Daily Thai News Updates: 3 July 2017

1. CPI slightly changed in June
Source: Bangkok Post (Link)

The cost of living fell a little in June compared with last year, but still rose slightly above May. The consumer price index dropped to 100.66, down 0.05% year-on-year but up 0.02% month-on-month. Pimchanok Vonkorpon, director-general of the Commerce Ministry's Trade Policy and Strategy Office, reported the figures on Monday, attributing them mainly to retail prices of oil and vegetables. She also aid the CPI in the first half of this year rose by 0.67% year-on-year. Core inflation in June was at 100.77, up 0.45% year-on-year and up 0.08% month-on-month. For the first six months of this year, core nflation increased 0.56% year-on-year. The food and non-alcoholic beverage index stood at 102.05 in June, down 0.70% on last year, but up 0.62% month-on-month. The index for other goods except food and beverages was at 99.89, up 0.32% year-on-year and down 0.32% month-on-month. The Commerce Ministry also lowered its inflation projection from 1.5-2.2% to 0.7-1.7% for this year, based on the economic outlook for the second half of 2017.

2. Traders troubled by shake-up in levy
Source: Bangkok Post (Link)

Changes to the withholding tax for e-commerce transactions announced by the Revenue Department -- from a flat rate of 5% to a range of up 15% -- will have a big impact on online business, say traders. "It will push merchants and buyers back to traditional modes and also create a bigger tax document burden for merchants," said Nattawut Polwattanasulk co-founder of LNW shop, a local e-marketplace housing 520,000 merchants. Each product list has a different margin. Even at 5%, merchants could experience losses, he said. But the effects on online services, digital advertising for instance, may be less because digital agencies and social media giants can afford the tax. Pawoot Pongvitayapanu, president of the Thai e-commerce Association, said the tax will be applied to foreign companies that so far have never paid tax to the country, helping the government generate extra revenue.

3. Impact investment
Source: Bangkok Post (Link)

In the past, giving back to society was a fairly simple process: write a cheque, give away some used supplies such as toys and clothes, perhaps start a food drive. But it would usually stop there. After the money and other supplies were given, few donors -- if any -- would follow up to ensure their resources were being used responsibly. Today, an increasing number of philanthropists and individual donors have become more strategic about the causes they support, keen to see how their resources will be used. "Rather than just giving away resources, people want to know how the money is impacting the organisation," said Nikki Kinloch, the CEO of SimplyGiving, Asia's largest fundraising platform… The philanthropic investment firm Omidyar Network is aiming to do just that through a personalised form of "impact investment". The firm, created in 2004 by eBay founder Pierre Omidyar and his wife, Pam, focuses on "market-based approaches with the potential for large-scale, catalytic impact", according to information published on its website. Omidyar Network was one of 411 organisations represented at this year's Asian Venture Philanthropy Network (AVPN) conference in Bangkok.

4. Cambodia ranked top for investments in Asia, research finds
Source: The Nation (Link)

Cambodia is the most attractive destination for investment in Asia, according to research conducted by InvestAsian. InvestAsian ranked 15 countries based on a range of factors including economic growth, openness to foreign investment, along with ease of banking and doing business. Cambodia came out on top, as the country has seen robust economic growth, is open to foreign property and business ownership and has simple processes to open bank accounts and get long-term visas. Commenting on the index, Reid Kirchenbauer, founder of InvestAsian said: “Cambodia topped the InvestAsian Index this year. Many countries in Asia are growing quickly, but a combination of rapid growth and business friendliness helped Cambodia rise above the rest.” Despite the bad publicity, the Philippines ranks highly at number 2 thanks to its strong economy, the potential for foreigners to own property and ease of getting a visa. And even though Malaysia has the lowest GDP growth of anywhere in the top 5, Malaysia which ranks third, is one of the few places in Asia where foreigners can buy and own land. In addition, the Malaysia My Second Home (MM2H) programme lets investors get a visa and live in the country with ease… The 15 economies, by ranking are: Cambodia, The Philippines, Malaysia, China, Vietnam, Laos, Myanmar, Indonesia, Singapore, South Korea, Thailand, Taiwan, Hong Kong, Japan and Brunei.

5. BoI keen on biotech R&D
Source: Bangkok Post ([Link])

The Board of Investment (BoI) has approved investment incentives for 40 projects in the biotechnology sector involving research and development (R&D). The approval of the projects, worth 6.4 billion baht in total, started last year, said BoI secretary-general Hiranya Suchinai. The incentives are in line with the government's policy to promote 10 targeted industries: next-generation cars; smart electronics; affluent, medical and wellness tourism; agriculture and biotechnology; food; robotics for industry; logistics and aviation; biofuels and biochemical; digital; and medical services. Mrs Hiranya said the government is keen to encourage investors to employ R&D and invest more in the biotech sector to create higher value. This type of investment is seen as driving the innovation-based economy promoted by the government's Thailand 4.0 initiative. She said the BoI wants to invite local companies to invest in high technology to improve efficiency and competitiveness. Thanks to attractive investment perks such as a corporate income tax exemption for 13 years, up from eight years, the agency believes more investors will invest in biotech R&D.

6. Consumption up, investment down; recovery patchy
Source: Bangkok Post ([Link])

Thailand's private consumption rose in May but investment contracted from the previous month while annual exports jumped, central bank data showed on Friday, suggesting the economic recovery was still uneven. The Bank of Thailand's (BOT) private consumption index for May rose 1.3% from the previous month, when it had fallen 0.3%. But the index for private investment dipped 0.2% in May from April, when it had fallen 0.1%. The BOT said there was a current account surplus of $1.13 billion in May, after a $2.91 billion surplus in April. Exports, based on financial settlements, rose 10.6% in May from a year earlier after April's 5.9% increase, the central bank said. A recovery in exports, a traditional growth driver, is a boost to Southeast Asia's second-largest economy, whose growth has lagged regional peers in recent years. The economy is expected to grow faster in the second half, a central bank official told a news conference. The BOT has forecast a 3.4% economic growth this year, with exports rising 2.2%. It will review those forecasts next week. The economy grew 3.2% last year.