

THAILAND OF INVESTMENT

WHERE SUCCESS STORIES BEGIN



Investment & Sourcing Opportunities in Automotive



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Major Auto Assemblers in Thailand



Car Assemblers in Thailand

Ranked by production capacity in 2005

Rank	Assembler	Units	Capacity Share
1	Toyota Motor Thailand Co., Ltd.	350,800	27.62
2	Isuzu Operations (Thailand) Co.,Ltd.	200,000	15.75
3	Mitsubishi Motors (Thailand) Co.,Ltd.	170,200	13.40
4	Auto Alliance (Thailand) Co.,Ltd.	135,000	10.63
5	Honda Automobile (Thailand) Co.,Ltd.	120,000	9.45
6	General Motors (Thailand) Co.,Ltd.	115,000	9.05
7	Siam Nissan Automobile Co.,Ltd.	102,000	8.03
8	Hino Motors Sale (Thailand) Ltd.	28,800	2.27
9	Thonburi Automotive Assembly Co.,Ltd.	16,300	1.28
10	Y.M.C Assembly Co.,Ltd.	12,000	0.94
11	BMW Manufacturing (Thailand) Co.,Ltd.	10,000	0.79
12	Thai Swedish Assembly Co.,Ltd.	10,000	0.79
13	Bangchan General Assembly Co.,Ltd.	0	0
Total		1,270,100	100

Source: Office of Industrial Economics, Ministry of Industry.
Remark: excluding Motorcycles



