

新興市場商機—泰國汽車零組件（上篇）

Emerging Market Opportunities –
**Thailand's Automotive
Components Industry**
(Part 1)**The Automotive Industry: A Pillar of Thailand's Economy**

Thailand is the second-largest economy in ASEAN and is currently undergoing an economic transformation. The country's GDP consists of approximately 60% from services, 32% from industry, and 8% from agriculture. Its economic growth has slowed in recent years, with the GDP growth forecast to range between 1.5% and 2.5% in 2026. In 2018, Thailand launched its 20-Year National Strategy (2018–2037), aiming to achieve the high-income nation status by 2037. To support this vision, the government introduced the Thailand 4.0 strategy, which seeks to shift the economy away from low value-added manufacturing toward innovation-driven, high value-added industries. In 2021, Thailand further adopted the Bio-Circular-Green (BCG) Economy Model as its national development framework, promoting sustainable economic growth while advancing the Thailand 4.0 vision. The long-term objective is to move the country's manufacturing sector up the value chain—from OEM (Original Equipment Manufacturing) to ODM (Original Design Manufacturing) and ultimately OBM (Original Brand Manufacturing).

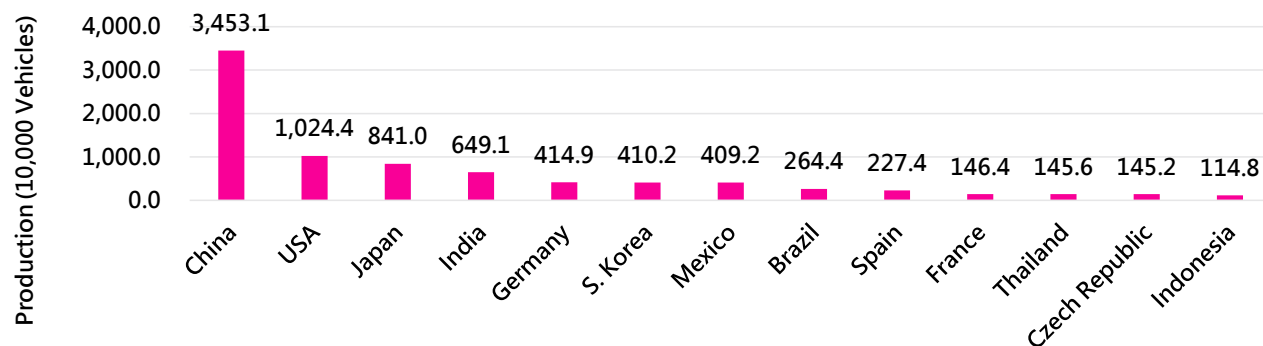
The automotive industry—including both vehicle manufacturing and automotive components—remains one of the cornerstones of Thailand's industrial economy. In 2025, the sector accounted for 10.7% of Thailand's GDP, while exports of complete vehicles and automotive components represented 14.2% of the country's total exports, equivalent to approximately 7–7.7% of GDP. This critical industry employs around 850,000 people and generates substantial demand for upstream industries such as steel, rubber, plastics, and electronics. For long, Thailand has served as Japan's second-largest automotive production base and has earned the nickname "Detroit of the East." Japanese automakers have traditionally dominated the country's automotive landscape. However, under the Thai government's "30@30" electric vehicle policy—which targets EVs accounting for at least 30% of total vehicle production by 2030—Chinese EV manufacturers such as BYD and GWM (Great Wall Motor) have established manufacturing operations in Thailand, gradually reshaping the country's automotive ecosystem.

Thailand's automotive components market, including both OEM and aftermarket products, reached US\$34.04 billion in 2025. Locally manufactured components are primarily those that utilize readily available domestic raw materials, meet strong local demand, involve relatively mature technologies, generate lower added value, or require pollution-intensive manufacturing processes. These include tires, forgings, castings, stampings, gear assemblies, various metal components, battery assembly, and plastic injection-molded parts.

