

Thai News Update: 21 May 2018

1. Growth Hits 5-Year High As Exports Climb

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

Thailand's economic growth surged to a five-year high last quarter, beating all economists' estimates as rebounding farm output added to gains from exports and private consumption. Gross domestic product rose 4.8% from a year ago, the National Economic and Social Development Board said on May 21, the fastest pace since 2013. The median estimate of 18 economists in a Bloomberg survey was 4%. GDP rose a seasonally adjusted 2% compared with the previous three months, higher than the 1.2% median estimate. Four years after the military seized power, Thailand's economy is beginning to rebound with growth sustained by a pick-up in exports and tourism, although the country still lags peers in the region. The central bank last week held its benchmark rate near a record low to help support the economic recovery as businesses are still reluctant to invest. The military government has cut red tape, stepped up efforts to woo foreign-direct investment for industrial modernisation and is boosting infrastructure. But big projects have faced delays and elections expected next year inject uncertainty into the outlook. Thailand's foreign-reserve buffers and a current-account surplus are helping to shield the nation from volatility as US rates rise. The baht gained 0.1% to 32.163 per dollar as of 9.50am. It earlier touched 32.363, the weakest level since January.

2. Study For Freight Train To Go To Khon Khaen-Laem Chabang

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

The Board of the State Railways of Thailand (SRT) has approved the results of a feasibility study and analysis of the state agency's plan to develop the 320-kilometre Khon Khaen-Laem Chabang electric train freight route. The SRT acting governor Anon Luangboriboon said he expects the agency will submit the results for the Transport Ministry's consideration next month. The project will be developed on a public-private partnership (PPP) basis. Using the "net cost" PPP approach, the state agency would allocate land plots along the route for the construction of the freight depot and maintenance centre, said a source at SRT. The SRT would also invest in the route management system. For their part, the private partner would focus on investing in the electrical and mechanical

systems, related facilities and the procurement of the freight trains. The feasibility study pegged the project cost at just over Bt19.19 billion, of which Bt17.25 billion is for the electrical and mechanical works, Bt1.2 billion for depot and maintenance centre construction, Bt735 million for procuring freight carriage, and Bt8 million for the environmental impact study. The project concession period would be 30 years, with the concession holder able to extend the period for another 30 years in line with the conditions set in the 2013 Public-Private Joint Venture Act.

3. Money Spent On Farm Projects Has Multiplier Effect Throughout Economy

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

Thailand's Bt42.87-billion budget for agriculture has led to a money flow of about Bt113.52 billion in the economic system, according to the Office of Agricultural Economics (OAE). Vinaroj Supongsuk, OAE director-general, said that the multiplier effect of the government spending on 15 key agriculture-related policies could drive the flow of money to 2.65 times the actual amount budgeted and generate additional farm income. Of these 15 policies a total of Bt42.87 billion is focused on five areas: upgrading agricultural standards for sustainability extending across water resource management, fishery standardisation, development of a rice seed centre, assistance on debts to agricultural cooperative members and the Pracha Rath farm development institute. Others key areas include promotion to add product value, use of agricultural machines to replace workers, the organic agricultural product bank, a promotion system for large-scale farming, a learning centre to boost production efficiency for agricultural products, development of smart farming, agricultural area management under proactive agricultural plans, promotion of new agricultural theory, developing agricultural product markets and development of good agricultural practices (GAP).

4. EEC, Poll Boost Mood, StanChart Boss Says

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

Ambitious spending plans under the Eastern Economic Corridor (EEC) initiative have boosted investor confidence in the Thai economy, said Standard Chartered Bank (StanChart) chairman Jose Vinals, who also expressed faith in the government's plan for an election next year. As Thailand will hold a general election early next year, that will be very positive for the country, said Vinals,

referring to the government's so-called roadmap for a return to democracy that has been marked by delays in the election schedule. Aside from the infrastructure investment mostly associated with the EEC, Thailand also needs political stability, more women participating in labour market and improvements in the quality of education to drive the country to achieve a 5-per cent-plus economic growth rate, Vinals said. Many corporate clients of the bank are keen on the showcase industrial zone, said Vinals, noting an initial investment interest in infrastructure – such as rail projects – and that over time this would expand to take in property, hospitality, smart cities and other high-technology industries. As the bank is one of the top three banks globally for the provision of financing for trade and investment, Standard Chartered will support corporate clients that want to invest in the EEC, he said. The bank operates in more than 60 economies across the world and that positions it well for cross-border services, Vinals said.

