



# Report on the Industrial Economics Status in Q1/2023 and Outlook for Q2/2023



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## Executive Summary

### Summary of Thai Industrial Economic Status in Q1/2023

The industrial economic status in Q1/2023, when considered from the Manufacturing Production Index (MPI) contracted by 3.9 percent, a continued decline from Q4/2022, which saw a contraction of 6.0 percent. The shrinkage was partly due to the contraction of production for exports in many sectors from the continued slowdown in the global economy. However, many industries focused on the domestic market, including tourism-related ones, and continued to expand. Key industries that contracted in Q1/2023 included hard disk drives, mainly due to the global economic slowdown and consumer purchasing power that declined after the COVID-19 situation eased. Furniture from wooden and metal furniture products contracted due to the slowdown in demand for plastic pellets from decreased exports, coupled with manufacturers slowing down production to observe the market's direction. Additionally, some factories remained closed for maintenance. Industries that showed good growth in Q1/2023 included automobiles from increased orders from export markets, while the domestic market continued to slow down. Oil refineries grew as the Thai tourism sector recovered quickly after the country's reopening to foreign tourists in the middle of last year. As a result, domestic fuel consumption for transportation recovered to near-normal levels.

### Key Industries Outlook for Q2/2023



Iron and Steel: The industry is expected to contract slightly compared to the same period last year due to fluctuating energy costs, which may impact steel prices in the global market and affect steel demand. However, the country's steel industry expansion may be supported by ongoing infrastructure construction and government industrial support policies.



Electrical Appliances Industry: The Manufacturing Production Index and export value are expected to grow from the improving COVID-19 situation in Thailand's main export markets, positively affecting the growth of the electrical appliance industry. Additionally, the demand for new electrical appliances that focus more on health, such as air purifiers and air conditioners, are contributing factors.



Electronics Industry: The Manufacturing Production Index is expected to contract by 5.0 percent due to energy price fluctuation. As a result, business operators have to bear the burden of increasing production costs. Furthermore, the shortage of raw materials used in production resulted in insufficient production. However, electronic components are still necessary to develop information technology systems.



Automobile: It is estimated that over 450,000 units will be produced in the Q2/2023, with approximately 50-55 percent for domestic sales and 45-50 percent for export.



Motorcycle: It is estimated that over 510,000 units are expected to be manufactured in Q2/2023, with around 80-85 percent for domestic sales and 15-20 percent for export.



Pulp, Paper, and Print Media: Paper and paper products used in packaging boxes are expected to increase in line with domestic consumption and use for online shopping. Additionally, the election in May will benefit the growth of paper products in related groups.

↔ Rubber and Rubber Products: Production of processed rubber in primary forms and automotive tires is expected to resume expansion to meet both domestic and international market demand. However, the production volume of rubber gloves is anticipated to continue declining due to decreased global demand.

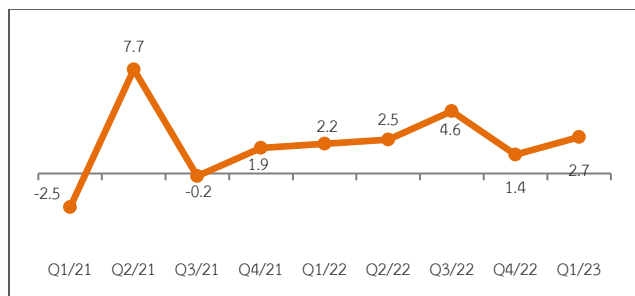
↑ Gems and Jewelry: Overall gem and jewelry: The overall production is expected to grow slightly, supported by the continuous growth of the tourism sector from being fully open to tourists. As a result, domestic consumption increased. Additionally, there are measures to promote tourism and encourage people to spend, together with increased orders from key trading partners that returned to growth as a result of marketing promotion in many areas such as Hong Kong and Qatar, where gem and jewelry fairs and campaigns are organized to attract tourists and businesses, to create incentives for purchasing.

↓ Food: The overall Manufacturing Production Index and export value are expected to contract compared to the same quarter of the previous year, as the base of the previous year was relatively high. In addition, the economy of trading partners slowed down. However, the tourism sector still shows good signs, including the demand for imports from foreign markets in palm oil and sugar which had an increasing trend.

## **Part 1** Thailand Economic and Industrial Overview for Q1/2023

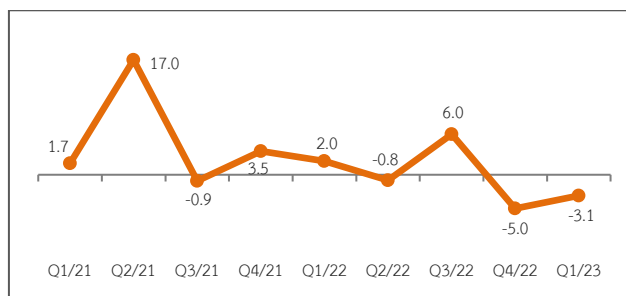
## Thailand's Economic and Industrial Overview for Q1/2023

**Gross domestic product**  
increased by 2.7 percent (%YoY)



Source: Office of the National Economic and Social Development Council

**Industrial sector GDP**  
decreased by 3.1 percent (%YoY)



Source: Office of the National Economic and Social Development Council

*Gross domestic product or GDP in Q1/2023 was at 2.7 percent which increased from the previous quarter (1.4 %).*

### Key factors of GDP growth



Agricultural production increased by 7.2 percent.



Industrial production decreased by 3.1 percent.



The service sector increased by 5.2 percent.



Private consumption and expenditure increased by 5.4 percent.



Total investment increased by 3.1 percent.



Exports of goods and services increased by 3.0 percent.

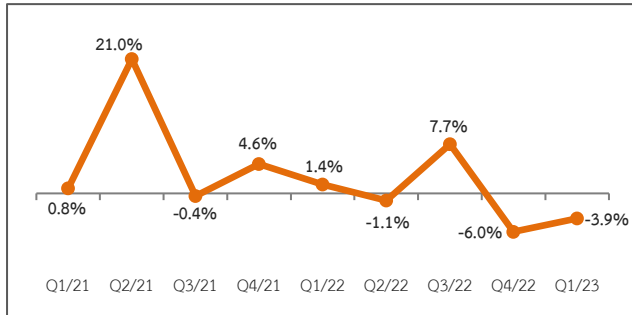
The GDP in Q1/2023 decreased by 3.1 percent, primarily due to a decline in the production of products for both export and domestic consumption, such as the manufacture of computers and computer peripheral equipment, furniture, plastics, and synthetic rubber in primary forms.

The GDP of the industrial sector contracted by 3.1 percent, increasing from the previous quarter (-5.0%).

## Key Industrial Index

### Manufacturing Production Index

decreased by 3.9 percent (%YoY)



Source: The Office of Industrial Economics

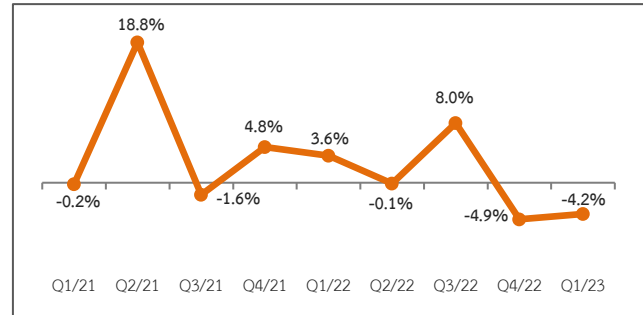
In Q1/2023, the Manufacturing Production Index (MPI) stood at 101.07 points, an increase of 7.40 percent from the previous quarter (94.11 points) but a decrease of 3.9 percent from the same quarter of 2022 (105.22 points).

Industries contributing to the increase of the MPI from the previous quarter were the manufacture of sugar, refined petroleum products, and air conditioners, for example.

Industries contributing to the decrease of the MPI from the same quarter last year were the manufacture of computers and peripheral equipment, furniture, and plastics and synthetic rubber in primary forms, for example.

### Shipment Index

decreased by 4.2 percent (%YoY)



Source: The Office of Industrial Economics

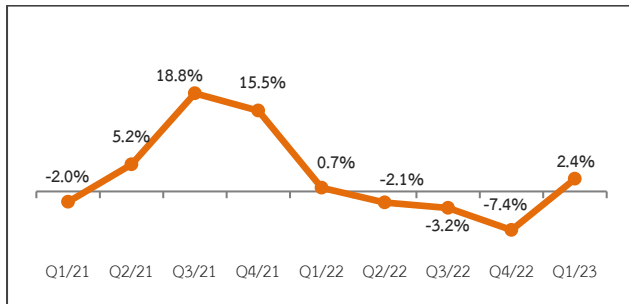
In Q1/2023, the Shipment Index stood at 99.46 points, an increase of 2.50 percent from last quarter (97.04 points) but a decrease of 4.2 percent from the same quarter last year (103.80 points).

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

Industries that contributed to the decrease of the Shipment Index from the same quarter last year were the manufacture of computers and peripheral equipment, plastics and synthetic rubber in primary forms, and furniture, for example.

### Finished Goods Inventory Index

increased by 2.4 percent. (%YoY)



Source: The Office of Industrial Economics

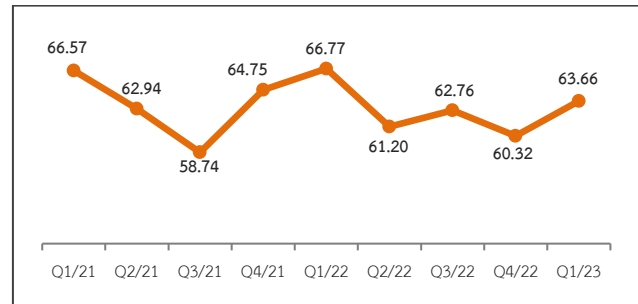
In Q1/2023, the finished goods inventory index stood at 140.52 points, a decrease of 5.51 percent from the previous quarter (133.18 points) and an increase of 2.4 percent from the same quarter last year (137.26 points).

Industries that contributing to the increase of finished goods inventory index from the previous quarter were the manufacture of sugar, computers and peripheral equipment, and automobiles, for example.

As for industries contributing to the increase of the finished goods inventory index from the same quarter last year (2022) were the manufacture of automobiles, palm oil, non-alcoholic beverages, and bottled mineral and drinking water, for example.

### Capacity Utilization Rate

stood at 63.66 percent.



Source: The Office of Industrial Economics

In Q1/2023, the capacity utilization rate stood at 63.66 percent, increasing from the previous quarter (60.32%) but decreasing from the same quarter last year (66.77%).

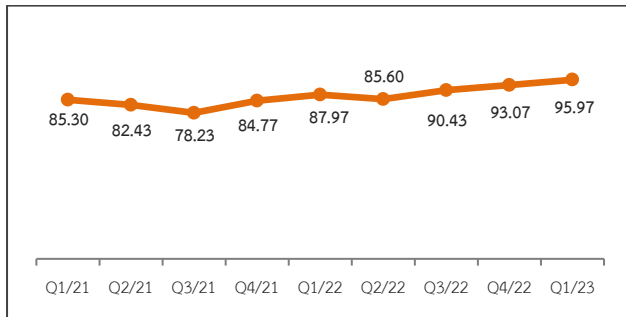
Industries that contributed to the increase of capacity utilization rate from the previous quarter were the manufacture of sugar, refined petroleum products, and air conditioner, for example.

Industries that contributed to the decrease in capacity utilization rate from the same quarter last year (2022) were the manufacture of computers and peripheral equipment, plastics and synthetic rubber in primary forms, and electronic components and boards, for example.



## *Industrial Sentiment Index*

*in Q1 stood at 95.97 points.*



Source: The Federation of Thai Industries

In Q1/2023, the industry sentiment index was 95.97 points, increasing from last quarter (93.07 points) and increasing from the same quarter last year (87.97points). Meanwhile, the three-month forecast for the sentiment index was at 103.53 points, increasing from the same quarter last year (97.70 points).

