

EEC Newsletter

EASTERN ECONOMIC CORRIDOR OFFICE (EECO)



Driving Future Mobility

From the Detroit of Asia to the Innovation Base of Future Mobility

For half a century, Thailand has been the powerhouse of Asia's automotive industry, supported by a deep base of some 2,500 parts suppliers. It remains ASEAN's largest vehicle producer and among the world's top dozen, building about 1.46 million vehicles in 2025, roughly two-thirds of them for export. Yet the picture is changing on two fronts at once. Output has eased from around 2 million units in 2019 to about 1.46 million in 2025, and the technology of the car itself is being redefined. The "Detroit of Asia" was built on the combustion engine, but the value of a modern vehicle is migrating toward parts Thailand does not yet make.

The question this raises is uncomfortable but clarifying: a country can assemble more cars than any of its neighbours and still capture a shrinking share of what each car is worth, because the value has moved upstream, into the battery, the power electronics and the software. This issue sets out why that gap, far from being a weakness, is the clearest automotive investment opportunity in the EEC, and why two forces, a global supply-chain shift and a closing incentive window, make the moment to act on it now.

Where the Value Has Gone

The electric vehicle is not one technology but a spectrum: from hybrids (HEV) and plug-in hybrids (PHEV) that still carry an engine, to fully battery-electric cars (BEV) and hydrogen fuel-cell vehicles (FCEV). The market has now tipped: roughly one in four new cars sold worldwide in 2025 was electric (about 21 million vehicles). That share is on course to reach about half of all new cars by 2035, driven now by cost and policy rather than subsidies. For a manufacturing country,

the more telling shift is where the money sits. In an electric car, the battery, the electric motor and the power electronics together account for more than half the vehicle's value, and software is fast becoming a product in its own right, turning the car into something closer to a smartphone on wheels. These are precisely the parts an assembly hub has historically imported.



A Supply Chain on the Move

There is a second force at work, and it is moving fast. Today, roughly 80 to 90 percent of the world's battery cells and key materials are made or refined in a single country. Tariffs, export controls and the plain risk of depending on one geography have made that concentration untenable for global carmakers, who are now urgently building a second production base outside China, a strategy the industry calls "China+1". Southeast Asia, led by Thailand, is the priority destination for the assembly, the cells and the components moving out. For Thailand, the relocation is more than a tailwind: it is a once-in-a-generation chance to rebuild its automotive industry around the new, higher-value pools rather than the ones that are commoditising. That supply-side shift meets a demand-side one on Thailand's doorstep. ASEAN is a market of some 680 million people, buying around 3.5 million vehicles a year, and its EV adoption is rising faster than almost anywhere: electric-car sales across Southeast Asia more than doubled in 2025, led by Thailand. A car built in the EEC therefore serves two markets at once:

the global export base Thailand has long supplied, and a regional market arriving at its own inflection point. For an investor weighing where to place a China+1 plant, that combination, a relocation push and a regional-demand pull under one roof, is what distinguishes Thailand from a purely export-oriented alternative, and it is why localizing here compounds a long-term bet rather than stranding it.



Thailand's Strength — and the Upstream Gap

Thailand brings a rare foundation to this moment. It has over fifty years of manufacturing heritage and a skilled workforce; some 2,500 suppliers spanning Tier 1 to Tier 3; world-class logistics anchored by the Laem Chabang deep-sea port and U-Tapao airport; and a domestic EV market already at scale, with more than 430,000 battery-electric vehicles now on Thai roads at prices on par with petrol cars. In vehicle assembly and commercial vehicles it is not emerging but established as the region's leading production hub. But strength in assembly is not the same as strength in value. Battery cells, power electronics, electric motors and EV-grade semiconductors are still largely imported, and connected-vehicle software remains at an early stage. That is the upstream gap, and as in any value chain, the gap is where the opportunity is largest. The aim is not to assemble more cars, but to keep more of each car's value in Thailand.



Why the EEC Is Built to Close the Gap

The EEC exists to turn exactly this kind of gap into an investment case. Eight investment verticals are open across the corridor, from battery packs and modules, electric motors and power electronics, to battery materials and recycling, and connected-vehicle software. The economics are deliberately favourable: alongside one of the most generous national EV incentive packages in Asia, the EECO offers its own corporate income-tax exemption of up to fifteen years, duty-free import of machinery, and EEC One Stop Service (EEC-OSS) for permits and visas. To close the talent gap, EECO's Human Resource Development model shares the cost of workforce training with investors on a 50:50 basis and works hand in hand with Thai universities to build the engineers and technicians an electrified industry needs. Around this sits the corridor's physical spine of deep-sea port, airport, motorway and rail, which already makes Thailand a competitive base for export-oriented manufacturing.

Already Building Here

The case is not theoretical. In June 2026, the EECO convened government, industry, academia and innovators for a sectoral deep dive on the next-generation automotive industry. Among the carmakers already

invested in the corridor are names drawn from every major automaking tradition.

Toyota — present in Thailand for more than fifty years, is localizing electrified components such as battery assembly, power control units and motors, building supplier engineering skills through its in-house training centres, and pursuing a multi-pathway strategy (hybrid, plug-in, battery and fuel-cell) that carries the existing supply chain through the transition.

BYD — the Chinese EV leader, chose the EEC for its first wholly-owned passenger-vehicle plant outside China, an integrated complex assembling cars alongside key components such as batteries and electronics. Drawing on a largely Thai workforce, it uses the corridor as an export springboard into ASEAN and beyond, a template for the very China+1 investment the EEC is courting.

MG (SAIC) — among the first to bring affordable electric cars to Thailand more than a decade ago, helped open the mass market and built local assembly in the corridor. It has invested in the public charging network and in establishing the fast-charging standard now common across the country, bringing battery-electric models within reach of mainstream buyers.

BMW — manufacturing in Rayong since 2000, has made Thailand a regional production and export base, assembling a range that now includes plug-in hybrids and operating local high-voltage battery assembly. As its line-up electrifies, it continues to deepen sourcing from Thai suppliers, anchoring premium-segment automotive value in the corridor.

Around these carmakers, the supporting ecosystem is taking shape: a national automotive and tyre testing centre being completed in the corridor, equipped for EV batteries, crash safety and the emerging standards for self-driving and vehicle cybersecurity, alongside a network of technology universities building the workforce the new industry will draw on.

Seizing the Opportunity

Several forces are converging at once: global carmakers are accelerating their China+1 strategies, EV demand in ASEAN is entering a new phase of growth, and the value of vehicles is shifting rapidly toward batteries, power electronics, semiconductors and software. Together, these changes mark an inflection point for Thailand's automotive industry.

The opportunity before Thailand is not simply to assemble more cars, but to capture a greater share of the value embedded in each vehicle. With its established supplier base, export infrastructure, growing EV market and integrated investment platform in the EEC, Thailand is well positioned to move from being the Detroit of Asia to the innovation base of the region's future mobility. That shift is what the EEC is built to enable.

