EEC Economic Performance in Q4/2024 and the Outlook

Overview of EEC's Economic Situation



The economy in the second half of the year showed **Growth** compared to the same period last year.

The economic situation in the EEC during the second half of fiscal year 2024 (April-September) showed slight growth compared to the same period last year. This expansion was largely driven by a rebound in the tourism sector, marked by an increase in both visitor numbers and revenue, which had a positive effect on the region's trade and service sectors. Additionally, certain manufacturing sectors benefited from stronger export performance, driven by the economic recovery of key trading partners such as the United States, China, and the European Union. Notably, the export value of computer parts and telecommunications equipment rose in line with the expansion of the digital industry. However, exports of major EEC industrial products—such as integrated circuits, automotive components, and electronic parts—saw a decline. Furthermore, the stability of government policies and domestic political clarity remain crucial factors affecting investment in Thailand's industrial sectors, particularly in the EEC.

By the end of 2024, the economy is projected to grow at a steady rate of 2.8-3.3%*

Key drivers of this growth include accelerated government budget disbursements, the recovery of the tourism sector boosted by visa-free policies and large-scale festivals, continued progress in government infrastructure investments within the EEC, and the resurgence of consumer demand in major trading partners. However, several risks could dampen this growth, such as declining purchasing power due to high household and business debt, concerns about government stability, and the impact of international tax measures. These factors may constrain the economic expansion to below expectations.

**Based on the 2024 GDP growth forecast of 2.3-2.8% by the Office of the National Economic and Social Development Council.*

Positive Factors

affecting the expansion of the EEC

1. Accelerated government budget disbursement
2. The growth of the tourism industry has been bolstered by government policies
3. Continuous government-supportive policies
4. The initiative to allow electricity producers to directly supply clean energy to businesses in the EEC through the new Direct PPA electricity grid system

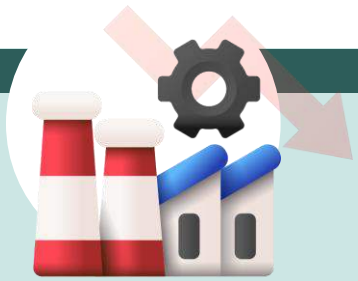
Risk Factors

that may affect the EEC economy

1. The global economy is exhibiting signs of slowing growth
2. The private sector is delaying investments due to concerns over domestic political instability
3. The rise of major e-commerce platforms from China
4. Delays in implementing tailored incentives
5. The banking sector is tightening lending practices in response to increasing NPLs
6. The European Union's implementation of the CBAM in 2026

Key factors affecting the EEC's economy

Industrial Investment

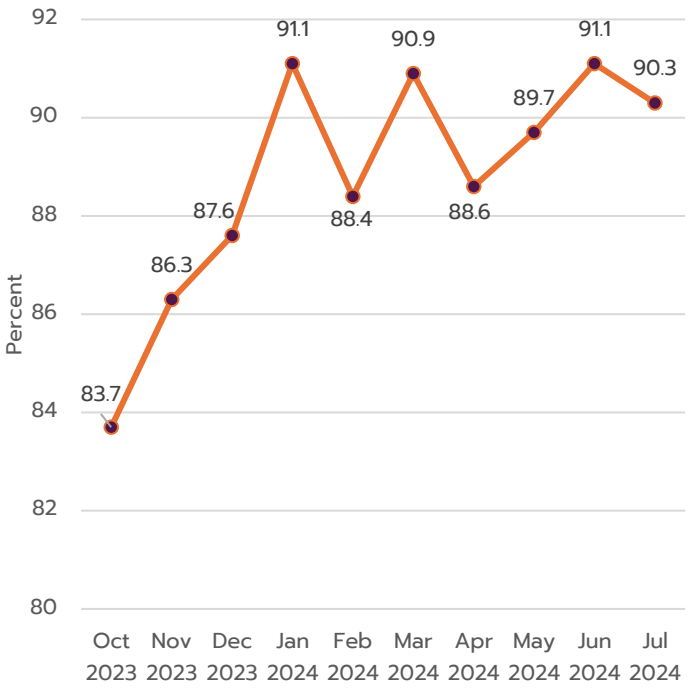


In the second half of fiscal year 2024, a slight slowdown is anticipated

due to uncertainties surrounding geopolitical conflicts and the influx of Chinese products into the Thai market. China's substantial production capacity has led to an oversupply, driving down domestic product prices and undermining the competitiveness of Thai manufacturers. This trend is reflected in the investment statistics for licensed factories in the EEC area, which show limited expansion. Additionally, the Eastern Industries Sentiment Index has declined, driven by concerns over domestic political stability and uncertainty regarding the government's economic stimulus policies. As a result, the private sector postpones their investment decisions.



