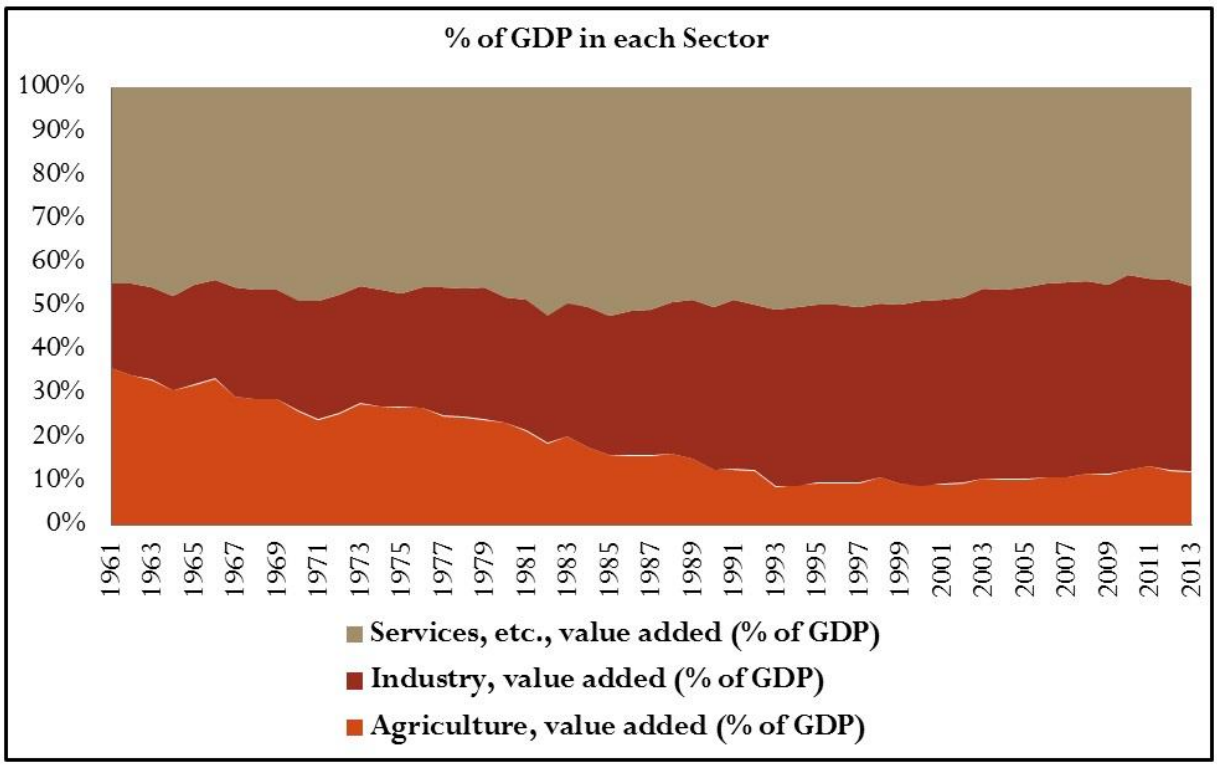
Introduction



Thailand had used industry sector to drive the country since industrialization. Industry sector and Services sector cover up about 90% of the country's GDP. Agriculture sector had been decreasing to 10% of the GDP in 2013. In industry sector, it contains manufacturing for almost 80% from about 60% in the 1960s (World Bank, 2014). In the figure 2, it shows that the manufacturing sector had lifted itself up significantly in 1996 to 1999. It was because of the liberalization through many industries to gain more foreign direct investment. This event happened right after the Asian financial crisis that Thai government tried to drive the country out of the crisis that could ruin the economy. Many laws and regulations had been dropped in order to support foreign direct investment to many industries. Back in 1990s, Thailand started to go intense on developing this industry into the next level. Thailand started to export their production to the global market. The real turning point would be the 1997-98 economic crisis that lead many manufacturers restructured their business and strategy. This paper won't go into how did the

industry was developed but will explains another way to develop the industry, national car policy.

FIGURE 2

Thailand had a good infrastructure for many multi-national corporations to create a good investment. This process help Thai automotive industry grew and a lot of foreign knowledge and technology got imported. In the other hand, GDP had increased significantly right after automotive industry got supported by the government. Figure 3 (World Bank, 2014)and 4 (Kohpaiboon & Poapongsakorn, 2010) represent the development of the industry and the Thai GDP that are simply related. To develop the industry that drives the country might get the country to grow effectively.

