



# Overview of Thai Automotive Industry & Its Fastener Imports and Exports

by Shervin Shahidi Hamedani

## Introduction

The market growth of industrial fasteners in any of its segments such as automotive, machinery, construction, aerospace, and electronics still remains steady.

Looking at the global industrial fastener market APAC has the highest market share for industrial fasteners market globally. Industrial fastener demand is raising developing countries such as India, China, Japan, Taiwan, South Korea and Thailand. The emerging economies in general and Thailand in specific are expected to fuel the market growth of industrial fasteners market globally. On the other hand, the developed regions such as North America and Europe will face slow market growth as compared to the developing regions over the forecast period.

## The Automotive Industry of Thailand

Fasteners in the automotive industry play an essential role in vehicle assembly. They are designed to hold automotive components together and prevent the structure from disassembling. The global market for automotive fasteners is expected to hit 22.7 billion USD by 2020.

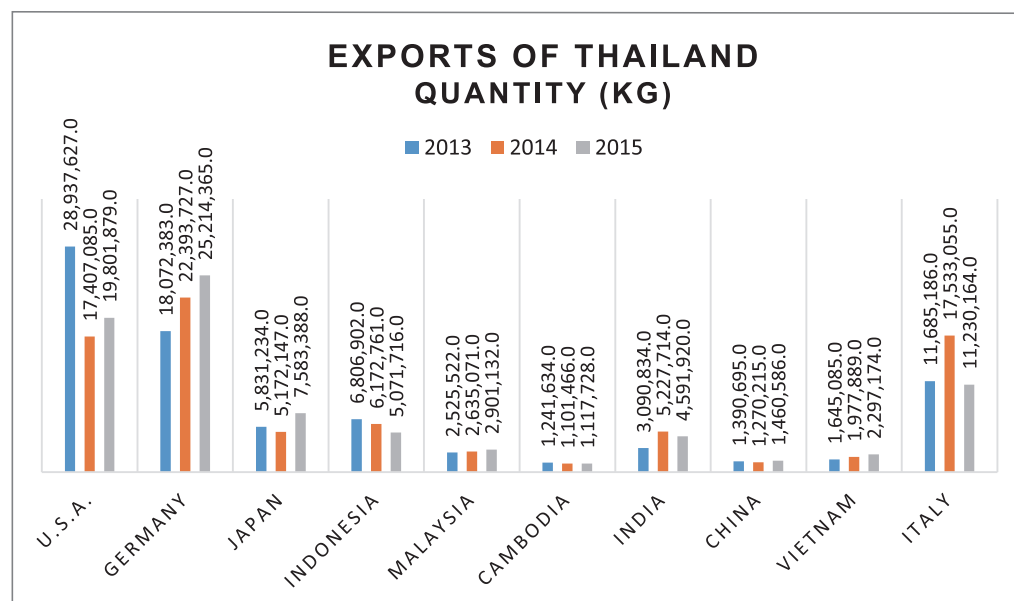
The dynamics of the automotive market on both supply and demand is in motion. The global economic hub is moving from the West to the East. Asia plays an increasingly important role as an increasingly important market and a major global production base changing the face of the competition (e.g., former trade partners turned to competitors, production base relocation and competitive advantage development through business collaboration).

The automotive industry is one of the key industries of Thailand that produces economic value for the country. It accounts for about 10% of gross domestic goods deriving from manufacturing and a source of employment

for over 500,000 direct jobs of skilled labour, excluding value originated from related industries like upstream industry, service industries such as financial, insurance and after sales service.

Thailand is one of the leading regional and global automotive manufacturers. The main reasons in ensuring continuous development of Thailand's automotive industry in this dynamic environment: favourable government policies to promote investment and domestic market expansion through systematic integration, developments to accommodate technology changes by enhancing the capacity of green technology development, increase domestic value creation through productivity improvement for parts manufacturers and quantitative and qualitative human resource development.

However, future challenges must be taken into careful consideration in formulating development strategies for sustainable growth of the industry especially the global trends focus on environment and safety. Thence, Thailand's automotive industry is required to develop technology and competency to meet these requirements.

