

Thai News Update: 7 November 2019

1. Bank of Thailand cuts interest rate to record low

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

The Bank of Thailand's Monetary Policy Committee (MPC) on 6 November voted to cut the policy interest rate to a record low of 1.25% in a bid to boost Thailand's economic growth impetus and support a targeted increase in headline inflation. The current benchmark interest rate is akin to the same rate adopted during the 2009 global financial crisis. Five of the seven-member rate-setting panel voted for a 25 basis points rate cut on grounds that a more accommodative monetary policy would contribute to economic growth and support headline inflation to rise toward the target, said the MPC statement. On the contrary, two members voted to keep the policy rate unchanged, reasoning that a rate cut might not lend additional support for economic growth compared to a potential increase in financial stability risks. Since a rate hike in December 2018 the first since 2011 the MPC had left the policy interest rate unchanged until the majority of committee members voted for a 25 basis points rate cut in August.

2. CP chief outlines 'quick win' strategy

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

Thailand must transform its agriculture sector, small and medium-sized enterprises and tech startups, capitalising on the Eastern Economic Corridor (EEC) and partnerships to ensure competitiveness from 2020, says Suphachai Chearavanont, chief executive of Charoen Pokphand (CP) Group. Mr Suphachai, who is also board chairman of True Corporation, called the measures a "quick win" strategy. He was speaking at 6 November Thailand 2020 forum held at the Athenee Hotel in Bangkok. Mr Suphachai said the country also needs 3- to 5-year strategies geared towards economic zoning, 5G infrastructure and innovation hub development. The government's operational management structure should be driven by national boards designed for crucial sectors, he said. These boards should be used rather than the existing bureaucratic and top-down hierarchy of ministries.

3. Somkid affirms interest in Hong Kong FTA talks

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

Despite the ongoing protests, Thailand remains confident about the potential of Hong Kong and is negotiating a bilateral free trade agreement with the autonomous territory. Speaking at an economic seminar hosted by Prachachat Turakij newspaper, Deputy Prime Minister Somkid Jatusripitak said the two sides agreed to establish a Thailand-Hong Kong free trade area during his official visit to Hong Kong last month. "It will be the first free trade area which Hong Kong will have on a bilateral cooperation basis, and both sides agree to build the best and most extensive bilateral free trade area agreement," Mr Somkid said. Responsible officials of the two sides are in the process of studying details of a Thailand-Hong Kong FTA, he said.

4. BoT eases up on exporters' rules

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

The Bank of Thailand has relaxed regulations related to exporters' foreign currency proceeds and foreign securities investment to encourage capital outflows and rein in the baht's strength. The central bank on Wednesday announced four measures, taking effect tomorrow, to stimulate capital outflows and lessen pressure on the baht. The moves are also aimed at reducing Thailand's massive current account surplus. For the first measure, the central bank will allow exporters to keep foreign currency proceeds overseas. Exporters with proceeds below US\$200,000 per bill of lading shall be allowed to keep the proceeds abroad, without a time limit, a relaxation from the current \$50,000 threshold. In 2018, bills of lading with value of less than \$200,000 amounted to export value of over \$100,000, accounting for almost half of all exports.

5. Thailand, China bolster economic ties with three flagship projects

Source: The Straits Times ([Link](#))

Trade and investment ties between Thailand and China are expected to be boosted by three upcoming flagship projects. The collaboration follows talks between the premiers of the two nations after the conclusion of the Asean Summit in Bangkok recently. Speaking after meeting Chinese Premier Li Keqiang, Thai Prime Minister Prayut Chan-o-cha said they discussed a wide range of topics covering the economy, politics, security, science and technology, innovation, social and cultural issues, as well as regional and global matters. According to the Bangkok Post, the two sides agreed that the Chinese premier's official visit was another important milestone

which cemented the strategic partnership and cooperation between Thailand and China; and has also set the direction for future ties. The flagship projects are the Thailand Eastern Economic Corridor (EEC) investment scheme; the Sino-Thai high-speed railway project; and China's Belt and Road Initiative. Both leaders also underlined that it is essential to build greater connectivity between the two countries under strategies and cooperation frameworks such as the Master Plan for Asean Connectivity (MPAC) 2025, and the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS).

6. Pakistan, Thailand to review progress of FTA in Jan 2020

Source: Tribune ([Link](#))

Thailand has submitted a list of around 200 items to be traded between the two countries under the proposed free trade agreement (FTA) and Pakistan's response and progress is now awaited, said Consul General of Thailand in Karachi Thatree Chauvachata. Talking about the ongoing Pakistan-Thailand FTA negotiations at the Karachi Chamber of Commerce and Industry (KCCI) on Tuesday, he said the issue was pending with Pakistan's Ministry of Commerce and Thailand was waiting for its response. The Thai diplomat said that political consultations between Thai and Pakistan's Ministry of Foreign Affairs were due to be held in January 2020 in Islamabad to review the progress of the FTA. "The Karachi chamber can also play a vital role in the consultations by pushing the government to expedite and complete all the work prior to the meeting in January," he added. The consul general pointed out that Pak-Thai Business House was launched at the Thai consulate following the completion of its first year of service in Karachi.

7. US ventures eager to invest in EEC

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

American entrepreneurs are keen to invest in the Eastern Economic Corridor (EEC), home to 12 targeted industries that are expected to transform Thailand into an innovation-driven economy, says Lavaron Sangsnit, director-general of the Fiscal Policy Office and the Finance Ministry's spokesman. Those engaged in the energy, finance and infrastructure sectors have shown an interest in EEC investment and the government stands ready to support such a splurge from overseas investors, Mr Lavaron said. US-based medical supply company Baxter International Inc

has already invested in the corridor, with Thailand to serve as a hub for Southeast Asia. The EEC is the government's flagship investment scheme, spanning the eastern provinces of Chon Buri, Rayong and Chachoengsao. Due to be completed by 2021, the project is aimed at creating a technological, manufacturing and service hub connected to Asean neighbours by land, sea and air.

8. BOT relaxes rules to stimulate capital outflows

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

The Bank of Thailand (BOT) relaxes rules to stimulate capital outflows and lessen pressure on the Thai baht. Central bank governor Veerathai Santiprabhob announced the measures on 6 November as a bid to slow the baht's worryingly rapid appreciation. The new measures will come into effect on Friday (November 8), he said. The Thai baht has been under pressure due to imbalanced capital flows in the current environment of highly uncertain and volatile external conditions, the Ministry of Finance (MOF) and the Bank of Thailand (BOT) decided to relax regulations to stimulate capital outflows to help promote capital flow balance and lessen pressure on the baht. Such relaxations include allowing exporters to keep foreign currency proceeds overseas, allowing retail investors to invest in foreign securities without going through a Thai intermediary institution and allowing businesses and individuals to transfer funds abroad more freely.