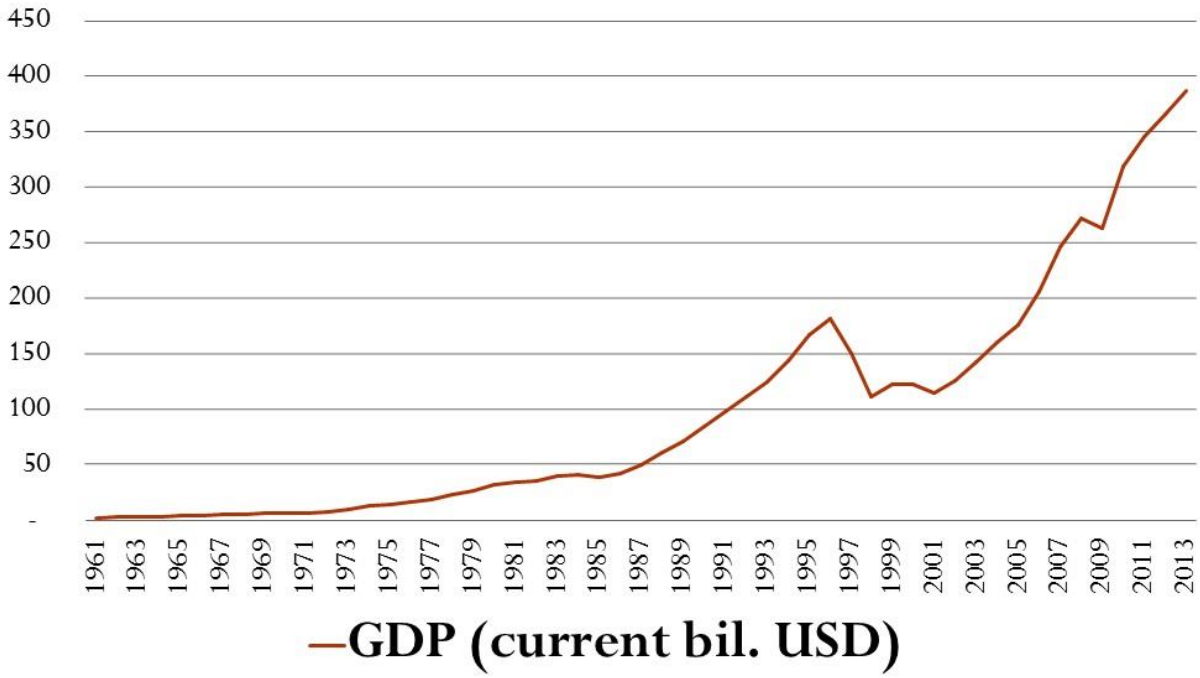
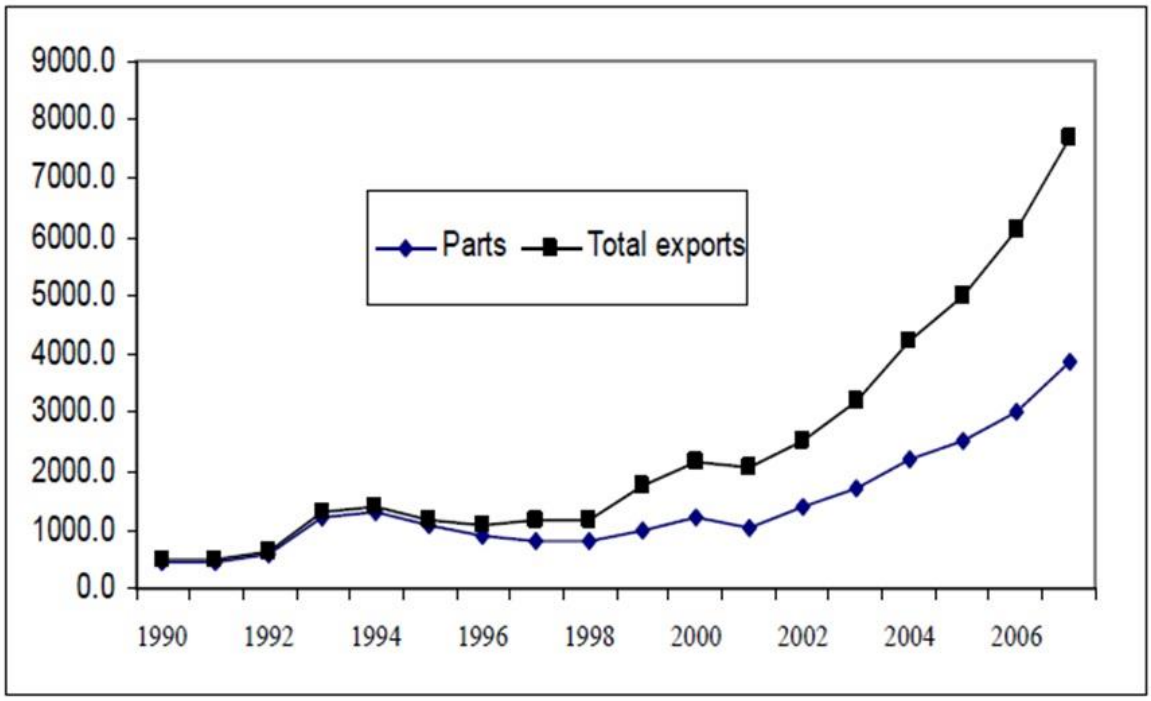


FIGURE 3

Export Value ($million) of Thai Automotive Industry, 1990-2007



Source: Kohpaiboon (2009b)

FIGURE 4

There are also some papers that argue the HDD industry also another factor the drives the country's GDP but Figure 5 shows it differently. HDD consisted only 15% of manufacturing export in 2008. Both industry, HDD and Automotive, got supported by the government because of its excellent performance in global market (Kohpaiboon & Poapongsakorn, 2010). Archanun and Nipon had stated in their paper that automotive industry, industrial clustering is observed and reach a level where local content of a locally manufactured vehicle is approaching 100 % but not for HDD industry. This is a good reason that if Thai government has to choose only industry to support, automotive industry should be selected.

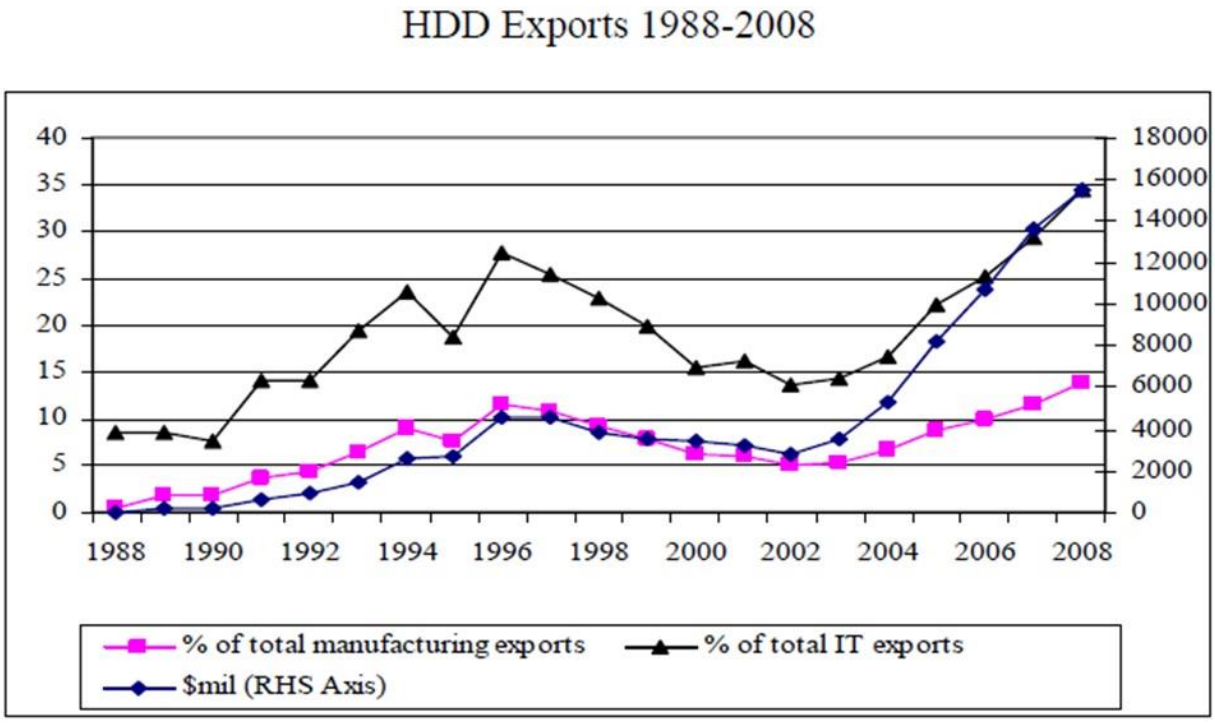


FIGURE 5

There are many policies imposed into the automotive industry. In the early 1960s, tariffs of 60%, 40% and 20% were imposed on imports of completely built units (CBUs) of passenger cars, vans and pick-up trucks, respectively (Techakanont, 2011). Since then, Thai government had developed several policies such that it would develop automotive industry through import substitution (Thailand Automotive Institute, 2013). After economic