5. Foreigners Continue Call For Lifting Ownership Cap

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

Foreign businesses have repeated their call for the government to allow foreign ownership of Thai businesses to exceed 49%, saying it will help tackle the controversial nominee issue. Stanley Kang, chairman of the Joint Foreign Chambers of Commerce in Thailand, said the most pressing issue for foreign businesses is the limit on foreign ownership in certain areas to only 49%. Kalin Sarasin, chairman of the Thai Chamber of Commerce, said that after talks with foreign chambers from nearly 30 countries last Tuesday to discuss the FBA, especially for investment in the Eastern Economic Corridor, foreign businesses also proposed that legislators clearly state the types of service activities on List 3, as well as allow foreigners to freely invest without needing a licence from the Commerce Ministry. The FBA limits foreign shareholding to 49% of a business and includes three lists of work for which foreign participation may be prohibited or restricted. Activities in List 1 are designated as "businesses not permitted for foreigners to operate due to special reasons". Foreign companies are completely restricted from engaging in these activities. Activities in List 2 are designated as "businesses related to national safety or security, or affecting arts and culture, traditional and folk handicraft, or natural resources and environment". Foreign companies may only engage in these activities upon Cabinet approval. Activities in List 3 are designated as "businesses in which Thai nationals are not yet ready to compete with

foreigners". Foreign companies must apply for and obtain a foreign business licence before taking part in these activities.

6. FPO Pushing Bill On Private Trusts

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

The Fiscal Policy Office (FPO) is pushing a draft bill on using private trusts as a tool for the affluent to manage their wealth and prevent them from transferring assets overseas, says a source at the Finance Ministry. The draft, which is undergoing a public hearing to comply with Section 77 of the constitution, will allow financial institutions, securities companies or specific juristic persons to be trustees. According to the Civil and Commercial Code, a trust can only be established based on specific laws. For example, trusts for transactions in the capital market are supervised by the Securities and Exchange Commission. The government has long required trusts be set up under specific laws for fear that some people might use them to deceive others, such as people who are not knowledgeable about capital markets, the source said. But people nowadays better understand capital markets, and some wealthy people have transferred their assets to private trusts overseas, including Singapore, which has related laws governing incorporation.

7. Sa Kaeo SEZ Set For December

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

Sa Kaeo Industrial Estate is poised to become the first project to commence under the government's special economic zone (SEZ) initiative, with operations expected to start in December, says the Industrial Estate Authority of Thailand (IEAT). Deputy governor Somchint Pilouk said Sa Kaeo Industrial Estate occupies 660 rai of land leased from the Treasury Department since February 2016 and is only 3km from the Thailand-Cambodia border in Aranyaprathet district. The IEAT has allocated 433 rai for industrial zones, 163 rai for infrastructure areas and 64 rai for green space. The industrial estate will provide a 50-megawatt power supply, a 5,000-cubic-metre water utility, a 4000-cubic-metre water treatment facility, a 40-metre-wide main road, a 20-metre-wide secondary road and an incinerator waste-disposal service. Ms Somchint said the estate has had three investors sign rental contracts. They plan to do business in hygiene chemical production, garment manufacturing and import-export of garments. Canada's ZIM International Co recently

signed a rental contract with the industrial estate for a six-rai land plot to build a garment factory and start operations in 2018. The SEZ scheme began in 2015 in 10 provinces: Tak, Trat, Mukdahan, Sa kaeo, Songkhla, Chiang Rai, Nong Khai, Nakhon Phanom, Kanchanaburi and Narathiwat.