

THAILAND: The Strategic Destination for German
Businesses in a Changing Global Landscape

THE THAI ECONOMY AND ITS CHALLENGES

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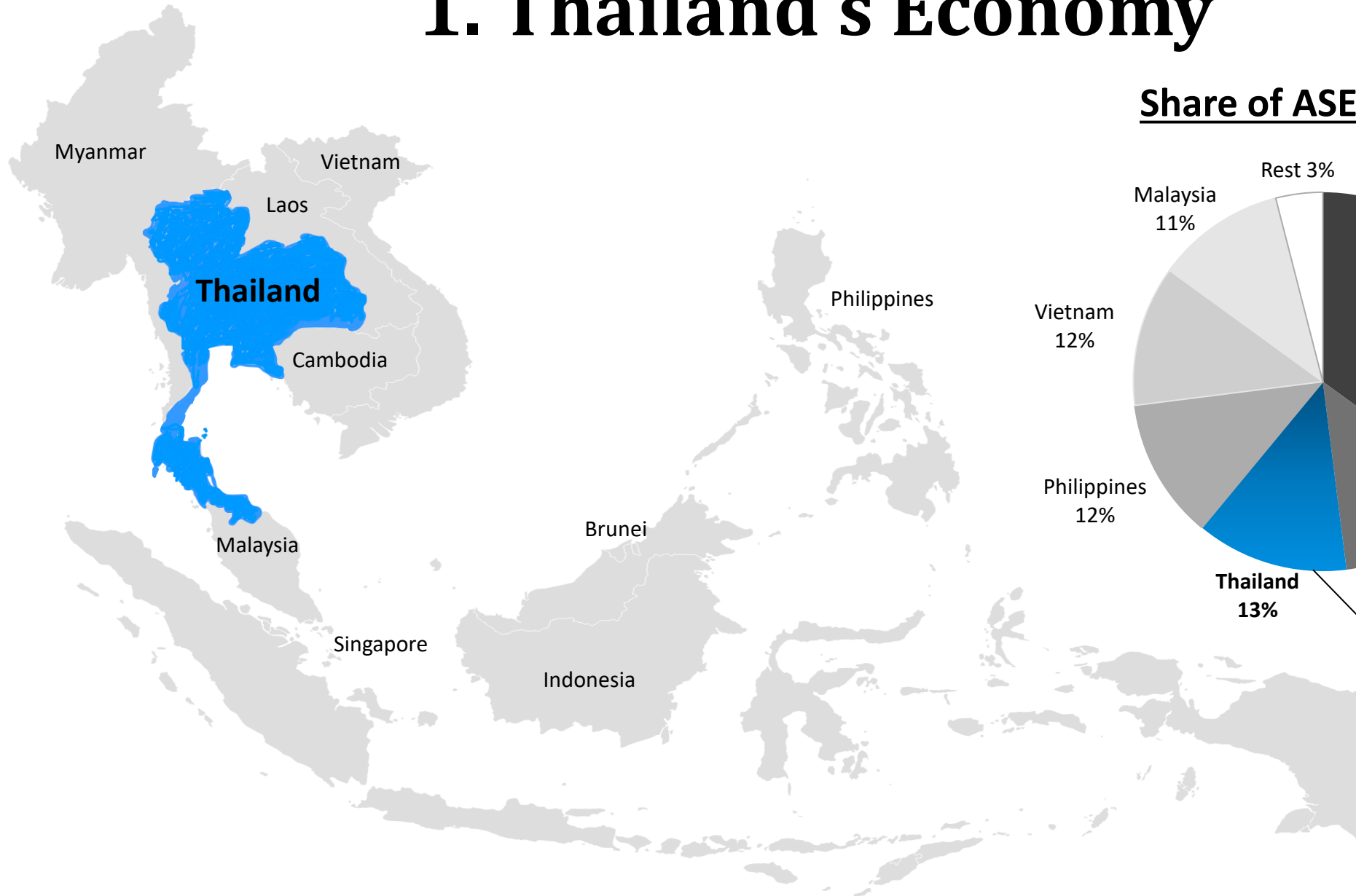




