

## Daily Thai News Summary: 7 June 2016

### 1. New bankruptcy act authorizes rehabilitation for SMEs

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

Financially troubled small and medium-sized enterprises could find easier debt restructuring after the Legal Execution Department (LED) launched a rehabilitation law, while the SME sector recorded its seventh consecutive quarter of growth in the first three months of this year. Ruenvadee Suwanmongkol, director-general of the department, said the Bankruptcy Act (No 9) BE 2559 (2016) for SME rehabilitation took effect on May 25, permitting SMEs facing a liquidity crunch and unable to repay their debts to request rehabilitation. Earlier, only limited companies and public limited companies were allowed to request rehabilitation. Salinee Wangtal, director-general of the Office of Small and Medium Enterprises Promotion (OSMEP), said the new bankruptcy law would help an ordinary person or a juristic person who has debts of no more than Bt10 million restructure debt more easily. In a case where a main creditor accepts a rehabilitation plan, other creditors cannot file a case against that person.

OSMEP will ask affected SMEs to submit their rehabilitation plans, and there is a high possibility they will be able to borrow from the office's turnaround fund. About 7,400 SMEs that have seen consistent drops in their income for the past three years could benefit from this act. At the end of 2015, there were approximately 2.77 million SMEs, up 1.07 per cent or 29,242 from a year earlier. Salinee said the gross domestic product of the SME sector rose 5.1 per cent in the first quarter of this year, to Bt1.49 trillion. SMEs' GDP contribution edged up to 42.3 per cent from 41.1 per cent in 2015. Growth in the small and medium-sized service sector was cited for the SMEs' GDP growth, driven mainly by expansion in tourism and the government's measures to stimulate public spending. Tourism, hotels and restaurants, construction, and transport and logistics registered high growth in the first quarter of this year. OSMEP forecasts this year's SME GDP growth in the range of 5.0-5.5 per cent.

### 2. Move to turn local communities, products into new tourist attractions

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

The Association of Thai Tourism Marketing plans to promote local communities and their products as new attractions. Its president Suthassa Laohongkiat said the association would do this by working with the Thai Restaurants Association and local communities across the country. She said many communities had unique products and a unique character that could be developed as attractions. *"This idea is our major plan for this year. We are supporting domestic*

*tourism in order to strengthen the economy,"* Suthassa said. ATTM will help local organisations develop products and design packaging as well as to develop stories for communities based on their identities. It also hopes to help expand marketing channels to spread product wider. Suthassa said the association would educate communities to enhance skills and improve the quality of products. The association was founded in 2012 by a diversified tourism operator group made up of different market segments but with the common goal of promoting the sector as a whole. As the result, the association's structure was designed to accommodate the need for the further development of tourism marketing. This provides a platform where tourism marketers discuss and exchange ideas with one another about new marketing techniques, which benefits Thailand tourism.

### **3. Communications agency sees big potential in CLMV countries**

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

Havas Riverorchid's founding partner and chief executive officer, Santiphong Pimolsaengsuriya, talked to The Nation's Pichaya Changsorn about his communications agency's latest developments and the promising CLMV markets (Cambodia, Laos, Myanmar and Vietnam). Here are some excerpts of that interview.

#### **TELL ME ABOUT YOUR EXPERIENCE IN CLMV.**

*McCann-Erickson sent me to Cambodia in 1995 to help set up its agency there. After five years, it started to expand to the other CLMV countries. There were plenty of opportunities, but foreign agencies saw there were [also] high risks. Hence I later decided to form a joint venture, River Orchid, with my foreign partner in 2000. During the subsequent 15 years we gradually expanded to have offices in all CLMV markets, using Thailand as our base. We had many Thai clients as well as some foreign firms that had their bases in Thailand.*

