

Thai News Update: 9 May 2018

1. Doing Business In Thailand: Indian Firms Are Reaping The Benefits Of Betting On The ASEAN Nation

Source: Firstpost ([Link](#))

In Thailand, the Board of Investment, under the Office of the Prime Minister, promotes investment into Thailand, as well as Thai overseas investments. The BOI, for instance, links investors with government agencies and the private sector and provides business support services both in Thailand and outside that country. "Thailand has business-friendly investment policies and infrastructure, which is a boon for startups. There is government involvement and support, besides skilled labour," Vijay Shah, CMD, Hitech Group, told *Firstpost*. He heaped praises on Thailand's Board of Investment (BOI) and said that the best thing for him, besides the professional work culture in that country, is the fact that tax rates are not cumbersome. His firm received a seven-year tax exemption. In a bid to move away from being known as a tourist country, infamously for sex tourism, the Thai government is making concerted efforts to woo investments from across the world. From being an agricultural economy, the nation expanded its scope and moved into light industries, and then into intensive production, and is now focusing on technology and innovation.

2. Record Stock Slide Clouds \$63 Billion Thai Infrastructure Plan

Source: Bloomberg ([Link](#))

Stock investors have yet to buy into Thailand's plan for a 2 trillion baht (\$63 billion) expansion of railways, roads, airports and ports. The SET Construction Services Index of builders that should benefit from an infrastructure drive has tumbled 16 percent in the past three months. That's a record drop in the 19-member gauge for rolling quarterly periods, despite the military government's pursuit of a transport network overhaul. "There are a lot of news reports about projects, but progress remains slow," said Polpat Karnasuta, chief executive officer of Nawarat Patanakarn Pcl, a construction firm based near Bangkok. "We're unsure about hitting our annual revenue target because the pace of government project implementation was sluggish in the first quarter." Adding infrastructure to support investment is one of the Thai administration's flagship policies to bolster an economy where the rate of growth is slower than in Indonesia, Vietnam and

the Philippines. The key question is how much of the vision will be implemented and whether challenges such as funding, land acquisition and environmental approvals will cause delays.

3. Export Surge Prompts Revision To 8% Growth For Year

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

The Thai National Shippers' Council (TNSC) has raised its forecast for export growth to 8 per cent for this year, scrubbing out an earlier estimate for 6 per cent expansion after the value of shipments hit a record high in March. For the final month of the third quarter, exports jumped 7.1 per cent year-on-year to Bt22.36 billion. Ghanyapad Tantipitapong, chairman of the Thai National Shippers' Council (TNSC), cited the improving economies of Thailand's major trading partners and the higher prices of oil-related and agricultural products on the back of higher crude prices. Additionally, Thailand has gained from more market diversification for exports, Ghanyapad said. Some 30.4 per cent of exports were destined for Thailand's main markets, with a range of markets making up the rest. The government has also pushed the development of e-commerce, which is seen as providing more opportunities and channels for product distribution, Ghanyapad said. Recently, the government joined with Chinese e-commerce giant Alibaba Group to open wider the Chinese market, focusing on agricultural products. Durians and rice are the main thrust of the initial phase. The council has urged the state sector to follow up on non-tariff barriers (NTBs) and discuss the possibility of relief measures with business operators over the short and long term. The government should also help companies to better understand the role of foreign exchange hedging to increase their long-term bargaining power and alleviate the impact of NTBs.

