

BMW Group Manufacturing Thailand: Steering Its Third Decade to a Sustainable Future



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Mr. Erik Ruge
Managing Director of
BMW Manufacturing (Thailand) Co., Ltd.

BMW’s journey to becoming the number one in the Thai premium car market dates back to 2000, when BMW Manufacturing (Thailand) started its assembly plant in Rayong Province. This decision to establish a foothold in the region was based on the company’s confidence in the significant growth potential of the Asian market, particularly Thailand. Today, we had the opportunity to interview Mr. Erik Ruge, Managing Director of BMW Manufacturing (Thailand) Co., Ltd., who shared his management philosophy on redefining the term “business success” with a new perspective, emphasizing the creation of a “sustainable future” in a rapidly changing industry.

Q: How have BMW’s business operations in Thailand evolved?

A: BMW Group Thailand first began operations in 1998 with the establishment of BMW (Thailand), the national sales company. In 2000, BMW Manufacturing (Thailand) set up an assembly plant in Rayong Province, reflecting our confidence in the potential of the Asian and Thai markets, along with the country’s unique location, strong manufacturing base,

and highly skilled automotive workforce. BMW Manufacturing (Thailand) has become a strong hub for our automotive assembly in the ASEAN region.

Over our 26-year journey in Thailand, we have developed a fully integrated business operation, divided into four main areas: BMW (Thailand), responsible for wholesales, marketing, and customer support of BMW Group products; BMW Leasing (Thailand), providing financial services to customers; BMW Manufacturing (Thailand), handling the local assembly production of BMW and BMW Motorrad; and BMW Parts Manufacturing (Thailand), producing of BMW Motorrad parts and components. As for the plant in Rayong, we have continuously invested in expanding the vehicle assembly processes to meet growing customer demand.

Q: Why did BMW choose Thailand as an investment destination and why has it maintained its focus here until now?

A: Tracing our journey back to the beginning when we chose Rayong as our manufacturing base, I believe the success this plant has enjoyed vindicates our decision. Today, this plant manufactures 18 BMW models for domestic sale and export within the region. This includes nine car models—the 2 Series, 3 Series, 5 Series, 7 Series, BMW X1, X3, X5, X6, and X7—and nine motorcycle models—F 900 R, F 900 XR, F 750 GS, F 850 GS, F 850 GS Adventure, R 1300 GS, R 1250 GS Adventure, S 1000 R, and S 1000 RR. We export cars to China and motorcycles to China, Malaysia, Vietnam, the Philippines, and India. In addition, we have also



expanded our market into the electrified vehicle segment since 2017, now producing six Plug-in Hybrid Electric Vehicle (PHEV) models, namely X1 xDrive30e, 330e, 530e, X3 xDrive30e, 750e xDrive, and M760e xDrive, being produced at this plant.

The strategic reasons for choosing Rayong as the location include the availability of a skilled workforce and the readiness of the supply chain. Highly skilled labor is the key to expanding a large and complex plant in terms of manufacturing. We can say that 99% of all staff who drive this plant are local people. Everyone plays a crucial role in developing a stable and efficient manufacturing system, allowing this plant to produce vehicles of the highest quality. As we say at BMW, “there is no compromise for quality.”

The industrial estates in Chonburi and Rayong are hubs for automotive parts suppliers. It is a home of BMW Parts Manufacturing (Thailand), which

supplies motorcycle parts to the motorcycle assembly. It is also a home to the BMW’s International Purchasing Office, which sources BMW-standard components from local suppliers in Thailand and the ASEAN region for delivery to over 30 BMW production network sites in 15 countries worldwide. The value of purchases in Thailand already exceeded 4 billion baht.

Q: How is BMW collaborating with local businesses in Thailand?

A: BMW Group Thailand places great importance on selecting local partners to become suppliers for our global production network. Here, we have a strong partner in the Board of Investment (BOI), which helps drive the connection between multinational companies and local entrepreneurs and suppliers. Earlier this year, BMW Group Thailand, in collaboration with the BOI and other partners, organized the BMW Motorrad Supplier Day to select automotive



parts manufacturers in Thailand. These manufacturers will produce parts for new BMW Motorrad motorcycles for assembly in Thailand. The results of this event were very satisfactory. Following the evaluation and selection by the International Purchasing Office and the unit from the headquarters in Berlin, several companies have shown potential in manufacturing to meet BMW's high standards and are now being considered as parts suppliers for BMW Motorrad.

Q: What is the company's view of Thailand's EV market?

A: When it comes to electric vehicles, or EVs, it's a highly dynamic business. The situation today is completely different compared to when I arrived in Thailand three years ago. At that time, I hardly saw any EVs on the roads. No one dared to buy electric cars, and there weren't many options available in the market. However, during 2020-2022, we began to see a growth in the market. In 2022, battery electric vehicles (BEVs) accounted for 2% of all registered vehicles,

and this increased to 13% in 2023. This phenomenon reflects that the growth of the EV market in Thailand is a result of the government's clear driving policy. The 30@30 policy, which serves as a guideline for promoting electric vehicles (EVs) in Thailand, aims to have zero-emission vehicles (ZEVs) account for at least 30% of all vehicles produced by 2030. It may sound ambitious for Thailand, but the recent growth of the EV market proves the policy's success. Also, it is considered a significant driving force for the EV industry because what is important for businesses is having clear guidelines from the government, which allows entrepreneurs to develop their business strategies proactively and tailor investment plans suitable for the Thai market.

This has been a factor prompting BMW to make moves in the Thai market. We foresaw what was happening in advance due to the market's dynamic nature. However, opportunities come with challenges as we race against time and constantly evolving technology. Keeping up with the EV world is not just a challenge

for BMW but for all players in the supply chain. This year, BMW decided to make a significant investment in the construction of the high-voltage battery facility to support the production of BEV in 2025. This facility will be BMW's first high-voltage battery assembly plant in Southeast Asia.

Q: What are BMW's next steps for the company's automobile and EV development?

A: We prioritize people development as much as we prioritize business profits because we see it as a worthwhile long-term investment. Car models and electrification technologies are becoming increasingly complex. We develop our people to cope effectively with working in a changing world. This principle is the foundation of the Dual Excellence Programme in Education for vocational students, developed in collaboration with Chitralada Technology Institute and Thai-Austrian Technical College, to offer diploma programs in Mechatronics, Logistics Management, and Data Analysis. In addition to providing knowledge to students, we also offer them a "future home." We hire graduates of the program to work with us, thus creating the "right people" for our organization. This is crucial for us because we need the right people for this complex world.

We believe that investing in the education and development of local talents will contribute to the industry's growth and help shape the future of mobility in Thailand. They might not work with us forever, but it's something that we can give back to society. ■

