Highlight:

- Investments in the EEC show steady progress
- Alibaba announces cooperation & investment projects in Thailand

Issue: May 2018
Thai baht continued to grow in strength, while the likelihood of Fed Funds Rate hike should be closely watched because the decision can affect the Thai baht.

Private consumption rose in continuation from the previous year but the supportive factor in terms of household income remained weak.

Private investment shrank due to high base effect compared to large amount of investments in machinery and equipment in the previous year.

Public investment delayed due to budgetary disbursement for large-scale projects.

Exports continued to grow partly due to rising oil prices. In addition, Chinese manufacturers accelerated the imports of electronic products before the US raises import duties against Chinese goods.

Imports steadily increased, thanks growth in imports of capital goods in the fuel category in the wake of rebound in oil prices.

Inbound tourism boom carried on, particularly with Chinese tourist arrivals after the launch of direct flights from Chinese secondary cities to Thailand.
Alibaba Group announces its cooperation and investment projects in Thailand. Alibaba and the Thai government signed MOUs on five areas of cooperation.

1. Smart Digital Hub Project in the EEC with an investment value of around USD351 million.
2. Human resource development project to support digital and e-commerce business in order to create “Digital Talents”.
3. A collaboration with the Thai government to improve digital and e-commerce skills of Thai SME’s and startups.
4. A collaboration with the Tourism Authority of Thailand to develop Thailand Tourism Platform.
5. The launch of Thai Rice Flagship Store on Tmall.com website, which is a medium for trading agricultural produce.

Alibaba’s investment in Smart Digital Hub in the EEC marks a positive sign for the official commencement of EEC, as evidenced by the e-commerce giant’s decision to use Thailand as a logistics and distribution hub in ASEAN.
“Investments in target industries in the EEC are progressing well”

Recently, many private investors, both Thai and international, have decided to invest in the EEC area, while many others have expressed their interest and consideration of their investment plans to do business in the EEC, covering a wide range of industries, namely, automotive industry of the future, aviation & logistics, digital, robotics, petrochemicals, biotech and bio-economy industries.

### Mega Investment in Targeted Industries Movement

<table>
<thead>
<tr>
<th>Industry</th>
<th>Company/Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Next-Generation Automotive</td>
<td>Mazda submitted the application for manufacturing of Hybrid Electrical Vehicle</td>
</tr>
<tr>
<td>Biofuels and Biochemicals</td>
<td>PTT Global chemical has set up the petrochemical plant for develop the specialty chemical grade in EEC</td>
</tr>
<tr>
<td>Aviation and Logistics</td>
<td>Air Asia collaborates with EEC to invest for the MRO</td>
</tr>
<tr>
<td>Robotics</td>
<td>Hirata Corporation is considering to establish industrial robotics factory in EEC</td>
</tr>
<tr>
<td>Digital</td>
<td>Alibaba Group is preparing to set up the Smart Digital Hub in Chachoengsao province</td>
</tr>
<tr>
<td></td>
<td>Hitachi invested in big data center to support public and private organization in EEC.</td>
</tr>
</tbody>
</table>
At any rate, in addition to the EEC’s readiness in terms of basic infrastructure, public utilities and attractive investment incentives, skilled labor is a crucial factor that draws investors’ attention.

The target industries require advanced technologies, thus requiring expertise and skills of capable workers. It is expected that the demand for skilled labor such as engineers and technicians will exceed 100,000 within five years from now. Therefore, this poses a challenge for the Thai government to speed up its plans to produce skilled labor, particularly technicians and engineers, to meet the rising demand in line with the expansion of more advanced industries.

Source: The Office of the Board of Investment.
Rayong is developing the Rayong Model, a master plan to develop its public transport system, with an investment value of USD250 million. With a focus on the development of a mass transit network in Rayong, the project includes the construction of electric bus and light rail transit systems and the integration of Rayong’s mass transit system into the cross-provincial network of Bangkok-Rayong high-speed electric train and dual-track train projects. The development of the public transport system in Rayong will further complete the comprehensive transport network in the EEC area.

The project will facilitate economic activity and investment, which are set to rise in the future, and benefit commuters amid the rising number of the EEC’s residents in line with an inflow of workers. The project will also bolster the tourism capacity of Rayong province, which is an important zone for family and health tourism businesses in the eastern region (Pattaya – Sattahip – Rayong).
May 17, 2018 at Chadra Ballroom, Siam Kempinski Hotel, President Predee Daochai represented KBank to give a special presentation on "ASEAN Connectivity and Thailand 4.0" at the "Maekyung Thailand Forum". The event was hosted by Maekyung Media Group – Korea’s leading newspaper company, Korea Trade-Investment Promotion Agency (KOTRA) and ASEAN-Korea Center to celebrate the 60th anniversary of diplomatic relations between Thailand and Korea, and to forge business cooperation of the two countries in the era of Industry 4.0.

On May 17, 2018, KBank hosted an event at Phahon Yothin Building to welcome a delegation of Chinese investors. Mr. Kin Chong Choi, China Business Relationship Development Expert, World Business and Product Development Department, welcomed Ms. Donlaporn Ajavavarakula, Minister-Counsellor, the Office of the Board of Investment in Beijing, China, who brought a group of Chinese executives and investors to visit KBank for promoting good relationship between KBank and the BOI’s Beijing Office, exchanging business insights and exploring business opportunities and cooperation.
OUR SUPPORT – AEC+ BUSINESS ADVISORY AND MATCHING

CONTACT US:
Kbank_world_business_advisory@kasikornbank.com

KEEP IN TOUCH

FIND out latest market insights and how to do business in AEC+3

JOIN our coming events – seminars and business matching

SUBSCRIBE to our latest publications and events

Website: https://aecplusadvisory.askkbank.com