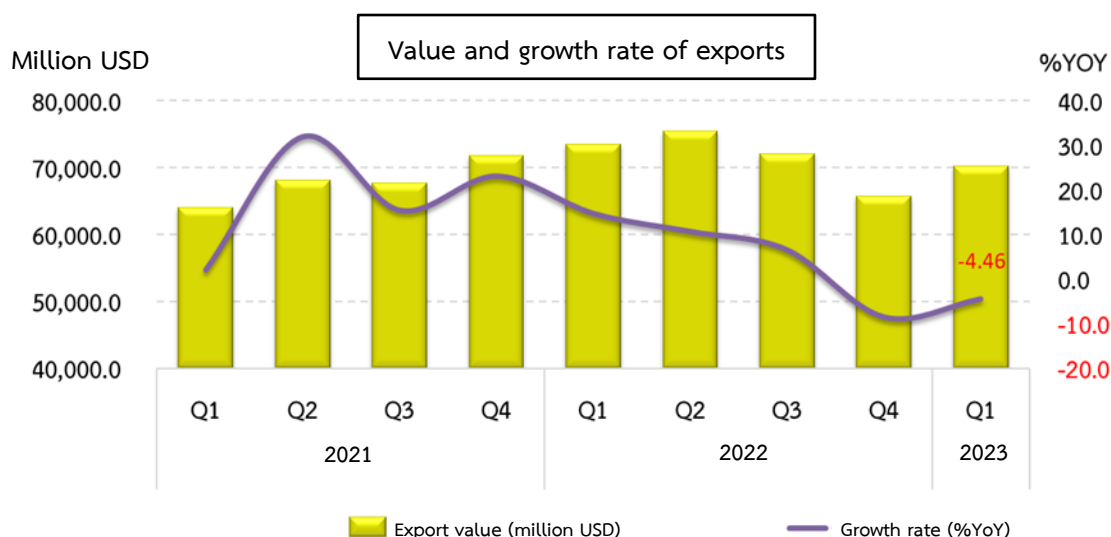
The factor supporting the increase in industrial confidence in the first quarter of 2023 is the continued growth of domestic demand for durable and consumer goods. Travel had a clear recovery following the growing number of foreign tourists and China's opening and government measures to promote domestic tourism. However, business operators are still concerned about rising production costs, especially the price of raw materials and energy price volatility, coupled with the decline in foreign demand following the global economic recession, especially among Thailand's important trading partners such as the US and Europe. It is a risk factor for the Thai export sector. In addition, there is rising inflation, loan interest rates, and the appreciation of the Thai Baht, which affects the competitiveness of Thai export prices.

## Foreign Trade

*"Foreign trade in Q1/2023 contracted by 2.47 percent compared to the same period last year (YOY) due to the global economic slowdown, lingering geopolitical conflicts, and the economies of major trading partners being affected by tight monetary policy interest rates and high inflation levels. Growing tourism due to recovering domestic demand is a positive factor for growth in the global economy."*

Thailand's international trade in Q1/2023 was valued at 143,604.45 million USD. The export value was 70,280.11 million USD, a decrease of 4.46 percent compared to the same period last year (YoY). The import value was 73,324.34 million USD, a decrease of 0.48 percent compared to the same period last year (YoY); the overall trade balance for Q1/2023 was in deficit of 3,044.24 million USD.

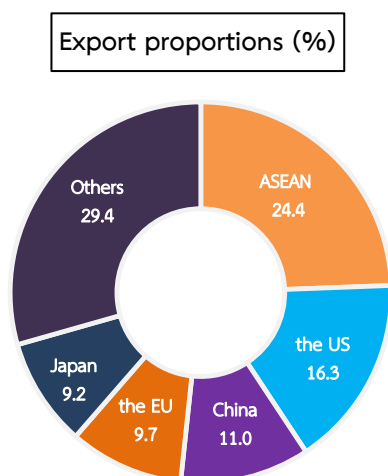
### Export Structure



Source: Ministry of Commerce

In Q1/2023, Thailand's exports were valued at 70,280.11 million USD, a decrease of 4.46 percent compared to last year (YOY). The main product categories that changed were agricultural products, with an export value of 5,891.77 million USD, an increase of 0.23 percent (YOY), and agro-industrial products, with an export value of 5,942.50 million USD, an increase of 3.65 percent (YOY). The export value of industrial goods was 55,911.14 million USD, a contraction of 5.82 percent (YOY). In comparison, minerals and fuel products had an export value of 2,534.69 million USD, a contraction of 1.68 percent (YOY).

## Export Markets

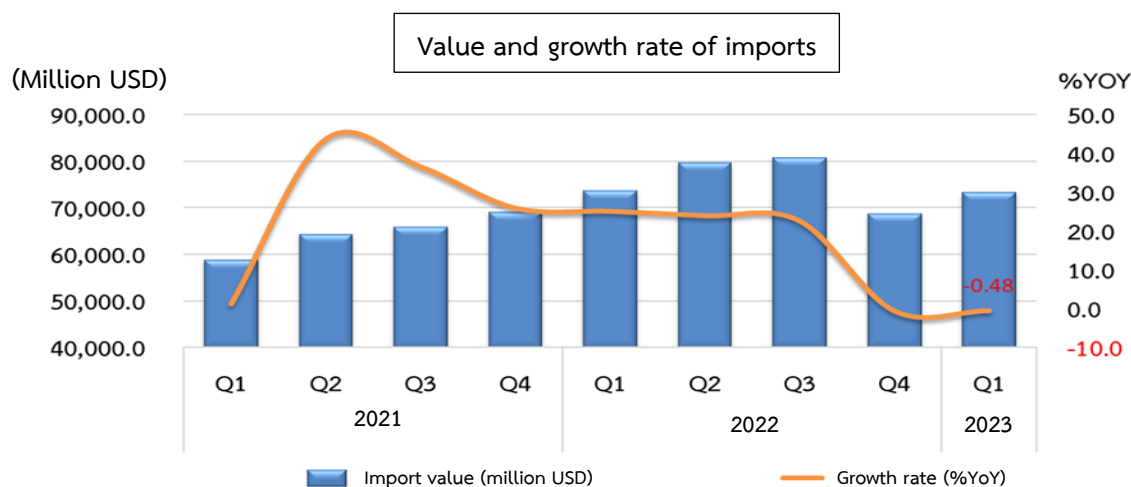


Source: Ministry of Commerce

In Q1/2023, Thailand's major export markets accounted for 70.60 percent of the total exports, which include ASEAN, the US, China, Japan, and the EU (27 countries). The remaining 29.40 percent of exports were to other markets. Export to all Thailand's key trading partners decreased compared to last year's period (%YoY) as follows:

- Thailand had a proportion of export value to ASEAN, the US, China, the EU (27 countries), and Japan at 24.40, 16.30, 11.00, 9.70, and 9.20 percent, respectively.
- Thailand's export value was 70,280.11 million USD, a decrease of 4.46 percent compared to the same period last year (%YOY). Among the major trading partners, exports to China experienced the largest contraction (-7.38%), followed by ASEAN (-3.92%), the US (-3.88%), the EU (27 countries) (-1.45%), and Japan (-0.23%).

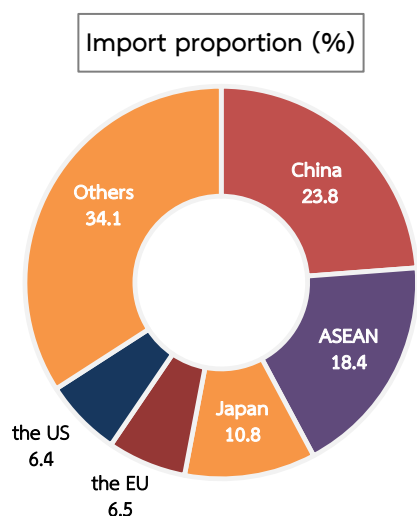
## Import Structure



Source: Ministry of Commerce

In Q1/2023, Thailand's imports of goods reached a value of 73,324.34 million USD, decreasing by 0.48 percent (%YoY). Key product categories with changes in import were fuel products with an import value of 14,299.83 million USD, expanding by 6.47 percent (%YoY); capital goods with an import value of 16,661.18 million USD, decreasing by 3.82 percent (%YoY); raw materials and semi-finished goods with an import value of 28,732.16 million USD, decreasing by 5.31 percent (%YoY); consumer goods with an import value of 8,649.77 million USD, increasing by 1.33 percent (%YoY); vehicles and transport equipment with an import value of 3,835.29 million USD, increasing by 27.56 percent (%YoY); weapons, military supplies, and other goods with an import value of 1,145.97 million USD, increasing by 9.96 percent (%YoY).

## Import markets



Source: Ministry of Commerce

In Q1/2023, Thailand's major import markets accounted for 65.90 percent of the total imports, which included China, ASEAN, Japan, the EU (27 countries), and the US. The remaining 34.10 percent of imports came from other markets. Thailand's main import markets mostly expanded compared to the same period last year (%YOY), particularly the US, the EU (27 countries), and ASEAN, except for China and Japan, which experienced slight contractions. The details are as follows:

- Thailand's imports from China, ASEAN, Japan, the EU (27 countries), and the US accounted for 23.80 percent, 18.40, 10.80, 6.50, and 6.40 percent, respectively.
- Thailand's imports decreased by 0.48 percent (%YoY) with a total value of 78,324.34 million USD compared to the same period last year (%YoY). Imports from Japan decreased the most by 4.30 percent, followed by imports from China with a decrease of 0.73 percent. However, imports from the US experienced the largest increase by 13.55 percent, followed by imports from the EU (27 countries) and ASEAN, which increased by 3.62 percent and 2.86 percent, respectively.

## Global Economy in Q1/2023

“In Q1/2023, the global economy continued to grow, supported by the expansion of private consumption and the recovery of the tourism and service sectors. In particular, the Chinese economy recorded the highest growth in four quarters after lifting the Zero-COVID policy and opening up the country. However, ASEAN countries' economies slowed down from the previous quarter following the decline in industrial production and merchandise exports that continued to decline from the previous quarter.”

Summary of Key Economic Indicators in Q1/2023

Quarterly Growth (%YoY)

	GDP	Inflation	MPI	Export	Import	Unemp. Rate	Policy Rate
the US	↑ 1.6	↑ 5.8	↑ 0.9	↑ 6.9	↓ -2.2	At 3.8	At 4.75-5.00
China	↑ 4.5	↑ 1.3	↑ 3.9	↑ 0.1	↓ -6.2	At 5.3	At 3.65
Japan	N.A.	↑ 3.6	↓ -1.4	↓ -8.0	↓ -2.3	At 2.6	At -0.10
Malaysia	↑ 5.6	↑ 3.6	↑ 2.8	↓ -1.7	↓ -0.9	At 3.5	At 2.75
Vietnam	↑ 3.3	↑ 4.2	↓ -2.0	↓ -11.7	↓ -15.3	At 2.3	At 3.5
Thailand	↑ 2.7	↑ 3.9	↓ -3.9	↓ -4.6	↓ -0.5	At 1.1	At 1.75

Source: ceicdata, <https://www.nesdc.go.th>, and <https://tradingeconomics.com>

Note: n.a. = not available

The global economy in 2023 is likely to grow at a slower pace from 2022, in line with the global economic slowdown resulting from the continuous policy interest rate hike, affecting domestic demand's recovery. Global trade is still likely to face limitations from geopolitical conflicts, especially between the US and China, China and Taiwan, and Russia and Ukraine, which remain protracted and uncertain. Inflation and the aftermath of tightening monetary policy in many countries worldwide is another factor. However, the global economy in the year's second half is expected to show good prospects from the recovery of the tourism and service sectors, which is an important economic driver.