crisis 1998, Thai government honored its commitment under the WTO agreement on Trade Related Investment Measures (TRIMS). In the area of FDI policy, all selective incentives granted to export-oriented activities and 49% equity ownership restriction on domestic-market oriented projects were abolished with immediate effect in 1990 (Natsuda & Thoburn, 2013). Many MNCs, Multinational Corporations, wanted to use Thailand as a Hub to the South East Asia market. The most important factor would be AFTA agreement that was signed in 1992. These factors made Thailand shift them into the next level from import substitution to global integration (Sasiwimon, 2003). That was in 1990s policies. Even in 2000s or 2010s there was nothing change much. Thai government still supports the industry by letting more and more investment into the industry but no major development in the industry yet. Many MNCs located their factory in Thailand because of Thai well-built infrastructure.

National Car Policy

There are many ways and policies that would develop the industry further. One of interesting way is to develop the country's car. The car that made by the country's itself to the whole wide world. The definition of National Car was still unclear and varies through papers. This paper would define National Car as a Car that was made and developed within the country also got a lot of support by the government to export the product. There will be two brands involves in the paper, Hyundai and Proton. Both manufacturers were supported heavily by their government. Both manufacturers also dominate their domestic market. The objective for those governments to support the industry might be differences among countries. Therefore this

factor will be excluded from consideration of the effectiveness of the policy. The measurement of policy effectiveness would be their market share in domestic market and the amount of car produced.

Proton (Malaysia) and Hyundai (South Korea)

When we look through the history of Malaysian national car, we can see that it was successful in promoting the industry domestically. It had been discussed that Malaysia did a historical choice by impose a national car policy (Kanageswary, 2004). Malaysia introduced their first national car in 1985, Proton Saga. It was not a big hit at the time but it was a sign of what this country capable of. Their national car kept their position in domestic market since then. Malaysian government's objective at the time was to reduce the imports of completely built-up units (CBU) that will help stabilize balance of payments, to create employment and to provide the base for transfer of technology (Kanageswary, 2004). It was successfully done after their first national car launched into the market. The result was that there are many non-national vehicle assemblers invest in setting up their manufacturing bases in

Malaysia. Most of the research paper had noted that the first objective of the policy was not about exporting their production at all. National car policy continued after Asian Financial Crisis (AFC).

AFC was a turning point of many countries including Thailand and Malaysia. Thailand's automotive policy that is oriented towards foreign direct investment and Malaysia's national-champion policy of motor vehicle manufacturing. AFC forced multinational corporations (MNCs) in Thailand to emphasize export-oriented manufacturing. Thailand was success in automotive industry via the value chain of Japanese and American MNCs (Wad, 2009). While Malaysian National car projects have contributed to the growth of the local component industry, as attested by the presence of 350 component manufacturers in Malaysia, of which 234 are Proton vendors and 135 are Perodua vendors. The national car projects had also attracted new car manufacturers to set up their manufacturing bases in Malaysia to penetrate the ASEAN markets, paving the way to support the nation's industrialization program (Kanageswary, 2004). They imposed the policy such that their first national car was 20 to 30 percent cheaper than similar capacity cars manufactured by other assemblers. This made their national car gain the most market share at 78.8 percent of passenger car sold in 1995. It would be hard for their competitor, CBU passenger car, to compete if import duties were 140 percent (Kanageswary, 2004). Back in 1980 there were 11 assembly plants in Malaysia which produced 122 models of 25 makes of passenger cars and commercial vehicles. Fiat, Mitsubishi, Volvo, Honda, Peugeot, Mercedes Benz, Toyota, Daihatsu, Ford, Chrysler, Land Rover, Citroën were involved in assembly activities through equity and/or technical tie-ups with Malaysian (mostly Chinese) partners (Mahidin & Kanageswary, 2004). At the same year, the Heavy Industries Corporation of Malaysia (HICOM), a public sector holding company, was incorporated to act as the apex government body for the implementation of the new policy (Rosli & Kari, 2008). They signed a joint-

venture contract with Mitsubishi Motor Corporation in 1983 to establish a national car company, Perusahaan Otomobil Nasional (Proton). Mitsubishi contributed 30% of equity capital with the balance coming from HICOM financed through a 33 million yen loan arranged by Mitsubishi (Athukorala, 2014). In 1988 the government opted to place the management of Proton under Mitsubishi, due to the Malaysian economy was hit by a world commodity slum, in return for a promise for expansion of capacity and the export of proton cars (Athukorala, 2014). Up until now this was the first point that the government try to stimulate the industry with this export. They had been focus on their domestic market for such a long period till this globalization era. This was also a turning point of the industry to a downside as well. More objective had been included into the policy but the structure of the whole industry was not ready for such objective like export yet. This issue will be discussing further in the later part of the paper.

Thailand had a different definition in successful policy. During hard time after AFC, government imposed a lot of liberalization such that it attracted a lot of investors into the industry. The result was that Thailand had a great success in the industry by an expansion of 285% in production. Motor vehicle production of passenger cars and commercial vehicles improved among all developing countries from 2000 to 2007 but Thailand stands out of the competition. Thailand focused on commercial car manufacturing while Malaysia focused on passenger car manufacturing (Wad, 2009). Thai auto industry was the only one of the ASEAN-5 industries that generated a trade surplus on both export and import of motor vehicles in 2000, 2004 and 2006, and this surplus increased by 400% during the period, surpassing the rise of automobile production (Wad, 2009). Thai auto industry is outstanding in terms of employment generation and turnover.

