

Daily Thai News Summary: 10 July 2015

1. Taiwanese firms eye Thailand

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

More than half a dozen Taiwanese technology companies have made strong inroads into Thailand's burgeoning e-commerce market, which is emerging as a rising star in Southeast Asia. Up to 10 Taiwanese firms are expected to enter the country's e-commerce race by the year-end, thanks to Thailand's potential economic growth and large population, said Jan Hung-Tze, chairman of the Taiwan Internet and E-Commerce Association (TIEA).

Most of them are seeking to expand their presence in music-streaming services and restaurant-booking mobile apps. For instance, PChome Online Inc, Taiwan's largest online shopping service, and Taiwanese electronics firm Cal-Comp recently formed a 70:30 joint venture, PChome (Thailand) Co, with US\$3 million in registered capital.

2. Renewable sources to hit record

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

The capacity of renewable energy for electricity generation has been rising substantially and is expected to reach a record high of 9,200 megawatts by year-end, according to the Department of Alternative Energy Development and Efficiency. Director-general Thammayos Srichuay said major renewable power sources had a combined capacity of about 7,300 MW and another 2,000 MW would come online soon.

3. Migrant wave tipped to ease labour pains

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

The Thai construction sector is facing a labour shortage that is expected to worsen in the second half when the government is due to accelerate construction of large infrastructure projects, according to the Industry Ministry's Construction Institute.

The institute is seeking government help to tackle the issue by easing regulations on migrant workers. PCL. All rights reserved. Executive director Chakporn Oonjit said the number of laborers working in the Thai construction sector fell to 2.1 million in the first half of the year

from 2.4 million the year before. The drop was largely due to construction workers switching to farm and industrial jobs that pay higher wages for less strenuous work.

4. Prolonged drought “likely to hurt GDP”

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

The worst drought in half a century will drag economic growth down by half a percentage point this year, causing gross domestic product to expand by less than 3 per cent, according to a survey by the University of the Thai Chamber of Commerce. The survey found that the drought had already caused a loss of Bt68.14 billion to the economy.

"From a previous growth projection of 3-3.5 per cent, the Thai economy might expand by less than 3 per cent. The government should find remedy measures to help farmers as soon as possible," said Thanavath Phonvichai, director of the UTCC's Economic and Business Forecasting Centre. He suggested that the government provide a budget of between Bt70 billion and Bt100 billion to compensate farmers. He said the government could also help relieve the impact of the drought by giving Bt1,000 per rai to small-scale farmers with less than 15 rai (2.4 hectares).

The government should also help solve the problem of rising debt among farmers. Thanavath said many farmers did not have enough money to grow their next crop. He said the government needed to help relieve the impact on them to spur economic growth in each province. The survey on 1,200 farmers found that more than 92.2 per cent of them had been hit by the drought. Only 7.8 per cent, mostly in the South, have been unaffected.

5. Thai Airways reacts to global crises

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

Thai Airways International is preparing crisis management to deal with economic and financial problems outside Thailand, said the airline's president, Charnporn Jotikasthira. The national flag carrier is facing global problems such as the continuing economic slowdown in Europe, the debt crisis in Greece, high risk of a financial crisis in China, the ongoing Russian economic problems, and a weaker Thai currency.

"I can say that there are many problems happening outside, but that not all of them have reflected on our business and operations yet," he said. However, the airline is watching the situations carefully and also preparing crisis management including adjustments to flights and routing, overall operations, and business plans if the situations get worse. Asked how the airline

will deal with the current stock-market crisis in China, as it is one of the most important markets for THAI, Charamporn said it could cut flights, as it did recently when South Korea was facing an outbreak of Middle East respiratory syndrome. As for the weakening of the baht against key foreign currencies, the airline is expecting to post a foreign-exchange loss.

Charamporn said THAI's average load factor during the second quarter was 75 per cent, up by about 6 percentage points from same quarter last year. But yield dropped year on year because of low-fare promotions. *"The improved load factor so far is still lower than our projection that aimed at 80 per cent for the first half of this year,"* he said.

6. Meltdown of China's stock could effect Thai exports

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

The 30-per-cent decline in the value Chinese stocks over the past three or four months is considered severe from the standpoint of a small and vulnerable economy like Thailand's, Finance Minister Sommai Phasee said yesterday.

"There are not that many Thais investing in Chinese shares. But this is a sizeable crisis that reflects the possibility of a further slowdown in China, as it would be hard to see [its gross domestic product] expand by more than 6 per cent this year." he said, noting that last year's GDP growth was 7.1 per cent. "I have said many times that a 1-percentage-point slowdown in China would surely effect Thailand via further contraction in exports," he said.

The Chinese market accounts for 12-13 per cent of Thailand's exports. If China is making less money and its people have lower incomes, then they will produce less and their demand for raw materials will go down, which will surely affect the Kingdom's export sector. Since the export future is looking bleak, the role of government spending, which accounts for 23 per cent of GDP, will become more critical for Thailand, he said. The state budget deficit should be pumped up to 4 per cent of GDP by fiscal 2016 to increase the role of fiscal policy in stimulating the economy.

By Harsha Hazarika