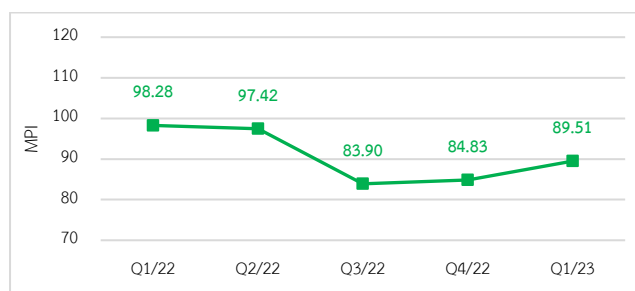
Crude oil prices in the world market had lower volatility. However, important factors still affect prices, including (1) China's opening of the country, which is a positive factor for global oil demand. (2) The slowing economy of the US and Europe. As a result, global oil demand is not fully recovered. (3) Global oil supply due to the prolonged conflict between Russia and Ukraine. (4) The 34<sup>th</sup> OPEC Plus meeting resolved to cut production to 2 million barrels per day until the end of 2023, and (5) Global refinery capacities began to stabilize, which is expected to offset the decline in Russian production capacity.

## **Part 2** Thai Industrial Economic Sectors in Q1/2023 and the Outlook for Q2/2023

## Iron and Steel Industry

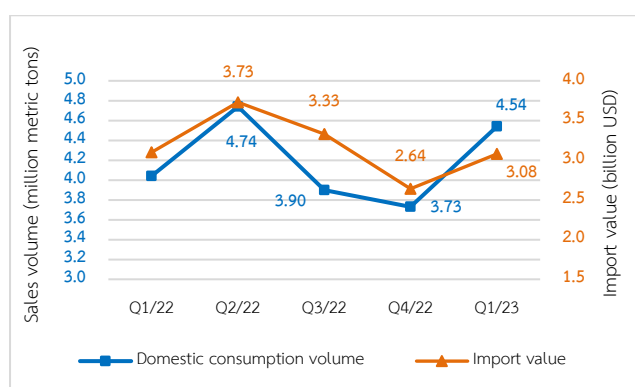
The iron and steel industry's MPI in Q1/2023 contracted compared to last year from the production of long and flat products such as round bars, hot-rolled structural steel sections, wires, cold-rolled sheets, and tin-plates.

### Manufacturing Production Index (MPI)



Source: The Office of Industrial Economics

### Domestic consumption and import value



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

**Production:** In Q1/2023, the industrial production index was 89.5 points, a decrease of 8.9 percent (%YoY) from the same quarter last year but an increase of 5.6 percent (%QoQ) compared to the previous quarter. The production of flat products, compared to the same quarter last year, decreased by 14.0 percent. The product with the highest decreased production was tinplates (-33.6%), followed by cold-rolled sheets (-22.6%) and hot rolled coils (-12.3%). Long production also decreased by 12.4 percent, with the highest contraction in wire rods (-31.9%), followed by round bars (-27.1%) and structural steel sections (-21.2%).

### Domestic consumption:

In Q1/2023, domestic consumption in Thailand reached 4.5 million metric tons, an increase of 12.5 percent (%YoY) from the same period last year and an increase of 21.6 percent (%QoQ) compared to the previous quarter. Consumption of flat products, compared to the same quarter last year, increased by 14.9 percent with the highest consumption in tinplates (19.0%), followed by hot-rolled sheets (16.6%) and other coated sheets (16.3%). Furthermore, the consumption of long products increased by 8.8 percent mainly from the consumption of rebars and structural steel sections (28.8%).

### Imports:

In Q1/2023 were valued at 3.1 billion USD, a decrease of 1.6 percent (%YoY) from the same quarter last year but a decrease of 16.8 percent (%QoQ) from the previous quarter. Imports of flat products, compared to the same quarter last year, decreased by 1.6 percent, with the highest contraction in Chromium-coated sheets (-45.6%) (key sources of imports being China, South Korea, and Germany). This was followed by hot-rolled sheets (-38.4%), alloy steel plates (-32.8%) and cold-rolled carbon steel sheets (-22.8%). Imports of long products also decreased by 1.7 percent. Long product experiencing the highest decrease in imports was stainless steel structure sections (-78.2%) (key sources of imports being India, Japan, and China). This was followed by structural alloy-steel sections (-55.9%), stainless-steel wires (-35.6%), and cold-finished steel bars (-22.2%).

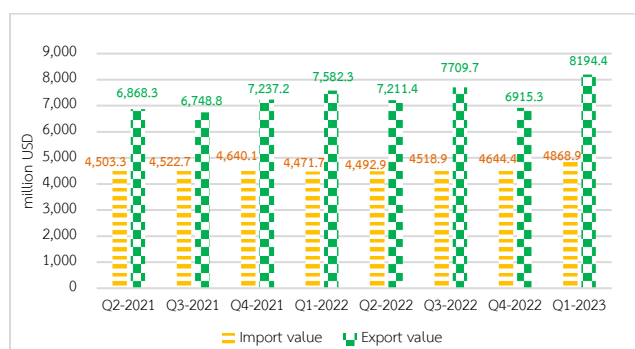
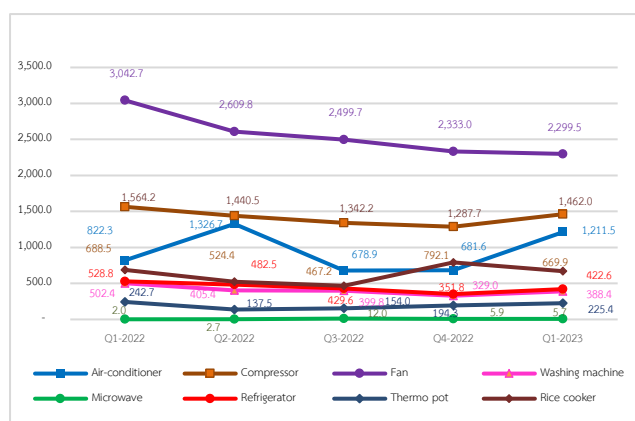
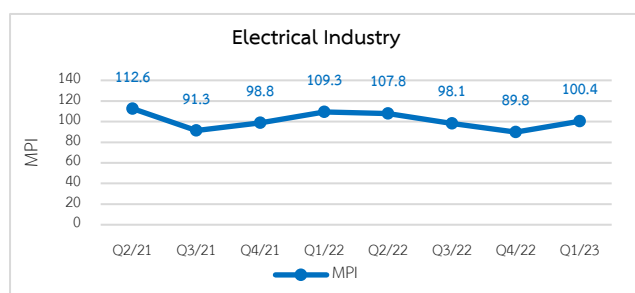
### Iron and Steel Industry Outlook for Q2/2023

*In Q2/2023, the iron and steel industry are expected to decreased slightly compared to the same period last year due to fluctuation of energy costs. This may result in rising steel prices in the world market and cause the demand for steel to slow down. However, if infrastructure construction and the government's industrial support policies continue, it is expected to support the expansion of the domestic iron industry.*

## Electrical appliance Industry

The production of electrical appliances in Q1/2023 decreased by 8.1 percent compared to the same quarter of the previous year, as inflation rates remained high worldwide and production costs increased. Products that saw a decline in production were electric motors, refrigerators, microwave ovens, thermo pots, household fans, washing machines, compressors, and rice cookers.

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



Source: The Office of Industrial Economics, Ministry of Commerce, and Electrical and Electronics Institute

### Electrical Appliance Industry Outlook for Q2/2023

The production index of the electrical appliance industry is expected to expand by approximately 4.0 percent; the export value is expected to increase by 6.0 percent. This growth is driven by the improvement of the COVID-19 situation and the global economic recovery in Thailand's main export markets, which has positively impacted Thailand's major export markets, including the production of new models of electrical appliances that prioritize health aspects, particularly air purifiers and air conditioners, in order to alleviate the problem of PM 2.5 and prevent epidemics. However, some concerns, such as inflation and the possibility of interest rate adjustments, need close attention, as they may negatively affect production and exports.

**Production of electrical appliances:** In Q1/2023, the MPI stood at 100.4 points, an increase of 11.8 percent from the previous quarter (%QoQ) but a decrease of 8.1 percent compared to the same quarter last year (%YoY). Products with a decrease in production included electric motors (-31.5%), refrigerators (-30.4%), microwave ovens (-20.5%), thermo pots (-17.9%), household fans (-16.0%), washing machines (-11.4%), compressors (-8.9%), and rice cookers (-4.6%). The decrease was due to persistent global inflation and rising production costs. On the other hand, there was an increase in the production of electrical appliances such as transformers (32.1%), cables (20.1%), electrical wires (12.6%), and air conditioners (0.6%).

**Domestic sales:** In Q1/2023, the products that experienced a decrease in production compared to the same quarter last year were fans (-24.4%), washing machines (-22.7%), refrigerators (-20.1%), thermo pots (-7.1%), compressors (-6.5%), and rice cookers (-2.7%). On the other hand, microwave ovens and air conditioners saw an increase in production of 184.4% and 1.4%, respectively.

**Imports of electrical appliances:** In Q1/2023, the imports of electrical appliances were valued at 4,868.9 million USD, an increase of 4.8 percent compared to the previous quarter (%QoQ) and an increase of 8.9 percent compared to the same quarter of the previous year (%YoY). The main products that experienced an increase in imports were transformers (56.3%), microwave ovens (31.5%), and electrical cables (8.7%).

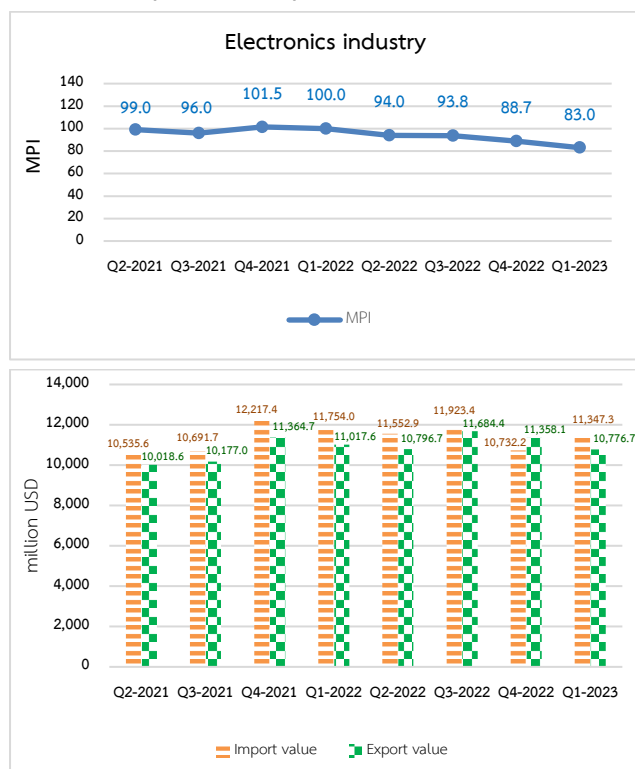
**Exports of electrical appliances:** In Q1/2023, exports were valued at 8,194.4 million USD, an increase of 18.5 percent compared to the previous quarter (%QoQ) and an increase of 8.1 percent from the same quarter last year (%YoY). Products that experienced an increase in exports were air conditioners (43.1%), refrigerators (27.3%), and washing machines (26.4%).



## Electronics Industry

The electronics production in Q1/2023 decreased by 17.0 percent compared to the same quarter of the previous year, from decreasing demand for domestic products and foreign orders from trading partner economies into a recession. Products that saw a decline in production were printers, printed wiring boards (PWB), HDDs, semiconductor device transistors, integrated circuits (IC), and printed circuit boards (PCBA). The export value decreased in China, Japan, ASEAN, Europe, and the US.

### MPI, Import and Export Value of Electronics



Source: The Office of Industrial Economics, Ministry of Commerce, and Electrical and Electronics Institute

**The electronics production** in Q1/2023 reached an MPI of 83.0, a decrease of 6.5 percent from the last quarter (%QoQ) and a decrease from the same quarter last year by 17.0 percent (%YoY). Electronic products that contracted were printers, printed wiring boards (PWB), HDDs, semiconductor devices transistors, integrated circuits (IC), and printed circuit boards (PCBA), by 31.5 percent, 30.1 percent, 27.6 percent, 15.8 percent, 7.6 percent, and 2.4 percent, respectively. The decline was due to a drop in domestic product demand and foreign orders from the economy of trading partners facing a recession.

