

Daily Thai News Summary: 16 March 2016

1. Cabinet approves social enterprise bill

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

The Cabinet yesterday approved the Finance Ministry's proposed tax measures and related draft bill to support social enterprises, the draft amendment to the credit guarantee corporation law and the draft fiscal bill. Finance Minister Apisak Tantivorawong said social enterprises would be completely exempt from corporate tax if they allocated at least 70 per cent of their net profit to social work. The companies investing in shares of these social enterprises can deduct the cost in full from their corporate income tax. Those providing financial support to social enterprises can also deduct the cost. Under the amendment of the existing credit guarantee corporation law, the Thai Credit Guarantee Corporation (TCG) will be able to provide guarantees to small and medium-sized enterprises that borrow from financial institutions and other sources, not just from banks, as stated in the existing law.

2. Thailand, Malaysia launch local currency settlement framework

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

The Central Banks of Thailand and Malaysia have commenced the operation of a local-currency settlement framework as part of the two countries' effort to promote the use of ringgit and baht for settlement of bilateral trade, with six Thai and Malaysian entities appointed to support the service. Thai and Malaysian businesses will be able to source ringgit and baht from Bangkok Bank's Malaysian arm, CIMB Bank and Malayan Banking Berhad (Maybank) as well as in Thailand from Bangkok Bank, CIMB Thai Bank and Kasikornbank.

The bilateral framework, based on a memorandum of understanding signed by the two countries last August, will provide greater efficiency for exporters and importers to obtain baht in Malaysia and ringgit in Thailand to settle their trade accounts. The framework also covers baht- and ringgit-denominated financial services such as deposits and foreign-exchange hedging. Currently, businesses in Thailand cannot engage in financing and deposit transactions in ringgit with Thai banks, but the new framework allows the appointed banks to offer a range of financial services in ringgit, including hedging, financing and deposits.

3. Investor confidence rises of SET

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

Investor confidence in the Stock Exchange of Thailand rose for the first time in five months, according to the Federation of Thai Capital Market Organisations. The federation's monthly Fetco Investor Confidence Index was compiled from a survey of SET retail investors as well as local and foreign institutional investors with regard to their opinions and levels of confidence for the next three months. The latest Investor Sentiment Index shot up to 94.30 points from the bearish level of 71.90 in last month's results, though it is still a "neutral view". A level of 81-120 indicates a neutral view on whether the Thai stock market will improve over the coming three months, while a level of 41-80 reflects a bearish view. Most investor groups expressed better sentiment, though foreign investors showed the most improvement, with the index skyrocketing to 100 from just 10 in the previous survey.

4. Thai firms investing hugely in VN plastics

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

Thai investors are increasingly investing in Vietnam's plastic industry, with many of them keen to fully acquire the government's stakes in state-owned companies. SCG Group alone has invested in 20 companies. Last year it acquired 80 per cent stakes in Tin Thanh Packing Joint Stock Co, one of the country's top manufacturers of flexible plastic packaging. It also has majority stakes in four other firms producing plastic household utensils and packaging, Viet-Thai Plastchem Joint Venture Company, TPC Vina - Plastic & Chemical Corp Ltd, Chemtech, and Minh Thai Plastic Material Co Ltd. It has a 20 per cent stake in Binh Minh Plastic JSC and nearly 25 per cent stake in Tien Phong JSC, who together hold half the market share in the plastic building materials market. SCG and many other Thai firms are continuing to acquire stakes in plastics companies. Tran Viet Anh, chairman and general manager of Nam Thai Son Co and deputy chairman of the HCM City Rubber - Plastic Manufacturers Association, said the country has nearly 3,000 plastics companies, 99.8 per cent of them private. Thai companies are primarily aiming at the top 100 firms, he said.

5. Direct Asia (Thailand) banks on brand

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

The New Chief Executive of DirectAsia (Thailand), an online insurance broker, says the company will concentrate on building brand awareness to double premium income by 2020. It has set an ambitious target of Bt5 billion by that year, from 500,000 policies, compared with Bt140 million of premium income from 14,000 policies last year, said CEO Edip Okur. The company will build awareness of its brand upcountry and plans to offer additional products to the motor insurance it sells now, he said. Last year it was in the top 15 in terms of awareness among 52 motor-insurance brands. The company plans to be in the top 10 in motor-insurance brand awareness this year, he said. By 2020, Falcon Insurance will still be the company's partner, even if DirectAsia wants to expand beyond motor insurance. However, the priority of the online brokering business right now is motor insurance, Okur said. *"Thailand is regarded as a key market for DirectAsia and we are investing strongly in services, human resources and branding."* DirectAsia entered the Thai market in 2014 as an online broker. The company is part of the DirectAsia Group founded in Singapore in 2010. After gaining a strong presence in Thailand, DirectAsia may consider expanding into other countries in the region, Okur said.

6. SCG Logistics plans regional expansion

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

SCG Group's logistics arm will focus more on expanding its network in Asean to realise Bt5 billion in revenue from these areas in five years. *"Businesses are not limited to only the domestic market and tend to go abroad. So we need to serve them,"* Syamrath Suthanukul, managing director of SCG Logistics Management Co, a wholly owned subsidiary of the country's largest building-materials firm, said yesterday. The company will emphasise providing international logistics services as its strategic plan this year. This could push the company's Bt600 million in overseas revenue to Bt5 billion by 2020.

Incorporated a decade ago, the logistics company has launched services via joint ventures in such countries as Myanmar, Cambodia and China, in Nanning. It is now forming more ventures in Laos, Indonesia and Vietnam. It expects to complete them by the end of this year and see revenues from them next year. SCG Logistics Management posted about Bt15 billion in revenue last year and expects to grow by 18 per cent to Bt17.8 billion this year.

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