

## Daily Thai News Updates: 20 June 2017

### 1. Partnership paralysed

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

The negotiations between Asean and its six partners in the Regional Comprehensive Economic Partnership (RCEP) seem to be going nowhere. The outlook has become so dim that experts fear that unless national leaders call for an end to some forms of protectionism to salvage the agreement, the final document may not yield substantive benefits or may end up leaving out a large market such as India. Biswajit Dhar, a professor of economics and a trade specialist at Jawaharlal Nehru University (JNU), does not see anything happening "unless countries other than India move from their entrenched positions" and agree to compensate New Delhi with gains in services for any losses it experiences from trade in goods. Dr Dhar said he found it strange that Asean, which already has an FTA on services with India, should oppose negotiations on the subject in the RCEP. In any case, he told Asia Focus, India would not be "terribly impacted" if the other 15 countries left it out. "India should not give up its market easily," he told Asia Focus. "It has every right to seek compensation with gains in services for whatever losses it will suffer on goods. Even if it is left out it does not lose much. After all, we either already have FTAs with all other members except China or are considering them." The RCEP involves the 10 Asean states plus China, Japan, South Korea, India, Australia and New Zealand. The 16 countries cover 3.5 billion people and have a combined gross domestic product (GDP) of US\$22.5 trillion...There is no bilateral free trade agreement between India and China and the latter runs a \$52-billion trade surplus with the former. India has offered a formula to the RCEP under which it would offer deeper tariff cuts on goods to nations other than China. Under the formula, New Delhi would extend the highest tariff concessions to Asean members. This is not acceptable to China, nor to Australia and New Zealand, which are seeking elimination of duties on 90% of goods...Indian officials involved in the RCEP negotiations conceded there would be difficulties in concluding the agreement. They, however, noted that the Trans-Pacific Partnership (TPP) took more than seven years to conclude. That 12-country deal is now in jeopardy because the United States under President Donald Trump has pulled out, though Japan is determined to keep the TPP alive. "The RCEP has only entered its fifth

year. We are constructively engaged for a dynamic and comprehensive FTA that will build on Asean," one official said.

## **2. Upturn in fortunes forecast for Thai rice**

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

With state rice stockpiles nearly sold off and major rice-producing nations suffering bad weather, Thai rice exports are likely to hit a record high this year, say government and industry officials. Thailand's 2017 rice exports are tipped to reach 11 million tonnes, the most ever, because of rising demand in rice-importing countries at a time that production in grower countries is falling. Duangporn Rodphaya, director-general of the Commerce Ministry's Foreign Trade Department, said several rice-importing countries have approached Thailand asking to buy more rice. She said falling state rice stocks have ignited concerns that supply in rice-exporting countries is falling, spurring buyers to rush to secure supply. "The decline in Thai state rice inventories has helped cut the pressure on global rice prices and also created more room for the price to rise further this year," said Mrs Duangporn. State rice stocks rose to a historical high of 18.9 million tonnes prior to 2014 after an aggressive rice subsidy scheme, whereby the state offered to buy rice directly from farmers at higher-than-market prices. The stocks have since fallen sharply to 2.1 million tonnes, of which 1.6 million tonnes was edible-grade white rice and 500,000 tonnes was inedible-grade rice suitable for ethanol production. Falling government rice stocks also helped cut pressure on global prices, exporters said, adding the prices were expected to rise further over the next few months as there was fresh demand from traditional importing countries that have approached Thailand at a time of limited supply. Charoen Laothamatas, president of the Thai Rice Exporters Association, said those countries include Iran, Iraq, Bangladesh and the Philippines.

