

Daily Thai News Updates: 24 July 2017

1. Six-year plan for sugary drink taxes

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

The Excise Department will bring up taxes over six years to help drink manufacturers gradually lower the sugar content of their products to meet the department's threshold or face a significant rise in tax. The grace period will be divided into two phases of three years each, said department planning bureau director Nutthakorn Utensute. The department will reduce the tax by 20-30% for beverages that contain no sugar or use artificial sweeteners during the first three years after the tax comes into force on Sept 16. In the fifth year, the Excise Department will double the tax rate on drinks that fail to comply with the department's limit on sugar content, he said. For the sixth year, sugar-sweetened drinks -- those with sugar at 18 grammes per 100 millilitres -- will see their taxes more than doubled, he said...At present, the average sugar content in beverages in Thailand is two times higher than the WHO standard.

2. New energy code due soon

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

The Department of Alternative Energy Development and Efficiency (DEDE) is monitoring energy consumption of large buildings more closely, particularly newly constructed ones, to ensure they comply with the efficient power consumption standards due to be regulated soon. Komol Buaket, DEDE director of energy regulation and conservation bureau, said the building energy code (BEC) for large structures is scheduled to be implemented in the second half of this year. The department defines large buildings as those with total usage areas of more than 10,000 square metres; buildings with a power meter capacity of more than 1,175 kilovolt-amperes (DVA); and buildings that consume more than 20 million megajoules a year. The BEC is an international power consumption standard that has been adopted by Thailand since 2013. It prescribes the amount of power that should be used in buildings as well as approaches that help reduce heat, such as having plants in green areas, to reduce temperature and power consumption.

3. Economic outlook starts to pick up

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

Experts say they expect stronger economic recovery momentum in the second half of this year, due to hefty exports, rising farm prices and massive government infrastructure, particularly in the Eastern Economic Corridor (EEC). However, some negative factors such as a strong baht and uncertainty about the new Royal Decree on Recruitment of Foreigners that could lead to possible labour shortages still weighed on sentiment, they said. Narongchai Akaraseranee, chairman of the Board of Directors of MFC Asset Management Plc, said Thai exports, which continue to grow at two-digit rates, are a major factor that will help boost other economic activity during the second half of the year. "Rising exports should mean rising productivity that will lend support to major enterprises," Mr Narongchai said. However, small and medium-sized enterprises (SMEs), farmers and other small local enterprises cannot benefit from these positive factors of rising exports or the recovering economy, as they were not confident to spend, resulting in weak purchasing power eventually weighing down the economy.

4. SMEs: Small, significant and struggling

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

Small and medium-sized enterprises (SMEs) are considered the backbone for propelling economic growth. But a new chapter unfolding in the chronicle of SMEs has a rather dismal narrative as they too are feeling the pain of limited financial assistance and prolonged economic wobbles. There appears to be no end in sight to their struggles as the pace of technological changes has proved too much to handle for many SMEs that are not particularly innovative. State aid has provided somewhat of a lifeline to these businesses, but it is by no means, an elixir to restore their deteriorated vigour. The health of rural SMEs is dire condition, as these companies lack the innovative business acumen needed to enhance performance, while tepid consumer demand rubs salt in the wound by keeping a lid on growth. Weak purchasing power and consumption are the main factors pushing down Thai SME performance, especially in provincial areas, said Benjarong Suwankiri, head of TMB Analytics, a TMB Bank research unit. "Thai SMEs are suffering as they mainly rely on purchasing power in local areas, whereas big companies rely more on exports, which have seen strong recovery in the recent period," he said...Although the government has poured billions of baht to help increase Thai SME liquidity, most of them remain non-competitive

and some have gone bankrupt. Industry officials said persistent structural problems in commercial banks' antiquated loan-evaluating processes and SMEs' failure to adapt to changing contexts are to blame for the failure of government assistance to SMEs...SMEs have been in a financially crippled condition over the past few years because they have spent lavishly on expansions and keeping high inventory, said Mr Patchara. These businesses have taken another blow from the recent steep fall in commodity prices and uneven economic recovery. "Amid sluggish economic growth, there is no impetus for SME recovery. GDP must achieve 5% growth revitalise the segment," he said.

5. Leniency urged in registering migrants

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

Labour rights advocates want the government to adopt a lenient approach when it starts registering about 1.5 million illegal migrant workers this Monday, warning strict registration conditions will only scare off them. The call, made yesterday by the Labour Rights Promotion Network, aims to ensure the government does not waste a reprieve period that suspends the enforcement of parts of its stiffer executive decree against unlicensed foreign labour employment, which was granted following fears that it would force labourers out of an ageing Thai society that has had become increasingly dependent on them...Employers and their undocumented foreign workers have been urged to report to authorities on July 24 and Aug 7 in a process to bring the status of illegal labourers under the law. The workers will have their statuses checked and nationalities verified to obtain a certificate of identity, known as CI, which is required for issuing work permits. The 15-day window is part of the 180-day grace period to last until Jan 1 that the government has allowed employers and the workers to get their paperwork in order after Prime Minister Prayut Chan-o-cha exercised the powerful Section 44 on parts of decree with harsh penalties, designed to curb wrongdoings, including transnational human trafficking. Mr Sompong said the government should take his call seriously as there was talk in some provinces that workers must meet certain conditions to enter the legal employment process. Some were told they needed to prove they have worked for six months or show payment slips.

6. Thai corporates test culture of digitalisation

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

Digital transformation of business and industry is gathering momentum in Thailand, especially in manufacturing, food and beverage, automotive and financial sectors, according to Wallapa Piemnoppakao, country director of Infor, a leading US-based enterprise software provider. Infor, the world's third largest business applications company, has more than 700 customers in Thailand, including CPF, CP Meiji, Betagro, Boonrawd's Singha beer, Mitsubishi, Komatsu, Seiko, Patkol, IRPC, Thai Summit, Thai Life Insurance, Prudential, Alliance Ayudhya, and Kasikorn Securities. All these Thai-owned and local subsidiaries of multinational firms have taken the path towards digital organisation. The question is: are your organisation ready for the major change? According to Wallapa, the age of digital disruption means innovation is now very fast while agility and a new culture of experimentation and risk-taking become highly important. Amazon, for example, has disrupted the retail business with its e-commerce and related platforms, while Airbnb is changing the hospitality and travel industry...Regarding Thailand 4.0 policy, she said, the country's new growth industries are those concerning food and agriculture; creative and cultural services, digital and Internet of Things; smart devices and robotics, healthcare and wellness. According to Wallapa, the digital transformation framework covers four key areas, namely, digitising the customer experience, digitising products and services, digitising the organisation, and digitising operations. Given the government's push for Thailand 4.0 initiative and competitiveness pressures, a growing number of Thai companies are gearing up for the transformation using the new generation of business applications available on the cloud computing network.