Recognizing the strategic importance of the sector, the Thai government has designated automotive manufacturing and assembly as priority industries for future development. Building upon its position as ASEAN's largest automotive production hub, Thailand is actively promoting industrial upgrade and transformation. As new vehicle models enter production and domestic demand continues to expand, the need to increase the localization of automotive components—and raise local content levels—has become increasingly urgent. As shown in **Figure 1, Thailand produced 1.456 million vehicles in 2025, ranking the 11th worldwide. Both vehicle manufacturing and automotive components remain export-oriented industries, with exports consistently exceeding imports.**



Figure 1. Comparison of Vehicle Production Among Major Countries in 2025



Source: OICA; Industrial Technology Research Institute (ITRI), Industry, Science and Technology International Strategy Center (July 2026)

Thailand's Proactive Push for Economic Policies

(1) Advancing Thailand 4.0 to Upgrade Industrial Capabilities

To foster long-term economic growth, the Thai government introduced the Thailand 4.0 initiative in 2016 and officially launched it in February 2017. The strategy adopts a new economic model centered on the development of 10 targeted industries, with defense and education later added in 2019 as two additional strategic sectors. The target industries are divided into short- to medium-term and long-term priorities. The former focuses on adding value to Thailand's existing industrial strengths through advanced technologies. These include next-generation automotive, smart electronics, affluent medical and wellness tourism, agriculture and biotechnology, and food technology. The latter are intended to become Thailand's future growth engines, encompassing robotics, aviation and logistics, biofuels and biochemicals, digital industries, and medical hubs.

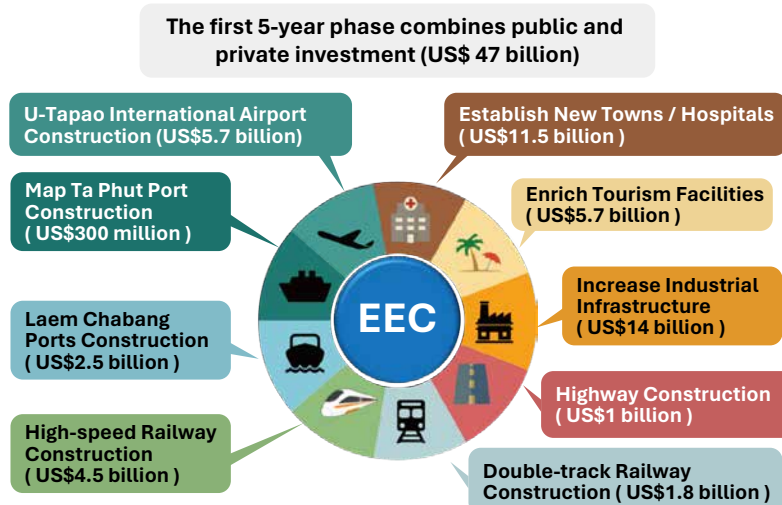
Thailand 4.0 is supported by a 20-year National Economic and Social Development Plan (2017–2036), implemented in 4 five-year phases. Its primary objective is to leverage technology to enhance the value of traditional industries across Industry 4.0, Service 4.0, Trade 4.0, and Agriculture 4.0, thereby driving Thailand's economic growth.

(2) Developing the Eastern Economic Corridor (EEC)

To attract foreign investment, the Thai government has committed US\$300 billion to infrastructure development and the EEC project, with incentives including corporate income tax exemptions of up to 15 years, a reduction in personal income tax for foreign professionals from 35% to 15%, and 5-year work permits issued through a one-stop service center. These measures support the Thailand 4.0 vision, with the government aiming to more than double Thailand's per capita GDP from US\$6,000 in 2017 to US\$13,000 by 2036, while positioning the country to join the ranks of developed economies within the next two decades.

