



# Swiss Thai



JUNE 2020 | SWISS-THAI CHAMBER OF COMMERCE | E-NEWSLETTER #119

## TOP NEWS

- Deutsche Bank:** Tracking Asia's recovery path
- Legal:** Further Extension for E-Tax Filing in Thailand / Update on Occupations Prohibited to Foreigners in Thailand
- School News:** Virtual Open House Info Session / Extraordinary Strategy Meeting SEA / Short movies

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## THE PRESIDENT'S MESSAGE

# DEAR FRIENDS AND MEMBERS OF THE STCC



**PRESIDENT BRUNO G. ODERMATT**

The Covid-19 pandemic is still creating havoc across the world. At the time of this writing, the United States recorded 1.8 million cases and surpassed 100,000 fatal cases, a figure unimaginable just 2 months ago. Thailand has done a remarkable job in controlling the spreading of this deadly disease with just around 3,000 reported cases and close to 60 death cases. It is probably safe to say that Thailand emerged victorious in the battle against this pandemic, with fewer casualties than expected. It comes, however, at a huge cost to the health of the economy and the livelihoods of many people. Thailand's eco-

nomie planning agency (NES-DC) reported that about 8.4 million workers may be at risk of job losses in the second and third quarters, not just due to the impact of Covid-19, but also to the ongoing drought. Of those workers, 2.5 million are employed in the tourism sector, 1.5 million in the industrial sector and 4.4 million in other parts of the service sector. Those are staggering numbers if you considering that the tourism sector employs some 3.9 million people and the industrial sector some 5.9 million workers. The good news is that the lives of people should improve with the government further opening the economy, such as movie theatres, sports fields, fitness clubs, and convention halls amongst others.

However desperate we might feel amongst the lockdown, there are always innovative ideas emerging out of every crisis. As I spend with my family every summer in Stuttgart, Germa-

## SERVICE

# MEMBER DETAIL UPDATES

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## THE PRESIDENT'S MESSAGE

ny, and am a keen supporter of the Stuttgart Staatsoper, one of the top opera houses in the world, some members of the orchestra came up with a brilliant idea. Despite very strict social distancing rules in Germany, you can still attend a classical concert. Concertgoers can book online a one-on-one recital on a Sunday afternoon, say at the Stuttgart Airport Departure Terminal hall, with one musician of their choice. The rules are simple: You sit down 2 meters apart from, say a cellist, to maintain social distance. You are neither allowed to speak nor to applaud at the end. During the recital of 10 minutes you look in the eyes of the musician and it is, as I was told, one of the most intimate and moving moments any concertgoers ever experienced. Similar events were held at public gardens, art galleries, train stations and museums. As a music lover you can really connect to the artist. It is such a brilliant idea and shows that any crisis can bring the best out of people's creativity.

On the 15th of May you should have received the information package for our electronic Annual General Meeting (AGM). It contained a link to our website where you can access a set of 11 documents until 12th of June. As we informed you earlier, we will be holding an on-line election for the first time ever in the history of our Chamber,

given the prevailing Covid-19 social gathering restrictions. Our election team evaluated a number of online voting platforms which met our stringent requirements, such as anonymity, voting and election security. Our final choice was the platform called "ElectionBuddy". On 8th of June you will receive a link and registration details from ElectionBuddy, which will allow to cast your vote secretly between the 8th to 11th of June.

On 20th May the Presidents' Counsel of the Foreign Joint Chambers of Commerce (JFCCT), of which the STCC is an active member, voted with clear majority to continue the leadership term of its Chairman, Stanley Kang, for a final two-year term. Given the unprecedented impact of the Covid-19 crisis, it was felt that the JFCCT should have continuity in leadership and choose a leader with experience and personal high-level connections within the Royal Thai Government and the local and expat business community. It will be helpful to process and expedite pending decisions on behalf of the foreign business community.

In the meantime, the STCC leadership team has been making considerable progress on our Chamber back-office project and we will update you frequently on the progress. It is

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## THE PRESIDENT'S MESSAGE

our goal to establish a professional infrastructure to support our leadership team and relieve our Board Members of increasing working time burdens.

*With my best wishes*

**Bruno G. Odermatt-Maag**  
**President**

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Please pencil in the voting dates of 8th to 11th June in your diary, I am looking forward to your active participation at our electronic AGM. I thank you in advance for your support of the Chamber's plans for 2020.

**Contact the President:**  
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**Tel: +66 2 652 1911**

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PAPER & PAGE

## STCC CALENDAR JUNE 2020:

**08 - 11 June 2020: electronic AGM, voting and election**

**Due to the Corona Situation all other activities of the Chamber are put on hold.**

*More details for above events please wait for the invitation-mail or get it from [www.swissthai.com](http://www.swissthai.com), click on "events".*

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ECONOMY SPECIAL REPORT BY DEUTSCHE BANK

## TRACKING ASIA'S RECOVERY PATH

As policy makers around the world roll back their lockdown orders and kick start the global economic recovery, we track the recovery path of selected Asian economies - namely, China, Hong Kong, and South Korea - that emerged from the Covid-19 outbreak earlier. They not only serve as a useful reference to predicting the likely path for other economies but also offer critical guidance in formulating exit strategies for the rest of the world.

Data point to a notable recovery in industrial production and in durable goods demand, autos in particular, in China and South Korea. Despite this, their road to full recovery is likely to be a long and uneven one with significant external headwinds. Although cash handouts would support households' capacity to consume, without more effective antiviral drugs and vaccines against the Covid-19, their propensity to consume - especially to engage in activities that require exposure to crowded social venues - will remain checked by the sustained social distancing required to avoid infection. Hong Kong offers an example of how a second wave can quickly derail an economy from its recovery path.

On a positive note, our proprietary dbDIG Household Surveys suggest that households' reluctance to revert back to a number of economic activities has waned - especially as businesses take strict hygiene measures and allow for adequate social distancing when delivering their services.