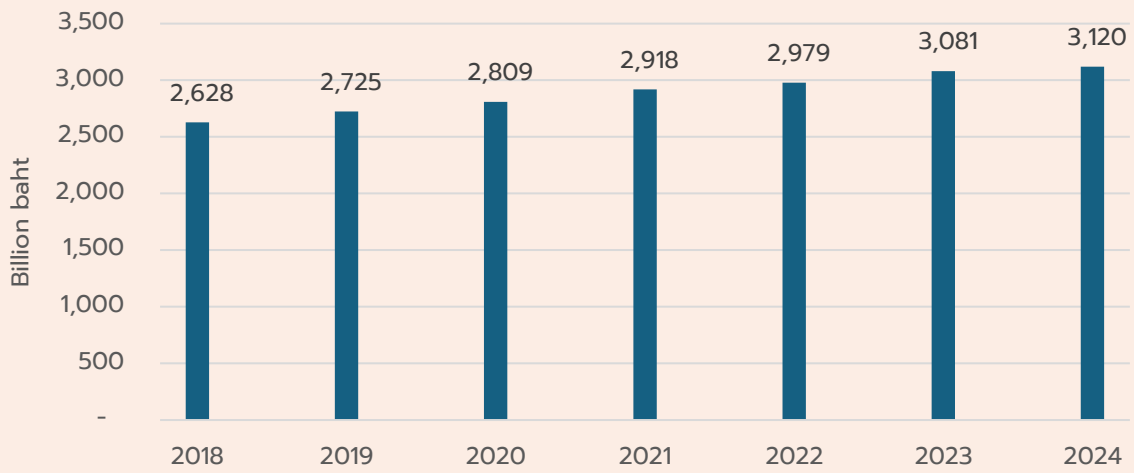
Eastern Industries Sentiment Index



Source: Federation of Thai Industries



Cumulative investment value of industries in the EEC



Note: Accumulated investment value until July 2024

Source: Department of Industrial Works (Thailand)

Key factors affecting the EEC's economy

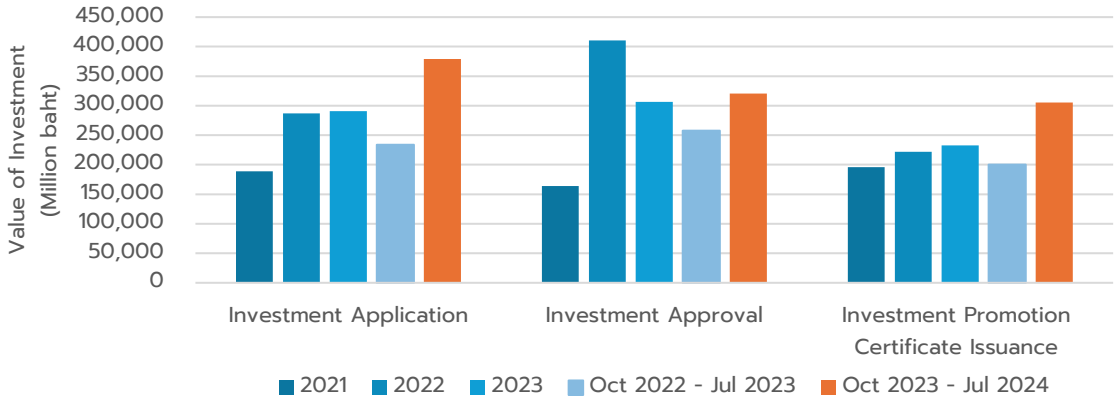
Industrial Investment (cont.)

The outlook



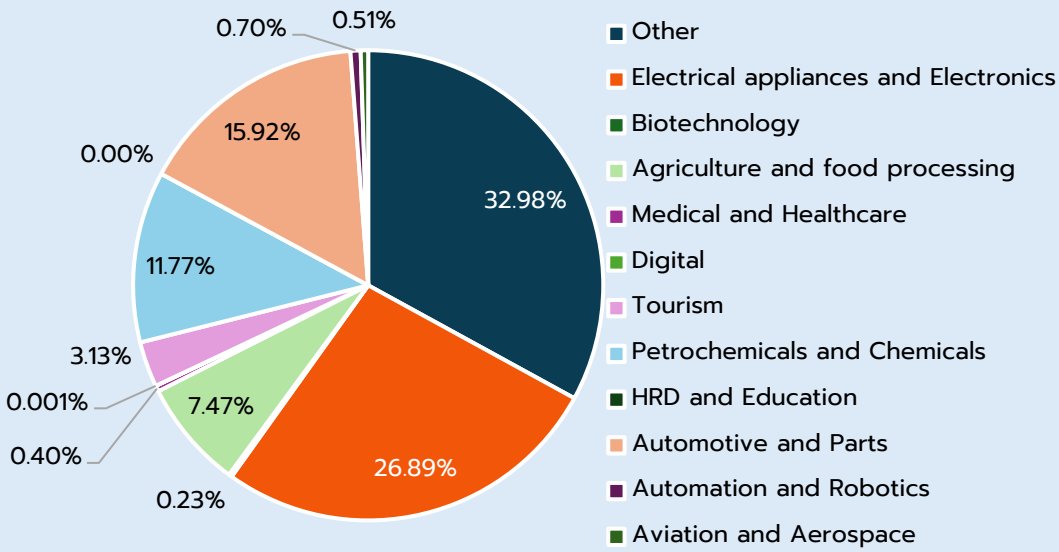
Industrial production is expected to improve, driven by supportive government measures such as the EV3.5 subsidy and the extension of the diesel price freeze, which help reduce production and transportation costs for businesses. Additionally, the positive trends in the issuance of investment promotion certificates reflect an expansion in investor interest. Continuous government budget disbursements from fiscal year 2024 have also contributed to this growth. Most investors focus on Chonburi and Rayong provinces, while Chachoengsao remains a smaller proportion in terms of investment promotion. However, the establishment of a new special economic promotion zone in Plaeng Yao District, aimed at attracting investment in industries such as modern automotive, digital and smart electronics, agricultural biotechnology, and food processing, continues to show promising signs of improvement.

