



Report on the Industrial Economics Status in Q1/2021 and Outlook in Q2/2021



สำนักงาน | OFFICE
เศรษฐกิจอุตสาหกรรม | OF INDUSTRIAL ECONOMICS

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Executive Summary

Summary of Thai Industrial Economic Status in Q1/2021

The industrial economic status in Q1/2021, when considered from the Manufacturing Production Index (MPI), grew by 0.3 percent, an improvement compared to Q4/2020, which contracted by 1.6 percent. The MPI partly benefited from the low base in March 2020, when the first wave of the COVID-19 outbreaks began. Major industries that expanded in Q1/2021 were iron and steel production which grew in almost every product group. The industry benefited from increased steel prices, which led to more orders, including the demand for use in various downstream industries, especially the automotive and construction industries. Plastic pellets increased in production as fewer manufacturers stopped for annual maintenance compared to last year. Furniture production increased due to the COVID-19 outbreak, causing continued orders, especially from the US. As countries remained in work-from-home mode, this benefitted the export of small furniture items such as tables and chairs. Automobile production increased, as last year, the industry was affected by the first wave of COVID-19 outbreaks, impacting both the domestic and export markets. This year, the export market grew as the world economy began to recover from the clarity of the COVID-19 vaccine measures and economic stimulus measures that many countries gradually introduced. Sugar production increased as this year's production concluded later than the previous year. In addition, although this year was affected by droughts, with quality fresh sugarcane, the extraction of sugar was higher. As a result, the average sugar yield per ton of cane improved from the previous year.

Key Industries Outlook in Q2/2021

↑ Iron and Steel: It is expected to grow compared to the same period last year due to the continued recovery of the industry and the removal of Chinese export tax rebate measures for some steel products. Factors that are expected to affect the recovery of the iron and steel industry include rising global and domestic steel prices, including government policies that help support the industry.

↑ Electrical industry: It is expected that the MPI and export value will increase by 5.0 and 6.0 percent, respectively, as the world economy begins to recover. The economic recovery will cause many countries such as the US, China, Hong Kong, and Japan to increase demand for electrical appliances. However, expanding the safeguard measure (SG) of the US may reduce Thailand's exports of washing machines and components and solar cells

↑ Electronics: It is expected to see continuous growth in MPI and export value of about 3.0 and 5.0 percent, respectively. The growth results from the global export market and Thailand recovering from the COVID-19 situation, including the expansion of networks and the development of 5G, Data Centers, and the Internet of Things (IoT) technology systems. Furthermore, there is an increase in demand for electronics from both domestic and foreign countries.

↑ Automobile: It is estimated that in Q2/2021, more than 350,000 automobiles will be manufactured, which is divided into 50-55 percent production for domestic sales and 45-50 percent production for export.

↑ Motorcycle: It is estimated that in Q2/2021, more than 470,000 motorcycle s will be manufactured, which is divided into 80-85 percent production for domestic sales and 15-20 percent production for export.

↑ Pulp, Paper, and Print Media: It is expected that paper products used to manufacture packaging boxes are expected to increase in line with domestic consumption. At the same time, paper packaging in the New Normal era will grow significantly. It also benefited from the use of online shopping.

↑ Ceramics: The industry is expected to increase after the demand of the domestic market from the government's real estate stimulus measures and sales promotions to stimulate the market among business operators. Furthermore, production increased to support key markets such as the US, China, and Japan, especially the export of sanitary ware to the US and floor and wall tiles to China and Japan. Imports are expected to expand from the import of ceramic products used in laboratories and other ceramic products from the US, China, and Japan.

↔ Wood and Wooden Furniture: It is projected that the production volume of wooden furniture will continue to expand mainly from production to meet the needs of the international market. Meanwhile, domestic sales of wooden furniture are expected to continue to slow down due to the impact of the latest wave of the COVID-19 outbreak

↔ Pharmaceuticals: The production is expected to slow down by 5.00 percent from the same quarter last year, in line with the continued contraction of the domestic market, especially in the pharmacy section. As for exports, it is expected to expand well in the ASEAN market, especially in Vietnam, Laos, and Cambodia.

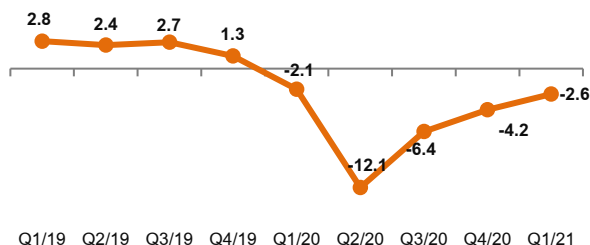
↑ Rubber and Rubber Products: Production of automotive tires in Q2/2021 is expected to grow by 3.00 percent following the expansion of the domestic automobile industry and export markets. As for rubber gloves production, it is expected to grow by 15.00 percent following higher global demand. Production of processed rubber in primary forms is expected to increase by 5.00 percent following the increased volume of rubber entering the market.

↑ Food: The overall MPI and export value is expected to grow slightly compared to the same quarter of the previous year. This is because raw materials, which are agricultural products used in food processing such as cassava, pineapple, and oil palm, have increased. In addition, consumption in major trading partners, namely China, US, and Europe, recovered continuously from controlling the spread of COVID-19. It is expected that food products produced for export, such as canned pineapple, canned sweet corn, tapioca starch, frozen fruits and vegetables, seasonings, and ready-made pet food, will improve in growth.

Part 1 Thailand Economic and Industrial Overview in Q1/2021

Thailand's Economic and Industrial Overview in Q1/2021

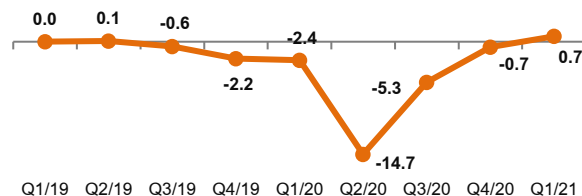
Gross domestic product
decreased by 2.6 percent (%YoY)



Source: Office of the National Economic and Social Development Council

Gross domestic product or GDP in Q1/2021 decreased by 2.6 percent from the same period last year (-2.1%) but increased from the previous quarter, which decrease by 4.2%.

Industrial sector GDP
increased by 0.7 percent (%YoY)



Source: Office of the National Economic and Social Development Council

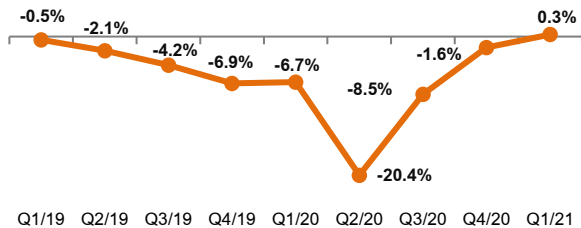
Gross industrial production in Q1/2021 improved from the previous quarter and improved for the third consecutive quarter. The growth was in line with expanding exports with increasing demand from overseas markets, especially the US and China. The electrical appliances and electronics, computer equipment, rubber products, and the automotive industries continued to grow, although the world was still affected by the COVID-19 pandemic.

The GDP of the industrial sector in Q1/2021 grew by 0.7 percent, improving from the previous quarter, which contracted by 0.7 percent. This was a growth from the same period last year that contracted by 2.4 percent. The growth improved in line with the production of goods for export and domestic consumption, such as electronics, especially in computer equipment, rubber products, electrical appliances, and the automotive industry with passenger and commercial vehicles, for example.

Key Industrial Index

Manufacturing Production Index

increased by 0.3 percent (%YoY)



Source: The Office of Industrial Economics

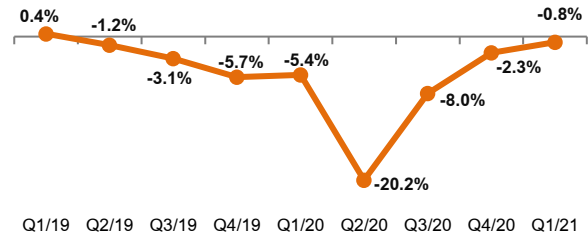
In Q1/2021, the Manufacturing Production Index (MPI) stood at 103.26 points, an increase of 7.6 percent from the previous quarter (95.99 points) and an increase of 0.3 percent from the same quarter last year (103.00 points).

Industries contributing to the increase of the MPI from the previous quarter were the manufacture of sugar, air-conditioners, and basic iron and steel, for example.

Industries contributing to the increase of the MPI from the same quarter last year were the manufacture of basic iron and steel, plastic and synthetic rubber in primary forms, and furniture, for example.

Shipment Index

Sales level of goods decreased by 0.8 percent (%YoY)



Source: The Office of Industrial Economics

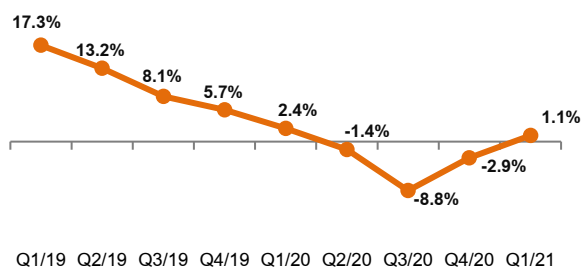
In Q1/2021, the Shipment Index stood at 99.58 points, an increase of 2.2 percent from last quarter (97.40 points) but a decrease of 0.8 percent from the same quarter last year (100.39 points).

Industries that contributed to the decrease of the Shipment Index from last quarter were the manufacture of air-conditioners, sugar, and plastic and synthetic rubber in primary forms, for example.

Industries that contributed to the decrease of the Shipment Index from the same quarter last year were the manufacture of refined petroleum products, sugar, and air-conditioners, for example.

Finished Goods Inventory Index

Levels of finished goods inventory increased by 1.1 percent. (%YoY)



Source: The Office of Industrial Economics

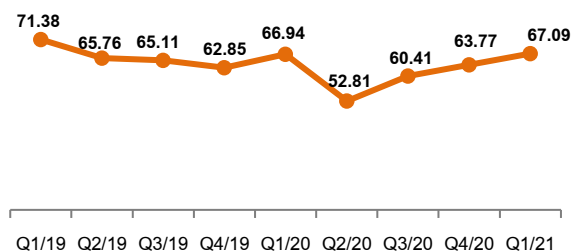
In Q1/2021, the finished goods inventory index stood at 139.41 points, an increase of 9.5 percent from the previous quarter (127.32 points) and an increase of 1.1 percent from the same quarter last year (137.88 points).

Industries contributing to the increase of finished goods inventory index from the previous quarter were the manufacture of automobiles, sugar, other rubber products, for example.

Meanwhile, industries contributing to the increase of the finished goods inventory index from the same quarter last year were the manufacture of computer and peripheral equipment, household utensils, and pharmaceuticals and medicinal chemical products, for example.

Capacity Utilization Rate

Capacity Utilization Rate stood at 67.09 percent.



Source: The Office of Industrial Economics

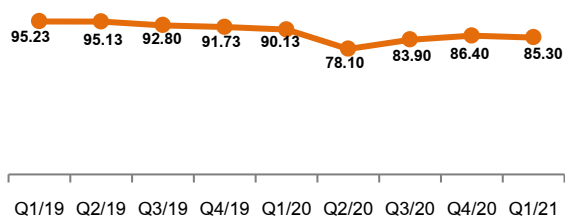
In Q1/2021, the capacity utilization rate stood at 67.09 percent, increasing from the previous quarter (63.77%) and increasing from the same quarter last year (66.94%).

Industries that contributed to the increase of capacity utilization rate from the previous quarter were the manufacture of sugar, air-conditioners, and plastic and synthetic rubber in primary forms, for example.

Industries that contributed to the increase in capacity utilization rate from the same quarter last year were the manufacture of automobiles, plastic and synthetic rubber in primary forms, and basic iron and steel, for example.

Industrial Sentiment Index

of Q1 was at 85.3 points.



