

# Thailand Performance with EEC, Trade Wars, and Investment Implications (Now Drought and COVID-19)

David R. Nardone

Group Executive Industrial and International, WHA Industrial Development Public Company Limited

27 February 2020



WHA Industrial Development Public Company Limited

# Agenda





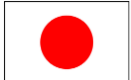

---

**I. Global and Regional Macro Environment**










**II. Thailand Performance: Macro, Trade, Investments and Key Risks**

**III. EEC: Program Update and Regional Competition**

# Subdued Global Growth with Downside Risks

Country	GDP Growth (%)			Country	GDP Growth (%)		
	2019E GDP Growth (%)	2020P GDP Growth (%)	2020P Coronavirus + Trade Impact		2019E GDP Growth (%)	2020P GDP Growth (%)	2020P Coronavirus + Trade Impact
 USA	▼ 2.3%	▼ 2.0%	[?]	 China	▼ 6.1%	▼ 6.0%	[?]
 European Union	▼ 1.2%	▲ 1.3%	[?]	 India	▼ 4.8%	▲ 5.8%	[?]
 Japan	▲ 1.0%	▼ 0.7%	[?]	Middle East and Central Asia	▼ 0.8%	▲ 2.8%	[?]
 United Kingdom	▬ 1.3%	▲ 1.4%	[?]	ASEAN-5 (Indonesia, Malaysia, Philippines, Thailand, Vietnam)	▼ 4.7%	▲ 4.8%	[?]










# Thailand in Context: Major Economies Key Macro Indicators

	US	China	Japan	Germany	South Korea	Taiwan	India	Russia	Thailand
									
<b>GDP Value (2018)<sup>1</sup></b> (USD Billion)	20,580	13,368	4,972	3,951	1,720	590	2,719	1,657	505
<b>GDP Growth</b>									
<b>2018</b>	2.9% <sup>2</sup>	6.6% <sup>2</sup>	0.3% <sup>2</sup>	1.5% <sup>2</sup>	2.7% <sup>1</sup>	2.6% <sup>1</sup>	6.8% <sup>2</sup>	2.3% <sup>2</sup>	4.1%
<b>2019F</b>	2.3% <sup>2</sup>	6.1% <sup>2</sup>	1.0% <sup>2</sup>	0.5% <sup>2</sup>	2.0% <sup>1</sup>	2.0% <sup>1</sup>	4.8% <sup>2</sup>	1.1% <sup>2</sup>	2.5% <sup>6</sup>
<b>2020F</b> (%)	2.0% <sup>2</sup>	6.0% <sup>2</sup>	0.7% <sup>2</sup>	1.1% <sup>2</sup>	2.2% <sup>1</sup>	1.9% <sup>1</sup>	5.8% <sup>2</sup>	1.9% <sup>2</sup>	2.7% <sup>6</sup>
<b>Inflation Rate (2018)<sup>1</sup></b> (%)	2.4%	2.1%	1.0%	1.9%	1.5%	1.5%	3.4%	2.9%	1.1%
<b>Trade Balance (2018)<sup>4</sup></b> (USD Billion)	(950)	359	(10)	270	70	49	(185)	211	3
<b>Export Value (2018)<sup>4</sup></b> (USD Billion)	1,664	2,494	738	1,557	605	336	323	449	252
<b>Export Growth (2018)</b> (%)	7.6%	9.8%	5.7%	7.4%	5.5%	5.7%	9.2%	25.1%	6.7%
<b>Import Value (2018)<sup>4</sup></b> (USD Billion)	2,614	2,135	748	1,287	535	286	508	238	249
<b>Import Growth (2018)</b> (%)	8.5%	16.0%	11.4%	9.7%	11.9%	10.3%	14.3%	25.2%	12.5%
<b>FDI Outflows<sup>5</sup></b>									
<b>2016</b>	289	196	151	71	30	18	5	27	12
<b>2017</b>	300	158	160	92	34	12	11	34	17
<b>2018</b> (USD Billion)	(64)	130	143	77	39	18	11	36	18
<b>Population 2018</b> (Million People)	327	1,395	126	83	52	24	1,334	144	68
<b>Unemployment Rate<sup>3</sup> (2018)</b> (%)	3.9%	3.9%	2.7%	3.4%	3.7%	3.6%	2.5%	5.5%	0.4%

Source: <sup>1</sup>IMF (Oct 2019), <sup>2</sup>IMF (Jan 2020), <sup>3</sup>World Bank, <sup>4</sup>International Trade Statistics, <sup>5</sup>UNCTAD, <sup>6</sup>SCB EIC (Q1/2020)

Remark: \*Negative net FDI means that divestment is greater than investment

# Thailand in Context: ASEAN Key Macro Indicators

	Cambodia	Laos	Myanmar	Vietnam	Indonesia	Singapore	Philippines	Malaysia	Thailand
									
<b>GDP Value (2018)<sup>1</sup></b> (USD Billion)	24	18	69	241	1,022	364	331	359	505
<b>GDP Growth<sup>1</sup></b>									
2018	7.5%	6.3%	6.8%	7.1%	5.2%	3.2%	6.2%	4.7%	4.1%
2019F	7.0%	6.4%	6.2%	6.5%	5.0%	0.5%	5.7%	4.5%	2.5% <sup>5</sup>
2020F	6.8%	6.5%	6.3%	6.5%	5.1%	1.0%	6.2%	4.4%	2.7% <sup>5</sup>
<b>Inflation Rate (2018)<sup>1</sup></b> (%)	2.4%	2.0%	5.9%	3.5%	3.2%	0.4%	5.2%	1.0%	1.1%
<b>Trade Balance (2018)<sup>3</sup></b> (USD Billion)	(5)	(1)	(9)	7	(8)	41	(48)	30	3
<b>Export Value (2018)<sup>3</sup></b> (USD Billion)	19	6	15	243	180	412	67	247	252
<b>Export Growth (2018)</b> (%)	18.3%	10.0%	19.0%	13.8%	6.8%	10.3%	-1.8%	14.3%	6.7%
<b>Import Value (2018)<sup>3</sup></b> (USD Billion)	24	6	24	237	189	370	115	217	249
<b>Import Growth (2018)</b> (%)	20.1%	2.8%	5.5%	12.1%	19.9%	13.1%	12.9%	12.2%	12.5%
<b>FDI Outflows<sup>4</sup></b>									
2016	0.08	0.02	N/A	1.0	(12)*	40	1	8	12
2017	0.12	0.01	N/A	0.5	2.1	44	2	6	17
2018	0.26	N/A	N/A	0.6	8.1	37	1	5	18
<b>(USD Billion)</b>									
<b>Population 2018</b> (Million People)	16	7	53	95	264	6	107	32	68
<b>Unemployment Rate<sup>2</sup> (2018) (%)</b>	N/A	0.6%	4.0%	2.0%	5.5%	4.2%	2.5%	3.4%	0.4%

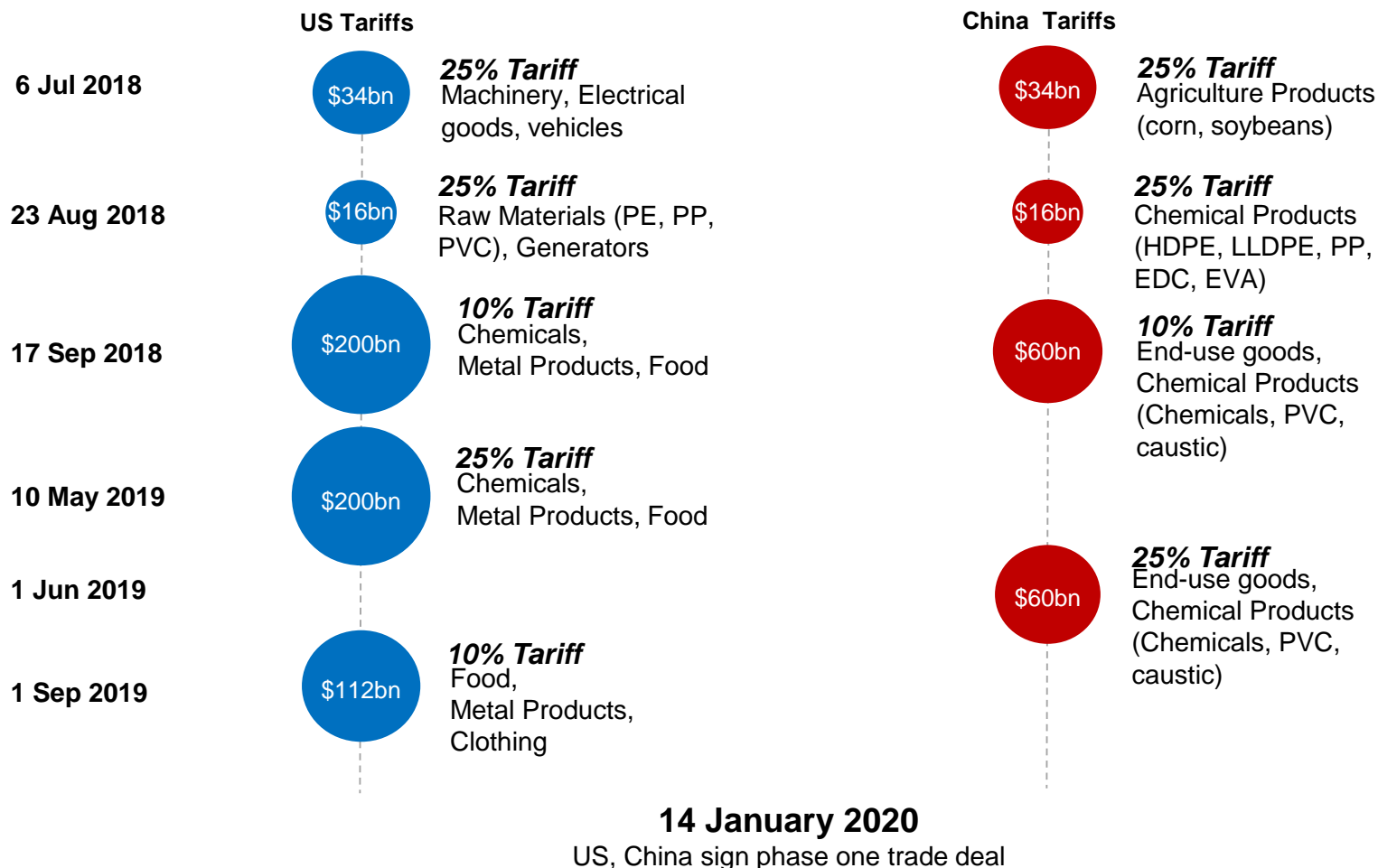
Source: <sup>1</sup>IMF (Oct 2019), <sup>2</sup>World Bank, <sup>3</sup>International Trade Statistics, <sup>4</sup>UNCTAD, <sup>5</sup> SCB EIC (Q1/2020)

Remark: \*Negative net FDI means that divestment is greater than investment

# US-China Trade Tensions in Summary

*US China Trade Tensions Rapidly Escalated in 2019 before Phase 1 Deal Signed*

## How the US-China Trade War has Escalated





# Latest Developments of US-China Trade Tensions

## Trade Tensions Set to Continue in 2020 Despite Trade Deal Signed

### Phase One Trade Deal



US & China signed “phase one” trade deal on Jan 15 2020

But most tariffs remain in place on USD 360 bn.

President Trump says he may wait till after 2020 election to finish phase 2 trade deal



#### CHINA PURCHASES

China agreed to increase purchases of American manufacturing, agriculture, energy products and services by at least USD 200 bn over the next two years (above USD 186 bn purchases in 2017).



#### TARIFFS

US will cut tariffs it imposed, on Sep 1, on USD 120 bn of Chinese goods, to 7.5%. But U.S. tariffs of 25% on USD 250 bn worth of goods will remain unchanged and part of a Phase 2 deal



#### INTELLECTUAL PROPERTY

Deal includes stronger Chinese legal protections for patents, trademarks, copyrights, including elimination of pressure for foreign companies to transfer technology to Chinese firms as a condition of market access or approvals



#### CURRENCY

China has made commitments to refrain from competitive devaluation

# WILL U.S. AND CHINA EASE TENSIONS DUE TO CORONAVIRUS ?



# Significance to Thailand or Vietnam, One Drop becomes a Flood?

China's GDP  
USD **13,368** bn

China's Export  
USD **2,494** bn



Thailand's GDP  
USD **505** bn  
Thailand's Export  
USD **252** bn



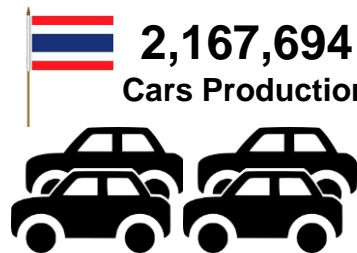
Vietnam's GDP  
USD **241** bn  
Vietnam's Export  
USD **243** bn



**27,809,196**  
Cars Production



**2,167,694**  
Cars Production



- China GDP is 26 times larger than Thailand's and 55 times larger than Vietnam

- China Exports is 9.9 times larger than Thailand and 10.3 times larger than Vietnam

- Export Products of rubber, machinery, vehicles are complementary to Thailand

- Export Products of textiles & garments, mobile & parts are complementary to Vietnam

- China's Auto Production is 13 times larger than Thailand and the Largest in the World

- Countries still have various Trade Agreements in Place

- 2019 Auto Production Down Globally



# Vietnam – European Union Free Trade Agreement

**European Parliament on Feb 12th 2020 Ratified the EVFTA and the EVIPA Agreements between Vietnam and EU. Trade Pacts Help Vietnam Enhance its Position In World Arena**

## Key highlights of the EVFTA

European Commission described the FTA as “*The most ambitious free trade deal ever concluded with a developing country*”

### Tariff Barriers : ~ 99% of elimination of custom duties

- 65% of duties on EU exports eliminated immediately. Remaining phased out over 10Y.
- 71% of duties eliminated immediately on VN exports. Remaining eliminated within 7Y.