**Imports of electronics products** in Q1/2023 were valued at 11,347.3 million USD, an increase of 5.7 percent (%QoQ) from the previous quarter but a decrease of 3.5 percent (%YoY) from the same quarter last year. Key products decreasing in import were computers (-22.3%); diodes, transistors and semiconductor devices (-1.5%); and printers (-0.9%).

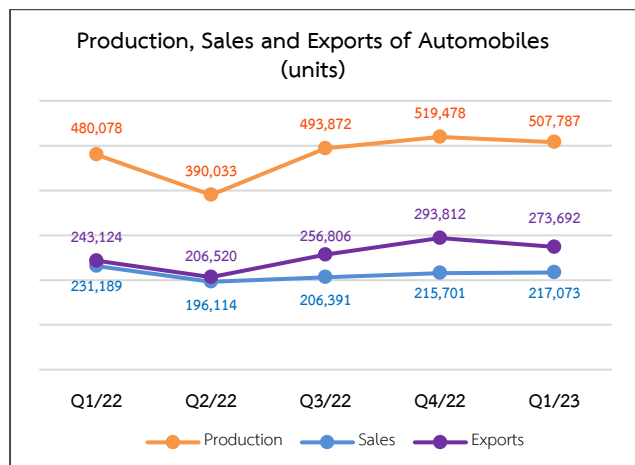
**Exports of electronics products** in Q1/2023 were valued at 10,776.7 million USD, a decrease of 5.1 percent from the previous quarter (%QoQ) and a decrease of 2.2 percent (%YoY) from the same quarter last year. Exports to China, Japan, ASEAN, the EU, and the US markets decreased by 70.8, 54.6, 50.2, 49.4 and 49.1 percent, respectively. Key products decreasing in exports were HDD (-65.6%); diodes, transistors, semiconductor devices and components (-59.5%); printed circuit boards (PCBA) (-56.9%); printers, photocopiers, and components (-56.5%); and Integrated Circuits (IC) (-49.8%).

### Electronics Industry Outlook for Q2/2023

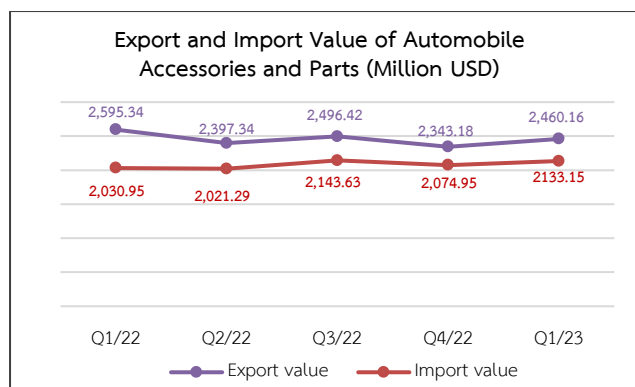
The electronics industry expects the MPI to shrink by about 5.0 percent as energy prices remain volatile. As a result, business operators have to bear the burden of increasing production costs. This and the shortage of raw materials used in producing semiconductor chips and electronic components have prevented sufficient production. However, electronic components are still necessary for developing 5G technology systems, data centers, and products for IT infrastructure, resulting in continued demand for electronic products in the global market. Meanwhile, the export value is expected to grow by about 3.0 percent due to the relationship between the US, China, and Taiwan that may affect the production supply chain in the electronics industry, such as the US chip technology export control measures. There are still issues to monitor that could negatively affect production and exports, such as strategic adjustments and scaling of the semiconductor industry in China.

## Automotive and Part Industry

In Q1/2023, the production of automobiles increased from the same period last year. This was mainly due to an increase in the export of all types of automobiles, including passenger cars and PPVs. However, the domestic market experienced a slowdown as there was a shortage of pickup truck parts.



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



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

### Automotive Industry Outlook for Q1/2023

According to the Office of Industrial Economics (OIE) forecast, in Q1/2023, over 450,000 units of automobiles will be manufactured. Of those, 50-55 percent will be for domestic sales, and 45-50 percent will be for exports.

### Automotive Production

In Q1/2023, automotive production decreased by 2.25 percent (%QoQ) from Q4/2022 to 507,787 units but increased by 5.77 percent (%YoY) from the same quarter last year. The production proportion consisted of passenger cars (35%), 1-ton pickup trucks and derivatives (63%), and other commercial vehicles (2%).

### Domestic Sales of Automobiles

In Q1/2023, domestic sales increased by 0.64 percent (%QoQ) from Q4/2022 to 217,073 units but decreased by 6.11 percent (%YoY) from the same quarter last year.

### Automotive Exports

In Q1/2023, automobile exports decreased by 6.85 percent (%QoQ) from Q4/2022 to 273,692 units but increased by 12.57 percent (%YoY) from the same quarter last year. The export proportion consisted of passenger cars (33%), 1-ton pickup trucks (57%), and PPVs (10%).

### Export Value of Automotive Parts and Accessories

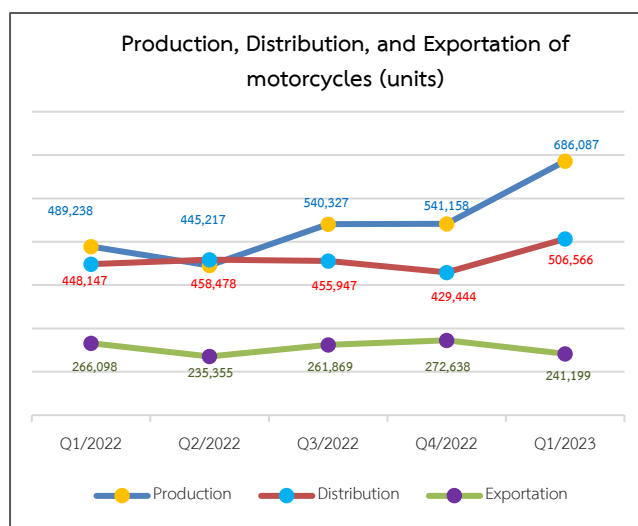
In Q1/2023, exports value increased by 4.96 percent (%QoQ) from Q4/2022 to 2,460.16 million USD but decreased by 5.21 percent (%YoY) from the same quarter last year. Key export markets for automotive parts and accessories were the US, Japan, and Malaysia.

### Import Value of Automotive Parts and Accessories

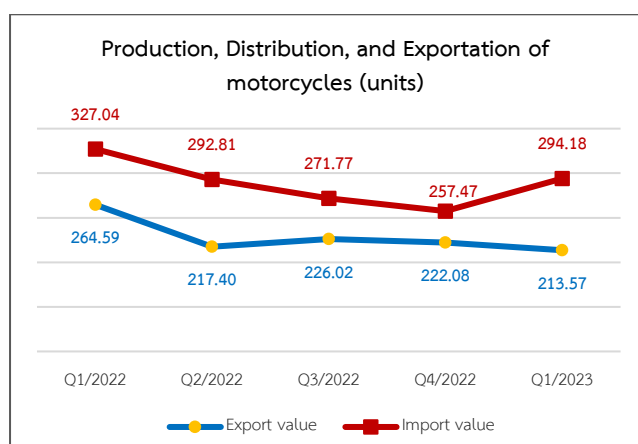
In Q1/2023, imports increased by 2.80 percent (%QoQ) from Q4/2022 to 2,133.15 million USD and increased by 5.03 percent (%YoY) from the same quarter last year. Key import markets for automotive parts and accessories were Japan, China, and the US.

## Motorcycle and Part Industry

Compared to the same period last year, the production volume of motorcycles in Q1/2023 increased in domestic market. The increase resulted from the government's economic stimulus measures, including the improvement of the agricultural production index that continues to expand.



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



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

### Motorcycle Production

In Q1/2023, production of motorcycles reached 686,087 units, increasing from Q4/2022 by 26.78 percent (%QoQ) and increasing from the same quarter last year by 40.24 percent (%YoY).

### Domestic Sales of Motorcycles

In Q1/2023, domestic sales increased by 17.79 percent (%QoQ) from Q4/2022 to 506,566 units and increased by 13.04 percent (%YoY) from the same quarter last year.

### Motorcycle Exports

In Q1/2023, exports reached 241,199 units (exported as CBU 135,790 units and CKD 105,409 sets), a decrease of 11.53 percent (%QoQ) from Q4/2022 and a decrease of 9.36 percent (%YoY) from the same quarter last year.

### Export Value of Motorcycle Parts

In Q1/2023, exports value decreased from Q4/2022 by 3.83 percent (%QoQ) to 213.57 million USD and decreased from the same quarter last year by 19.28 percent (%YoY). Key export markets were Brazil, Cambodia, and Japan.

### Import Value of Motorcycles Parts and Accessories

In Q1/2023, imports of motorcycle parts and accessories increased from Q4/2022 by 14.26 percent (%QoQ) to 294.18 million USD but decreased by 10.05 percent (%YoY) from the same quarter last year. Key import markets of motorcycle parts and accessories were the US, Japan, and China.

## Motorcycle Industry Outlook for Q2/2023

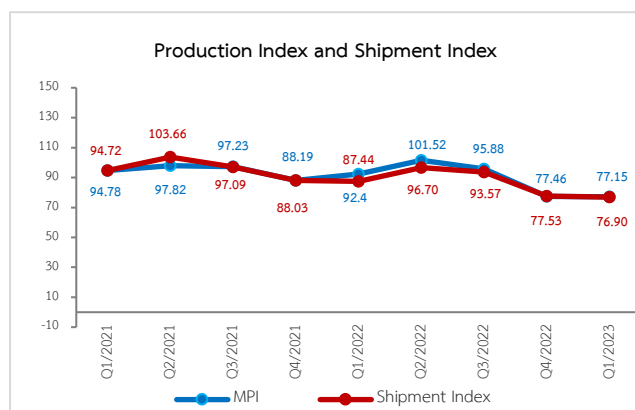
According to the Office of Industrial Economics (OIE) estimates, in Q2/2023, over 510,000 units of motorcycles will be manufactured. Of those, 80-85 percent will be for domestic sales, and 15-20 percent will be for exports.

## Chemical Industry

In Q1/2023, the value of exports and imports in the chemical industry declined compared to the same quarter of the previous year, as crude oil prices increased. As a result, business operators produced products according to the needs of the destination markets. Exports contracted in major markets such as China, Vietnam, and Indonesia.

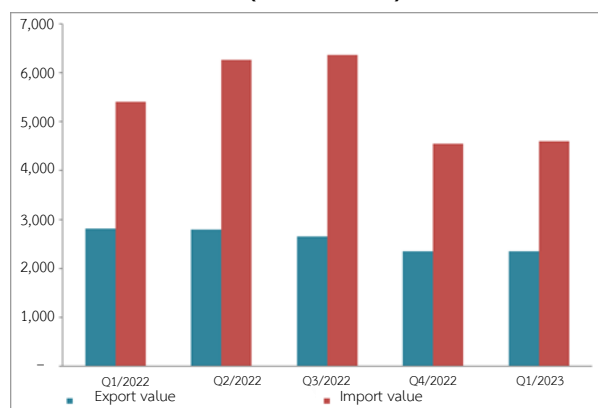
### Marketing and sales

#### MPI and Shipment Index



Source: The Office of Industrial Economics

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



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

### Chemical Industry Outlook for Q2/2023

Chemical industry outlook for Q2/2023, the chemical industry anticipates a decline in chemical exports and imports compared to the same quarter of the preceding year. The decline is due to an anticipated increase in crude oil prices, resulting in a rise in production costs. Petroleum-based products, including plastic pellets and chemical products, will likely decline. Entrepreneurs will slow their production to monitor raw material cost and manufacture products based on orders only.

**Manufacturing Production Index:** In Q1/2023, the MPI decreased by 0.04 percent compared to the previous quarter (%QoQ) but increased by 16.59 percent compared to the same quarter last year (%YoY). Products that decreased in MPI were chemical fertilizers, cleaning agents, and talcum powder, for example.

**Shipment index:** In Q1/2023, the shipment index decreased by 0.81 percent from previous quarter (%QoQ) but increased by 11.75 percent compared to the same quarter last year (%YoY). Products that decreased in shipment index were chemical fertilizers, hydrochloric acid, and chlorine.

