

**GUIDANCE FOR ACTION:  
SUPPORTING MSMEs' RECOVERY FROM THE  
COVID-19 PANDEMIC**

**Prepared for the Trade Competition Commission of Thailand**

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## Acronyms and Abbreviations

ISMED	Institute for Small and Medium Enterprise Development
FTI	Federation of Thai Industries
MSME	Micro Small and Medium Enterprises
NESDC	Office of the National Economic and Social Development Council
OSMEP	Office of SMEs Promotion
SME Development Bank	Small and Medium Enterprise Development Bank of Thailand
TCCT	Trade Competition Commission of Thailand
UNCTAD	United Nations Conference on Trade and Development
UN-DESA	United Nations – Department of Economic and Social Affairs

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## Background

1. As part of its COVID-19 Response project funded by the United Nations – Department of Economic and Social Affairs (“UN-DESA”) development account, the Competition and Consumer Protection Policies Branch (“CCPB”) of UNCTAD engaged in discussions with the representatives of the Trade Competition Commission of Thailand (“TCCT”) and public and public stakeholders dealing with Micro Small and Medium Enterprises in Thailand to explore how competition policies can support the resurgence of MSMEs post-COVID19 pandemic.
2. The UNCTAD CCPB commissioned a national study on the impact of COVID-19 on micro, small and medium-sized enterprises (“MSMEs”) in Thailand from competition policy and market access perspectives and the role that competition policy can perform in the recovery of Thai MSMEs from the socio-economic impact of the pandemic (“National Study”).<sup>1</sup> The National Study posed a number of recommendations to support the growth of MSMEs, including improving MSME’s access to finance and liquidity by ensuring access to markets and internationalization. This National Study noted that such access would be promoted by strong competition and regulatory policies that allow market entry and prevent large firms from abusing MSMEs in their business dealings.<sup>2</sup>
3. The results of the National Study were presented during a formal consultation (“Formal Consultation”), held last 12 October 2021, with TCCT, the Office of SMEs Promotion (“OSMEP”), Institute for Small and Medium Enterprise Development (“ISMED”), Small and Medium Enterprise Development Bank of Thailand (SME Development Bank), Office of the National Economic and Social Development Council (“NESDC”), and SME Development Bank (collectively, the “Consultation Participants”).
4. The Consultation Participants identified the following key issues and challenges faced by the MSMEs in Thailand: (1) informality of MSMEs; (2) digitization of MSMEs; (3) greening of MSMEs; (4) scope extended to trade and services; (5) access to MSME-specific financing; (6) advocacy of competition policy to MSMEs; (7) anti-competitive behaviors in the pharmaceutical sector; (8) access of MSMEs to digital platforms/digital ecosystem.<sup>3</sup>

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<sup>1</sup> Charoenrat, T and Harvie, C. (2021). Analysis of the impact of COVID-19 on micro, small and medium-sized enterprises (MSMEs) in Thailand from competition policy and market access perspectives. Prepared for: United Nations Conference on Trade and Development (UNCTAD).

<sup>2</sup> Ibid, p. 80-82.

<sup>3</sup> Report on the Formal Consultation between UNCTAD and Thai Institutions: OTCC, NESDC, OSMEP, ISMED, and SME Development Bank under the UN COVID-19 Project: SME Resurgence, 12 October 2021.

5. Addressing the foregoing issues and challenges requires cross-cutting approaches involving multiple MSME-related public and private stakeholders. TCCT could contribute to these approaches by taking the lead in the development of the strategies and initiatives for MSMEs that would benefit from its expertise in competition in cooperation with the Consultation Participants.
6. As the Thai economy opens, and in line with Thailand's National Strategy (2017-2036), TCCT can play the role of critical advisor to the Thai Government, and in particular, MSME agencies, to ensure that competition principles are followed in order to facilitate a rapid and sustainable recovery for MSMEs in the longer term. This Guidance Document, which focuses on TCCT's possible contributions in advocating competition policy's key role in economic recovery and ensuring a more sustainable, efficient, and resilient recovery of MSMEs after the pandemic, outlines the possible goals, strategies, and initiatives that TCCT may adopt in this regard.

