



Weekly Economic News
[19th – 25th January, 2015]

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➤ **Bilateral**

'Vibrant Gujarat' draws big Thai contingent

Members of the Thai business community and Royal Thai Embassy officials met recently with Ms. Anandiben Patel, chief minister of Gujarat, one of India's most progressive states, to discuss increased cooperation. The delegation included Mr. Nat Pinyowattanacheep, the consul-general of Thailand in Mumbai, and MR. Adul Chotinisakorn, executive director of the Thai Trade Center in Mumbai. The Federation of Thai Industries (FTI) was represented by vice-chairman Mr. Kriengkrai Thiennukul, secretary-general Mr. Kitti Tangjitmaneesakda, deputy secretary-general Mr. Ashok Upadhya, and other members. The Thai delegation exchanged views on pursuing various business opportunities as part of their participation in the seventh Vibrant Gujarat Summit 2015. Approximately 2,500 delegates from 111 countries took part in the summit, which led to pledges of an astonishing 25 trillion rupees (\$405 billion) worth of investments under 21,000 memoranda of understanding.

Tata Motors to boost presence in Asia-Pacific

TATA Motors, India's largest automobile maker, will start selling trucks in Malaysia, Vietnam and Australia as part of a plan to strengthen its presence in the Asia-Pacific region. Tata's Thai subsidiary will serve as a regional base for both Tata vehicles as well as the maker of Xenon brand vehicles. The Indian auto giant entered the Thai market in 2006 through a joint venture with Thonburi Automotive Assembly Plant, a local independent assembler of automobiles, to make, assemble and sell pickup trucks. Subsequently, it bought out its partner. Thailand is among the largest manufacturing bases for pickup trucks. However, slowing sales in the Thai market, along with increased competition from Japanese rivals, has pushed Tata to explore neighbouring markets. Also, easing regulations in the [Asean](#) region has helped. A senior analyst at IHS Automotive (Thailand), explained that imports within the [Asean](#) region were not subject to an import tax, helping manufacturers to price vehicles competitively, compared to imports from other regions. The [Asean](#) region sold a total of 500,000 pickups in 2014, and IHS expects this number to expand to 576,000 by the end of this year. Of this, sales out of Thailand are expected to rise to 450,000 in 2015 compared to 376,000 last year.

➤ **Internal**

December sees tourism revival

Tourist arrivals in Thailand in December 2014 increased 11.76 per cent year on year, however overall numbers for 2014 slumped by 6.66 per cent compared to 2013. In December 2014, arrivals from China were 495,034, an increase of 86.50 per cent; 410,795 from Malaysia (up 30.12 percent); 135,712 from Singapore (up 9.67 per cent), **93,184 from India (up 1.67 per cent)** and 105,574 from the United Kingdom (up 5.02 per cent). Many key markets posted decline in arrivals during the year, including Indonesia, Malaysia, Singapore, Hong Kong, Japan, Taiwan, Russia, Australia, India, Kuwait and Saudi Arabia. According to Tourism Authority of Thailand (TAT), total arrivals of tourists in 2014 was 24.77 million. Asean countries as a whole brought 789,491 visitors, up 12.23 year on year.

Thai rice exports to dominate

Thailand is expected to return to dominate global rice exports, with shipments estimated at 10-11 million tonnes this year. According to Thai Commerce Ministry, Thailand exported 10.8 million tonnes of rice last year, a rise of 63.6% from 2013. Export value rose by 22% to US\$5.37 billion from \$4.42 billion in 2013. The Commerce Ministry forecasts global rice production will fall slightly by 0.3% this year to 475 million tonnes due to lower production anticipated in India, Japan, Pakistan, Egypt, Sri Lanka and Nigeria. The

world's rice consumption, meanwhile, is estimated at 483 million tonnes, about 7.7 million tonnes higher than global output. The global rice trade is expected to hit 41.9 million tonnes this year, up slightly from 41.88 million tonnes last year. Strong import demand is anticipated, particularly for China (4 million tonnes), Nigeria (3.5 million tonnes), Iran and the Philippines (1.7 million tonnes each).

