

THAILAND INVESTMENT

Continued overseas investment by Thai business: Think tank

Investment by Thai businesses in foreign countries has increased continuously during the past five years, with the state sector playing a key supporting role, according to the Kasikorn Research Center.

The leading think tank said overseas investment by Thai businesses had markedly expanded in the 2002-2007 period.

According to Bank of Thailand (BOT) figures, investment in stocks overseas totalled Bt117.9 billion in that period or an average of Bt23.6 billion annually compared with Bt120.3 billion from the past until 2002 or an average of Bt4.8 billion each year.

Last year, the investment in stocks overseas reached a record high of Bt40.29 billion, an increase of 58.6 per cent from Bt25.4 billion in 2006.

Of this, more than half had been invested for equity-holding or business acquisitions.

The countries where Thai businesses invested most for new business establishment or expansion last year include China, Laos, Vietnam and India.

Those where Thai investment had increased considerably include Vietnam, India, and Laos.

KRC believed that overseas investment will play an increasing role in the development of Thai businesses and economy.

Efforts by local businesses to invest in establishing production bases overseas are considered an adjustment of the business strategy to boost the business competitiveness in the region.

However, an access to business opportunities in foreign countries is not a rosy path.

The decision to begin business overseas must be made with a long-term aim because research on overseas investment indicates businesses could not make handsome profits in the first two years of operations.

Overseas investments are normally seen as breaking even and beginning to enjoy profits after two years of operations.

Consequently Thai businesses wanting to invest overseas, must be ready in terms of capital support and sound management and need state support to facilitate their investment.

Source: MCOT

Posted: April 23, 2008

FTI foresees gloomy Q2 results

Thai industrial activity will slow even further in the second quarter as the impact of the global slowdown sinks in, says Santi Vilassakdanont, chairman of the Federation of Thai Industries (FTI).

"Lots of negative factors that have arisen lately will be reflected in the financial results of private companies in the next quarter," Mr Santi said.

Uncertainty in the world economy remains, driven by several major threats. Crude prices, which affect production costs, continue to depress the economy.

In addition, the impact of the US sub-prime crisis on the world economy has not yet bottomed out. Economists predict more adverse effects at least throughout the third quarter of this year.

"The FTI's survey also shows the same thing _ business operators lack confidence and foresee a dimmer future," he said.

Amid the gloomy outlook, however, there are some bright spots. High farm prices in recent months have increased the purchasing power of farmers. Motorcycle sales are therefore expected to jump by 7% from flat growth last year.

Passenger cars are doing even better. Some 160,000 units were sold in first quarter, a 16% rise from the same quarter last year.

"Apart from automobiles, electronic appliances should benefit from the situation," added Adisak Rohitasune, an FTI vice-chairman.

He said domestic car sales this year could reach 680,000 units, 50,000 units more than last year.

"We expect 80% of the domestic car sales to be small cars with engines under 1,600cc," Mr Adisak said, citing high fuel prices and the government's policy to promote E20 fuel, a mixture of 20% ethanol, as the reasons.

The FTI suggested that the government control raw-material prices to help curb rising production costs, adding that price caps and import taxes on steel, animal feed and petrochemical products should be considered.

"It should also start megaprojects immediately to inject more money into the economy," Mr Santi said.

In addition, the FTI wants the government to reconsider the crude-oil import tax.

Mr Santi says the government should see whether the benefit it gains from higher crude import taxes collected due to more expensive crude should be reviewed to lift pressure on local fuel prices, or whether it should be more proactive about alternative fuel.

Source: Bangkok Post

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BOI instructed to raise target investment to Bt3 trillion in 2011

Industry and Deputy Prime Minister Suwit Khunkitti on Thursday conceded he had instructed the Board of Investment to increase Thailand's target investment level to Bt3 trillion (US\$95 billion) in 2011.

Delivering a keynote speech on "The 2008-2009 Year of Investment," he said BoI had been urged to raise the target investment by Bt900 billion from 2.1 trillion baht to 3.1 trillion baht in the next four years.

He said Bol had revised many measures with an aim to facilitate investment. It is expected the revision would be completely made by the end of next year.

Mr. Suwit believed that foreign investors had more confidence in Thailand following the swearing in of the newly-elected government in February, and that this renewed confidence would contribute to the renewed expansion of investment in the kingdom.

