Swiss Thai

APRIL 2014 | SWISS-THAI CHAMBER OF COMMERCE | E-NEWSLETTER #45

TOP NEWS

Deutsche Bank:	**Growth Slowdown And Politics**
DFDL:	**Illuminating Thailand**
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Swiss School:	**Second Open House Day**
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THE PRESIDENT'S MESSAGE

DEAR FRIENDS AND MEMBERS OF THE STCC

LUZI A. MATZIG, PRESIDENT

Finally we have some good news to report, namely, that the Thai Government decided to lift the "State of Emergency" effective WED 19 March 2014.

This will help Thailand's economy as such but particularly the Tourism Industry which has suffered most. According to TNA (Thai News Agency), the current political protests have caused businesses to lose over 490 Billion Baht in revenue!

So while our troubles are not yet solved, things are improving at least and we can hope that most countries will now tone down their Travel Advisories on Thailand so that we can expect increasing numbers of foreign visitors to come to Thailand during the Songkran holidays.

Being a pilot myself I fail to understand how a commercial airliner, MH 370 with 239 people on board, can get "LOST" in space for over one week, without any trace!??

While it seems likely that the crew of MH themselves or other qualified pilots seem to have diverted the plane, it is still VERY hard to believe that the airforce radar systems of Malaysia, Vietnam, China, Thailand, Myanmar and India combined did NOT detect any such movement!

It reminds me of the Swiss Airforce which, earlier this year, did also have no clue of an Ethiopian airliner being hijacked by its co-pilot to Geneva, since the plane entered

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STCC CALENDAR

Thursday, 10th Apr 2014:
Stamm at Grottino (Fondue), Sukhumvit Soi 19

Tuesday, 22nd Apr 2014:
Swiss Society Bangkok "Hoeck", 18:00 Grottino, Sukhumvit Soi 19

Thursday, 8th May 2014:
Stamm at AMARI Boulevard Hotel, Sukhumvit

More details at www.swissthai.com

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MEMBER DETAIL UPDATES

Do you have changes among your delegates or changes to your e-mail, mobile, telephone, or fax numbers?

Please send all updates to *secretary@swissthai.com*

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STCC PRESIDENTS MESSAGE

Swiss airspace at 0700 in the morning when the Swiss Air-force was still OFF DUTY! Since the MH 370 flight occurred on a Saturday night we can assume that the Airforce radars of most Asian countries concerned were also switched off to save cost or similar. How about the many US satellites managed by the NSA? Also no trace?

Let us hope that such mysteries will be cleared up soon and that the remaining political impasses can also somehow be overcome – the sooner the better.

Best wishes,
Luzi A. Matzig

Contact the president:
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STCC NEWS

WELCOME TO NEW 2ND REPRESENTATIVE

AD ASIA Consulting Co., Ltd.
New 2nd Representative is
Mr. Jarmo Janne Juhani Takala
Sales & Marketing Director

info@adasiaconsulting.com
www.adasiaconsulting.com
Tel: 662 719 9746
Fax: 662 719 9747
Address: 9/252, UM Tower, 25th Floor, B1, Ramkhamhaeng Road, Suanluang, Suanluang, Bangkok 10250 Thailand

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ECONOMY REPORT BY DEUTSCHE BANK

GROWTH SLOWDOWN AND POLITICS

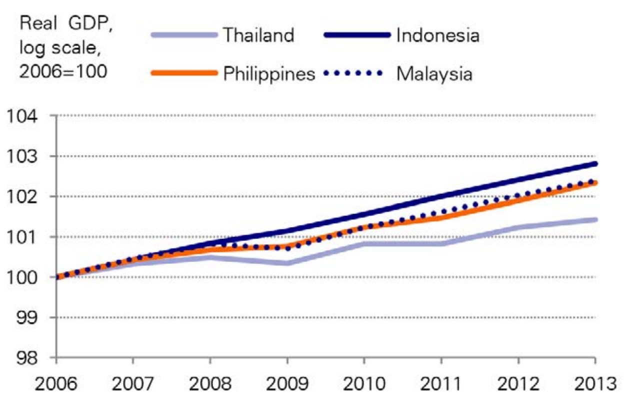
- *The economy's soft patch continues, but a rebound could be in store if the political situation gets close to a resolution. An acceleration in exports could also enhance the outlook in the coming months.*

- *Weakness in partner country demand, violent exacerbation of the political situation, and global market volatility could leave Thailand's economy and markets particularly under pressure. The ongoing drought, if prolonged, could hurt agriculture production.*

Ending 2013 with nearly 3% growth, Thailand has begun 2014 on a weak footing, with investor sentiment affected by the ongoing political crisis. The weak state of the economy, however, is not a recent phenomenon. Between various natural disasters, political upheaval, and poor economic management, Thailand's economy has lagged its peers for a number of years, as glaringly illustrated in the chart below.