At the same time that Thailand developing their industry to be a manufacturing base for MNCs, Malaysia also developing their industry such that it would achieved their objective each year. They had achieved their first objective after they introduced Proton Saga into the market and created a lot of awareness throughout the industry. The existence of several policies kept Proton and Perodua running since the project begun. Their main competitors are renowned brands such as Toyota, Honda and Hyundai. Other than their attractive prices, national cars have also won the hearts of consumers through their innovative and sophisticated models (Kanageswary, 2004). It would be good if people in the country consume the products which produce within the country also. This National Car project of Malaysia had been success in term of employment also. The total employment created by the manufacture of parts and accessories industry was 23391 in 2003. It has also contributed to human resource development in terms of training (Kanageswary, 2004). This is the similarity of both countries policy. Even though in the beginning Thailand and Malaysia had different kind of policies but the results were similar. Both policies created employment and development in human resource department in term of skills and knowledge. The national car project required that all Proton staff be trained according to Japanese standards and procedures. The employees have received training in various aspects of car manufacturing such as production control, welding, painting, trim and final maintenance, tooling, stamping engineering and quality control. The Proton workforce has been trained in Japan as well as in Malaysia to develop skilled and semi-skilled workers (Kanageswary, 2004). Thailand started out in the direction of free trade through tax exemptions on imports of raw materials and machinery to foreign companies since 1987. As a result, large amount of foreign direct investments flowed to Thailand, especially from Japanese investors. The Japanese investors that relocated their production sites to Thailand were Toyota, Isuzu, Nissan, Mitsubishi, Honda and Mazda (Sasiwimon,

2003). Thai auto industry was the only one of the ASEAN-5 industries that generated a trade surplus on both export and import of motor vehicles in 2000, 2004 and 2006, and this surplus increased by 400% during the period, surpassing the rise of automobile production (Wad, 2009). Malaysia's automotive industry has contributed to the economy in terms of employment, exports and revenue from taxes. It has also been the epitome of the manufacturing sector's growth. However based on the above analysis, Thailand's automotive industry has the comparative advantage compared to Malaysia. It would be difficult for the local automotive industry to compete with Thailand's automotive industry as Thailand has proved itself as a world-class exporter of cars and trucks (Kanageswary, 2004).

Malaysian automotive industry faced a downside in term of Domestic car sales and market share of national carmakers in 2004. That was the year that Mitsubishi sold its stake in Proton to Khazanah National Bhd (the government's investment arm). Since then Proton has been a fully Malaysian owned and managed company. Its link with Mitsubishi has been limited solely to the purchase of some car components through arm's length deals (Athukorala, 2014). The original agreement with Mitsubishi contained a de facto restriction on exports of Proton cars: the contract stated that for five years Mitsubishi would help produce a car for the domestic market. It could be that, assuming that the domestic market's rapid growth would absorb most of the Saga. Dr. Mahathir simply did not press Mitsubishi on exporting at the planning stage of the project. However, the need for exporting for the viability of the project became clear when the domestic auto market collapsed in the aftermath of the economic crisis. In 1985, Prime Minister Mahathir suddenly ordered Proton to start exporting within two years after commencing commercial production (Athukorala, 2014). In Mitsubishi side of view, to export Proton was not in the agreement in the first place. Mitsubishi would have less incentive to export especially when those vehicle were directly

compete with Mitsubishi vehicles both in 1.3 and 1.6 liters. Proton Saga, first national car, main purpose was to sells in domestic market which required less technology and standard comparing to global market. Proton Saga would eventually damage Mitsubishi image with their low quality and outdated technology. Since then the Malaysian authorities became increasingly concerned over the performance of Mitsubishi management that did not match high management and technology fee that they had paid.

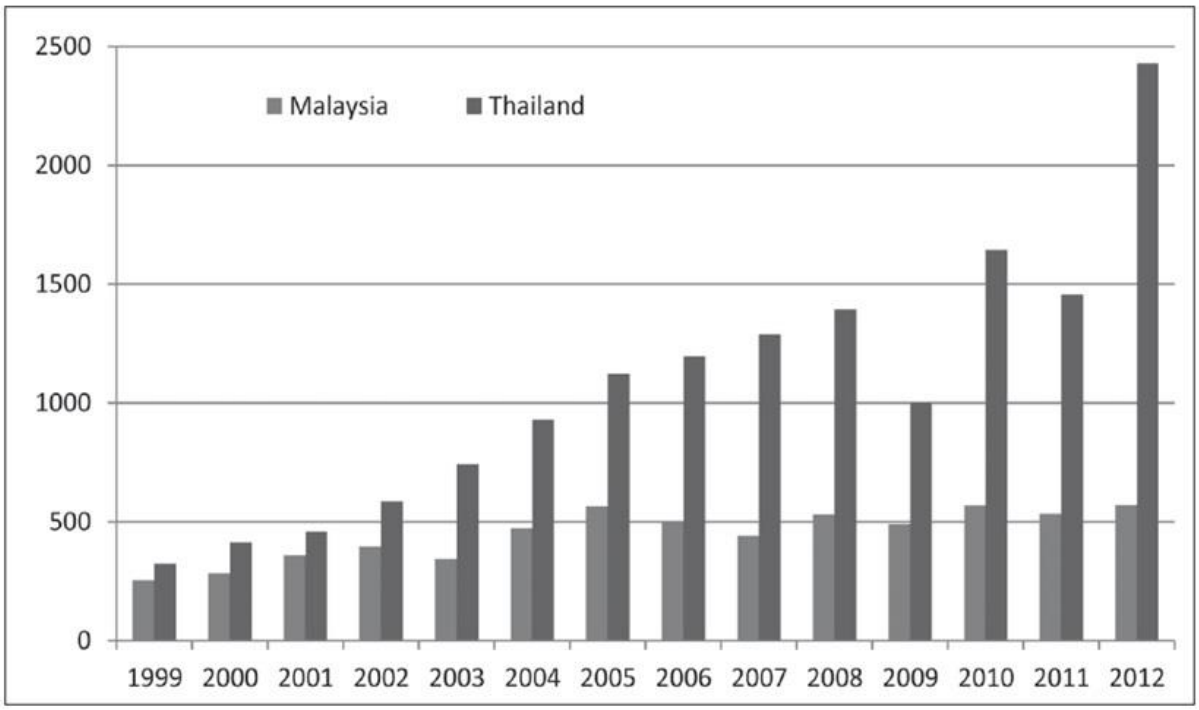
	Total (units)	Share of national cars		
		Total	Proton	Perodua
1985	63857	12.0	12	
1990	80420	64.2	64.2	
1995	224991	80.2	62.5	17.7
2000	282103	92.7	63.4	29.2
2005	416692	81.9	40.3	34.9
2006	366738	73.8	32.2	41.6
2007	442885	74.7	30.3	42.4
2008	497459	72.3	29.2	43.1
2009	486342	—	—	—
2010	543594	—	—	—
2011	535113	59.6	26.4	33.2
2012	552189	52.6	22.5	30.1

— Data not available.
Source: 1985-2000: Tham (2003); 2001-09: Malaysian Motor Traders Association, *http://www.maa.org.my/info_summary*

The figure shows that total share of national car had dropped since 2005 even though the total unit still increasing but that was just a little amount comparing to Thailand. After 2004, the performance of Malaysian National Car was on the way down. Their shares decrease even in domestic market that was predicted to be a sure market for Proton and Perodua. The main reason why national car still exist in the market was crucially on government support through tariff protection, and other preferential treatments, including periodic capital injection on concessionary terms by the government through the Employee Provident Funds and the government-owned oil company, Petronas (Rassiah, 1997). Throughout the 1990s, its annual output remained well below

200,000 units, the minimum efficient scale of production for a single plant (Bowie, 1991).

