



Thailand's Auto Parts Industry

Behind every strong local industry is a strong local supply chain. This is certainly the case for Thailand's automotive industry, which has over the past six decades established the kingdom as the leading automobile production base in Southeast Asia and the 11th largest worldwide. Automobiles and vehicle parts rank among the country's top exports items, with the sector earning in 2022 a total of USD 37.6 billion of which auto parts and accessories accounted for USD 15.6 billion, according to Ministry of Commerce statistics. Major export markets for Thai-made auto parts include the USA, Japan, Southeast Asia, and Australia.

Successive Thai governments have through well-defined policy directives attracted all the major Japanese automotive brands to set up local production and export bases in Thailand along with leading European and US brands such as Mercedes - Benz, BMW, and Ford, and with them a cluster of parts suppliers. Recently, in keeping with the government's climate and environmental objectives, Thailand has persuaded major EV makers to set up their regional production bases in the kingdom, including well-known brands BYD, MG, and Great Wall Motor. Already, at least 50 Chinese EV auto parts suppliers have also set up offices in Thailand.

Structure of Thai Automotive Industry

Tier-1

Automotive Parts Manufacturers

They are manufacturers of high-quality automotive parts in accordance with the standards determined by automobile manufacturers to be used in assembly plants (Original Equipment Manufacturing – OEM market). Some are sold in replacement parts markets (Replacement Equipment Manufacturing – REM market).

Of the total number of entrepreneurs:



54%

are car parts manufacturers.



28%

are motorcycle parts manufacturers.



18%

are manufacturers of both car and motorcycle parts.

Tier-2 and Tier-3

Automotive Parts Manufacturers

Most of them are Thai SMEs with investment in research and development on manufacturing technology. Some are simply suppliers of raw materials and/or manufacturers of parts for Tier-1 manufacturers and/or manufacturers of auto parts in the REM market.

At present, there are more than 1,500 entrepreneurs producing 2 main types of automobile parts.

1. Genuine Spare Parts

Parts or components produced in accordance with orders from automobile companies, based on specified standards.

2. Replacement Spare Parts

Parts that are produced mainly for replacement parts markets (After-Market)

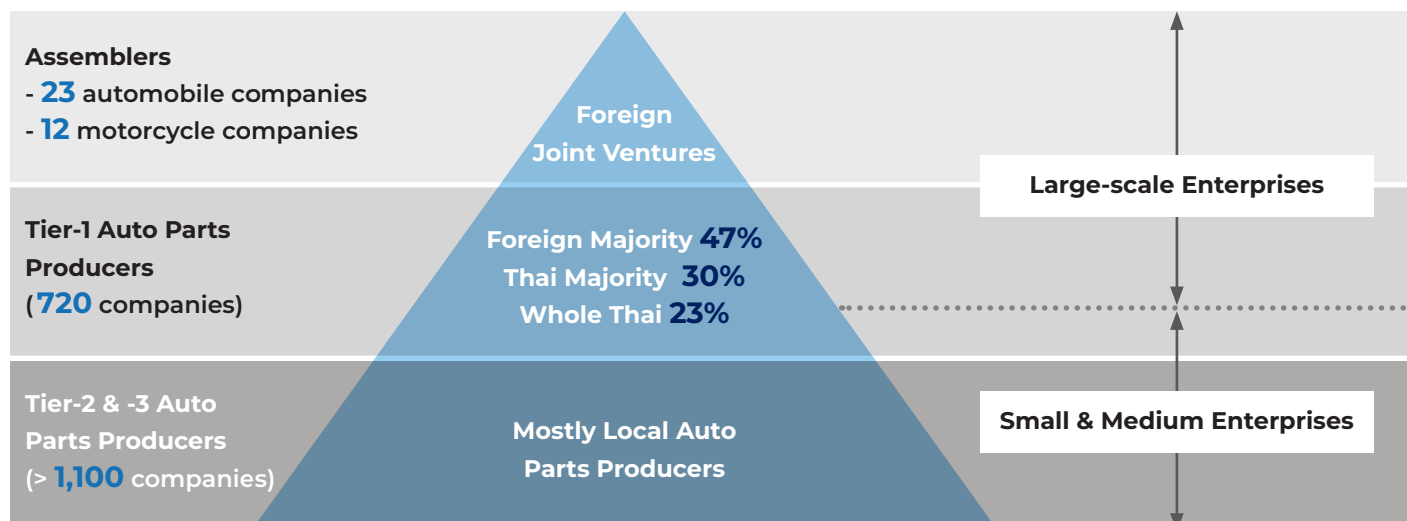
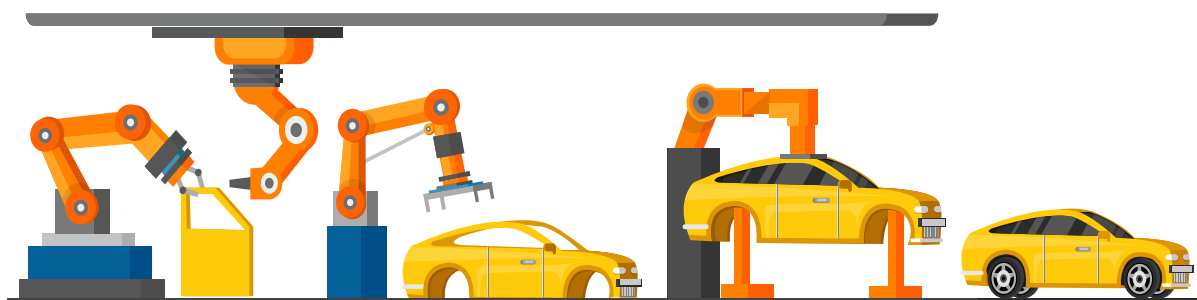


