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Executive Summary

Summary of the Thai Industrial Economy in 2019 and Outlook for 2020

The industrial economic status in 2019, when considered from the Manufacturing Production Index (MPI), is projected to decreased by 3.8 percent, whereas the MPI grew by 3.6 percent in 2018. **Key industries that contracted in 2019 were (i) other rubber products (except tires)** decreased according to the volume of raw materials entering the market. This was due to natural disasters, epidemics, the Chinese market downturn, and the decreased ability to compete in prices. **(ii) Automobiles** contracted from a decline in the domestic market because of domestic economic slowdown, partly from the strictness of financial institutions in approving car loans. Furthermore, the export market contracted from the economic downturn of the trading partner countries. **(iii) Iron and steel** decreased in both long and flat products. Long steel products that contracted were wire rods, steel wires, and hot-rolled structural steel sections. This was due to the slowdown of related industries such as the construction industry. The construction of housing was affected by the Loan to Value (LTV) measure, which came into effect on April 1, 2019, resulting in a decline in sales and housing construction. Flat steel products that contracted were hot-rolled coils, tin plates, and chromium-coated steel sheets, as manufacturers in related industries imported low-priced products from overseas such as China and Japan. **However, industries with good growth in 2019 were (i) air-conditioners**—orders increased from overseas, especially from the United States. **(ii) Pharmaceutical products**—orders increased, especially in the form of tablets and powders. Some manufacturers were able to reach more international markets, resulting in increased production for exports..

Outlook for 2020

The Manufacturing Production Index (MPI) for 2020 is expected to grow in the range of 2.0 - 3.0 percent, with positive factors from the government's economic stimulus policies that are likely to come out periodically. Furthermore, investors moved production lines to invest in Thailand as a result of the trade war, and growth is forecasted to be driven by public investment from the progress of major investment projects, including operations under the Eastern Economic Corridor (EEC) roadmap.



Iron and Steel: The production is forecasted to increase slightly by around 0.0-0.5 percent compared to the same period last year. Supporting factors include continuous industrial expansion such as the construction industry, especially government infrastructure construction projects. This is coupled with various government stimulus measures following the Cabinet's resolution on November 26, 2019, such as supporting housing down payment for people with an income not more than 100,000 Baht per month, which is expected to help stimulate domestic demand, resulting in increased sales of housing.



Electrical Appliances: Compared to the previous year, the production and exports are projected to increase slightly by 1.5 percent and 2.0 percent, respectively, from both domestic and international factors, such as the government's stimulus measures to increase public spending. The government expects to have measures to boost the economy to recovery, and businesses will have to adjust to find new markets for exports.

↑ Electronics: The production and exports are forecasted to grow by 1.6 and 1.5 percent, respectively, compared to the previous year. The growth is forecasted from as the global economy gradually improves and is expected to enter the upward cycle of the global electronics industry. Also, when considering the leading products such as HDDs, manufacturers moved the production base from Malaysia to Thailand, resulting in increased orders from key markets.

↑ Automobiles: The automobile industry in 2019 is expected to produce approximately 2,050,000 units, an increase of 2.50 percent from the same period last year. Production for domestic sales is approximately 1,000,000 units, and production for exports is approximately 1,050,000 units, an increase of 5.00 percent from the same period of the year before. The production is divided into 40-45 percent for domestic sales and 55-60 percent for export production.

↔ Motorcycles: The production for exports is expected to be stable. The production volume of motorcycles is approximately 2,100,000 units. According to the above-projected production volume, it will be 85-90 percent for domestic sales and 10-15 percent for export production.

↔ Pulp, Paper and Print Media: The production is projected to grow slightly because of the slowdown in the domestic economy following the world's economic trend. Pulp, paper, and printed media, as well as publications such as calendars, notepads (diaries), and greeting cards for gifts during the New Year's, is expected to slow down from the previous year. Printing on the packaging is expected to continue to grow as the packaging market still has new markets to support, even though it has been affected by reduced exports.

↑ Ceramics: The production and domestic sales are forecasted to increase from domestic demand, which started to improve due to the expansion of the real estate sector, which was supported by the construction of large public utilities, especially along the sky train, with stimulus for investment from the business and private sectors. Furthermore, production is expected to increase to support growth in exports to the Japanese, Chinese, and ASEAN markets. However, exports to the United States may not grow much, due to the announcement of the suspension of the Generalized System of Preferences (GSP) to Thailand, causing higher tax costs, which will come into effect on April 25, 2020, impacting a total of 573 products, including ceramic products.

↑ Cement: The production and sales of cement (excluding clinker) are expected to increase slightly. The cement industry will still be able to expand from the domestic market demand, due to the acceleration of many large-scale projects such as the construction of expressways between cities and the development of high-speed electric trains and double-track trains for example, including private property investment along the sky train lines.

↔ Textiles and Apparel: It is expected that the production of textile fibers, fabrics, and ready-made apparel are expected to grow slightly compared to 2019. The growth is in line with the predicted export trend of artificial fiber products to the Chinese market, and apparel to the Japanese market and European Union. However, the global economy must be monitored, which is an external factor that may affect the industry.



Wood and Wooden Furniture: The production is expected to increase compared to last year to meet the needs of the market both domestically and internationally. At the same time, domestic wooden furniture sales are expected to increase compared to the previous year. This is a result of government stimulus measures that are expected to affect the growth of the real estate market and related industries. The export value of wood and wooden products is expected to increase compared to the previous year, from expanding export markets to new markets.



Pharmaceuticals: The production is expected to grow by 4.5 percent following the growing trend of the market, both domestically and internationally, especially the ASEAN market, which is the key export market for Thai pharmaceutical products.



Rubber and Rubber Products: The production of primary processed rubber, tires, and rubber gloves are expected to grow by 15.05 percent, 1.27 percent, and 3.04 percent, respectively, in line with the growing trend of foreign markets. Growth is especially forecasted in China, which is the main export market for primary processed rubber products, and the United States, which is the primary export market for tires and rubber gloves from Thailand.



Footwear and Leather Products: The production is expected that tanned and finished tanned leather will slowdown, from decreased demand for leather in the production of car seats, due to the downturn in the automotive industry. The trend is in line with exports of leather and tanned leather, and compressed leather products. The production of footwear is expected to slow down as operators with their brands turn to contract neighboring countries such as Myanmar, Cambodia, and Vietnam to produce instead, due to having lower production costs than Thailand. The production of luggage products is expected to grow, especially exports that are popular among foreign consumers, especially leather products and exotic leather products such as snakeskin, stingray skin, and Thai crocodile skin.



Gems and Jewelry: The production is projected to remain stable or increase slightly compared to the previous year, partially as a result of the global economic slowdown. Exports of gems and jewelry (excluding unwrought gold) are expected to increase, whereby consumers with purchasing power in key markets will still purchase gems and jewelry, especially products that have technology or innovation applied in production to increase product value. Overall, exports are also expected to grow from exports to make a profit from price differences, as the gold prices in the world market have increased to a higher level.

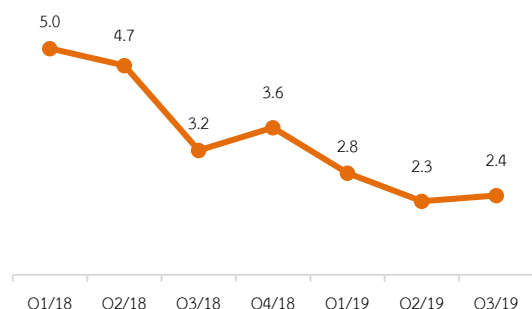


Food: The MPI and exports in 2020 are expected to grow slightly by 1.2-1.5 and 2.7-3 percent, respectively. This was due to positive factors from increased demand from key markets such as Japan to support the 32nd Olympics. The Chinese market has also grown orders for chilled and frozen chicken. China has approved more Thai poultry meat production and processing plants. Despite the negative factors such as raw materials of agricultural products—sugar and tapioca starch—that have been reduced by the effects of drought, the slowing global economy, uncertainty from the US-China trade war, and the appreciation of the Thai Baht; however, the world economy may recover next year but is still unclear.

Part 1 Summary of the Thai Industrial Economy in 2019 and Outlook for 2020

Thailand's Economic and Industrial Overview in 2019 and Outlook for 2020

GDP of the first three quarter grew by 2.5 percent
(%YoY)

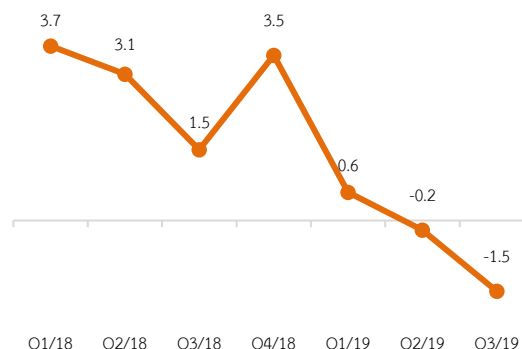


Source: Office of the National Economic and Social Development Board

Gross domestic product or GDP in the first three quarter of 2019, increased by 2.5 percent, but decreased from the first three quarter of 2018 (4.3 percent).

The first three quarter of 2019, agricultural production grew by 0.6 percent. Industrial production contracted by 0.4 percent. The service sector increased by 3.8 percent. Private consumption and consumer spending increased by 4.6 percent. Total investment grew by 2.6 percent, but exports of goods and services contracted by 5.0 percent.

Industrial Sector's GDP of the first three quarter grew by 0.4 percent (%YoY)



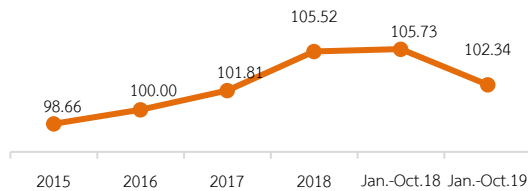
Source: Office of the National Economic and Social Development Board

The GDP of the industrial sector in the first three quarters of 2019 contracted by 0.4 percent, decelerating slightly from the first two quarters, which grew by 0.2 percent. The GDP contracted from the same period last year, which grew by 2.8 percent. There was a slowdown in the production of automobiles, petroleum products, and other rubber products. However, for the remainder of the year 2019, priority should be given to driving exports by driving the export of products that can benefit from trade barriers and promote the development of the production chain to be more efficient, etc.

Key Industrial Index

Manufacturing Production Index in

Jan. – Oct. 2019 decreased by 3.20 percent
(%YoY)



Source: Office of Industrial Economics

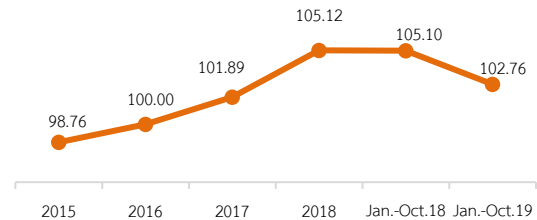
In the first 10 months (January - October) of 2019, the Manufacturing Production Index (MPI) was 102.34 points, a decrease of 3.20 percent from the same period last year (105.73 points).

Industries that contributed to the decrease of MPI in 2018 were the manufacture of other rubber products, automobiles, and refined petroleum products, etc.

Outlook for 2020, the MPI is expected to grow from 2019 due to continual investment in large-scale government projects such as the Eastern Economic Corridor and investments in infrastructure such as high-speed trains and double-track trains for example. Meanwhile, industrial confidence is likely to improve continuously.

