

ECONOMIC UPDATE & FDI NEWSLETTER

Highlight:

- More international investors foray into digital projects in Thailand
- Ministry of Digital Economy and Society announced a five-year action plan to develop digital infrastructure in EEC worth over USD550 million.



Issue: October 2018

ECONOMIC UPDATE



- Thai GDP growth is forecasted at 4.6%, driven mainly by export sector.
- Number of tourists continues to rise, in spite of a drop in Chinese arrivals, which have been the main source of tourist receipts.

	Unit	Jul. 2018	Aug. 2018	Details
Exchange Rate	(THB/US)	33.3	32.8	Thai Baht rebounded amid concerns over the economic fragilities of emerging markets.
Private Consumption	% Y-o-Y	5.7	4.1	Private consumption was driven by growing spending on durable goods most of which came from domestic car sales.
Private Investment	% Y-o-Y	4.0	6.3	Private investment continued to expand in accordance with investment in machinery and equipment. The expansion ran counter to lower Industries Sentiment Index due to raining season.
Public Investment	% Y-o-Y	3.4	4.6	Public investment increased due to the disbursement of budget to support basic infrastructure investment such as irrigation and telecommunication systems.
Exports	% Y-o-Y	8.3	6.7	Thai exports continued to grow, albeit at a slower pace, fuelled by high-value export items such as vehicles, equipment and parts, machinery, plastic pellets and plastic products.
Imports	% Y-o-Y	10.5	22.8	Thai imports surged due to the spike in gold imports as importers hastily bought gold out of concerns over the stability of emerging economies and the escalated trade war between the US and China.
Number of Inbound Tourists	Person (Million)	3.18	3.23	Inbound tourism grew mainly because of Asian and European holidaymakers.

FDI HIGHLIGHT



HITACHI

International investors begin foraying into digital projects in Thailand

King Wai Group (Thailand) Public Company Limited has sought approval from the Eastern Economic Corridor (EEC) Special Task Force Committee to primarily invest USD308 million in the smart city, covering an area of over 320 hectares.

Hitachi Ltd. has invested approximately USD1.5 million in “Lumada Center Southeast Asia” to offer AI-IoT solutions to develop various smart industries in Thailand especially those located in the EEC area.



FDI HIGHLIGHT



Mitsubishi Fuso Truck and Bus Corporation (MFTBC) under Daimler Trucks brand announced the construction of a new complete knocked-down (CKD) assembly plant in the EEC area with the investment of approximately USD14 million. With the capacity of 4,000 units per year, the new facility is in line with further expansion of the Thai economy.

NOTE

EEC has played a vital role in attracting international investors to set up production bases in Thailand to serve as their distribution centre for the ASEAN region by offering investment privileges and convenience from the readiness of basic infrastructure and public utility system.

The Thai government has aimed to promote smart city & digital industry projects and elevated the auto industry toward modernization and high-technology. However, Thailand is facing a shortage of technology and experts to realize this ambition. Therefore, EEC provides opportunities for multinational companies wishing to expand businesses associated with advanced technologies to come to Thailand, namely, E-Commerce, cyber-security, data storage, data processing, technological development, internet of things (IoT) and electronic cars, among others.

EEC CORNER



The Board of Investment has given approval in principle to support the concession winners of Digital Park Thailand and identified them in the Terms of Reference to encourage the private sector to participate in the bidding. The concession winners will be entitled to tax waivers for imported machinery and a corporate income tax exemption for 12 years (no amount limit).

