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Russia Shows Interest in EEC

Mrs. Apiradi Tantraporn, Thailand's Minister of Commerce, met with Mr. Alexey Gruzdev, Russia's Deputy Minister of Economic Development, during the 49th ASEAN Economic Ministers (AEM) Meeting which was held during 6-11 September 2017 in Manila, the Philippines. The objectives of the meeting were to discuss and push forward plans to boost bilateral trade between the two countries with the aim of reaching USD 10 billion by 2020, and to prepare for an official visit of the Russian President Vladimir Putin to Thailand in the near future.

According to Mrs. Apiradi, Mr. Gruzdev mentioned that Russian companies are looking for opportunities to expand their business operations or start investing in Thailand. For example, Russian Railways, the Uralvagonzavod Scientific and Production Corporation, and the KAMAZ are seeking to invest in large infrastructure projects in Thailand, while other Russian manufacturers are interested in entering the Thai market for modern wielding equipment, medical equipment and medicines.

Among other nations, Russia has expressed a great interest in the Eastern Economic Corridor (EEC) project. In April, Thailand and Russia agreed to set up a joint working panel between the EEC and the Russian Ministry of Economic Development. The panel works to ensure that Russian investors are kept informed on developments and investment opportunities in the EEC.

The EEC is a major industrial cluster development covering three eastern seaboard provinces of Chon Buri, Rayong and Chachoengsao. Thailand has invited Russian investors to consider investing in the S-Curve industries especially in areas where Russia has expertise such as in aviation, digital services and robotics. In addition, Thailand has encouraged Russia to consider Thailand as a production base and a gateway to ASEAN.

Other major plans to boost bilateral trade and investment between Thailand and Russia include talks on a Free Trade Agreement (FTA) with the Eurasian Economic Union (EAEU) which consists of Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan, as well as cooperation between Thailand and Russia to develop industries relating to nanotechnology, electronics and computer technologies in order to support the implementation of the Thailand 4.0 policy. Thailand also urged Russia to import more Thai agricultural products, especially rice and rubber.

In 2016, Russia was Thailand's 32nd largest trade partner with a trade volume of USD 1.964 billion and Thai exports to Russia valued at USD 577 million compared to imports of USD 1.386 billion. Key exports to Russia include automotive parts and accessories, rubber products, and gems and jewelry, while Thailand imports crude oil, fertilizer and pesticide, steel and coal.

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Thai Economy Restores Momentum

On 3 October 2017, the Joint Standing Committee on Commerce, Industry and Banking (JSCCIB) – a prominent business group in Thailand – raised the annual GDP growth projection for 2017 to 3.7–4.0 percent from an earlier estimate of 3.5–4.0 percent. This announcement comes in tandem with the World Bank's late-August revised projection which predicts 3.5 percent annual growth in 2017 – up by 0.3 percentage points from the previous estimate.

Mr. Jane Namchaisiri, Chairman of the JSCCIB, suggests better-than-expected export performance in the first 8 months of 2017 as the

key contributing factor. The 8.9 percent year-on-year growth from January through August was the result of the steady recovery of major trade partners' economies. The new estimate predicts 6.5–7.5 percent export growth in 2016, up from 3.5–4.5 percent.

Along with other said organizations, the Thai National Shippers' Council also revised its growth outlook for 2017 from at least 5 to at least 6 percent, though it warned against the appreciation of the baht as a major risk factor for growth in 2017. The Bank of Thailand (BOT) on 27 September maintained its policy rate at 1.5 percent, while raising the 2017 growth to 3.8 percent–up from its 3.5 percent projection in June—and raising projected export growth to 8 percent.

This perceived consensus perhaps signals a more pleasant growth after years of economic recovery. Nevertheless, the BOT also cautioned against uncertainties which may inadvertently hamper this improvement, including partner countries' trade policy and geopolitical risks.

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Rachda Chiasakul | Partner and Managing Director
Rachda.C@bolliger-company.com

Sarut Wittayarungruangsri | Director
Sarut.W@bolliger-company.com

Tel. +66 (0) 2 230 6399
Fax. +66 (0) 2 230 6333

www.bolliger-company.com

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