

BUSINESS

PREPARING FOR AEC

REALITY-BASED POLICIES TO PAVE THE WAY

Govt initiatives expected to boost competitiveness of Thai firms, seminar hears

SUCHEERA PINI PARAKARN
THE NATION

The heads of large companies say newly launched energy initiatives and other government policies could force Thai companies to boost their competitiveness and stand ready for the upcoming Asean Economic Community (AEC).

The initiatives include floating energy prices, increasing the mini-

mum wage and reducing corporate income tax.

At the third SCB annual conference on the economy, "Thailand: Moving Forward with the New Government", Pailin Chuchottaworn, president and chief executive officer of PTT, said yesterday that flotation of energy prices could bring Thai companies out of the comfort zone. Until now, lower fuel prices than faced by their counterparts in other coun-

tries had masked the real costs.

Isara Vongkusolkit, chairman of Mitr Phol Sugar Group, said such policies as floating fuel prices at first seemed to shock the market, but concerns eased after the government listened to business operators.

Fuel is a major component of business costs, and recent decisions on the Oil Fund have reflected the real costs. This would force Thai companies to boost competitiveness so they can deal

with real fuel costs when the AEC materialises in 2015.

"Thailand enjoys the cheapest fuel prices. It's fair if the subsidy goes to all people in the country. However, no government could subsidise fuel prices if the population goes up to 600 million people" in the AEC, Pailin said.

There are only three more years for Thai companies to adjust for higher competition in the community, he

said. "We will not gain if we don't accept more competition."

Thailand should see a change of its industries towards higher-skilled labour and technology to increase their competitiveness in the wake of the government policies regarding fuel and wages, he said.

Isara agreed on a shift to high-skilled labour, but raised a question on how to train these people and upgrade their capabilities.

Thai business operators should unite in clusters to add value to products, he said.

NEGATIVE FACTORS SAP START-UPS IN SEPTEMBER

PETCHANET PRATRUANGKRAI
THE NATION

Fewer companies opened businesses in Thailand last month because of higher concerns about the sluggish global economy and the impact of flooding, the Business Development Department reported.

The number of new businesses grew by only 2 per cent in September compared with the same period last year, to 4,959 companies. New businesses increased only 1 per cent compared with the August figure.

Deputy Commerce Minister Siriwat Kachornprasart said yesterday that although fewer new businesses started up last month, more new firms are highly likely to set up in the country in the remaining months of the year after clearer government policy on promoting the domestic economy.

"Enterprises have more confidence to operate businesses in the Kingdom as they foresee that the government's policy to stimulate the domestic economy will encourage growth of their businesses," he said.

The combined initial investment capital amounted to Bt24.84 billion last month, down by 54 per cent year on year. New businesses that were registered last month were mostly involved in construction, entertainment services, property development and wholesaling of machinery and equipment.

In the first nine months of the year, the number of new companies grew by 20 per cent to 46,389 firms, with combined initial investment capital of Bt266.06 billion, up by 7 per cent year on year.

In addition, the department reported that the number of companies that closed down increased for the fourth consecutive month in September.

A total of 1,234 firms closed last month, 29 per cent more than in September 2010, mainly because of higher operating costs and some impact of flooding.

In the first nine months, 5,896 companies closed, up by 29 per cent over the same period last year. The value of the businesses that closed down increased by 75 per cent year on year, to Bt36 billion.

At present, Thailand has 506,349 registered companies and 915 registered public enterprises.



KWANT stands behind a model of the Promenada resort mall, the Netherlands-based company's first mall project in Asia.

Dutch retail developer sees opportunity in Thailand and Vietnam

KWANCHAI RUNGFAPAISARN
THE NATION

The Netherlands-based ECC Group, a leading retail developer, is looking for investment possibilities in Asia, with Thailand and Vietnam the first two destinations for its mall investments.

The company has developed its first resort-mall project in Asia, Promenada Resort Mall Chiang Mai, set for completion in late 2012.

"On behalf of the investor, we have seen Asia, especially Thailand and Vietnam, as a strong potential market with growth in spending power and value of properties," said Tjeert Kwant, president and chief executive officer of ECC International Real Estate.

Kwant said ECC had been also looking for investment opportunities in other cities in Thailand and Vietnam.

"Negotiations are going on for developing two mall projects in Hanoi and Ho Chi Minh City in Vietnam, which will be announced respectively in the first and second half of next year. For Thailand, our second mall project will be conducted in a city, probably in the Northeast, early next year," he said.

"For this investment, we are looking at potential cities with big population and under-supply in retailing," he added.

Kwant said doing business in Vietnam would be more difficult.

"In Vietnam, we cannot own but [must] lease land from the government. The inflation and interest rates in Vietnam are extremely high. We, however, like difficult things. If you can do it in a good way, you will be successful."

Costing Bt2.9 billion, the Promenada resort mall is built on 58 rai (9.3 hectares) on the new Chiang Mai-San Kamphaeng Road, and has been designed to blend in with the vibrant city lifestyle and surrounding "close-to-nature" feel of Chiang Mai, the company says.

The two separated low-rise three-floor buildings with bridge connection will cover 92,800 square metres in combined building space, of which 50,000sqm is net leasable area. It will contain between 350 and 400 retail tenants altogether.

Kwant said the Promenada resort mall would have a huge catchment area covering Chiang Mai, Lamphun and Lampang, within a 90-minute drive. More than 80 per cent of shoppers will be local middle- and upper-class people, and about 20 per cent tourists.

Kwant, who moved to Bangkok with his family three years ago, sees Southeast Asia, especially Thailand and Vietnam, as growing in importance for ECC's investment in the future.

PM assures on fiscal discipline

Prime Minister Yingluck Shinawatra has given her assurances that fiscal discipline will be maintained in addressing global economic volatility, Paiboon Nalinthrangkurn, chief executive officer of Tisco Securities, said yesterday.

He was paying a visit to the prime minister along with managers of about 40 Thai and foreign funds to exchange opinions on the global situation.

Yingluck realises that Thailand needs measures to protect itself against spillover effects and promises to uphold fiscal prudence like the previous government, he said.

She said her government would invest in projects to boost domestic consumption, including infrastructure projects. The government would not focus solely on populist policies.

To foster political stability, she would continue with the reconciliation process. The economy is on course to achieve the growth target of 4-4.5 per cent next year, she said.

SIRIPORN CHANJINDAMANE, THE NATION

SHIFT INDUSTRIAL FOCUS TO AREA DEVELOPMENT, QUALITY OF LIFE: EXPERTS

NALIN VIBOONCHART
THE NATION

There needs to be a major rethink on industrial development, especially in the petrochemical sector, with the focus being on developing the area and improving the quality of life of local residents rather than concentrating merely on creating room for further expansion of production, according to experts.

Khunying Thongtip Ratanarat, executive director of the Petroleum Institute of Thailand, said the industrial sector must change tack if it

she said. Thongtip said local-area development also had to include human development; that is, the local villagers, so that they can benefit from industrial development as well.

Industry Minister Wannarat Charnnukul said the proportion of exports accounted for by petrochemical products was likely to increase to 60 per cent, up from 40 per cent currently, due to higher overseas demand. Besides, the output of petrochemicals will grow at a higher rate than domestic consumption.