SwissThai

SEPTEMBER 2020 | SWISS-THAI CHAMBER OF COMMERCE | E-NEWSLETTER #122

TOP NEWS

Legal: **Thailand Issues Additional Payment Extensions and Assurances Regarding 2020 Land and Building Tax**

School News: **Open House Info Session on Saturday, 26th September 2020 / Awarding of language diplomas / Preparation week and education workshops / First day of school**

THE PRESIDENT'S MESSAGE

DEAR FRIENDS AND MEMBERS OF THE STCC

PRESIDENT BRUNO G. ODERMATT

You might wonder - what do the Southeast Asian countries like Singapore, Indonesia and Malaysia have in common with Switzerland, besides the fact that Switzerland has been enjoying excellent relations with them? All of them celebrated their Independence Day in August, same as in Switzerland. The Indonesians even have a law that obliges the flying of the red and white flag for every citizen in their homes at that day. The Swiss, being known as fairly patriotic people, also have something to be proud of; it is the only sovereign state in the world with a square flag. The only other square state flag belongs to the Vatican City, which is an independent city-state, but technically not a sovereign state. When you visit the United Nations Headquarters in New York, you notice it is the only square flag flying outside. In order to prove that we practise unity of doctrine in the Swiss Federation, all the flags of all Switzerland's cantons are also square. One could say that our ancestors truly dared to be different.

As we patiently wait to regain our own personal freedom from the devastating pandemic, the economic toll is affecting most economies around the globe. Switzerland's economy shrank by 8,2% in the second quarter, as the pandemic triggered the worst quarterly downturn in 40 years. As a recession is defined as two consecutive quarters of contraction, Switzerland officially entered into one. The service sector was severely battered, seeing a 54% drop in economic output in accommodation and food services. Luckily, the

SERVICE

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***

THE PRESIDENT'S MESSAGE

strong performance of the pharmaceutical sector helped to offset some of the losses in manufacturing, where watchmakers and machinery makers are faced with really tough times. The German economy contracted by 9,7%, the French economy by 13,8%, and Britain's economy shrank be a record 20,4%. Since those countries are major trading partners of Switzerland, their dramatic drop in economic output will also impact the Swiss economy. Thailand reported its deepest contraction since the Asian Financial crisis in 1998 and shrank by 12,2%. As its economy relies heavily on Tourism for growth, its economic outlook remains one of the worst in the region.

As a firm believer in free markets, low taxes, and small government, one reason why I am optimistic about Switzerland's future is one key decision which was made in 2019. The pragmatic Swiss electorate voted for a major corporate tax reform, which will be fully implemented by 2025. This actually means that Hong Kong will soon lose its status as the place with the world's lowest corporate tax to an obscure little canton in Switzerland, called Nidwalden, with a population of around 40,000 people. As I am a native of this mountainous canton, it makes me extremely proud. This is according to a taxation index published by BAK Economics (source BAK Taxation Index 2019), which measures the attractiveness of Swiss cantons, amongst others, with locations abroad. Simply said, it means if Hong Kong does not adjust its tax regime by 2025, Nidwalden will push it off the top spot with a tax rate of 9,8%. Tough to match, I would add, and when you scroll down the list published by BAK, amongst the top 15 tax places you will find 12 Swiss cantons, besides Hong Kong, Budapest and Dublin. Well done, Switzerland.

As we go through some structural changes in our Chamber to improve our service offerings, you will receive more frequent updates as part of our communication strategy. One initiative was our Business Stamm Network Event on August 13, hosted by the Swiss Ambassador at her residence. It was a splendid success with an enlightening Covid-19 repatriation presentation by our member Andi Wanner. As we had some Covid-19 restrictions and were limited to inviting 40 participants, the event was sold out in less than 24 hours. We apologize to those members who were not able to be part of. We are planning to hold regular events with a similar format, where you will be able to mingle, network and listen to top notch presentations.

