The Challenges of Auto Parts Industry in ASEAN

Mrs. Piengjai Keawsuwan
Honorary President of AAF
Vice President of Nissan Motor (Thailand)
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How: ASEAN Automotive Industry?

Why: Investors invested in Thailand?

What: the challenges for next decade?
ASEAN Automotive Industry
ASEAN Automotive Industry

### Car Production 2014

<table>
<thead>
<tr>
<th>Country</th>
<th>Total Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>3,984,877</td>
</tr>
<tr>
<td>Thailand</td>
<td>1,880,007</td>
</tr>
<tr>
<td>Indonesia</td>
<td>1,298,523</td>
</tr>
<tr>
<td>Malaysia</td>
<td>596,418</td>
</tr>
<tr>
<td>Vietnam</td>
<td>121,084</td>
</tr>
<tr>
<td>Philippines</td>
<td>88,845</td>
</tr>
</tbody>
</table>

### Car Sale 2014

<table>
<thead>
<tr>
<th>Country</th>
<th>Total Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>3,190,208</td>
</tr>
<tr>
<td>Thailand</td>
<td>881,832</td>
</tr>
<tr>
<td>Indonesia</td>
<td>1,208,019</td>
</tr>
<tr>
<td>Malaysia</td>
<td>666,465</td>
</tr>
<tr>
<td>Philippines</td>
<td>234,747</td>
</tr>
<tr>
<td>Vietnam</td>
<td>133,588</td>
</tr>
<tr>
<td>Singapore</td>
<td>47,443</td>
</tr>
<tr>
<td>Brunei</td>
<td>18,114</td>
</tr>
</tbody>
</table>
Why? big company decide to invest in Thailand 50+ years

Why?? Thailand is Big Brother in ASEAN
Why?

“Thailand”
Key Successes for Thai Automotive Industry

- Political – Government Support
- Strategic Location
- Strong support industry
- Quality of human resource
- Infrastructure
Key Success Factors for Thai Automotive Industry

Political and Government Support

- Democracy
- Fair Trade
- Product Champion
- FTA
Key Successes

Strategic Location:
Gateway to ASEAN
The Key Success Factors for Thai Automotive Industry.

### Key Successes

#### Infrastructure

**Road**
- National highway: 66,940 km.
- Motorway & expressway: 208 km.

**Ports**
- 6 deep sea ports: Laem Chabang: 7.7 Million TEUs/Year
- Bangkok: 1.34 Million TEUs/Year

**Rail**
- Single track: 3,763 km.
- Double & third track: 280 km.

**Air**
- Suvarnabhumi airport: 45 Million populations / Year
- Don Muang airport: 36 Million populations / Year
Quality of Human Resources

Key Successes

1. Quality of Human Resources
   
   - จัดตั้งสถาบันพัฒนาบุคลากร
   - อุตสาหกรรมยานยนต์และชิ้นส่วนอะไหล่ยานยนต์
   - มาตรฐานฝีมือแรงงานแห่งชาติ
Thai Automotive Cluster and Supply Chain Structure

Passenger & Pick-up
(18 companies, 23 factories)

Motorcycle
(8 companies, 8 factories)

Manufacturer

Vehicles 100,000 persons
Dealer, Service center 200,000 persons

Vehicle Parts
(386 companies)
Vehicle & Motorcycle Parts
(122 companies)
Motorcycle Parts
(201 companies)

Engines, Drivetrains, Steering, Suspension, Brake Wheel, Tire, Bodyworks, Interiors, Electronics and Elec Systems

Parts Manufacturers 450,000 persons
Supporting Industries 100,000 persons

Tier 1

SME
(1,700 companies)
Stamping, plastics, rubber, machining, casting, forging, function, electrical, trimming

Tier 2 & 3

Upstream Industry
Steel, Plastic, Rubber, Electronics, Glass,
Textile, Leather, Chemical, Oil, Coating and Gulvanize

Service Industry
• Distribution (W/H)
• Finance
• Testing
• Consulting
• Logistic
• Banking / Leasing

Associations / Institutes
Universities / Technical Colleges
Government
Challenges
The Key Success Factors for Thai Automotive Industry.
ASEAN is moving forward to Green Technology

Thailand
Hub of global green automotive production

Indonesia
Low Cost Green Car Program
--> Low Carbon Emission Program

Malaysia
Hub of Energy Efficient Vehicles (EEV)

Philippines
Tax incentives to manufacturers and importers of EV and Hybrid cars
--> Euro 4 to be the Emission Standard by 2016

Green Technology
The Key Success Factors for Thai Automotive Industry.
Ensure the auto parts
Align vehicle paradigm shift
The Key Success Factors for Thai Automotive Industry.

Demand & Supply Analysis

Intelligent Vehicle
How to Maintain your position in supply chain?
Production strategy:
Level up more imitative and move up the value chain.

Technology:
Growing demand for greener technology and energy efficiency vehicle.

Research & Development:
R&D and design effort should be emphasized.
- Metal parts replacement, engine improvement, electronics devices.
- Process engineering
- Design engineering

Workforce Skill and Flexibility:
- Increasing demand of multi-skilled workers with integrated knowledge.
- Workers must be cross-trained to handle the advance and fast changing technology
- Investing in long term skill development
The Integration to Global Value Chain
The Key Success Factors for Thai Automotive Industry.