**Exports of chemicals:** In Q1/2023, exports were valued at 2,354.32 million USD, decreasing by 0.03 percent compared to the previous quarter (%QoQ) and decreasing by 16.34 percent compared to the same quarter last year (%YoY). Key products contributing to the decreased in export value were organic chemicals, chemical fertilizers, and miscellaneous chemicals.

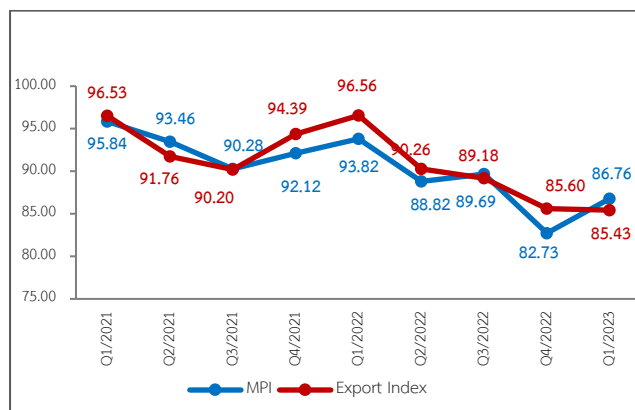
**Import of chemicals:** In Q1/2023, imports were valued at 4,816.67 million USD, an increase of 5.98 percent compared to the previous quarter (%QoQ) but a decrease of 10.83 percent from the same quarter last year (%YoY). Key products contributing to the decrease in import value were organic chemicals, cosmetics, and chemical fertilizers.

## Plastics Industry

In Q1/2023, the plastics industry saw a contraction in export volume compared to the same quarter last year due to market demand from major trading partners such as the US, Vietnam, and China. Production declined due to rising crude oil prices and rising costs of raw materials used in producing goods. Therefore, business operators waited to observe the raw material prices and the global economic situation.

### Production and Sales

MPI and Shipment Index



Source: The Office of Industrial Economics

**Manufacturing Production Index:** In Q1/2023, the MPI increased by 4.87 percent compared to the last quarter (%QoQ) but decreased by 7.73 percent compared to the same quarter last year (%YoY). Products with the most decrease in MPI included other plastic packaging.

**Shipment Index:** In Q1/2023, the shipment index decreased by 0.20 percent compared to the previous quarter (%QoQ) and decreased by 11.52 percent compared to the same quarter of the previous year (%YoY). Products with the most decrease in shipment index included plastic sacks.

**Export Value:** In Q1/2023, the value of exports amounted to 987.14 million USD, a decrease of 2.40 percent compared to the last quarter (%QoQ) and a decrease of 16.08 percent compared to the same quarter last year (%YoY). The product category with the most decrease in export value was other plates, sheets, film, foil and strip, of plastics, non-cellular (HS 3920).

**Import Value:** In Q1/2023, the value of imports amounted to 1,253.03 million USD, an increase of 1.53 percent compared to the previous quarter (%QoQ) but a contraction of 9.06 percent compared to the same quarter of the previous year (%YoY). The product category with the most decrease in imports was tableware, kitchenware, other household articles (HS 3924).

Export and Import Volume (metric tons)



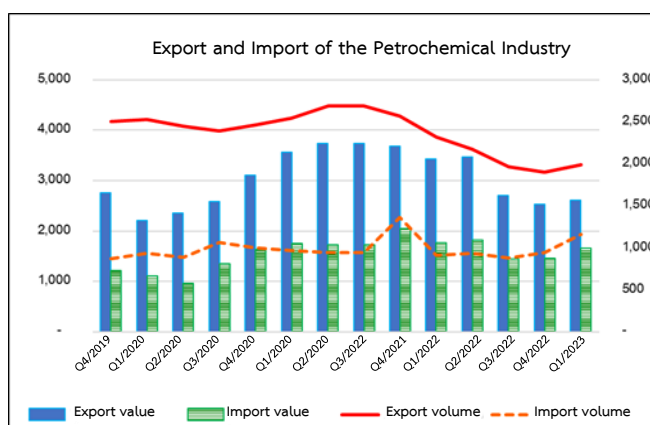
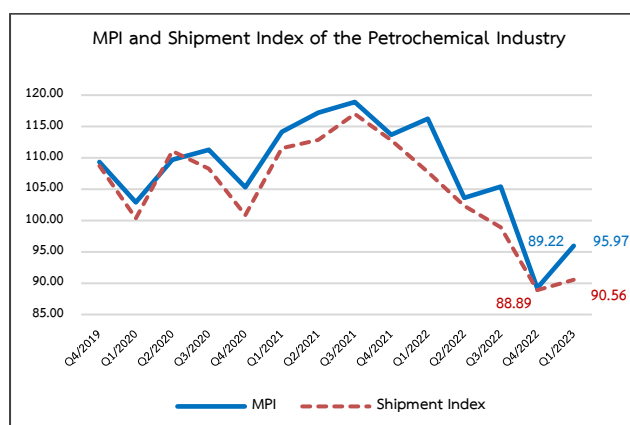
Source: Information and Technology Communication Center, Office of the Permanent Secretary of Commerce in collaboration with Customs Department

### Plastics Industry Outlook for Q2/2023

In Q2/2023, exports and imports are expected to contract. This is because the demand for plastic products is expected to decrease in major trading partners countries such as the US and China. Additionally, the crude oil price situation in the world market is still volatile. As a result, production is forecasted to slow down to wait and see the raw material cost situation.

## Petrochemical Industry

During Q1/2023, the production and shipment index in the petrochemical industry experienced a decrease by 16.50 percent (%QoQ) compared to the same quarter in the previous year and a decrease of 20.03 percent (%YoY). This drop can be attributed to the impact of rising fuel prices, which had adverse effects on global trade and transportation. Furthermore, the appreciation of the US currency and the presence of global inflation further exacerbated the situation, leading to reduced production and exports of petrochemicals throughout the quarter.



**The Manufacturing Production Index (MPI)** for Q1/2023 was at 95.97 points, a decrease of 16.50 percent (%QoQ) compared to the same quarter of the previous year. This decline was affected by increasing fuel prices, which significantly impacted global trade and transportation. The production and exports of basic petrochemicals, such as Ethylene, and downstream petrochemicals, such as PP and PE resin, were affected partly due to factory maintenance and delayed production caused by inventory clearance.

**The shipment index** in Q1/2023 was at 90.56, a decrease of 20.03 percent (%YoY) from the same quarter last year. Products that caused the decrease in the shipment index were observed in both basic petrochemicals (e.g., Ethylene) and downstream petrochemicals (e.g., PP and PE resin).

**Exports of petrochemicals** in Q1/2023 was 2,610.00 million USD, a decrease of 23.94 percent (%YoY) compared to the same quarter last year, with petrochemicals exported to major countries such as China, Vietnam, and Japan. Products contributed to the decrease of exports of downstream petrochemicals such as PP and PE resins and basic petrochemicals such as Propylene and Toluene.

**Imports of petrochemicals** in Q1/2023 were valued at 1,665.73 million US dollars, decreasing by 5.84 percent (%YoY) compared to the same quarter last year from major countries like Japan, China, and the US. Products contributed to the decrease of imports of basic petrochemicals such as Propylene and Ethylene Glycol and downstream petrochemicals such as PS and PET resins.

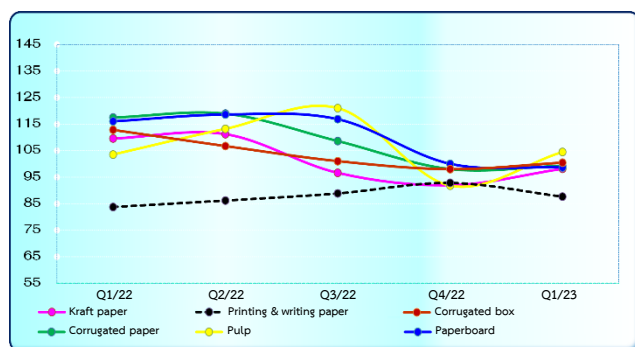
### Petrochemical Industry Outlook for Q2/2023

In Q2/2023, the overall petrochemical industry is anticipated to contract overall, in line with the global inflationary situation. This situation has been impacted by the prolonged conflict between Russia and Ukraine, leading to an increase in global energy prices. Additionally, economic slowdowns in several countries have contributed to the contraction. Nevertheless, economic announcements from the US shall be closely monitored as this can significantly influence global economic trends.

## Pulp, Paper, and Print Media Industry

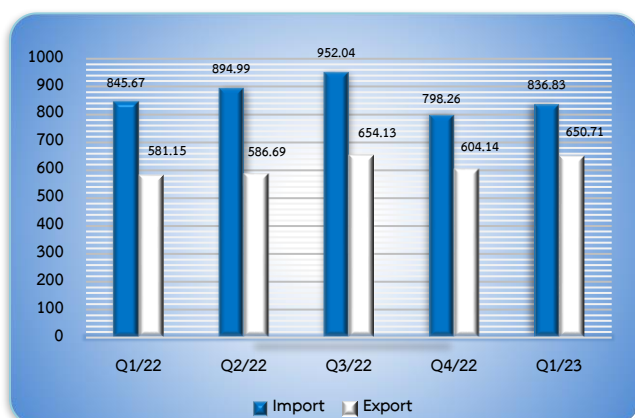
The pulp, paper, and print media industry's MPI in Q1/2023 increased by 2.65 percent compared to the previous quarter (%QoQ) but decreased by 7.87 percent from the previous year (%YoY). For exports, the export value increased by 7.71 percent (%QoQ) and 11.97 percent (%YoY), respectively. Regarding imports, the import value increased by 4.83 percent (%QoQ) but decreased by 1.17 percent (%YoY).

### MPI in Pulp, Paper and Print Media Industry



Source: The Office of Industrial Economics

### Export-Import of Pulp, Paper and Print Media



Source: Information and Technology Communication Center, Ministry of Commerce

### Imports

Imports of pulp and paper products in Q1/2023 were valued at 836.83 million USD, an increase of 4.83% compared to the previous quarter (%QoQ) from increased domestic production and the need to import some raw materials, particularly pulp, recycled paper or cardboard, and printed matter. But compared to the previous year (%YoY), imports decreased by 1.17 percent. The import of pulp, paper, and paper products, and printed matter, decreased by 0.04 percent, 1.54 percent, and 7.81 percent, respectively.

### Pulp, Paper, and Print Media Industry Outlook for Q2/2023

In Q2/2023, paper and paper products used in the production of packaging boxes are expected to increase in line with domestic consumption, use for online shopping, the elections in May, and the start of the school semester. The supply chain for pulp exports is expected to increase, especially since exports to China are forecasted to grow as high as 40 percent, continuing to grow from the beginning of the year.

### Production

In Q1/2023, the overall paper and product manufacturing index increased by 2.65 percent compared to the same quarter last year (%QoQ). This growth was observed in the paper category of pulp, Kraft paper, corrugated paper, and corrugated boxes. However, when compared (%YoY), the index decreased (-7.87%) in all product categories (cardboard, Kraft paper, corrugated paper, and corrugated boxes) except for pulp and writing/printing paper. The production of pulp and writing/printing paper continued to grow consistently in both domestic and export markets. This trend is expected to further expand in Q2/2023, driven by major orders from China.