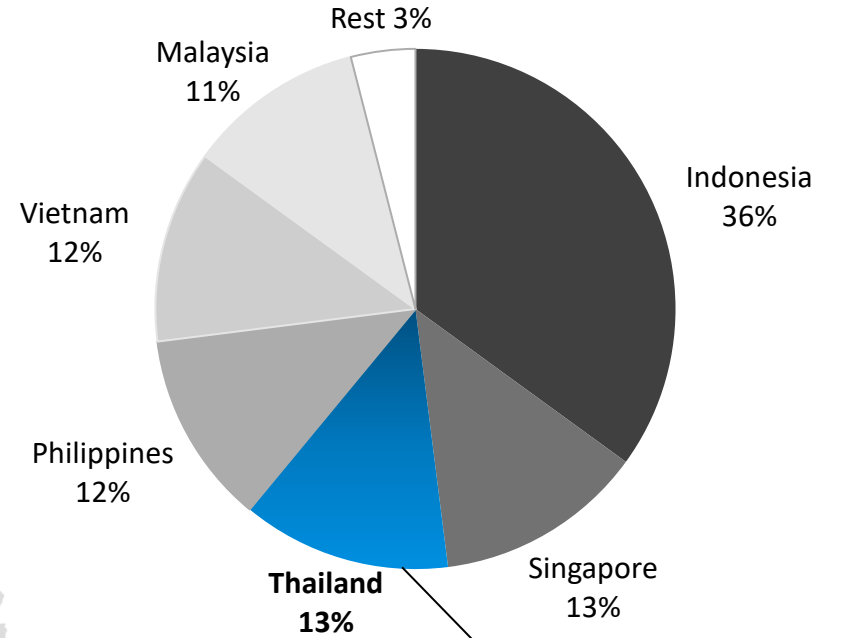
Agenda

1. Thailand's Economy
2. Target Sectors for German companies
 - **Food and Beverage**
 - **Chemical Industry**
 - **Electronics**
 - **Automobile Industry**
3. Challenges

