

Daily Thai News Summary: 29 July 2015

1. Taiwan, Thailand join WTO agreement on tach tariffs

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

The World Trade Organisation says Taiwan and Thailand have now become parties to an agreement made last week to abolish duties on 201 information technology products. The Geneva-based trade body said the two Asian nations confirmed their acceptance of the WTO's first tariff-eliminating deal in 18 years.

Taiwan, a major electronics producer, and Thailand were among a handful of the 54 countries involved in negotiations that sought more time to consider the agreement when it was clinched on Friday last week.

2. Japan firms in Thailand see 2nd half uptick

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

Japanese firms operating in Thailand expect the local economy to improve in the second half of 2015 on the back of government expenditures and increasing automobile exports, the Japanese Chamber of Commerce Bangkok said.

According to a survey conducted by the JCCB, Japanese corporations in Thailand are most desirous of continuing political stability and security (67%) followed by the promotion of economic measures (66%) and an improvement in customs-related systems and implementations, JCCB official Masayasu Hosumi said at a press conference Tuesday.

In 2014, the government designated five special economic zones along the borders with Cambodia, Laos, Malaysia and Myanmar as part of a national strategy to stimulate economic growth, attract foreign investment, foster development of border areas and support Asean integration.

3. Yingluck auto rebate faces official axe

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

Excise Department chief Somchai Poonsawat will seek cabinet approval to officially terminate the Yingluck Shinawatra government's tax rebate for first-time car buyers, saying the scheme created artificial demand.

Mr Somchai said the shutdown of the tax-credit plan launched in 2012 would help save government funds and reduce bureaucratic workload. A total 100,000 vehicles were booked under the programme, but their prospective buyers never took delivery. Their rights will expire if they do not collect the booked cars by Sept 30.

He believes no one will pick up the remaining booked vehicles as new models have since been released and buyers have either changed their minds or purchased other cars.

4. Tourism strong enough to expand economy by 3%

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

The economy will be able to expand by more than 3 per cent in 2015 as tourism is still going strong, the Council of Economic Ministers has maintained.

Exports are predicted to pick up in the fourth quarter with the weaker baht while the process of private investment is still ongoing, they said, but most of the construction and real investment is expected to begin next year. Mr Pridiyathorn Devakula, deputy prime minister in charge of the economy, said exports had contracted by 4.84 per cent in the first six months due to the drop in global oil prices, which affected commodities and agriculture prices. But other countries are facing a similar situation and Thailand is lucky to have a flourishing tourism sector to help support the economy during the slowdown of global demand.

"Almost every economy will have one or two commodities or agriculture products as part of their trade arsenal so the severe drop in global oil prices by around 50 per cent has affected the export situation of the entire world and it would take until August or September until a new base price can be found," he said after the Cabinet meeting.

5. Broader incentives, improved transport links could attract Japanese firms

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

Expansion of activities eligible for Board of Investment (BoI) incentives, improvement of transportation infrastructure between the special economic zones (SEZs) and Bangkok, securing of sufficient labour and a further reduction in corporate tax are needed to further attract Japanese firms to the SEZs, according to the Japanese Chamber of Commerce in Bangkok.

Meanwhile, business sentiment among Japanese corporations in Thailand deteriorated in the first half of the year, but increased "substantially" in respect of the second half due to expectations of a recovery in consumption based on economic stimulus measures. The latest in the chamber's semi-annual surveys, conducted between May 25 and June 15 among 415 Japanese companies, found that only 18 per cent (70 firms) of those that answered the questionnaire are interested in doing business in the six SEZs scheduled to be established by the government in the coming years, while 29 per cent said they "do not have adequate details" about the sites, and 56 per cent said they are "not interested".

"There are already more than 4,500 Japanese companies operating in Thailand, so interest in investment in newly set up special economic zones might still be low at the moment. It could be because of the large number of companies already here," said Masayasu Hosumi, chairman of the economic research committee at the Japanese Chamber of Commerce in Bangkok.

By Harsha Hazarika