

Daily Thai News Summary: 25 April 2016

1. Intergovernmental agreement on dry ports comes into force

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

The Intergovernmental Agreement on Dry Ports, having Thailand as one of the 17 signatory countries, entered into force on April 23. Developed under the auspices of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), the agreement is designed to open up new development prospects for landlocked countries and areas facing the challenges of prohibitive costs and complex logistics to get their goods and services to market. By serving similar functions as ports away from coastal areas, such as consolidation and distribution centres, dry ports can create new economies of scale, reduce transport costs and generate employment opportunities for local populations.

The agreement was signed by 17 Asia-Pacific countries in November 2013 and it came into force after eight of the 17 signatory countries became a party to it. China was the eighth country to approve the agreement. The other countries having deposited approvals of the agreement with the United Nations Secretary-General are Bangladesh, India, Kazakhstan, South Korea, Russia, Tajikistan, Thailand and Vietnam. Escap said in a statement that the agreement comes at a critical time in history, as Asia's demand for efficient transport and logistics is growing, with the 61 per cent of the world's population in the region generating 30 per cent of the world's gross domestic product and an ever-growing share in the volume of goods traded worldwide. The agreement is designed to promote international recognition of dry ports, facilitating investment in dry port infrastructure, improving operational efficiency and enhancing the environmental sustainability of transport. The network of dry ports defined through the agreement supports the Asian Highway and Trans-Asian Railway networks and ushers in greater prospects for the development of efficient international intermodal freight corridors.

2. Hafele poised to tap ASEAN's potential

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

Hafele is a German-based leader of innovations and technology for hardware, furniture, bathroom ware, electrical appliances, and kitchen appliances with German standard. Kwanchai Rungfapaisarn of The Nation talks with Volker Hellstern, managing director of Hafele (Thailand), about the company's prospects and business strategy on Thailand and Asean.

HOW'S HAFELE DOING IN THAILAND, AND WHICH OTHER ASEAN MARKETS HAVE THE PRODUCTS PENETRATED?

Volker Hellstern: *Based on the political and economic situation in Thailand, we believe that we're still doing very well. Project business is still strongly increasing since customers want higher product quality. Hafele is the leading importer of architectural hardware and furniture fittings in Thailand. Almost all our products are LGA [German quality] tested and certified. Additionally, we keep an extensive stock in Thailand (biggest in Asia Pacific) to deliver the orders within 24 hours. We don't just talk about after-sales service and professional advice, we are living it and do have a big budget to increase this further. Hafele products are available in basically all countries in Asean. In all major markets we are present directly to provide maximum service. We do have subsidiaries with stocks in Thailand, Vietnam, Malaysia, Singapore, Indonesia and Philippines, as well in countries close to Asean such as Taiwan, Korea, Japan, China, India and Sri Lanka. We also have a representative office in Myanmar with our own staff under Thai management where we do have several importers keeping stock.*

3. Infrastructure steering committee identifies four priorities

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

Bangkok Bank president Chartsiri Sophonpanich, private-sector head of the Pracha Rath steering committee on attracting investment and developing the country's infrastructure, says the panel will highlight four agendas to lure foreign investment and strengthen Thailand's role as a land-based Asean centre. Chartsiri is one of 12 business leaders who are closely working with the government under the Pracha Rath project to move the country towards being a value-based economy, nicknamed "Thailand 4.0". Chartsiri said the four agendas were enhancing competitiveness; a new platform for public-private partnerships (PPP); increased access to infrastructure; and attracting investment. On the first agenda, his committee is working with the Pracha Rath steering committee on innovation and productivity headed by Kan Trakulhoon to accommodate research and development. Chartsiri said his committee was keen on building "science cities" to host advanced industries in the future. These science cities could be hubs for R&D, which will upgrade industry and accommodate the development of the bio-economy, a goal of the Pracha Rath steering committee on pushing new high-growth innovative industries.

