

Thai News Update: 1 August 2019

1. Cabinet to endorse Bt3.2 trillion budget for 2020

Source: Thai PBS World ([Link](#))

The Cabinet is scheduled to examine the proposed budget on August 6th before the first reading of the draft budget bill in parliament in October 2019, officials said. Mr. Wissanu Krea-ngam, Deputy Prime Minister, said 31 July that the 2020 budget is expected to take effect in January next year, if the process goes as planned. Although the 2020 fiscal year begins in October 2019 and the budget for fiscal 2020 is behind schedule due to the change of government, the budget can be retroactive to October 2019, said Mr. Wissanu. He said that the budget bureau will finalize the figures with other agencies, including the Bank of Thailand, the Finance Ministry and the Office of National Economic and Social Development Council, before sending the final figures for the Cabinet's consideration next week.

2. Thailand seeks deeper cooperation as Asean ministers meet

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

Southeast Asian foreign ministers opened their annual meeting on 31 July with a call from host Thailand for deeper integration to expand trade and bolster prosperity in the region amid rising global challenges. The meeting takes place in the shadows of rising security tension on the Korean Peninsula, China's aggressive territorial claims in the South China Sea and the US-China trade war. Asean, seeking to boost its own voice as a global player, also plays host to a series of foreign ministers from key strategic and dialogue partners, including US Secretary of State Mike Pompeo, China's Foreign Minister Wang Yi and Russia's Foreign Minister Sergey Lavrov.

3. Thailand's tourism numbers to see modest recovery, supported by Chinese and Indian tourists

Source: Business Times ([Link](#))

Thailand's tourism sector may see a modest boost in the coming months as Chinese tourists start returning to the country. Tourist arrivals from mainland China have been a key drag on

Thailand's tourism sector, which has been struggling over the past year. Arrivals expanded just 2.3 per cent year-on-year between July 2018 and July 2019, much weaker than the average of almost 10 per cent seen over the past five years. The Chinese have been keeping away in part due to negative publicity following a ferry tragedy in July 2018 as well as political uncertainty, air pollution, and a strong THB in more recent months. Meanwhile, Indian tourists are emerging as a new key driver of tourism growth. Indian tourist arrivals have accelerated sharply over the past year, helped by visa fee waivers and an increase in direct flights between the two countries, noted the report.

4. Thailand eyes new stimulus to ease trade war shock

Source: Nikkei Asian Review ([Link](#))

The Thai government is considering to work on "packages of economic activities" to stimulate its slowing economy, Thailand's new finance minister, Uttama Savanayana, told the Nikkei Asian Review in an interview in Tokyo on 31 July. Uttama said uncertainty over the state of the global economy has affected Thailand as well as other countries. "If necessary, I believe that the government will consider packages of economic activities that will be suitable for the next coming months, depending on the situation," he said. The Thai economy faces strong headwinds from the U.S.-China trade tensions and the baht's rise against the dollar. Exports to China fell 15% in June from a year earlier, following a 7% drop in May. Against this backdrop, the National Economic and Social Development Council, a Thai government think tank, lowered its economic growth forecast for the year to 3.3% to 3.8% in May from 3.5% to 4.5%.

5. Myanmar, Thai banks to collaborate in financial matters

Source: Xinhua Net ([Link](#))

Central Banks of Myanmar and Thailand will collaborate in financial matters to assist the development of trade and investment, according to the Central Bank of Myanmar (CBM) on 31 July. A meeting between the central banks of the two countries, held in Nay Pyi Taw Tuesday, discussed adopting a framework for comprehensive use of Myanmar kyat and Thai baht in border trade, signing of a memorandum of understanding on payment system between the two central banks and challenges in implementing them. According to statistics of Myanmar's

Commerce Ministry, bilateral border trade between Myanmar and Thailand reached over 2.28 billion U.S. dollars as of May 3 in the present fiscal year 2018-19 (October-September).

6. FTI sees investment slowdown in second half

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

The Federation of Thai Industries (FTI) said most of the new government's economic policies could only be implemented towards the end of the year which would create uncertainty and slow down the pace of investment in the private sectors. FTI Vice Chairman Montri Mahaplerkpong said investment growth in the second half would either stay flat or decline, as the policies announced by the new Cabinet would take at least a month for adjustment at the ministry and departmental levels, after which they would have to be translated into action plans. Thus, most policies could not be launched sooner than the end of 2019 or even early next year.