

**Key Economic Measures Delivered by the NCPO (29 July – 4 August 2014)**

- The NCPO approved an **infrastructure development plan** that spans the period **2015-2022**. The five target areas consist of revamping the provincial rail network, improving public transport systems to ease traffic congestion in Bangkok, boosting the capacity of highways to connect with production bases in rural areas and neighboring countries, and improving the efficiency of water and air transport systems.
  - The NCPO will auction off roughly 160,000 tonnes of rice by mid-August 2014, while the **new rice deal** with China will allow a two phase delivery of rice to China by this September. After talks with China to sell 1 million tonnes of rice through a government-to-government (**G-to-G**) deal, Thailand has delivered 100,000 tones to China while the rest will be delivered following the revised deal, from September 2014 onwards. The deal with China is being revised to ensure that the price, quality and prospects of future sales, are to the benefit of both countries.
  - The Ministry of Natural Resources and the Environment expects to finalize the country's new **national water management plan** by October, with the new master plan addressing issues of **drought and waste water management**. Five subcommittees are now working on details of the plan involving water resources in different areas, including the crucial upper Central region, as well as a water data system, water management structure and public relations. **The team will have up to 45 days to identify the budget required, funding sources, management system and private sector involvement in the water management plan.**
  - The Deputy Chief of the NCPO has confirmed the setting up of a **National Legislative Assembly (NLA)** that will follow the reform road map to find solutions to the country's problems, and will invite every sector's contribution to the decision making process. The first parliamentary session to select the President and two Vice Presidents is expected to begin this Friday, 8 August 2014.
  - The NCPO will be implementing a **migrant worker reform program**, in order to provide migrant labor with proper identification, legal work status, as well as workplace protection. This will help address human trafficking problems.
  - The Finance Ministry along with the National Economic and Social Development Board (NESDB) have been tasked with studying more measures and incentives for foreign firms setting up regional operating headquarters in order for **Bangkok to become a regional center for trade and investment.**
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- The NCPO has approved a **Baht 677 million development plan for industrial estates in Map Ta Phut**, as proposed by the Eastern Seaboard Committee. ACM Prajin Juntong, deputy chief of the NCPO, said the funds would be allocated from the fiscal-2014 budget, and if they were insufficient, more would come from the 2015 budget and contributions from operators. The plan is expected to deal with pollution emissions regulation by factories and industrial estates in the area as well as sustainable garbage disposal that includes more efficient recycling and sorting that will allow for the production of fertilizer and electricity generation.

#### Proposals to the NCPO

- The Federation of Thai Industries (FTI), Board of Investment (BOI), Thai Chamber of Commerce (TCC), and Thai Bankers Association (TBA) have asked officials to **amend obsolete laws in order to facilitate investment**. The coalition has also urged officials to **simplify the process of obtaining factory operating licenses**.
- The University of the Thai Chamber of Commerce (UTCC) found that **Thai SMEs can tap into the regional market and increase investment opportunities by setting up clusters and trading companies to promote investment**, particularly in Cambodia, Lao PDR Myanmar, and Indonesia.

#### Perspectives on the Current Situation

- The **Fiscal Policy Office (FPO), Ministry of Finance, predicts that the Thai economy will grow by 2 per cent for the entire year of 2014**. This is primarily a result of the political clarity and the NCPO's swift actions to implement long-term economic stimulus measures. For this reason, the Thai economy could expand by 4.3 percent in the second half of 2014.
  - The Bank of Thailand (BoT) expressed **confidence in the Thai economy**, stating that it will soon recover and also expand continuously from this point forward. A senior economist at the BoT stated that Thailand has passed its lowest point and is confident that **Thailand will grow at 1.5 per cent for the rest of 2014 and up to 5 per cent in 2015** due to political clarity.
  - The Ministry of Commerce reported that exports rose 3.9 per cent in June year-on-year, with a total value of USD 19.842 billion, the biggest increase this year. Imports in June totaled USD 18.049 billion, contracting by 14.03 per cent, and resulting in a trade surplus of USD 1.793 billion for the month.
  - Issara Vongkusolkrit, Chairman of the Thai Chamber of Commerce (TCC), said the service sector was expected to recover as a result of increased domestic consumption, and government projects would boost the economy for the rest of the year, although the country needed to lure back foreign investors. The TCC expects **GDP to grow by more than 2 percent this year and exports in the 3Q 2014 will grow by at least 3 percent and in 4Q 2014 by more than 4 – 5 percent**.
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- The Japan External Trade Organization (JETRO) released a Japanese Chamber of Commerce business sentiment survey that found a significant portion of Japanese investors anticipated an increase in their local investment this year as a result of the improved situation in Thailand. The survey was conducted between 21 May -20 June 2014, and included over 1500 firms.

**Set Index and Exchange Rate (for 29 July – 4 August 2014)**

- The Thai Baht averaged approximately 32.14 Baht/USD (compared to 31.96 bath/USD as recorded in the last telex).
  - The SET index averaged at 1,512.262 points (compared to 1,537.654 points as recorded in the last telex).
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