#### Daily Thai News Updates: 19 June 2017

#### 1. Thailand to develop master plan for closer ties with CLMV Source: The Nation (Link)

Thailand is initiating a master plan for trade and investment collaboration with the CLMV (Cambodia, Laos, Myanmar and Vietnam) subregion to ensure all five countries continue to prosper amid strong global competition, Deputy Prime Minister Somkid Jatusripitak said recently "We started to write a master plan to develop trade and investment with Laos after visiting Laos early this month. This is a pilot project to negotiate with Myanmar, Cambodia and Vietnam later this year. "The master plan will focus on trade and investment between Thailand and the CLMV countries. They will double the value of their trade with us and while Thai investment in CLMV increases, and will open opportunities for businesses in CLMV countries to expand their investment in Thailand," Somkid said. Last year, the total value of Thailand's trade with CLMV countries was US\$30.94 billion. Vietnam led the way with bilateral trade worth \$13.85 billion, followed by Myanmar, Cambodia and Laos.

## 2. Parsing e-commerce tax options Source: Bangkok Post (Link)

E-commerce, the online trading phenomenon breaching global boundaries, has enabled companies and even individual vendors to increasingly engage in transactions with customers without any of the contacts traditionally associated with sales of goods and services. With an estimated value that runs into trillions of baht a year, it's little surprise that the Revenue Department has been tempted to claim a piece of the online business pie. The department last week announced its plan to catch up with the booming e-commerce business by levying a 5% withholding tax on all online purchase payments to be collected the banks, which will then it to the tax-collecting agency. The draft bill on e-business tax will be forwarded to the Finance Ministry this month. Pure e-commerce vendors, particularly retailers, are alarmed as such tax could lessen their price competitiveness against traditional sellers.

## 3. Japanese on board for EEC, 4.0 push Source: Bangkok Post (Link)

The Japanese business community has pledged to support the much-touted Eastern Economic Corridor (EEC) and Thailand 4.0 initiative, two large projects focussed on innovation and technology to foster a value-based economy. Japan's Chamber of Commerce is ready to urge its members to support EEC development and industrial reform under Thailand 4.0, Deputy Prime Minister Somkid Jatusripitak quoted Soji Sakai, president of the Japanese Chamber of Commerce, as saying yesterday. The EEC, which spans a combined 30,000 rai in the provinces of Chon Buri, Rayong and Chachoengsao, is intended as a special zone for investment in 10 targeted industries. The industries are: next-generation cars; smart electronics; affluent, medical and wellness tourism; agriculture and biotechnology; food; robotics for industry; logistics and aviation; biofuels and biochemicals; digital; and medical services. "Japanese investors have shown interest in investing in the EEC and they are becoming more confident about Thailand's investment climate after Mr Somkid led the Thai economic team to visit Japan last week," said Mr Sakai, who is also president of Marubeni Thailand Co. During the trip, Industry Minister Uttama Savanayana signed a memorandum of understanding (MoU) with Japan's Ministry of Economy, Trade and Industry (Meti) on cooperation in restructuring Thai industry. Under the MoU, Japan will focus on helping upgrade 10 targeted industries the government is promoting as clusters in the EEC. The two countries will also work together to promote "global sourcing" in a bid to ease production costs for Thai and Japanese companies.

# 4. Thai investors urged to expand in neighbouring countries Source: The Nation (Link)

Labour-intensive industries, agricultural processing, electricity, garments, hospitality, retail, and spa are potential sectors where Thai investors can expand their investments in CLMV (Cambodia, Laos, Myanmar, and Vietnam), private experts who have invested in the CLMV countries said. "We welcome Thai investors to expand their investment in agriculture, organic farmer, energy, tourism, and hospitality business," Phouvong Korasack, president of Mittaphap Development Agriculture Co Ltd, who is also president of Laos Agro Processing Association, and board of director of Laos National Chamber of Commerce and Industry told The Nation. He added that Laos has abundant land and resources and was looking for investments from foreigners to transfer

innovation and technology for Laos' agricultural products to tap export markets...Vichit Yathip, president of Thai-Myanmar Cultural and Economic Cooperation Association, said labour cost is lower in Myanmar when compared with Thailand. This offers an opportunity for Thai investors to expand investment in labourintensive industries in this country, while Myanmar also needs more investment to develop the country's infrastructure...Thailand's Industry Minister Uttama Savanayana said that Thailand plans to collaborate with Laos, Myanmar, Vietnam, and Cambodia SMEs to learn about how to do business and how they can join hands with Thai SMEs to set up joint ventures to develop their value chain and supply chain for longterm benefits.