## **3. Central Bank vigilant of future risks**

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

The Bank of Thailand's Monetary Policy Committee (MPC) and Financial Institutions Policy Committee (FIPC) say Thailand's financial system still faces several risk factors in the periods ahead. "Global macro-financial conditions could be highly uncertain, while domestic growth might still be uneven across sectors," read a summary conclusion by the joint meeting of the MPC and the FIPC. "These could weigh on some corporations' and households' ability to service debts, and also could add to rollover risks, especially for businesses relying on short-term borrowing and

bond issuance for financing." The joint meeting concluded that Thailand's financial stability, however, stays sound, both domestically and externally. Despite more visible signs of domestic recovery, debt-servicing ability continued to deteriorate for certain business sectors -- small and medium-sized enterprises (SMEs) as well as households, the summary conclusion said.

#### **4. Thailand plans to sign electricity accord with Laos and Malaysia**

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

Thailand is preparing to sign a tripartite electricity-trading agreement with two neighbouring countries at the upcoming Asean Ministers of Energy Meeting. Energy Ministry permanent secretary Areepong Bhoocha-Oom said the agreement would pave the way for the Laos-Thailand-Malaysia electricity deal, enabling the Asean Power Grid to materialise. "The agreement will be for the sale and purchase of electricity between Laos and Malaysia, using Thailand's transmission system. We will be the link for the two neighbours," he said. "The volume of electricity involved is 100 megawatts." The concept of an Asean Power Grid was first floated at an informal Asean summit in late 1997. Areepong said this upcoming agreement could make the grid a reality. The signing of the historic agreement is set to take place at the Asean Ministers of Energy Meeting, which will be held in Manila between September 17 and 22. According to Areepong, Thailand has usually signed bilateral contracts in terms of electricity deals. But this planned agreement will involve Thailand and two other nations. "Laos will generate and sell electricity to Malaysia under the agreement. Laos will get paid for electricity while Thailand will get paid for its transmission," he said. He added that in the future, Malaysia might consider selling to Singapore some of the electricity it acquired from Laos. He said he hoped that this power-grid integration by Thailand, Malaysia and Laos would encourage other Asean nations to head in the same direction.

#### **5. Thai business shuns regime, invests overseas**

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

Thai businesses invested a record \$13 billion (442 billion baht) abroad in 2016, dwarfing inflows of \$1.6 billion (54.4 billion baht), according to the United Nations Conference on Trade and Development. Investment abroad totalled \$2.9 billion (98.6 billion baht) in January to April, according to the central bank. This was a unique Thai action. In contrast, companies in Singapore and Indonesia cut investment overseas last year, while deals by Malaysian firms slumped to the lowest in a decade. Three years after the military seized power in a coup, Thailand's economy is

losing its might with growth rates that are lagging peers in Southeast Asia. As consumers rein in spending, companies including Asia's biggest cement maker, Siam Cement Pcl, are turning to overseas markets. "With robust but moderating growth in the home market, Thai companies have been comparatively more ambitious in seeking to become regional or even global champions," Eugene Gong, head of mergers and acquisitions for Southeast Asia at Deutsche Bank AG, said in an email...Overseas acquisitions announced by Thai companies totalled \$1.5 billion this year, compared with \$1.7 billion in the same period a year ago, according to data compiled by Bloomberg. That figure stands at almost \$48 billion in the past five years compared with \$19 billion in the previous period. The biggest areas of investment from 2011 to 2016 were in finance, extraction of crude petroleum and natural gas, manufacturing of beverages and food, and wholesale trade, according to the central bank. The top destinations were countries in Southeast Asia, particularly Cambodia, Laos, Myanmar and Vietnam.

#### **6. EEC sites highlighted in tourism campaign**

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

A series of new tourist attractions and activities in Thailand's planned Eastern Economic Corridor (EEC) will boost tourism in the special investment zone by the end of 2017, says Tourism and Sports Minister Kobkarn Wattanavrangkul. The ministry will promote history, art and science tourism on Koh Sichang in Chon Buri province, as well as reintroduce sports and family activities in Pattaya. Mrs Kobkarn said the ministry is one of the several entities working to boost the image of the EEC region. The Tourism Authority of Thailand (TAT) has announced it will organise the Thailand Travel Mart Plus Amazing Gateway to the Greater Mekhong Subregion (TTM+) next year in Pattaya. The well known beach resort city is located on the Eastern Seaboard. The event will showcase the region's easy access and proximity to neighbours in the East...The ministry has already kicked off campaign to improve street food, and strengthen local culture and attractions. Local administrators and private organisations have been asked to monitor criminal activity around the clock. According to to Mrs Kobkarn, major islands off the east coast of Thailand and Koh Samui will be added as optional routes for international delegates attending TTM+ in Pattaya next year.