Although the local political situation is rather uncertain, it should not be of concern as long as Thailand is under democratic rule.

He admitted that foreign investors are still experiencing obstacles in various forms issues. So, he wanted Bol to cope with them.

"We affirm the target investment set for this year totals Bt600 billion baht. Bol will be urged to improve efficiency of its performance.

"Many measures will be completely implemented in the next 1-2 months to raise the target investment to 2.5 trillion baht from 2.1 trillion baht set earlier and to 3 trillion baht in the next 4 year," he said.

Source: MCOT

Posted: April 10, 2008

Thailand, Japan to jointly set up industrial research centre

Thailand has joined together with Japan to set up an industrial quality control analysis and research centre to help small- and medium-sized enterprises (SMEs) develop production of goods and raw materials to meet international standards.

The signing of the cooperation agreement took place on Wednesday with Deputy Prime Minister and Industry Minister Suwit Khunkitti and Hideki Nakamura, executive chairman of the Kobelco Research Institute of Japan participating in the ceremony to witness it.

The establishment of the centre is part of the industrial cooperation programmes under the Japan and Thailand Economic Partnership Agreement (JTEPA).

Under the terms of the agreement, Kobelco will send experts to join the centre and the Industry Ministry will set aside some Bt107 million baht (about US\$3.45million) to support the centre in the 5-year period (2009-2013).

The move will not only help Thai industries develop products to meet international standards, but also save the government at least one billion baht from building a separate laboratory facility. In addition, it will help SMEs save costs and time for delivering their product parts for quality test in Japan.

The cooperative centre is set to open for service in October this year.

Source: MCOT

Posted: April 9, 2008

Megaproject progress needed for growth

Clear progress in the government's infrastructure megaprojects is needed over the next three months to help sustain economic growth, according to local economists. "The megaprojects

will be the key driver to revive the confidence of the private sector," said Dr Sompop Manarungsan, the director of the Chinese Studies Centre Institute of Asian Studies, Chulalongkorn University.

The 1.5-trillion-baht megaproject plan includes investments in mass transit, logistics, health services, education and water management infrastructure over the next three years or so.

Dr Sompop, speaking at a conference at the Stock Exchange of Thailand yesterday, said progress on the plan needed to be made to help counter potential political instability over the next several months.

The court is currently reviewing a petition to possibly dissolve the People's Power Party, the Chart Thai Party and the Matchimathipataya Party for fraud during the December elections.

"The government has not yet set its priorities, and instead has turned to populism for political gain," Dr Sompop said. "If the situation continues, we will only fall behind other countries in the region."

He said that calls to cut interest rates were misplaced, particularly as the new deposit insurance law comes into effect later this year.

Rate cuts would only encourage capital outflows as investors seek greater yields offshore through foreign investment funds.

Dr Sompop urged policymakers to give greater focus on agricultural development and productivity gains.

"Agriculture will continue to be in demand as global warming affects global supplies. We must take advantage of this trend toward higher food prices, as Thailand remains an agricultural nation," he said.

Health care, tourism and entertainment also offered strong growth potential, he added.

Source: Bangkok Post
Posted: 9 April 2008

Thailand to benefit from ASEAN-Japan FTA

Deputy Commerce Minister Wiroon Techapaiboon on Thursday indicated Thailand would benefit from a signing of the ASEAN-Japan free trade agreement.

Speaking at a seminar on "Thailand and Negotiations for FTAs," he said the implementation of such agreements between Thailand and a group of countries including China, India, Australia, New Zealand, and Japan helped boost mutual trade.

It is a key tool to drive the economy and bring more than Bt4 trillion in revenue into the country each year.

Now, he said the government was considering improving the privileges exercised under FTA terms with the countries.

In addition, many more countries including Peru and Chile had expressed interest in making FTAs with Thailand.

He said the signing of the ASEAN-Japan and ASEAN-Korea FTAs will take place in April.

Many parties viewed the ASEAN-Japan FTA, which is expected to take effect this month, would affect benefits Thailand gains from the Japan-Thailand Economic Partnership Agreement (JTEPA).

But a study made on the impacts of the ASEAN-Japan FTA showed it would rather benefit Thailand because Japan would attempt to reduce obstacles and give convenience for products shipped under the FTA, he said.

Source: MCOT

Posted: April 3, 2008