1. Thailand's Economy



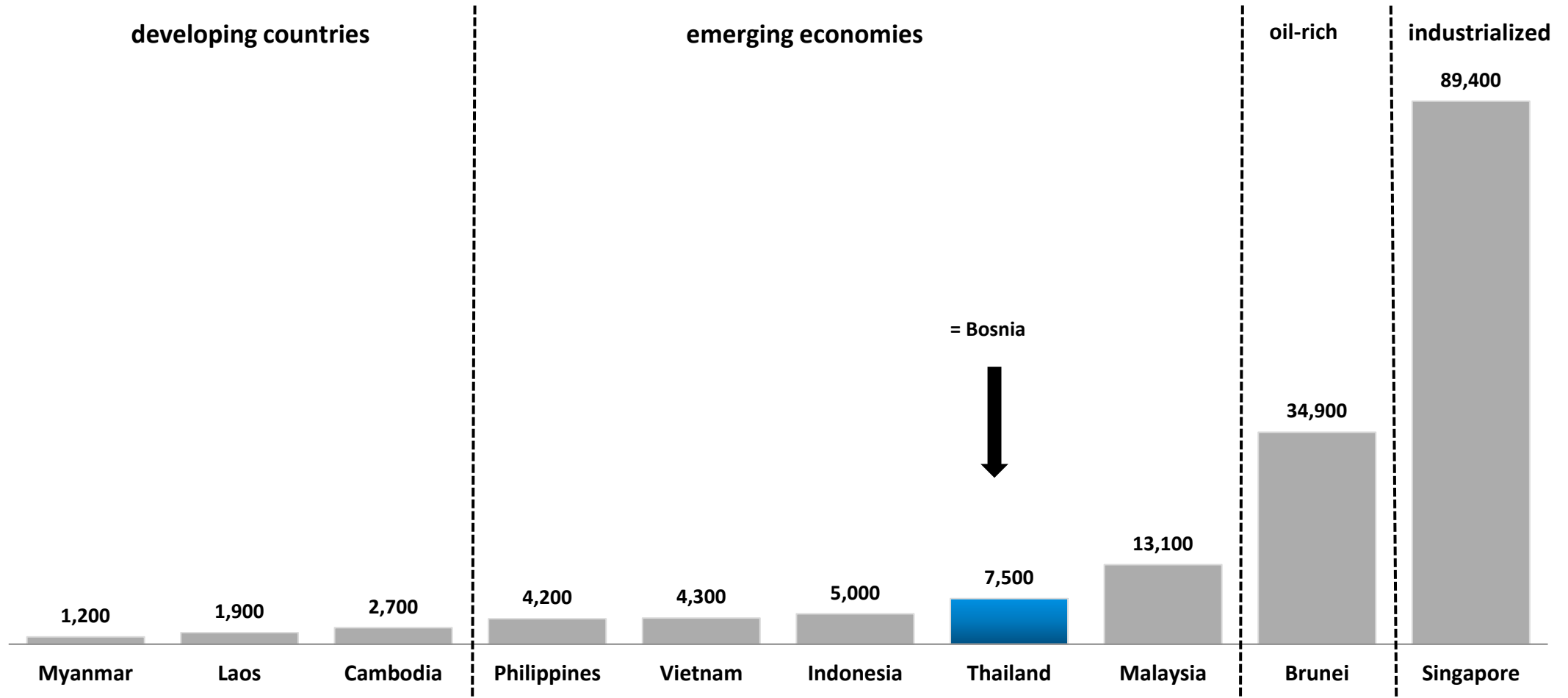
Share of ASEAN GDP



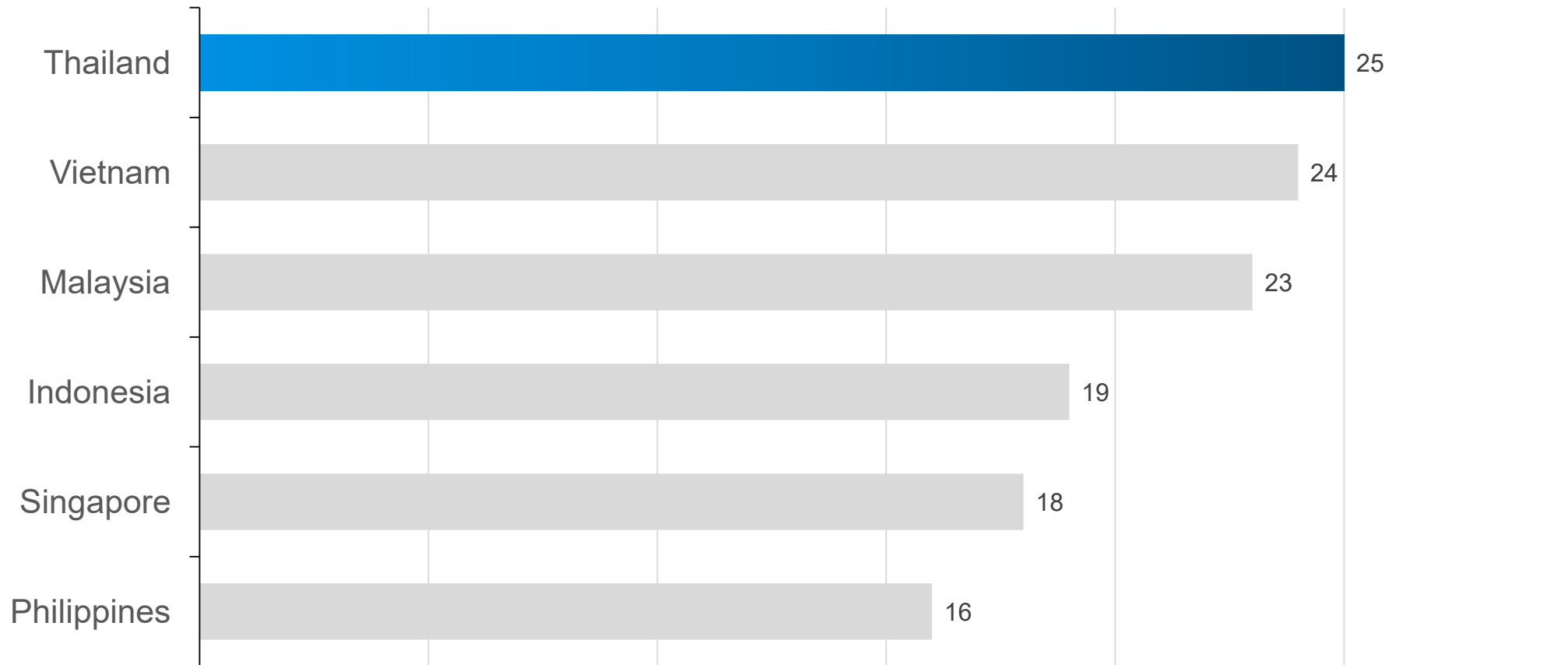
Quelle: IMF

= 50% Bavaria

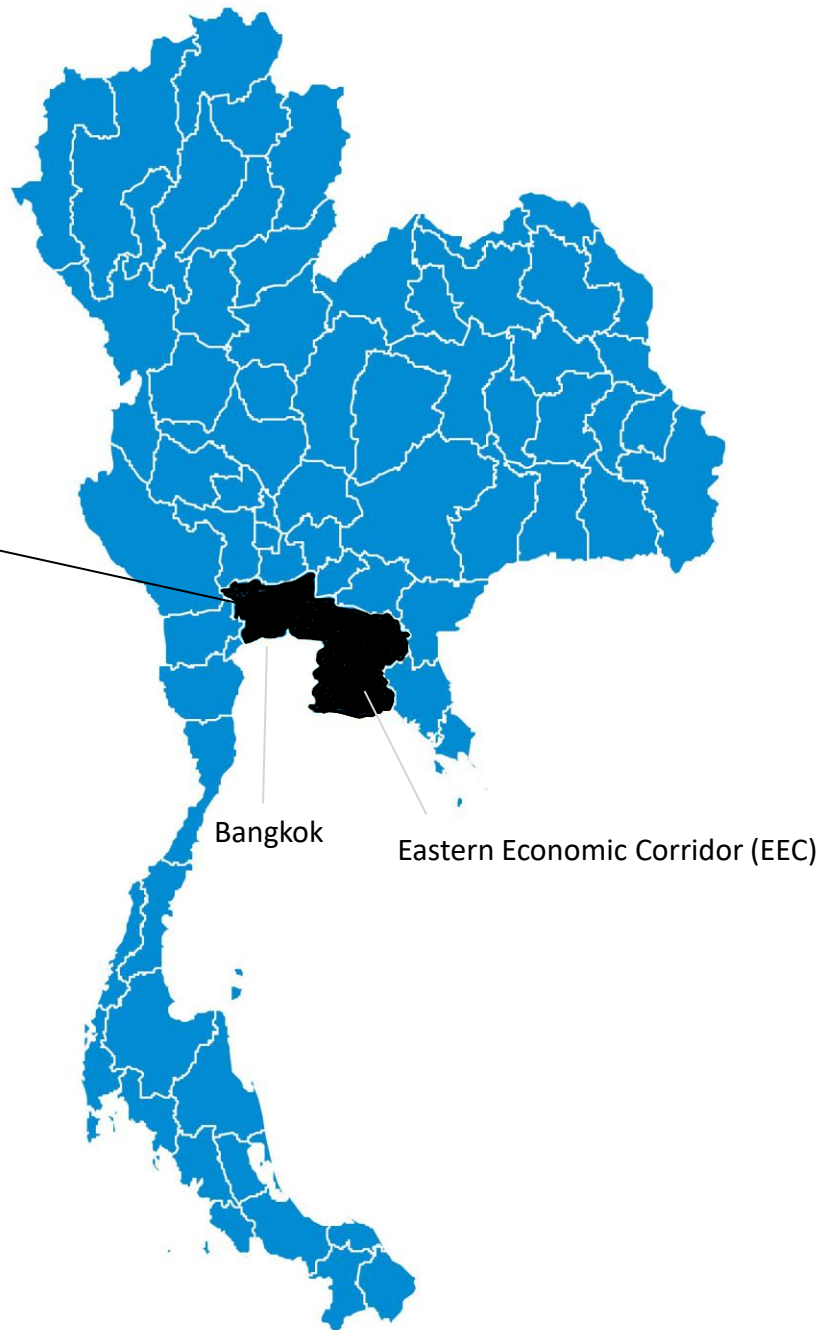
Per-capita GDP (2024, in US-Dollar)



Share of industry of GDP (2023, value added, in %)



**60% of
Thailand's
economic
output**



German business in Thailand

➤ 600 German companies

- Large Corporations: Allianz, Bayer, Siemens, Covestro, Linde, BASF, Evonik, etc.
- Automotive: BMW, Mercedes, Continental, Dürr, Robert Bosch, Brose, ZF, Henkel, Schaeffler, etc.
- Trading houses: Rieckermann, C.Illies, Behn Meyer
- Logistics: DB Schenker since 1974 and many others
- Law firms: 14 Law firms listed by the German Embassy Bangkok

