on initiatives included in UNCTAD's Action Plan for Investment in the SDGs, which includes actions aimed at funds mobilization, channeling and impact management.

UNCTAD believes that the drive on the part of all governments worldwide to build back better, and the substantial recovery programmes that are being adopted by many, can boost investment in sustainable growth. The goal should be to ensure that recovery is sustainable, and that its benefits extend to all countries and all people.

CAPITAL MARKETS AND SUSTAINABILITY

UNCTAD estimates that the value of sustainability-themed investment products in global capital markets amounted to $3.2 trillion in 2020,

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up more than 80 per cent from 2019. These products include sustainable funds (over $1.7 trillion), green bonds (over $1 trillion), social bonds ($212 billion) and mixed-sustainability bonds ($218 billion). Most are domiciled in developed countries and targeted at assets in developed markets.

Sustainability-themed funds continued their growth despite volatile markets in 2020. Their number increased to almost 4,000 by June 2020, up 30 per cent from 2019, with assets under management now representing 3.3 per cent of all open-ended fund assets worldwide.

Social bonds boomed in 2020. Social and mixed-sustainability bond issuance grew more than five-fold. COVID-19 response bonds led by supranational entities such as the African Development Bank and the European Union gave a significant boost to the social and sustainability bond markets and demonstrated proof of concept for tackling other public crises and financing the SDGs.

There are persistent concerns about greenwashing and about the real impact of sustainability-themed investment products. The fund market needs to enhance credibility by improving transparency. Funds should report not only on ESG issues but also on climate impact and SDG alignment. Importantly, to maximize impact on sustainable development more funds should invest in developing and transition economies. Nevertheless, the rapid growth of the sustainable investment market confirms its potential contribution to filling the SDG financing gap.

Institutional investors and financial service providers

Institutional investors are in a strong position to affect change on sustainability. They can do so primarily through two routes: (i) asset allocation – where they choose to invest the capital at their disposal, which can have a determinative impact on companies and markets; and (ii) active ownership – how they influence the policies of the companies they invest in through corporate governance mechanisms.

The potential influence on corporate sustainability of pension funds and sovereign wealth funds (SWFs) is enormous. They manage assets of $52 trillion and $9.2 trillion, respectively. More than 40 per cent of their assets are invested in publicly listed equities, making them "universal owners" with large shareholdings in companies across a wide range of sectors and markets.

However, public pension funds and SWFs could do more to promote sustainability. Only 16 of the 50 largest public pension funds and 4 of the 30 largest SWFs in the world published a sustainable investment report in 2019. More fundamentally, public pension fund portfolios largely bypass developing-country markets, limiting their contribution to sustainable development.

Insurance companies can contribute to sustainable development through their role as risk solution providers, as well as through their role as investors (with assets under management of more than $30 trillion in 2018). Climate change is a systemic risk for the world. Total economic losses from disasters globally were an estimated $202 billion in 2020, up from $150 billion in 2019, with about $190 billion resulting from natural catastrophes.

The banking sector can foster sustainable development through corporate lending. The volume of sustainable financial products has grown in recent years – the sustainable loan market was valued at about $200 billion in 2020 – driven by increased demand and by campaigns to promote financial sector sustainability efforts.

Stock exchanges and derivatives exchanges

Stock exchanges and derivatives exchanges affect sustainability in their markets through their influence on corporate ESG behaviour and through the promotion of sustainable finance products. Derivatives exchanges can contribute through sustainability-aligned derivates products, ESG data products and enhanced transparency. Stock exchanges contribute through a wider set of mechanisms. The number of stock exchanges with written guidance for issuers on ESG disclosure (SDG 12.6) has grown rapidly, from 13 in 2015 to 56 at the end of 2020. The number of exchanges that provide training on ESG topics to issuers and investors also continues to rise, with over half offering at least one training course.

Mandatory ESG reporting is on the rise, supported by both exchanges and security market regulators. The number of exchanges covered by mandatory rules on ESG disclosure more than doubled in the past five years, to 25 today. The number of stock exchanges with dedicated sustainability bond segments (including green bond segments, SDG 13) increased by 14 between 2019 and 2020, taking the total to 38.

