Daily Thai News Updates: 7 February 2017

1. Incentives mulled to tone down drink
Source: Bangkok Post (Link)

The Finance Ministry is considering offering incentives for drink makers to lower the sugar content of their products as part of government efforts to improve public health. The idea remains conceptual and needs further study, said Finance Minister Apisak Tantivorawong, without revealing what kind of incentives could be offered. The UN health agency last year urged countries to start taxing sugary drinks to help combat an obesity epidemic, pointing to evidence that price hikes can dramatically reduce consumption. The World Health Organization has estimated that a 20% price increase leads to a cut in consumption by 20%, while a 50% hike similarly cuts consumption in half. Mr Apisak said it needs to study the impact from such tax hikes on sugar-Cane growers and drink makers, as well as the public health benefits.

2. Trump policies unlikely to hit Thai exports hard
Source: The Nation (Link)

Many Thai products in both the agricultural and industrial sectors that have relied largely on the US market could face slower growth if President Donald Trump decides to increase import tariffs indiscriminately on every country, according to a study by the Commerce Ministry's Trade Policy and Strategy Office. "However, if the US decides to impose tariffs only on particular countries, mainly China and Mexico, most Thai products will not be affected, while some products could enjoy higher shipments to the US and Canada to replace Chinese goods," said Pimchanok Vonkorpon, director-general of the office. Products that could face negative impacts from higher import tariffs include hard disk drives, printers, video cameras, jewellery and ornaments, tyres, computer parts, canned fruits, and frozen shrimp. Pimchanok said yesterday that Thai products exported to the US could be affected if the Trump administration decides to impose tariffs on every trading partner, including those that enjoy most-favoured-nation status.

3. Myanmar, Thailand push 'one destination'
Source: Bangkok Post (Link)

Thailand and Myanmar have vowed to stimulate tourism and raise the number of visitors between the neighbouring nations to 1.5 million by 2020 as part of the "two countries, one destination" cooperative scheme. The Tourism Authority of Thailand (TAT) signed a memorandum of understanding last Friday with the Myanmar Tourism Federation to promote tourism between the countries. Deputy Prime Minister Somkid Jatusripitak said Myanmar boasts high potential for tourism because of its natural and cultural resources. The TAT was ordered to study the possibility of launching joint marketing programmes with Myanmar and other countries such as Cambodia, Laos, and Vietnam, as well as the viability of code-sharing aviation outes, specifically for Phuket-Ranong-Myeik and Chiang Mai-Mandalay-Bagan. In 2016, the number of travellers who visited both countries on the same trip totalled 490,000.

4. SCG confident of hitting 1-3 percent growth target
Source: The Nation (Link)

Siam Cement Group's Cement-Building Materials unit plans to grow its business by up to 3 per cent this year, despite the stagnant real-estate and home-building markets. "When our strategy for innovative products, services and distribution channels is combined with customer-oriented marketing activities, we are confident that our business will grow by 1-3 per cent this year," Nithi Pattarachoke, vice president for the domestic market at the unit, said yesterday. The real-estate and home-building industries, however, may gain from three trends. The government's transport infrastructure investments have been spurring urban expansion with many housing and condominium projects springing up. Many consumers, particularly those earning less than Bt50,000 a month, have already freed themselves from the repayment burdens under the first-car scheme since late last year.

5. No reprieve for Thai banks in 2017: S&P
Source: The Nation (Link)

Slow economic growth and domestic consumption will weigh on Thai banks' asset quality and profitability this year, according to a report titled "Thai Banks Face an Extended Credit Downcycle in 2017" released by S&P Global Ratings yesterday. "Thailand's banking industry will continue to face headwinds from problem loans, high credit costs, and subdued growth prospects in 2017," said S&P. Global Ratings credit analyst Ivan Tan. "We expect Thai banks' earnings and loan growth to be sluggish over the next 12 months." Lacklustre economic growth will continue to push up Thai banks' non-performing-loan (NPL) ratio and constrain earnings growth. Elevated household leverage, persistent political uncertainty, and difficulties in |the commodities and SME |(small and medium-sized enterprise) segments will also continue to strain Thailand's banking sector. "Loans to SMEs have been the worst hit and will continue to drive Thai banks' asset-quality deterioration into 2017," Tan said. "Credit costs will also stay high as banks are under pressure to maintain sufficient provision coverage."