At present, there are more than

2,200 manufacturers

of automotive parts in Thailand

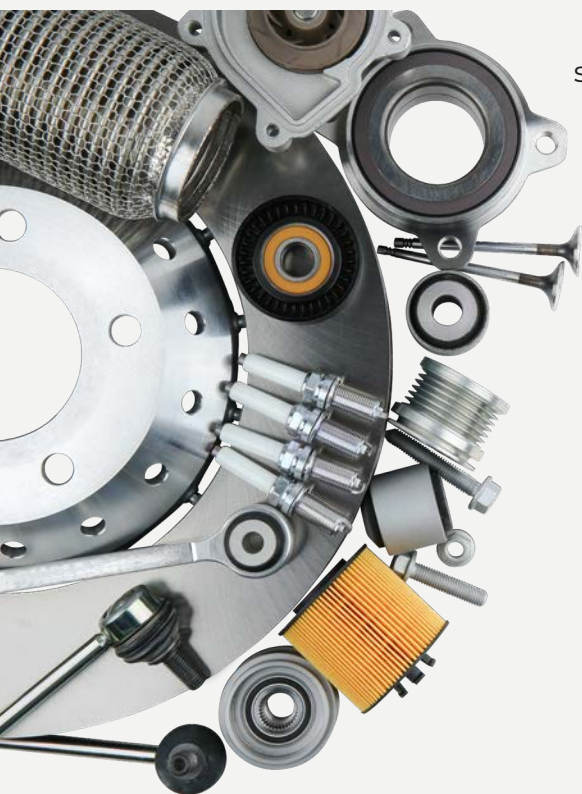
(Source: Thailand Automotive Institute)



There are about 2,200 auto parts and accessories manufacturers already based in Thailand, assuring that local production is of high-quality, on-time, and ultimately, profitable. Thailand's auto parts suppliers have over the decades become an industry unto themselves, exporting their products to over 100 countries worldwide. Many suppliers cater to the "After Market," or replacement market, a huge and reliable market given the world's estimated 1.8 billion used-car on the roads.



Among these parts producers, there are close to 400 that supply the original equipment manufacturers (OEM) market segment, which in Thailand is dominated by Japanese brands. Many of these foreign OEM suppliers shifted their production bases to Thailand in the late 1980s, early 1990s, following the relocation of the main Japanese auto brands to Thailand, prompted by the appreciation of the Japanese Yen that made Japan-based export less competitive.



Domestic market for one-ton pickup trucks,
which still account for about

50%



of domestic sales

Thailand managed to capture the lion's share of Japan's automotive manufacturing relocation in part because of its huge domestic market for one-ton pickup trucks, which still account for about 50% of domestic sales. The versatile pickup is well suited to Thailand's agricultural-based rural areas and for public transport. The Thai government cut excise taxes on the one-ton pickup models,






which has helped to make Thailand the world's second largest pickup producer. After the success of the pickup policy, in the mid-2000s, the government launched a new tax scheme to promote small, petrol efficient eco-cars, which have come to dominate the domestic market for passenger cars and are a major export item.

