

## Daily Thai News Summary: 19 June 2015

### 1. ASEAN to assume China's role as low-cost manufacturing

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

ASEAN is poised to become Asia's next low-cost manufacturing powerhouse as wages in China's Pearl River Delta (PRD) factory belt continue to creep up. As China sees waning wage competitiveness, Asean stands to gain, with its lower costs and abundant supply of labour over the next 20 years.

ASEAN's high rate of GDP growth and rising household affluence means companies relocating from the PRD could capture a share of a large and growing consumer market.

As a whole, ASEAN has strong and varied manufacturing capabilities - from low-cost factories in Cambodia, Laos, Myanmar, Vietnam and Indonesia, to mixed manufacturing and electronics in Thailand, Malaysia and the Philippines, and high value-added production in Singapore.

### 2. Attracting regional headquarters

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

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An ROH in Thailand is a type of corporate entity established to provide managerial, administrative and technical support services for affiliated companies operating in the region. The previous ROH schemes had attracted an unfavourable response, drawing in only 150 headquarters since 2002, compared to 1,379 in Hong Kong, over 1,600 in Singapore and even 600 in Malaysia as of the end of 2013.

### **3. Pridiyathorn: Pickup just around the bend**

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

Thailand's economic recovery should gain momentum from September following a one year downward correction resulting from the previous government's distorted stimulus policies, says Deputy Prime Minister Mr Pirdiyathorn Devakula.

He said that the present government had focused on good governance in terms of administrative and economic policies by reducing market distortions and minimising liquidity generated from grey-area businesses. Therefore, the economy slowed down for a year to adjust its base and growth is expected to regain its normal expansion rate subsequently.

### **4. Baht gains slightly after Fed keeps US policy rate steady**

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

The baht strengthened slightly after the US Federal Reserve decided to maintain its policy interest rate. The Thai currency gained by 0.9 per cent yesterday, to 33.59 against the US dollar, after closing at 33.62 on Wednesday.

*"The US dollar depreciated after the Fed's meeting, which has contributed to the slight appreciation of the baht, but the movement is normal and is in line with other currencies in the region,"* said Bank of Thailand spokesman Chirathep Senivongs Na Ayudhya.

Kasikorn Research managing director Charl Kengchon said Thailand would briefly escape the pressure from potential capital outflows. The baht movement would mainly be influenced by US economic indicators, he added.

### **5. Thailand poised to become GMS hub, NZ envoy says**

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

New Zealand Ambassador Reuben Levermore suggested yesterday that Thailand could become a hub of the Greater Mekong Subregion by attracting foreign investors after the implementation of the Asean Economic Community at the end of this year.

With a strategic location in the region, linking to Myanmar, Laos, Cambodia, Vietnam and southern China, this is a huge opportunity for Thailand to be like Singapore in the near future, he told a press conference in Bangkok on the 40th anniversary of New Zealand-Asean ties.

*"However, this opportunity also depends on several factors such as economic growth in each neighbouring country, infrastructure development, investment policy and political stability,"* he said. The NZ-Asean relationship is very promising. At the end of this year, New Zealand Prime Minister John Key will join the ASEAN leaders' summit in Kuala Lumpur to commemorate the 40th anniversary of their relationship.

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By Harsha Hazarika