

Daily Thai News Summary: 16 July 2015

1. Economy could face further problems from bas SME debts. Seminar told

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

Thailand could face a "small credit crunch" if banks fail to control rising problematic debts in the SME sector and tighten their lending, warned a prominent economist.

Supavud Saicheua, managing director of Phatra Securities, told a seminar held by Bank of Ayudhya yesterday that while earlier fears had been over household and credit-card debts, concerns had lately expanded to small and medium-sized enterprises as they have had trouble selling their products. Hence, he said, if the prolonged drought and lackluster export growth became new negative factors hitting the SME sector, problems could be widened for the banking sector, which could become even stricter in lending to the business sector. This could lead to a "small credit crunch" in the economy, he said.

"Thus we're worrying," said Supavud, who was recently in the running for governor of the Bank of Thailand. He said that while the official non-performing-loan (NPL) figures did not show a big increase, so-called special-mention loans had been increasing remarkably. Special-mention loans are those on which borrowers have not paid interest for one or two months but had not yet reached the three-month definition of NPLs.

"Now banks are trying to help these firms manage their special-mention loans. If in the next three to six months they become NPLs, it will make the banks more cautious on lending or cut it back, and that will hurt the economy," he said.

2. Drop in average monthly income could dent economic growth

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

The average monthly income of people in the non-agricultural sector dropped for the first time since 2011, maintaining pressure on private consumption and on gross domestic product growth in the next few years, a Kasikornbank seminar heard yesterday.

Speaking at KBank on the economy, rates, and foreign exchange to the bank's customers, Pornwalee Pilawun, market and economic research specialist, noted that the average monthly income of people in the non-agricultural sector since 2011 had showed a gradual increase in the range of Bt14,500-Bt14,900. However, after January 2015, the income level had dropped to Bt14,000.

This downtrend in the monthly income of people in the non-agricultural sector is a cause for concern because this would impact consumption and consequently limit the possibilities for GDP expansion, she said.

3. ICT industry to grow by “only 3.8% this year”

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

The ICT (information and communications technology) industry in Thailand is expected to grow by only 3.8 per cent this year, while innovation development will drive the industry in 2016, according to International Data Corporation.

Michael Araneta, country manager for IDC Thailand, said the Thai ICT market was experiencing a relatively tough year. The growth of ICT spending has always been 3-8 percentage points above that of gross domestic product, but this year it would only see a growth rate of 3.8 per cent to Bt677.8 billion. Last year, IDC predicted that Thai information-technology spending would rebound to 10.6-per-cent annualized growth. It now says enterprise ICT will play a larger role in the near future.

Araneta said many factors were having an impact on spending on IT, data services and communications. These included the availability of cheaper smartphones, lower prices of voice packages of telecom operators, delayed government projects, lower exports, politics, and lower GDP growth.

4. Joint venture to build duty free complex in Laos

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

In anticipation of the Asean Economic Community (AEC), Sayam International Co of Thailand and a Laotian businessman yesterday announced a joint venture to develop a dutyfree complex near the Laotian-Thai border at the cost of Bt3.5 billion.

The complex is to be operated by BM Group, a joint venture between Sayam International, which owns 49 per cent, and Phisith Banyadith, president of BMM Group, who owns a 51percent stake in the JV. BMM Group is one of the leading companies in Laos, conducting various businesses, such as duty free retail and real estate development.

5. Ministry to repay debt to SSO this year: Sommai

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

Finance Minister Sommai Phasee says his ministry will pay back the Bt65 billion it owes to the Social Security Office (SSO) before the end of this year as it is part of the government's plan to restructure around Bt720 billion worth of public debt. The Bt720 billion amounted to 12.56 per cent of the total public debt of Bt5.73 trillion (43.3 per cent of the gross domestic product) as of March 30. The SSO said last month that it wanted the Finance Ministry to consider paying back the accumulated loans it had borrowed from the office since 2011 as it wanted to use the capital to fund its increased investments in equity.

SSO has enjoyed a Bt10.033-billion profit from its investments in foreign assets since 2002 and has urged the government to allow it to increase its limits on investment in equity and foreign assets to pave the way for more profit. The office's foreign-investment budget, which accounted for 2.84 per cent of the SSO's total assets of Bt1.252 trillion, has grown from around Bt2 billion to the current Bt28.1 billion in the past four years.

6. EU certifies two Thai coffees

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

After campaigning more than five years, Doi Tung and Doi Chang Coffee recently won the European Union's geographical indication certificate. *"After the EU certifies Doi Tung and Doi Chang coffee, it will add value to the products in the EU and the world market. Thai farmers and traders will enjoy higher income and a good reputation for Thai coffee,"* Commerce Minister Chatchai Sarikulya said yesterday.

The two products are Thailand's second to win recognition after Hom Mali Thung Kula Ronghai jasmine rice two years ago. The EU's decision was published in its official journal on Tuesday and will go into effect on August 3. A geographical indication is a name or sign used on certain products that corresponds to a specific geographical location or origin, such as a town, province, region or country.

The use of GI may act as a certification that the product possesses certain qualities, is made according to traditional methods or enjoys a certain reputation, due to its geographical origin. Doi Chang and Doi Tung are two well-known coffee varieties made from beans cultivated in the hills of Chiang Rai. As Doi Tung is grown at higher hills about 800-1,200 metres above sea level, its beans have a unique flavor and taste. Doi Chang comes only from Doi Wawee, which is located 1,000-1,700 metres above sea level.

By Harsha Hazarika