We publish here a new set of economic forecasts for the Asia region, reflecting the significant downward revisions to the US and Euro Area forecasts published last week. With most economies having reported Q1 GDP, we observe a rough correlation between the severity of social distancing policies and the decline in economic activity. With the US and EU likely to experience their worst quarter in more than 70 years in Q2, this quarter will likely be

the trough for the Asia region - with a much worse recession than during the GFC. We think the worst has passed in China, but falling exports will restrain the recovery in Q2.

### Charting the recovery

As policy makers around the world roll back their lockdown orders and kick start the global economic recovery, we track the recovery path of selected Asian economies - namely, China and South Korea - that emerged from the Covid-19 outbreak earlier. They not only serve as a useful reference to predicting the likely path for other economies but also offer critical guidance in formulating exit strategies for the rest of the world.

Data point to a notable recovery in industrial production and in durable goods demand, autos in particular, both in China and South Korea. Moreover, both mobility data and our proprietary dbDIG Household Surveys suggest that households in both China and South Korea are returning to more normal levels of activity, although they still have a long way to go.

Many governments have offered cash handouts to households to try to replace lost income and support consumption. Given the extreme risk aversion caused by the virus and steep declines in employment, these handouts are perhaps more likely to be saved than spent. Indeed, without more effective antiviral drugs and vaccines against the Covid-19, households' propensity to consume - especially to engage in activities that require exposure to crowded social venues - will remain checked by the sustained social distancing required to avoid infection. Hong Kong offers an example of how a second wave can quickly derail an economy from its recovery path. And all these economies still face significant headwinds from weakening external demand.



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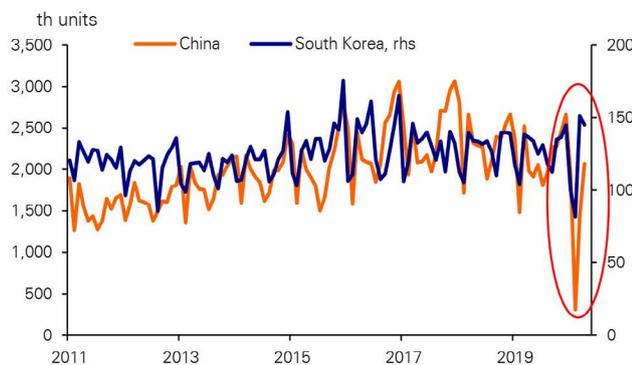
### Tracking Asia's recovery path

China's recovery is gaining greater momentum. Auto sales nearly doubled and rose another 50%mom(sa) in March and April, respectively, after falling 75% in February. This recovery took sales back above last year's levels in April. There are hints of further improvement in auto sales in May, with cities like Shanghai reporting a 50%yoy rise in auto sales during the Labour Day weekend (1-5 May). During the same long holiday weekend, average daily sales at large retailers rose 32% from the previous month, albeit still 6% below last year's level, according the commerce minis-

try, while online goods sales surged 36%yoy. As noted in our earlier household survey reports, households in both China and South Korea have increased their online purchases sharply since the onset of the Covid-19 outbreak, with the online share of household purchases rising by more than 10ppts to over 40%.

South Korea's department stores also enjoyed a sharp rebound in sales, rising above last year's levels, during the recent long holiday (Bhudda's birthday and Children's day) weekend (30 April - 5 May), More importantly, sales at suburban outlets that allow for greater social distancing saw their sales surge over 20-30%. This surge was led by household goods and foreign luxury brands, the latter likely boosted by the fact that Koreans are now staying within the country as foreign travel still faces significant obstacles. In March, the average monthly number of departures from South Korea was only about 150k, versus about 2.4mn per month over last two years. Moreover, as in China, South Korea also enjoyed a significant rebound in auto sales. After 10%mom declines in both January and February, South Korea's auto sales surged 35% in March, rising 9.2% above last year's levels. Sales were up 6.5%yoy in April.

Rebound in auto sales



Source: CEIC, WIND, Deutsche Bank Research

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Amid the Covid-19 pandemic and related border controls by other countries, international travel is likely to remain severely constrained. This could eliminate South Korea's deficit in international tourism, although to the extent that people spend more at home on imported luxury goods the improvement in the overall balance of payments will be somewhat reduced. Correspondingly, there are signs of a recovery in domestic travel, even in air travel. The number of daily visitors to Jeju Island doubled during the holiday weekend vs. the previous two months. Numbers were still down by 40% when compared to a year ago, with a significant share of households remaining reluctant to travel, especially by air and ship (Figure 4).

China too is enjoying such an improvement. Daily passenger travel through road, train and air increased 20% during the Labor Day holidays vs. the Qingming holidays in early April, although remaining 50% below the same period last year.

Dining and lodging spending also rebounded, but was still 30% below last year's levels. Recovery in the tourism sector will remain limited for some time, as lingering fear points to sustained social distancing, further restricted by government related orders - for example, tourists attractions are asked not to exceed 30% of their capacity.

With households remaining reluctant to re-engage in a number of economic activities, businesses are reconfiguring the mode of delivery of goods and services. As noted above, sales via online platforms have surged as have contactless sales. Airlines are reconfiguring their planes to allow for adequate social distancing, albeit at higher prices. In the 'new normal' world, baseball games are being held without fans in attendance, while movie theatres are being reopened with viewer capacity constraints. Moreover, in South Korea, when schools reopen, students will be required to wear masks and go through temperature checks. Inter-

estingly, when compared to their Chinese counterparts, Korean households showed greater willingness to return to social venues like restaurants, cafes and bars, although that may have changed since a cluster of infections related to an Itaewon night club emerged over the weekend.

As businesses adjust their mode of services delivery to respond to households' changing behavior, governments are trying to boost consumption through fiscal stimulus. In particular, direct income transfers in the form of cash handouts in Hong Kong and South Korea could be of significant help by replacing lost income. However, given the sharp rise in unemployment, many people may opt to save the handouts. Concerns about job security have eased a little over the past month in South Korea and China, though, and Chinese households report a slight increase in hours worked. To encourage spending, the Korean government will provide those 'cash' handouts largely in form of coupons and gift certificates to be used within three months, except for the low income who may need them in cash. Households may also opt out of those handouts and get tax credit instead.

