

Daily Thai News Updates: 16 May 2017

1. Investor confidence grows

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

Stock investor confidence for the three months to July improved from last month's survey, driven by the domestic economy, but uncertainties over external factors and the wild swing in capital flows kept sentiments in neutral territory. The monthly Fetco Investor Confident Index (ICI) rose by 11.7% to 100.89 from the previous month's reading of 90.33. A figure below 80 points is bearish, 80-120 is neutral, and 120 or more is bullish. The survey revealed that banking sector is the most appealing for investors over the three-month period, while the least interesting sector is steelmakers, said Kanate Wangpaichitr, secretary-general of the Federation of Thai Capital Market Organizations (Fetco). The sub-index of foreign investors rose to 125, indicating that they have a bullish view on investment in the Thai stock market...Thailand's economy in the first quarter expanded at the fastest pace in three quarters, driven by recovering exports, an improving farm sector and rising private consumption, resulting in the National Economic and Social Development narrowing its growth forecast range for this year to 3.3-3.8% from 3-4% previously.

2. New tax legislation to comply with Fatca

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

On March 4 last year, Thailand and the United States entered into an agreement to improve international tax compliance and to implement the Foreign Account Tax Compliance Act (Fatca), which Washington introduced in 2010 in an attempt to discourage tax evasion by US citizens holding assets abroad. The cabinet subsequently approved a bill to implement the Fatca Agreement and for Thailand to apply to the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes. Both developments made headlines given their potential impact on Thailand's position in the international tax administration area. Now, a year later, the National Legislative Assembly (NLA) has approved first reading of the bill and the Finance Ministry is arranging public hearings. As well, the Revenue Department this month began testing an online system for submitting information on "US Reportable Accounts" by financial institutions. In order

to comply with the Fatca Agreement, financial institutions must identify US reportable accounts, collect the information and submit it to the relevant authority, in this case the Thai Revenue Department, which will then forward it to the US Internal Revenue Service (IRS).

3. ASEAN the ‘next frontier’ for e-commerce boom

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

E-commerce in Southeast Asia is ripe for fast-paced growth scenario given the region's huge population and growing middle class, but countries need to address existing challenges to help the business reach its full potential, says a Google executive. Southeast Asia is a "hotbed" for mobile internet with about 130 million people now using smartphones out of a total population of around 630 million, said Marc Woo, industry head for e-commerce, travel and financial services at Google. In hindsight, he credits AirAsia with starting "the first wave" of e-commerce in Asean as the pioneer in booking of air tickets through online platforms has been a very popular second-wave application, he added. About 60% of people in Asia Pacific accounted for 40% of global e-commerce sales in the first quarter of this year, he said. Major markets include China and India by virtue of their sheer size, and South Korea, Japan and Australia by virtue of their high purchasing power. "China is at the peak at the moment, with the majority of sales happening through the mobile web and mobile applications," said Mr Woo. "India is hugely dominated by a couple of large players -- Flipkart and Amazon. Japan and Australia are hugely mature markets, probably more mature than the UK and the US in terms of e-commerce penetration and e-commerce savviness by consumers. This really leaves us with Southeast Asia as the next frontier."

4. German model cited for technology push

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

Thailand is set to tap the German expertise in “Industrie 4.0” as part of the broader Thailand 4.0 modernisation programme in which new growth industries are being promoted to drive the next round of economic expansion amidst the rapid pace of digitisation. Peter Pruegel, the German ambassador to Thailand, said in his opening remarks for a conference in Bangkok yesterday titled “Industrie 4.0 in Thailand 4.0” that the former term, now widely used in reference to the Fourth Industrial Revolution, started out in Germany more than a decade ago. “Since then, we have been following this strategic approach towards the digitalisation in industry and services with great

success. Other countries have become our cooperation partners. We work closest with the US, Japan and China to mutual benefits.” He said Germany also wanted to reach out to other countries, including Thailand. “With Thailand, we feel that we have found a very committed and open partner as reflected by the government’s Thailand 4.0 policy. “The world around us continues to change. All nations are awakening to the call of this fundamental transformation, so it is not an option whether to join or not. The question is whether we manage to lead the movement or simply follow it,” he said. Industry Minister Uttama Savanayana said the government was focusing on helping the Thai private sector develop core technologies for target industries, while leading the way for new infrastructure schemes such as the Eastern Economic Corridor to tap new economic potential.

