

Daily Thai News Updates: 4 September 2017

1. New trade act approved for a more level playing field

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

The National Legislative Assembly has approved the Trade Competition Act, which is working towards upgrading Thailand's trade standards to international levels. Due to come into force on Oct 5, the law is aimed at creating a fairer competitive platform for all businesses while creating more room for small and medium enterprises (SMEs) to compete, and help protect consumer rights. The law is also being welcomed by businesses, which see the law as step to help Thai businesses modernise. Deputy Commerce Minister Sontirat Sontijirawong said the bill paves the way for a more level playing field when competing with foreign firms and should result in the introduction of fairer management...Some penalties will also be increased, for instance, to prevent the formation of monopolies. Consumers will have greater bargaining power when filing complaints if they can prove their rights have been infringed upon by a business.

2. Inflation ticks up as oil prices climb

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

The consumer price index (CPI) indicates that inflation rose for a second straight month in August, largely due to higher prices for oil and other non-food items. Inflation is expected to pick up further in the second half on seasonal demand and climbing global oil prices, according to the Commerce Ministry's Trade Policy and Strategy Office. Director-general Pimchanok Vonkorpon said the annual inflation rate in August was 0.32%, up from 0.17% in July. The rise in August CPI was due to a 1.03% increase in the non-food index, driven by higher oil prices and house renting fees. The food index fell by 0.92% on lower prices for rice, poultry and vegetables, due to rising supply. Annual inflation in the first eight months of the year was 0.56%. Ms Pimchanok said the rise in CPI in August and in the first eight months was still low...Ms Pimchanok said the 2017 inflation target of 0.7-1.7% is based on GDP growth of 3-4%, a Dubai crude oil price of US\$45-55 a barrel and an exchange rate of 34-36 baht to the US dollar.

3. Moody's: Political picture brightens

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

Thailand's political uncertainty has eased over the past year, a development that could help the current cyclical recovery, according to a ratings agency. But domestic demand remains lacklustre despite the continued accommodation of monetary and fiscal policies, says Moody's Investors Service. The country's competitiveness has eroded in recent years, as reflected in weakening foreign direct investment (FDI). In 2016, gross FDI reached its lowest level since at least 2005 in both dollar terms (US\$7 billion or 56.4 billion baht) and as a share of GDP (0.4%). In part, this reflects the emergence of other countries in the region as more attractive places for investment in certain areas production, despite Thailand's advantage in the quality of its infrastructure, the international ratings agency said in a just-released annual credit analysis. This weakening FDI, combined with a rapid ageing of Thailand's population and human capital development issues, is weighing on economic growth. In response, the government has introduced a number of policies to improve competitiveness, but these initiatives are subject to considerable implementation risks. Moody's said Thailand's credit profile (Baa1 stable) balances the country's strong fiscal position and low external vulnerability against lower-than-average growth since 2013.

4. Beer tax 'may boost spirit consumption'

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

Higher taxes to be levied on beer may force drinkers to turn more to local white spirits, the Thai Health Promotion Foundation (ThaiHealth) has warned. ThaiHealth chief executive officer Supreda Adulyanon said that the Finance Ministry will issue ministerial regulations to set new tax rates for alcohol and cigarettes under the new excise law, which will be enforced from Sept 16. Under the new law, the suggested retail prices will replace the existing ex-factory prices and cost, insurance and freight values as a base for calculating the excise tax. The change is aimed at creating a fairer system for manufacturers and importers after some businesses were found to exploit these values to understate their tax bills.

5. Thai Sugar Millers sees little impact from sugary drinks tax

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

Thai Sugar Millers Corp (TSMC) expects the sugary drinks tax, which will take effect on September 16, to have only a limited impact on overall level demand in the beverage sector. It offers a more sustainable solution, the company said, under the government's heightened efforts to educate the public about the recommended daily sugar intake and the importance of physical exercise. TSMC president of public relations and recreation Siriwut Siembhakdi said that after the law comes into force, drinks with sugar content above the statutory limit will be subject to an additional tax on top of the current 20 per cent ad valorem excise tax. There will be six thresholds: those with sugar content of 0-6 gram per 100 ml (0 per cent), 6-8 gram per 100 ml (Bt0.10/L), 8-10 gram per 100 ml (Bt 0.30/L), 10-14 gram per 100 ml (Bt0.50/L), 14-18 gram per 100 ml (Bt1/L) and 18 gram or above per/ 100 ml (Bt1/L). Producers will be given a two-year grace period before the actual levy starts on October 1, 2019.

6. Working for change

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

Southeast Asia hosts nearly 10 million migrants, of whom roughly 7 million originate from countries within the region. The main component of migration involves the movement of lower-skilled labour, predominantly from Myanmar, Cambodia and Laos to Thailand. In Asean and around the world, labour migration has proved to be a force for good, rather than something to block. But its benefits to the region are often forgotten or overlooked, and the difficulties experienced by workers too often neglected...Most intra-regional migration involves a steady stream of willing lower-skilled workers who fill gaps in the job markets of host countries, many of which are now focusing on upgrading the skills of their own workers...Workers coming to Thailand from Cambodia, Laos and Myanmar account for 58% of all migration within Asean, Ms Nissara noted. They accept jobs that natives of host countries are no longer willing to do, in construction, fishing, domestic work and other services. "In Singapore alone, 40% of the workforce is made up of migrant workers," she said. Ageing populations around the region are further shrinking the pool of available workers, especially in more developed countries, creating more demand for migrants. "In Thailand, 11% of the population is 65 or over. That's about 7.5 million people," she said.