



Report on the Industrial Economics Status in Q3/2020 and Outlook for Q4/2020



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Executive Summary

Summary of Thai Industrial Economic Status in Q3/2020

The industrial economic status in Q3/2020, when considered from the Manufacturing Production Index (MPI), contracted by 8.3 percent, partly from the global economic factor that slowed down, including the impacts of the COVID-19 outbreak. In Q3/2020, key industries that contracted were as follows:

- **Manufacture of automobiles.** The production decreased in almost all product categories except large passenger cars and surveillance vehicles. The key factor of the decline resulted from the spread of the COVID-19. As a result, the automobile export market declined due to trading partners' economies greatly affected and recovered slowly, coupled with the domestic market that declined.
- **Manufacture of refined petroleum products.** The production declined as domestic fuel consumption and exports were impacted by the COVID-19 outbreak, causing the slowdown of economic activities, especially the tourism sector. As a result, domestic and international travel dropped.
- **Manufacture of sugar.** The production decreased due to the earlier production shutdown this year compared to the previous year, the dry weather, and the reduction of sugarcane planting area.

Industries that grew relatively well in the third quarter of 2020 were as follows:

- **Manufacture of electrical equipment.** The production increased in almost all products (except household fans) as domestic COVID-19 control measures started to ease. Furthermore, the shortage of raw materials improved, and consumer behavior changed towards a growing demand for innovative electrical appliances.
- **Manufacture of pharmaceuticals and medicinal chemical products.** The production of pharmaceuticals and medicinal chemical products increased in every product line due to the COVID-19 outbreak, resulting in a need to produce sufficient reserve medicines for treatment.

Key Industries Outlook for Q4/2020



Iron and Steel: The iron and steel industry are forecasted to contract compared to the same period last year, with issues to follow-up, such as global economic and trade situation, the COVID-19 pandemic, government economic stimulus policy, foreign steel prices, and government construction project implementation. These issues will affect the production and consumption of domestic steel products.



Electronics: The MPI is expected to increase by 1.9 percent from semiconductor device transistors—semiconductors used to manufacture solar cell equipment—which currently has grown in demand both domestically and internationally. This is coupled with the demand for HDDs in developing 5G technology and IT infrastructure products, resulting in higher demand for electronics.



Automobile: In Q4/2020, production of automobile is estimated to reach over 390,000 units, which is divided into 50-55 percent domestic sales and 40-45 percent exports.



Motorcycle: In Q4/2020, production of motorcycle is estimated to reach over 450,000 units, which is divided into 80-85 percent domestic sales and 15-20 percent exports.

↔ Pulp, Paper, and Print Media: It is expected that paper products (cardboard, corrugated paper, and kraft paper) used for packaging boxes will increase in line with the expansion in food, processed food, and beverages. At the same time, paper packaging in the New Normal era is projected to expand sharply. The industry will also benefit from online delivery and in other downstream industries. Meanwhile, exports will slow down in paper and paper products, books, and publications.

↑ Ceramics: The industry is expected to expand further as domestic demand recovers after the COVID-19 pandemic has eased, together with government economic stimulus measures in real estate and businesses' promotional measures to stimulate the market. This included the production to support export markets after some trading partners have relieved from the COVID-19 pandemic, especially exports of sanitary ware to the US and Japan and exports of floor and wall tiles to CLMV countries.

↓ Cement: When compared to the same quarter last year, the production volume is project to decrease continuously due to the slowing economy caused by the COVID-19 pandemic. Additionally, the political turmoil caused uncertainty among consumers about the economic situation. Sales are expected to decline slightly, driven by large-scale public utility construction.

↓ Textiles and Wearing Apparel: Production, exports, and imports of textile fibers, fabrics, and finished garments are expected to contract compared to the same quarter of last year, as the global economy has not yet recovered from the COVID-19 outbreak to normal levels. Likewise, the purchasing power of consumers in Thailand is still relatively low. Compared to Q3/2020, it is expected that the overall production, export, and import of the textile and garment industry will grow because many foreign partners have been able to control the pandemic and have measures to stimulate the economy.

↑ Wood and Wooden Furniture: The production of wooden furniture is expected to increase from the production and sales of wooden furniture to meet international markets' needs. Thailand's major export markets are starting to improve. Meanwhile, domestic sales of wooden furniture are projected to decline due to the country's economic recession and political conflicts.

↑ Pharmaceuticals: It is expected to expand from the same quarter last year by 9.74 percent, following the growth trend of domestic and overseas markets, especially Vietnam, Myanmar, and Laos.

↔ Rubber and Rubber Products: Production of automotive tires in Q4/2020 is expected to drop by 17.18 percent, in line with the declining domestic automotive industry and the global economy. Meanwhile, rubber glove production is projected to increase by 24.76 percent, following the higher demands. In contrast, processed rubber in primary forms production is expected to decrease by 5.00 percent following the demands for uses, which is likely to decline, both domestically and internationally.

↓ Footwear and Leather: The tanning and dressing of leather products is expected to slow down due to the declining demand from exports. Likewise, luggage products and shoe production are expected to contract. However, when compared with the previous quarter, production is expected to increase as the spread of the COVIS-19 begins to ease, and the government sector has measures to stimulate domestic spending/investment, coupled with measures to stimulate tourism from foreigners, by accepting special tourists with the Special Tourist Visa (STV).



Gems and Jewelry: It is project to slow down as the global economy was impacted by the COVID-19 outbreak. However, compared to the previous quarter, production is projected to increase as the COVID-19 beings to ease. The export value (excluding unwrought gold) is expected to decrease, while overall exports are likely to grow from speculative gold exports during global gold prices uptick.

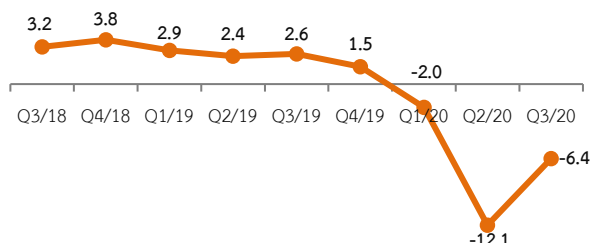


Food: The overall MPI of the food industry is forecasted to contract due to negative factors, including raw materials of agricultural products that decreased from droughts, such as sugar cane and cassava. However, domestic consumption is projected to improve due to allowing special tourist visas to stay longer in Thailand, coupled with measures to stimulate consumption from the government sector. The export value is likely to contract from the global economic slowdown and tight control measures to control the pandemic in European countries, including the decrease of key agricultural products, e.g., rice. However, due to the second wave of COVID-19 outbreaks, some food products may grow, such as instant foods (instant noodles, canned tuna, and sardines), milk, seasonings, and pet foods, following the demand of the international market.

Part 1 Thailand Economic and Industrial Overview in Q3/2020

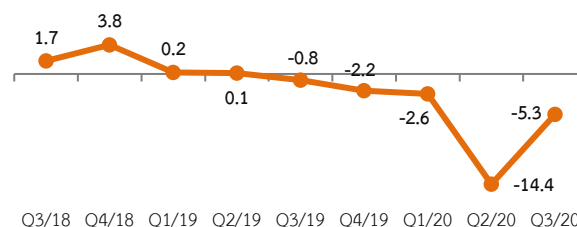
Thailand's Economic and Industrial Overview in Q3/2020

Gross domestic product
decreased by 6.4 percent (%YoY)



Source: Office of the National Economic and Social Development Council

Industrial sector GDP
decreased by 5.3 percent (%YoY)



Source: Office of the National Economic and Social Development Council

Gross domestic product or GDP in Q3/2020 decreased by 6.4 percent from the same period last year (-2.6%) but increased from the previous quarter (12.1%).

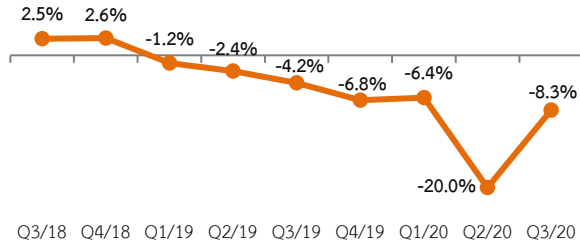
Gross industrial production in Q3/2020 contracted for five consecutive quarters but improved from the previous quarter on the back of easing COVID-19 control measures, combined with government economic stimulus efforts resulting in the production of goods and services resuming to normal production and export of goods.

The GDP of the industrial sector in Q3/2020 contracted by 5.3 percent, a dramatic improvement from the previous quarter, with a contraction of 14.6 percent and a slowdown from the same period of the previous year, which contracted 0.8 percent. All industry groups improved in line with domestic demand, both in terms of consumption and production of products and the export of products that continued to improve.

Key Industrial Index

Manufacturing Production Index

decreased by 8.3 percent (%YoY)



Source: The Office of Industrial Economics

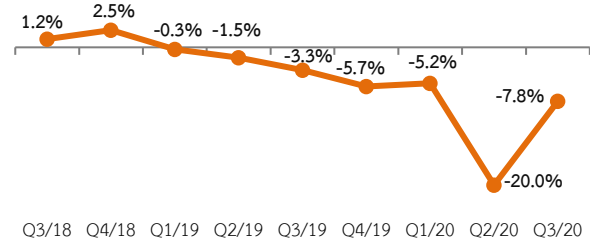
In Q3/2020, the Manufacturing Production Index (MPI) stood at 91.22 points, an increase of 13.7 percent from the previous quarter (80.21 points) but a decrease of 8.3 percent from the same quarter last year (99.48 points).

Industries contributing to the decrease of the MPI from the previous quarter were the manufacture of automobiles, rubber tires and inner tubes for tires, malt liquors and malt, etc.

Industries contributing to the decrease of the MPI from the same quarter last year were the manufacture of automobiles, refined petroleum products, and sugar, etc.

Shipment Index

Sales level of goods decreased by 7.8 percent (%YoY)



Source: The Office of Industrial Economics

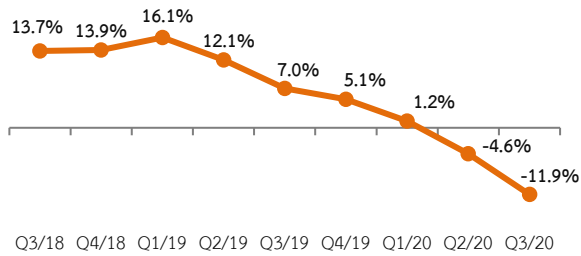
In Q3/2020, the Shipment Index stood at 93.72 points, an increase of 14.0 percent from last quarter (82.19 points) but a decrease of 7.8 percent from the same quarter last year (101.59 points).

Industries that contributed to the decrease of the Shipment Index from last quarter were the manufacture of automobiles, rubber tires and inner tubes for tires; retreading and rebuilding of rubber tires; the manufacture of malt liquors and malt, etc.

Industries that contributed to the decrease of the Shipment Index from the same quarter last year were the manufacture of automobiles, sugar, refined petroleum products, etc.

Finished Goods Inventory Index

Levels of finished goods inventory decreased by 11.9 percent. (%YoY)



Source: The Office of Industrial Economics

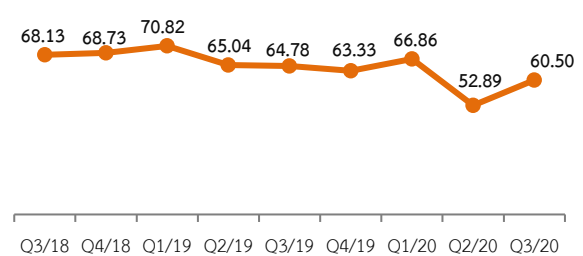
In Q3/2020, the finished goods inventory index stood at 118.60 points, a decrease of 6.90 percent from the previous quarter (127.32 points) and a decrease of 11.9 percent from the same quarter last year (134.58 points).