EEC spans the provinces of Chonburi, Rayong, and Chachoengsao, extending Thailand's established Eastern Seaboard industrial zone. Following the enactment of the Eastern Special Development Zone Act in February 2018, the government introduced a wide range of investment incentives for investors. Japanese companies remain the largest group of foreign investors in the EEC, accounting for approximately 50% of all foreign-invested enterprises in the zone. Their investments are concentrated primarily in automotive manufacturing and components as well as electronic components. The second phase of the EEC development plan (2022–2026) allocates THB 398 billion for infrastructure investment. The program focuses on upgrading public infrastructure, logistics networks, research capabilities, and technology services while promoting 10 strategic industries. These include next-generation automotive, smart electronics, affluent medical and wellness tourism, food for the future, automation and robotics, aviation, biochemicals and eco-friendly petrochemicals, digital industries, and medical hubs. **Figure 2** illustrates the major initiatives undertaken as part of Thailand's EEC development strategy.

Figure 2. Thailand's Eastern Economic Corridor Development Plan



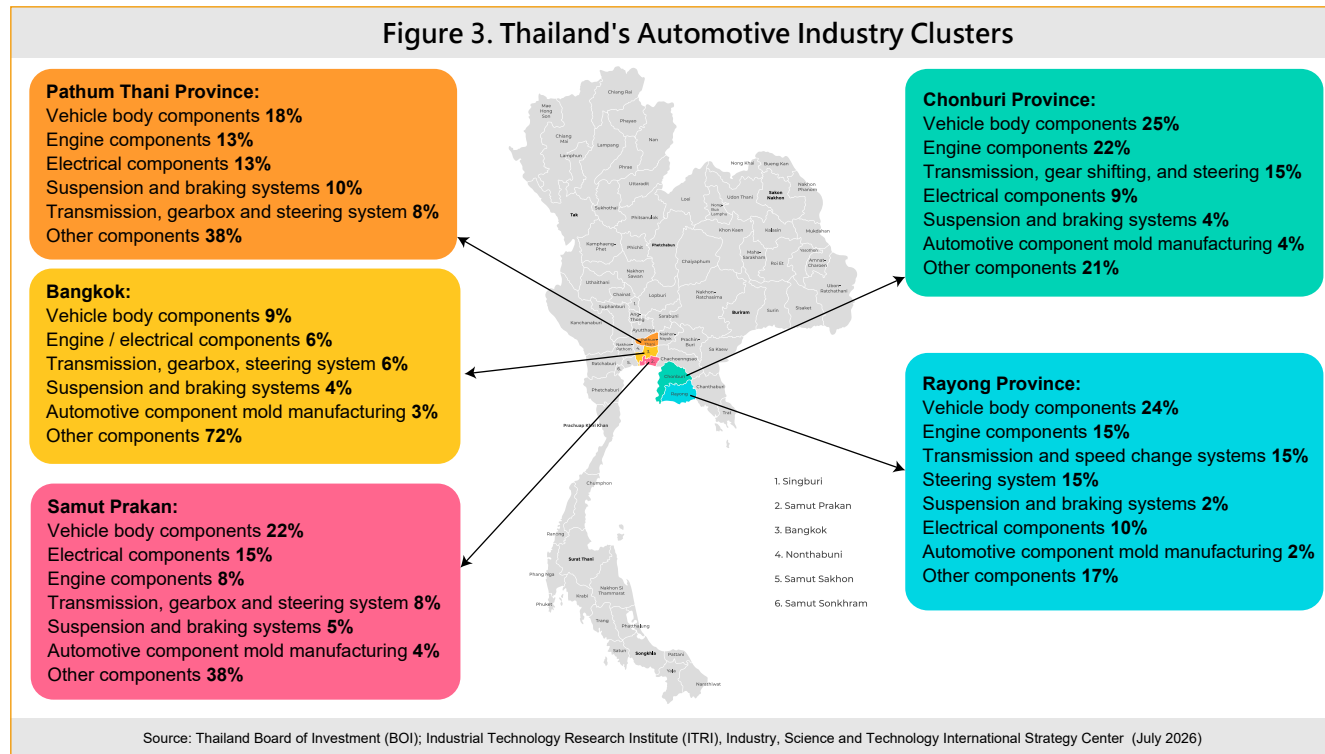
Source: OICA; Industrial Technology Research Institute (ITRI), Industry, Science and Technology International Strategy Center (July 2026)



