Siam Legal International Issues Advisory for Foreign Businesses Following Bank of Thailand Economic Warning

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Siam Legal International, a full-service law firm in Thailand with more than 22 years of experience assisting foreign nationals in Thailand, is advising foreign businesses and investors operating in Thailand to review their compliance frameworks and business structures following a stark warning from Bank of Thailand Governor Vitai Ratanakorn that the era of globalization has ended and that uncertainty has become a permanent feature of the business environment.

Speaking at the Bank of Thailand Southern Region Office's annual seminar on July 13, 2026, Governor Vitai warned that the world was entering an age of geopolitics and geoeconomics shaped by tariffs, trade restrictions, and divisions between rival power blocs. Major shocks including the US-China trade war, the Covid-19 pandemic, the Russia-Ukraine conflict, and the US-Iran confrontation have demonstrated that businesses can no longer operate as they did before. The Bank of Thailand maintains its forecast of 2.3% GDP growth for Thailand in 2026, above the roughly 2% projected by several research organizations, though the governor noted that Thailand's long-term potential GDP growth rate has fallen from 5% to just 2.7% due to structural issues including an aging population and persistently weak investment over more than two decades.

The investment gap is significant. Using 1997 as a base year with Thailand's investment level indexed at 100, the country's investment index has risen to only 106, compared with 200 in Malaysia and 900 in Vietnam. Technology and AI-related production still relies on imported inputs for approximately 70% of its components, limiting domestic value creation. The BOT governor also warned that Thailand may no longer be able to record current account surpluses of 5-7% of GDP as it has historically, with the surplus potentially remaining at only 2-3% of GDP before beginning to recover in 2027.

"The BOT governor's comments reflect a business environment that is fundamentally more complex than it was five years ago," said Rex Baay, Operations Manager at Siam Legal International. "For foreign businesses operating in Thailand, this means that regulatory compliance, ownership structure, and financial transaction monitoring are no longer secondary considerations. The combination of tighter BOT oversight, the ongoing nominee enforcement campaign, and evolving tax rules for foreign income means that businesses with any exposure to Thailand need proper legal and compliance support in place now rather than reactively."

The Bank of Thailand has also announced significantly tighter oversight of financial transactions carrying money-laundering risks. Financial institutions have been instructed to monitor gold purchases through mobile applications followed by immediate physical withdrawals, which previously reached 4,000 kilogrammes per month before falling to 700 kilogrammes following tighter supervision. Cash withdrawals exceeding 5 million baht are now monitored, with suspicious transactions in this category falling 35% within two months of enhanced oversight. From the fourth quarter of 2026, anyone depositing more than 5 million baht in cash will be required to clearly identify the source of the funds. Commercial banks, e-money providers, and payment gateways have also been instructed to monitor unusual transactions including round-number transfers made during night hours, which authorities have linked to online gambling, corruption, and illicit business activity.

Siam Legal International is a full-service law firm with more than 22 years of experience assisting foreign nationals in Thailand, with offices in Bangkok, Chiang Mai, Phuket, and Pattaya. The firm provides comprehensive legal support across corporate structuring, foreign investment, regulatory compliance, immigration, property transactions, and litigation.

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For more information about Siam Legal International, contact the company here:Siam Legal InternationalRex Baay+662 254 8900info@siam-legal.com18th Floor, Unit 1806 Two Pacific Place,142 Sukhumvit Rd, Khlong Toei,Bangkok 10110, Thailand

Siam Legal International

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Website: https://www.siam-legal.com/

Email: info@siam-legal.com

Phone: +662 254 8900