Shipment Index in

Jan. – Oct. 2019 decreased by 2.22 percent
(%YoY)



Source: Office of Industrial Economics

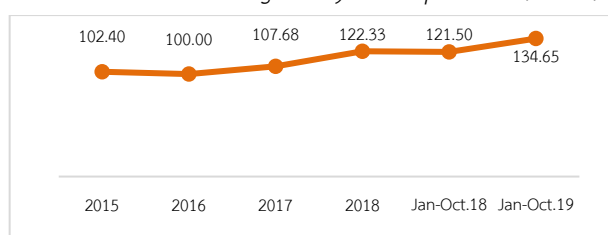
During the first 10 months (January - October) of 2019, the Shipment Index was 102.76 points, a decrease of 2.22 percent from the same period last year (105.10 points).

Industries that contributed to the decrease of the Shipment Index in 2018 were the manufacture of other rubber products, refined petroleum products, automobiles, etc.

Outlook for 2020, the Shipment Index is expected to grow in line with the above MPI (value added).

Finished Goods Inventory Index

In Jan. – Oct. 2019 grew by 10.83 percent (%YoY)



Source: Office of Industrial Economics

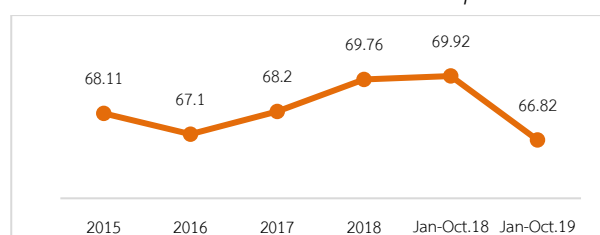
During the first 10 months (January - October) of 2019, the Finished Goods Inventory Index was 134.65 points, increasing by 10.83 percent from the same period of 2018 (121.50 points).

Industries that contributed to the growth of the Finished Goods Inventory Index from the same period in 2018 were the manufacture of automobiles, computers and peripheral equipment, electronic parts and circuit boards, etc.

Outlook for 2020, the Finished Goods Inventory Index is projected to grow from 2019 in line with the industry circumstance that continuing recovery.

Capacity Utilization Rate

In Jan. – Oct. 2019 was at 66.82 percent



Source: Office of Industrial Economics

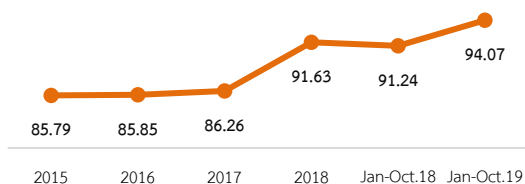
During the first 10 months (January - October) of 2019, the Capacity Utilization Rate was 66.82 percent, decreasing from the same period of 2018 (69.92 percent).

Industries that contributed to the decrease of the Capacity Utilization Rate from the same period in 2018 were the manufacture of electronic parts and circuit boards, refined petroleum products, automobiles, etc.

Outlook for 2020, the capacity utilization rate is expected to increase from 2019 due to investment in the large government infrastructure projects, such as driving the development project of the Eastern Economic Corridor (EEC), the dual-track railway construction project, the high-speed rail project connecting the 3 airports (Don Mueang, Suvarnabhumi, and U-Tapao) seamlessly, and attraction more foreign investors to invest in the country.

Industrial Sentiment Index

in January – October was at 94.07.



Source: The Federation of Thai Industries

During January – October 2019 (the first ten months), the Averaged Industrial Sentiment Index was 94.07 points, increasing from the same period of 2018 (91.24 points). Three-month forecast of Sentiment Index was 103.13 points, decreasing from the same period of 2018 (103.36 points).

Outlook for 2020, the Thai Industries Sentiment Index is expected to improve from 2019 because of budget disbursement of the 2020 budget is one part of strengthening the domestic economy, together with continual investment in large-scale government projects such as the Eastern Economic Corridor (EEC) and investments in infrastructure such as high-speed trains and double-track trains for example. However, the global economic slowdown must be monitored which may cause a slowdown in domestic investment as well.

Foreign Trade

"The value of foreign trade in 2019 (Jan-Oct) contracted from 2018 (Jan-Oct). The value of exports and imports contracted, partly due to the impact of the the US- China trade war, resulting in the global trade volume to slow down. Overall, the foreign trade balance remained in a surplus of 7,887.9 million USD."

Thailand's foreign trade in 2019 (Jan. – Oct.) reached a total value of 406,771.5 million USD. The export value dropped 2.4 percent compared to last year to a total value of 207,329.7 million USD. Import value dropped 4.1 percent compare to last year to a total value of 199,441.8 million USD. However, trade balance still in a surplus of 7,887.9 million USD in 2019.

Export Structure

Value and growth rate of exports



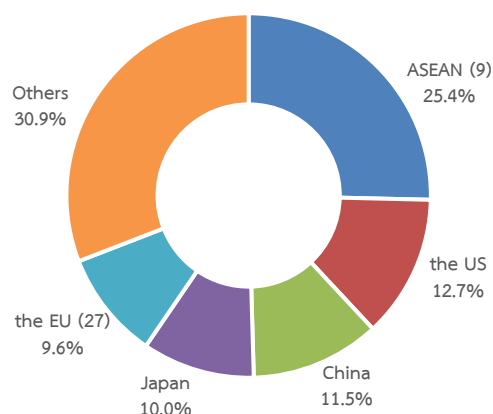
Source: Ministry of Commerce

Export value in 2019 (Jan. – Oct.) fell 2.4 percent to 207,329.7 million USD. When categorized the product groups, it was found that exports of agricultural products fell 4.91 percent to 18,425.8 million USD. Industrial products decreased 1.4 percent to 165,894.6 million USD. Ores and fuels decreased 19.0 percent to 7,466.7 million USD. However, the exports of agroindustrial products increased 0.8 percent to 15,542.6 million USD.

The export of industrial products in 2019 (Jan. - Oct.) fell 1.4 percent. Industrial products that decreased in export value were automobiles, accesories, and parts (a decrease of 4.0 percent to 23,387.1 million USD); computers, accessories, and parts (a decrease of 10.0 percent to 15,031.8 million USD); plastic pellets (a decrease of 11.1 percent to 7,744.1 million USD). However, growth rate of some products remained on the rise, such as gems and jewelry (an increase of 37.6 percent to 13,976.0 million USD); rubber products (an increase of 1.5 percent to 9,226.4 million USD); air-conditioners and parts (an increase of 1.9 percent to 4,711.1 million USD).

Export Markets

Export proportion classified by key export markets



Source: Ministry of Commerce

Import Structure

Value and growth rate of imports



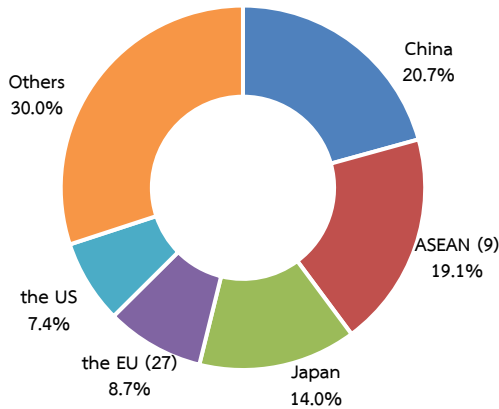
Source: Ministry of Commerce

In 2019 (Jan.-Oct.) proportions of export to key markets such as ASEAN (9 countries), the US, China, Japan, and the EU (27 countries) accounted for 69.1 percent of total exports. Compared to last year, exports to the US grew by 13.1 percent, whereas exports to ASEAN (9), the EU (27), China, and Japan fell 8.4 percent, 6.0 percent, 5.5 percent, and 0.3 percent, respectively.

Import value in 2019 (Jan. – Oct.) dropped by 4.1 percent to 199,441.8 million USD. When categorized the product groups, it was found that the imports of fuel products fell by 5.6 percent to 31,768.3 million USD. Capital goods fell by 3.7 percent to 51,395.7 million USD. Raw materials and semi-finished products fell by 8.5 percent to 78,010.6 million USD. Consumer goods rose by 2.2 percent to 23,225.4 million USD. Vehicles and transport equipment increased by 2.4 to 12,569.3 million USD and weaponry, military supplies and other products increased by 295.0 percent to 2,472.5 million USD.

Source of Imports

Import proportion classified by key import markets



Source: Ministry of Commerce

In 2019 (Jan. - Oct.), Thailand's key import markets were China, ASEAN (9 countries), Japan, the EU, (27 countries), and the US, which accounted for 70.0 percent of overall imports. When compared to the previous year, it was found that Thailand's key import markets of which the growth rate have increased were the US (18.6%) and ASEAN (0.4%), whereas the EU (27), Japan, and China decreased by 7.6 percent, 4.5 percent, and 0.4 percent, respectively.

Export Trends

Thai exports in 2019 (Jan-Oct) compared to the same period last year slowed down both in the overall and the industrial sector. The contraction was partially from the impact of the trade war between the US and China since 2018, which has caused concern in many countries around the world, causing the volume of trade in the world market to slow down. This can be reflected from Thailand's major trading partners such as ASEAN (9), the EU (27), China, and Japan, whose growth rate is declining. However, Thai exports to the US continued to expand.

Overall, Thai exports in the future will still face pressure from the global economic slowdown in almost every region, due to trade uncertainty between the US and China that has not yet settled. The trade war has undermined business confidence and investment planning in the world market, especially the manufacturing and export sectors. The protectionist trade measures between the two countries would result in higher trade costs from the tax barriers, and global trade in the production supply chain would slow down. Also, other economic pressures such as the direction of the Baht appreciation in the range of 30-31 Baht to the US dollar, fluctuations of crude oil prices, political instability, geopolitical risks in the EU and Hong Kong, and conflicts between Japan and South Korea may result in Thai exports to grow within a limited extent.

The World Economy in 2019

"The global economy, in general, is slowing down, especially in the export and production sectors. Meanwhile, inflation, interest rates, and the unemployment rate remained at a stable level."

Summary of Key Countries' Economic Indicators in 2019

	GDP	Inflation	MPI	Export	Import	Unemp.	Policy
	2019 ^F	2019 ^F	(OCT)	(JAN-OCT)	(JAN-OCT)	Rate ^F	Rate
the US	↑ 2.4	↑ 1.8	↓ 1.1	↓ 1.4	↓ 1.1	At 3.7	At 1.50-1.75
China	↑ 6.6	↑ 2.3	↑ 6.2	↓ 0.4	↓ 5.7	At 3.8	At 2.55
Japan	↑ 0.9	↑ 1.0	↓ 7.7	↓ 4.5	↓ 2.9	At 2.4	At -0.10
South Korea	↑ 2.0	↑ 0.5	↓ 2.5	↓ 10.4	↓ 5.7	At 4.0	At 1.25
Singapore	↑ 0.5	↑ 0.7	↑ 4.0	↓ 3.3	↓ 0.7	At 2.2	At 2.53
Thailand	↑ 2.9	↑ 0.9	↓ 8.5	↓ 2.4	↓ 4.1	At 1.2	At 1.50

Source: Gathered from www.ceicdata.com, www.imf.org, <http://www.oie.go.th>, <http://www.tradingeconomics.com>

Note: F is the forecasted number from IMF.

In 2019, the IMF estimated that the global economy would expand by 3.0 percent, down from 3.6 percent in 2018. Overall, the global economy in 2019 is continuously slowing down following the volume of world trade, which contracted. The main reason is the result of the US-China trade war, which is still in the process of negotiating for a mutual agreement.