Motorcycle Manufactures in Thailand

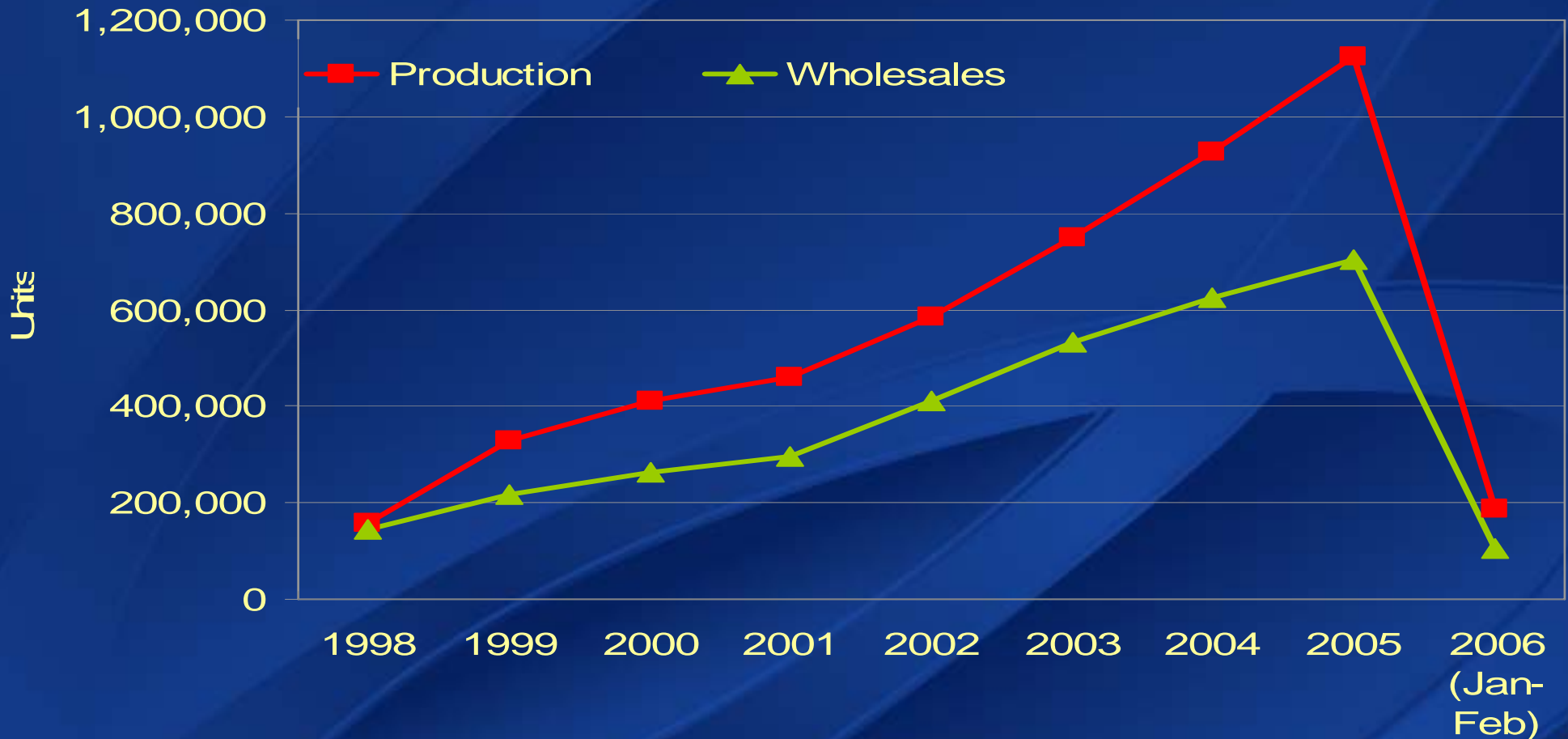
Ranked by production capacity in 2005

Rank	Manufacturer	Brand	Units	Capacity Share
1	Thai Honda Manufacturing Co.,Ltd.	HONDA	1,400,000	49.93
2	Thai Suzuki Motor Co.,Ltd.	SUZUKI	550,000	19.61
3	Thai Yamaha Motor Co.,Ltd.	YAMAHA	450,000	16.05
4	Kawasaki Motors Enterprise (Thailand) Co.,Ltd.	KAWASAKI	200,000	7.13
5	Millennium Motor Co.,Ltd.	TIGER	60,000	2.14
6	J.R.D. (Thailand) Co.,Ltd.	JRD	144,000	5.14
Total			2,804,000	100

Source: The Thai Automotive Industry Association



Overview of Automotive Ind.



Source: Thailand Automotive Institute



Production volumes of Thai Automotive industry

Unit: Cars

	Type of Vehicle	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Growth 05/04
P a s s e n g e r	Passenger Cars	138,579	112,041	32,008	72,716	97,129	156,056	169,321	251,684	304,349	277,603	-8.79
	Off-road Passenger Vehicles (OPV)	2,544	1,604	1,950	5,822	5,960	4,621	20,599	8,965			
	Pickup Passenger Vehicles (PPV)	-3	-3	-3	-3	299,435	291,747	384,672	5,803	42,789	62,002	44.9
C o m m e r c i a l	Pickup Trucks ¹	369,913	223,243	121,963	244,223				465,060	557,622	762,025	36.68
	Vans, Micro-Buses	1,095	373	60	0	0	0	0	165	0	0	-
	Buses	609	554	577	81	0	271	388	90	213	412	93.43
	Medium & Heavy Trucks ²	46,688	22,488	1,572	4,391	9,197	6,713	10,011	18,745	23,208	23,274	0.28
	Total (excluding Motorcycles)	559,428	360,303	158,130	327,233	411,721	459,418	584,951	750,512	928,081	1,125,316	21.25
	Motorcycles ⁴	1,437,794	1,081,044	600,497	846,426	1,125,723	1,209,995	1,977,144	2,424,676	3,028,070	3,494,012	15.39
	Total	1,997,222	1,441,347	758,627	1,173,659	1,537,444	1,669,413	2,562,095	3,175,188	3,956,151	4,619,328	16.76

