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Thailand could absorb oil price impact: Somkid

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DEPUTY PRIME Minister Somkid Jatusripituk is confident the country can deal with possible impacts from the rising price of oil.

He said yesterday that the current price trend could jack up domestic production costs but the country was capable of handling the possible fall-out and people should not be worried about it.

Somkid, the Industry Minister and other related ministers will tomorrow discuss with state-backed PTT matters related to energy, petrochemicals and bio-economy.

"Now, [global] crude prices are on the rise. We can prepare several things such as production and others. We don't want people to panic," Somkid said.

Brent crude price fell 0.25 cent to US\$83.91 per barrel and Dubai crude dropped US\$1.65 to US\$81.45 per barrel yesterday.

The US-China trade war is expected to have an impact on the global economy next year and China has been adopting monetary measures to sustain and balance its economy, he said.

People are not worried about short-term impact as a result of the trade spat between the United States and China, but the long and bruising trade sanctions are expected to continue at least two to three years, he said.

As a prolonged trade war is expected, global trade would certainly be impacted, he said, adding there was no scope for Thai exports to rise sharply.

He urged Thailand to balance the local economy and position itself on the global stage in a safe way.

"The trade war will have an impact on the global economy next year. The US has pressured China on trade and simultaneously, the confidence of local Chinese has been jolted. China is now following a policy of financial relaxation aimed at boosting the local economy to balance out external factors," Somkid said.

The point is not about short-term impacts from the heated trade war but that US President Donald Trump may remain in office for a long time, he said.

In addition, as the US economy is strong with an aggressive political stance, the trade war could prolong, which means the world could face the

consequences for at least two to three years, he said.

One of the concerns facing other countries is whether they will be forced to take sides in the trade war, he said.

Amidst growing anxiety on a possible economic drag from the escalating trade war, the People's Bank of China (PBOC) decided on Sunday to cut the level of cash that banks must hold as reserves by one percentage point, with effect from October 15.

The steep cut, the fourth by the Chinese central bank this year, is a measure to lower financing cost and spur Chinese growth.

According to AFP, the US-China trade war will hobble global growth, the International Monetary Fund warned yesterday, cutting its forecast for this year and next and predicting that "everyone is going to suffer" from a clash between the world's two biggest economies.

At a meeting on the Indonesian island of Bali, the IMF painted a cautious picture for the near future, saying trade tensions and rising debt levels could dent China and the US - and leave developing economies especially vulnerable to sudden stresses.