

## Daily Thai News Summary: 17 December 2015

### 1. BOT to announce higher 2015 GDP growth

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

The Bank of Thailand foresees a better-than-expected ending for the economy this year, despite the anticipated action on interest rates by the US Federal Reserve. At its final meeting of the year yesterday, the central bank's Monetary Policy Committee (MPC) slightly revised up its 2015 growth forecast, while keeping the 2016 forecast unchanged.

The new forecast for this year will be announced in the MPC's minutes, to be released on December 25. The bank's current forecasts are for 2.7-per-cent expansion this year and growth of 3.7 per cent for 2016. *"Economic expansion this year is expected to be slightly better than what we previously assessed,"* Jaturong Jantarangs, secretary of the MPC, said after the meeting. The committee decided to maintain the policy rate at 1.5 per cent, thanks to better-than-expected economic performance from July through October, when economic activities increased as higher public expenditure boosted the private sector's confidence.

### 2. Dept launches scheme to help SMEs go global

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

The Industrial Promotion Department of the Industry Ministry has launched "Roadmap SMEs 3 4 5" to encourage efficient entrepreneurs. The project includes three strategies (encourage, empower, restore), four tactics for "intelligent SMEs" (iSMEs), and five states of business (from pre-start-up to international). The department aims to encourage international business expansion of four industries in particular - automotive and automobile supply, medical devices, processed foods and fashion. The project has a budget of more than Bt2.3 billion, Dr Somchai Harnhirun, director of the department, told a news conference yesterday.

He said the department also planned to empower small and medium-sized industries under the "iSMEs" concept, with four tactics: iProduct, iProcess, iNetwork, and iEntrepreneurs. Furthermore, the department plans to support SMEs through all five of the business states it recognises. For the pre-start-up state, it will provide essential business knowledge to those interested through various projects, such as creation of new entrepreneurs and of new businesses. If a pre-start-up succeeds in establishing a business, it will enter the next state, start-up, for which the department will be a coach supporting product development and market expansion.

### **3. Shrimp producers expect brighter year in 2016 after disease eliminated**

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

Thai shrimp farmers and traders foresee brighter prospects for production and export next year as they recover from a shrimp disease that has damaged the industry since late 2012, while foreseeing lower shrimp production globally. However, the industry is still worried about non-tariff barriers, especially those set up by the European Union over illegal, unreported and unregulated (IUU) fishing, while the United States has left Thailand languishing in Tier 3, the lowest level of its annual "Trafficking in Persons" report.

According to the Thai Shrimp Association, shrimp production in this country is expected to increase by 10 per cent next year, while other countries, mainly India, the world's largest shrimp producer, will have lower output after also facing shrimp disease. *"Next year is expected to be a brighter year for the Thai shrimp industry as production increases after Thailand totally eliminates the shrimp disease, while buyers will purchase more Thai shrimp as they are highly confident about safety after India - a major rival - is faced with shrimp disease,"* Somsak Paneetayasai, president of the association, said yesterday. He added that global shrimp prices should also increase next year amid a lower supply.

### **4. Amended registration law to help small services acquire funds**

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

To help enable micro and small enterprises to access funding and the government's support measures, the Business Development Department will soon amend the Commercial Registration Act to allow small service businesses to register. The move follows the soon-to-be enacted Business Security Act, which will allow registered enterprises to use their assets as collateral to source funds.

Pongpun Gearaviriyapun, director-general of the department, said yesterday that although the service sector had grown continuously, many of these businesses lacked the opportunity to acquire funding as they don't have commercial certificates. The amendment of the Commercial Registration Act will help solve this problem. Businesses that will be focused on include computer maintenance, car and motorcycle maintenance, tailoring, and barbershops and salons. The amendment is expected to be proposed to the Cabinet in the first quarter of the New Year. In addition, the department expects about 60,000 new companies to be established next year, lower than previously forecast because of concerns over uncertain global economic growth as well as low oil prices. The department reported that new company registrations increased slightly by 2 per cent year on year to 4,520 last month, while decreasing by 14 per cent from October's figure because of a reduction in the number of lottery vendors after the introduction of controls on lottery prices.

