

Daily Thai News Summary: 1 July 2015

1. BOT keeps close eye on Greece, warns of global money-market volatility

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

The failure to resolve Greece's debt crisis has led investors to seek safe-haven assets, forcing up US and German government bond prices while contributing to the strengthening of the yen, the Bank of Thailand says.

"The global money markets will continue to fluctuate in different periods this week because of the uncertainty over Greece's debt problem, which has affected the euro. The [BOT] will closely monitor the situation, and we are ready to maintain the stability of Thailand's financial system," said Chantavarn Sucharitakul, the Thai central bank's assistant governor for the Financial Markets Operations Group.

Nopporn Thepsithar, Chairman of the Thai National Shippers' Council, said that if Greece defaulted and this affected the euro-zone economy, then and only then would the Greek situation affect Thai exports. *"If the European Union is unable to take care of Greece's debt situation, then it could affect the [EU] economy, and if that happens then it will affect Thai exports. But I do not see this happening, as I believe that the EU should be able to handle it,"* he said.

2. Shifting Thailand into the "Third wave"

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

While Thailand has lost competitiveness in many industries, the government is making good progress in its plan to shift the Kingdom into the "third wave" of its economic development, said Deputy Prime Minister MR Pridiyathorn Devakula.

Citing various physical and digital infrastructure investment projects and new Board of Investment (BOI) incentive regimes, Pridiyathorn - who heads the government's economic team - said he was on a mission to uplift Thailand to become *"a trading nation with competitive modern industries"*.

The deputy PM said that after decades of high export growth, the country had lost competitiveness in a lot of products, as evidenced by the negative export-growth figures in both 2013 and 2014, while it was highly likely further negative growth in overseas shipments would be witnessed again this year.

3. Mitsubishi expanding air-conditioning system production in Chon Buri

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

Mitsubishi Electric Consumer Products (Thailand) Co, a subsidiary of Mitsubishi Electric Corporation, will invest about 10 billion yen (Bt2.8 billion) to expand its manufacturing and logistics capabilities with a new facility in Chon Buri province, aiming to support Mitsubishi Electric's growing air-conditioning-systems business in Asia and other regions.

The facility, which sits on 52,800 square metres of land, will start operating as a distribution warehouse this month. The integrated logistics centre will optimise logistics and reduce costs by consolidating four existing warehouses for final products and several other distribution functions for air-conditioning-system parts.

The two-storey reinforced-concrete building will begin manufacturing air-conditioning systems next year, raising Mitsubishi Electric Consumer Products (Thailand)'s annual production capacity from 5 million units at present to 7 million units by the fiscal year ending in March 2019.

4. Exporters downbeat on prospects

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

Exports could contract by as much as 3.5% this year if their performance in the remaining six months fetches no more than US\$8.7 billion a month on average, say exporters. After the latest export figures released by the Thai National Shippers' Council (TNSC), Chairman Nopporn Thepsithar said shipments could hope for no better than a 2% contraction.

"We're seeing that the worst-case scenario of Thai exports contracting by 3.5% remains possible, as the performance in many major markets — Asean, Japan, South Korea, the EU, Africa, India, the Commonwealth of Independent States — were all in the red in May," he said.

5. Minimum wage rise “would hurt businesses”

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

Most Thai business operators say they are not ready for another minimum wage increase, citing shrinking exports and the sluggish economy.

According to the latest survey by the Thai Chamber of Commerce (TCC), a majority of business operators said they would be hit hard by higher labour costs, leading their operations to see lower profits or possibly losses if the wages were raised to 360 baht a day as proposed by labour groups.

Eventually, the wage rise may lead them to lay off workers and raise product prices.

By Harsha Hazarika