

Industrial Economic Status Report for 2018 and Outlook for 2019



By the Office of Industrial Economics

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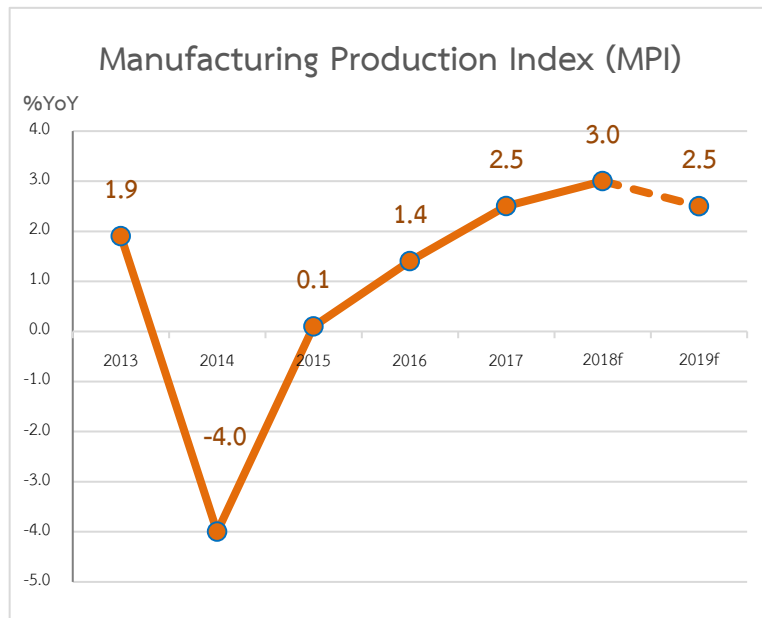
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Executive Summary

Summary of the Thai Industrial Economy in 2018 and Outlook for 2019

The industrial economy in 2018, when considered by the Manufacturing Production Index (MPI), expected to grow by 2.5 percent, stabilizing from 2017 in which the MPI grew by 2.5 percent as well.



Industries that expanded well in 2018 included automobiles and engines from an expansion of the domestic market following a good expansion of the domestic economy. The sugar industry also grew with favorable weather conditions resulting in more sugarcane output for production than in 2017, together with most factories increasing efficiency to support higher yields. Meanwhile, petroleum refinery grew with increasing demand from the growing transportation volumes.

Outlook for 2019

The estimated growth rate of the Manufacturing Production Index (MPI) in 2019 is expected to expand in the range of 2.0 - 3.0 percent with positive factors such as clarity of the election which will boost confidence for investors, public investment from the progress of significant investment projects including the implementation of the East Economic Corridor Development Plan (EEC), which is a critical infrastructure project of the EEC development plan.

↑ Iron and Steel: The MPI in 2019 is expected to increase slightly by 1.0-2.0 percent from last year, from growth in both long-formed and flat-formed steel products from growth in domestic and foreign consumption. The growth will result in more production among downstream industries such as the automotive, electrical appliance and construction industries. Sales in 2019 are expected to reach 17.9 million tons, a growth by 1.7 percent.

↑ Electrical Appliances: Production and exports are expected to increase by 4.0 percent and 5.0 percent respectively, compared to the previous year from positive factors both inside and outside the country, such as government measures to stimulate consumption in late 2018 and the election in 2019; it is expected that the new government will have measures to inject economic growth continuously.

↑ Electronics: Production and exports of electronic products are expected to increase by 6.0 percent and 7.5 percent respectively, compared to the previous year, from increasing demand for computer equipment and components, as well as increasing global demand for electronics.

↑ Automobiles: The automobile industry in 2019 is expected to produce 2,200,000 units, up 4.76 percent from last year. From this production, 1,050,000 units are expected to be sold domestically, an increase of 5.00 percent and exports are expected to reach 1,150,000 units, an increase of 4.55 percent.

↔ Motorcycles: The motorcycle industry in 2019 is expected to maintain production at 2,000,000 units. From the projected volume, 85-90 percent of production will be distributed in domestic market and 10-15 percent for exports.

↑ Pulp, Paper and Print Media: Production of pulp, paper and paper packaging in 2019 is expected to continue to increase in line with consumer demand that continues to grow in both Thailand and ASEAN. Production at present has been using innovation and advanced technology such as lightweight paper boxes for convenience and reduced transportation costs and can use a variety of packaging that meets different needs. Consumer behavior has changed to a demand for convenience; therefore, consumers increasingly purchase products through online channels with the trend expected to expand continuously, causing the paper packaging for packing or conveying products to grow as well.

↑ Ceramics: The industry is expected to grow due to domestic demand that started to improve from the expansion of the construction and real estate sectors, which will stimulate business and private sector investment. In addition, production is expected to increase to support exports that grew well in the US, Japan, China and ASEAN markets.

↑ Cement: Production and sales of cement (excluding clinker) are expected to increase, although many agencies have predicted that the economic situation in 2019 will be similar to 2018, following the slowing global economy from the aftermath of the Chinese-US trade war. The cement industry is still anticipated to grow from positive factors such as the government's infrastructure projects in both continuing and new projects, investment of real estate along mass transit lines, accelerated development of the EEC area and GHB's million house project.

↑ Textiles and Garments: Textile fibers production will continue to expand from 2018, especially synthetic fibers and synthetic fibers with special properties. However, fabric production may slow down from imports of cheap Chinese decorative fabrics to replace domestic materials. Exports are expected to grow, especially in synthetic fibers and fabrics from synthetic fibers with special properties. However, exports of ready-made garments must be monitored from competition with essential partners like Vietnam. Thai entrepreneurs must rely on the strengths in production chain management and design instead of cost competition.

↔ Wood and Wooden Furniture: Production and sales of wooden furniture in 2019, compared to 2018, is expected to increase from the production and sales of wooden furniture to meet the needs of the domestic market. The export volume of wood and wooden sheet products in 2019, compared to 2018, is expected to decrease, caused by the trade war between the US and China which began to affect the amount of processed wood exports to China directly.

↑ Pharmaceuticals: The industry is expected to grow following the trend growth in both domestic and foreign markets, especially Myanmar, Vietnam and Cambodia, which are key export markets for Thai pharmaceutical products.

↑ Rubber and Rubber Products: Production of upstream rubber, tires and rubber gloves in 2019 is expected to grow well following the expansion of international markets, especially China which is the primary export market for upstream rubber products and the US for tires and rubber gloves.

↔ Footwear and Leather Products: The production of footwear and leather products for 2019 is expected to grow from the likely increase in production of tanned and dressed tanned leather for export and the expansion of the automotive industry. Production of luggage products is also expected to grow, especially in exports, whereby Thai leather products and exotic leather products such as snake, stingray and crocodile skin are popular among foreigners. Production of footwear is likely to slow down from entrepreneurs with their brands changing production methods by hiring neighboring countries to produce instead of producing itself, due to lower production costs than Thailand. However, there are still factors stimulating production, such as tourism stimulus measures in both the Chinese and other major markets, and state welfare cards to help support the expansion of this industry in 2019.

↔ Gems and Jewelry: Production and sales of gems and jewelry in 2019 are expected to grow compared to the previous year, partly from the production to replace the stock that was sold in last year. The trend of gems and jewelry exports (excluding gold) is expected to shrink partially due to concerns about the global economy and consumer confidence in key markets such as the US, Cambodia, Germany, India, Belgium, China, the UK from ongoing impacts of various situations in the past year, such as BREXIT and the trade war between the US and China. Meanwhile, the overall output is expected to grow from the increasing price of gold in the world market.

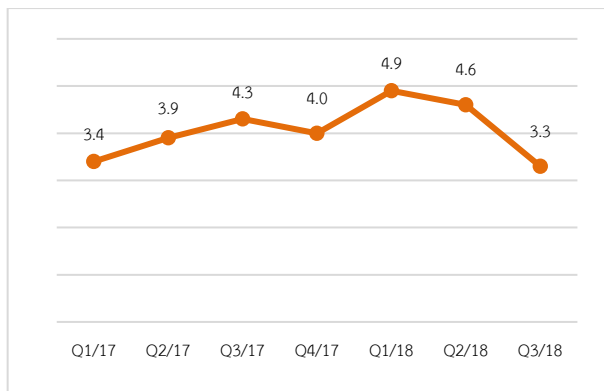
↑ Food: Production and exports of the food industry in 2019 are expected to grow compared to the previous year, based on positive factors such as the global economy which is likely to grow in a similar direction to the previous year. The Thai Baht is projected to weaken with growing interest rates in the US, together with the trend of increasing export prices of agricultural and processed agricultural products such as rice, tapioca flour and canned pineapple, including continued expansion of critical products such as chilled and frozen chicken, processed chicken, canned tuna and canned sardines. In addition, other essential products are expected to return, including chilled and frozen shrimp with benefits from significant manufacturers (India) to reduce production volume, despite risk factors such

as the uncertainty of trade barriers between the US and major trading partners such as Europe and Japan, as well as negotiation under the USMCA (United States-Mexico-Canada Agreement), the trade war between the US-China, risks from BREXIT, and oil price fluctuations.

Part 1 Summary of the Thai Industrial Economy in 2018 and Outlook for 2019

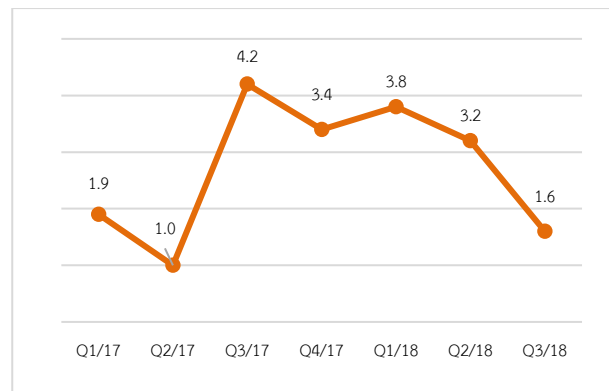
Thailand's Economic and Industrial Overview in 2018 and Outlook for 2019

GDP grew by 3.3 percent (%YoY)



Source: Office of the National Economic and Social Development Board

GDP for the Industrial Sector grew by 1.6 percent (%YoY)



Source: Office of the National Economic and Social Development Board

Gross Domestic Product or GDP in the first three quarters of 2018 grew by 4.3 percent, decreasing from the first two quarters of 2018 which grew by 4.9 percent. However, the GDP remains on the rise from the first three quarters of 2017 which increased by 3.9 percent.

The growth of the industrial sector in the first three quarters of 2018 slowed down from the first two quarters following the slowdown in key manufacturing industries such as the production of automobiles, tires and inner tubes and rubber products.

Key Factors of GDP Growth



Agricultural production grew by 7.0 percent



Industrial production grew by 2.9 percent.



The service sector grew by 5.3 percent



Private consumption and expenditure grew by 4.4 percent



Total investment grew by 3.7 percent



Exports of goods and services grew by 4.2 percent

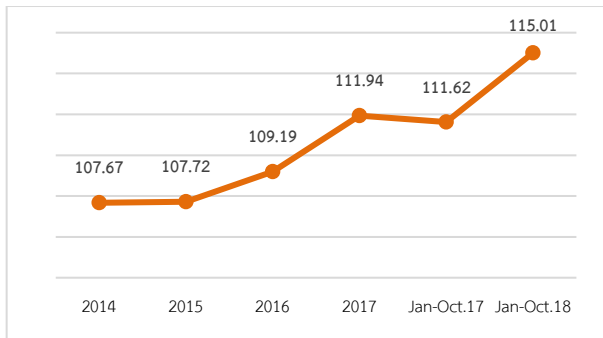
In the first three quarters of 2018, agricultural production, the industrial sector, the service sector, private consumption, overall investments, and export of goods and services grew by 7.0 percent, 2.9 percent, 5.3 percent, 4.4 percent, 3.7 percent, and 4.2 percent respectively.

