

Daily Thai News Summary: 8 January 2016

1. Ministry to pick franchises for inroads into Myanmar, RP

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

The Commerce Ministry is selecting 25 Thai franchises with strong potential to tap opportunities in Myanmar in April and the Philippines in July, to be followed by at least 100 local franchises seeking to penetrate Asean markets.

Ratana Theanvisitskool, deputy director-general of the Business Development Department, said yesterday that the department would help prepare the local franchises for international business by briefing them on laws and regulations, accompanying them to trade fairs and exhibitions, helping them source suppliers and clients and facilitating the matching of business partners and ventures. The department will soon receive an extra budget from the Office of Small and Medium Enterprises Promotion to help support about 100 local franchises to expand in Asean markets. Already 22 franchises are operating in Asean and 38 countries, including China, Japan, Hong Kong, United Arab Emirates, Oman, Qatar, Jordan, Saudi Arabia, Bahrain, Egypt, Tunisia, Turkey, Pakistan, Bangladesh, Nepal, India, Austria, Switzerland, Maldives, United Kingdom and the US. The Thai franchises overseas are in the foods and beverages (11), services (1), education (3), spa and beauty (2) and retailing (5) businesses.

2. Year end tax incentive helps boost Bt11- Bn spending: UTCC

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

The government's tax incentive for year-end shopping could have helped stimulate spending during the New Year festive season by another Bt10.99 billion, adding up to a combined spending of Bt139.97 billion, compared to the earlier projection of Bt125 billion, according to the University of the Thai Chamber of Commerce (UTCC) business research.

This tax deduction measure could have spurred year-end spending to Bt17.58 billion, driving up the Kingdom's economic growth by 0.1 percentage point, which will help ensure that gross domestic product last year grew by nearly 3 per cent, said Thanavath Phonvichai, director to the UTCC's Economic and Business Forecasting Centre. He said the stimulus provided by this measure more than made up for the lost tax revenue, estimated at about Bt3.18 billion. Of 9.7 million Thais who earn enough to pay income tax, 1.39 million would have spent more due to the tax incentive, which would have helped drive domestic economic growth. Thanavath said that given the success of the year-end tax incentive, the government could consider similar

measures to spur the economy this year, since many risk factors could still hamper the country's growth.

For this year, the UTCC projects GDP to grow by 3.5-4 per cent, mainly driven by government and private investment projects. However, there are many risks including international conflicts and terrorism, China's slowing growth, drought, and further slide in the prices of oil and crops. Drought is predicted to cause about Bt30 billion in losses for the farming sector this year. The government should launch measures to boost farmers' incomes as soon as possible, he suggested.

3. FPO plans short term measures to aid drought stricken farmers

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

The Fiscal Policy Office (FPO) will provide short-term assistance to farmers during the first half of this year due to concerns that drought could affect farm income and consumption, while state-run banks will serve as mechanisms for debt moratoriums and new financing for production improvements. FPO director-general Krisda Chinavicharana said state-run banks would become tools to drive the economy, handling drought-mitigation measures in particular. Somkid Jatusripitak, deputy prime minister in charge of economic affairs, has asked the Finance Ministry to manage the implementation.

Somkid is to meet today with executives of the Government Savings Bank (GSB) and the Bank for Agriculture and Agricultural Cooperatives (BAAC) at the GSB's head office. The meeting is aimed at assigning policy for both banks to assist the agricultural sector and low-income earners to cope with droughts and to promote agriculture that uses less water. The GSB and the BAAC are in the process of determining additional relief measures, possibly including debt moratoriums for both principal and interest and special loans for production improvements. Krisda said the drought relief of Bt1,113 per rai (Bt6,956 per hectare) initially offered by the government might not be sufficient. Farmers are also being encouraged to get crop insurance, and the BAAC is in discussions on possibly subsidising part of their insurance premiums. At present, 1.5 million rai (240,000 hectares) of crops are insured, of more than 30 million rai in total cultivation.