Since the Covid-19 outbreak at end-February, South Korea's employment fell for two consecutive months, by over 1mn (3.6%) between February and April, marking its steepest decline since the AFC, with about 90% of the jobs lost in non-regular jobs, especially in the accommodation and food services sectors. The income shock of Covid-19 disproportionately impacted lower income households, and was not limited to South Korea. While China reported a 6% decline in employment between January and March, about 18% of employed workers did not actually work in March. Moreover, a study by Peking University suggested that job openings were down by almost half for the lowest income jobs (monthly salary < 4000 yuan), vs. 10% for the highest income (>25000 yuan) jobs. Migrant workers - who account for about a quarter



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of China's labor force and who tend to have lower income and less secure jobs compared to urban residents – took a large hit in income and jobs in Q1, with many of them staying back in their rural homes amid lack of job opportunities in cities. Given the disproportionate effect on low income earners, it is not surprising that the initial pick-up in consumption is being dominated by those in high income brackets - dominated by luxury items, including autos.

### External headwinds ahead

Foreshadowing what is to come in Q2 - i.e., a divergence in performance between domestic and external demand - Korean auto sales in the domestic market rose 6.5%yoy in April, while those in the overseas markets fell 62.6%, amid lockdown orders around the world. This recovery in domestic automobile demand was an important factor behind South Korea's better-than-expected growth in Q1. Automobile production had been halted temporarily in February, due to supply chain disruptions, notably the lack of wiring harnesses from China. With Chinese production normalizing in March, supply chains recovered. South Korea's manufacturing rose 4.5%mom(sa) in March after

a 4.1% fall in February, with auto production rebounding to 37.2%yoy from -33% in February.

The extent of economic damage wrought by Covid-19 on the US and Euroland has been even more serious than in China, with high frequency data suggest that those economies have been running at 70-80% below normal. With those economies effectively shut down, South Korean exports fell 24.3%yoy in April, and 46.3% in the first ten days of May. Likewise, local production by South Korean firms in those economies has been disrupted by stay at home orders. South Korean exports of intermediate electronics goods were particularly hit hard by Vietnam's lockdown in April, for example. Those foreign markets will return as each economy exits from lockdown, although as in North Asia this recovery will be constrained by the natural conservatism of consumers and new social distancing rules in workplaces, as we've seen in Asia.

This external drag on Asian growth during the US and European lockdowns could be exceptionally large. Our forecasts for those economies – the deepest contraction in aggregate demand in more than 70 years – suggests that export growth in the coming months will be much weaker than during the

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GFC. Indeed, we expect the economies of South Korea and Taiwan to contract more in Q2 than they did during their Covid-19 outbreaks in Q1 because of the decline in exports. Such extreme declines in exports are not yet apparent in the data, except in South Korea as we noted above, but we expect that as the backlog of orders from Jan/Feb is cleared, the decline in new orders – export orders in all economies’ PMI surveys hit all-time lows in April with a weighted average reading of 29.3 versus just over 50 during Oct-Jan – will yield record declines in exports during Q2.

### Watch out for a second wave of Covid outbreaks

Even in China and South Korea, where they rather quickly got the virus under control, the return to ‘normal’ has been constrained by lingering fears of a return of the virus. Our household surveys suggest that households in China spend more time thinking about the virus than do households in South Korea - which we attribute to the fear of a new wave of infections as people begin to move about the country more and the relatively more severe restrictions on activity during the outbreak. After having dealt successfully with the initial outbreaks in Jan/Feb, the second wave of mostly imported cases in Hong Kong in March disrupted the economic recovery there. The second wave has been much more disruptive in Singapore as the

government ultimately resorted to a lockdown in April to try to contain it.

Hong Kong’s first Covid-19 infection was confirmed on Jan 23 on the eve of the Lunar New Year holiday. The government had been advising residents about the emergence of a new virus in Wuhan and had already on Jan 3 been taking the temperatures of passengers on flights and trains arriving from Wuhan. Social distancing had already begun – the wearing of masks was becoming more prevalent and people were beginning to reconsider travel plans, for example. The government almost immediately announced an extension of the school holidays – schools have yet to reopen – and within a week the first formal travel restrictions (on arrivals from the Mainland) were introduced. Eventually, all inbound travellers were required to go into quarantine, which reduced the number of arrivals in March by 99% versus a year ago. Few businesses were subject to formal closure rules – for four or five weeks, bars, gyms, karaoke and other ‘party’ rooms, beauty salons and massage parlours were closed, and restaurants were required to operate at half capacity.

The Apple Mobility data show a sharp drop in mobility on the very day the first infection was confirmed. January retail sales volumes fell 3.7% mom(sa), which was about the average monthly decline since



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the political crisis began in mid-2019. The Covid-19 epidemic brought tourist arrivals to a halt; many residents who had gone abroad for the holiday chose not return; and those who had remained hunkered down. Mobility, as reported by Apple was 30% - 50% below the Jan 13 level from end-Jan through the middle of March. MTR traffic fell 30%mom(sa) in February to be down 43%yoy. And retail sales fell record 28%mom(sa) in February to be down 46%yoy.

Any nascent recovery in activity in March, though, was scuppered by a 'second wave' of mostly imported cases of infection. During the third week of March, new infections soared – overwhelmingly among the small number of people returning from abroad each day. Renewed social distancing practices, reinforced by government measures announced at the end of the month to close bars and other social establishments succeeded in containing this outbreak too. The Apple Mobility data show another 17ppt drop in the mobility indexes between the second week of March and the last seven days of the month. New Covid-19 infections peaked after two weeks of this 'second wave' outbreak and another week later new infections were below five per day, where they have remained since.

Data suggest that despite the renewed distancing practices and policies, activity in March was slightly improved versus February. MTR traffic rose an estimated 3.9%mom(sa) and retail sales volumes rose 2.8%mom(sa) in March. To our surprise, property prices, which had fallen 1.5%mom in February, rebounded 0.4% in March. With the government's restrictions on certain businesses having been extended until early May in some cases, the recovery in economic activity will likely have been delayed. April should see, we think, reasonable sequential growth in retail sales, but likely again in the low single digits of mom(sa) growth. The data indicate only a gradual easing of social mobility restraint during April. Stronger growth can be expected, we think, in May – assuming no more outbreak.