The GDP of industrial sector in the first three quarters of 2018 had a growth rate of 2.9 percent, a slight slowdown from the first two quarters which grew by 3.5 percent, but was higher than the same period of last year which grew by 2.4 percent. However, the rest of 2018 should focus on supporting the expansion of private investment and the export sector to continuously expand. It should also focus on driving public investment projects in both infrastructure and economic development areas and preparation of a workforce with quality labor to support the expansion of the manufacturing sector.

Key Industrial Index

Manufacturing Production Index

Jan – Oct 2018 grew by 3.04 percent (%YoY)



Source: Office of Industrial Economics

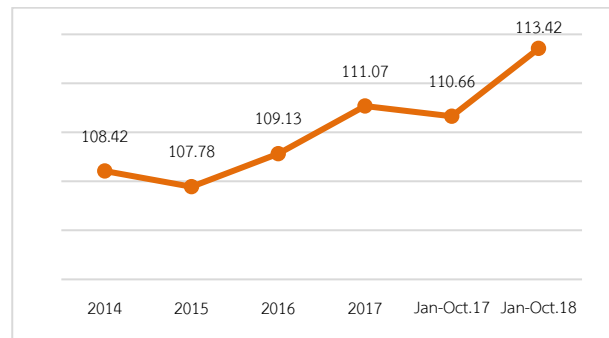
In the 10 months (January - October) of 2018, the Manufacturing Production Index (MPI) was 115.01, increasing by 3.04 percent from the same period of 2017 (111.62).

Industries that contributed to the growth of MPI from 2017 were automobiles, sugar, and refined petroleum products, etc.

For the trend in 2019, the manufacturing production index is expected to increase from 2018 due to the improvement of government infrastructure and private investment, coupled with the confidence of the industrial sector and consumers which will improve after the election. As a result, the overall Thai economy will grow.

Shipment Index

Jan – Oct 2018 grew by 2.50 percent (%YoY)



Source: Office of Industrial Economics

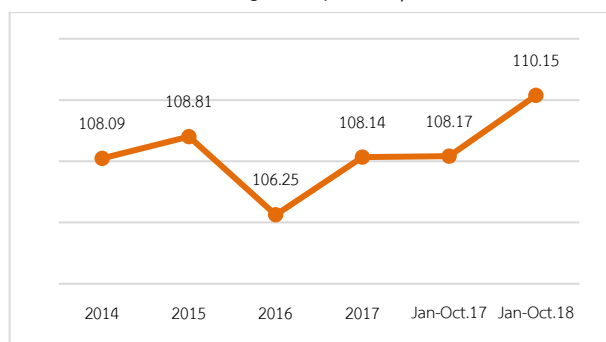
During the 10 months (January - October) of 2018 the Shipment Index was 113.42, increasing by 2.50 percent from the same period of 2017 (110.66).

Industries that contributed to the growth of the Shipment Index from 2017 were the manufacture of automobiles, electronic accessories, circuit boards, and refined petroleum products, etc.

For 2019 outlook, the Shipment Index is expected to grow in line with the above MPI (value added).

Finished Goods Inventory Index

Jan – Oct. 2018 grew by 1.83 percent (%YoY)



Source: Office of Industrial Economics

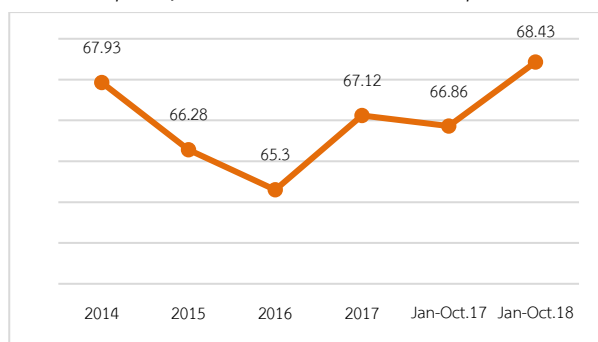
During the first 10 months (January - October) of 2018, the Finished Goods Inventory Index was 110.15, increasing by 1.83 percent from the same period of 2017 (108.17).

Industries that contributed to the growth of the Finished Goods Inventory Index from the same period in 2017 were electronic accessories, circuit boards, rubber tires and inner tubes for tires, including retreading, rebuilding of rubber tires, and processing and preserving of fruit and vegetables.

For 2019 outlook, the Finished Goods Inventory Index is projected to grow from 2018 in line with the industry circumstance that continuing recovery.

Capacity Utilization Rate

Capacity utilization rate at 68.43 percent



Source: Office of Industrial Economics

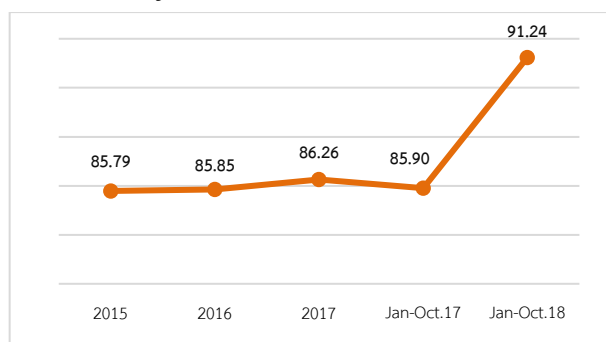
During the first 10 months (January - October) of 2017, the Capacity Utilization Rate was 68.43 percent, increasing by 66.86 percent from the same period of 2017.

Industries that contributed to the growth of the Capacity Utilization Rate from the same period in 2017 were the production of automobiles, sugar, electronic accessories, and circuit boards.

For 2019 outlook, the capacity utilization rate is expected to increase from 2018 due to investment in the large government infrastructure projects, such as the dual-track railway construction project, the high-speed rail project connecting the 3 airports (Don Mueang, Suvarnabhumi, and U-Tapao) seamlessly and driving the development project of the Eastern Economic Corridor (EEC), attraction more foreign investors to invest in the country.

Industrial Sentiment Index

of Jan – October was at 91.24.



Source: The Federation of Thai Industries

During January - October (the first 10 months) of 2018, the Averaged Industrial Sentiment Index was 91.24, increasing from the same period of 2017 (85.90). Three-month forecast of Sentiment Index was 103.36 increasing from the same period of 2017 (101.03).

For the trend in 2019, the Industrial Sentiment Index is expected to improve from 2018 due to investment in large-scale government projects such as the Special Economic Development Project in the East (EEC) and continuing investment in infrastructure such as high-speed and double-track trains. Furthermore, the domestic economy is expected to continue to expand well after the election.

Foreign Trade

"Foreign trade in 2018 (Jan. – Oct.) increased from 2017 (Jan. – Oct.) as a result of an increase in export and import value, consistent with the global economic climate and a foreign trade surplus of 2,558.9 million USD".

Thailand's foreign trade in 2018 (Jan. – Oct.) reached a total value of 420,416.8 million USD, comprising of export value amounting to 211,487.8 million USD and import value amounting to 208,928.9 million USD. Compared to the previous year, export value increased by 8.2 percent and import value increased by 14.8 percent resulting in a trade balance surplus of 2,558.9 million USD in 2018.

Export Structure

Value and growth rate of exports



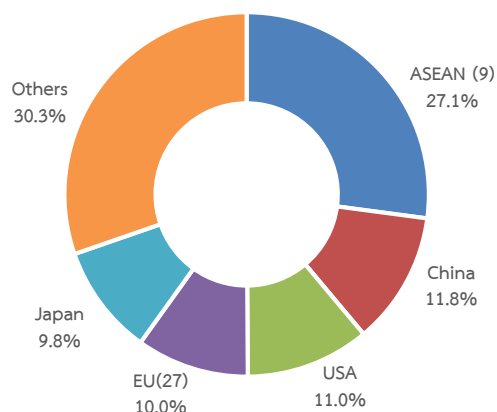
Source: Ministry of Commerce

Export value in 2018 (Jan. – Oct.) was 211,487.8 million USD, increasing by 8.2 percent. When categorized the product groups, it was found that export value increased in almost all product groups with exports of agricultural products valued at 19,312.4 million USD, increasing by 3.4 percent; industrial products valued at 168,029.9 million USD, increasing by 7.9 percent; ores and fuels products valued at 9,215.9 million USD, increasing by 32.3 percent; agroindustrial products valued at 14,929.7 million USD, increasing by 5.5 percent.

The export value of industrial products in 2018 (Jan. - Oct.) grew by 8.2 percent. Industrial products that increased in export value were automobiles, accessories, and components (exports valued at 24,354.3 million USD which increased by 9.3 percent); computers, accessories, and components (exports valued at 16,711.0 million USD which increased by 11.0 percent); gems and jewelry (exports valued at 10,196.8 million USD which decreased by 9.6 percent); rubber products (exports valued at 9,090.0 million USD which grew by 8.2 percent); and plastic pellets (exports valued at 8,720.3 million USD which increased by 22.3 percent).

Export Markets

Export ratio classified into key export markets



Source: Ministry of Commerce

Exports to key markets in 2018 (Jan-Oct), including ASEAN (9 countries), China, the US, EU and Japan, accounted for 69.7 percent of total exports. In comparison with the previous year, the export value grew in every major market, whereby exports to ASEAN (9 countries) had the highest increase in export value by 27.1 percent, followed by China, the US, EU and Japan, which grew by 11.8 percent, 11.0 percent, 10.0 percent and 9.8 percent respectively.

Import Structure

Value and growth rate of imports

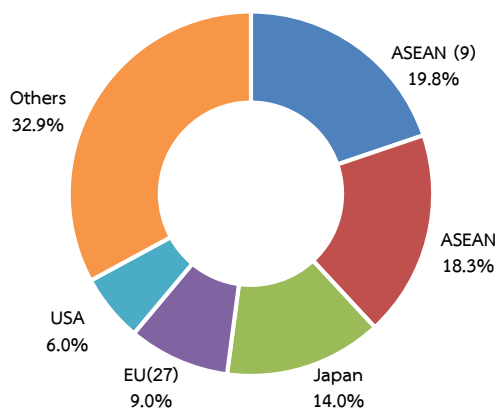


Source: Ministry of Commerce

Import value in 2018 (Jan. – Oct.) was 208,928.9 million USD, increasing by 14.8 percent. When categorized the product groups, it was found that the import value increased in all product groups with the imports of fuel products valued at 34,683.8 million USD, increasing by 41.1 percent; capital goods valued at 53,370.3 million USD, increasing by 6.0 percent; raw materials and semi-finished products valued at 85,253.4 million USD, increasing by 13.8 percent; consumer goods valued at 22,717.4 million USD; increasing by 11.5 percent; vehicles and transport equipment valued at 12,278.1 million USD; increasing by 8.1 percent; and weaponry, military supplies and other products valued at 625.9 million USD, increasing by 39.6 percent.