### Exports

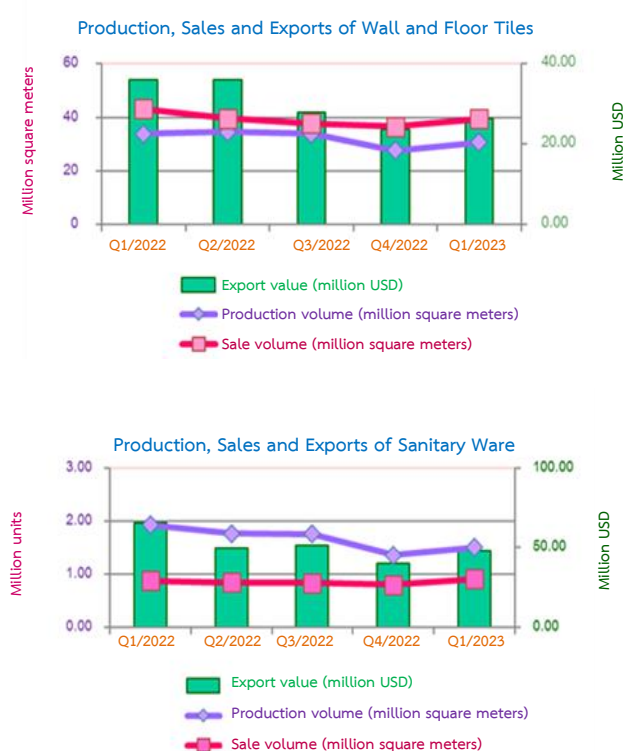
In Q1/2023, the total value of pulp and paper product exports amounted to 650.71 million USD, an increase of 7.71 percent (%QoQ). This growth was observed in the paper category of pulp (+15.00%), paper and paper products (+4.43%), books, and printed materials (+17.59%). When compared to the same quarter last year (%YoY), the export value increased by 11.97 percent in the pulp category, (+45.85%) in the paper and paper product category, and (+1.29%) in the books and printed materials category. Notably, the main export markets in this quarter included Cambodia, Hong Kong, and the US.



## Ceramic Industry

The production and exports of floor tiles, wall tiles, and sanitary ware in Q1/2023 contracted due to the slowdown in the domestic economy and a decrease in purchase orders from major trading partners. Sanitary ware sales increased from the acceleration of the construction of large residential projects.

### Production, Sales, and Export of Ceramics



Source: 1. Domestic Production and Sales: Division of Information and Industrial Economic Indices, Office of Industrial Economics  
 Note: From the survey of 15 wall and tiling factories and 38 sanitary ware factories  
 2. Export Value: Information and Technology Communication Center, Office of the Permanent Secretary, Ministry of Commerce

**The production** in Q1/2023 reached 30.79 million square meters, a contraction of 9.04 percent (%YoY). Sanitary ware reached a production volume of 1.50 million pieces, a decrease of 22.03 percent (%YoY) compared to the same quarter of the previous year, due to the slowdown in the domestic market that was affected by the cost of raw materials, particularly the price of oil, electricity and the cost of living that increased. Additionally, orders from export markets decreased.

**Sales** in Q1/2023 reached 39.49 million square meters, a contraction of 8.52 percent (%YoY) compared to the same quarter last year. The contraction was from a decrease in consumers purchasing power following the economic situation affected by the increase in product prices. Sanitary ware sales reached 0.91 million units, an increase of 3.96 percent from the same quarter last year (%YoY) due to the acceleration of construction of large residential projects such as housing estates and condominiums.

**Exports:** In Q1/2023, the export of floor and wall tiles reached 26.40 million USD, down 26.59 percent (%YoY). The export value of sanitary ware was 47.89 million USD, down 26.64 percent compared to the same quarter last year, due to fewer orders from the US, China, Japan, the Philippines, Malaysia, and CLMV countries.

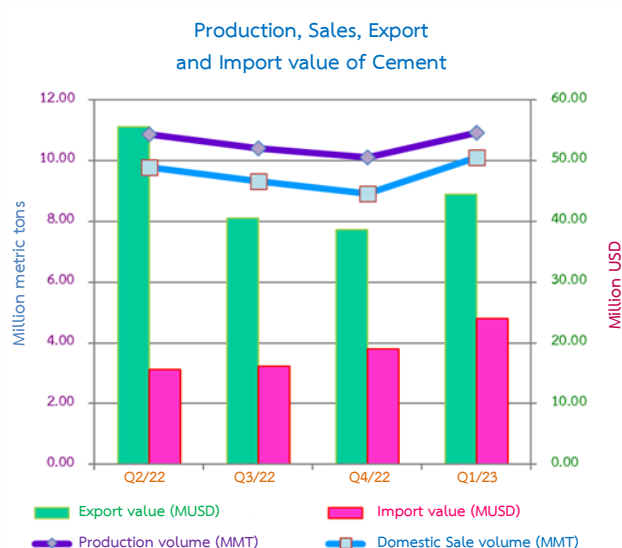
### Ceramic Industry Outlook for Q2/2023

The production and domestic sale of ceramics in Q2/2023 are expected to grow following domestic consumer demand from the government's economic stimulus measures and marketing promotion by the private sector. Exports are likely to stabilize due to the uncertainty of the global economy. The main export markets are the US, China, Japan, and ASEAN countries. But important factors must be monitored closely, namely energy prices, raw material prices, inflation rates, and the rising cost of living that may affect production and domestic sales.



## Cement Industry

The production and sales in the cement industry in Q1/2023 declined compared to the previous year, which had not been affected by the start of the Russian-Ukrainian conflict. Exports declined in line with the global economic slowdown. Meanwhile, imports increased.



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

**Cement production** (excluding clinker) in Q1/2023 reached 10.92 million metric tons, an increase of 8.05 percent from Q4/2022 (%QoQ) but a decrease of 3.49 percent from the same quarter last year (%YoY).

**Domestic sales of cement** (excluding clinker) in Q1/2023 reached 10.12 million metric tons, an increase of 13.49 percent from Q4/2022 but a decrease of 4.90 percent from the same quarter last year (%YoY).

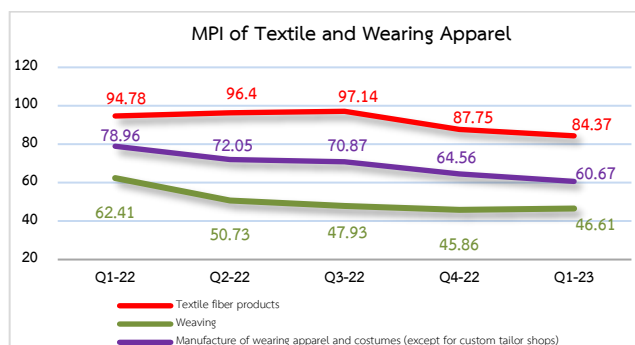
**Cement exports and imports** (excluding clinker) in Q1/2023 valued 44.44 million USD, an increase of 15.22 percent (%QoQ) compared to Q4/2022. However, compared to the same quarter of the previous year, the export value declined by 18.72 percent. This decline was attributed to reduced demand from overseas markets, including Bangladesh, the Philippines, Vietnam, Cambodia, and Myanmar, which experienced decreases of 100%, 84.59%, 65.06%, 21.28%, and 19.26%, respectively. The export market was affected by the global economic slowdown. Regarding cement imports (excluding clinker), the value was 8.56 million USD in Q1/2023, an increase of 5.60 percent compared to Q4/2022 and an increase of 34.00 percent compared to the same quarter of the previous year. The rise in imports was mainly driven by increased purchases from China, Singapore, Laos, and Taiwan, which saw increases of 85.02%, 43.24%, and 26.08%, respectively.

### Cement Industry Outlook for Q2/2023

The cement industry (excluding clinker) in Q2/2023 expects to see slower growth in production and sales volume compared to the same quarter last year. In addition, the second quarter of every year is the rainy season, an obstacle to construction. There will also be other pressures, such as the global economy that is likely to slow down due to the continued impact of the Russian-Ukrainian conflict, the financial crisis in the US and Europe, and the return of a new strain of the COVID-19 which may have an impact on the global economy.

## Textile and Wearing Apparel Industry

In Q1/2023, the MPI of the textile and wearing apparel industry contracted throughout the supply chain compared to the same period of the previous year. This decline resulted from a decreasing trend in orders from trading partners, leading businesses to reduce the production of raw materials from the upstream to the downstream of the supply chain. Compared to the previous quarter, the textile weaving index expanded among the weaving of natural and other types of fibers. Manufacturers began adjusting their production of environmentally friendly raw materials in response to consumer demand trends.

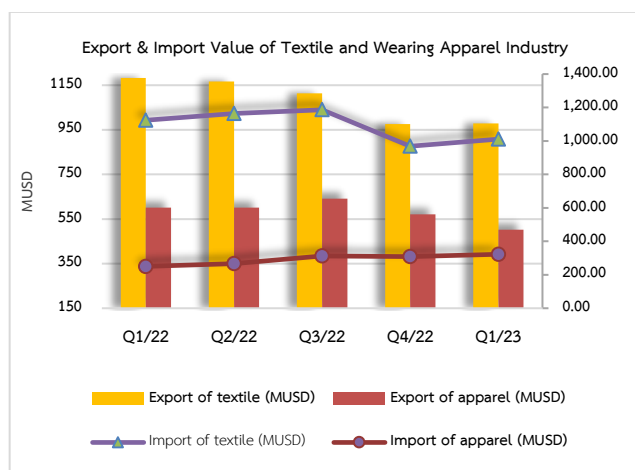


### Production

The MPI for textile fiber decreased by 10.98 percent (YoY), attributed to the decline in the production of man-made fibers, the spinning of natural fibers, and the preparation and spinning of textile fibers. Additionally, the weaving sector saw a contraction of 25.32 percent (YoY), while the clothing and apparel segment experienced a decline of 22.98 percent (YoY) in clothing and knitted apparel production. These decreases resulted from reduced orders from major trading partners such as the US, Belgium, and Hong Kong, leading manufacturers to scale down the production of raw materials and finished products. Nevertheless, compared to Q4/2022 (QoQ), the weaving index increased by 1.65 percent within the natural and other fiber weaving sectors. This increase can be attributed to manufacturers adjusting their production processes to incorporate more environmentally friendly raw materials, aligning with the current consumer demand trends.

### Domestic Sales

The textile fiber industry contracted by 10.17 percent (YoY) from cotton and man-made yarn. Fabric decreased by 25.99 percent (YoY) from woven cotton and synthetic fabric. On the other hand, the wearing apparel industry expanded by 26.21 percent (YoY) from the country's opening policy after the relaxation of COVID-19 measures, resulting in an increase in the number of both domestic and foreign tourists, including government's measures to support the domestic economy to recover.



### Exports-Import

**Exports:** The overall exports of textiles and wearing apparel contracted across the supply chain, reaching a total value of 1,513.16 million USD, a decline of 15.19 percent (YoY). Considering product groups, the textile segment was valued at 1,101.51 million USD, a contraction of 14.45 percent. Similarly, the apparel group was valued at 501.64 million USD, a contraction of 16.64 percent. The contraction was due to reduced orders from major trading partners such as China, Japan, Indonesia, Vietnam, the US, Belgium, and Hong Kong, coupled with the ongoing global economic slowdown. Furthermore, the implementation of monetary policies in many countries to control inflation had a direct impact on consumers' purchasing power and overall economic activity.

**Imports:** The overall imports of textiles and wearing apparel were valued at 1,301.14 million USD, a decrease of 5.29 percent (YoY) from threads, fibers, and fabric. As for garments, imports were valued at 322.73 million USD, a growth of 28.96 percent. A large volume of cheap to moderately priced goods was imported from China for sale by online merchants, and imports of world-famous and regional brand clothing to sell according to the direction of demand. However, the standards of imported products from China should be considered, which may affect consumer health.

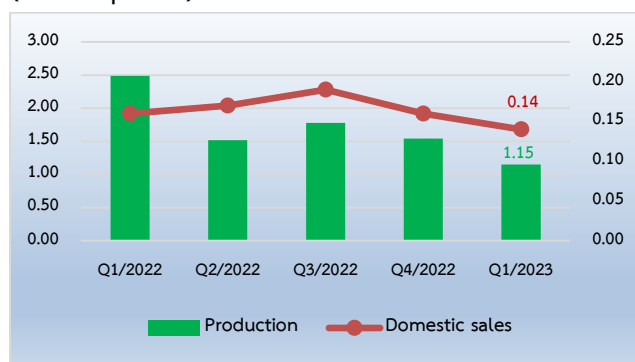
### Textile and Wearing Apparel Industry Outlook for Q2/2023

The textiles and wearing apparel industry is projected to grow due to domestic demand recovery from the tourism sector, China's declaration of openness on January 8, 2023, and government stimulus measures like the We Travel Together project (Phase 5). However, risks remain from fragile consumer purchasing power due to higher living costs and fluctuations in raw material and energy prices, leading to increased production costs and potential rise in imports. Moreover, the inflation rate and monetary policies in various countries may impact the competitiveness of Thai businesses.

