

Exploring New Opportunities: Thailand- South India Trade & Investment

CII Conference on South
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Vishakhapatnam
Andhra Pradesh



Thai Economy: Current Outlook

Expect significant turn-around:

- 2011 GDP 0.1%
2012 GDP 5.5-6.5% (expected)
- Feb 2012 consumption and investment higher than pre-flood period
 - (growth of 6.6% and 8.8% respectively compared to same period in 2011)
- External sector (02/2012):
 - Import growth 8.2 %
 - Export growth 1.2%
- Internal sector:
 - Inflation 3.35%(02/2012)
 - Unemployment 0.6% (01/2012)

Thailand-India Bilateral Trade

- India is Thailand's
 - 11th most important export market
 - 14th most important trade partner
- Bilateral trade almost doubled in last 4 years
 - US\$ 4.7 billion in 2007
 - US\$ **8.2 billion in 2011**
- Jan-Feb 2012 trade grew 12.36% (y-o-y)
 - valued at US\$ **1.438 billion**
- Goal: bilateral trade to reach **US\$ 14 billion in 2015**

Top Exports and Imports (Goods)

THAI EXPORTS TO INDIA:

Rubber
Chemicals
Plastic pellets
Gems & jewelry
Auto parts & machineries
Air conditioning units & parts
Steel
Electrical transformers

IMPORTS FROM INDIA

Gems, silver & gold
Staples
Machineries
Chemicals
Yarn
Edible oils
Steel
Medicines and medical
Equipment
Auto parts
Aquatic animals (fresh,
frozen,
and processed)

Thai-India FTA: latest

- Second Protocol to Amend the Framework Agreement between India and Thailand:
 - third country invoicing for gear boxes
 - two-door refrigerators added to EHS
- Latest round of negotiations: Delhi, Feb. 2012
 - Both sides agreed to exchange revised offers on goods in March.
- Target date for completion: June 2012
- Implementation: September 2012

Bilateral Investment: Room to Expand

Value of Indian investment in Thailand
(2005-2011): US\$ 1.02 billion (BOI)

- In 2011, 13 investment projects were submitted to BOI, valued at US\$ 106 million (67 % increase from 2011)
- India is Thailand's 13th largest investor
- Major investors: Aditya Birla Group, Tata, Indorama, Saraff Group, Infosys
- Sectors: chemicals, plastic, yarn, automobiles, IT, hospitality

Bilateral Investment (con'td)

Value of Thai investment in India (2000-2010) : US\$ 81.77 million

- Thailand is India's fourth largest investor in ASEAN
- Major investors: CP Group, Italian-Thai Development, Thai Summit Auto, Delta Electronics (Thailand), Pruksa Real Estate, Rockworth Group, Dusit Group
- Sectors: food processing, agriculture, automobile, electronics, construction, housing, hospitality

Flood Recovery and Prevention

Short-term: reconstruction and rehabilitation

- US\$ 12.6 billion soft loans for businesses in flooded industrial estates to resume operation
- 7- year low interest loans (0.01%) and BOI incentives for industrial estates
- US\$ 11.4 billion USD for construction of water management and flood protection infrastructure covering Bangkok and industrial estates

Long Term Flood Prevention Water Management Strategy

Creation of:

- 1) Committee for Reconstruction and Future Development
- 2) Committee for Water Resources Management

Task: To develop new water management system, infrastructure, land-use planning, revision of laws & regulations on water management

- Strategy:
1. Economic restructuring
 2. Develop new economic zones
 3. Infrastructure development
 4. Disaster insurance system

Invitation to Invest in Infrastructure

- Government plans to invest in large-scale infrastructure projects worth over 72 billion USD between 2012-2016.
- Public-Private Partnership (PPP) projects
 - (a) railroad transportation and logistics, high-speed rails, motorways, transportation networks
 - (b) energy security, including renewable energy and energy sources
 - (c) telecommunication, especially access to high-quality service

Thai Businesses in South India

- Tamil Nadu:
 - CP Group (aquaculture)
 - SGC Trading
 - Thai Airways
 - Thai Air Asia
- Karnataka:
 - CP Group (poultry, animal feed)
 - Pruksa Real Estate
 - ITD-CEM (Bangalore Metro Rail Project)
 - Thai Summit Neel Auto
 - Thai Airways
 - Bangkok Airways
- Andhra Pradesh:
 - Rockworth (office furniture)

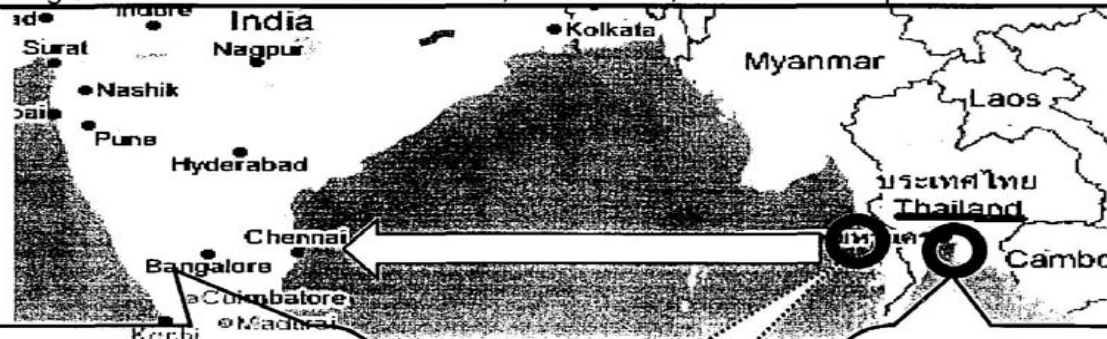
In Vishakhapatnam:

 - CP Group (aquaculture)
 - Thai Union Frozen Products (food processing)
- Pondicherry
 - Delta Electronics

Connectivity through Dawei Deep Sea Port

Significance of Dawei development: trade promotion with India, Middle East and Africa/Europe

In tandem with ASEAN++FTA, infrastructure development in Dawei (deep seaport, industrial zones, connecting road between Dawei and Kanchanaburi) should be promoted with a view to further promoting trade between Thailand and India, Middle East, and Africa/Europe.



Expansion of market in India:

[Sales of passenger vehicles (units)]
1.6 million (08-09) to 2.5 million (10-11) :
56% increase in 3 years

[Sales of trucks (units)]
384 thousands (08-09) to 676 thousands
(10-11): **76% increase in 3 years**

[Sales of flat-panel TVs]
2.6 million (10-11) to 4.4 million (11-12;
estimation) : **57% increase estimated**

Dawei

- i) logistics hub to facilitate trade with India, Middle-East and Africa/Europe
- ii) Manufacturing base of labor-intensive industries, etc

Greater Bangkok and Eastern-seaboard region:

[Automobiles/parts]
Toyota Group (Toyota, Denso, Aishin-seiki, ...), Honda, Mitsubishi, Hino, Matsuda, Bridgestone , etc

[Electric/Machineries]
Mitsubishi (electric appliances), Panasonic (televisions, white products) , Daikin (air conditioners), Yanmar (industrial machineries) etc