

# ECONOMIC UPDATE & FDI NEWSLETTER

## Highlights:

- Closely monitor whether trade war between the US and China will benefit or adversely affect Thailand
- EEC outlines Master Timeline for major infrastructure projects (2018-2025)

Issue: Aug 2018



# ECONOMIC UPDATE



- The US trade war with China remains the key factor to pressure the global economy.
- The certain infrastructure investment projects are the main catalyst for Thailand.

	Unit	May 2018	Jun. 2018	Details
<b>Exchange Rate</b>	(THB/US)	32.0	33.2	Thai Baht continued to weaken against the US dollar, backed by stronger US economy and the Federal Reserve's interest rate hike policy, triggering fund outflows from Thailand.
<b>Private Consumption</b>	% Y-o-Y	4.5	3.4	Private consumption remained positive due to a steady rise in exports and demand from medium to high income groups.
<b>Private Investment</b>	% Y-o-Y	2.6	4.0	Private investment signaled upward trends, thanks to the government's mega projects and export recovery.
<b>Public Investment</b>	% Y-o-Y	-3.7	19.7	Major infrastructure projects such as U-Tapao Airport and the high-speed rail linking three airports showed progress in terms of clarity in investment plans and timeframes for companies to bid for the projects.
<b>Exports</b>	% Y-o-Y	11.4	8.2	Exports were propelled by continuing economic recovery of trading partners, cyclical upturn of electronic products and rising oil prices which boosted the value of Thai exports.
<b>Imports</b>	% Y-o-Y	11.7	10.8	Imports surged on an increase in domestic investments and mostly in capital goods and raw materials.
<b>No. of inbound tourists</b>	Person (Million)	2.8	3.0	International travelers continued to visit Thailand especially those from ASEAN countries.