## The Impact of COVID-19 on Thai MSMEs: a Competition Policy Response Towards Post-Pandemic Recovery

7. MSMEs, making up 99.5% of all enterprises in Thailand, play a significant role in the socio-economic development of the country. MSMEs employ over  $\frac{3}{4}$  of Thailand's labor force and contribute 40% to the country's GDP.<sup>4</sup>
8. Like in many countries around the globe, MSMEs in Thailand are suffering from the socioeconomic impact of the COVID-19 outbreak. Estimates in May 2020 indicate that approximately 71% of Thai MSMEs faced permanent and temporary closures due to the pandemic.<sup>5</sup> 55.6% of Thai MSMEs continued to face more than 30% drop in revenues almost one year later.<sup>6</sup> To address the impact of the pandemic, the Thai government adopted a number of policy responses including the deferral of income/corporate tax, value-added tax, social security and pension contributions, rent and utilities; and directly lending to SMEs.<sup>7</sup>
9. Sound policies can help resume the sustainable growth of Thai MSMEs. Pro-competitive laws and policies allow small and new enterprises to operate in a market based on the merit of their goods and services. A competitive business environment prevents larger operators from hindering innovations and preventing more affordable and better-quality products and

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<sup>4</sup> Charoenrat, T and Harvie, C. (2021), p. 5.

<sup>5</sup> UNCTAD (2022), The COVID-19 Pandemic Impact on Micro, Small and Medium Enterprises: Market Access Challenges and Competition Policy, p. 15.

<sup>6</sup> ADB (2021) The COVID-19 Impact on MSMEs during the First Year of the Pandemic, p. 13. Available at <https://www.adb.org/sites/default/files/publication/792336/asia-sme-monitor-volume-2.pdf>

<sup>7</sup> UNCTAD (2022), The COVID-19 Pandemic Impact on Micro, Small and Medium Enterprises: Market Access Challenges and Competition Policy.

services produced by MSMEs from entering the market. Open market competition benefits both the MSME operators and consumers, especially strengthening the resilience and supporting the recovery of MSMEs post-pandemic.<sup>8</sup>

10. It is relevant to enhance MSMEs' competitiveness post-crisis, build back better and designing policies that will enable them to be more sustainable, efficient, and resilient after the pandemic. Competition authorities such as the TCCT have the tools to ensure that competition policy and law support and do not stand in the way of this objective.

## Possible Focus Areas for TCCT's Support to MSMEs

11. Drawing inspiration from the recommendations of the Consultation Participants during the Formal Consultation and studies on the role of competition policy in strengthening the business environment for MSMEs in the ASEAN Region,<sup>1</sup> TCCT may organize its strategies and initiatives under three main goals, namely, improving the business climate and environment for MSMEs, developing the business capacity of MSMEs, and nurturing MSMEs access business opportunities. These strategies are in line with and support the 13th National Economic and Social Development Council Plan (2023-2027) which presents several key performance indicators with a view to eradicating competition restraints on the MSMEs.<sup>9</sup>

### Goal 1 - Improving the business climate and environment of MSMEs

#### Strategy 1 – Encouraging the formalization of MSMEs

12. Many MSMEs operate informally as they face constraints that inhibit formalization. Such informality prevents enterprises from availing of government support schemes, leads to difficulty in accessing finance, local and international markets, and legal protection, creates an unfair environment by lowering the costs of non-compliant enterprises, and lowers productivity and competitiveness.<sup>10</sup>
13. The following measures may encourage the formalization of MSMEs by providing them with a healthier business environment:<sup>11</sup>
  - a. Streamlining business registration, licensing, and compliance processes;
  - b. Increasing social security coverage;

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<sup>8</sup> UNESCAP (2021), Competition Policy and Strengthening MSMEs in ASEAN, page 6.

<sup>9</sup> Thirteenth National Economic and Social Development Council Plan. Available at <https://www.nesdc.go.th/download/document/Yearend/2021/plan13.pdf>.

<sup>10</sup> OECD (2020), Formalisation of Micro Enterprises in ASEAN, p.16-17. Available at <https://asean.org/wp-content/uploads/2012/05/Formalisation-of-Micro-Enterprises-in-ASEAN-POLICY-INSIGHT-2020-final-3.pdf>

<sup>11</sup> UNCTAD (2020) The COVID-19 Pandemic Impact on Micro, Small, and Medium Sized Enterprises, p. 36.

- c. Reducing taxes and other financial obligations;
  - d. Improving access to finance and business development services.
14. Thailand has undertaken considerable efforts to encourage the formalization of its MSMEs, including setting up a “one-stop shop” service point for the registration of company name, tax, and other required licenses.<sup>12</sup> and granting incentives to help MSMEs formalize, such as the Tax Amnesty for SMEs program.<sup>13</sup> Much remains to be done.
15. TCCT, in collaboration with OSMEP, ISMED, NESDC, SME Development Bank, Federation of Thai Trade Industry (FTI), may advocate for the removal or amendment of any laws, policies, and practices that deter MSMEs from registering a business.