Thailand's Automotive Industry Clusters and Supply Chain

(1) Thailand's Automotive Industry Clusters

Thailand's automotive component manufacturers are primarily clustered around the Bay of Bangkok, maintaining close proximity to vehicle assembly plants. As automotive components belong to the heavy manufacturing industry, efficient transportation and logistics are essential for supporting just-in-time production and assembly operations. Consequently, most component suppliers are strategically located near major OEM manufacturing facilities. As shown in **Figure 3**, **Thailand's automotive manufacturing clusters are distributed across several key provinces.**



(2) Thailand's Automotive Supply Chain

Upstream automotive components—such as pistons, connecting rods, and crankshafts—typically require high-precision manufacturing, while many single-function components, including exhaust mufflers, automotive lighting, rearview mirrors, and steering wheels, are produced from rubber or plastic materials. **Most precision manufacturing firms in Thailand are joint ventures backed by large conglomerates or led by foreign companies, such as Bosch, Magna, IHI (Ishikawajima-Harima Heavy Industries), and Valeo.** Purely Thai domestic manufacturers or joint ventures (such as Shiroki and Tai Steel) account for a relatively small share. **The technology used is largely derived from parent companies—primarily Japanese component manufacturers**—and production typically requires certification and technical approval from these overseas parent firms to meet high-quality standards. The majority of products are supplied directly to assembly plants for vehicle production. Taiwanese companies have already established a presence in Thailand's steering wheel and automotive sheet metal manufacturing sectors. Tire manufacturers are optimistic about the automotive tire market in Thailand and across ASEAN, and are actively expanding with second production facilities. Meanwhile, automotive lighting manufacturers are actively setting up plants in Chonburi Province to position themselves for the ASEAN and emerging markets.

(3) Thailand's Midstream and Downstream Automotive Component Industry Is Primarily Focused on Subsystems

Thailand's automotive component industry consists of three major groups: global industry leaders, joint-venture manufacturers, and local Thai companies. As automotive components are durable products with long service lives, supplier qualification and certification processes are both stringent and time-consuming. Many subsystem or functional modules are assembled from numerous upstream components. **Although Thailand is Japan's second-largest automotive production base, the manufacturing and assembly capabilities of joint ventures and local Thai firms remain relatively limited.** As a result, most components are supplied by leading international automotive parts manufacturers in the form of Completely Built-Up (CBU) units for vehicle assembly. Leading Taiwanese automotive component manufacturers recognized the market potential of ASEAN countries years ago and have since established a presence in key electric vehicle components, including EV charging systems, electric motors and drive controllers, inverters, and power converters. They have also expanded into in-vehicle ICT products, infotainment systems, and tire pressure monitoring systems. **Table 1** presents a comparative analysis of component manufacturers in Thailand.

**Table 1. Comparison of Automotive Component Manufacturers Operating in Thailand**

Country	Company Profile	Source of Raw Materials (or Components)	Market Entry Strategy	Major Export Markets
Taiwan	Primarily SMEs	Taiwan, Japan, China	Enter the Thai market through partnerships with international parent companies	EU, Japan, North America
China	Medium- to large-sized enterprises	China	OEM vehicle market (Chinese-branded vehicles) and aftermarket	China, EU, Central & South America
Japan	Companies of all sizes	Japan	OEM vehicle manufacturing market	ASEAN, India
S. Korea	Companies of all sizes	S. Korea	OEM vehicle manufacturing market	U.S., Central & Eastern Europe, Central & South America, China
Thailand	Primarily SMEs	Thailand (rubber raw materials), Japan (key automotive components)	Supplies components for passenger cars and one-ton pickup truck assembly, as well as the aftermarket	Component exports to ASEAN, re-export to Japan and North America

