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Ministry of Finance

B10bn fund would lure industries

A new law is being drafted that would establish a 10-billion-baht fund to support investment in 10 industries targeted as economic growth drivers.

The fund would be used to provide extra privileges and attract the targeted industries to Thailand, finance permanent secretary Somchai Sujjapongse said.

The incentives provided by the fund would depend on negotiations with potential investors, he said, adding that the fund could offer operators seed money, cheap loans, a longer period for income tax exemption than the one now offered by the Board of Investment or cuts in personal income tax to zero or 15% for specialists.

The government has tried to attract the 10 targeted industries after a Finance Ministry report suggested GDP growth could reach 5-6% if Thailand seriously promoted investment by them.

The industries are next-generation cars; smart electronics; affluent, medical and wellness tourism; agriculture and biotechnology; foods; robotics for industry; logistics and aviation; biofuels and biochemicals; digital; and medical.

The cabinet last month approved in principle a Finance Ministry proposal to set up the fund.

The fund would spend an estimated 5-6 billion baht a year, with every one baht spent on investment by the 10 industries adding economic value of 1.50 baht, Mr Somchai said.

Separately, he gave assurances the Thai economy would grow by 3.8% next year, well above the 2.8% forecast for this year.

Meanwhile, Bank of Thailand assistant governor Chantavarn Sucharitakul said the latest stimulus by the European Central Bank (ECB) had made a clearer divergence in monetary policy between the euro-zone bloc and the US, signalling greater volatility among Asian currencies in 2016.

She urged investors and operators engaged in international trade to pay closer attention to foreign exchange risk when laying out next year's business plans.

The ECB recently cut its deposit rate by 0.1 percentage points to -0.3% and extended its asset purchase scheme for an additional six months on a similar scale as now.

Disappointed global financial markets had expected a bigger stimulus.

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