

Daily Thai News Updates: 2 August 2017

1. Thailand 4.0 drafter lay out blueprint

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

Suvit Maesincee, the Prime Minister's Office Minister, is one of the key architects of the much-touted Thailand 4.0 scheme -- the country's national strategy focused on added-value, high technology and innovation. He also plays a key role in implementing ongoing socio-economic reforms. Mr Suvit recently sat down with the Bangkok Post to talk about the latest developments in the country's transformation drive. The National Legislative Assembly (NLA) has already (on June 22) approved the national strategy bill and the national reform bill. It will take at least 11 months to implement the country's reforms as stated in the two bills, as the government first needs to draft the national reforms and the 20-year national strategy. Under the bill, the Committee for National Reform, National Strategy and Reconciliation chaired by Prime Minister Prayut Chan-ocha, will be maintained. In order to be more efficient, the government will ask for cooperation in implementing the reforms from the private sector under the Pracha Rat public-private collaborative model...Referring to the ease of doing business, the government still needs to set up a one-stop service centre for business registrations, which requires an investment of 1.4 billion baht in software to link up the computer systems of state agencies. The one-stop service centre will also allow the general public to contact the government via the internet. Under the concept of Thailand 4.0, the government thus needs to become digitised...Thailand should be promoted more as a gateway to Cambodia, Laos, Myanmar and Vietnam. More cooperation can strengthen Thai entrepreneurs' competitiveness, while upgrading the income of neighbouring countries.

2. Shipper council raises 2017 export outlook to 5%

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

The Thai National Shippers' Council (TNSC) has revised the 2017 export growth forecast up to 5% from its previous forecast of 2.5-3.5%, as exports rose in the second quarter of the year, indicating recovery in major importing countries. TNSC chairwoman Ganyaphad Tantipipatpong said strong demand has lifted export growth substantially, with shipments in June growing 11.7% year-on-year to US\$20.3 billion (676 billion baht). Exports in the first half of this year on average grew 7.8% to \$13.5 billion...Ms Ganyaphad said the TNSC expects Thai exports to rise further in

many sectors and orders from overseas markets to rise substantially in the last quarter of the year to meet strong demand for Christmas and year-end celebrations, encouraging the TNSC to revive up export growth for the whole year of 2017 to 5%.

3. ASEAN – Hong Kong FTA to be signed

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

The free trade agreement between Asean and Hong Kong will be signed at the 31st Asean Summit in November in the Philippines, according to Thailand's Department of Trade Negotiations. Meetings between the Asean-Hong Kong FTA Trade Negotiating Committee began in 2014 and there were 10 rounds of negotiations. Thailand hosted the 10th negotiation round on July 30-31, with Asean and Hong Kong successfully wrapping up the talks on all issues. The successful conclusion will be declared in the second meeting of the Asean Economic Ministers-Hong Kong, China Consultations in September. Trade Department's deputy director-general Ronnarong Phoolpipat said it will be the sixth FTA accord between Asean and its trading partners. The fifth one was signed with Australia and New Zealand in 2009. The Asean-Hong Kong FTA is expected to benefit both sides. Asean members will be able to use Hong Kong as a gateway to tap the China's market. Under the Hong Kong-China Closer Economic Partnership Arrangement, 1,819 products exported from Hong Kong enjoy a zero per cent import tariff in China. Hong Kong was Thailand's ninth biggest trading partner last year. Bilateral trade between them was worth US\$13 billion (Bt433 billion) last year.

4. Exec targets annual 10% growth for IT

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

The IT sector will continue to register at least 10% annual growth over the next five years, with no sign of an asset bubble given the way the sector has expanded into many segments, says an investment executive. The internet, e-commerce, electronics, cloud computing, and semiconductors are examples of such diversification, said Kiattisak Preecha-anusorn, assistant vice-president of the alternative investment development department at Krungsri Asset Management. "The IT business has always logged high growth rates and will continue growing in the future," he said...The dotcom bubble occurred in the late 1990s and was characterised by a rapid rise in equity markets fuelled by investments in internet-based companies. The main risk of

investing in this business is the fast pace of technological change, so investing in the IT asset category needs active management together with a focus on profit-taking strategy and constantly shifting portfolios, said Mr Kiattisak. IT trends, meanwhile, are on a long-term development path as exemplified by how Japan has invented and used robots or machines to replace the human workforce, he said, adding the insurance industry has also invented sophisticated software for assessing insurance policy.