Industries contributing to the decrease of finished goods inventory index from the previous quarter were the manufacture of automobiles, sugar, motorcycles, etc.

Industries contributing to the decrease of the finished goods inventory index from the same quarter last year were the manufacture of automobiles; distilling, rectifying, and blending of spirits; and the manufacture of sugar.

Capacity Utilization Rate

Capacity Utilization Rate stood at 60.50 percent.



Source: The Office of Industrial Economics

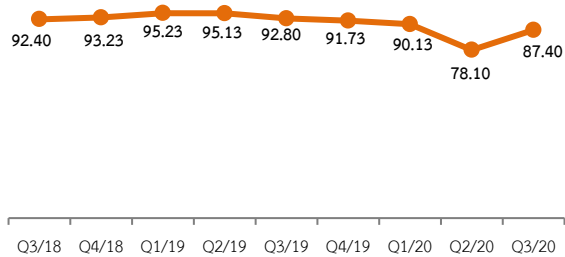
In Q3/2020, the capacity utilization rate stood at 60.50 percent, increasing from the previous quarter (52.89%) but decreasing from the same quarter last year (64.78%).

Industries that contributed to the increase of capacity utilization rate from the previous quarter were the manufacture of automobiles, rubber tires and inner tubes for tires; retreading and rebuilding of rubber tires; the manufacture of malt liquors and malt, etc.

Industries that contributed to the decrease in capacity utilization rate from the same quarter of 2019 were the manufacture of automobiles, motorcycles, other rubber products, etc.

Industrial Sentiment Index

of Q3 was at 87.40



Source: The Federation of Thai Industries

In Q3/2020, the industry confidence index was 87.40 points, increasing from the previous quarter (78.10 points) but decreasing from the same quarter of 2019 (92.80 points). Meanwhile, the three-month forecast for the sentiment index was at 90.10 points, also decreasing from the same quarter of 2019 (102.87 points).

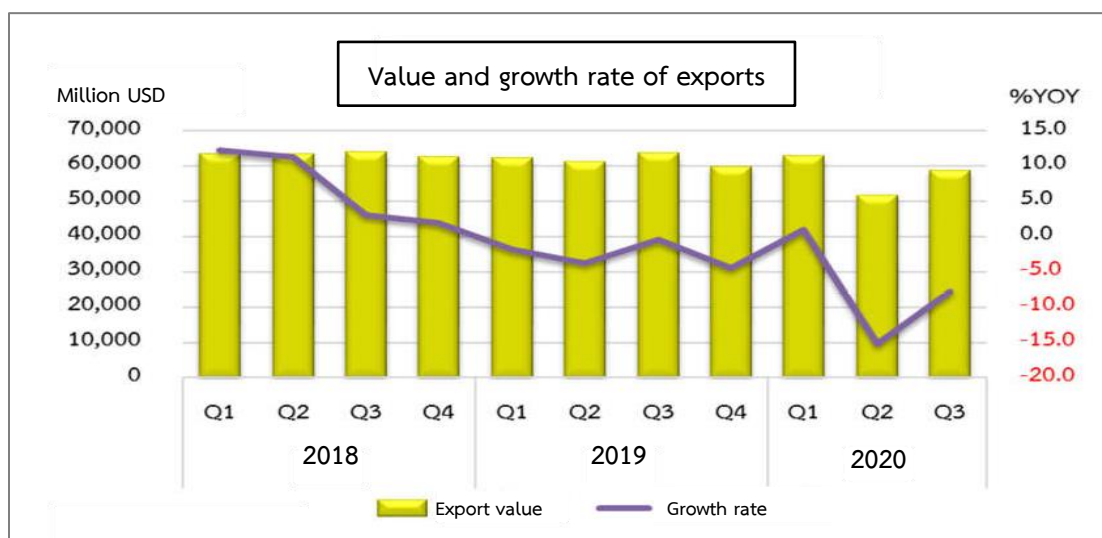
Positive factors contributing to the rise in industrial confidence in Q3/2020 were the government's easing of domestic lockdown measures to control the COVID-19 pandemic, causing various businesses to produce more than during the lockdown period. In addition, the government launched economic stimulus measures and supported SMEs such as the "We Travel Together" project. Businesses also organized promotional activities to stimulate domestic spending and consumption.

Foreign Trade

"The value of foreign trade in Q3/2020 shrank from the same period of last year. Overall, trade is likely to improve in line with the global economic recovery. However, the trade will continue to expand gradually as some of Thailand's major trading partners face a second outbreak causing economic activity to grow within a limited framework."

Thailand's foreign trade situation in Q3/2020 reached a total value of 107,383.5 million USD; export value decreased by 7.8 percent compared to the same period last year to 58,653.1 million USD. Import value decreased by 19.0 percent from the same period last year to 48,730.4 million USD. The overall trade balance for Q3/2020 was in the surplus of 9,922.73 million USD.

Export Structure

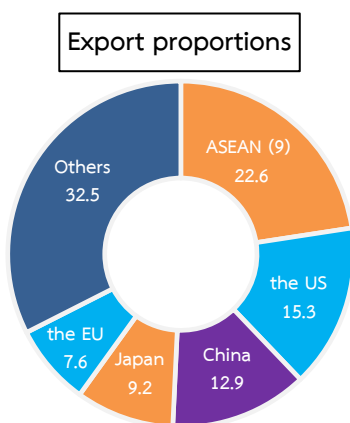


Source: Ministry of Commerce

Exports in the Q3/2020 decreased by 7.8 percent compared to the same period last year to 58,653.1 million USD. All key products decreased in exports, i.e., agricultural products' export value dropped by 9.6 percent to 4,961.4 million USD; Agro-industrial products' export value dropped by 3.8 percent to 4,546.3 million USD; Industrial products' export value dropped by 6.9 percent to 47,679.1 million USD; Mineral ore and fuel products dropped by 33.2 percent to 1,466.4 million USD.

Industrial products with a contraction in exports were automobiles, accessories, and parts (with the export value of 5,423.9 million USD, decreasing 24.8%), plastic resin (with the export value of 1,988.9 million USD, decreasing 13.8%), circuit boards (with the export value of 1,756.6 million, decreasing 9.7%). However, some products continued to expand, such as gems and jewelry (with the export value of 6,053.1 million US dollars, increasing 4.5%), computer, accessories, and parts (with the export value of 4,842.4 million USD, increasing 3.7%), rubber products (with the export value of 3,209.9 million USD, increasing 15.7%).

Export Markets

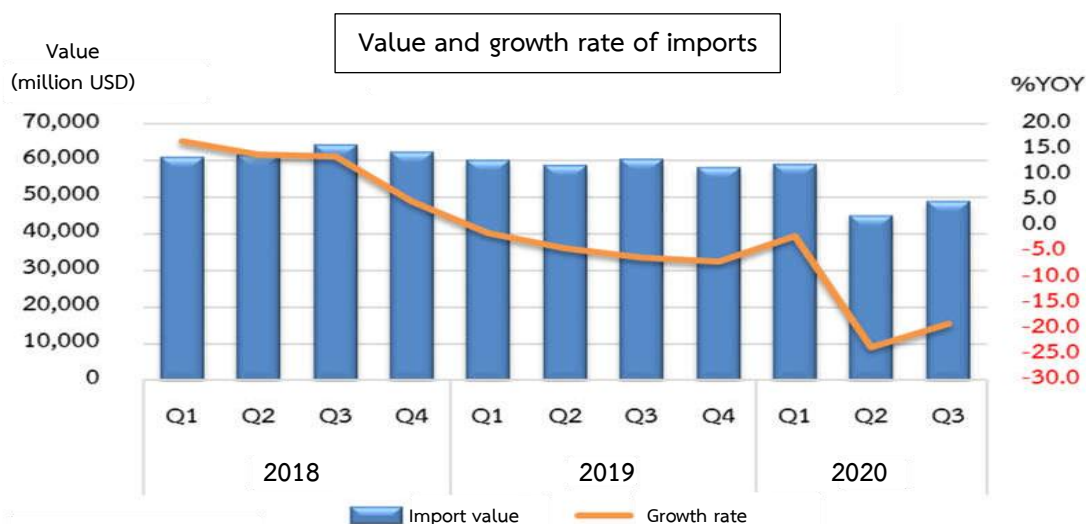


Source: Ministry of Commerce

In Q3/2020, only exports to the US increased, compared to the same period last year; meanwhile, exports to other major trading partners contracted. The proportion of exports to 5-major markets was ASEAN (9 countries), the US, China, Japan, and the EU (excluding the UK), which accounted for 67.5 percent of total exports; Exports to other markets accounted for 32.5 percent of total exports, with details as follows:

- Thailand exported products to ASEAN (9 countries), the US, China, Japan, and the EU (excluding the UK), which accounted for 22.6 percent, 15.3 percent, 12.9 percent, 9.2 percent, and 7.6 percent, respectively.
- The export growth rate, compared with the same period last year, increased by 17.5 percent. Meanwhile, exports to ASEAN (9 countries), China, Japan, and the EU (excluding the UK) contracted by 15.2 percent, 0.2 percent, 12.2 percent, and 10.5 percent, respectively.

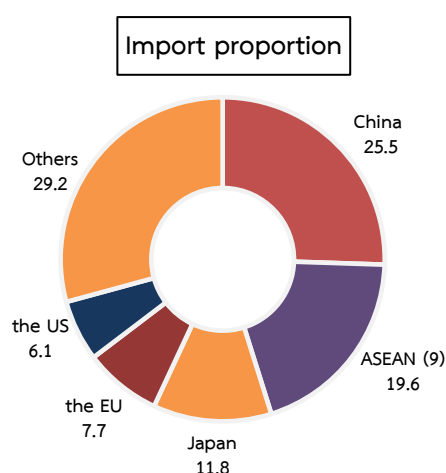
Import Structure



Source: Ministry of Commerce

Thailand's imports in Q3/2020 valued at 48,730.4 million USD, a contraction by 19.0 percent from the same period last year in almost all key product categories as follows: The import value of fuel products reached 6,788.1 million USD, a contraction by 28.7 percent. Capital goods valued at 13,546.4 million USD, a contraction by 14.8 percent. Raw materials and semi-finished products valued at 19,187.6 million USD in imports, a drop of 19.1 percent. The import value of consumer products reached 6,357.9 million USD, a decline of 9.7 percent, while the import value of vehicles and transportation equipment reached 2,489.59 million USD, a contraction of 36.2 percent. The import value of weapons, consumables, and other goods was 360.84 million USD, a growth of 221.7 percent.

Source of Imports



Source: Ministry of Commerce

In Q3/2020, the growth rate in Thailand's major import markets compared to the same period last year shrank in all markets, namely China, ASEAN (9 countries), Japan, the EU (excluding the UK), and the US. All five markets accounted for 70.8 percent of total imports. Other markets accounted for 29.2 percent of total imports, with details as follows:

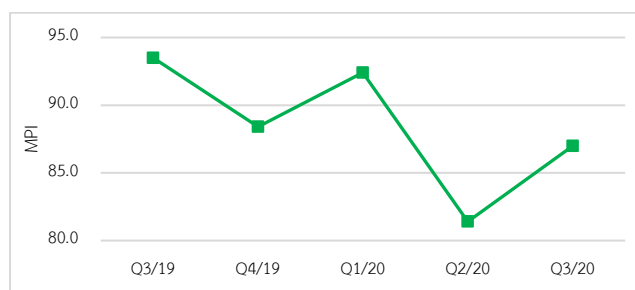
- Thailand imported products from China, ASEAN (9 countries), Japan, the EU (excluding the UK), and the US, which accounted for 25.5 percent, 19.6 percent, 11.8 percent, 7.7 percent, and 6.1 percent, respectively.
- The import growth rate, compared with the same period last year, from China, ASEAN (9 countries), Japan, the EU (excluding the UK), and the US contracted by 1.5 percent, 19.9 percent, 31.8 percent, 26.6 percent, and 24.0 percent, respectively.