### Non-tariff barriers :

- Vietnam to align with international standards on motor vehicles and pharmaceuticals.
- EU products that comply with standards will not require Vietnamese testing or certification

### Investment :

- VN manufacturing sectors (food, tyres, construction mat.) to open up to EU investment
- Improved access to VN service markets (banking, insurance, other service sectors)

### Vietnam’s Beneficiary Industries :

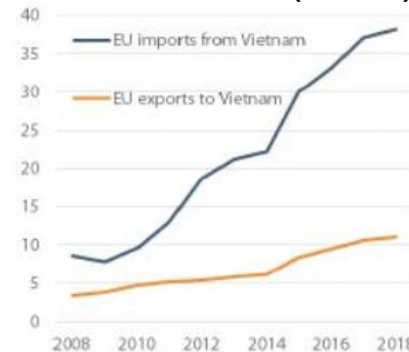
- Manufacturing of smartphones and electronic products, textiles, footwear, agri. products)

### Upcoming Challenges :

- Brexit may impact importance of EVFTA, as UK is one of biggest markets for VN’s exports, and one of VN’s biggest investors.

## Vietnam and the EU as trading partners

### EU-VN Trade in Goods (EUR bn)



*In 2018, EU was 2<sup>nd</sup> largest export market of Vietnam*

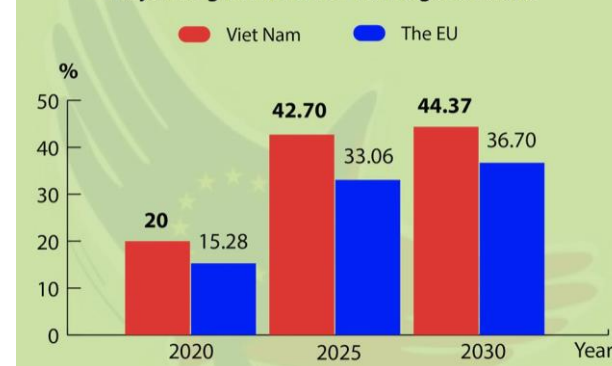
*€38.2 bn EU Imports from Vietnam*

*Vietnam ranks 16<sup>th</sup> as EU Trading Partner*

*€11.1 bn EU Exports to Vietnam*

EVFTA will help raise Vietnam’s revenue from exports to EU by ~ 20% by 2020; Vietnam’s imports from EU will also increase but at a lower rate than exports, at ~ 15.3% by 2020  
- Vietnam Ministry of Planning & Investment

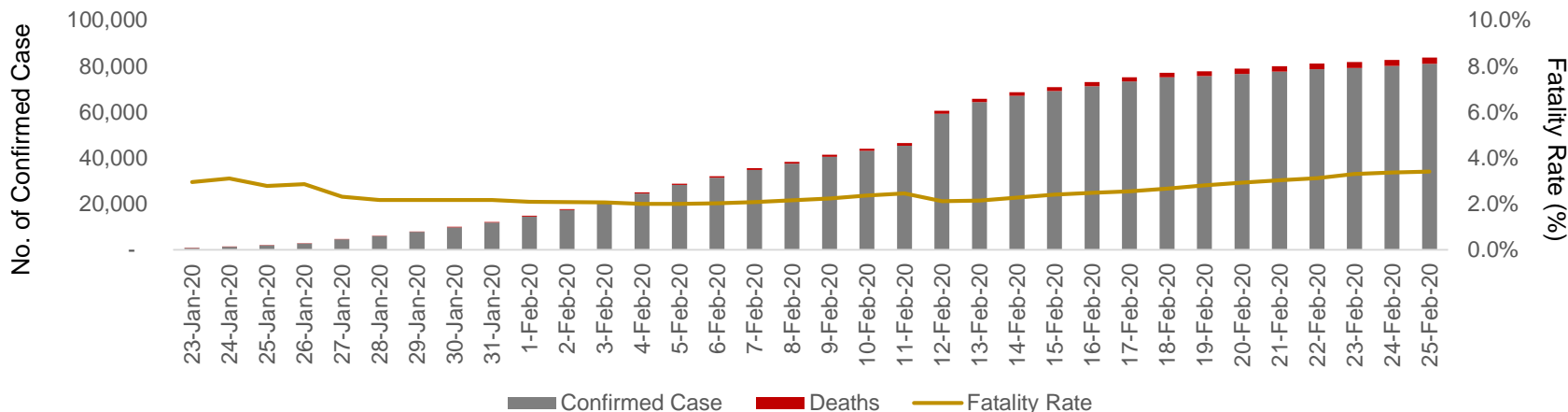
### Projected growth rate of VN-EU goods trade



# Current Situation of Corona Virus

## Corona Virus Situations

- As of 25 Feb, more than **80,000** confirmed infected cases and **2,700** deaths in **33** countries (Mortality Rate : ~ 3.4%).
- According to experts, coronavirus vaccine will most likely take years of development and testing before it can reach a large population, implying that any vaccine is likely to play a limited role in this outbreak.



## A Reminder of SARS

### SARS Outbreak: Nov 2002 – Jul 2003

- 8,000** Confirmed Cases
- 770** Deaths (Mortality Rate: ~10%)
- 29** Countries effected

### SARS Impacts

#### China

- 2Q'03 GDP growth rate decreased to 9.1% from 11.1% in Q1'03 before rebounded to 10.0% in 3Q'03
- Shanghai composite dropped by 9.0% after the outbreak but bounced back afterwards

#### Thailand

- Tourist arrivals fell by 7% in 2003 before rebounding 16% in 2004
- Short-term impact on SET

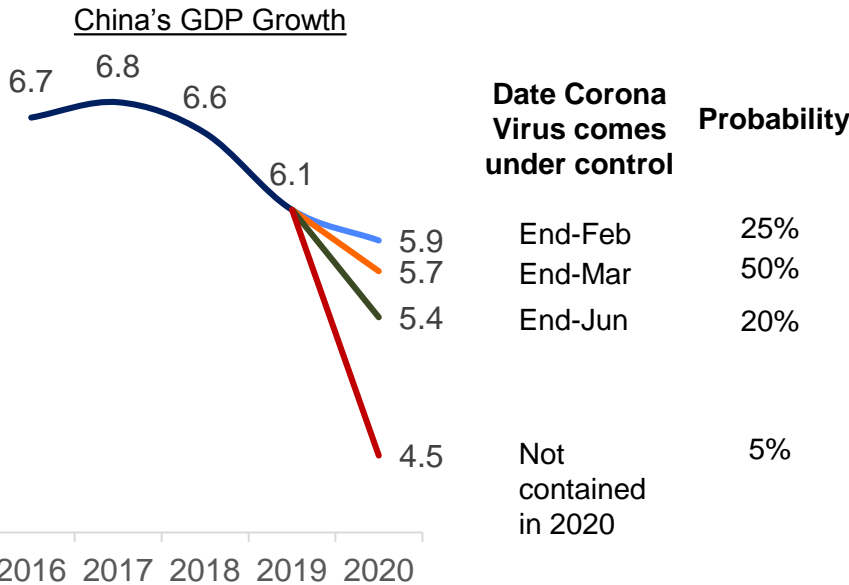
### Similarities and Differences between Coronavirus VS SARS

- Coronavirus has spread far faster than SARS did.
- Coronavirus shares 80% of its genome with SARS,.
- Coronavirus' fatality rate is lower than SARS'.

# Current Situation of Coronavirus, China 16% of World GDP

## Impact to China's Economy

Economist Intelligence Unit believes the virus could reduce real GDP growth in 2020 by 0.5 - 1.5% against its baseline forecast of 5.9%.



Date Corona Virus comes under control	Probability
End-Feb	25%
End-Mar	50%
End-Jun	20%
Not contained in 2020	5%

## Impact to Global Economy

GDP : \$1.6 billion  
(4% of world GDP)  
*(the World's 7<sup>th</sup> largest)*



2003

GDP : \$14.1 billion  
(16% of world GDP)  
*(the World's 2<sup>nd</sup> largest)*



2019

**Slowdown in Chinese growth may be a significant drag on global growth**

- China's role in world economy is much larger than during the SARS
- China's economy is more vulnerable today, with productivity and overall economic growth falling as a result of the US-China trade conflict.

### Most Affected Industries



Tourism

159 million of Chinese tourists in 2019 with second-highest spending (outbound market) worth USD 275 bn.



Airline

> 20 international airlines stopped flying in and out of China  
*Cathay Pacific: Asked staff to take 3 months of unpaid leave due to the impact of the coronavirus.*



Automotive

China is a major supplier of parts to auto plants around the world -- nearly USD 35 bn of parts in 2018 (UN data)

## Impact to Thailand's Economy

- Stop or reduction of international travel
- Restriction to access cash/banks for Chinese companies
- Impact to Chinese government approvals, projects or cash remittance
- Disruption to Suppliers / Supply Chains
- Increase uncertainty to invest

Source: Coronavirus outbreak - economic & business implications by The Economist Intelligence Unit, HIS Markit, the Guardian, CNN

# Agenda

---

**I. Global and Regional Macro Environment**

**II. Thailand Performance: Macro, Trade, Investments and Key Risks**

**III. EEC: Program Update and Regional Competition**

# Thailand Outlook

**Taking into account the coronavirus epidemic, the delayed fiscal budget and the drought situation, many bank research institutes recently revised down Thailand's GDP Growth in 2020**

	2020	
	Previous	New
<b>NESDC</b> (17 Feb 2020)	2.7% - 3.7%	1.5% – 2.5%
<b>SCB EIC</b> (17 Feb 2020)	2.1% (5 Feb 2020)	1.8%
<b>KResearch</b> (19 Dec 2019)	2.5%	2.7%
<b>Phatra Securities</b> (6 Feb 2019)	2.8%	2.2%
<b>TMB Analytics</b> (6 Feb 2020)	2.8%	1.7-2.1%

## Thai Economic Growth Forecast by NESDC

Unit : %YOY	2019	2020F (previous forecast)	2020F Coronavirus + Trade Impact	Key factors in 2020 <sup>1</sup>
<b>Private Consumption</b>	4.5%	3.5% (3.7%)	[?]	<ul style="list-style-type: none"> <li>Consumption of durable goods to decline further, especially cars</li> <li>Rising household debt</li> </ul>
<b>Private Investment</b>	2.8%	3.2% (4.2%)	[?]	<ul style="list-style-type: none"> <li>Sluggish exports impacts investment in export-related businesses</li> <li>Domestic demand slowdown and business' financial fragility</li> </ul>
<b>Government Consumption</b>	1.4%	2.6% (2.6%)	[?]	<ul style="list-style-type: none"> <li>Budget delay lowers disbursement in Q4/19, while benefits 2020</li> </ul>
<b>Government Investment</b>	0.2%	4.8% (6.5%)	[?]	<ul style="list-style-type: none"> <li>Budgeting delay lowers disbursement in Q4/19, while benefits disbursement in 2020</li> <li>Several mega-projects planned to start in 2020</li> </ul>
<b>Exports of goods</b>	-3.2%	1.4% (2.3%)	[?]	<ul style="list-style-type: none"> <li>Despite phase 1 deal, trading partners' affected by economic slowdown and baht appreciation, US trade policy uncertainty</li> </ul>
<b>Imports of goods</b>	-5.4%	2.7% (3.5%)	[?]	<ul style="list-style-type: none"> <li>Imports to decrease in 2020 from stagnant exports and domestic demand slowdown</li> </ul>
<b>Headline inflation</b>	0.7%	0.4-1.4% (0.5-1.5%)	[?]	<ul style="list-style-type: none"> <li>Crude oil prices likely to increase slightly in 2020, but domestic oil prices to be stable with baht appreciation</li> <li>Core inflation to remain low with decelerated domestic demand</li> </ul>

### Support Factors

- Government construction tends to expand well
- Continue increase in tourist number
- Phase 1 agreement between China & US