In late 2019, the Federal Reserve had the resolution to reduce the policy interest rate by 0.25 percent from 1.75-2.00 percent to 1.50-1.75 percent, with the expectation that it will help boost the US investment in the next phase, in line with most key trading partners of Thailand. There is a tendency to relax monetary policy to support the growth of the domestic economy. The Office of the National Economic and Social Development Board predicted that in 2019, the Thai economy would expand at 2.6 percent.

Crude oil prices in the world market slowed down. The Dubai crude oil price in November 2019 stood at 61.91 USD/barrel, compared to November 2018 at 65.79 USD/barrel. For 2019 (Jan-Nov), the Dubai crude oil price averaged at 63.38 USD/barrel, compared to 2018, which averaged at 70.52 USD/barrel. However, the situation must continue to be monitored continuously. Currently, OPEC and partner countries have extended the period to reduce the production of crude oil, which will end in March 2020. The amount of US crude oil is expected to increase after the crude oil transportation pipeline from Canada to the United States resumes operations after the oil spill.

Also, the global economy still has issues that need to be monitored, including the confrontation with the uncertainty of trade pressures that spread throughout the world. Furthermore, there are exchange rate fluctuations, risks from political stability in the EU, disputes between the US and Iran, which may cause crude oil prices to rise, causing production costs to adjust accordingly. However, if the United States and China can successfully reach a trade agreement, it may be a variable to boost investor and business confidence, as well as the export and production sectors, which may increase gradually from these positive factors.

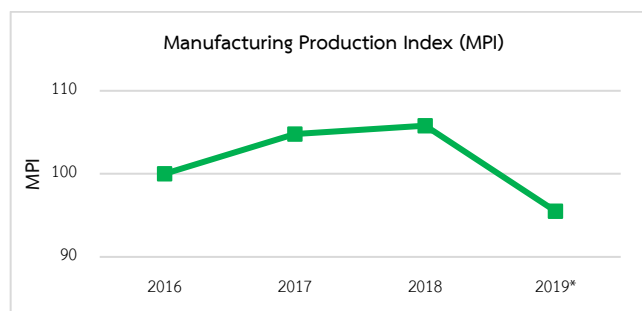
Part 2: Sectoral Industrial Economic Conditions of Thailand in 2019 and Outlook for 2020

Sectoral Industrial Economy of Thailand in 2019 and Outlook for 2020

Iron and Steel Industry

The MPI of the iron and steel industry in 2019* decreased in both long steel and flat steel products compared to 2018. Long steel products which fell were steel rods and hot-rolled structural steel sections, whereas flat steel products which dropped were hot-rolled steel coiled sheets and tin plates.

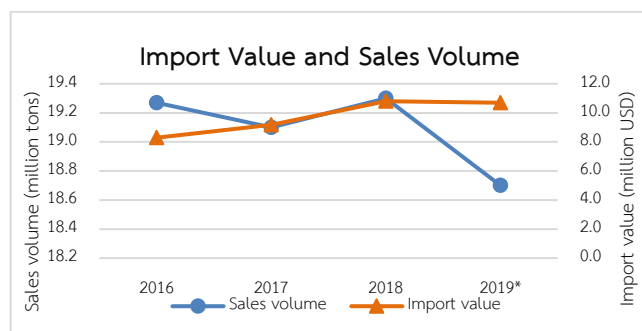
Manufacturing Production Index (MPI)



Source: Iron and Steel Institute of Thailand

* Forecasted numbers

Import Value and Sales Volume



Source: Iron and Steel Institute of Thailand

* Forecasted number

Production in 2019* is expected to decrease by 10.3 percent (%YoY) compared to last year to an MPI of 95.5 points. The contraction was in both long and flat steel products. Long steel products that contracted were wire rods, steel wires, and hot-rolled structural steel sections, from the slowdown of related industries such as the construction industry. The construction of housing was affected by the Loan to Value (LTV) measure, which came into effect on April 1, 2019, resulting in a decrease in sales and housing construction. Flat steel products that contracted were hot-rolled steel coiled sheets, tin plates, and tin free steel sheets, as manufacturers in related industries import low-priced products from overseas such as China and Japan.

Sales in 2019* was expected to reach 18.7 million tons, a decrease of 3.4 percent (%YoY) for both long and flat products. Long steel products that decreased in sales included hot rolled structural steel sections. Flat steel products that decreased in sales included hot-rolled steel sheets, cold-rolled steel sheets, and tin plates.

Import in 2019* was expected to value 10.7 million USD, a decrease of 1.7 percent (%YoY) for both long and flat steel products. Long steel products that decreased in imports were steel bars used in related industries such as automobile industry, cold-finished steel bars, and wire rods. Flat steel products that decreased in imports were carbon steel ERW pipes, other coated sheets, and EG galvanized steel sheets.

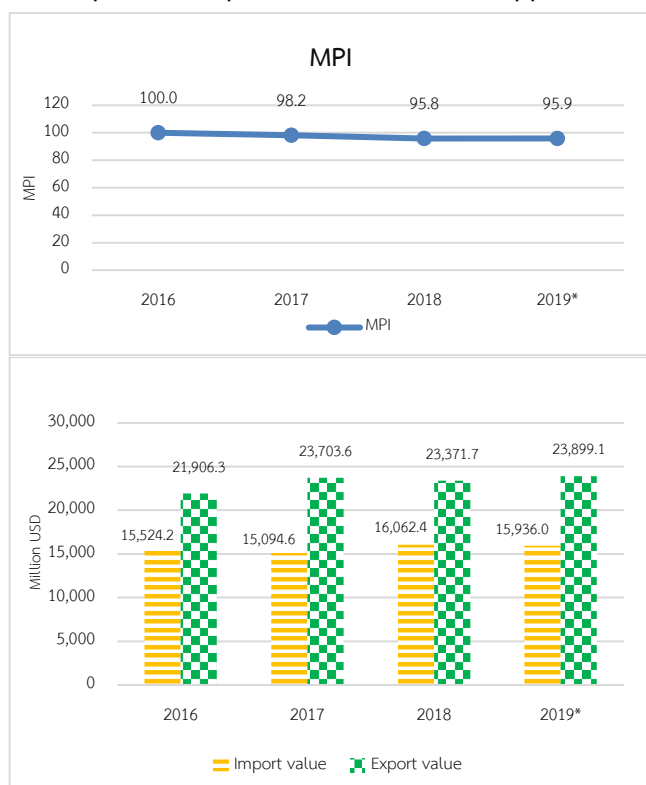
2020 Outlook for Iron and Steel Industry

The iron and steel industry in 2020 is expected to increase slightly by approximately 0.0-0.5 percent compared to the same period last year. Supporting factors include continuous industrial expansion such as in the construction industry, especially government infrastructure construction projects. This is coupled with various government stimulus measures following the Cabinet's resolution on November 26, 2019, such as supporting housing down payment for people with an income of not more than 100,000 Baht per month, which is expected to help stimulate domestic demand, resulting in increased sales of housing. Iron and steel consumption in 2020 are expected to be 18.8 million tons, an increase of 0.77 percent.

Electrical Industry

The production of electrical appliances in 2019 * remained stable compared to the year 2018, which increased by 1.7 percent from the increase in air-conditioners, refrigerators, and cables. Air-conditioning products increased in domestic sales and the export value has increased in the US and Japan markets.

MPI, Import and Export Value of Electrical Appliances



Source: Office of Industrial Economics & Electrical and Electronics Institute

* Forecasted number

Imports of electrical appliances in 2019* dropped 0.8 percent from the previous year (% YoY) to 15,936.0 million USD, due to the decline in imports of switch panels and electrical control panels, power generators, and electric motors from key markets such as ASEAN, the EU, China, and Japan.

2020 Outlook for Electrical Industry

The electrical appliances industry in 2020 is expected to increase in production and exports by 1.5 percent and 2.0 percent, respectively, compared to the previous year. The growth comes from expected positive factors both inside and outside the country, such as government stimulus measures to purchase goods at the end of 2019. The government expects to have measures to boost the economy to recovery, and businesses will have to adjust to find new markets for exports.

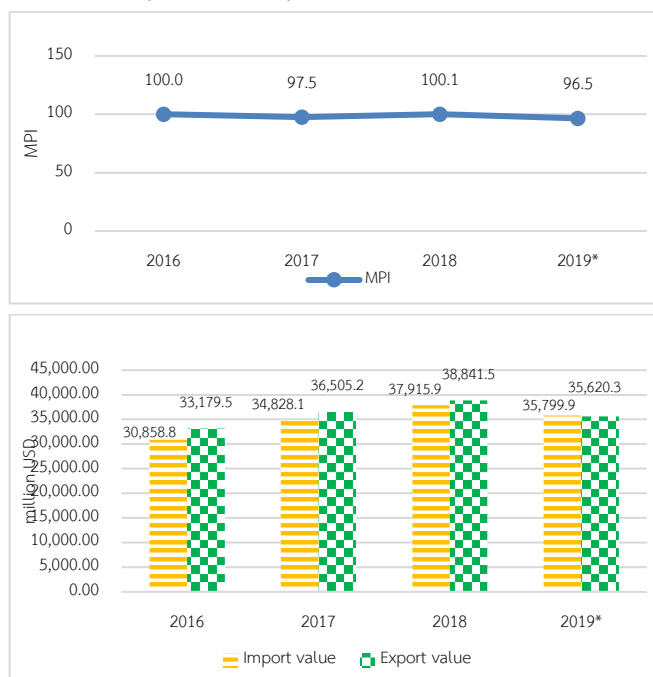
Production of electrical appliances in 2019 * remained stable compared to the previous year. The MPI was at 95.9, an increase of 1.7 percent (% YoY). Electrical appliances that increased in production were air-conditioners (15%), refrigerators (8.0%), and cables (6.6%). Production of air-conditioners have increased overseas orders, especially the US market. Refrigerators and cables have increased production following increasing orders from the US, China, and Japan markets. In contrast, the products that decreased in the production were transformers (27.6%), thermos (25.5%), electric cables (23.2%), washing machines (15.2%), microwaves (9.9%), rice cookers (7.9%), household fans (5.5%), compressors (2.4%), and electric motors (1.6%). This was due to the decline of domestic sales and orders from overseas, especially washing machines, electric transformers, and electrical cables exported to ASEAN, the US, China, and Japan markets which decreased.

Exports of electrical appliances in 2019* increased by 2.3 percent from the previous year (%YoY) to a value of 23,899.1 million USD, as a result of the increase in export of refrigerators and air-conditioners to the US market. Meanwhile, exports of washing machine dropped by 10.0 percent compared to last year, from decrease exports to China, Japan, ASEAN, the US, and the EU markets.

Electronics Industry

The production of electronic products in 2019 * fell 6.3% compared to the year 2018, with a decrease in HDDs, ICs, Semiconductors, PWBs, and PCBAs. The decline was a result of the contraction of the global electronic products and the reduction of export value in the key export markets, including Japan, ASEAN, China, the EU, and the US.

MPI, Import and Export Value of Electronics



Source: Office of Industrial Economics & Electrical and Electronics Institute

* Forecasted number

Imports of electronics in 2019* decrease by 5.6 percent from the previous year (% YoY) to 35,799.9 million USD, as key markets such as ASEAN, the EU, China, and Japan reduced the imports of computer components, accessories, and integrated circuits (IC).

