

## Daily Thai News Updates: 6 July 2017

### **1. MPC lifts economic growth, export outlook**

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

The Bank of Thailand's Monetary Policy Committee (MPC) yesterday raised its 2017 economic growth forecast slightly to 3.5% from 3.4% earlier predicted after revising up export growth to 5%, but kept the policy rate unchanged at 1.5%. The rate-setting committee lifted its Thai economic growth outlook due to robust exports, said Jaturong Jantarangs, assistant governor of the monetary policy group and the MPC's secretary. "However, domestic demand continues to expand at a gradual pace and is not yet sufficiently broadened, reflected in low growth in non-farm income, leading the committee to keep the policy rate unchanged at this meeting," he said. The stronger growth outlook supported by external demand was reflected in brighter prospects for merchandise exports and continued growth of the tourism sector, Mr Jaturong said. The MPC raised its forecast for export growth to 5% this year from 2.2% predicted in March and revised down export growth for 2018 to 1.7% from the 2% projected in the past four months.

### **2. TCEB eyes Indians for Mice push**

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

The Thailand Convention and Exhibition Bureau (TCEB) is targeting Indian travellers in the high-end meeting, incentives, conference and exhibitions (Mice) segment. Nooch Homrossukhon, director of the meetings and incentives department, said the meetings and incentives sector is a major contributor to the Mice industry, delivering about 40% of its total revenue. During the 2016 fiscal year, Thailand welcomed 1.27 million Mice travellers, who injected 103 billion baht into the economy. The meetings and incentives sector accounted for 522,039 travellers and generated revenue of 39.7 billion baht. The bureau staged its "India In-depth, Incentive & Meeting Exchange 2017" expo recently in Bangkok. The event was aimed at luring business travellers from India, which on average contribute more than 90,000 travellers and 8 billion baht to the Thai Mice industry. India is Thailand's second-largest source of travellers after China, Ms Nooch said. Thailand has opportunities to attract Mice visitors from India, who are often repeat travellers and are likely to be interested in high-end services, she said.

### **3. Bank of Thailand holds rate, raises GDP growth**

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

The Bank of Thailand on Wednesday held the policy rate near a record low, seeking to preserve policy room despite signs that the economy is heading deeper into deflation again. The one-day bond repurchase rate was left at 1.5%, with Monetary Policy Committee members voting unanimously in favour, the BoT said on Wednesday. All 21 economists surveyed by Bloomberg predicted the decision. Policy makers are struggling to get inflation back into the 1% to 4% target range. After about a year of low but positive inflation, consumer prices declined for a second month in June, prompting the government to lower its outlook for this year. Even so, the central bank has been reluctant to cut interest rates despite a stronger currency and amid worries over consumer debt levels. The central bank raised its economic growth forecast for this year to 3.5% from 3.4%, and upgraded its estimate for exports. The central bank now expects exports to rise 5% this year, rather than the 2.2% projected three months ago.

### **4. Public get their say on draft of the Transfer Pricing Act**

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

In light of global transfer-pricing trends, the government has been increasingly focused on transfer pricing. There has been significant progress made in developing transfer-pricing regulations, which is a sign that the government has wielded a firm hand in attempting to address transfer-pricing issues. Thailand actually introduced transfer-pricing guidelines in 2002 in the form of Departmental Instruction No Paw 113/2545, which is not a law. The first draft of the transfer-pricing regulations was approved by the Cabinet in May 2015 and then passed to the Council of State, which gave it the green light late last year. On June 19, the Revenue Department opened an online public hearing for the revised draft of the Transfer Pricing Act. Comments can be submitted until tomorrow. The act is aimed at amending the Revenue Code to crack down on tax evasion from transfer pricing between related parties, and to provide guidelines on determining a market price to be in line with international standards and fairness in taxation. The revised draft will add more provisions – Section 35 ter, Section 71 ter and Section 71 bis – to the Revenue Code. The key points in the revised draft are as follows: Tax officials will be granted the power to adjust the assessable income and allowable deductions of an entity that had entered into a transaction with a

related entity under different commercial and financial conditions from a transaction between independent parties.

### **5. Foreign staff crisis threatens rice target**

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

The crackdown on foreign workers may cause Thai rice exports to drop below the target of 10 million tonnes this year, with many migrants who work in the industry leaving the country. According to Chookiat Ophaswongse, honorary president of the Thai Rice Exporters Association, shipments of Thai rice to other countries have been hit hard by a workforce shortfall following the announcement of the royal decree on the management of employment of migrant workers. "We're now drastically short of workers who handle discharging goods at the ports, leaving a number of shipments stranded at the ports, which is causing delays," he said. "The issue, if unaddressed, may eventually affect the country's rice shipments which are otherwise in a good condition." There are usually 30,000-40,000 foreign workers employed in Thailand's rice industry at any one time. Mr Chookiat said with a workforce shortfall, it is now taking about a month to discharge goods into the ships at the port, up from a previous average of seven to 10 days. He said Thai rice exports are further at risk from foreign exchange volatility. He said the baht strengthening will weaken Thai rice's competitiveness, citing every one-baht appreciation will raise the the price of Thai white rice by US\$8-9 per tonne.

