

ECONOMIC UPDATE & FDI NEWSLETTER

Highlights:

- The State Railway of Thailand (SRT) will open the bidding for the high-speed rail line linking three airports in November.
- Transport Ministry announces plans to invest over USD31,250 million in four high speed rail routes connecting Thailand to four neighboring countries.

Issue: November 2018



ECONOMIC UPDATE



- Economic growth slows down due to sluggish exports and lackluster tourism.
- Thai baht begins to gain strength due to the net purchase of Thai bonds by foreign investors and Thailand's larger current account surplus.

	Unit	Aug.2018	Sep. 2018	Details
Exchange Rate	(THB/US)	32.8	32.4	The Thai baht has bounced back, gaining strength due to the net purchase of Thai bonds by foreign investors and a larger current account surplus.
Private Consumption	% Y-o-Y	4.4	7.4	Private consumption growth slowed down due to a decline in spending on automobile and non-durable goods (tobacco and alcohol).
Private Investment	% Y-o-Y	4.2	0.0	Private investment remained unchanged as the market for local machinery expanded to offset the shrinkage of the construction business and car sales.
Public Investment	% Y-o-Y	4.6	-1.9	Spending for public investment dropped due to the acceleration of budget disbursement for provincial clusters.
Exports	% Y-o-Y	6.7	-5.2	Exports dropped due to a decline in gold exports, an adverse impact from typhoons and the ongoing US trade war with China.
Imports	% Y-o-Y	22.8	9.9	Inbound shipments to Thailand decelerated due to a slowdown of gold imports as well as a drop in inbound shipments of capital goods, raw materials and consumer goods.
Number of Inbound Tourists	Person (Million)	3.2	2.7	The number of foreign holidaymakers increased. However the drop in Chinese arrivals is still an issue waiting to be resolved by the Thai government.

FDI HIGHLIGHT



WHA Corporation PCL sought an approval from the Office of the Board of Investment to build an e-Commerce Park in Chachoengsao Industrial Estate covering 37.12 hectares.

Amata Corporation PCL plans to team up with its business partner from Nanjing to build the Amata-Nanjing Smart City project in Amara City industrial park in Chon Buri. The smart city will stretch across 100 hectares and will cater to the demands of Chinese investors. The area is designed to be a location for research and development centers for advanced industries.

NOTE

Thailand is part of the international supply chains of many key industries from China and Japan. Investment promotion policies and privileges, together with an improvement of industrial space, will benefit investors from the two countries who plan to invest or expand their production base in digital industries and advanced technology in Thailand to avoid impacts from the US trade war with China.

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The State Railway of Thailand (SRT) will open the bidding for the high-speed railway project linking three airports (Don Mueang-Suvarnabhumi-U-Tapao), covering 220 kilometers with a total investment of over USD6.25 billion on November 12, 2018. The bidders are expected to include the following:

1. BSR Group consisting of

- BTS Group Holdings Company Limited
- Ratchaburi Electricity Generating Holding PCL
- Sino-Thai Engineering and Construction PCL



Kavin Kanjanapas
CEO of BTS Group Holdings

2. Charoen Pokphand Group with

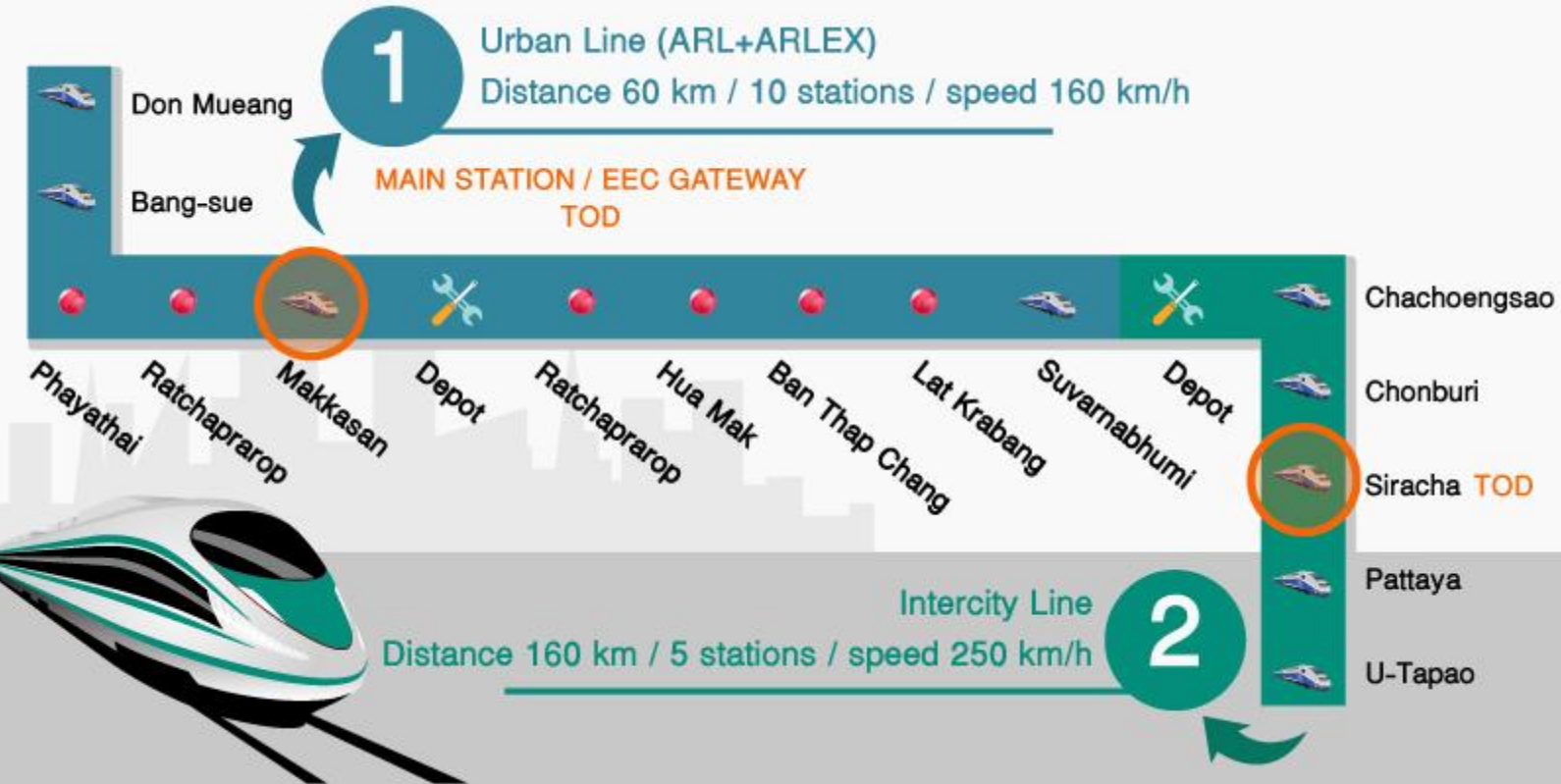
- Italian-Thai Development PCL
- China Railway Construction Corporation Limited (CRCC)
- CH. Karnchang PCL
- Bangkok Expressway and Metro PCL



