

THAILAND AT A GLANCE

Thailand is the world's 51st-largest country and also the 20th most-populous country in the world. It controls the only land route from Asia to Malaysia and Singapore. The capital and largest city is Bangkok, which is Thailand's political, commercial, industrial, and cultural hub with a population of more than 8 million people. Its total population is estimated to be more than 67 million people of which around 95% are of the Thai ethnic group and the rest are made up of Thai Chinese, Malay, Mon, Khmer and other hill tribes. Thailand has a well-developed infrastructure, a free-enterprise economy, generally pro-investment policies, and strong export industries. It has achieved steady growth due largely to industrial and agriculture exports - mostly electronics, agricultural commodities, automobiles and parts, and processed foods. Unemployment in Thailand is less than 1% of the labor force and is one of the lowest in the world.



Thailand is a monarchy headed by King Bhumibol Adulyadej, Rama IX and governed by a military junta (as of this report). Since 2005, Thailand has experienced several political turmoil including a military coup in 2006 that ousted then Prime Minister Thaksin Chinnawat, followed by large-scale street protests by competing political factions in 2008, 2009, and 2010. In 2011, Yinglak Chinnawat has led the Puea Thai Party to an electoral win and assumed control of the government. In May 2014, Yinglak was removed from office and later that month, the Royal Thai Army staged a coup against the caretaker government. Prayut Chan-o-cha is the Prime Minister of Thailand and head of the National Council for Peace and Order (NCPO), a military junta that has the power to control the Prime Minister. Thailand has also experienced violence associated with the ethno-nationalist insurgency in Thailand's southern Malay-Muslim majority provinces.

SWOT ANALYSIS

Strengths

- Introduction of new Public-Private Partnership Act to replace the Public-Private Partnership Act in force since 1992.
- Successful closure of three infrastructure funds - the RM6.8 billion BTS Rail Mass Transit Growth Infrastructure Fund, the RM688 million Amata B. Grimm Power Plant Infrastructure Fund and the RM6.4 billion True Telecommunications Growth Infrastructure Fund.
- Reestablishment of the country's legislative body has increased the possibility for a state budget to be ready for FY2014/15 (October-September).
- Stronger market orientation compared with its regional peers.
- Lower levels of corruption in Thailand compared with neighboring countries.

Weakness

- The Thai construction industry is hampered by outdated technology and an opaque regulatory environment.

Opportunities

- The building of road and rail services between neighboring countries (Laos, Vietnam, and Myanmar) will result in improved movement of goods and services.
- Government anti-recession spending is targeted heavily on infrastructure sectors.
- UN Conference on Trade and Development (UNCTAD) surveys have revealed Thailand to be among Asia's top foreign direct investment (FDI) destinations, with favorable market and labor conditions, as well as an improving legal framework for investment.
- To buttress infrastructure development, the Finance Ministry is preparing to launch a series of infrastructure funds to seek private investment for public infrastructure projects.
- Thailand has plans to diversify the country's sources of power generation and to obtain 39% of energy demand from renewable energy sources by 2022.
- Third revision of 2010-2030 power development plan requires 55,000MW of new capacity to be built by 2030, an investment of approximately RM87.3 billion in generation and transmission capacity.

Threats

- Persistent political risks undermine the prospects for economic growth and infrastructure development.
- Deteriorating fiscal position, due to ambitious public spending programs, which could raise borrowing costs.
- Change to a military-backed government in 2014 could lead to a review of infrastructure projects approved by its predecessor, causing project delays and cancellations.
- Global economic downturn threatens to ensure that private sector-generated construction activity in Thailand remains depressed for an extended period.
- The precarious nature of Thai politics presents risks for sponsors in the initial phases of a project's life cycle, and this has the potential to cause delays.