Source of Imports

Import ratio classified into key import markets



Source: Ministry of Commerce

In 2018 (Jan. - Oct.), Thailand's key import markets were ASEAN (9 countries), China, the US, EU and Japan, which accounted for 67.1 percent of overall imports. When compared to the previous year, it was found that import value from most of key markets increased, especially from China which had the highest import value of 19.8 percent, followed by ASEAN (9 countries), Japan, EU, and the US which had the import value of 18.3 percent, 14.0 percent, 9.0 percent, and 6.0 percent respectively.

Export Trends

Overall exports in 2018 grew from January 2018 onwards and have continued to grow. Exports in 2018 grew by 8.2 percent, in line with the economic recovery and world trade volume, following the economic conditions in major trading partners of Thailand, such as ASEAN, China, the US, EU (27 countries) and Japan, which grew well. The growth was reflected by the export of many products which rose, especially automobiles, equipment and components and electrical appliances and electronics. The trend of exports in 2019 is expected to gradually increase in line with the economic conditions and the world trade volume that has continued to expand. The Ministry of Commerce estimates that exports in 2019 will grow at least 8.0 percent. However, the uncertainty of oil prices, exchange rate fluctuations, trade barriers between the US and China and retaliation from trade partners may result in changes in the direction of trade, production and international investment, and may be a pressure factor for exports to not meet the target.

The World Economy in 2018

"The world economy grew continuously. Exports and the manufacturing sector remained growing whereas inflation, interest rates, and unemployment rates remained low."

Summary of Key Countries' Economic Indicators in 2018

	Growth (%YoY)						
	GDP 2018*	Inflation 2018*	MPI (OCT)	Export (JAN-OCT)	Import (JAN-OCT)	Unemp. Rate*	Policy Rate
US	↑ 2.9	↑ 2.4	↑ 3.8	↑ 9.0	↑ 9.7	At 3.8	At 2.00-2.25
China	↑ 6.6	↑ 2.2	↑ 5.9	↑ 11.4 ^a	↑ 21.7 ^a	At 4.0	At 2.55
Japan	↑ 1.1	↑ 1.2	↑ 4.2	↑ 7.4	↑ 12.3	At 2.9	At -0.10
South Korea	↑ 2.8	↑ 1.5	↑ 10.7	↑ 6.4	↑ 13.1	At 3.7	At 1.50
Singapore	↑ 2.9	↑ 1.0	↑ 4.3	↑ 12.1	↑ 14.3	At 2.0	At 2.20
Thailand	↑ 4.5	↑ 0.9	↑ 4.1	↑ 10.2	↑ 15.0	At 0.7	At 1.50

Source: Gathered from www.ceicdata.com, <https://www.gtis.com>, www.imf.org, www.nesdb.go.th, and <http://www.tradingeconomics.com>

Note: * The predicted figures from IMF, ^a data as of Jan.-Aug. 18

In 2019, the IMF forecasts that the global economy will expand by 3.7 percent as in 2018. Overall, the global economy will gradually improve following global trade among key trading partner countries that have continuously recovered, resulting in increased exports in the manufacturing sector, coupled with inflated interest rates, whereby the unemployment rate will remain low.

In late 2018, the Federal Reserve raised the policy rate by 0.25 percent from the 1.75 - 2.00 percent to 2.00 - 2.25 percent, reflecting stronger confidence in the US economy and financial systems. However, most countries still maintained a policy rate that is not very high and maintained inflation at the target level to maintain financial stability and stimulate economic growth. In 2019, the Office of the National Economic and Social Development Board expects that the Thai economy will expand by 3.5 - 4.5 percent and the average headline inflation will range 0.7 - 1.7 percent.

Oil prices in the world market are likely to remain stable at a high level. Dubai crude oil prices in November 2018 was 65.79 USD/barrel, an increase from November 2017 at 60.81 USD/barrel; for 2018, Dubai crude oil prices averaged at 70.5 USD/barrel, an increase compared to 2017 which averaged at 52.4 USD/barrel as the market is still concerned with supply or lowering the OPEC

production capacity of the group that is declining, coupled with rising oil demand following the global economic growth.

However, there are some factors that need to be monitored, such as oil price and exchange rate fluctuations, and the US policy on tax reform systems that caused a trade war between the US and China. Furthermore, the US may proceed with other countries to increase trade measures of China or affected countries which must be monitored, and geopolitical risk from political and economic instability, such as BREXIT, and emerging market countries which may cause the world economy not fully to expand.

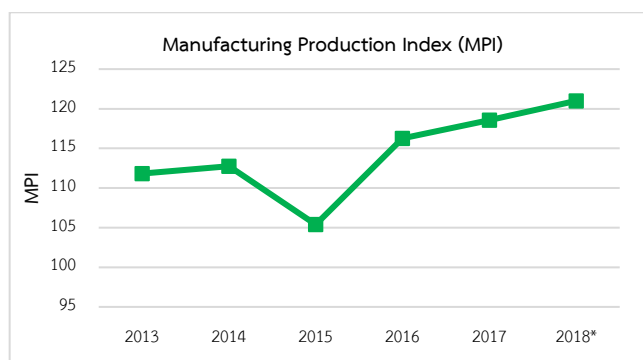
Part 2 Sectoral Industrial Economic Conditions of
Thailand in 2018
and Outlook for 2019

Sectoral Industrial Economy of Thailand in 2018 and Outlook for 2019

Iron and Steel Industry

The MPI of the iron and steel industry in 2018 grew compared to 2017. Flat-formed steel increased in production from the expansion of downstream industries such as the automotive industry, whereas production for long-formed steel remained stable

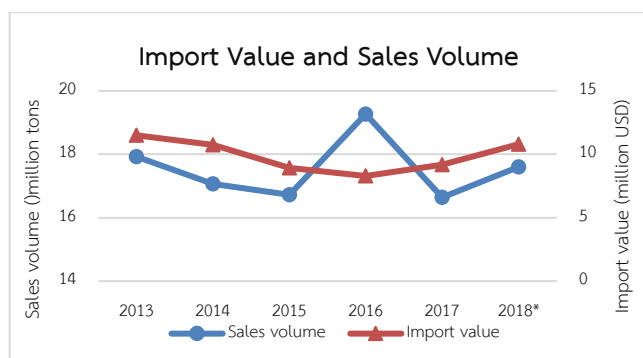
Manufacturing Production Index (MPI)



Source: Iron and Steel Institute of Thailand

* The predicted figures

Import Value and Sales Volume



Source: Iron and Steel Institute of Thailand

* The predicted figures

Production in 2018 was expected to increase slightly compared to the previous year, with the MPI at 120.6, up 1.7 percent (%YoY). Production of flat-formed steel increased by 4.8 percent, whereby products that grew were galvanized steel (GA) steel sheets used in the automotive industry. Meanwhile, the MPI of long-formed steel decreased by 1.5 percent; however, long-formed steel products that grew were steel wires, steel rods and high tensile steel wires, supported by the construction industry, both in government infrastructure and private residences.

Sales in 2018 was expected to reach 17.6 million tons, an increase of 6.0 percent (%YoY) for both long-formed and flat-formed steel. Long-form steel products that increased in sales included steel rods and structural steel following the expansion of the construction industry. Flat-formed steel products that grew in sales included hot-rolled thin steel sheets, galvanized steel sheets and thin cold-rolled steel sheets.

Import in 2018 was expected to value 10.8 million USD, an increase of 18.7 percent (%YoY) for both long-formed and flat-formed steel. Imports of long-formed steel increased by 20.6 percent from the import of high-quality steel bars (increased imports from Japan and China), structural steel (increased imports from China and India) and steel wires (increased imports from Vietnam and Taiwan). Flat-formed steel imports increased by 18.1 percent (increased imports from Japan and South Korea), thin hot-rolled steel sheets (increased imports from Japan) and chromium-plated steel sheets (increased imports from China).

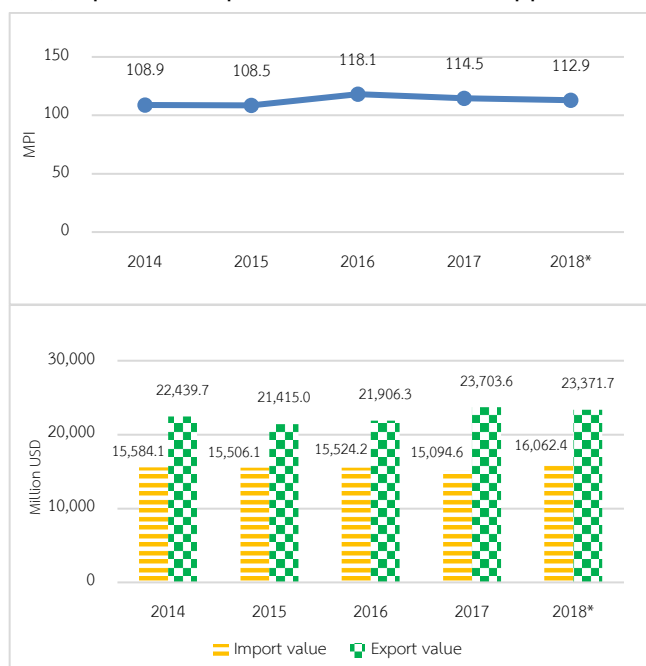
Iron and Steel Industry Outlook for 2019

The trend of the iron and steel industry in 2019 is expected to increase slightly by 1.0-2.0 percent compared to the same period last year with growth in both long-formed and flat-formed steel groups. The expansion of domestic and foreign consumption will result in higher production among downstream industries such as the automotive, electrical appliances and construction industries. Steel sales in 2019 are expected to reach 17.9 million tons, a growth of 1.7 percent.

Electrical Industry

The production of electrical appliances in 2018 was stable compared to 2017, with a slight decrease of 1.6 percent from washing machines, electric motors, and refrigerators, while the export value of air conditioners increased in ASEAN, EU, and Japan markets.

MPI, Import and Export Value of Electrical Appliances



Source: Office of Industrial Economics & Electrical and Electronics Institute

* The predicted figures

Imports of electrical appliances in 2018 valued 16,062.4 million USD, a 6.4 percent growth (%YoY) from last year, from increased imports from main markets, including China, EU and Japan from imports of switch and electrical control panels, equipment for the protection of electrical circuits and components which grew.

Production of electrical appliances in 2018 remained stable compared to last year. The MPI was 112.9, slight drop by 1.6 percent (%YoY). Electrical appliances that contracted included washing machines, electric motors and refrigerators, by 17.5 percent, 13.7 percent and 10.1 percent respectively. Washing machines and refrigerators contracted because of fewer foreign orders, especially from the US market. As for the electric motors, production decreased as manufacturers changed in models. Meanwhile, products that increased included household fans, kettles, air conditioners with separate fan coil units, air conditioners with separate condensing units, microwaves, compressors, rice cookers and electrical wires by 12.2 percent, 6.0 percent, 4.4 percent, 3.5 percent, 3.2 percent, 1.5 percent, 1.4 percent and 0.1 percent, respectively, due to increased domestic sales together with increasing orders from overseas, in particular air conditioner which increased in export to ASEAN, EU and Japan.