Source: The Federation of Thai Industries

In Q1/2021, the industry confidence index was 85.30 points, which decreased from last quarter (86.40 points) and decreased from the same quarter last year (90.13 points). Meanwhile, the three-month forecast for the sentiment index was at 92.37 points, also decreasing from the same quarter last year (97.83 points).

Negative factors affecting the decline in the industrial Confidence Index in Q1/2021 resulted from the second wave of the COVID-19 outbreaks in Thailand in early December 2020. The number of infected people increased and exceeded the first round of outbreaks, spreading to many provinces. In addition, purchasing power and economic activity in the country recovered slowly. However, some factors supported the economy. The manufacturing sector continued to operate without interruption. Government economic stimulus measures and remedial measures for those affected by the COVID-19 outbreak were launched, such as “Rao Chana (We Win)” schemes, “Mor33 Rao Rak Kan (Section33 We Love Each Other)” schemes, measures to help with liquidity and debtors of commercial banks, measures to alleviate the cost of basic utilities (electricity, water supply, and internet) for small entrepreneurs and the people during the urgent period (January to March 2021), and measures to procure equipment to prevent COVID-19, for example.

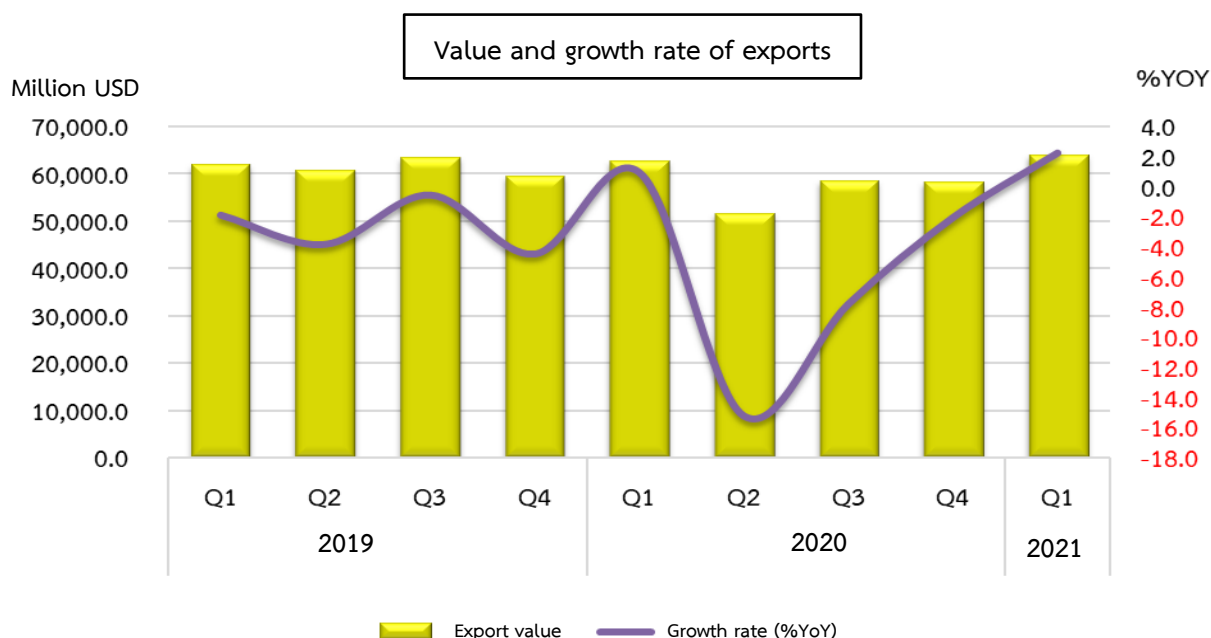
The Ministry of Commerce, the Ministry of Interior, and the Ministry of Industry hastened to procure protective equipment against COVID-19, such as face masks, cloth masks, alcohol gel, and personal protective equipment kits to be sufficient and comprehensive especially in areas with risk groups.

Foreign Trade

"The value of foreign trade in Q1/2021 increased compared to the same period last year. The growth was in line with the continued improvement in demand from Thailand's main trading partners and the global economy, which was positively impacted by economic stimulus measures in many countries. Furthermore, confidence was boosted from a plan to distribute COVID-19 vaccines to many countries."

Thailand's foreign trade situation in Q1/2021 reached a total value of 127,780.4 million USD; export value increased by 2.3 percent compared to the same period last year to 64,148.0 million USD. Import value increased by 9.4 percent from the same period last year to 63,632.4 million USD. The overall trade balance for Q1/2021 was in the surplus of 515.65 million USD.

Export Structure

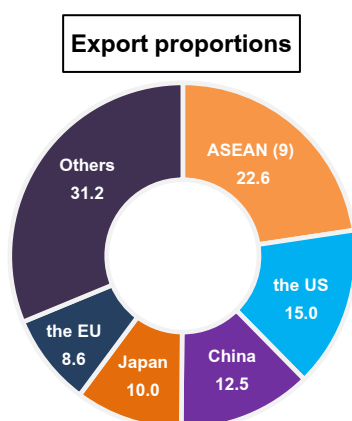


Source: Ministry of Commerce

Exports in the Q1/2021 increased by 2.3 percent compared to the same period last year to 64,148.0 million USD. Key products with changing in exports were as follows: agricultural products—export value grew by 12.9 percent to 5,748.0 million USD; agro-industrial products—export value dropped by 2.2 percent to 4,469.5 million USD; industrial products—export value increased by 2.0 percent to 51,862.5 million USD; mineral ore and fuel products dropped by 5.9 percent to 2,067.9 million USD.

Industrial products with an increased in exports were automobiles, accessories, and parts (7,971.9 million USD, an increase of 23.8%), computer, accessories, and parts (5,003.0 million USD, an increase of 8.4%), rubber products (3,932.0 million USD, an increase of 32.5%), plastic pellet (2,542.8 million USD, an increase of 31.8%), and chemical products (2,038.9 million USD, an increase of 16.7%).

Export Markets



In Q1/2021, key export markets—the US, the EU (27 countries), China, and Japan—expanded when compared to the same period last year; meanwhile, other key trading partners remained contracting. The proportion of exports to 5-key markets—ASEAN (9 countries), the US, China, Japan, and the EU (27 countries)—accounted for 68.8 percent of total exports; exports to other markets accounted for 31.2 percent of total exports. The details were as follows:

Source: Ministry of Commerce

- Thailand exported products to ASEAN (9 countries), the US, China, Japan, and the EU (27 countries), which accounted for 22.6 percent, 15.0 percent, 12.5 percent, 10.0 percent, and 8.6 percent, respectively.
- The export growth rate, compared with the same period last year, expanded in the US, the EU (27 countries), China and Japan by 12.5 percent, 10.7 percent, 20.6 percent, and 6.2 percent, respectively. Meanwhile, exports to ASEAN (9 countries) remained decreasing by 10.8 percent.

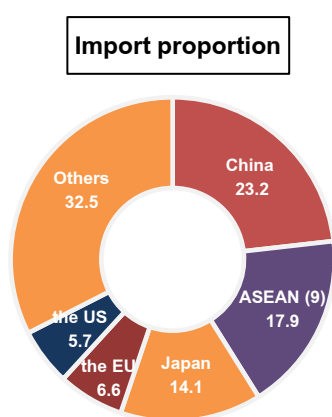
Import Structure



Source: Ministry of Commerce

Thailand's imports in Q1/2021 valued at 63,632.4 million USD, an increase of 9.4 percent from the same period last year. Key product categories with changing in import were fuel products (8,304.2 million USD, a decrease of 11.7%), capital goods (15,494.2 million USD, an increase of 7.2%), raw materials and semi-finished products (28,288.9%, an increase of 26.3%), consumer products (7,729.4 million USD, an increase of 11.59%), vehicles and transportation equipment (3,765.13 million USD, an increase of 1,059.4%), and weapons, military supplies, and other goods (50.5 million USD, a decrease of 96.7%).

Source of Imports



In Q1/2021, the growth rate in Thailand's major import markets compared to the same period last year grew in China, Japan, and ASEAN (9 countries); meanwhile the US, and the EU (27 countries) decreased. Imports from five key markets accounted for 67.5 percent and imports from other markets accounted for 32.5 percent of total imports, with following details:

Source: Ministry of Commerce

- Thailand imported products from China, ASEAN (9 countries), Japan, the EU (27 countries), and the US, which accounted for 23.2 percent, 17.9 percent, 14.1 percent, 6.6 percent, and 5.7 percent, respectively.
- Compared with the same period last year, import growth rate from China, Japan, and ASEAN (9 countries) grew by 29.3 percent, 14.9 percent, and 0.5 percent, respectively, but contracted by 36.9 percent and 1.1 percent in the US and the EU (27 countries) markets, respectively.

Global Economy in Q1/2021

“The global economy, trade volume and overall production increased compared to the same period last year due to the confidence in the effectiveness of the vaccine and the accelerated distribution of vaccines to the public sector. As a result, the economic sector resumed to normal operations and turned around once again.”

Summary of Key Economic Indicators in Q1/2021

	Quarterly Growth (%YoY)						
	GDP	Inflation	MPI	Export	Import	Unemployment Rate	Policy Rate
the US	↑ 0.4	↑ 2.1	↓ 1.6	↑ 1.8	↑ 11.8	At 6.5	At 0.00-0.25
China	↑ 18.3	↑ 5.0	↑ 14.1	↑ 48.8	↑ 27.6	At 5.5	At 4.35
Japan	↓ 1.4 ^a	↑ 0.5	↓ 0.9	↑ 8.8	↑ 4.7	At 2.8	At -0.10
South Korea	↑ 1.8	↑ 1.2	↑ 4.5	↑ 12.5	↑ 12.0	At 5.0	At 0.50
Singapore	↑ 0.2	↑ 0.4	↑ 10.7	↑ 11.2	↑ 6.8	At 2.6	At 0.75
Thailand	↓ 2.6	↓ 0.5	↑ 0.3	↑ 2.3	↑ 9.4	At 1.9	At 0.50

Source: collected from CEIC Data, <http://www.gtis.com/gta>, <http://www.nesdc.go.th>, <http://www.opec.org>

Note: ^a are estimated figures of Q4/2020.

The world economy improved at a satisfactory level. This was reflected by indicators of major economic growth in almost every country, which expanded in line with the increasing export and import sector. As a result, the manufacturing sector grew accordingly. Meanwhile, inflation and policy interest rates remained stable. The unemployment rate increased.

The Federal Reserve System maintained the policy rate at 0.00-0.25 percent to help support economic, trade, and investment stimulus measures affected by the COVID-19 outbreak.

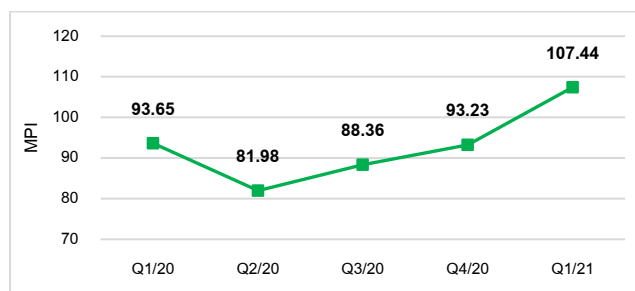
Crude oil prices in the world market increased according to the ongoing economic activities that gradually recovered. Many countries began to relax lockdown measures, causing oil prices to rise in line with consumer demand. The Dubai crude oil price in Q1/2021 averaged 60.0 USD/barrel, up from 50.7 USD/barrel from Q1/2020. The NYMEX crude oil prices in March were 62.4 USD/barrel.