**Box 1. Digitization of business registration processes in Benin**

- **Benin** - In 2020, Benin’s business registration processes were made completely digital. It also serves as a One-Stop Shop where new businesses may immediately comply with “trade, tax, social security and department of labor obligations.” This policy, born of a long-standing partnership with UNCTAD, was implemented before the global spike in COVID19 infections, allowing businesspeople to start businesses remotely.

Source: UNCTAD<sup>14</sup>

**Strategy 2 - Ensuring that MSMEs are considered in the design of policies for COVID-recovery**

16. Policies and regulations should be based on evidence, data, and statistics.<sup>15</sup> The absence of accurate data on informal enterprises makes it difficult to fully understand MSMEs, consequently weakening the foundation of evidence-based analysis and policymaking.<sup>16</sup> For example, the lack of information on the profitability of enterprises, certainty of revenues, and potential creditors, prevents financial institutions from determining whether it is prudent to grant loans.<sup>17</sup>

<sup>12</sup> OECD (2020) Formalisation of Micro Enterprises in ASEAN, p. 8.

<sup>13</sup> Ibid, p. 14.

<sup>14</sup> UNCTAD (2020) Press Release, Benin Takes Business Registration Online at Critical Time. Available at <https://unctad.org/news/benin-takes-business-registration-online-critical-time>.

<sup>15</sup> <https://www.un.org/development/desa/cdpmo/what-we-do/areas-of-work/evidence-based-policy>

<sup>16</sup> OECD (2020), Formalisation of Micro Enterprises in ASEAN, p.18. Available at <https://asean.org/wp-content/uploads/2012/05/Formalisation-of-Micro-Enterprises-in-ASEAN-POLICY-INSIGHT-2020-final-3.pdf>

<sup>17</sup> APEC (2006), Small and Micro Enterprise Financing: A Tool for Mainstreaming the Informal Sector?

17. TCCT, in collaboration with OSMEP, ISMED, NESDC, SME Development Bank, and FTI, may ensure that they follow a standardized collection and consideration of data relevant to MSMEs in the course of their operations. TCCT may also produce (and share with MSME agencies) statistics on the most commonly-found competition restrictions in sectors where many MSMEs operate. Such data could be used the regulatory impact assessments conducted by policymakers.

## **Goal 2 - Developing the business capacities of MSME**

### **Strategy 3 - Improve MSMEs' awareness of relevant competition issues**

18. While competition law usually applies only to significant restrictions of competition in the market and it is possible that Thai MSMEs' behaviors do not infringe competition, TCCT should engage with them given their importance to economic development. This will allow TCCT to foster the MSMEs' awareness of competition law and policy, while at the same time developing a better understanding of the operations and challenges faced by MSMEs.<sup>18</sup>
19. It is important for TCCT to provide MSMEs with concrete and clear guidance on the types of business activities that they can undertake without violating the Trade Competition Act 2017. This will help improve legal certainty and predictability, allowing MSMEs to make future decisions without fear that they may break the law.<sup>19</sup>
20. As part of business information training activities for MSMEs, TCCT may facilitate a workshop module on the (1) role of competition policy in strengthening the business environment, the development, and the recovery of MSMEs; (2) kinds of anti-competitive practices under the Trade Competition Act; and (3) regulations issued by TCCT which can contribute to the development of MSMEs. For this purpose, TCCT may consider using as a guide UNCTAD's modules for the Training Course on the interface between MSME development and Competition Policy
21. Further to the comments of the Consultation Participants, TCCT may also consider creating a separate module on the following topics: the process of reforming regulations that unjustifiably restrict competition, structure and characteristics of monopolies, anti-competitive pricing behaviour, competitive neutrality and levelling the playing between the state-owned enterprises and private businesses.

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<sup>18</sup> UNCTAD (2021), The COVID-19 Pandemic Impact on Micro, Small, and Medium-Sized Enterprises, page 35.

<sup>19</sup> Ibid.



**Box 2. Improving Awareness of Competition Among MSMEs in the Philippines**

**Philippines** - The Philippine Competition Commission, in cooperation with the Department of Trade and Industry and the National Economic and Development Authority, held a series of online regional roadshows on competition law and policy from July to September 2021. The roadshows highlighted the relevance of the competition policy amid the pandemic in the local economies of the host regions, to improve the public's understanding of competition law and policy among businesses, especially MSMEs.