Source: The Federation of Thai Industry

Remark: 1 = Pickup < 1 ton, Pickup 1 ton and Double Cab

2 = < 5 tons, 5-10 tons, 10 tons up

3 = PPV began in 2000

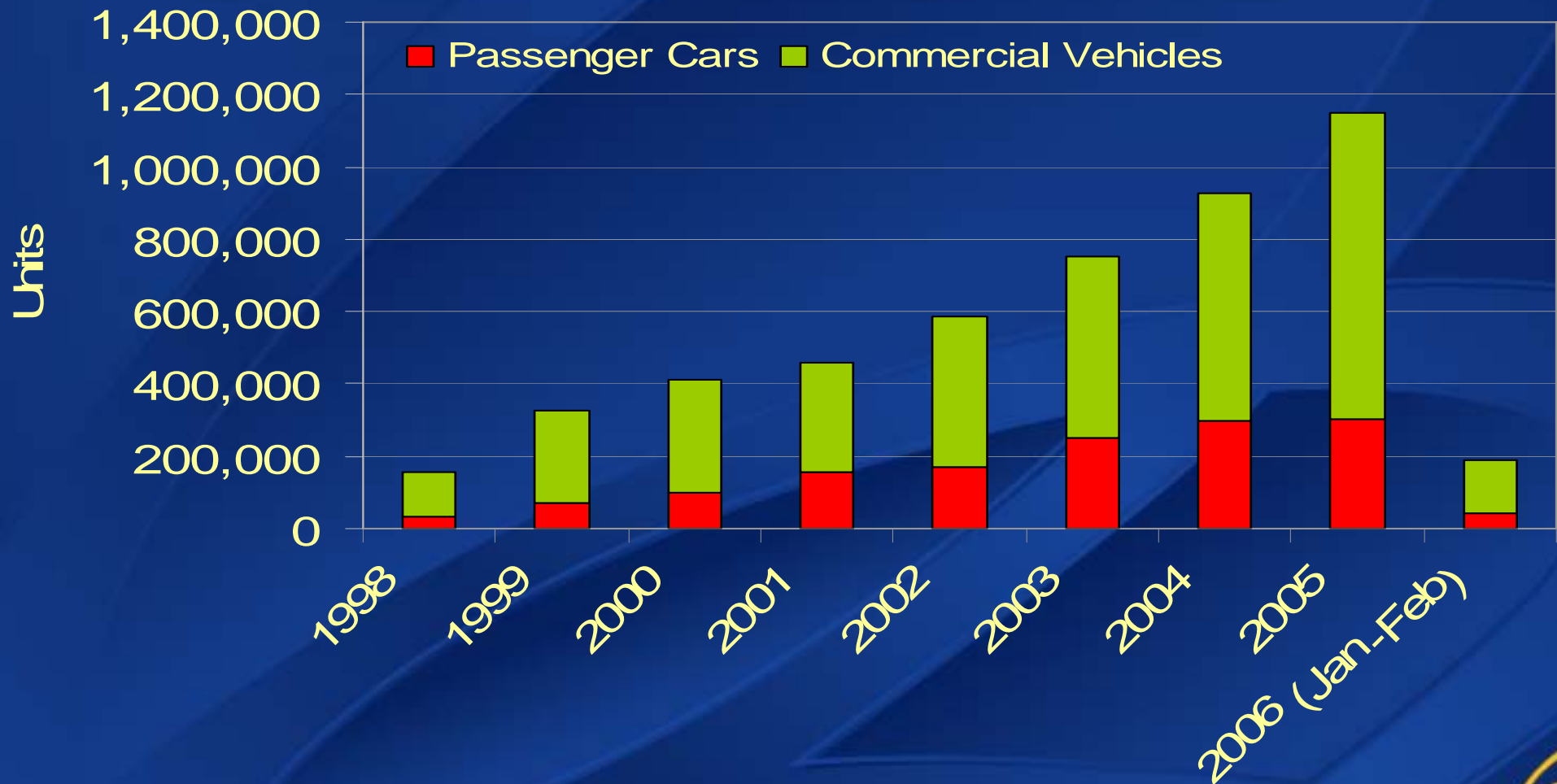
4 = CBU + CKD



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Production



Source: Thailand Automotive Institute

Sales Volumes of Thai Automotive Industry

Unit: Cars

Type of Vehicle	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Growth 05/04
Passenger Cars	172,730	132,060	46,300	66,858	83,106	104,502	126,353	179,005	221,077	193,612	-12.42
Off-road Passenger Vehicles (OPV)	0	0	4,275	7,199	7,649	6,370	21,620	16,492			
Pickup Passenger Vehicles (PPV)	-3	-3	-3	-3	155,483	171,325	241,266	310,592	10,433	43,022	312.36
Pickup Trucks ¹	327,663	188,324	84,104	132,922					359,358	427,215	18.88
Commercial Cars											
Vans, Micro-Buses	12,633	8,353	2,792	4,167	6,492	6,582	8,335	8,489	9,585	12,891	34.49
Buses	0	0	0	0	0	0	0	0	262	364	38.93
Medium & Heavy Trucks ²	76,100	34,419	6,594	7,184	9,459	9,053	10,124	18,598	25,306	26,301	3.92
Total (excluding Motorcycles)	589,126	363,156	144,065	218,330	262,189	297,832	407,698	533,176	626,024	703,405	12.36
Motorcycles ⁴	1,236,940	907,584	526,735	604,010	788,854	900,925	1,332,744	1,766,860	2,039,394	2,112,429	3.58
Total	1,826,066	1,270,740	670,800	822,340	1,051,043	1,198,757	1,740,442	2,300,036	2,665,418	2,815,834	5.64