The future of sustainable finance

In the coming years, the sustainable investment market needs to transition from a niche to a mass market that fully integrates sustainability in business models and culture, leading up to 2030 and beyond. To do so, the market needs to tackle concerns of greenwashing and SDG-washing, and address its geographical imbalance. Much work has been done over the past decade by asset owners, financial institutions, exchanges, regulators and policymakers. Better coordination and effective monitoring of their activities can help accelerate the transition.

To this end, UNCTAD, together with partners, will launch the UN Global Sustainable Finance Observatory. The Observatory will address the challenges of fragmentation in standards, proliferation in benchmarking, complexity in disclosure, and self-declaration of sustainability. It will integrate the relevant instruments and outputs on its virtual platform to facilitate the assessment, transparency and integrity of sustainable finance products and services. The Observatory will work in tandem with the standards-setting processes of the financial industry and regulatory bodies to promote the full and effective integration of sustainable development (as defined by the SDGs) into all aspects of the global financial ecosystem.

The UN Global Sustainable Finance Observatory will be launched officially in October 2021 at UNCTAD's World Investment Forum, which brings together the global investment-for-development community, including all capital market stakeholders along the global investment chain.

LEGAL

LEGAL NEWS BY TILLEKE & GIBBINS

Thailand Announces Prohibited Digital Tokens and Cryptocurrencies

The Securities and Exchange Commission (SEC) has prohibited meme tokens, fan tokens, and NFTs in the first SEC regulation to restrict specific types of digital assets. The notification also requires exchanges to set formal criteria and processes for choosing the digital assets they trade.

Full article here: *https://bit.ly/3hlC4ox*

New Guidelines Prevent Large Purchasers from Setting Unfair Credit Terms for SMEs in Thailand

Thailand's Trade Competition Commission's new measures aim to stop large purchasers from imposing unfair credit terms on small and medium enterprises (SMEs). The wide-reaching guidelines apply to all purchasers of goods and services from SMEs in Thailand.

Full article here: *https://bit.ly/3jyQoN8*

Practical Law: Thailand Intellectual Property Rights Overview 2021

Tilleke & Gibbins' intellectual property team in Bangkok has contributed a thorough overview of patent, trademark, copyright, and design protections in Thailand for this global guide to the protection and enforcement of IP rights from Thomson Reuters Practical Law.

Full article here: *https://bit.ly/3AgWgk3*

Practical Law: Digital Business in Thailand 2021

Tilleke & Gibbins' Technology team in Bangkok has provided the Thailand chapter of the 2021 Digital Business Global Guide guide from Thomson Reuters Practical Law—a global handbook to the regulatory environment for digital business operations around the world.

Full article here: https://bit.ly/3hq7n1j

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LEGAL

INVESTITIONSFÜHRER ASIEN (ONLY AVAILABLE IN GERMAN) CONTRIBUTION BY RESPONDEK & FAN

The "Alliance of German Business Lawyers in Asia" (ADWA; *www.adwa-law.com*) have published the most up-to-date investment guide on legal issues in the most important target markets in Asia (China, Hong Kong, India, Japan, Korea, Singapore, Thailand and Vietnam) and made it available online for interested companies and consultants from German-speaking countries.

On 225 pages, seven experienced business lawyers who are familiar with the country present the latest legal framework conditions in eight important Asian target markets in a clearly structured manner. In addition to explanations of the basic legal structures of the respective countries, you will find detailed descriptions of the country-specific investment law framework conditions, concise summaries of company law regulations as well as detailed explanations of labour law issues. The publication is aimed at entrepreneurs from the D-A-CH region and is intended to enable interested readers to gain their own overview of the country-specific legal characteristics.