Source: *Philippine Competition Commission*<sup>20</sup>

**Strategy 4 – Improving MSME's access to digital technologies**

22. The survive during the pandemic, many MSMEs were forced to go digital and shift to e-commerce to diversify sales outlets and stabilize sales. 82% of MSMEs in Thailand reported that digital payment tools helped them adapt to the new business environment during the pandemic.<sup>21</sup> While digital markets have brought benefits to MSMEs and consumers during the pandemic, at the same time, they have created new challenges for competition enforcement and policy. To facilitate the resurgence of Thai MSMEs post-COVID-19, it is important to understand how competition policies can impact the development of and access to new technologies.<sup>22</sup> Competition and digitalization policies should not only promote competition and access to technologies for MSMEs, but they should also encourage MSMEs to innovate so they can boost their recovery from the pandemic. The UNCTAD report on “Harnessing the Interaction between Digital Platforms & MSMEs- Recommendations for Digital Platforms” provides the principles of accessibility, contestability, and fairness that should govern MSMEs' access to digital platforms.

23. TCCT may consider the following initiatives:

- a. In collaboration with OSMEP, ISMED, the Thai Chamber of Commerce, and the FTI, contribute to the development of a central MSME information portal by preparing an information page on the types of anti-competitive practices found in digital industries. This aims to strengthen the MSMEs' appreciation of possible competition issues in the digital economy.

<sup>20</sup> <https://www.asean-competition.org/read-news-pcc-to-hold-virtual-competition-law-and-policy-regional-roadshows-for-msmes-consumers>.

<sup>21</sup> DAI (2021), Insights from Emerging Markets: MSMEs and Digital Tool Use amidst the COVID-19 Pandemic, Thailand Country Brief. Available at <https://www.dai.com/uploads/thailand-country-brief.pdf>.

<sup>22</sup> See the 2019 UNCTAD Secretariat Note on competition issues in the digital economy, which summarizes the features specific to digital platforms and their implications for competition law and policy. Available at [https://unctad.org/system/files/official-document/ciclpd54\\_en.pdf](https://unctad.org/system/files/official-document/ciclpd54_en.pdf).

- b. To actively participate in fostering MSMEs' access to digital platforms, TCCT will not only need to make general statements on, but has to make a concrete, data-based analysis of the benefits of competition in ensuring such access. Together with ISMED and FTI, TCCT may explore through a more in-depth sectoral study, the competition challenges that MSMEs face within the digital economy, and how resolving such challenges can contribute to the goals of the Thailand Digital Economy and Society Development Plan (otherwise known as Digital Thailand).

### Box 3. Market Studies on the Digital Sector and MSMEs

In recent years, a number of competition authorities have conducted markets studies and investigations to better understand the complex business models involved and their effects on competition.

**Japan** – In 2018, the Ministry of Economy, Trade and Industry (METI), Japan Fair Trade Commission (JFTC) and Ministry of Internal Affairs and Communications (MIC) launched the “Study Group on Improvement of Trading Environment surrounding Digital Platforms.” JFTC conducted a survey among than 900 respondents to gather information actual state of trade practices on online retail platforms and app stores, in order to identify whether there are any concerns under the Anti-Monopoly Act (AMA).

**Malaysia** - The Malaysia Competition Commission has an ongoing market review of the digital sector with the objective of issuing guidelines on e-commerce, food delivery platforms and online travel agents.

*Source: Maximiano, et. al. (2022)*

- c. Following the in-depth study, the TCCT, together with OSMEP, may advocate for the removal or amendment of discriminatory laws and policies that hinder MSMEs from accessing major digital platforms, in view of the principles of accessibility, contestability, and fairness towards business users to govern MSMEs' access to digital platforms, as laid out in the UNCTAD report on “Harnessing the Interaction between digital Platforms & MSMEs- Recommendations for Digital Platforms”.<sup>23</sup>
- d. In collaboration with OSMEP, ISMED, and FTI, conduct capacity building workshops for MSME operators on the anti-competitive practices surrounding digital industries and their impact on the development of MSMEs. These workshops may include the following topics:
  - i. Common features (such as network effects, multi-sided markets, and access to data) that are present in many digital markets, which lead firms to a dominant position, and may tend to increase market concentration, raise

<sup>23</sup> UNCTAD (2022): “Harnessing the Interaction between digital Platforms & MSMEs- Recommendations for Digital Platforms”, forthcoming

- barriers to entry, strengthen the durability of market power, and provide the ability and incentive to engage in exploitative and exclusionary conduct.
- ii. Key issues in digital markets, such as digital advertising, the role of algorithms, marketplaces and app stores, and mergers.
- e. UNCTAD can contribute to these workshops by helping TCCT identify and invite speakers from competition authorities and MSME agencies that have successfully worked on similar workshops on competition issues in the digital sector.

#### **Box 4. Support for the digital transformation of MSMEs**

The Philippines' Department of Trade and Industry launched the "CTRL + BIZ Reboot Now!" Project, which offered a series of free webinars for MSMEs that need to transform their business digitally. Enabling partners (private companies across the Philippine e-commerce ecosystem) shared their expertise and experiences on how to take advantage of the digital space. The project aims to increase the number of online merchants and ecommerce shoppers.

