



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

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## 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

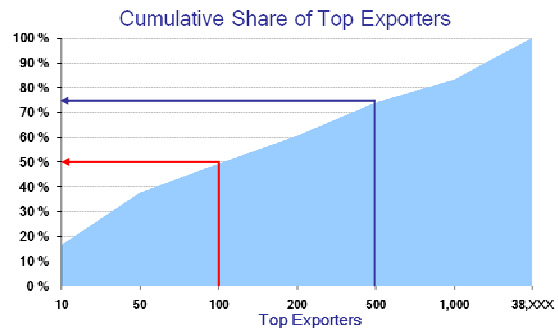


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# Structure of Thai Exports & Imports : MNEs' role

Exports dominated by large firms

Under M\$ 1   M\$ 1 - M\$ 50   M\$ 50 - M\$ 100   Over M\$ 100

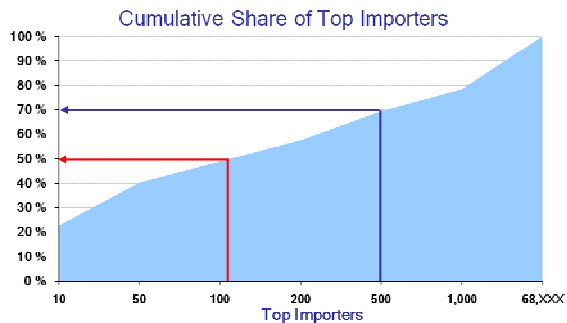
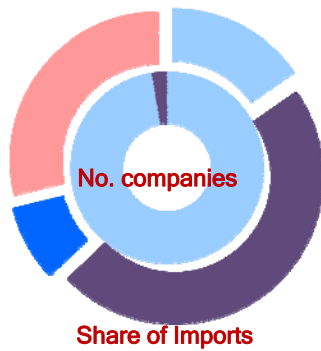


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# Structure of Thai Exports & Imports : MNEs' role

Imports also dominated by large firms

Under M\$ 1   M\$ 1 - M\$ 50   M\$ 50 - M\$ 100   Over M\$ 100

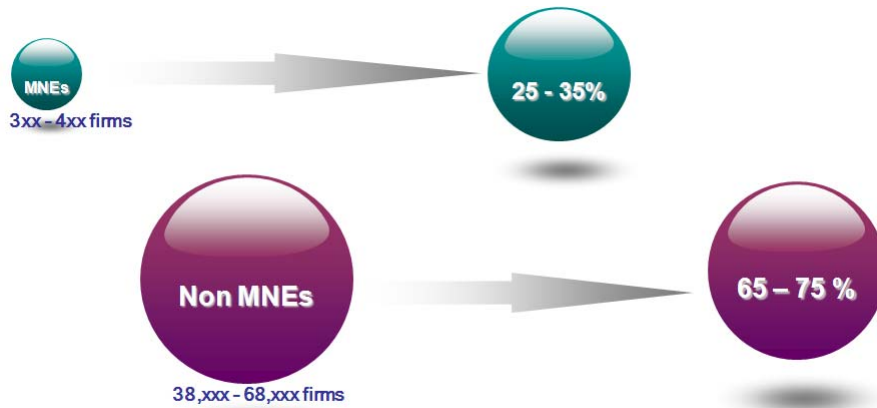




# 1

## Structure of Thai Exports & Imports : MNEs' role

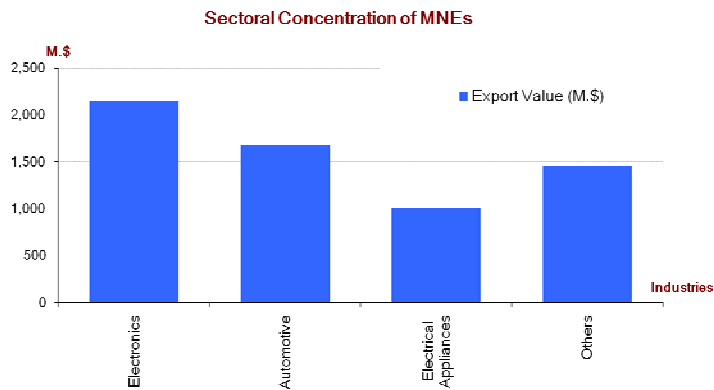
- Large exporters & importers are mostly MNEs



# 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



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### Cases Investigated : Electronics & Automotive

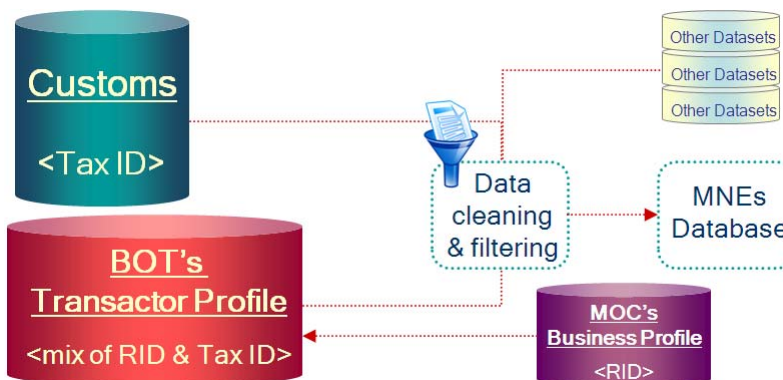
- Majority of observed practices = implied “Change of Ownership” over imported content
  - Currently record as “General Merchandise Trade”
  - Focusing on firms which “partially receive net processing fees”  
→ Exploring possibility of distinguishing “Manufacturing services on inputs owned by others”



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### Problems & Challenges (1)

- Decentralized Statistical System →
  - Lack of synchronization of codification





## 4 Problems & Challenges (1)

### ▣ Decentralized Statistical System →

- prolonged process on updating database on companies' profile
- legal obstacles / fees associated with inter-agency data sharing



## 5 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



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Thank You!