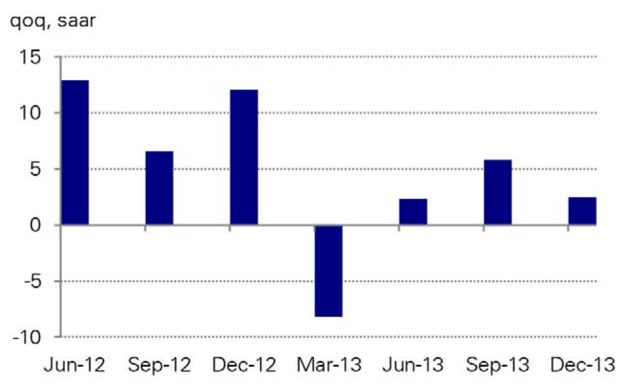
There has a mild easing of tension in recent weeks as the opposition has reduced protest visibility, leading to hopes that the opposition and the government could be moving closer to a deal to end the political impasse. The emergency decree is due to expire on Mar 22, which could be another source of easing of tensions. Nevertheless, headwinds to growth may dissipate only marginally in the near term as investment sentiment is likely to remain poor in the absence of any major initiative to boost infrastructure. Such initiatives seem unlikely in the near term owing to the legal challenges posed to the government's BHT2trln investment program. The rice pledging scheme, also under judicial scrutiny, is unlikely to resume, removing another source of support (albeit distortionary and inefficient) for income and consumption.

Thailand's performance lags its peers



Source: CEIC, Deutsche Bank

Real GDP growth pick-up could be around the corner



Source: CEIC, Deutsche Bank

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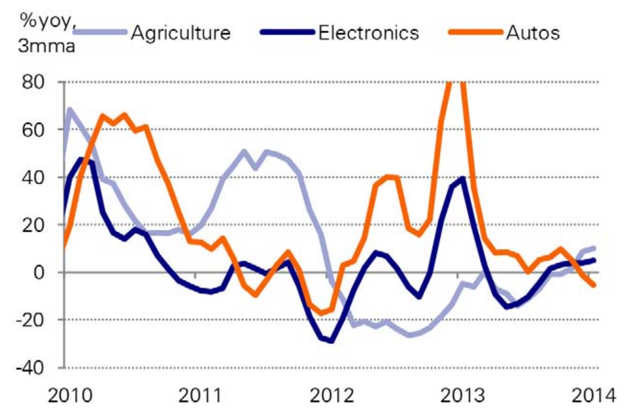
ECONOMY REPORT BY DEUTSCHE BANK

Could a turnaround be near?

Still, the economy is not in as dire a shape as would appear from reading the dismal political news. The economy has expanded, slowly but steadily, since the political crisis began last year (see above chart). This is not a trivial achievement considering the sharp decline in investment, removal of income support for farmers, expiration of the auto buying scheme, a virtual standstill in public works, and weak exports.