You should also see more joint events with other Chambers and

SwissThai

SEPTEMBER 2020 | SWISS-THAI CHAMBER OF COMMERCE | E-NEWSLETTER #122

THE PRESIDENT'S MESSAGE

regular business luncheons with guest speakers in the months to come. In order to facilitate the implementation of our new strategy, we also aligned the business portfolios of our Board of Directors. Amongst others, Dr Niti Meyer is now in charge of Program Director, charged to select high level guest speakers. David Stauffacher, our incoming Executive Director whom many of you got to know during his stint at the Swiss Embassy, will be in charge of our Business Network Stamm. He will also look after our young professionals living and working in Bangkok. Given his age, business, and academic background, he is the perfect person for this assignment.

Despite the dire economic and social consequences caused by the devastating pandemic, we are still moving ahead with implementing some major structural changes in our Chamber in order to position ourselves for the post-Covid period.

With my best wishes

Bruno G. Odermatt-Maag
President
***

Contact the President:
Bruno G. Odermatt-Maag, CPCU
President STCC
president@swissthai.com
Tel: +66 2 652 1911

STCC CALENDAR SEPTEMBER 2020:

Thursday 10 September 2020: STCC STAMM 18:00 at Haefele (Sukh. 64)
Thursday 8 October 2020: Stamm 18:00 at Arnoma Hotel
Wednesday 14 October 2020: SSB AGM 18:00 at Sofitel (Sukh. 13-15)

Further Activities for September onwards will be announced later

More details for above events please wait for the invitation-mail or get it from www.swissthai.com, click on "events".

SwissThai

SEPTEMBER 2020 | SWISS-THAI CHAMBER OF COMMERCE | E-NEWSLETTER #122

THE PRESIDENT'S MESSAGE

BUSINESS NETWORKING STAMM „ COVID RELAX"

On Thursday, 13th August, the STCC held its first ever STCC Business Network Stamm at the Swiss Embassy. In order to reconnect after the lockdown and officially restart business activities since the start of the COVID Pandemic, H.E. Madame Ambassador Helene Budliger-Artieda invited the Swiss business community to a Network Stamm at her private residence. The Ambassador provided the members with a frank update about her assessment of the current COVID crisis and its impact on the Thai society and the business community. Our corporate member Andi Wanner, co-founder of Mr. Loo, provided us with an enlightening first -hand account of his experiences of returning to Thailand with a family of four, including two small children. Well done, Andi, and we hope that your family will settle well in Bangkok. It was a first-class evening with terrific presentations, delicious food and excellent wine, and we extend our gratitude to the Ambassador for hosting the STCC at her private residence and sponsoring the wine. Due to COVID restrictions the event was limited to 40 people and bookings were dealt with on a "first come, first served" basis. As the event was sold out within 24 hours, we extend our apologies to those members we were not able to join this event. We are planning further events with a similar format in the future and our incoming Executive Director David Stauffacher, who is in charge of organizing the Business Network Stamm, will keep you informed.

Please stay tuned to further news from David.

ECONOMY SPECIAL REPORT BY DEUTSCHE BANK

NEARING AN END TO MONETARY EASING

Asia continues to offer the most positive examples of how to suppress the Covid-19 virus, and, having done so, of how quickly economic activity can recover. China, Hong Kong, South Korea and Vietnam have experienced strong recoveries in consumption after containing the virus outbreak. Unfortunately, some other countries have not succeeded in containing the virus, despite lengthy lockdowns. We expect their recoveries to be weaker.

Exports continue to present a positive surprise. While depressed demand in the US and EU and social distancing restrictions, that have at times constrained exporters' ability to ship goods, have certainly impacted exports, the effect has been much weaker than we had expected. Instead of exports falling more than they did in 2009, 2020 is shaping up to be a repeat, perhaps, of 2015/2016 – a lull in exports but not a regime change. As the G2 economies rebound in Q3, Asian export growth could strengthen.

With the worst of the crisis now likely behind them, we think policymakers will transition from providing emergency support to their economies to monitoring the recovery and gradually scaling back fiscal stimulus to avoid a 'fiscal cliff' drag on growth as emergency measures are removed.

