

Daily Thai News Summary: 9 December 2015

1. Thailand rises in most recent ICT Development Index

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

Thailand is expected to rank 60th in the global ICT Development Index (IDI) by 2017, helped by the expansion of fourth-generation (4G) wireless broadband infrastructure and development of the digital economy. The country is ranked 74th out of 167 countries this year, up from 81st last year, according to the National Broadcasting and Telecommunications Commission (NBTC).

2. Business matching event at BITEC

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

The Thailand Board of Investment (BOI) and the Japanese Chamber of Commerce in Bangkok are co-hosting a business matching event today. Up to 300 Thai and Japanese companies are expected to attend in a bid to spur business expansion and investment, BOI Deputy Secretary Genra; Duangjai Asawachintachit said. The event is being held at the Bangkok International Trade and Exhibition Centre on Bang-Na Trat Road as collaboration between Japanese businesses and the BoI Unit for Industrial Linkage Development (BUILD).

Ms Duangjai said the Build project was now focusing on business matching between Thai and Japanese small and medium-sized enterprises (SMEs), particularly in targeted high-tech industries such as automobiles and auto parts, heavy machinery and printing. *"The project is expected to help increase trade as well as investment value between Thailand and Japan,"* she said.

3. Japan allowed in Dawei SPV

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

The Cabinet approved the Finance Ministry's proposal to involve the Japanese government in the shareholding structure of the special-purpose vehicle (SPV) to manage Myanmar's massive deep-sea port and special economic zone project in Dawei. The Thai and Myanmar governments currently each hold 50 per cent in the Dawei SPV - the Dawei SEZ Development Company - with an overall budget of no more than Bt100 million.

Japan's inclusion would mean that the three parties would hold an equal share of around 33.33 per cent, while the maximum budget would still be capped at Bt100 million. *"The visit of Deputy Prime Minister Somkid [Jatusripitak] to Japan last month has led to this eventual inclusion of Japan into Dawei's SPV firm, and the inclusion should benefit propulsion in the working process of the SPV company,"* said Sansern Kaewkamnerd, the government spokesman. The Cabinet also approved in principle the Transport Ministry's proposal to construct the Mass Rapid Transit Authority of Thailand's Orange Line with a budget of around Bt95 billion and an estimated contract period of 65 months, with the auction process expected to commence in mid-2016.

4. Low inflation to help boost real wages, with Thailand at 6.1%

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

Salaries in Thailand are expected to increase by 6.1 per cent next year, according to a forecast issued yesterday advisory firm Korn Ferry. Asia are forecast to increase by 6.4 per cent - down 0.4 per cent from last year. However, real wages are expected to rise by 4.2 per cent - the highest globally. The largest real wage increases are forecast in Vietnam (7.3 per cent) and China (6.3 per cent).

Workers around the world are expected to see real wage increases of 2.5 per cent - the highest in three years - as pay increases combine with historically low inflation to leave employees better off. *"Vietnam has topped the region's real wage increase at 7.3 per cent due to employers giving high salary increases in a very competitive talent market,"* said Dr Mana Lohatepanont, managing director for Southeast Asia at Hay Group. *"Thailand's forecast inflation rate of negative-0.1 per cent, which is reflective of its being the slowest-growing economy in Asean and lower global oil prices, is expected to contribute to a continued high level of real wage increase of 6.1 per cent in 2016."*

Despite China's economic slowdown, coupled with plummeting stock markets and reduced exports, workers in the country are set to see an 8-per-cent salary increase in 2016 as employment rates continue to grow because of the increasing need for skilled workers and the sustained rise of the middle class.

5. Sovereign wealth fund not a goal for central bank

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

The Bank of Thailand is not pursuing a path towards the creation of a sovereign wealth fund, but rather seeking greater flexibility in managing foreign reserves to cope with volatility in the year ahead. Like his predecessor, Prasarn Trairatvorakul, newly appointed BOT Governor Veerathai Santiprabhob does not support the idea of financing government projects with foreign reserves. *"The reserves do not belong to any government,"* he bluntly said in an interview, when asked about the possibility. *"Rather, it is the money of all Thais, aimed at maintaining the stability of international transactions."*

Reserves are accumulated in line with foreign inflows, therefore all parties must be mindful when the capital exits the country, he added. The central bank has been under pressure to finance government projects with the reserves, following success stories of the sovereign wealth funds of several Asian countries, chiefly Singapore and China, in creating national wealth, as well as new infrastructure projects at home. The pressure to finance projects this way mounted particularly during the previous Thai government.

Thailand's reserves peaked near US\$180 billion (Bt6.47 trillion) before export declines sapped the amount in recent years. Still, the reserves remain high, at roughly nine months of import value. As of November 27, the amount stood at \$155.7 billion, excluding a net forward position of \$11.86 billion. The reserves have tended to rise further due to the current-account surplus, which was as high as \$26 billion in the first 10 months of the year.

By Harsha Hazarika