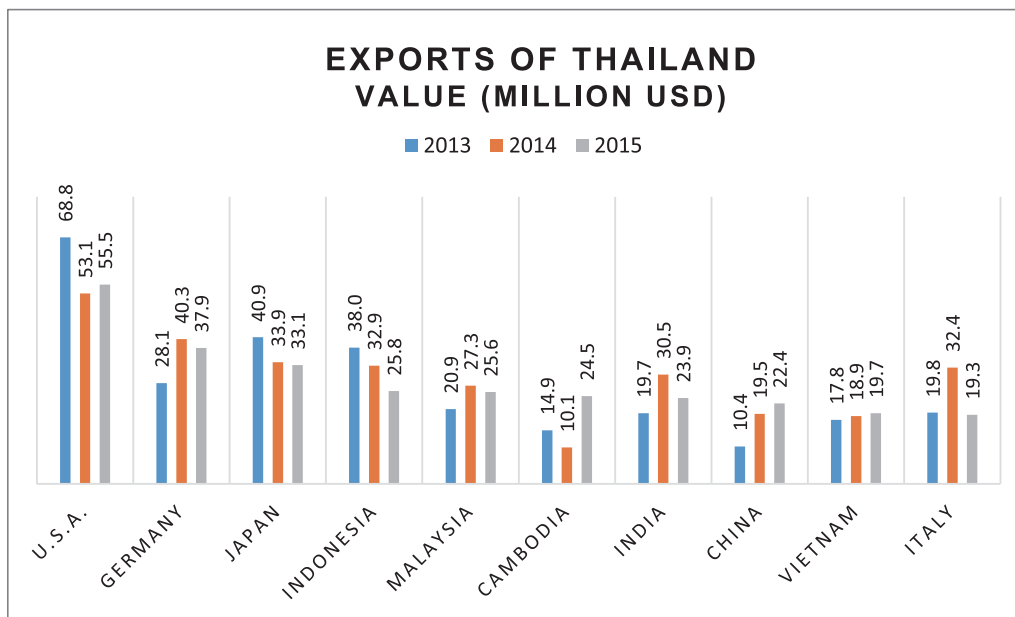


As stated part of the accomplishments resulted from the continuous support and commitment of related government agencies on the development of Thailand's automotive industry through the administration of favourable policies.

Not just government, but private sectors have created the vision improvement concerning the development of Thailand's automotive Industry in year 2021 together, which is: Thailand is a global green automotive production base with strong domestic supply chains which create high added value for the country. The goal for future product development is to attempt for green and safety vehicles in compliance with the international standards.

## Fasteners Import and Export

Among Thailand's top 10 fastener (HS:7318) export destinations by volume in 2015, the US, Germany and Italy accounted for about 70%. This figure represents that Thai exports in 2015 were mostly focused on advanced markets.



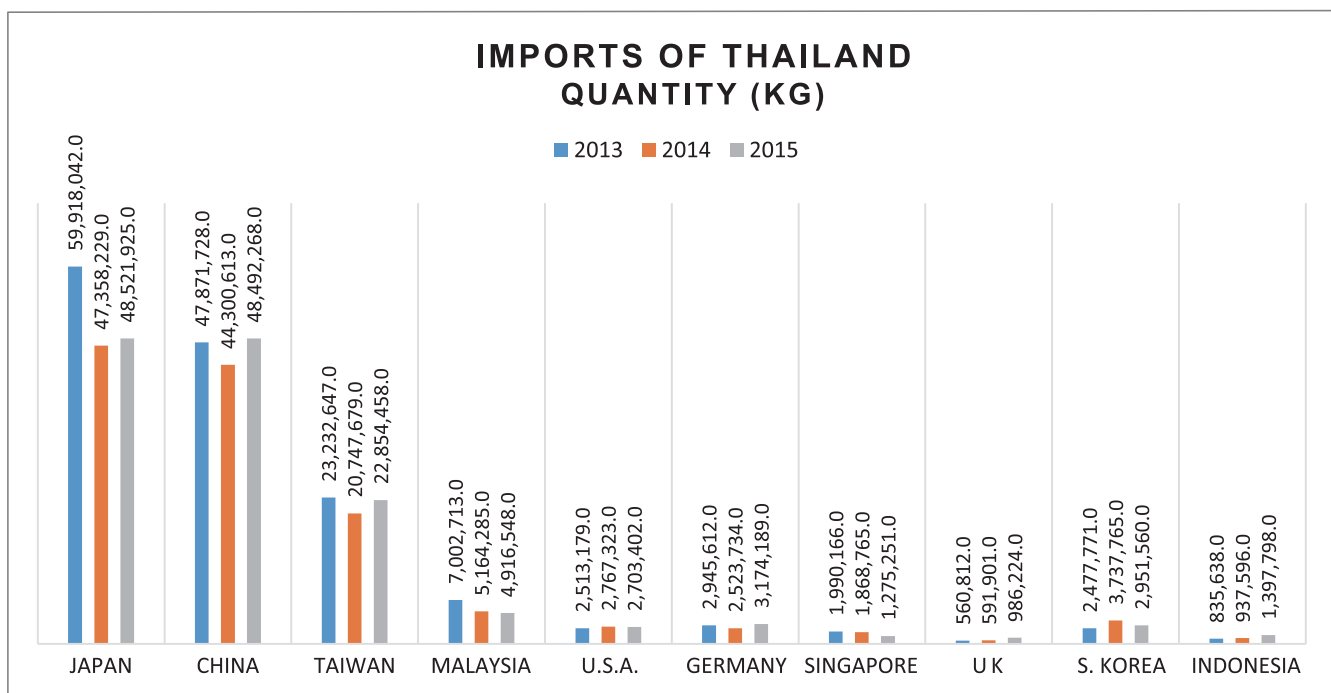
The following charts exhibit the values of Thailand's fasteners exports to the destination countries mentioned earlier.