We expect that one or two rate cuts remain in a few countries, but only in the Philippines and Sri Lanka do we think central banks will have cut rates more than the Fed has. But in those economies with the strong recoveries and acceleration in asset price inflation – so far, China and South Korea – the question increasingly will be: when do they begin normalizing rates? We think that process will begin next year, long before the Fed or ECB.

Nearing an end to monetary easing

China's data are the closest approximation to a V-shaped recovery that we're likely to find anywhere, with **Q2 GDP expected to show a complete reversal of the Q1 decline**. There continue to be sporadic outbreaks, to which the authorities respond with the same determination they showed in Wuhan, but these haven't been worrying enough to get in the way of the economic revival.

Vietnam reacted quickly to the news of the outbreak in China, implemented an even harder lockdown than China did and suppressed the virus just as effectively. They are now **seeing a similarly strong economic recovery since the lockdown ended**. As is well known, South Korea and Taiwan didn't go into lockdown but we would argue they have been very successful in containing the virus, although South Korea hasn't suppressed it as completely as Taiwan did. Their more voluntary, but still highly effective, containment strategies meant that their economies contracted much less than economies that were locked down. The **South Korean economy, more so than Taiwan, seems to be reviving strongly in recent weeks with soaring car sales and rising property prices**.

Other countries – **India, Indonesia, and the Philippines** – have not been able to contain their Covid-19 outbreaks. These countries **may experience the worst outcome: a record decline in GDP as economies were locked down but still a failure to suppress the virus**. Their post-lockdown rebounds are likely to be much weaker than we observe in China and Vietnam. Indeed, lack of effective containment could mean household demand stalls well below pre-Covid levels.

ECONOMY SPECIAL REPORT BY DEUTSCHE BANK

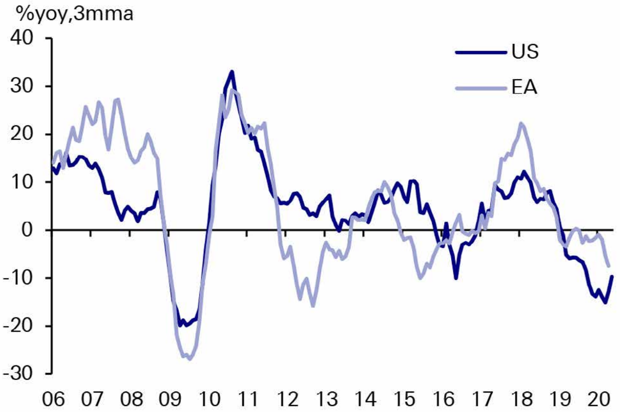
Hong Kong occupies a middle road: a most voluntary strategy of containment as in South Korea and Taiwan that had been highly successful but, sadly, recent days have seen record numbers of new local cases of unknown origin. As we had expected, consumption responded strongly to the suppression of the virus – indeed by May retail sales were a little ahead of our forecasts – although with the latest setback, sales in July will likely retrench somewhat. With the upward revision to China's growth outlook and surprisingly strong export growth so far, **we have revised up our 2020 GDP forecast for Hong Kong slightly.** Still, at -4.5% – and a second consecutive annual decline in GDP – this is the weakest economic environment in the SAR since 1998.

We commented last month on the surprising strength of electronics exports in particular but Chinese exports more broadly. While most economies have seen steep declines in exports, this may have been due as much to their own shutdowns as to the declines in demand in the region's main European and US export markets. With G2 GDP expected to contract much more than it did in 2009 (an expected decline of 14%yoy in Q2 versus -4.5% in mid-2009), we had expected Asian exports to be weaker than in

Asian exports

Sources: CEIC and Deutsche Bank Research

US and EA imports from Asia



Sources: Haver Analytics and Deutsche Bank Research

ECONOMY SPECIAL REPORT BY DEUTSCHE BANK

2009. So far, though, they aren't falling nearly as quickly. **April/May export growth in Asia** – depressed by lockdowns in some of these countries – **was only -10%, a more moderate rate of decline even than in 2015/16 and so far much better than we had expected.**

This is verified also in the import data from the US and Euro Area, which show a combine 11%yoy decline in imports from Asia as of April with US data hinting at a recovery already. Imports from Asia are falling much less than total imports into these regions.