Both Malaysia and Thailand had developed their automotive industrial policies along the way in 2000s century. In the late 2000s Malaysian government's main objectives on National Automotive Policy (NAP) were to develop Malaysia as a regional automotive hub in specific area and increase exports of vehicles and automotive components (Mathematical Association of America, 2014). These objectives are similar to Thai objectives also whereas Thai had achieved those objectives (Wad, 2009).

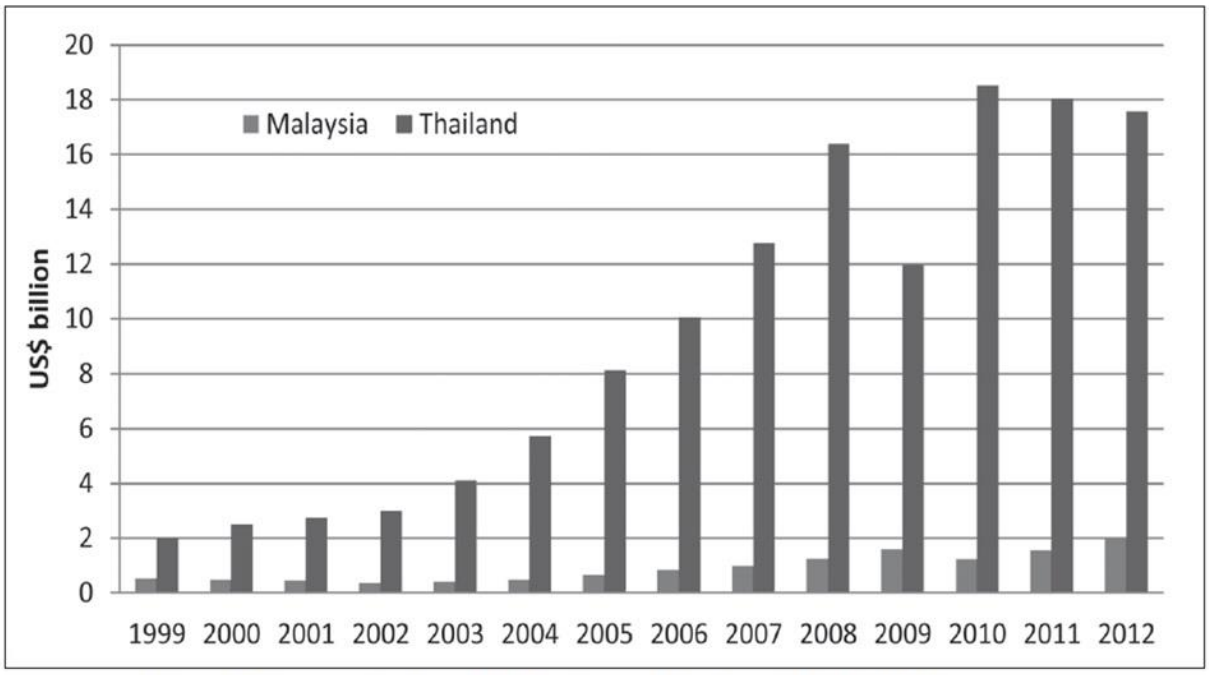


Automobile production[1] in Malaysia and Thailand, 1999-2012 ('000 units)

Note: 1. Production comprises "passenger cars" and "commercial vehicle" including light commercial vehicles, heavy commercial vehicles and heavy bus and coach.
Source: Based on data compiled from Organisation Internationale des Constructeurs d'Automobiles (OICA) website (http://www.oica.net)

The figure above just confirmed that Thailand had a significant progress in developing the industry comparing to Malaysia. Thailand had struggle in their production heavily in 2011 because the flood issue. The flooding that brought assembly lines to a halt lashed local car production in October to a near 10-year low of 49,439 units, down 68 percent from the same month in 2010. For comparison's sake, in September output was 174,212 units, the most

for all of 2011 (Wright, 2012). Even though 2011 was considered as a setback for Thai Automobile production but it was expected to reach 2.5 million units annually by 2020. Despite flooding issue in 2011, Thailand came back surprisingly. Thanks to "Eco Car" policy which stimulate the market at the time. It might success in the year 2011 to bring back the production in to V-shape recovery but we'll have to see the long run effect later on.



Automobile exports from Malaysia and Thailand, 1990-2012

Source: Based on data compiled from UN Comtrade database.

Automobile exports of both Malaysia and Thailand were huge different. Thailand struggled in 2009 due to the global financial crisis since Thailand but still can beat Malaysia in the same year. The growth of Malaysian automotive industry was slow comparing to Thailand. The Auto sales increased to 652120 units in 2013 from 536905 units in 2009 (Mathematical Association of America, 2014). While in 2014, their objectives are slightly different now. It targeted to develop Malaysia as the regional automotive hub in Energy Efficient Vehicle (EEV) and it would focuses more on development of technology and human capital, market expansion and enhancement of the automotive industry ecosystem (Mathematical Association of America, 2014). These objectives