## Overview of our new forecasts

Most economies have reported Q1 GDP by now, and it's reasonable to interpret them in light of what we know about social distancing policies and severity of the Covid-19 outbreak. So, for example, China saw a record 10.7%QoQ(sa) decline in real GDP in Q1 – a quarter that saw part of the country firmly locked down but most people subject to some form of mandated social distancing practices. Hong Kong didn't experience a lockdown, but the loss of almost all tourism revenues and a strong voluntary social distancing ethic resulted in a 5.3%QoQ(sa) decline in GDP – another record.

South Korea, Taiwan and Vietnam also successfully contained the virus in Q1 but without lockdown and with lighter social distancing practices. Real GDP in these three economies fell 1% - 1.5% on the quarter. Indonesia's economy stalled in Q1 as the virus spread elsewhere -- their first cases weren't confirmed until March – while Singapore's economy fell 2.8%QoQ(sa), by no means an extreme drop in activity.

It's also apparent that the US and European economies were more badly hit by the Covid-19 pandemic in Q1 than we had expected and that with shutdowns extending well into Q2 – the outlook for the current quarter is much worse than we had previously expected. Last week, we revised down our US and Euro Area growth forecasts for the current quarter and 2020 as a whole quite significantly. We now see the US economy contracting 11.5%QoQ(sa) in Q2 and falling 7.1% for the year as a whole. We see the Euro Area economy shrinking 18% in the current quarter and 12 for the year as a whole. We've also become more cautious on the pace of recovery next year, with the US economy expected to grow only 2.6% and the Euro Area to grow 5%. We are very concerned that the US is opening up too soon and that failure to decisively contain the virus will slow down the recovery as people will be less willing to return



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to normal economic activities than in most of Europe as a consequence.

By the end of April, most indicators we track in China – including, to our surprise, exports – were more or less tracking prior-year levels, as we noted above. While we expect exports to drop sharply in the coming months, the recovery in domestic demand in an economy much less reliant on exports to drive growth compared to 2008-09, for example, should be enough to drive a strong second-quarter rebound in GDP. We look for GDP to grow about 6%QoQ(sa) in Q2. More tentatively, we expect a recovery in consumption to offset falling trade volumes in Hong Kong enough to deliver modest positive growth in Q2.

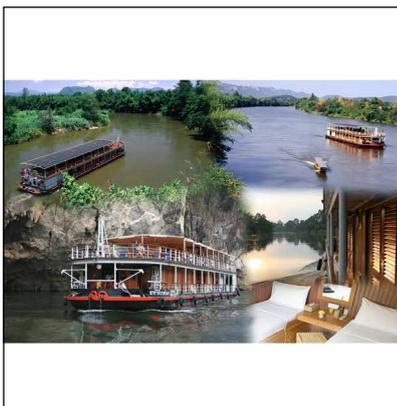
In South Korea and Taiwan, domestic demand doesn't need to recover so strongly, not having fallen much in Q1, so the US and EU recessions will drive exports lower and take GDP down even more in Q2 than it fell in Q1. We expect about 3%QoQ(sa) declines in GDP in these two economies, more than double their Q1 rates of decline.

Because of the anticipated decline in exports and lockdowns in Q2, India, Indonesia, Malaysia, the Philippines, Singapore, Sri Lanka, Thailand, and Vietnam are likely to contract much more sharply in Q2 than they did in Q1. We expect GDP declines in these countries to average nearly 7% in Q2.

While it's difficult to generalize, a lockdown appears to cost an economy about 10% of GDP in Asia. Small open economies then suffer an additional loss from the decline in exports. China aside, with most of the lockdowns in Asia and abroad affecting Q2 demand, the recession will be at its worst in Q2 with GDP falling significantly faster than during the GFC across the region. For Asia excluding China, we expect real GDP to fall about 9%yoy in Q2. The worst these economies experienced during the GFC was a combined 0.9%yoy decline in 2009Q3.

But in the second half of the year we expect most economies around the world will be coming out of their Covid-19 recessions – domestic demand will revive quickly as lockdowns end, and this will also lead to a recovery in exports as well. The third quarter of this year should see a very robust recovery weakening a bit in Q4. By year-end, most Asian economies will not have made up all the lost output from the first half of the year, but we expect by mid-2021 most will have.

We see the risks as broadly balanced around these forecasts. We think we have appropriately bearish forecasts for Q2 but may be underestimating the pace of recovery in our base case with no major recurrence of the pandemic. That possibility provides the main source of downside risk: that people don't believe the virus is contained and don't respond pos-



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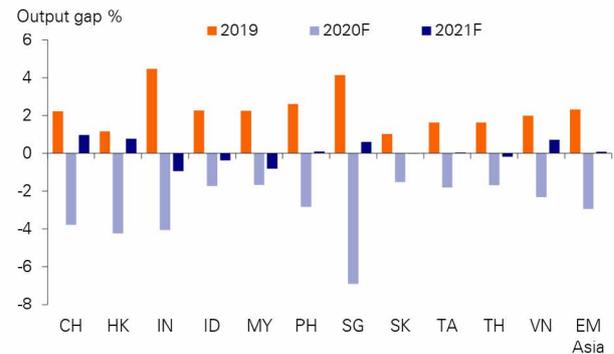
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itively to the relaxation of official lockdown orders or that indeed there are recurring major outbreaks in enough countries that governments can't relax these restrictions.