2020 Outlook for Electronics Industry

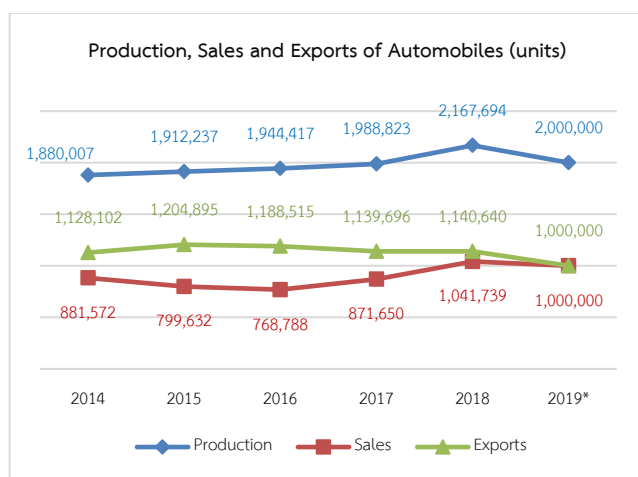
The electronics industry in 2020 is expected to increase in production and exports of electronic products by 1.6 and 1.5 percent, respectively, compared to the previous year. The growth is forecasted from as the global economy gradually improves and is expected to enter the upward cycle of the global electronics industry. Also, when considering the main products such as HDDs, manufacturers moved the production base from Malaysia to Thailand, resulting in increased orders from key markets.

Production of electronics in 2019* decreased by 6.3 percent compared to last year, reaching an MPI of 96.5. The products that contracted were semiconductors, HDD, PWB, other IC and PCBA by 18.3 percent, 8.3 percent, 6.5 percent, 5.5 percent, and 2.1 percent, respectively, compared to last year. The contraction was due to the slowdown in global electronic product demand, including the trade war affecting Thai exports.

Exports of electronics in 2019* valued 35,620.3 million USD, a decrease by 8.3 percent (%YoY) from the previous year; almost all key export markets contracted, including ASEAN, the EU, China, and Japan. Computer parts and equipment contracted by 24.9 percent, and integrated circuits (IC) contracted by 24.0 percent, due to the economic downturn. Electronic products that use middle-highly advanced technology changed in technology relatively quickly; some production bases relocated and some closed businesses caused by high costs. Exports of industrial products also contracted from the US-China trade protectionism policy through the supply chain and the slowing global economy, resulting in the contraction of electronic products exports.

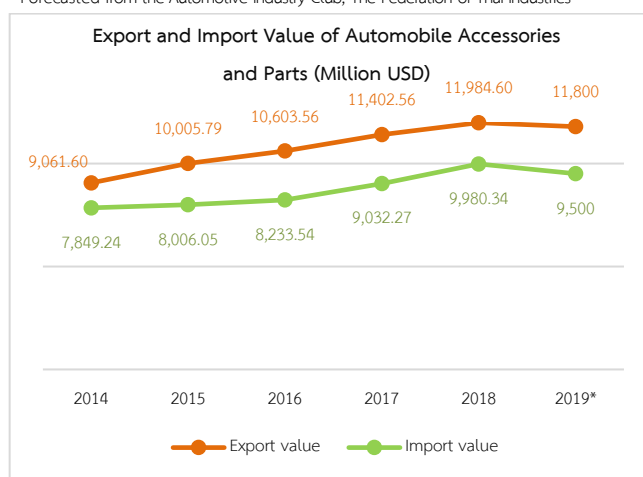
Automobile and Parts Industry

The automobile industry in 2019 is expected to slow down in production compared to the same period last year. It is a decrease in the domestic market due to the slowing domestic economy, partly from the strictness of financial institutions in approving car loans. Furthermore, the export market contracted from the economic slowdown of the trading partner countries.



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

* Forecasted 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

* Forecasted from the Office of Industrial Economics

Production of Automobile

In 2019, production of automobiles is expected to reach 2,000,000 units, a decrease of 7.74 percent compared to last year (2,167,694 unit). These consisted of 42 percent 1-ton pickup trucks, 56 percent for derivatives, and 2 percent for other commercial vehicles.

Domestic Sales of Automobile

In 2019, domestic automobile sales is expected to reach 1,000,000 units, a decrease of 4.01 percent compared to last year (1,041,739 units). The sales consisted 40 percent passenger cars, 41 percent 1-ton pickups, 14 percent PPVs and SUVs, and 5 percent other commercial automobiles.

Exports of Automobile

In 2019, exports of automobiles (CBU) were expected to reach 1,000,000 unit, a decrease of 12.33 percent from last year (1,140,640 units).

Export Value of Automobile Accessories and Parts

The export of automotive accessories and parts in 2019 is expected to be 9,500 million USD from the same period last year (9,980.34 million USD), which down 4.81 percent. Key export markets of automotive accessories and parts were Japan, Indonesia, and Malaysia.

Import Value of Automobile Accessories and Parts

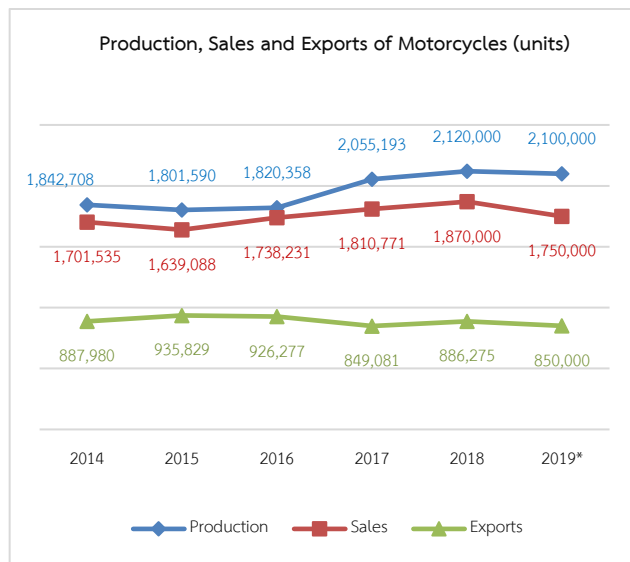
The import of automotive accessories and parts in 2019 is expected to be 11,800 million USD from the same period last year (11,984.60 million USD), which down 1.62 percent. Key import markets of automotive components and equipment were Japan, China, and the US.

2020 Outlook for Automobile Industry

The Office of Industrial Economics expects production of approximately 2,050,000 vehicles, an increase of 2.50 percent from the same period last year. Production for domestic sales is approximately 1,000,000 units, and production for exports is approximately 1,050,000 units, an increase of 5.00 percent from the same period of the year before. The production is divided into 40-45 percent for domestic sales and 55-60 percent for export production.

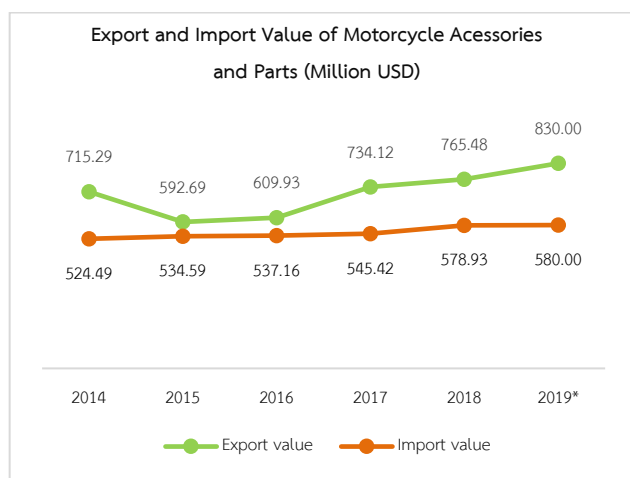
Motorcycle and Parts Industry

The production of the motorcycle industry in 2019 was expected to shrink compared to the same period last year because the demand for the domestic market and the export market decreased.



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 2019, production of motorcycles was expected to reach 2,100,000 units, a decrease of 0.94 percent from the same period last year which was 2,120,000 units.

Domestic Motorcycle Sales

In 2019, Thailand's domestic motorcycle sales was expected to reach 1,750,000 units, a decrease of 6.42 percent from the same period last year (1,870,000 units).

Motorcycle Exports (CBU & CKD)

The volume of motorcycle exports (CBU & CKD) of Thailand in 2019 was expected to reach 850,000 units (350,000 units of CBU and 500,000 sets of CKD) compared to the same period last year, which exported 886,275 units, down 4.09 percent.

Export Value of Motorcycle Parts

The export value of motorcycle parts in 2019 was expected to increase from 765.48 million USD to 830 million USD, an increase of 8.43 percent compared to the same period last year. The major export markets of motorcycle parts were Cambodia, Indonesia, and Japan.

Import Value of Motorcycle and Bicycle Accessories and Parts

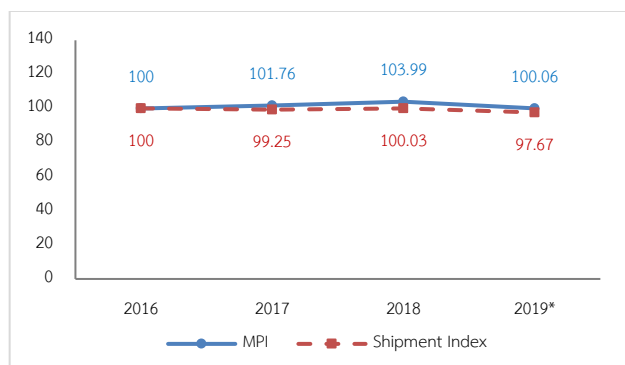
In 2019, import value was expected to increase from 578.93 million USD to 580 million USD, an increase of 0.18 percent compared to the same period last year. The major import markets for motorcycle and bicycle part and accessories were Japan, China, and Vietnam.

2020 Outlook for Motorcycle Industry

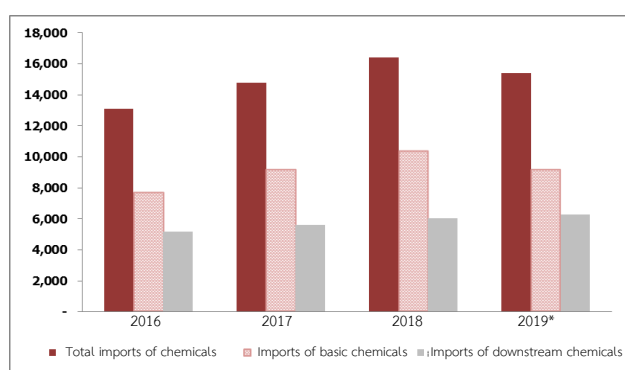
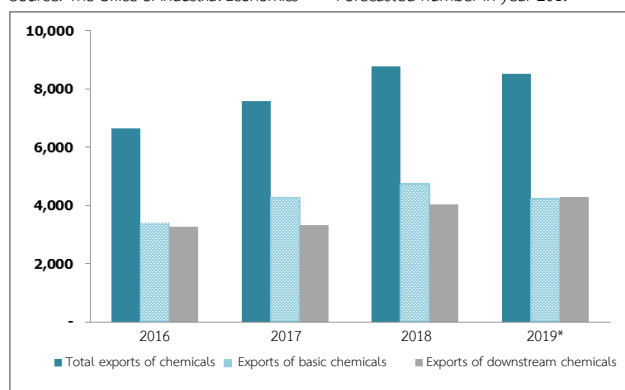
The Office of Industrial Economics estimates that production will be stable. The production volume of motorcycles projected to reach approximately 2,100,000 units, whereby 85-90 percent of production will be for domestic sales and 10-15 percent for exports.

Chemical Industry

The overall chemical industry in 2019 is expected to contract by 3.78 percent, compared to 2018, with exports expected to contract by 2.86 percent. The MPI and export indexes are expected to contract due to the slowdown in the domestic market and the economies of major trading partners. Imports are expected to contract by 6.06 percent.



