

# Gloomy global outlook worries exporters

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**THE FEDERATION of Thai Industries (FTI) said yesterday that exporters are concerned about the World Bank and International Monetary Fund's downgrading of their forecasts for global economic growth, but that it has decided to maintain its projection for the country's exports to expand by 4 per cent this year.**

Chairman Supant Mongkolsu-three said export-related industries and large corporations are worried about the global economic situation and the baht. The currency is expected to gain in value from the further depreciation of the euro and capital flows to emerging markets after the European Central Bank (ECB) introduces its stimulus package.

The ECB is widely expected to unleash its own version of quantitative easing today to jump-start the eurozone economy following the Swiss National Bank's decision to give up on its minimum exchange rate of 1.20 per euro.

However, the fall in oil prices and the recovery of the tourism industry are positive factors that led the FTI to leave its export projection untouched.

"Industries have to adapt to the world economic situation by increasing the competitiveness of their products and finding other markets to which to export their merchandise.

"The reason why we did not change our export prediction for this year is because of the falling oil price, which has lowered production costs and allowed us to be more competitive," he said.

"The earlier depreciation of the Thai baht against the US dollar was less than the depreciations of other currencies in the region, which means that we have lost our competitive edge in this respect and fund flows are expected to continue to come to emerging markets before the United States hikes its interest rate this year," he said.

Industries are urging the government to help them explore other market channels to ship their goods overseas.

The FTI wants to see more done on the free trade agreement between Asean and the European Union (EU) to compensate for the withdrawal of privileges from Thai products under the EU's generalised system of preferences (GSP). "Little progress has been made on the FTA deal between Thailand and the EU and to leave it with this deal alone would be difficult, so we have to rely on the FTA between Asean and the EU.

"The government should increase its efforts on this to maintain the country's competitiveness in this field," he said. Chirathep Senivongs na Ayudhya, spokesman for the Bank of Thailand, said the effects from the exclusion of Thai products from the EU's GSP on January 1 should begin to show up right away - this quarter - but they would be minimal since the affected exports only account for 4 per cent of the total.

"Most industries have to pay about 2-6 per cent more tax after the GSP cancellation except canned pineapple and processed seafood, which have to pay more tax.

"The EU still has to import some of our products such as automobile parts and electric appliances since Thailand is still the production hub for them," he said.

Other countries that still enjoy GSP privileges such as Vietnam and Indonesia will have an edge over Thailand, while Malaysia and Brazil, which have also seen their privileges taken away, still have the FTA deal with the EU, but Thailand's deal is still in limbo, he added.