

Daily Thai News Summary: 5 January 2016

1. Thai hospitals at forefront of industry in ASEAN

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

Major THAI hospitals are expanding their presence throughout Southeast Asia. The region was first considered as a hub for medical tourism about a decade ago. Thailand, Singapore and Malaysia are now major players in the industry. Leading hospitals in the three countries are offering quality services at lower charges than developed countries. The medical industry in Malaysia has grown steadily since 2010. Malaysia set up a special organisation in 2009 to promote and develop the medical industry. Thailand, however, is gaining a much bigger market share, with more than 2 million medical tourists since 2012. Singapore is also enjoying the growth of this niche segment.

Healthcare demand in Southeast Asia is increasing gradually in parallel with the population. *"In terms of the quality of doctors and medical development, Thailand is ranked just behind Japan. Our prolonged and biggest problem is the lack of new research and development,"* said Pongpat Patanavanich, president of the Private Hospital Association. The government should draft a master plan and a clear policy to drive the industry forward and help hospitals expand into the region, which will become a huge single market under the Asean Economic Community, he said.

2. AEC, new SEZs to pull in more FDI this year

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

Thailand's economic growth, move towards Asean integration, trade with many economic blocs and policies to facilitate investment, particularly in special economic zones (SEZs), have given foreign companies confidence to continue expanding in the country. However, they would like investment promotion policies to be more clear-cut, especially for service businesses, which have been protected too long under the Foreign Business Act (FBA). Last year, Thailand was undergoing economic-policy reforms to prepare it for the next phase of growth. As 2016 is the year of investment, the government has cooked up many incentives and privileges.

The industrial structure will also be shifted from labour-intensive, low-wage production to higher-value-added manufacturing with a focus on 10 "future" industries. Those industries are next-generation cars, smart electronics, niche tourism, agriculture and biotechnology, food,

robotics, biofuels, biochemicals, digital and medical services. The niche tourism markets are affluent, medical and wellness, while robotics will be aimed at industry, logistics and aviation. For example, the government will promote new investment that will lead to the production of automobiles of the future that use higher technology and are more environmentally friendly, while the electronics industry will focus on smart gadgets and devices.

For the agriculture sector, the focus is on higher-technology processing and greater use of biotechnology, while the tourism industry will be upgraded in terms of quality of services. Deputy Prime Minister Somkid Jatusripitak said recently that these industries were expected to be the country's new economic engines, as existing industries face increased competition from other countries that pay lower wages. An SEZ will be created for each of the super clusters of industries targeted by the government, while research and development centres will be promoted to attract multinational investors.

3. Inflation in 2015 lowest in six years

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

Inflation last year hit the lowest rate in six years at negative 0.9 per cent, due mainly to dropping oil prices, while the Commerce Ministry expects this year's inflation to inch back into positive territory, at 1-2 per cent, on stronger economic growth and baht depreciation. But global oil prices could affect that forecast, the ministry acknowledged. The ministry yesterday reported that the Consumer Price Index last year dropped by 0.9 per cent, compared with 2014's 1.89-per cent expansion. The CPI in December decreased by 0.85 per cent year on year, and by 0.39 per cent compared with November, mainly on falling fuel prices and some food-price reductions. *"The CPI declined significantly in 2015 due to dropping oil prices. However, inflation is expected to increase this year on stronger economic growth, while the baht will continue to depreciate. Oil prices could still be a key factor influencing the inflation rate this year,"* said Somkiat Triratpan, inspector-general of the ministry and director of the Trade Policy and Strategy Office.

Higher inflation would reflect rising consumer purchasing power, more trade and rising prices of some consumer goods, he added. Somkiat thinks inflation could return to positive growth in the first quarter of the year. Full-year inflation in 2015 was the lowest since 2009, when the government launched measures to reduce the cost of living, while the global oil price shrank to an average of US\$61.70 per barrel, from \$94 in 2008. The average oil price last year was \$51 per barrel, compared with \$96.80 in 2014. At one point last month, the price declined to \$34.27 per barrel. The ministry's inflation forecast of 1-2 per cent for 2016 assumes the Dubai oil price at \$48-\$54 per barrel for the whole year. It also expects gross domestic product to grow by 3-4 per cent this year, while the baht will devalue to an average of 36-38 against the US dollar.

4. Low income housing projects to go ahead early this year, Prawit says

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

Deputy Prime Minister General Prawit Wongsuwan has reaffirmed that the “Pracharat Housing” projects for low-income earners will commence as planned early this year. *“There is already the Ministry of Social Development and Human Security's budget of around Bt1.4 billion, which will be used to fund the initial projects. But we are still deciding on which locations to develop them,”* he said yesterday. *“The project will definitely be launched within the next two or three months, or no later than May.”* The Finance Ministry has discussed the measure with private operators since October regarding the building of houses costing no more than Bt600,000 for people with wages and/or other income totalling less than Bt15,000 per month.

The government will select land near communities and public transport routes for the housing projects, and these houses will have leases of 99 years. Prawit said the possible locations for the initial project were near Klong Lat Phrao, in Din Daeng district, and by Klong Prem Pracha, which will be partly developed by the National Housing Authority, while the involvement of the private sector will be in accordance with its their willingness and capability. Representatives from the Thai Condominium Association, the Thai Real Estate Association and the Housing Business Association told the meeting their members were willing to be involved in the building of the houses. Some developers may even provide land for the projects. But so far no tangible progress has been made by either the public or the private side. The Finance Ministry has been working on providing some tax incentives for private operators willing to join the project, while the scheme is expected to be oriented towards non-profit and corporate-social-responsibility programmes. No further details have been given regarding the incentives or the setting up of a social enterprise fund to help fund the project.

5. Incentives to lure SMEs into tax system

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

The Revenue Department hopes for around 100,000 small and medium-sized enterprises, or one-third of businesses with annual revenue of no more than Bt30 million, to register within the tax system if its measures to encourage them to begin to pay tax properly are a success. Two emergency decrees were declared yesterday with immediate effect whereby SMEs that have proper business accounts and decide to enter the tax system between January 15 and March 15 will not be investigated for back taxes. Around 98 per cent of Thailand's businesses are SMEs, which are defined as companies that make no more than Bt500 million in revenue per year. *“This is not a tax amnesty ... but it is more of a measure to allow the public and private sectors to move forward together,”* said Prasong Poontaneat, director-general of the Revenue Department.

Under the decrees, SMEs with less than Bt5 million registered capital and revenue of no more than Bt30 million per year that enter the tax system within the given time frame will also receive an exemption from paying corporate income tax for net profits gained in the 2016 accounting year. They will be exempted from paying corporate income tax on the first Bt300,000 net profits received in 2017 and will only pay 10 per cent on profits that exceed Bt300,000. Prasong said the department expected around 30 per cent of the 430,000 SMEs in this category to register within the given time. It is estimated that a 10-per-cent increase in the number of tax-paying enterprises would result in an extra Bt5 billion in tax revenue per year.

By Harsha Hazarika