

Daily Thai News Summary-22 June 2015

1. Thailand's regional role challenged

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

The Hongkong and Shanghai Banking Corporation (HSBC) said the Japanese firms' "Thai+1" strategy is here to stay as Thailand remains Japan's number one foreign direct investment (FDI) destination in Asean - but the growing attraction of regional competitors, especially Indonesia, means that the Kingdom's role is currently being challenged.

Japanese annual outward FDI flow to the world was US\$120 billion last year and \$5.2 billion has found its way to Thailand in the same period. Around \$4.2 billion went to Indonesia while Vietnam, Philippines and Malaysia have all received less than \$2 billion in 2014.

"Thailand still serves as a manufacturing hub for Japanese firms but, because cost is going up, they are increasingly looking into using labour from Cambodia, Laos, Vietnam and Myanmar (CLMV) and they are being integrated into the Thai-Japanese supply chain in Thailand," said Izumi Davalier, HSBC's Japan and Asia-Pacific economist.

2. Surge in Japanese firms registration

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

More than 4,500 registered Japanese companies have confirmed their business activities in Thailand, nearly 700 more than six years ago, a new survey has found.

The increase is mainly due to the trend of Japanese small and medium-sized enterprises investing in the Kingdom's service sector, said the Japan External Trade Organization. Jetro said that the increased Japanese SME investment complemented and supported the increasing investments of well-established Japanese companies here.

The organization's survey approached the 8,890 Japanese companies that had registered in the enterprise database managed by the Commerce Ministry as of last November. It shows that 4,567 Japanese companies confirmed their activity here, 683 more than the 3,884 surveyed in 2009.

3. Merchandise exports to further worsen this year: BOT

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

Thailand's merchandise exports will be in the negative zone and the contraction is going to be worse than last year as the economies of major trading partners have yet to recover, says the Bank of Thailand, a prediction confirmed by the Thai National Shippers Council (TNSC).

If it contracted this year, the export sector will be in the negative zone for three years in a row, according to the central bank. The central bank expects the export of merchandise to contract by 1.5 per cent, which is more than the contraction of 0.3 per cent last year. This and the slow recovery of private spending are the main reasons the BOT lowered its growth projection for gross domestic product this year from 3.8 to 3.0 per cent.

The BOT's growth projection is in line with the National Economic Social Development Board's projection of 3.0-3.5 per cent, and the NESDB expects the export sector to expand by only 0.2 per cent.

4. Private sector joins govt to provide cheap, essential goods

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

To help lower the cost of living and stimulate spending among low-income earners, 15 private companies and organizations have jointly established a "Sustainable Thai 2015" company to offer cheap essential goods and foods to consumers.

The company is an initiative of the Thai Wholesale and Retail Association and other agencies with the support of the Commerce Ministry. Somchai Pornrattanacharoen, president to the association and co-founder of Sustainable Thai 2015, said private enterprises had agreed to help strengthen local manufacturers and retailers producing and trading low-cost products as they want to help lower the cost of living.

Unlike large manufacturers and retailers, the company will offer cheap goods by cutting unnecessary costs such as logistics, packaging, advertising and marketing, so that consumers pay only for the product, he explained.

5. Civil aviation restructure, draft law head to cabinet

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

The proposed restructuring of the Department of Civil Aviation (DCA) is expected to go before the cabinet for review tomorrow, said a senior transport official. Deputy permanent secretary Woradech Harnprasert said the restructuring plan was drafted in line with advice given by the International Civil Aviation Organization (ICAO) to address safety concerns.

Under the plan, the DCA, which regulates aviation businesses and grants Air Operator Certificates (AOC), will be divided into four units: two of them will be responsible for airline and airport operations while the other two will deal with air accidents and search and rescue operations.

As for aviation safety, one agency will be in charge of accident probes and the other responsible for performing search and rescue operations. Both will come under the Transport Ministry.

6. Computer market set for revival

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

Thailand's computer sales should start to pick up in the second half after two years of contraction, helped by government economic stimulus and improved consumer spending.

Gaming notebooks, two-in-one laptops and mini-computers will be key growth drivers for the overall market, said Pornchai Jantarasupasang, director of Arip Plc, organizer of Commart NextGen 2015.

By Harsha Hazarika