

Daily Thai News Summary: 4 February 2016

1. BOT keeps rate unchanged

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

The Bank of Thailand decided to keep the policy rate unchanged, in light of greater external risks and greater volatility in the financial markets that may spur need for further rate cuts later of the year. The policy rate is kept at 1.50 per cent per annum. After the Monetary Policy Committee meeting yesterday, its secretary Jaturong Jantarangs said that the MPC members assessed that judging from the fourth-quarter performance, the Thai economy was expanding as anticipated, supported mainly by domestic demand. They also viewed that external risks increased from major trading partners' economies, shifting global trade structure, and low commodity prices. In addition, monetary policy divergence among advanced economies continues to influence capital flows and exchange rate movements. *"In deliberating monetary policy, the committee judged that monetary policy remained accommodative, and the policy space should be preserved, while being mindful of risks to financial stability. Therefore, the policy rate should be kept on hold at this meeting,"* Jaturong said. He stressed that the committee stands ready to utilise an appropriate mix of available policy tools in order to support the economic recovery, while ensuring financial stability.

2. DASTA proposed two areas for tourism growth

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

The Designated Areas for Sustainable Tourism Administration (DASTA) hopes to develop two areas for new community-based tourism this year, its director-general Nalikatibhag Sangsanit said yesterday. *"DASTA will soon seek Cabinet approval for the two areas: Chiang Saen in Chiang Rai province, and Cha-am and Hua Hin in Phetchaburi and Prachuap Khiri Khan provinces [respectively],"* he said. The organisation is convinced Chiang Saen could become a new hub for community-based tourism in the North, with the added benefit of its proximity across the Mekong River to southern China. Meanwhile, the development of Hua Hin and Cha-am would help boost tourism on the Gulf coast of Thailand and raise the overall quality of the two areas as tourism destinations, Nalikatibhag said. Since its establishment 12 years ago as a public organisation, DASTA has developed six places as community-based tourism destinations - Koh Chang, Pattaya, Sukhothai, Loei, Nan and Suphan Buri. The director-general added that DASTA planned to develop more areas, including Pai in Mae Hong Son province, Ayutthaya, Koh Samui in Surat Thani province, and Songkhla Lake.

Last year, DASTA pushed sustainable development via a number of means around the Kingdom, including building 13 model communities, launching tourism guidelines and plans for five clusters, and developing a hotel and tourism database. The body also promoted cross-border tourism, particularly with Laos. DASTA had at one time been forced to shut down operations and temporarily transfer itself to the Tourism and Sports Ministry, because of a lack of clarity over its role and duplication of work with other tourism authorities, but Nalikatibhag said the organisation now remained important as "a key conductor of sustainable and community-based development".

3. Exporters to gain from new ASEAN-China FTA

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

More than 3,000 products being exported from Thailand to China will have better market access after the upgrading of the Asean-China Free-Trade Agreement to facilitate more trade, service, and investment growth, according to Commerce Minister Apiradi Tantraporn. The comment came after the National Legislative Assembly recently ratified the ACFTA amendments, after the leaders of Asean and China proposed to upgrade and modernise the pact late last year. The latest version of the ACFTA will come into effect on May 1. Apiradi said the adjustment of the pact focused on the rule of origins, which after implementation will enable more than 3,000 Thai goods to have better access to the Chinese market. *"Trade and investment should grow after the recent agreement by both sides to eliminate technical trade barriers and relax some customs procedures for increasing flexibility in promoting more trade growth,"* she said. Some of the Thai products that will benefit from the upgrading of the ACFTA are chemical products, leather goods, wood and wood products, weaving fabric, garments, steel and iron.

In the service sector, Asean and China have also adjusted the agreement to promote more service-industry growth between both sides. Service businesses that China will now allow include travel agencies and tour operators, and financial service business including securities, construction engineering services and integrated engineering services. In the investment sector, Asean and China have also agreed to facilitate more investment growth by setting up a One-Stop Investment Centre to facilitate investors on both sides.

4. Japanese investors encourage Thailand to join Trans-Pacific Partnership

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

Japanese investors have urged Thailand to join the Trans-Pacific Partnership (TPP) to attract Japanese investment flows, which they say are needed for the Kingdom's infrastructure projects. Thailand's Joint Standing Committee on Commerce, Industry and Banking and the Japan Chamber of Commerce and Industry (JCCI) yesterday held a Thailand-Japan Economic Forum. The JSCCIB invited a group of 60 Japanese investors to join the event. Akio Mimura, chairman of the JCCI, said the TPP would open up opportunities for Japanese investors, and Thailand was regarded as a destination for Japanese investment, but this country has not joined the TPP yet. The JCCI says it will help Thailand deal with some of the barriers it faces in joining the US-led trade pact.

The Japanese chamber believes Thailand will become a member of the TPP soon and this will lure Japanese investors. The JCCI will encourage Japanese companies, especially small and medium-sized enterprises to invest in Thailand. Boontuck Wungcharorn, chairman of the Thai Bankers' Association, said the JSCCIB would discuss the TPP at a meeting next week before submitting its conclusions to the government for consideration. Infrastructure projects in three main areas are mostly responsible for this economic stimulus: railways, energy and telecommunications. Japanese investors are able to join in these projects because they have the necessary expertise, Piti said. Teruo Asada, chairman of the board of Marubeni Corporation, said his company was interested in investing in Thailand's infrastructure, as in the past it had been involved in many projects here, especially power plants and deep-water ports.

5. BTSC targets cargo train operation

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

Bangkok Mass Transit System (BTSC) is pressing ahead with a plan to operate cargo trains, beginning with operations on a rail line in the Northeast, to cash in on rising intra-Asean trading. In the meantime, the BTS Skytrain operator is preparing to run more metro lines by ordering more than 170 train carriages this year at an overall cost of more than Bt10 billion. *"We are interested in operating cargo trains for the 740-kilometre Nong Khai-Laem Chabang route,"* Surapong Laoha-Unya, chief executive officer of the listed company, said in an exclusive interview with the Nation Group recently. BTSC - a mass-transit business within the BTS Group - sees this route as offering high income potential and worthy of investment under the company's expansion programme.

The Nong Khai-Laem Chabang route, which is currently a single-track railway with a metre-wide gauge, is being improved and upgraded to a double-track railway. Some parts of the route now feature the double track, but only for a short distance. *"The logistics and*

transportation sector, especially for goods and products, in our country will be disruptive - resulting in lower shipping costs - if the rail system has a bigger stake of the total length of the transport network than just 2 per cent currently," the CEO said.

By Harsha Hazarika