INDUSTRY FORECASTS

Construction And Infrastructure Industry Forecast Data (2014-2017)				
	2014	2015	2016	2017
Construction industry value, RM billion	33.25	35.7	39.2	42.35
Construction Industry value, % of GDP	2.5	2.4	2.4	2.4
Total capital investment, RM billion	356.79	389	429.52	471.13
Total capital investment, % of GDP	26.61	26.53	26.39	26.26
Construction industry employees as % of total labor force	4.78	4.86	4.94	5.03
Cement production (including imported clinker), tons	51,171,466	53,759,423	56,386,419	59,084,402
Cement consumption, tons	53,404,291	56,373,661	59,402,213	62,510,775

Thailand's construction and infrastructure sectors are still affected by the political turmoil that gripped the country since November 2013. Latest data from the Thailand National Economic and Social Development Board show that the country's construction sector contracted in real terms by 3.2% year-on-year (y-o-y) in the second quarter of 2014, compared with real growth of 5.0% y-o-y in the same quarter of 2013. Thailand's construction sector is forecast to contract by 3.8% in 2014, but achieve real growth of 2.2% in 2015. This improvement in the near-term outlook for Thailand's construction sector is primarily due to greater political and policy certainty. In August 2014, the military junta, the National Council for Peace and Order (NCPO), appointed a legislative body - the National Legislative Assembly (NLA) - and formed an interim government, with its leader, General Prayuth Chan-ocha, as interim Prime Minister. The military junta has also been actively clearing the country's project application backlog and this could support a turnaround in fixed asset investment. However, BMI believes that the long term outlook for Thailand's infrastructure sector is still very uncertain and sees significant scope for further project delays, revisions and cancellations.

MAJOR PROJECTS

Project Name	Value (RM mil)	Size	Unit	Timeframe Start	Timeframe End	Status
Suvarnabhumi Airport Expansion Project, Phase 2	6,650	60	mil passeng er/yr	2015	2017	At planning stage
Private jet terminal, Chiang Mai International Airport	7	8,500	sq. m	-	-	At planning stage
Suvarnabhumi Airport Expansion Project, Phase 3	7,000	75	mil passeng er/yr	2016	2021	At planning stage
Suvarnabhumi Airport Expansion Project, Phase 4	11,567.5	90	mil passeng er/yr	2022	2032	At planning stage
Second state-run airport, Koh Samui	220.5	-	-	-	-	Feasibility studies/EIA underway
Suvarnabhumi International Airport (Third runway)	1,435	-	-	2015	2018	Feasibility studies/EIA underway
Pak Bara deep-sea port, Satun Province	1,435	800,000	TEU	-	-	At planning stage
Bangkok Mass transit system - Purple Line Extension Project	8,758.05	17	km	-	2016	At planning stage

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(Tao Poon - Rat Burana)						
Phuket Airport Rail Link Phase 1	-	76	km	2011	-	Feasibility studies/EIA underway
Bangkok Mass transit system - Dark Green Line 2nd phase (Mo Chit - Saphan Mai section)	3,542	12	km	2012	2017	Approved
Bangkok-Nakhon Ratchasima (Korat)-Nong Khai high-speed railway line	21,678.27	615	km	-	2015	At planning stage
Bangkok-Phitsanulok-Chiang Mai High-Speed Railway Line Project	42,358.23	745	km	-	2022	Feasibility studies/EIA underway
Bangkok-Hua Hin High-Speed Railway Line Project	13,571.08	225	km	-	2018	Feasibility studies/EIA underway
Bangkok-Pattaya-Rayong High-Speed Railway Line Project	10,991.05	220	km	-	2022	Feasibility studies/EIA underway
Ban Phai-Nakhon Ratchasima High Speed Railway Line, Northeast Thailand	18,605.3	256	km	-	2018	Feasibility studies/EIA underway
Bangkok Mass Transit System - Pink Line (Khae Rai - Pak Kret - Min Buri section)	6,402.9	34.5	km	-	-	At planning stage
Bangkok Mass Transit System - Yellow Line (Lat Phrao - Bang Kapi - Samrong section)	5,242.65	30.4	km	-	2018	Feasibility studies/EIA underway
Bangkok Mass Transit System - Orange Line (Bang Kapi - Bang Bamru section)	-	37.5	km	-	-	At planning stage
Bangkok-Hat Yai High-Speed Railway Line Project	-	-	-	-	2022	In tender/Tender launched
Cross-border railway link (Ban Phu Nam Ron [Kanchanaburi] - Map Ta Phut)	3,150	-	-	2013	2020	At planning stage
Monorail Line - Brown Line (Khae Rai to Lam Salee)	4,900	21.6	km	-	2021	Approved
Phuket Airport Rail Link Phase 2	-	77	km	-	-	Feasibility studies/EIA underway
Phuket Airport Rail Link	5,600	153	km	-	-	Feasibility studies/EIA underway
Railway Line Expansion Project (Nong Khai [Thailand] - Thanalaeng Railway Station in Central Vientiane [Laos]) - Phase II	77.35	-	-	-	2014	At planning stage
Track renewals and earthworks enhancement programme	651	1,200	km	2014	2017	At planning stage
Thailand High speed train (Nong Khai - Map Ta Phut)	35,980	737	km	2015	2021	Approved
Thailand High speed train (Chaing Khong - Ban Phachi)	42,700	655	km	2015	2021	Approved
HatYai-Sadao Intercity Motorway PPP project, Southern Thailand	1,050	47.2	km	-	-	Feasibility studies/EIA underway
Intercity Motorway project	5,028.73	96	km	2013	2015	At planning stage

