

Daily Thai News Updates: 12 June 2017

1. Thailand eyes OBOR for Eurasian market

Source: The Nation ([Link](#))

Thailand hopes that China's "One Belt, One Road" (OBOR) initiative would boost trade and investments as well as increase the number of tourists visiting Thailand from Eurasian countries, including Kazakhstan which is hosting the Astana Expo 2017. Nat Pinyowattanacheep, Thailand's ambassador to Kazakhstan, said that although the trade value between Thailand and Kazakhstan is currently not much due to transport issues as the cargo must be shipped via Moscow, Thailand hoped the OBOR's key AH1 route would shorten transportation time. AH1 would link China, Vietnam and Thailand and thus boost trade between Thailand and the Eurasian countries. The Eurasian Economic Union (EAEU), comprising more than 180 million people, includes Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia and Moldova, the latter becoming the first Observer member of the Union on April 14 this year. During Prime Minister Prayut Chan-o-cha's official visit to St Petersburg, Russia, in mid-May and for the Asean-Russia Summit, there were discussions on boosting trade volumes between the two sides by five times within five years. There were moves towards a free-trade agreement with the EAEU. The Thai Commerce Ministry and the Russian Ministry for Economic Development also signed a memorandum of understanding on trade and economic cooperation.

2. Thailand 4.0 'needs urgency'

Source: The Nation ([Link](#))

The Thai government needs to have a sense of urgency in initiating the Thailand 4.0 scheme, which should deliver a substantial result to the country in a certain period of time, say academics. Professor Methi Wecharatana, head of structural engineering division at New Jersey Institute of Technology, said that in his view, Thailand 4.0 would deliver nothing to the country in the next five years because of the lack of a leapfrog strategy and a clear timeline to accomplish the scheme. "Thailand 4.0 is a good economic scheme as at least it has a target about what the government would like to achieve through the scheme. However, the government has no sense of urgency and a clear timeline for Thailand 4.0," said Methi, adding that the scheme needed to deliver something

to the country within a certain period or in the next three to five years. “I have not seen any concrete process to lead Thailand 4.0 to its objective. There is also no strategy to implement the scheme,” Methi said. Methi said that in order to make Thailand 4.0 successful, the scheme should be deliverable and measurable. Thailand 4.0 is an economic scheme aimed at developing a value-based economy and pull Thailand out of the middle-income trap. The Thailand 4.0 development plan is focused on 10 targeted industries, which can be divided into two segments, developing existing industrial sectors by adding value through advanced technologies for five industries: next-generation automotive; smart electronics; high-income tourism and medical tourism; efficient agriculture and biotechnology; and food innovation. The government has also targeted five additional growth engines to accelerate Thailand’s future growth: automation and robotics; aerospace; bio-energy and bio-chemicals; digital; and medical and healthcare.

3. Revenue Dept soon to table draft law on e-commerce business taxation

Source: The Nation ([Link](#))

The Revenue Department is expected to table a draft e-business law, which will tax online trading transactions for goods and services, for the Cabinet’s approval this month. The department’s director-general Prasong Poontaneat said recently that he had approved the draft law in principle. The department’s legal team is wrapping up the final details of the draft, which will be proposed to the Cabinet this month and then to the National Legislative Assembly. The law is expected to take effect within the current military-led regime’s tenure. The legal draft will involve transactions of goods and money-transfer services arising in Thailand as well as business operations through other forms of financial innovation. Even if business operators do not reside in Thailand, they will be regarded as having establishments here and will be required to pay taxes similar to those levied from operators inside the country. “Once the law comes into force, if [operators outside Thailand] have transactions in Thailand for purchase or sales of goods or money-transfer services, they will be regarded as having business establishments in Thailand and will be required to pay taxes, extending from withholding tax and value-added tax to other income taxes,” Prasong said. In practice, financial institutions will be delegated the authority to collect the withholding tax on behalf of the Revenue Department. When an amount of money is transferred online as payment for goods or services, financial institutions in Thailand will deduct 5 per cent of the amount as withholding tax for the department. The financial institutions also have to deliver

to the department the withholding-tax transactions. Prasong said online transactions were expected to be worth trillions of baht and would be grouped into two categories. One involves online transactions in such systems as online ticket reservations and online payments for public and private agencies, while the other includes payments for advertising via Facebook, Google, Line or Uber.

4. Ital-Thai expects to bag 25% of govt projects

Source: The Nation ([Link](#))

Listed construction firm Italian-Thai Development Plc expects to bag at least 25 per cent of the total government infrastructure projects worth Bt600 billion that will open for bidding in the second half of this year till next year, company president Premchai Karnasuta said recently. Meanwhile, its business overseas also has continued to expand, especially in CLMV countries (Cambodia, Laos, Myanmar, and Vietnam), he added. He added that the company will join in bidding for more than 50 infrastructure projects worth up to Bt600 billion that will launch in the second half of this year and the next year and aims to bag at least 25 per cent of the total. This will boost its portfolio to achieve Bt400 billion this year, boosting total revenue growth to double digits this year. "We believe the government will open bidding for more infrastructure projects this year and next year to develop the country's infrastructure. This is an opportunity for us to boost our portfolio. This will also help us maintain total revenue growth this year and in the next five years benefiting from the government's policy to develop the country's infrastructure such as rail system, motorway, high-speed train, airport, port etc," he said...Premchai said the company was expanding its business both at home and overseas to maintain growth, especially in CLMV countries where more investments are being made towards developing infrastructure projects. The company is also expanding its business in India, Bangladesh, Taiwan, Malaysia, Philippines and Maldives.