Source: Department of Trade and Industry<sup>24</sup>

### **Goal 3 – Nurturing MSMEs Access to Business Opportunities**

#### **Strategy 5 - Reducing anti-competitive practices affecting MSMEs**

24. As noted in the National Study, the pandemic has caused widespread contraction across the Thai economy, with the tourism sector (and the associated hospitality sector) being the most negatively affected.<sup>25</sup> Focusing on businesses operated by MSMEs in Thailand, the study indicates that the services sector was the hardest hit.<sup>26</sup>
25. The TCCT, after consultations with OSMEP and FTI, may consider prioritizing competition enforcement activities in sectors that significantly impact MSMEs in Thailand. During the Formal Consultation, the Consultation Participants mentioned that the wholesale, retail, and services sectors, and especially those involving pharmaceutical and e-commerce enterprises, were particularly important to MSMEs.

<sup>24</sup> <https://ecommerce.dti.gov.ph/reboot-package/ctrl-biz-reboot-now/>.

<sup>25</sup> The UNCTAD study, "COVID-19 and Tourism, An Update" (2021), found that Thailand suffered an 83% reduction in tourist arrivals across the country due to the pandemic. Available at [https://unctad.org/system/files/official-document/ditcinf2021d3\\_en\\_0.pdf](https://unctad.org/system/files/official-document/ditcinf2021d3_en_0.pdf).

<sup>26</sup> Charoenrat, T and Harvie, C. (2021). Analysis of the impact of COVID-19 on micro, small and medium-sized enterprises (MSMEs) in Thailand from competition policy and market access perspectives. Prepared for: United Nations Conference on Trade and Development (UNCTAD), p. 17-18.

26. The TCCT, in collaboration with OSMEP, ISMED, Federation of Thai Trade Industry may consider creating or contributing to the creation of a facility in the MSME portal where MSMEs can report anti-competitive behavior. Inspiration may be taken from the dedicated MSME portals created by the US Department of Justice and the Hong Kong Competition Commission (Box 3)

#### **Box. 5 Dedicated MSMEs Webpages**

- **USA and Hong Kong** - The United States Department of Justice and Hong Kong Competition Commission have established special online portals that contain detailed information to help MSMEs understand what competition law is, examples of conduct that they prohibit, ways to avoid violating the competition law, and avenues for reporting anti-competitive conduct.

Sources: US DOJ,<sup>27</sup> Hong Kong Competition Commission.<sup>28</sup>

#### **Strategy 6 – Improving MSME's access to financing**

27. The National Study revealed that despite the efforts made by the Thai Government, MSMEs still reported problems with respect to accessing finance during the pandemic.<sup>29</sup>
28. Further to NESDC's comment during the Formal Consultation that the informal MSMEs' lack of access to finance should be addressed as a priority. TCCT, in collaboration with OSMEP, ISMED, NESDC, and SME Development Bank, may consider providing advice to public stakeholders on how to reduce entry barriers for the grant of zero-interest, no collateral loans for MSME borrowers, and advocate for the removal or amendment of any discriminatory laws and policies that hinder MSMEs from accessing financial services and other business assets. This may be done by inviting such public stakeholders to a workshop on competition assessment, with a focus on how certain requirements to access finance may significantly raise costs for MSMEs and deter them from availing themselves of such financing programs.<sup>30</sup>
29. During the pandemic, TCCT helped the Thai government design COVID-19 stimulus packages, state aid, and related government policies based on competition principles to

<sup>27</sup> <https://www.justice.gov/atr/antitrust-issues-and-your-small-business>

<sup>28</sup> [https://www.compcomm.hk/en/practices/help\\_sme/help\\_smes.html](https://www.compcomm.hk/en/practices/help_sme/help_smes.html)

<sup>29</sup> Charoenrat, T and Harvie, C. (2021), p. 88.

<sup>30</sup> There are several tools available to assess the competition impact of regulations. OECD has the Competition Assessment Toolkit; the World Bank has the Markets and Competition Policy Assessment Tool; APEC has used the Manual for Competition Assessment of Regulations in select jurisdictions.

ensure that government interventions kept a level-playing field.<sup>31</sup> Focusing on MSMEs, the TCCT, in collaboration with OSMEP, ISMED, NESDC, and SME Development Bank, should consider advocating to the Thai Government the continued monitoring of the impact of the financial support provided to MSMEs, to ensure that public funds are used efficiently and in investments that promote growth and innovation. This will prevent the use of public funds to artificially maintain non-viable firms, a practice which distorts competition. Knowing that the COVID-19 pandemic is not yet over, and it will not be the last crisis requiring state interventions affecting MSMEs, TCCT may sustain the policymakers' interest in the topic by organizing workshops on how Thai government bodies can (a) ensure the sound design of future state support programs to avoid distortions and (b) review existing financial support programs to ensure that they are timely phased out.