Exports of electrical appliances in 2018 valued 23,371.7 million USD, a drop by 1.4 percent from the previous year (%YoY) due to the decrease in exports to the US market, including washing machines and solar panels. The drop was due to safeguarding measures on washing machines and solar panels that the US imposed on Thailand. Meanwhile, the value of air conditioner exports grew by 5.2 percent compared to last year from increased exports to the Japanese, ASEAN and European markets

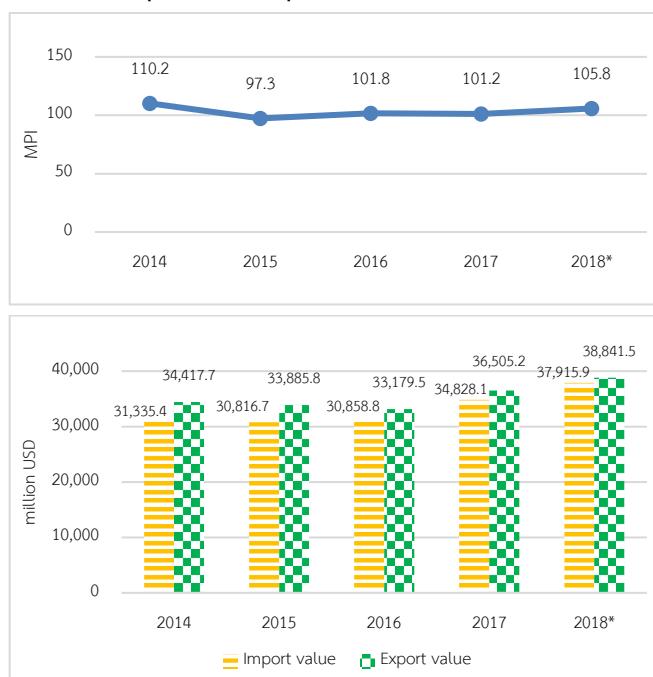
Electrical Industry Outlook for 2019

In 2019, production and exports are expected to increase by 4.0 percent and 5.0 percent respectively, compared to the previous year, from positive factors both inside and outside the country. These factors include government measures to stimulate consumption in late 2018, the election in 2019 whereby it is expected that the new government will have measures to inject economic recovery, coupled with tensions from trade wars between China and the US which is likely to loosen.

Electronics Industry

The production of electronic products in 2018 increased by 4.5% compared to 2017, which increased in HDD, IC, Semiconductor and PCBA products as a result of the global expansion of the electronic products with increasing demand, including the growing export value in the Japanese, ASEAN, Chinese, EU, and the US markets.

MPI, Import and Export Value of Electronics



Source: Office of Industrial Economics & Electrical and Electronics Institute

* The predicted figures

Import of electronics in 2018 valued 33,719.86 million USD, an increase of 8.9 percent from the previous year (%YoY), growing in major markets such as China, the US and Japan. Products with increased imports included integrated circuits by 25.7 percent and telephones and accessories by 60.1 percent compared to last year.

Production of electronics in 2018 reached an MPI of 105.8, an increase of 4.5% from last year. Electronic products with growing MPI were HDD, Monolithic IC, Semiconductor, PCBA and other IC by 9.1 percent, 6.8 percent, 4.5 percent, 4.3 percent, and 0.3 percent respectively compared to the previous year. This resulted from increased global demand for electronic products due to ICs are an essential component for advanced technology and are used in smartphones and tablets. In addition, Semiconductors have been developed as components for smart devices. HDDs are also developed for greater capacity for utilization in Cloud Storage.

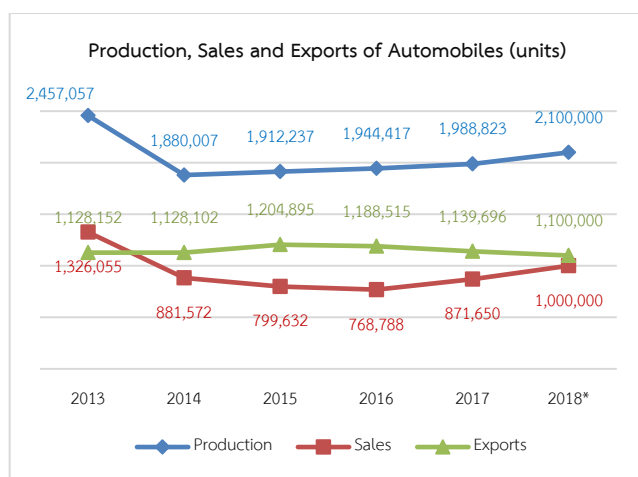
Exports of electronics in 2018 valued 38,841.50 million USD, an increase of 6.4 percent from the previous year, growing in all major export markets such as Japan, China, ASEAN, EU and the US. Computer components and equipment grew by 10.1 percent, integrated circuits (IC) by 1.2 percent and telephones and accessories by 21.0 percent, especially in the Japanese market as some manufacturers produced to export products back to parent companies in Japan.

Electronics Industry Outlook for 2019

In 2019, production and exports of electronics are expected to increase by 6.0 percent and 7.5 percent respectively, compared to the previous year, from increasing demand for computer accessories and components, and increasing global demand of electronics.

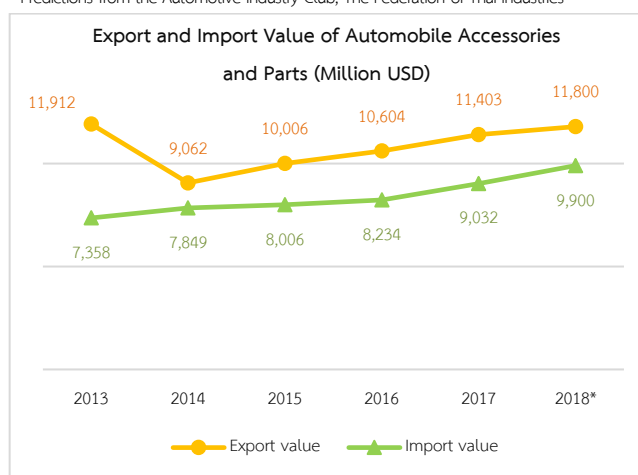
Automobile and Parts Industry

The automotive industry in 2018 was expected to increase in production volume compared to the same period last year as a result of domestic market growth which was driven by public and private investment, as well as increased agricultural outputs. However, exports are expected to slow down.



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

* Predictions from the Automotive Industry Club, The Federation of Thai Industries



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

* Predictions from the Office of Industrial Economics

Automobile Production

In 2018, production of automobiles was expected to reach 2,100,000 units, an increase of 5.59 percent from last year with 1,988,823 units. This consisted of 42 percent 1-ton pickup trucks, 56 percent for derivatives, and 2 percent for other commercial vehicles.

Domestic Automobile Sales

In 2018, Domestic Automobile Sales was expected to reach 1,000,000 units, a 14.72 percent growth from last year with 871,650 units. Passenger cars accounted for 40 percent, 1-ton pick up trucks accounted for 41 percent, and PPVs and SUVs accounted for 14 percent, whereas other commercial automobiles accounted for 5 percent.

Automobile Exports

In 2018, the exports of automobiles (CBU) were expected to reach 1,100,000 unit, a decrease of 3.48 percent from last year (1,139,696 units).

Export Value of Automobile Accessories and Parts

In 2018, the export valued 9,900 million USD. This was an increase of 9.61 percent, compared to the same period last year where the value was 9,032.27 million USD. Key export markets for automobile accessories and components were Japan, Indonesia, and Malaysia.

Import Value of Automobile Accessories and Parts

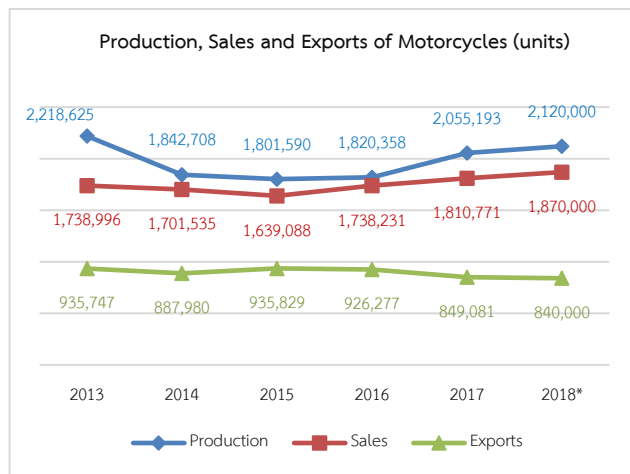
In 2018, imports valued 11,800 million USD compared to the same period last year where the value was 11,402.56 million USD. This was an increase of 3.49 percent. Key import markets for automobile accessories and components were Japan, China, and the US

Automobile Industry Outlook for 2019

The automotive industry in 2019, based on forecasts of the Office of Industrial Economics, estimates that the production of cars will reach approximately 2,200,000 units, an increase of 4.76 percent from the same period last year. Approximately 1,050,000 units are expected to be sold domestically and 1,150,000 units for exports, an increase of 5.00 percent and 4.55 percent respectively.

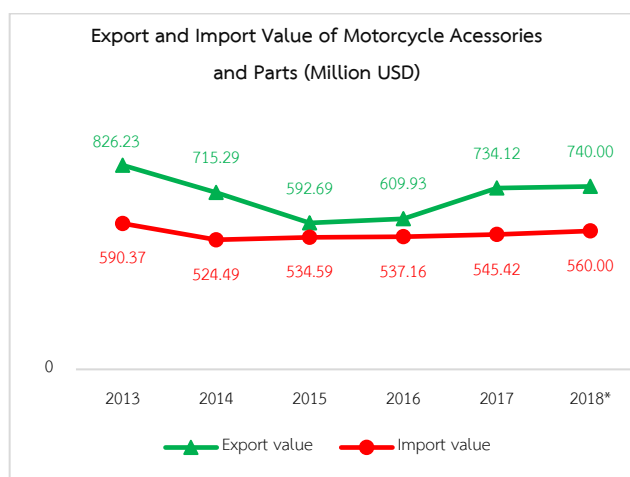
Motorcycle and Parts Industry

The production of the motorcycle industry in 2018 was expected to increase from the same period last year as a result of increased domestic demand. Exports, on the other hand, slowed down.



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

* Predictions from the Automotive Industry Club, The Federation of Thai Industries



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

* Predictions from the Office of Industrial Economics

Motorcycle Production

In 2018, production of motorcycles was expected to reach 2,120,000 units, an increase of 3.15 percent from the same period last year which was 2,055,193 units.

Domestic Motorcycle Sales

In 2018, domestic sales were expected to reach 1,870,000 units, increasing by 3.27 percent from the same period last year (1,810,771 units).

Motorcycle Exports (CBU & CKD)

The volume of motorcycle exports (CBU & CKD) of Thailand in 2018 was expected to reach 840,000 units (export of 370,000 CBU and 470,000 CKD units) compared to the same period last year, which exported 849,081 units, down 1.07 percent.

Export Value of Motorcycle Parts

In 2018, exports valued at 740 million USD, an increase of 0.80 percent from last year where the value was 734.12 million USD. Key export markets for motorcycle parts were Cambodia, Vietnam and Japan.

Import Value of Motorcycle and Bicycle Accessories and Parts

In 2018, imports were expected to worth 560 million USD, an increase of 2.67 percent from last year where the value was at 545.42 million USD. Key import markets for motorcycle and bicycle part and accessories were Japan, China, and Vietnam.

