

Thai News Update: 30 May 2018

1. Cooking Up World's Kitchen Strategy

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

Deputy Prime Minister Somkid Jatusripitak said he will assign the Commerce Ministry to allocate funds to rebrand Thailand as the world's kitchen. The goal is to create a new generation of Thai chefs that will further expand the horizons of Thai cooking on the global market, he said at the Thaifex - World of Food Asia 2018 exhibition May 29. While Thai food has become popular worldwide, the country needs to innovate in the presentation of food that makes use of Thai fruit and vegetables, such as durian and mangosteen, as key ingredients, Somkid said. Thailand could take advantage of the diverse and abundant sources of foods in the country to promote healthy eating for consumers and tourists, the Deputy Prime Minister said. Thailand's exports of food products came to about Bt 1 trillion last year. The country ranks as the 15th largest food exporter.

2. U-Tapao Airport Poised To Lure Investors

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

The government has expressed confidence that investors will be drawn to a massive project that will see U-Tapao International Airport redeveloped as part of an overall plan for an Eastern Airport City. Industry Minister Uttama Savanayana recently conveyed the government's optimism for the project – a key element of the Eastern Economic Corridor (EEC) – when he revealed that the terms of reference (TOR) for the development would be released soon. An Industry Ministry source this would happen by July. The project will be opened to private companies to compete for work on the aviation facilities that will cover 570 rai. Demonstrating its conviction, Thai Airways International (THAI) has allocated Bt10 billion for investment in the development of a maintenance, repair and overhaul (MRO) centre on 210-rai plot within the complex. “Even though the development of U-Tapao International Airport and the Eastern Airport City has been delayed as a result of waiting for the implementation of the Eastern Economic Corridor Act, which became effective in the middle of this month, we are quite confident that we will get the names of investors for different projects for the development of U-Tapao International Airport and the Eastern Airport City this year,” Uttama said. “Under the original timeframe, the invitation for private sector to

invest in the U-Tapao project was to be conducted between March and June this year and the names of those who win the bids would be announced in September.

3. Future Risks ‘Not A Threat’

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

The Thai Economy is strong enough to cope with future risks, says Tris Rating. Sakda Pongcharoenyong, president of Tris Rating, said that Thai-listed companies possess the financial strength to deal with possible risks, as seen in their earnings results following the Thai economic expansion. Most of the companies are free of liquidity crunch and cash-flow problems, given their ability to obtain bank borrowings and raise capital through the bond market. However, the business sector should be well-prepared for higher borrowing costs in light of the uptrend in interest rates amid consistent signs of a global economic recovery, he said. The United States has gradually raised the Fed funds rate since late 2015 and this year Federal Reserve is expected to hike the rate twice or three times. The Fed has already increased the policy rate once to 1.50-1.75 per cent this year. After the US rate hike, other countries, particularly emerging economies with rapid expansion, followed suit in an effort to keep foreign capital in their countries instead of moving back to the US. The policy rates are the benchmark for money-market rates which are regarded as the borrowing costs for the business sector. As the rise in interest rates continued, bond yields increased in the past two months. The Thai government bond yield has risen 30 basis points on average, prompting investors to slow down their investments and adopt a wait-and-see attitude for the rate to stabilise.

4. Chinese Firm Sets Sights On Rubber Factory In Thailand

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

China's Yunnan Yun Manganese Group, a latex manufacturer from Yunnan, wants to establish a factory to manufacture rubber products in the southern provinces, capitalising on the rich natural rubber supply there. The group last week signed a memorandum of understanding with the Southern Border Provinces Administrative Center (SBPAC) and Prince of Songkla University to develop health-related products. The group is also bringing in health and wellness items from Thailand and Asean countries, including latex goods, organic food, and herbal, massage and spa

products. The group pledges to offers 100,000 sq m for products made from southern border provinces to sell in the mall without rental fees for two years. The Thailand Business Information Center reported that from 2005 to 2017 Yunnan's investment in Thailand came from 45 companies and totalled \$294 million, \$236 million of which came in the form of real investment. Yunnan's foreign investment mainly focuses on property, wastewater management, logistics, rubber products and the wholesale sector.

5. PTT Hits Back Amid Social Media Storm

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

As oil prices surge to their highest in close to a decade, the public is rising against PTT Plc and demanding an answer to the age-old question: why are retail fuel prices higher in Thailand than in some other ASEAN countries? PTT is holding fast to its 1.80-baht-per-litre "marketing margin", while scrambling to defuse motorists' anger over high petrol prices in social media. PTT controls 38% of the Thai petrol retail market, according to a report by the Energy Business Department, putting the national oil and gas conglomerate front and centre in the debate. The group has endured multiple attacks in social media, including claims that the company has a monopolistic hold on the market. PTT has controls big stakes in five SET-listed companies: PTT Exploration and Production (PTTEP), PTT Global Chemical (PTTGC), Thairoil (TOP), IRPC and Global Power Synergy (GPSC). TT chief executive Tevin Vongvanich posted on his Facebook page that Thailand's retail fuel prices are different from those in several Asean countries because local prices are subject to taxes and marketing margins.

6. Lao Power Operator To Issue Thai Bonds

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

LAOS-BASED EDL-Generation Plc (EDL-Gen) aims to issue a baht-denominated bond worth US\$550 million (Bt17.5 billion) under plans to tap the Thai securities market in the third quarter of this year, the company's deputy managing director (CFO), Dr Bounsalong Southidara, said recently. He said that the company would use the proceeds from the bond issuance to increase its investment in two hydropower electricity generation plants, the Xayaburi and Donsahong facilities, worth about US\$450 million (Bt14.4 billion). A further US\$100 million (Bt3.2 billion)

would used to pay back an existing bond that will expire in 2019. The Xayaburi plant will have a production capacity 1,285 megawatts, with an investment budget of US\$4 billion. It is due to start operating next year. The project is being undertaken by a joint venture firm involving six partners. State-owned Electricite Du Laos (EDL), the parent company of EDL-Gen, is one of the major shareholders, with a 20 per cent stake. EDL-Gen plans to spend about US\$380 million to buy the 20 per cent stake from EDL. EDL-Gen also has plans to spend about US\$70 million to buy a 20 per cent stake in the Donsahong hydropower plant that is currently held by EDL.