Other than autos, exports are moving up



Source: CEIC, Deutsche Bank

Tourism sector is holding up despite the political unrest

Source: CEIC, Deutsche Bank

Thailand: Deutsche Bank Forecasts

	2012	2013F	2014F	2015F
National Income				
Nominal GDP (USDbn)	370.5	367.6	398.1	413.3
Population (m)	64.5	64.8	65.1	65.4
GDP per capita (USD)	5749	5675	6115	6317
Real GDP (yoy %)	6.5	2.9	3.5	4.5
Private consumption	6.7	0.2	2.5	4.5
Government consumption	7.5	4.9	1.9	2.0
Gross fixed investment	13.2	-1.9	2.9	6.0
Exports	3.1	4.2	2.8	11.4
Imports	6.3	2.3	4.1	12.9
Prices, Money and Banking				
CPI (yoy %) eop	3.6	1.7	**2.3**	3.0
CPI (yoy %) ann avg	3.0	2.2	**2.9**	2.3
Core CPI (yoy %) ann avg	2.1	1.0	1.6	1.4
Broad money	10.4	7.3	7.5	8.0
Bank credit[1] (yoy %)	15.3	9.4	9.0	10.0
Fiscal Accounts[2] (% of GDP)				
Central government surplus	-3.5	-3.0	-3.2	-3.3
Government revenue	19.2	18.8	19.0	19.0
Government expenditure	22.7	21.8	22.2	22.3
Primary surplus	-3.6	-3.1	-1.9	-2.0
External Accounts (USDbn)				
Merchandise exports	225.9	225.4	246.7	270.8
Merchandise imports	219.9	219.0	238.8	267.6
Trade balance	6.0	6.4	7.9	3.1
% of GDP	1.6	1.7	2.0	0.8
Current account balance	0.2	0.5	4.0	1.1
% of GDP	0.0	0.1	1.0	0.3
FDI (net)	-2.0	-3.0	-3.0	2.8
FX reserves (USDbn)	181.6	186.1	193.1	199.2
FX rate (eop) THB/USD	30.7	32.4	32.0	32.5
Debt Indicators (% of GDP)				
Government debt[2,3]	43.7	45.5	46.0	46.5
Domestic	41.5	43.6	45.0	45.5
External	2.2	1.9	1.0	1.0
Total external debt	35.3	36.3	34.6	34.4
in USDbn	130.7	135.0	140.0	145.0
Short-term (% of total)	44.5	45.0	45.0	45.5
General				
Industrial production (YoY%)	2.5	2.6	4.0	5.0
Unemployment (%)	0.8	0.8	0.7	1.0
Financial Markets	*Current*	*3M*	*6M*	*12M*
BoT o/n repo rate	2.00	2.00	2.00	2.50
3-month Bibor	2.37	2.45	2.60	3.00
10-year yield (%)	3.75	3.75	3.90	4.00
THB/USD (onshore)	32.4	32.5	32.7	32.0

Source: CEIC, Deutsche Bank Global Markets Research, National Sources
Note: (1) Credit to the private sector & SOEs. (2) Consolidated central government accounts; fiscal year ending September. (3) excludes unguaranteed SOE debt

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ECONOMY REPORT BY DEUTSCHE BANK

Growth has been helped, to some extent, by accommodating monetary conditions, aided by ample liquidity and low rates. Indeed, as inflation has begun to rise, real rates are set to decline in the coming months, while the recent weakening of the baht would further contribute to an easing of monetary conditions.

Growth has also been helped by robust agriculture production, steady tourism flows, and export related manufacturing activities. If sentiments revive in the coming months, growth prospects could turn around rather expeditiously, in our view.

Another factor that is likely to support growth in the immediate future is exports. We see partner country demand picking up, and already see in the export data that Thai agriculture and electronics exports have begun to head upward. Autos, which have undergone a few lean months due to changes in car model years, will perk up shortly as well, we reckon.

While newspaper headlines have not helped the cause, tourism has been well supported in areas outside of Bangkok. Indeed, recent data show that room rates are rising, hotel occupancy is high, and tourism arrival remains in positive growth territory. An improvement in sentiment could boost the outlook even further.

There is a risk that Russian tourism would be affected due to the ruble's recent, sharp depreciation. Making up nearly 10% of total tourist arrivals, a decline in the spending capacity of Russian tourists could be a negative, but given Thailand's popularity among visitors and the likely upside from an improvement in the political situation, there is more to be hopeful than concerned about this dynamic sector.

Taimur Baig,
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NEWS BY DFDL

ILLUMINATING THAILAND

In Thailand, unlike some of its neighbors, you can usually be confident that you will be able to charge your iPod, air condition the room and brew your coffee, irrespective of where you live and what time of day it is. But what is the institutional and legal framework that makes it so?

Under the Energy Industry Act BE 2550 (2007), the government is primarily responsible for the generation, procurement, transmission, distribution, and sale of electricity. This is accomplished through three legal entities:

1) The Electricity Generating Authority of Thailand ("EGAT");
2) The Metropolitan Electricity Authority ("MEA"); and
3) The Provincial Electricity ("PEA").

All three Authorities have different jurisdictions and regulatory mandates and, taken together, ensure that electricity is available throughout Thailand.