Part 2 Thai Industrial Economic Sectors in Q1/2021 and Outlook
for Q2/2021

Iron and Steel Industry

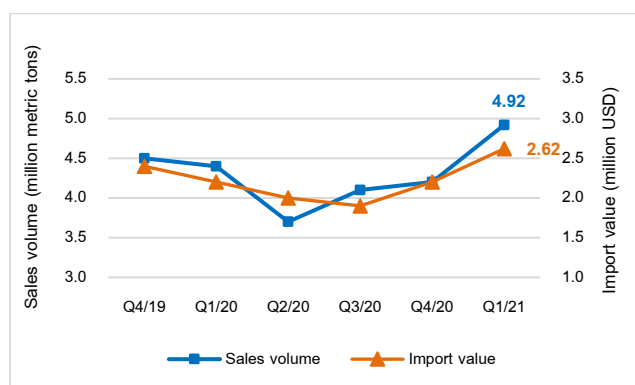
The MPI of iron and steel industry in Q1/2021 increased from the same period of 2020 as outputs of both long and flat steel products, such as Wire rods, steel wires, round bars, hot-rolled structural steel sections, tinplate, chromium coated sheets, and cold-rolled sheets increased.

Manufacturing Production Index (MPI)



Source: The Office of Industrial Economics / Iron and Steel Institute of Thailand

Sales volume and import value



Source: The Office of Industrial Economics / Iron and Steel Institute of Thailand

Production in Q1/2021, the MPI reached 107.4, expanding 14.7 percent (%YoY) and 15.2 percent from the same quarter of the previous year (% QoQ). The production of long products grew by 10.1 percent. The products with the greatest increase were wire rods with an increase of 35.2 percent, followed by steel wires and round bars with the increase of 17.8 percent and 17.6 percent, respectively. The production of flat products grew by 23.7 percent. Products with the largest production growth were tinplate, which grew by 93.1 percent, followed by chromium-coated sheets and cold-rolled sheets, which grew by 49.9 and 43.2 percent. Steel production in Q1/2021 grew from the continuous recovery of the industry and government policies that helped to support the industry, including steel prices in the world market, which were higher compared to the same period last year.

Domestic consumption in Q1/2021 reached 4.9 million metric metric tons, an increase of 10.5 percent from the same quarter of the previous year (%YoY) (expanding for the first quarter since Q3/2019) and a growth of 17.0 percent from Q4/2020 (%QoQ). Long steel consumption grew by 8.6 percent due to the consumption of wire rods which grew by 20.8 percent. Steel bars and hot-rolled structural steel grew by 1.6 percent. Consumption of flat steel grew by 11.7 percent as the consumption of chromium-coated sheets grew by 41.6 percent, followed by cold-rolled sheets, which grew by 32.1 percent. Other types of coated steel sheets grew by 20.5 percent.

Imports in Q1/2021 were valued at 2.6 billion USD, expanding from the same quarter last year by 20.8 percent (%YoY) (expanding for the first time since Q2/2019) and expanding from Q4/2020 by 21.5 percent (%QoQ). Imports of long products increased by 11.4 percent. The products with the largest increase in imports were carbon steel rebars (51.6%), followed by carbon steel wire rods (42.1%) and steel wires (23.6%). Imports of flat products grew by 24.5 percent. The largest increase in imports was hot-rolled-alloy-steel sheets (75.1%), followed by galvanized sheets (62.2%) and cold-formed structural steel sections (43.6%).

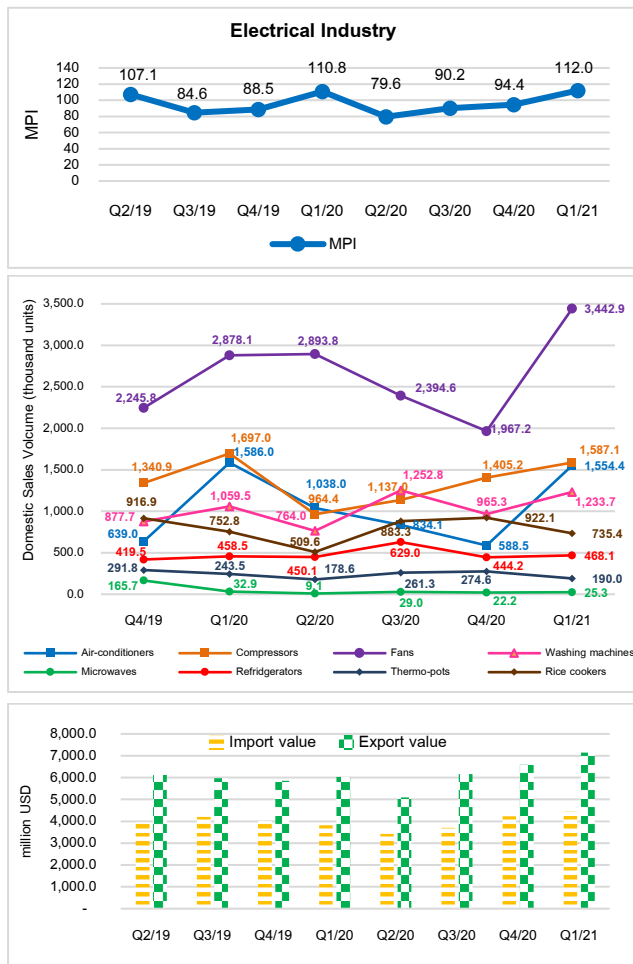
Iron and Steel Industry Outlook in Q2/2021

The iron and steel industry in Q2/2021 is expected to grow compared to the same period last year due to the continued recovery of the industry and the removal of Chinese export tax rebate measures for some steel products. Factors that are expected to affect the recovery of the iron and steel industry include rising global and domestic steel prices, including government policies that help support the industry.

Electrical Industry

The production of electrical appliances in Q1/2021 increased by 0.9 percent compared to the same quarter of the previous year. The world economy began to recover, causing Thailand to have more orders for electrical appliances. Products that increased included electric motors, electric cables, washing machines, refrigerators, cables, transformers, and microwave ovens, increasing export value to the US, Europe, and China.

MPI, Import and Export Value, and Domestic Sales of Electrical Appliances



Source: The Office of Industrial Economics / Electrical and Electronics Institute

Production of electrical appliances in Q1/2021, as a result of increased orders from domestic and overseas markets, reached an MPI of 112.0 points, increasing 18.6 percent (%QoQ) from the previous quarter and 0.9 percent (%YoY) compared to the same quarter last year, resulting from the global economic recovery. Products that increased in production were electric motors (22.7%), electric cables (21.3%), washing machines (21.2%), refrigerators (15.5%), cables (9.2%), transformers (8.1%), and microwave ovens (7.8%). Meanwhile, products that decreased in production were thermo-pots (-12.2%), air-conditioners (-10.4%), electric fans (-8.4%), rice cookers (-4.0%), and compressors (-3.7%).

Domestic sales in Q1/2021, compared to the same quarter of the previous year, products that increased in sales were fans (20.7%), washing machines (15.7%), electrical wires (9.7%), cables (4.1%), electric motors (3.8%), and refrigerators (2.1%). On the other hand, products that decreased in sales were microwave ovens (-33.6%), thermo-pots (-22.2%), compressors (-8.5%), rice cookers (-2.7%), and air-conditioners (-2.6%).

Imports of electrical appliances in Q1/2021 were valued at 4,446.2 million USD, an increase of 5.3 percent (%QoQ) from the previous quarter and an increase of 16.3 percent (%YoY) from the same quarter last year. The increase in imports included refrigerators (74.3%), fans (31.5%), electric motors (30.2%), and washing machines (15.6%). At the same time, products that decreased in imports were DC generators (-70.5%), microwaves (-30.3%), and transformers (-18.8%).

Exports of electrical appliances in Q1/2021 were valued at 7,137.4 million USD, increasing 8.4 percent (%QoQ) from the previous quarter and 18.4 percent (%YoY) compared to the same quarter last year. The increase was from the US, Europe, and China markets by 41.0, 32.1, and 31.6 percent, respectively. Products that increased in exports were transformers (82.4%), electric wires (36.5%), washing machines (30.0%), microwaves (29.1%), refrigerators (22.1%), electric motors (12.8%), air-conditioners (10.8%), and fans (4.3%).

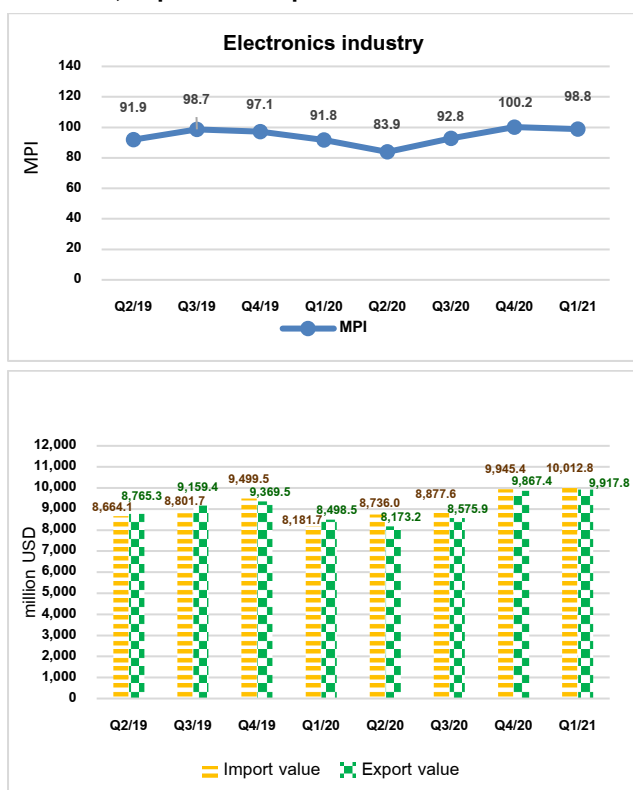
Electrical Appliance Industry Outlook in Q2/2020

In Q2/2021, the MPI and export value of the electrical appliances industry is expected to grow by 5.0 and 6.0 percent, respectively, as the world economy begins to recover. The economic recovery will cause many countries such as the US, China, Hong Kong, and Japan to increase demand for electrical appliances. However, expanding the Safeguard Measure (SG) of the US may reduce Thailand's exports of washing machines and components and solar cells.

Electronics Industry

Production of electronics in Q1/2021 grew by 7.6 percent compared to the same quarter of the previous year, as Thailand's main export markets began to recover from the Covid-19 situation. Furthermore, the industry was supported by network expansions and 5G technology systems, data centers, IoT, and IT infrastructure products, resulting in increased production and overseas orders. Products with increased production include printers, printed wiring boards (PWB), semiconductor devices transistors, integrated circuits (IC), and HDDs, increasing export value in Asia, Europe, and China markets.

MPI, Import and Export Value of Electronics



Source: The Office of Industrial Economics / Electrical and Electronics Institute

The production of electronics in Q1/2021 reached an MPI of 98.8 points, decreasing 1.4 percent (%QoQ) from the previous quarter but increasing 7.6 percent (%YoY) compared to the same quarter last year. The increase in electronics included printer (65.5%), circuit boards (PWB) (17.9%), semiconductor devices transistor (12.6%), integrated circuits (IC) (10.9%), and HDDs (3.3%). Meanwhile, the product that decreased in production included printed circuit board (PCBA) (-14.5%) due to the outbreak of COVID-19 affecting the industry. However, PCBA is still necessary for developing 5G technology systems, data centers, and products for IT infrastructure, resulting in increased demand for electronic products.

Imports of electrical appliances in Q1/2021 were valued at 10,012.8 million USD, an increase of 0.7 percent (%QoQ) from the previous quarter and 22.4 percent (%YoY) from the same quarter last year. Products with an increase in imports included telephones and accessories (81.1%), printed circuit boards (36.5%), integrated circuits (IC) (18.6%), and diodes, transistors, semiconductors, and parts (1.6%). Meanwhile, products with a decrease in imports were radio-broadcasting or television transmission apparatus (-48.4%) and machines for the reception and transmission of radio-telephony, radio-telegraphy, and radar (-25.3%).