### Risk Factors

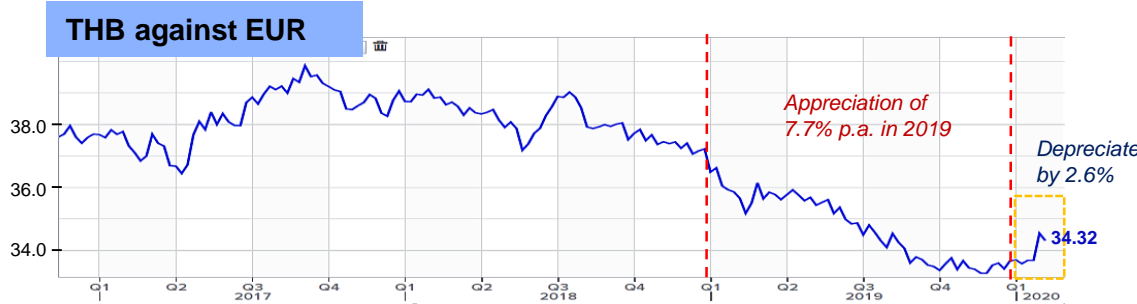
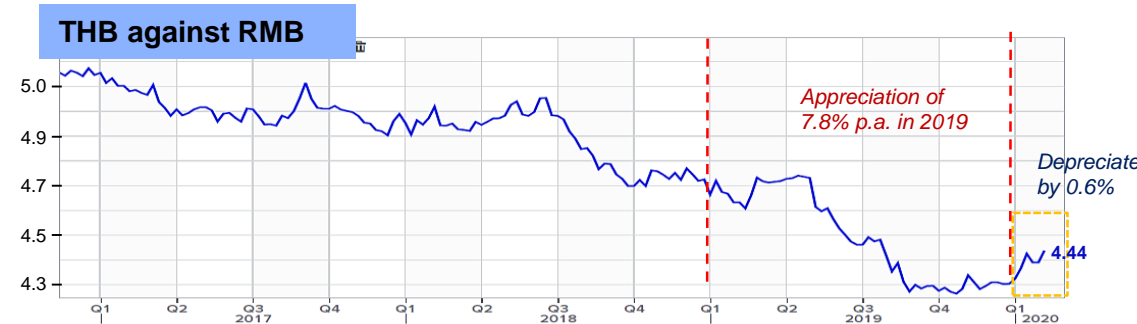
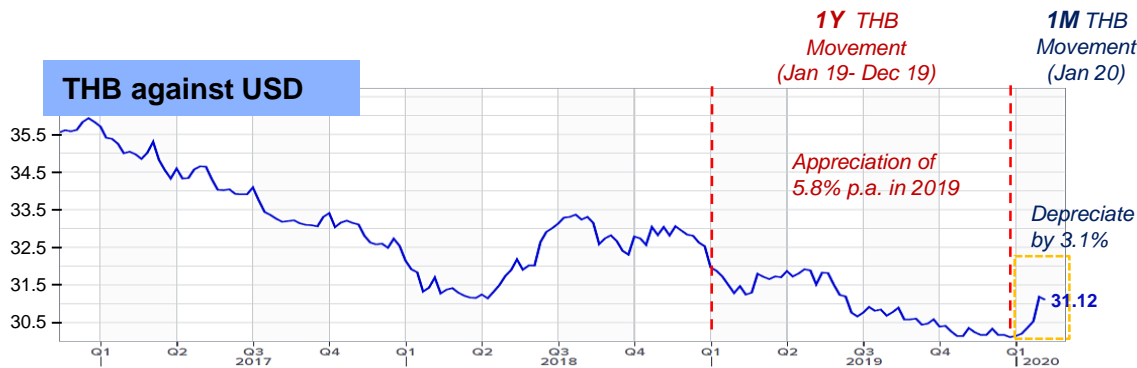
- Trade conflicts between the US and some countries still remain, especially with European countries
- Drought that will affect farm incomes
- Continue strong Baht
- High level of household debt

Source : NESDC, SCB EIC, KResearch, Phatra Securities, TMB Analytics

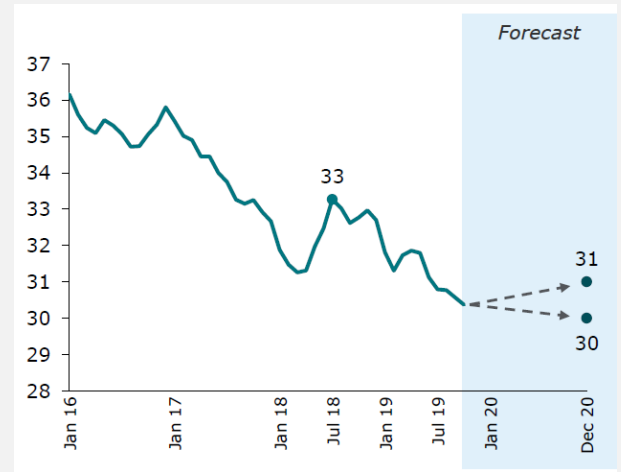
Remark : <sup>1</sup> SCB EIC, <sup>2</sup> Previous Forecast in Nov 2019

# Thai Baht Appreciation, 2020 Weakening

**In 2019, THB Rose 5.8% Against USD**  
**Since Early 2020, THB has fallen 3.1% Due to Investors Concerns Over Impact of Coronavirus And China's Slowdown**



## Forecasted THB against USD in 2020



THB range is estimated to be 30-31 THB/USD in 2020

### Key Factors Potentially Influencing THB to Remain Strong

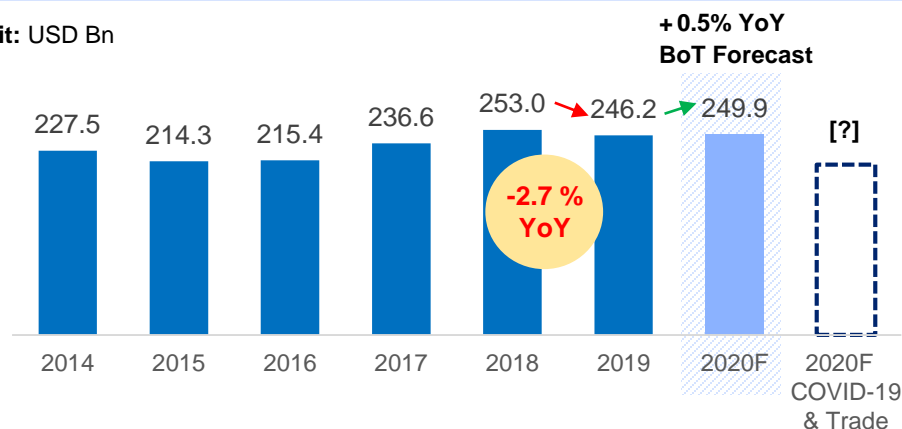
- High current account surplus 6% in 2020
- Policy rate cuts by Thai MPC
- Relatively low international assets to GDP (low capital outflow)
- Significant capital inflows to Thailand, resulting from THB status as a regional safe haven currency



# Thai Exports Down

**In 2019, Exports Declined by 2.7% YoY.  
US the Only Destination where Thai Exports Still Grow**

Unit: USD Bn



- In 2019, export value decreased by 2.7% YoY given economic slowdown in key trading partners and the escalating trade tension and Thai Baht appreciation.
- Exports to US are the only destination growing.
- Meanwhile, exports to China, Japan and several countries fell
- As a result of recent contraction, BoT adjusted exports 2020 forecast to expand by only 0.5% YoY.
- Top exports products are Automotive, Electronics and Agro-manufacturing accounting for 42 % of total exports value

## Thailand Exports Value by Country

Unit : USD Bn	2014	2015	2016	2017	2018	2019	% Change YoY
USA	23.9	24.1	24.5	26.6	28.0	31.3	11.8%
China	25.1	23.7	23.8	29.5	30.3	29.2	-3.8%
Japan	21.7	20.1	20.5	22.1	24.9	24.6	-1.5%
Vietnam	7.9	8.9	9.4	11.6	13.0	12.1	-6.5%
Hong Kong	12.6	11.8	11.5	12.3	12.5	11.7	-6.5%
Malaysia	12.8	10.2	9.6	10.3	11.6	10.5	-10.2%
Australia	9.3	9.8	10.3	10.5	10.8	10.2	-5.1%
Indonesia	9.5	7.8	8.2	8.8	10.2	9.1	-11.2%
Singapore	10.4	8.8	8.2	8.3	9.3	8.8	-5.0%
India	5.6	5.3	5.2	6.5	7.6	7.3	-3.9%
Others	88.7	83.9	84.2	90.2	94.6	91.4	-3.4%
<b>Total</b>	<b>227.5</b>	<b>214.3</b>	<b>215.4</b>	<b>236.6</b>	<b>253.0</b>	<b>246.2</b>	<b>-2.7%</b>

## Thailand Exports Value by Product

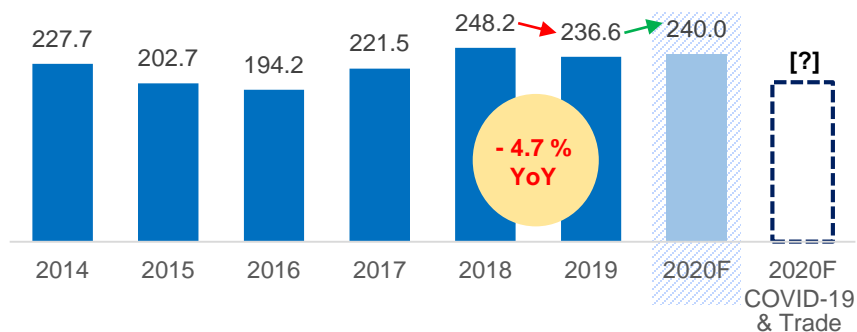
Unit : USD Bn	2014	2015	2016	2017	2018	2019	% Change YoY
Automotive	31.6	32.4	33.5	35.6	38.4	37.1	-3.3%
Electronics	33.3	32.1	31.2	35.6	37.3	34.9	-6.5%
Agro-manufacturing	27.1	25.6	25.9	29.1	31.3	31.3	0.0%
Machinery & Equipment	19.3	19.2	19.2	20.6	21.9	20.6	-6.3%
Agriculture & Fishery	20.1	17.8	17.1	20.2	20.2	18.5	-8.2%
Electrical Appliances	12.3	12.0	12.5	13.2	13.5	13.6	1.3%
Petro-Chemicals Products	13.2	11.7	11.2	12.4	14.4	13.1	-8.7%
Metal & Steel	9.6	9.2	9.2	10.5	11.9	11.1	-6.8%
Petroleum products	11.4	8.2	5.6	7.5	9.7	7.6	-21.8%
Chemicals	8.5	6.3	6.0	7.4	9.1	7.5	-17.7%
Others	41.03	39.72	44.06	44.63	45.29	50.91	12.4%
<b>Total</b>	<b>227.5</b>	<b>214.3</b>	<b>215.4</b>	<b>236.6</b>	<b>253.0</b>	<b>246.2</b>	<b>-2.7%</b>

# Thai Imports and Trade Balance

## Thailand Imports Value

Unit: USD Bn

+ 1.4 % YoY  
BoT  
Forecasted



## Thailand Imports Value by Country

Unit: USD mm	2014	2015	2016	2017	2018	2019	%Change YoY
China	38.5	41.1	42.0	44.2	49.9	50.3	0.9%
Japan	35.5	31.2	30.7	32.1	35.3	33.2	-5.8%
USA	14.6	13.9	12.0	14.8	15.0	17.3	15.6%
Malaysia	12.7	11.9	10.8	11.6	13.2	12.9	-2.9%
South Korea	8.5	7.0	7.3	8.0	8.9	8.6	-2.7%
Taiwan	7.5	7.5	7.1	8.1	8.6	8.0	-6.8%
Singapore	7.9	7.2	6.5	7.9	7.7	7.6	-0.6%
UAE	12.7	8.2	6.0	7.4	10.4	7.4	-29.2%
Indonesia	7.3	6.6	6.3	7.3	8.0	7.2	-9.1%
Germany	5.9	5.5	5.9	6.1	6.8	6.3	-7.0%
Others	76.5	62.6	59.6	74.0	84.5	77.7	-8.1%
<b>Total</b>	<b>227.7</b>	<b>202.7</b>	<b>194.2</b>	<b>221.5</b>	<b>248.2</b>	<b>236.6</b>	<b>-4.7%</b>

## Thailand Trade Balance - Large Deficit with China

Unit : USD Bn	Thailand Trade Surplus (Deficit)					
	2014	2015	2016	2017	2018	2019
USA (Surplus)	9.3	10.2	12.5	11.8	13.1	<b>14.0</b>
China (Deficit)	(13.4)	(17.3)	(18.2)	(14.7)	(19.6)	<b>(21.2)</b>
Japan (Deficit)	(13.8)	(11.2)	(10.2)	(10.0)	(10.3)	<b>(8.7)</b>
Vietnam	3.9	4.9	5.0	6.6	7.3	<b>6.7</b>
Hong Kong	11.4	10.3	9.9	9.4	9.6	<b>8.7</b>
Malaysia	0.02	(1.7)	(1.2)	(1.2)	(1.6)	<b>(2.4)</b>
Australia	3.9	5.6	6.9	6.1	4.9	<b>6.3</b>
Indonesia	2.2	1.3	1.9	1.5	2.3	<b>1.9</b>
Singapore	2.6	1.6	1.7	0.4	1.6	<b>1.2</b>
India	2.6	2.7	2.6	2.6	2.8	<b>2.5</b>
Others	(9.0)	5.5	10.4	2.7	(5.2)	<b>0.6</b>
<b>Total</b>	<b>(0.3)</b>	<b>11.7</b>	<b>21.2</b>	<b>15.1</b>	<b>4.8</b>	<b>9.6</b>