5. Digital adoption clouds blow this way

Source: Bangkok Post ([Link](#))

The Internet of Things (IoT) and digital transformation have driven the adoption of cloud computing technology in business organisations, says a US-based enterprise cloud infrastructure firm Nutanix. "Thailand and Singapore are the top two strategic countries in the Asean market that

can leapfrog the adoption of private cloud data centres," said Sudheesh Nair, president of Nutanix. Compared to Europe and the US where the enterprise infrastructure has been established, Asian countries have more greenfield that offer potential for investing to virtualise enterprise data centres, said Mr Nair. This strategy makes it easier to migrate to cloud-based data centres, similar to when telecom systems in Asia jumped from landlines to wireless systems. "The enterprise infrastructure in the US and Europe is established and they will take a bit longer to adopt for new technologies," he said. Businesses need more agility in their IT infrastructure and they need to speed up their time to market with a lower cost of investment, said Mr Nair. These factors should stimulate the growth of cloud technology adoption. Nutanix predicts a shift from the present data centre model to the hybrid cloud where core business applications and predictable workloads will be run in a private cloud environment and seasonal or unpredictable workloads can function on the public cloud.

6. B200bn plan for U-tapao

Source: Bangkok Post ([Link](#))

Thailand's new economic model of an "aerotropolis" -- a community where the layout, infrastructure and economy is centred around an airport -- is expected to help attract up to 200 billion baht in new investment to the Eastern Economic Corridor (EEC), says the Industrial Estate Authority of Thailand. IEAT governor Veerapong Chaiperm said the model aims to use U-tapao airport as the centre of a new community built in EEC areas. He said the plan includes a project to expand and modernise the airport for transport purposes as well as another to develop a maintenance, repair and operation (MRO) hub nearby. "The government wants to make U-tapao an aerotropolis, the centre of infrastructure that will link the airport to expanding cities growing out in rings from the airport," Mr Veerapong said. He said the IEAT is working closely with the EEC Office to draft laws and regulations for new investment in the aerotropolis, which is expected to eventually be an aviation hub for Asean. The EEC project spans more than 30,000 rai in the three eastern provinces of Rayong, Chon Buri and Chachoengsao. It was designed to accommodate new investment in targeted industries to pursue added value and push the economy towards the Thailand 4.0 era. The government aims to attract 30 leading multinational companies to invest in the EEC over the next two years. The area is meant to be Thailand's new growth engine, featuring high-tech and innovative industry clusters.

7. Tourist arrivals up to 14.3m in first 5 months

Source: Bangkok Post ([Link](#))

Tourist arrivals rose to 14.3 million during the first five months of this year, an increase of 2.7% year-on-year, according to the Tourism Authority of Thailand. TAT governor Yuthasak Supasorn said an improved tourism image was a factor supporting the growth visitor numbers, coupled with the new flight connections with countries such as Russia, Scandinavia and the UK. Chinese continue to make up the largest single group of foreign visitors at 3.8 million, or 26.57% of the total. A total of 34.39 million foreign visitors were now anticipated in 2017, up 5.51% from 2016, with expected revenue 1.81 trillion baht, up 10%, Mr Yuthasak said. Domestic travel was forecast at 154 million trips, up 6.19% y-o-y, generating an expected 950 billion baht of revenue, also up 10%. Mr Yuthasak said TAT had aggressively organised international travel fairs and promoted secondary cities to visitors.

8. JD.com ready to enter Thailand

Source: Bangkok Post ([Link](#))

JD.com, China's second-largest e-commerce company, plans to enter the Thai market later this year in a move to expand its overseas business beyond Indonesia, according to chief executive Richard Liu. Thailand would be a hub for servicing other Southeast Asian countries such as Vietnam and Malaysia, Mr Liu told Reuters in an interview on Friday. "Thailand will come soon, before the end of the year. We will invest a lot and also find the best local partners to work together with. Everyone could be possible, but not Lazada," he said, referring to the fact that the Southeast Asian online retailer is now controlled by JD.com's largest domestic rival, Alibaba Group. Mr Liu said he was confident his firm could compete with Alibaba in that market and elsewhere in Southeast Asia... He declined to say how much JD.com would invest in Thailand, though said it was likely to be less than he was investing in setting up a logistics network in Indonesia, which accounts for almost all its current business outside China. Amid intense competition, JD.com has expanded into fast-moving consumer goods, including household supplies, food and beverages. The company has also diversified into data, cloud and artificial intelligence services.