Value of Investment Application, Investment Approval, and Investment Promotion Certificate Issuance in the EEC





Investment Promotion Certificate Issuance classified by target industry (Oct. 2023 - Jul. 2024)



Key factors affecting the EEC's economy

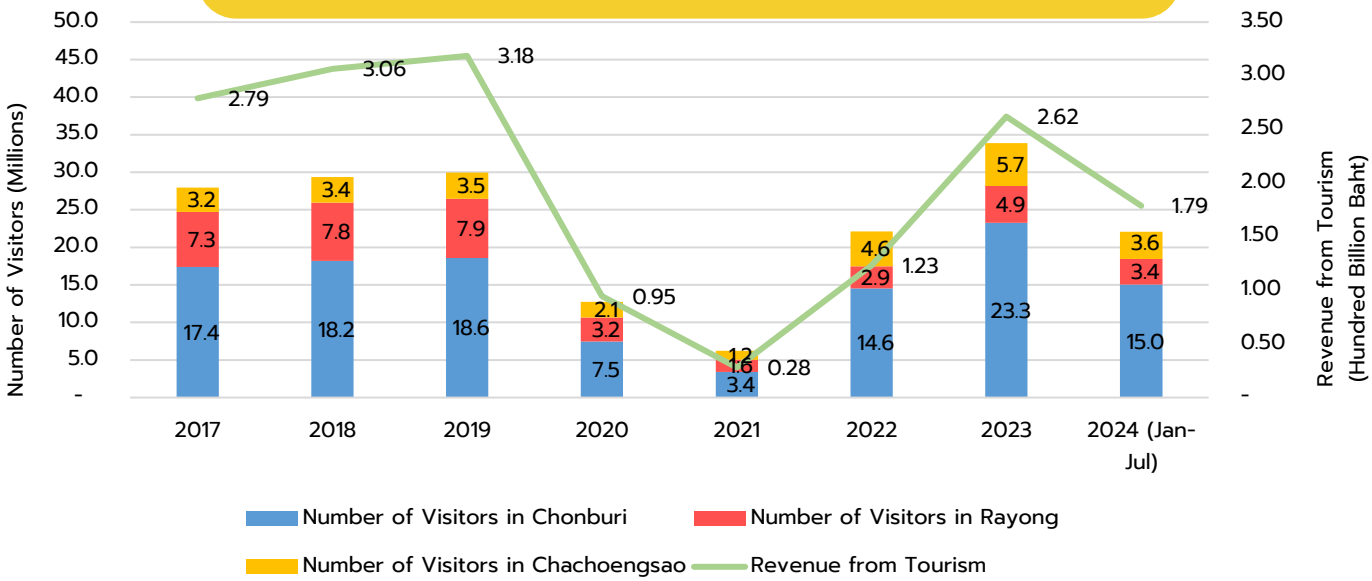
Tourism Sector



has been steadily recovering since the COVID-19 outbreak.

Between April and July 2024, the region welcomed 13 million tourists, representing a 13.81% increase compared to the same period last year. This accounted for 11.32% of the nation's total tourists and generated 102.45 billion baht in revenue, an 11.63% year-on-year increase, where Chonburi Province contributed 68.80% of the region's tourism activity. Looking ahead to the fourth quarter of 2024 and the first quarter of 2025, tourism is expected to continue growing, driven by the government's urgent tourism stimulus measures (Quick Win), aimed at boosting low-season tourism. Initiatives like the "Thai Charm Festival," which celebrates local culture through activities in five provinces, including Chonburi, and a 1.5x tax deduction for companies organizing employee training or seminars in the EEC, will further support corporate tourism. Additionally, the Chonburi International Music Festival in the Rain, scheduled for August to October 2024, is expected to attract even more visitors.