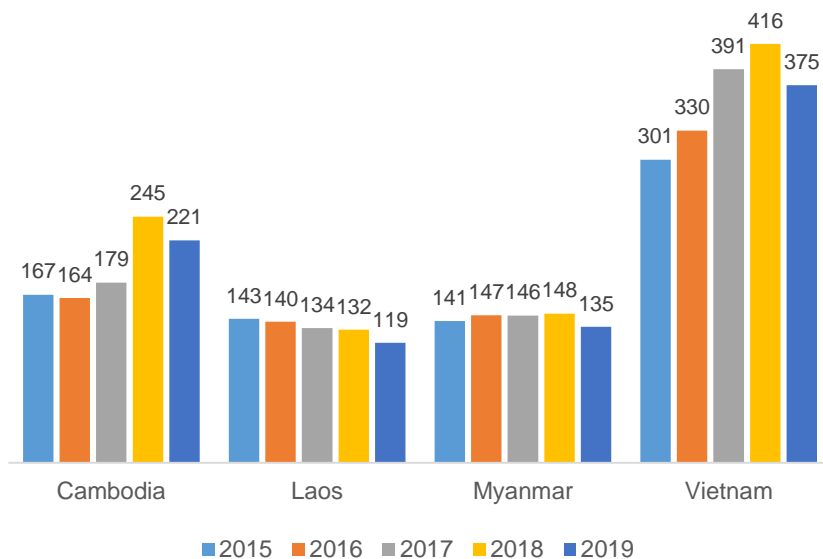
- In 2019, imports value decreased by 4.7% and the forecasted total imports for full year 2020 has been estimated by BoT to expand by 1.4 % YoY.
- Top imports counterparties are China, Japan, and the US accounting for 43% of total Imports.
- Despite acceleration in imports from the US and China, imports from Japan and other main trading partners shrank compared to 2018
- Trade surplus reach at THB 9.6 Bn., representing double the level of 2018

# CLMV Exports and Cross-Border Trade Trend Encouraging

Increasing Trend of Regional Trade and Integration, despite 2019 decrease in Export Value

## Thailand's Export to CLMV

Unit : THB Bn



- In 2019, total exports to CLMV countries was THB 27.5 bn, decreased by 6.3 % YoY
- For full year of 2019, total cross-border trading value was around THB 1,337 bn, slightly decreased by 3.4% YoY leading by the trading value between Thailand and Malaysia accounting almost half of total cross-border trading value.

## Thailand Cross-border Trade Value

Unit: THB Bn	2015	2016	2017	2018	2019
<b>Cambodia</b>					
Exports	104.7	101.3	101.7	123.0	140.1
Imports	(20.4)	(19.7)	(23.5)	(22.8)	(21.2)
<b>Balance</b>	<b>84.3</b>	<b>81.6</b>	<b>78.2</b>	<b>100.2</b>	<b>118.9</b>
<b>Laos</b>					
Exports	133.1	136.4	131.3	128.9	117.9
Imports	(43.9)	(66.5)	(75.8)	(84.8)	(79.6)
<b>Balance</b>	<b>89.2</b>	<b>69.9</b>	<b>55.5</b>	<b>44.1</b>	<b>38.3</b>
<b>Myanmar</b>					
Exports	100.8	109.3	109.0	105.2	102.5
Imports	(117.1)	(78.6)	(75.4)	(88.1)	(93.9)
<b>Balance</b>	<b>(16.3)</b>	<b>30.6</b>	<b>33.6</b>	<b>17.1</b>	<b>8.6</b>
<b>Malaysia</b>					
Exports	250.5	258.1	312.5	293.8	251.9
Imports	(235.7)	(243.2)	(252.2)	(278.1)	(262.2)
<b>Balance</b>	<b>14.8</b>	<b>14.9</b>	<b>60.3</b>	<b>15.7</b>	<b>(10.3)</b>

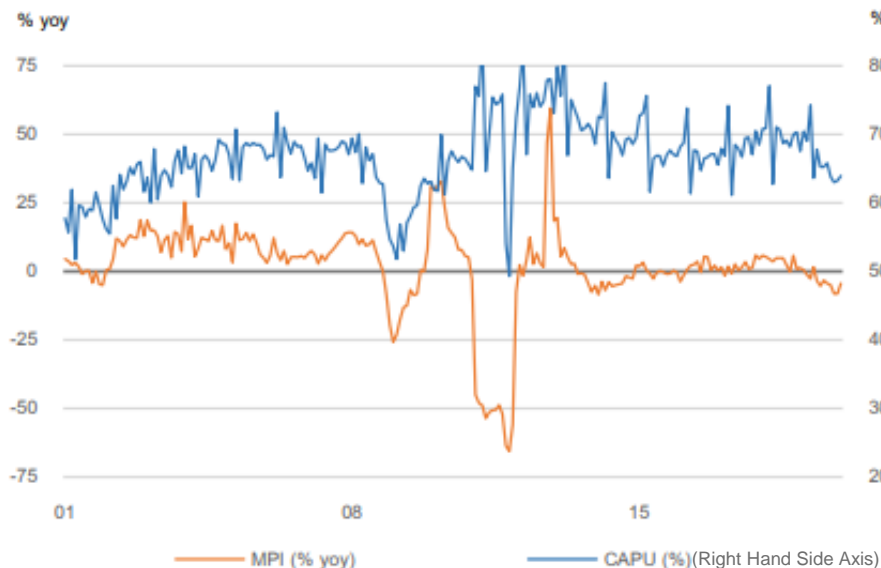
## Trade Value via Thai Border

Unit: THB Bn	2015	2016	2017	2018	2019
<b>Singapore</b>					
Exports	23.1	27.2	30.4	36.8	30.4
Imports	(38.6)	(39.4)	(40.6)	(49.4)	(42.4)
<b>Balance</b>	<b>(15.5)</b>	<b>(12.2)</b>	<b>(10.2)</b>	<b>(12.6)</b>	<b>(12.0)</b>
<b>Southern China</b>					
Exports	25.1	22.9	37.2	32.9	53.7
Imports	(35.7)	(43.2)	(49.9)	(70.5)	(76.7)
<b>Balance</b>	<b>(10.6)</b>	<b>(20.3)</b>	<b>(12.6)</b>	<b>(37.6)</b>	<b>(23.0)</b>
<b>Vietnam</b>					
Exports	27.1	36.0	62.2	57.7	52.8
Imports	(23.6)	(19.0)	(17.4)	(20.6)	(12.0)
<b>Balance</b>	<b>3.4</b>	<b>17.0</b>	<b>44.8</b>	<b>37.0</b>	<b>40.8</b>

## 2019 Industrial Production Down 4.4%

### Manufacturing Production and Capacity Utilization Posted a YoY Drop in 2019

#### Manufacturing Production Index and Capacity Utilization



- Besides a 2.1% increase MoM in Dec 2019, 2019 saw a drop -4.4% YoY of manufacturing production
- Output in December shrank for automotive, clothes production, refined petroleum, electronics parts, rubber and steel products
- The average capacity utilization in 2019 stood at 66.3%, decreased from 69.8% in 2018
- In 2019, there were only 2 out of 18 sectors that average capacity utilization rate exceed 80%, which are chemicals, and motor vehicles.

#### Capacity Utilization Rate

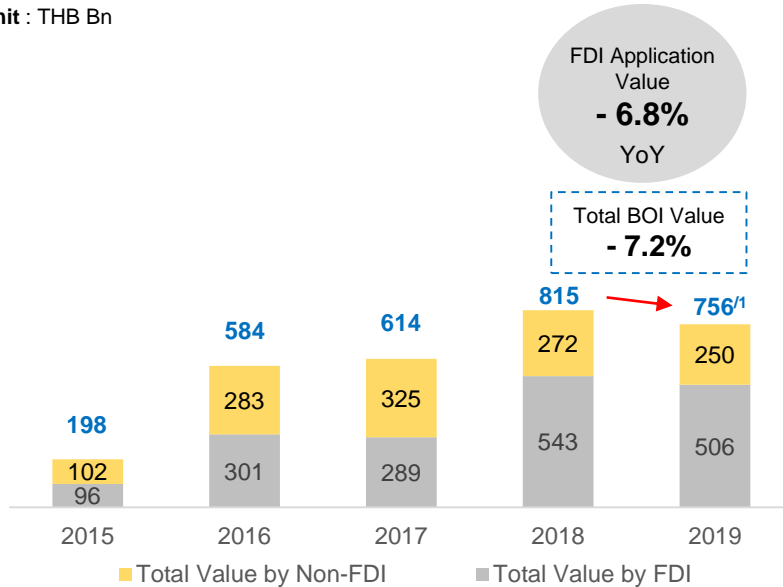
Key Sector	2014	2015	2016	2017	2018	2019	
Food products	67.9	66.3	65.3	67.1	58.7	57.1	▼
Beverages	58.5	56.7	55.6	55.5	56.9	62.5	▲
Tobacco products	46.8	45.6	41.4	76.0	63.1	58.9	▼
Textiles	56.3	54.9	53.0	50.5	56.9	50.9	▼
Wearing apparel	73.4	71.4	66.5	65.3	60.1	56.6	▼
Paper and paper products	72.2	69.7	71.0	71.1	74.8	74.5	▼
Refined petroleum products	76.3	85.4	81.4	84.3	86.6	79.2	▼
Chemicals and chemical products	81.7	81.0	80.7	83.2	82.1	80.6	▼
Basic pharmaceutical products	67.0	64.7	63.6	67.2	74.1	74.0	▼
Rubber and plastic products	63.8	63.8	57.8	60.5	52.3	49.6	▼
Other non-metallic mineral products	69.8	66.7	65.6	62.8	66.4	65.1	▼
Basic metals	48.1	45.6	50.4	51.6	55.2	50.2	▼
Fabricated metal products	68.7	60.9	61.9	58.0	63.5	58.4	▼
Computer, electronic products	80.0	68.0	68.4	75.9	83.8	76.4	▼
Electrical equipment	61.2	61.8	62.1	63.4	64.9	59.8	▼
Machinery and equipment	61.1	57.1	61.0	55.2	56.6	58.8	▲
Motor vehicles	81.9	84.3	83.5	84.7	87.3	81.0	▼
Furniture	39.9	37.8	35.1	36.3	42.8	41.5	▼

## 2019 BOI Applications in Value Decreased Slightly

**Total Value of BOI Applications and FDI Applications Were Down 7.2% and 6.8% YoY Respectively. China moves to #1 Among Foreign Countries**

### BOI Application Value and FDI Value

Unit : THB Bn



### BOI Application Value by Top 10 Foreign Countries

2017		2018		2019	
Country	% of Total value by FDI	Country	% of Total value by FDI	Country	% of Total value by FDI
Japan	47.0%	USA	57.3%	China <sup>2</sup>	51.7%
Singapore	14.3%	Japan	12.8%	Japan	14.4%
China	9.7%	China	9.5%	Hongkong	7.2%
USA	7.1%	Singapore	3.8%	Switzerland	4.7%
Netherlands	5.6%	Hong Kong	3.5%	Taiwan	4.0%
Taiwan	3.2%	Malaysia	2.8%	Singapore	2.4%
Malaysia	2.9%	Netherlands	1.4%	USA	2.4%
Hong Kong	2.5%	France	1.4%	Netherland	2.1%
Indonesia	2.2%	Indonesia	1.2%	Australia	0.9%
Australia	1.6%	Taiwan	1.0%	South Korea	0.6%

### WHA Industrial Development 2019 surge in Chinese investments with 57 new contracts from Chinese and Taiwanese customers, representing 58% of total

<sup>1</sup> Total investment applications of THB 756 bn in 2019 was slightly beating a target at THB 750. Total number of projects submitted in 2019 increased to 1,624 compared to 1,517 projects in 2018. Investment Applications in the targeted industries, led by electronics & electrical sector and automotive sector represented THB 154.5 bn, or 53.9% of the total.

