

Executive Summary

Master Plan for Thai Automotive Industry

1. Background

Ministry of Industry formulated the Master Plan for Thailand's Industrial Development for each industrial sector, which included the automotive sector. Under the Master Plan, the action plans were laid out for five years (1998-2002).

To continuously proceed the plans and adjust the vision, strategies and action plans according to the rapidly changing situation of the global industry, the Ministry has assigned Thailand Automotive Institute to undertake the Master Plan for Thai Automotive Industry to be in accordance with the ninth National Social and Economic Development Plan, 2002-2006. The objectives are:

1. To set clear vision, mission and direction for the development of Thai automotive industry in the next 10 years.
2. To identify problems and obstacles facing the development of Thai automotive industry.
3. To formulate policy framework that encourages international trade and other potential businesses.
4. To design strategies, measures and action plans for the development of Thai automotive industry which are in compliance with the National Economic and Social Development Plans (2002-2006).
5. To recommend roles and responsibilities of Ministry of Industry and other agencies responsible for the automotive industry.

2. Vision 2011

"Thailand is the automotive production base in Asia that adds value to the country with strong domestic supplier base"

3. Goal

Thai automotive industry gains competitiveness in the world market and build up sustainability to the Thai economy. Import substitution and acquire foreign currency through export promotion.

4. Objectives

- 4.1 Thailand will produce at least one million cars per year (700,000 one-ton pick-up trucks and 300,000 passenger cars) with total production value of more than 500 billion Baht. Forty percent of which will be exported within 2006.
- 4.2 Thailand will produce at least two million motorcycles per year with total production value of more than 100 billion Baht. Twenty percent of which will be exported within 2006.
- 4.3 Thailand will produce internationally-recognized and standardized replacement equipment manufacturing (REM) parts with exports value of more than 200 billion Baht within 2006.
- 4.4 Thailand will have capability to produce auto vehicles and parts with local value added of more than 60 percent within 2006.

5. Strategy

Main strategies

1. Creating predictable environment for business operations in Thai automotive industry
 - 1.1 Business Intelligence Unit
 - 1.1.1 Monitor micro and macro economy in the country and abroad
 - 1.1.2 Develop an updated market information system (rules and regulations in the country and international rules and regulations)
 - 1.1.3 Study and analyze the automotive industry with policy recommendations
 - 1.2 Automotive human resources development
 - 1.2.1 Study the evaluation method and set criteria to evaluate the human resources' capability
 - 1.2.2 Design incentives for training

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- 1.3 Market expansion by opening market through Free Trade Area
 - 1.3.1 Domestic market
 - 1.3.1.1 Stimulate local demand by means of taxes and interest rates
 - 1.3.1.2 Search for cost reduction methods in production and distribution processes
 - 1.3.1.3 Conduct a study on market (demand) gap
 - 1.3.2 Export market
 - 1.3.2.1 Push for negotiations to integrate ASEAN into one market
 - 1.3.2.2 Bilateral agreements with targeted trading countries i.e. Australia, China and India (Free Trade Area)
 - 1.3.2.3 Negotiate on Non-Tariff Measures
 - 1.4 Good Governance Policy
 - 1.4.1 Restructure what procedures from raw materials, intermediate parts to finished goods
 - 1.4.2 Set clear long-term government policy and inform this to the private sector for self adjustment before its effectiveness
 - 1.5 Infrastructure Development
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- 2. Enhancing competitiveness of Thai auto parts industry
 - 2.1 Trade promotion and networking
 - 2.1.1 Promote Thai brand products
 - 2.1.2 Promote international trade cooperation projects to enhance capability of Thai parts exporters
 - 2.1.3 Establish a system for auto parts transactions
 - 2.1.4 Cluster-based development
 - 2.1.5 Supply chain development and e-business
 - 2.2 Standardization development
 - 2.2.1 Accelerate the formulation of product standards and safety standards

- 2.2.2 Establish product testing laboratories and certification system
- 2.2.3 Assist the auto parts manufacturers to get certified under quality systems
- 2.3 Upgrading of manufacturing technology and management
- 2.4 Development of product technology
 - 2.4.1 Set up an automotive research and development center to strengthen the R & D capability of the auto parts makers
 - 2.4.2 Develop R & D capabilities of auto parts makers to be internationally recognized.
- 2.5 Automotive human resources development