Access the guide here: *https://bit.ly/3jtCuMg*

RESPONDEK & FAN
RECHTSANWÄLTE

STCC INTERNAL NEWS

90TH ANNIVERSARY OF THAILAND - SWITZERLAND DIPLOMATIC RELATIONS 1931 – 2021

To mark the 90th anniversary of diplomatic relations between Thailand and Switzerland, the Embassy of Thailand in Switzerland has created a website that presents many different and highly interesting aspects of bilateral relations between the two countries. Both STCC member companies and state actors present their experiences and insights. To make sure you don't miss anything, we will be publishing snippets on these stories in our monthly newsletter:

Latest news:

Thailand's Central Group to Build on Legacy of GLOBUS as Switzerland's Leading Luxury Brand

©GLOBUS - Flagship Store in Zurich, Bahnhofstrasse/Schweizergasse

From a broad perspective, Switzerland and Thailand maintain very close ties and share a long history full of great mutual respect and strong moments even though we are 9,000 km. apart. The first documented contacts between Switzerland and Thailand dated back to the 17th century when His Majesty Chulalongkorn (King Rama V) to visit Switzerland in 1897
By Central Group, Thailand

Living a Dream in the Alps

An article by Executive Director of Jee Teng Hospitality Group, ownership company of Four Points by Sheraton Patong, Phuket, and former Thai hospitality student, who described his experience at Les Roches Crans-Montana, Switzerland, as "entering through magical doors", and "like the story of Narnia".
By Saharat Jivavisitnont (Sears), Executive Director, Jee Teng Hospitality Group

90th Anniversary
Thailand - Switzerland Relations
1931-2021

STCC INTERNAL NEWS

Interview with Markus Brügger, A Swiss Blogger and Photographer who Fell in Love with Thailand (EN/DE)

Having visited Thailand with his wife for more than 30 times, Thailand continues to be Markus Brügger's favourite travel destination. Tourism Authority of Thailand (TAT) Frankfurt Office spoke with Markus to find out what impresses and inspires him the most about "the Land of Smile."

Interview by Tourism Authority of Thailand (TAT), Frankfurt

Photographs by Markus F. Brügger

STCC INTERNAL NEWS

14.07 INDUSTRY WEBINAR: RELEVANCE OF A LEGACY BRAND: THE BERNARDAUD STORY

Webinar by EHL - Ecole hôtelière de Lausanne

"Established in 18XX" or "Depuis 18XX" just below a logo is often used to proclaim a brand's rich heritage, and meant to connotate quality. With the current business environment being drastically different from when these legacy brands were founded, today's macro-environment being so uncertain and the rate of change of customer preferences and purchasing behaviors rapidly evolving, how do legacy brands transform themselves and even thrive? Join us in conversation with Corinne Oats, Commerical Director and Global Sales Director of Bernardaud, a porcelain production house founded in 1863 and currently under its sixth generation of family ownership and management, as we dive deep into these topics.

For those curious about the history of porcelain-making and its production methods, do watch this short video.

Please register here: https://ehl-edu.zoom.us/webinar/register/5116249625721/WN_NQlk7oHqT0iRTAPABNZUzQ

STCC INTERNAL NEWS

UPDATE ON THE OFFICE CONTAINER SOLUTION FOR THE STCC

We are pleased to report that production of the container that will be the new office of the Swiss-Thai Chamber of Commerce in the centre of Bangkok on the Embassy premises started in mid-June. The construction of the infrastructure of the container on the Embassy premises has also started. In this context, we are also happy to confirm already now that two of our members, Schaffner EMC Ltd. and regroup architecture, have taken over a sponsorship for the container and their logos will be displayed on the container once it is in place at the embassy. We appreciate their generous support for our chamber! Below we have some visual impressions of the construction process of the container off site as well as the infrastructure work on site.

SwissThai
July 2021 | SWISS-THAI CHAMBER OF COMMERCE | E-NEWSLETTER #132

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Activity: Recognized as one of Asia-Pacific's 'new PR consultancies of the year 2019' by PRovoke (formerly the Holmes Report), PAPER & PAGE is an award-winning Bangkok-based creative digital marketing agency that has extensive, omni-channel communications experience and robust on-the-ground resources in Thailand, as well as in other APAC countries and globally. we are a member of Berlin-based mc Group's global **network:** *https://www.mcgroup.com/network*

RIS SWISS SECTION DEUTSCHSPRACHIGE SCHULE BANGKOK

INTERVIEW WITH NEW HEADMASTER MR. CHRISTIAN VOGEL

We from the RIS Swiss Section - Deutschsprachige Schule Bangkok have produced an interview video with our new Headmaster, Mr. Christian Vogel, to introduce him to the community here in Bangkok during the Covid times and all the cancelled events. You can access the video via the link here: *https://bit.ly/3qr0ocL*

Please visit our website - www.ris-swiss-section.org - and get more information about our upcoming events.