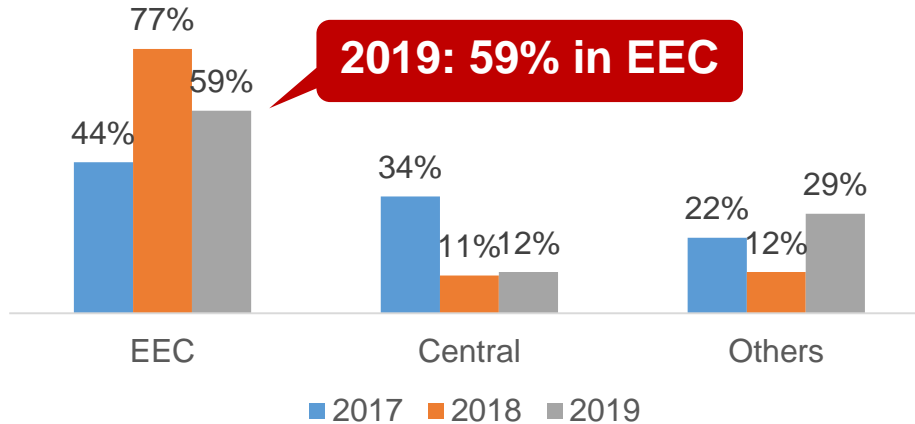
<sup>2</sup> In terms of the country source of the FDI applications, Chinese investors ranked first with applications for 203 projects (out of a total of 991 projects) worth THB 261.7 bn, followed by Japanese investors, with 227 projects worth THB 73.1 bn.

# BOI Applications by Areas and Targeted Industries

## Target Industries Account for 38% of Total BOI Applications in 2019

### Total BOI Applications by Area

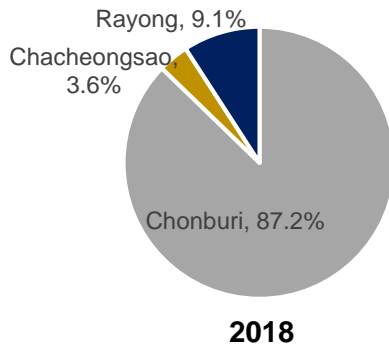
Unit: % of total BOI application



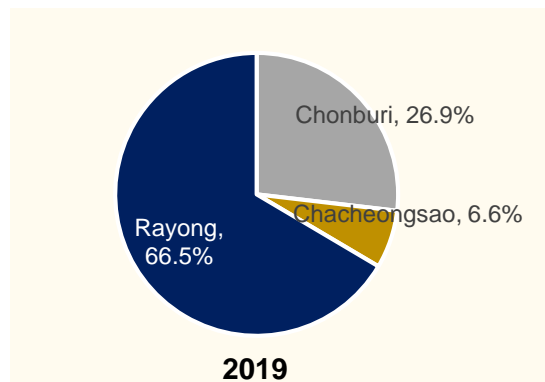
### Breakdown of BOI Applications in EEC Area

THB 623.9 Bn

THB 444.9 Bn



2018



2019

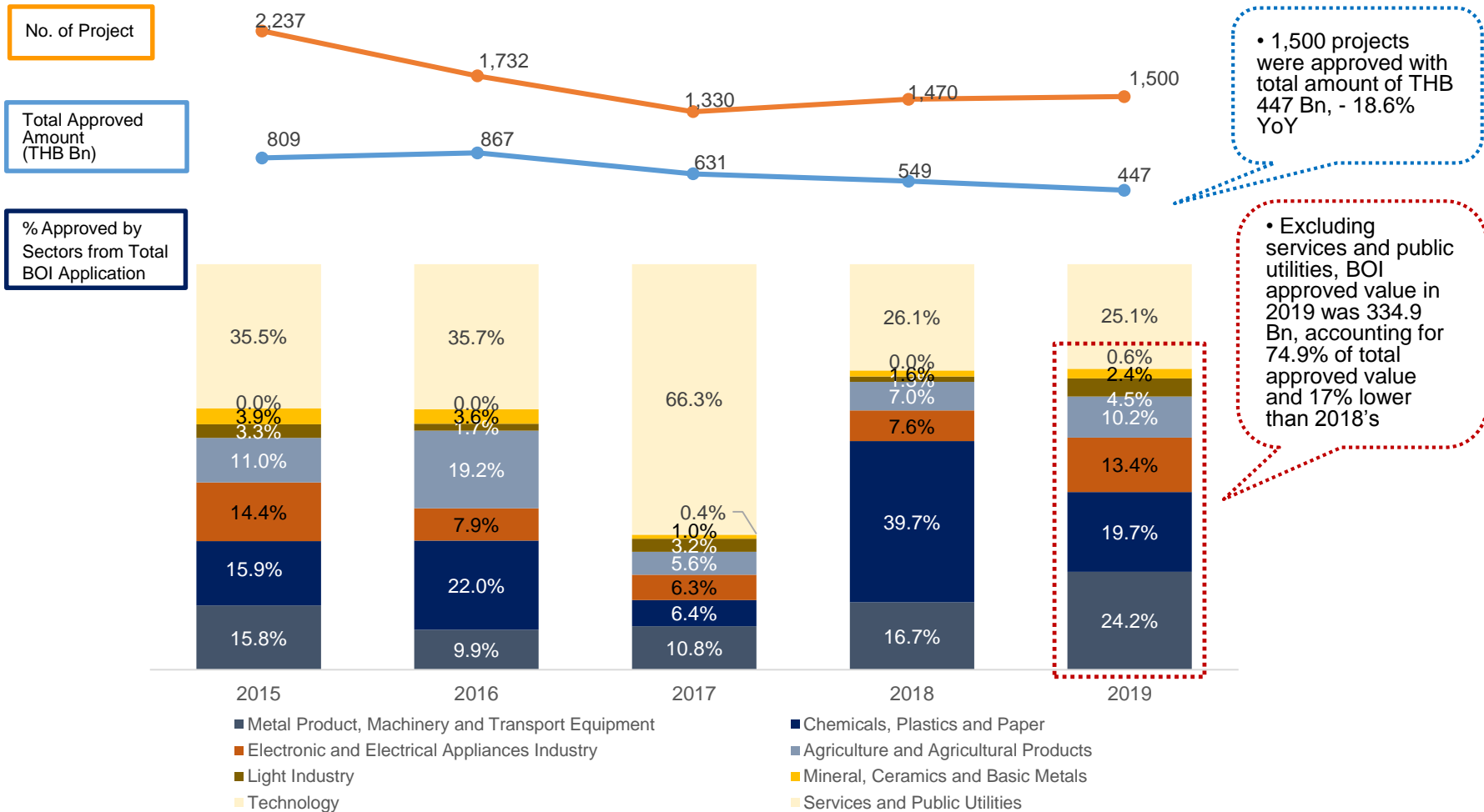
Unit : THB Bn.		2017	2018	2019
First S-Curve	Agriculture & Biotechnology	54.5	28.7	38.4
	Smart Electronics	50.6	21.5	80.5
	Next Generation Automotive	79.7	153.6	74
	Affluent, Medical & Wellness Tourism	31.1	23.9	24.9
	Petrochemical & Petroleum Product	118.6	508.6	40.1
New S-Curve	Digital	5.5	12.4	9.0
	Medical Hub	11.1	7.8	8.4
	Biofuels & Biochemical	32.8	6.1	9.6
	Robotics	1.9	0.2	1.0
	Aviation & Logistics	1.9	6.6	0.6
<b>Total Targeted Industries</b>		<b>387.7</b>	<b>769.4</b>	<b>286.5</b>
<b>% of Total BOI Applications</b>		<b>48.6%</b>	<b>85.3%</b>	<b>37.9%</b>

- In 2019, BOI received applications for 506 projects in EEC, worth THB 444.9 Bn or 59% of investment applications
- Applications in targeted industries were worth THB 286.5 Bn.
  - New S-curve industries represent THB 28.6 Bn mostly Biofuels & Biochemical
  - First S-curve group fetched THB 257.4 Bn, led by Smart Electronics group.



# 2019 BOI Approvals Down 19%

**Metal Product, Chemical, and Services Sector Account for 75% of BOI Approval Value for New Investment Project in 2019**

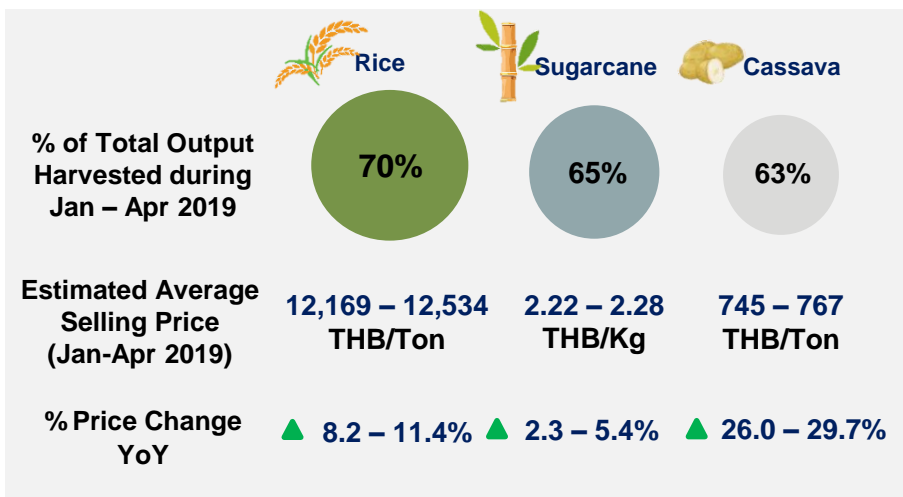


**Note: Technology** category had been included in BOI in 2017. There was THB 2.3 Bn (0.4%) in 2017, THB 0.1 Bn (0.02%) in 2018 and THB 2.81 Bn (0.6%) in 2019 **Source:** Investment Situation Jan-Dec 2019 by BOI

# Drought and Potential Water Shortage Impact GDP

**Drought Crisis in 2020...Initial Economic Costs Estimated at about THB 46 - 58 Bn, or 0.27% - 0.34% of GDP In 2020**

## Estimated Impact on Agricultural Sector



Overall Output Estimated to **↓ 4.0 – 6.0% YoY** Farm Income Estimated to **↓ 0.5 – 1.0% YoY**

- Off-season drought in 2019 (May-July 2019) caused by El Nino resulted in **lower than normal rainfall**.
- Expected to be prolonged as water levels at dams across the country have **declined by 33.1% YoY** (16 Jan 2020). Such **water levels are more critical than the severe drought period** in 2015.
- **Rice, Cassava and Sugarcane** have been hit the hardest
  - Their prices are expected to increase over the short term in 2020.
  - With ebbing supplies of such crops may crimp farm income by 0.5-1.0% YoY during Jan – Apr of 2020.

## Estimated Macro Impact

Drought Duration	5-Month length (Jan-May 2020)	6-month length (Jan-June 2020)	7-month length (Jan-July 2020)
Economic Loss (THB Bn)	46.4	49.2	57.5
As % of 2020F GDP	0.27%	0.29%	0.34%

- Current drought **not only has direct impact on agricultural sector** but also **indirect effects on manufacturing and services sectors** that have supply chains involving Chemicals, fertilizer & pesticide, vegetable oil, and others
- Loss from lower crops output is estimated at THB 46.4 Bn if drought prolonged until May 2020 accounting for 0.27% of 2020F GDP

# Agenda

---

**I. Global and Regional Macro Environment**

**II. Thailand Performance: Macro, Trade, Investments and Key Risks**

**III. EEC: Program Update and Regional Competition**

# Infrastructure Investment - Transportation

“Develop Transport Infrastructure to Boost Efficiency in Passengers and Goods”

1

### Economic Boosting

- More than 44% of total investment in EEC of THB 1.7 trillion will be spent on infrastructure projects and will help boost economy

2

### Increasing Transport

- Better transportation, easier to access, leading higher traffic
- Increase Capacity of Consumption Demand

3

### 1st Step of Connecting to the World

- Create regional value chain in CLMV with links to Belt and Road Initiative

## AIRPORT

### Capacity

(Unit : Million Passenger p.a.)



Current



Future

U-Tapao Airport

3.0 – 5.0

15.0 in 2022  
60.0 in 2032

Suvarnabhumi Airport

45.0  
(2019 Actual 65.0)

90.0 in 2020  
105.0 in 2025  
120.0 in 2030

Don Muang Airport

30.0  
(2019 Actual 41.0)

70.0 in 2025

## SEAPORT

### Capacity (p.a.)

Map Ta Phut Port Phase 3<sup>1</sup>

Gas and Liquid Cargo

31 Million Tons

Laem Chabang Port Phase 3<sup>3</sup>

18.1 Million TEU<sup>2</sup>  
3.0 Million Cars

## HIGHWAY

### Pattaya - Sattahip Motorway

4 lane, 32-km extension of Highway 7 from Pattaya to Sattahip and to Maptaphut IE in the future



## RAIL

High-speed Rail Linking 3 Airports

Suvarnabhumi → U-Tapao in 45 mins

Accommodate 110 Million Passenger p.a.

Dual Track Railway Linking 3 Ports

Bangkok → Map Ta Phut in <2 hours

Accommodate 5.9 Million Passenger and 250 Million Tons p.a.