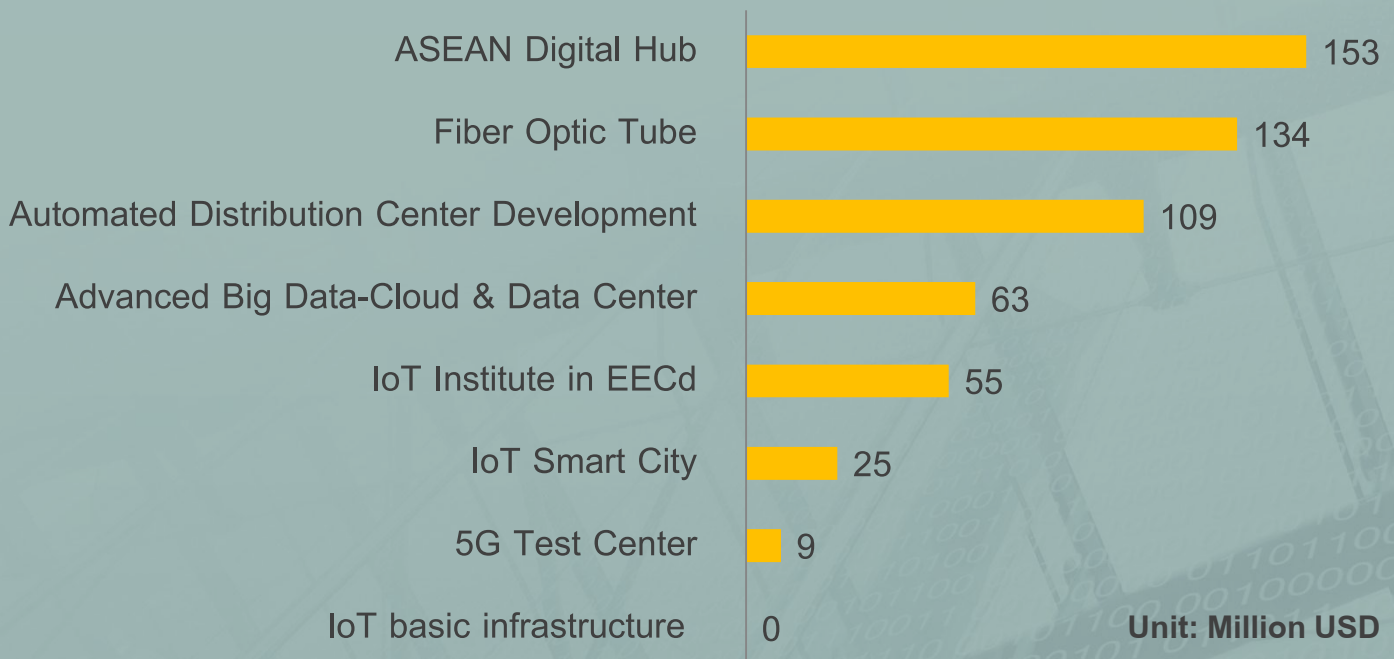
Digital Park Thailand is designed to support digital industry through tax and non-tax benefits to attract multinational digital companies to promote transfer of technology to local firms, while upgrading digital industries and other target industries to push Thailand toward a digital economy. Moreover, governmental agencies have also drafted a five-year action plan to develop digital infrastructure to create the country's best digital infrastructure in the EEC area.

EEC CORNER



The five-year digital infrastructure development plan reflects an intention of Ministry of Digital Economy and Society to lay down the basic digital infrastructure for EEC to elevate Digital Park Thailand into a regional digital and innovative hub. Digital Park Thailand is not only aimed at applying digital technology to support business but also upgrading the well-being of people residing in the EEC area.

Five-Year Action Plan to Develop Digital Infrastructure



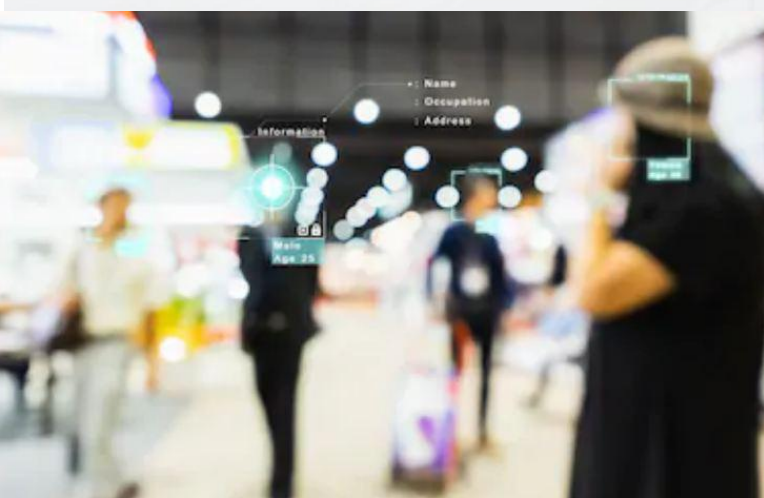
INFRASTRUCTURE UPDATE



U-Tapao International Airport joins with Advanced Info Service (AIS) to develop a Smart Terminal by using the state-of-the-art technology to facilitate the passengers' convenience in the terminal and increase airport safety.

Two key digital solutions to be used at the terminal are:

1. **U-Tapao Application** provides all aviation and airport information, including flight status and a map notifying service spots which complements the navigation systems within the airport, via Augmented Reality (AR) technology.
2. **Video Analytics technology** is comprised of a digital closed-circuit camera network, backed up by an AI-based image processing program and Big Data for a face recognition system to identify persons in the airport, raising the standard of security.



EVENT UPDATE



On October 4, 2018, KBank teamed up with Japan External Trade Organization (JETRO) to organize a seminar on “Recipe for Successful Restaurant Business” to provide Japanese clients with knowledge on the outlook and business support for Japanese restaurants in Thailand, useful tips about Thai consumer behavior and successful marketing through digital platforms such as Eatigo and GrabFood. Mr. Panya Kongkapaisal, Senior Vice President, Multi-Corporate Business Department of KBank, and Ms. Kaoru Fukuta, Director of Agriculture and Food Department of the JETRO office in Bangkok, participated in the opening ceremony of the seminar.

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