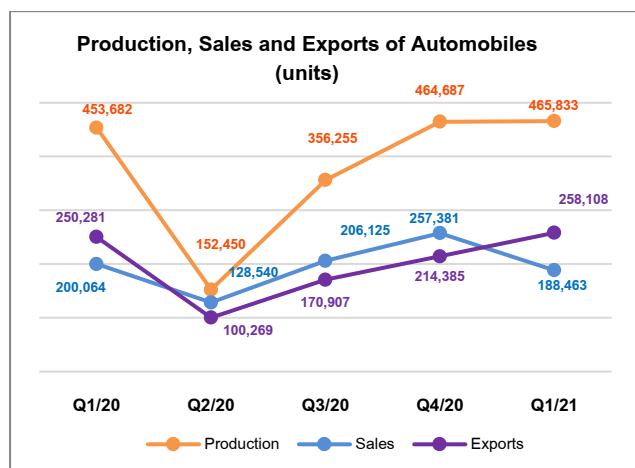
Exports of electrical appliances in Q1/2021 increased by 0.5 percent (%QoQ) from the previous quarter to 9,917.8 million USD, and increased by 16.7 percent (%YoY) from the same quarter last year. This was due to an increase in exports to key markets, including Asia (27.8%), Europe (22.6%), and China (16.9%). Products that increased in exports were printed circuit (40.2%), diodes, transistors, semiconductors, and parts (25.8%), HDD components (20.6%), and integrated circuits (IC) (15.3%).

Electronics Industry Outlook in Q2/2021

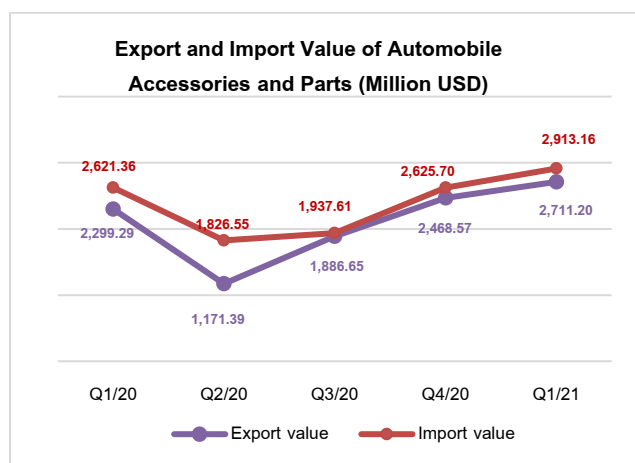
"The electronics industry in Q2/2021 is expected to see continuous growth in MPI and export value of about 3.0 and 5.0 percent, respectively. The growth results from the global export market and Thailand recovering from the COVID-19 situation, including the expansion of networks and the development of 5G, data centers, and IoT technology systems. Furthermore, there is an increase in demand for electronics from both domestic and foreign countries."

Automotive and Part Industry

The production volume of automobiles in Q1/2021 grew compared to the same period last year due to domestic sales growth from the relaxation of government measures to control and prevent COVID-19. As a result, domestic operations and economic activity improved. Furthermore, the export market grew as the world economy began to recover from the clarity of the COVID-19 vaccine measures and economic stimulus measures that all countries gradually rolled out.



Source: The Office of Industrial Economics; data gathered from the Automotive Industry Club, The Federation of Thai Industries



Source: Information and Technology Communication Center, Office of the Permanent Secretary of Commerce in collaboration with Customs Department.

Outlook for Automotive Industry in Q2/2021

The Office of Industrial Economics forecasts that in Q2/2021 over 350,000 units of automobile will be manufactured, of which 50-55 percent will be for domestic sales and 45-50 percent for exports.

Automotive Production

In Q1/2021, automotive production increased by 0.25 percent (%QoQ) from Q4/2020 to 465,833 units and increased by 2.68 percent (%YoY) from the same quarter last year. The production consisted of passenger cars (36%), 1-ton pickup trucks and derivatives (62%), and other commercial vehicles (2%).

Domestic Sales of Automobiles

In Q1/2021, domestic sales decreased by 26.78 percent (%QoQ) from Q4/2020 to 188,463 units and decreased by 3.64 percent (%YoY) from the same quarter last year.

Automotive Exports

In Q1/2021, exports increased by 20.39 percent (%QoQ) from Q4/2020 to 258,108 units and increased by 3.13 percent (%YoY) from the same quarter last year. The exports consisted of passenger cars (34%), 1-ton pickup trucks (60%), and PPVs (6%).

Export Value of Automotive Parts and Accessories

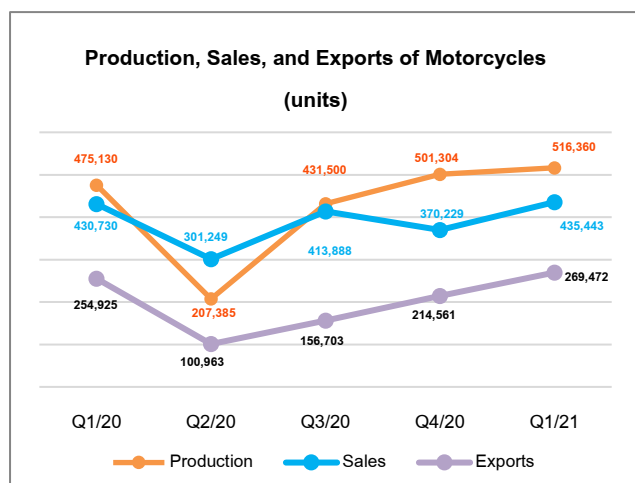
In Q1/2021, exports value increased by 9.83 percent (%QoQ) from Q4/2020 to 2,711.20 million USD and increased by 17.91 percent (%YoY) from the same quarter last year. Key export markets for automotive parts and accessories were the US, Japan, and Malaysia.

Import Value of Automotive Parts and Accessories

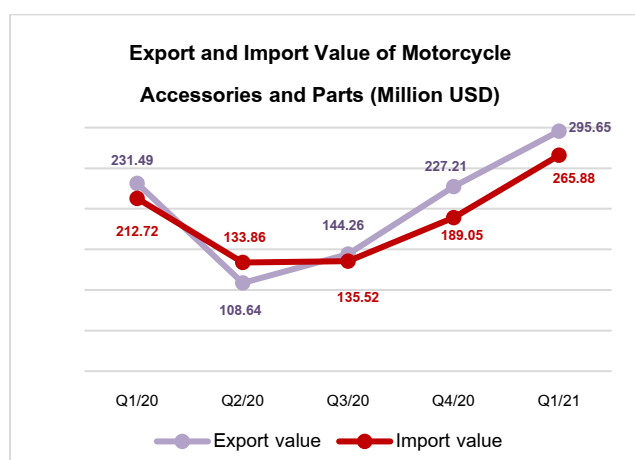
In Q1/2021, imports increased by 10.95 percent (%QoQ) from Q4/2020 to 2,913.16 million USD and increased by 11.13 percent (%YoY) from the same quarter last year. Key import markets for automotive parts and accessories were Japan, China, and the US.

Motorcycle and Part Industry

The production volume of motorcycles in Q1/2021 grew compared to the same period last year, from the growth of the domestic market and the export market due to the relaxation of government measures to control and prevent COVID-19. Additionally, the world economy began to recover from the clarity of the COVID-19 vaccine measures.



Source: The Office of Industrial Economics; data gathered from the Automotive Industry Club, The Federation of Thai Industries



Source: Information and Technology Communication Center, Office of the Permanent Secretary of Commerce in collaboration with Customs Department

Motorcycle Production

In Q1/2021, production of motorcycles increased by 3.00 percent (%QoQ) from Q4/2020 to 516,360 units and increased by 8.68 percent (%YoY) from the same quarter last year.

Domestic Sales of Motorcycles

In Q1/2021, domestic sales grew by 17.61 percent (%QoQ) from Q4/2020 to 435,443 units and increased by 1.09 percent (%YoY) from the same quarter last year.

Motorcycle Exports

In Q1/2021, exports reached 269,472 units (exported as CBU 111,039 units and CKD 158,433 sets), an increase of 25.60 percent (%QoQ) from Q4/2020 but a decrease of 5.71 percent (%YoY) from the same quarter last year.

Export Value of Motorcycle Parts

In Q1/2021, exports value increased by 30.12 percent (%QoQ) from Q4/2020 to 295.65 million USD and increased by 27.72 percent (%YoY) from the same quarter last year. Key export markets were Japan, Cambodia, and Brazil.

Import Value of Motorcycles Parts and Accessories

In Q1/2021, imports of motorcycle parts and accessories increased by 40.64 percent (%QoQ) from Q4/2020 to 265.88 million USD and increased by 25.00 percent (%YoY) from the same quarter last year. Key import markets for motorcycle parts and accessories were the US, Japan, and China.

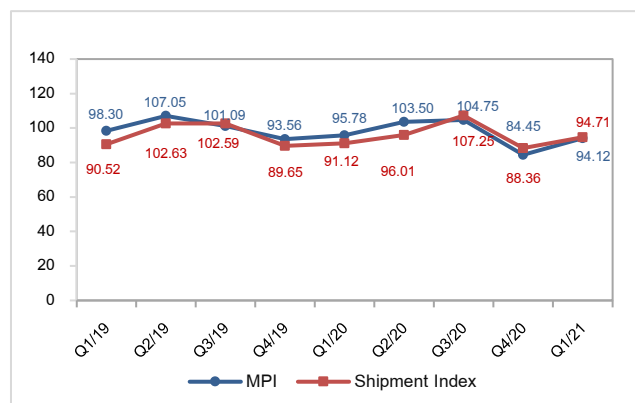
Outlook for Motorcycle Industry in Q2/2021

Office of Industrial Economics (OIE) estimates that in Q2/2021 over 470,000 units of motorcycles will be manufactured, of which 80-85 percent will be for domestic sales and 15-20 percent for exports.

Chemical Industry

The value of exports and imports in the chemical industry in the first quarter of 2021 grew compared to the same quarter of the previous year. Exports grew in many markets such as China, Japan, India, and Vietnam. However, the new wave of COVID-19 outbreaks may cause the industry to not grow as much.

MPI and Shipment Index

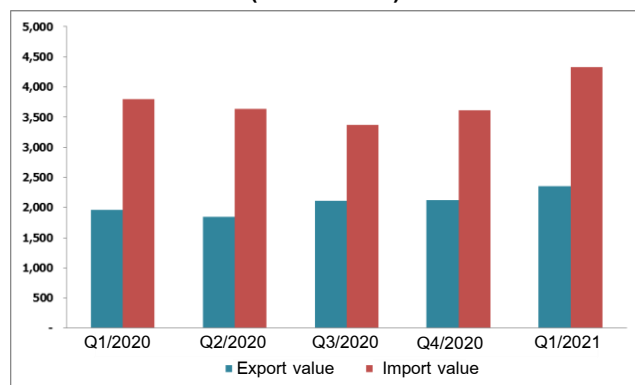


Source: The Office of Industrial Economics

The MPI in Q1/2021 increased by 11.45 percent (%QoQ) compared to the previous quarter but decreased by 1.74 percent (%YoY) compared to the same quarter last year. Products that decreased in MPI were soaps and skincare products and shampoos.

The shipment index in Q1/2021 decreased by 7.18 percent (%QoQ) compared to the previous quarter and increased by 3.94 percent (%YoY) compared to the same quarter last year. Products that increased in shipment index included chemical fertilizers and loose powders.

**Export and import value of chemicals products
(Million USD)**



Source: Information and Technology Communication Center, Office of the Permanent Secretary of Commerce in collaboration with Customs Department

Chemical exports in Q1/2021 valued at 2,351.96 million USD, a growth of 10.75 percent compared to the previous quarter (%QoQ) and 19.92 percent compared to the same quarter last year (%YoY). Key products that contributed to an increase in export value included miscellaneous chemicals and cosmetics; many export markets, e.g., China, Japan, India, and Vietnam, expanded.

Import value of chemicals in Q1/2021 totaled 4,324.95 million USD, an increase of 19.57 percent compared to the previous quarter (%QoQ) and 13.70 percent compared to the same quarter of last year (%YoY). Key products that contributed to an increase in import value were inorganic chemicals, miscellaneous chemicals, and surfactants.