Remark: <sup>1</sup> EEC Development, Progress & The Way Forward

<sup>2</sup> TEU = Twenty Foot Equivalent Unit, <sup>3</sup> From International Logistics Business Investment Forum by PAT

# Infrastructure Investment Progress: 694.5 MB Total Investment

Transportation	Latest Status	Expected Operation	Investment	Total Investment Projects in EEC 1.7 Trillion Baht
Motorway Bangkok - Pattaya – Sattahip (Map Ta Phut)	97% Completion <sup>1</sup>	2020	N/A	<p><b>Investment Allocation</b></p> <p><b>Investment Funding</b></p> <p><b>OVER RELIANCE ON PRIVATE SECTOR</b></p>
High-speed rail linking three airports	Oct19: CP consortium signed contract with SRT <sup>2</sup>	2024	224,500 MB 65% 35%	
Laem Chabang Port Phase 3	Jan 20: Awarded to PTT, Gulf, and China Harbour Engineering	2025	114,047 MB 47% 53%	
Map Ta Put Port Phase 3	Oct 19: IEAT signed PPP with Gulf MPT LNG Terminal <sup>3</sup>	2025	55,400 MB 23% 77%	
U-Tapao International Airport	Jan 20: BBS JV (BTS, BKK Airways, STEC) won bid <sup>4</sup>	2023	290,000 MB 6% 94%	
U-Tapao MRO	Dec 19: Thai Airways to announce qualified company in March 2020 <sup>5</sup>	2022	10,588 MB 60% 40%	
			<p>● Funded by Government ● Funded by Private Sector</p>	

Source: Bangkok Post, GTCC 1/2020

<sup>1</sup> (as of June 2019) COD in 2020 <sup>2</sup> build high-speed train network linking Don Mueang , Suvarnabhumi and U-tapao airport <sup>3</sup> (Gulf 70%, PTT Tank Terminal 30%)

<sup>4</sup> Contract details to be approved by Committee & Cabinet by March 2020 <sup>5</sup> aims to sign JV agreement by Aug 2020.

# Tax and Non-tax Incentives

## The EEC provides among the most attractive incentives in the region...

TAX	CIT Exemption			
			Basic Package	EEC Package
EECi, EECd, EEC-Aeropolis	Industry of Focus	Tech-based	10 yrs	13 yrs
		A1-A2	8 yrs	12 yrs
		A3	5 yrs	7 yrs + 50% 5 yrs
Promoted Zone for Targeted Industries	Industry of Focus	Tech-based	10 yrs	12 yrs
		A1-A3	5 - 8 yrs	Basic + 50% 5 yrs
	Other Targeted Industries		10 yrs	11 yrs
Other IE in the EEC	All targeted industries	Tech-based	10 yrs	11 yrs
		A1-A3	5 - 8 yrs	Basic + 50% 3 yrs
	Other Targeted Industries		5 - 8 yrs	Basic + 50% 3 yrs



### Freehold Land and Leasing 50+49 years

- Permission for foreign ownership on land for BOI promoted projects (best incentive in Asean) and IEAT
- Have the rights to make the state's land lease agreement for 50 years, and renewable upon approval for further 49 years.



### Smart Visa

SMART



TALENT

SMART



INVESTORS

SMART



EXECUTIVE

SMART



START-UP

- Maximum renewable 4-year visa (not exceeding employment contract term)
- 90-day reporting to the Immigration extended to 1 year
- No work permit required
- No re-entry permit required
- Spouse and children granted permission to work with no work permit



### One-stop Service Center

One-stop service center to facilitate foreign investors by providing useful information and issuing the permits for trading, export and import in one location



### PPP and EEC fast Track

**Normal Track**  
40 Months

**PPP Track**  
20 Months

**EEC Track**  
8-10 Months



### Lowest Personal Income Tax rate (15%) in ASEAN

For **Foreign staffs** in promoted zones subjected to 17% PIT  
For **Executives** working at headquarters/international trading companies in EEC subjected to 15% PIT



### Exemption of import duties on machinery

Exemption of import duties tax on machinery, raw or essential materials that import for using in production and R&D.

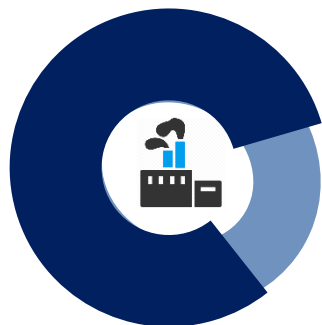
Note: Some incentives integrated with BOI and/or IEAT

Source: Thailand Leasehold Revisited by Collier (as of 31 Jul 2017), Krungsri Research, Eastern Economic Corridor Office



# Industrial Promotional Zones for Target Industries

“21 Industrial Estates out of 34 Industrial Estates in EEC are promoted to be Promotional Zones”



**34** Industrial Estates in EEC Area **134,805 Rai**



**18 NEW** Industrial Estates (**35,450 Rai**) applying with IEAT to establish industrial estates in EEC Area

**21 EEC Promotional Zone** for targeted industries

86,755 Rai, sellable 28,666 rai

- CHACHOENSAO  
1 Zones
- CHONBURI  
12 Zones
- RAYONG  
8 Zones
- 9 Zones from WHA**  
Declared Area 34,434 Rai

- 6** Industrial Estates is **100% Purple Zone** under new EEC Town Planning\* (**10,444 Rai**) which are Pinthong 6, Lak Chai IE, WHA IER, WHA ESIE4 (Expansion)
- 4** Industrial Estates is **80% Purple Zone** under new EEC Town Planning\* (**8,317 Rai**) which are Rojana IE - Nong Yai, Blue Tec City IE
- 8** Industrial Estates **cannot change into Purple Zone** under new EEC Town Planning\* (**17,205 Rai**) which are 403 Rai in Chonburi from WHA, 304 Industrial Park 2 (3,000 Rai), Bang Chak Project (5,800 rai)

## Tax Benefits for EEC Industrial Promotional Zone

EEC Industrial Promotional Zone	Basic Package	EEC Package
Target Industries*	10 yrs 5 – 8 yrs	12 yrs Basic + 50% 5 yrs
Other Industries	10 yrs 5 – 8 yrs	11 yrs Basic + 50% 3 yrs
Other Estates in EEC	10 yrs 5 – 8 yrs	11 yrs Basic + 50% 3 yrs

Remark \*EEC's new Town Planning is effective on 9 Dec 2019

## EEC and Thailand: Positives and Areas for Improvements

### POSITIVES

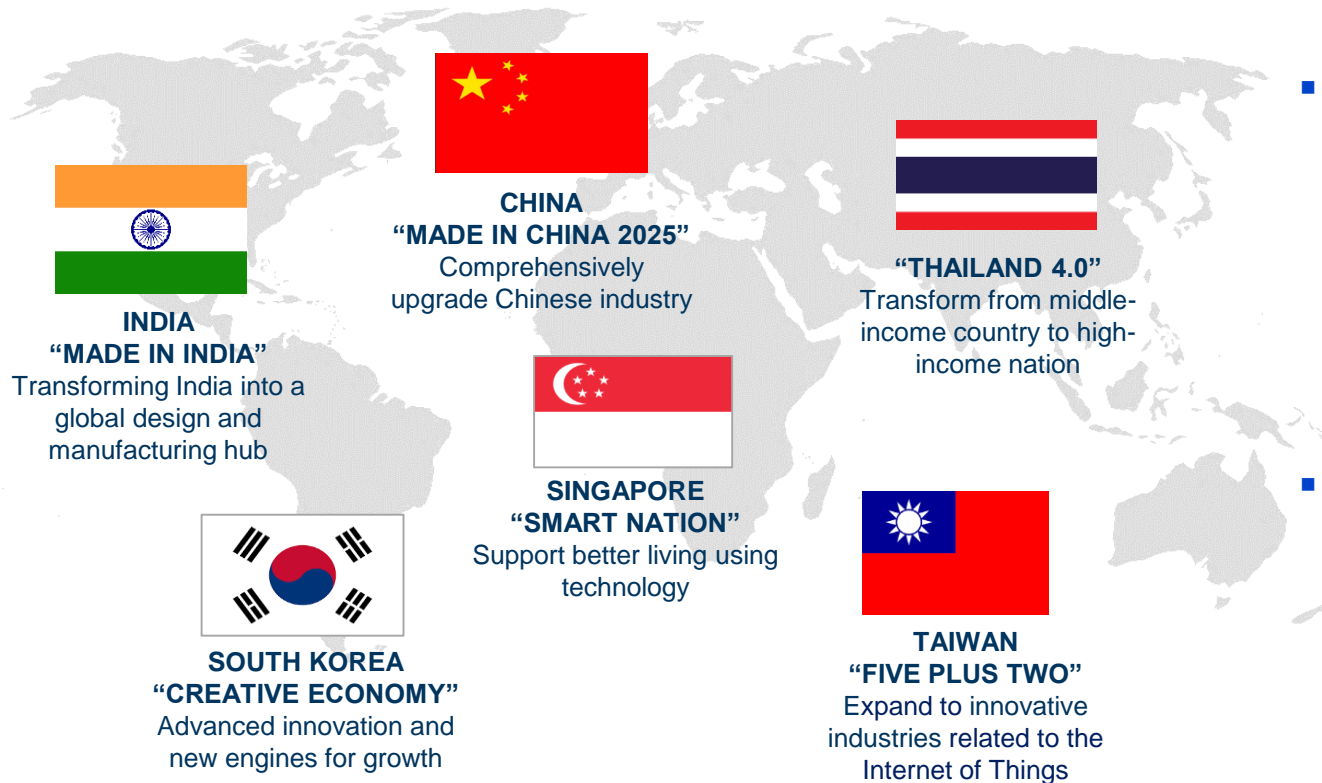
- Infrastructure and Logistics Connectivity (Roads, Ports, Airports, Rail)
- Power supply
- Utilities supply
- Communication Infrastructure
- Supplier Industry Clusters
- Industrial Estates
- Stable Government Policies
- BOI / EEC Incentives, Freehold Land

### AREAS FOR IMPROVEMENTS

- Availability of High Skilled Labor Required for Thailand 4.0 Program
- Lack of / Limited Labor Mobility Within ASEAN
- Unfavorable Demographics of Thailand

## The World is Preparing for 21<sup>st</sup> Century Economy

Countries worldwide are setting up new economic models to transform themselves into 21<sup>st</sup> century economy.



### How to Compete?

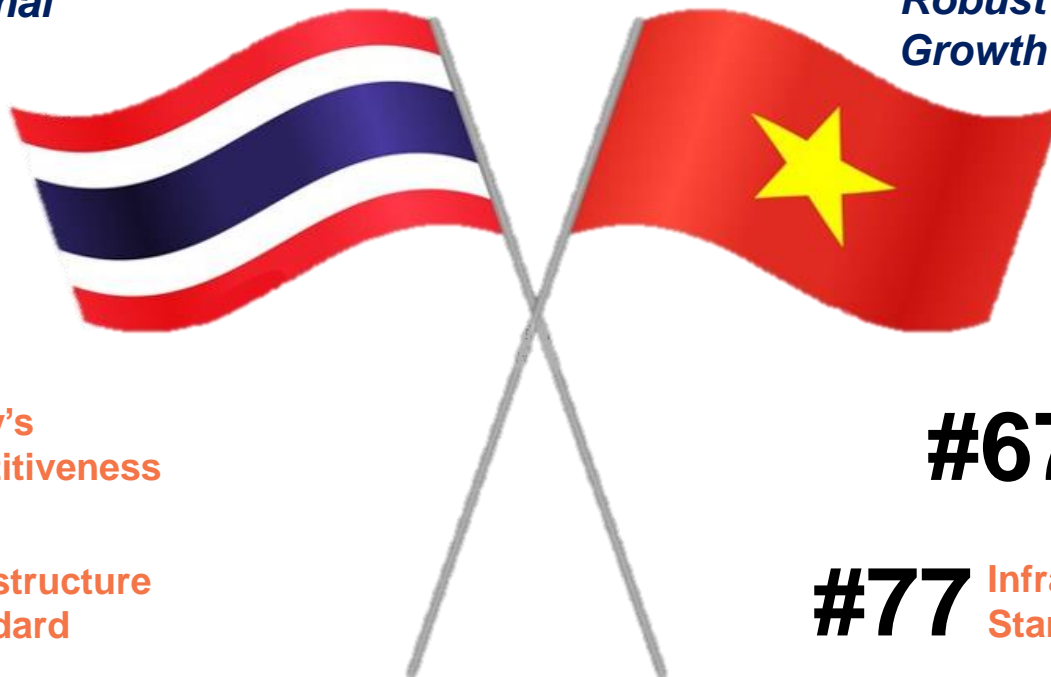
- **DIFFERENTIATE** *our competitiveness by utilizing Thailand's greatest strengths and highlighting our uniqueness in terms of location, resources, skills, people*
- **INTEGRATE** *our infrastructure and development plan with China' BRI initiative to accelerate more investment and trade activities in EEC region as well as connect Thailand with the world*

