

Daily Thai News Summary: 2 December 2015

1. Cabinet nod for Transport Ministry mega-project plan

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

The Cabinet has approved the Transport Ministry's action plan for the fiscal 2016 budget, which involves the auctioning process for 20 transportation projects worth Bt1.796 trillion between 2015 and 2017, while around Bt58.435 billion is expected to be disbursed to fund construction of some of the projects during the current fiscal year. The 2016 fiscal year, which began in October, has a budget of Bt2.72 trillion and a deficit of Bt390 billion on expected revenue of around Bt2.33 trillion. The investment budget through to September 30 next year has been set at Bt543.635 billion.

The 20 projects are part of the Transport Ministry's 2015-2020 master plans, which include investment under the public-private partnerships (PPP) scheme. *"Transport Minister Arkhom Termpittayapaisith told the meeting that six projects are ready for auction within the first quarter of fiscal 2016, with a combined investment budget of Bt186.307 billion,"* Sansern Kaewkamnerd, the government spokesman, told reporters after yesterday's Cabinet meeting. The projects are double-track railway from Chira Junction (Nakhon Ratchasima) to Khon Kaen; two special expressways, from Pattaya in Chon Buri to Map Ta Phut in Rayong, and from Bang Pa-in (Ayutthaya) to Nakhon Ratchasima; the Laem Chabang port-development project in Chon Buri province; the railway linkage development project to Laem Chabang port, phase 1; and the phase-2 expansion of Suvarnabhumi Airport.

2. Thailand to gain from IMF's yuan move

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

Thailand is expected to gain from more international trade and investment as a result of the wider use of the yuan after the International Monetary Fund's inclusion of the Chinese currency in its SDR (special drawing rights) basket, according to a senior Bank of Thailand official. Mathee Supapongse, deputy governor of the central bank, said the yuan was now one of the world's five major currencies for the IMF's SDR. This will boost the unit's role in international trade and investment, resulting in its wider international acceptance.

The BOT has gradually invested in yuan-denominated-bonds for diversification of international-reserve management while promoting the Chinese currency as an alternative for payment since 2010, he said. In addition, the BOT extended a bilateral swap arrangement worth

70 billion yuan (about Bt390 billion) with China, which appointed Industrial and Commercial Bank of China (Thai) as a clearing bank in Thailand. He said the yuan would gain popularity as an international unit for investment after China's relaxation of capital controls, while investors might need to readjust their investment portfolio and the hedge for SDR on a gradual basis.

The yuan's inclusion in the SDR basket is positive for Thailand since China is the country's largest trading partner, according to the Commerce Ministry. Chutima Boonyapraphasara, permanent secretary of the ministry, said the move should facilitate more trade growth between Thailand and China, with China-bound Thai exports accounting for 11 per cent of the Kingdom's total export value. *"Traders would shift to use more Chinese yuan, as they will not have to pay for foreign-exchange fees converting into the US dollar or other currencies,"* she said.

3. Thailand maps out plan to become a top-five exporter of halal foods by 2020

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

For fiscal 2016, the Industry Ministry has budgeted Bt180 million to promote exports of halal products. The department will also expedite development plans for halal products of small and medium-sized enterprises and Otop (One Tambon, One Product) to propel Thailand towards being among the top five halal exporters by 2020. Speaking at a seminar on halal-products investment and exports hosted by the NFI, institute director Yongwutti Saopruerk said the Dubai Chamber of Commerce projected the world's halal-products market at about US\$23 trillion (Bt824 trillion). This includes chemicals, foodstuffs, household goods, cosmetics, garments and medical supplies.

Last year, halal products accounted for about \$1.1 trillion, or 20 per cent, of the world's foods-trading value. This figure is projected to rise to \$1.6 trillion in 2018. With nearly 2 billion Muslim consumers, the current market for halal food products offers huge export opportunities. Last year, the Organisation of Islamic Cooperation had 57 member countries. Their import value of halal foods reached \$164 billion, growing by 16 per cent a year for the past five years, higher than the overall global food-trade growth of 10 per cent a year. In 2014, Thailand's halal-food exports were valued at Bt200 billion, or \$6 billion, ranked in the world's top 10. In the past five years, the country's halal-food exports have grown by 8 per cent annually. With growing consumer acceptance and recognition of Thai halal foods, exports of these products should continue to expand this year. The rising world Muslim population will also raise demand for hygienic and high-quality halal foods.

4. Investment to help economy next year, JSCCIB says

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

The Joint Standing Committee on Commerce, Industry and Banking (JSCCIB) believes business confidence will tend to improve after 2016 was announced as the year of investment. Infrastructure investment projects will be pushed as a key engine to drive the economy. If the projects go ahead as planned, more than Bt100 billion, aside from Bt540 billion from the state investment budget itself, will be injected into the economic system, said the JSCCIB, which comprises the Federation of Thai Industries (FTI), the Thai Chamber of Commerce (TCC) and the Thai Bankers' Association (TBA).

This could improve economic activities, Isara Vongkusolkit, chairman of the Board of Trade of Thailand and the TCC and of the JSCCIB, said after the standing committee's meeting yesterday. The committee met to discuss October's economic situation, which recovered somewhat from the acceleration of government spending, particularly for small projects under the short-term stimulus, and improvements in tourism. Private investment improved in non-durable staple goods, but overall consumption remained low. October's exports contracted by 8.1 per cent partly because of last year's high base. Almost all categories of export products were in negative territory in line with slowdowns in all major markets.

5. Auto firms bank on Motor Expo

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

Automobile companies are hoping to reap a significant number of orders at this year's "Thailand International Motor Expo", due to major excise-duty changes that take effect next month. Although engine displacement is still considered, vehicles with lower carbon-dioxide emissions will enjoy lower excise rates starting on January 1, while those with higher emissions will suffer from a significant increase in taxation. As a result, auto-makers are wooing customers with last-chance offers for large-displacement passenger car models, as well as for SUVs and pickup trucks that will see price increases of up to Bt100,000-plus next year.

In fact, several companies are already offering new reduced prices for models that enjoy lower taxes, for example eco-cars such as the Mitsubishi Mirage and Mazda2. Auto sales in the country have plunged by 13.6 per cent so far this year due to the economic crunch and high household-debt levels, and auto-makers are expecting the total market to finish the year at just 750,000 units.

Show organiser Kwanchai Paphatphong said that with 1.5 million visitors expected to show up at Muang Thong Thani from today until December 13, as many as 53,000 orders are expected to be placed. *"We expect as many as 50,000 orders to be placed for automobiles, and*

another 3,000 for big bikes, with as much as Bt55 billion in transactions throughout the show," he said, adding that more than 10 new car models are being featured this year. This is the last chance for car buyers to enjoy current prices before the new tax comes into effect, and this will help boost the automobile market considerably," Kwanchai said.

By Harsha Hazarika