➤ Our competitive edge

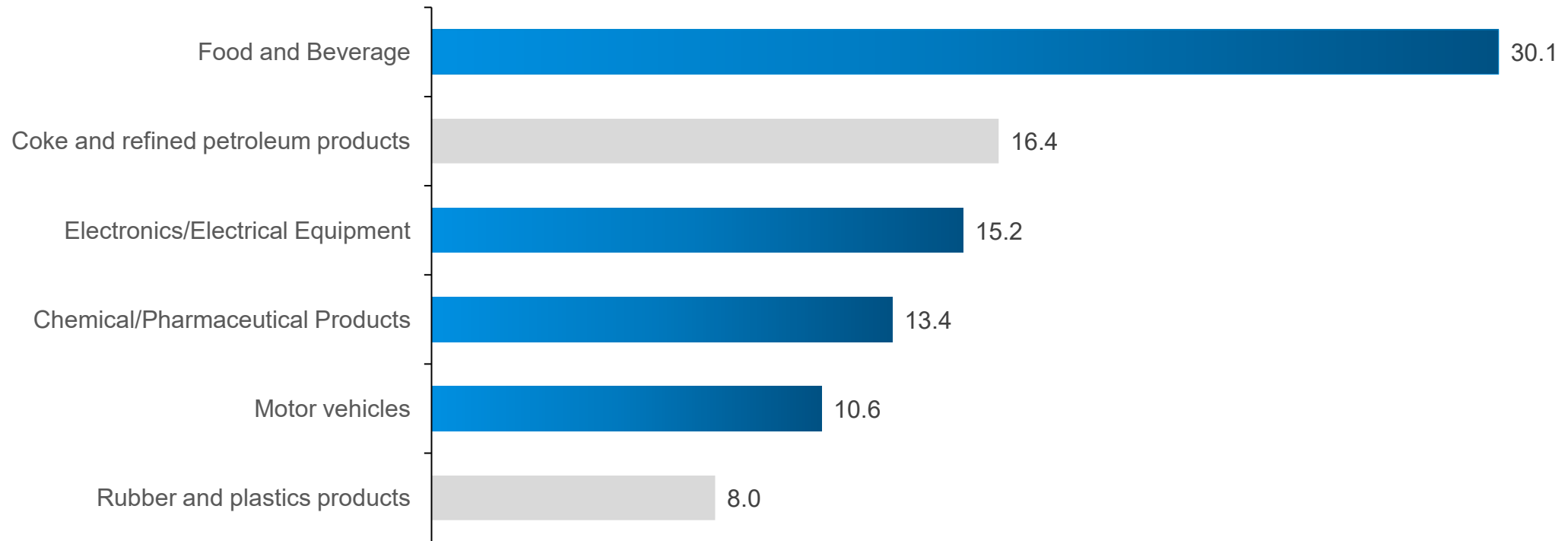
- **"Made in Germany" enjoys a good reputation** for machinery, equipment and consumer goods, but increasing competition from China and other countries

➤ Our opportunities

- **"Medium" technologies** are in demand, which correspond to the level of development of the respective customer industry
- **Successful so far:** automotive parts, machine tools, food, packaging, printing machines, pumps, medical technology, precision tools, laboratory technology, automation, chemicals, pharmaceuticals
- **Backlog:** environmental technology, energy efficiency and renewable energies

2. Target Sectors for German Companies

Thailand's main manufacturing industries* (2023, in billion US\$**)



* Value added at current market prices; ** 2023 1 US\$ = 34.75 Baht

Source: NESDC

Food and Beverage

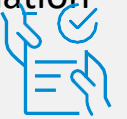
Manufacturing

- Largest exporter of food products in Southeast Asia
- One of the world's largest producers of rice, sugar, fish and fruits
- One of the world's largest net food exporters
- Dependence on foreign packaging machinery



Incentives

- State promotes investments in Smart Farming and Food for the Future
- Investment incentives for production of innovative, high-quality food, modern food packaging, automation
- Science Park "Food Innopolis" and special food industry parks

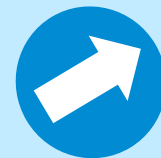


Major players

- Thai Union Group (seafood), Charoen Pokphand Foods (animal feed, shrimp, meat), Mitr Phol (largest sugar producer), Nestle, Unilever, Japanese corporations
- 7,000 factories producing food products.



Outlook



- Strong political support
- Progress in the agricultural sector



Chemical industry

Manufacturing

- Fourth largest chemical market in Southeast Asia, but largest petrochemical capacity (35 million t), large plastics industry (moulding and processing)
- Growth in manufacturing of pharmaceuticals, personal care products, cosmetics, paints



Incentives

- Objective: Production of new materials and biochemistry
- Investment incentives for production of bioplastics, bio-agro Chemicals, pharmaceuticals

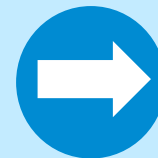


Major players

- PTTGC, IRPC, SCG Chemicals (petrochemicals), Indorama (world's largest PET manufacturer), TPBI (plastic packaging), Dow Chemical (basic materials), Covestro, Evonik, BASF
- 3,000 plants, chemical cluster in Map Ta Phut



Outlook



- Depleting Thai oil and gas reserves
- Incentives for investments in the weak pharma production (to cut imports)



Electronics

Manufacturing

- Workbench for final production (Electronic Manufacturing Services) such as assembly of printed circuit boards, assembly and testing of circuits
- Labour-intensive production of electronic components, contract manufacturing also in downstream electrical industries



Incentives

- State wants to develop the location into a "Smart Electronic Hub"
- Thailand Board of Investment has increased investment incentives (tax exemptions) for FDI in the electronics industry (semiconductors)