Source: The Federation of Thai Industry

Remark: 1 = Pickup < 1 ton, Pickup 1 ton and Double Cab

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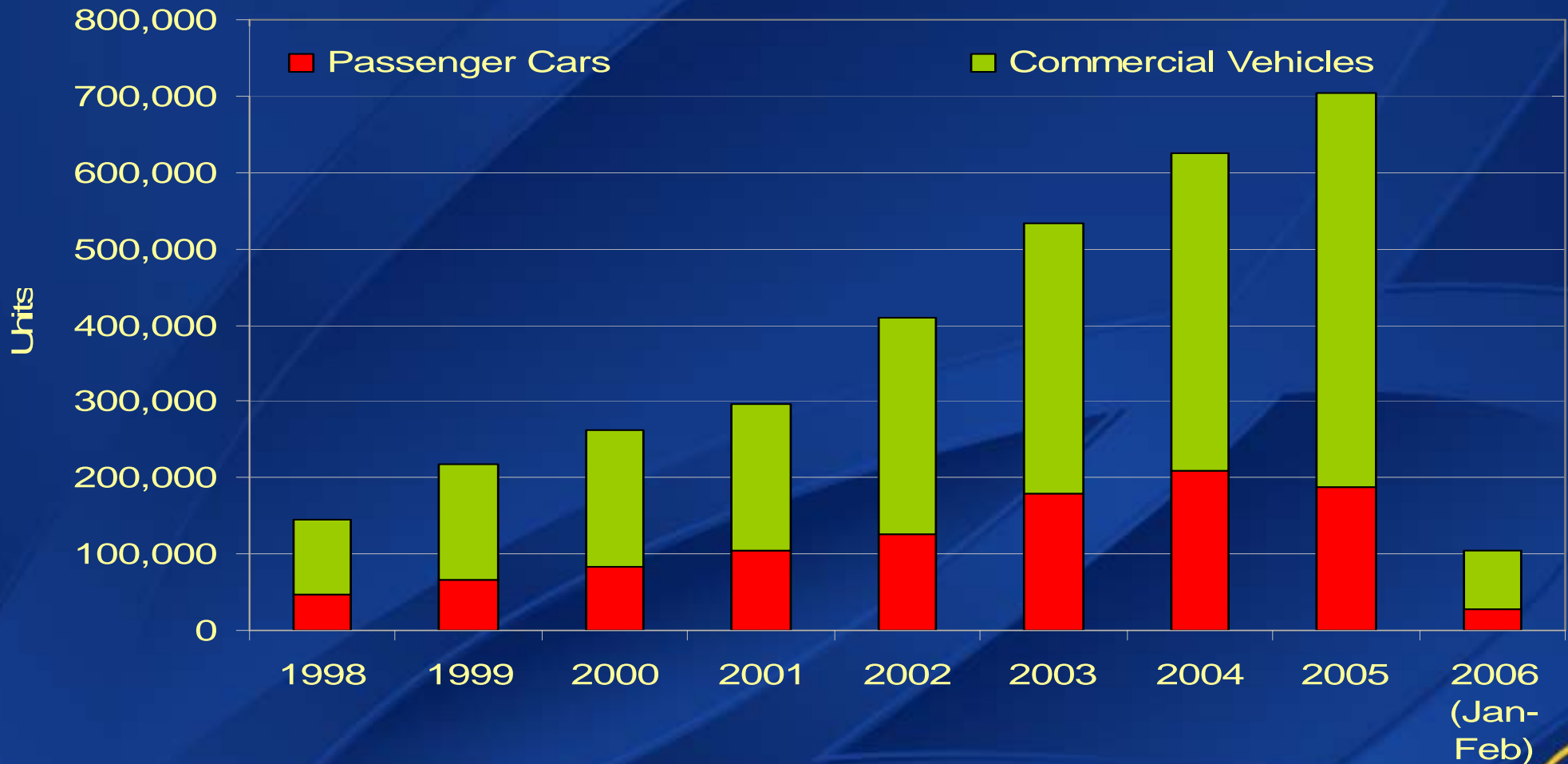
4 = CBU + CKD



