

# Why do investors shift production base from Thailand to Vietnam?

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# Introduction

## ***“Samsung halts production in Thailand ahead of move to Vietnam”***

**Source:**

<https://www.malaymail.com/s/900717/samsung-halts-production-in-thailand-ahead-of-move-to-vietnam>

## ***“LG Electronics to shift TV production in Thailand to Vietnam”***

**Source:**

<https://www.reuters.com/article/uk-lg-elec-thailand-vietnam/lg-electronics-to-shift-tv-production-in-thailand-to-vietnam-idUKKBN0MD0JF20150317>

## ***“Japanese Companies Shift Investment To Vietnam As Thailand And China Become Less Attractive”***

**Source:**

<http://www.ibtimes.com/japanese-companies-shift-investment-vietnam-thailand-china-become-less-attractive-1560462>



## Why do we *interested in* this topic?

- How would it affect Thai economy
  - Competitiveness
  - Revenue
  - Funding
  - Technology transfer
  - Employment
  - Economic growth
- Improvement in the future



# Data

## ● Main indicators

- Balance of Trade
- GDP per capita/ GDP Growth rate
- Foreign Direct Investment
- Interest Rate
- Inflation Rate
- Capital Flows
- Imports/Exports
- Consumer Price Index (CPI)
- Politics
- Wages/Minimum Wages and Unemployment Rate
- Productivity
- Population
- Country List Loans to Private Sector
- Foreign Exchange Reserves
- Competitiveness Index
- Credit

# Economy & Growth

<b>GDP</b> growth
GDP (current US\$)
GDP per capita (current US\$)
GDP per capita growth (annual %)
GDP per capita, PPP (current international \$)
GNI, PPP (current international \$)
Industry, value added (% of GDP)
Inflation, consumer prices (annual %)
Net ODA received (% of GNI)
Net ODA received per capita (current US\$)
Services, etc., value added (% of GDP)
Agriculture, value added (% of GDP)
Charges for the use of intellectual property, payments (BoP, current US\$)
Exports of goods and services (% of GDP)
Gross capital formation (% of GDP)
Imports of goods and services (% of GDP)
Inflation, GDP deflator (annual %)
Net official development assistance received (current US\$)
Personal remittances, received (current US\$)
Revenue, excluding grants (% of GDP)

Source : World Bank

Air **transport**, registered carrier departures worldwide

Rail lines (total route-km)

Container port traffic (TEU: 20 foot equivalent units)

Source : World Bank

## Infrastructure

## Technology

High-technology exports

Patent applications, nonresidents

Patent applications, residents

**Research and development** expenditure (% of GDP)

Researchers in R&D (per million people)

Technicians in R&D (per million people)

Charges for the use of intellectual property

Trademark applications, direct nonresident

Trademark applications, direct resident

High-technology exports

Patent applications, nonresidents

Patent applications, residents

Source : World Bank

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Business extent of disclosure index (0=less disclosure to 10=more disclosure)
Depth of credit information index (0=low to 8=high)
Domestic credit to private sector (% of GDP)
Ease of doing business index (1=most business-friendly regulations)
Firms using banks to finance working capital (% of firms)
Investment in energy with private participation (current US\$)
Investment in telecoms with private participation (current US\$)
Investment in transport with private participation (current US\$)
Lead time to <b>import</b> , median case (days)
Lead time to <b>export</b> , median case (days)
Logistics performance index:
Merchandise exports (current US\$)
Merchandise imports (current US\$)
Merchandise trade (% of GDP)
Net barter terms of trade index (2000 = 100)
New businesses registered (number)
Start-up procedures to register a business (number)
Strength of legal rights index (0=weak to 12=strong)
Time required to get electricity (days)
Time required to start a business (days)
Time spent dealing with the requirements of government regulations (% of senior management time)



**Private sector**

Source : World Bank

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## Public sector

### Expense (% of GDP)

Net acquisition of financial assets (% of GDP)

Net incurrence of liabilities, total (% of GDP)

Net investment in nonfinancial assets (% of GDP)

Net lending (+) / net borrowing (-) (% of GDP)

Strength of legal rights index

Tax revenue (% of GDP)

Total **tax** rate (% of commercial profits)

Source : World Bank

**Imports** of goods and services (% of GDP)

**Exports** of goods and services (% of GDP)

Merchandise exports (current US\$)

Merchandise imports (current US\$)

Merchandise trade (% of GDP)

Net barter terms of trade index

Merchandise imports

Merchandise exports

Merchandise trade

Source : World Bank

## Trade

## Energy&Mining

Time required to get electricity (days)
Total <b>natural resources</b> rents (% of GDP)
Alternative and nuclear energy (% of total energy use)
Energy imports, net (% of energy use)

Source : World Bank

## Environment

Agricultural land (% of land area)
Forest area (sq. km)
Renewable energy consumption (% of total final energy consumption)
Total natural resources rents (% of GDP)
<b>Forest</b> area (% of land area)
<b>Land</b> area (sq. km)
Renewable electricity output (% of total electricity output)
Surface area (sq. km)
Land under cereal production (hectares)

Source : World Bank

<b>Social protection</b> for women and men of working age
Social protection for older women and men(effective coverage for older persons Public social protection expenditure)
<b>Effective coverage</b> for persons with severe disabilities
Effective coverage for mothers with newborns
Effective coverage for unemployed persons
Effective coverage for older persons
Non-health social protection expenditure
Percentage of the poverty
Social protection effective coverage
Key features of main social security programmes and social protection
Social protection effective coverage

Source : International Labour Organization

# Social protection

# Labor

Employment in agriculture, male
Employment in services, male
Employment in industry, male
Wage and salaried workers, female
Wage and salaried workers, male
Employment in agriculture, female
Employment in industry, female
Employment in services, female
Labor force, female
Labor force

Source : World Bank



## Literature review

- ◉ Find new purchasing power in new investing country.
- ◉ Manage cost of labor for labor intensive industry
- ◉ In some industry, invest in other country will yield higher benefits rather than invest in Thailand because they want to attract the investment in that country.
- ◉ Use that country as a production base for exporting because they obtain GSP from Europe and America



## Theoretical framework

- Theory of production
  - Profit maximization
- Rational choice theory
- Industrial organization theory
- Theory of firm
  - Imperfect competition
  - Public policy
- Risk management

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