Major players

- Delta Electronics (Taiwan, power electronics), Hana Microelectronics (Thailand, microelectronics), Bluechips Microhouse (Germany, among others cleaning, inspection, assembly of printed circuit boards)
- Around 700 electronics production companies, mostly medium-sized



Outlook



- Incentives to upgrade the industry to higher added value
- US tariffs trigger relocation from China



Automobile industry

Manufacturing

- Largest manufacturer in Southeast Asia
- Japanese brands dominate the market
- Pick-up trucks half of production and main export products



Incentives

- Goal: Shift to E-Mobility
- Investment incentives for production of electric vehicles and related components (8-year exemption from corporate income tax)

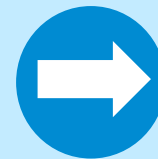


Major players

- Toyota No. 1 in cars and trucks (Isuzu: Pick-ups); most important premium manufacturers: Mercedes, BMW
- Around 30 manufacturers of passenger cars, 18 manufacturers of motorbikes, 1,800 suppliers (525 Tier 1 suppliers)



Outlook

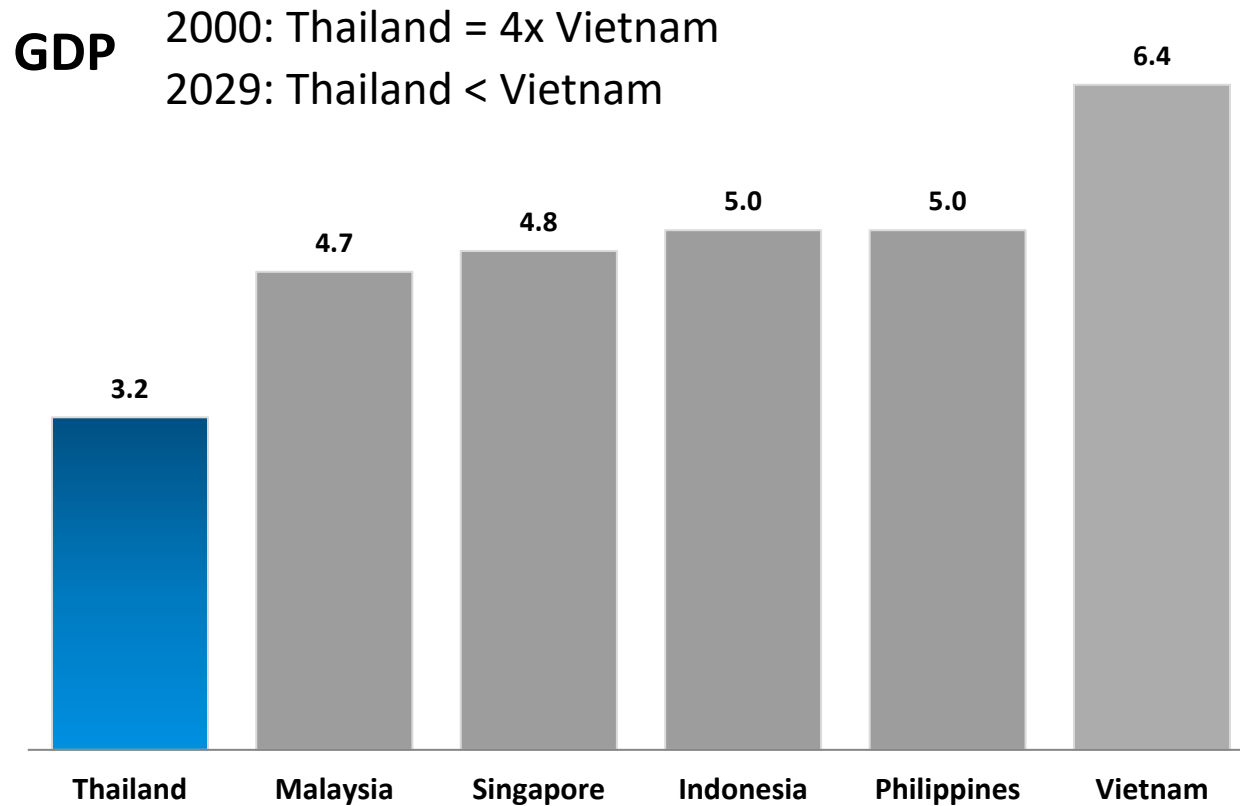


- Sales collapsed by 25% in 2024, stable on a low level in 2025
- Several Chinese EV companies set up production
- German suppliers expand



3. Challenges

Average economic growth rate 2000-2024 (in %)



**IMF Outlook
for Thailand
2025-2030:**

1.8% – 2.5%
(lowest in ASEAN)

Structural issues

Low value production

Struggle to climb the value chain
(like Malaysia did with its electronic industry)

