

Daily Thai News Updates: 25 May 2017

1. Laos, Thailand agrees on master plan

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

Thailand and Laos have agreed to draw up a five-year master plan to double the value of bilateral trade and investment to US\$10 billion (Bt344 billion) by 2021. Deputy Prime Minister Somkid Jatusripitak announced the deal yesterday after an official meeting with Laotian Deputy PM and Finance Minister Somdee Duangdee in Vientiane. “We will collaborate to develop both trade and investment by focusing on logistics, energy, tourism, border trade, industry and the capital market, and also develop small and medium-sized enterprises in both countries,” he said. “This is in line with the Thai government’s policy to collaborate with the CLMVT subregion [Cambodia, Laos, Myanmar, Vietnam and Thailand] to facilitate sustainable long-term growth of our country’s economy.” Joining Somkid in his meeting with Somdee yesterday were Tourism and Sports Minister Kobkarn Wattanavrangkul, Commerce Minister Apiradi Tantraporn, Industry Minister Uttama Savanayana, Energy Minister General Anantapon Kanjanarat and Deputy Transport Minister Pichit Akrathit. The master plan will be steered by the Thai Foreign Ministry and the Lao Planning and Investment Ministry. Somdee said the meeting would open up opportunities to develop the relationship between the two countries in terms of trade and investment. His government has encouraged foreign investors to do more business in Laos by revising its investment promotion incentive law, providing a one-stop service to interested investors and offering tax privileges for up to 15 years, depending on the industry. He said Laos promoted investment in agriculture, processing of agricultural products, electronics, electronic parts, energy, tourism and SMEs.

2. Private sector wants to say in new excise tax

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

The Thai private sector wants to play a part in drafting the organic laws of the new excise tax law, citing concerns about its practicality once in place. Kitipong Urapeepatanapong, chairman at Baker & McKenzie in Bangkok, said in his capacity as chairman of the tax committee and director of the Thai Chamber of Commerce that he believes the Thai private sector is concerned about the

new edition of the excise tax law, whose 90 organic laws are currently being drafted. "The Finance Ministry has announced it will speed up finishing the draft organic laws by late June, but we have yet to see any clear signs whether the drafting efforts will be completed as announced, along with details on the factors the state will use in making the new excise tax calculation," he said. Earlier, Malika Bhumivarn, a partner at Bolliger & Co Consulting Ltd, a specialist on trade and customs, said importers of foreign cars, whiskey and wine have vented their mounting frustrations about Thailand's new excise tax law, saying it may bring about retaliatory measures from other countries. They are calling on the government to hear the private sector's concerns before the new tax regime comes into force, scheduled for Sept 16.

3. Dual listing promoted in bid to deepen corporate relations

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

Thailand is opening the door to Lao enterprises seeking to diversify their funding sources with the government's support for the dual listing of Lao companies on the stock exchanges of both countries, Deputy Prime Minister Somkid Jatusripitak said on a visit to Vientiane yesterday. Somkid expressed his support for dual listings after meeting representatives of Lao-based firms including conglomerate AIF Group Co Ltd and Phongsupthavy Group Co Ltd, which are interested in raising funds in Thailand's capital markets. He had earlier met Lao Deputy Prime Minister and Finance Minister Somdee Duangdee...He added that the Lao government could raise funds for the country's infrastructure needs by launching an infrastructure fund on the Thai stock exchange...Somdee acknowledged that Laos needed more capital to develop the country's infrastructure - including main roads, expressways and the rail system – to enable better links with its neighbours. Improvements would help the country to develop a more efficient logistics system.

