

Daily Thai News Summary: 22 July 2015

1. IPD to strengthen SEZ industries

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

The Industrial Promotion Department will accelerate plans to strengthen five core manufacturing industries in the five southern border provinces. The southernmost region promises good potential for processed rubber, wood and wood products, palm oil, processed food, and textiles and garments, Arthit Wuthikaro, director-general of the department, said yesterday.

Support will come in the form of working-capital loans for rubber factories, programmes for adding value to rubber and rubber products, a programme to develop and prepare target industries for the Asean Economic Community and a project to develop local industrial entrepreneurs. The government also has a policy to establish special economic zones to prepare for integration under the AEC, stimulate the local economy, boost border trade, narrow income gaps and fortify national security. Songkhla's Sadao district was selected to host an SEZ because of its suitability as a regional gateway for the North-South Economic Corridor, supported by roads and rail transport leading to Malaysia and Singapore.

2. Undistributed funds raise govt budget by Bt 10 Bn

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

Around Bt10 billion will be added to the government's central budget from the leftover investment budgets of 136 state agencies and enterprises that have confirmed they will be unable to disburse all of their fiscal 2015 allocation before July 30, said Budget Bureau director Somsak Chotrattanasiri.

The move comes two months before the end of the fiscal year on September 30. The Budget Bureau chief reaffirmed that the government would be able to meet its disbursement target of 96 per cent of the Bt2.575-trillion budget set for fiscal 2015, which would represent the highest disbursement rate for more than 10 years. Some 80.3 per cent of the budget had been disbursed as of Monday, he said.

About 20 per cent, or about Bt450 billion, was set aside for government investment in the current fiscal budget, and the bureau expects that around 87-88 per cent of that amount will be disbursed this year. Moreover, the disbursement targets for the fiscal 2016 budget of Bt2.72 trillion will be realised by the end of August, he added.

3. Rice prices to rise amid lower supply, high demand

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

The price of Thai rice is expected to climb steadily into next year, mainly because of the impact of drought on the world market as well as production in Thailand. However, there are still some factors that could suppress the price including the world economy, the financial problems in some countries, and the oil price, as it affects the purchasing power of some rice-importing nations.

The Thai Rice Exporters Association (TREA) announced yesterday that Thailand should be able to export between 9.5 million and 10 million tonnes of rice this year, as drought has increased demand in many countries, while Thailand has plenty of rice stocks. TREA president Charoen Laothamatas said Thailand should be able to export at least 9.5 million tonnes of rice worth not less than US\$4.77 billion (Bt165 billion).

"The drought will encourage higher rice prices in the world market and domestically amid higher demand amid lower production in Thailand and many countries. In Thailand alone, rice output is expected drop by 15-20 per cent or about 2 million to 3 million tonnes from the drought," he said.

He said the price of rice had bottomed out and should increase in the future after lower production, while higher demand by many importers such as the Philippines and Indonesia.

4. Condo developers wary about second-half outlook

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

Condo developers should be more cautious with their launches in the second half and carefully monitor demand and high household debt given the sluggish economy and unfavorable market sentiment, warn industry leaders.

Prasert Taedullayasatit, president of the Thai Condominium Association, said a recent stock market slump might hit demand for high-priced condos as the purchasing power of most buyers is linked to the bourse. *"If the SET falls to 1,400, some condo buyers may be reluctant to buy,"* he said yesterday at a seminar on development strategy in 2015.

5. FTI slashes car sales to 850,000 units

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

Poor economic prospects have prompted the Federation of Thai Industries (FTI) to officially cut its domestic car sales projection to 850,000 units this year, marking a contraction for three years in a row.

Surapong Paisitpatanapong, spokesman for the FTI's automotive industry club, said Thailand could see sales of only 740,000 units this year in the worst-case scenario. However, he is hopeful that the expected Earlier, the FTI projected domestic sales would amount to 950,000 units this year.

Car sales dropped by 16.3% to 369,004 units in the first half of this year, with sales in June falling by 18.4% on the same month last year to 60,217 units.

By Harsha Hazarika