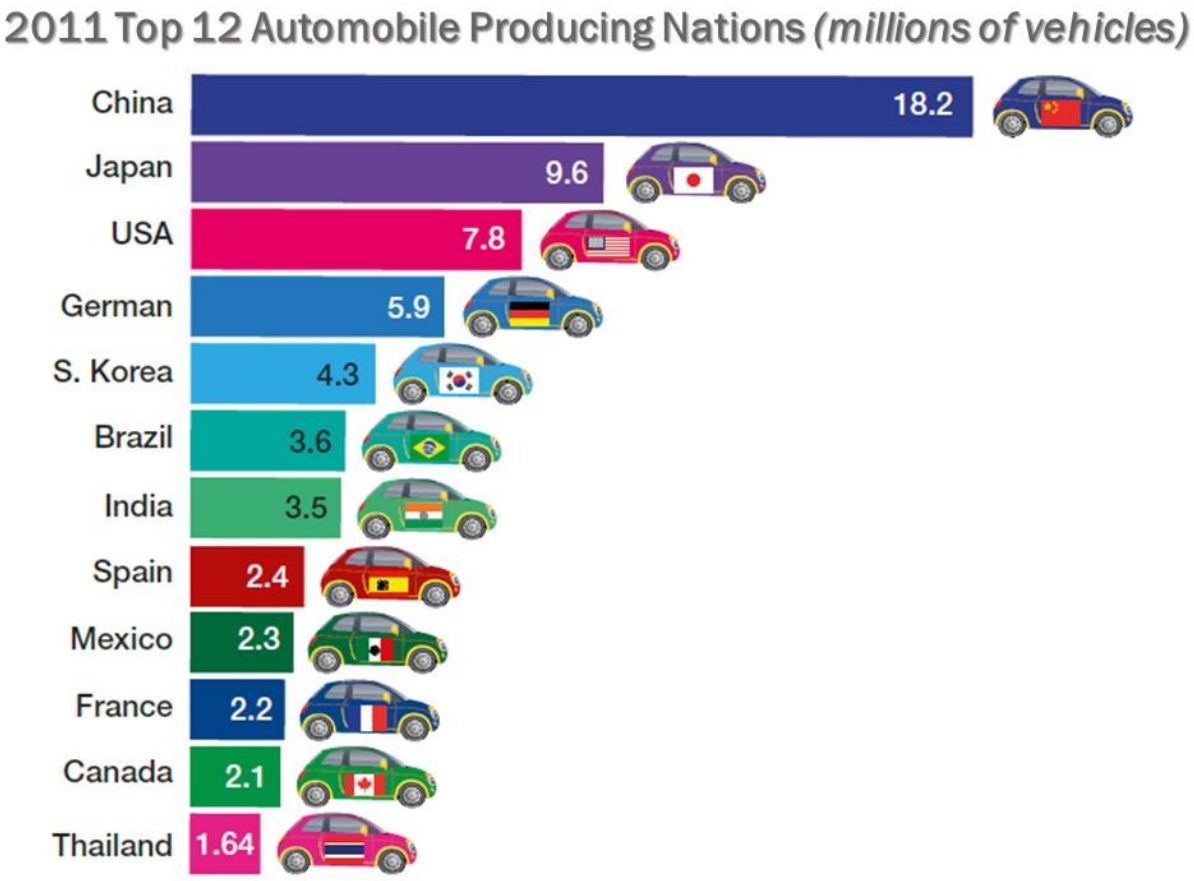
confirm the status of national car in the country that their consumer willing to buy their proudly presented national car. This might be the difference of Thai consumer and Malaysian. Their consuming behavior is different. The majority in Thailand, Emulator, and Achievers are more oriented to fame and success and to preserve the status quo. Thus, they seek non-product-related attributes (price, user and usage imagery) to ascribe symbolic benefits in order to display their social position, prestige, and status in Thai society. Meaning that keeping out purchasing power as a factor, Thai consumer would buy a car which will make them look good in the society. They would think of the representation of the car more than its practicality (Anurit, Newman, & Chansarkar).

Therefore, for Malaysia to remains the existence of national automotive program, if Malaysia's comparative advantage of its huge passenger car industry is not to be run down by Thai-based automaker. It has either to design, manufacture and marketing exportable brands targeting less competitive markets or to re-link with one of the lead MNCs of the global industry. The last option seems to be possible only by giving up local management control, as it has been successfully pursued in the case of Perodua but unsuccessfully in the case of Proton. Proton cars have continued to suffer from a 'cheap car image' from the very beginning, even in the domestic market, simply because Proton's marketing strategy relied overwhelmingly on price rather than on quality in winning markets. This image remained deeply rooted in the minds of both local and overseas customers. Proton failed to erase this bad image through quality improvement. In the J.D. Power survey of consumer perception, Proton cars have been ranked persistently at the very bottom end of the user-satisfaction scale. In a recent nationwide survey of car owners in Malaysia, out of 14 brands (makes) Proton came second from bottom, just above the other Malaysian national car, Perodua (Media News, 2010). If proton and the rest of the industry cannot compete internationally the Malaysian automotive industry is doomed,

and so are the jobs and relative income advantages of Malaysian automobile workers of the era before the pre-East Asian financial crisis (Wad, 2009). In 2004, Kanageswary also conclude in his paper that in order to sustain their existence in the local and ASEAN motor vehicle market, the national car producers should stop relying on the government for protection. The carmakers should emphasize more on R&D to produce quality cars at par with Japan and as cheap as the Korean cars. This can be concluded that Malaysian automotive industry had not been improved ever since and have failed to use automotive policy to improve the industry.

Hyundai is considered to be a national car in this paper because they had a lot of support by the government to export it product to the global market. In 2011, South Korea was ranked fifth globally as automobile manufacturer by producing up to 4.3 million units. It had been about 30 years since they changed their path from protectionism due to outside pressures in 1989. South Korean government had introduced various laws and policies in the 1960s to 1980s, to spur on the development of a domestic automotive industry but still there were protectionist. The concept of protectionist was a main strength that protected them from losing their profit to developed countries. After 1980s, government pinpointed specific companies and appointed them to be automotive component makers and vehicle makers. Those companies that got chosen by the government can sign technical assistance agreements with international automotive suppliers. Those agreements were mainly about for MNCs to share the technology with domestic companies in order for domestic companies to make the shift to become automotive parts makers. This was the main different with Thai and Malaysian agreements. South Korean did not lead the MNCs to take any advantage of their domestic companies and had thought of the profit of their country in the future. The agreements would lead them to became a strong

parts maker in the global market by not depend themselves to any MNCs. These agreements were an entry ticket to restricted Korean market for MNCs.



Hyundai had been chosen by the government along with Daewoo and KIA. But at last, in 1997 during the financial crisis, KIA declared bankruptcy and Hyundai Motor Company acquired 51 percent of the company. Competition from international companies was restricted, by barring direct entry into the domestic market and imposing high import duties on components and vehicles. This allowed a domestic automotive industry to grow, in a protected market environment (IHS, 2013). In 2014, Hyundai still an owner of KIA but decreases to 33.88%. In 2013, Hyundai was the largest automobile manufacturer, following by KIA. Their production output in 2013 was almost double their main domestic competitor, which they also owned, at 4.7 million units. After the global financial crisis in 2008-2009, Hyundai's export had increase steadily. Their performance in domestic market was very good in term

of maintaining themselves as number one manufacturer in the country and competing among their owned company. Hyundai's exporting performance also improving throughout the 2010s as well. These were the result of the successful policies imposed centuries ago.

