

Daily Thai News Summary: 30 December 2015

1. People spending more on food despite low inflation, survey finds

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

Despite continued declines in the prices of fuel and raw materials, Thais have been spending more on purchasing food and dining out, according to a survey by the Commerce Ministry's Policies and Trade Strategies Bureau. The survey showed that the cost of dining out had increased consistently for 11 months from January to November, despite the Consumer Price Index declining. In January, the price of home-cooked food rose 3.89 per cent year on year, while the price of dining out increased 4.09 per cent. Prices of both cooked food and dining out have continued to increase over the past 11 months. The price of home-cooked food rose 0.91 per cent and that of dining out surged 1.36 per cent in November from the same month last year. The survey found the biggest increases in the cost of dining out was in fast food, food courts and restaurants.

2. Construction companies doing more business abroad

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

Investing more overseas is the trend for Thailand's construction and property firms as they have seen business opportunities and a need to balance their portfolios. *"We have been expanding our investment abroad since 2010 as part of our aim to boost annual revenue to Bt100 billion by 2020. This is also a way to learn how to do business overseas to balance our portfolio,"* said Thongma Vijitpongpan, president and chief executive of Pruksa Real Estate.

Pruksa began investing in India, Vietnam and Maldives in 2010, though it has since pulled out of Maldives and suspended its investment in Vietnam but is still doing business in India. *"This is a good learning experience on how to do business overseas - what we can do and when we have to withdraw from the market. However, if we see a business opportunity, we will still expand our investment overseas, especially in Asean countries,"* he said. Land & Houses, Sansiri, Supalai, TCC Land Co, CP Land and Singha Estate have also been investing outside Thailand, in the residential, hospitality, and office segments. For example, Singha Estate has taken over a hotel in Britain in a deal worth Bt2.25 billion. This activity outside Thailand is not confined to real-estate firms; construction and industrial-estate companies are also investing abroad, especially in Asean countries. Italian-Thai Development and Ch Karnchang were the first two construction firms to foray into Asean nations.

3. SMEs that agree to join tax system to enjoy one-year exemption

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

Small and medium-sized enterprises will be exempted from income tax for one year and subject to a reduced rate of 10 per cent for another year if they agree to pay taxes properly in the future. The Cabinet approved the incentives yesterday as part of a tax amnesty to encourage more SMEs, which total more than 2.7 million or 96 per cent of Thai enterprises, to enter the tax system.

The Finance Ministry said SMEs that joined the programme would also not be investigated for back taxes. An SME is defined as a business that reports sales and other revenues of Bt500 million or less per year. At present, the corporate income tax rate is 20 per cent. The tax-deduction measure is aimed at SMEs with registered capital of no more than Bt5 million and annual revenues of Bt30 million or less. *"The measures will help create a level playing field for all businesses, and establish the tax base so that we might not have to increase the tax rates in the near future,"* Finance Minister Apisak Tantivorawong said. He said the National E-Payment Master Plan, which has already been approved by the Cabinet, would make it harder to avoid paying taxes, since every transaction will be recorded electronically in the future.

4. CPF eyes East African market

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

After four decades of expansion in Asean, Charoen Pokphand Foods is eyeballing East Africa as its new market for investment for the next 10-20 years. *"We will not enter South Africa because the big players from Europe are strongly established there, while East Africa has plenty of business opportunities with a total population of 1.2 billion,"* said Adirek Sripratak, president and chief executive officer of CPF. This month, he visited Tanzania, Kenya and Ethiopia to study market prospects. The company sees the countries in East Africa as attractive for farming.

However, the company must be cautious about investing in these emerging markets. There are opportunities but also investment risks. The company will start with small projects, each with investment budgets in the millions of baht. CPF's wholly owned subsidiary in Tanzania is now building broiler and animal feed-mill plants. With a population of 53 million, Tanzania has high demand for broilers. Adirek also visited Poland three months ago to survey the market. Poland has enjoyed high growth in its farm sector. For the Australian market, CPF mainly focuses on lamb and beef to develop ready-to-eat meals. The company is now seeking a local partner there, as the design of the plant is finished. CPF's strategy for future growth still revolves around the creation of a value chain of products, which is still its core business model,

the widening of opportunities in markets including Africa, the Americas, Europe and Australia, and the takeover of companies to expand its overseas operations.

5. New filmmaking joint venture announced

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

GMM Grammy and Hub Ho Hin Bangkok yesterday announced a new venture to carry on in the spirit of GMM Tai Hub (GTH) by producing quality movies before the curtain comes down tomorrow on the 11-year existence of the most successful maker of Thai films, GTH. The new chapter will begin on January 5 with the brand-new "GDH 559", with registered capital of Bt150 million. Music and entertainment conglomerate GMM Grammy has a 51-per-cent stake, while Hub Ho Hin Bangkok has 15 per cent. The remaining 34 per cent is shared by 59 employees and executives.

Jina Osothsilp, chief executive officer of GDH 559, said the company would still have almost the same large pool of talented artists, producers, film directors, screenwriters and scriptwriters as GTH. Busaba Daoruang, president of GDH 559 and CEO of GMM Grammy, said this would fulfil the latter's role in producing a full range of entertainment content from music, TV programmes and movies to concerts and show business. *"We agreed to share ownership with artists and production crews and other executives because this approach would help encourage the sense of belonging to all involved,"* Busaba said. Jina said she expected the new company to produce at least two Thai movies in 2016 - a thriller and a romantic drama - with a total of investment of Bt100 million.

By Harsha Hazarika