Outlook for Chemical Industry in Q2/2021

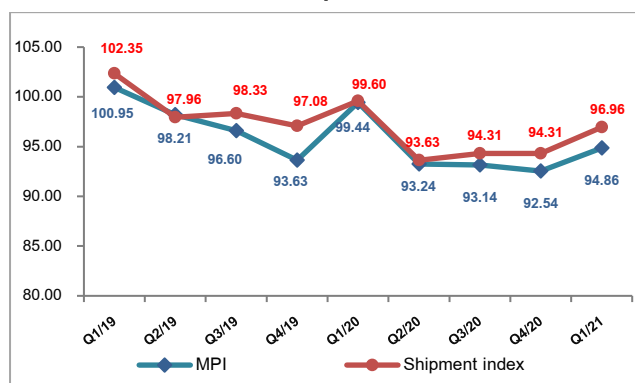
The chemical industry in Q2/2021 is expected to grow in imports and exports due to government stimulus measures but may be affected by the new wave of COVID-19 outbreaks, affecting economic recovery.

Plastics Industry

The plastics industry in Q1/2021 showed growth compared to the same quarter of the previous year, following the market demand of major trading partners such as Japan, the US, Vietnam, and China. In addition, crude oil prices in the world market decreased, causing the cost of raw materials to decrease. In addition, the COVID-19 situation resulted in increased demand for certain types of plastics.

Production and Sales

MPI and Shipment Index

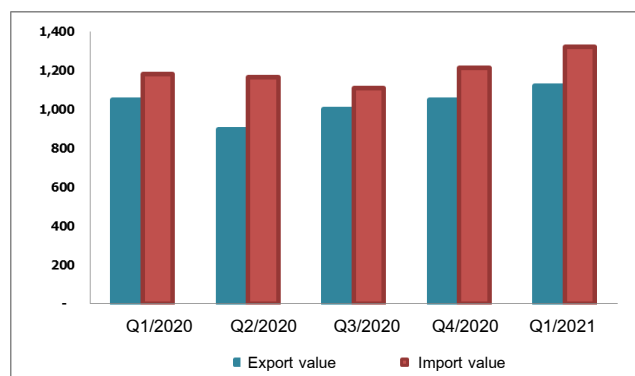


Source: The Office of Industrial Economics

MPI in Q1/2021 increased by 2.50 percent (%QoQ) from last quarter but decreased by 4.61 percent (% YoY) compared to the same quarter last year. Plastic products with the highest decrease in MPI were the packaging of other plastics.

Shipment index in Q1/2021 increased by 2.81 percent (%QoQ) from last quarter but decreased by 2.65 percent (%YoY) from the same quarter last year. Plastic products with the highest decrease in shipment index were the packaging of other plastics.

Export and Import Volume (metric tons)



Source: Information and Technology Communication Center, Office of the Permanent Secretary of Commerce in collaboration with Customs Department

Export value in Q1/2021 grew by 6.90 percent (%QoQ) compared to the previous quarter to 1,120.43 million USD and grew by 6.75 percent (%YoY) from the same quarter last year. Product categories with the highest increase in export were plastic sanitary ware (HS 3922).

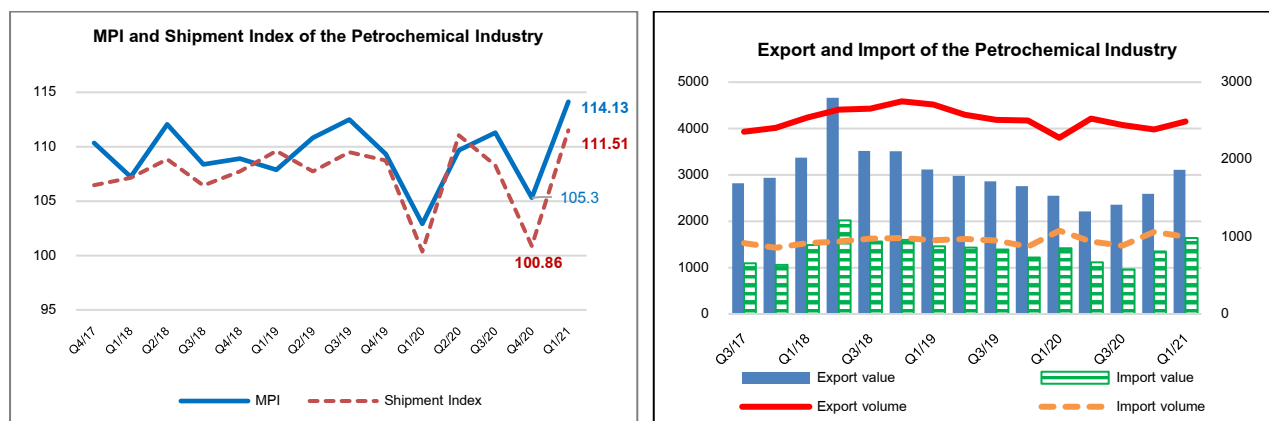
Import value in Q1/2021 increased by 9.39 percent compared to the previous quarter to 1,322.16 million USD and increased by 11.90 percent (%YoY) from the same quarter last year. Imported products with the highest increase was tubes or pipes (HS 3917).

Outlook for Plastics Industry in Q2/2021

The plastics industry in Q2/2021 is expected to grow in exports and imports as the demand for plastic products from domestic and international markets increased. However, factors affecting the industry must be considered, including the COVID-19 outbreak and crude oil prices in the world market which remained fluctuating.

Petrochemical Industry

The petrochemical industry in Q1/2021 increased in MPI and shipments by 10.78 and 10.79 percent, respectively, from the same quarter of the previous year (%YoY) and improved from the previous quarter by 8.4 and 10.5 percent (%QoQ). The improvement was due to COVID-19 vaccinations becoming available in many countries, which also eased lockdown measures. As a result, the production and exports of petrochemicals increased in this quarter.



Source: Customs Department, Ministry of Finance

MPI in Q1/2021 stood at 114.13 points, increasing by 10.78 percent compared to the same quarter last year. The product that contributed to the increase in MPI of upstream petrochemicals was Ethylene; meanwhile, PP resin was the product that contributed to the decrement in MPI of downstream petrochemicals.

The shipment index in Q1/2021 stood at 111.51 points, an increase of 10.79 percent (%QoQ) compared to the same quarter last year. The product that contributed to the increment of the shipment index for the upstream petrochemicals was Propylene; meanwhile, the products that contributed to the increment of the shipment index for downstream petrochemicals were PP and PE resins.

Exports of petrochemicals in Q1/2021 increased by 22.5 percent from the same quarter last year to 3,108.76 million USD. Petrochemicals were exported to major countries such as China, Vietnam, and Japan; products that contributed to the increase in exports of upstream petrochemicals (8.34%) were Ethylene and Toluene; meanwhile, products contributing to the increase in exports of downstream petrochemicals (31.52%) were PP and PE resins.

Imports of petrochemicals in Q1/2021 were valued at 1,636.48 million USD, increasing 15.52 percent from the same quarter last year. Petrochemicals were imported from major countries such as Japan, China, and the US. Products contributing to the increment in imports were upstream petrochemicals (Toluene and Propylene) and downstream petrochemicals (PVC and PP resins).

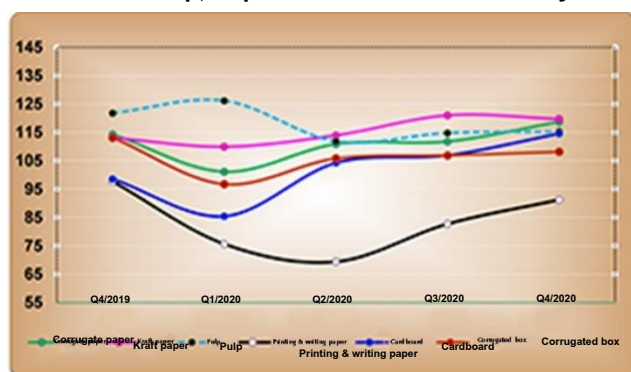
Outlook for Petrochemical Industry in Q2/2021

The petrochemical industry situation in Q2/2021 is expected to expand slightly as economies in many countries begin to recover after disruption from the COVID-19 outbreak. As a result, demands for products or operations in many sectors increased somewhat.

Pulp, Paper, and Print Media Industry

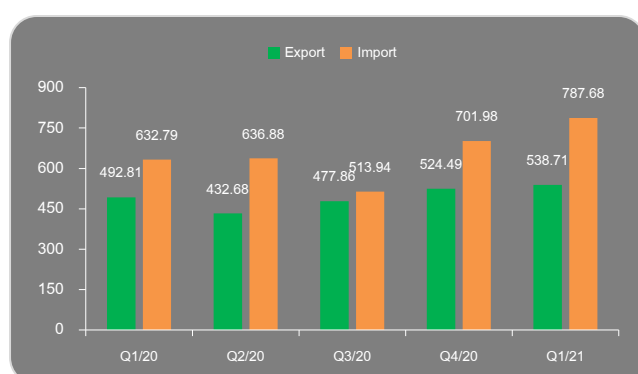
The pulp, paper, and print media industry in Q1/2021, compared to last quarter (%QoQ), grew in all product groups except for kraft paper. Compared to last year (%YoY), production increased in the cardboard, kraft paper, and corrugated paper groups, all of which are used to produce packaging boxes. The overall value of exports and imports increased compared to last quarter (%QoQ) and last year (%YoY).

MPI in Pulp, Paper and Print Media Industry



Source: The Office of Industrial Economics

Export-Import of Pulp, Paper and Print Media



Unit: million USD

Source: Information and Technology Communication Center, Ministry of Commerce

Production in Q1/2021 of the pulp and paper segments grew compared to last quarter (%QoQ) in all product categories, including pulp, cardboard, corrugated paper, printing and writing paper, and corrugated boxes, except kraft paper, as there were a lot of imports which grew as high as 22.92 percent. Compared to last year (%YoY), production increased in the cardboard, kraft paper, and corrugated paper segments, all of which are used to produce packaging boxes necessary for online shopping in the current era COVID-19 outbreak.

Exports of pulp and paper products in Q1/2021 valued 538.71 million USD, an increase of 2.71 percent (%QoQ), from pulp exports, with China as the main trading partner. Compared to the previous year (%YoY), the total export value increased by 9.31 percent due to a 102.63 percent increase in pulp exports, over 80 percent of which were exported to China. Paper and paper products grew by 1.82 percent, with Vietnam and Indonesia as the main export markets.

Imports of pulp and paper products in Q1/2021 were valued at 787.68 million USD, increasing 12.21 percent (%QoQ) from pulp, paper, and paper products and increasing 24.48 percent (%YoY) from the pulp, scrap paper, and printed media. However, the domestic demand for paper products was very high. In particular, paper packaging continued to increase as consumer behavior changed due to the COVID-19 pandemic. Domestic production is still unable to produce at the same volumes, resulting in the need to import.

Outlook in Q2/2021

In Q2/2021, paper products (cardboard, corrugated paper, and kraft paper) used to manufacture packaging boxes are expected to increase in line with domestic consumption. At the same time, paper packaging in the New Normal era will grow significantly. It also benefited from the use of online shopping coupled with a new wave of COVID-19 outbreaks. Meanwhile, exports will continue to grow in the pulp sector, but paper and paper products will not expand as much.