5. Business upbeat in face of inundation

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

Top business groups are maintaining their economic growth forecast of 3.5-4% this year, assuming that flash floods ravaging some northeastern provinces will result in limited economic damage, says the Joint Standing Committee on Commerce, Industry and Banking (JSCCIB). "The impact from the flooding will be limited, with the flood waters receding soon and things returning to normal," said Predee Daochai, chairman of the meeting of the Joint Standing Committee on Commerce, Industry and Banking, adding that both the government and private sector are implementing measures to relieve the effects from the disaster. The Federation of Thai Industries (FTI) asked its members to prepare necessary items, especially drinking water and flatboats, to help flood victims. The FTI is monitoring the effects the flooding has had on local communities, particularly their livelihoods. The Thai Chamber of Commerce is also monitoring the impact on the service industry, while some banks have launched measures to ease the financial burden on flood-affected customers. Typically, the financial measures include rescheduling of debt payments, monthly instalment payment reduction, grace periods for principle and interest repayment and credit line extensions, he said...Inflation expectations over the next 12 months remains stable for the seventh consecutive month which is consistent with respondents' concerns over low domestic demands and the difficulty of price adjustments.

6. Consumer prices rebound in July after 2-month slide

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

Consumer prices, which indicate the country's inflation rate, rose in July after a two-month contraction. The increase was largely due to energy prices rising in line with global oil prices, as well as higher seasonal food prices. Pimchanok Vonkorpon, director-general of the Commerce Ministry's Trade Policy and Strategy Office, said the July consumer price index (CPI) was 100.53,

rising 0.17% year-on-year. But prices fell 0.13% month-on-month, making the average CPI in the first seven months (January-July) rise 0.60%. "The July inflation rate rose 0.17% year-on-year due to rising energy prices, particularly the retail petrol price, which moves in line with the global market," she said, referring to the CPI, which measures the cost of living based on 422 products and services. Inflation in July rose for the first time after facing two consecutive month of contraction of -0.04% and -0.05% in May and June, respectively, she said. But the core inflation index, which excludes seasonal goods, was 101.30, up 0.48% from the same period of last year, making the average core inflation in the first seven months of this year rise 0.55% year-on-year. The Commerce Ministry is maintaining its inflation forecast for the year to stay in a range of 0.7% - 1.7%, said Ms Phimchanok. The 2017 inflation forecast is based on the Dubai crude oil price, averaging \$45-\$45 a barrel, and an exchange rate of 34-36 baht per dollar, she said.

7. 2% sin tax hike to shore up safety net

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

The elderly poor are in line for a bigger monthly allowance after the cabinet approved a draft bill letting the government charge higher sin taxes. Kobsak Phutrakul, assistant minister to the Prime Minister's Office, said the cabinet yesterday agreed to raise the excise tax on liquor, beer and cigarettes by 2% to support the monthly living allowance for low-income seniors. The government expects the hike to raise 4 billion baht, which will be directed to the monthly living allowance. The bill will go to the Council of State for vetting in the next three months before advancing to the National Legislative Assembly, Mr Kobsak said. Registrations for the subsidy and welfare scheme revealed that 2 million elderly have an annual income of 100,000 baht or less. According to a Fiscal Policy Office report, those aged 60 and older will account for 20% of the total population by 2025, up from 14% in 2015.

8. Firms upbeat on solar rooftop outlook

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

Private firms are betting that solar rooftops for household use have a bright future despite the current lukewarm interest. Sumrit Sitthiwaranuwong, chief executive of Solar D Corporation Ltd, a solar rooftop installation and service provider, said residential solar rooftops may be unpopular now because energy policy does not encourage householders to install solar panels. There are

several factors why people are reluctant to have solar panels, he said. One main reason is the high cost of installation as most of the materials have to be imported. Then, even if they are willing to pay, they are currently prohibited from selling the power generated by their solar panels to state utilities. That has made residential owners feel that solar rooftop panels are not worth investing in, Mr Sumrit said. A further disincentive is the potential levy solar power developers have to pay to the Electricity Generating Authority. Despite Egat's assurance levy collection is only at a feasibility study stage and unlikely to be imposed in the near future, many householders are waiting for a clearer policy before making any decisions.