Suphachai Chearavanont
CEO of Charoen Pokphand Group

EEC CORNER

“Development concept of high-speed railway linking 3 airports”



The winning bidders will be announced and expected to sign the contract by February 2019. The winners will receive a concession to construct the railway and provide services as well as develop the area to support train services under a 50-year concession. The construction is scheduled to be completed and the train operational by 2023.

The Eastern Economic Corridor (EEC) board has approved the establishment of a special economic zone for high-speed train linking three airports, which will make it the fourth special economic zone in the EEC, covering more than 1,256.48 hectares and 220 kilometers long. Investors will receive an additional two years of corporate income tax exemption on top of the normal criteria for each target industry (up to 13 years) and an additional 50-percent reduction of corporate income tax for five years.

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Laem Chabang Port has officially launched a single rail transfer operator (SRTO) facility which is a part of Phase III of the Laem Chabang development project. Special container lifting equipment has been installed to facilitate the handling of massive volumes of cargo, increasing competitiveness in sea transport and placing Laem Chabang in a better position to serve the increasing demands of international sea freight, which has increased in line with growing exports. During its introduction period, SRTO is expected to boost the handling capacity of rail cargo transport to 1 million TEUs/year and further to 2 million TEUs/year in the future.

The Royal Thai Navy announces its plan to develop Sattahip Commercial Port with an investment of USD530 million to extend sea channels to accommodate ferries, cruise ships, multi-transportation modes (sea and rail transports), commercial space in the port and breakwater to boost the capacity of local and regional transportation and tourism. The project will propel Sattahip towards becoming a large cruise terminal in accordance with the government's plan to develop the EEC area into a modern tourism city.



INFRASTRUCTURE UPDATE

The Ministry of Transport announces its plan to build four high-speed rail routes linking Thailand with neighboring countries. The line will cover 2,800 kilometers, with an investment value of over USD31.2 billion. The new projects will improve domestic transportation and promote trade, investment and tourism between Thailand and our neighbors in the future.



1. Bangkok — Nakhonratchasima — Nong Khai Route (linking with Laos and China) 600 km
2. Bangkok — U Tapao Airport — Rayong (linking with Cambodia) 400 km
3. Bangkok — Hua Hin — Suratthani — Padang Besar (linking with Malaysia) 1,100 km
4. Bangkok — Chiang Mai 700 km

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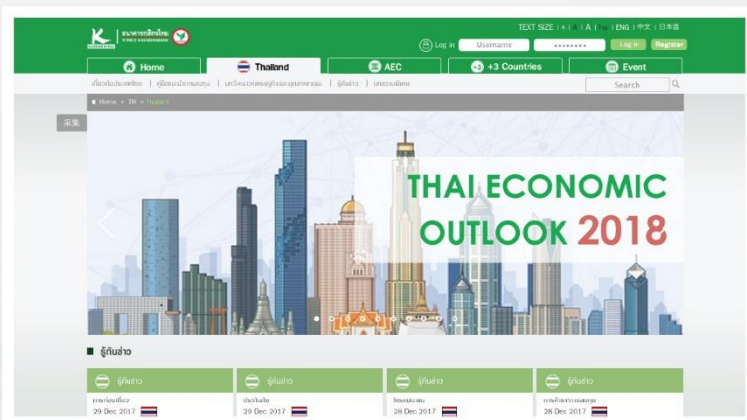
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