

Daily Thai News Updates: 2 November 2016

1. Ascend Money links with Alibaba financial services unit

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

Ascend money, a Thai financial-technology firm, is joining with China's Ant Financial to accelerate the growth of digital financial services in Thailand and the rest of Southeast Asia. "The agreement will allow Ant Financial to increase its stake in Ascend Money from 20 per cent to 30 per cent within two years, along with initiating more financial-technology services and solutions for use throughout Southeast Asia," Punnamas Vichitkulwongsa, chief executive officer of Ascend Group, said yesterday. The objective is to provide innovative financial services to more than 100 million customers in Southeast Asia by 2020. "Our partnership with Ant Financial will help accelerate innovative financial services and platforms, enabling a strong financial-services ecosystem," he said. Ascend expects to double its investment in fintech next year to Bt2 billion, of which 40 per cent will be for Thailand and the rest outside the country. Its active users in Thailand are expected to increase from 700,000 to 7 million within 12-18 months, while online transactions are expected to rise by 30 per cent to Bt70 billion this year.

2. Makro seals B3bn deal

Source: **Bangkok Post** ([Link](#))

SET-listed Siam Makro Plc, the operator of the Makro cash-and-carry store chain, has clinched a 3-billion-baht deal to acquire four food companies to strengthen its retail network. Makro, through its wholly-owned subsidiary Siam Food Services Ltd, entered into an agreement on Oct 31 to acquire an 80% stake in each of the four food companies: Indoguna (Singapore) Pte, a listed firm on the Singapore Exchange, Indoguna Dubai LLC, Lordly Co Ltd and Just Meat Co Ltd. The latter two are listed on the Hong Kong Stock Exchange. The combined acquisition costs of the four companies is S\$118 million (3 billion baht). The source of funds will come from the company's cash flow and bank loans.

3. EEC to spur spending in target industries

Source: **Bangkok Post** ([Link](#))

The government's flagship policy to promote the Eastern Economic Corridor (EEC) is expected to help accelerate investment in three targeted industries over the next 3-5 years, helping businesses in the region grow from 2018, according to Krungsri Research, a unit of Bank

of Ayudhya. The study showed that the targeted industries that would benefit from the EEC are the logistics sector, the energy and bio-chemical sectors and the tourism sector. Other related areas including the retail sector, real estate and construction are expected to enjoy growth. The government has passed a new law governing infrastructure construction and management of the EEC, which is expected to be implemented next year, when massive government outlays and investment in megaprojects are due to start. "That includes a 400-billion baht budget to invest in developing transportation facilities in order to cut the country's logistics costs from around 14% of gross domestic product (GDP), which is recognised as being higher than most other Asean countries," the study said. The plan includes a project to develop industrial estates on a 70,000 rai land plot by the Industrial Estate Authority of Thailand (IEAT), on top of a plan to give more investment privileges from the Board of Investment. "Those positive factors would help benefit investment in the eastern area in the long term," according to the study.

4. Export surge spurs outlook optimism

Source: **Bangkok Post** ([Link](#))

Boosted by rising exports for a second straight month in September, the Thai National Shippers' Council (TNSC) has raised its forecast to between zero growth and a 0.8% contraction this year from its earlier-projected 2% contraction. It also predicted exports will grow 0-1% next year. Nopporn Thepsithar, president of the TNSC, said the export prospects for the remaining three months are promising given year-end festival purchases. Mr Nopporn said if the remaining three months of the year fetch an average of US\$17.4 billion a month, exports will see a contraction of 0.8%. "We have to earn an average of \$18 billion monthly to enable exports to achieve zero growth," he said. The Commerce Ministry reported late last month the country's exports expanded 3.4% year-on-year in September to \$19.5 billion (683 billion baht), the highest in two years. The surge helped narrow the nine-month contraction to 0.65% year-on-year to \$160 billion. The shipments rose in nearly all markets except the Middle East -- exports to that region fell by 18.9% year-on-year. Exports to mature markets -- the US, the EU and Japan -- rose by 7% in September, while those to dynamic markets such as Asean, China and South Asia, Hong Kong, South Korea, and Taiwan climbed up 3.7%.

5. Bureau to set up 20-year framework

Source: **Bangkok Post** ([Link](#))

The Budget Bureau plans to set up the first long-term fiscal framework for the next two decades to be used as a tool for government budget planning. The 20-year expenditure framework will align with the government's 20-year national strategy, which covers the economy, society, natural resources, the environment and national security, said Somsak Chotrattanasiri, director-general of the bureau. The framework will include a medium-term fiscal plan for four to five years and a one-year plan, he said. The long-term fiscal framework will be a

guideline for governments in planning future budgets, allowing them to gauge whether expenditures will affect fiscal sustainability. Apart from the framework, the bureau will raise the efficiency of budget expenditure management by installing a new information technology system, amending the Budget Procedure Act and reorganising, said Mr Somsak. The amendment will allow 7,851 local administrative organisations across the nation to become direct budget recipients, while the current act permits only state agencies and enterprises to receive budget allocations. These organisations now seek budget disbursements through the Local Administration Department.

By Nandini Malhotra