Source: The Office of Industrial Economics * Forecasted number in year 2019



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

* Forecasted number in year 2019

The MPI in 2019 is expected to reach an index of 100.06, or contract by 3.78 percent compared to 2018. Products are projected to cause the MPI to contract to include a decline in chemical fertilizer of 22.46 percent, oil paints by 5.47 percent, and industrial paints by 2.35 percent.

The shipment index in 2019 is expected to reach 97.67, or contract by 4.42 percent compared to 2018. Products that contributed to the highest decrease in the shipment index were chemical fertilizers (25.47 percent) due to droughts and flooding, resulting in the decrease of domestic demands.

Exports of chemical products in 2019 are estimated to value 8,528.15 million USD, contracting by 2.86 percent compared to 2018. Products that are forecasted to contract in export values include chemical fertilizers by 23.46 percent, organic chemicals by 18.66 percent, and inorganic chemicals by 7.21 percent.

Import of chemical products in 2019 are expected to value 15,422.83 million USD, contracting by 6.06 percent compared to 2018. Imports are expected to contract in almost all product groups except cosmetics. The products with the highest value of imports that contracted were organic chemicals, which contracted by 24.75 percent.

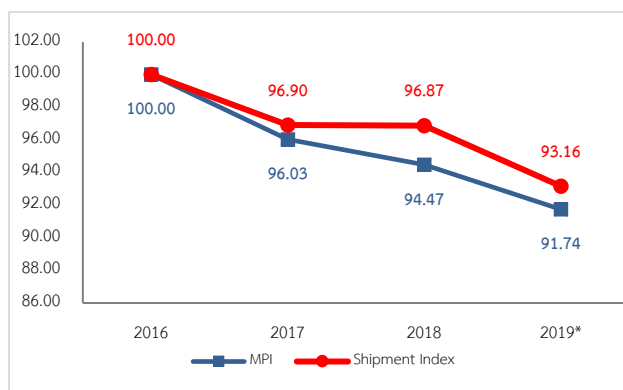
2020 Outlook for Chemical Industry

The MPI and export index in the chemical industry in 2020 is expected to grow by 2-3 percent compared to 2019. The trend of the chemical industry in 2020 has grown from the government's investment promotion policy related to bio-chemicals. However, factors that affect the growth of the chemical industry include the global economy, which is likely to slow down, and the continuous Baht appreciation.

Plastics Industry

The overall plastic industry in 2019 is expected to contract in MPI by 2.89 percent compared to 2018. Exports are expected to contract by 2.45 percent and imports to contract by 0.88 percent due to the global economic slowdown and the appreciation of the Baht.

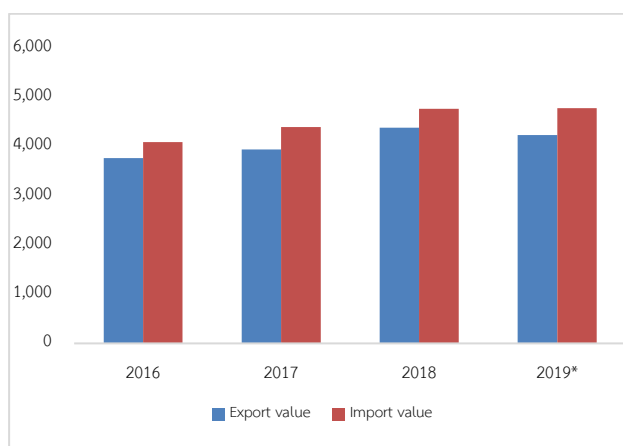
MPI and Shipment Index



The MPI in 2019 is expected to contract by 2.89 percent compared to 2018. Products that are expected to cause the production index to contract include tableware, kitchenware, and bathroom ware, with a decline of 15.10 percent, plastic sacks by 11.61 percent, and plastic sheets by 10.61 percent.

The shipment index in 2019 was expected to decrease by 3.83 percent compared to 2018, with a drop in almost all product groups except plastic pipes and couplings. Products that had the highest contribution in a decrease in the shipment index was plastic tableware, kitchenware, and toilet articles (14.76 percent).

Export/Import Value (million USD)



Source: Customs Department, Ministry of Finance & Office of Industrial Economics

* Forecasted number in year 2019

Exports of plastic products in 2019 is expected to drop 2.32 percent compared to 2018 to 4,229.63 million USD. Products that decrease in export value are monofilament (HS 3916); other articles of plastics (HS 3926); sanitary ware (HS 3922), which decreased by 28.78 percent, 8.76 percent, and 6.78 percent, respectively.

Imports of plastic products in 2019 is expected to decrease by 0.88 percent compared to last year to 4,77.96 million USD. Products that decrease in import value are articles for the conveyance or packing of goods (HS 3923), self-adhesive plates, sheets, film, foil, tape, strip, and other flat shapes, of plastics, whether or not in rolls. (HS 3919); other plates, sheets, film, foil, and strip, of plastics, non-cellular and not reinforced, laminated, supported or similarly combined with other materials (3920), which decreased by 3.36 percent, 2.30 percent, and 1.80 percent, respectively.

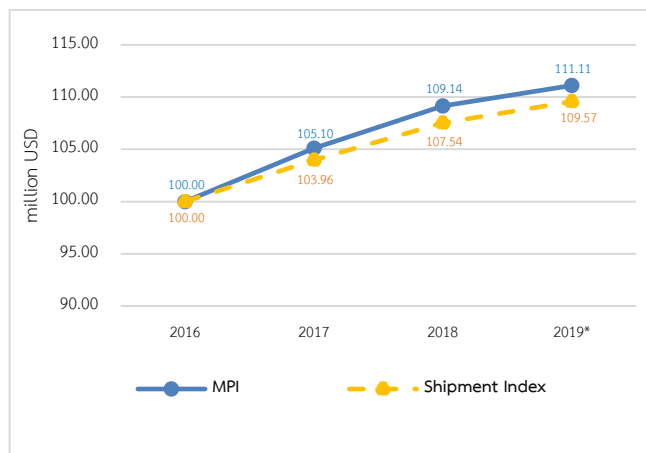
2020 Outlook for Plastics Industry

The MPI in the plastics industry in 2020 is expected to grow by 1-2 percent. Exports of plastic products are expected to grow by 3.5 - 4.5 percent compared to 2019. The trend of the plastic industry in 2020 is expected to grow slightly due to the government's investment promotion policy. However, there are still factors that will affect the growth of the plastic industry, such as the global economy, which is likely to slow, the appreciation of the Baht, and the disqualification of Generalized System of Preference (GSP) in Thailand.

Petrochemical Industry

The overall petrochemical industry in 2019, is expected to expand slightly compared to 2018, with the production and export index increasing by 1.80 and 1.89 percent from the 1-month closure factories. Exports are projected to continue to be pressured by the trade war.

Export value of petrochemical industry



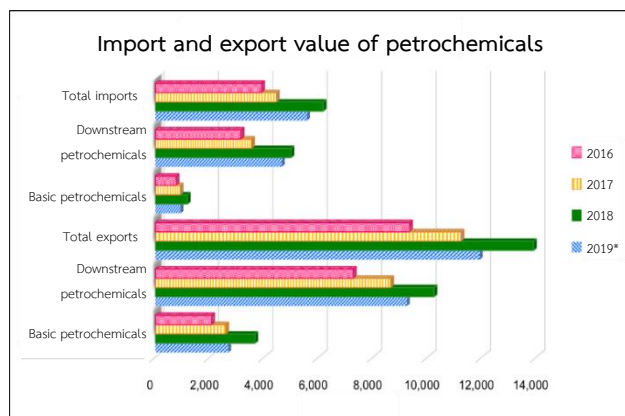
The MPI in 2019 is expected to increase by 1.80 percent from the same period last year (%YoY) to an approximate value of 111.11 million USD. Products that contribute to the expected growth are those mainly used for manufacture packaging and plastic products such as PET resin, EPS resin, PS resin, and PE resin, etc.

The shipment index in 2019 is expected to increase by 1.89 percent from the same period last year (%YoY) to an approximate value of 109.57 million USD. Products that contribute to the expected growth are those mainly used for manufacture packaging and plastic products such as SAN resin, PS resin, EPS resin, and PET resin, for example.

Petrochemical exports in 2019 are expected to drop 14.21 percent from the same period last year (%YoY) to an approximate value of 11,923.78 million USD. Products that contribute to the expected contraction are those mainly used for manufacture packaging and plastic products and construction products such as PE resin, PP resin, and PC resin, for example.

Petrochemical imports in 2019 are expected to drop 9.60 percent from the same period last year (%YoY) to an approximate value of 5,573.53 million USD. Products that contribute to the expected decline are packaging and plastic products and synthetic rubber such as PE resin, PP resin, BR rubber, and SR rubber, for example. The main reason that the export value and imports contracted were caused by fluctuations in oil prices in the world market, and the trade war between the United States and China, including the contraction of the world economy which is likely to enter a recession.

Import and export value of petrochemicals



Source: The Office of Industrial Economics and the Customs Department

Note * Predictions from the Office of Industrial Economics

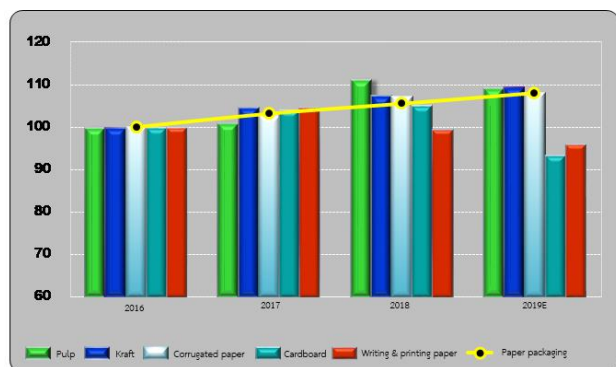
2020 Outlook for Petrochemical Industry

The production and export index in the petrochemical industry is projected to grow by 2-4 percent compared to 2019 due to the increasing demand for petrochemicals in ASEAN, together with supporting factors promoting the continued growth of the industry. The government also has policies to promote industrial investment in new industry groups (new S-curve) that focuses on the investment of products with special features and high performance, resulting in the continuous expansion of investment in the petrochemical industry in the Eastern Economic Corridor (EEC), which is an investment to expand and create added value to become an advanced petrochemical industry, which will be an important growth driver for the petrochemical industry in 2020.

Pulp, Paper and Print Media Industry

The pulp, paper and print media industry in 2019 decreased following the direction of the domestic market in the pulp, cardboard, and printing and writing paper. Meanwhile, craft paper and corrugated paper products for paper packaging also grew. Production was primarily for downstream industries as well as e-commerce businesses.

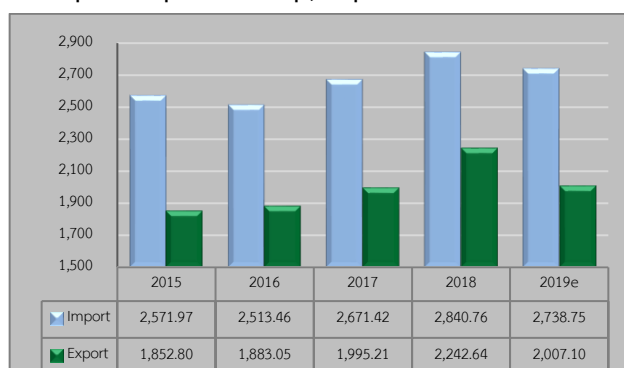
MPI in Pulp, Paper and Print Media Industry



Source: Office of Industrial Economics

Note: Data in 2019 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: Data in 2019 was estimated by the Office of Industrial Economics.