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DEUTSCHSPRACHIGE SCHULE BANGKOK

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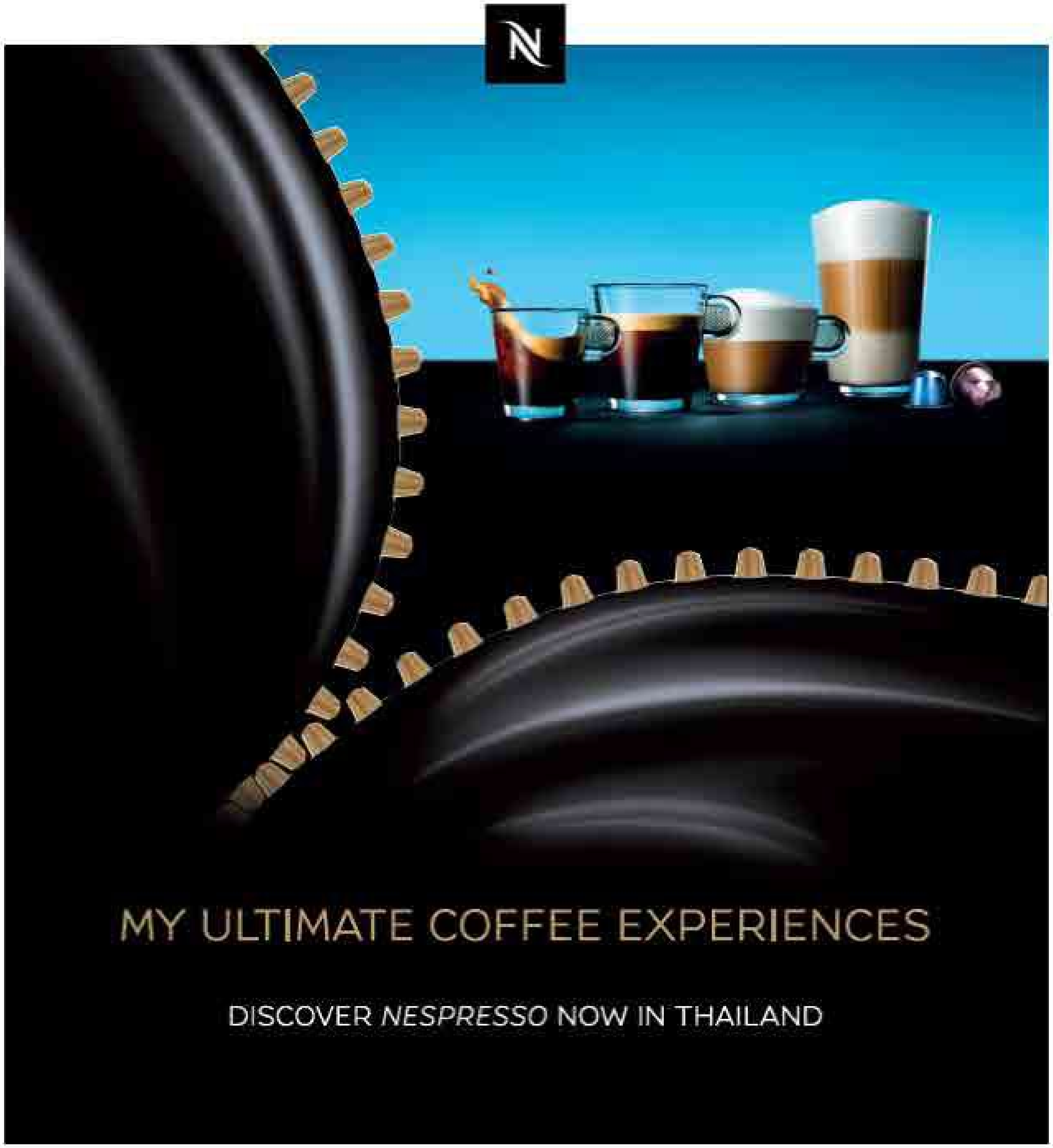
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