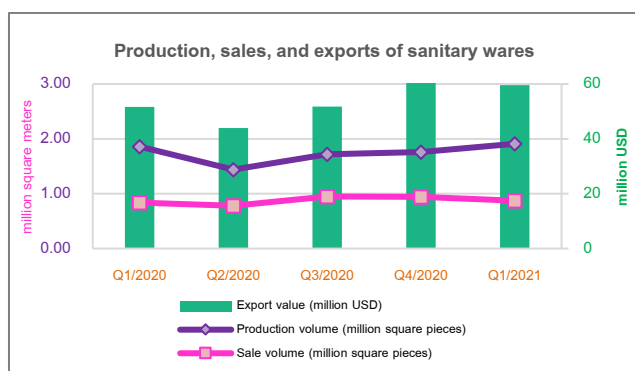
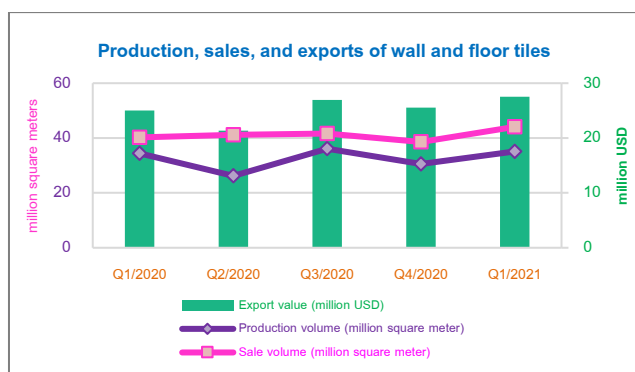
Related government policies

According to the announcement of the Central Committee on the Price of Goods and Services, No. 1 B.E. 2564 dated January 27, 2021, four additional controlled items are specified, namely, face masks, synthetic fibers, alcohol, and hand sanitizers, wastepaper, and recycled paper. The changes are effective for one year from February 4, 2021, onwards. It will benefit the domestic producers and the environment. Some domestic paper manufacturers still need to import waste paper and used paper as the price is lower and domestic supply is insufficient. However, the control of such goods should impose measures that are fair to all parties, especially domestic producers.

Ceramics Industry

The production volume of tiles, floor coverings, wall coverings, and sanitary ware in Q1/2021 increased from the increase in orders from trading partners. The volume of domestic sales and exports grew following consumer demand. The main export markets are still the US, China, and Japan. The outlook for Q2/2021 is expected to increase from the domestic market demand and production to support the export market

Ceramics Production, Sales, and Exports



Source: 1. Domestic Production and Sales: Division of Industrial Economics Information and Indices, Office of Industrial Economics

Note: From the survey of 13 wall and tiling factories and 35 sanitary ware factories

2. Export Value: Information and Technology Communication Center, Office of the Permanent Secretary of Commerce

Production: In Q1/2021, production of floor and wall tiles reached a volume of 35.09 million square meters, an increase of 13.85 percent from Q4/2020 (%QoQ) and 0.87 percent from the same quarter last year (%YoY) as a result of an increase in orders from major export markets such as the USA, China, and Japan. Sanitary ware production reached 1.91 million pieces, an increase of 3.92 percent from Q4/2020, but a 1.42 percent decrease from the same quarter last year.

Sales: In Q1/2021 for floor and wall tiles reached a sales volume of 44.06 million square meters, an increase of 13.47 percent from Q4/2020 (%QoQ) and 8.37 percent from the same quarter of the previous year (%YoY). Sanitary ware sales reached 0.87 million pieces, decreasing from Q4/2020 by 7.71 percent, but an increase of 3.33 percent from the same quarter last year. The domestic market demand was impacted by the government's economic stimulus measures and measures to promote sales of business operators

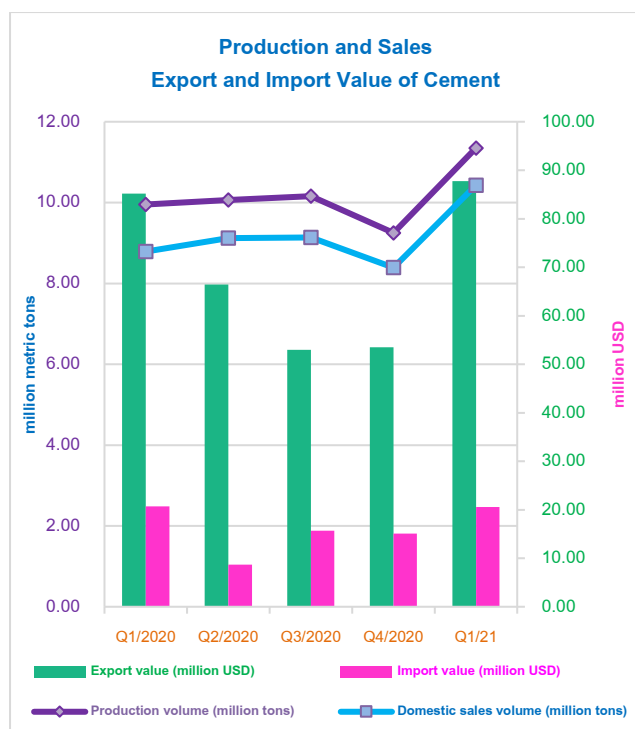
Exports: In Q1/2021, exports of wall and floor tiles increased by 7.79 percent from Q4/2020 to 27.54 million USD and increased by 10.12 percent from the same quarter last year. Meanwhile, exports of sanitary ware valued at 59.63 million USD, decreasing 2.39 percent from Q4/2020 but increasing 15.52 percent from the same quarter last year. Major export markets were the US, China, Japan, and CLMV countries.

Outlook for Ceramic Industry in Q2/2020

Production and domestic sales of ceramics in Q2/2021 are expected to increase, following the demand of the domestic market from the government's real estate stimulus measures and sales promotions to stimulate the market among business operators. Furthermore, production increased to support key markets such as the US, China, and Japan, especially the export of sanitary ware to the US and floor and wall tiles to China and Japan. Imports are expected to expand from the import of ceramic products used in laboratories and other ceramic products from the US, China, and Japan.

Cement Industry

The cement industry in Q1/2021 started to increase in production and sales compared to the same quarter of the previous year. Exports in this quarter grew from the Myanmar market. This is partly due to the Ministry of Commerce of Myanmar, which announced that some cement and other products do not require a permit to facilitate import and exports.



Source: 1. Domestic Production and Sales: Division of Industrial Economics Information and Indices, Office of Industrial Economics
2. Export Value: Information and Technology Communication Center, Office of the Permanent Secretary of Commerce

Cement production (excluding clinker) in Q1/2021 increased by 10.77 percent (%QoQ) from Q4/2020 to 11.35 million metric tons and a slight increase of 2.17 percent (%YoY) from the same quarter of the previous year.

Domestic sales of cement (excluding clinker) in Q1/2021 reached 10.43 million metric tons, an increase of 12.11 percent from Q4/2020 and an increase of 5.61 percent (%YoY) from the same quarter of the previous year.

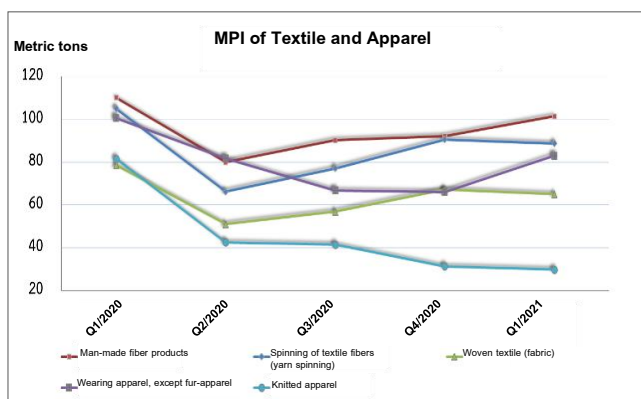
Cement exports-imports (excluding clinker) in Q1/2021 reached an export value of 87.78 million USD, up 64.04 percent (%QoQ) compared to Q4/2020 and 3.07 percent from the same quarter last year. The growth came from exports to Myanmar, which accounted for 31.35 percent, possibly a result of after the coup d'état, the Myanmar Department of Trade, Ministry of Commerce, issued a notice that some product imports and exports would not require licenses temporarily, to facilitate businessmen in exporting and importing many products, including cement products. The import of cement (excluding clinker) valued 20.59 million USD, increasing from Q4/2020 by 36.70 percent, but a slight decrease from the same quarter of the previous year by 0.48 percent, decreasing from Lao PDR and China by 0.54 percent and 0.16 percent, respectively.

Outlook for Cement Industry in Q2/2021

The cement industry (excluding clinker) in Q2/2021, compared to the same quarter of the previous year, are expected to decline in production and sales due to the COVID-19 outbreaks, which returned since the end of the first quarter, spreading at a faster rate, causing people to refrain from activities outside the home, such as going out to work, going out shopping and traveling. Nevertheless, the government is considering a renewal of measures to stimulate purchasing power for the people. It is expected to be considered in May, which may help mitigate the impact. Thailand's key export markets are likely to be affected by the COVID-19 outbreak, which is expected to result in the contraction of Thai cement exports further.

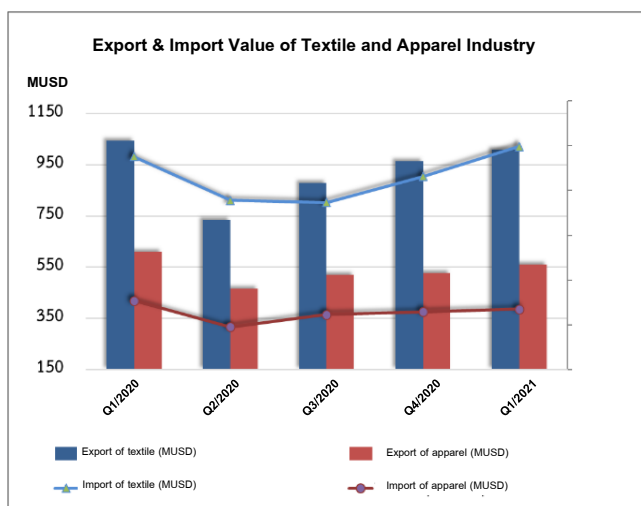
Textile and Wearing Apparel Industry

In Q1/2021, the production, domestic sales, and exports of textiles and apparel decreased compared to the same quarter of the previous year, which was still affected by the Covid-19 pandemic. However, compared to the previous quarter, fiber and garment production increased as Thailand, and its key trading partners began to recover, such as the US and China.



Production and Domestic Sales

The MPI of man-made fibers, fabrics, and apparel decreased by 11.98 percent, 17.25 percent, and 19.74 percent (%YoY) due to the slowdown in domestic consumption. In addition, exports declined as the global economy has not recovered from the COVID-19 outbreak. Compared to Q4/2020 (%QoQ), garment production grew in line with trading partner countries, with significant signs of economic recovery from a wider range of vaccinations. Domestic sales of textile fibers, fabrics, and apparel decreased by 4.86 percent, 16.45 percent, and 22.97 percent (%YoY), mainly due to the slowdown in purchasing power of domestic consumers from the impact of the COVID-19 outbreak. In addition, the demand for raw materials for exports slowed down in the beginning.



Exports-Imports

Overall, *textile and apparel* exports valued at 1,568.85 million USD, a decrease of 5.20 percent (%YoY). Considered by product group, textiles valued at 1,009.23 million USD, a decrease of 3.39 percent. Apparel valued at 559.62 million USD, down 8.29 percent as the global economy was still affected by the COVID-19 pandemic, despite early signs of economic recovery in key trading partners such as the US and China. This was coupled with the political unrest in Myanmar. Compared to Q4/2020, exports began to recover in key trading partners. Textile fibers and apparel grew by 19.96 percent and 7.20 percent (%QoQ), respectively.

The total import of *textiles and apparel* was 1,266.07 million USD, a slight increase of 0.57 percent (%YoY) as orders from major trading partners started to return, causing entrepreneurs to import textile raw materials.

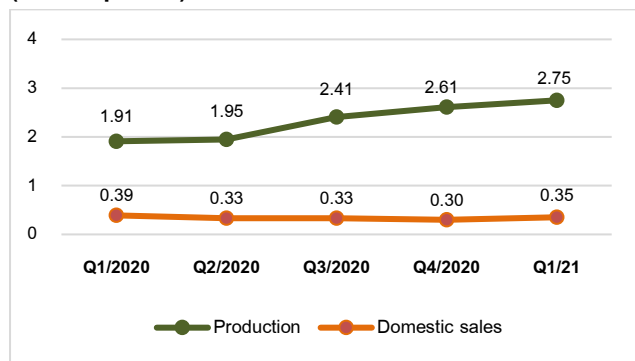
Outlook in Q2/2021

Production, exports, and imports of textile fibers, fabrics, and ready-to-wear garments in Q2/2021 are expected to stabilize the gradual improvement of key trading partners' economic recovery. Compared to Q1/2021, production, exports, and imports in the textile and garment industry are expected to grow as many trading partner countries have relaxed COVID-19 restrictive measures after widespread vaccinations. Many countries launched economic stimulus measures that have started to have a positive effect.

