

Thai News Update: 2 July 2018

1. Thailand's Manufacturing Environment Improves Marginally In June

Source: Nikkei Asian Review ([Link](#))

Thailand's manufacturing sector improved only marginally in June. Production and input inventories increased, but they were offset by a decline in new orders and lower employment. The Nikkei Thailand Manufacturing Purchasing Managers' Index, or PMI, stood at 50.2 in June, down from 51.1 in May. A reading above 50 indicates economic expansion, while a reading below 50 points toward contraction. Although the sector rounded off the second quarter on a positive note, Bernard Aw, principal economist at IHS Markit, raised questions over the sustainability of the current upturn. "The most compelling sign of output growth possibly waning in July came from the survey's index of new orders, which returned to contraction," said Aw. "More worrying was a disappointing export performance." "Overseas sales fell for the first time so far this year, reflecting the current downturn in the global trade cycle, a development which is concerning for Thai business activity in the second half of 2018," he added.

2. Trade War No Threat To Thai Exports: Somkid

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

Deputy Prime Minister Somkid Jatusripitak is confident that Thailand's export sector would continue to grow in the second half of this year, despite the ongoing trade war between US and China. Somkid has said that he did not think the trade conflict would severely affect the country's export sector. He added that foreign countries had a better understanding of Thailand's political situation. If there were no political turbulence, more foreign investors would come to Thailand as they regard the Kingdom as the hub of the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy, as well as Asean. He said he was confident that the country's economy would expand more than 4 per cent this year.

3. Thai Exports Respond As China Invites World To Import Expo

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

Over 200 Thai exhibitors have registered to participate in the first China International Import Expo (CIIE) to be held in November this year, making it one of the largest national exhibitor delegations,

said its organiser. “Thailand is very enthusiastic. Top registered exhibitors involve food and agriculture,” lu jun, ciie media coordinator, told a group of international journalists during their visit to the ciie bureau in shanghai early this week. Among the 200 export-oriented thai firms to sign up, one large thai conglomerate has booked a 500-square-metre space – one of the largest spaces so far booked – to showcase their products to potential buyers at the expo, lu said. China is Thailand’s top export market. Last year’s total value of exports to china reached bt997.9 billion, an increase of 19.73 per cent from 2016, according to Thailand’s ministry of commerce website. In January-May 2018, Thailand exported bt390.9 billion worth of goods to china, a decrease of 3.72 per cent from the same period of last year. The expo in china is the only import-only event of its kind in the world, according to organisers. It will be held during November 5-10 at the national exhibition and convention centre in shanghai, with the aim to further optimise china’s trade structure with the rest of the world.

4. Lengthy Delay For New Property Tax

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

The land and buildings tax set for Jan 1, 2019 is likely to be enforced behind schedule because of the time-consuming approval process, says an informed source at the Finance Ministry. Even in the best-case scenario that the National Legislative Assembly (NLA) passes the second and third readings in July, plus two months awaiting publication in the Royal Gazette, the ministry must spend up to 120 days to draft organic laws before local administrative officials can start the process of surveying land and buildings, the source said. Assuming that the Finance Ministry takes 120 days to complete the organic laws and local administrative organisations' surveying takes two months, the land and buildings tax will be ready next March at the earliest, the sources said. The draft bill on the land and buildings tax is stuck in the scrutiny process of the NLA's standing committee after passing a first reading in March 2017. The standing committee has extended the scrutiny process for a seventh time, which will lapse at the end of July.

5. RCEP Members Seek Year-End Free Trade Deal

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

Ministers from 16 Asia-Pacific countries said on July 1 they will seek a broad agreement on their free trade talks by the end of the year as they formed a united front against the protectionist policies of US President Donald Trump. "The ministers recognised the importance of swiftly and successfully concluding the RCEP negotiations," the countries discussing the Regional Comprehensive Economic Partnership said in a statement issued after their meeting in Tokyo, adding that negotiators will focus on achieving "a package of year-end outcomes." The members including Japan, China and the Association of Southeast Asian Nations also acknowledged that international trade has been facing "serious risks" amid rising protectionism, stressing the need to conclude negotiations to create a regional free trade framework at an early date even as gaps remain. The trade chiefs reaffirmed their resolve "in view of the current global trade environment which faces serious risks from unilateral trade actions and reactions, as well as their debilitating implications on the multilateral trading system," the statement said.