**Daily Thai News Summary: 22 June 2016**

**1. Rise seen in GDP growth**

Source: **The Nation** ([Link](http://www.nationmultimedia.com/business/Rise-seen-in-GDP-growth-30288772.html))

## Given rising commodity prices and the government’s investment measures, the Thai Chamber of Commerce foresees stronger economic growth in the second half of the year, resulting in full-year expansion of between 3.2 and 3.5 per cent in gross domestic product. Chairman Isara Vongkusolkit said yesterday that the Thai economy would experience stronger growth during the remainder of the year, thanks to a recovery in crop prices leading to higher domestic spending, an unchanged policy interest rate, strong growth in the tourism sector and a better outlook for exports. During the second half, the chamber expects GDP to grow by 3.3 per cent thanks to improved consumption, alongside increased investment by both the government and private sectors. It also predicts year-on-year export expansion of about 2.6 per cent during the period, he said. As a result, exports for the whole year should be in positive territory, with growth of around 0.8 per cent.

## Inflation during the second half should also rise, to 0.9 per cent, as people spend more, the chamber forecasts. Inflation should therefore come in at 0.4 per cent for the whole year, Isara added. Meanwhile, the Thai Industries Sentiment Index last month rose to 86.4 points from 85 in April, thanks to reduced concern over the drought, coupled with an increase in orders of education-related products in May, when the new school semester opened, Federation of Thailand Industries Chairman Chen Namchaisiri said yesterday. Moreover, businesses saw that the state's industrial-sector promotion policy was bearing fruit, although they expressed concern over rising energy prices and the pace of global economic recovery, he said. Isara said the Thai economy was also reliant on the global economy recovering, and there were currently more positive signs in international markets, pointing to stronger Thai export shipments. Government and private investments at home should also help drive the Kingdom's growth, he added. With higher oil prices in the world market, crop prices have also increased, which will increase farmers' incomes and encourage more spending in many sectors.

**2. Coordination entity planned for Thai-Japan HP development**

Source: **The Nation** ([Link](http://www.nationmultimedia.com/business/Coordination-entity-planned-for-Thai-Japan-HR-deve-30288677.html))

## Thailand and Japan plan to appoint an intermediary entity to coordinate with all involved parties to implement the Thai-Japan Human Resource Development Initiative. Science and Technology Minister Pichet Durongkaveroj said yesterday that the entity was expected to be appointed some time this year. The entity must be a state agency capable of coordinating with all relevant parties, he said. However, which agency that will be has yet to be finalised, pending the final conclusion between Thailand and Japan on the matter. Pichet made the remark at the second Roundtable Conference on Human Resource Development yesterday jointly hosted by the Embassy of Japan and Japan International Cooperation Agency (Jica) in collaboration with Nation Multimedia Group. The initiative, which is still in the draft stage, focuses on producing highly skilled workers, especially practical engineers, to fit with the demand of Japanese companies in Thailand.

## 3. CPN’s residential arm synergizes with its shopping mall business

## Source: The Nation ([Link](http://www.nationmultimedia.com/business/CPNs-residential-arm-synergises-with-its-shopping--30288685.html))

## CPN Residence, a housing developer under listed company Central Pattana, aims for annual growth of at least 10 per cent, and is planning to launch five or six residential projects next year. "*CPN is aiming to use land [owned by the company] to add value to our core retail business,"* said Preecha Ekkunagul, president and chief executive officer of Central Pattana. *"CPN Residence has been assigned to be in charge of residential development adjacent to our key shopping centres. This allows the company to enhance the business, creating a strong customer base to fulfil the lifestyles and needs of the new generation of customers as well as helping to create opportunities to bring out further potential from Central Group's diversified business lines."*  Early this year CPN Residence launched its first three Escent condominium projects in [Chiang Mai](http://www.nationmultimedia.com/search/?keyword=Chiang+Mai), Rayong and Khon Kaen. The project in [Chiang Mai](http://www.nationmultimedia.com/search/?keyword=Chiang+Mai) is fully booked, while more than 80 per cent of the other two properties have been reserved. Construction of the three projects began in May and is due to be completed in the first quarter of 2018. They are expected to generate total revenue of Bt2.735 billion for CPN.