Part 2 Thai Industrial Economic Sectors in Q3/2020 and Outlook for Q4/2020

Iron and Steel Industry

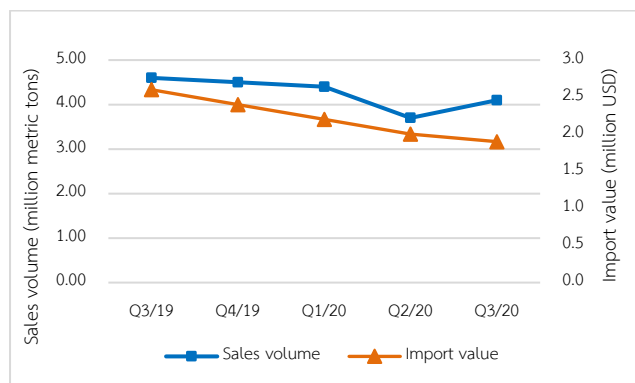
The MPI of Q3/2020 dropped from the same period of 2019 as outputs of both long and flat steel products, such as cold-rolled sheets, galvanized sheets, deformed bars, and steel wires have decreased.

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 Q3/2020 reached an MPI of 87.0 points, an increase of 7.2 percent from last quarter (%QoQ) but a decrease of 7.0 percent (%YoY) from the same quarter last year (declining for the eighth straight quarter since the fourth quarter of 2018). This decline was due to the slowdown of downstream industries, such as construction and automobile, in line with the economic downturn in both the Thai and global economies. The output of long products decreased by 7.6 percent; products with the highest decrease in production were deformed bars (-20.3%), followed by steel wires (-10.0%) and round bars (-8.6%). The output of flat product decreased by 12.3 percent. Flat products with the decrease in production were cold-rolled sheets (-33.4%) and galvanized sheets (-32.6%). Nevertheless, the production of tinplates and chromium-coated sheets increased by 45.7 percent and 36.4 percent, respectively, in line with the growth of the manufacturing industry of cans and containers of metal.

Sales in Q3/2020 stood at 4.1 million tons, an increase of 11.7 percent from the previous quarter (%QoQ) but a decrease of 11.4 percent from the same quarter last year (%YoY) (five consecutive quarters of contraction since Q3/2019). Sales of long products contracted by 5.1 percent. Products contracted in sales were wire rods (-10.0%) and rebars and hot-rolled structural steel sections (-9.4%). Sales of flat products contracted by 15.1 percent. Products that experienced the largest contraction were hot-rolled plates (-39.7%), followed by cold-rolled sheets (-32.4%) and hot-rolled sheets (-25.9%).

Imports in Q3/2020 dropped 8.3 percent (%QoQ) from last quarter to 1.9 billion USD and fell 29.3 percent (%YoY) from the same quarter last year (five consecutive quarters of contraction since Q2/2019). Imports of long products decreased by 39.3 percent. Products with the highest decrease of imports were carbon steel rebars (-77.8%). (Japan, South Korea, and China were the main sources from which imports decreased). This was followed by alloy-steel rebars (-67.3%), hot-rolled structural carbon-steel sections (-63.8%). Imports of flat products decreased by 25.3 percent. Flat products with the highest decrease of imports were hot-rolled P&O carbon steel sheets (-80.2%) (Japan, South Korea, and Taiwan were the primary sources from which imports decreased), followed by hot-rolled carbon steel sheets (-56.8%) and cold-rolled carbon steel sheets (-50.7%).

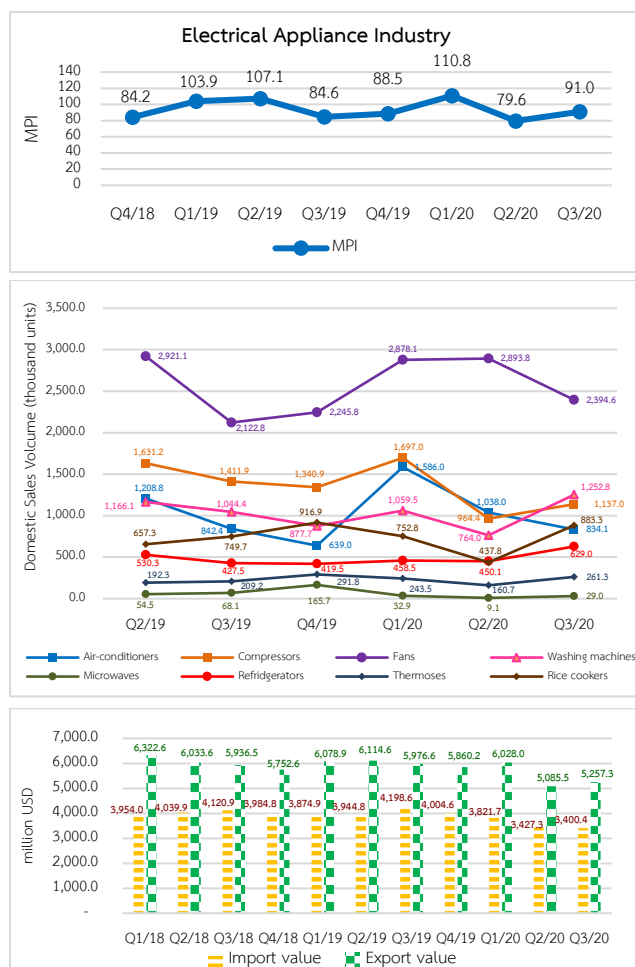
Iron and Steel Industry Outlook for Q4/2020

The iron and steel industry trend in the Q4/2020 is forecasted to contract compared to the same period last year. There are issues to monitor, such as global economic and trade situation, the COVID-19 pandemic, government economic stimulus policy, foreign steel prices, and government construction project implementation. These issues will affect the production and consumption of domestic steel products.

Electrical Industry

Production of electrical appliances in Q3/2020 increased by 7.5 percent compared to the same quarter last year, from the COVID-19 outbreak in Europe and the US that continued to spread. The lockdown remained, causing the volume of orders for electrical appliances in Thailand to increase. Products that increased were refrigerators, washing machines, thermoses, electric wires, transformers, microwave ovens, rice cookers, and electric motors and cables. The export value decreased in the US and China markets.

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 Q3/2020 reached an MPI of 91.0 points, an increase of 14.3 percent (%QoQ) from the previous quarter and an increase of 7.5 percent (%YoY) from the same quarter of the previous year. The increase was due to domestic and foreign markets have increased the orders as the result of the COVID-19 lockdown easing. Products that increased in the production were refrigerators (32.8%), washing machines (27.2%), thermos (25.8%), electric cables (20.4%), transformers (12.5%), microwave ovens (11.0%), rice cookers (9.7%), electric motors (3.1%), and cables (2.0%). Meanwhile, products that decreased were compressors (27.1%), electric fans (5.5%), and air-conditioners (0.9%).

Domestic sales in Q3/2020, products that increased in sales compared to the same quarter last year were refrigerators (47.1%), electric cables (31.0), thermos (24.9%), washing machines (20.0%), rice cookers (17.8%), fans (12.8%), and electric cables (3.0%).

Imports of electrical appliances in the Q3/2020 grew by 0.7 percent (%QoQ) from last quarter to a value of 3,400.4 million USD but decreased by 19.0 percent (%YoY) from the same quarter last year. Key products that fell in imports were dry washing machines and parts (-64.3%), power circuit breakers (-63.5%), power generators (-45.7%), and circuit protectors and parts (-8.2%). Meanwhile, products that increased in imports were refrigerators (68.0%), washing machine parts (40.7%), and solar cells (36.8%).

Export of electrical appliances in Q3/2020 valued 5,257.3 million USD, a decrease of 3.4 percent (%QoQ) from last quarter but an increase of 12.9 percent (%YoY) from the same quarter last year. The increase resulted from the exports to the US and China, which increased by 43.5 percent, and 1.5 percent, respectively. Products that increased in exports were refrigerators (28.8%), washing machines (13.4%), switchboards and control panels for electric power distribution (8.2%), circuit protectors and parts (7.1%), and power generators (5.6%). Meanwhile, products that decreased in exports were transformers (-32.2%), circuit breakers (-17.3%), and surge protection devices (-7.1%).

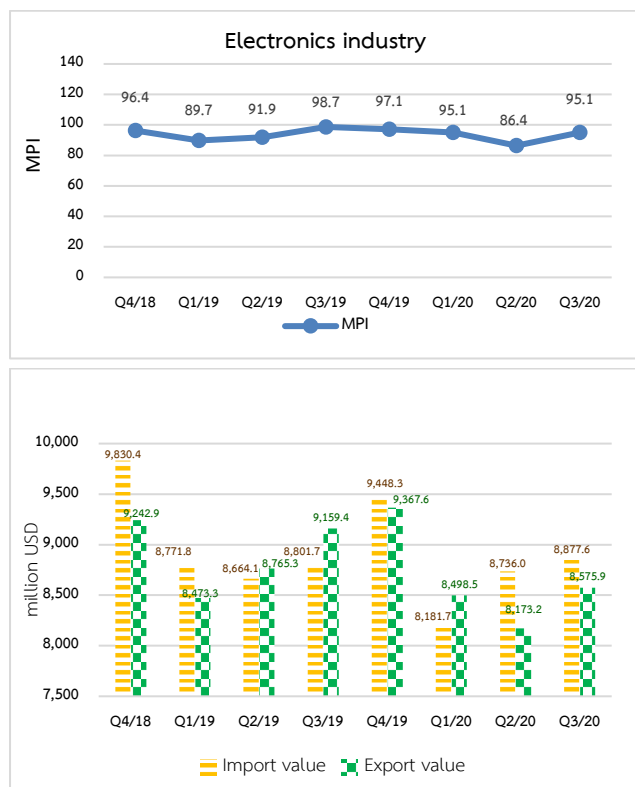
Electrical Appliance Industry Outlook for Q4/2020

"The electrical appliances industry is expected to increase in MPI and export value by 6.4 percent and 3.0 percent, respectively, as the COVID-19 outbreak continues to spread in Europe and the US. The continued lockdown is expected to cause the volume of orders for Thailand's electrical appliances products to increase."

Electronics Industry

The production of electronics in Q3/2020 contracted by 3.6 percent compared to the same quarter of last year, due to the global economic slowdown, with trading partners slowing down purchases. In addition, technology is shifting to SSD (Solid State Drive) instead of HDD (Hard Disk Drive). However, HDD is needed to develop 5G technology, data centers, and IT infrastructure products, resulting in demand for electronic products. The products with a decline in production were computers and printed circuit board components. The export value to major markets declined in Europe, ASEAN, and Japan markets.

MPI, Import and Export Value of Electronics



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

The production of electronics in Q3/2020 reached an MPI of 95.1, an increase of 10.0 percent from the previous quarter (%QoQ) but a decrease of 3.6 percent (%YoY) compared to the same quarter last year. Products that contracted included HDD and PCBAs by 10.3 percent and 10.0 percent, respectively, as technology switched to SSD (Solid State Drive) instead of HDD (Hard Disk Drive). However, HDD was needed to develop 5G technology systems, data centers, and IT infrastructure products. Meanwhile, electronics products that grew included semiconductor devices transistors (19.0%), printers (4.4%), and Integrated Circuits (IC) (0.6%).

Imports of electronic products in Q3/2020 increased by 1.6 percent (%QoQ) from the previous quarter to 8,877.6 million USD and increased by 0.8 percent (%YoY) from the same quarter last year. Key products that increased in imports were Integrated Circuits (ICs) (10.4%), printed circuits (8.7%), and computer parts and accessories (2.6%); meanwhile, telephones and accessories dropped by 27.8 percent; diodes, transistors, semiconductor, and parts dropped by 15.4 percent.