## 5. NBTC warned over OTT move Source: Bangkok Post (Link)

Thailand's move to control foreign over-the-top content (OTT) service providers by making them set up local entities is putting the government on rocky ground as there are no legal provisions for this, legal experts said this week. No country has regulated its OTT services yet. This means Thailand would become the first to do so if the National Broadcasting and Telecommunications Commission (NBTC) goes ahead with its plan, said Paiboon Amonpinyokeat, founder of P&P Law Firm. Many are experimenting. European countries regulate the electronic communications services, and the information society services, while in the US the Federal Communications Commission keeps tabs on online video distribution. But one of the key challenges in regulating OTT services is that the internet is borderless, so service providers can set up their entities anywhere in the world, said Dhiraphol Suwanprateep of Baker & McKenzie Ltd. He said the NBTC lacks jurisdiction to force foreign players to set up entities in the country as there is no related law in Thailand they must comply with. "Generally, business operators have a right to operate online services freely. Whether they set up a local entity or not is their choice," he said. Thai regulators can deal with those who operate from foreign shores by using existing frameworks including international treaties and diplomatic channels, he added.

## 6. TPark optimistic over EEC Source: Bangkok Post (Link)

Ticon Logistics Park (TPark), a developer of logistics parks and ready-built warehouses, expects the government's ambitious Eastern Economic Corridor (EEC) project to spur massive demand for warehouses in Chon Buri, Rayong and Chachoengsao provinces. General manager Tan Jitapuntkul said EEC development is a vital strategy to boost the country's industrial sector, which was cloudy during 2014-2016 because of poor economic sentiment. "While the three provinces are already an industrial area, they are being affected by the country's overall poor economy," he said. "Once the EEC law comes into force and the new related infrastructure projects get off the ground, I forecast the EEC will draw more investment and logistics flows into them." The EEC development plan was approved by the cabinet last June. The corridor is intended to be a special zone accommodating investment in 10 targeted industries promoted as clusters by the government. The 10 industries are next-generation cars; smart electronics; affluent medical and wellness tourism; agriculture and biotechnology; food; robotics for industry; logistics and aviation; biofuels and biochemicals; digital; and medical services.

## 7. Laos and Pakistan impress at Yunnan fai Source: The Nation (Link)

Laos and Pakistan stole the show at the 2017 South and Southeast Asia Commodity Expo and Investment Fair here as China deepened its One Belt and One Road (OBOR) initiative with the region. The fair took place from June 1318 at 17 exhibition halls with 8,000 stands that included special themes for Pakistan, Laos, South Asia and Asean. Thailand didn't have an outstanding presence but came with about 170 small and medium enterprises under the "Top Thai Brands" theme led by Singha Corp. But Yunnan's neighbour Laos stole the limelight as the host's "Guest of Honour". From a political standpoint, it had two ministers present. As a business proposition, it came up with an impressive presentation of opportunities under the Vientiane Saysettha Development Zone, locatated close to capital Vientiane. From a cultural view, its dancers charmed visitors at the exhibition. Laos's construction of its railway network, as part of OBOR, is underway. The rail lines, due for completion in 2021, will come from Yunnan, the only Chinese province which connects Southeast Asia and South Asia by land. Its strategic designation on OBOR will add to the recently opened oil pipeline from Myanmar and already-operating rail lines

to Vietnam. Laos's enthusiasm for the OBOR rail network, which is designed to link up with a Chinese-sponsored new rail route in Thailand so it can reach the deepsea port at Laem Chabang, was very evident. "It's an opportunity for Laos to transform from "landlocked to landlinked", said the head of the Laotian delegation...Pakistan also made a splash as the "country of honour". Its ambitious partnership with China is known as the China-Pakistan Economic Corridor, whose loan amount topped \$51 billion recently. Yunnan plays a role as China's Southwest gateway to the South Asian nation.