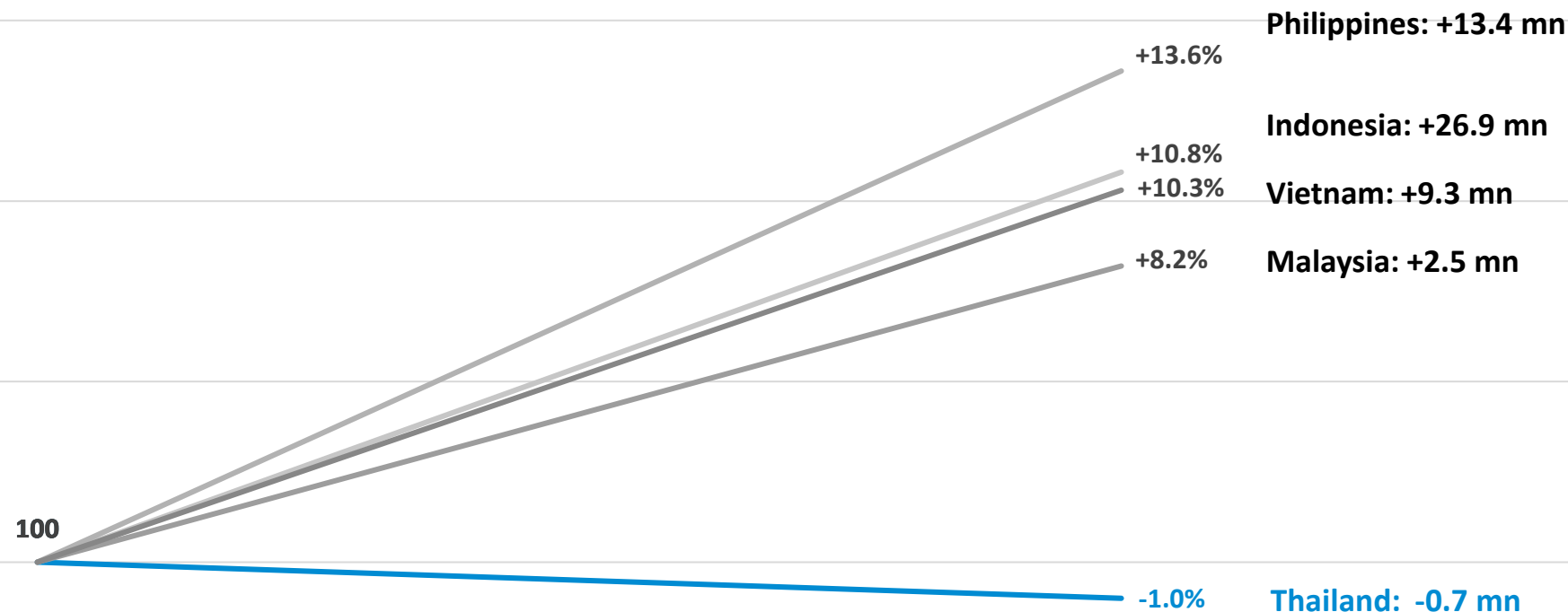
Educational level

Too few qualified workers, comparatively low English skills

Demographics

Shrinking and ageing population, one of the world's lowest birth rates. Incentive for automation