### **Strategy 7 – Improving MSMEs' awareness of local, regional, and international business opportunities**

30. A recent study by the International Trade Center found that, globally, during the pandemic, MSMEs were less likely to be aware of government support programs.<sup>32</sup>
31. TCCT, in collaboration with OSMEP, ISMED, NESDC, and SME Development Bank, and FTI, should advocate for the dissemination of information to MSMEs in remote and rural areas to ensure that they are aware of opportunities related to the recovery from the pandemic, such as stimulus packages, another special financing, and access to local, regional, and international markets. TCCT and the MSME agencies may leverage the existing local networks of MSME trade associations in distributing information about the foregoing topics, making sure that the mode of dissemination is appropriate for the target audience (using local dialects and easily accessible communications technology).
32. TCCT may also help encourage MSMEs to tap the opportunities in macroeconomic policy, infrastructure development, and trade deals by improving the dialogue and cooperation between MSME sector representatives and Thai Government representatives, with the support of international and regional organizations. UNCTAD may play a role in organizing capacity building initiatives that can bring together MSME associations, MSME experts, competition experts, regulatory bodies representatives, and other development partners to discuss and share ideas about the foregoing topics.

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<sup>31</sup> Maximiano et. al. (2022), The COVID-19 Take-Off of Competition Advocacy in Asia Pacific, Competition Policy International.

<sup>32</sup> International Trade Council (2020) SME Competitiveness Outlook 2020: COVID The Great Lockdown and its Impact on Small Business, ITC: Geneva, p 40.

33. This would help to address the policy gap between TCCT and OSMEP raised during the Consultation by OSMEP.

## Summary

Table 1 below summarizes all the goals, strategies, and initiatives proposed in this Guidance Document.

Goal	Strategy	Sample initiatives under the strategy	Possible implementing agencies
<b>Goal 1</b> Improve the business climate and environment of MSMEs	<b>Strategy 1</b> Encourage the formalization of MSMEs	Advocate for the removal or amendment of any laws, policies, and practices that deter MSMEs from registering a business.	TCCT in collaboration with OSMEP; ISMED; NESDC; SME Development Bank ; Federation of Thai Trade Industry
	<b>Strategy 2</b> Ensure that MSMEs are considered in the design of policies for COVID-recovery	Advocate for the standardized collection and consideration of data relevant to MSMEs in the regulatory impact assessments conducted by policymakers. TCCT may also produce (and share with MSME agencies) statistics on the most commonly-found competition restrictions in sectors where many MSMEs operate.	TCCT in collaboration with OSMEP; ISMED; NESDC; SME Development Bank ; Federation of Thai Trade Industry
<b>Goal 2</b> Develop the business capacities of MSMEs	<b>Strategy 3</b> Improve MSMEs' awareness of relevant competition issues	As part of business information training activities for MSMEs, TCCT may facilitate a module on the (1) role of competition policy in strengthening the business environment, the development, and the recovery of MSMEs; (2) kinds of anti-competitive practices under the Trade Competition Act; and (3) regulations issued by TCCT which can contribute to the development of MSMEs.  TCCT may consider creating a separate module on the process of reforming regulations that unjustifiably restrict competition, structure and characteristics of monopolies, anti-competitive pricing behaviour, competitive neutrality and levelling the playing between the state-owned enterprises and private businesses.	TCCT
	<b>Strategy 4</b> Improve MSME's access to digital technologies	Thailand can explore ways, in addition to the national laws, regulations, initiatives, to take on board the principles of accessibility,	TCCT in collaboration with UNCTAD