Wood and Wooden Furniture Industry

Compared with the same quarter of the previous year, the production volume of wooden furniture in the Q1/2021 increased to meet the needs of the international market. Meanwhile, domestic sales of wooden furniture declined due to the slowdown in the domestic economy. However, exports of wood and wooden sheets increased in value from the recovery of global and key trading partners' economies.

Domestic Production and Sales of Wooden Furniture (million pieces)



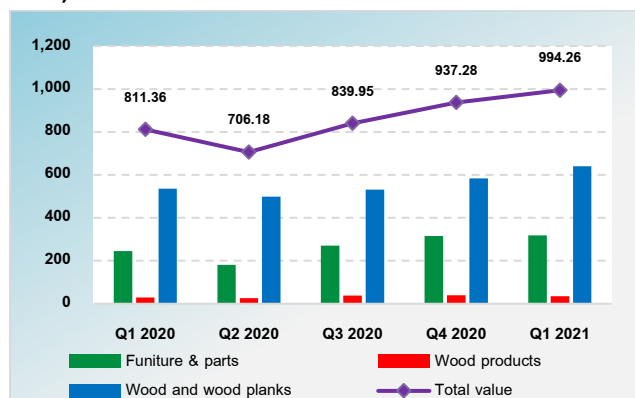
Source: The Office of Industrial Economics

Production of wooden furniture in Q1/2021 reached 2.75 million pieces, an increase of 5.36 percent from the previous quarter and 43.98 percent from the same quarter last year. The increase was caused by production to meet the needs of international markets.

Domestic sales of wooden furniture in Q1/2021 amounted to 0.35 million pieces, an increase of 16.67 percent from the previous quarter. However, sales decreased by 10.26 percent from the same quarter last year from the economic situation that remained decreasing.

Exports value of wood and wooden products in Q1/2021 increased by 6.08 percent from last quarter and 22.54 percent from the same quarter last year. The value was totaled 994.26 million USD, which categorized into furniture and parts (317.74 million USD), wood products (35.70 million USD), and wood and wooden sheet products (640.82 million USD). Compared to the same quarter of last year, the export value of furniture and parts, wood products, and wood and wooden sheet products increased by 29.59, 19.72, and 19.48 percent, respectively. Overall, the export value of wood and wooden products increased in all product groups due to economic recovery in key export markets, such as the US and China.

Export Value of Wood and Wooden Products (million USD)



Source: Ministry of Commerce

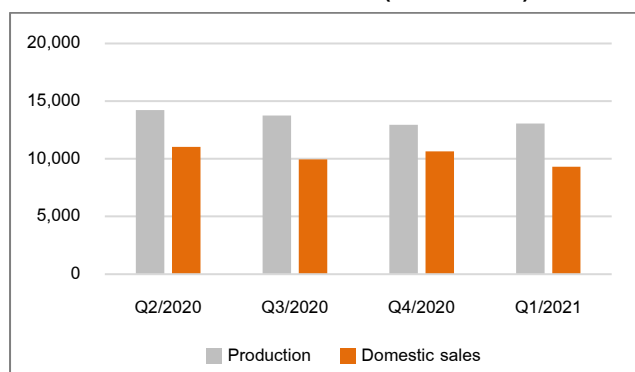
Outlook for Wood and Wooden Furniture Industry in Q2/2021

In Q2/2021, it is expected that the volume of wooden furniture production will continue to expand mainly from production to meet the needs of the international market. Meanwhile, domestic sales of wooden furniture are expected to continue to slow down due to the impact of the latest wave of the COVID-19 outbreak.

Pharmaceutical Industry

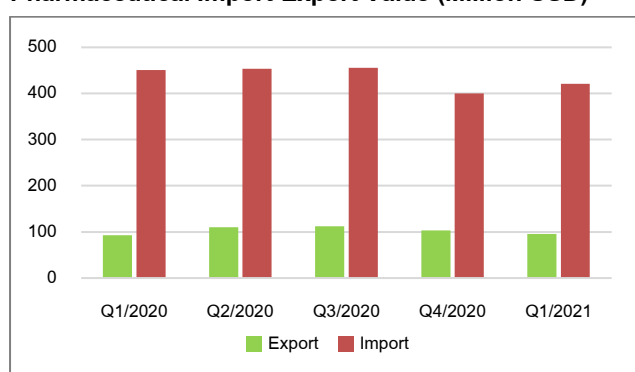
The volume of pharmaceuticals production and domestic sales in Q1/2021 decreased from the same quarter of the previous year as demand for medicines decreased. People continued to protect themselves from the Covid-19 outbreak following the government's measures. Meanwhile, there was still good growth in key export markets, including Vietnam, Laos, and China.

Domestic Production and Sales (metric tons)



Source: The Office of Industrial Economics

Pharmaceutical Import-Export Value (Million USD)



Source: Ministry of Commerce

Pharmaceutical production in Q1/2021 amounted to 13,063.83 metric tons, a decrease of 9.28% from the same quarter last year, which was a slowdown in the production of liquid medicine (-20.95%), capsules (-23.10%), injections (-47.06%), and creams (-16.81%) following a relatively large declined orders from pharmacies.

Pharmaceutical sales in Q1/2021 reached 9,307.89 metric tons, a decrease of 25.49 percent from the same quarter of the previous year from a slowdown in sales of all types of medicines, including tablets, liquid pills, capsules, injections, creams, and powders, which decreased by 17.53 percent, 28.85 percent, 13.07 percent, 54.53 percent, 17.68 percent, and 23.55 percent, respectively. In general, the domestic pharmaceuticals market, especially in the pharmacy segment, contracted considerably. The government's measures for the people to wear masks, wash hands regularly, and take care of themselves caused fewer people to catch colds.

In Q1/2021, exports of pharmaceuticals were valued at 95.32 million US dollars, increasing 3.00 percent from the same quarter last year, with good growth in Vietnam, Laos, China, Japan, and Hong Kong markets. As for pharmaceuticals imports, the value was at 420.67 million USD, decreasing 6.73 percent from the same quarter last year—the decrease in pharmaceuticals imported from Germany, France, Puerto Rico, Japan, and Italy.

Outlook for Pharmaceutical Industry in Q2/2021

Pharmaceutical production in Q2/2021 is expected to slow down by 5.00 percent from the same quarter last year, in line with the continued contraction of the domestic market, especially in the pharmacy section. As for exports, it is expected to expand well in the ASEAN market, especially in Vietnam, Laos, and Cambodia.

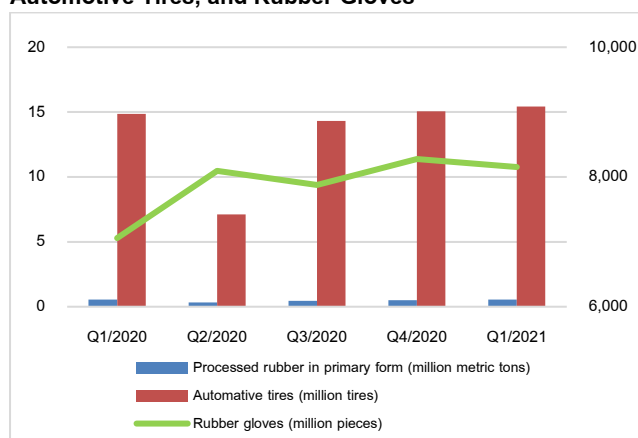
Government Policies Related to the Pharmaceutical Industry

The government signed a contract to supply the COVID-19 vaccine by booking in advance and engaging in a contract to purchase 26 million doses of vaccines with AstraZeneca Co., Ltd. At the moment, Siam Bioscience Co., Ltd.—a major Thai biopharmaceutical manufacturer—is in the process of transferring COVID-19 vaccine technology from AstraZeneca Co., Ltd., the world's leading biopharmaceutical company. It expects to launch the vaccines by mid-2021, making Thailand a production base for the vaccine against COVID-19, the first of its kind in Southeast Asia. The initiative will further strengthen research and development in the Thai pharmaceutical industry.

Rubber and Rubber Product Industry

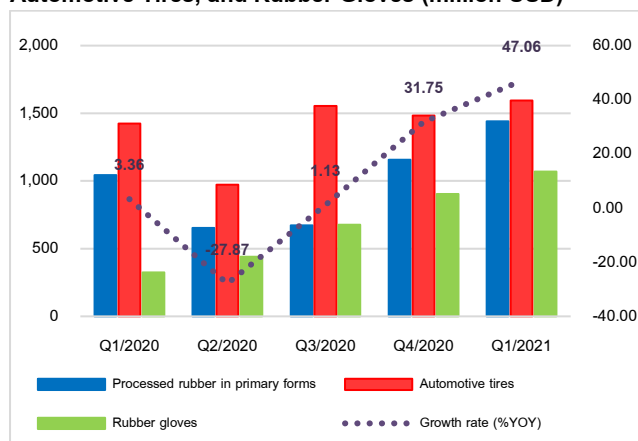
The volume of production and distribution of tires in Q1/2021 increased in line with the growth of both domestic and international markets. Production and exports of rubber gloves grew as demand increased worldwide, and the production and exports of upstream processed rubber expanded mainly from exports to the Chinese and Malaysian markets.

Production Volume of Processed Rubber in Primary Form, Automotive Tires, and Rubber Gloves



Source: The Office of Industrial Economics

Export Value of Processed Rubber in Primary Forms, Automotive Tires, and Rubber Gloves (million USD)



Source: Ministry of Commerce

Outlook for Rubber and Rubber Product Industry in Q2/2021

Production of automotive tires in Q2/2021 is expected to grow by 3.00 percent following the expansion of the domestic automobile industry and export markets. As for rubber gloves production, it is expected to grow by 15.00 percent following higher global demand. Production of processed rubber in primary forms is expected to increase by 5.00 percent following the increased volume of rubber entering the market.

Government Related Policies

The Rubber Authority of Thailand is in the process of supporting credit programs for rubber product manufacturers. There is a credit limit of 25,000 million Baht to increase the domestic consumption of rubber, to improve the quality of life of rubber growers, and continuously develop the entire rubber industry. More information can be found on www.raot.co.th.

Production of processed rubber in primary forms, automotive tires, and rubber gloves in Q1/2021 reached 0.54 million metric tons, 15.44 million tires, and 8,150.96 million pieces, respectively. Compared to the same quarter last year, the production of processed rubber in primary forms decreased by 3.00 percent due to a decline in the volume of natural rubber entering the market. Meanwhile, the production of automotive tires and rubber gloves increased by 3.85 percent and 15.49 percent, respectively, in line with the expansion of domestic and international markets.

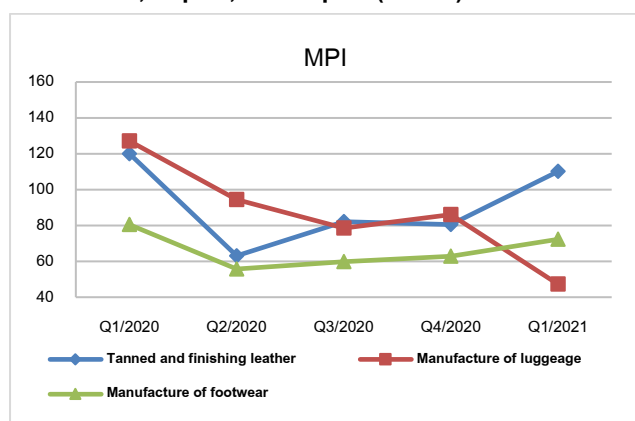
Sales of processed rubber in primary forms, automotive tires, and rubber gloves in Q1/2021 reached 0.13 million metric tons, 11.52 million tires, and 501.70 million pieces, respectively. Compared to the same quarter of the previous year, the sales of upstream processed rubber and automobile tires increased by 3.72 percent and 7.32 percent, respectively, in line with the increasing demand for use and the growth of the automotive industry and the replacement market. Meanwhile, the sales of rubber gloves decreased by 51.61 percent following the reduction of sales through middlemen of domestic producers.

