

## Daily Thai News Summary: 10 August 2015

### 1. The case for a base

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

Singapore and Hong Kong have long been established as ideal locations for regional headquarters of companies expanding in Asia, thanks to favourable tax regimes, little red tape and more internationalized financial systems than their Asian peers.

But that doesn't mean there is no room for others to compete. Thailand over the past four decades has become a manufacturing hub for many industries for Asean and beyond. For international companies with manufacturing centres in Thailand, setting up a regional headquarters in the country seems a logical way to better communicate with their customers here.

Thailand also has geographical advantages, located in the middle of a Southeast Asian market of 600 million people and next door the vast market of China. Besides, Thailand's cost of living is lower than that of Singapore and Hong Kong. Realising the untapped potential, Thailand is making a fresh attempt to become an international headquarters and trading centre.

The new regime, which the cabinet endorsed in December 2014, is a modification of the Regional Operating Headquarters (ROH) programme that was first introduced in 2002 and relaunched with changes in 2010. For a start, it has been given a more ambitious name: the International Headquarters (IHQ) and International Trading Centre (ITC) programme.

### 2. Panel approves B500 m innovation fund

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

An innovation development committee chaired by Prime Minister Prayut Chan-o-cha yesterday approved an annual budget of 500 million baht for an innovation fund to invest in private equity funds. Science and Technology Minister Pichet Durongkaveroj said the state's financial contribution would help to develop Thailand's innovation and high-technology sector. The fund will be allocated from the fiscal budget. Mr Pichet said this would be a major step to promote innovation that would enable Thailand to develop high technology instead of relying on labour-intensive industries.

Thaweesak Koanantakool, Director of the National Science and Technology Development Agency, said about 100 SMEs had promising prospects in innovations such as in biotechnology, automobiles and electronics but remained short of capital.

The government expects it will be able to support only 10% of them this year, he said. Mr Thaweesak said companies investing in private equity funds and listing on the Stock Exchange of Thailand were also entitled to a cut in corporate income tax to 15% for five years from 20%.

### **3. Singapore's Manor Group to open chic new hotel in Chiang Mai**

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

Manor Group, a design and architecture enterprise based in Singapore, will open a hotel in Chiang Mai in October, aiming to cash in on the growth of tourism there and to pave the way for further investment in Thailand and neighboring countries.

John Lim, founder and chief executive officer, said the group had invested Bt300 million in the hotel in Chiang Mai. This is the first step for Manor Group's foray into the hotel business in Thailand as well as other countries such as Vietnam and Malaysia.

### **4. Mazda revs global capacity**

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

Japanese car maker Mazda Motor Corporation is considering increasing production at its overseas plants including Thailand, as its domestic factories are running at full capacity. President and chief executive Masamichi Kogai said under its three-year business plan Mazda is looking at the feasibility of expanding production capacity of overseas plants both in terms of volume and production speed. Mazda operates three main facilities outside Japan, in China, Mexico and Thailand.

Mazda's Thai facility is operated by Rayong's AutoAlliance or AAT, a joint venture between Mazda and Ford Motor Company, and has production capacity of 190,000 vehicles per year. Of that, pickup trucks make up 70,000 units and passenger cars 120,000 units.

Mr Kogai said Mazda's global sales were expected to increase to 1.65 million units in fiscal 2016, which starts next April, up from 1.49 million units in fiscal 2015. In a related development, Mazda opened a transmission and engine plant in Chon Buri with investments of 7.3 billion baht and 2.87 billion baht respectively. The plant is located five kilometers north of AAT.

Hidenori Kawakami, president and chief executive of Mazda Powertrain Manufacturing (Thailand) said 70% of output would be slated for export, with the rest for AAT.

## 5. Quest for FDI compels Thailand to adopt new models

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

Thailand's three-pronged investment strategy, of which the International Headquarters (IHQ) programme is one part, will be vital in helping the country to address declining competitiveness and catch up with its regional peers' growing attractiveness for foreign direct investment (FDI), says HSBC.

In a report on the regional race for FDI, the bank noted that Thailand's own structural weaknesses, including high labour cost, poor availability of labour supply, and insufficient regulatory improvement have resulted in deteriorating capacity as a key FDI destination in the region.

At the same time, it said, a lack of holistic and timely long-term investment strategies is another reason why Indonesia and Vietnam have been able to narrow the gap quickly with Thailand. As well, some of Thailand's "hero industries" are seeing less and less growth, such as hard-disk drives, or face rising costs, namely garments and footwear.

*"And after several years of planning, Thailand is opening its arms more widely than ever this year to win more FDI, using a three-pronged strategy," said the report. "We are finally starting to see some coordinated implementation of a new investment strategy and significant regulatory changes."*

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