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		contestability, and fairness towards business users to govern MSMEs access to digital platforms as laid out in the UNCTAD report on “Harnessing the Interaction between digital Platforms & MSMEs- Recommendations for Digital Platforms”	
		Contribute to the development of a central MSME information portal by preparing an info page on the types of anti-competitive practices found in digital industries. This will aim to strengthen the digital literacy of MSMEs	TCCT in collaboration with OSMEP; ISMED; Federation of Thai Trade Industry
		Explore through a more in-depth sectoral study, the competition challenges that MSMEs face within the digital economy, and how addressing such competition issues can contribute to the goals of the Thailand Digital Economy and Society Development Plan (Digital Thailand).	TCCT, ISMED, Federation of Thai Trade Industry
		Advocate for the removal or amendment of discriminatory laws and policies that hinder MSMEs from accessing major digital platforms.	TCCT in collaboration with OSMEP
		Conduct capacity building workshops for MSME operators on the anti-competitive practices surrounding digital industries and their impact on the development of MSMEs	TCCT in collaboration with OSMEP; ISMED; Federation of Thai Trade Industry
<b>Goal 3</b> Nurture MSMEs' access to business opportunities	<b>Strategy 5</b> Reduce anti-competitive practices affecting MSMEs	Prioritize competition enforcement activities in sectors that significantly impact MSMEs in Thailand, such as wholesale, retail, and services sectors, <sup>33</sup> and especially those involving pharmaceutical and e-commerce enterprises. <sup>34</sup>	TCCT in collaboration with OSMEP; Federation of Thai Trade Industry
		Create or contribute to the creation of a facility in the MSME portal where MSMEs can report anti-competitive behavior.	TCCT in collaboration with OSMEP; ISMED; Federation of Thai Trade Industry
	<b>Strategy 6</b>	Continue providing advice to public stakeholders on how to reduce entry barriers for the grant of zero-	TCCT in collaboration with OSMEP; ISMED; NESDC; SME Development Bank

<sup>33</sup> According to the OECD, “over 41.7% of Thai SMEs are in the wholesale and retail sectors, followed by 39.6% in services, 17.3% in manufacturing.” See <https://www.oecd-ilibrary.org/sites/2c7b8253-en/index.html?itemId=/content/component/2c7b8253-en>.

<sup>34</sup> These industries were mentioned by the stakeholders during the Formal Consultation.

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	Improve MSME's access to financing	interest, no collateral loans for MSME borrowers.	
		Advocate to the Thai Government the continued monitoring of the impact of the financial support provided to MSMEs, to ensure that public funds are used efficiently and in investments that promote growth and innovation	TCCT, in collaboration with OSMEP, ISMED, NESDC, and SME Development Bank
		Advocate for the removal or amendment of any discriminatory laws and policies that hinder MSMEs from accessing financial services and other business assets. NESDC stressed during the consultation that MSMEs are outside of the system and there are lacking access to finance due to their informality which should be addressed as a priority.	TCCT in collaboration with OSMEP; ISMED; NESDC; SME Development Bank
	<b>Strategy 7</b> Improve MSME's awareness of local, regional and international business opportunities	Advocate for the dissemination of information to MSMEs in remote and rural areas to ensure that they are aware of opportunities related to the recovery from the pandemic, such as stimulus packages, other special financing, and access to international markets. This would help to address the policy gap between TCCT and OSMEP raised during the Consultation by OSMEP.	TCCT in collaboration with OSMEP; ISMED; NESDC, SME Development Bank, Federation of Thai Trade Industry.
		Encourage MSMEs to tap the opportunities in macroeconomic policy, infrastructure development, and trade deals by improving the dialogue and cooperation between MSME sector representatives and Thai Government representatives, with the support of international and regional organizations	TCCT, in collaboration with UNCTAD



## Approach and suggested timeline

### Scanning of institutional and human resources

1. As an initial step, TCCT may consider scanning its institutional and human resources for expertise related to the application of competition policy for the development of MSMEs. This scanning could involve the identification of (a) officers and staff who have knowledge of sectors where a significant number of MSMEs operate; (b) competition enforcement cases affecting MSMEs, and (c) regulations issued by the TCCT for the benefit of MSMEs. To facilitate this scanning exercise, TCCT may create an MSME task force (“**MSME Task Force**”), preferably consisting of representatives from the different offices within TCCT.

### Assessment of the proposed goals, strategies, and initiatives

2. TCCT’s MSME Task Force, considering TCCT’s resources, can thereafter assess which among the proposed goals, strategies, and initiatives for the support of MSMEs contained in **Table 1** can be taken on by the TCCT.
3. TCCT’s MSME Task Force can thereafter reach out to the MSME agencies (including OSMEP and NESDC) to explore the possibility of setting up a core group of representatives that could serve as a focal group that can drive all MSME-related policy efforts in the same direction (“**MSME Focal Group**”). TCCT may derive inspiration from the examples of MSME-related groups in Bangladesh and the Philippines which are involved in coordinating MSME-related groups (**Box. 6**)

**Box 6. Examples of MSME Policy-Coordinating Bodies**

**Bangladesh** - Bangladesh's 2016 SME Policy created two policy-coordination committees: the National SME Development Council (NSDC), the highest SME-related policy-making body composed of more than 30 members from the public and private sectors,<sup>1</sup> and the National SME Task Force (NSTF),<sup>1</sup> which acts as the executive committee that identifies priorities and reviews action plans under the SME Policy.