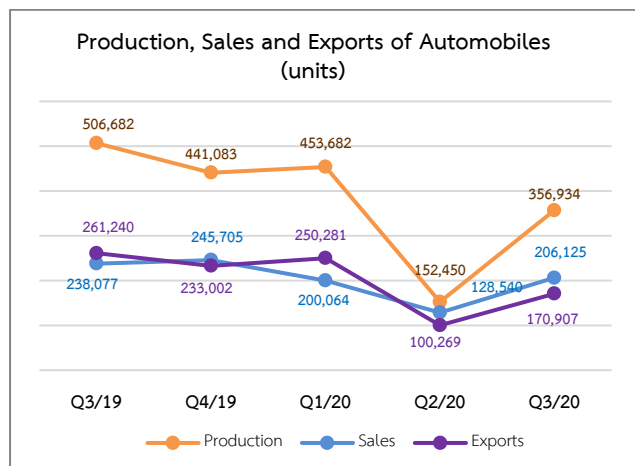
Exports of electronics in Q3/2020 valued 8,579.9 million USD, an increase of 4.9 percent (%QoQ) from the previous quarter and 6.4 percent (%YoY) from the same quarter last year. The increase was from exports to the key markets, including the US and China, which grew by 19.5 and 9.8 percent, respectively. Export value of diodes, transistors, semiconductors, and parts; printed circuit grew 10.9 percent and 11.2 percent. Meanwhile, telephones and accessories, Integrated Circuits (ICs), and computers parts and accessories decreased by 32.9 percent, 11.2 percent, and 7.6 percent, respectively.

Electronics Industry Outlook for Q4/2020

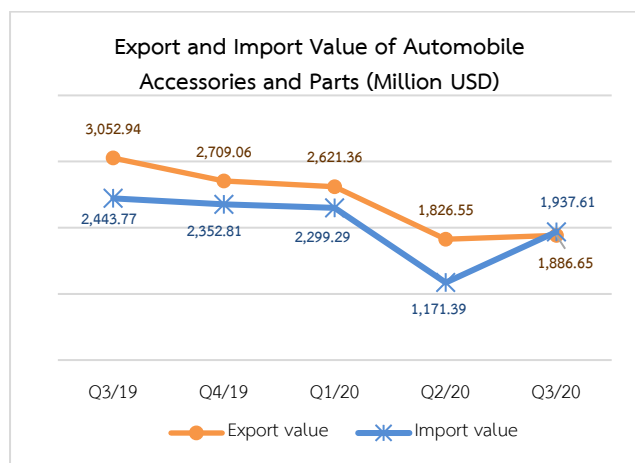
"The electronics industry in Q4/2020 is expected to increase in MPI and export value by 1.9 percent and 1.9 percent, respectively, as semiconductor device transistors are semiconductors used to manufacture photovoltaic, electronic devices, which currently has increased demand both domestically and internationally. This is coupled with the demand for HDDs in developing 5G technology, data centers, and products for IT infrastructure, resulting in higher demand for electronic products."

Automotive and Part Industry

The production volume of automobiles in Q3/2020 decreased compared to the same period last year, as the domestic and export markets have contracted due to the COVID-19 outbreak in many countries.



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 Q4/2020

The Office of Industrial Economics forecasts that in Q4/2020 over 390,000 units of automobile will be produced, of which 50-55 percent will be for domestic sales and 45-50 percent for exports.

Automotive Production

In Q3/2020, automotive production increased by 134.13 percent (%QoQ) from Q2/2020 to 356,934 units but fell by 29.55 percent (%YoY) from the same quarter last year. The production consisted of passenger cars (38%), 1-ton pickup trucks and derivatives (60%), and other commercial vehicles (2%).

Domestic Sale of Automobiles

In Q3/2020, domestic sales increased by 18.06 percent (%QoQ) from Q2/2020 to 206,105 units but decreased by 35.64 percent (%YoY) from the same quarter last year.

Automotive Exports

In Q3/2020, exports increased by 70.45 percent (%QoQ) from Q2/2020 to 170,907 units but decreased by 34.58 percent (%YoY) from the same quarter last year. The exports consisted of passenger cars (38%), 1-ton pickup trucks (56%), and PPVs (6%).

Export Value of Automotive Parts and Accessories

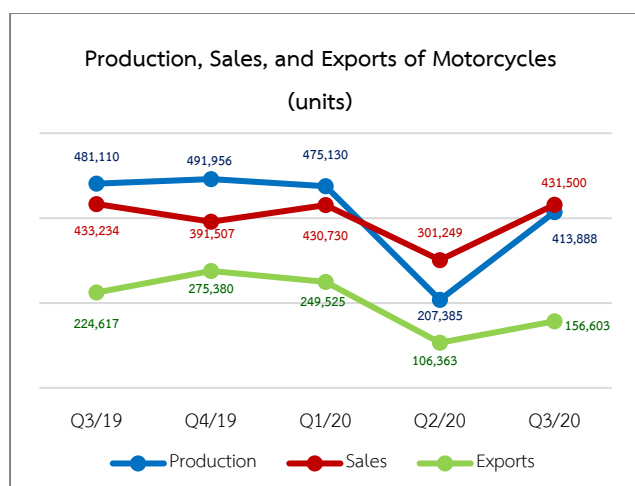
In Q3/2020, exports value increased by 61.06 percent (%QoQ) from Q2/2020 to 1,886.65 million USD but decreased by 22.80 percent (%YoY) from the same quarter last year. Key export markets for automotive parts and accessories were the US, Japan, and Malaysia.

Import Value of Automotive Parts and Accessories

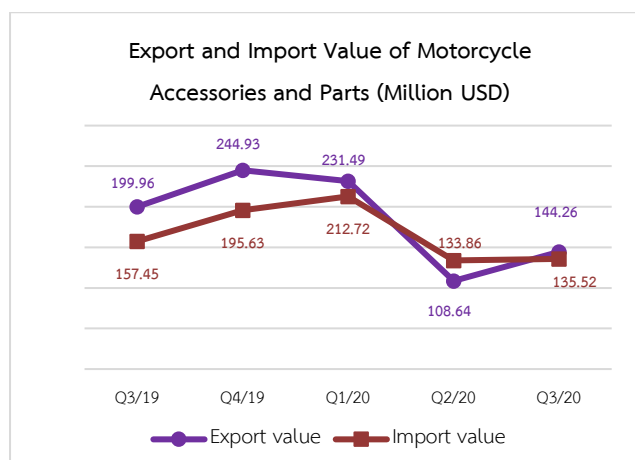
In Q3/2020, imports increased by 6.08 percent (%QoQ) from Q2/2020 to 1,937.61 million USD but decreased by 36.53 percent (%YoY) from the same quarter last year. Key import markets for automotive parts and accessories were Japan, China, and the US.

Motorcycle and Part Industry

Compared to the same period last year, the production volume of motorcycles in Q3/2020 decreased as domestic and export markets contracted due to the domestic economic slowdown and the impact of the COVID-19 outbreak in many countries worldwide.



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 Q3/2020, production of motorcycles increased by 108.07 percent (%QoQ) from Q2/2020 to 431,500 units but decreased by 10.31 percent (%YoY) from the same quarter last year.

Domestic Sales of Motorcycles

In Q3/2020, domestic sales grew by 37.39 percent (%QoQ) from Q2/2020 to 413,888 units but decreased by 4.47 percent (%YoY) from the same quarter last year.

Motorcycle Exports

In Q3/2020, exports reached 156,603 units (exported as CBU 70,741 units and CKD 85,862 sets), an increase of 47.23 percent (%QoQ) from Q2/2020 but a decrease of 30.28 percent (%YoY) from the same quarter last year.

Export Value of Motorcycle Parts

In Q3/2020, exports value increased by 32.79 percent (%QoQ) from Q2/2020 to 144.26 million USD but decreased by 27.86 percent (%YoY) from the same quarter last year. Key export markets were Cambodia, Japan, and Vietnam.

Import Value of Motorcycles Parts and Accessories

In Q3/2020, imports of motorcycle parts and accessories increased by 1.24 percent (%QoQ) from Q2/2020 to 135.52 million USD but decreased by 13.93 percent (%YoY) from the same quarter last year. Key import sources for motorcycle parts and accessories were Japan and Vietnam.

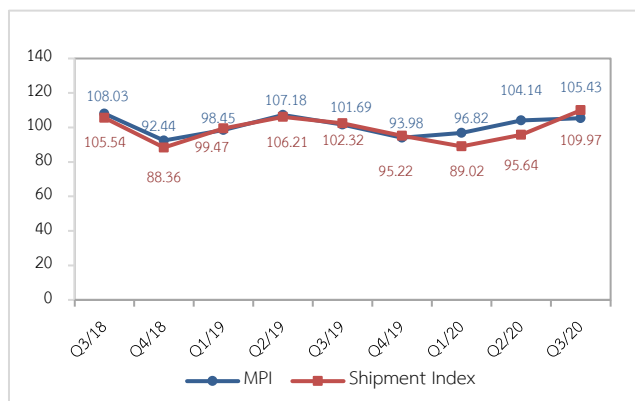
Outlook for Motorcycle Industry in Q4/2020

Forecasted by Office of Industrial Economics (OIE), it is estimated that in the Q4/2020 over 450,000 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 chemicals Industry Q3/2020 grew in the MPI and Shipping Index but contracted in export and import value compared with the same quarter of the previous year. Exports shrank as a result of the COVID-19 outbreak, which caused market recovery among trading partners. This caused the demand for chemical products in foreign markets to slow down.

MPI and Shipment Index

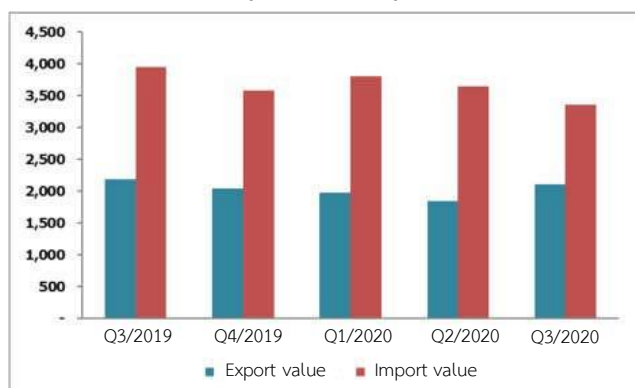


Source: The Office of Industrial Economics

The MPI in Q3/2020 grew by 1.21 percent (%QoQ) compared to the previous quarter and increased by 3.68 percent (%YoY) compared to the same quarter last year. Products that increased in MPI were chemical fertilizers, washing powder, shampoo, etc.

The shipment index in Q3/2020 increased by 13.44 percent (%QoQ) compared to the previous quarter and increased by 7.48 percent (%YoY) compared to the same quarter of the previous year. Products that increased in shipment index were chemical fertilizers, washing powder, shampoo, etc.

**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 Q3/2020 valued at 2,110 million USD, a growth of 3.46 percent compared to the previous quarter (%QoQ) but a decrease of 18.00 percent compared to the same quarter last year (%YoY). Key products that caused the export value to contract included cosmetics, inorganic chemicals, and pigments.

Imports of chemicals in Q3/2020 valued at 3,366 million USD, a contraction by 7.90 percent compared to the previous quarter (%QoQ) and by 14.96 percent compared to the same quarter of last year (%YoY). The contraction resulted from the slowdown in related industries, causing the import of raw materials such as cosmetics, pigments, and inorganic chemicals to decrease.