Number of visitors and revenue from tourism in the EEC



Month	Number of EEC visitors (people)			EEC tourism income (million baht)		
	Fiscal Year 2023	Fiscal Year 2024	Change (%)	Fiscal Year 2023	Fiscal Year 2024	Change (%)
April	3,098,935	3,458,056	11.59	23,614.52	26,840.58	13.66
May	2,778,622	3,198,947	15.13	21,391.56	25,280.38	18.18
June	2,746,359	3,044,886	10.87	21,571.04	24,465.24	13.42
July	2,849,114	3,356,071	17.79	22,309.37	28,761.68	28.92
Total	**11,473,030**	**13,057,960**	**13.81**	**91,781**	**102,454**	**11.63**

Source: Information on the domestic tourism situation by province, Ministry of Tourism and Sports

Key factors affecting the EEC's economy

Real Estate Investment

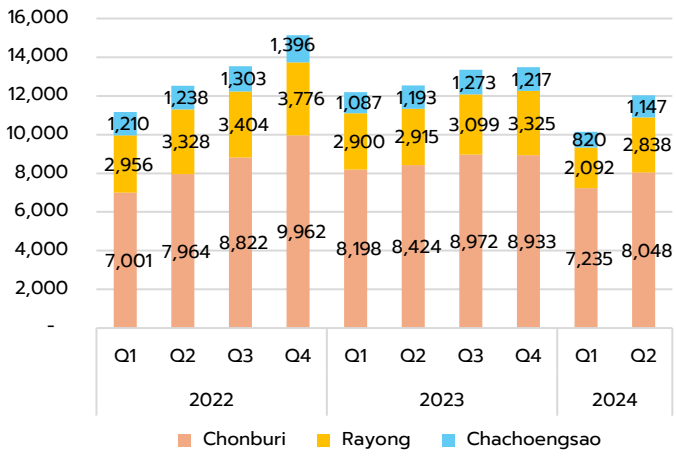


In the second quarter of 2024, there were 12,033 residential property transfers, representing a 19% increase from the previous quarter. Chonburi led with the highest number of property transfers at 8,048 units, followed by Rayong and Chachoengsao with 2,838 and 1,147 transfers, respectively. This growth was driven by government economic stimulus measures targeting the real estate sector, including a reduction in the property transfer fee from 2% to 0.01% and a 0.25% interest rate cut for housing loans over a six-month period. While lower housing loan interest rates spurred the construction of 834 new high-rise units, low-rise housing construction declined by 921 units, leading to a 0.75% contraction in the total number of newly registered housing units compared to the previous quarter. This decline was primarily due to inflationary concerns and economic uncertainty, which dampened housing supply and demand.

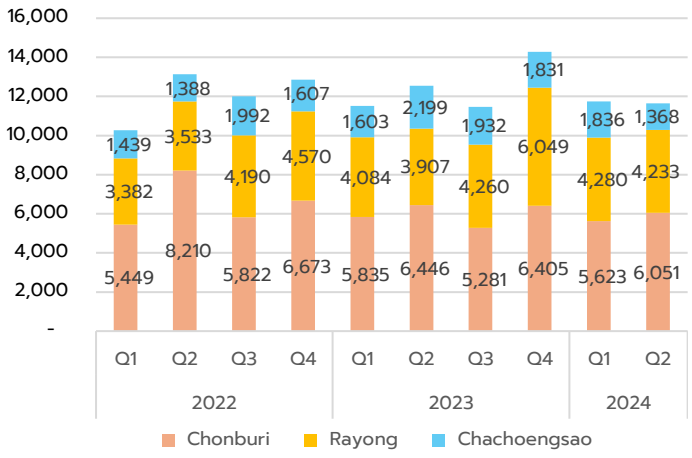


The real estate market is projected to contract further towards the end of 2024, with negative factors such as stricter loan-to-value (LTV) criteria and rising household debt. As financial institutions tighten their loan approval processes, these challenges are expected to hinder the real estate market's growth later in the year.

Number of housing ownership transfers in the EEC



Number of newly constructed and registered residential units



Source: Real Estate Information Center, Government Housing Bank

Key factors affecting the EEC's economy

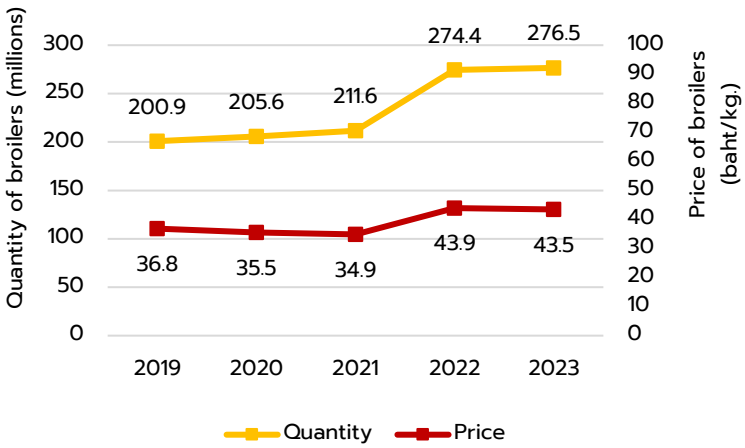
Agricultural Production

The second half of 2024 continues to show a positive trend, driven by strong domestic demand and exports to key trading partners, as outlined below:

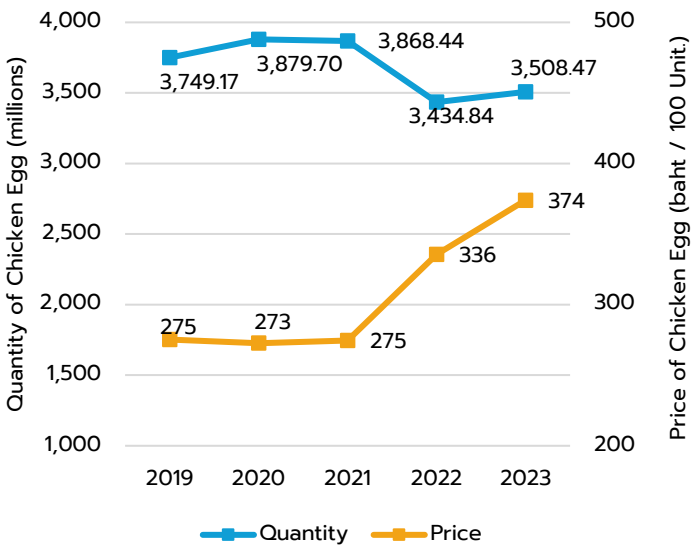


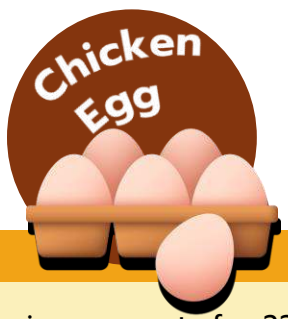
Broiler farming in the EEC area grew by 0.78 percent in 2023 compared to 2022, with production expected to keep expanding due to rising domestic demand and stronger export activity. Key factors contributing to this growth include the Middle East conflict, market expansion into Saudi Arabia, and bird flu outbreaks in China and Japan, all of which have driven up exports of fresh and frozen chicken. The average price of broilers is anticipated to remain stable or slightly increase as supply tightens due to farmers slowing production and adverse weather conditions hindering broiler growth.

Quantity and price of broiler in the EEC (2019-2023)



Quantity and price of chicken egg in the EEC (2019-2023)





The EEC region accounts for 22.7% of the country's total chicken egg production, with Chachoengsao Province leading as the top producer nationwide. Chicken egg production is expected to expand in 2025, driven by growing domestic demand and increased exports to trading partners. Additionally, the price of chicken eggs is anticipated to rise, as high feed costs continue to pressure farmers to adjust prices in line with production expenses. Unstable weather conditions have also contributed to reduced feed intake among hens, leading to lower egg production.

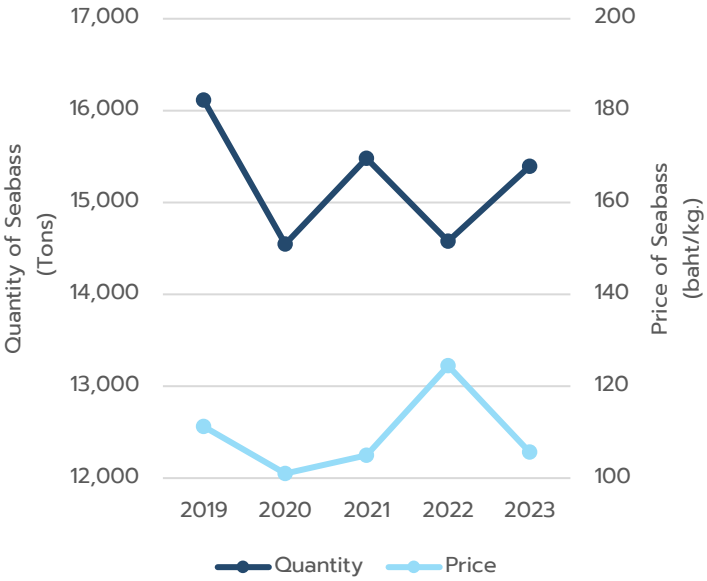
Key factors affecting the EEC's economy

Agricultural Production (cont.)

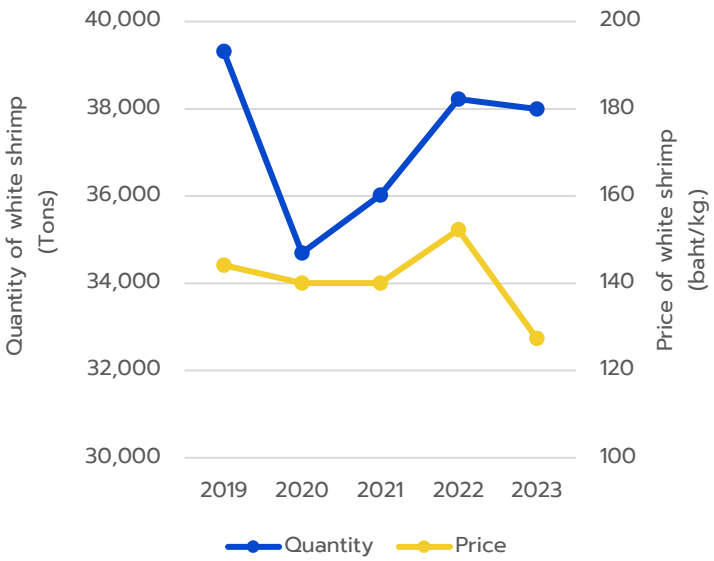


Seabass farming in the EEC area increased by 5.60 percent in 2023 compared to the previous year, with Chachoengsao Province playing a key role as a major breeding center. By 2025, production is projected to rise further, driven by strong market demand, particularly from the domestic restaurant and hotel sectors, as well as growing exports to ASEAN countries and an expanding market in China. However, despite the expected increase in production, seabass prices may remain relatively stable. This is due to the higher supply, combined with substantial seabass imports from trading partners, which could limit the price increases for farmers.