## The 400-unit project in [Chiang Mai](http://www.nationmultimedia.com/search/?keyword=Chiang+Mai) is targeted to generate Bt925 million, the 419-unit condominium in Rayong will contribute Bt910 million and the 408-key high-rise project in Khon Kaen will create Bt900 million. Kree Dejchai, executive vice president for special project development, CPN Residence would look for opportunities to develop both low- and high-rise projects near CPN's properties. *"We target customers with purchasing power from the middle to the high category,"* he said. The three projects are located near CentralFestival Chiangmai, CentralPlaza Rayong and Central Plaza Khon Kaen. Kree said that before launching those projects, his team conducted feasibility studies for almost two years to make sure they understood customer behaviour in the three locations, and carried out detailed market surveys. He said residential projects were lucrative as they can generate gross profit of 30-35 per cent and net profit of 10-15 per cent.

## 4. Pacifica Group to increase stores from 80 to 140 over 3 years

## Source: The Nation ([Link](http://www.nationmultimedia.com/business/Pacifica-Group-to-increase-stores-from-80-to-140-o-30288674.html))

## Pacifica Group, importer and distributor of fashion brands including Coach, Max Mara, Camper, Keds and American Eagle Outfitters, yesterday announced its business plan to increase the number of free-standing shops for its 14 brands from 80 currently to 140 over three years. The store expansion will cost about Bt400 million, of which 60-70 per cent will be allocated to mass-market fashion brands, and the rest to luxury products, said Opras Lavichant, chief executive of Pacifica Group, which has been in the business for almost 14 years. *"We earlier this year reshuffled our operations within the group with the buy-out of all minority shares in our subsidiary Pacifica Element Co Ltd, which is in charge of the import and distribution of premium fashion products. The move will allow me and my family 100-per cent control over all subsidiaries and will be able to consolidate their operations, back-office work, and marketing to go in the same direction,"* he said. He added that the reshuffle would also help the company cope with the fluctuating economic situation and the growth of the lifestyle fashion sector, which is very competitive, while offering customers more alternatives.

## In addition to Pacifica Element, the group's subsidiaries include Pacifica Max, Pacifica Lifestyle, and G.O Retail. *"We will focus on store expansion and our imported mass fashion brands because of their tremendous opportunity for growth in the domestic market, both in Bangkok and many first and secondary provinces throughout the country,"* he said.  The group is also looking for opportunities to expand outside Thailand, he said. Opras said that under the three-year business plan, the group wanted to increase its sales by 25-30 per cent every year. Pacifica Group expects its overall revenue to increase from Bt1 billion last year to Bt1.4 billion this year. *"We expect to double the business for our mass-market fashion brands both in sales and the number of physical stores within the next three years. However, the sales of our luxury and premium products will increase by between 15 and 20 per cent every year."* He said that to increase its penetration of the mass-market segment, the company was planning to expand its American Eagle Outfitters branches from five stores currently to between 15 and 20 over the next three years.

## 5. Union Pay embraces chip-based cards

## Source: The Nation ([Link](http://www.nationmultimedia.com/business/UnionPay-embraces-chip-based-cards-30288749.html))

## Thailand’s migration from magnetic-stripe cards to chip-embedded cards is opening a window for UnionPay International to play a critical role in card issuance besides merchant acquisition. *"Thailand has opened up a good opportunity for us. We see the next couple years as exciting for UPI,"* Wenhui Yang, general manager of UPI Southeast Asia, told a press briefing yesterday. *"We have doubled the budget for marketing and branding for this year compared [with] five years ago to keep up our double-digit growth in Thailand and the region."* UPI entered Thailand in 2005 and started issuing cards here in 2009 by launching a credit card with Bangkok Bank. To comply with the rules under the government's national e-payment programme, all new debit cards in Thailand will have microchips instead of magnetic stripes. UPI is not a stranger to the Thai market, Yang said. It has been growing in this region and in Thailand. In Thailand, UPI has been active in the market building infrastructure. TPN (Thai Payment Network) is the example. UPI holds 50 per cent of TPN and Bangkok Bank the rest.

## TPN is the first local-card network for processing electronic payments, in support of the Bank of Thailand's policy that all payments by domestically issued debit cards must be processed locally. Last month, UPI and Bangkok Bank issued the first TPN chip debit card. Commercial banks are planning to issue their own TPN debit cards since the fee for merchants accepting TPN cards is less than 1 per cent, compared with the 1.5 per cent normally charged by international card networks. *"We are moving not only from the acquiring business but moving more towards issuing cards locally,"* Yang said. UPI has strategic local card-issuing partners including the latest two - Kiatnakin Bank and Land and Houses Bank. During the past decade, UPI has focused on the merchant acquisition business - persuading merchants to accept UPI cards from local and outbound customers, the latter mostly Chinese tourists. As of last month, UnionPay cards enjoyed almost 90-per-cent merchant coverage in Thailand. UnionPay's policy is not to disclose the number of its cards in Thailand, but there are more debit cards than credit cards.

## By Harsha Hazarika