Motorcycle Industry Outlook for 2019

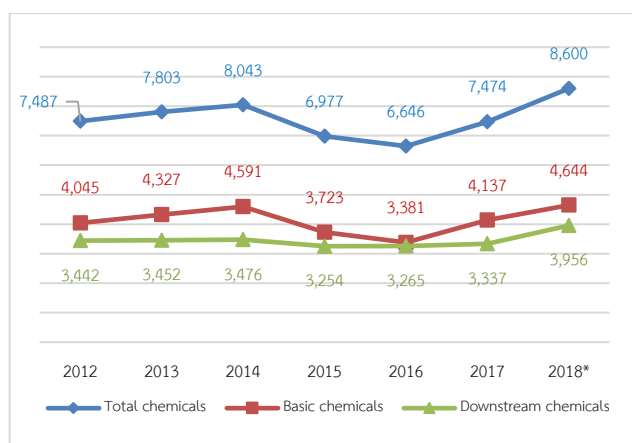
The motorcycle industry in 2019 is expected to maintain stable production. The production volume of motorcycles projected to reach approximately 2,000,000 units, whereby 85-90 percent of production will be for domestic sales and 10-15 percent for exports

Chemical Industry

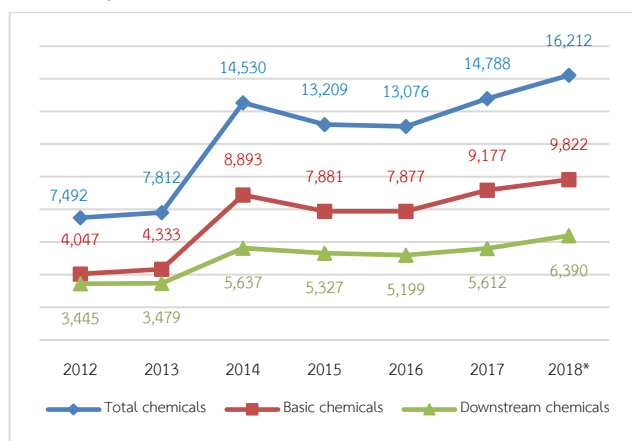
Trade of chemicals in 2018 increased in value compared to 2017. The export value of chemicals grew by 15.06 percent, whereby key export markets were ASEAN countries, China, and Japan. Meanwhile, the value of chemical imports increased by 9.63 percent, and the trend for chemical trade in 2019 is expected to increase by around 8 percent overall. Factors that need to be monitored include fluctuations in world market oil prices and the impact of trade wars between China and the US that may affect the confidence in the production and export of Thailand in the future.

Market and Sales

Export Value of Chemicals (million USD)



Import Value of Chemicals (million USD)



*Source: Ministry of Commerce & *The predicted figures for 2018

Chemical exports in 2018 were estimated to value about 8,600 million USD, a growth by 15.06 percent from 2017 (%YoY). Basic chemicals valued approximately 4,644 million USD and downstream chemicals valued approximately 3,956 million USD, a growth by 12.25 percent and 18.54 percent respectively. Key product groups that boosted exports included organic chemicals, cosmetics, paints and surfactants for example. Main export markets of chemicals were ASEAN, China and Japan, in particular, the economic conditions of trade in ASEAN countries which are likely to continue to grow.

Chemical imports in 2018 were estimated to value about 16,212 million USD, a growth by 9.63 percent from 2017 (%YoY). Basic chemicals valued approximately 9,822 million USD and downstream chemicals valued approximately 6,390 million USD, a growth by 7.03 percent and 13.88 percent respectively. Key product groups that boosted imports included inorganic chemicals, organic chemicals and cosmetics, etc. The proportion of imports of basic and downstream chemicals still tends to the growth from last year, following the economic conditions of the region.

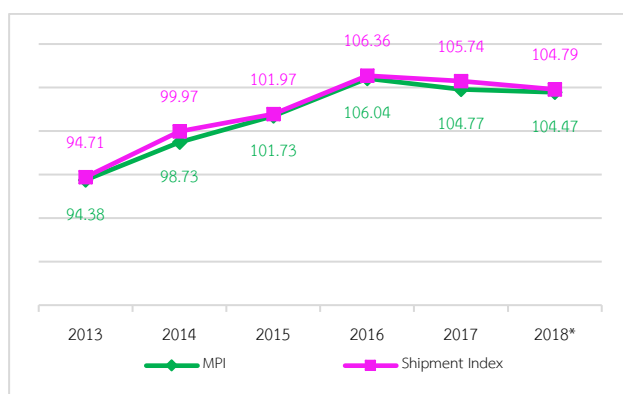
Chemical Industry Outlook for 2019

In 2019, exports and imports of chemicals are expected to continue to expand at an average of 8 percent, with main export markets including ASEAN countries, as the economic conditions in ASEAN continue to grow. However, in 2019, some factors need to be monitored, such as the volatility of oil prices in the world market and the impact of the trade war between China and the US that may affect the confidence in the production and export of Thailand in the future.

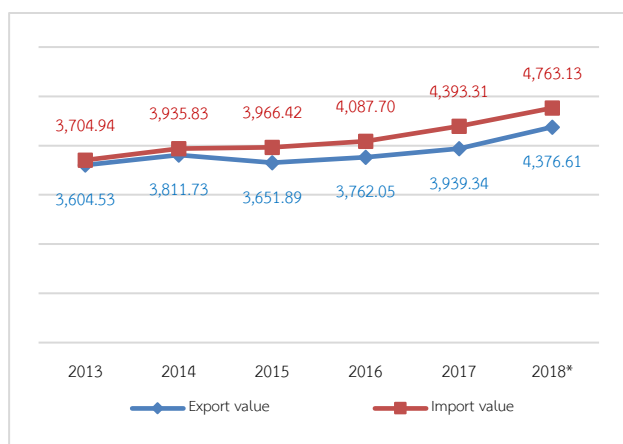
Plastics Industry

The overall plastics industry in 2018 was expected to increase by 0.02 percent and the shipment index will decrease by 1.20 percent. Meanwhile, the export value will increase by 11.10 percent and the import value by 8.42 percent compared to 2017. This is a result of the continuous recovery of the global economy and demand for plastic products of partner countries, especially in the ASEAN region, together with increased oil prices which is a raw material to produce plastic pellets.

MPI and Shipment Index



Export/Import Volume and Value



Source: Customs Department, Ministry of Finance & Office of Industrial Economics
The predicted figures in 2018

MPI and Shipment Index in 2018 was expected to grow by approximately 0.02 percent compared to 2017. Products that resulted in an increased MPI are products such as tableware, kitchen and bathroom appliances, and plastic bags, which accounted for 6.27 percent and 2.04 percent respectively.

The shipment index in 2018 was expected to decrease by 1.20 percent compared to 2017, with a drop in all product groups except tableware, kitchen and bathroom appliances. Products that resulted in a drop in the shipment index were plastic sheets by 6.79 percent.

Exports of plastic products in 2018 was expected to value 4,376.61 million USD, an increase from 2017 by 11.10 percent from the export of all plastic products, mostly in the plastic flooring product group (3918).

Imports of plastic products in 2018 was expected to value 4,763.13 million USD, an increase from 2017 by 8.42 percent from the import of all product groups such as single long fiber products (3916), sanitary ware (3922) and household appliances (3924).

Plastics Industry Outlook for 2019

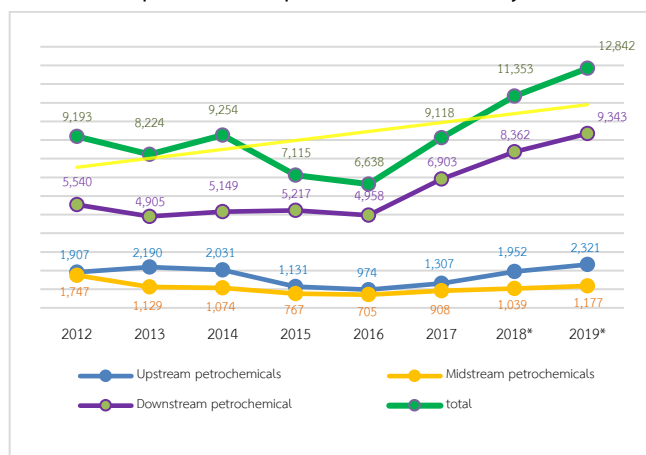
The plastics industry in 2019 is expected to grow by about 3-5 percent, as Thailand may benefit from the trade war, increased crude oil prices in the world market and sourcing more partners in ASEAN. Exports of plastic products are expected to value 4,529.79 million USD, an increase of 3.50 percent from 2018. Imports of plastic products are expected to value 4,953.65 million USD, an increase of 4.00 percent from 2018.

Petrochemical Industry

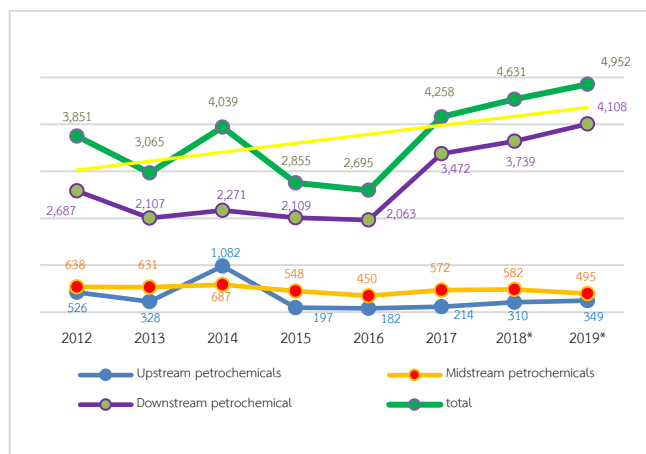
In 2018, the petrochemical industry was expected to value 11,352.58 million USD, an increase from the same period of 2017 by 24.51 percent from key export markets of the Thai petrochemical industry, namely China, Indonesia and CLMV.

Markets and Sales

Export value of petrochemical industry



Import value of petrochemical industry



Source: Thai Customers, Ministry of Finance

Note * Predictions from the Office of Industrial Economics

Petrochemical export in 2018 was expected to value 11,352.58 million USD, an increase of 24.51% from the same period of 2017 (%YoY). The main reason for the increased export value was caused by key export markets of the Thai petrochemicals industry, namely China, Indonesia, and CLMV.

Petrochemical import in 2018 was expected to value 4,631.12 million USD, an increase of 8.77 percent from the same period of 2017 (%YoY) due to the increase in petrochemical product prices in accordance with the changing of global crude oil price.

Product prices for ethylene and propylene in the Asian market in 2018 are expected to average around 37.73 and 33.20 Baht per kilogram respectively. Compared to the same period in 2017, ethylene and propylene prices increase from 37.04 and 28.16 Baht per kilogram respectively.

For PE and PP plastic pellet prices in 2018, plastic pellet prices (average in SE Asia CFR) of LDPE, LLDPE, HDPE and PP were at 39.51, 35.61, 43.77 and 41.58 Baht per kilogram respectively. Compared to 2017, the average price of LDPE and LLDPE dropped from 43.55 and 40.20 Baht per kilogram, whereas HDPE and PP prices increased from 39.83 and 39.74 Baht per kilogram respectively.