### **6. Draft ends foreign VAT relief**

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

A draft bill on e-business tax will annul the Revenue Department's value-added tax (VAT) exemption for online shopping worth less than 1,500 baht bought from foreign vendors outside Thailand. The move paves the way for the department to tax all online purchase transactions. At present, purchases from foreign e-commerce vendors outside Thailand are subject to a 7% VAT if the value exceeds 1,500 baht. Revocation of the VAT exemption amount is stated in a paper slated for a public hearing of the draft bill, scheduled to close on July 11. The paper states shopping online for products worth up to 1,500 baht from overseas sellers without an office in Thailand has become ubiquitous, and this is not fair for local vendors who must charge VAT Imposing VAT across-the-board for products bought from foreign sellers with no presence in Thailand will level the playing field, the paper said. Given that online purchases are gaining momentum and the

Finance Ministry is recording falling tax revenue contributed by traditional sellers, the government is seeking a way to increase its revenue by proposing a withholding tax for online purchases from foreign online vendors who do not sign up for business operations in Thailand. The tax would be in a range of up to 15%, a change from a flat rate of 5% proposed previously.

### **7. New factory registrations drop by 1.7%**

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

The number of new factories registering with the Industrial Works Department during the first six months of this year dropped by 1.7% from the same period of last year to 2,042 factories, with combined investment of 126 billion baht. Director-general Mongkol Pruekwatana attributed the decline to investor concerns over the global and domestic economy. But he expressed confidence that investment will rebound with the government's infrastructure projects and those planned under the much-touted Eastern Economic Corridor (EEC) scheme. New factories that registered in the first half were primarily involved in electronics and electrical parts, food and food processing, automotive parts, plastics and wooden products. During the period, 445 factories registered for expansion, with combined investment of 92.1 billion baht, said Mr Mongkol. Most expansion investment flowed into factories involved in metal products, rubber, food and food processing. New investment in S-curve industries is intended to be the core of EEC project totalling 52 billion baht, now spanning 575 factories.

### **8. Passenger traffic to May shoots up 7.71%**

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

Passenger traffic through Thailand's major airports grew 7.71% in the first five months of this year, reaching 56.2 million. The January to May growth rate was considered by industry analysts as fairly robust as arrivals from China, the country's top tourist source, has made a steady recovery from the fallout of the zero-dollar tour scam clampdown that began in July last year. A rise in passenger volume through the six airports operated by the Airports of Thailand Plc (AoT) was also registered despite the seasonal slowdown in international arrivals and reduced services at Suvarnabhumi airport. There was a partial closure of a runway at Suvarnabhumi, the country's main gateway airport, for repairs, running from March 3 to May 2. The latest figure from AoT whose airports handle the bulk air traffic in Thailand showed that total aircrafts movement through

its facilitations rose 5.7% in the January to May period to 346,613. International passengers traffic for the period rose 5.86% to 31.7 million, while domestic numbers leap 10.2% to 24.5 million.

#### **9. Eppo vows renewables FIT cut**

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

Policymakers are planning to revise down the feed-in tariff (FIT) on renewable power for the upcoming round of quotas to grant licences to private investors, says the Energy Policy and Planning Office (Eppo). Deputy director-general Prasert Sinsukprasert said renewable power generation and systems to manage feedstock have trimmed down generation costs. Generation is coming from sun, wind, biomass, biogas, and the industrial and agricultural sectors. As power-generation costs have gone down, the FIT rate should be modified to reflect the new price, said Mr Prasert. The FIT revision will be finalised by the end of the year and become effective in early 2018. Prasert: Generation costs lower. There will be additional changes to the process. Licence distribution by the Energy Regulatory Commission (ERC) may happen via auctions instead of lucky draws, he he said. "Auctioning renewable power licences will increase competition in the sector," said Mr Prasert.

#### **10. Tetra Pak aims for 50% growth in Asia food business**

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

Tetra Pak, a food processing and packaging company, plans to grow its food processing business by 50 per cent in South Asia, East Asia, and Oceania by 2020. The company has identified Thailand as a key growth country and has committed to supporting local producers and government initiatives by developing the food innovation and agro-processing industries under the Thailand 4.0 policy. To support Thailand's economic growth agenda, Thailand has been defined by Tetra Pak as one of its focus markets in the region. The company has recently showcased its fully integrated food processing and packaging solutions at ProPak Asia 2017. The growth ambition of 50 per cent by 2020 will potentially add 100 new jobs to Tetra Pak's regional processing operations team, in addition to the existing 800 employees. Tetra Pak's expansion plans "show the company's strong pledge to provide global expertise through local presence to customers", it said.