

Thailand leads in auto exports to Vietnam



Ford Ranger – one of popular pickup trucks imported from Thailand./The Nation

HANOI - Thailand has become Vietnam's leading automobile exporter in the first quarter of this year, with a volume of more than 7,800 units, a 64.5 per cent increase compared with the same period last year.

Statistics from the General Department of Vietnam Customs showed Thailand was followed by South Korea with 3,560 units and China with 2,260 units, a year-on-year decline of 41 per cent and 58 per cent, respectively.

Preferential import tax policies caused the sharp increase of cars imported from Thailand, under Vietnam's commitments to the ASEAN Trade in Goods Agreement.

Under the agreement, the import tax on automobiles from ASEAN members - Myanmar, the Philippines, Malaysia, Thailand, Singapore, Laos, Indonesia, Cambodia, Brunei and Vietnam - would fall from 50 per cent to 40 per cent by 2016, to 30 per cent by 2017 and zero per cent by 2018.

With preferential policies on taxes, Thailand has attracted many well-known auto brand names to build production plants in the country, including Ford, Toyota, Honda and Nissan.

In car manufacturing, the country has reached a localisation rate of between 80 per cent and 90 per cent. Meanwhile, the rate in Vietnam is between 20 and 40 per cent.

That's why Thailand's vehicles are priced lower than Vietnam's.

According to research on the prices of vehicles in Thailand, Vietnam and Indonesia issued by the Industry and Trade Ministry's Institute for Industry Policy and Strategy last year, Yaris of Toyota was the model with the largest difference. The vehicle was US\$29,281 in Vietnam, but it was \$13,082 in Thailand and \$16,153 in Indonesia.

Meanwhile, the Honda model City CVT was \$26,878 in Vietnam, 48 per cent and 26 per cent higher than in Thailand and Indonesia, respectively.

The price of the Fiesta Ford in Vietnam was also 63 per cent and 54 per cent higher than those in Thailand and Indonesia, respectively.

Of the cost for production of vehicles in Vietnam, taxes and fees occupied 40-50 per cent of the value. The remainder was cost for vehicle production. However, this cost was 20 per cent higher than that of other regional countries because Vietnam had depended on 80 per cent of auto parts imported from foreign countries.

Thailand has more than 2,000 auto part manufacturers. This has not only helped the country increase its local supply rate, but also helped it become the biggest hub for auto and part exports in the Southeast Asian region.

The statistics from the General Department of Vietnam Customs showed that Vietnam imported more than 19,700 units in the first quarter of this year, a year-on-year drop of 16.8 per cent. The reduction occurred in nearly all kinds of vehicles, aside from trucks.

Of the figure, there were 9,860 trucks were imported, an increase of 16 per cent. Meanwhile, the remainders were nearly 6,900 nine-seat cars and lower, and more than 3,000 other vehicles, a reduction of 37.6 and 45.6 per cent, respectively.

Vietnam's automobile industry still faces many difficulties. It still depends on imports of auto parts - its cost for production is always higher than those of other countries. To replace the imported parts with locally manufactured ones, the country will face other difficulties, as its suppliers still aren't developed.

