

**Weekly Economic & Commercial Report (23rd December-29th December 2017)**

**\*\*\*\*\*\***

**Internal**

[**Government stimulate economy**](http://article.isentia.asia/viewarticles/default.aspx?acc=0y0XTCOIqBk=&app=n7q0r37qA1I=&file=2v116ejl1AyiclnXT9MmPtTg9sx6jh0BXfGFq4KZyrliyThgHu199Q==)

*Prachachart Turakij 25.12.2017*

The first quarter of fiscal year 2018 will come to an end in the next 15 days. The cabinet previously set a fiscal disbursement target of 2.78 trillion baht (or 96% of the total budget). The target for disbursement for investment was set at 580 billion baht, or not less than 88%. Up to 15th December, the government has disbursed 489 billion baht (or 23.25%), with the top five largest disbursers being the Ministry of Labour, court units, the Ministry of Science and Technology, state-owned units and the Ministry of Finance. Chumpon Rimsakorn, Deputy Permanent Secretary of the Ministry of Finance said that the disbursement for investment has been delayed because several projects were not finalised and disbursement had to be postponed. Sorapon Tulyasatien, Director of the Macroeconomic Policy Bureau, Fiscal Policy Office, said that private sector investment has been slow and the government has had to take the lead. Several government projects such as those in transport infrastructure and the Eastern Economic Corridor (EEC) have been making progress. Jaturong Jantarangs, Assistant Governor of the Monetary Policy Group at the Bank of Thailand (BOT), stated that the private sector has been hesitant to invest as they are waiting for public–private partnerships (PPP) in connection with the EEC. The Monetary Policy Committee has increased its forecast for Thailand’s economic growth from 3.8% to 3.9% and voted to maintain the policy interest rate at 1.5% to support growth.

**Tourism rebates tipped to spread wealth**

*Bangkok Post 26.12.2017*

Tax breaks for tourism spending in secondary provinces from Jan 1 to Dec 31, 2018 will go before the cabinet today. The move is intended to distribute income to these provinces and make the recovery more broad-based. Those who spend on accommodation and food and drink at these secondary locations next year can use the receipts to claim a tax deduction of up to 15,000 baht, said Prasong Poontaneat, director-general of the Revenue Department. The department allows travellers to use receipts instead of full tax invoices to claim the deduction, as most tourism operators in secondary provinces make an income of less than 1.8 million baht a year, Mr Prasong said. The tax-collecting agency requires all operators earning at least 1.8 million baht to register for the value-added tax system. The Tourism and Sports Ministry will decide which provinces will enjoy the tax incentive, Mr Prasong said. The government is pushing efforts to stimulate rural economies towards broad-based growth. Despite solid economic growth of 3.8% for the nine months to September and healthy exports, rural areas have been left behind.

**Travel tax break gets nod**

*Bangkok Post 27.12.2017*

The cabinet yesterday approved tax breaks for tourism spending in 55 provinces, a move aimed at spurring travel and distributing income to provinces dubbed "secondary". The tax breaks, scheduled to be effective from Jan 1 to Dec 31, 2018, will be offered to individual travellers who spend on accommodation, food and drinks, as well as to corporations that organise seminars and meetings at these secondary locations, which welcome fewer than 4 million tourists a year. Those who spend on accommodation, food and drinks at secondary locations in 2018 can use their receipts to claim a tax deduction of up to 15,000 baht, while companies can claim up to 100% of the cost of seminars and training sessions. The government is estimated to lose 200 million baht in revenue from the tax breaks. According to government spokesman Sansern Kaewkamnerd, the tax breaks are necessary because a Tourism Ministry survey found that 50% of tourists prefer travelling in the 22 main provinces, including places like Bangkok, Chiang Mai, Phuket, Surat Thani and Khon Kaen.

**Medium-speed option mulled for Bangkok-Chiang Mai rail**

*The Nation 27.12.2017*

Construction of a much-improved rail link from Bangkok to Chiang Mai is expected to start next year, but the government will evaluate whether to proceed with a proposed high-speed service or switch to a medium-speed alternative, Deputy Prime Minister Somkid Jatusripitak said yesterday.  If the government went with the original high-speed proposal, the investment value would be up to Bt500 billion, Somkid said after the meeting in Sukhothai province. Regardless of which option was chosen, construction was expected to start next year, he said. The Cabinet asked the Ministry of Transport to conduct a feasibility study on a medium-speed train service, as an alternative to the high-speed train for the Bangkok-Chiang Mai route, while seeking funding for the project under the project under a public-private partnership (PPP) model, Somkid said.