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Wholesales



Source: Thailand Automotive Institute



Export Values of the Thai Automotive Industry

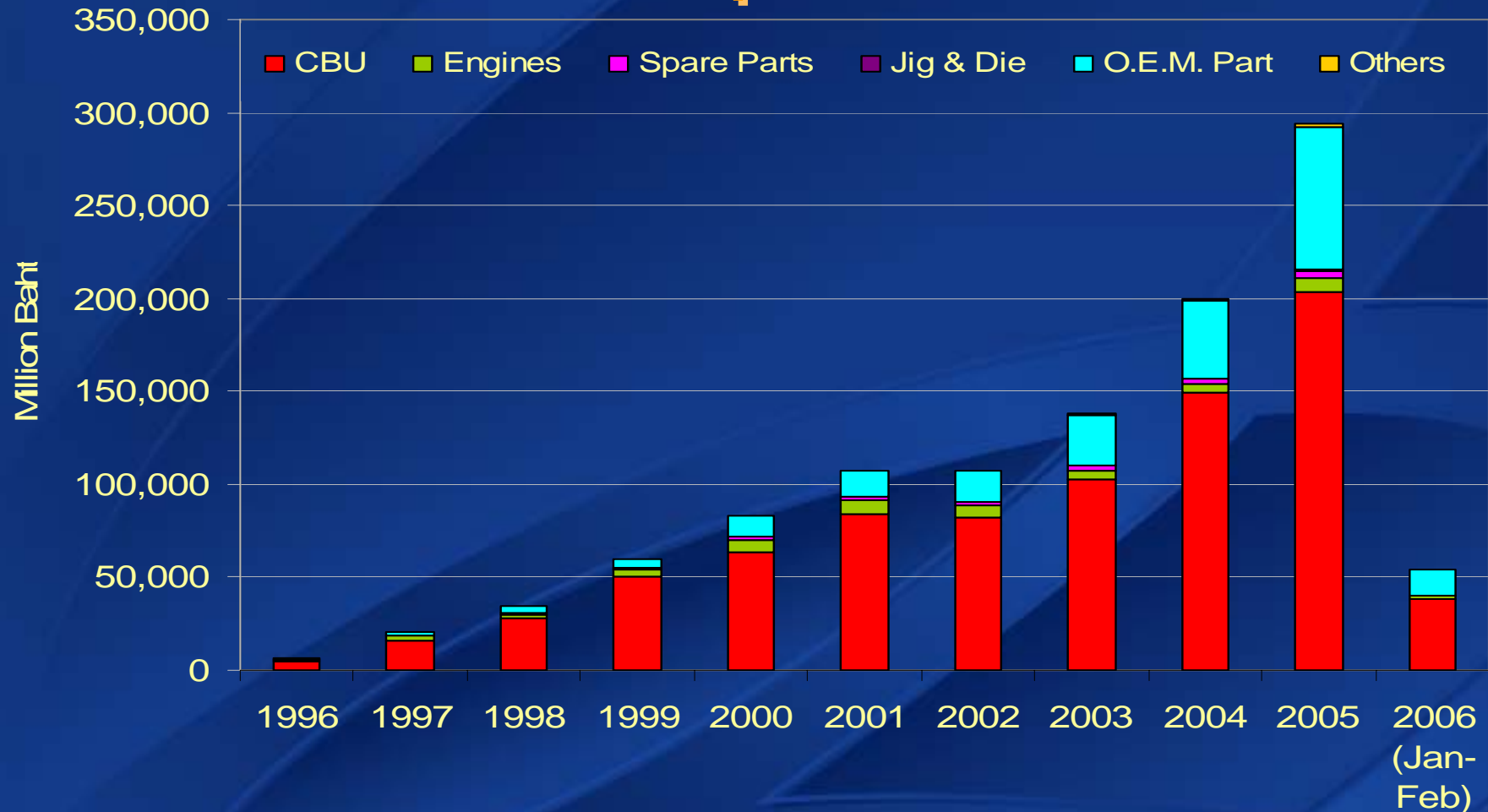
Unit: Million Baht

Type of Vehicle	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Growth 05/04
Vehicles (units)	14,020	42,218	67,857	125,702	152,835	175,299	181,471	235,042	332,053	440,717	32.72
Vehicles	4,253	16,227	28,126	50,187	63,349	83,895	82,826	102,208	149,233	203,038	36.05
OEM Component Parts	602	845	2,288	3,679	9,531	11,749	14,196	23,500	38,489	70,006	81.89
Motorcycles (units)	177,635	137,055	244,546	214,310	267,248	272,301	585,320	604,995	831,287	1,343,337	61.5
Motorcycles	5,311	4,879	8,440	6,330	7,421	7,833	8,319	8,733	14,007	22,769	62.56
OEM and Parts of Motorcycles	1,609	2,169	1,023	2,012	3,180	4,162	4,270	6,634	13,353	11,428	-14.42
Total	11,775	24,120	39,877	62,208	83,481	107,639	109,611	141,075	215,082	307,241	42.85