## **5. Transfer pricing law in Thailand and the BEPS initiative**

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

Initiated by the Organisation for Economic Cooperation and Development in 2013 and endorsed by the G-20, the OECD's "Action Plan to Address Base Erosion and Profit Shifting (BEPS)" includes 15 key areas to encourage more transparency, better reporting and more cooperation between countries in which multinational companies operate. On October 5, the OECD issued a final package of reports in connection with the Action Plan as well as a plan for follow-up work and a timetable for implementation.

While implementation and timing will vary across borders - some European jurisdictions have already incorporated aspects of the plan - the final OECD release marks a crucial shift from the recommendation and consultation phase of BEPS to legislation and implementation. A look at the OECD members in the Asia-Pacific reveals that they are highly engaged and likely to adopt the full slate of BEPS proposals, in accordance with the OECD guidelines. Australia has perhaps been the most involved, given its role as president of the G-20 in 2014. Japan and South Korea are another two OECD members in the region also highly invested in the Action Plan's outcome. China, the 2016 holder of the rotating G-20 presidency, has taken a particularly active and constructive role in the various working-party meetings where Action Plan items have been considered. Other G20 countries, such as India and Indonesia, are also engaging in the OECD discussion and will likely implement some aspects of the BEPS proposals that suit their domestic purposes. Other countries, such as Singapore, will likely adjust certain aspects of their tax systems in response to any new international norms. Certain Asean countries, namely Thailand, Malaysia and the Philippines, may adopt some measures while others, such as Cambodia, Laos and Myanmar, seem to have no engagement on BEPS.

## **6. Postpone 2016 minimum wage hike until second half: Survey**

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

Given high competition, fewer purchase orders and limits to price rises, most business operators want a rise in the minimum wage put off to the latter half of next year, according to the Employers' Confederation of Thai Trade and Industry (ECONTHAI). Meanwhile Thailand's jobless rate will reach a five-year high of 0.916 per cent this year, according to a survey by the business lobby. In its recent annual survey on business operations and confidence in employment, three-fourths of the operators surveyed wanted to postpone increases in the daily minimum wage to at least the second half of 2016 as the business environment were not supportive, and the rest remained uncertain. The Thai economy was weaker than expected this year and this situation is expected to continue to at least mid-2016, the survey found. Exports in

2015 shrank for the third consecutive year to 5.2 per cent. Imports also contracted for the second consecutive year to 11.5 per cent.

If the minimum wage is raised, a tripartite system should be employed so that the minimum is not equal across the country, the survey respondents said. The survey suggests minimum wage rates in a range of Bt310-Bt320 per day, while asking the government to develop labour skills. The wages should be subject to skill levels.

## **7. Hotel chains offer training for tourism**

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

Major hotel chains are offering training courses for students of the University of the Thai Chamber of Commerce as part of the national agenda to produce more skilled labour to cope with the rapid growth of the tourism industry.

The university yesterday signed an agreement with Centara Hotels and Resorts, Dusit International, The Erawan Group, Siam@Siam Group, Asia Hotel Bangkok and several key tourism bodies such as Association of Thai Travel Agents and Thai Hotels Association to develop short courses for students who want to undergo intensive training while studying tourism or management. Under this collaboration, various training packages will be offered over a three-year period. The university expects to send 500 students to get training at its new partners. For years, key tourism associations have signed agreements with public and private universities to offer training to upgrade the workforce and expand the supply of qualified personnel.

Chanin Donavanik, chairman of the tourism and service industry committee at the Thai Chamber of Commerce, said more than 6 million people are working in tourism, which accounts for 13-14 per cent of the labour force. However, the tourism industry is expected to need more than 100,000 new workers per year, particularly for the hotel business. Thailand aims to welcome about 30 million visitors next year.

\*\*\*\*\*

**By Harsha Hazarika**