## Regional Competition

### Thailand and Vietnam Remain Competitive Investment Destinations

*“Strategic Location as a Hub for Regional Connectivity”*

*“Economy Remains Robust with Strong Growth of 7% in 2019”*



**#21** Ease of doing business

**#70** Ease of doing business

**#40** Country's Competitiveness

**#67** Country's Competitiveness

**#71** Infrastructure Standard

**#77** Infrastructure Standard

USD **16.7** Bn Total Value of FDI<sup>1</sup> in 2019

USD **22.6** Bn Total Value of FDI<sup>1</sup> in 2019

Remark: <sup>1</sup> Newly Registered Capital and Additional Capital to The Existing Project

Sources: World Bank, Fitch Rating, The Board of Investment of Thailand. Ministry of Planning & Investment (Vietnam)



# Your Ultimate Solution Partner

# APPENDIX

## “Our 4 Integrated Business Hubs”



### Logistics

*“#1 Logistic Developer offering Varieties of Premium Facilities uniquely serving our Clients Needs”*



### Industrial Development

*“#1 Industrial Estate Developer delivering World-Class Solutions to Industrial Customers”*

### Utilities and Power

*“#1 Industrial Utilities Provider and Active Strategic Power Investor “*



### Digital

*“New - Group Spearhead for the Upcoming New Digital Economy”*



**“Comprehensive Platform allows WHA Group to offer Unique Total Solution to our Client”**



# WHA Group Overview

## WHA GROUP AT-A-GLANCE

### Industrial Development

**11<sup>1/1</sup> + 3**  
industrial estates

**68,500<sup>1/1</sup>**  
rais total IEs

**750** well-known  
customers profile

**25,300<sup>1/1</sup>**  
rais undeveloped area

### Logistics

**2.3<sup>1/2</sup>** million m<sup>2</sup> under owned & managed

**200+** well-known tenants profile

### Utilities & Power

**Utilities**

**105**  
mm m<sup>3</sup>

**Power**

**554**  
equity MW

### Digital Platform

**4**  
data centers

**460**  
equity racks

**FTTx  
Services**

**5**  
Industrial Estates

**WHA is a SET-50 listed company with a market capital of USD 2,239<sup>1/3</sup> mm and under MSCI Small-Cap Index**

<sup>1/1</sup> Including Vietnam Project amounting to total area of c.20,000 rais with undeveloped area of c. 16,900 rais.

<sup>1/2</sup> Including pre-leased area

<sup>1/1</sup> Including the land area partnering with IRPC under WHA Industrial Estate Rayong

<sup>1/3</sup> as of 16 August 2019

# Latest Developments of US-China Trade Tensions

## Trade Tensions Set to Continue in 2020 Despite Trade Deal Signed

### Latest Key Developments between US-China

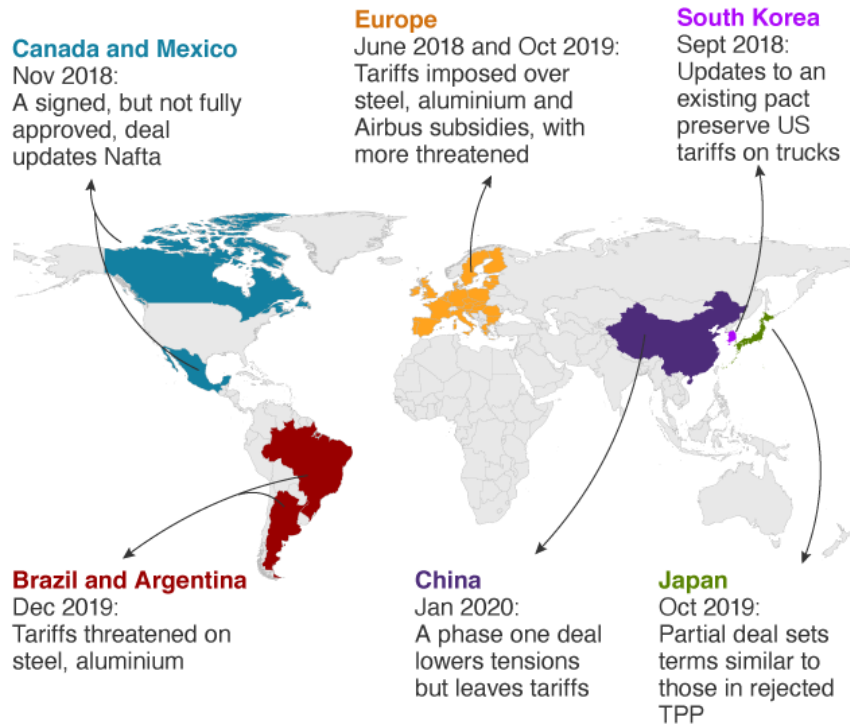
16-May-19		<i>Banning US companies from selling to Huawei without gov't approval</i>
1-Jun-19		<i>Tariffs of 25% (<b>List 1</b>), 20% (<b>List 2</b>), and 10% (<b>List 3</b>) now in effect on USD 60 bn worth of American goods exported to China</i>
26-Jun-19	 	<i>US and China agreed to a tentative truce in the lead up to G20 Summit</i>
9-Jul-19		<i>US exempts 110 Chinese products from 25% tariffs</i>
6-Aug-19		<i>US declares China to be a currency manipulator</i>
1-Sep-19	 	<i>Both US and China began implementing tariffs on each other's imports</i>
20-Sep-19		<i>US releases new tariff exemption lists, which exempt over 400 Chinese goods from tariffs (equipment and materials)</i>
13-Dec-19	 	<i>US, China agree to 'phase one deal' before next tariff hike scheduled to be Dec 15.</i>
13-Jan-20		<i>US drops China's currency manipulator label</i>
15-Jan-20	 	<i>US, China sign phase one trade deal. The phase one deal will cut US tariffs and boost China's purchases of US products.</i>
14-Feb-20		<i>China lowers the tariff on some items from 10% to 5%, and others from 5% to 2.5% on USD 75 bn worth of goods, in line with phase one deal</i>

# Trade Tensions not only limited to US and China

## US Also Open Trade Tension Front Line with Other Major Trading Partners

### Latest Key Developments between US-Other Nations

#### What's the status of Trump's trade fights?



BBC

2-Oct-19



WTO reached a historic ruling authorizing US to impose punitive tariffs on USD 7.5 bn worth of European products citing Airbus received USD billions in illegal subsidies, giving the aircraft producer an unfair advantage over American competitor Boeing.

US will impose 10% tariff on Airbus planes and 25% tariff for agricultural products like French wine, Italian cheese, and Scottish whisky. Airbus-producing countries Britain, France, German, and Spain will be subject to more tariffs than other EU member states

7-Oct-19



Trump signed a final trade agreement with Japan that would reopen some of the markets that farmers had lost access to after the US withdrew from a multilateral Asia-Pacific pact in early 2017

14-Nov-19



Trump took no action on the deadline of a 180-day review period for the decision whether he will impose up to 25% tariffs on U.S. light-vehicle and auto part imports.

2-Dec-19



In response to a digital services tax law passed in France (3% tax on revenue earned in France from digital services), US would retaliate with stringent tariffs as high as 100% on luxury products from France, targeting at up to USD 2.4 bn worth of French imports. However, in Jan 2020, Trump reached a deal with French President to delay a digital services tax until the end of 2020.

2-Dec-19



Trump tweeted that he will raise tariffs on steel (25%) and aluminum (10%) imports from Brazil and Argentina, citing weaker currencies in Brazil and Argentina. However, on 20 Dec, Trump is backtracking on the Brazilian tariffs

22-Jan-20



The UK will impose a tax (2%) on big tech companies in April 2020. The US warned that the retaliation, probably a tax on UK car exports to the US (1/5 vehicles manufactured in the UK are exported to the US)

# The Mega Plan to Boost Thailand Competitiveness in Global Arena

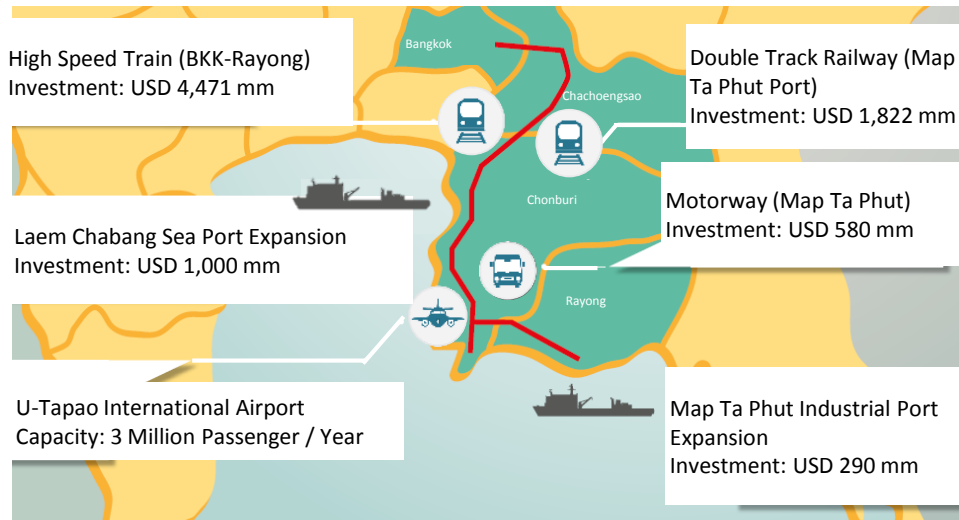
“5 pillars of EEC are Designed to Develop Three Eastern Provinces in Every Dimensions”

**STRATEGIC LOCATION**

**INFRASTRUCTURE LINKAGE**

**EXCELLENT INVESTMENT ATMOSPHERE**

## 1 Infrastructure Development



- 1 Double-Track Railway
- 2 BKK-Rayong High-Speed Rail Link
- 3 Pattaya-Map Ta Phut Motorway
- 4 U-Tapao International Airport
- 5 Laem Chabang Deep Sea Port
- 6 Map Ta Phut Phase 3 Port
- 7 Sattahip Commercial Port
- 8 EECi Innovation Hub
- 9 EECd Digital Hub

## 2 12 Targeted Industries Development

### S-Curve

- Next Generation Automotive
- Smart Electronics
- Food For the Future
- Affluent, Medical & Wellness Tourism
- Agriculture & Biotechnology

### New S-Curve

- Robotics
- Medical Hub
- Aviation & Logistics
- Biofuels & Biochemical
- Digital
- National Defense
- Human Resource and Education Development

# The Mega Plan to Boost Thailand Competitiveness in Global Arena

“5 pillars of EEC are Designed to Develop Three Eastern Provinces in Every Dimensions”

## STRATEGIC LOCATION

## INFRASTRUCTURE LINKAGE

## EXCELLENT INVESTMENT ATMOSPHERE

### 3 City Development

- CHACHOENGSAO → New Bangkok Urban
- CHON BURI → Educational and Human Resource Development center
- SRI RACHA LAEM CHABANG → Center of Work-Life Harmony
- PATTAYA SATTAHIP → World-famous Tourist Destination
- U-TAPAO → Home of Future ASEAN's Aviation & Marine Service Center
- RAYONG → Home of Petrochemicals and Energy Industries

### 4 Incentive Enhancement



- Exemption from corporate income tax for up to 15 Years
- 17% personal income tax rate for management, investor, experts



- Exemption of import duties on machinery/raw materials



- Permission to own land for BOI promoted projects
- Rights to state's land lease for 50 + 49 years



- Matching Grants for Investment/ R&D/ Innovation for Targeted Industries

### 5 Investment Facilitation



- One-stop service center to facilitate foreign investors and issue permits for trading, export and import



