

Daily Thai News Summary: 22 December 2015

1. Thailand poised to cash in on historic WTO deal: KRsearch

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

A historic World Trade Organisation deal that will abolish developed countries' subsidies on agricultural exports for developing countries by 2018 could benefit Thailand's economy because of a consequent increase in fair trade, said the Kasikorn Research Centre. The agreement will not affect Thailand's policymaking at the moment as it will not come into effect until the end of 2018 and the Kingdom currently has no export-subsidy policy for agriculture products and prices.

Pimonwan Mahujchariyawong, deputy managing director of KResearch, said the developing countries receiving subsidies would be affected but the deal would open up more competition, and Thailand was well placed to compete for greater market shares. *"These export-subsidy measures involve the distortion of agricultural prices by selling the products for less than the market price, and Thailand does not have such a measure in place,"* she said.

WTO member countries agreed to abolish agricultural export subsidies after five days of talks in Nairobi, but failed to make progress on the long-stalled Doha Round of negotiations aimed at lowering global trade barriers. The 162-member body, meeting in Africa for the first time, reached the agreement on Saturday, with developed nations committing to removing their subsidies immediately. In a statement, WTO director-general Roberto Azevedo hailed the agreement as the "most significant outcome on agriculture" in the organisation's 20-year history. Pimonwan said current government measures to support Thai farmers hit by the global drop in agricultural prices and drought, such as various loans and cash handouts, did not affect export prices and thus the Nairobi deal would not affect on measures to support farmers.

2. All eyes on tax reforms, govt investment

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

Thailand is heading into 2016 with a tax-reform and investment-stimulus agenda as various government ministries are set to implement measures to drive the national economy amid increased global uncertainties. The Bank of Thailand, the National Economic and Social Development Board (NESDB) and the Fiscal Policy Office, as well as Kasikorn Research and Siam Commercial Bank's Economic Intelligence Centre, forecast economic growth of at least 3 per cent next year compared with 2015's 2-2.7 per cent. The growth in gross domestic product

will be driven by government spending in infrastructure mega-projects worth up to Bt1.796 trillion, they say.

The government also has a policy to speed up investment in infrastructure projects worth more than Bt1 trillion in 2016 and 2017. They include 10 mass-transit routes in Greater Bangkok, railway double-tracking, and major highways. They are expected to be next year's economic growth engines. Meanwhile, tax reform is under way, with the highest personal-income-tax rate to be reduced from 35 per cent, possibly to 20 per cent. In addition, import tariffs and land and building taxes will be reviewed. At the start of the New Year, a new excise-tax structure for vehicles and inheritance taxes will also become effective. To boost private investment, which has been sluggish for several years, there will be new tax incentives for Thai and foreign investors offered by the Board of Investment for 10 new special economic zones nationwide.

3. Seven prolonged strategy for export

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

The Commerce Ministry targets exports picking up 5 per cent to US\$225 billion (Bt8.1 trillion) next year from this year's expected value of \$215 billion, under a seven-pronged strategy to drive shipments over five years. Malee Choklumlerd, director-general of the International Trade Promotion Department, said yesterday that next year's exports should return to a rising trajectory along with the expected expansion of the global economy and trading.

The global economy is expected to grow by 3.6 per cent next year, up from this year's 3.1 per cent, while world trading will increase by 2.4 per cent from this year's contraction of 11.2 per cent. Major markets are expected to show improvement, including the European Union by 1.6 per cent, the United States by 2.8 per cent, Japan 1 per cent, India 7.5 per cent and Asean 4.9 per cent.

The five-year (2016-21) export strategy will focus on market access and economic cooperation, demand-driven marketing, trade promotion with Cambodia, Laos, Myanmar, Vietnam, China and India, outward investment promotion, trade in services, innovation-driven enterprises, and value creation. However, the potential challenges to trade expansion are concern over terrorism and political conflicts, continued declining oil and crop prices and volatile exchange rates. Many products should also enjoy better orders from abroad next year, except certain products. Fishery products face a negative image from (IUU) illegal, unreported and unregulated activities and labour problems.

4. First auto sales rise in over 2 years

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

Auto sales in Thailand rose for the first time in more than 2-1/2 years in November, on an annual basis, but this appears to reflect a steering away from tax changes in 2016 rather than an improvement in domestic demand. Last month, auto sales rose 4.6 per cent from a year earlier, the first such gain since May 2013, the Federation of Thai Industries said on Tuesday.

Southeast Asia's second-largest economy has yet to regain momentum after a military coup in May 2014. That ended months of political unrest but exports remain weak and domestic consumption has been crimped by low farm prices and high household debt. Thai domestic vehicle sales traditionally are sensitive to tax and subsidy policies. In 2012, during which subsidies were high, unit sales jumped 81 per cent from a year earlier. Last month, sales of "pickup passenger vehicles" tripled from a year earlier to 12,583. Taxation on such vehicles will increase in 2016 as Thailand seeks to encourage increased use of fuel-efficient cars.

5. Thai rice exports expected at 9M tones next year

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

Thailand will strive to ship out 9 million tonnes of rice worth US\$4.78 billion (Bt172 billion) next year, versus the almost 10 million tonnes expected this year, according to the Thai Rice Policy and Management Committee. From January to the first week of this month, Thailand managed to sell 9.3 million tonnes of rice on the global market, reclaiming its crown as the world's top rice exporter, ahead of India and Vietnam.

Commerce Minister Apiradi Tantraporn said yesterday that next year, rice exports should continue to enjoy a bright future, as global rice production is expected to fall because of climate change, while demand will increase. According to rice traders and the US Agriculture Department, global rice production will drop 1 per cent from this year's 478.1 million tonnes to 469.3 million tonnes next year. Global demand for rice will rise from 471 million tonnes to 486.4 million tonnes, sending global stocks down by about 14 per cent. Thailand is expected to produce 27 million tonnes of paddy rice next year, off 11 per cent from this year's volume.

6. NEPC panels to probe power plant programme

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

The National Energy Policy Council has approved the setting up of two committees to look into the government's promotion of biomass power plants and solar farms following a complaint from private operators. The NEPC has also acknowledged in principle the implementation of feed-in tariffs by the Ministry of Energy which would replace the adder programme for very small power producers - those less than 10 megawatts in production capacity.

The subsidy would last for 20 years, and the rates would be different depending power plants size and fuel types. There is a problem, however. Waste-to-energy VSPP operators are provided with higher incentives than operators using other types of fuel. The feed-in tariff subsidy for incinerator power plants would be 10 satang to 30 satang higher per unit in the first eight years. Some operators have received the full eight-year adder rates and some have not because they believe they would be disadvantaged by the change and yesterday filed a complaint at Government House where the NEPC met, also yesterday.

By Harsha Hazarika