Sidestep: demographics



Median
Age
41.5

Thais are almost 10 years older than Vietnamese

Source: ASEAN Secretariat; CIA Factbook

2013

2022

Recent issues: Multiple Debts

Household debts

90% of GDP. One of the highest ratios in the world.
Hurts consumption

Public debt

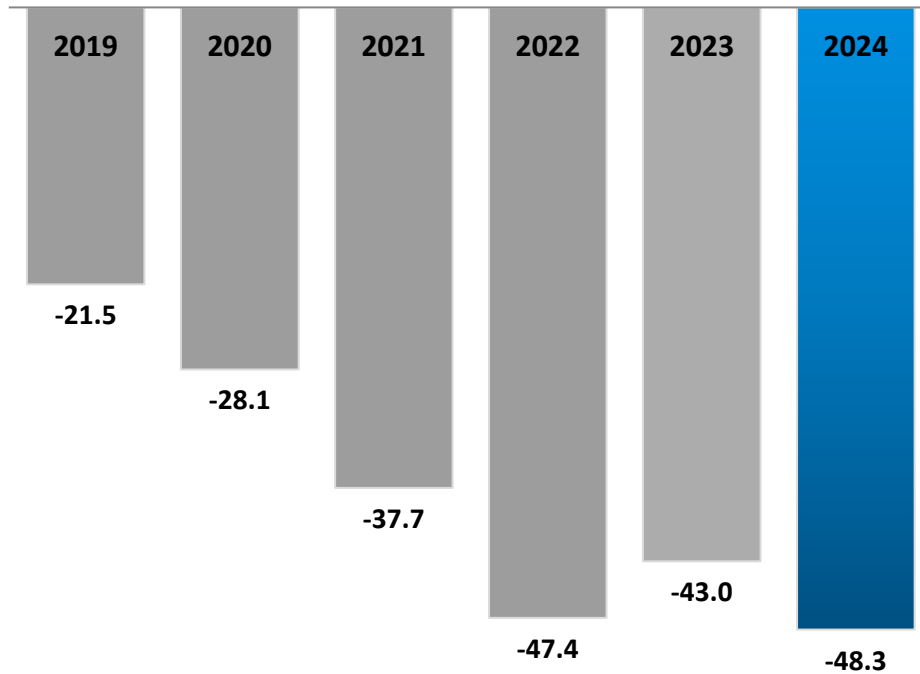
Is rising from 60% to 70% of GDP
(however, quite solid compared to major EU countries)

Company debts

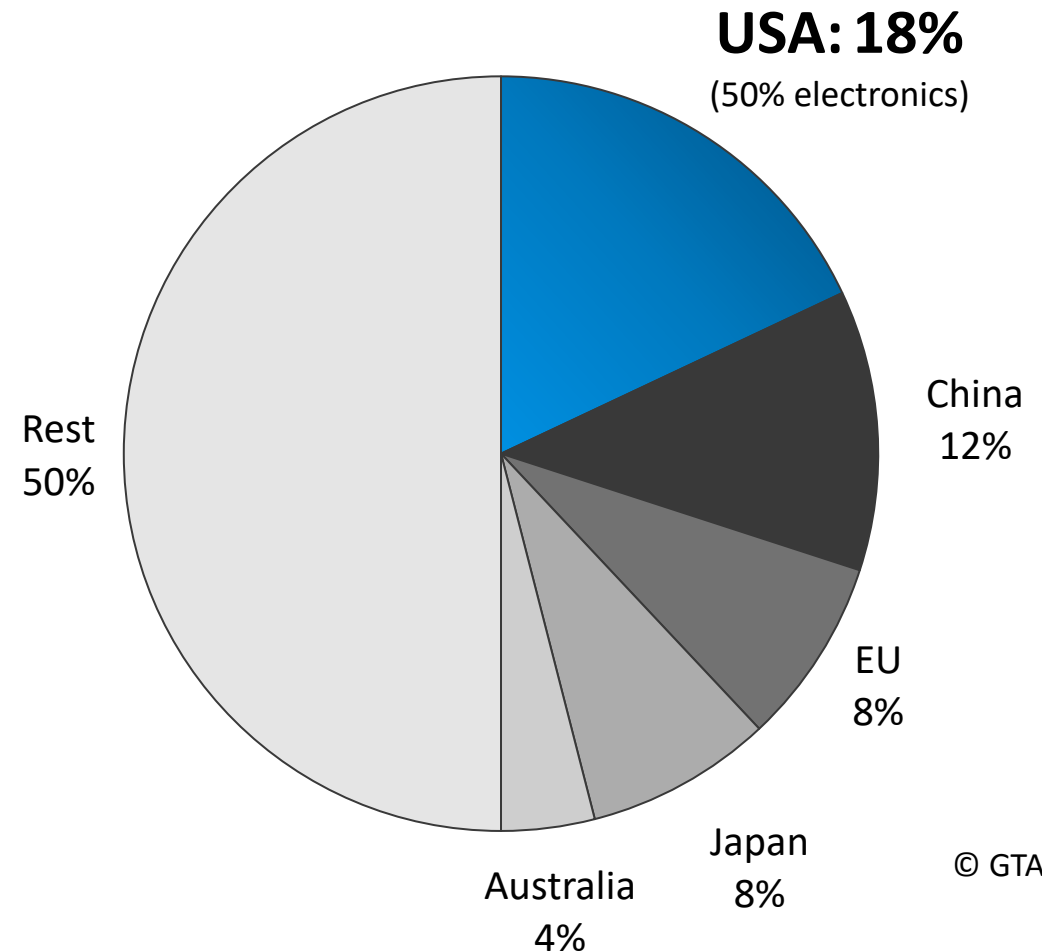
Many large companies are highly indebted and therefore
cannot invest

High exposure to US tariffs

US trade deficit with Thailand (in bn US\$)



Thai export structure (2024)



Source: US Comtrade 2025; National Statistical Office 2025

Für weitere Informationen

www.gtai.de/thailand