Quantity and price of seabass in the EEC (2019-2023)



Quantity and price of white shrimp in the EEC (2019-2023)





White shrimp farming in the EEC area experienced a slight decline of 0.59 percent in 2023 compared to 2022. By 2025, production is expected to decrease further due to water shortages affecting farming and small-scale farmers reducing the release of shrimp fry in response to rising animal feed costs. Shrimp prices are projected to increase slightly, driven by lower production and a reduction in export volume, as trading partners delay orders over concerns about potential residues in the shrimp.

Consumption

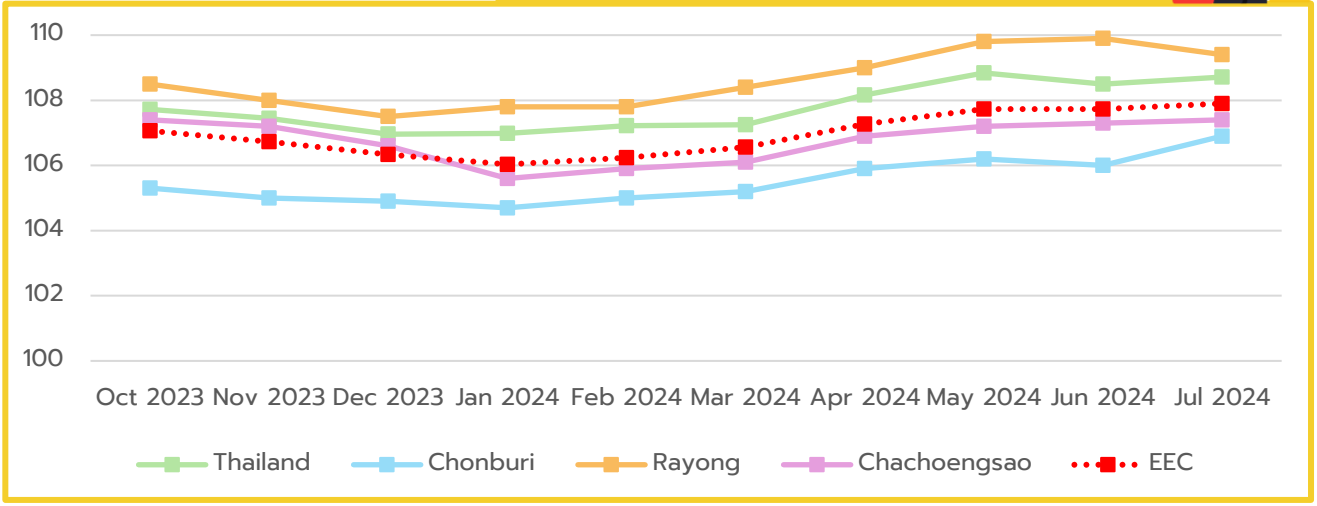


Consumption in the EEC area remained stable in the second half of the year but shows signs of a potential decline due to rising prices of food and beverages,

driven by higher fuel costs linked to global oil price trends. This aligns with the Eastern Consumer Confidence Index (April–July 2024), which has steadily declined for the fifth consecutive month, reflecting uncertainty in the country's slowing economic situation and growing concerns about the rising cost of living. However, consumption trends are expected to improve over the next six months, supported by increased government budget spending and economic stimulus measures.



