Daily Thai News Updates: 28 September 2017

1. Koreans eye Thailand to cut China risk
Source: Bangkok Post (Link)

South Korean companies are keen to invest in Thailand, particularly the Eastern Economic Corridor (EEC), and making the country their production hub for the Asean and Asian regions, according to the Korea Trade-Investment Promotion Agency (Kotra). Kotra deputy director-general Kim Nam-Wook said many South Korean companies are keen to move out of China to get away from the risks presented by the intensifying geographical disputes with neighbouring North Korea, and Thailand offers the best choice for relocation because of its investment incentives and full government support. "Many Korean investors used to focus on China because of its large market size of more than 1 billion consumers. However, things have changed. The intensifying geopolitical tension is making us think about diversifying risks by moving our production bases," said Mr Kim. He said Korean investors as well as Kotra, a state-funded trade and investment promotion organisation, are interested in Thailand to be another production hub and also a gateway to Asean, which has a population of more than 600 million. Kotra held a seminar yesterday attended by about 100 companies from South Korea, India, Europe and other Asean member countries, seeking to create business matching and deals that would lead to further investment in Thailand, particularly in the EEC zone.

2. BoT raises GDP forecast, holds rate
Source: Bangkok Post (Link)

The Bank of Thailand's Monetary Policy Committee (MPC) raised its economic growth forecast for this year because of expanding exports and tourism, but it kept the policy interest rate unchanged yesterday as widely expected. The economic growth forecast for this year was increased to 3.8% from 3.5%, while next year's growth forecast was also given a nudge to 3.8% from 3.7%. The rate-setting committee raised its economic growth projection because of robust exports and tourism expansion, while domestic demand has started to become more broad-based, said Jaturong Jantarangs, assistant governor of the monetary policy group and the MPC secretary. "The economy has gained further traction based on stronger growth in merchandise exports and tourism, driven by the robust global economic recovery," Mr Jaturong said. The committee also raised its export forecasts for both this year and next to 8% and 3.2% from 5% and 1.7%, respectively.

3. After rise, Thai ranking may slide next year
Source: The Nation (Link)

Thailand's competitiveness ranking has risen this year, but an academic has expressed concerns that it may again drop next year. The World Economic Forum's latest global competitiveness index of 137 countries, released on Wednesday, sees the Kingdom's ranking climbed to 32 from 34 last year. The top 10 nations in the rankings are Switzerland, the United States, Singapore, Netherlands, Germany, Hong Kong, Sweden, the United Kingdom, Japan and Finland. Pasu Decharin, dean of Chulalongkorn Business School, said the country scored 4.7 out of a possible 7 on the scale. Thailand's areas of improvement included infrastructure, a rising number of people using mobile phones, and the macroeconomic environment. Government investments in infrastructure projects have paid off and the private sector has also contributed to the rise in ranking, he said. However, Thailand remains weak on the development of institutions and innovation, he added. Chulalongkorn Business School is an official partner of the WEF, helping to conduct surveys of top executives in large and small organisations across industry sectors.

4. EEC to test effectiveness of new PPP law, says ADB
Source: The Nation (Link)

The Asian Development Bank has urged Asian governments to |tap into private funds to finance huge infrastructure projects in |their countries, adding that the effectiveness of the new public-private partnership (PPP) law in Thailand hinges on how it is implemented. Public-private partnership has the potential to fill the infrastructure gap as institutional investors have large assets under management, Hideaki Iwasaki, country director of ADB Thailand Resident Mission told…ADB has estimated that Asia needs US$1.7 trillion annually |for investment in infrastruc- |ture projects in four key sectors- energy, transportation, Information technology and water, through 2030. Governments may not be able to finance these projects, thus institutional investors such as pension funds, mutual funds, insurance funds and sovereign wealth funds can fill the gap, according to ADB. ADB estimated that the total of underutilised funds managed by institutional investors could amount to US$100 trillion globally.

5. Minister firm on tax waiver
Source: The Nation (Link)

Finance Minister Apisak Tantivorawong has insisted on waiving withholding tax levied on interest-based income in an excess of Bt 20,000 on concerns over the possible impact on depositors, according to Revenue Department director-general Prasong Poontaneat. Prasong said the department will not abolish its exemption of withholding tax levied on the excessive amount of interest-based income of Bt 20,000 as earlier planned. The decision came after his discussion with Apisak on the matter on Monday. Previously, the finance minister and the Revenue Department had agreed to cancel the withholding-tax waiver after finding a medium-sized bank's lack of governance in helping its customers to avoid the 15 per cent tax levied on interest in excess of Bt 20,000. Meanwhile, the Bank of Thailand (BOT) has issued a new guideline to supervise and inspect commercial banks for irregular behaviour, prompting the finace ministry to postpone its decision on the tax waiver.

6. R&D outlay forecasts to top 1% GDP
Source: Bangkok Post (Link)

Next year will be the first time Thailand's overall spending on R&D and innovation reaches 1% of GDP, increasing from 0.62% in 2016, says the Digital Economy and Society (DE) Ministry. The 1% level will be the result of a series of stimulus packages from the government and the private sector's awareness that the new economy necessitates the country's innovation-driven development, said DE minister Pichet Durongkaveroj. For two decades, expenditure on R&D and innovation never exceeded 0.25% of GDP, while spending has gradually increased over the past five years, he said. Two years ago the government offered stimulus packages increasing refunds for corporate income tax in exchange for investment in R&D. The previous administration offered businesses a 200% tax refund based on real investment in R&D and innovation, while the present government increased the refund to 300%.