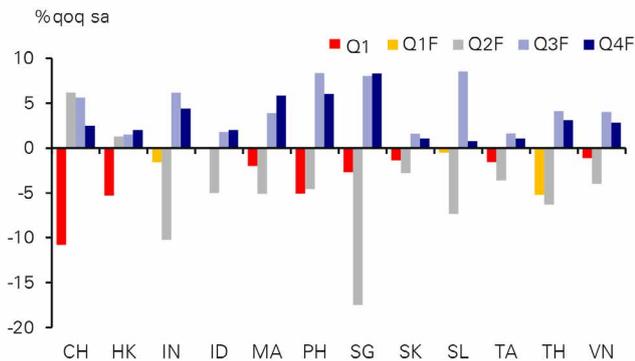
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**Chief Economist, +852 2203 8312**

### EM Asia output gap



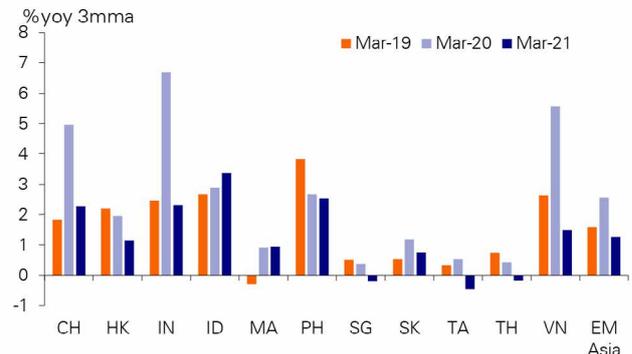
Sources: CEIC, Deutsche Bank Research

### QoQ growth profile for 2020



Source: Deutsche Bank Research  
Note: Indonesia's qoq growth is 0% in Q1

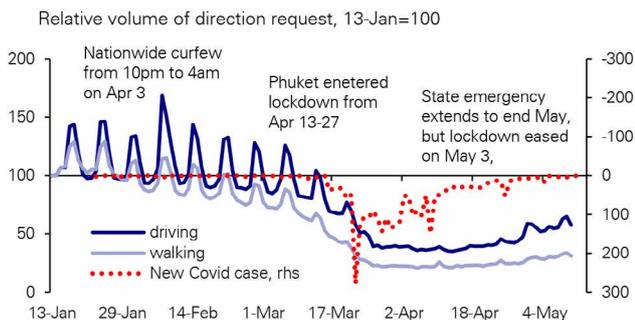
### EM Asia CPI inflation



Sources: CEIC, Deutsche Bank Research

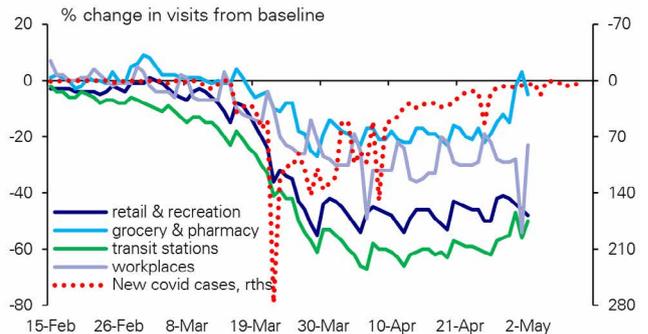
We would like to thank Anthony Chaimowitz of dbDIG Primary Research for his contribution to this report. We would also like to acknowledge the contribution made by Edwin Kwok, an employee of Evalueserve, a third-party research service provider to Deutsche Bank.

### Thailand – Easing lockdown



Source: Apple, Deutsche Bank Research

### Slow rebound in activities

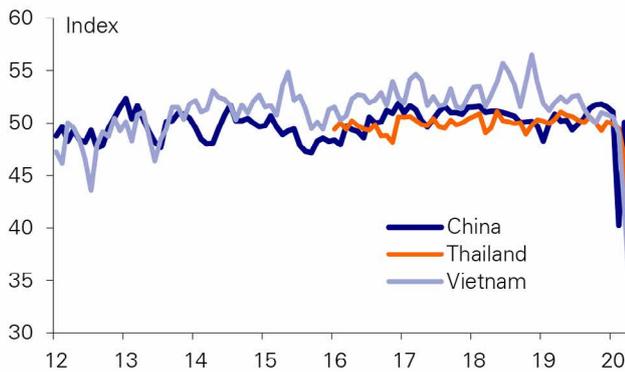


Source: Google, Deutsche Bank Research



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### Mfg PMI – China, Thailand, Vietnam



Sources: Deutsche Bank Research, Haver Analytics

### Thailand – Inflation (CPI)



Note: Next CPI release: Jun 5, Deutsche Bank forecast (previous): -2.7% (-3.0%)

### Thailand – 1-day Repurchase Rate



Note: Next policy meeting: May 20, Deutsche Bank Rate Call: 25bps cut expected

### Figure 89: Thailand

	2018	2019	2020F	2021F
<b>National Income</b>				
Nominal GDP (USDbn)	506.6	543.8	484.0	529.9
Population (mn)	66.4	66.6	66.8	67.0
GDP per capita (USD)	7,383	7,752	7,236	7,908
<b>Real GDP (YoY%)</b>	4.2	2.4	-6.9	5.0
Private consumption	4.6	4.5	-1.5	5.0
Government consumption	2.6	1.4	2.0	2.9
Gross fixed investment	3.8	2.2	-6.5	4.6
Exports	3.3	-2.6	-14.2	10.8
Imports	8.3	-4.4	-11.2	10.5
<b>Prices, Money and Banking</b>				
CPI (yoy %) eop	0.4	0.9	-0.7	1.4
CPI (yoy %) ann avg	1.1	0.7	-1.0	1.3
Core CPI (yoy %) ann avg	0.7	0.5	0.2	0.4
Broad money	5.1	4.1	6.4	6.1
Bank credit <sup>1</sup> (yoy %)	5.9	1.8	5.2	5.5
<b>Fiscal Accounts (% of GDP)<sup>1</sup></b>				
Central government surplus	-3.4	-2.7	-4.2	-2.5
Government revenue	15.5	15.2	15.8	17.1
Government expenditure	18.9	17.9	20.1	19.6
Primary surplus	-2.1	-1.6	-3.0	-1.3
<b>External Accounts (USD bn)</b>				
Merchandise exports	251.1	243.0	211.0	228.6
Merchandise imports	228.7	216.4	194.9	216.0
Trade balance	22.4	26.6	16.1	12.5
% of GDP	4.4	4.9	3.3	2.4
Current account balance	28.5	37.3	8.0	11.2
% of GDP	5.6	6.9	1.7	2.1
FDI (net)	-8.0	-7.1	-6.8	-9.0
FX reserves (eop)	205.6	224.3	219.6	221.4
FX rate (eop) USD/THB	32.5	30.2	32.5	31.3
<b>Debt Indicators (% of GDP)</b>				
Government debt <sup>1</sup>	38.4	38.4	45.2	46.1
Domestic	36.3	37.5	44.3	42.8
External	0.9	0.9	0.9	0.9
Total external debt	32.1	31.7	37.7	36.5
in USDbn	162	172	182	193
Short-term (% of total)	59.4	59.2	59.4	59.3
<b>General</b>				
Industrial production (YoY%)	3.7	-3.6	-3.0	4.0
Unemployment (%)	1.1	1.0	2.2	1.5
<b>Financial Markets (eop)</b>	Current	20Q2F	20Q3F	20Q4F
BoT o/n repo rate	0.75	0.50	0.50	0.50
3-month Bidor	0.87	0.63	0.63	0.63
10-year yield (%)	1.06	0.85	0.75	0.85
USD/THB	32.2	33.5	33.0	32.5