Source: Industrial Technology Research Institute (ITRI), Industry, Science and Technology International Strategy Center (July 2026)

China, Japan, and S. Korea's Deployment in Thailand's Automotive Industry

(1) Competition and Collaboration Among China, Japan, and South Korea

In recent years, China, Japan, and S. Korea have developed closely intertwined supply and competitive relationships with Thailand's automotive industry. **Thailand, the largest automotive manufacturing and export hub in ASEAN, is currently undergoing a transition from traditional internal combustion engine vehicles to electric vehicles.** The following outlines the current industry landscape and competitive dynamics of Chinese, Japanese, and Korean automakers in the Thai market:

- 1. Japan:** Long-standing dominance and supply chain leadership. Japanese automakers (such as Toyota, Honda, and Isuzu) have cultivated the Thai market for decades, establishing the most comprehensive ICE vehicle supply chain and earning Thailand the title "Detroit of the East." Currently, **Japanese brands hold over 80% of the market share, with pickup trucks as their primary sales driver.** In response to market shifts, Japanese automakers are adopting a dual strategy of hybrid electric vehicles (HEVs) and battery electric vehicles (BEVs) to maintain their position. However, they face challenges from the low-price competition of Chinese EVs, as well as Thailand's high household debt and tightening auto loan conditions. Some traditional Japanese automakers (such as Suzuki) have announced withdrawal from the Thai market or significant production cuts.
- 2. China:** Rapid expansion driven by EV advantages. Chinese automakers—including BYD, Great Wall Motor, and SAIC MG—have accelerated investment in Thailand, positioning the country as their primary manufacturing base for expanding into the ASEAN market. In 2024, BYD opened its first passenger vehicle manufacturing plant in ASEAN in Thailand. Supported by the Thai government's net-zero emissions policies and EV purchase incentives, Chinese brands have rapidly increased their market share. At the same time, their aggressive pricing strategies have triggered intense price competition while placing growing pressure on local Thai component suppliers, as Chinese automakers continue to rely heavily on their established domestic supply chains.
- 3. S. Korea:** Strategic allocation across global and ASEAN markets. Hyundai Motor Group has become the world's third-largest automotive group, with its ASEAN strategy focused on emerging markets such as Indonesia and Thailand. Although S. Korea's market share in Thailand is smaller compared to China and Japan, Korean automotive component manufacturers—mostly small and medium-sized enterprises—are actively seeking alliances in Thailand and expanding into emerging ASEAN markets.

Hyundai has been approved to invest USD 28 million in Thailand to jointly establish EV and power battery production facilities, with assembly of EVs and batteries set to begin in 2026 in southeastern Bangkok. Thailand's Board of Investment (BOI) has also approved a separate investment plan of THB 1 billion for EV and battery assembly plants. Hyundai has partnered with Thonburi Automotive Assembly Plant for this project. The new facility, located in the southeastern Bangkok area, is scheduled for completion in 2026 and will assemble battery electric vehicles along with an equivalent number of power batteries locally.

The Thai government is committed to positioning the country as a regional leader in EVs and their upstream and downstream industries within ASEAN. Supported by policies such as the EV 3.5 program, 18 automakers from China, Japan, and Europe have either established or are planning to establish manufacturing facilities in Thailand. Key components such as power batteries are also being widely localized, attracting multiple battery manufacturers to set up production capacity in the country. According to government projections, EVs will account for at least 30% of Thailand's total vehicle production by 2030, with more supply chain players expected to enter the market.



