

# Thailand dangles 50% tax cut for manufacturers fleeing China

Bangkok seeks to draw high-tech production in competitive region

YOHEI MURAMATSU, Nikkei staff writer SEPTEMBER 06, 2019 23:58 JST



A garment factory in Bangkok: Thailand seeks to move its manufacturing sector into higher-value activities. © Reuters

BANGKOK -- Thailand announced a package of incentives Friday, including a 50% tax cut, for companies to relocate production to the slowing Southeast Asian economy from China amid the Sino-American trade war.

To qualify for the incentives, companies must apply next year for approval to invest 1 billion baht (\$32.7 million) or more in the country and carry out the investment by 2021.

Approved investors will see their corporate tax obligations reduced by half for five years.

The incentives show Thailand jockeying for foreign investment against neighbors like Vietnam as the country seeks to move its manufacturing sector into higher-value activities.

Forty-eight multinationals including U.S. chipmaker Western Digital are considering relocating production to Southeast Asia from China, Thailand's Office of the National Economic and Social Development Council says.

Ten of these companies are strong candidates for investment in Thailand, according to the office.

"Under the new package, Thailand can compete with other countries in Asia for foreign investment, especially to attract advanced technology firms that want to move production to Thailand," Kobsak Pootrakool, an official in the prime minister's office, said at an economic policy meeting on Friday.

Beyond offering a tax cut, the government also will create a single portal that advises companies on their applications and allows them to file.

To encourage training of skilled workers, tax breaks will be offered to offset the cost of building training centers and providing employee development programs. Labor rules will be eased to help skilled foreigners work in Thailand.

# Japan's annualized GDP growth in April-June revised down to 1.3%

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TOKYO (Kyodo) -- Japan's economy grew an annualized real 1.3 percent in the April-June quarter, revised down from the 1.8 percent expansion initially reported, due to a downgrading in capital expenditure, government data showed Monday.

The result compared with the average 1.2 percent growth forecast by private-sector economists polled by Kyodo News.

The figures released by the Cabinet Office reflect the government's view that the world's third-largest economy is recovering at a moderate pace.

The growth in real gross domestic product, the total value of goods and services produced in the country adjusted for inflation, corresponds to a 0.3 percent increase from the previous quarter, according to the Cabinet Office.

Capital expenditure edged up 0.2 percent from the previous quarter, worsening from the preliminary reading of 1.5 percent.

Private consumption, which accounts for more than half of Japan's economy, was unchanged from the previous quarter at 0.6 percent.

Public investment was upgraded to 1.8 percent from 1.0 percent.

The data came just ahead of the planned consumption tax hike to 10 percent from the current 8 percent scheduled for Oct. 1, a move that could dampen consumer spending and hurt the economy.

Nominal GDP, which is not adjusted for inflation, grew an annualized 1.1 percent, down from a 1.7 percent expansion.

# Philippines hits Vietnam with new tariffs on cement imports

Duterte seeks to protect domestic sector amid massive infrastructure drive

CLIFF VENZON, Nikkei staff writer SEPTEMBER 04, 2019 15:39 JST



President Rodrigo Duterte is pushing ahead with his \$180 billion "Build, Build, Build" infrastructure program to attract more foreign investment and create new jobs. © Reuters

MANILA -- A surge in cement imports, mainly from Vietnam, has prompted the Philippine government to impose tariffs on the construction material, as it seeks to protect domestic industry from cheaper competition.

Manila announced on Tuesday it will implement the measure for three years, following earlier moves to slap provisional safeguard duties on ceramic and wall tiles, as well as on clear and tinted float glass.

Demand for cement has increased as President Rodrigo Duterte pushes ahead with his \$180 billion "Build, Build, Build" infrastructure program to attract more foreign investment and create new jobs.

A 250-peso (\$4.8) duty will be imposed on every metric ton of cement imported in the first year, dropping to 225 pesos the following year and 200 in the third and final year, according the Philippines' Department of Trade and Industry. The measure, which will be reviewed annually, will take effect 15 days after the announcement.

The duty is lower than the 297 pesos per metric ton recommended by the Philippines' Tariff Commission last month.

Citing potential damage to its domestic cement sector, the Philippines last year launched a probe into the rise of imported cement, which surged to around 3 million metric tons in 2017 from 3,600 in 2013. Around 75% of the imports come from Vietnam, 18% from China, and 6% from Thailand, according to the trade department.

Manila imposed a provisional 210-peso tariff for 200 days early this year to protect domestic investors, whose businesses have been hurt by rising cement imports. Major local manufacturers include the local units of Mexico's Cemex, Switzerland's Holcim and Japan's Taiheiyō. San Miguel chief Ramon Ang's Eagle Cement is another domestic player.

Vietnam, which did not immediately reply to a request for comment, warned in June that the safeguard measure violates World Trade Organization rules.