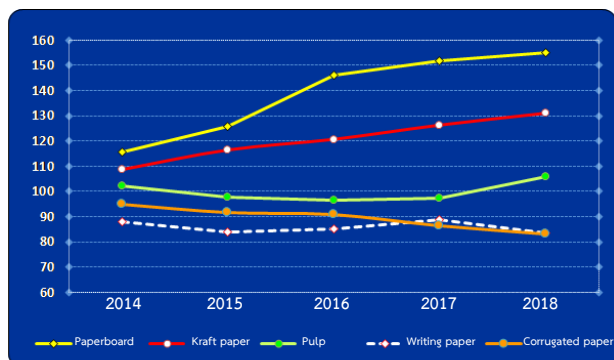
Petrochemical Industry Outlook for 2019

The petrochemical industry in 2019 is expected to expand in line with the global economy and growing domestic consumption, together with continued government investment in infrastructures such as rail transportation and the recovery of the export sector. As a result, the demand for petrochemical products in the country is likely to grow by approximately 3.0 - 4.5 percent. It is expected that the export volume of Thai petrochemicals will rise by 3.0 - 4.0 percent and the export value will expand by approximately 10.0 - 15.0 percent in 2019.

Pulp, Paper and Print Media Industry

Production in the pulp, paper and print media industry in 2018 increased compared to the previous year, from pulp, cardboard and craft paper. Production was mostly for use in other downstream industries as well as e-commerce businesses where demand for packaging from this type of paper has increased.

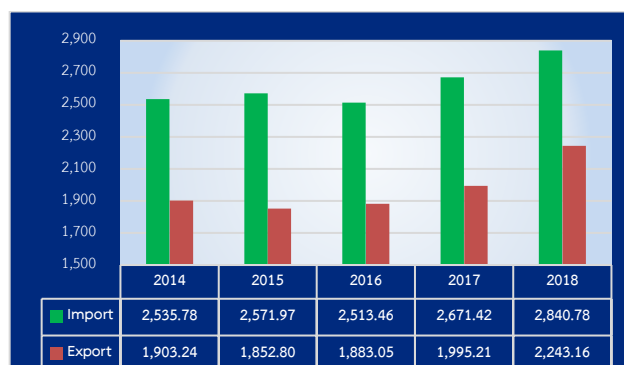
MPI in Pulp, Paper and Print Media Industry



Source: Office of Industrial Economics

Note: 2018 was estimated by the Office of Industrial Economics

Export-Import of Pulp, Paper and Print Media



Source: Information and Communication Technology Center, Ministry of Commerce

Note: 2018 was estimated by the Office of Industrial Economics

Paper production in 2018 was expected to increase compared to last year from pulp, paperboard and kraft paper of which the MPI grew by 8.71 percent, 2.16 percent, and 3.72 respectively. This was for the production of packaging used in other industries, resulting in a good response in the paper packaging industry. Furthermore, other key industries including food and beverage, automobiles, cosmetics, medicines, and pharmaceuticals, as well as e-commerce businesses have more demand for paper packaging to be used in the industries.

Exports of pulp, paper and print media in 2018 were expected to have a total export value of 2,243.16 million USD, an increase of 12.43 percent compared to the previous year from the export of pulp which was expected to increase by 30.55 percent in water-soluble chemical pulp to countries such as China and France. Paper and paper products were expected to increase by 10.40 percent to Vietnam, Malaysia and China whereas books and print media were expected to increase by 21.43 percent to major trading partners such as the Philippines and Hong Kong.

Imports of pulp, paper and print media in 2018 was expected to value 2,840.78 million USD, a 6.34 percent growth from last year. This was from an increase in imports of pulp, paper and products unable to be manufactured in Thailand, particularly recyclable papers and cardboards. On the other handbooks and printed media are expected to grow by 7.15 percent in imports from the US and South Korea in calendars, other printed media and other architectural and engineering media for example.

Pulp, Paper and Print Materials Industry Outlook for 2019

Production of pulp, paper and paper packaging in 2019 is expected to increase continuously according to the needs of consumers that are still growing in both Thailand and ASEAN. Production at present used innovation and technology such as lightweight paper boxes, which are convenient, reduce transportation costs and can pack a variety of products, in line with consumer behavior in demand for more convenience. Consumers have thus increasingly turned to online shopping channels which will continue to grow, causing the paper packaging and conveying industry to grow accordingly.

Ceramics Industry

Production and sales of ceramics in 2018 were expected to expand due to demand of the domestic construction and real estate sector, coupled with increased orders from abroad. Exports of ceramic products were projected to grow in almost every product group to Japan, the US and ASEAN. Sanitaryware will have the highest growth rate and export value, mostly to the US, China and Japan.

Ceramics Production, Sales, and Exports



Source: 1. Domestic Production and Sales: Office of Industrial Economics (predicted figures)
 Note: From the survey of 13 wall and tiling factories and 7 sanitary ware factories
 2. Export Value: Information and Communication Technology Center, Office of the Permanent Secretary, Ministry of Commerce; and the prediction by Office of Industrial Economics

Production in 2018 for floor and wall tiles were expected to produce 136.95 million square meters, a drop by 2.60 percent from last year (%YoY) due to the delay of production from higher raw material costs. The production volume of sanitary ware reached 7.47 million pieces, an increase of 2.40 percent from the previous year (%YoY), whereby production was to support the increasing orders in all key markets.

Sales in 2018 for floor and wall tiles were expected to reach 163.51 million square meters, an increase by 3.73 percent from last year (%YoY) from recovering demand from the expansion of the construction sector. Sales of sanitary ware reached 4.09 million pieces, a decrease of 4.38 percent from the previous year (%YoY).

Exports in 2018 for floor and wall tiles valued at 93.74 million USD. The value decreased by 5.93 percent from last year (%YoY) due to decreased purchase orders from Laos and Myanmar. However, exports of sanitaryware were expected to reach 212.23 million USD, a 16.67 percent growth from last year (%YoY) from increased exports by 98.60 percent to China, a major export market after the US and Japan.

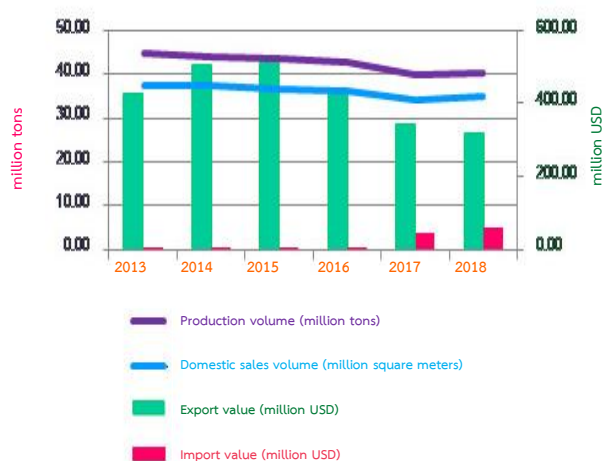
Ceramics Industry Outlook for 2019

Domestic production and sales of ceramics in 2019 are expected to increase, due to domestic demand that started to improve from the expansion of the construction and real estate sectors, stimulated from both business and private sector investment. In addition, the projected production is to support exports that grew well in the US, Japan, China and ASEAN markets.

Cement Industry

Compared to last year, production and sales in the cement industry in 2018 continued to expand, supported by government policies. The export value decreased due to the large operators in Thailand setting up production bases in countries that were the main export markets and commencing production. The import value increased from cheaper cement from Laos

Production and Sales
Export and Import Value of Cement



Source: 1. Domestic Production and Sales: Office of Industrial Economics (predicted figures)

Note: From the survey of 13 wall and tiling factories and 7 sanitary ware factories

2. Export Value: Information and Communication Technology Center, Office of the Permanent Secretary, Ministry of Commerce; and the prediction by Office of Industrial Economics

Cement production (excluding clinker) in 2018 was expected to grow by 0.79 percent compared to the previous year, to support the construction of public infrastructure.

Domestic sales of cement (excluding clinker) in 2018 was expected to increase by 2.34 percent compared to the previous year, in line with continuous progress of government infrastructure, private investment along the mass transit route and investment in the EEC area.

Cement export and import (excluding clinker) in 2018 was expected to drop by 7.68 percent from last year, from a reduction of orders from several major export markets, with Thai entrepreneurs investing in other countries such as Myanmar, Laos, Cambodia, Sri Lanka, Bangladesh, etc.

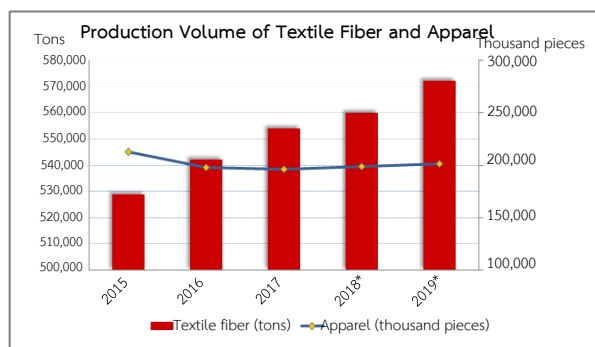
Import value was expected to increase by 24.54 percent compared to last year from importation of cheap cement from Lao.

Cement Industry Outlook in 2019

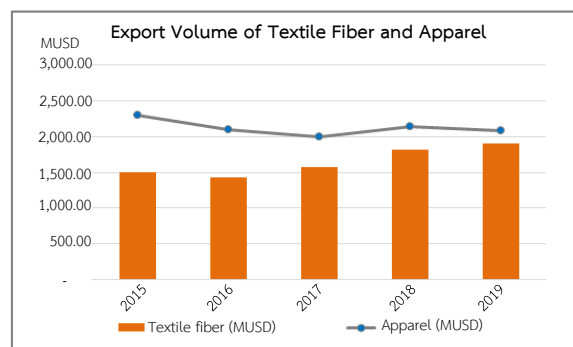
Production and sales of the cement industry (excluding clinker) in 2019 are expected to increase slightly, although the NESDB or the Office of the National Economic and Social Development Board have predicted that the economy in 2019 will drop following the global economic slowdown and the aftermath of the Chinese-US trade war. However, the cement industry will still be able to expand from positive factors from the government's infrastructure projects, in both existing and new projects, and investment of real estate along the mass transit lines, development of the EEC area and the Government Housing Bank's million-house project.

Textile and Garment Industry

In 2018, textile fibers and apparel were expected to grow in line with the trend of needs of foreign partners, especially in Asian countries and critical export products such as synthetic fibers with special properties and men's and women's clothing. Production of fabrics were expected to slow down in cotton, however production of fabrics from synthetic fibers will grow to support international demand.



Source: Office of Industrial Economics & Ministry of Commerce
/the predicted figures in 2018 – 2019



Production

Textile fibers and *apparel* were expected to grow by 1.6 percent and 1.0 percent from last year respectively, from the production of synthetic fibers and synthetic fibers, unique properties such as collagen and composite fibers according to the needs of the international market. Apparel will expand from producing men's and women's apparel following orders from abroad.

Fabrics was expected to decline by 11.2 percent due to cancellations of production of weaved textiles from weaving factories, following a decrease in demand from both domestic and export markets. However, the production of woven synthetic fabrics will expand to support both domestic and international markets.

Domestic Sales

Textile fibers, fabrics and apparel were expected to fall by 1.8 percent, 3.8 percent and 0.8 percent respectively. Textile fibers will focus primarily on exports, as for apparel, the decrease was partly due to consumers interested in buying fashion clothes from foreign countries, both in the cheap clothing group imported from China and Vietnam and luxury brand clothing.

