

Thai News Update: 11 December 2019

1. Bangkok enters top 50 most expensive locations for expatriates

Source: Thai Business News ([Link](#))

Thai cities continue to be among the biggest risers in the Cost of Living rankings, with Bangkok rising 43 places and entering the top 50 most expensive locations for the first time, at 47th place. This was one of the findings of the latest Cost of Living survey published by ECA International, the world's leading provider of knowledge, information and software for the management and assignment of employees around the world. This is largely the result of a strong Thai baht. We have seen Thai cities moving significantly up the rankings over the past few years – Bangkok has moved up 75 places in the last two years alone while Chiang Mai moved up 56 places in the same period.”

2. Foreign investment in Thailand rises 106%

Source: Pattaya Mail ([Link](#))

Though the number of foreigners given work permits in Thailand under the Foreign Employment Act of B.E. 2542 has dropped by 23%, the total value of foreign investment from last January to November has grown to 22.15 billion baht, amounting to a 106% increase. Deputy Business Development Department Director General Phunphong Naiyaphakorn, has confirmed that the total value of foreign investment has risen more than 100%, including that in high-cost projects such as the electric train project and services related to satellite technology for the exploration and drilling of petroleum wells. Given the Board of Investment (BOI)'s promotional privileges, foreign investors have launched 1,165 investment projects with a combined value of 314.13 billion baht in Thailand accounting for an 11% increase. Given the BOI privileges, these foreign investors didn't need to obtain work permits under the Foreign Employment Act.

3. More direct flights between Vietnam and Thailand amid growth in tourism

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

Thailand is gearing up to welcome more Vietnamese visitors, with a number of airlines increasing direct flights between both countries and adding some new routes too. The Tourism

Authority of Thailand says the additional routes should help boost the number of first-time visitors from Vietnam. The Nation reports that several carriers are launching new services from beyond the usual hubs of Hanoi and Ho Chi Minh, instead departing from secondary cities such as Nha Trang, Da Lat, Hai Phong, and Can Tho. The number of flights between Thailand and Vietnam now stands at 301 a week, up from 288 last year. Thai cities being served include Phuket, Chiang Mai, and Bangkok, with Thai Vietjet expected to launch a daily service from Ho Chi Minh to Pattaya's U-Tapao airport from December 23.

4. Startups turn focus to B2B to scale up

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

Thai startups are moving towards a business-to-business (B2B) model and integrating with super apps to boost growth as they struggle to scale because of a lack of funding. Natavudh Pungcharoenpong, founder of e-book store Ookbee and managing partner of 500 Tuks Tuks, the local operating unit of US venture capital (VC) firm 500 Startups, said that for the next few years Thailand's startups may grow slower than those in Indonesia and Vietnam, where there are larger markets that have greater potential to attract large funds. He expects large VC funds to start coming in from next year, with plans to invest in US\$30-50 million per deal.

5. New guidelines ready to standardise laws from next year

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

New guidelines for franchise businesses under the Trade Competition Act are scheduled to become effective in February. The move aims to ensure good governance and standardise business practices, as well as prevent franchisers from taking advantage of small-scale franchisees. Santichai Santawanpas, commissioner of the Office of Trade Competition Commission (OTCC), said the guidelines for unfair trade practices in the franchise business were announced in the Royal Gazette on Friday and will come into force from Feb 4, 2020. Thailand has no specific franchising laws, instead relying on separate laws to regulate the establishment and operation of a franchise or, more specifically, the operating system. Depending on the business type, a typical franchise in Thailand may fall under the purview of more than 10 separate acts and regulations.

6. KBank turns cautious in lending to SMEs amid rising bad loans

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

Kasikornbank is taking a cautious approach on loans to small and medium-sized enterprises in fear of rising bad debts, said senior executive vice president Wirawat Panthawangkun. The bank's credit growth to SMEs is forecast at a mere 1 per cent this year, compared to the year's target of 2-4 per cent, resulting from a slowdown of the global economy, the US-China trade war and strengthening of the baht. The negative factors led to drops in sales and revenues in the first nine months of this year. In the first three quarters, credit to SMEs grew 0.4 per cent year on year, with Bt664 billion in outstanding non-performing loans (NPL). Wirawat was concerned that NPL level of SMEs might rise from the current 5 per cent to 6 per cent of its portfolio. SMEs in the agriculture and export businesses have been adversely affected by the economic deceleration and fast appreciation of the Thai currency.