Exports of processed rubber in primary forms, automotive tires, and rubber gloves in Q1/2021 were valued at 1,440.82 million USD, 1,593.90 million USD, and 1,068.69 million USD, respectively. Compared to the same quarter last year, exports of processed rubber in primary forms, tires, and rubber gloves increased by 38.13 percent, 11.98 percent, and 229.99 percent, respectively. The increase was in line with the expansion of key export markets, such as China, Malaysia, the US, the UK, the EU, and Japan.

Footwear and Leather Product Industry

In Q1/2021, compared to the same quarter of the previous year, the tanning and dressing of leather, luggage*, and shoes reduced in production, in line with the declining demand for both exports and domestic sales due to the Covid-19 situation. As a result, international trade slowed. Consumers became more cautious about their spending, and there are still concerns about the current economic conditions.

Production, Export, and Import (MUSD)



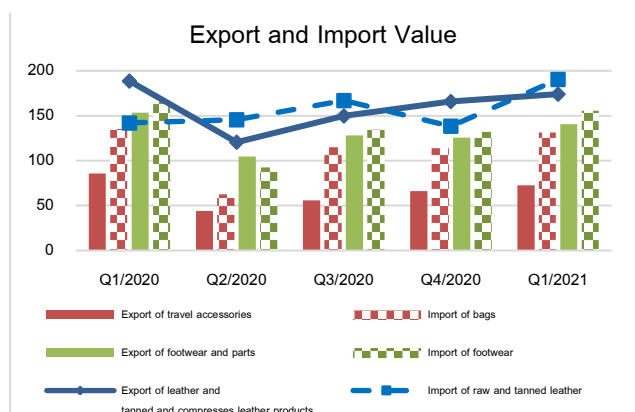
Production

In Q1/2021, the MPI of tanning and dressing of leather products decreased by 11.55 percent compared to the same quarter of last year; likewise, production of luggage* and footwear contracted by 35.59 percent and 16.41 percent, respectively. The decline resulted from decreased demand for exports and domestic sales, as consumers were more careful with their spending, impacted by the COVID-19 outbreak.

Exports-Imports

In Q1/2021, exports of all leather products decreased in value compared to the same quarter last year. Compressed leather, travel appliances, and footwear decreased by 7.71, 15.04, and 8.33 percent, respectively. Due to the COVID-19 outbreak, the global economy has slowed down; key export markets were the US, Denmark, Hong Kong, and China.

Imports from Q1/2021 valued at 477.30 million USD. Raw and tanned leather valued 190.4 million USD, an increase of 33.97 percent. Luggage valued 131.20 million USD, a decrease of 2.96 percent, and shoes valued at 155.70 million USD, a decrease of 6.07 percent, respectively. The contraction was an impact of the COVID-19 situation, which caused consumers to be more cautious of their spending.



Source: 1. MPI – The Office of Industrial Economics
2. Export & Import Value – Ministry of Commerce
* including handbags and similar products, saddles, and harnesses

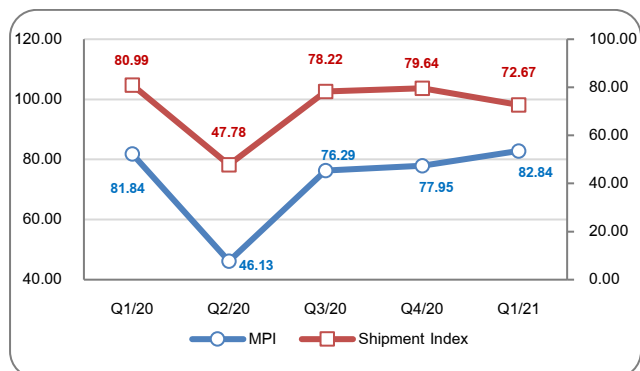
Outlook for Footwear and Leather Production Industry in Q2/2021

Leather and footwear production in Q2/2021 is expected to slow down in the tanning and finishing of leather, luggage, and shoes. The contraction is due to lower demand from both domestic sales and exports. However, compared to the previous quarter, exports are expected to improve in all product groups, from discovering vaccines and the world's acceleration of vaccines to the people. Furthermore, governments had measures to stimulate domestic spending and investment, impacting confidence and the economy to slow again.

Gems and Jewelry Industry

In Q1/2021, overall production and sales of gems and jewelry declined from the same quarter last year. Due to the COVID-19 outbreak, consumers are more cautious of their spending. As for exports, the value decreased in line with the global economic situation that slowed down.

Production, Sales, and Exports



Production

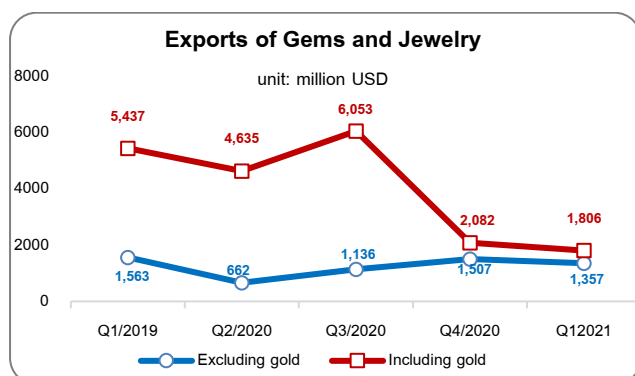
Overall gems and jewelry production in Q1/2021 increased by 0.82 percent compared to the same quarter last year due to an increase in genuine jewelry production (2.88%). However, cut diamonds and artificial jewelry production decreased by 39.39 percent and 18.63 percent, respectively, resulting from the COVID-19 outbreak, making consumers more cautious of their spending.

Sales

Sales of gems and jewelry in the first quarter of 2021, compared to the same quarter of the previous year, decreased in all products, namely diamonds (10.79%), genuine jewelry (22.37%), and imitation jewelry (0.46%), due to consumers being cautious in their spending and having concerns about the current economic situation.

Exports

Exports of gems and jewelry (excluding gold) in Q1/2021, compared to the same quarter last year, totaled 1,357.41 million USD, a decrease of 13.19 percent due to decreased exports of color gemstones (-39.65%) and genuine jewelry (-30.88%). Key export markets were the US, Hong Kong, and India. Nevertheless, considering overall gems and jewelry exports totaled 1,806.10 million USD, a decrease of 66.78 percent.



Source: 1. MPI and Shipment Index — the Office of Industrial Economics
2. Export value — Ministry of Commerce

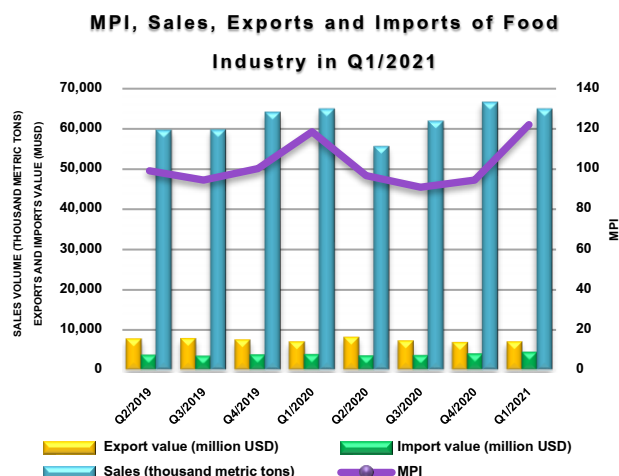
Outlook for Gems and Jewelry Industry in Q2/2021

Overall, gem and jewelry production in Q2/2021 is expected to improve slightly because of the global economic situation that is likely to improve. Compared to the previous quarter, production is expected to improve. However, the new outbreak of the COVID-19 virus still needs to be monitored, which has a mutation that has spread rapidly and severely. This may affect the overall economy both domestically and internationally. In some countries, such as India and Brazil, the number of infections and deaths has been rising continuously. However, the domestic situation has benefited from the government's measures to stimulate domestic spending/investment. The export value (excluding unwrought gold) is expected to continue in a downward trend, as consumers are still cautious about their spending. Overall imports are expected to increase, especially unwrought gold; as the world market prices drop, there is speculation from trading gold.

Food Industry

The MPI of the food industry in Q1/2021 increased compared to the same period of the previous year. This was due to domestic consumption and the world economy starting to recover. In addition, important agricultural products such as pineapple and cassava increased in volume. As a result, there were more raw materials used in the food industry. The production of food products that grew well included ready-made pet food, canned pineapple, canned corn, frozen shrimp, sugar, and tapioca starch. The export value increased slightly from important products such as cassava products, canned pineapple, and pet food from the global economic situation, which gradually recovered.

MPI, Sales, Exports, and Imports of industrial products



Source: Data for indexing of industries, Office of Industrial Economics, Ministry of Commerce, from the grouping of the Office of Industrial Economics

Note * Preliminary data

The MPI of the food industry in Q1/2021 reached 122.1, an increase of 2.4 percent compared to the same quarter of the previous year (%YoY). The production of food products that grew well included ready-made pet food by 17.8 percent due to continued orders for cat food from the American market and expanded online distribution channels for entrepreneurs. In addition, the popularity of raising pets continued to grow around the world. This was followed by canned pineapple, which grew by 13.1 percent due to consumer demand from the main American market. Canned sweet corn increased by 12.8 percent due to consumer demand from Japan, South Korea, and Taiwan. Frozen shrimp grew by 9.6 percent from the domestic market demand. Sugar grew by 6.8 percent, as production closure in 2020/21 was slower than the previous year. In addition, fresh sugarcane produce was of good quality, resulting in higher-than-average sugar cane yield per ton. Tapioca starch grew by 5.3 percent as cassava became a substitute for corn due to the rising prices of corn in China. As a result, the demand for cassava products increased.

Domestic food sales Q1/2021 amounted to 64,930 thousand metric tons, an increase of 3.6 percent (%YoY) compared to the same quarter last year, partly due to measures to stimulate consumer spending such as the “Khon La Khrueng (Let’s Go Halves)” and “Rao Chana (We Win)” schemes. Some products consumed in the country are increasing, such as other canned fruits, frozen shrimp, refined sugar, coconut milk, soy sauce, frozen fish, frozen fruit and vegetables, frozen squid, and ready-made pet food.

Exports in Q1/2021 valued at 7,104.1 million USD, a growth by 0.3 percent (%YoY) compared to the same quarter of the previous year, from important products such as cassava, as there were many orders from China for use in the production of ethanol and to substitute for high-priced corn. This was followed by canned pineapple from the consumer demand from export markets such as the US, Canada, and Russia. Pet food increased from the growing trend of animal husbandry. In addition, the Thai pet food business contracted manufacturing (OEM) for world-class brands.

Imports in Q1/2021 were valued at 4,703.9 million USD, a growth of 6.1 percent (%YoY) compared to the same quarter of the previous year. From the import of tuna to support the growing demand of the canned tuna industry. Flour products followed this to support the industry’s continuous growth, especially instant noodles and oilseed residue to support the animal feed industry.

Outlook for Food Industry in Q2/2021 expects that the MPI and export value will grow slightly compared to the same quarter of the previous year. This is because raw materials, which are agricultural products used in food processing such as cassava, pineapple, and oil palm, have increased. In addition, consumption in major trading partners, namely China, US, and Europe, recovered continuously from controlling the spread of COVID-19. It is expected that food products produced for export, such as canned pineapple, canned sweet corn, tapioca starch, frozen fruits and vegetables, condiments, and ready-made pet food, will improve in growth.

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