## Wood and Wooden Furniture Industry

Compared to the same quarter of the previous year, the wooden furniture production in Q1/2023 decreased due to the drop in domestic and foreign orders. The export value of wood and wooden board products decreased from a slowdown in the value of exports of furniture and parts and wood products.

### Domestic Production and Sales of Wooden Furniture (million pieces)



Source: The Office of Industrial Economics

*Production of wooden furniture* in Q1/2023 reached 1.15 million pieces, a decrease of 25.32 percent and 53.82 percent from the last quarter and from the same quarter last year, respectively. The decrease was due to a decline in both domestic and international orders.

*Domestic sales of wooden furniture* in Q1/2023 reached 0.14 million pieces, a decrease of 12.50 percent from the previous quarter and the same quarter of the previous year. The decrease was due to the recent increase in the cost of living; consumers have become more cautious in spending on products that can be delayed purchases.

### Export Value of Wood and Wooden Products (million USD)



Source: Office of the Permanent Secretary, Ministry of Commerce

*Exports value of wood and wooden products* in Q1/2023 reached 1,067.69 million USD, an increase of 9.96 percent from the previous quarter but a decrease of 6.98 percent compared to the same quarter last year. The export breakdown by category included furniture and parts valued at 252.20 million USD, wood products at 36.78 million USD, and wood and wood products at 778.71 million USD. When compared to the same quarter of the previous year, the export value of furniture and parts decreased by 26.96 percent and wooden products by 7.00 percent, while the value of exports of wood and wood board products increased by 2.06 percent. Overall, the export value of wood and wood products has declined for three consecutive quarters due to declined demand from major trading partners, particularly in the US market for wooden furniture.

### Wood and Wooden Furniture Industry Outlook for Q2/2023

In Q2/2023, wooden furniture production is expected to decrease as demand from the international market continues to decline. The sales volume of wooden furniture in the country is expected to resume growth from the recovery of purchasing power and the domestic economy. Exports of wood and wood products, especially furniture and parts, are expected to decrease in value as demand from key trading partners continues to slow down.

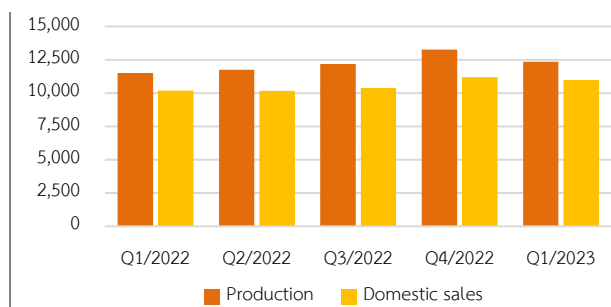
### Government Policies Relevant to the Wood and Furniture Industry

On February 28, 2023, the Cabinet approved phase 2 of the project to support loans as working capital for rubber wood and product operators, with a credit limit of 604 million Thai Baht. The project aims to support business operators experiencing liquidity problems due to the inability to export rubber wood to China. Those eligible for the project must be a rubber wood and product processing enterprise registered in Thailand and have Thai nationality shareholders of more than 50 percent of the paid-up capital.

## Pharmaceutical Industry

In Q1/2023, production and domestic sales of pharmaceuticals increased compared to the same quarter last year. The growth was in line with increased orders and demand for medications, particularly among the elderly and the patients with non-communicable diseases (NCDs). Meanwhile, the export sector contracted, partly due to the easing of the COVID-19 situation.

### Domestic Production and Sales (metric tons)



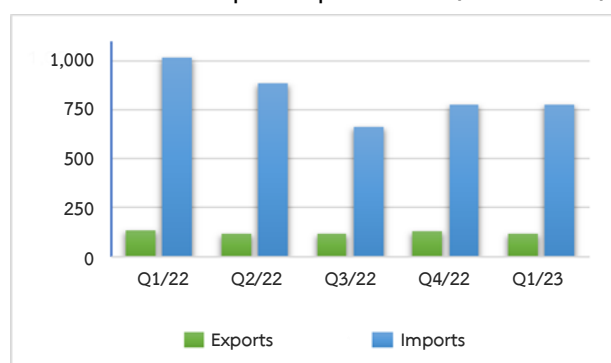
Source: The Office of Industrial Economics

Note: The survey data framework has been updated from 2022

**Pharmaceutical production** in Q1/2023 reached 12,346.62 metric tons, an increase of 11.15 percent compared to the same quarter of the previous year, due to the expansion of medicinal cream, liquid, tablet, and capsule production, which increased by 30.25, 14.30, 14.23, and 0.97 percent, respectively, in response to increased purchase orders from pharmacies and hospitals.

**Pharmaceutical sales** in Q1/2023 reached 10,990.69 metric tons, an increase of 12.96 percent compared to the same quarter of the previous year from the expansion of the distribution of medicinal creams, tablets, liquid, and capsules, which increased by 16.96, 16.88, 14.81, and 2.19 percent, respectively. Sales have increased due to the growing demand for medications, especially among the elderly and non-communicable diseases (NCDs) patients, and to support the COVID-19 pandemic situation.

### Pharmaceutical Import-Export Value (Million USD)



Source: Ministry of Commerce with the cooperation of the Customs Department

Note: Import-Export database adjustment using HS3001, 3002, 3003, and 3004

**Exports of pharmaceuticals** in Q1/2023 were valued at 118.46 million USD, a decrease of 10.28 percent compared to the same quarter last year. This was due to the decreased demand in neighboring markets such as Myanmar, Malaysia, and Vietnam.

**Pharmaceutical imports** in Q1/2023 were valued at 777.60 million USD, a decrease of 23.34 percent from the same quarter last year. The contraction resulted from the COVID-19 situation, the severe decline at the beginning of the year, and the expansion of the production of medicines to replace imports.

### Pharmaceutical Industry Outlook for Q2/2023

In Q2/2023, the production and sales volume of pharmaceuticals within the country is expected to continue to expand compared to the same quarter last year. The growth aligns with the increasing demand for medications and treatment. As for exports, it is anticipated that there will be a trend of continuous expansion, primarily due to the rising demand in major markets, especially in the ASEAN region.

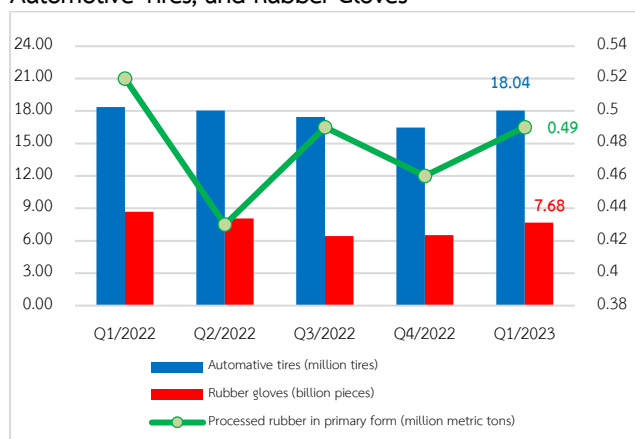
### Government Policies Relevant to the Pharmaceuticals Industry

On January 31, 2023, the Cabinet resolved to approve, in principle, the draft Ministerial Regulation No. (BE....) issued under the Drugs Act BE 2510, to adjust the list and fee rates according to Ministerial Regulation No. 26 (BE 2537) issued under the Drugs Act BE 2510, to be appropriate, in line with the law, and applicable to current operations, as proposed by the Ministry of Public Health, for the Office of the Council of State to consider and then proceed with. It also resolved for the Ministry of Public Health to consider the opinions of the Ministry of Agriculture and Cooperatives, the Ministry of Industry, and the Bureau of the Budget, to ensure appropriate measures to control the price of pharmaceuticals so that the public can access pharmaceuticals at a more reasonable price. This is especially in the case of medicine for animals which is considered the cost of livestock production. It focuses on promoting and supporting research and development of pharmacopoeia and creating new industrial drug innovations in the country, including creating awareness and understanding about the fee rate adjustment attached to the Drug Act, B.E. 2510 for the public to know.

## Rubber and Rubber Product Industry

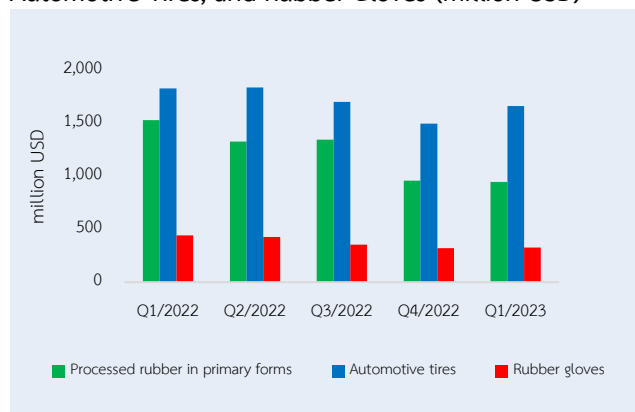
In Q1/2023, the production of processed rubber in primary forms, automotive tires, and rubber gloves decreased in volume for all three products. The decrease was mainly due to the decline in global market demand. The export value of processed rubber in primary forms decreased due to the slowdown in the China, Malaysia, and Japan markets. Similarly, the export value of tires and rubber gloves declined from the slowdown of the US market.

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



Source: The Office of Industrial Economics

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



Source: Ministry of Commerce

*Production of processed rubber in primary forms, automotive tires, and rubber gloves* in Q1/2023 amounted to 0.49 million metric tons, 18.04 million pieces, and 7,683.17 million pieces, respectively. Compared to the same quarter last year, the production of processed rubber in primary forms decreased by 5.17 percent, mainly due to a decline in rubber sheets and concentrated latex production. The production of automotive tires decreased by 1.80 percent due to reduced production of passenger car tires, pickup truck tires, truck and bus tires, and tractor tires. Additionally, the production of rubber gloves decreased by 8.39 percent due to decreased demand for rubber gloves in foreign markets.

*Sales of processed rubber in primary forms, automotive tires, and rubber gloves* in Q1/2023 reached 0.13 million metric tons, 11.87 million tires, and 642.07 million pieces, respectively. Compared to the same quarter of the previous year, the sales of processed rubber in primary forms increased in volume by 7.18 percent from the continuous growth of demand in the downstream industry. The sales of automotive tires decreased by 4.88 percent, in line with the slowdown of the Replacement Equipment Manufacturing (REM) market. On the other hand, the domestic sales of rubber gloves increased by 12.97 percent from the growing demand for rubber gloves for disease prevention.

*Exports of processed rubber in primary forms, automotive tires, and rubber gloves* in Q1/2023 were valued at 947.69, 1,663.22, and 327.12 million USD, respectively. Compared to the same quarter last year, the export of processed rubber in primary forms, automotive tires, and rubber gloves decreased by 36.94, 9.02, and 25.86 percent, respectively, as demand for these products in the global market has dropped.

## Rubber and Rubber Products Industry Outlook

In Q2/2023, the production of processed rubber in primary forms and automobile tires is expected to resume expanding to meet domestic and international market demand. However, the production of rubber gloves is expected to continue slowing down due to decreased demand in the world market compared to previous periods.

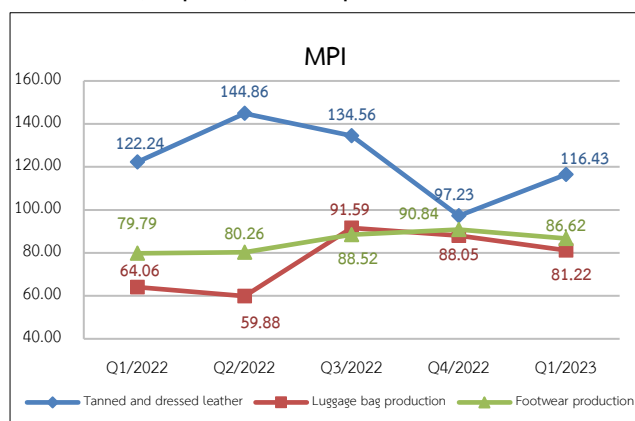
## Government Policies Relevant to the Rubber and Rubber Products Industry

On February 28, 2023, the Cabinet approved the 4th phase of the Rubber Farmer Income Insurance Project to assist rubber farmers in the event of a slump in rubber prices. The government will insure income for farmers not exceeding 25 rai. The insurance price for good quality raw rubber sheets is 60 Baht/kg, field latex (DRC 100%) is 57 Baht/kg, and cup lump (DRC 50%) is 23 Baht/kg.