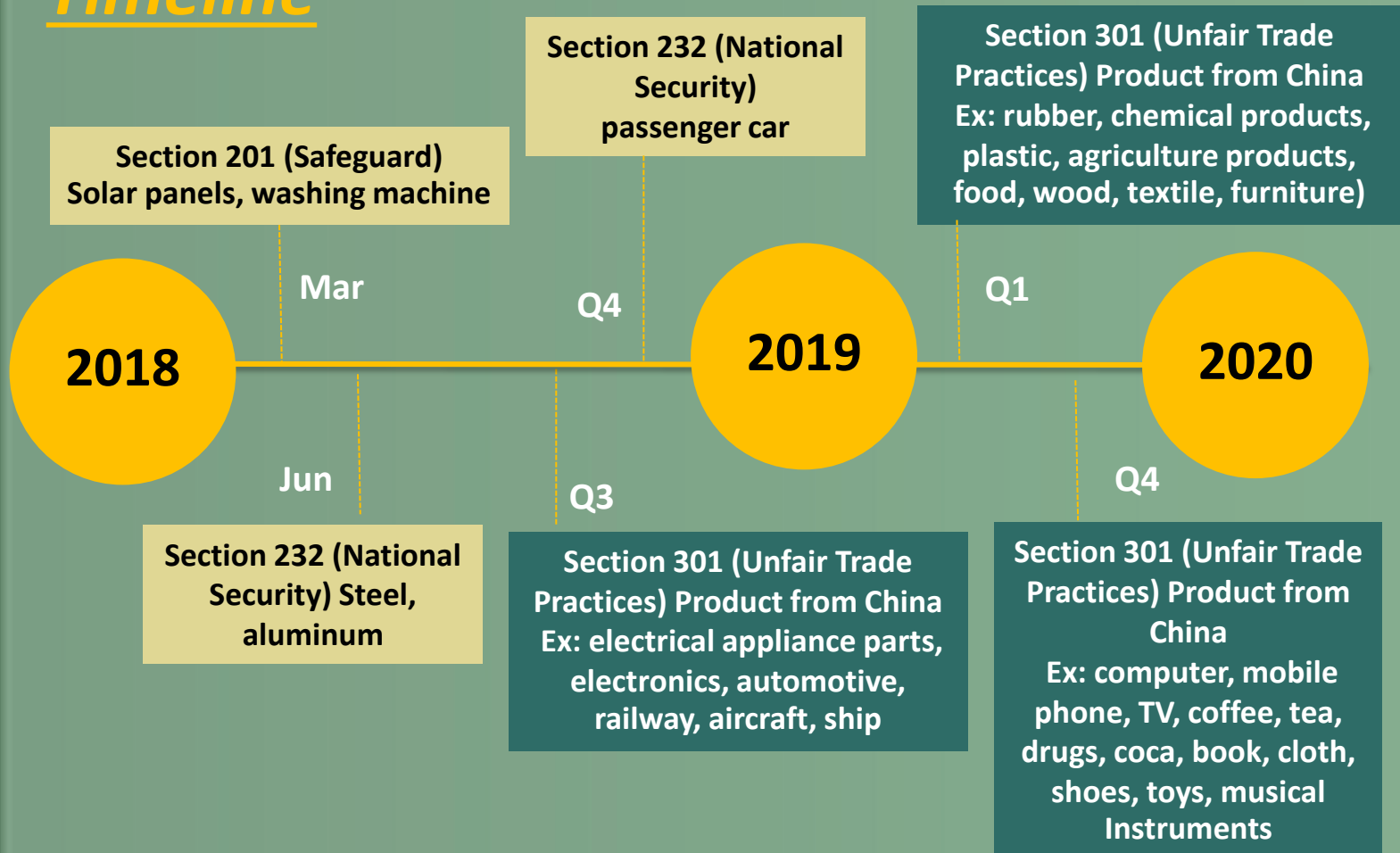


## “US- CHINA TRADE WAR”



The US trade dispute with China is escalating with no agreement in sight in the short run. In an absence of solutions, Chinese and international investors have revised their investment plans by relocating their production bases from China to other countries or continuously expanding their investments in ASEAN to ease tax burden after Chinese exports to the US are subject to higher tariffs.

### Timeline



## US- CHINA TRADE WAR



Thailand is one of the top destinations for international investors. Particularly, they are drawn toward the Eastern Economic Corridor (EEC) which offers lucrative investment incentives to investors and serves as a major production base for many industries, such as plastics and chemicals, electronics and electrical appliances and electric generators.

Source: KResearch

Consequently, international investors especially those from China are interested to invest in Thailand. During the first six months of 2018, the investment application approved value was USD390 million, increased by 30 percent from last year. Approximately USD198 million go to investments in electronics and electronic appliances.

The total foreign direct investment (FDI) in the first half of 2018 was USD4.235 billion, up 24 percent over-year. Japan is the largest source of investment both in terms of value and the number of projects, followed by Singapore, China, Hong Kong and Taiwan.

# EEC CORNER

Industrial estates in EEC aim to attract investments in 10 target industries as follows:

Industrial Estate	Next generation automotive industry	Intelligent electronics industry	Tourism industry	Agriculture and biotechnology	Food for the future industry	Robotics industry	Aviation and logistics industry	Biofuel and biochemical industry	Digital industry	Comprehensive healthcare industry
<b>Rayong</b>										
Hemaraj Rayong 36	✓					✓	✓			
Eastern Seaboard	✓	✓								
Hemaraj Eastern (Map Tha Put)								✓		
Hemara Eastern Seaboard	✓	✓				✓				
Hemara Eastern Seaboard 4	✓					✓	✓			
C.P. (Rayong)	✓	✓								
Amata City	✓	✓	✓				✓			
Smart Park			✓	✓		✓	✓		✓	✓
<b>Chachoengsao</b>										
TFD 2	✓	✓					✓			



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## Industrial Estate

	Next generation automotive industry	Intelligent electronics industry	Tourism industry	Agriculture and biotechnology	Food for the future industry	Robotics industry	Aviation and logistics industry	Biofuel and biochemical industry	Digital industry	Comprehensive healthcare industry
<b>Chon Buri</b>										
Hemaraj Chonburi	✓						✓		✓	
Hemaraj Chonburi 2		✓					✓		✓	
Hemaraj Eastern Seaboard 2	✓	✓				✓				
Hemaraj Eastern Seaboard 3	✓					✓	✓			
Amata Nakorn		✓	✓			✓	✓		✓	
Amata Nakorn 2	✓	✓	✓	✓	✓	✓	✓		✓	✓
Amata City	✓	✓	✓				✓			
Pinthong	✓						✓			
Pinthong (Laem Chabang)	✓									
Pinthong 3	✓									
Pinthong 4	✓	✓			✓	✓	✓	✓	✓	
Pinthong 5	✓	✓			✓	✓	✓	✓	✓	
Yamato Industries	✓	✓								

# EEC CORNER



In response to a rising demand for skilled labor, the Cabinet has approved a budget worth USD12 million to promote human resource development, education and research. The EEC Office recently signed a Memorandum of Understanding with Pearson Education Limited to develop vocational courses in support of 10 target industries in the EEC.

