

Daily Thai News Summary: 22 April 2016

1. Thailand's global headquarters, treasury hub plans off to good start

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

Companies are increasingly focusing on the International Headquarters (IHQ) and Treasury Centre (TC) programmes in Thailand. To date, a total of 12 companies have obtained TC licences, seven of which were granted in the first quarter of this year. That number is encouraging as corporate treasurers deliberate factors such as human-resource operations, systems support, change management, and streamlining of processes and governance to establish their operations in Thailand. The efficiencies delivered by treasury centres are well acknowledged, and critical to their success is the right location. Now, Thailand has upgraded the IHQ and TC schemes from the previous Regional Operational Headquarters (ROH) regime to provide more tax incentives, which are a great door opener. Thanks to its geographical advantages, Thailand is considered an Asean hub. It has well-established manufacturing lines for many industries, low operational costs and abundant resources. More important, a number of relevant government agencies including the Board of Investment, the Bank of Thailand and the Revenue Department have been united in providing support for the IHQ and TC programmes. Under these schemes, companies will mainly gain from exemptions and lower rates of corporate income tax, personal income tax and withholding tax. Multinational companies originating in Thailand will have better control of liquidity and operations, such as centralised foreign-exchange transactions and inter-company funding arrangements to lower operational costs.

Areas of improvement are financial benefits and improving operational efficiencies where companies mostly revamp their existing practices, stretching financial targets and streamlining their working processes. Important aspects for setting up an IHQ or TC are market readiness, availability of local skilled labour, the country's risk rating, the political environment, currency convertibility, the size of the FX market and legal controls. These are being reviewed to improve the overall competitiveness of Thailand's programmes, relative to other established locations. In the medium to long term, the programmes are expected to attract more fund flows into Thailand, help improve local infrastructure to support business growth, and expand the market for and availability of skilled resources. These will help anchor Thailand's aspiration to be a financial hub of choice among local and international investors. In terms of the next steps, relevant stakeholders should closely collaborate and promote open communication between corporates and government entities through a series of forums.

2. Thailand leads in auto exports to Vietnam

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

Thailand has become Vietnam's leading automobile exporter in the first quarter of this year, with a volume of more than 7,800 units, a 64.5 per cent increase compared with the same period last year. Statistics from the General Department of Vietnam Customs showed Thailand was followed by South Korea with 3,560 units and China with 2,260 units, a year-on-year decline of 41 per cent and 58 per cent, respectively. Preferential import tax policies caused the sharp increase of cars imported from Thailand, under Vietnam's commitments to the ASEAN Trade in Goods Agreement. Under the agreement, the import tax on automobiles from ASEAN members - Myanmar, the Philippines, Malaysia, Thailand, Singapore, Laos, Indonesia, Cambodia, Brunei and Vietnam - would fall from 50 per cent to 40 per cent by 2016, to 30 per cent by 2017 and zero per cent by 2018. With preferential policies on taxes, Thailand has attracted many well-known auto brand names to build production plants in the country, including Ford, Toyota, Honda and Nissan.

3. Changing trends in two major contributors to Phuket economy

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

Tourism and real estate are and have always been the key contributors to Phuket's economy. Today, they remain the heartbeat of the island, but trends have shifted in terms of tourist profile and real-estate demand. Last year, arrivals to Phuket totalled 6.24 million, a record figure. Of this number, around 3.4 million were direct foreign arrivals, up 8.7 per cent year on year, and some 2.9 million were domestic arrivals (including transits via Bangkok), up 11.7 per cent. Tourist arrivals have consistently grown despite Thailand's political situation and the Erawan Shrine bombing in Bangkok last year. A notable change is the increase in the prominence of Chinese tourists. Last year, Chinese tourists in Phuket reached 1.3 million, significant growth of 34.8 per cent year on year. Another significant trend is an expansion of the tourist base for Phuket underpinned by a growing number of affordable accommodations opening up the market to a larger group of visitors.

The Phuket airport expansion will also facilitate further growth across all tourist segments. The real-estate sector has also gone through evolving trends. Amid a weak global economic outlook, there is a clear shift towards investment properties where guaranteed yield offerings with rental management by a professional operator have become the market norm. Investment products with a guaranteed yield and a limited owner's usage are products that match the current market demand. Buyers are looking for properties they can profit from, as well as enjoy the lifestyle aspects of owning a resort-home. The concept of investment properties has been applied across all market segments, from high-end villas to entry-level condominiums. The

factor in making this an attractive buy is the presence of a professional management company, whether by a five-star branded operator or a less well-known operator.

4. THAI celebrates 56th anniversary with promotion fair

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

Thai Airways International today launches the “Rak Khun Tao Fah 2016” event, to mark its 56th anniversary this year. Special fares on all domestic and international routes are on offer at the event which will run through April 24, at Siam Paragon Fashion Hall.

During the four-day promotional fair, visitors can purchase exclusive fares on domestic and international routes operated by THAI and THAI Smile, as well as take advantage of special prices on THAI's Royal Orchid Holidays THAI Value Pack. Customers who purchase tickets totaling Bt50,000 or more (from combined receipts within the same day) are entitled to play the "Vending Machine" game for a chance to win 56 tickets for travel on THAI, 56 tickets on THAI Smile, and many other prizes. Prize tickets are for roundtrip travel in Economy Class from Bangkok to destinations such as Rome, Brussels, Sydney, Melbourne, Ho Chi Minh, Hanoi, Hong Kong, Singapore, as well as Chiang Mai, Phuket, and Krabi. The first 20 customers at the event who purchase Royal First Class tickets to any European destination or to any Australian destination operated by THAI will receive an added bonus consisting of THAI Simulator Experience with THAI captains and pilots. Customers who apply for Royal Orchid Plus frequent flyer membership at the "Rak Khun Tao Fah 2016" event will receive up to 2,500 miles.

5. SME Bank lowers NPLs in Q1, expects more success

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

The Small and Medium Enterprise Development Bank of Thailand is confident in can work down its non-performing loans to Bt18 billion this year after succeeding in hitting the first-quarter milepost. SME Bank ended last year with NPLs of Bt23.45 billion, representing 27.2 per cent of its loan portfolio. Under its business plan presented to the State Enterprise Policy Office, it has to bring NPLs down to Bt18 billion by this year-end. Salinee Wangtal, chairwomen of the state-run bank, said it had two ways to lower NPLs. It will sell to asset-management companies this year bad debt worth Bt2.5 billion from borrowers that are no longer in business and whose owners do not cooperate with the bank. Already Bt1 billion was sold to Bangkok Commercial Asset Management Company in the first quarter. That helped the bank reduce NPLs to Bt21.07 billion, better than the target of Bt22 billion for the quarter. Gross NPLs in the first quarter improved to 23.8 per cent of outstanding loans of Bt88 billion.

The bank has also set up a loan-monitoring unit at its branches to track the debt-servicing ability of borrowers. If borrowers are incapable of meeting their instalments, the unit will offer help, such as payment rescheduling or debt restructuring. This will help prevent normal debt from being classified as special mention loans. The bank is also upbeat about hitting its new loan target of Bt35 billion this year after lending Bt9.96 billion to 3,405 businesses in the first quarter. That led to a net profit of Bt537 million in the quarter. The consecutive net profit will help the bank to be removed from the State Enterprises Policy Commission's list of loss-making businesses in the near future.



By Harsha Hazarika