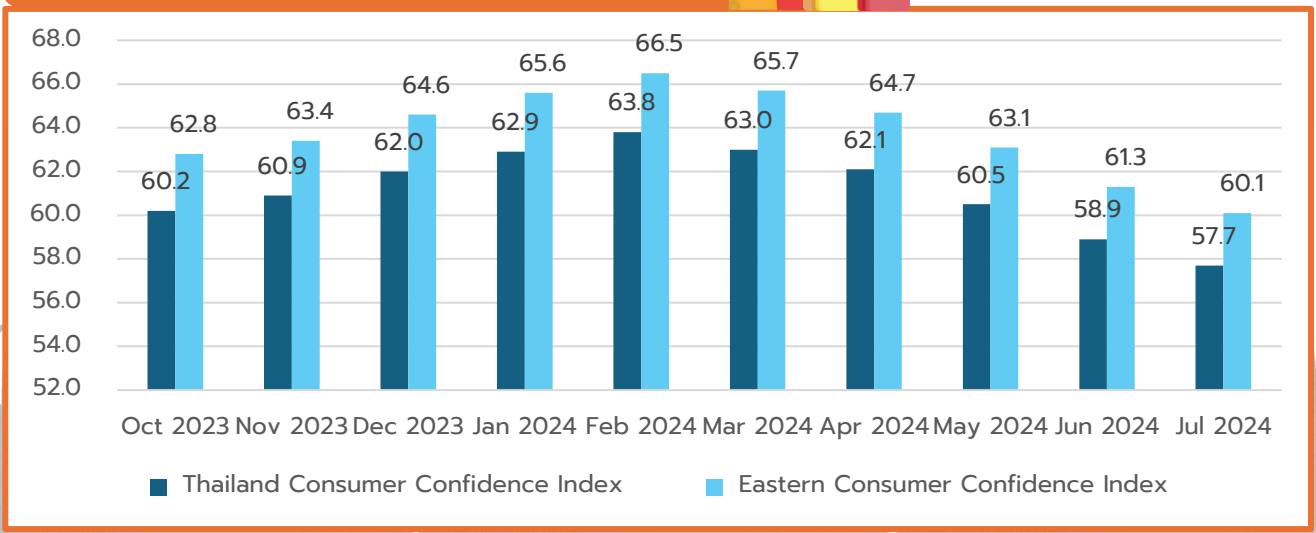
Consumer Price Index of the EEC



Source: Information from the Ministry of Commerce



Eastern Consumer Confidence Index



Source: Center for Economic and Business Forecasting, University of the Thai Chamber of Commerce

Labor Market

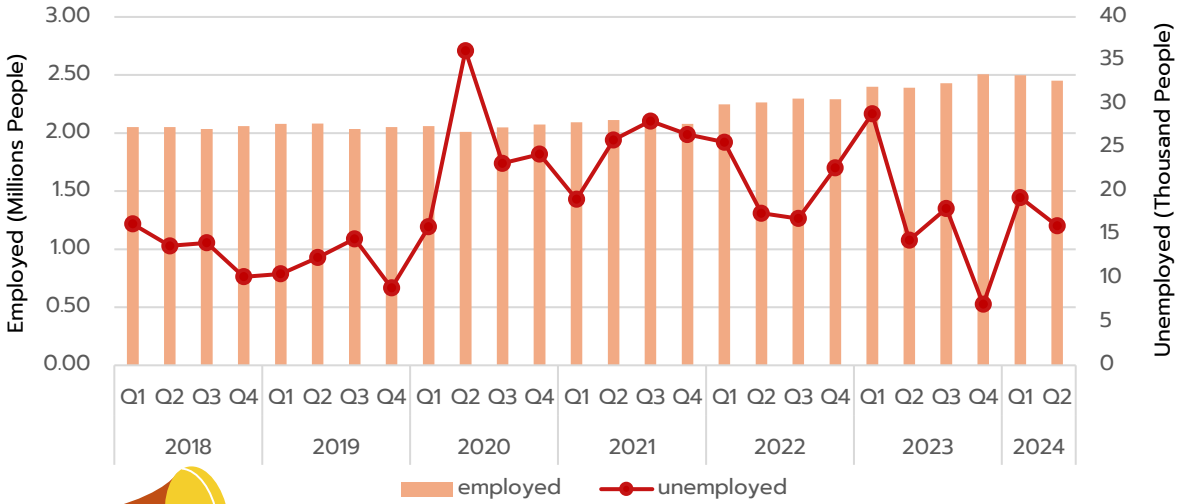
The labor market has shown improvement

with the number of employed people reaching 2.45 million, a 2.5 percent increase compared to the same period last year. Over 80 percent of employment is concentrated in five key sectors: manufacturing (36.6 percent), wholesale and retail trade (16.4 percent), hotel and food services (11.6 percent), agriculture and fisheries (9 percent), and construction (6.1 percent). The service sector added 70,000 jobs, while the industrial sector saw an increase of 86,000 jobs. However, the agricultural sector experienced a decline, losing 24,000 jobs. This shift is attributed to several factors, including the expansion of production in computer parts and telecommunications equipment, which has improved in line with export growth, and the boost in tourism driven by the Songkran festival. Meanwhile, adverse weather conditions and persistently high agricultural production costs have negatively impacted employment in the agricultural sector.



Most of the increase in employment has been among workers with primary, lower secondary, and upper secondary education, growing by over 100,000 people, while those with vocational education increased by 2,000. Conversely, the number of workers with higher education decreased by more than 19,000. **This highlights a mismatch between the output of educational institutions and the demands of the local labor market.**

Number of employed and unemployed people in the EEC (2018-2024)



Source: Report on the employment situation, National Statistical Office

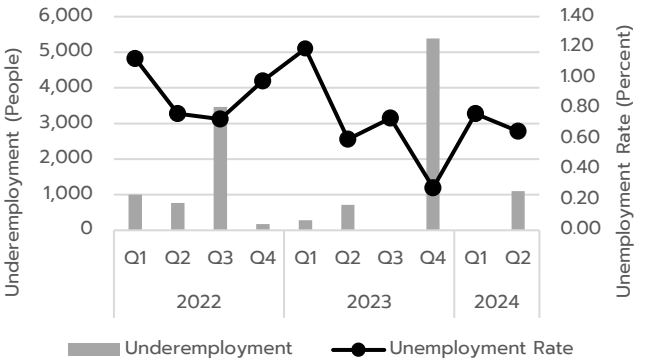


Labor Market (cont.)