While we remain concerned about downside risks from the 'second wave' of Covid-19 cases in the US, as social distancing policies in the US and Europe were relaxed, retail sales rebounded sharply in May, consistent with the behavior we observe in China. **As the G2 economies rebound in Q3, Asian export growth could strengthen** – especially in countries where exports may have been depressed by their own lock-down rules.

So far, 2020 is shaping up to be a repeat, perhaps, of 2015/2016 – a lull in exports but not a regime change. The external drag on growth that we were worried would hold back the recovery in North Asia about has been real, but less serious than we'd feared.

With domestic demand recovering strongly in North Asia and likely to rebound – if less completely – in South and Southeast Asia as their lockdowns end, we think **policymakers will transition from providing emergency support to their economies to monitoring the recovery and avoiding a 'fiscal cliff' drag on growth as emergency measures are removed.** Many governments, for example, have offered cash handouts or wage subsidies as temporary income support. The South Korean government last week unveiled a third stimulus package aimed at smoothing out the loss of handouts and shifting the focus of policy from emergency relief back to longer-term requirements for growth such as infrastructure investment.

Overall, **fiscal stimulus has been considerable across the region, albeit not as generous as in the US and Euro Area** – as is to be expected of emerging markets whose governments don't issue liabilities that are widely held as safe, reserve, assets. Including extra-budgetary items,

ECONOMY SPECIAL REPORT BY DEUTSCHE BANK

the Chinese government deficit is expected to rise by about 6% of GDP. Elsewhere, fiscal deficits are expected to rise by about 4% of GDP.

On the monetary front, every Asian central bank has cut its policy rate at least once this year, and while the PBOC has been the most restrained – cutting its 1yr MLF rate by only 30bps since January – other central banks have been more assertive. **Policy rates are generally at record low levels although only the Philippine central bank has exceeded the Fed's 150bps rate cuts and none have taken their policy rate to zero.**

But with the worst of the crisis behind us, **we think, the need for further monetary policy action is diminishing.** We expect another 50bps of rate cuts in Vietnam, 35bps in India but only another one rate cut of 25bps each in Indonesia, Malaysia and Thailand. China and Taiwan aside, policy rates across the rest of the region will have fallen between 75bps (South Korea) and 175bps (Philippines).

With policy rates still positive, there is, of course, still room for rate cuts if needed to respond to a worsening of the pandemic. But, if our forecast of economic stabilization is correct, **in those economies with the strong recoveries and accelerating asset price inflation – so far, China and South Korea – the question later this year may be whether they need to raise rates long before the Fed or ECB.**

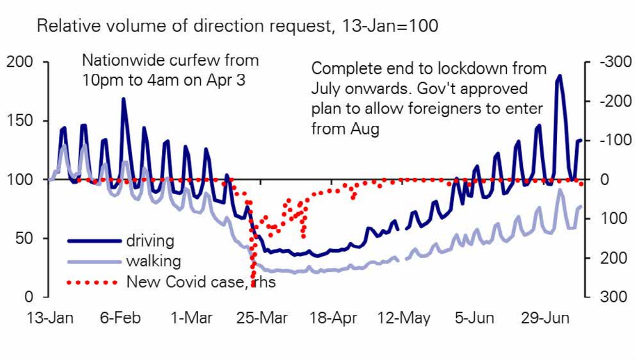
Juliana Lee,
Chief Economist, +852 2203 8312

