

## **Eco-cars set to drive output**

### **Car production 'up by 1m' units in 2019**

Thailand's car production is expected to hit 3.8 million units a year in 2019 from 2.8 million now, fuelled by new output from 10 second-phase eco-car projects, predicts Siam Commercial Bank's research house.

"Nine of 10 projects have already won Board of Investment privileges since last year and the last car maker will not miss out on approval because it has many automotive technologies that allow it to operate a business in Thailand," said Vithan Charoenphon, senior analyst of SCB Economic Intelligence Center (SCBEIC). "Due to the massive investment in the eco-car scheme, Thailand's vehicle production will return it to a top 10 ranking again after losing four spots to 13 in 2014."

A BoI announcement on March 31, 2014 noted 10 car makers applied for the second phase of the eco-car scheme, attracting investment of 139 billion baht to produce 1.58 million eco-cars. The amount is 100 billion baht higher than the outlay for the first phase initiated in 2007.

Nissan, Honda, Mitsubishi, Suzuki and Toyota, eco-car makers for the first phase, have earmarked 86.8 billion baht to produce 753,000 eco-cars for the second phase. The five newcomers will invest 52 billion baht to make 828,000 vehicles. They are Mazda, Ford, General Motors, SAIC Motor-CP and Volkswagen. Volkswagen's application is still pending BoI consideration.

Approved car makers are required to roll out their new eco-cars by 2019. Mr Vithan said the cloudy outlook for the country's automotive industry had led car makers to put off starting their eco-car projects in the near term.

Thailand's car production was projected at only 1.9 million vehicles in 2014, the first time since 2011 that output would miss 2 million. Domestic sales tumbled by 36% to 850,000 vehicles, while exports rose only by 0.89% to 1.13 million.

SCBEIC forecast the industry outlook in 2015 for both domestic and export markets would stay unchanged because the global economy is not strong enough to propel car sales.

Mr Vithan said while eco-car production forecasts were high as producers hope the segment becomes a second product champion for export after pickup trucks, eco-cars may not fare as well as hoped.

"Pickup trucks can be competitive because it is a commercial vehicle and there are only a handful of global production facilities," he said.

"But eco-cars are small-size passenger cars and there are many production facilities worldwide."