*Then last year, [French multinational advertising and public relations company] Havas, which had no office in Indochina, took a 51-per-cent share in the company. With the acquisition, we have gained access to technology, work systems, funding sources and a larger client base, and we can get insight into the trends in developed markets, which usually lead the way into other markets. This is another step for the company, which has gained strengths and can serve its clients better, while also offering more opportunities for our employees.*

#### 4. Agricultural firms urged to enter Cambodia

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

Thai makers of farm products and agricultural machinery should expand into Cambodia to capitalise on that country's rising demand for such products, according to Commerce Minister Apiradi Tantraporn. The Thai Trade Centre in Phnom Penh has reported to the ministry about the increasing demand for agriculture-related products as the country is experiencing a rise in production costs, falling output and drought. The Cambodian government has also promoted adding value to agricultural products. Because of their rising incomes, Cambodians have become much more health-conscious and consume more healthy products, especially organic vegetables and fruits. This opens a good opportunity to Thai companies in the health-product sector to expand into Cambodia.

#### 5. EPG unfolds its 2016-17 business plan

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

Eastern Polymer Group has set a revenue target for its 2016-17 fiscal year at Bt10 billion to Bt11 billion, with a budget of Bt2 billion for capital expenditure and mergers and acquisitions (M&A) to strengthen all three of EPG's core businesses. In addition, EPG plans to acquire an automotive business after acquiring TJM, an Australian vehicle-accessories company, last year. Pawat Vitoorapakorn, chief executive officer of EPG, said that in the 2016-17 fiscal year (April 16, 2016, to March 17, 2017), the company would continue to focus on innovation in order to provide high-quality products to the global market. For the next two fiscal years (2016-17 and 2017-18), the company set a capex budget of Bt1 billion, consisting of:

- Bt280 million for researching and developing new products and enhancing the production line with automatic and high-speed machinery for thermal insulation products under the Aeroflex brand, both domestic and international.
- Bt400 million for investing in the painting system and the expansion of factory facilities for automotive parts and accessories under the Aeroklas brand.
- Bt310 million for investing in a new Asean factory for the food-packaging business under the EPP brand. The new factory could be modelled after the EPP Phase 2 factory, which is equipped with high-speed technology.

## 6. Saha Group maps out JV projects to cash in on ASEAN opportunities

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

Despite the economic uncertainty driven by the slowdown of the world economy, Saha Group, a diversified consumer-products company, plans to plough ahead with major investments in several joint-venture projects this year to pursue the new business opportunities presented by the liberalisation of Asean. They include Arusu Myanmar, a joint venture formed by its subsidiary Thai Arusu and MK Group, which will expand the company's interior-design services for retail and office buildings in Myanmar. *"Myanmar is similar to Thailand about 30 years ago. The opening of Myanmar will lure many new business opportunities, including the inflow of foreign investors into the country. The move leads to the boom of office buildings and retail outlets as well as interior design in the country,"* chairman Boonsithi Chokwatana said yesterday.

Separately, a JV will be formed by Saha Patthana Inter-Holding, its investment arm, and MayFlower of Malaysia to offer diverse and comprehensive tour services for tourists to Thailand. *"Thailand's tourism is also another growing industry, especially for the in-bound travelling segment. The joint venture with our Malaysian partner MayFlower will cash in on the new business opportunity for bringing their foreign tourists coming to Thailand and Malaysia as two connected destinations,"* he said. Another JV will be formed by President Foods and Japanese Ramen to operate a ramen restaurant chain in Thailand.

Boonsithi urged the government to lead the private sector in injecting money into the economic system by speeding up the execution of its infrastructure and transportation projects, such as the high-speed railroads. *"The government is now on the right track in granting policies and measures to stimulate and grow the Kingdom's economy. We believe that in the second half of this year, the purchasing power of individual consumers will gradually improve,"* he said. The country's food industry would be the first to rebound and would be followed by other daily necessities, including fast-moving consumer goods. Saha Group expects its revenue to rise 5-6 per cent this year, faster than the growth in gross domestic product of 3 per cent anticipated by the government.