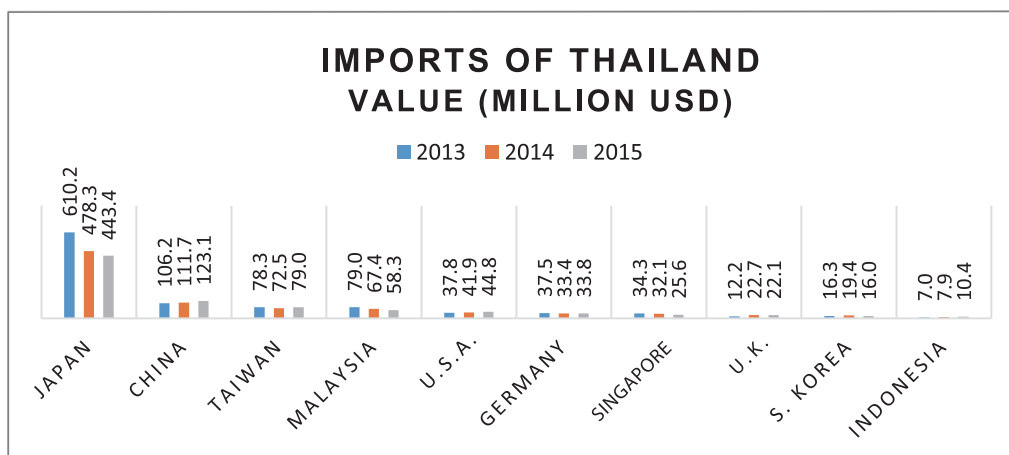
On the other hand, by looking at Thailand's top 10 fastener (HS:7318) import by volume in 2015, Asian countries accounted for above 90%.

The value of imports from those countries are illustrated in the following chart.

## 2016 and Beyond

From the time when the economy of Thailand was distressed by the Asian Financial Crisis, the country's economy has become healthy again, in line with regional trends; however, Thailand's weak political position has brought uncertain economic growth in 2016 for this country. The global gross domestic product (GDP) was forecast by World Bank to increase





Sources:

- Master Plan for Automotive Industry 2012 – 2016
- Ministry of Commerce, Import and Export
- BMI Research, Thailand

from 2.4 percent in 2015 to 2.9 percent this year. Although Thailand's economy will remain weak due to political instability, it will not be fully slowed down by it, and will continue to see growth in the manufacturing and tourism sectors over the coming years.

One of the main risk components of the manufacturing market is rising labour costs, while a lack of skills in fundamental capacities is an additional area of concern in Thai economy. These consequences from misalignment between the education system and industry, even though education policy has enriched considerably in the last decade.

Apart from the weaknesses mentioned earlier, this country has established a robust logistics segment, sustained and supported by new and modern infrastructure and services, without considering its rail network. Thailand, as an industrialised country with a large production base, has turned into a hub for international trade. Development in consumption and trade has been in line with development in transport and utilities infrastructure. ■