Outlook for Chemical Industry in Q4/2020

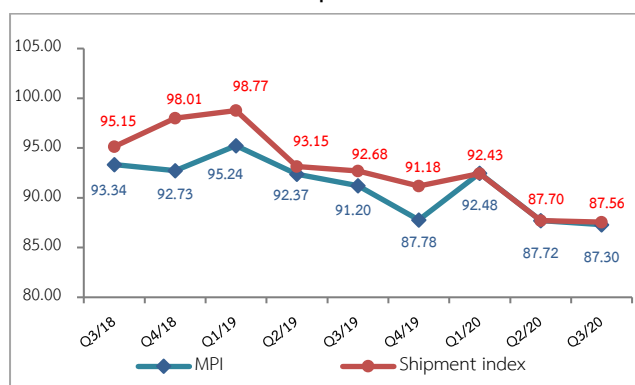
The chemical industry in Q4/2020 is expected to contract in both the exports and imports of chemicals due to economic slowdown among partner trading countries. However, there are still factors affecting the export of the chemical industry, such as the COVID-19 outbreak, affecting the recovery of trading partners, coupled with crude oil prices in the world market.

Plastics Industry

The plastic industry in Q3/2020 contracted in MPI and shipping index. However, the export volume grew compared to the same quarter of last year. In addition, crude oil prices in the world market declined from the same quarter of last year, resulting in lower raw material costs. As a result, the export volume of plastic products expanded.

Production and Sales

MPI and Shipment Index

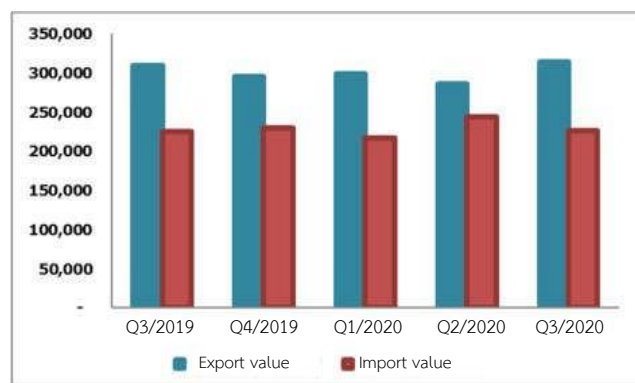


Source: The Office of Industrial Economics

MPI in Q3/2020 decreased by 0.48 percent (%QoQ) from the last quarter and decreased by 4.27 percent (%YoY) compared to the same quarter of last year. Plastic products with the highest decrease in MPI were tableware, kitchenware, and toilet articles.

Shipment index in Q3/2020 decreased by 0.16 percent (%QoQ) from last quarter and decreased by 5.52 percent (%YoY) from the same quarter last year. Plastic products with the highest decrease in shipment index were tableware, kitchenware, and toilet articles.

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 volume in Q3/2020 grew by 9.92 percent (%QoQ) compared to the previous quarter to 313,503 metric tons and grew by 1.49 percent (%YoY) from the same quarter last year. Product categories with the highest increase in export were monofilament (HS 3916).

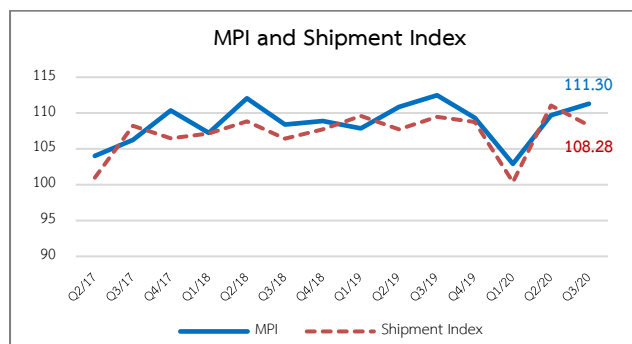
Import volume in Q3/2020 decreased by 7.29 percent compared to the previous quarter to 225,803 metric tons but increased by 0.61 percent (%YoY) percent from the same quarter last year. Product categories with the highest decrease in import was monofilament (HS 3916).

Outlook for Plastics Industry in Q4/2020

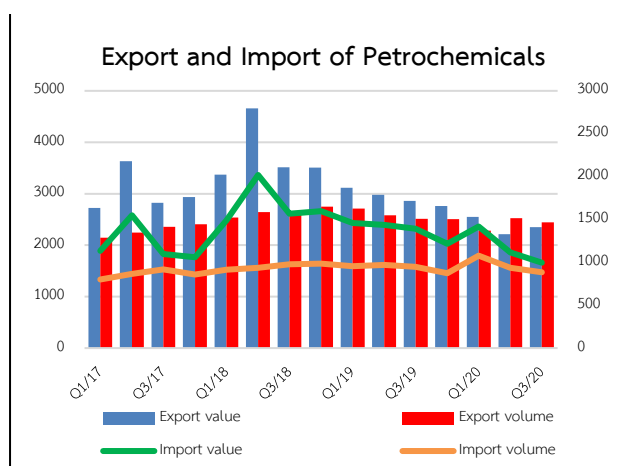
The plastics industry in Q4/2020 is expected to grow in export and import volumes as the demand for plastic products among key trading partner countries continues to expand. However, factors affecting the industry must be considered, including the COVID-19 outbreak that affects the recovery of trading partner economies, coupled with crude oil prices in the world market. Q2/2020.

Petrochemical Industry

The petrochemical industry in Q3/2020 decreased in MPI and shipping index from the same quarter in the previous year. The contraction came from the COVID-19 outbreaks, together with many trading partner countries locked down, resulting in fewer exports. Imports in the petrochemical industry also slowed down this quarter.



Source: The Office of Industrial Economics



Source: Customs Department, Ministry of Finance

MPI in Q3/2020 stood at 111.30 points, decreasing by 1.21 percent compared to the same quarter last year. The product that contributed to the decrease 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 Q3/2020 stood at 108.28 points, a decrease of 1.26 percent (%QoQ) compared to the same quarter last year. The product attributed to the decrement of the shipment index of the upstream petrochemicals was Toluene; meanwhile, the product attributed to the decrement of the shipment index of downstream petrochemicals was SAN resin.

Export of petrochemicals in Q3/2020 decreased by 17.19 percent from the same quarter last year to 2,353.41 million USD, which were exported to major countries such as China, Japan, and Vietnam. The products attributed to the decrement in exports of upstream petrochemicals (-33.23%) were Para-Xylene, Terephthalic Acid, and Benzene; the products attributed to the decrement in exports of downstream petrochemicals (-13.96%) were PC and PET resins.

Import of petrochemicals in Q3/2020 valued at 996.07 million USD, a decrease of 30.87 percent from the same quarter last year, which were imported from major countries such as Japan, China, and the US. The products attributed to the decrement in imports of upstream petrochemicals (-11.33%) were Ethylene Dichloride, Para-Xylene, and Ethylene Glycol; the products attributed to the decrement in imports of downstream petrochemicals (-34.82%) were Nylon, PP, and PMMA resins.

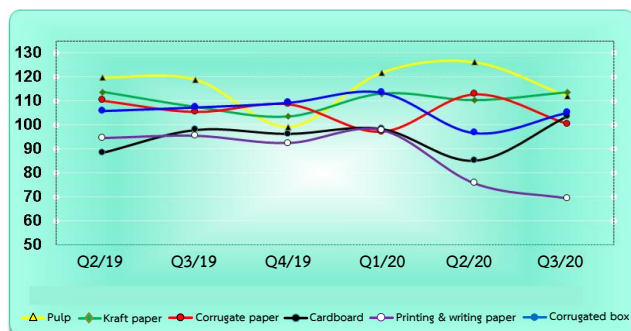
Outlook for Petrochemical Industry in Q4/2020

The overall petrochemical industry in Q4/2020 is expected to grow slightly as the economies in many countries begin to recover after disruption following the spread of the COVID-19. The economic recovery will increase the demand for products or operations in many sectors, both in the domestic and foreign markets. However, compared with Q3/2020, the petrochemical industry in this quarter is expected to improve. Production, shipping, and exports may increase by 2-12 percent from the easing of lockdown measures and as many sectors start to resume normal operations.

Pulp, Paper, and Print Media Industry

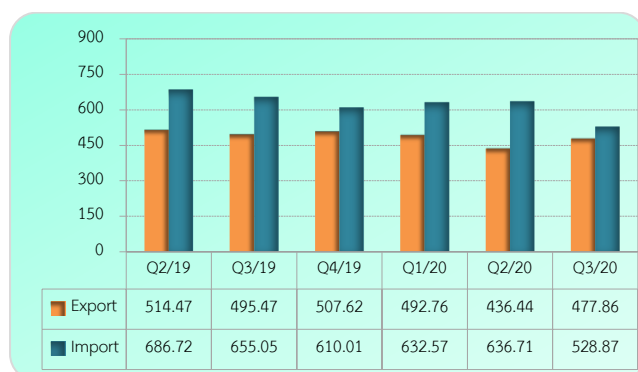
The pulp, paper, and print media industry in Q3/2020 compared to last quarter (%QoQ) and year (%YoY), increased in MPI for paper products (cardboard, corrugated paper, and craft paper), but slowed down in printing paper. Meanwhile, packaging expanded significantly. The total value of exports was lower (%YoY), except for pulp, which increased. The total value of imports was lower (%QoQ) and (%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 Q3/2020 in paper products increased compared to last quarter (%QoQ) after the COVID-19 outbreak, most of which were produced for domestic use. Although production for pulp contracted this quarter, exports grew as high as 92.05 percent. Main importers such as China had continuous orders. It is expected that production will be positive in the fourth quarter, similar to the paper and paper products segment that expanded considerably. As a result, the paper packaging for packaging is expanded as well.

Exports of pulp and paper products in Q3/2020 reached a total value of 477.86 million USD, increasing 9.49 percent (%QoQ) from the pulp and paper and products thereof. However, total exports decreased by 3.55 percent compared to last year (%YoY) from paper products and books and publications. Meanwhile, pulp exports remained increasing by 1.33 percent, with over 75.00 percent exported to China.

Imports of pulp and paper products in Q3/2020 valued 513.94 million USD, down 19.28 percent (%QoQ) and 21.54 percent (%YoY) from the pulp, paper and products, and toilet paper. However, the domestic demand for paper products was very high. In particular, paper packaging continued to increase as consumer behaviour 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 for Q4/2020

The pulp and paper products production industry trend in Q4/2020 is expected to increase in paper products (cardboard, corrugated paper, and kraft paper) used for packaging boxes in line with the expansion in food, processed food, and beverages. At the same time, paper packaging in the New Normal era is projected to expand exponentially. The industry has also benefited from online delivery and in other downstream industries. Meanwhile, exports will slow down in paper and paper products, books, and publications. Imports are also expected to decrease in supply chains, pulp, paper and paper products, books, and publications, which are expected to take time to recover.

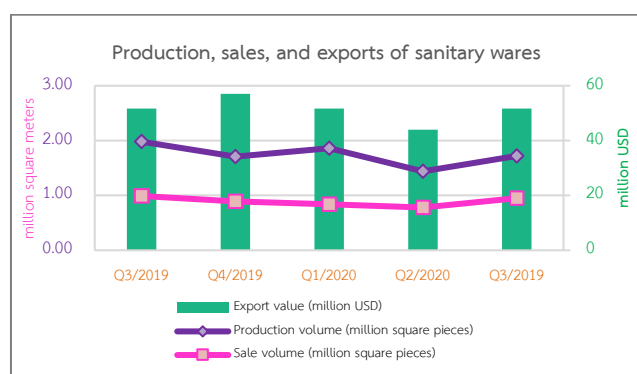
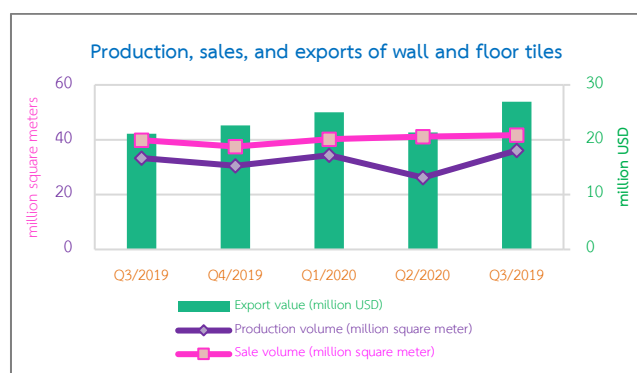
Related government policies

According to the Central Committee on the Price of Goods and Services (CCP) announcement at the beginning of last year, the prescription of additional controlled goods, including scrap paper and recycled paper, will benefit the environment and domestic paper manufacturers, but some local paper producers still need to import waste paper and used paper due to the lower prices and inadequate materials. Nevertheless, to control such goods, measures should be fair to all parties.