Michael Spencer, Ph.D.
Chief Economist, +852-2203 8303

Yi Xiong, Ph.D.
Chief Economist, +852-2203 6139

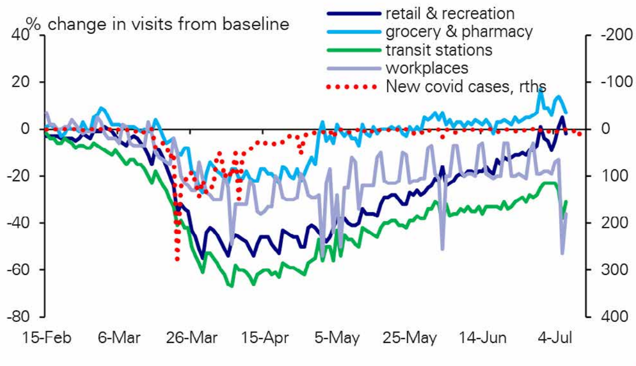
Edwin Kwok
Research Associate

Thailand – Easing lockdown



Source : Apple, Deutsche Bank Research

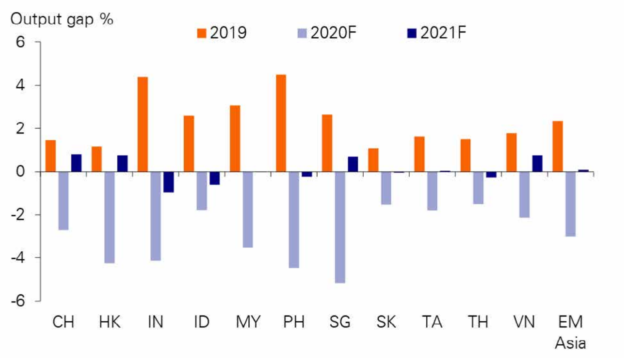
Mixed rebound in activities



Source : Google, Deutsche Bank Research

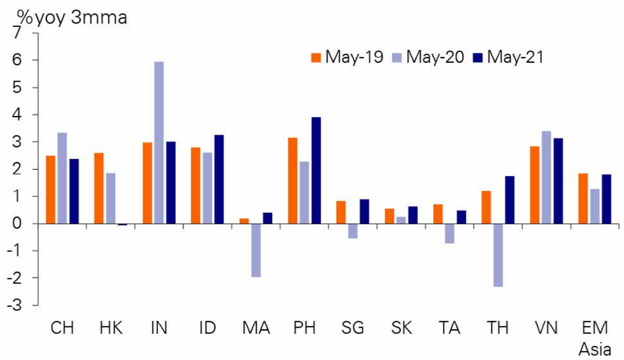
ECONOMY SPECIAL REPORT BY DEUTSCHE BANK

EM Asia output gap



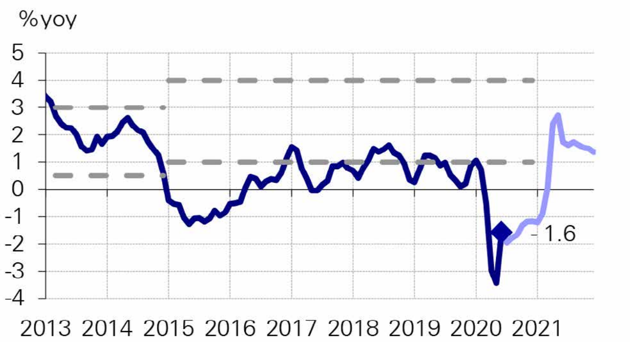
Sources: CEIC, Deutsche Bank Research

EM Asia CPI inflation



Sources: CEIC, Deutsche Bank Research

Thailand – Inflation (CPI)



Note: Next CPI release: Aug 5, Deutsche Bank forecast (previous): -2.0% (-1.6%)

Thailand – 1-day Repurchase Rate

Note: Next policy meeting: Aug 5, Deutsche Bank Rate Call: 25bps cut expected

ECONOMY SPECIAL REPORT BY DEUTSCHE BANK

Thailand

	2018	2019	2020F	2021F
National Income				
Nominal GDP (USDbn)	506.6	543.8	495.1	535.8
Population (mn)	66.4	66.6	66.8	67.0
GDP per capita (USD)	7,383	7,752	7,406	7,998
Real GDP (YoY%)	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
Prices, Money and Banking				
CPI (yoy %) eop	0.4	0.9	-1.2	1.4
CPI (yoy %) ann avg	1.1	0.7	-1.4	1.2
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[1] (yoy %)	5.9	1.8	5.2	5.5
Fiscal Accounts (% of GDP)[1]				
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
External Accounts (USD bn)				
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	32.3	29.7	31.7	31.0

