



Weekly Economic News
[30th June to 6th July 2014]

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➤ **Internal**

Economy on road to recovery

According to the Bank of Thailand, Thai economic recovery began to recover in May, while a V-shaped recovery would gain momentum from the third quarter of 2014. Economic activities in May picked up slightly from the previous month as manufacturing production and private sector spending started to show signs of recovery. The Private Consumption Index (PCI) declined by 0.3% year-on-year in May after a 0.8% contraction in April, but the PCI registered 0.5% growth on a monthly basis after 0.1% growth in April 2014. The private investment index (PII) contracted by 2.9% year-on-year in May after April's 4.8% decline. On a month-on-month basis, the PII recorded 0.6% growth after a 0.2% contraction in April. The manufacturing production index registered a 4.1% year-on-year fall last month, the same figure as in April, but the MPI excluding vehicles grew by 3% in May after a 0.6% decline a month earlier. The central bank recently revised down its growth forecast this year to 1.5% from 2.7% projected in March 2014 after the protracted political unrest contributed to a first-quarter contraction of 0.6% year-on-year and 2.1% quarter-on-quarter. It predicts next year's economic growth at a bullish 5.5%, up from an earlier projection of 4.8%, due to a return to normal economic conditions, with domestic demand, tourism and exports driving growth.

23 energy projects facing scrutiny

The new Energy Conservation Fund board of Thailand ordered a review of 23 energy saving and efficiency projects worth nearly 10 billion baht. Among the projects are 1.84 billion baht for solar rooftops on state-owned buildings, 400 million for LED lamp replacement for the Defence Ministry and 524 million for energy-saving electrical equipment for small and medium-sized enterprises. The projects belong to the Energy Ministry's Energy Policy and Planning Office, Energy Business Department, Alternative Energy Development and Efficiency Department and Office of the Permanent Secretary.

First inflation drop in 10 months

According to Thai Ministry of Commerce, inflation was down for the first time in ten months in June 2014, by a small amount, due to price control measures by the National Council for Peace and Order (NCPO). The consumer price index stood at 107.79 at the end of June, down 0.10% on the May index. The small drop resulted from the NCPO freezing cooking gas and diesel prices and asking businesses to maintain the prices of their products for six months. In June, inflation ran at 2.35% year-on-year and in the first half of this year it stood at 2.23%, a rate considered as stimulating economic growth.

AOT like to expand Suvarnabhumi

Airports of Thailand Plc (AOT) is seeking final approval to begin work on a 62.5 billion baht second phase expansion of Suvarnabhumi airport to lift passenger-handling capacity to 65 million travellers a year. The expansion was essential to improve the capacity of the international airport to meet projected demand for services. The first phase of the airport was designed to serve 45 million passengers annually, and actual traffic at the airport amounted to 48 million last year. The number of air passengers visiting AOT's airports nationwide rose by 4.2% and the number of visiting flights

increased by 13.2% year-on-year in this fiscal year. From October 2013 to May 2014, AOT airports served 60.34 million passengers and 419,363 flights.

Doing business in Thailand' in 4 languages

The Office of the Public Sector Development (OPDC) has launched a manual entitled "Doing Business in Thailand 2015" to facilitate business operations in Thailand. Published in four languages, Thai, English, Chinese and Japanese, the handbook features important information on business operations from establishment to dissolution, which is useful for Thai and foreign businesspeople as well as other related agencies. OPDC Deputy Secretary General Mr. Pong-ard Treekitwattanakul said that 18 agencies had contributed to the publication. He added that the main objective was to promote a better understanding of business operations in Thailand and the roles of related agencies among locals and foreign investors. The manual can be downloaded at www.opdc.go.th.

Foreign investment 'will be transparent'

Coup leader Prayuth Chan-ocha ensured that all trade and investment deals with foreign investors would be transparent and open to checking. Gen Prayuth gave the assurance at a meeting with a South Korean delegation of businessmen and investors. He said Thailand's megaprojects on water management, infrastructure and transportation, in which South Korean investors were interested, were currently being reviewed but would continue and be open to foreign investment, including from South Korea.

Consumer confidence hits 'highest point' in 8 months

In spite of the downgrade of Thailand's status by the United States on labour concerns and the European Union's shunning of the military government, Thai consumer confidence grew significantly in June, 2014, due to tangible economic stimulus measures launched by the National Council for Peace and Order and a stabilized political situation. The University of the Thai Chamber of Commerce (UTCC) reported that the Consumer Confidence Index (CCI) improved strongly to 75.1 points last month from 70.7 in May. Other indices reflecting consumer confidence also increased significantly. The CCI grew for the second consecutive month after the coup, and reached the highest score in eight months. Indices above 100 reflect positive confidence.

NCPO names new Egat chief

ML Pannadda Diskul, permanent secretary of the Prime Minister's Office, has been named as the new Chairman of the Electricity Generating Authority of Thailand (Egat) in the latest move by the National Council for Peace and Order (NCPO) to revamp state enterprise boards. ML Pannadda, whose appointment takes effect today, succeeds Mr. Anchalee Chavanich, who resigned on June 19, 2014.

Migrants seen as cure for shortage

Thai Board of Investment would propose to its main board, chaired by junta chief Gen Prayuth Chan-ocha, the possibility of allowing BoI-promoted companies to use foreign workers. The move comes after foreign business leaders expressed concern about the severe shortage of unskilled labour in Thailand.

➤ **External**

Thailand enjoys farm trade surplus with nations eyeing RCEP: agency

According to Thailand's Office of Agricultural Economics, Thailand recorded an average trade surplus of Bt338 billion annually during the past three years for agricultural products with the countries planning to join the Regional Comprehensive Economic Partnership (RCEP). The OAE also revealed that the international trade value among potential RCEP members over the past three years was Bt653 billion, with an average increase of 7 per cent annually. The RCEP will comprise the 10 countries of Asean plus India, China, South Korea, Japan, New Zealand and Australia. For the first

four months of 2014, Thailand had total trade with the 15 nations amounting to Bt238 billion, up 7 per cent from the same period last year, resulting in a trade surplus of Bt110 billion. Doing business with the RCEP is meant to be a way of reducing export dependence on the United States and Europe. The top Thai agricultural exports to the region were sugar, processed foods, cassava, shrimp and rice, while the imports were fish, milk, grain and fruit products.

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[Inputs for this Report have been garnered from various media reports, press releases and communications issued by various government and private agencies]