**Forum to help boost Asean tourism**

*The Nation 28.12.2017*

ASEAN’S showcase tourism initiative will be held in Chiang Mai next month as a key element of a plan to boost growth in the number of visitors from outside the region by up to 6 per cent next year, the Tourism and Sports Ministry's permanent secretary, Pongpanu Svetarundra, said in the northern city yesterday. Foreign tourists visiting the region from non-Asean states this year numbered about 120 million, up 7 per cent from 2016, Pongpanu said. The Asean Tourism Forum (ATF) 2018 will be held from January 22-26, at the Shangri-La hotel in Chiang Mai with the aim of promoting Asean as a “Single Tourism Destination” to attract more visitors from around the globe, he said.  Thailand also expects to see growth of up to 10 per cent in the number of visitors next year from this year, generating income at tourist businesses of up to Bt3.1 trillion, compared with Bt2.76 trillion this year, according to the Tourism and Sports Ministry at a press conference early this month. Pongpanu said the Chiang Mai forum would bring together tourism ministers, the heads of national tourism organisations, high-ranking delegations, and key players in the tourism industry from Asean countries, as well as their dialogue partners.

**SRT signs Bt 69.5 bn double-track contracts**

*The Nation 29.12.2017*

State Railway of Thailand (SRT) yesterday signed nine contracts worth Bt69.53 billion for the construction of five routes of a double-track system. The five routes are part of a proposed seven that will form a combined 995 kilometres worth a total of Bt136.33 billion, Transport Minister Arkom ermpittayapaisith said at a function to mark the contract signing ceremony. Meanwhile, Transport Minister also plans to purpose the cabinet to approve to open biding the next 11 double rail rotes worth Bt471.21 billion within March, 2018. Then will open biding and will construction in the year 2018, he said. Deputy Prime Minister Somkid Jatusripitak, who was also at the ceremony, said the government planned to spend over Bt600 billion to develop the double rail system that would eventually comprise 2,588 kilometres nationwide. The government also plans develop a minor rail system in province across the country that would link with the main rail system. This comes under a national goal of developing the country’s logistics system. He said that when the country’s rail system was completed it would boost the provinces’ economic growth – especially from the tourism industry.

**TOT, DTAC tie-up gets NBTC blessing**

*Bangkok Post 28.12.2017*

The telecom regulator yesterday gave the green light to a partnership between TOT and Total Access Communication (DTAC) to provide service on the 2300-megahertz spectrum, while also approving an extension of the licence payment terms for the 900MHz auction for another five years. Takorn Tantasith, secretary-general of the National Broadcasting and Telecommunications Commission (NBTC), said the NBTC board had agreed to the partnership deal between the telecom firms, which allows for the development of voice, data and multimedia on TOT's 2300MHz spectrum, using Long Term Evolution technology. The move is in line with a 2015 NBTC telecom committee resolution that originally allowed TOT to develop service on 60MHz of bandwidth on the 2300MHz spectrum until 2025. TOT and DTAC can develop their service via wireless broadband or via a fixed-link network.

[**Economic will be growing in 2018**](http://article.isentia.asia/viewarticles/default.aspx?acc=0y0XTCOIqBk=&app=n7q0r37qA1I=&file=6r7eml5ptxfuJQ2S/rysATHiES4dfbpFY2tR3InW68G9/eO1KNbLpA==)

*Thai Rath 28.12 2017*

The Monetary Policy Committee has increased its forecast for Thailand’s economic growth from 3.8% to 3.9% and voted to maintain the policy interest rate at 1.5% to support growth. Thanawat Ponwichai, Director of the Center for Economics and Business Forecasting, University of the Thai  Chamber of Commerce, has carried out a survey on predicted consumer spending behavior during the New Year (30th Dec-2nd Jan) and found that people will spend the most in 13 years, with a total spending of 132 billion baht. 48.8% of respondents will travel and spend money during the New year, with 93.1% planning to travel to make merit, 88% travelling for pleasure, and 65.2% holding or going to a party. 83.55% of respondents plan to travel domestically while 16.55% will travel overseas. 38% of those surveyed think that the economy is likely to improve. The center forecasts that the economy will grow by 4% in 2017 and 4.2%-4.5% in 2018. Tourism and Sports Ministry Permanent Secretary Pongpanu Sawetarun forecasts that by the end of the year, Thailand will have total visitors of over 35.36 million (or 8.77% growth), which will be the highest growth in history. This is predicted to generate 1.83 trillion baht in revenue, representing 12% growth. These are signs of recovery for the country and the government plans to promote secondary cities among foreign tourists. Pongpanu suggested that the government speed up infrastructure development to welcome the increasing number of tourists next year.