## 8. Vinamilk, AOT among Asia300 Power Performers Source: The Nation (Link)

The NIKKEI Asian Review on Thursday released its second annual "Asia300 Power Performers" ranking, a compilation of the most powerful and valuable listed companies in Asia. Vietnam Dairy Products (Vinamilk), the country's largest food processor, took the eighth spot, and Airports of Thailand was 10th. Earning the top spot was Taiwan's Largan Precision, the world's leading maker of lenses for smartphone cameras. Two other Taiwanese companies were in the top 10, with Taiwan Semiconductor Manufacturing Co, the world's largest semiconductor foundry, grabbing the No 5 spot, and Eclat Textile, which has about 9,000 employees, placing seventh. Indian information-technology service provider HCL Technologies came in at No 2, followed immediately by fellow Indian players Zee Entertainment Enterprises (No 3) and Tata Consultancy Services (No 4). Backed by solid personal consumption, Indian companies won a leading 10 of the top 30 spots, outperforming their Chinese and Southeast Asian counterparts. Rounding out the top 10 were Chinese Internet giants Alibaba Group Holding (No 6) and Tencent Holdings (No 9), and state-owned airport operator Airports of Thailand (No 10). The top 30 comprises 10 companies from India, six from mainland China, four from Taiwan, two each from Thailand, South Korea, Malaysia and the Philippines, and one each from Vietnam and Indonesia.

## 9. Junta to call bids for most infra projects Source: The Nation (Link)

Bids for most of the Bt2.4 trillion worth of infrastructure projects planned for the next several years could be called within the tenure of the current military-led regime, according to Deputy Prime Minister Somkid Jatusripitak. He made the remark yesterday after presiding over a contractsigning ceremony for two MRT monorail projects worth a total of Bt92.44 billion. He said the regime was determined to push forward transportation links with neighbouring countries in order to make Thailand a regional hub. Yesterday's signing ceremony was for the Pink Line project's Khae Rai-Min Buri section and the Yellow Line project's Lat Phrao-Samrong section. The consortium BSR Joint Venture consisting of BTS Group Holdings, Sino-Thai Engineering and Construction, and Ratchaburi Electricity Generation Holding signed the contract with the Mass Rapid Transit Authority of Thailand. Somkid said the government would soon open bidding for the Red Line from Salaya to Hua Mak, the western Orange Line from Taling Chan to Thailand Culture Centre (Ratchada), and the southern Purple Line from Bang Yai to Ratburana. Bids will also be called for five double-track railway systems in the second half of this year. The government also will expedite tender calls for other infrastructure projects in the Eastern Economic Corridor (EEC), a high-speed railway from Bangkok to Rayong, Internet network infrastructure, and other projects before the junta-led regime is succeeded by an elected administration, currently scheduled for next year.

# 10. Chinese cheap tours switch to FITs Source: Bangkok Post (Link)

Authorities are working with Thai and Chinese tour operators to standardise online tour prices and packages so as not to cheapen the country's image with hugely discounted offers. The Online Tourism Club Thailand (OTC) said it will soon sign a memorandum of understanding with major tour operators in China to collaborate on tackling online tour packages that are sold to free independent travellers (FITs) at "unusually cheap" prices. The OTC, which comprises 44 tour operators and attractions nationwide, will travel to China in August to sign agreements with leading online travel agents (OTA) in Beijing, Shanghai and Guangzhou. Such travel packages, which include discounted tickets for attractions, have damaged Thailand's image by promoting it as a cheap destination, the OTC claims...Under the proposed agreement, 28 attraction operators

and 21 travel companies in Thailand will agree to sell travel packages to operators in China at standard rates. Operators who violate the agreement will be ousted from the alliance.