Source: The Federation of Thai Industry



Exports



Source: Thailand Automotive Institute



Import Values of the Thai Automotive Industry

Unit: Million Baht

Type of Vehicle	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Growth 2005/2004
Vehicles (Passenger Cars, Truck, Buses)	37,364	18,524	3,898	19,617	18,035	13,843	13,689	20,802	21,515	24,472	13.74
Parts and Components of Vehicles	78,108	43,799	12,095	27,546	58,243	70,646	80,933	104,059	120,668	129,319	7.17
Motorcycles	41	49	13	7	10	843	970	1,348	1,549	1,806	16.62
Parts and Components of Motorcycles	6,318	3,563	1,877	1,892	2,819	3,011	3,661	4,200	4,978	6,036	21.25
Total	121,831	65,935	17,883	49,062	79,107	88,343	99,253	130,407	148,710	161,634	8.69

Source: Department of Trade Negotiation, Ministry of Commerce



Target: Detroit of Asia... Become Top 10 largest auto producer by year 2010, producing 1,800,000 units

Automotives

- ❖ Auto sector 12% of GDP
- ❖ Largest auto producer in Southeast Asia, expanding at a rate of 21.25% in 2005
- ❖ Total of 1,125,316 vehicles in 2005.
- ❖ 2nd largest producer and exporter of pickup trucks. In 2005 reached 822,867.
- ❖ 14 assemblers with capacity of 1,270,000 units/year
- ❖ Supporting industry of 1,709:
 - ❖ 709 OEM part suppliers
 - 386 for automobiles
 - 201 for motorcycles
 - 122 for both
 - ❖ 1,000 suppliers for support industry & raw materials



2005,
Achieved
1,125,316
Units

1 Year Earlier

Targets for Detroit of Asia:

To be the 10th of the World by 2010

	SHORT TERM (2006)	LONG TERM (2010)
VEHICLES	1,000,000 Units -Export 40% -Domestic 60%	1,800,000 Units -Export 40% -Domestic 60%
MOTOCYCLES	5,000,000 Units -Export 40% -Domestic 60%	Expect 2,000,000 Units in 2010

Can be
reached
before
2010



THAILAND OF INVESTMENT

WHERE SUCCESS COMES FROM

Automotive Boom in Thailand:

Major Investments in 2005

HONDA

Doubling engine production

Increasing production of engine blocks and cylinder heads to 300,000/yr (70% for export to Asia)

HINO

Expanding capacity, making Thailand its **production base for Asia and Oceania**

By 2010 will triple trucks and buses to 30,000 units

NISSAN

\$1 billion investment to **increase capacity:**

- Auto parts
- Plastic parts
- Car body parts sets
- Transmissions
- Diesel and benzene engines

Expanding production to 200,000 units/yr from 130,000.

By 2008, 10 new models to be introduced to Thailand, most assembled locally

MAZDA

Establishing Thailand its **regional ASEAN HQ and export hub** for parts for light trucks

TOYOTA

Doubling capacity to 550,000 units/yr by 2007

\$1.2 billion to produce 100,000 pickups & SUVs, 224,550 autos, 14 million auto parts.

