Thai News Update: 15 May 2018

1. Disruptive Tech 'Must Be Facilitated'
Source: Bangkok Post (Link)

Thailand must act as a facilitator to survive in the age of technological disruption rather than play the role of strict regulator and potentially hamper innovation, PM's Office Minister Kobsak Pootrakul said at a conference on May 14. "The country would have continued to survive if the world wasn't changing at such a pace. But now the structure needs to be readjusted otherwise we won't be able to catch up with the latest trends," he said at an event dubbed "Reorienting the Thai Economy to Prepare for the Age of Technological Disruptions". Mr Kobsak said in the digitally-driven new economy, the government needs to let the private sector become the main player. The authorities should distance themselves and play more of a supporting role, he said. "This would create an environment that attracts business ventures that will benefit the Thai economy," he said.

2. Beat AI Or Die: Plan To Save Jobs
Source: Bangkok Post (Link)

Thailand Development Research Institute (TRDI) has urged the government to develop a strategy for artificial intelligence (AI) to stimulate the economy on a long-term basis and build a better-equipped future workforce. "The digital vortex is making the world change rapidly," said Somkiat Tangkitvanich, president of TDRI, at its annual seminar titled "Reorienting the Thai Economy to Prepare for the Age of Technological Disruptions. Many countries in East Asia such as China, Japan, South Korea and Taiwan have embraced AI technology through various strategies and forms of investment. "Thailand lacks an AI strategy and that is a big concern," said Mr Somkiat. If Thailand does not pursue the AI wave, value-added manufacturing in many sectors is likely to move abroad, he added. Thailand's economy will no longer grow at 5% a year under the 20-year national strategic plan, he forecast. Growth will be limited to 2.1% or less, he said, adding that the development of AI and further automation could cause up to 3 million people losing their jobs as AI proves more cost-effective, especially for labour based on repetitive tasks.

3. Slow Investment Spending Could Drag On Thai Progress
Source: Financial Tribune (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% 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, Reuters reported. That reduced support for the economy just at the time that growth began to falter late last year, adding to pressures on Prime Minister Prayuth Chan-ocha's junta as it prepares to return Thailand to democracy in early 2019. The finance ministry has banked on stronger export growth to keep its 2018 economic growth forecast at 4.2%, though analysts reckoned the fall in public investment spending could be worse than the ministry anticipates. The construction materials index has fallen 11% since the middle of last year while the construction services index slumped 28%, underperforming an 11% rise in the broader share market. "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.

4. Crypto-Tax 'Will Hit Economy'
Source: The Nation (Link)

Taxation threatens to hamper startups, sec is told, as it seeks to regulate digital assets. NEW TAX measures aimed at curbing the Thai initial coin offering (ICO) market will adversely affect the economy as the measures could drive investors and entrepreneurs overseas, according to experts. The Royal Gazette this week announced a new set of laws related to digital asset businesses, an amendment of the Revenue Code to regulate and impose high taxes on transactions. It also warned of tough punishments over illegal conduct in the digital economy. The digital asset law authorises the Securities and Exchange Commission (SEC) to regulate transactions involving cryptocurrencies and digital tokens. SEC secretary general Rapee Sucharitakul said on May 14 that the new taxes and legal requirements would protect local investors who were assumed to have specialised knowledge on ICOs. ICOs were for niche investors, not general investors who could be financially damaged if not well informed, he said. The SEC is preparing to issue new ICO regulations based on the new digital assets law within the next 2-3 weeks. It is empowered to regulate all digital assets but Rapee said that utility tokens might be exempt from the SEC requirements. However, all exchanges that trade digital assets must be registered with the SEC within 90 days after new regulations are effective. Even ICOs launched prior to the new rules are required to seek approval.

5. 3m Jobs To Go If Thailand Fails To Navigate Technology Upheavals
Source: The Nation (Link)

The Country could lose as many as three million jobs over the next 20 years if it is unable to adapt to and use disruptive digital technologies, the Thailand Development Research Institute (TDRI) president, Somkiat Tangkitvanich, warned on May 14. At the TDRI's annual conference, Somkiat said disruptive technologies could prevent the economy from growing at an average of 5 per cent a year over the next 20 years, as targeted by the government. Under this scenario the job losses would be massive, he said, noting the damage already done to Thailand's print and television media operators by radical changes in technology. Somkiat predicted that, if Thailand cannot adapt, the economy would grow by only 2.1 per cent annually and three million jobs would disappear. The government, aware of the risks of the country being left behind, has initiated the Thailand 4.0 policy to promote the digital economy. However, Somkiat said that the government may not meet its own target for steering the country to achieve high-income status in the next 20 years. He projected that the government will achieve only 25 per cent of its target in developing the farm and service sectors and 50 per cent of the target for the industrial sector. The government may attract some private investment, but not much. "We make an assessment that under the Thailand 4.0 scenario, the Thai economy will expand at 3.1 per cent and this would result in a loss of 1.5 million jobs," said Somkiat. This is because the country faces shortages of skilled labour and the policies aimed at addressing this problem are not well coordinated.