The private sector would be responsible for the construction costs of the science cities, he said, adding that such facilities should be set up in industrial estates because of their complete utilities. The private sector will also use its networks to attract investors interested in R&D to serve the automotive, electronics, aviation, robotics and biotechnology sectors, he said. The state should have incentives to support the private sector, especially the establishment of a one-stop service for investors and a "science-city fast track" programme, he said. On the second agenda, the private sector agrees that PPP is a solution for infrastructure investment because each

development requires a large budget, and the government has to maintain fiscal discipline. For the period 2015-19, the government has announced 66 infrastructure projects with a total investment cost of Bt1.58 trillion. According to Chartsiri, the private sector has collaborated with the government on four key areas for a newPPP platform.

First, the private sector will help lay out the conditions to encourage both local and foreign investors. Second, a PPP should share risk appropriately for cost efficiency. For example, private companies will take on the risks of investment and management, while the government should look after a regulatory regime that supports ease of doing business. Third, the committee believes the government should set up a Project Management Office to oversee the schedules of project development and the cost of projects. Finally, the areas surrounding infrastructure projects should be developed as smart cities. He suggested that Laem Chabang in Chon Buri province and Chiang Rak Noi in Ayutthaya province could become 'smart cities'.

4. Bt400 m to help SMEs expand business abroad

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

The International Trade Promotion Department will allocate a budget of Bt400 million under the SMEs Proactive Project to help small and medium-sized enterprises do business overseas, focusing on Asean and notably Cambodia, Laos, Myanmar and Vietnam (CLMV) . Malee Choklumlerd, director-general of the department, said the first SMEs Proactive Project had been very successful, and so the second project had been allocated Bt400 million to help SMEs. This second project will be in effect for three years (2016-18). The department will choose SMEs that plan to penetrate overseas markets, especially in Asean including the CLMV countries. Moreover, the department will allocate money to SMEs that add value to their products or services. Products that are innovative, feature new designs, and are friendly to environment will be considered the priority, she said. SMEs will be encouraged to join international trade exhibitions at home and abroad, as well to take part in business-matching activities. To join the SMEs Proactive Project, enterprises can propose marketing plans via groups such as the Board of Trade, Federation of Thai Industries, and the Thai National Shippers Council before passing proposals to the department for final consideration.

5. Govt in Bt20 Bn push for start-ups

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

The Government will establish a Bt20 billion budget through competitiveness and digital economy funds to help drive start-up companies. It will announce next week a giveaway project under which fifty vouchers, worth Bt800,000 each, will be given to tech start-ups. Meanwhile, the Information and Communications Technology Ministry plans to spend Bt15 billion to lay down broadband Internet coverage to 30,000 communities nationwide within a couple of years. Pichet Durongkavaroj, the science and technology minister, said that to drive start-ups the ministry would cooperate with 11 government agencies and the private sector. Pichet said the Finance Ministry had set up a Competitiveness Fund, which would focus on five categories, namely healthcare, financial technology, agricultural technology, tourism, and digital technology. He said the government would also provide privileges to the private sector to invest in start-ups via venture capital funds such as tax exemptions and capital gains tax. He added that the government would develop a so-called Start-up District to provide knowledge and leverage for start-ups.

6. Honda starts innovative assembly line in Prachin Buri plant

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

Honda Motor Co has developed the world's first automobile assembly line that incorporates a flowing cell production system, and launched it in Thailand. Honda's so-called Assembly Revolution Cell (ARC) Line was introduced at its new plant in Prachin Buri that became operational last month. The plant is part of Honda Automobile (Thailand) Co, the Japanese company's automobile production and sales subsidiary in Thailand, and is in the Rojana Industrial Park in Prachin Buri province. The ARC Line is the world's first automobile assembly line of its type. It was developed by incorporating flowing-cell production units into the main line.

On a conventional assembly line, each worker takes charge of a single process and installs parts to vehicle bodies flowing on a conveyor. In cell production, on the other hand, a single worker takes charge of a broader range of production processes and installs multiple parts. In ARC Line production, four workers get on board a conveyor unit that carries one vehicle body and a complete set of parts to be installed on it, and they assemble the vehicle while moving along the production line together with the vehicle.

This system reduces any incidental movements by workers - such as selecting the proper parts for the specifications of the next vehicle body coming down the line and installing them while walking along with the vehicle body. These are not considered essential assembly

movements but are inevitable in conventional production processes. The ARC Line achieves a significant improvement in production efficiency through the reduction of such process losses.