Thailand

	2018	2019	2020F	2021F
Debt Indicators (% of GDP)				
Government debt[1]	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	36.9	36.1
in USDbn	162	172	182	193
Short-term (% of total)	59.4	59.2	59.4	59.3
General				
Industrial production (YoY%)	3.7	-3.6	-3.0	4.0
Unemployment (%)	1.1	1.0	2.2	1.5

Financial Markets (eop)	Current	20Q3F	20Q4F	21Q1F
BoT o/n repo rate	0.50	0.25	0.25	0.25
3-month Bibor	0.63	0.40	0.40	0.40
10-year yield (%)	1.29	1.00	0.80	0.90
USD/THB	31.3	31.9	31.7	31.6

Sources: CEIC, Deutsche Bank Research, National Sources
Note: (1) Central government debt and guarantees.

LEGAL

THAILAND ISSUES ADDITIONAL PAYMENT EXTENSIONS AND ASSURANCES REGARDING 2020 LAND AND BUILDING TAX

Contribution by Tilleke & Gibbins

Several Thai government agencies have acted in concert to provide many taxpayers with an additional extension to the deadline for paying the 2020 land and building tax (LBT), and to clarify procedural matters for collecting the new tax, which is being instituted for the first time in 2020.

On August 27, 2020, the director of the Fiscal Policy Office and spokesperson of the Ministry of Finance issued an explanatory announcement about the collection of the LBT for 2020, reassuring owners of land or buildings over concerns that they would be charged a fine (of up to 40% of the outstanding tax payment) or surcharge (equal to 1% of the outstanding payment per month) for not paying LBT by the deadline at the end of August 2020. Specifically, the announcement confirmed that owners would not be charged if they either had not received the LBT assessment form, or if the property subject to LBT is covered by an extension or postponement of the tax payment deadline announced by the Bangkok Metropolitan Administration (BMA) or, for properties outside Bangkok, the relevant municipality or local administrative office.

Supporting that announcement, the BMA and many other administrative offices around the country have officially extended the payment deadline. The BMA's announcement, issued on August 28, 2020, set a new payment deadline of October 31, 2020, and confirmed that owners would not be subject to fines or surcharges if they pay the LBT by that date.

To limit any risk of surcharges, owners of land or buildings who have not received the LBT assessment form are advised to check with the relevant district office in Bangkok, or municipality or local administrative office where the property is located, to ascertain whether the form has been sent. Those outside Bangkok should also check whether any extension or postponement of the tax payment deadlines has been granted.

As for what property owners can expect under normal circumstances in future years, the Land and Building Tax Act B.E. 2562 (2019) stipulates that the LBT assessment form will be sent to the owners of land or buildings on an annual basis. If the assessment is correct, the owners may pay the LBT at a district office (for property in Bangkok), a municipality or local administrative office (for property elsewhere), or via other methods prescribed by authorities (e.g., banking counters, mobile banking via QR code, online banking etc.). Owners may contest LBT tax assessments by submitting an appeal or objection within 30 days of receipt of the LBT assessment form.

For more details on the land and building tax, or on any aspect of property law in Thailand,

please contact Chaiwat Keratisuthisathorn at chaiwat.k@tilleke.com or +66 2056 5507.

NEW MEMBERS SEPTEMBER 2020

INDIVIDUAL MEMBER

Mr. Kurt Zbinden, Swiss

Vice President Operations Asia Pacific of
Swarovski (Thailand) Ltd.

30/6 Naglinchi Soi 4, Sathon, 10120 Bangkok

Email: kurtzbinden@gmail.com

RIS SWISS SECTION DEUTSCHSPRACHIGE SCHULE BANGKOK

OPEN HOUSE INFO SESSION ON SATURDAY, 26TH SEPTEMBER 2020

RIS Swiss Section – German Speaking School Bangkok welcomes everyone to visit the school.