EGAT is a state enterprise under the Ministry of Energy and the Ministry of Finance governed by the Electricity Generating Authority of Thailand Act BE 2511 (1968). The main objective of EGAT is to generate, procure, and transmit electricity to the MEA and PEA for distribution and sale nationwide. EGAT is the dominant generator and sole transmission operator of electrical power in Thailand owning 40 different generation facilities which include 22 hydropower plants, 8 renewable energy power plants, 6 combined cycle power plants, 3 thermal power plants, and 1 diesel power plant. Together this constitutes approximately half of Thailand's total electrical generation. In addition, EGAT directly supplies certain major industrial consumers, such as Siam Cement Group and ESSO, which are specified through Royal Decree.

The other half of Thailand's 32,000+ MW of electrical generating capacity is bought by EGAT, the MEA, and the PEA from private sector independent power projects (IPPs, 39%), so-called "small power producers" (SPPs, 8%) and neighboring countries (6%). Large companies like Ratchaburi Electricity Generating Co. and Electricity Generating Public Co. represent the majority of private sector stakeholders in Thailand's power sector.

NEWS BY DFDL

Incentivized private investment in the energy sector was created through a new Small Power Producer (SPP) program that was one piece of a progressive legislative package that was passed following the coup d'état in 1992. Under the SPP program, EGAT purchases power from generation plants with a capacity of up to 60MW (later increased to 90MW) that run on either renewable energy to create electricity or use cogeneration technology which produces both electricity and heat for purchase. A standardized Power Purchase Agreement (PPA) format provides producers with the certainty that the power they generate will be purchased by EGAT in addition to a simple rate structure to foster long-term business planning for investors. The SPP program opened the door for development into renewable energies such as biomass technology that utilizes organic matter like rice husks to create energy.

The success of the SPP program eventually led, in 2001, to the Very Small Power Producer (VSPP) program that specifically targeted renewable energy plants with a capacity of up to 1MW (later increased to 10MW). Now even smaller companies were able to generate and sell electricity into the national grid through the MEA and PEA.

In 2006 the government further incentivized the generation of energy through renewable sources by attaching an "adder" to the price premium per kilowatt hour (kWh) paid to SPPs and VSPPs. The pricing scheme has been updated since to reflect both market prices and targeted energy sources. This adder is funded through a surcharge levied on all electricity consumers to minimize the financial burden on any single group for electricity generated by renewable energy. The 'Adder' is technology specific and dependent on the type of renewable energy the government is targeting for increase. For example the 'Adder' for solar energy is higher than that for biomass. Also, projects to replace diesel generators (the most polluting and energy inefficient of the fossil fuels) receive an additional subsidy on top of the generous SPP/VSPP premiums and adder program.

Though the generation of electricity gets the most publicity, that electricity must be distributed down the "last mile" to households, and there must also be a retailer – customer relationship in place to regulate the payment for that electricity by those customers. The state owned MEA and PEA act as the monopolistic distributor and retailer in their respective jurisdictions. The MEA is responsible for Bangkok and the surrounding provinces of Nonthaburi and Samutprakarn. Its authority is derived from the Ministry of Interior and governed by the Met-

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ropolitan Electricity Authority Act BE 2501 (1958). The PEA is responsible for all of the other provinces in Thailand, which equates to the other 99.4% of the country geographically speaking. Although the MEA and PEA are monopolistic in nature, the Energy Industrial Act does allow for private enterprise to operate in the energy industry provided that the company either procures a license from the Energy Regulatory Commission or has a generating capacity of less than one megawatt.

Though Thailand has the potential to satisfy its own electrical consumption needs today, socio-political and environmental factors constrain development of power generation facilities by both the public and private sectors. Therefore, Thailand will increasingly look to neighbors such as Myanmar and Lao PDR to further address its consumption requirements.

Credits:
Angus Mitchell
(angus.mitchell@dfdl.com)
Matthew Christensen
(matthew.c@dfdl.com)

For more information please contact www.dfdl.com

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LEGAL & TAX

MEMBER INTERVIEW

PIERRE BOURGEOIS

1. Name or Alias
Pierre Bourgeois

2. Birth Place & Birthday
12 January 1971 in Versailles (France)

3. Occupation / Employer
Country President/Head of Business Unit Masterbatches at Clariant (Thailand)

4. Languages
French, English, Spanish, Turkish (basic)

5. Family & Home
3 kids (2 boys, 1 girl). Currently living on Ekkamai (Sukhumvit 63)

6. Years in Thailand
4 months …

7. Favorite restaurants in Thailand
Issaya Siamese Club, a fantastic place with a garden, in a historical 1920's Thai house, innovative Thai cuisine. I recommend it!

