

## Thailand Business News

After a brief slowdown earlier this year, Thailand's automotive industry is back near top speed, resuming progress toward the goal of becoming the world's 10th biggest automaker. Rising steadily by one notch in 2009 and by another in 2010, Thailand currently ranks as the 12th largest auto manufacturing country.

Industry experts predict the country will enter the global top 10 on output of 2.3 million units in three or four years. Looking further, on the strength of its good fundamentals and untiring optimism, the Thai automotive industry is projected to keep advancing and turn out 2.5 million units by 2020.

### **Japan's earthquake and tsunami had a short-term impact**

Japan's powerful earthquake and tsunami in March had a significant but short-term impact on auto production in Thailand this year. The tragedy disrupted the operations of auto parts suppliers in Japan, resulting in a parts shortage for several months that prevented many carmakers in Thailand from being able to produce certain models.

In April, as a demonstration of the immediate effect of the Japan tsunami, Thailand's total vehicle production was uncharacteristically weak at just 89,179 units, down 15.16% y-o-y and 48.5% m-o-m, the Federation of Thai Industries reported. In comparison, the targets set earlier by industry experts were for output of 130,000 units in April and 150,000 in May.



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Nevertheless, indicative of the local industry's potency, even with the dip in April overall production for the first four months of 2011 rose 14.4% y-o-y to 558,160 units. Most makers in Thailand expect their output to return to 100% sometime between July and September this year.

# Thailand's Auto Industry to Reach Top 10 by 2015 - Thailand Business News (June 2011)

## Thailand to enter top 10 by 2015

In the wake of the temporary slowdown, Thailand's automotive output for the whole of 2011 will likely be limited to between 1.65 million and 1.80 million units. Still, the former matches last year's output and the latter figure would represent impressive growth considering the brief down period.

Showing the resolute nature of the local industry, during the parts shortage many automakers in Thailand acted to turn adversity into opportunity. For example, Toyota Motor Thailand, the biggest maker in the country, kept all of its workers on-shift while production was cut back temporarily. The company provided intensive skills-enhancement training courses for all personnel, strengthening operations even during the downtime.

Another positive development for the local industry is that more parts and components suppliers based in Japan are considering relocation to Thailand to avoid tsunami and yen appreciation concerns. An influx of the small and medium enterprises or SMEs would spur greater growth in Thailand's bustling automotive industry and expand local capability. Thailand stacks up as a perfect investment site for these automotive parts suppliers, as they could carry out production here at lower cost, without interruption and in proximity to their major customers.

## Toyota reached 5 millionth car produced in Thailand

The Thai automotive industry is coming off a robust performance in 2010. Last year exports of motor vehicles grew 55.2%, production climbed 20.7% and sales of automobiles increased 18.6% y-o-y, according to the Office of Industrial Economics.

Right in step with that strong growth are the numerous projects sprouting up across Thailand's investment landscape this year. In fact, 2011 has already seen an explosion of new factories and operational expansions by automotive companies. Major developments are taking place on nearly a weekly basis, adding to the muscularity of the local industry.



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Toyota Motor Thailand has three manufacturing facilities. The Samrong plant in Samut Prakan Province produces 230,000 units per year, the factory at the Gateway City Industrial Estate in Chachoengsao Province makes an additional 200,000 units, and the Ban Pho plant in the same province turns out 140,000 units annually. Of the company's 15,000 employees in Thailand, 8,500 are permanent and 6,500 are subcontracted. The sales and service network has built up to 121 dealers and 327 outlets across the country.

Toyota has reached a milestone by producing its 5 millionth car in Thailand. This follows a project to increase capacity at the company's plant in Ban Pho, Chachoengsao Province, by 83%. Ford this year begins construction on a US\$450 million state-of-the-art passenger car plant covering 750,000sqm at its Rayong Province site.

The company in May also announced plans to open 30 more showrooms and service centers nationwide by 2012 to support its introduction of eight new vehicles in five years. Ford currently has 100 showrooms in the country.

Mitsubishi is preparing to start work on a 15 billion baht eco-car manufacturing plant in Chonburi Province, the company's largest-ever investment in Thailand and its biggest facility outside Japan. Chevrolet Thailand's plant at Rayong has been awarded landfill-free status certifying that it produces no waste for landfills and recycles for reuse. Audi, Volkswagen and the U.S. firm Navistar, a manufacturer of commercial and military vehicles, each recently expressed an interest in building production plants in Thailand.

In other industry developments, Mazda will start delivery of its Mazda3 2.0 car to Thai customers in June 2011. Tata intends to launch more truck models domestically in September, adding to its local presence of one-ton pickups.

Suzuki has set aside 380 million baht for marketing in 2011. Chery also unveiled a major marketing campaign to boost sales.