

## Thai News Update: 1 June 2018

### **1. The Human Rights Obligations Of Thai Companies Investing In Asean**

**Source: Thailand Business News ([Link](#))**

Thai companies are increasingly investing in neighboring ASEAN countries. While these investments have resulted in significant profits for both the companies and the host countries, they have also triggered adverse environmental and social issues. Moreover, these outbound investments often occur without implementing the proper mechanisms to ensure compliance with international human rights standards and practices, which is exposing the local communities to human rights violations and abuses. The National Human Rights Commission of Thailand (NHRCT) has investigated Thai investments in Myanmar, Laos, and Cambodia, and it is playing a significant role in shaping the government cabinet resolutions in 2016 and 2017 on Thai outbound investments. These resolutions align with the principles articulated in the UN Guiding Principles on Business and Human Rights. However, additional work is needed to strengthen how these resolutions are applied.

### **2. China, Japan, Thailand Seek Trilateral Business Cooperation In Thailand's EEC**

**Source: Xinhuanet ([Link](#))**

Representatives from China, Japan and Thailand on May 31 spoke highly of Thailand's Eastern Economic Corridor (EEC) and expressed willingness to push for trilateral business cooperation there. The comments came at an international seminar held here in the Thai capital Bangkok on May 31 to discuss trilateral cooperation in the EEC. Ning Jizhe, deputy head of China's National Development and Reform Commission, said leaders of the three countries attach great importance to the trilateral cooperation concerning the EEC. The EEC plays a significant part in boosting local economic growth, and elevating the level and quality of industrial development, he added. The Chinese official called on the three sides to step up policy communication and exchanges between government agencies, provide business communities with better guidance and services while encouraging them to give play to their respective advantages and conducting mutually beneficial cooperation. Business cooperation among Thailand, China and Japan will not only benefit the

three countries, but also help promote the development of the surrounding area, he said, adding that Thailand stands ready to assist the cooperation in a sustained and comprehensive manner.

### **3. Bot Tells Banks To Rein In Mortgages**

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

The Bank of Thailand has sounded an alarm to banks in light of the growing appetite for mortgages, urging them to retain their risk management practices when considering housing loans. Some financial institutions are offering a higher loan-to-value (LTV) ratio to homebuyers amid intense competition for mortgage products, said Bank of Thailand governor Veerathai Santiprabhob. All banks are still extending mortgages based on the central bank's requirements, Mr Veerathai said. LTV is a lending risk assessment that indicates the ratio of a loan to the value of an asset purchased. Typically, a loan with a lower LTV ratio bears lower risk for both lender and borrower, since less capital is being borrowed. Even though new innovations, especially big data analytics, allows banks a higher risk appetite, good risk management in line with central bank regulations are still needed, Mr Veerathai said. The newer technology would improve risk control and help banks cut down operating costs. At the same time, it would open more opportunities for SMEs to access funding with lower financial costs. The regulatory revision would cover all areas, including Know Your Customer, loan collateral, and non-performing loan and non-performing asset management.

### **4. ASEAN States Shunning Peers**

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

With the ASEAN Economic Community (AEC) entering its third year, the latest study has found that members are trading more with outsiders, notably China and South Korea, than with their peers. The study also predicts that over the next five years, Thailand and Asean members will lose both trade and investment opportunities in Cambodia, Laos, Myanmar and Vietnam (CLMV) to China, South Korea and others. External trade, meanwhile, represented 75.1% in 2015 and rose to 75.2% in 2016-17. Such trade is expected to make up 75.3% of ASEAN's total trade over the next five years. Trade among Asean members totals US\$2.068 trillion (66.2 trillion baht). Over the next five years, that value is expected to reach \$2.576 trillion. Thailand is yet to optimise Asean

investment, unlike Singapore, Malaysia and those outside of the bloc, because of inferior human resource capabilities, capital and investment promotion policies, Mr Aat, Pisanwanich, director of the Center for International Trade Studies at the University of the Thai Chamber of Commerce,

## **5. FTI Boss Vows Support For Industrial Upgrade**

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

The Chairman of the Federation of Thai Industries (FTI) has pledged to push for an industrial transformation by supporting companies to upgrade their business operations and train more workers as the Bank of Thailand announced a further increase in private investment in April. “Mid-size and large corporations have started to incorporate new technology and automation as they begin to transform their businesses,” said Supant Mongkolsuthree, chairman of the FTI, in an interview with The Nation recently. However, small companies have yet to embrace automation, said Supant, who recently was elected chairman of the industry body for a second term. Thai industries have been facing shortage of skilled labours. The FTI will collaborate with universities and vocational schools in training to produce more engineers and technicians, he said. The legislation for the Eastern Economic Corridor which came into force recently, has boosted investor confidence in the Thai economy, he said. He expected foreign investors would invest more in the region as the government will invest in high-speed railway linking the three international airports: Don Mueang, Suvarnabhumi in Bangkok and U-Tapao in Rayong province, east of Bangkok.

## **6. MK Claims A First In Food Logistics**

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

MK Restaurant Group Plc has entered into a joint venture with its Japanese strategic partner, logistics operator Senko Group Holdings Co Ltd, to offer full-service logistics for the food service industry that it says will be the first of its kind in Thailand. MK Restaurant yesterday said the joint venture, known as M-Senko Logistics, will cash in on the projected high growth potential of the food service industry in Thailand. The new firm will primarily target companies engaged in business to business (B-to-B) activities in the food and food-related business sector, including operators of restaurant franchises of all sizes, large food producers, and food retailers such as convenience stores, supermarkets and mini-marts. The company has set aside Bt1.3 billion to Bt1.5

billion for investment in the first phase of the operation, which covers fully integrated logistics services including warehousing, transport, forwarding, and trading. But the main focus is on full-service cold chain logistics complete with reefer trucks that provide high-quality transportation services with nationwide origin-to-destination capabilities. The company's central logistics facility, including a cold and dry warehouse, will be on Bangna-Trad Road km.21, covering 53,000 square metres.