

Daily Thai News Summary: 14 October 2015

1. Seven new clusters planned to boost economy

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

The Industrial Estate Authority of Thailand (IEAT) plans to set up seven new industrial clusters to promote targeted industries with potential to boost the economy in the long term. IEAT governor Veerapong Chaiperm said the government was conducting a feasibility study on the plan, which is in step with the government's cluster policy.

The targeted industries are cars, medical devices, electronics, petrochemicals, food, agricultural processing and textiles. *"This is in line with the government's major policy to support industries as whole clusters, not just individual industries as it was in the past. Moreover, the new industry clusters are due to be set up in the special economic zones (SEZs) that the government plans to build in border areas,"* Mr Veerapong said. The feasibility study will be completed by year-end.

2. Cabinet approves five measures

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

The Cabinet yesterday approved the Finance Ministry's five proposals to boost business sentiment, accelerate the government's venture-capital scheme, help low-income earners buy their first home and rev up the economy in the near term. *"These measures should benefit businesses and the economy,"* said Somkid Jatusripitak, the deputy prime minister in charge of economic affairs.

Real estate is a huge industry with a high multiplier effect on the economy through many other business activities, he said. *"We introduced such measures back in 1997 [during the Asian financial crisis]. The measures back then involved a tax measure that was specifically for one business, but the recently introduced measures only involve the demand side and the low-income home-buyer by helping to lower their financial burden in terms of transfer and mortgage fees."*

Finance Minister Apisak Tantivorawong said reducing the transfer and mortgage fees to 0.01 per cent for six months would cost the government about Bt15 billion in lost tax revenue. However, the government would gain that back when the measures start to spur economic activities.

3. Japanese “lifestyle” SMEs see opportunities in Thailand

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

Many Japan small and medium-sized enterprises selling lifestyle products foresee a great opportunity to penetrate the Thai market, seeing this country as a potential distribution centre with good infrastructure to facilitate their businesses' expansion abroad. *"Under the Japanese government's policy to encourage its SMEs to penetrate overseas [markets], Thailand is one of the strongest markets that are desired by Japanese SMEs for them [Japanese SMEs want] to explore and sell their products. Factors that Japanese enterprises have considered are good market size, with purchasing power continue [along with] economic growth, [and] good basic infrastructure, especially the logistics system,"* Satoshi Oyama, deputy director of the lifestyle-related-industry division, manufacturing industry department, of the Japan External Trade Organisation (Jetro), said recently.

Japanese entrepreneurs are encouraged to expand into Thailand, he added, because of the currently weak yen and high popularity of Japanese products among Thai buyers. He said that among the 4 million Japanese SMEs, about 4,000 had done business in Thailand, mostly in manufacturing-support industries, restaurants and services. Thousands more SMEs also want to do business outside their own country, and Thailand is one of the favoured destinations. Along with food businesses, SMEs manufacturing such goods as home decorative items, kitchenware, educational toys, clothes, and health and wellness items would like to introduce their products to Thailand.

4. Telecom auctions to be held on consecutive days in next month

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

The two telecome licences [for the 900-megahertz spec-trum will be auctioned on Novem-ber 12, one day after the auction of two licences for the 1,800MHz spectrum. The telecom committee of the National Broadcasting and Tele-communications Commission finalised the auction date for 900MHz licences yesterday.

It will notify the Cabinet of the change in the 900MHz auction date, which it had earlier tentatively set as December 15. Takorn Tantasith, secretary-|general of the NBTC, said the revised date meant that the bid winners for 1,800MHz and 900MHz licences would be able to launch services on both spectra at the same time, which is expected to be in January. The combined cost of the NBTC holding the two auctions is estimated at Bt110 million.

5. Ad spending decreases by 7.6% as brands cut costs

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

Advertising spending slumped by 7.6 per cent last month to Bt9.76 billion from Bt10.46 billion in September last year as big brands cut their budgets, according to Nielsen (Thailand). Analog terrestrial TV, radio, newspapers and magazines suffered a substantial drop. Year on year, ads on analog TV fell by 16.9 per cent to Bt4.41 billion, on radio by 11.4 per cent to Bt449 million, on newspapers by 14.4 per cent to Bt955 million and on magazines by 18.5 per cent to Bt379 million.

However, new media outlets illustrated another story. Increases on cable/satellite TV were 6.5 per cent to Bt511 million, on digital terrestrial TV 24.1 per cent to Bt1.64 billion and on the Internet 10.6 per cent to almost Bt100 million. Last month's overall ad decrease was partly blamed on spending cuts by the three biggest advertisers - Unilever (Thai) Holdings, Toyota Motor Thailand and Beierdorf (Thailand). Out-of-home media also enjoyed better sales, with cinema ads up to Bt401 million and outdoor ads up 8.3 per cent to Bt352 million. Due to the growth in the number of passengers, transit ads played an increasingly important role in communications as this media's outlets saw a surge of 39.3 per cent to Bt443 million.

6. TRIS warns of negative outlook for three sectors

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

Low private consumption will put downward pressure on the outlooks for the auto-lending, residential-property and agribusiness sectors next year, said Tris Rating. Raithiwa Naruemol, executive vice president for the firm's credit rating group, said auto lending was likely to face a "negative" outlook for another year. Although this sector is expected to do better in 2016, the recovery will be limited because the prices of used cars are not expected to increase and asset-quality deterioration has been closely monitored, she said.

Profitability of auto lenders has been under continuous pressure from high credit costs and losses due to vehicle repossessions. Previously, Tris adjusted the outlooks for Kiatnakin Bank and Tisco Bank to "stable" from "positive". Both banks have an "A-" rating. Even though the auto-loan segment will face limited growth, Tris Rating has not changed its "neutral" outlook for banking because the sector has diverse balance sheets and a stable average return on average earning assets. Over the past several years, the banking sector has expanded fee-based income from securities, asset-management and insurance businesses.

For the residential-property sector next year, Tris has assigned a "negative" outlook because of the slow economy, high household debt and high supply in the real-estate market.

In agribusiness, the sugar and shrimp industries are assigned "negative" outlooks by Tris Rating. Falling prices may squeeze the profitability and cash flows of sugar companies in 2016. Meanwhile, the shrimp industry is facing investigation by the European Union for illegal, unregulated fishing, higher tariffs for exports to the EU, and low prices resulting from more production in many exporting countries.

By Harsha Hazarika