4. Asean infrastructure gap turns negatives into positives

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

If a spending deficit of US\$1.2 trillion in six key Asian economies and a rising tide of protectionist rhetoric in Europe don't seem the most promising combination of business prospects, think again. Add in China's ambitious Belt & Road Initiative and together they make a compelling case of the potential for a multi-year boom in investment and construction that will create entirely new economic ecosystems. BRI at its most basic is a strategy to build the transport links and

logistics capacity to boost the flow of trade between China and more than 60 countries in Asia, the Middle East, Africa and Europe to an estimated \$2.5 trillion annually in the coming decade, from about US\$1 trillion now. Meanwhile rapidly-growing numbers of increasingly affluent urbanites in the economies of the Association of Southeast Asian Nations (Asean) are fuelling demand for housing, schools, hospitals, roads, railways, airports and other facilities. Meeting that demand in Asean's six biggest economies – Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam – means investment of an estimated US\$2.1 trillion out to 2030, according to analysis by HSBC...According to the Nesdb's reported estimate, Thailand's 2017-2026 infrastructure investment is projected to amount to Bt6.51 trillion – equal to annual investment of 5.3 per cent of GDP on average. Narrowing down the horizon to the next five years (Nesdb's 12th Plan), infrastructure spending is expected to average 2.7 per cent of GDP per year. This is achievable, even if leaning towards the optimistic side, and should help maintain real GDP growth at 3-4 per cent...Asean economies including Malaysia, Thailand and Indonesia have already launched BRI-related deals with China, with several projects now entering implementation stage and many more in the pipeline. The high-speed rail line running from southern China through Laos to Thailand's industrial east coast and a port in Vietnam are prime examples.

5. BCPG plans private power microgrid for the community

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

BCPG Plc, a renewable power business arm of state majority-owned energy firm Bangchak Corporation Plc (BCP), has announced plans to be a private microgrid provider in Thailand in its new business development chapter over the next decade. President and chief executive Bandit Sapianchai said BCPG plans to support any pilot project to generate power in the community, similar to New York's Brooklyn Microgrid (BMG). BMG is a peer-to-peer energy market for locally-generated renewable energy that is driven by the community it serves. "The new business will be a value-added one, which requires higher technology for smart metres and a smart grid," said Mr Bandit. Thai energy policymakers are also planning to change the power purchasing agreement (PPA) system from non-firm PPA to firm PPA, through which power producers must send power to the grid constantly, as per their commitment to state utilities. BCPG was recently announced as one of 21 firms shortlisted by the War Veterans Organization of Thailand to develop solar farm project with total capacity of 100MW. BCPG is still maintaining its overseas business

expansion in Japan, Indonesia and the Philippines, he said. The company expects that committed capacity on hand to be 577MW, with 182MW in Thailand, 192MW in Japan, 182MW in Indonesia and 20MW in the Philippines.

6. Benchmark rate held as growth is region's weakest

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

Thailand's central bank held its key interest rate near a record low to support economic growth that's lagging peers in Southeast Asia. The one-day bond repurchase rate was left at 1.5%, with monetary policy committee members voting unanimously in favour, the Bank of Thailand said in Bangkok on Wednesday. All 23 economists surveyed by Bloomberg predicted the decision. Three years after the military seized power, Thailand's economic expansion is trailing others in Southeast Asia, with the World Bank forecasting it will post the weakest growth among eight developing nations in the region. The central bank has kept rates steady since 2015, refraining from easing policy despite muted inflation pressures and calls by the International Monetary Fund to spur flagging consumption and investment. Economists predict the benchmark rate will be unchanged until the third quarter of 2018.

7. Harley-Davidson to open Thai plant

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

Iconic motorcycle builder Harley-Davidson, held up by US President Donald Trump as a pillar of American manufacturing, is building a new plant in Thailand. The move serves as an example of the economic realities that are pushing US companies to lay off workers at home and set up new factories overseas. Unions representing its workers accuse the company of cutting US jobs to hire lower-paid foreign workers. Yet global trade barriers and proximity to a growing base of new customers also play roles, complexities inherent in Trump's ambition to overhaul trade policy. Motorcycles made in the new factory -- plans for which had not been previously disclosed -- will be sold in Asia, not the US, which its domestic plants will continue to serve, Harley-Davidson said. "This is absolutely not about taking jobs out of the US," said Marc McAllister, a managing director of international sales at Harley-Davidson based in Singapore. "This is about growing our business in Asia."