Sources: CEIC, Deutsche Bank Research, National Sources

Note: (1) Central government debt and guarantees.



## LEGAL

# FURTHER EXTENSION FOR E-TAX FILING IN THAILAND

### Contribution by Tilleke & Gibbins

On May 12, 2020, Thailand’s Revenue Department (RD) announced a further extension for e-tax filing for the months of March to August, 2020 (six months total).

The RD’s announcement is meant to further encourage use of the online system for filing and paying taxes, which they have been promoting since the 2012 introduction of the e-tax filing system by regularly granting eight-day extensions. This year, the extension is larger to provide a greater incentive to

file online, cutting down on crowding in RD offices and thereby limiting the risk of spreading the COVID-19 virus.

Below is the filing schedule for withholding tax, value added tax, and specific business tax.

***For more information about these tax filing extensions, or any aspect of tax law in Thailand, please contact***

***Varapa Aurat at [varapa.a@tilleke.com](mailto:varapa.a@tilleke.com).***

Type of tax	Tax Return Form	Tax Month (2020)	Due Date for Paper Filing (2020)	Extended Due Date for Online Filing (2020)
Withholding text	PND.1, PND.2, PND.3, PND.53, PND.54	March and April	May 15*	June 1
		May	June 7	June 30
		June	July 7	July 31
		July	August 7	August 31
		August	September 7	September 30
Value Added Tax	PP.36 (self-assessed VAT return)	March and April	May 15*	June 1
		May	June 7	June 30
		June	July 7	July 31
		July	August 7	August 31
		August	September 7	September 30



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Type of tax	Tax Return Form	Tax Month (2020)	Due Date for Paper Filing (2020)	Extended Due Date for Online Filing (2020)
Value Added Tax	PP.30 (monthly VAT return)	March and April	May 23*	June 1
		May	June 15	June 30
		June	July 15	July 31
		July	August 15	August 31
		August	September 15	September 30
Specific Business Tax	PT.40 (monthly SBT return)	March and April	May 23*	June 1
		May	June 15	June 30
		June	July 15	July 31
		July	August 15	August 31
		August	September 15	September 30

*\*The normal due date has been extended under the Notification of the Ministry of Finance Re: Extension of Period for Tax Return Submissions and Remittance or Payment of Taxes and Duties for Persons Liable to Remit Withholding Tax, Persons Liable to Remit Corporate Income Tax, Remittance or Payment of Value Added Tax, Payment of Specific Business Tax, and Payment of Stamp Duty (No.2) dated April 3, 2020.*



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## THE STCC NEWSLETTER EDITOR TEAM IS ASKING FOR MEMBER CONTENT.

Contributions of interest are:  
General English news and knowledge  
related to business in Thailand  
Please email your contributions  
to [Newsletter@swissthai.com](mailto:Newsletter@swissthai.com)

Thank you  
The STCC Newsletter Editor Team





## LEGAL

# UPDATE ON OCCUPATIONS PROHIBITED TO FOREIGNERS IN THAILAND

### Contribution by Tilleke & Gibbins

On April 21, 2020, the Ministry of Labor published a new announcement regarding occupations reserved for Thai nationals (i.e. those that foreigners are prohibited from undertaking) in the Royal Gazette. It becomes effective on June 20, 2020.

The announcement lists 39 occupations, which are virtually identical to the previous list of restricted professions which this announcement replaces. However, the list is now broken into four categories to allow for certain exemptions, and the movement of certain occupations between these categories has the practical effect of opening some occupations to foreign employment in limited circumstances. The full list is as follows:

### Category 1: Occupations that foreigners are strictly prohibited from undertaking

Foreigners are prohibited from engaging in any of the following occupations:

- Wood carving
- Driving motor vehicles or vehicles which do not use machinery or mechanical devices, except international aircraft piloting or forklift driving
- Auctioneering
- Cutting or polishing of diamonds or gemstones Haircutting, hairdressing, or beauty treatment
- Cloth weaving by hand
- Weaving or making of mats or products from reed, rattan, jute, straw, bamboo, bamboo pulp, grass, feather, coconut stalk, fiber, wire, or other materials
- Making rice paper by hand
- Lacquerware making
- Making Thai musical instruments
- Nielloware making
- Goldsmith, silversmith, or gold-and-copper alloy smith work
- Stone work
- Making Thai dolls
- Making alms bowls
- Making silk products by hand
- Creating Buddha images
- Making paper or cloth umbrellas
- Brokerage or agency, except in international trading
- Thai massage
- Cigarette rolling by hand
- Tour guiding or conducting



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- Hawking of goods
- Thai typesetting by hand
- Unwinding and twisting silk by hand Clerical or secretarial work
- Providing legal services or engaging in legal work, except (i) arbitration work, and (ii) work relating to defense of cases at arbitration level, provided the law governing the dispute under consideration by the arbitrators is not Thai law

