Highlights:

- Closely monitor whether trade war between the US and China will benefit or adversely affect Thailand

- EEC outlines Master Timeline for major infrastructure projects (2018-2025)

Issue: Aug 2018
Thai Baht continued to weaken against the US dollar, backed by stronger US economy and the Federal Reserve’s interest rate hike policy, triggering fund outflows from Thailand.

Private consumption remained positive due to a steady rise in exports and demand from medium to high income groups.

Private investment signaled upward trends, thanks to the government’s mega projects and export recovery.

Major infrastructure projects such as U-Tapao Airport and the high-speed rail linking three airports showed progress in terms of clarity in investment plans and timeframes for companies to bid for the projects.

Exports were propelled by continuing economic recovery of trading partners, cyclical upturn of electronic products and rising oil prices which boosted the value of Thai exports.

Imports surged on an increase in domestic investments and mostly in capital goods and raw materials.

International travelers continued to visit Thailand especially those from ASEAN countries.
The US trade dispute with China is escalating with no agreement in sight in the short run. In an absence of solutions, Chinese and international investors have revised their investment plans by relocating their production bases from China to other countries or continuously expanding their investments in ASEAN to ease tax burden after Chinese exports to the US are subject to higher tariffs.

**Timeline**

- **Section 201 (Safeguard)**
  - Solar panels, washing machine
  - Mar

- **Section 232 (National Security)**
  - Steel, aluminum
  - Jun

- **Section 232 (National Security)**
  - passenger car
  - Q4

- **Section 301 (Unfair Trade Practices)**
  - Product from China
  - Q1
    - Ex: rubber, chemical products, plastic, agriculture products, food, wood, textile, furniture

- **Section 301 (Unfair Trade Practices)**
  - Product from China
  - Q3
    - Ex: electrical appliance parts, electronics, automotive, railway, aircraft, ship

- **Section 301 (Unfair Trade Practices)**
  - Product from China
  - Q4
    - Ex: computer, mobile phone, TV, coffee, tea, drugs, coca, book, cloth, shoes, toys, musical Instruments

Source: KResearch
Thailand is one of the top destinations for international investors. Particularly, they are drawn toward the Eastern Economic Corridor (EEC) which offers lucrative investment incentives to investors and serves as a major production base for many industries, such as plastics and chemicals, electronics and electrical appliances and electric generators.

Consequently, international investors especially those from China are interested to invest in Thailand. During the first six months of 2018, the investment application approved value was USD390 million, increased by 30 percent from last year. Approximately USD198 million go to investments in electronics and electronic appliances.

The total foreign direct investment (FDI) in the first half of 2018 was USD4.235 billion, up 24 percent over-year. Japan is the largest source of investment both in terms of value and the number of projects, followed by Singapore, China, Hong Kong and Taiwan.

Source: KResearch
Industrial estates in EEC aim to attract investments in 10 target industries as follows:

<table>
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<tr>
<th>Industrial Estate</th>
<th>Next generation automotive industry</th>
<th>Intelligent electronics industry</th>
<th>Tourism industry</th>
<th>Agriculture and biotechnology</th>
<th>Food for the future industry</th>
<th>Robotics Industry</th>
<th>Aviation and logistics industry</th>
<th>Biofuel and biochemical industry</th>
<th>Digital industry</th>
<th>Comprehensive healthcare industry</th>
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Source: EEC Office
## Industrial Estate

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<th>Next generation automotive industry</th>
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Source: EEC Office
In response to a rising demand for skilled labor, the Cabinet has approved a budget worth USD12 million to promote human resource development, education and research. The EEC Office recently signed a Memorandum of Understanding with Pearson Education Limited to develop vocational courses in support of 10 target industries in the EEC.

The worker shortage is one of the main obstacles of the EEC development and foreign investment attraction especially in high-technology industries which require a large number of skilled workers.

There are still have opportunities for multinational companies to invest in human resource development in accordance with the government's policies to produce skilled labor, particularly in science and technology, to serve the labor market.
“MASTER TIMELINE : EEC major infrastructure projects”

**High-speed rail linking 3 airports**
- TOR: June 2018
- Proposal: October 2018
- Bidding: February 2019
- Sign contract: March 2019

**U-Tapao Airport**
- TOR: October 2018
- Proposal: December 2018
- Bidding: January 2019
- Sign contract: February 2019

**MRO Center**
- TOR: August 2018
- Proposal: October 2018
- Bidding: November 2018
- Sign contract: December 2018

**Map Ta Phut Port**
- TOR: November 2018
- Proposal: January 2019
- Bidding: February 2019
- Sign contract: March 2019

**Laem Chabang Port**
- TOR: October 2018
- Proposal: January 2019
- Bidding: February 2019
- Sign contract: March 2019

**EEC Digital**
- TOR: October 2018
- Proposal: November 2018
- Bidding: December 2018
- Sign contract: January 2019

Source: EEC Office
Mr. Predee Daochai, KBank President, signed a Memorandum of Understanding with Department of Industrial Promotion, Ministry of Industry, to elevate capabilities of SMEs in a drive towards Thailand 4.0 by encouraging SMEs to make foray into online business with K PLUS mobile banking service of KBank.
OUR SUPPORT – AEC+ BUSINESS ADVISORY AND MATCHING

CONTACT US:
Kbank_world_business_advisory@kasikornbank.com

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