## Footwear and Leather Product Industry

In Q1/2023, compared to the same quarter of the previous year, the production of tanned and dressed leather decreased from the decline in exports. The production of bags and shoes increased from growing exports and domestic sales from the relaxation of COVID-19 control measures. Many countries reopened to tourists to stimulate spending and revive the economy. However, geopolitical conflicts that affect the world economy will still need to be monitored.

### Production, Exports, and Imports (MUSD)

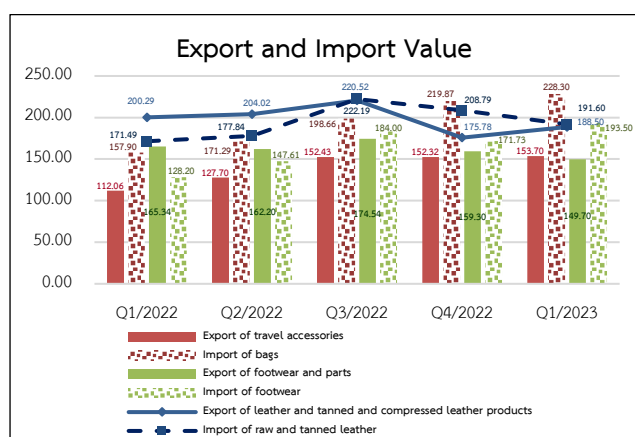


### Production

In Q1/2023, the MPI of tanned and dressed tanned leather decreased by 4.76 percent compared to the same quarter last year. The production of luggage increased by 26.78 percent from increased domestic sales and exports, and the production of footwear increased by 8.48 percent from domestic sales.

### Exports-Imports

The export value of leather and composite leather products and footwear in Q1/2023 decreased by 5.91 percent and 9.45 percent compared to the same quarter last year. Meanwhile, travel products increased by 37.17 percent. The leather and products export value was 200.29 million USD. The major export markets were South Korea, Singapore, France, Germany, and Myanmar, as many countries relaxed and opened their countries to normalcy. People were confident to travel and spend more.



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

The import value of raw and tanned leather increased by 11.7 percent in Q1/2023 compared to the same quarter of the previous year. Footwear increased by 50.90 percent, and handbags increased by 44.60 percent as a result of continuous government measures to relieve and stimulate spending to increase purchasing power for consumers in the country.

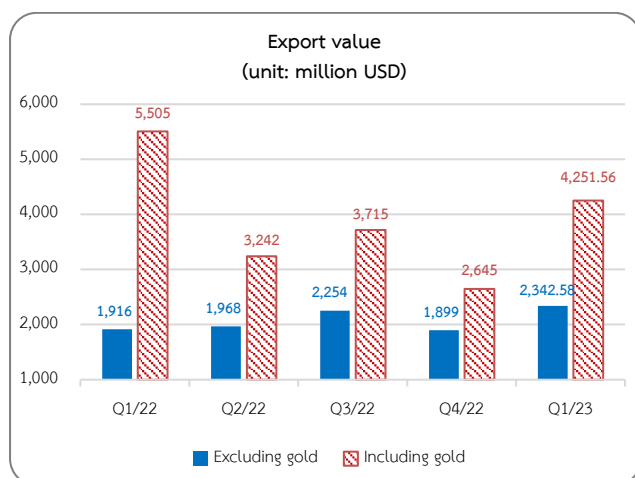
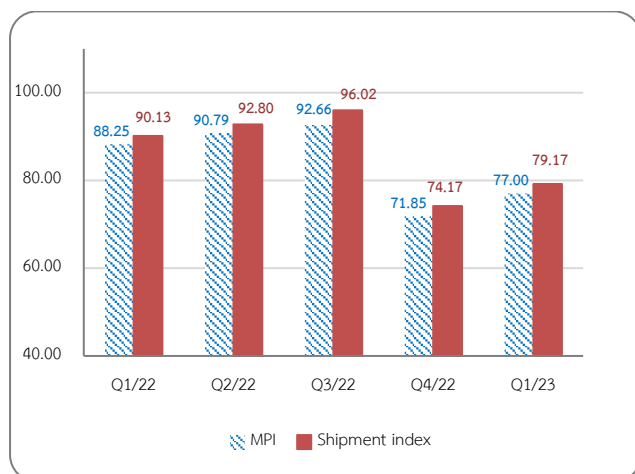
### Footwear and Leather Production Industry Outlook for Q2/2023

For the production of leather and footwear in Q2/2023, tanned and dressed tanned leather is expected to decline from the previous quarter. Meanwhile, the production of bags and shoes is expected to increase from exports and domestic sales. However, factors that need to be monitored include the geopolitical conflicts and tensions between the US and China, which affect energy, oil, and gas prices and affect production costs. In addition, rising interest rates and higher inflation may affect people's purchasing power and the global economy.

## Gems and Jewelry Industry

In Q1/2023, compared to the same quarter of the previous year, the production and sales of gems and jewelry decreased due to reduced exports following the declining demand from trading partners such as Switzerland, Singapore, Hong Kong, and the US. This decline resulted from global economic pressures due to inflation and increasing interest rates, impacting consumer purchasing power. Additionally, ongoing geopolitical tensions must be monitored, as they may continue to exert prolonged strains on the global economy.

### Production, Sales, and Exports



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

#### Production

In Q1/2023, compared to the same quarter of the previous year, the overall production of gems and jewelry decreased by 12.75 percent (%YoY). The production of authentic and imitation jewelry decreased by 10.74 percent and 25.94 percent due to the decrease in production for export to trading partner countries from an economic slowdown in Cambodia, Australia, India, and the UK. Diamond production grew by 12.56 percent.

#### Sales

Gems and jewelry sales in Q1/2023 compared to the same quarter last year (%YoY) decreased by 12.16 percent across all product groups. Due to the current economic slowdown, sales of diamonds, real jewelry, and imitation jewelry decreased by 1.95 percent, 10.30 percent, and 28.09 percent. As a result, consumers were more careful with their spending.

#### Exports

Exports of gems and jewelry in Q1/2023 compared to the same quarter last year (%YoY) reached a total export value of 2,342.58 million USD, an increase of 22.26 percent from the value of gemstone and authentic jewelry exports, which increased by 144.74 percent and 34.70 percent. Meanwhile, diamonds and imitation jewelry decreased by 24.16 percent and 13.96 percent. Considering the overall gem and jewelry exports, the total value was 4,251.56 million USD, a decrease of 22.76 percent. The export value of unwrought gold was 1,908.98 million USD, down 46.80 percent from exports to Cambodia, Australia, India, and the UK.

### Gems and Jewelry Industry Outlook for Q2/2023

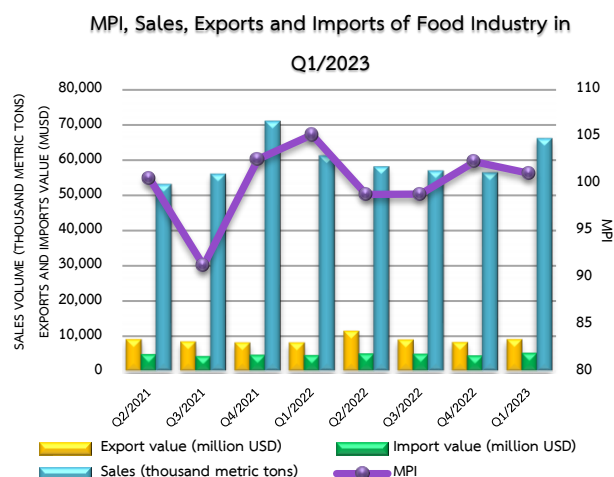
Overall gem and jewelry production in Q2/2023 is expected to grow slightly, supported by the continuous growth of the tourism sector from being fully open to tourists. As a result, domestic consumption increased. In addition, there were measures to promote tourism to encourage people to spend, and increased orders from key trading partners that have returned to growth from marketing promotion in many areas such as Hong Kong and Qatar, where gem and jewelry fairs and campaigns were organized to attract tourists and businesses, creating incentives to purchase. However, the protracted geopolitical conflict must also be monitored, including the global economic slowdown from inflation, the volatility of the global financial market due to tightened monetary policies of trading partner countries, which reduced the purchasing power of consumers, and interest rates that continue to rise which may affect the country's manufacturing and export sectors.



## Food Industry

The MPI of the food industry in Q1/2023 grew compared to the same period last year from the expansion of the domestic economy following increased consumption and tourism, including the growth of palm oil and sugar from the increasing demand for imports from foreign markets. Likewise, the export sector continued to grow, although the economy of the main trading partners showed signs of a slowdown.

### MPI, Sales, Exports, and Imports of industrial products



Source: The MPI and Sales volume collected from the Office of Industrial Economics.  
Export-import value compiled from the Ministry of Commerce by the grouping of the Office of Industrial Economics

**The MPI of the food industry** in Q1/2023 reached 101.1, a growth of 0.8 percent (%YoY) compared to the same quarter last year. Food products that increased included palm oil, which grew by 37.2 percent from crude palm oil, and refined palm oil, which grew by 43.8 percent and 30.0 percent, respectively, due to higher demand in various industries and higher palm oil production than last year. Furthermore, India's imports from Thailand increased by 11.4 percent. Refined sugar, raw sugar, and white sugar grew by 20.5 percent, 12.6 percent, and 1.8 percent, respectively, due to increased demand following economic growth. In addition, the amount of sugarcane to be crushed was more than the previous year. Livestock increased by 4.9 percent from chilled and frozen chicken meat, which grew by 5.2 percent due to domestic and international market demand. However, the production of some products decreased, such as processed vegetables and fruits, which contracted 18.1 percent from canned pineapple. This was due to a decrease in domestic and export demand. Fishery products contracted by 8.6 percent from frozen shrimp due to the rising cost of shrimp feed affecting the cost of raising and selling prices. Cassava shrank by 24.2 percent from cassava starch as the quantity of cassava roots decreased from continuous rain. As a result, some parts of the cassava harvest area were damaged.

**Domestic food sales in Q1/2023** amounted to 66,202.67 thousand metric tons, a decrease of 2.8 percent (%YoY) compared to the same quarter last year. Among the products that showed a decline in domestic consumption were canned pineapple, which decreased by 59.3 percent, followed by raw sugar, tapioca starch, and frozen shrimp, which decreased by 24.1 percent, 19.2 percent, and 10.8 percent, respectively.

**Food exports in Q1/2023** were valued at 9,044.83 million USD, a growth of 11.0 percent (%YoY) compared to the same quarter last year. The growth was from major products such as sugar and molasses from raw sugar, where the key markets were Indonesia and South Korea. This was followed by rice and cereals, with the main product being rice. The key markets were Iraq and the US. Vegetable and animal fats and oils grew, mainly from palm oil. The main export market was India. Livestock expanded from chilled and frozen chicken, with the main markets being China and Japan.

**Imports** in Q1/2023 were valued at 5,074.89 million USD, a growth of 13.6 percent (%YoY) compared to the same quarter last year from importing oilseeds to be used as raw materials for oil production. The growth was due to higher oil demand, followed by oilseed meals and grains to support the animal feed industry.

#### Food Industry Outlook for Q2/2023

*The overall MPI and export value are expected to contract compared to the same quarter of the previous year, as the base of the previous year was quite high. In addition, the economic conditions of trading partners are slowing down. However, the tourism sector still shows good signs, and the demand for imports from foreign markets for palm oil and sugar is expected to increase.*



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