[**Economic growth exceeds expectation**](http://article.isentia.asia/viewarticles/default.aspx?acc=0y0XTCOIqBk=&app=n7q0r37qA1I=&file=/sWPiDlcd6w1x91c0WzUJ+QpiGvxzEbMbgdIB8s1vSBTZifZ+6F0rQ==)

*Post Today 29.12 2017*

Pornchai Thirawet, Financial Advisor and Spokesman of the Fiscal Policy Office (FPO) said that in the fourth quarter of 2017, the FPO found that various economic indicators improved better than expected and that GDP is likely to exceed the estimated target of 3.8%. Exports grew by 10% in the past 11 months, which was higher than the FPO’s forecast of 8.5%. Pornchai said that exports have the potential for double-digit growth this year. The economy is growing steadily with low unemployment and inflation rates. External factors that may affect the Thai economy in 2018 are such as increases in the Fed’s interest rates and conflicts around the world such as those in North Korea and the Middle East.

**External**

**Tech icon ordered back to China over debt woes**

*The Nation 29.12.2017*

Flamboyant Chinese tech icon Jia Yueting, who once boasted his company LeEco would take on Apple and Tesla, has been ordered back to China by financial regulators over his company's debt woes. Jia, who is thought to be in the US attempting to build his Los Angeles-based electric car company, was added to a national blacklist of debt defaulters by Chinese courts this month over hundreds of millions in unpaid loans.

State news agency Xinhua said it was the second time regulators have ordered Jia to return to China after he apparently disregarded an order in September. The Beijing branch of the China Securities Regulatory Commission "orders you to return to China before December 31, 2017," an announcement on the regulator's website said Monday. With his name blacklisted, if Jia was to return to China before the end of the year, he would be unable to take airplanes, high speed trains or stay in upscale hotels. He may also not be able to leave China. Troubled conglomerate LeEco was founded in 2004 by Jia as an online video streaming platform, but in recent years Jia borrowed heavily to push the tech company into a slew of new business lines from gaming to sports to cars.

**Bilateral**

[**Opening ceremony of Thailand and India exhibition**](http://article.isentia.asia/viewarticles/default.aspx?acc=0y0XTCOIqBk=&app=n7q0r37qA1I=&file=c1DJPfyAypche23cCH5rMahyKzRP3kfyd3YyPqAuQBaLBdjEeEXUxA==)

*Matichon 24.12.2017*

H.R.H. Princess Maha Chakri Sirindhorn presided over the opening ceremony of ‘Featuring Buddhist Imagery from Bharata to Suvarnabhumi’, an exhibition at the Itsarawinitchai Throne Hall, Bangkok National Museum. Culture Minister Weera Rotpojjanarat and Ambassador of India to Thailand H.E. Bhagwant Singh Bishnoi welcomed her. Weera said that 2018 marks the 70th anniversary of diplomatic relations between India and Thailand and the 25th anniversary of diplomatic relations between India and ASEAN. The exhibition will be held from 23rd December 2017 – 23rd March 2018 at the Itsarawinitchai Throne Hall to celebrate these anniversaries. Indian artefacts, Thai artefacts with Indian influences and Southeast Asian artefacts with Indian influences will be displayed at the exhibition.

**Pranda counts on Indian demand for ledger recovery**

*Bangkok Post 25.12.2017*

SET-listed Pranda Jewelry Plc may register a profit for the first time in three years in 2018, driven by the global economic recovery and strong demand from the Indian market. Advance Opportunity Fund, Pranda's strategic partner, is seeking to inject funds into the embattled jewellery firm to increase liquidity for expansion and refinancing. After the funds are transferred, Advance will own 25% of Pranda. Pranda, Thailand's leading jewellery exporter, has important exposure to markets in North America, Europe and Asia, and the global economic slowdown resulted in losses over the past three years. Now the company is closer to breaking even than it has been in years.
"Apart from the global economic slowdown, the demand for gold fashion accessories is down," said Chanat Sorakraikitikul, a group finance and risk management committee chairman of Pranda. "Younger customers are influenced by modern fashion. They like something made with silver and other materials less precious than gold. "The big exception to this trend is India, where we have seen our sales rising, thanks to India's strong economic growth and Indians' preference for national costumes that include gold ornaments."