Ceramics Industry

The volume of production and sales, and export value of ceramic products, including floor tiles and wall tiles in Q3/2020, increased from the growth in domestic and export markets, including businesses' measures to stimulate the market following the COVID-19 pandemic. The main export markets were the US, China, Japan, Malaysia, and the CLMV countries.

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 Q3/2020 for floor and wall tiles reached a volume of 36.10 million square meters, an increase of 37.81 percent from Q2/2020 (%QoQ) and 8.09 from the same quarter of last year (%YoY). The growth followed an expansion in both domestic and export markets as the COVID-19 eased. Meanwhile, sanitary ware production reached 1.72 million units, an increase of 19.88 percent from Q2/2020, but a 20.84 percent decreased from the same quarter of last year.

Sales: In Q3/2020 for floor and wall tiles reached a volume of 41.67 million square meters, an increase of 1.26 percent from Q2/2020 (%QoQ) and 4.38 percent (%YoY) from the same quarter of the previous year due to businesses' promotional measures to stimulate the market. Meanwhile, the sales of sanitary ware amounted to 0.95 million units, an increase of 21.29 percent from Q2/2020, but a decrease by 5.18 percent from the same quarter of last year.

Exports: In Q3/2020, exports of wall and floor tiles valued 26.93 million USD, an increase of 26.31 percent from Q2/2020 and 27.69 percent from the same quarter last year. Exports of sanitary ware valued 51.71 million USD, increasing 18.98 percent from Q2/2020 but decreasing 0.02 percent from the same quarter last year. Major export markets were the US, China, Japan, Malaysia and CLMV countries.

Outlook for Ceramic Industry in Q4/2020

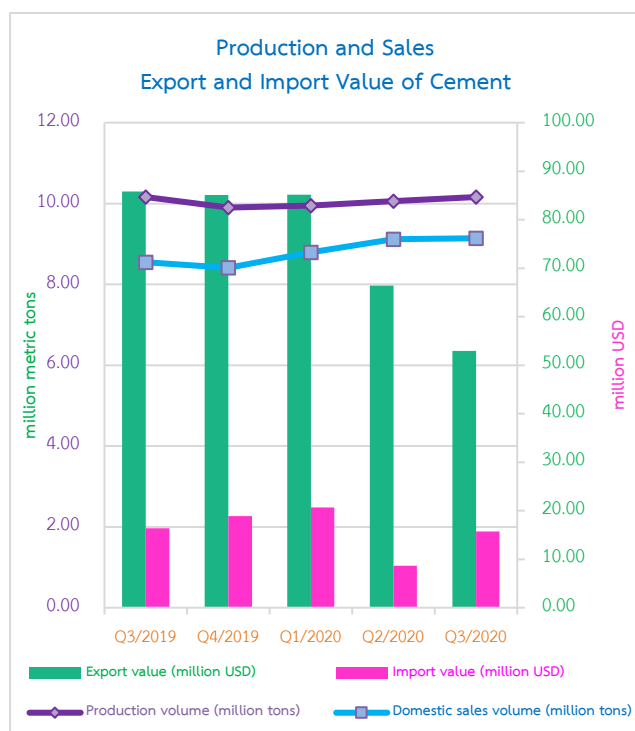
Production and domestic sales of ceramics in Q4/2020 are expected to expand further as domestic demand recovers after the COVID-19 pandemic has eased, together with government economic stimulus measures in real estate and businesses' promotional measures to stimulate the market. Furthermore, production is expected to increase to support export markets after COVID-19 pandemic concerns ease. Growth is particularly expected in sanitary ware products to the US and Japan and exports of floor and wall tiles to CLMV countries. Imports are expected to grow as well from importing ceramic products from China and Japan.

Government Policies Related to the Ceramic Industry

The Ministry of Industry's Department of Industrial Promotion has organized activities to develop production and marketing capabilities for ceramic businesses in Lampang to promote and raise community products' level to international standards. The efforts support entrepreneurs to develop and upgrade production processes to be more efficient, in line with community product standards and international standards, using modern technology equipment and tools.

Cement Industry

The cement industry in Q3/2020, compared to the same quarter last year, decreased slightly in production and sales from the economic downturn but was still driven by large-scale government infrastructure projects. Exports in this quarter dropped significantly in export markets hit by the COVID-19 outbreak.



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 Q3/2020 increased by 1.61 percent from Q2/2020 (%QoQ) to 10.16 million metric tons and rose slightly by 0.45 percent (%YoY) from the same quarter of the previous year.

Domestic sales of cement (excluding clinker) in Q3/2020 reached 9.14 metric tons, an increase of 0.66 percent from Q2/2020 and a 7.34 percent increase from the same quarter of the previous year (%YoY). The increment resulted from the government's drive-in large infrastructure projects.

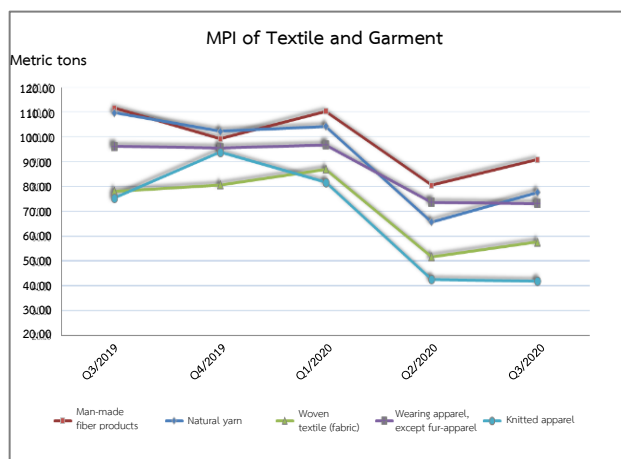
Cement exports-imports (excluding clinker) in Q3/2020 reached 52.95 million USD, a decrease of 20.29 percent compared to Q2/2020 (%QoQ) and a decrease of 38.32 percent from the same quarter of last year. The contraction of exports was from Lao PDR (-74.90%), Vietnam (-54.45%), and Cambodia (-54.10%). Imports of cement (excluding clinker) reached 15.71 million USD, an increase of 81.02 percent from Q2/2020 but a decrease of 4.08 percent from the same quarter of last year. The decline was from the Netherlands (-78.34%) and China (-28.30%) as the COVID-19 outbreak economically impacted foreign markets.

Outlook for Cement Industry in Q4/2020

The cement industry (excluding clinker) in Q4/2020, when compared to the same quarter of the previous year, production volumes are expected to continue to decline due to the slowing economy caused by the COVID-19 pandemic. Additionally, the political turmoil caused uncertainty among consumers about the economic situation. Sales are expected to decline slightly, driven by large-scale public utility construction.

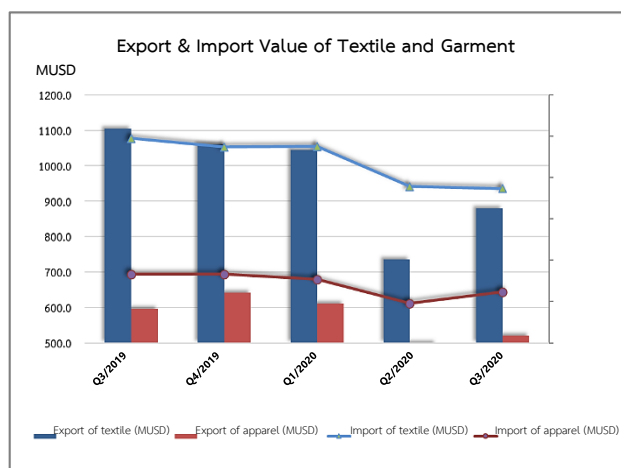
Textile and Wearing Apparel Industry

In Q3/2020, the production, exports, and imports of textiles and garments decreased compared to the same quarter of the previous year due to the global COVID-19 pandemic. But compared to the previous quarter, it could grow from the fact that Thailand and several trading partner countries have taken measures to reduce the outbreak of the disease.



Production and Domestic Sales

The MPI of Man-made fibers, fabrics, and apparel decreased in MPI by 18.62 percent, 27.68 percent, and 24.91 percent, respectively, due to the decline in production to support exports as the global economy has not yet recovered from the COVID-19 outbreak to normal conditions. Compared to Q2/2020, the production of textile fibers, fabrics, apparel expanded following orders of raw materials and apparel from foreign trading partners, which began to increase. Domestic sales of artificial fibers, fabrics, and apparel decreased by 15.32 percent, 29.49 percent, and 18.47 percent, respectively, due to a decrease in demand for raw materials for export. In addition, the purchasing power of domestic consumers has slowed from the impact of the COVID-19 outbreak.



Exports-Imports

Overall, textile and garment exports were valued at 1,400.10 million USD, down 22.97 percent (%YoY). Considering product segments, the textile segment was valued at 879.27 million USD, a contraction of 25.61 percent. The garment segment valued 520.83 million USD, down 18.05 percent from the global COVID-19 outbreak that caused the world economy to slow down compared to Q2/2020. Exports have improved as many trading partners took measures to reduce disease spread, coupled with economic measures causing the export of Thai textile fibers, fabrics, and apparel to grow by 24.92 percent, 30.67 percent, and 11.97 percent, respectively. Growing markets included the US, China, Vietnam, and Myanmar.

Imports of textiles and garments decreased by 24.83 percent (%YoY) to 993.25 million USD, as the slowdown in garment orders from overseas due to the COVID-19 outbreak around the world, resulting in the decrease of entrepreneurs' imports of raw materials; the decrease in domestic consumer's clothing demand.

Government Related Policies

1. Measures to promote investment, including measures to support the modification of existing production lines to produce medical devices or parts. The government also has measures to expedite investment in the medical industry to cope with COVID-19, an opportunity to invest in non-woven fabric and medical textile products.
2. Financial assistance measures for SMEs debtors by many financial institutions. The Bank of Thailand collects all information on the website. <https://www.bot.or.th/covid19>.

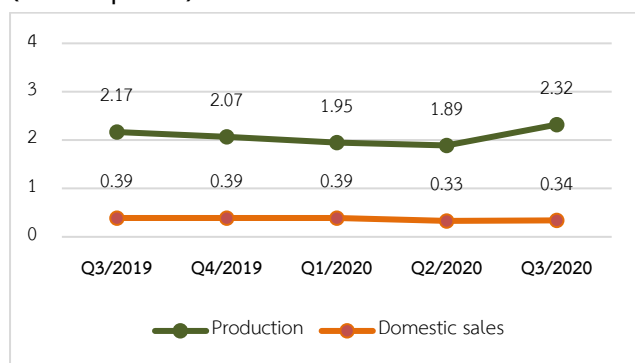
Outlook for Q4/2020

Production, exports, and imports of textile fibers, fabrics, and finished garments are expected to contract compared to the same quarter of last year, as the global economy has not yet recovered from the COVID-19 outbreak to normal levels. Likewise, the purchasing power of consumers in Thailand is lower. Compared to Q3/2020, it is expected that the overall production, export, and import of the textile and garment industry will grow because many foreign partners have been able to control the pandemic and have measures to stimulate the economy.