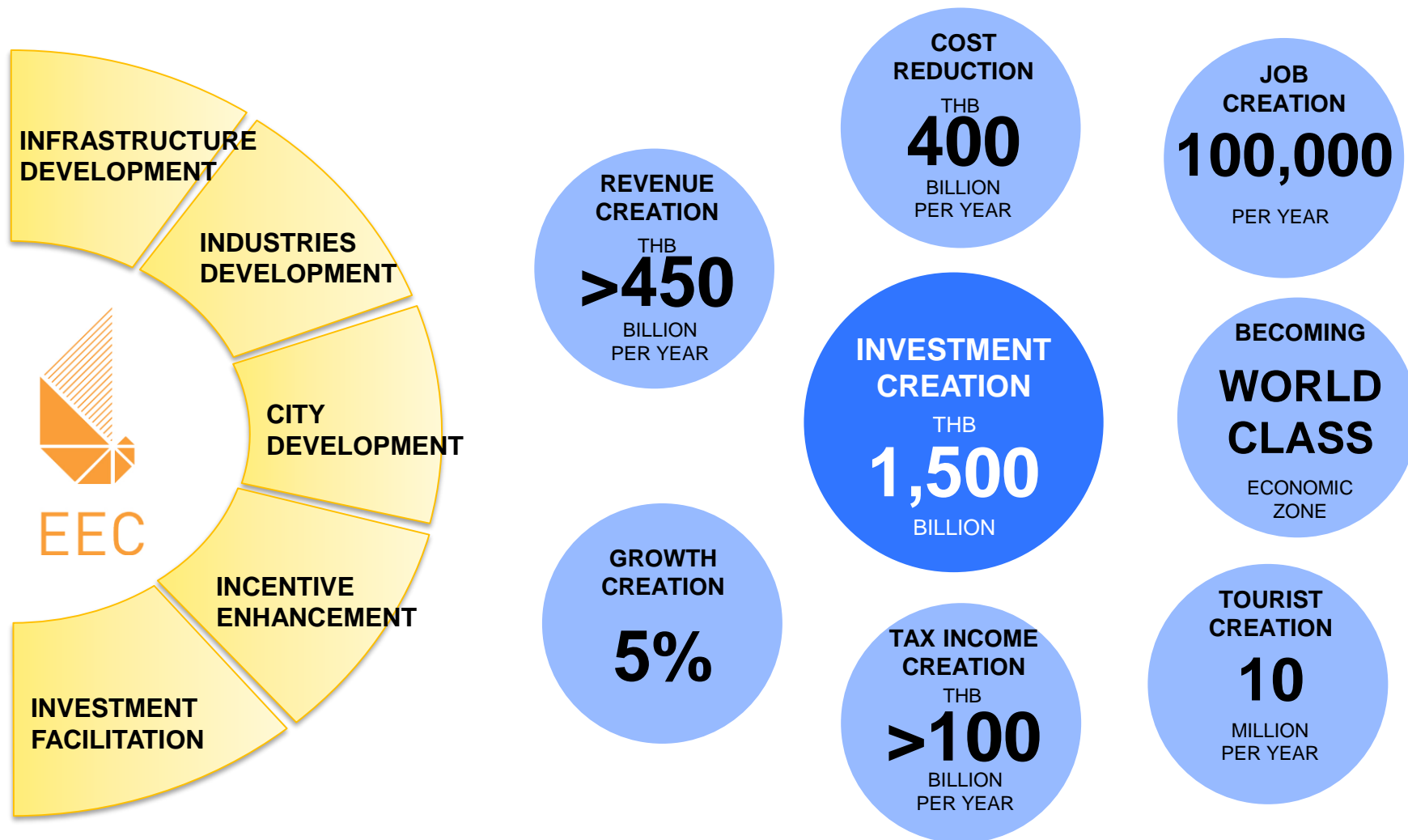
- Five-year work visa to attract investors, experts and scientists from around the world



- EEC Fast-track to speed up launch of investment projects, and shorten the time frame to 8-10 months from current average of 40 months

## EEC Value Creation

“EEC is Anticipated to Stimulate Investments from Foreign and Domestic Corporates, Employment, as well as Economic Growth and Government’s Tax Revenue”

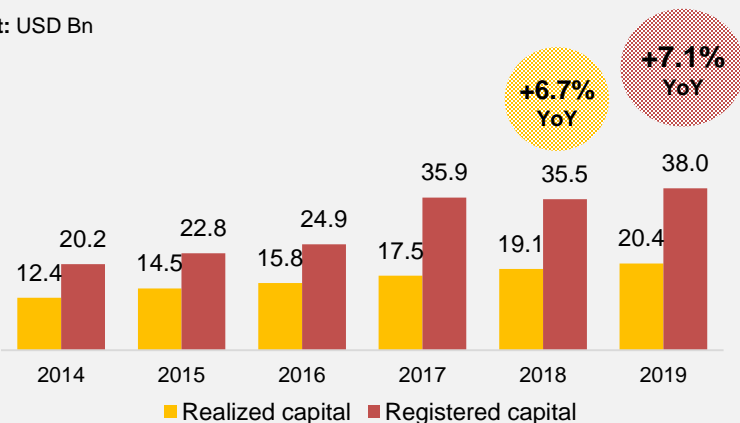




# Vietnam: Attractive FDI Destination

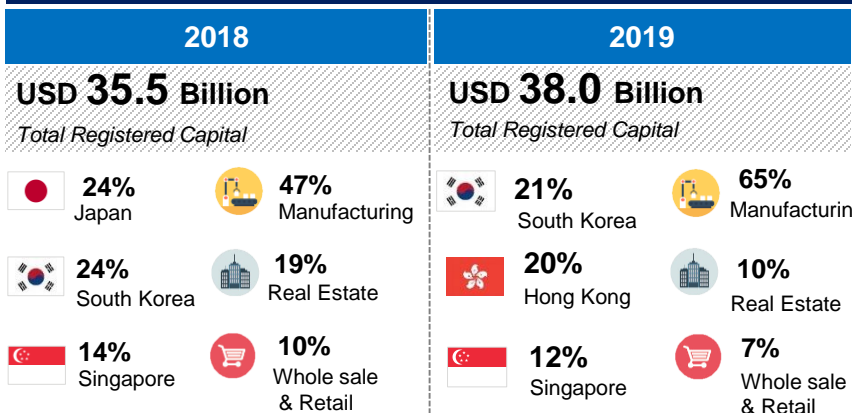
## Historical Registered and Realized FDI

Unit: USD Bn



- In 2019, total registered FDI reached at USD 38 Bn, with disbursement of USD 20.4 Bn
- Out of total 61 provinces and cities, Hanoi attracted the most FDI at 22% of total, followed by HCMC and Binh Duong at 21.8% and 8.7%, respectively

## Foreign Investment



## Accumulated Registered FDI by Provinces (as of Dec 2019)

Rank	Province	Number of Project	Registered Capital (USD Bn)
1	Ho Chi Minh	9,173	47.3
2	Binh Duong	3,772	34.4
3	Ha Noi	5,934	34.1
4	Dong Nai	1,659	31.2
5	Ba Ria - Vung Tau	466	31.0
6	Bac Ninh	1,510	18.8
7	Hai Phong	779	18.7
8	Thanh Hoa	142	14.2
9	Ha Tinh	77	11.7
10	Thai Nguyen	157	8.3
11	Hai Duong	449	8.2
12	Long An	1,164	7.9
13	Tay Ninh	324	7.0
14	Quang Ninh	129	6.3
15	Quang Nam	218	6.1
16	Bac Giang	502	5.9
17	Da Nang	774	5.5
18	Vinh Phuc	417	5.1
19	Hung Yen	468	4.9
20	Kien Giang	58	4.8
21	Khanh Hoa	113	4.3
22	Thua Thien Hue	114	3.9
23	Binh Thuan	146	3.7
24	Ha Nam	308	3.6
25	Tra Vinh	43	3.3
26	Nam Dinh	108	3.3
27	Binh Phuoc	270	2.8
28	Tien Giang	50	2.8
29	Nghe An	117	2.6
30	Phu Yen	95	2.2
31	Quang Ngai	47	2.0
32	Ninh Thuan	61	1.8
33	Phu Tho	51	1.7
34	Ninh Binh	182	1.6
35	Ben Tre	74	1.4
	Other Provinces	876	10.0
	<b>Total</b>	<b>30,827</b>	<b>362.6</b>

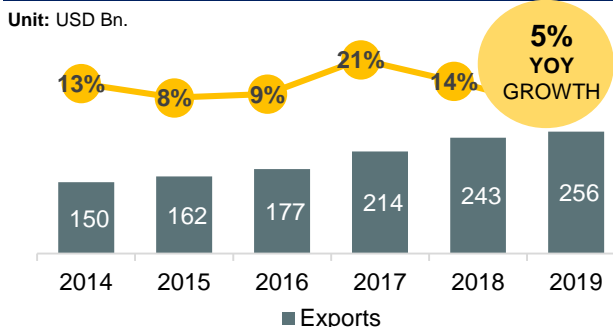
Source: Ministry of Planning, Vietnam

Remark: <sup>1</sup> Including capital contribution and share purchase

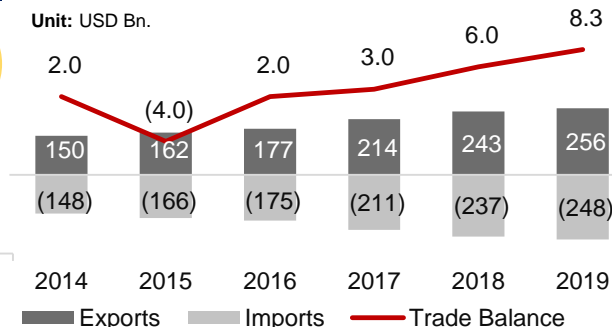


# Vietnam: Growing Trade

## Export Growth 2014-2019



## Trade Balance 2014-2019



- In 2019, Vietnam Trade balance increased to USD 8.3 Bn.
- Telephone, Computers and Textile account for almost half of total exports of Vietnam
- USA, China, Japan, South Korea remain the top four exports counterparties.
- Among top trade parties, Vietnam has trade deficits with China, South Korea and Thailand

## Top 10 Export Destinations

Unit: USD Bn.

	2014	2015	2016	2017	2018	2019
<b>USA</b>						
Export	28.6	33.5	38.4	41.6	47.5	61.3
Import	(6.3)	(7.8)	(9.7)	(9.2)	(12.8)	(14.4)
<b>Balance</b>	<b>22.3</b>	<b>25.7</b>	<b>28.7</b>	<b>32.4</b>	<b>34.7</b>	<b>47.0</b>
<b>China</b>						
Export	14.9	16.6	22.0	35.5	41.3	41.4
Import	(43.6)	(49.5)	(50.0)	(58.2)	(65.4)	(75.5)
<b>Balance</b>	<b>(28.7)</b>	<b>(32.9)</b>	<b>(28.0)</b>	<b>(22.7)</b>	<b>(24.1)</b>	<b>(34.0)</b>
<b>Japan</b>						
Export	14.7	14.1	14.7	16.8	18.9	20.4
Import	(12.9)	(14.2)	(15.1)	(16.6)	(19.0)	(19.5)
<b>Balance</b>	<b>1.8</b>	<b>(0.1)</b>	<b>(0.4)</b>	<b>0.2</b>	<b>(0.1)</b>	<b>0.9</b>
<b>Korea</b>						
Export	7.2	8.9	11.4	14.8	18.2	19.7
Import	(21.7)	(27.6)	(32.2)	(46.7)	(47.5)	(46.9)
<b>Balance</b>	<b>(14.5)</b>	<b>(18.7)</b>	<b>(20.8)</b>	<b>(31.9)</b>	<b>(29.3)</b>	<b>(27.2)</b>
<b>Hong Kong</b>						
Export	5.3	7.0	6.1	7.6	8.0	7.2
Import	(1.0)	(1.3)	(1.5)	(1.7)	(1.5)	(1.3)
<b>Balance</b>	<b>4.3</b>	<b>5.7</b>	<b>4.6</b>	<b>5.9</b>	<b>6.5</b>	<b>5.8</b>
<b>Netherlands</b>						
Export	3.8	4.8	6.0	7.1	7.1	6.9
Import	(0.5)	(0.7)	(0.7)	(0.7)	(0.8)	(0.7)
<b>Balance</b>	<b>3.3</b>	<b>4.1</b>	<b>5.3</b>	<b>6.4</b>	<b>6.3</b>	<b>6.2</b>
<b>India</b>						
Export	2.5	2.5	2.7	3.8	6.5	6.7
Import	(3.1)	(2.7)	(2.7)	(3.9)	(4.1)	(4.5)
<b>Balance</b>	<b>(0.6)</b>	<b>(0.2)</b>	<b>0</b>	<b>(0.1)</b>	<b>2.4</b>	<b>2.1</b>
<b>Germany</b>						
Export	5.2	5.7	6.0	6.4	6.9	6.6
Import	(2.6)	(3.2)	(2.9)	(3.2)	(3.8)	(3.7)
<b>Balance</b>	<b>2.6</b>	<b>2.5</b>	<b>3.1</b>	<b>3.2</b>	<b>3.1</b>	<b>2.9</b>
<b>UK</b>						
Export	3.6	4.6	4.9	5.4	5.8	5.8
Import	(0.6)	(0.7)	(0.7)	(0.7)	(1.0)	(0.9)
<b>Balance</b>	<b>3.0</b>	<b>3.9</b>	<b>4.2</b>	<b>4.7</b>	<b>4.8</b>	<b>4.9</b>
<b>Thailand</b>						
Export	3.5	3.3	3.7	4.8	5.5	5.3
Import	(7.1)	(8.3)	(8.8)	(10.5)	(12.0)	(11.7)
<b>Balance</b>	<b>(3.6)</b>	<b>(5.0)</b>	<b>(5.1)</b>	<b>(5.7)</b>	<b>(6.5)</b>	<b>(6.4)</b>

## Top Export Value by Products

Unit: % of Total Export Value

	2018	2019
1 Telephones and parts	20.2%	20.4%
2 Computers and parts	12.0%	14.3%
3 Textile, sewing products	12.5%	13.0%
4 Footwear	6.7%	7.3%
5 Machinery, instrument, accessory	6.8%	7.3%
6 Wood and wooden products	3.7%	4.2%
7 Means of transport and equipment	3.3%	3.4%
8 Seafood	3.6%	3.4%
9 Iron, Steel	1.9%	1.7%
10 Fibers, not spun	1.7%	1.7%

Source: General Statistics Office Vietnam