[**Hoping to be the leader of rice export**](http://article.isentia.asia/viewarticles/default.aspx?acc=0y0XTCOIqBk=&app=n7q0r37qA1I=&file=eCaq0mmSUS/gMShIokACTyB9YuvhkYCNA4lYm3hmgabGJm/FO4Ydfw==)

*Krungthep Turakij26.12.2017*

Thailand is the world’s sixth largest rice producer and has been a leader in rice exports since 1980. However, in 2011, the Yingluck Shinnatratra government’s Rice Pledging Scheme had a severe impact on rice exports as the prices were increased and exporters were unable to fulfil orders from overseas because most rice was pledged and stored in the government’s storage facilities. This caused buyers to purchase rice from Thailand’s competitors such as Vietnam and India. Thailand has been knocked off the top-ranking rice export position ever since. According to the United States' Department of Agriculture, in 2012, India exported a total of 10.65 million tons of rice followed by Vietnam (7.73 million tons) while Thailand came in third place by exporting 6.97 million tons of rice. India remained placed as the world’s largest rice exporter from 2013-2016 while Thailand came in second place. In 2017, Thailand released most of the rice in government storage and the rice market has almost returned to normal, with rice exports likely to improve. According to a report from the United States' Department of Agriculture on 21st December, India is still the largest rice exporter for 2017 (11.60 million tons) while Thailand exported 10.20 million tons. However, from the record of the Thai Chamber of Commerce’s Inspection Committee, Thailand exported a total of 11.07 million tons of rice, which is expected to reach 11.51 million tons by 31st December. One of the reasons that India replaced Thailand as the largest rice exporter after 2012 is possibly because Indian rice is cheaper than Thai rice by $20-$40 per ton.

[**The success in Indian economic policy**](http://article.isentia.asia/viewarticles/default.aspx?acc=0y0XTCOIqBk=&app=n7q0r37qA1I=&file=7UOKNpuVFtLFcpjGYxhDGclQt7DKf//NmQyFDRAOFqzLWm8a9VeEzQ==)

*Krungthep Turakij 27.12.2017*

Chittraporn Lerttaweewit from the Royal Thai Embassy in New Delhi, India presents this article about the success of India’s economic policies and business opportunities for Thailand. India has a total population of over 1.3 billion and 65% are under 35 years of age. India’s GDP in 2017 stands at 7.5% and is the second largest GDP (PPP) after China. Examples of successful policies in India are such as 1. Goods and Services Tax reform, which has helped to eliminate tax avoidance and minimised the cost of inter-state transport. 2. Bank accounts for people on low income (Pradhan Mantri Jan-Dhan Yojana), which led to 290 million new bank accounts. 3. The withdrawal from the system of 500 and 1,000 rupee denomination bank notes, which has made people use credit/debit cards more. 4. The digital economy and cashless society plan through the development of the BHIM app to facilitate national e-payment. Over 125 million Indians are using the BHIM app and the government plans to launch the Referral Bonus Scheme and Cashback Scheme to support this app. India is also undertaking an online payment project through the national ID card or Aadhar Pay. India remains a bright spot in the world’s economy. Business categories that Thai investors should look into are such as food processing, jewellery and accessories, automobile parts, infrastructure construction, e-commerce, textiles, healthcare, IT and services in tourism. The north-eastern region (NER) of India is a very attractive investment destination as it is a connection point for the India–Myanmar–Thailand Trilateral Highway. Prime Minister of India Narendra Modi has emphasised the importance of the Act East policy and plans to further develop the NER to become a hub that links to Bhutan, Nepal, Bangladesh and ASEAN. India will host the ASEAN-India Commemorative Summit on 25th January 2018 in which the leaders of 10 countries will participate.

**India Set To Be 5th Largest Economy**

*Bangkok Post 27.12.2017*

 India looks set to overtake Britain and France in 2018 to become the world's fifth-largest economy in dollar terms, a report showed today. The Centre for Economics and Business Research (Cebr) consultancy's 2018 World Economic League Table showed an upbeat view of the global economy, boosted by cheap energy and technology prices. India's rise is part of a trend that will see Asian economies increasingly dominate the top 10 largest economies over the next 15 years. "India's economy has caught up with that of France and the UK and in 2018 will have overtaken them both to become the world's fifth largest economy in dollar terms," said Douglas McWilliams, Cebr deputy chairman. Mr McWilliams said India's growth had been slowed temporarily because of major economic reforms, including restrictions on high-value banknotes (demonetisation) and a new national sales tax (GST), a view shared by economists polled by Reuters.

Dr. Sanjay Kumar
Commercial Representative

**Embassy of India, Bangkok**Ocean Tower-2, 75/120-121,

Soi Sukhumvit 19, Bangkok – 10110 (Thailand)
T: +66 2 2580029 (Direct), +66 2 2580300-06 (Extn. 162)
F: +66 2 2584627 Email: com.bangkok@mea.gov.in