4. Thai Company In Talks To Buy Israeli Fabric Firm Avgol For \$470 Million

Source: Haaretz ([Link](#))

Avgol Industries, an Israeli maker of nonwoven fabrics used in disposable diapers and other products, said on May 8 its two controlling shareholders were in talks to sell their stakes. The announcement didn't offer further details, but sources said the buyer was Thailand's Indorama Ventures, which is offering to buy control in a deal valuing the entire company at 1.7 billion shekels (\$470 million). That works out to 5.80 shekels a share, a 60% premium on Avgol's closing price on May 7 before the announcement. The news sent shares of Avgol up 6.5% to 3.85 shekels

on the Tel Aviv Stock Exchange, although Avgol said there was no certainty the talks would lead to a sale. A source close to the talks told TheMarker that Indorama, a publicly traded industrial group based in Bangkok, is prepared to pay a premium for Avgol. “It has factories all over the world and a global customer base, so it has room to grow,” said the source, who asked not to be named. Avgol counts 18 manufacturing plants around the world, including sites in North Carolina, Russia, China and India that produce nonwoven fabrics for use in adult incontinence and feminine hygiene products as well as diapers and medical and industrial applications.

5. Hutchison Ports Aims To Take Half Of Thai Traffic

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

Hutchison Ports Thailand will invest 20 billion baht in Terminal D at Chon Buri's Laem Chabang commercial port in a bid to serve close to 50% of port traffic in the country in the next 5-6 years. The three-phase project is scheduled to be completed in 2023-24. Once the project comes online, Terminal D will be able to accommodate 3.5 million twenty-foot equivalent units (TEU), which will represent a 40% capacity increase in Chon Buri's Laem Chabang port, the largest in the country. Hutchison Ports Thailand, a subsidiary of the Hong Kong-based conglomerate Hutchison Group, already services close to 33% of the country's 8.3 million TEU a year. The company operates terminals A2, A3, C1 and C2 at Laem Chabang commercial port, operating close to the maximum capacity of 2.9 million TEU. The addition of terminals D1, D2 and D3 will help the company corner 50% of the market, assuming they operate at full capacity.

6. Ourcrowd And Bangkok Bank Announce Strategic Alliance As Asia Expansion

Continues

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

Our Crowdsd, a global leader in equity crowdfunding, on May 9 announced its further expansion in Asia, with an innovative partnership with Bangkok Bank Public Company Limited (“BBL”), one of Thailand and Southeast Asia’s premier commercial banks. OurCrowd and BBL have already launched their cooperation in support of Thailand’s tech ecosystem which will create key relationships for Thailand’s major corporations seeking next generation technology. The collaboration empowers OurCrowd to deliver deeper exposure for BBL’s SME and major corporate clients to Israeli and global technologies. “Thailand is the second largest economy in the

ASEAN region and we are excited to partner with one of the country's top financial institutions, Bangkok Bank," said OurCrowd's CEO Jon Medved. "This is a great opportunity for Bangkok Bank and OurCrowd to expand the rapidly growing and vibrant innovation ecosystem in Thailand and beyond." As a strategic partner, Bangkok Bank will have the ability to provide direct access into OurCrowd's portfolio on behalf of its corporate and SME clients. The collaboration additionally targets opportunities for the Bangkok Bank network to actively access one of the world's largest equity crowdfunding platforms, which has raised over USD 700 million from over 25,000 investors across 150 countries for over 150 early stage companies.

7. Shippers Hike Full-Year Export View

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

Thai shippers May 8 raised their export growth forecast to 8% this year from an earlier 6% projection, buoyed by the economic recovery of both traditional trading partners and potential new markets. Thai shippers on May 8 raised their export growth forecast to 8% this year from an earlier 6% projection, buoyed by the economic recovery of both traditional trading partners and potential new markets. The government's commitment to promote e-commerce development should also increase export opportunities and distribution channels for Thai products. The Commerce Ministry reported on April 23 that the country's customs-cleared exports grew 11.3% year-on-year in the first three months of the year to \$62.82 billion (over 2 trillion baht), with imports rising 16.2% year-on-year to \$60.9 billion. Thailand enjoyed a copy.95-billion trade surplus during the period. Despite the strong baht's challenge, the ministry is targeting export growth of 8% this year after a 9.9% rise last year. Visit Limlurcha, vice-chairman of the TNSC, said exporters feel relieved about the baht's strength as the local currency holds firm at 31.50 baht to the US dollar. If the baht weakens to 32.50, he said, all supply chains in export industries will benefit.