UNLOCKING BORDER OPPORTUNITIES: MALAYSIA - THAILAND

By:
Niqman Rafaee Mohd Sahar
Trade Commissioner to Thailand

10 August 2015
AEC Open Day, Kuala Lumpur
## Country Profile

<table>
<thead>
<tr>
<th></th>
<th><strong>Malaysia</strong></th>
<th><strong>Thailand</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Official Name</strong></td>
<td>Federation of Malaysia</td>
<td>The Kingdom of Thailand</td>
</tr>
<tr>
<td><strong>Capital</strong></td>
<td>Kuala Lumpur</td>
<td>Bangkok</td>
</tr>
<tr>
<td><strong>Population</strong></td>
<td>30.6 Million (2014)</td>
<td>67.1 Billion (2014)</td>
</tr>
<tr>
<td><strong>Land Area</strong></td>
<td>330,252 km²</td>
<td>513,120 km²</td>
</tr>
<tr>
<td><strong>Language</strong></td>
<td>Bahasa Melayu (Official) &amp; English</td>
<td>Thai preferred, English</td>
</tr>
<tr>
<td><strong>Main Religion</strong></td>
<td>Muslim, Buddhist, Hindu, Christian</td>
<td>Thai, Chinese, Malays, Indian and Others</td>
</tr>
<tr>
<td><strong>Currency</strong></td>
<td>Ringgit Malaysia (RM)</td>
<td>Baht (THB)</td>
</tr>
<tr>
<td><strong>GDP Growth Rate</strong></td>
<td>6.0% (2014)</td>
<td>1.0% (2014)</td>
</tr>
</tbody>
</table>

*Source: Department of Statistics, Malaysia
Source: Department of Statistics, Thailand*
<table>
<thead>
<tr>
<th>Sector</th>
<th>% Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>38.1</td>
</tr>
<tr>
<td>Services</td>
<td>25.7</td>
</tr>
<tr>
<td>Wholesale &amp; Retail</td>
<td>13.4</td>
</tr>
<tr>
<td>Transport, Storage &amp; Comm.</td>
<td>10.2</td>
</tr>
<tr>
<td>Agriculture</td>
<td>8.3</td>
</tr>
<tr>
<td>Construction &amp; Mining</td>
<td>4.3</td>
</tr>
</tbody>
</table>

Note: Services includes financial, educations, tourism, hotels & restaurants etc.
## THAILAND GLOBAL TRADE

### Yearly Trade Statistics (USD Mil)

<table>
<thead>
<tr>
<th>Year</th>
<th>Export Value</th>
<th>Export Growth Rate (%)</th>
<th>Import Value</th>
<th>Import Growth (%)</th>
<th>Total Trade Value</th>
<th>Total Trade Growth (%)</th>
<th>Trade Balance Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>229,105.6</td>
<td>2.93</td>
<td>249,115.0</td>
<td>8.89</td>
<td>478,220.6</td>
<td>5.95</td>
<td>-20,009.3</td>
</tr>
<tr>
<td>2013</td>
<td>228,504.8</td>
<td>-0.26</td>
<td>250,406.8</td>
<td>0.52</td>
<td>478,911.6</td>
<td>0.14</td>
<td>-21,901.9</td>
</tr>
<tr>
<td>2014</td>
<td>227,523.5</td>
<td>-0.43</td>
<td>227,748.3</td>
<td>-9.05</td>
<td>455,271.8</td>
<td>-4.94</td>
<td>-224.8</td>
</tr>
<tr>
<td>2014 (JAN-JUNE)</td>
<td>112,295.8</td>
<td>-0.71</td>
<td>112,262.76</td>
<td>-14.16</td>
<td>224,558.6</td>
<td>-7.92</td>
<td>33.14</td>
</tr>
<tr>
<td>2015 (JAN-JUNE)</td>
<td>106,855.6</td>
<td>-4.84</td>
<td>103,382.9</td>
<td>-7.91</td>
<td>210,238.5</td>
<td>-6.38</td>
<td>3,472.7</td>
</tr>
</tbody>
</table>
## MALAYSIA-THAILAND BILATERAL TRADE

<table>
<thead>
<tr>
<th>Year</th>
<th>Export Value (RM Mil)</th>
<th>Export Growth Rate (%)</th>
<th>Import Value (RM Mil)</th>
<th>Import Growth (%)</th>
<th>Total Trade Value (RM Mil)</th>
<th>Total Trade Growth (%)</th>
<th>Trade Balance Value (RM Mil)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>34,136.2</td>
<td>-14.5</td>
<td>32,972.3</td>
<td>-14.7</td>
<td>67,108.5</td>
<td>-14.6</td>
<td>1,163.9</td>
</tr>
<tr>
<td>2011</td>
<td>35,742.5</td>
<td>4.7</td>
<td>34,480.0</td>
<td>4.6</td>
<td>70,222.5</td>
<td>4.6</td>
<td>1,262.4</td>
</tr>
<tr>
<td>2012</td>
<td>37,633.1</td>
<td>5.3</td>
<td>35,677.2</td>
<td>3.5</td>
<td>73,310.3</td>
<td>4.4</td>
<td>1,956.0</td>
</tr>
<tr>
<td>2013</td>
<td>39,923.3</td>
<td>6.1</td>
<td>38,632.5</td>
<td>8.3</td>
<td>78,555.9</td>
<td>7.2</td>
<td>1,290.8</td>
</tr>
<tr>
<td>2014</td>
<td>40,271.9</td>
<td>0.9</td>
<td>39,648.1</td>
<td>2.6</td>
<td>79,920.0</td>
<td>1.7</td>
<td>623.9</td>
</tr>
</tbody>
</table>
BORDER CONNECTIVITY