7. Officials look to future after slight rise in competitiveness
Source: Bangkok Post (Link)

Thailand is hopeful of securing a higher world competitiveness ranking next year after rising two spots in this year's listing by the World Economic Forum (WEF). Tevin Vongvanich, chairman of the Thailand Management Association and a member of the competitiveness committee, said

Thailand's score is expected to improve next year because the government has enacted a spate of new policies. But Mr Tevin, also chief executive of state energy giant PTT Plc, said a better ranking will also depend on how fast Thailand can ramp up its competitiveness as other countries in Asean such as Indonesia and Vietnam improve their competitiveness. The latest global competitiveness index of 137 countries was released yesterday, with Thailand rising to 32nd from 34th last year…Thailand was third among nine Asean countries after Singapore (third) and Malaysia (23rd). Indonesia ranked 36th, with Brunei taking 46th, Vietnam 55th, the Philippines 56th, Cambodia 94th and Laos 98th.

8. E-commerce value gauged at B2.8tn
Source: Bangkok Post ([Link](#))

Thailand's e-commerce value is projected to reach 2.8 trillion baht this year, growing 9.8% from last year thanks to the popularity of online retail commerce (B2C). For the first time, Thailand's B2C market in 2016 was the largest in Asean with a value of UScopy9.6 billion (652 billion baht), followed by Malaysia at copy7.5 billion, Vietnam ($5.57 billion), Indonesia ($5.29 billion) and Singapore ($4.13 billion). Citing a survey on Thailand's e-commerce, Surangkana Wayuparb, the executive director of the Electronic Transaction Development Agency (ETDA), said e-retail in Thailand last year accounted for 1% of the total retail market, compared with 8.6% in the global market, leaving ample room for growth. ETDA aims to reach 2% of the total retail market within two years.

9. Law aims to tax internet firms
Source: Bangkok Post ([Link](#))

Thailand is in the process of amending the e-transactions law to mandate gigantic internet advertising firms such as Google, YouTube, Facebook, and Line create a legal entity. The move aims to tackle government revenue loss for online advertising, which is estimated to be more than 5 billion baht per year. "Amendment of the e-transaction law will be proposed to the cabinet within one month before proposing to the National Legislation Assembly. It is expected to become effective by 2018," said Surangkana Wayuparb, executive director of the Electronic Transactions Development Agency. The new law already passed a public hearing process. It will mandate global internet advertising firms have a legal entity in Thailand, requiring them to pay corporate income tax. No matter where the revenue payment takes place, they need to pay corporate tax if the purchase happens in Thailand, said Mrs Surangkana. "This is a common practice of governments in many countries trying to solve tax avoidance," she said.

10. Alibaba still interested in EEC centre
Source: Bangkok Post (Link)

The Customs Department is in talks with Chinese e-commerce giant Alibaba on setting up a regional distribution centre for the company in the Eastern Economic Corridor (EEC). The department and Alibaba will discuss the issue in detail before the end of this month, focusing on the company's product control measures in duty-free zones, said director-general Kulit Sombatsiri. Alibaba hopes to set up a regional distribution centre in Thailand by 2019. The EEC is an economic zone spanning the provinces of Chon Buri, Rayong and Chachoengsao. Mr Kulit denied earlier reports suggesting that Alibaba would relocate the planned distribution centre elsewhere because of Thai customs law. He said the reports are untrue because the latest customs law, taking effect on Nov 13, includes principles for easing import and export business…For Alibaba's planned distribution centre, if goods are meant for export from Thailand to a third country, then a tax liability will not be imposed and no import licence is required, Mr Kulit said.

11. Bangkok still No.1 destination
Source: Bangkok Post (Link)

Bangkok was ranked the No.1 destination city worldwide for a second consecutive year, followed closely by London, according to the seventh annual Mastercard Global Destination Cities Index (GDCI 2017) Bangkok received 19.4 million international overnight visitors in 2016, which is forecast to grow 4% to 20.2 million in 2017, according to GDCI 2017. Bangkok was also ranked fifth in terms of international overnight visitor spending, which totalled UScopy4.1 billion (469 billion baht). Ranking the world's 132 top destination cities, the index analyses visitor volume and spending for the 2016 calendar year and provides a forecast for annual growth, insights on the fastest-growing destination cities, and a deeper understanding of why people travel and how they spend around the world. Leisure was the main purpose for visitors travelling to Bangkok (88.6%), significantly higher than for business (11.4%), while the top three categories for expenditure were shopping (22.9%), accommodation (22.6%) and local services (21.5%). The latest GDCI also provides new data on a destination's top five feeder countries, as opposed to previous indices which provided feeder cities instead. For Bangkok, the top five feeder countries are China (34.3%), Japan (7.1%), South Korea (4.3%), India (4.1%) and the UK (3.8%).