### **Category 2: Occupations that foreigners are prohibited from undertaking, except where an international agreement or other legal provision provides otherwise**

Occupations under Category 2 are as follows:

1. Supervisory, auditing, work performance, or the provision of accounting services, with the exception of (i) occasional internal auditing work, and (ii) where Thailand is bound under an international agreement or obligation whereby the applicant's qualifications have been certified by the Professional Council.
2. Civil Engineering work including consulting services, project planning, design and calculation, construction supervision, production, examination work, administrative work, systemization, research, or testing. This does not include professional engineers, those in the controlled engineering profession in accordance with the ASEAN Mutual Recognition Agreements (MRAs), those that fall under other international agreements relating to the provision of cross-border engineering services, and licensed civil engineers in accordance with applicable engineering laws.
3. Professional architectural work including project study, design, management, construc-

tion directing, and audit or consulting services, excluding professional architects and those in the controlled architecture profession in accordance with the ASEAN MRAs, as well as other international agreements relating to the provision of cross-border architecture services from the Council of Architects, or a professionally licensed architect in accordance with applicable architectural laws.

These occupations used to be strictly prohibited, except for engineering work which qualified as 'Specialty' work, and was subject to the discretion of the work permit registrar. Under the new regulation, these controlled professions are eligible to apply for a work permit, provided that professional licenses from the respective authorities in Thailand are granted (generally as a result of an international agreement allowing mutual recognition of professional licenses between Thailand and another country).

### **Category 3: Occupations that foreigners are prohibited from undertaking, with the exception of craft or semi-skilled work undertaken for an employer**

Occupations under Category 3 are as follows:

1. Agriculture, animal husbandry, forestry or fishing
2. Bricklaying, carpentry, or other construction works
3. Making mattresses or quilted blankets
4. Knife making
5. Shoemaking
6. Hat making
7. Dressmaking



## LEGAL

### 8. Pottery

Occupations in this category were previously strictly prohibited. However, work permit applications for these occupations are now permissible if supported by an employer in Thailand. Work permits applied for without an employer's support, or freelance work, are still not allowed.

**Category 4: Occupations that foreigners are prohibited from undertaking except where undertaken for an employer by a foreigner permitted to enter Thailand in accordance with immigration laws under a memorandum of understanding or memorandum of agreement made by the Thai government with foreign governments**

Occupations under Category 4 are as follows:

1. Labour work
2. Shop attendance

Shop attendance was previously strictly prohibited, but the Ministry of Labor has now relaxed the regulations to allow employees in this occupation to apply for a work permit under the appropriate international agreements.

Currently, Thailand only has such agreements with Cambodia, Lao PDR, Myanmar, and Vietnam. The quota of employees under this category is still under consideration and will be subject to subordinate legislation.

For more details about work permit and immigration issues in Thailand, please contact

**Penrurk Phetmani at [penrurk.p@tilleke.com](mailto:penrurk.p@tilleke.com) or +66 2056 5509.**



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## NEW MEMBERS JUNE 2020

### CORPORATE MEMBERS

#### **Aero Solar and Automation Co. Ltd.**

678/49 Sai Samwa, Bangchan, Klong Samwa  
10510 Bangkok

Tel: 09 8251 7897

E-Mail: [information@aero-engineering.net](mailto:information@aero-engineering.net)

Web: [www.aero-engineering.net](http://www.aero-engineering.net)

**Representative:** Mr. Aeschbacher Rolf, Managing Director

**Alternate-Rep:** Mrs. Aeschbacher Surirat

**Activity:** Aero Engineering provides Services as following: Solar systems, solar pumps, automation for access control and public transport

#### **Virtuarch Co. Ltd.**

1000/19-20 Liberty Plaza, 13th Floor  
Sukhumvit 55 Road, Klongton Nua, Wattana  
10110 Bangkok

Tel: 02 550 6449

Email: [thp@vai.ch](mailto:thp@vai.ch)

Web: [www.virtuarch.net](http://www.virtuarch.net)

**Representative:** Mr. Hoprasartsuk Therdsiddhi, Managing Director

**Alternate-Rep:** Mr. Heusser Daniel, President

**Activity:** Virtuarch is an architectural, interior design and project management practice specialized in educational, industrial, office and F&B projects. Branches in Zuerich, Shanghai and Bangkok.

Bangkok office has 10 staff, and more than 100 professionals worldwide.

#### **Mister Loo (Thailand) Co. Ltd.**

(upgraded from individual member)

No. 3 / 21-22, 4th Floor, Soi Pridi Banomyong 1,  
Sukhumvit 71 Road, Phra Khanong Nuea, Watthana  
10110 Bangkok

Email: [contact@misterloo.com](mailto:contact@misterloo.com)

Web: [www.misterloo.com](http://www.misterloo.com)

**Representative:** Mr. Wanner Andreas, Director

**Alternate-Rep:** Mr. Schuler Dominik, Director

**Activity:** Mister Loo is a Swiss based holding company offering an innovative toilet concept with movable clean restrooms and state of the art refreshing facilities.



# Swiss Thai



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NEW MEMBERS JUNE 2020

## INDIVIDUAL MEMBERS:

### Mr. Calvert Nicolas

Key Account Manager  
c/o Italiasa Trading (Thailand) Co. Ltd.