**Philippines** - The SME Council is the primary agency responsible for the promotion, growth and development of SMEs and the coordination of national efforts to promote the viability and growth of SMEs in the country. It is likewise composed of representatives from the public and private sectors.<sup>1</sup>

The competition authorities of Bangladesh and the Philippines are not yet members of respective SME councils, due to the infancy of the competition regimes in the two countries.

Sources: Bangladesh SME Policy;<sup>35</sup> Republic Act No. 8289<sup>36</sup>

4. Following consultations with the MSME Focal Group, The MSME Task Force can afterwards prepare a detailed work plan and timeline for the initiatives that TCCT will implement. If the selected initiatives will require the participation or contributions of other public or private stakeholders, it would be important to involve them in planning the initiatives early on.
5. For example, as a short-term target (for implementation in Q3 to Q4 2022), the TCCT may leverage its existing expertise and knowledge to advocate for the role of competition policy in the development of MSMEs and promote awareness about its existing regulations related to MSMEs. In this connection, under Strategy 3, the TCCT may organize a joint forum for MSMEs and public stakeholders in Thailand that support MSMEs (such as the TCCT, OSMEP, ISMED, SME Development Bank, and NESDC) to discuss TCCT's (a) Guidelines on Unfair Trade Practices between Digital Platform Operators for Food

<sup>35</sup> The SME Development Council is a 32-member council composed of representatives of the following: Minister of Industry, Bangladesh Bank, Ministry of Commerce, Ministry of Finance, Ministry of Planning, Ministry of Foreign Affairs, Ministry of Local Government and Rural Development, Ministry of Labour and Employment, Ministry of Agriculture, Ministry of Jute and Textile, Ministry of Education, Ministry of Women and Children Affairs, Ministry of Fisheries and Livestock, Ministry of Science and Technology, Ministry of Environment, Forest, and Climate Change, Ministry of Cultural Affairs, Ministry of Power, Ministry of Posts, Telecommunications and Information Technology; Chairmen of the National Board Revenue, Bangladesh Investment Development Authority, Bangladesh Tariff Commission, Bangladesh Small and Cottage Industries Corporation, Bangladesh Industrial and Technical Assistance Center, and SME Foundation, and 5 representatives from the private sector (including the Federation of Bangladesh Chambers of Commerce and Industries and National Association of Small and Cottage Industries of Bangladesh). The SME Task Force is headed by the Secretary of the Ministry of Industries and representatives from the Bangladesh Bank, and National Board of Revenue.

<sup>36</sup> Pursuant to Section 5 of Republic Act No. 8289 (Magna Carta for Small Enterprises), the SME Council is headed by the Secretary of Trade and Industry, and composed of the heads of the National Economic and Development Authority, Department of Agriculture, Department of Labor and Employment, Department of Secretary of Environment and Natural Resources, Department of Science and Technology; Department of Tourism, Monetary Board, Small Business Guarantee and Finance Corporation; Three (3) representatives from the private sector at large; one representative from the small and medium enterprises sector; a representative from the private banking sector to serve alternately among the Chamber of Thrift Bank; the Rural Bankers' Association of the Philippines; and the Bankers' Association of the Philippines.

Delivery and Restaurants and (b) Guidelines on Fair Trade Practices concerning Credit Terms for Small and Medium Enterprises.

6. For the medium to long-term, the TCCT may consider prioritizing competition enforcement activities in sectors and subsectors that significantly impact MSMEs in Thailand. This prioritization exercise would benefit from a prior market assessment and identification of the sectors and subsectors where (a) there are heightened risk of anti-competitive behavior due to the pandemic; (b) distorted market structures stifle prospects for MSME growth and innovation.
7. The National Study (which serves as the basis for the suggested work plan in this Guidance Document) should be updated, with the new version exploring (a) the constraints faced by MSMEs during the pandemic; (b) the role of competition policy and enforcement during the pandemic (I.e., prioritization of cases in sectors that are relevant to MSMEs, specific guidance for collaboration among MSMEs during a crisis); (c) digitalization and its benefits for MSMEs in post-pandemic recovery, and how the recommendations contribute to the Thailand Digital Economy and Society Development Plan (otherwise known as Digital Thailand), considering UNESCAP's recommendations in the Policy Guidebook: Harnessing Digital Technology for Financial Inclusion in Asia and the Pacific; (d) greening of SMEs; and (e) TCCT's role in the face of future pandemics.
8. TCCT should also explore which best practices from other regions are relevant to Thailand. UNCTAD may support TCCT in establishing relationships with other competition authorities and MSME agencies that may share insights about their successful programs in supporting MSMEs recover from the pandemic.

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