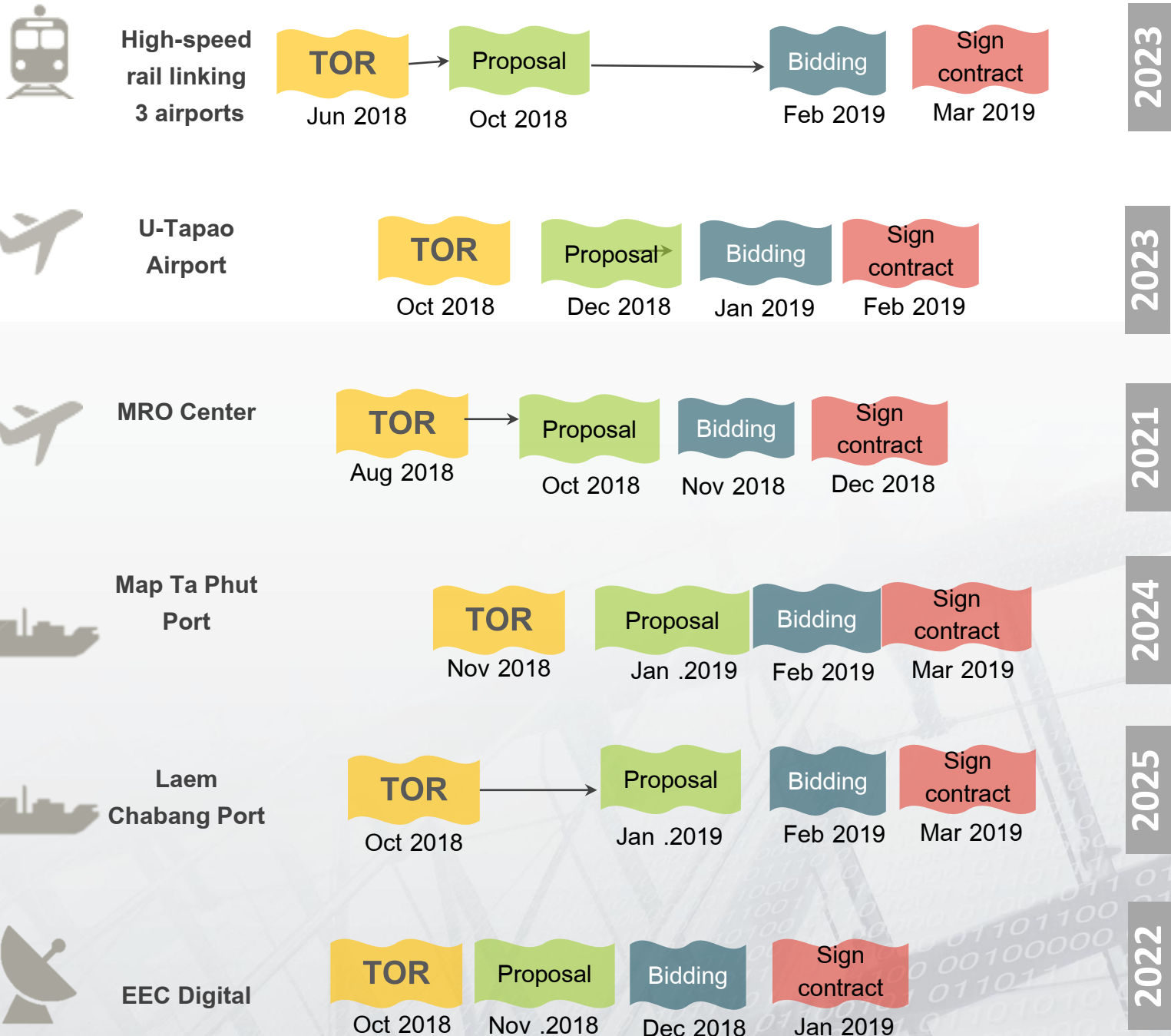
The worker shortage is one of the main obstacles of the EEC development and foreign investment attraction especially in high-technology industries which require a large number of skilled workers.

There are still have opportunities for multinational companies to invest in human resource development in accordance with the government's policies to produce skilled labor, particularly in science and technology, to serve the labor market.

# INFRASTRUCTURE UPDATE



## “MASTER TIMELINE : EEC major infrastructure projects”





# EVENT UPDATE



Mr. Predee Daochai, KBank President, signed a Memorandum of Understanding with Department of Industrial Promotion, Ministry of Industry, to elevate capabilities of SMEs in a drive towards Thailand 4.0 by encouraging SMEs to make foray into online business with K PLUS mobile banking service of KBank.

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## CONTACT US:

[Kbank\\_world\\_business\\_advisory@kasikornbank.com](mailto:Kbank_world_business_advisory@kasikornbank.com)

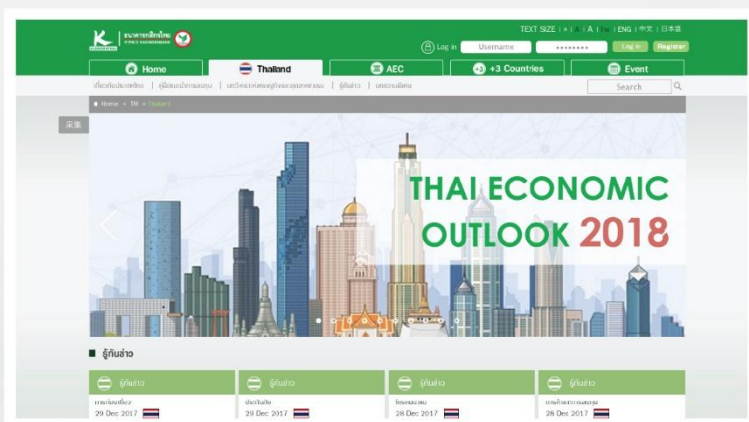


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