Multi-nationals, foreign affiliates and the issue of goods for processing in Thailand

Topics of Discussion

1. Structure of Thai Exports & Imports: MNEs’ role
2. Sectoral Concentration of MNEs
3. Cases Investigated: Electronics & Automotive
4. Problems & Challenges
5. The Road Ahead
Structure of Thai Exports & Imports: MNEs’ role

Exports dominated by large firms

Structure of Thai Exports & Imports: MNEs’ role

Imports also dominated by large firms
1. Structure of Thai Exports & Imports: MNEs’ role
   - Large exporters & importers are mostly MNEs

2. Sectoral Concentration of MNEs
   - Most MNEs exporters are in the following industries
     - Electronics
     - Automotive
     - Electrical appliances
Cases Investigated:
Electronics & Automotive

- Top exporting products
  - Electronics: 13%
  - Automotive: 10%

- Use of imported contents

- Highly associated with “intra-firm trade”

- Being “Assembly Plant” by nature ➔
  “Manufacturing services on inputs owned by others”
  vs
  “Merchandise Trade”

Cases Investigated:
Electronics & Automotive

- Through initial contacts with major players
  - Electronics:
    - Practices vary across firms
    - Some = purchase M
      receive full amount of X
    - Some = partially receive net processing fees

  - Automotive:
    - Commercial cars = high local contents
    - Passenger cars = 60% local contents
    - Purchase M & receive full amount of X
Cases Investigated:
Electronics & Automotive

- Majority of observed practices = implied “Change of Ownership” over imported content
  - Currently record as “General Merchandise Trade”
  - Focusing on firms which “partially receive net processing fees”
  - Exploring possibility of distinguishing “Manufacturing services on inputs owned by others”

Problems & Challenges (1)

- Decentralized Statistical System →
  - Lack of synchronization of codification
Problems & Challenges (1)

- Decentralized Statistical System
  - prolonged process on updating database on companies’ profile
  - legal obstacles / fees associated with inter-agency data sharing

The Road Ahead (1)

- Strengthening collaboration through “Statistical Master Plan 2011-2015”
  - NSO taking lead role as coordinator + setting up steering committee
  - Stronger bond for inter-agency data sharing / consultation among stakeholders
  - Action plans for statistical enhancement / adoption of new international standards = more synchronized among relevant agencies
4 Problems & Challenges (2)

- Distinguishing “Manufacturing services on inputs owned by others” from “General Merchandise Trade Statistics”
  - Identifying relevant MNEs
  - Identifying priority sectors
  - Identifying proper data collection framework

5 The Road Ahead (2)

- Explore potential data sources & data collection framework
  - Invoice/attachment to declaration form maintained by the Customs
  - Corporate survey
    - Separate survey
    - Supplementary questions to other surveys
    - BOT vs NSO or other agencies
  - Estimation method
Thank You!