RIS Swiss Section – German Speaking School Bangkok is the only international school in Bangkok with a Swiss/German curriculum with German and English as the first classroom languages. We offer all grades from Pre-K (Nursery) to Grade 12 and afternoon Playgroups for the youngest children.

Come along if you want to experience our unique Swiss and German learning experience first-hand! You will have the chance to learn about our Swiss/German approach to education during presentations and Q&A starting at 1pm, participate in guided tours through our school and get together with current students and parents who will share their experience.

Please inform us about your attendance under:

events@ris-swiss-section.org

RIS SWISS SECTION DEUTSCHSPRACHIGE SCHULE BANGKOK

AWARDING OF LANGUAGE DIPLOMAS

More and more institutions of higher education and employers are requiring language certificates from their candidates as proof of their language competencies. Therefore, RIS Swiss Section - Deutschsprachige Schule Bangkok is preparing their students for internationally recognized language exams.

The students of grade 12 passed the exams for the Advanced or Proficiency English Certificate, issued by the University of Cambridge, and received their certificates for the German Language Diploma of the Education Ministers' Conference Level II.

Well done!

The "Deutsches Sprachdiplom der Kultusministerkonferenz" (engl.: German Language Diploma of the Education Ministers' Conference) can be obtained by high school students abroad as a certificate proving German language proficiency in two levels, in grades 8 and 11.

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

Thank you
The STCC Newsletter Editor Team

RIS SWISS SECTION DEUTSCHSPRACHIGE SCHULE BANGKOK

PREPARATION WEEK AND EDUCATION WORKSHOPS

On 16 June 2020, RIS Swiss Section – Deutschsprachige Schule Bangkok welcomed guests to a short and atmospheric ceremony for the presentation of the Secondary School certificates, which took place at the German Embassy.

Seven students from Grade 10 got awarded admission to the Gymnasium (Oberstufe), one student from Grade 10 with the Realschulabschluss and one student from Grade 9 with the Hauptschulabschluss.

The certificates were handed over to the proud graduates from H. E. Mr. Georg Schmidt, Ambassador of the Federal Republic of Germany to Thailand. Together with Principal Simon Dörig and Head of Secondary School Jens Eggert they all praised and congratulated the students for their success and wished them all the best for the future. Two of the graduates will leave the school, while the remaining students will continue their school career with the Swiss Matura at our school. Finally, in their speeches, Grade 10 students thanked their teachers and parents for helping them achieve their goals.

RIS SWISS SECTION DEUTSCHSPRACHIGE SCHULE BANGKOK

FIRST DAY OF SCHOOL





August 10th was the first day of school at RIS Swiss Section – Deutschsprachige Schule Bangkok and all students were welcomed on the campus for the new school year.

Jens Eggert, the Head of Secondary School and Johanna Vänskä, the Head of Primary School greeted each new student with a lovely flower garland in their classrooms. We are looking forward to an exciting and joyful school year.

RIS SWISS SECTION DEUTSCHSPRACHIGE SCHULE BANGKOK

Planned events in the first semester of the school year 2020-21:

26.09.2020	Open House Info Session (13:00 – 15:00)
20.10.2020	Annual General Meeting of SEA
30.10.2020	Making Krathongs/Loy Krathong – Celebration
03.11.2020	Open House Day (7:30 – 14:40)
13.11.2020	Lantern Parade (KG - Grade 3 - evening)
04.12.2020	St. Nicholas visit (Primary School)
11.12.2020	Flea Market (Primary School)
17.12.2020	Christmas Party (from 13:00)

Please visit our website - www.ris-swiss-section.org - and get more information about our upcoming events.

RIS · SWISS · SECTION
DEUTSCHSPRACHIGE SCHULE BANGKOK

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

SWISS
GOVERNMENT APPROVED
SCHOOL

DAS
Deutsche Auslandsschulen
International