

Thai News Update: 14 May 2018

1. Thai Junta's Slow Investment Spending Could Drag On Growth

Source: Reuters ([Link](#))

Erratic delivery of public investment has left Thailand plodding behind faster-growing Southeast Asian economies, yet regulations introduced by the military-led government have made it even harder for state agencies to spend this year. Disbursements for public projects fell by 5 percent in each of the two latest quarters, as bureaucrats observed stricter procurement rules introduced in the second half of 2017 to clamp down on graft. The finance ministry has banked on stronger export growth to keep its 2018 economic growth forecast at 4.2 percent, though analysts reckoned the fall in public investment spending could be worse than the ministry anticipates. “Disbursement has been disappointing and is a key downside risk to growth,” said Charnon Boonnuch, an economist of Nomura in Singapore, who predicts 4 percent growth for 2018. The construction materials index .SETCO has fallen 11 percent since the middle of last year while the construction services index .SETCS slumped 28 percent, underperforming an 11 percent rise in the broader share market [.SETI](#). “Builders will continue to face risks of delays in the bidding of public works,” said Kamonyos Sukhumsuwan, a senior fund manager of Asset Plus Fund Management.

2. AI, Iot Set To Revolutionise Business, Says Dell

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

Today’s Combination of Artificial Intelligence (AI), Internet of Things (IoT) and massive data on products, services and customers is set to usher in a new era of doing business worldwide, according to Michael Dell, founder and CEO of Dell Technologies. For Thailand, Dell’s vision is consistent with the government’s “Thailand 4.0” initiative which focuses on the digital transformation of the Thai economy and society. Under this initiative, the Eastern Economic Corridor (EEC) covering parts of Rayong, Chon Buri and Chachoengsao provinces is a showcase example of smart cities and a new generation of industries and services. In his keynote speech at the 2018 Dell Technologies/World event in Las Vegas on April 30, Dell said big data is the new “rocket fuel”, and when it is leveraged with AI and Machine Learning (ML) capabilities on the next 5G communication platform the results will be unprecedented. He cited smart cities and

autonomous cars as examples of how massive data running to the tune of, say, 200 petabytes per day from just one city, and its IoT devices plus self-driving vehicles, can be used to improve the way people live, commute and do other activities.

3. Thailand Enacts Tough Cryptocurrency Law, Including Fines And Jail Terms

Source: The Straits Times ([Link](#))

Thailand put a new law in place on May 14 to control and regulate cryptocurrency transactions and Initial Coins Offerings (ICOs). It comes with hefty fines and jail terms to crack down on fraud and unauthorised transactions. The country enacted a royal decree which stipulates that cryptocurrencies and digital tokens are digital assets. Thailand's Security Exchange Commission (SEC) will be in charge of overseeing and regulating all cryptocurrency transactions and verifying the identity of clients. The law was proposed by the Finance Ministry in February following the Bank of Thailand's ban on cryptocurrency transactions among financial institutions to prevent possible cases of fraud and misconduct. Finance Minister Apisak Tantiworawong said in March that the law was necessary to comprehensively regulate cryptocurrencies and digital tokens to prevent money laundering, tax avoidance and crime. The royal decree stipulates that unregistered token brokers or those who perform token transactions through unregistered brokers will face a jail term of up to two years and fines of at least two times the token values, up to a maximum of 500,000 baht (S\$20,930). Thanyalak Vacharachaisurapol, assistant managing director of Kasikorn Research Center said the new law can assure the quality of the digital offerings which will "provide long-term stability to the market, which in turn means a positive ecosystem for domestic startups to increase their potential and competitiveness."

4. Israeli Fabrics Company Avgol Sold For \$314 Million To Thailand's Indorama Ventures

Source: Haaretz ([Link](#))

Control of Israel's Avgol is being sold at a generous 1.7 billion shekels (\$480 million) valuation to the Thai industrial group Indorama Ventures, the companies said on May 13, sending the shares sharply higher. Indorama will pay 5.78 shekels a share, or about \$314 million, the maker of nonwoven fabrics used in products like disposable diapers and feminine hygiene products. The sellers are the British private equity fund Ethemba Capital, which owns 50.8% of Avgol through

its Dutch-based HRH International subsidiary, and Leumi Partners, a subsidiary of Bank Leumi, that holds 15%. The price represented premium of 60% on Avgol's Tel Aviv Stock Exchange-traded price before the announcement and even though terms of the sale were leaked last week, the official news carried the shares up 6.7% to 4.22 shekels. Avgol has about a 10% global market share for nonwoven fabrics, a market that is expected to enjoy annual growth on average of 4.9% and even a pace of 8.2% in India.

5. PWC Report Seeks To Spur ASEAN To Action

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

Southeast Asia needs to evolve beyond passive growth and take more proactive measures to continue attracting investment and developing its institutions, people and technological capabilities, the PwC Growth Markets Centre says in an annual report. "The Future of Asean – Time to Act" suggests policies that Association of Southeast Asian Nations (Asean) governments should consider to ensure the region continues to attract investment and strategies for future growth in the automotive, financial services, consumer goods, medical devices, refined fuels, telecommunications and transportation sectors. David Wijeratne, head at the centre, said the private sector had a major role to play in strengthening the region's growth prospects in coming years. "This will require companies not only to provide new products and services to meet varying consumer preferences, but also to work more closely with governments to develop the right conditions for businesses to prosper," he said. Wijeratne said Asean could be proud of what it has achieved in the past 50 years, but the time of passive growth was over. "Global growth needs Southeast Asia to fulfil its potential and grab hold of its future, now is the time to act."

6. Siemens Plans High Efficiency Power

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

German technology powerhouse Siemens, which has been involved in power generation in the Thai market for nearly 40 years, sees high-efficiency power plants as the trend for the country's energy sector, which could lower electricity price and also be environmentally friendly. "Our global base is trying to make it as efficient as possible to provide the country two main benefits," Markus Lorenzini, Siemens' chief executive officer for Thailand, told The Nation in a recent

interview. “High-efficiency power plants will lower the electricity price. Moreover, the higher the efficiency, the lesser is the carbon footprint. It’s good for the environment compared to other conventional ways of power generation,” he explained. Lorenzini said that it was likely that some power plants may still have sufficient capacity but the question was whether it was worth operating them at low efficiency. “Because if you have a low-efficiency machine, first of all your generation cost would be higher, and second, your carbon footprint would have a bigger impact on the environment,” the CEO said. “Under Thailand’s PDP [Power Development Plan] – the country is going to replace power plants. It’s not an addition to the capacity, but it’s actually replacing of capacity,” he said. PDP is an electricity master development plan for the next 20 years valid from 2015-36.