Cabinet approved palm-oil import plan

Thai cabinet approved the Ministry of Agriculture and Cooperatives' request to import 50,000 tonnes of crude palm oil to prevent shortage in January and February 2015. Government spokesman said that local supplies presently stood only at 113,000 tonnes, while the ideal reserve level for local demand total 170,000 tonnes. Past similar circumstances led to a speculative build-up of palm oil and caused sharp increases in the prices of related products. It is also mentioned by that the government Public Warehouse Organisation would be the importer. Therefore, import quantities would be strictly capped at 50,000 tonnes.

Ten steps to boost arrivals

Thai Tourism and Sports Ministry unveiled 10 strategies to help maintain growth in the tourism industry. One of the events set for 2015 is the "Discover Thainess" campaign, which would be unveiled at Italy's Milan Expo 2015 and run from May 1 to October 31, 2015. The ministry is also planning to hold discussions with neighbouring countries such as Myanmar, Cambodia, Laos and Vietnam to help boost tourism. It will ask these countries to help promote Thailand and link their destinations with Thailand. It also plans to boost arrivals from upcoming key markets such as Russia and Japan. The ministry is also targeting the expatriate community as well as cruise, sport, health and medical tourism. From January 1-18, the country welcomed 1.4 million international tourists, which increased by 11 per cent compared to the same period last year

Corruption 'hits 5-year low'

According to a survey released by University of the Thai Chamber of Commerce, corruption was seen as a problem by the fewest number of people in five years during the second half of 2014. UTCC president said that the university's semi-annual corruption index improved from 46 points in June to 49 in December 2014 due to anti-graft efforts by the junta and private sector. The index likely would hit 50 in the future. The university surveyed 2,400 people nationwide with 91% saying corruption was a common problem, that they opposed it and were ready to join anti-corruption efforts.

FDI approved

Thai Commerce Ministry's Business Development Department has given approval for 37 foreign firms with initial investment capital of Bt1.66 billion to set up operations in Thailand in January, 2015 under the Foreign Business Act. However, the number of approvals in January 2015 has fallen by 31 per cent compared to January 2014, while the initial investment capital dropped 43 per cent. Director-general of the department, said that foreign firms had trended to invest more following [Asean](#) integration and the government's investment in infrastructure projects. The government's policy to support Thailand as a regional headquarters for foreign companies should also facilitate more foreign investment

No delay in economic zones

The Prime Minister of Thailand General Prayut Chan-o-cha said that the government will establish the first phase of its special economic zones (SEZs) by the end of this year to strengthen trade and investment links with neighbouring countries. A total of six zones are planned in border provinces with infrastructure investments expected to cost 11 billion baht initially. The biggest challenge, however, is expected to be acquiring the 1.8 million rai of land that planners say will be needed. The first four SEZs will be located in Sadao district in Songkhla bordering Kedah state in Malaysia; Muang district in Mukdahan, opposite the Lao province of Savannakhet; Aranyaprathet district in Sa Kaeo, opposite Banteay Meahchey in Cambodia; Khlong Yai district in Trat bordering Koh Kong province in Cambodia. The other two zones will be located in Mae Sot in Tak province, opposite Myawaddy in Myanmar; and in the northeastern province of Nong Khai.

➤ **External**

Rice, rubber MOUs sought with China and Russia

Thai Commerce Ministry has instructed its agencies to urge the Chinese and Russian governments to sign memoranda of understanding for the purchase of rice and rubber under government-to-government (G2G) contracts with Thailand, as negotiated last year. China agreed last year to purchase 2 million tonnes of rice and 200,000 tonnes of rubber under G2G contracts, while Russia showed high interest in buying 80,000 tonnes of rubber from Thailand. So far, the government has inked a G2G contract for 1 million tonnes of rice with the Chinese government, under which more than 300,000 tonnes has already been delivered. The minister also insisted that any G2Gs with China for the trading of 2 million tonnes of rice and 200,000 tonnes of rubber would not be a barter trade in exchange for trains from China.

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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]