

## **ELECTION IN 2017?**

With a new constitution all but ratified and the royal succession safely overseen, Thailand seems set to return to democracy. Prime Minister Prayut Chan-o-cha is keen to reinforce this impression and had as recently as January 4 stated that a general election will be held within this year.

But Thailand is unlikely to go to the polls in 2017. Several senior figures around the government, including members of the junta's hand-picked legislature and constitution drafting committee, have already suggested so.

There are a number of reasons for the government to delay voting. Several organic laws - including ones governing political parties and election organisers – must still be passed before an election can be held.

Moreover, the ruling junta will likely not want political campaigning to tamper with the spirit of national unity it will be fostering in the run-up to two major royal ceremonies due to be organised. The first is the cremation of the late King Bhumibol Adulyadej, which will take place in Q4. The second is the coronation of his successor, King Maha Vajiralongkorn. This latter event will likely be held once an appropriate interval (possibly two months) has passed.

As such, there will not be a new administration until at least Q2 of 2018.

## **GOVERNMENT PRIORITIES**

The government will spend the year focused on securing its legacy. At the top of the agenda is implementing flagship policies designed to solidify structural reforms or spur on economic growth. Bureaucrats will be pressured to finalise revisions to the country's different tax codes, and parliamentarians to hasten their review of draft legislation governing oil and gas exploration and state-owned enterprises, for example. Many of the long-delayed infrastructure projects worth a whopping US\$25 billion will also be launched this year.

At the same time, the military junta will also work to cement its political base. Already, it has reconfigured the political system by drafting a new constitution that severely disadvantages big parties such as Pheu Thai and the Democrats. The generals will likely try to cobble together a pro-military coalition of small provincial parties which they hope will form the backbone of a successor administration. To increase the chances of electoral success for such a coalition, the government will likely release a new raft of welfare and agricultural subsidies this year.

## **IMPLICATIONS FOR BUSINESS ENGAGEMENTS**

The 100-day mourning period for the late King will end on January 21. From then until the election, investors can expect increasing momentum in engagements. The present administration is finalizing several laws and policies that successor governments will find difficult, if not impossible, to undo. Moreover, should the military's proxy party win the election, it will likely invite Prayut to remain prime minister.

Under the circumstances, companies hoping to influence policy should begin preparing for increased opportunities for engagement. At this stage, it is likely that the majority of officials today will be in positions of influence for years to come. In the event that they do not win an election, we do not expect an administration of a different composition to hold any unfavourable leanings towards international businesses who undertake engagements at this time given Thailand's historical openness to foreign investment.