Border Trade – 5 Border Areas & SEZ

1. Mae Sot/Tak
   Border trade '13
   46 Bn Baht (15%)*

2. Sadao/Songkhla
   - Sadao
   - Padang Besar
   Border trade ‘13
   493 Bn Baht (7%)*

3. Mukdahan
   Border trade ‘13
   30 Bn Baht (20%)*

4. Aranyaprathet/Sa Kaeo
   Border trade ‘13
   60 Bn Baht (28%)*

5. Klong Yai/Trat
   Border trade ‘13
   27 Bn Baht (10%)*

Key Observations

- Use extension of BOI incentives to attract investment
- Underlying objective is also to reform border community
- Three SEZs are likely to attract sizable investment
  - Mae Sot, Aranyaprathet, and Sa Dao
- Potential additional investment of 13 billion baht in 2015 from
  - Industrial estate
  - Mid-sized to large SME in logistics, agro-industry, and labor-intensive manufacturing

Total 36 tambol, 1.83 mn rai or 2,932 sq.km.

Note: *Growth during 2009-2013
Source: NESDB, Department of Foreign Trade
63.6% (Total border trade Malaysia-Thailand)

US$15.3 billion (Total Trade)

BORDER TRADE ACTIVITIES (JAN – MARCH 2015)

Malaysia’s Export via border:
- Machines,
- Audio Visuals,
- Computer Component,
- Computer Parts,
- Computer Accessories, - Car & Trucks Parts,
- Electric & Electronic circuits
- F&B, Halal related

Average Growth of 7%
Malaysia Participation in the 1st Border Trade Expo in Hatyai, Songkhla, 10-14 June 2015
BUSINESS OPPORTUNITIES (2)

Food & Beverages

Most promising sectors sector:

i. Processed & canned food

ii. Snacks & confectionery

iii. Instant & ready to eat food

iv. Healthy & Organic Food

v. 3in1 Beverages

US$35.92 billion (Market Value)

3% (Growth rate)

Malaysian Cafe Operators & Franchises
BEST APPROACH...
BEST APPROACH…
Business Opportunities (3)

ICT

10.6% ICT Industry & Investment growth

US$2.0 billion (Software Industry)

US$9.3 bil. Thai domestic IT spending to reach by 2016

8.6% (Growth rate)

Growth Categories
i. Software Production: 9.7%
ii. Software Service: 9.7%
iii. Intelligent Software: 12.3%

Thai domestic IT spending to reach US$9.3 billion by 2016.
THAILAND ICT MARKET 2015

THAI ICT MARKET

- Cloud Computing
- IT spending
- Data Service
- Mobile-first strategies
- Omni-Channel
- Mobile Device Mgmt
- Internet of Things
- Big Data
- ERP
- Cloud
AUTOMOTIVE – AUTO PARTS & COMPONENTS

- US$ 90 billion (Market Value)
- 10 % (Growth rate)

Fact & Figures:
- i. 10% of Thailand’s GDP
- ii. Automobile hubs - Rayong, Chonburi, Ayuthaya.
- iii. Manufactured 2.457 million unit cars (2013)
BEST APPROACH…
BUSINESS OPPORTUNITIES (others)

OTHER AREAS OF OPPORTUNITIES (Products & Services)

- Healthcare And Medical Sector
- Transportation & Logistics
- Green Technology, Building Material
- Lifestyle - Gifts & Premium, Apparels, Jewelry etc.
- High Value Exports – Oil & Gas, MRO etc.
- Halal Related Sector

Thailand
CHALLENGES
SUCCESS FACTORS TO ENTER THE MARKET

How to find the right joint venture partner

Joint ventures can be a great way to make money, but how do you actually find a partner who will provide you with what you need? Developer Tim Ridley reveals some handy tricks.
AEC information stop center established at Ministry of Commerce office, Thailand
AMAZING THAILAND – Not only for business....
KHOB KHUN KRAB
THANK YOU

Malaysia External Trade Development Corporation (MATRADE),
Commercial and Investment Office,
Embassy of Malaysia,
4th Floor, Unit 401, Sathorn Square Office Tower,
98 North Sathorn Road,
Silom, Bangrak,
Bangkok 10500 Thailand
Tel. No.: +66 (0) 2 108 1792 / 93 / 94
Fax. No.: +66 (0) 2 108 1795
E: bangkok@matrade.gov.my
W: www.matrade.gov.my