Wood and Wooden Furniture Industry

Compared with the same quarter of the previous year, the production of wooden furniture in the Q3/2020 increased from production to meet the needs of the international market. Meanwhile, domestic sales of wooden furniture declined due to the slowdown in the domestic economy. Exports of wood and wooden sheets increased in value from the recovery of important export markets such as the US.

Domestic Production and Sales of Wooden Furniture (million pieces)



Source: The Office of Industrial Economics

Production of wooden furniture in Q3/2020 reached 2.32 million units, an increase of 22.75 percent and 6.91 percent from the previous quarter and the same quarter of last year, respectively. The increase was caused by production to meet the needs of international markets.

Domestic sales of wooden furniture in Q3/2020 reached 0.34 million units, an increase of 3.03 percent compared to the previous quarter, but a decrease by 12.82 percent compared to the same quarter in the previous year. The contraction was caused by the slowdown of the domestic economy, which was affected by the spread of the COVID-19.

Export Value of Wood and Wooden Products (million USD)



Source: Ministry of Commerce

Export of wood and wooden products in Q3/2020 reached a total value of 839.95 million USD, an increase of 18.94 percent from the previous quarter and an increase 1.99 percent from the same quarter last year. Categorized into furniture and parts, wood, and wooden products, the value reached 271.11 million USD, 37.32 million USD, and 531.52 million USD, respectively. Compared to the same quarter of last year, the export value of furniture and parts increased by 16.08 percent. Meanwhile, wooden products and wood contracted by 0.37 percent and 3.80 percent, respectively. Overall, the export of wood and wooden products began to grow due to the recovery of major export markets like the US.

Outlook for Wood and Wooden Furniture Industry in Q4/2020

In Q4/2020, the production of wooden furniture is expected to increase from the production and sales of wooden furniture to meet the needs of international markets, as Thailand's major export markets are starting to improve. Meanwhile, domestic sales of wooden furniture are expected to continue to slow down due to the country's economic slowdown and the political conflicts that arise.

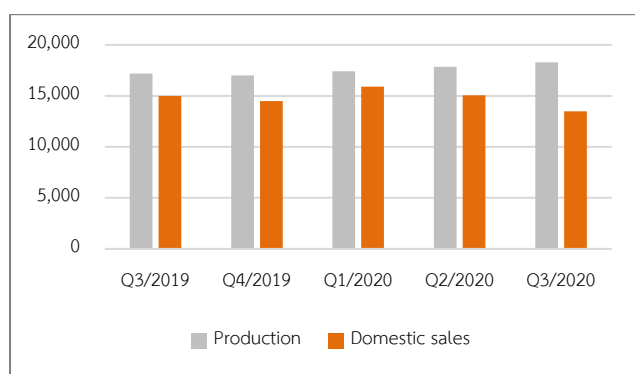
Government Policies Related to the Wood and Wooden Furniture Industry

On July 20, 2020, the Royal Forest Department, together with the Thai Industrial Standards Institute (TISI) and the Federation of Thai Industries, signed a Memorandum of Understanding (MOU) to drive forward and integrate the context of forest plantations, community forests, and tree outside the forest. The objective is to receive the Sustainable Forest Management Standard (TIS 14061). This national standard is comparable to international standards such as PEFC to push the economic forest plantation for smallholder farmers to be certified and internationally recognized consideration.

Pharmaceutical Industry

The production volume of pharmaceuticals in Q3/2020 increased from the same quarter of the previous year, in line with higher demand for pharmaceuticals due to the COVID-19 outbreak in the major export markets to Thailand, especially in Vietnam, Myanmar, and China. Meanwhile, domestic sales dropped in line with the declining demand.

Domestic Production and Sales (metric tons)



Source: The Office of Industrial Economics

Pharmaceutical Import-Export Value (Million USD)



Source: Ministry of Commerce

Production of pharmaceuticals in Q3/2020 reached 18,163.21 metric tons, an increase of 8.09 percent from the same quarter last year. The increase was in the production of tablets (23.64%), capsules (13.63%), medicinal cream (6.31%), and medicinal powders (2.33%), which was in line with increasing demand for medicines from key export markets due to the COVID-19 outbreak.

Pharmaceutical sales in Q3/2020 decreased by 7.76 percent from the same quarter last year to 13,753.78 metric tons, which resulted from the decline in sales of medicinal liquid (-7.21%), capsules (-19.84%), injections (-26.62%), and medicinal powders (-45.71%) in line with lower demands.

Exports of pharmaceuticals in Q3/2020 increased by 1.83 percent from the same quarter last year to 112.49 million USD, growing well in Vietnam, Myanmar, China, Japan, and Lao PDR markets. Pharmaceutical imports were valued at 455.56 million USD, increasing by 4.68 percent compared to the same quarter last year from India, Germany, Puerto Rico, Switzerland, and France.

Outlook for Pharmaceutical Industry in Q4/2020

Pharmaceutical production in Q4/2020 is expected to grow by 9.74 percent from the same quarter last year, following the growing trend of domestic and overseas markets. Exports will likely increase in the ASEAN market, especially Vietnam, Myanmar, and Lao PDR.

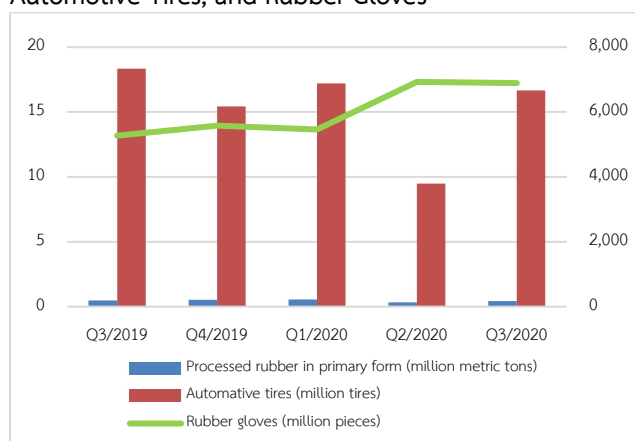
Government Policies Related to the Pharmaceutical Industry

The Department of Medical Sciences, as the National OECD GLP Compliance Monitoring Authority, has been recognized by the audit team and has joined the OECD GLP network member countries for the Mutual Acceptance of Data. On 21 July 2020, the Cabinet resolved in favor of accepting the invitation to be bound by the OECD Council Final Act. The Department of Medical Sciences is in the process of preparing a letter of agreement that it agrees to be bound by the OECD Council Final Act so that it will be effective in due course. Once the Mutual Acceptance of Data has been approved, Thai medical products will not be tested again in the destination countries. This will help domestic operators save costs in testing and to export pharmaceutical products more conveniently.

Rubber and Rubber Products Industry

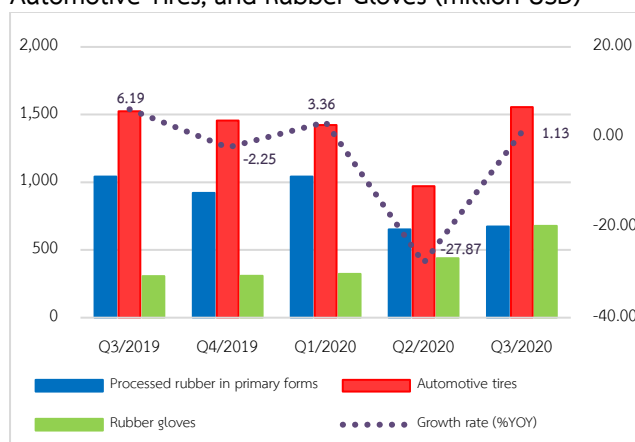
The volume of rubber gloves production in Q3/2020 increased following the expansion of domestic and international markets; Automotive tire production and sales grew in line with the exportation. Processed rubber in primary forms production and sales decreased as China, Japan, and the US had fewer demands.

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

Production of processed rubber in primary forms, automotive tires, and rubber gloves in Q3/2020 totaled 0.42 million metric tons, 16.67 million tires, and 6,891.15 million pieces, respectively, compared to the same quarter last year. The production of processed rubber in primary forms and automotive tires decreased by 9.94 percent and 9.52 percent, respectively, due to the contraction of the automotive industry and the local replacement market. Meanwhile, rubber gloves' production increased by 29.38 percent due to higher demands from foreign markets worldwide.

Sales of processed rubber in primary forms, automotive tires, and rubber gloves in Q3/2020 reached 0.11 million tons, 10.79 million tires, and 702.54 million units, respectively. Compared to the same quarter of last year, domestic sales of upstream processed rubber, tires, and rubber gloves decreased by 3.36 percent, 6.75 percent, and 12.29 percent, respectively, in line with lower demand, the contraction in the automotive industry, the domestic replacement market, and the reduction of middleman sales.

Exports of processed rubber in primary forms, automotive tires, and rubber gloves in Q3/2020 valued at 672.64 million USD, 1,555.05 million USD, and 677.99 million USD, respectively. Exports of automotive tires and rubber gloves grew by 2.06 percent and 121.03 percent, respectively; meanwhile. Meanwhile, exports of processed rubber in primary forms decreased by 35.48 percent due to the continued slowdown of key markets, especially China, Japan, and the US.

Outlook for Rubber and Rubber Products Industry in Q4/2020

Production of automotive tires in Q4/2020 is expected to drop by 17.18 percent, in line with the declining domestic automotive industry and the global economy. Meanwhile, rubber glove production is projected to increase by 24.76 percent, following the higher demands. In contrast, processed rubber in primary forms production is expected to decrease by 5.00 percent following the demands for uses, which is likely to decline, both domestically and internationally.

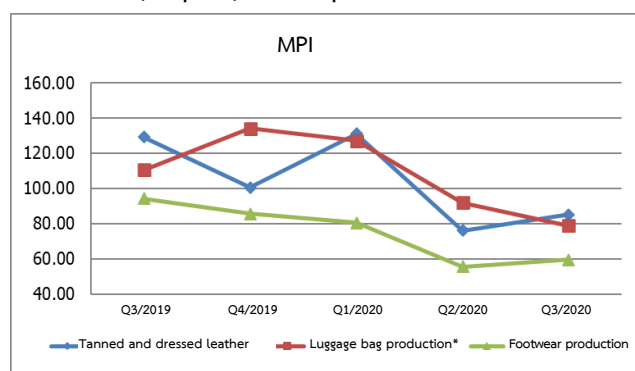
Government Related Policies

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 farmers, and continuously develop the entire rubber industry. More information can be found on www.raot.co.th.

Footwear and Leather Product Industry

In Q3/2020, tanning and dressing of leather products, luggage products* and footwear decreased in production compared with the same quarter of the previous year. The contraction followed declining demand for both exports and domestic sales due to the spread of the COVID-19. As a result, international trade slowed. Furthermore, consumers became more careful with their spending, and there are still concerns about the current economic climate.

Production, Export, and Import (MUSD)



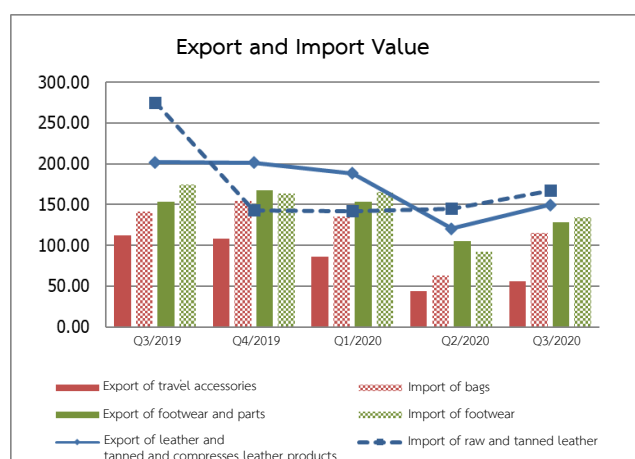
Production

In Q3/2020, the MPI of tanning and dressing of leather products decreased by 34.04 percent compared with the same quarter of last year. Likewise, production of luggage products and footwear contracted by 28.69 percent and 36.84 percent, respectively. The drop resulted from declining demand for both exports and domestic sales, as consumers were more careful with their spending, impacted by the COVID-19 outbreak.