6. Action Plan

- 6.1 Industry Situation Analysis Project
 - 6.1.1 Study and analyze the automotive industry in order to recommend and design measures for sustainable industry development
 - 6.1.2 Monitor micro and macro economy in the country and abroad
 - 6.1.3 Give early warning to the industry
- 6.2 Automotive Information Center
 - 6.2.1 Develop information system and informative web site and efficiently provide information services
 - 6.2.2 Gather market and production data worldwide
 - 6.2.3 Construct auto makers and parts suppliers database
 - 6.2.4 Build up a database that provide early warning to the industry
- 6.3 Automotive training center project
 - 6.3.1 Provide systematic training to the industry from workers to management level
 - 6.3.2 Skill training
 - 6.3.3 Provide training to engineers in the field of advanced engineering and specialized technology
- 6.4 Automotive Engineer Development Project

- 6.4.1 Outline curriculum to develop engineers to have capability to enter the industry
- 6.4.2 Joint cooperation to award scholarships to university students in pilot projects
- 6.4.3 Appraisal of university students by Thailand Automotive Institute and the industrial sector
- 6.5 Competency certification system development project
 - 6.5.1 Outline curriculum in management and technology
 - 6.5.2 Provide training for teachers on teaching techniques
 - 6.5.3 Establish the vocational certification system
- 6.6 Market Responsiveness Project
 - 6.6.1 Stimulate local demand by means of taxes and interest rates
 - 6.6.2 Search for cost reduction methods in production and distribution processes
 - 6.6.3 Conduct a study on market (demand) gap
 - 6.6.4 Conduct a feasibility study on linkages of second handed cars and new cars
 - 6.6.5 Conduct market research to search for supportive measures
- 6.7 Automotive tax structure research project
 - 6.7.1 International comparison study on tax structure for the automotive industry
 - 6.7.2 Provide recommendations on the automotive industry's tax restructuring
 - 6.7.3 Study benefit of bilateral agreements under Free Trade Zone (FTZ)
- 6.8 Plan the expansion of infrastructure necessary for the industrial development i.e. deep sea port
- 6.9 Cluster-based Development Project
 - 6.9.1 Study on linkages in the automotive cluster
 - 6.9.2 Develop and strengthen cluster linkages
 - 6.9.3 Develop business networking
- 6.10 Automotive standards projects
 - 6.10.1 Study, plan and determine automotive standards

- 6.10.2 Set up automotive standards
- 6.10.3 Study investment in testing equipment and testing procedures
- 6.11 Automotive products standard testing center
 - 6.11.1 Examine and maintain equipment and facilities
 - 6.11.2 Develop and train human resources in the field of testing procedures
- 6.12 Automotive research and development center
 - 6.12.1 Set up Automotive R&D center (comprises of testing, R&D in automotive vehicles and automotive parts)
 - 6.12.2 Develop and train human resources to have testing facilities and develop auto vehicles
 - 6.12.3 Encourage and develop personnel in education institutes to have participation in testing and vehicles development
- 6.13 Export promotion center for auto parts
 - 6.13.1 Set up export promotion center for auto parts to assist and give advice on exports procedures
 - 6.13.2 Build up network for auto parts for exports
 - 6.13.3 Coordinate with international and domestic trade organizations
- 6.14 Supplier development program
 - 6.14.1 Set up supplier development center to provide suppliers advice to upgrade production technology of auto parts
 - 6.14.2 Coordinate with international and domestic trade organizations for technology assistance
 - 6.14.3 Supporting any skilled workers to work on assigned job
 - 6.14.4 Provide suppliers consulting services on management, production processes and quality systems
- 6.15 Product development project
 - 6.15.1 Promote product design and development of suppliers

- 6.15.2 Develop and train human resources to have product design and development capabilities
- 6.15.3 Encourage personnel in education institutes to participate in product design and development

By Thailand Automotive Institute

Propose to Office of Industrial Economics Office, Ministry of Industry