8. Favorite destination in Thailand
Too early to say, didn't have time to discover so much…

9. How do you spend your free time?
I spend most of my free time with my family, enjoying several activities during the WE. We sometimes go wakeboarding, I go to Thai boxing twice a week and love discovering restaurants and the night life with my wife.

10. Which book or movie would you recommend to your friends and why?
I love reading, the French literature is very rich, and thanks to the new technologies we can enjoy the new releases everywhere around the world. I have no specific recommendation, I like a lot of different styles of literature, contemporary or classical, historical or novels. Recommending one book only is too difficult!

11. If you had a million dollars, how would you spend it?
Difficult to say…I guess I would take the opportunity to invest in an innovative business or start my own business. But that would be later, I still have a lot to learn and will wait to be a bit more experienced. Or maybe I would rather take a 1 year leave and go for a long trip around the world, there are so many magic places to discover.

12. If you had the power to change something in Thailand, what would it be?
Of course that would be the political situation, which definitely spoils the country image. It's a shame that Thailand can't take the best out of its valuable assets because of individualism and internal fights.

SWISS SCHOOL NEWS

SECOND OPEN HOUSE DAY

On Friday, 7 March 2014, Swiss School Bangkok – Deutschsprachige Schule welcomed many parents and visitors to the second Open House Day of this school year.

It was a great opportunity to gain an insight into our everyday school life. From 07.30 am guests were visiting our classes, taking part in school tours with our Grade 10 students or meeting and chatting with staff and students over coffee in the courtyard.

The visitors' questions about our teaching and learning environment, bilingual programmes, school facilities, our various school programmes and many other topics were answered by our school representatives. It was a welcome opportunity for parents, both prospective and current, to get first-hand experience of our school.

VISIT AT LYCÉE FRANÇAIS

„Bonjour, les corres!": Grade 8 was invited to visit their exchange partners at the French school in Bangkok at the end of February.

Their focus was on everyday life at a French school and its characteristics. They asked questions like: "What does a French report look like? How many lessons do you have in German, maths, sports? How long is one lesson? What does a class test at your school look like?" It was a great day and we learned a lot! Merci bien et à bientôt!

EXCITING BIOLOGY PROJECT "SEA MONKEYS"

A complete ecosystem for sea monkeys – our students in grades 5 and 6 became experts in creating a habitat for this ancient shrimp on February 27.

Swiss science journalist Atlant Bieri shared his great knowledge about these fascinating animals. One of the many highlights of the project was the hands-on research with microscopes; the sea monkeys became huge creatures, especially when projected to the classroom wall! Grades 5 and 6 now have mini-farms for sea monkeys in their classrooms and are continuing the experiments for optimal living conditions.

Important events

12.06.2014 Flea Market (11:10 – 12:45)
13.06.2014 Graduation Ceremony
14.06.2014 Matura Ball

Please visit our website www.swissschoolbangkok.org and get more information about our upcoming events.

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MEMBER NEWS

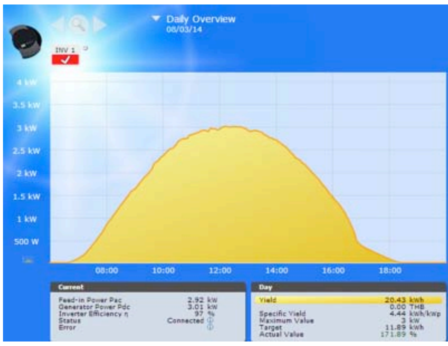
SOLAR ENERGY FROM PHOTO VOLTAIC PANELS IN THAILAND

By Rolf Aeaschbacher

Most of us know it, the Thai Government is supporting Solar Projects and other forms of sustainable energy sources. The numbers from the Ministry of Energy are promising, should it develop according their vision. In 2021 a 3 Giga Watt (GW) of installed PV solar power has been announced.