Exports-Imports

Exports in Q3/2020 decreased by 28.60 percent compared to the same quarter last year to a total value of 333.74 million USD as a result of the decrease in export value of leather and tanned and compressed leather products (-25.78%), traveling equipment (-50.09%), and footwear (-16.65%). The COVID-19 epidemic situation has resulted in the global economic slowdown; the major export markets were Vietnam, China, the US, and the UK.

Imports in Q3/2020 reached a total value of 416.57 million USD, down 29.59 percent compared to the same quarter last year. Raw lather material and tanned leather decreased by 39.36 percent, in line with tanned and finished tanned leather, which dropped in production. The value of finished goods, such as bags and footwear, fell 18.86 percent and 22.87 percent, respectively, due to a decrease in domestic demand.



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 Q4/2020

Production of footwear and leather in Q4/2020 is expected to slow down the tanning and dressing of leather products due to the declining demand from exports. Likewise, luggage products and shoe production are expected to contract. However, when compared with the previous quarter, production is expected to increase as the spread of the COVID-19 begins to ease, and the government sector has measures to stimulate domestic spending/investment, coupled with measures to stimulate tourism from foreigners, by accepting special tourists with the Special Tourist Visa (STV).

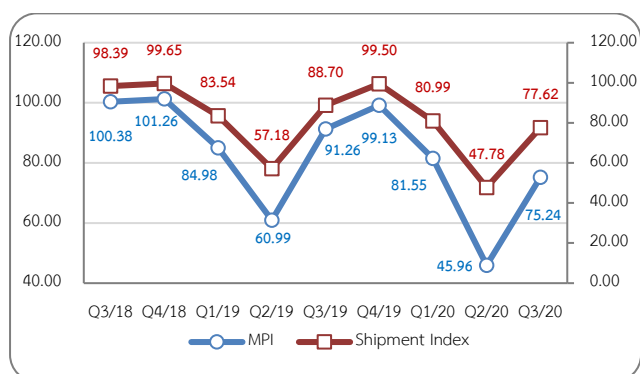
Government Related Policies

On September 15, 2020, the Cabinet approved the Special Tourist Visa (STV) to bring potential tourists to the Kingdom following the specified criteria, as tourists and the general public cannot enter the country. The project implementation period is from the date of the announcement to September 30, 2021.

Gems and Jewelry Industry

In Q3/2020, overall production and sales of gems and jewelry declined from the same quarter last year due to a decrease in export production and domestic sales. From the situation of the COVID-19 pandemic, 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

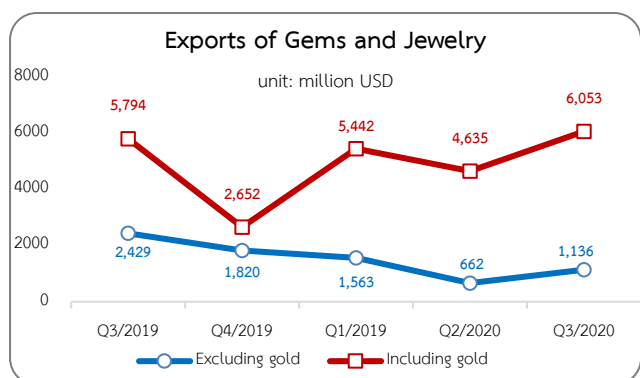
Gems and jewelry production in Q3/2020 decreased by 17.56 percent compared to the same quarter last year due to a contraction in production for exports to foreign markets from the COVID-19 outbreak. The production of diamonds, genuine jewelry, and artificial jewelry decreased by 84.79 percent, 3.39 percent, and 53.36 percent, respectively.

Sales

Sales of gems and jewelry in Q3/2020 declined by 12.49 percent compared to the same quarter of the previous year. Consumers were wary of their spending and were concerned about the current economic conditions.

Exports

Gems and jewelry (excluding gold) in Q3/2020 decreased by 53.22 percent compared to the same period last year to 1,136.10 million USD due to the decline in export value of diamonds (-40.79%), coloured stones (-76.08%), genuine jewelry (-31.92%), and imitation jewelry (-54.12%) with the major export markets such as the US, Germany, and Hong Kong. However, the overall export of gems and jewelry increased by 4.48 percent to 6,053.12 million USD from unwrought gold exports, increasing by 46.12 percent.



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

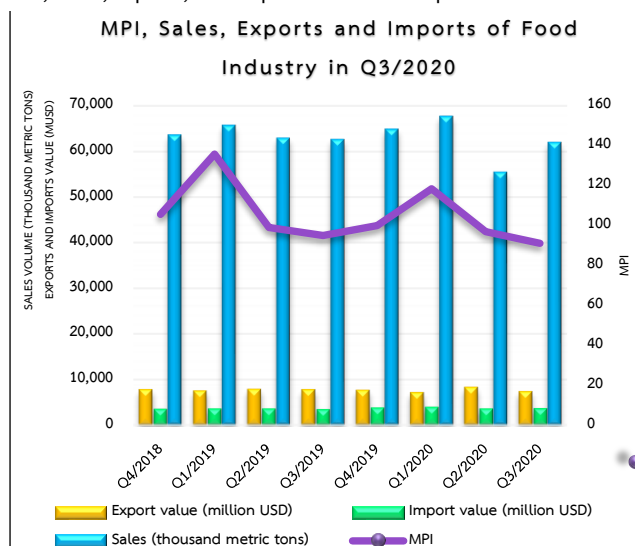
Outlook for Gems and Jewelry Industry in Q4/2020

Overall, gems and jewelry production in Q4/2020 are expected to slow down. This is a result of the global economic slowdown impacted by the COVID-19 outbreak. However, compared to the previous quarter, production is projected to increase as the COVID-19 begins to ease. The export value (excluding unwrought gold) is expected to decrease, while overall exports are likely to grow from speculative gold exports during global gold prices uptick. The import value (excluding unwrought gold) will decline, including importing gems, genuine jewelry, and artificial ornaments, as consumers are more careful with their spending. Overall imports are expected to decline as well, following rising gold prices in the world market. As a result, gold imports for profit will reduce.

Food Industry

The MPI in Q3/2020 dropped from the same period of the previous year due to droughts that caused the raw material quantity to decline. The yield of sugar and tapioca starch was reduced. However, excluding sugar, the Q3/2020 MPI increased slightly as some food items were still favored by the COVID-19 epidemic, with ongoing orders to reserve food, including canned pineapples, canned corn, canned tuna, dairy products, and ready-made pet foods. The export value contracted from key products including sugar, chilled and frozen shrimp, processed chicken, and rice due to the drought's impact, slowing down consumers from the economic conditions. This was coupled with the ability to compete in price with competing countries.

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 for Q3/2020 reached 91.1, a decrease by 5.9 percent (%QoQ) compared to Q2/2020 and by 3.7 percent compared to the same quarter in the previous year (%YoY), due to the slowdown in consumers from both domestic and international markets, and raw material volumes which decreased from droughts. Sugarcane volumes for processing decreased by 42.9 percent from the previous year, causing the factory to stop sugar production faster than the previous year (sugar production stop in Q1/2020). Furthermore, in the past year, the production base was high. This was followed by cassava, which was also affected by sugarcane mosaic. As a result, the MPI of sugar and tapioca starch decreased. Excluding sugar, the MPI rose by 1.1 percent (%YoY) as some food items benefited from the spread of the COVID-19 in some countries, resulting in increased food orders. As a result, the yield index for canned fruits and vegetables, canned tuna, instant pet food, and dairy products expanded.

Domestic food sales in Q3/2020 reached 61,982.0 thousand tons, an increase of 11.4 percent from Q2/2020 (%QoQ) and by 3.7 percent compared with the same quarter last year (%YoY). The increase was partly from the tourism stimulus program "We travel together." Some products that improved in domestic food consumption included canned tuna, frozen shrimp, seasoned cooked chicken, refined soybean oil, frozen fish, palm oil, and alcoholic beverages, resulting from the measures to relax and open entertainment venues.

Exports in Q3/2020 valued at 7,296.44 million USD, a decrease from Q2/2020 by 10.8 percent (%QoQ) and by 6.5 percent (%YoY) compared to the same quarter last year. The main products that contracted were sugar due to drought, chilled and frozen shrimp and rice due to the inability to compete on price with competitors, and processed chicken due to the slowdown in Japanese and European markets.

Imports in Q3/2020 valued at 3,619.5 million USD, an increase from Q2/2020 by 1.7 percent (%QoQ) from tuna to support the canned tuna industry's growing demand, followed by oil residue for use as animal feed in the livestock industry. Compared to the same quarter of the previous year, imports rose 4.5 percent (%YoY) due to imports of oilseeds and oil residue, including imports of consumer products (rice and flour products) to support the growth of flour products, especially instant noodles.

Outlook for Food Industry in Q4/2020 expects the overall MPI to decline (%YoY) due to negative factors, including raw materials of agricultural products that decreased from droughts, such as sugar cane and cassava. However, domestic consumption is projected to improve due to allowing special tourist visas to stay longer in Thailand, coupled with measures to stimulate consumption from the government sector. The export value is likely to contract from the global economic slowdown and tight control measures to control the pandemic in European countries. However, due to the second wave of COVID-19 outbreaks, some food products may grow, such as instant foods (instant noodles, canned tuna, and sardines), milk, seasonings, and ready-made pet foods, following the demand of the international market.

Prepared by

Title	Coordination Division	Telephone number
<ul style="list-style-type: none"> Thailand Economic and Industrial Overview in Q3/2020 and Outlook for Q3/2020 	Division of Industrial Economic Research	0-2202-4332
<ul style="list-style-type: none"> Sectoral Industry <ul style="list-style-type: none"> Iron and Steel Industry Electrical Appliance Industry Electronics Industry Automotive and Parts Industry Motorcycle and Parts Industry Chemical Industry Plastics Industry Petrochemical Industry Pulp, Paper and Print Media Industry Ceramics Industry Cement Industry Textile and Garment Industry Wood and Wooden Furniture Industry Pharmaceutical Industry Rubber and Rubber Products Industry Footwear and Leather Products Industry Gems and Jewelry Industry Food Industry 	Division of Industrial Policy by Sector 1 Division of Industrial Policy by Sector 1 Division of Industrial Policy by Sector 1 Division of Industrial Policy by Sector 1 Division of Industrial Policy by Sector 1 Division of Industrial Policy by Sector 1 Division of Industrial Policy by Sector 1 Division of Industrial Policy by Sector 1 Division of Industrial Policy by Sector 2 Division of Industrial Policy by Sector 2 Division of Industrial Policy by Sector 2 Division of Industrial Policy by Sector 2 Division of Industrial Policy by Sector 2 Division of Industrial Policy by Sector 2 Division of Industrial Policy by Sector 2 Division of Industrial Policy by Sector 2 Division of Industrial Policy by Sector 2	0-2202-4345 0-2202-4374 0-2202-4374 0-2202-4372 0-2202-4372 0-2202-4371 0-2202-4371 0-2202-4371 0-2202-4383 0-2202-4391 0-2202-4381 0-2202-4884 0-2202-4384 0-2202-4383 0-2202-4383 0-2202-4385 0-2202-4385 0-2202-4391

Division of Industrial Economics Research

Division of Industrial Policy by Sector 1

Division of Industrial Policy by Sector 2