Paper production in 2019 is expected to increase (%YOY) from the craft paper, corrugated paper, and corrugated boxes by 1.98 percent, 0.75 percent, and 2.37 percent, respectively. The growth is driven mainly from the domestic market orders, which increased from trade through online platforms that continued to grow. As a result, the paper packaging group had a positive response. In addition, other major industries such as the food and beverage groups, automotive parts, pharmaceuticals, and medical supplies, cosmetics as well as e-commerce businesses increased in demand for paper packaging and are expected to continue to expand.

Exports of pulp, paper and print media in 2019 are expected to have a total export value of 2,007.10 million USD, a decrease of 10.50 percent (%YOY), contracting in all product groups. Pulp is expected to decline by 34.98 percent in wood dissolving pulp exports to trade partners such as China and France. For paper and paper products, exports are expected to decrease by 7.82 percent to major export markets such as Vietnam, Malaysia, and China. Books and print media are expected to contract by 9.00 percent in printed books, other publications, photographs, and decals, whereby the main export markets include Hong Kong, Japan, and the United States.

Imports of pulp, paper and print media in 2019 are expected value 2,738.75 million USD, a contraction by 2.18 percent (%YOY). Imports of pulp and print media are projected to decrease by 9.09 percent and 11.75 percent, respectively. Meanwhile, paper and paper products are expected to increase in imports by 2.10 percent, especially those that cannot be manufactured domestically, in reusable paper or cardboard. As for paper products, such as paper packaging, imports are expected to increase by 3.11 percent following domestic consumption.

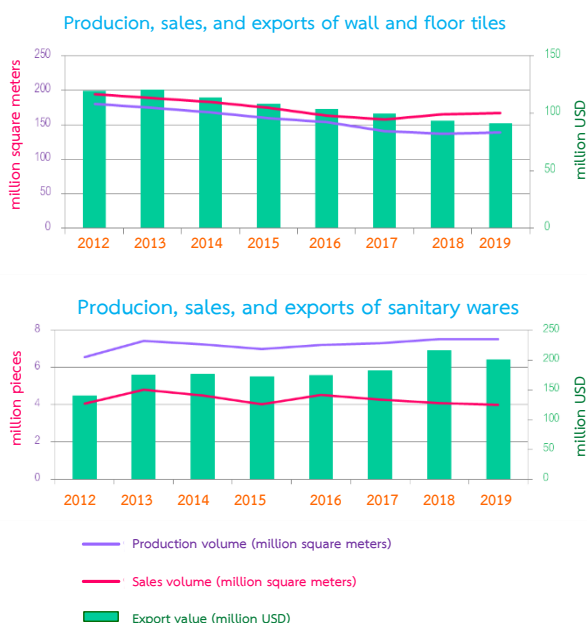
2020 Outlook for Pulp, Paper and Print Materials Industry

The production of pulp, paper, and paper packaging in 2020 is expected to not grow significantly due to the slowdown in the domestic economy, following the global economic direction. Pulp, paper and paper products, as well as print media such as calendars, notebooks (diaries), and greeting cards during New Year's Eve, are forecasted to slow down from the previous year. Printed packaging is expected to continue to expand as the packaging market still has new markets to support, even though it has been affected by reduced exports.

Ceramics Industry

The production volume and sales of ceramics in 2019 increased from the previous year, following the expansion of the domestic market and the demand that started to recover from the growth of the real estate sector. Exports contracted due to fewer orders from the CLMV markets, the US, and Japan.

Production, Sales, and Exports of Ceramics



Source: 1. Domestic Production and Sales: Office of Industrial Economics (forecasted numbers)
Note: From the survey of 13 wall and tiling factories and 34 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 2019, production of floor and wall tiles increase slightly by 1.35 percent (%YoY) to a production volume of 138.32 million square meters, from the expansion of the domestic market. Meanwhile, the production volume of sanitary ware was 7.51 million units, a slight decrease of 0.38 percent from the previous year (%YoY) due to the contraction of the domestic and export markets.

Sales: In 2019, sales volume of floor and wall tiles increase slightly from the previous year by 1.06 percent (%YoY) to 166.53 million square meters to support the expansion of the real estate sector. The sales volume of sanitary ware was 3.99 million pieces, a decrease of 2.90 percent from the previous year (%YoY).

Exports: In 2019, exports of wall and floor tiles decrease by 2.38 percent from the previous year (%YoY) to a value of 91.31 million USD. This was due to lower purchase orders from the CLMV market, especially Laos and Cambodia. The export value of sanitary ware reached 200.33 million USD, a contraction of 7.24 percent (%YoY) from reduced orders from the United States and Japan.

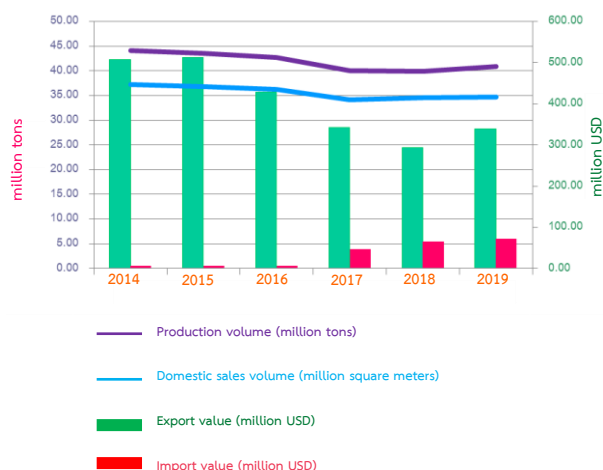
2020 Outlook for Ceramics Industry

Production and domestic sales of ceramics in 2020 are expected to increase from domestic demand, which started to improve due to the expansion of the real estate sector. The growth was supported by the construction of large public utilities, especially along the sky train, a stimulus for business investment, and from the private sector. The growth is also driven by production to support increased exports from the Japan, China, and ASEAN markets. However, exports to the US are not expected to grow significantly due to the announcement of the suspension of the Generalized System of Preferences (GSP) to Thailand, causing higher tax costs, which will come into effect on April 25, 2020, impacting a total of 573 products, including ceramic products.

Cement Industry

The cement industry in 2019 grew in production and sales compared to the previous year. The growth was driven by the construction of public utilities and large-scale government projects. The value of exports increased from neighboring countries, and the import value grew significantly from cheap cement from Laos PDR.

Production, Sales, Export and Import Value of Cement



Source: 1. Domestic Production and Sales: Office of Industrial Economics (forecasted number)
2. Export/import 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 2019, production increase by 2.36 percent (%YoY) to 40.82 million tons, from the growth of the domestic market and increased orders from Cambodia and Myanmar.

Domestic sales of cement (excluding clinker): In 2019, sales reached 34.76 million tons, a slight increase of 0.55 percent (%YoY) from the construction of infrastructure and the acceleration of large-scale government projects, including private property investment, especially following the sky train construction and investment in the EEC area.

Export/import of cement (excluding clinker): In 2019, export value increased by 15.14 percent from the previous year to 338.92 million USD. This was due to the increase in orders from several key export markets of Thailand, such as Myanmar, Lao PDR, Cambodia, Sri Lanka, Bangladesh, etc.

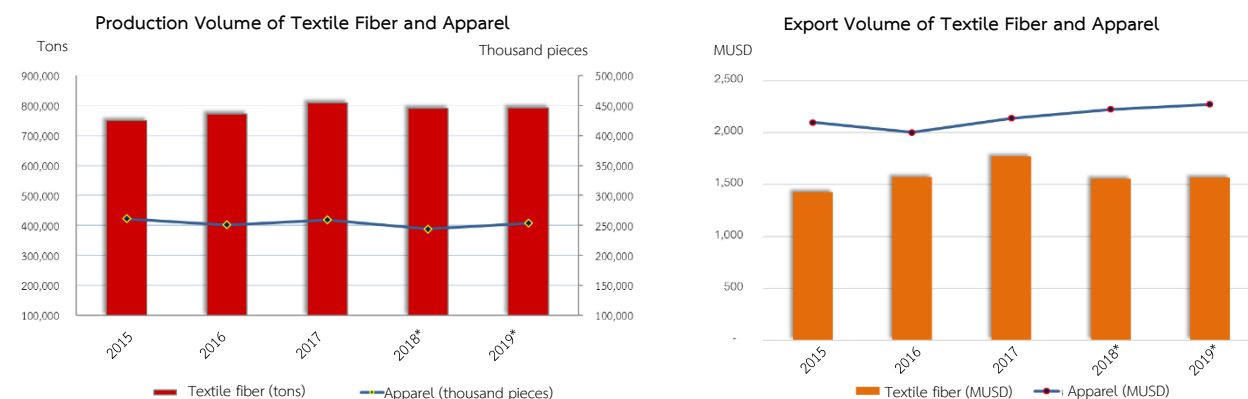
As for imports, the value increased by 10.73 percent from last year to 72.98 million USD.

2020 Outlook for Cement Industry

For the cement industry (excluding clinker) in 2020, production and sales of cement (excluding clinker) are expected to increase slightly. Growth is forecasted, even though the Organization for Economic Cooperation and Development (OECD) predicts that by 2020, the global economy will enter a recession with many negative factors such as the trade war between the US and China, a decline in business investment and political instability. However, the cement industry is still expected to grow from the domestic market demand due to the acceleration of large-scale projects such as the construction of inter-city expressways, high-speed electric trains, and double-track trains, for example, coupled with private property investment along the sky train line.

Textile and Apparel Industry

In 2019, it is expected that the production of textile fibers, fabrics and apparels will slow down following the economic conditions of trading partner countries. The exports of garments are forecasted to increase value from the export of men and women apparel to the US, the EU, and Japan, partially from the ability to upgrade the production and design by Thai entrepreneurs, resulting in higher value-added.



Source: Office of Industrial Economics & Ministry of Commerce

* forecasted numbers in 2019-2020

Production

Textile fibers, fabrics and apparel are expected to decrease by 2.4 percent, 8.4 percent, and 5.88 percent, respectively, compared to the previous year. The decline is in line with the relatively slow export market due to the uncertainty of the economic conditions of trading partner countries, especially China and the US, coupled with declining domestic consumer demand.

Domestic Sales

Textile fibers, fabrics and apparel are expected to decrease by 0.8 percent, 0.7 percent, and 1.2 percent respectively due to demand for raw materials, both for exports and domestic consumption, which decreased. Garments contracted partly as a result of consumers' interest in buying fashionable clothes from foreign countries, in cheap clothes imported from China and Vietnam.

Exports

The textile fibers and fabrics are expected to decrease by 12.3 percent and 3.9 percent, respectively, partly due to the global economic slowdown, resulting in a decrease in the purchase of raw materials for production. However, artificial fibers are still expected to grow in the US market.

Apparel are expected to increase by 3.9 percent due to the expansion of exports of men and women apparel to the US, EU, and Japanese markets, partially from the ability to upgrade the Original Design Manufacturer (ODM) of Thai entrepreneurs, resulting in higher value-added.

