

Daily Thai News Summary: 9 June 2015

1. Higher NPL cap rejected

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

A request by the Thai Bankers' Association (TBA) to raise the cap for bad-loan coverage under the portfolio guarantee scheme (PGS) of the state-owned Thai Credit Guarantee Corporation (TCG) to 30% is "too much", says Finance Minister Sommai Phasee.

The current credit guarantee capped at 18% is appropriate, and the request for the TCG to shoulder non-performing loans (NPLs) for SME loans of up to 30% is too much because the government is going to allocate more of its budget to cover education, public health and other major expenses, he said.

A Finance Ministry source said the ministry might propose a compromise option — sharing the responsibility between TCG and lenders for bad loans of over 18% but not exceeding 30% — in a bid to help SMEs access funding.

2. Foreigners eye stake in ailing IBank

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

Several Asian financial houses including some from the Middle East are keen to take a sizeable stake in the financially troubled Islamic Bank of Thailand (IBank).

The State Enterprise Policy Office (Sepo) now lets local or foreign private investors acquire more than a 50% holding in the state-backed bank. IBank has already talked to some interested parties, Chairman Chaiwat Uthaiwan said without elaborating.

Potential partners will become clearer early next year, Mr Chaiwat said, adding that IBank would talk seriously about the share sale after sorting out good and bad assets.

3. Confidence among foreign investors soars 30%

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

Overall investor confidence for the next three months has declined by 14.17 per cent as the sluggish domestic economy has pulled down domestic sentiment, but foreign investors'

confidence has risen by 30.01 per cent on the increased tangibility of infrastructure mega-projects, said the Federation of Thai Capital Market Organisations (FETCO).

The survey found the FETCO NIDA Investor Sentiment Index for the three months starting in June had dropped to 88.16 from 102.72 in the previous month's survey. Confidence of proprietary, retail, and domestic institutional investors decreased by 36.36, 15.19 and 14.98 per cent respectively.

4. Top Chinese auction centre wants more Thai orchids

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

The largest flower-auction centre in China looks forward to bringing in more flowers from Thailand, particularly orchids, to meet increasing demand.

Dong Wenyi, executive manager of Kunming International Flower Auction Trading Centre (KIFA), which has been in business for about 14 years, said it auctioned a variety of flowers from Thailand including orchids but the volume was still small.

"I wish to say that we would like to welcome more flowers from Thailand, especially orchids. It is because our customers have been interested in this kind of flower," he told The Nation. He said his auction centre was also interested in having chrysanthemums from Malaysia available for his customers.

5. Leather makers not relocating bases despite slow exports

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

Despite slowing exports of leather goods, Thai leather manufacturers have declined to move their production overseas, since most of them are small and medium-sized enterprises, and Thailand has high technology and advantages.

Veera Lertruangpunyavut, vice president of the Thai Leather Goods Association, said manufacturers here had tried to add more innovation and technology to their production systems, not only to survive in the industry but also to ensure business growth.

He said Thailand had been a key supplier of leather to many countries for many years. However, with higher labour and production costs, Thai manufacturers will focus more on producing their own brands for value-added export.

Suriya Pratepmanowong, President of the association, said export of leather goods was expected to grow by 4 per cent this year to US\$1.9 billion (Bt64 billion) from \$1.86 billion last year. Exports will not grow as significantly as in the past, when annual growth used to average more than 8 per cent, because the sluggish global economy. However, the association expects exports to grow to some recovering markets, mainly the United States, China, ASEAN and Japan.

By Harsha Hazarika