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(Bang Yai district [Nonthaburi province] - Kanchanaburi province)						
Intercity Motorway Expansion Project (Kanchanaburi province - Ban Nam Phu Ron)	-	70	km	-	2015	Feasibility studies/EIA underway
Intercity Motorway project (Kanchanaburi - Ban Phu Nam Ron border checkpoint)	1,119.09	-	-	-	-	At planning stage
Gas-fired power plant, Hemaraj Industrial Estate, Chon Buri	560	120	MW	2012	2016	At planning stage
Two 120MW gas fired power plants, Bangkok Industrial Park, Pathumthani	1,120	240	MW	2012	2015	In tender/Tender launched
North Bangkok power plant, Bang Kruay facility	2,450	800	MW	-	2015	Announced
Two power plants, Sri Racha premise	-	220	MW	2011	-	Approved
TJ Cogen power project, Pathum Thani	574	120	MW	-	-	Feasibility studies/EIA underway
North Bangkok Gas-Fired Power Plant, Nonthaburi Province	-	800	MW	2012	2015	Approved
Chaiyaphum solar (PV) power plant	462	27	MW	2012	2012	Announced
Roi Et solar (PV) power plant	206.5	12	MW	2012	-	Announced
Khon Kaen solar (PV) power plant	686	40	MW	2013	-	Announced
Lopburi Biomass plant	-	9.8	MW	2011	-	Announced
Bureerum I,II,III solar power plants	-	22.5	MW	-	-	Announced
Surin I,II,III solar power plants	-	22.5	MW	-	-	Announced
Six IPP gas-fired 900MW power plant projects	37,800	5400	MW	-	2021	At planning stage
Coal-fired power plant, Krabi	6,765.5	800	MW	2014	2019	At planning stage
Unit 14 generator of Mae Moh coal-fired power plant, Lampang	4,116	560	MW	2013	2017	In tender/Tender launched
LNG Fuelled Power Plant, Dawei Maritime Hub Project - Phase I	-	280	MW	-	2014	At planning stage
Transmission line from Xe Pian Xe Namnoy	871.5	410	MW	-	2018	Approved
Bangkok waste-to-energy project, Nong Khaem	84	9.8	MW	-	2014	At planning stage
Prachuap Khiri Khan to Surat Thani and Phuket Transmission Line	6,720	500	kV	-	2019	At planning stage
Transmission line project from Bang Saphan district to Surat Thani and Phuket	6,720	500	kV	-	2019	At planning stage
Waterfront residential and hotel project, Bangkok	1,400	-	-	2014	2017	At planning stage

INFRASTRUCTURE AND CONSTRUCTION PLAYERS

CH Karnchang Public Company Limited (CH Karnchang) was established in 1972 and is a general contractor and constructor. CH Karnchang's principal activities are undertaken for government agencies, state enterprises and private entities in the form of main contractor, subcontractor or via joint venture or consortium. The company now maintains operations across various countries in the Asia region and owns stakes in several major infrastructure and utility companies in Thailand and South East Asia.

Siam Cement (SCG) is Thailand's largest industrial conglomerate and partly owned by the Thai royal family. SCG is divided into major business units, which include chemicals, paper, cement, building materials and distribution. It is Thailand's biggest producer of cement and a major player in the petrochemical, paper and packaging markets. The company has a major international presence.

Italian-Thai Development (ITD) is one of Thailand's leading construction companies and undertakes a diverse portfolio of activities, including mass-transit systems, airports, buildings, dams and tunnels, highways, bridges and expressways, industrial and power plants, ports, jetties and dredging. ITD maintains interests across South East Asia and has been increasingly seeking new markets such as India, Bangladesh and Mozambique.

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