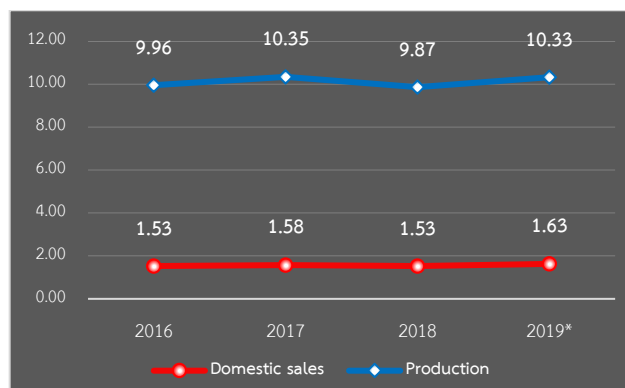
2020 Outlook for Textiles and Garments Industry

Overall, the textile and garments industry is forecasted that the production of textile fibers, fabrics, and garments are expected to grow slightly compared to 2019, in line with the expected export trend of artificial fiber products to the Chinese market and apparel to the Japanese market and the EU. However, the global economy must be monitored, which is an external factor that may affect the industrial sector. As for imports, it is expected that cheap raw materials will be imported from foreign countries to replace some of the domestic raw materials, such as fabrics.

Wood and Wooden Furniture Industry

In 2019, production and domestic sales of wooden furniture are likely to increase by 4.66 percent and 6.54 percent compared to the previous year, respectively, from production to meet the needs of the domestic market. The export value of wood and wooden products is expected to decrease by 7.48 percent compared to the previous year, from reduced exports in all product groups.

Domestic Production and Sales of Wooden Furniture
(million pieces)



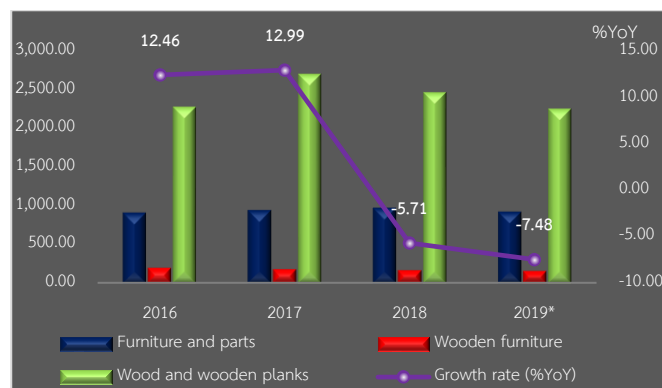
Source: Office of Industrial Economics

* forecasted numbers in 2019

Production of wooden furniture: In 2019, production is expected to reach 10.33 million units, an increase of 4.66 percent compared to the previous year, caused by production in response to higher domestic demand.

Domestic sales of wooden furniture: In 2019, sales are expected to reach 1.63 million units, an increase of 6.54 percent compared to the previous year, as a result of continuously stimulating the market through the exhibition of furniture and home decoration products throughout the year. Therefore, the domestic sales of wooden furniture have continuously increased since the first quarter of 2019.

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

* forecasted numbers in 2019

Exports of wood and wooden products: In 2019, exports are expected to reach a value of 3,320.36 million USD, down 7.48 percent compared to the previous year, divided into furniture and parts, wooden products, and wood and wooden sheet products. The export value is expected to reach 920.44 million USD, 147.47 million USD, and 2,252.45 million USD, contracting by 4.95 percent, 6.01 percent, and 8.56 percent compared to the previous year, respectively. The contraction is partly a result of reduced consumer demand, especially the demand for lumber, which decreased significantly in the Chinese market.

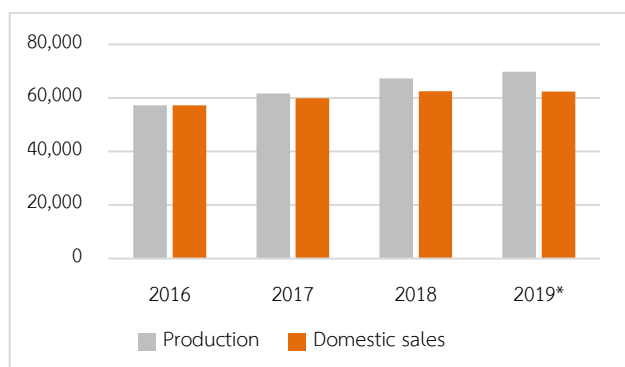
2020 Outlook for Wood and Wooden Furniture Industry

The production of wooden furniture in 2020 is predicted to increase compared to last year, from the production to meet the needs of the domestic and international markets. Meanwhile, domestic sales of wooden furniture are expected to increase compared to the previous year. This is a result of government stimulus measures that are expected to affect the growth of the real estate market and related industries. The export value of wood and wood products is expected to increase compared to the previous year, from expanding export markets to new markets.

Pharmaceutical Industry

Production and domestic sales volumes in 2019 were expected to increase from the previous year, following the expansion of overseas markets. Exports also expanded in ASEAN market, especially Vietnam, Cambodia, and Singapore.

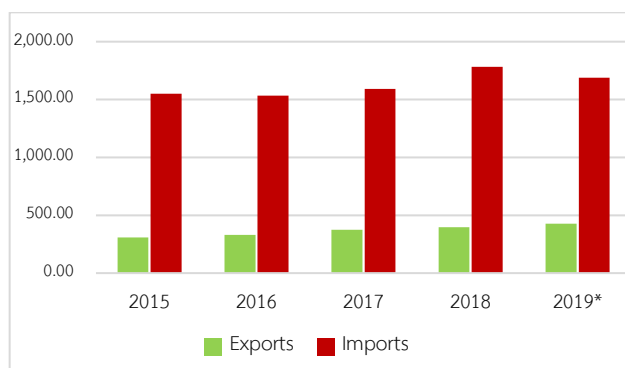
Domestic Production and Sales (tons)



Source: Office of Industrial Economics

* forecasted numbers in 2019

Pharmaceuticals Import-Export Value (Million USD)



Source: Ministry of Commerce & the predicted figures in 2019

* forecasted numbers in 2019

Production of pharmaceuticals: In 2019, production is expected to increase by 3.66 percent from the previous year to 69,746.26 tons, which is an increase in the production of medicinal tablets, capsules, injections, creams, and powder. This is in line with increasing orders, especially the production of medicinal tablets and powder, which some manufacturers can market more internationally, resulting in the increase of production for exports. Production of liquid medicines is expected to decrease because of the limited sales volume in some liquid medicines.

Sales of pharmaceuticals: In 2019, sales are expected to reach 42,403.32 tons, a decline of 0.18 percent from the previous year. In general, the sales of pharmaceuticals by domestic producers are still expanding, whereby only sales of liquid medicine and ointments are expected to decrease due to limited sales volume and fewer orders from the wrong use of pharmaceuticals in 2018.

Exports of pharmaceuticals: In 2019, exports are expected to increase from the previous year by 7.63 percent to 427.72 million USD. This is due to good growth in Vietnam, Cambodia, Singapore, Myanmar, and Japan markets. Imports of pharmaceuticals decreased by 5.18 percent from the previous year to 1,689.70 million USD., from the decrease in imports of original medicines from Switzerland, Germany, Pertoerico, the UK, and the cheaper generic medicines from India.

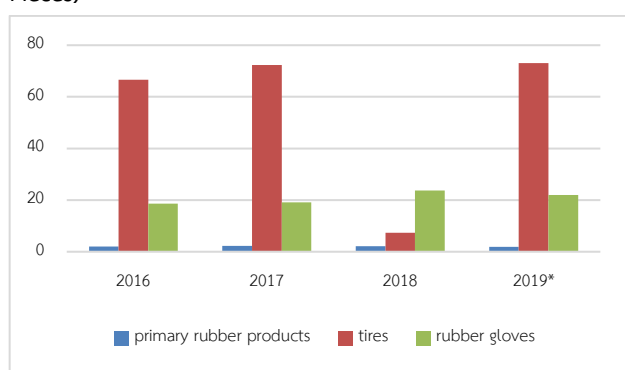
2020 Outlook for Pharmaceutical Industry

Production of pharmaceuticals in 2020 is expected to increase by 4.54 percent following expansion of both domestic and international markets, especially in ASEAN markets which are the main export markets for Thai pharmaceuticals.

Rubber and Rubber Products Industry

Production of tires and rubber gloves in 2019 decreased from the previous year due to a slowdown in the replacement market and the domestic automotive industry. Furthermore, the higher cost burden caused reduced ability to compete. For upstream processed rubber products, production decreased due to the decrease in rubber entering the market and the slowdown in the Chinese market.

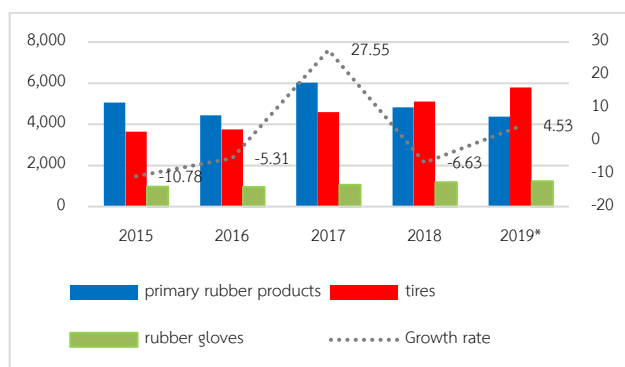
Production volume of processed rubber in primary forms, tires and rubber Glove (Million Tons/Million Tires/Billion Pieces)



Source: Office of Industrial Economics

* forecasted numbers in 2019

Export Value of processed rubber in primary forms, tires and rubber Gloves (million USD)



Source: Ministry of Commerce

* forecasted numbers in 2019

Production of processed rubber in primary forms, tires and rubber gloves

in 2019 is expected to reach 1.86 million tons, 73.07 million tires, and 21,980.16 million units, respectively, a contraction by 15.45 percent, 0.44 percent, and 7.43 percent respectively, following the number of raw materials entering the market. The decline was caused by natural disasters and epidemics, the Chinese market downturn, a slowdown in the domestic automotive industry, and weaker price competitiveness.

Sales of processed rubber in primary forms, tires and rubber gloves

in 2019 are expected to reach 4.32 hundred thousand tons, 44.87 million tires, and 3,109.27 million units, respectively; a contraction by 0.23 percent, 2.37 percent, and 9.55 percent respectively, as the replacement market slowed down. There was also a decline in domestic car production and a change in the marketing policy of some rubber glove manufacturers to more direct exports.

Exports of processed rubber in primary forms, tires and rubber gloves

in 2019, is expected to reach a value of 4,378.08 million USD, 5,784.46 million USD and 1,233.37 million USD, respectively, compared to the previous year. Exports of upstream processed rubber decreased by 4.86 percent, due to the slowdown in the Chinese market. Meanwhile, exports of car tires and rubber gloves are projected to increase in value by 13.18 percent and 3.76 percent, respectively, due to the growth of the export market, especially the US.

