

Daily Thai News Summary: 14 March 2016

1. Call for Thai-EU private sector cooperation

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

The European Association for Business and Commerce (EABC) has urged Thai stakeholders to affirm cooperation with European companies in order to enhance Thai competitiveness and improve product quality to serve global markets. EABC president Rolf-Dieter Daniel told The Nation that although the global economy had not fully recovered, emerging countries in Southeast Asia and beyond had entered into a race for free-trade agreements (FTAs) - with all of them aiming to be important foreign investment destinations. Singapore and Vietnam have already signed FTAs with the European Union, while the Philippines has made significant progress in bilateral trade negotiations with the EU over the last year.

Daniel said that only Thailand had not been able to further its trade prospects with the EU in this way despite pushing hard, as both sides had paused the talks. He said the Thai government should however consider what was needed to secure long-term investments, and should improve the country's competitiveness. *"First, the government should improve transparency on government procurement projects, also in most service sectors. Foreigners can invest no more than 49 per cent [in a Thai business]. In the current economic environment, the service industry is the key driver of economic growth and Thailand could gain from this trend if it liberalised the service sector,"* he suggested. The EABC strongly urges the government to relax some laws to make investments easier for new companies, he added. Meanwhile, European companies are eager to bid for the government's current projects, such as for trains and railroads, information and communications technology, and the Internet and telecommunications. *"There are many innovative European companies that can supply products according to certified European standards, like railroad and infrastructure companies. They are interconnecting the entire Europe region. If Thailand works according to European standards, it can become a regional hub, offer better standards and interlink with the Asean rail network,"* Daniel said. The European business sector also urges the government to simplify work-permit and immigration procedures and pursue customs reforms, in order to attract more foreign investors.

2. Wind Energy strikes first International Deal

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

Wind Energy Holding (WEH), majority owned by Thailand's KPN Group, announced today the decision to invest in CWP Renewables (CWP), a leading renewable energy developer and asset manager in Australia. WEH struck the deal to buy the stake in CWP from Continental Wind Partners and the Wind Prospect Group. WEH will also purchase 50 per cent of CWP's Australian business, including its 800MW development pipeline, on which construction will start this year. The pipeline will continue to be developed by CWP Renewables which will be integrated with the WEH team to deliver and manage further projects across Asia. Nop Narongdej, chairman of WEH, Ltd. commented: *"Following KPN Group's purchase of a majority shareholding in WEH, one of our core goals was to leverage and expand from our base in Thailand into attractive renewables markets, both in the region and globally. The investment into CWP and its development pipeline is the first of what we expect will be a number of global initiatives for the company, as we move into the next phase of our international growth plans."*

3. Future Rosy for Thai Naphta based petrochemical producers: Fitch

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

Thailand's naphtha-based petrochemical producers will continue to benefit from lower oil prices in 2016 but gas-based producers' margins have been squeezed, according to Fitch Ratings. Fitch said the margins of naphtha-based chemical producers had improved as a result of the low oil prices while most gas-based operators' margins had narrowed because gas prices had not fallen as much as oil and naphtha prices. As a result, petrochemical product prices are still largely linked to naphtha prices, it said. Naphtha prices dropped 43 per cent in 2015 but Thailand's average pooled-gas price declined only 13 per cent. Prices of olefins and polyolefin products fell 20 to 40 per cent and 20 to 25 per cent, respectively, following the drop in naphtha costs. The earnings before interest, tax, depreciation and amortisation (EBIT) margin of the chemical business of Siam Cement Public Co Ltd, the largest naphtha-based producer in Thailand, increased to about 20 per cent in 2015 from about 8 per cent in 2014. In contrast, the olefins and derivative business of PTT Global Chemical Public Co Ltd, the largest gas-based producer in Thailand, dropped to about 24 per cent from about 26 per cent. Fitch expects polyolefin spreads to naphtha to remain strong for Thai producers in 2016. Although new capacity coming on-stream will likely put some pressure on the spreads, especially for polypropylene, it said.

4. S&P off to healthy start in Yangon amid boom in the F&B Industry

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

S&P Foodservice Distribution has witnessed a good start in Yangon, securing contracts from 50 restaurants and hotels for the supply of a range of tableware, kitchenware and other items in the first two months of operations in Myanmar's largest city. And the outlook is bright thanks to optimism after the country's recent democratic election, said Miki Ow, general manager of S&P Myanmar. *"The food and beverage industry in Myanmar is booming. As the industry grows, and hotels and restaurants focus on giving their guests the best dining experience, we expect strong demand for products that improve operations, food safety and quality,"* she said.

The company started operations in January and officially opened its showroom last week after an investment of US\$1 million (Bt35 million). It can stock about 5,000 items, including hygienic materials for housekeeping. The list could be expanded to 40,000 thanks to Sia Huat, a partner factory in Singapore, and Premium Distribution, a local supplier. S&P Foodservice is a joint venture of Sia Huat and Premium Distribution. Both help bring some of the world's top brands such as Cerabon, Safico, Giesser, Atlantic Chef, Cambro, Arcoroc, Spiegelau, Shoes For Crews, Solia, Waring, Nikko, Lacor, Carlisle, Studio William and Efay to the market. *"Products that were previously difficult or impossible to find in Myanmar are now available or can be sourced easily,"* Ow said. Its customers include international hotels like Novotel, Sedona and Parkroyal; franchise brands like Harry's Bar, Yakun and Killiney; Myanmar's own Kandawgyi Palace Hotel and Jasmine Palace Hotel; independent restaurants such as Le Planteur, Sharky's and Gringos & Chilangos; and home-grown restaurant chains such as the Feel Group and Iceberry.

5. CIMB Bank and CIMB Thai appointed as Cross currency dealers

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

Bank Negara Malaysia (BNM) and Bank of Thailand (BOT) have appointed CIMB Bank and CIMB Thai as cross currency dealers (ACCD) for the settlement of ringgit-baht trade under the newly launched Local Currency Settlement Framework. The framework was established by BNM and BOT to promote the use of Malaysian ringgit and Thai baht between Malaysia and Thailand to settle cross-border trade and direct investments. This is the first bilateral currency settlement framework within Asean, with the aim of providing an alternative settlement framework for the US\$22 billion trade between Malaysia and Thailand. The framework would benefit businesses by reducing the risks associated with the volatility of global settlement currencies as well as lowering transaction costs. CIMB Group chief executive Tengku Datuk Seri Zafrul Aziz said: *"We are honoured to be part of this inaugural bilateral currency*

settlement framework within Asean and to be among the first banks in the region to offer the direct settlement of ringgit and Baht. This is indeed a milestone to boost investment development and foster closer economic ties between the two countries."

By Harsha Hazarika