

## Daily Thai News Summary: 11 February 2016

### 1. Thai privileges to poor nations in six sectors

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

The National Legislative Assembly has approved special treatment under the World Trade Organisation's provisions to 34 least developed countries (LDCs). Commerce Minister Apiradi Tantraporn said Thailand would open up six of the seven service sectors requested by LDCs, but this would not affect local business operators since foreign investors could not hold more than 49 per cent of these businesses and also had to follow the relevant laws. The six sectors that will be opened up comprise campsite provisioning, theme parks and other recreational venues, foreign-language schools, vacation and accommodation services, sea freight agents, and freight forwarders. "The Commerce Ministry held many rounds of discussions with government, private-sector and other stakeholders and decided to grant privileges to six sectors, the exception being computerised reservation services. *"Opening up these markets will not exceed the levels stipulated in current Thai law and won't affect Thai business operators. We don't have to amend existing laws and regulations to accommodate the new privileges,"* she said.

Of the 48 LDCs listed by the United Nations, 34 are WTO members. They include Bangladesh, Nepal, Myanmar, Haiti, Maldives, and many African countries such as Angola, Chad, Congo, Madagascar, Mali, Mozambique and Uganda. Nine LDCs that are in the process of accession to the WTO include Bhutan, Cambodia and Laos. Apiradi said the approval of the provisions would improve LDCs' access to Thailand's markets as well as demonstrating Thailand's role on the WTO stage, which would increase the country's bargaining power in agricultural, industrial and service trade.

### 2. Second overseas investment mentor project for SMEs

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

After an earlier success, the Commerce Ministry is preparing a second foreign-investment project in CLMV nations (Cambodia, Laos, Myanmar and Vietnam) and other Asean countries for Thai small and medium-sized enterprises with major Thai corporations acting as mentors. Malee Chokelamlert, director-general of the ministry's Department of International Trade Promotion, said the mentor companies included Charoen Pokphand Group, Saha Group, Thai Beverage, Boon Rawd Brewery, and Siam Cement Group. With proven track records, these major Thai corporations are in a good position to share their business experiences and coach relatively inexperienced SMEs about how to tap foreign business opportunities, she said. The

Commerce Ministry expects to launch the project by May or June after selecting SMEs with strong potential in specific industries and pairing each SME with a suitable mentor - a major Thai corporation with appropriate business and foreign market experience.

The SMEs will be groomed to be ready to tap foreign business opportunities. *"Foreign investments can contribute to Thailand's revenue, which has always depended heavily on exports. Relying on trade alone today is inadequate - we need to link trade with investment and tourism, as they are all related and will eventually help expand trade,"* Malee said. The Commerce Ministry will focus on CLMV countries after the recent launch of the Asean Economic Community, which should foster investment and trading of goods and services. However, each Asean nation has its own specific customs, culture and lifestyle, which should be considered in order for Thailand to establish the appropriate network to support trade and investment by Thai SMEs, she said. Initially, the Commerce Ministry will make a list of targeted foreign investments and business opportunities with strong growth potential in CLMV and other Asean countries, as well as China, India and others, for Thai SMEs to invest in via subcontracting, establishing representative offices, joint ventures, wholly owned investments, franchises and acquiring licences.

### **3. EXIM bank to shore up support for SMEs active in SEZs**

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

The state-owned Export-Import Bank of Thailand will lower its interest rates to support small and medium-sized enterprises that are active in "super-cluster" provinces and special economic zones (SEZs), so net interest income (NIM) this year will be below 3 per cent. Exim Thailand's acting president Kematat Saicheur said yesterday that under the Finance Ministry' policy, the bank would have a greater role in trade finance and project finance for SMEs that have exposure in offshore markets and border trade, including super-cluster provinces and SEZs. This year, Exim Thailand targets new lending to SMEs at Bt19 billion, significantly higher than the 2015 target of Bt15 billion.

For large companies, the bank projects new loans of Bt16 billion, up from the target of Bt13 billion in 2015. It aims to acquire 300 new SME customers this year, which would bring the proportion of SME clients at the bank to 90 per cent. Exim Thailand's prime interest rate of 6.5 per cent per annum could be eased to encourage SMEs to use the bank's financial services, he said. The bank's NIM this year is estimated to be below 3 per cent, compared with 3.05 per cent last year. At the end of 2015, the bank's outstanding loans that supported SMEs under the government's strategic plan and policy had increased to Bt27.56 billion, from Bt24.77 billion in 2014.

#### **4. Japanese electric car developer signs research MoUs in Thailand**

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

FOMM Corporation, a Japanese company involved in development of electric vehicles (EVs), yesterday signed two joint-research memoranda of understanding with Sirindhorn International Institute of Technology of Thammasat University and Bangchak Petroleum. One MoU is between FOMM and SIIT to do joint research for one year evaluating electric vehicles. The other is between FOMM and Bangchak to undertake a study on implementation of a "battery cloud" system for FOMM compact vehicles by utilising Bangchak's service stations.

The main purposes of this collaboration are the development of EV efficiency, driving convenience, basic infrastructure, and a future Thai EV industry. In addition, Bangchak will participate in a feasibility study on a "battery cloud" system and general maintenance services at its service-station network. Under FOMM's "battery cloud" concept, batteries for its EVs can be charged at home or be replaced at service stations. A fully charged battery can run the EV for up to 100 kilometres. The batteries are designed to allow smartphones monitor the remaining power. The collaboration is part of FOMM's strategy to use Thailand as the hub for manufacturing compact electric cars to sell in Thailand and elsewhere in Asean. According to a survey on worldwide EV demand since 2011, the initial number of 40,000 units dramatically increased to 265,000 units in 2013. This demand is expected to soar to around 541,000 units in 2018.

#### **5. Kobe steel upbeat on JV with Millcon Steel despite slow Thai auto sales**

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

Even though the automotive industry in Thailand has not yet recovered from a domestic sales slowdown, the country remains the Asean centre for auto production, which Japan's Kobe Steel believes will help it gain market share in Asia. Kobe Steel executives visited Thailand on Tuesday to attend a ceremony marking the formation of the firm's joint venture with listed company Millcon Steel. The JV will produce special grades of wire-rod steel for supply to the Thai automotive industry. Kobe and Millcon each hold 50 per cent of the JV company, named Kobelco Millcon Steel.

Takashi Gato, senior officer at Kobe Steel, said late on Tuesday that in the initial production phase, the JV plant at Millcon Steel's complex in Rayong province would have the capacity to produce 40,000 tonnes of special-grade wire rod per month. *"We chose Thailand because automobile sales there are greater [than other markets] and, even though domestic sales in the country have slowed, the company believes the auto sector will get back to normal in the next three to four years,"* he explained. According to the Federation of Thai Industries, auto

production in the Kingdom last year reached 1.91 million units, up slightly from 1.88 million units in 2014.

\*\*\*\*\*

**By Harsha Hazarika**