Overview of Thai Automotive Industry and its present policy

Thailand use different strategy with both South Korean and Malaysian government by focused on selecting a national product champion. The meaning of Product Champion is the vehicle which had highest popularity or potential. They set lower excise tax rates for those segments such as Commercial Vehicle. This would help creating a particular market demand by consumers. The government also provides tax concessions, such as low corporate tax, for attracting investors into national product champion production (Natsuda & Thoburn, 2013).Rock (2001) argues, more generally, that in the period of the early import substitution industrial strategy in the 1960s through to the export-led industrialization in the 1980s, Thai industrial policies with selective government intervention in collaboration with FDI were effective and successful. Even more, Thailand had successfully developed the industry into the next level. In 2000, Thailand was ranked 20th by production volume of vehicles but in 2010 it ranked 12th and number of vehicles were quadruple (Wright, 2012). As it was stated earlier in the paper, Thailand had a historical turning point during the Asian financial crisis. Thailand had depended mostly on their domestic market. With laws and regulations liberalization brings FDI to Thailand. Many MNCs were interested to put their money in Thailand especially Japanese automobile producers. Thailand could be a hub to Southeast Asian market or some called "Detroit of Asia". One of the important factors that all investor must bear is Economy of Scale, EOS. Thailand was used to be a manufacturing base for the whole Southeast Asian

Market. The market is large enough to fulfill the EOS factor. Thailand had shifted from domestic market oriented to export-oriented ever since.

Global production volume of vehicles by country in 2010 and 2000.

Rank in 2010	Country	No. of vehicles in 2010	Share in 2010	Rank in 2000	No. of vehicles in 2000	Share in 2000
1	China	18,264,667	23.5%	8	2,069,069	3.5%
2	Japan	9,625,940	12.4%	2	10,140,796	17.4%
3	USA	7,761,443	10.0%	1	12,799,875	21.9%
4	Germany	5,905,985	7.6%	3	5,526,615	9.5%
5	South Korea	4,271,941	5.5%	5	3,114,998	5.3%
6	Brazil	3,648,358	4.7%	12	1,681,517	2.9%
7	India	3,536,783	4.5%	15	801,360	1.4%
8	Spain	2,387,900	3.1%	6	3,032,874	5.2%
9	Mexico	2,345,124	3.0%	9	1,935,527	3.3%
10	France	2,227,742	2.9%	4	3,348,361	5.7%
11	Canada	2,071,026	2.7%	7	2,961,636	5.1%
12	Thailand	1,644,513	2.1%	19	411,721	0.7%
13	Iran	1,599,454	2.1%	27	277,985	0.5%
14	Russia	1,403,244	1.8%	13	1,205,581	2.1%
15	UK	1,393,463	1.8%	10	1,813,894	3.1%
	Others	9,770,122	12.5%		7,252,353	12.4%
	Total	77,857,705	100.0%	Total	58,374,162	100.0%

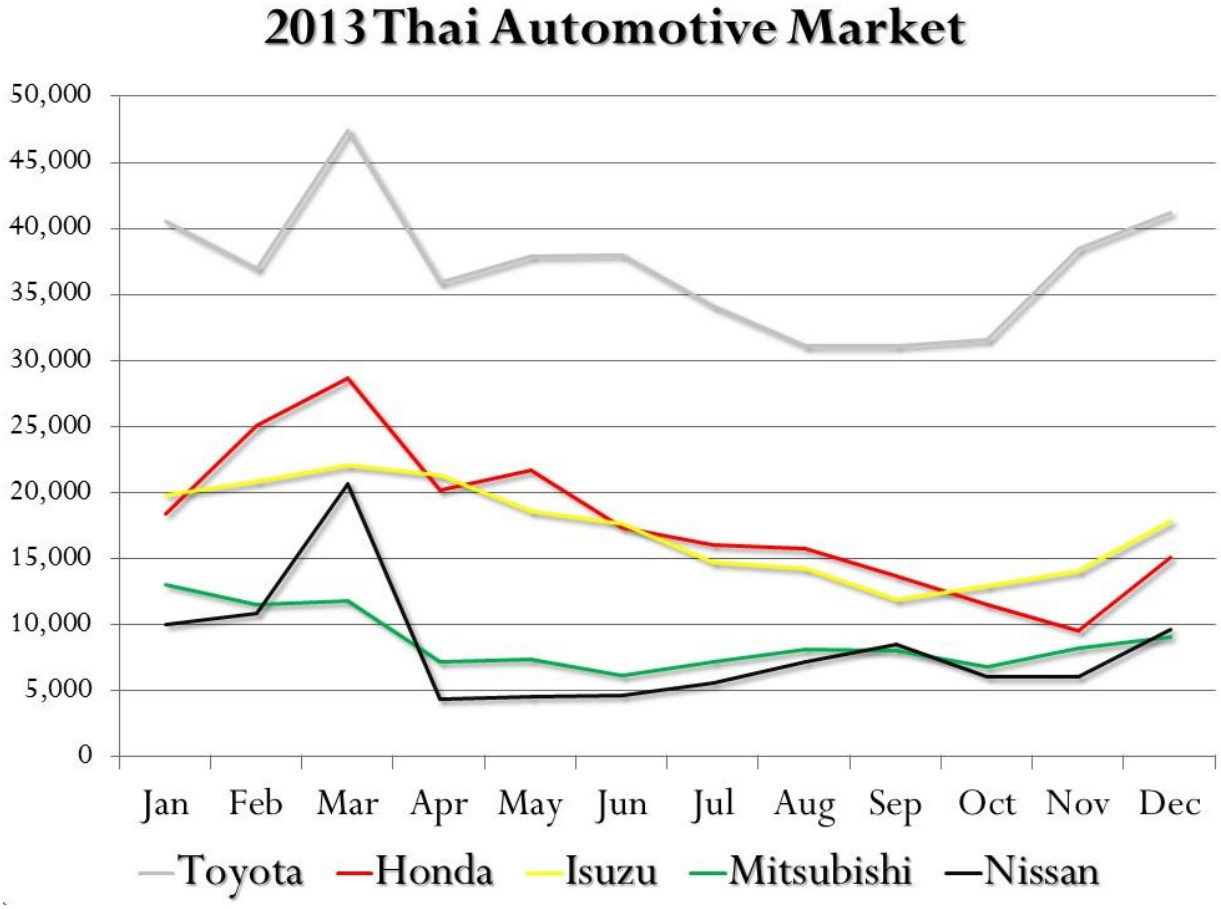
Source: Data compiled from the website of OICA (International Organization of Motor Vehicle Manufacturers: http://oica.net/category/production-statistics/ accessed on the 18th August 2011).