Exports

Textile fibers, *fabrics* and *apparel* were expected to increase in value by 15.3 percent, 3.2 percent and 6.1 percent respectively. Textile fibers continued to grow from 2016, whereby key export products included synthetic fibers, synthetic fibers with unique properties and fabrics from synthetic fibers with special properties that Thailand has both production and export potential. Key export markets were Vietnam, Myanmar, Japan, Bangladesh and China. Apparel grew as Thailand became a trusted country for outsourcing design and production for international brands

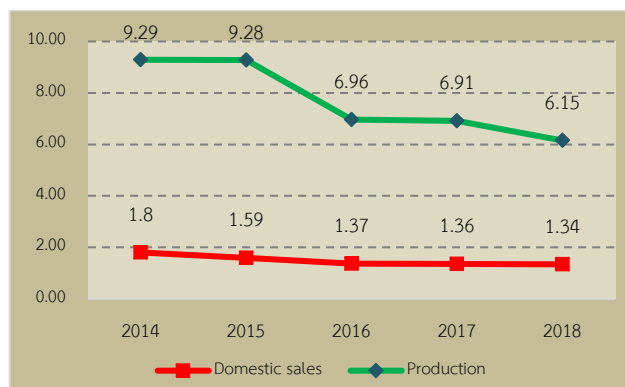
Textiles and Garments Industry Outlook for 2019

Overall in the textiles and garments industry, it is expected that the production of textile fibers will continue to expand from 2018, especially synthetic fibers and synthetic fibers with special properties. However, production of fabrics may slow down from increased imports of cheaper Chinese decorative fabrics to replace domestic raw materials Exports are expected to expand, especially synthetic fibers and fabrics from special synthetic fibers. However, exports of apparel competing with important partners like Vietnam should be monitored, whereby Thai businesses should rely on strengths in production chain management and design rather than cost competition

Wood and Wooden Furniture Industry

Production and domestic sale of wooden furniture 2018 decreased from 2017, following the volume of purchase orders from the domestic real estate market and the high level of household debt, following the same direction as the export of wood and wooden products that decreased, especially processed wood to China.

Domestic Production and Sales of Wooden Furniture
(million pieces)

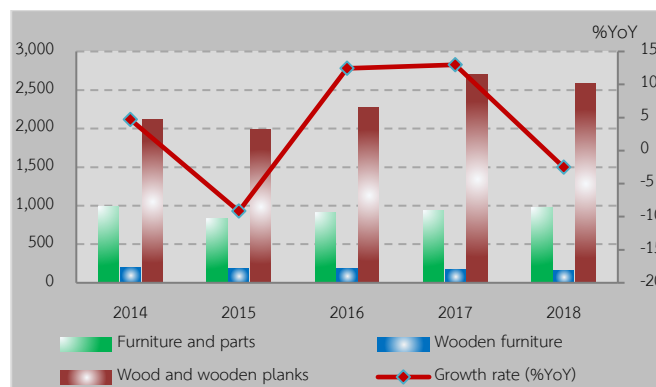


Source: Office of Industrial Economics & the predicted figures in 2018

Production of wooden furniture in 2018 reached 6.15 million units, a drop of 11.00 percent compared to 2017, due to the decreasing volume of orders following the slowdown in domestic retail sales.

Domestic sales of wooden furniture in 2018 reached 1.34 million units, a drop by 1.47 percent compared to 2017, due to the slowdown in the domestic market and the high level of household debt, causing consumers to be careful with household spending.

Export Value of Wood and Wooden Products
(million USD)



Source: Information and Communication Technology Center, Office of the Permanent Secretary, Ministry of Commerce in collaboration with Customs Department & the predicted figures in 2018

Export of wood and wooden products in 2018 valued 3,709.89 million USD, a decrease of 2.53 percent compared to 2017. The export of furniture products and parts valued 972.31 million USD which was growth by 3.65 percent from last year, whereas the export of wooden products valued 157.24 million USD and wood and wooden sheets valued 2,580.34 million USD, which was a drop by 6.68 percent and 4.38 percent respectively. Overall, the export of wood and wooden products decreased, especially the export of processed wood to China.

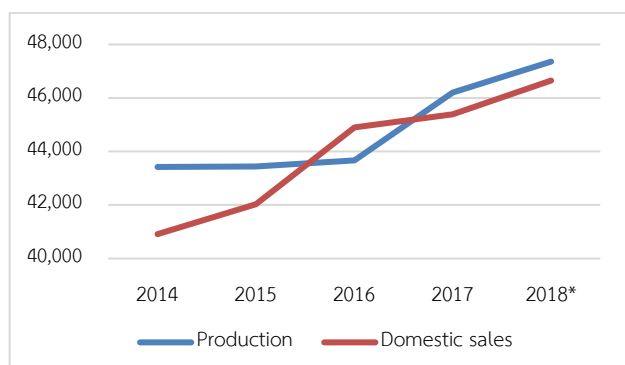
Wood and Wooden Furniture Industry Outlook for 2019

Production and sales of wooden furniture in 2019, compared to 2018, is expected to increase from the production and sales of wooden furniture to meet the needs of the domestic market. The volume of exports of wood and wooden products in 2019, compared to 2018, is expected to decrease, caused by the trade war between the US and China that is not yet likely to cease, directly affecting the amount of processed wood exports to China.

Pharmaceutical Industry

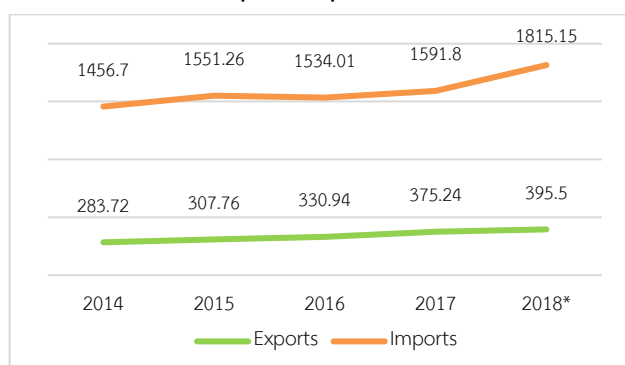
Production and domestic sales volumes in 2018 were expected to increase from the previous year, in line with the expansion of both domestic and international markets. Exports also grew well in Myanmar, Vietnam and Cambodia market.

Domestic Production and Sales (tones)



Source: Office of Industrial Economics & the predicted figures in 2018

Pharmaceuticals Import-Export Value (Million USD)



Source: Ministry of Commerce & the predicted figures in 2018

Production of pharmaceuticals in 2018 was expected to reach 47,357.85 tons, an increase of 2.49 percent from the previous year, which is an increase in the production of tablets, capsules, injections, creams, and powdered drugs following increased orders. Production of tablets is specially set to grow as some manufacturers were able to increasingly penetrate overseas markets, resulting in increased production for export. Production of liquid drugs decreased as there is still a limit on the number of sales for some types of liquid drugs.

Sales of pharmaceuticals in 2018 were expected to reach 46,651.20 tons, an increase of 2.77 percent from the previous year. Overall, sales of pharmaceuticals from domestic manufacturers grew with increased sales of tablets, capsules, injections and powdered drugs following the expansion of the domestic pharmaceutical market. Meanwhile, the sale of liquid drugs and creams dropped from fewer orders.

Exports of pharmaceuticals in 2018 was expected to value 395.50 million USD, an increase from the previous year by 5.39 percent, due to good growth in Myanmar, Vietnam, Cambodia, Philippines and Hong Kong. Pharmaceutical imports valued 1,815.15 million USD, an increase of 14.03 percent from the previous year, from imports from Germany, the US and France and the import of cheaper generic medicines from India.

Pharmaceutical Industry Outlook for 2019

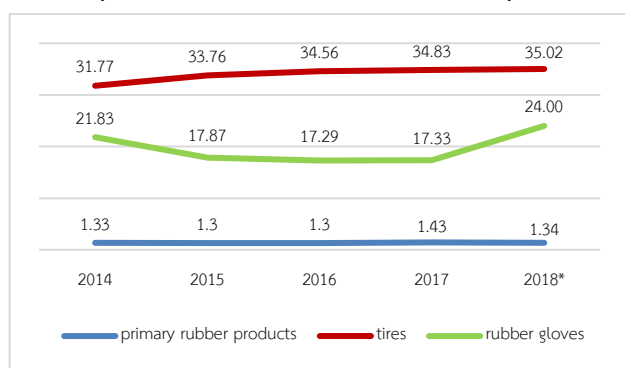
Production of pharmaceuticals in 2019 is expected to continue growth in line with both domestic and international expansion, especially in Myanmar, Vietnam, and Cambodia which are the main export markets for Thai pharmaceuticals.

Rubber and Rubber Products Industry

In 2018, the production volume of upstream rubber products and tires increased from last year, mainly from the growth of exports, especially in China and US. The production of rubber gloves dropped slightly, although both domestic and international markets expanded well.

Upstream Rubber, Tires and Rubber Glove Production

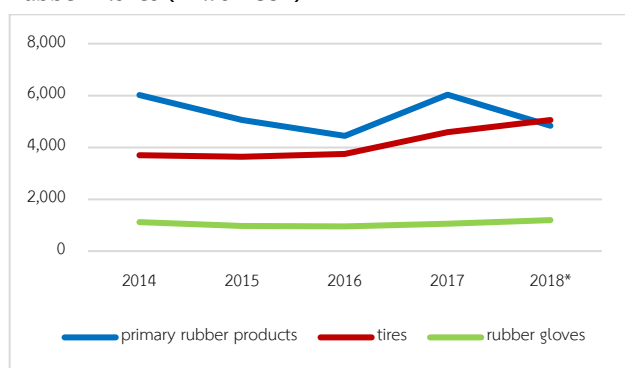
Volume (Million Tons/Million Tires/Billion Pieces)



Source: Office of Industrial Economics

*the predicted figures in 2018

Export Value of Upstream Rubber Products, Tires and Rubber Gloves (million USD)



Source: Ministry of Commerce

*the predicted figures in 2018

Production of upstream rubber products, tires and rubber gloves in 2018 reached a volume of 1.34 million tons, 35.02 million tires and 24.00 million units respectively. Production of tires and rubber gloves grew by 0.54 percent and 38.48 percent respectively, from good growth in export markets. Meanwhile, production of upstream rubber products dropped from last year by 6.29 percent as due to the decrease in raw materials entering the market and the contraction of the Chinese market.

Sales of upstream rubber products, tires and rubber gloves in 2018 reached 1.57 million tons, 23.20 million tires and 3,640.50 units respectively. Sales of tires decreased by 2.10 percent from last year due to the slowdown in the replacement tire market, while sales of upstream rubber products and rubber gloves grew by 5.33 percent and 20.07 percent, following higher demand.

Exports of upstream rubber products, tires and rubber gloves in 2018 reached a value of 4,828.89 5,055.8 and 1,195.32 million USD respectively. Compared to last year, the value of exports of tires and gloves grew by 10.24 percent and 13.22 percent respectively, due to the expansion of the US market. Meanwhile, the value of processed rubber exports decreased by 19.96 percent due to the contraction of the Chinese, Malaysian, Japanese, US and South Korean markets.