122/19 Condo Prom Phaholyothin Soi 2,  
Samsennai, Phayathai  
10400 Bangkok

Tel: +66 8 3947 2961  
Email: nicolasbenjamin.calvert@ehl.ch

**Activity:** Wine Trading

### Mrs. Zuercher Sylvia

Director + Regional Practice leader  
c/o Kensington Exec

14 Wijhitra Village, 410 Moo 1 Baan Nong Korn  
Hin Lek Fai, Huahin  
77110 Prachuabkhirikhan

Email: sylvia@kensingtonexec.com

**Activity:** Executive Search



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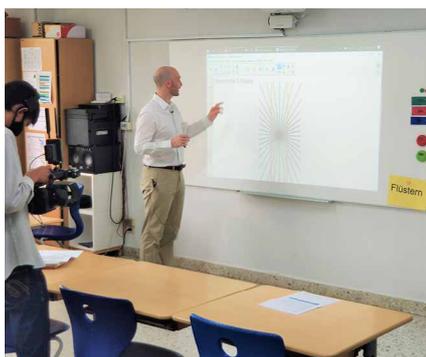
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RIS SWISS SECTION DEUTSCHSPRACHIGE SCHULE BANGKOK

## VIRTUAL OPEN HOUSE INFO SESSION ON SATURDAY, MAY 23RD, 2020



On Saturday, May 23rd, 2020, the RIS Swiss Section – Deutschsprachige Schule Bangkok welcomed the interested public to a virtual Open House. The session was streamed from the school where principal Simon Dörig, the head of primary school Johanna Vänkä, the head of secondary school

Jens Eggert and the home room teachers Hendrik Schumacher and Pascal Heuberger explained the Swiss/German approach to education and the school's unique learning methods and characteristics. Current students and parents introduced themselves from their homes during a video conference and

shared their experiences. The visitors, then, had the chance to ask questions during a live Q&A session. It was very nice to see how many people showed up online and expressed their interest in our school. A big thank you to everyone who participated in this event.



RIS SWISS SECTION DEUTSCHSPRACHIGE SCHULE BANGKOK

## EXTRAORDINARY STRATEGY MEETING SEA



On May 9th, the Board, together with the School Leadership Team, Representatives of the Swiss, German and Austrian Embassies as well as Teachers Representatives came together in an extraordinary strategy meeting. The meeting was held to analyze the effects of the Corona Crises on the school's strategic development and

to discuss the continuing course of action. It is key to assure a crises-proof and optimal education for the students. At the same time, safety and health of the entire school community is of utmost importance.



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## SHORT MOVIES

During an E-learning project of Grade 5, the students produced some lovely short movies for their younger friends in Kindergarten. Seeing the students of Grade 5 reading a book, doing a tutorial for some handicraft or introducing their favorite pet, the Kindergarteners enjoyed watching and learning from their older peers.



*Please visit our website - [www.ris-swiss-section.org](http://www.ris-swiss-section.org) - and get more information about our upcoming events.*



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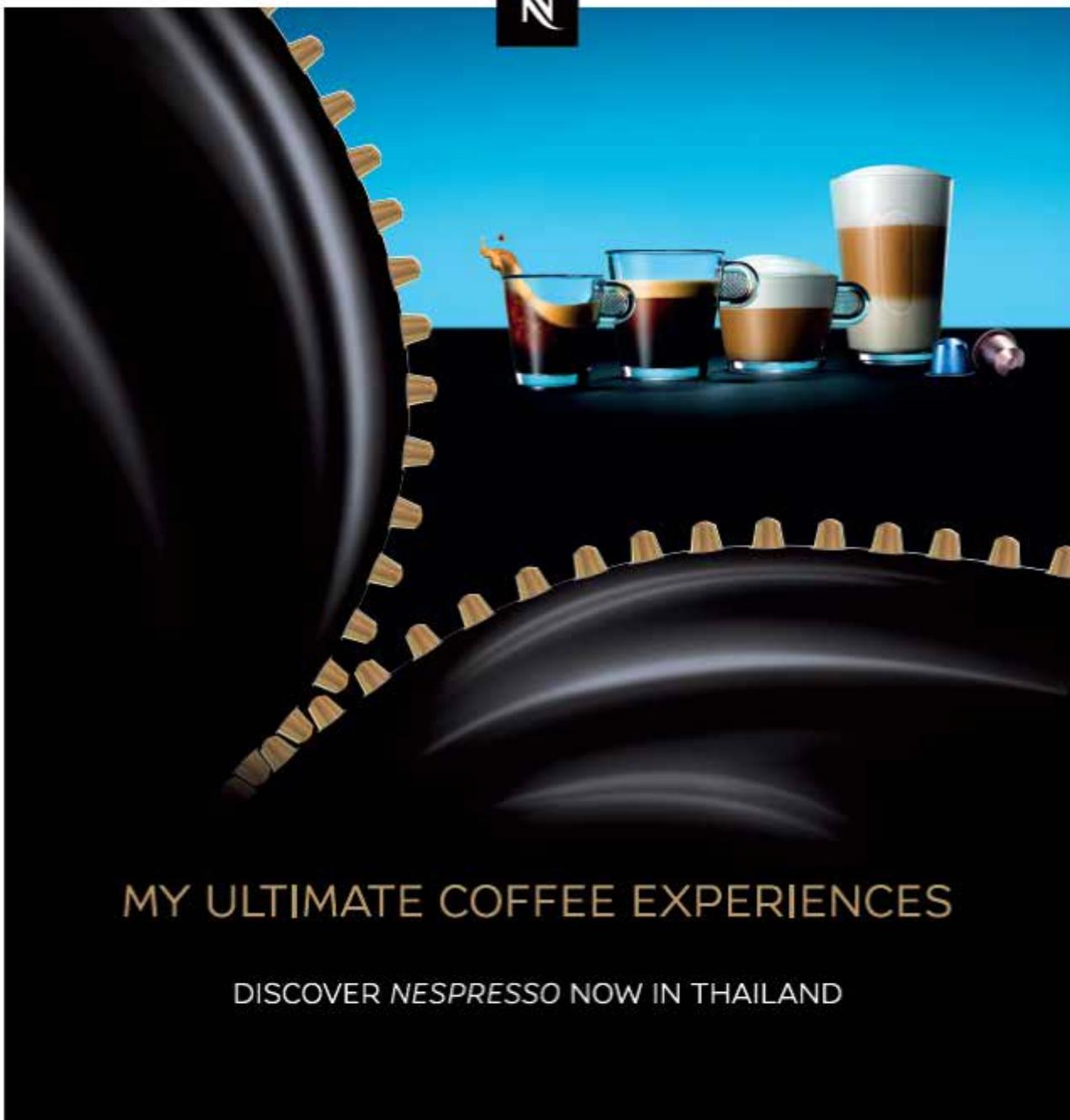
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