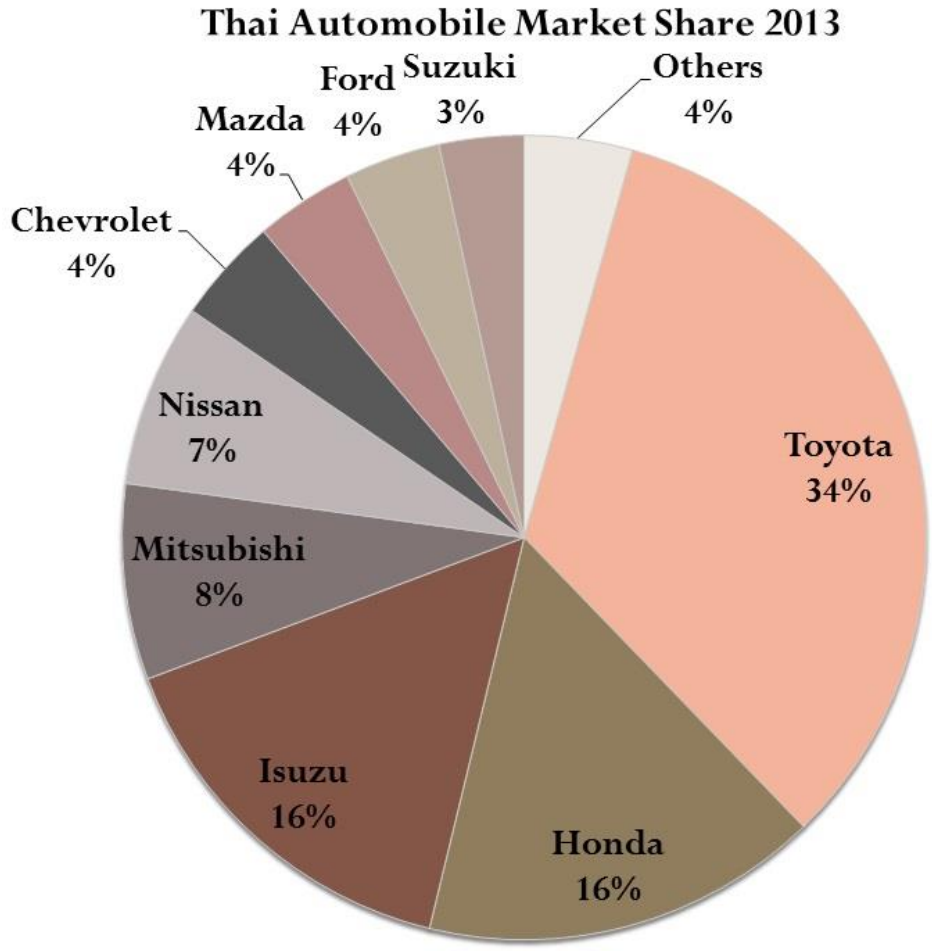
According to Thai Automotive Industry Association (TAIA), automotive industry generates approximately 700,000 jobs in Thailand. As mentioned earlier that Thai government used product champion strategy in order to develop the industry further or to stimulate the industry. Commercial vehicle, CV, was and still Thai product champion as it was accounted for 67% of exports in 2010. The way the Thai government created a path for MNCs to follow was to reduced excise tax on double-cab pick-up trucks from 35-48 percent to 12 percent, on other pick-up trucks down to 3-5 percent. Also they increased the tariff rate on complete knocked down product, CKD, from 20 percent to 33 percent in 2000. This helped increasing protection for vehicle parts production while also decreased effective protection for assemblers. In response to the government policies, Toyota, Honda, Chevrolet, Isuzu, for example, had decided to relocate their product development base, R&D center

or even global pick-up truck production to Thailand. The latest product champion project announced in 2007 was the “Eco Car” project. The Eco Car policy was designed to give Thailand a new “product champion” behind the pickup truck (the country is already the second-largest pickup maker in the world) (Wright, 2012). Thai government targeted the development of small, economical, ecological passenger vehicle production that could serve increasing in expected demand in the future. One of the most important features of this project is to use both excise and corporate tax policy effectively linked to localization of the automobile components industry, particularly facilitating the growth of local industrial capacity of engine production. Under this scheme, the Thai government carefully selected which technology should be localized, and encouraged local production by offering several tax incentives. In response to the announcement of “Eco Car” project, several MNCs issue their new eco car model in 2010-2011. The project had increases the investment, employment, and export for Thailand.

Conclusion

In 2013, top-five manufacturer in Thai automotive market were all from Japan, Toyota, Honda, Isuzu, Mitsubishi, and Nissan. Combining all five manufacturers will consist of 81 percent of the whole market share. It was hard for other MNCs to compete in domestic market unless there will be a support from the government. Consider national car must be develop, produce, manage, and market by that nation, Thailand will fell the competition if they decided to have their own original brand in the global market, not even domestic market itself. The reason is that Thailand still way behind top manufacturer like Japan, USA, or China. Thailand still has a lot of technology dependency to Japanese and American automotive producers.


2013 Thai Automotive Market
50,000
45,000
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
0
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec
Toyota
Honda
Isuzu
Mitsubishi
Nissan


Thai Automobile Market Share 2013
Ford 4%
Suzuki 3%
Others 4%
Mazda 4%
Chevrolet 4%
Nissan 7%
Toyota 34%
Mitsubishi 8%
Isuzu 16%
Honda 16%

But why Malaysia can produce their car? They had a heavy support by the government. Thailand can do that too but the main reason is likely to be technology and experience in the market. Malaysian automotive firm had signed a contract with a large and experienced Japanese manufacturer like Mitsubishi. Thailand also had signed such a contract but with different purpose. To produce nation vehicle would loss Japanese and American investor trust. It happened in the case when Malaysian government tried to force Mitsubishi to export Proton to compete with Mitsubishi product itself. South Korea is still doing well in the global market. Why is that? There were agreements and supports from the government. The agreements were sign in different purpose as both Thai and Malaysian firms. They were signed to shifted South Korea firms to be auto parts makers. This made them independent from other MNCs. So now, should Thailand impose National Car policy? The answer would be “No” for now. But in the future we may need the policy. South Korea took almost 30 years and a lot of support from the government to be success in the global market. Malaysia had failed in the global market. Right now, “Eco Car” policy is still working and FDIs still coming into the market. There are no reasons to take risk and lose those FDIs.

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