

Daily Thai News Summary: 4 November 2015

1. World Bank like commercial collateral

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

The World Bank says Thailand's Commercial Collateral Act will support small and medium-sized enterprises, according to Commerce Ministry's Department of Business Development. Pongpun Gearaviriyapun, director-general of the department, said the World Bank had applauded the Commercial Collateral Act for supporting businesses by facilitating easier access to capital and enhancing transparency in the financial sector with a business-security registration system. The law's details have been changed to cope with the country's economic system and business operations.

The Commercial Collateral Act gained approval from the National Legislative Assembly on August 7 and will take effect 240 after the announcement date on the Royal Gazette. It is expected to come into effect next June. With this act, more than 2 million out of the country's 2.8 million SMEs will be able to gain easier access to capital. About 280,000 SMEs, or 10 per cent of the total, are expected to benefit from the act in the first year of its enforcement. Recently, the department set up a committee to supervise and monitor preparations for tasks of the Commercial Collateral Act. One of the tasks involves establishment of a commercial-collateral registration office at the Department of Business Development. Others include issuance of ministerial regulations, announcements and orders, and departmental announcements, and technology for real-time commercial-collateral registration, development of business-security enforcers and build-up of understanding to stakeholders - SMEs and financial institutions, and other parties for new alternative sources of capital, laws and rights.

2. Russia envoy, Thai business call for bilateral FTA talks

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

Thailand has been urged to start free-trade talks with Russia as a way to strengthen economic growth in both countries, which could serve as gateways to the Asean and Eurasian markets. Speaking yesterday at the "Thai-Russian Business, Investment and Cooperation" seminar in Bangkok, Kirill Barsky, ambassador of the Russian Federation to Thailand, said Russian enterprises were highly supportive of the idea of Thailand commencing free-trade agreement (FTA) negotiations with Russia, as the countries had a great opportunity to promote trade, investment and cooperation in many fields, which would help boost both nations' economic growth.

Moreover, Thailand and Russia could be gateways to each region, as Russia is in Eurasia and close to Far Eastern countries, while Thailand is at the heart of Asean, he said. *"An FTA should increase trade and investment opportunity for both sides amidst a slowdown in economic growth, do away with many barriers, and increase cooperation in many sectors, in particular in trade, investment, and in science and technology, in which Russia is highly focused,"* said the ambassador. Thai private enterprises should raise this topic with the Thai government to show that the private sector also wants to have an FTA with Russia, so that the country is not left behind, as Vietnam has already signed economic cooperation pacts with Eurasian countries, he added.

Barsky said that due to falling global oil prices, Thailand and Russia's bilateral trade would not reach the target of US\$10 billion (Bt35.58 billion) soon, yet he hoped that with a recovering Russian economy, and the country not being severely impacted by the international sanctions imposed on it, the goal could be achieved in the near future. The diplomat urged Thai investors and traders to do more business with Russia, as there was great opportunity in a market with a population of some 158 million.

3. Govt offers tax breaks in bid to boost investment

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

In an all-out effort to boost private investment, the Cabinet has approved an unprecedented package of Finance Ministry and Board of Investment (BoI) tax incentives to encourage companies - both well-established and new - to go ahead with their business plans. The latest package is the third in a series aimed at revitalising the economy, whose growth has slowed to less than 3 per cent this year due to sluggish exports and private investment. The Finance Ministry will allow businesses to double their capital-expenditure deduction for corporate income tax, covering new investment in machinery and equipment, vehicles and other approved capex. This will be valid for 14 months, until the end of next year.

In addition, the BoI will extend tax privileges for promoted firms by a maximum of another four years. Foreign investors are waiting for political stability, Deputy Premier Somkid Jatusripitak said yesterday, adding the government wanted to encourage those businesses capable of investing to go ahead with their plans now, instead of waiting any longer. Companies granted BoI privileges between 2014 and 2016, and managing to complete at least 70 per cent of their investment project before June 2016, will receive four more years of privileges on top of the regular eight years. As to BoI-promoted businesses managing to invest 50 per cent before June next year, they will receive three more years, while BoI businesses that are unable to invest more than 50 per cent before the given time will receive a two-year extension.

4. 2.3m visit Thailand pavilion at World Expo 2015

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

Thailand Pavilion at Milan World Expo 2015 welcomed 2.3 million visitors through the 6-month period that ended on October 31, according to the Agriculture Ministry. Agriculture Minister Chatchai Sarikulya was pleased that the pavilion attracted over 10 per cent of 21.5 million visitors who showed up at the world's largest fair. Thailand Pavilion was voted one of the top 5, along with those of the United Arab Emirates, Japan, Azerbaijan and Kazakhstan, he said. *"We achieved the goal in promoting Thailand's strengths in agriculture, with standard food processing technology that entitled us to be the kitchen of the world,"* he said. The number of visitors is slightly above the ministry's target of 2 million.

5. LTF measures expected to boost market

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

The extension of tax incentives for long-term equity funds (LTFs) is expected to help boost the sagging stock market sentiment, said brokerage houses. The combined value of LTF funds is about Bt300 billion, which is a large proportion of the stock market's overall value. Echoing the good news, the Stock Exchange of Thailand index edged up today, gaining 8.68 points or 0.61 per cent to 1,421.30 points in the morning session.

Trinity Securities expected the SET Index to move in the range of 1,350-1,430 throughout this month. Aside from the LTF measure, supporting the Thai stock market could be the widely-expected monetary policy easing in the European Union and Japan. In this scenario, risk factors include the possibility of lower-than-expected growth in China and commodity prices. Foreign fund inflows to emerging markets could also slow down, on anticipated rate hike in the United States in December. In the first two days of this month, foreign investors were net-sellers of Thai shares, boosting the year-to-day net-sell to Bt107.9 billion.

By Harsha Hazarika