EV Auto Parts Manufacturing in Thailand








Thailand's electric vehicle (EV) industry is experiencing a rapid expansion, mirroring the worldwide shift towards electrification in the automotive sector. The future looks promising for EV Auto Part manufacturing in Thailand, as numerous automakers, including Mercedes-Benz, Toyota, Nissan, Honda, and AutoAlliance, as well as BYD, GWM, Hozon, and others, have either started producing EVs in the country or have announced plans to do so. In order to support the adoption and production of EVs, initiatives are underway to assist auto part manufacturers in transitioning their businesses to align with the demands of this new market.

Export Value of Automotive

| Product | | Value (USD million) | Expansion (%) | Proportion (%) |
|-------------------------|---|------------------------|------------------|-------------------|
| | | 2022 | 2022 | 2022 |
| 1. Passenger Car |  | 11,057.77 | 2.13 | 50.28 |
| 2. Pickup Truck & Truck |  | 7,322.39 | -11.29 | 33.29 |
| 3. Motorcycle |  | 2,819.45 | 4.22 | 12.82 |
| 4. Bicycle |  | 84.69 | -7.17 | 0.39 |
| 5. Van |  | 0.00 | 0.00 | 0.00 |
| Total Value | | 21,993.65 | -2.05 | 100 |

Export Value of Automotive Parts

| Product | | Value (USD million) | Expansion (%) | Proportion (%) |
|-----------------------------------|---|------------------------|------------------|-------------------|
| | | 2022 | 2022 | 2022 |
| 1. Automotive Parts |  | 9,833.69 | -3.29 | 62.84 |
| 2. Internal Combustion Engine |  | 4,242.18 | 0.01 | 27.11 |
| 3. Motorcycle Parts |  | 930.14 | -4.44 | 5.94 |
| 4. Electrical Device for Ignition |  | 601.03 | -1.20 | 3.84 |
| 5. Bicycle Parts |  | 41.53 | 8.86 | 0.27 |
| Total Value | | 15,648.57 | -2.38 | 100 |

Thailand's Auto Parts Industry

Thailand's auto-parts industry is closely intertwined with its automotive manufacturing sector and is another significant strength of the country's automotive industry. The development and growth of the auto-parts industry in Thailand have been driven by several factors:

Integration with Global Supply Chains: Many international automakers and Tier 1 suppliers have established production facilities in Thailand. This has led to the formation of a well-integrated global supply chain network, with local auto-parts manufacturers serving as suppliers to these companies. Thailand's auto-parts industry has become an important link in the global automotive supply chain.



Diverse Range of Products: Thailand's auto-parts manufacturers produce a wide variety of components and parts, including engines, transmissions, electrical systems, chassis components, interior and exterior parts, and more. This diversity allows the industry to cater to the needs of different vehicle models and markets.

Competitive Cost Advantage: The country's auto-parts industry benefits from competitive manufacturing costs, including lower labor costs compared to many developed countries. This cost advantage has attracted investments from international companies looking to outsource or expand their production.

Skilled Workforce and Technical Expertise: Similar to the automotive manufacturing sector, Thailand has a skilled workforce with expertise in producing high-quality auto-parts. The availability of skilled technicians, engineers, and designers contributes to the industry's competitiveness.



Strong Support from the Thai Government: The Thai government has implemented various policies and incentives to support the growth of the auto-parts industry. These include tax incentives, research and development grants, infrastructure development, and trade promotion programs. The government's support has helped in the development of local suppliers and the integration of Thai companies into global supply chains.

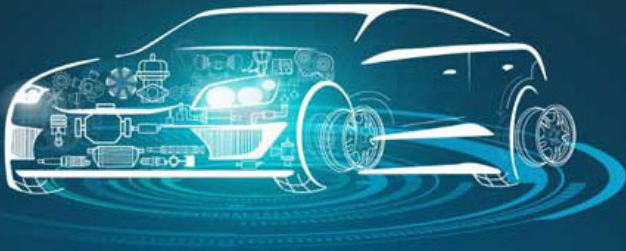
Export-Oriented Focus: The auto-parts industry in Thailand has a strong export focus, with a significant portion of the production being exported to international markets. The country's strategic location and well-developed logistics infrastructure facilitate the export of auto-parts to regional and global customers.

TAPA

Thailand International Auto Parts & Accessories Show

World Auto Parts Sourcing Hub

Sustainability for The Future



Thailand's auto-parts industry continues to evolve and adapt to changing market dynamics and technological advancements. To stay up to date with the latest developments in the industry, please visit Thailand International Auto Parts & Accessories Show (TAPA).

TAPA has been organized in alternate years for more than 2 decades. The event showcases an extensive range of parts, automobile parts, and accessories from Thai and international entrepreneurs, making it well-known for being the "World Auto Parts Sourcing Hub".

Association



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