### **7. Thai-Chinese railway expected to yield stock gains**

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

The long-delayed Thai-Chinese high-speed railway line, soon to break ground after the invocation of Section 44 to clear technical and legal hurdles, is expected to help construction stocks outshine others this week. In addition to the construction sector, building materials, industrial estates and property are expected to enjoy gains from the soon-to-be-constructed railway, Capital Nomura Securities (CNS) said in a research paper. The rising stocks include Ch Karnchang Plc (CK), Sino-Thai Engineering and Construction Plc (STEC), Unique Engineering and Construction Plc (UNIQ), Siam Cement Plc (SCC), Seafco Plc (SEAFCO), Pylon Plc (PYLON), Amata Corporation Plc (AMATA), Rojana Industrial Estate Plc (ROJNA), Bangkok Land Plc (BLAND), Ananda Development Plc (ANAN) and AP Thailand Plc (AP). Prime Minister Prayut Chan-o-cha exercised his power as chief of the National Council for Peace and Order (NCPO) to issue a Section 44 order to speed up the joint rail development scheme.

### **8. Govt plans ‘Digital Fund’ for start-ups to take effect in September**

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

The government will spend Bt5 billion to set up a “Digital Fund” to support digital entrepreneurs and start-ups, with funding to be distributed beginning in September. It also will work on introducing a start-up visa to allow such companies to import experts to support their businesses. Digital Economy and Society Minister Pichet Durongkaveroj said a government committee had been charged with managing the Digital Fund to find ways to deliver funding to digital entrepreneurs and start-ups. Meanwhile, the DE Ministry is developing a measure whereby start-ups will be able to invite experts to work with them and transfer technology to their businesses, including work-permit privileges. If the measure is implemented, the country will be able to benefit from foreign experts’ professional knowledge as they provide their knowledge and know-how to local start-ups. Pichet said the government had the potential to accelerate and facilitate start-ups in various areas such as the agriculture, automotive, tourism and healthcare industries. He said the country now had around 5,000 start-ups and the government expected that number to double by the end of this year.

**9. Reimagining Asean in 2025: competitive and inclusive**

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

While there is broad public awareness that the Asean Economic Community (AEC) is making progress, especially with respect to lowering trade tariffs, the benefits of this progress are not always recognized on a day-to-day basis by the people of Southeast Asia. Yet the potential of Asean should not be underestimated. For Thailand, with its already accomplished manufacturing, services, finance and tourism industries, Asean offers the possibility of economies of scale, closer cross-border operations and a larger region for its economic activities. The establishment of the AEC Vision 2025, which strives to create a more holistic and globally competitive Asean, can further magnify the springboard effect that could help Thailand's economic plans take off...In this respect, there has been major progress -- especially when it comes to trade in goods. By early 2010, Thailand -- along with Brunei, Indonesia, Malaysia, the Philippines and Singapore -- had cut tariffs to between zero and 5% on 99.7% of their tariff lines. As of early 2015, Cambodia, Laos, Myanmar and Vietnam had reduced or eliminated tariffs on 98.9% of their tariff lines...In a significant complementary move, Thailand's National Legislative Assembly reformed the secured transaction law -- the Business Collateral Act -- to expand the range of security interests for financing. This could introduce greater acceptability of supply chain finance techniques, such as receivables financing, and further widen access by SMEs to finance for trade. Indeed, market adoption of such techniques is something that industry bodies such as the Thai Bankers Association have been working tirelessly to improve, alongside global collaborators such as the World Bank and the Financial Infrastructure Development Network of the Asia Pacific Economic Cooperation (Apec) forum.