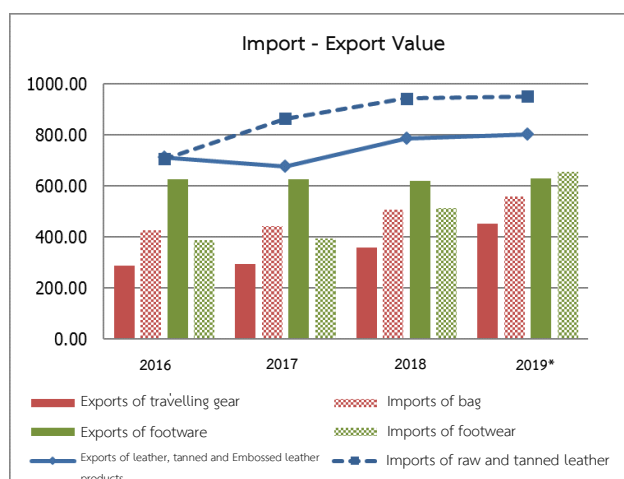
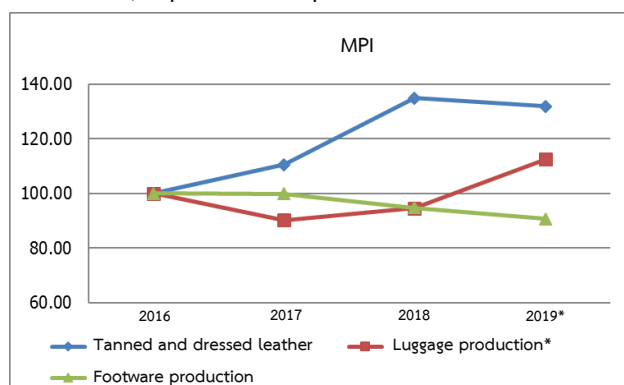
2020 Outlook for Rubber and Rubber Products Industry

The production of processed rubber in primary forms, tires and rubber gloves in 2020 is expected to grow by 15.05 percent, 1.27 percent, and 3.04 percent, respectively, following the growth of foreign markets, particularly China which is a key export market for processed rubber in primary forms and the US for tires and rubber gloves.

Footwear and Leather Products Industry

In 2019, tanned and dressed tanned leather production slowed down by 2.18 percent as the demand for leather in the production of car seats decreased due to the slowdown of the automotive industry. Production of footwear dropped 4.20 percent due to increased demand for brand-name products, resulting in the import of such products from foreign countries to replace production. Production of luggage products increased by 18.83 percent due to the continuation of both domestic and international orders.

Production, Exports and Imports (million USD)



Source: 1. MPI- Office of Industrial Economics;
2. Export/Import Value - Information and Communication Technology Center, Office of the Permanent Secretary;

*includes handbags and similar products, saddles, and harnesses;

Data in 2019 is the forecasted numbers.

Production

Tanned and dressed leather: In 2019, the MPI slowdown 2.18 percent compared to the previous year, as the demand for leather in the production of car seats decreased due to the slowdown of the automotive industry. Furthermore, the production of footwear slowed down by 4.20 percent due to increased demand for brand-name products, resulting in the import of such products from foreign countries in replacement of production.

Luggage products*: The MPI increased by 18.83 percent compared to the previous year due to the continuation of both domestic and international orders.

Export-Import

Exports in 2019 increased by 3.41 percent compared to the previous year to a total value of 1,886.09 million USD. This was a result of increasing export value of travel appliances which increased by 14.65 percent. Key export markets were the US, China, and Switzerland.

Imports in 2019 increased by 10.22 percent compared to the previous year to a total value of 2,165.28 million USD, from imports of raw and tanned leather, bags and shoes which increased by 5.89 percent, 6.52 percent and 21.01 percent, respectively. Key import markets were Denmark, Argentina, Italy, France, China, Vietnam, and Indonesia.

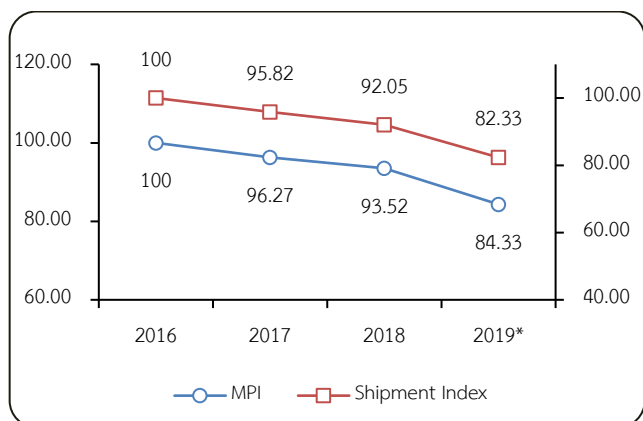
2020 Outlook for Footwear and Leather Products Industry

The production of footwear and leather in 2020, is expected that tanned and dressed tanned leather will slow down, as the demand for leather in the production of car seats decreases due to the slowdown of the automotive industry. The contraction is also in line with exports of leather, tanned leather and pressed leather products, as well as the production of footwear which is expected to slow down, as operators with their brands turn to hire neighboring countries such as Myanmar, Cambodia, and Vietnam for production, due to having lower production costs than Thailand. For the production of luggage products, there is a direction to expand, especially exports as foreign consumers have a preference for leather products and exotic leather products such as snakeskin, stingray skin, and Thai crocodile skin.

Gems and Jewelry Industry

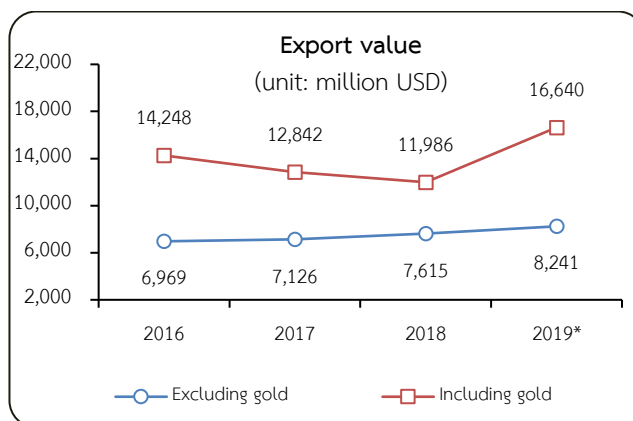
Production and sales of gems and jewelry in 2019 decreased by 9.83 percent and 10.56 percent, respectively, compared to the previous year, as most businesses focus on exporting products in stock instead of producing new products. This coupled with the business model adjustment of businesses from mass production into a production model based on customization, which has higher added value.

Production, Sales, and Exports



Source: Office of Industrial Economics and Office of the Permanent Secretary, Ministry of Commerce;

* forecasted numbers in 2019



Production of gems and jewelry in 2019 decreased by 9.83 percent in quantity when compared to the previous year. Most businesses focused on exporting products in stock instead of producing new products, coupled with the adjustment of the business models of entrepreneurs from mass production, to be a production model based on customization, which has higher added value.

Sales of gem and jewelry in 2019 decreased by 10.56 percent in quantity compared to the previous year, partly as a result of consumer behavior, especially the new generation of consumers who prefer to wear minimal but high-value jewelry.

Exports of gem and jewelry (excluding gold) in 2019 grew by 8.22 percent compared to the previous year. The growth followed the economic conditions of many trading partner countries that started to recover, such as Hong Kong, the US, India, and the EU, especially the export of precious metal products and other precious metal clad products. The export value grew by 246.38 percent from the value of 286.03 million USD in 2018 to 990.73 million USD in 2019. Overall, exports increased by 38.83 percent as the value of unwrought gold exports increased by 92.15 percent, in line with the rising gold price in the world market since July 2019.

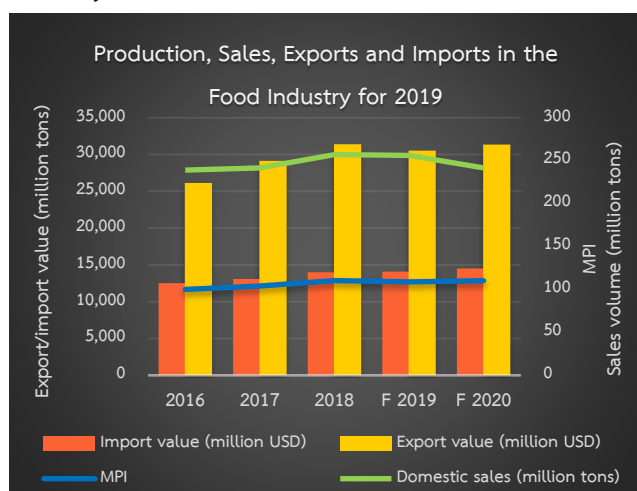
2020 Outlook for Gems and Jewelry Industry

In 2020, it is expected that gem and jewelry production as a whole will remain stable or grow slightly compared to the previous year, partially a result of the global economic slowdown. Exports of gems and jewelry (excluding unwrought gold), is expected to increase, following the purchasing power in the main market, which still has a demand to consume gems and jewelry, especially products that have technology or innovation applied in production to increase product value. Overall, exports are expected to grow from exports to make a profit from price differences, as the gold price in the world market has increased. Imports of gems and jewelry (excluding unwrought gold) are expected to grow from an increase in imports of gems and genuine jewelry. The growth is expected from the positive direction of the consumer confidence index and the increasing demand for luxury goods to show social status; likewise, for overall imports.

Food Industry

The overall production and export index of the food industry in 2019 declined slightly compared to the previous year, from the relatively stable domestic purchasing power due to the consumer's economic worries. This was coupled with the reduced raw materials due to the effects of droughts, incentive prices, and the high base of last years such as sugar, tapioca flour, canned pineapple, canned sweet corn, and coconut milk. In addition, international markets decelerated following the global economy and Baht appreciation.

Production, Sales, Exports and Imports in the Food Industry for 2019



Source: Data for industry indexes, Office of Industrial Economics;
Ministry of Commerce by grouping of the Office of Industrial Economics;
* forecasted numbers in 2019

Food production of food in 2019 stood at 108.9, a slight contraction from 2018 by 1.1 percent (%YoY) due to fewer raw materials due to the effects of droughts, incentive prices, and a high base in the previous year, such as granulated sugar, tapioca flour, canned pineapple, canned sweet corn, and coconut milk. In addition, international markets decelerated following the global economy. Meanwhile, the MPI for palm oil, chilled and frozen children, instant noodles, animal feed, and beverages, continued to expand.

2020 Outlook for Food Industry

The overall MPI and exports of the food industry in 2020 are expected to grow slightly by 1.2-1.5 percent and 2.7-3 percent respectively, due to positive factors from increased demand from foreign countries in major markets such as Japan, to support the 32nd Olympics. The Chinese market has also increased orders for chilled and frozen chicken. China has approved more Thai poultry meat production and processing plants. The growth of the food industry is expected, despite negative factors such as reduced agricultural raw materials due to droughts, such as sugar and tapioca flour, together with the slowing global economy, uncertainty from the US-China trade war and the appreciation of the Baht. However, the world economy may recover next year but is still unclear.

Domestic food sales in 2019 reached 255.9 million tons, a slight contraction of 0.5 percent in 2018 (%YoY). The contraction was due to sales in rice bran oil, monosodium glutamate, instant pork meals, and instant shrimp meals, following the overall domestic economy, whereby the purchasing power remained relatively stable, due to the consumer's economic worries.

Exports in 2019 valued 30,538.7 million USD, a slight contraction from 2018 by 2.8 percent (%YoY) due to the decline in exports in key products such as rice, cassava product (cassava chip and tapioca flour); fresh, chilled, and frozen shrimp; canned tuna, canned pineapple, canned sweet corn, and white sugar from key trading countries such as ASEAN, CLMV and the EU. Negative factors included the slowing global economy and the strength of the Baht, resulting in the reduced-price competitiveness of Thai exporters.

Imports in 2019 valued 14,089.8 million USD, a slight increase from 2018 by 0.5 percent (%YoY) due to the increase in the number of oilseeds (soybeans), in response to the demand of the soybean and feed industry that grew in 2019. The growth was supported by the import of milk and milk products to support the expansion of the dairy and other food industries that continued to grow, including the import of coffee, tea, and spices to support the growth of the coffee industry.

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