

Daily Thai News Updates: 9 August 2016

1. Outlook bright for Thai products in CLMV markets

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

Thai products enjoy competitive advantages and high opportunities in CLMV markets owing to consumer trust in good image and high quality. The rapidly growing consumer markets of Cambodia, Laos, Myanmar and Vietnam - or CLMV - are becoming important places for exporters to pilot products before pursuing expansion to the broader 10-country Asean Economic Community. And that is good news for Thai producers and exporters. Based on data from a recent market survey conducted in CLMV countries by Havas Riverorchid, products from Thailand obtained high scores among consumers for trust in product origin, quality and image.

The results reflect the competitive advantages of and high opportunities for Thai goods in the CLMV markets. The survey was conducted at the beginning of last quarter to gain insight into consumer perceptions of products from nine sources including local producers plus imports from eight markets - Australia and New Zealand, China, Europe, Japan, Singapore, South Korea, the United States and Thailand. Respondents were asked to rate their trust in products on a scale of one to 10 based on three criteria - origin, quality and image. Data from the sample group of 2,016 (504 per country) showed that products from Thailand received high trust scores across the board, on par with - and in some cases better than - those from Japan, the US and ANZ. Asked to assess their trust in products based on their origin, respondents in Cambodia, Laos and Myanmar assigned a score of only 3 to local products, while those in Vietnam rated home-grown products at 5. As for their trust in local products based on quality and image, respondents assigned scores of 3-5. The scores for Chinese products were also low, ranging from 4-6 in all three categories.

2. Extending reduced VAT rate on digital transactions

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

Recently, the government issued a statement describing its desire to extend for at least one more year the reduced 7-per-cent VAT rate (from the 10-per-cent statutory rate) that is due to end next month. Allowing the value-added-tax rate to increase will have definite effects on end consumers and could slow domestic spending, which would be contrary to the government's objective of stimulating the economy. While the government's objective is to stimulate a slowing economy, it still must remain focused on revenue collection. Collectively, extending the reduced VAT rate of 7 per cent for another year, making permanent the reduction of the corporate-

income-tax rate to 20 per cent, and a proposed increase of allowance deductions for personal income tax in 2017 would require the government to seek significant new sources of tax that can compensate for its loss of revenue.

A loss in revenue from reduced tax rates is often compensated by an increase in the tax base made by improving tax compliance and revenue collection under the existing laws governing income tax and indirect taxes. The introduction of new laws that will establish new sources of revenue is another possibility. Since the start of 2016, a number of new laws have been introduced and proposed aiming to create fairness, reduce income disparity and increase the state's revenue in the long term. Because of the increase in online spending, the Thai Revenue Department (TRD) recently formed a team to focus on e-commerce and digital business, areas where it believes it can improve VAT compliance and revenue collection to expand its tax base. The TRD's focus also includes customer-to-customer transactions, which can be worth millions of baht. It is highly likely that the authority will focus not only on domestic operators, but also on cross-border transactions.

3. TCC Land plans mall renovations, Pantip centres

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

TCC Land Group will renovate three shopping malls in Chiang Mai and Bangkok for Bt150 million and open six Pantip electronics centres in Tier 2 cities such as Hat Yai and Khon Kaen in the next couple years to capture all domestic markets. *"We are doing research to expand and set up new Pantip IT malls in six other provinces," Sansern Na Patthlung, asset manager of Pantip Pratunam, TCC Land and Asset World, said yesterday. We will also renovate three existing Pantips at Chiang Mai and Bang Kapi by the end of this year and Ngam Wongwan next year with the investment of Bt150 million,"* he said. This follows the upgrade of the original Pantip in Pratunam as the Bt300 million Tech-Life Mall. The new Pantip Pratunam revolution comes with a new experience and technology lifestyle community for customers.

The e-arena will encourage and support e-sport athletes while the SYN Hub co-working space was designed for startups and technology makers. The mall will also make available Internet of Things-related technology such as smart homes and virtual reality to support the new lifestyle of customers and the new generation. It offers more than 17,000 square metres of space, of which about 75 per cent has already been rented to over 400 IT shops. The Tech-Life Mall expects to gain 35,000-40,000 visitors a day and generate revenue of about Bt660 million this year. Of the total revenue, 80 per cent will come from renting shops and the new experience zone and 20 per cent from providing services such as events and exhibitions on premises.