\$2.2 billion worth of steel, components, electronic parts to be sourced locally

GM

\$66 million paint unit in Rayong

Auto production to increase to 160,000 units/yr from 110,000

Thailand established as **hub for Asia**

Thai Automotive Tariff Structure, as of 2005

Harmonized System		87.01	87.02				87.03 ¹								87.04				87.052 ²	87.06			87.11						
Type of Vehicle		Truck Tractor	Bus	Glass Van				Energy Saving Vehicle:	Alternative Fuel Vehicle:	All Other Passenger Vehicle						Pick-up Truck (gross vehicle)		Blind Van	Big Truck	Special Purpose Truck	Chassis with Engine Chassis			4-Stroke Engine	2-Stroke Engine				
							Hybrid, Electric, Fuel Cell	NGV, Ethanol (2)	Various Types except PPV and Double Cab			PPV (Pick-up Passenger Vehicle)			Double Cab		One Ton Pick-up and Light Pick-up	Other Types				Big Truck, Bus, Truck Tractor and Glass Van	Special Purpose Truck	Pick-up, Passenger Vehicle and Blind Van					
Import Duty Rate	CBU	20%	40%				80%								40%				40%	30%			60%						
	CKD	No CKD rate	20%				30%								30%		20%	20%	10%	20%	30%	no CKD rate							
Number of Seats			>10 seats	=10 seats				<=10 seats																					
Engine Power (H.P.)				<220			>220 or >3000				<=220			>220 or >3000															
Engine Capacity (c.c.)				<2000	>2000 and <=2500	>2500 and <=3000		<=3000	>3000	<=3000	>3000	<=2000	>2000 and <=2500	>2500 and <=3000	>3000	<=3250	>3250	<=3250	>3250	<=3250	>3250								
Excise Tax Rate ³		-	-	30%	35%	40%	50%	10%	50%	20%	50%	30%	35%	40%	50%	20%	50%	12%	50%	3%	50%	18%	50%	-	-	-	3%	5%	

Remark:

- 1 Ambulance 10% CBU import duty with exemption on excise tax
- 2 Fire fighting vehicles and Fire rescue vehicles: 10% CBU import duty
- 3 Excise Tax = [(CIF + Import Duty - Other Fee) x Excise Tax Rate]/(1-1.1 x Excise Tax Rate)
- 4 Interior Tax = Excise Tax x Interior Tax Rate
- 5 VAT = (CIF + Import Duty - Other Fee + Excise Tax + Interior Tax) x VAT Rate
- 6 Excise tax rate for vehicle using ethanol will be effective since 2009



ASEAN Facts

- **Population: 550 Million**
- **GDP: 667,279 M. Euro**
- **Internal Trade: 873,273 M. Euro**

Source: ASEAN Secretariat, as of 2004

Note: USD 1.2= EUR 1



AFTA Tariff Rates: Automotive Sector

From 1 January 2005

CKD & CBU: 5%

Condition: **ASEAN Content \geq 40%**

Exceptions: Malaysia, Vietnam, Cambodia, Laos and Myanmar

From 2010

Full Integration

Further Information:

Roadmap for Integration of Automotive Products Sector
<http://www.aseansec.org/16682.htm>

Coverage of the Automotive Products Sector
<http://www.aseansec.org/Roadmaps%20Annex/Automotive.pdf>

AFTA Tariff Search
<http://www.us-asean.org/aftatariffs.asp>



Samples: DaimlerChrysler

- In September 2003

The first **CKD vehicles** were exchanged between Thailand and Indonesia under AFTA.

- In 2005

The “**painted bodies**” of **S-Class vehicles** were delivered to a plant in Indonesia under AFTA.