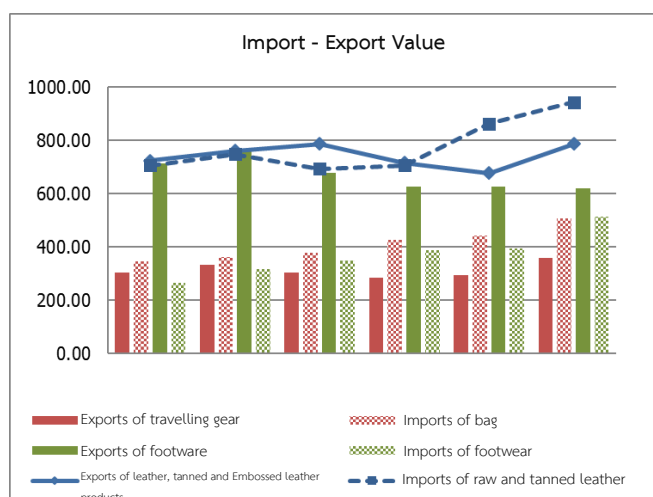
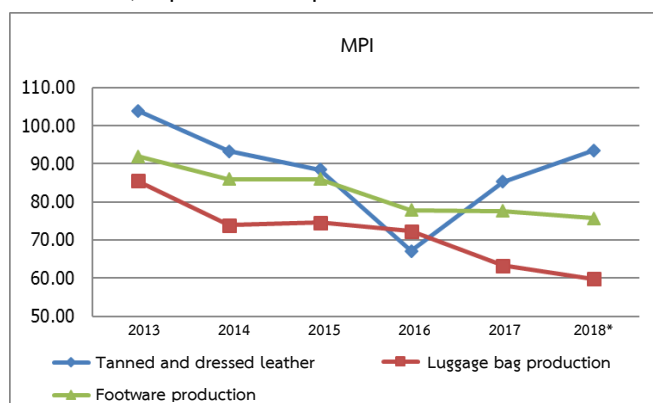
Rubber and Rubber Products Industry Outlook for 2019

The production of primary rubber products, tires and rubber gloves in 2019 is expected to grow in line with the growth of foreign markets, particularly China which is a key export market for primary rubber products and the US for tires and rubber gloves.

Footwear and Leather Products Industry

In 2018, tanning and dressing of leather grew by 9.70 percent from production for export and the expansion of the automotive industry. Production of luggage and shoes decreased by 5.65 percent and 2.49 percent respectively, partly due to the growing demand for brand-name products resulting in a higher proportion of imports from foreign countries. Furthermore, entrepreneurs with their brands changed production methods by employing neighboring countries to produce instead of domestic production.

Production, Exports and Imports (million USD)



Source: 1. MPI- Office of Industrial Economics;
2. Export - Import Value - Office of the Permanent Secretary, Ministry of Commerce;
*includes handbags and similar products, saddles, and harnesses;
the predicted figures in 2018

Production

Tanned and dressed leather: In 2018, the MPI increased by 9.70 percent compared to the previous year due to production for export and the expansion of the automotive industry.

Luggage products*: The MPI decreased by 5.65 percent from last year, partly due to rising demand for brand-name products resulting in a higher proportion of imports from foreign countries

Footwear: The MPI decreased by 2.49 percent from last year as entrepreneurs with their brands changed production methods by hiring neighboring countries to produce instead of producing on their own, such as Myanmar, Cambodia and Vietnam.

Export-Import

Exports in 2018 valued 1,764.64 million USD, an increase of 10.57 percent compared to the previous year, a result of the export value of leather, tanned leather products, embossed leather and travel appliances which increased by 16.38 percent and 21.86 percent respectively, due to the expansion of the world economy.

Imports in 2018 valued 1,963.64 million USD, an increase of 15.51 percent compared to the previous year due to the import of raw and tanned leather, bags and shoes which increased by 9.05 percent, 14.82 percent and 30.51 percent respectively. Major import markets were the US, China, Vietnam and Italy.

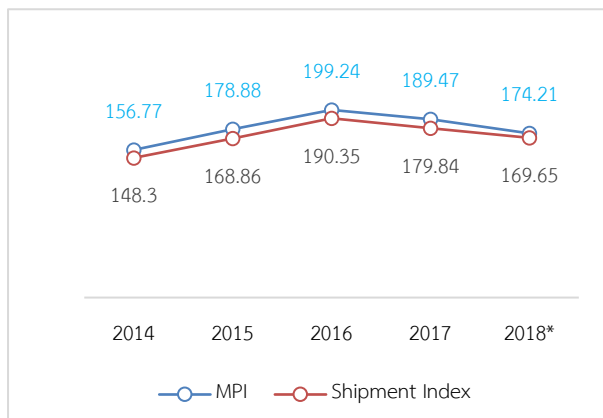
Footwear and Leather Products Industry Outlook 2019

Production of footwear and leather products in 2019 are expected that the leather tanning and finishing are likely to increase from production for export and the expansion of the automotive industry. Likewise, the production of travel bag products will improve, especially in exports as Thai leather and exotic leather products such as snake, stingray and crocodile skin, are popular among foreigners. The production of footwear is likely to slow down as entrepreneurs with their brands changed production methods by outsourcing neighboring countries to produce instead of producing themselves due to lower production costs than Thailand. However, there are factors to stimulate production such as tourism stimulus measures in both the Chinese and other major markets, government stimulus policies and state welfare cards which will help support economic growth in 2019.

Gems and Jewelry Industry

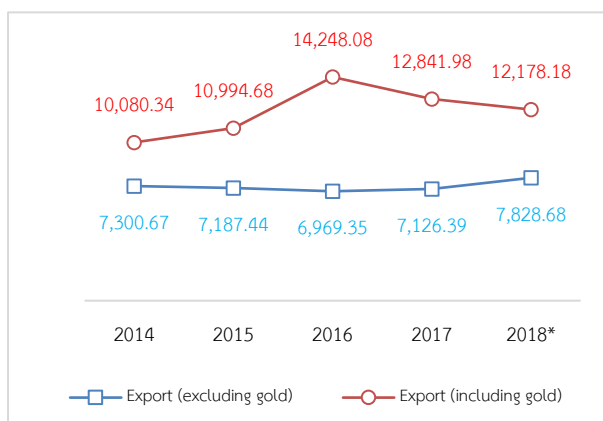
In 2018, production and sales of gems and jewelry were expected to shrink compared to the previous year, from demand for products that are small, simple, but more valuable and unique. Exports (excluding gold) was expected to have higher growth from the value of exports of diamonds and gems and finished jewelry, both made with real and artificial gems.

Production, Sales, and Exports



Production of gems and jewelry in 2018 were expected to contract by 8.05 percent in quantity compared to the previous year as operators adjusted production to be smaller in size, in line with the needs of consumers.

Sales of gems and jewelry in 2018 were expected to shrink by 5.67 percent compared to the previous year, partly as a result of the consumption behavior of jewelry products that emphasize a minimalist style that is small, simple but has more value and identity in the product.



Exports of gems and jewelry (excluding gold) in 2018 were expected to increase by 9.85 percent compared to the previous year from the increased value of exports of valuable gemstones such as diamonds, gemstones and finished jewelry both made with real and artificial gemstones. Overall, the export value of gems and jewelry is likely to decline by 5.17 percent according to the fluctuation of gold prices in the world market resulting in declining export value of gold.

Source: Office of Industrial Economics;
Office of the Permanent Secretary, Ministry of Commerce;
the predicted figures in 2018

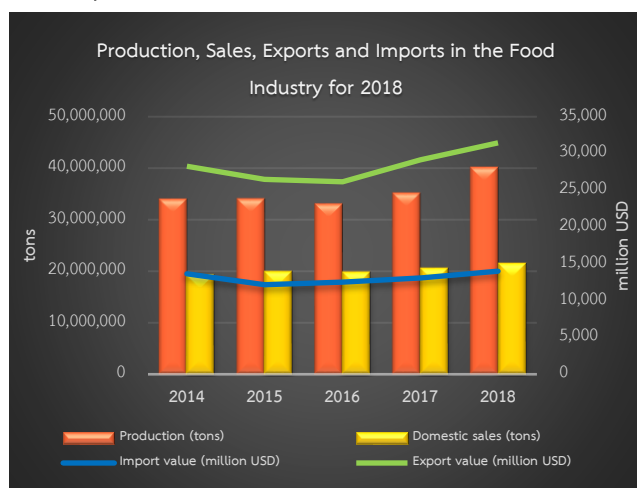
Gems and Jewelry Industry Outlook for 2019

Production and sales of gems and jewelry in 2019 are expected to expand from the previous year, partly as a result of the production of products to replace original stock that was sold in the previous year. The export of gems and jewelry (excluding gold) is expected to shrink partly due to concerns about the global economy that may slow growth and consumer confidence in key markets such as the US, Cambodia, Germany, India, Belgium, China and the UK, due to the ongoing impact of various situations in the past year, such as the case of BREXIT, the trade war between the US and China. Meanwhile, the overall output is expected to expand from the increasing price of gold in the world market.

Food Industry

In 2018, production in the food industry grew from 2017 to support increased agricultural output. The food industry was driven by export growth as demand continued to grow and with increased domestic consumption. The overall economic outlook continued to improve.

Production, Sales, Exports and Imports in the Food Industry for 2018



Source: Data for industry indexes, Office of Industrial Economics; Ministry of Commerce by grouping of the Office of Industrial Economics; the predicted figures in 2018

Food production in 2018 reached a volume of 40,212,383.241 tons, an increase of 14.21 percent (%YoY) in 2017, to support increased agricultural production, especially raw, white and refined sugar. Sugar cane production grew by 40-45 percent from the previous year, whereby production of crude and refined palm oil yielded much more than the previous year. Production of chilled and frozen chicken, processed chicken, canned tuna and canned sardines grew in order to support the demand for both domestic and international demand that continuously grew.

Food Industry Outlook for 2019

Production and exports in the food industry in 2019 are expected to expand compared to the previous year, based on positive factors such as the global economy which is likely to grow like previous year, the weakening Thai Baht with an upward trend in interest in the US, together with the increasing trend of export prices of agricultural and processed agricultural products such as rice, tapioca flour and canned pineapple. This is coupled with the continued expansion of essential products such as chilled and frozen chicken, processed chicken, canned tuna and canned sardines. In addition, another important product that is expected to grow are chilled and frozen shrimp from benefits whereby major manufacturers (India) reduced production volumes, despite risk factors of the uncertainty of trade barriers between the US with major trading partners such as Europe, Japan, as well as negotiations under the USMCA (United States-Mexico-Canada Agreement), the trade war between the US-China, risks from BREXIT and oil price fluctuation.

Domestic food sales in 2018 reached a volume of 21,546,159.471 tons, increasing by 4.37 percent from 2017 (%YoY), due to sales of sugar, vegetable oil, livestock, milk and instant noodles following the overall economy whereby domestic purchasing power continued to strengthen. This resulted in improved spending and consumption.

Exports in 2018 valued 31,447.72 million USD, a growth by 8.59 percent (%YoY) from 2017, due to increased exports in all major product groups, such as chilled and frozen chicken, processed chicken, canned tuna, canned sardines, raw sugar, tapioca starch, fresh durian and food seasonings, from the strong and recovering economies of major trading partners such as ASEAN, China, Japan and Europe, which helped support the demand for Thai products both directly and indirectly through the production supply chain.

Imports in 2018 valued 14,007.78 million USD, a growth by 7.15 percent from 2017 (%YoY), due to the increase in chilled and frozen tuna fish imports following demand of the canned tuna industry that expanded in 2018, including the import of oil crop including milk and dairy products to support the expansion of the animal feed industry, dairy industry and other foods that steadily expanded.