5. Tata plans new models, production site

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

Indian automaker Tata plans to introduce more new models as well as shift Thailand production to a new location this year in preparation for significant sales growth. Sanjay Mishra, chief executive of Tata Motors (Thailand), said that for the 2016 fiscal year ending on March 31, 2017, Tata’s sales volume grew by 19 per cent from the year before, while the industry’s sales volume increased by just 2 per cent. “Fiscal year 2016 marked Tata’s best retail performance in Thailand ever,” he said. “Fiscal year 2017 is a big step for the company’s future – we are making announcements for exciting new models as well as assembly upgrades and initiatives, new investment for the Super Ace Mint small truck, and emerging opportunities that will deliver profitable and sustainable growth in Thailand.” Last year, domestic sales of Tata Xenon pickups, its core product in the Thai market, surged by 38 per cent, and export sales for this model went up by 17 per cent, he said. According to Mishra, Tata hopes to achieve 83-per-cent growth by delivering 3,000 vehicles in Thailand this year, compared with the growth forecast of 5-6 per cent for the whole industry this year.

6. GDP up 3.3% in Q1, boosted by farming

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

Thailand's economy in the first quarter expanded at the fastest pace in three quarters, driven by recovering exports, an improving farm sector and rising private consumption. But the state planning unit narrowed its 2017 GDP growth outlook to 3.3-3.8% from the 3.0-4.0% range forecast in February, as private investment is unlikely to be as active as earlier expected. The National Economic and Social Development Board (NESDB) reported yesterday GDP grew by 3.3% year-on-year for the January-March period, accelerating from 3% in the previous quarter, thanks to a robust expansion in the farm sector. After seasonal adjustment, the Thai economy grew by 1.3% in the first quarter from the fourth quarter of 2016. Porametee Vimolsiri, the NESDB secretary-general, said the agricultural sector expanded at a faster rate after drought conditions eased, while crop prices rose to boost farm income. The agricultural sector expanded for the third straight period in the first quarter of 2017, up 7.7% year-on-year after growing 3% in the fourth quarter of 2016.

7. B30bn target for startup funds

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

The government is promoting Thailand as an attractive investment destination for startups in Asia with the aim of raising 30 billion baht in funds from investors by 2020, says the National Innovation Agency (NIA). "Given our geographical location, large population and variety of industrial sectors, Thailand can be an investment hub for startups in this region," said Pun-Arj Chairatana, director of the NIA under the Science and Technology Ministry. Thailand has a variety of test beds, a platform for conducting rigorous, transparent and replicable testing of scientific theories and computational tools. The government is also aggressively promoting the number of startups and funding investment. There are around 1,000 startups in Thailand with corporate venture capital investment worth US\$200 million (6.91 billion baht), Mr Pun-Arj said at a two-day seminar entitled Echelon Thailand 2017, which started yesterday. Investors from Japan and China are actively exploring international expansions with startups in Thailand. The NIA will soon sign a memorandum of understanding (MoU) with the Ministry of Economy, Trade and Industry of Japan for startup collaboration, plus another MoU with China's leading technology firm for the accelerator development scheme.

8. Business registrations surge

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

New business registrations surged in April despite the long holidays, as the impending land and buildings tax prompted owners to make use of their properties. The Business Development Department yesterday said the number of new business registrations totalled 4,783 in April, up 20% year-on-year, with combined registered capital totalling 21.8 billion baht, up 75%. "A rise in registered capital was particularly noticeable from holding companies which set up operations to handle property development businesses," said Banjongjitt Angsusingh, director-general of the department. "Landowners have been very active in making the best use of their land after the government imposed the inheritance and gifts tax, on top of the planned enforcement of the land and buildings. The draft bill on the land and buildings tax has already passed the first reading in the National Legislative Assembly, while the second reading is under way. The tax to be levied on first homes and land used for agricultural purposes will start at appraisal prices of 50 million baht. A rate of 0.05% will be applied to first homes worth 50-100 million baht, while it will be 0.1% for homes worth more than 100 million.

9. Power plan may be reworked

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

The government is likely to revise the national power development plan (PDP) for 2015-36 after delays in the development of natural gas and coal-fired power plants. The National Energy Policy Committee chaired by Prime Minister Prayut Chan-o-cha yesterday acknowledged the need to update the plan and ensure sufficient power supply. According to Energy Minister Anantaporn Kanjanarat, the natural gas supply will be hit the hardest if the government fails to develop coal-fired power plants as planned, specifying that the absence of the coal-fired power plants will lead to heavy dependence on natural gas. Mr Anantaporn said the government needs to make a decision within six months on whether to revise the PDP or not. The PDP has been implemented for about two years, with the aim to cut the proportion of natural gas being used to 40% from 70%. According to PDP 2015-36, new sources of power will come from renewable energy, clean coal and nuclear power as well as purchasing power directly from neighbouring countries in order to secure Thailand's power supply.