Thailand's automotive sales reached 621,000 units in 2025, representing an 8.5% year-on-year increase, with BEVs growing by as much as 80%. Despite weakened consumer demand over the past two years due to tight credit conditions, government stimulus measures, export recovery, and aggressive expansion by Chinese automakers have driven market growth. In 2026, market growth is expected to moderate to 3.2%, but improving financing conditions and the entry of new brands should continue to support sales expansion.

The global automotive industry is undergoing significant transformation. Traditional automakers face pressures from high tariffs and environmental regulations, requiring accelerated localization and new energy strategies to maintain competitiveness. Thailand's booming EV market reflects strong demand in emerging Asian markets and highlights the rapid transformation of global automotive technologies and business models. Looking ahead, shifts in U.S. tariff policies, the advancement of new energy regulations worldwide, and the rise of Chinese and other Asian players will pose significant challenges to global automotive leaders. The ability to navigate geopolitical economics and market innovation will shape the industry landscape in 2026.

As the global EV market continues to expand, Chinese automakers are aggressively targeting ASEAN markets. Led by companies such as BYD, these firms are leveraging price competitiveness and technological advantages not only to increase market share but also to challenge the long-standing dominance of Japanese automakers in the region. This shift is reshaping consumer purchasing decisions and fundamentally transforming the automotive supply chain ecosystem.

(2) Rising Market Share of Chinese Automakers and the Gradual Erosion of Japanese Brand Dominance

In 2025, total vehicle sales across the 10 ASEAN countries reached 3.161 million units, representing a year-on-year increase of 0.6%. Japanese automakers have long maintained a leading position in the region; however, in recent years, Chinese brands have steadily captured market share through their electric vehicle offerings. According to data from MarkLines and various national automotive industry sources, Chinese-brand vehicles increased their market share across major ASEAN markets in 2025. In Indonesia, Chinese automakers' market share rose from 2.2% in 2019 to 6.1% in 2025. In Thailand and Malaysia, market share climbed significantly to 12.1% and 24.2%, respectively, from nearly zero in 2019. In Singapore and the Philippines, Chinese brands have also shown steady growth. In contrast, Japanese vehicles have seen declining market share: in Indonesia, their share fell by 6.1 percentage points since 2019 to 82.3%, while in Thailand and Malaysia it decreased to 75.3% and 72.6%, respectively.

(3) Accelerated Production Expansion by Chinese Automakers and Restructuring of Thailand's Supply Chain

Beyond sales growth, Chinese automakers are rapidly expanding their production footprint in ASEAN. In July 2024, BYD launched its first passenger vehicle plant outside China in Thailand. Great Wall Motor and SAIC Motor's MG brand have also begun local production of battery electric vehicles. In addition, BYD and GAC plan to establish production bases in Indonesia, while Zhejiang Geely Holding and BYD are expanding dealership networks across ASEAN countries.

As electrification accelerates, demand for EVs in ASEAN continues to rise. GlobalData forecasts that the share of battery electric vehicles in Thailand will increase from 10.2% in 2023 to 18.4% by 2030, and further to 27.2% by 2035.

(4) Challenges Facing Japanese Automakers: Production Cuts and Structural Adjustments

Japanese automakers entered ASEAN markets starting in the 1960s, but their transition toward electrification has been slower than that of Chinese competitors. In response to market changes, Nissan planned to partially shut down its plant near Bangkok by September 2025, affecting approximately 1,000 employees. Honda is planning to consolidate its two plants in Thailand, reducing production capacity by more than 50%. Suzuki and Subaru both decided to withdraw from the Thai market in 2024. As Europe and the U.S. raise tariffs on Chinese electric vehicles, **Chinese automakers are accelerating their expansion into ASEAN, further eroding the market share of Japanese brands. Although Japanese automakers still maintain a relatively large sales volume in ASEAN, failure to accelerate EV production and sales strategies may result in the loss of their long-held market dominance.** ■