As a house owner you might not be interested in the numbers, so let's look at the social and economic benefits. You can install your own PV (Photo Voltaic) plant on the roof of your house and produce electric energy in a most environmentally friendly way. The Ministry of Energy is supporting your plan with the offer of Feed-in tariffs that make it financially interesting. Unfortunately the process to obtain the permit is rather frustrating and the different Authorities seem not really to pull the same end of the rope. But what is Feed-in Tariff? You produce electricity and feed it into the public grid. MEA (Metropolitan Electricity Authority) or PEA (Provincial Electricity Authority) will install a second meter outside your home and the power you feed into the grid is recorded. Currently you will get THB 6.9 for every kWh you sell. For the power you use you only pay THB 3 to 4 per kWh. Permits for Feed-in tariff are limited and at the moment there are now new applications accepted. It is also unknown when the next window will open and how many kW or MW will be offered.

Here an example of a home owner who has installed a 4kW system for approx. 300'000 Baht in the eastern suburb of Bangkok. A good day (March 8 2014) with an energy yield of 20.43kWh and a bad day (March 16 2014) with an energy yield of 14.25kWh. With the above mentioned FIT of 6.9 THB/kWh that results in earnings of 141 THB on a good day and approx. 100 THB on a bad day.



Good day

Bad day

Other possibilities are Net Metering, Time of use (TOU) and Island mode. Net Meter is similar to the Feed-In. You connect to the public grid and you produce a certain amount of energy, feed it into the grid and reduce this amount from the record in the meter. Your electricity meter is rotating backward. If your PV energy is calculated well, you can reduce your electricity bill close to zero. Net Metering requires permits as well, but it is a bit easier to obtain than the permit for Feed-in.

Self-consumption would be a setup of PV panels that produce energy exclusively for your own use. If you produce more than you use, it is wasted, if you produce less, the difference will be provided from the public grid. You cannot feed any energy back into the grid.

TOU is certainly an interesting option if your electricity consumption is low during the day and high at night. This applies

MEMBER NEWS

to most homes, where nobody is at home during the day and air conditioners are running all night. With a TOU meter you pay a lower rate at night than during day time. A TOU meter can be requested from MEA for most areas, a fee applies for the change of the meter. A TOU meter in combination with PV roof top panels is an interesting option if you run your air-conditioner during day time, but requires some calculations.

Island mode would mean that you are not connected to the grid and consume all your energy yourself. The gained energy is stored in batteries and withdrawn it on demand. This independency from MEA comes a rather high price and requires maintenance for the battery bank. For average households that are often abandoned during the day, the island mode does not make much sense, as you produce the most power during the time nobody is using it, however with the development of better energy storage it will most likely be the setting up for the future. For a small or medium factory or a small office complex with moderate energy consumption and reduced night activities, the island mode can be a good solution.

Whatever system configuration you are interested in, the first step would be to analyze your average energy consumption over the past 6 to 12 months. You would also have to identify the electric appliances and the thermal insulation of your building. Considering an island setup with battery storage will always

MEMBER NEWS

go in parallel with optimizing your energy consumption.

Therefore the island mode with storage is a double benefit for the environment. Also for other PV arrangements it is worth considering a soft renovation of certain energy unfriendly areas, such as ceilings without thermal insulation and doors and windows that use single glass and might in some cases not even close properly.

Your electricity bill might be anything between 2000 and 6000 baht per month and the carbon foot print per THB 1000 worth of electric energy is about 155 Kg of CO2 for power from the grid that is produced with gas or in a hydro plant. PV energy does not have 0 CO2, as the equipment has to be produced and disposed of as well, but with today's life span of 20 to 30 years for PV panels and peripheral equipment, the carbon foot print is considerably lower and contributes to our environment.

The initial investment for an average roof top PV setup is about USD 2.20 to 2.50 per Watt. The return time of the investment at the current energy cost is 7 to 10 years, depending on the arrangement. With energy cost rising this time will shorten. PV systems for domestic applications can be realized in steps of almost any size between 2 and 10 kW, but they always require careful planning and consideration. In the next issues of this newsletter we prepare a few tips on optimizing your power consumption.

The Author Rolf Aeschbacher has been living and working in Thailand since 2002 and has recently installed a roof top PV plant on the Swiss Embassy Building in Bangkok.

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ไม่จำเป็นต้องใช้มือรองที่ปากขวดเพื่อกันน้ำหกเลอะเทอะนอกคูลเลอร์
ฉีกพลาสติกหุ้มฝาออก
ลอกสติกเกอร์บนฝาออก
คว่ำบนเนสท์เล่ เพียวไลฟ์ คูลเลอร์
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