4. Sermsuk earmarks Bt 750 m to up production of Crystal

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

SERMSUK, bottler and distributor of Crystal drinking water, will invest more than Bt750 million to increase production capacity both via the expansion of existing facilities and opening new bottling plants. The move is in line with Thai Beverage's strategy to increase the revenue contribution from health beverages from 56 per cent last year to 70 per cent by 2021. Average investment per bottling plant will be Bt150 million. The expansion is in response to greater demand for Crystal drinking water, which is 2 percentage points higher than the market average. Thailand's total drinking-water market posted revenue of Bt34 billion last year, up 12 per cent over the previous year.

Sermsuk president Vivek Chhabra said Crystal drinking water had enjoyed impressive sales growth in the first half of 2016 as targeted, pushing its market share from 17 per cent at the end of last year to 17.4 per cent now. Crystal is currently produced at 15 bottling facilities in the Kingdom, of which six belong to Sermsuk and the rest to its parent company Thai Beverage. *"We plan to set up at least one bottling facility for Crystal drinking water every year from next year to 2021 to serve greater demand for the product,"* Chhabra said. He added that production of Crystal drinking water was anticipated to increase significantly from 85 million cases last year to about 100 million this year, with up to 130 million cases targeted next year. Sermsuk this year has invested Bt500 million in the opening of three Crystal bottling facilities in Ayutthaya, Surat Thani and Khon Kaen. Chhabra said the company was looking into the strategic launch of health-drink products including mineral and alkaline water in the Thai market.

5. National Research Council unveils strategy to boost R&D

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

The National Research Council of Thailand (NRCT) recently unveiled the ninth edition of its strategy and policy for Thailand's development, which will be implemented from 2017 to 2021 along with the 20-year National Development Strategy (2017-36). The new plan will aim to promote more research and development by focusing on infrastructure development, developing human resources in research, and encouraging private-sector participation in research. Sukunya Theerakullert, secretary-general of the NRCT, said every country had to use research for national development. Research and innovation could be utilised for national and commercial benefit. Innovation has influence on the country's development as new technology could be developed and create smart citizens. *"Under the government's ... 20-year National Development Policy, Thailand is aimed towards being a country based on stability, prosperity and sustainability. To achieve that goal, Thailand needs to step away from the middle-income trap, and research and innovation could be an answer to help the country's development,"* she said.

The strategy aims to increase research spending to at least 1-1.5 per cent of gross domestic product, while doubling the number of researchers to 25 per 10,000 citizens. Currently, spending on R&D in Thailand is only 0.48 per cent of GDP. The country is behind Malaysia, which has 19 researchers per 10,000 citizens, while Thailand has only 12.9. The strategy will take action in many forms such as the "Training for the Trainer" project, granting scholarships for students in both undergraduate and vocational programmes to become researchers, inspiring innovation contests, and setting up learning centres for researchers not only in Bangkok but also other large cities.

6. GHB close to this year's targets for net profit, non-performance loans

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

The Government Housing Bank expects its net profit and non-performing loans to be close to target this year thanks to the launch of many lending products with low interest rates to help more people own homes. Those products are apart from the banks' "Baan Pracha Rath" project to provide home loans to low- and middle-income earners. Chatchai Sirilai, president of GH Bank, said it would be a big challenge for the bank to reach its net-profit target of Bt9.69 billion, but it should manage around Bt9.5 billion, after Bt5.158 billion was recorded in the first six months.

Apart from the Baan Pracha Rath endeavour that has provided loans worth up to Bt1.5 million, GH Bank last month launched a housing-loan programme for civil servants. It is offering a four-year fixed interest rate of 3.25 per cent per annum, and from the fifth year to the end of contract, the rate will be minimum retail minus 1 percentage point (MRR-1), or 5.75 per cent. The bank is also launching a new housing-loan initiative for people aged over 50 that comes with a low interest rate on August 15, with Bt3 billion set aside to cater to this segment. For elderly borrowers, the bank has set a term loan of 20 years. In the first four years of the loan the interest rate will be fixed at MRR-3.25 percentage points.

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