4. Developers see bright year ahead, plan Bt 250 Bn worth of launches

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

Listed and non-listed property firms plan to launch residential projects worth more than Bt250 billion combined this year, after forecasts of nationwide market growth of between 5 per

cent and 10 per cent over last year's value. *"The property market will grow by 5-10 per cent nationwide this year, especially in greater Bangkok, thanks to the government's investment in infrastructure projects,"* the president and chief executive officer of Pruksa Real Estate, Thongma Vijitpongpan, said during an interview with The Nation.

The government starting to invest in its planned infrastructure projects will open up new land, in turn enabling companies to develop residential projects. This will challenge developers to invest in new locations following the new mass-transit routes from Bangkok to the suburbs and nearby provinces, he said. In line with the market trend, Pruksa will launch more residential projects this year than it did in 2015, the CEO said, adding that it was still evaluating exactly how many launches to undertake. Pruksa launched 50 projects together worth Bt50 billion last year, lower than its original business plan to launch 70 projects worth up to Bt70 billion over the course of the year. *"The 20 projects that were delayed last year will be launched this year,"* he said. Meanwhile, Sansiri plans to launch 21 projects worth Bt40 billion this year, targeting presales growth of up to 40 per cent over last year's presales worth Bt30 billion, said the company's chief operating officer, Wanchak Buranasiri.

5. Several sectors see new services in 4G tech

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

A number of business sectors are eager to cash in on fourth-generation wireless broadband technology as a way to offer new kinds of services to customers. This follows the successful auctions of licences on the 1,800- and 900-megahertz spectra late last year, when Advanced Info Service (AIS) and True Corp were the winners in the 1,800MHz auction, and True and Jasmine Mobile Broadband in the 900MHz one.

Total Access Communication (DTAC) has expanded its existing 4G network coverage to compete with the three licence winners. The banking sector is keen to leverage on the 4G technology to communicate and provide services to customers on a much more interactive basis. Yol Phokasub, president of Siam Commercial Bank, said 4G technology would support faster online banking transactions, offering greater convenience in the process, and boost e-commerce transaction growth. The banks also expect to be more interactive with their customers via the use of 4G technology, given that they want to provide a new experience to them via new applications and social networks.

Anuwat Luengtawekul, chief financial officer of Thanachart Bank, said 4G would enable the banks to provide huge data, such as mobile banking services enriched with eye-catching infographics, to customers on a faster basis. Pathamawan Sathaporn, managing director of Mindshare Thailand, said the full launch of fourth-generation wireless broadband Internet would have an indirect positive impact on the media and advertising industry. The rise in mobile

Internet usage via smartphones is a key driver in this regard and, with 4G wireless broadband, the number of mobile Internet users - particularly in the provinces - is also expected to expand, she said, adding that social-media usage would follow suit.

6. Rise in solo travellers expected to boost hostel business by 10% this year

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

The hostel business is expected to grow 10 per cent this year thanks to an increase in solo travellers from all over the world. *"New developments will be seen in major tourist destinations such as Bangkok, Chiang Mai in the North and Phuket Island in the South,"* Burim Otakanon, deputy dean of the College of Management at Mahidol University, said yesterday. As operators offer beds for as little as Bt300 per day, academics have urged new players to conduct market-research studies before investing in order to reach targets and differentiate themselves from existing operators.

Thai tourism remained in growth mode last year despite many negative factors and safety concerns. More than 2,000 hostels are in the market, accounting for 12 per cent of total accommodations. In Bangkok alone, the number of hostels doubled to 400 last year. The capital cost of a hostel is much lower than big hotels, while owners can run their properties using their own strategies and business plans. According to "Visa Global Travel Intention Study 2015", individual or solo travel has increased in popularity. Solo tourists were 24 per cent of total tourists in 2015, up from only 10 per cent in 2014. The hostel business has boomed and is expected to keep thriving in the future. Visa also found that 64 per cent of tourists aged 18-30 preferred to stay at hostels rather than big hotels.

By Harsha Hazarika