Source: DaimlerChrysler Thailand

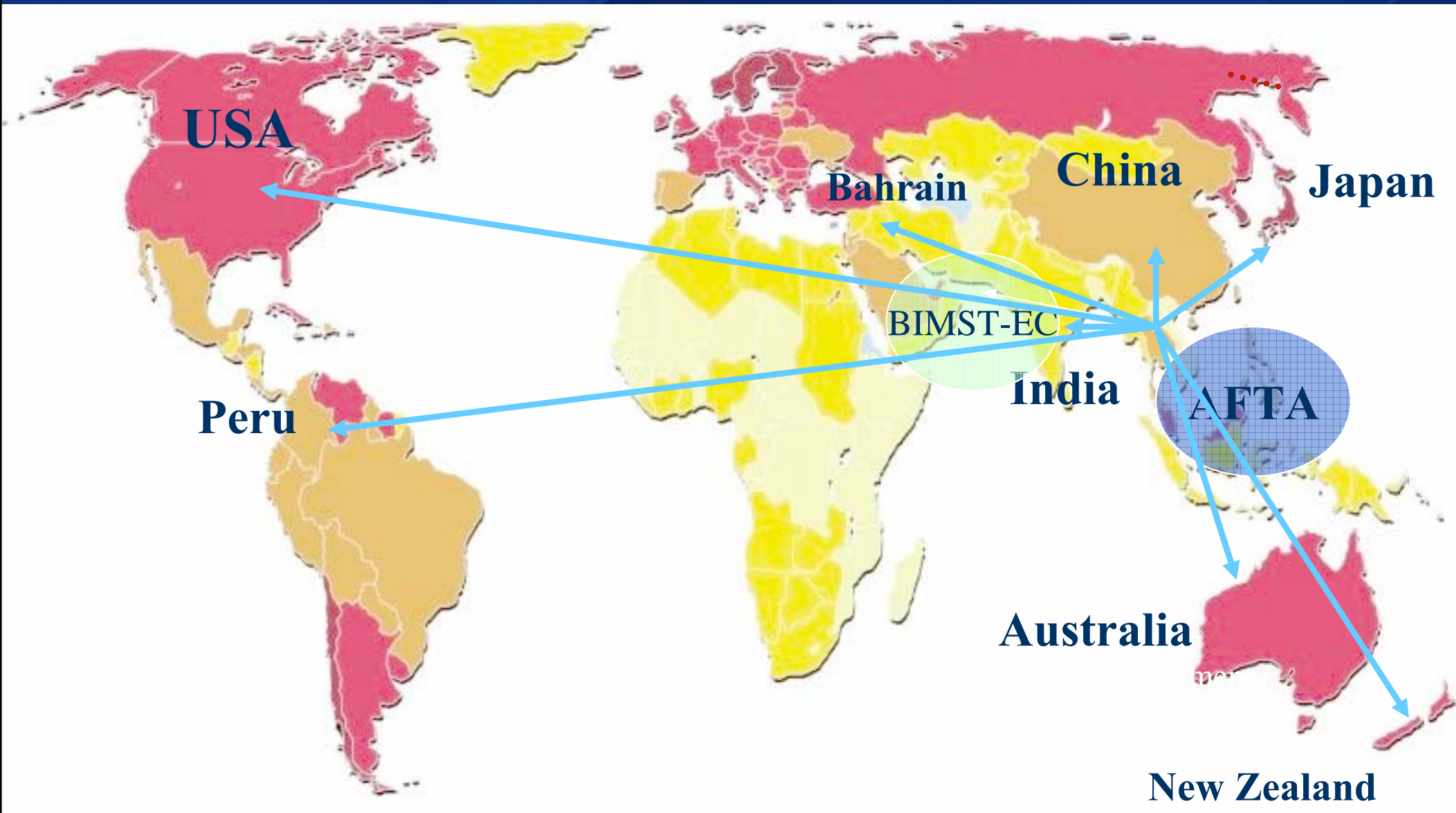
http://www.daimlerchrysler.co.th/dc_thailand/0,,0-486-315689-1-535704-1-0-0-0-0-0-4999-276749-0-0-0-0-0-0-0,00.html



THAILAND OF INVESTMENT

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Free Trade Agreement



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Free Trade Agreement

Agreement	Effective	Description	Rules of Origin
Asean - China,	1 Oct 03	1. Tariff will be 0% within 2010	CTH + RVC \geq 40%
Thai - China		2. EHS (fruit, vegetable) Tariff will be reduced to 0% within 2006	
Thai - Australia	1 Jan 05	1. 5,083 items, tariff is 0%	CTH + RVC \geq 40%
		(Automotive Sector HS : 4011, 8703, 8704, 8707, 8708)	
Thai - New Zealand	1 Jul 05	1. Tariff will be 0% within 2010	CTH + RVC \geq 40%
		(Automotive Sector HS : 4011, 8703, 8704, 8707, 8708)	
Thai - India	1 Sep 04	1. Tariff will be 0% within 2010	CTH + RVC \geq 40%
		2. EHS : 82 items Tariff reduces to 0% since 1 Sep 04	
		(8 items are Automotive Sector HS : 8409, 8708)	



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Free Trade Agreement

Thai - Bahrain	2005 (E)	1. Tariff will be 0% within 2008	On Negotiation
		2. EHS : 626 items. 8 items. Tariff will be reduced to 0% within 2005	
Thai - Japan	2005 (E)	On Negotiation	On Negotiation
Thai - Peru	2005 (E)	1. Tariff will be reduced to 0% within 2010	On Negotiation
Thai - USA	2006 (E)	On Negotiation	On Negotiation
Thai-BIMST-EC	2005 (E)	1. Fast Track for Developing Countries will be applied within 2009	On Negotiation
		2. Fast Track for less Developing countries will be applied within 2007	
		3. Normal Track for Developing Countries will be applied within 2012	
		4. Normal Track for less Developing Countries will be applied within 2010	