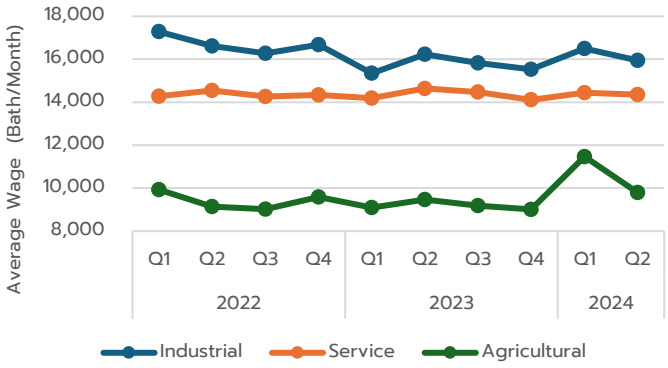


Unemployment reached 16,000, with an unemployment rate of 0.65 percent, which increases from the previous year. The average monthly wage was 15,095 baht, down by 1.20 percent due to reduced working hours. Rayong had the highest average wage at 16,728 baht, followed by Chachoengsao at 14,380 baht and Chonburi at 14,178 baht. Wages in the industrial sector averaged 15,950 baht, while the service sector averaged 14,347 baht, showing decreases of 1.70 percent and 2 percent, respectively. In contrast, the agricultural sector saw an increase, with wages rising to 9,788 baht, up by 3.40 percent.

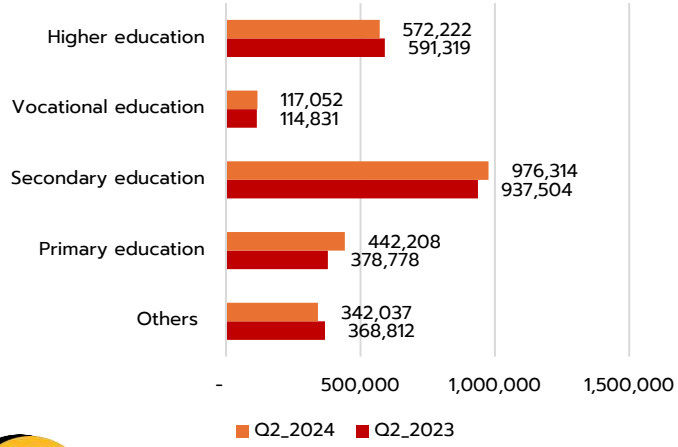
Underemployment and unemployment rate



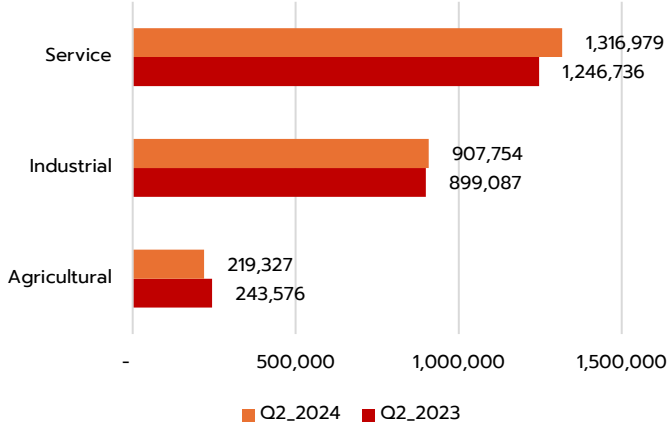
Average Wage Statistics by Economic Sector



Number of employed people classified by education level



Number of employed people classified by sector



Source: Report on the employment situation, National Statistical Office

The outlook

The labor market in the EEC area is anticipated to recover by the end of 2024. Positive indicators include growth in the manufacturing sector and increased private investment in key industries such as electrical appliances and electronics, automotive and parts, petrochemicals and chemicals, and agriculture and food processing. The rise in industrial factories receiving business licenses is expected to drive job creation, particularly for highly skilled workers. Additionally, a recovering global economy and growth in the export sector will benefit both manufacturing and employment in the region. Nevertheless, the labor market requires close monitoring of the government's policy to raise the minimum wage to 400 baht per day, effective October 1, 2024 (with current rates at 361 baht in Chonburi and Rayong, and 350 baht in Chachoengsao). The Provincial Subcommittee on Minimum Wage is currently reviewing adjustments to wages by region and business type. This wage increase may impact investment decisions and employment levels, as it could lead to higher production costs for businesses.

EEC as a driving force for the Thai economy

The development of the EEC area continues to significantly impact Thailand's overall economy.



As of 2022, the EEC provinces contribute 15.5% to the national gross domestic product (GDP), with the industrial sector leading at 70%, followed by the service sector at 27% and the agricultural sector at 3%. While the broader economic situation—particularly in industrial production and exports—has been challenged by reduced domestic demand and slower global economic growth, the tourism and service sectors, along with promising investment opportunities in targeted industries within the EEC, remain crucial drivers of national economic growth.

Key Factors Driving Economic Growth in the Region

Tourism and Service Sector Expansion



Between the third quarter and July 2024, 13 million tourists visited the EEC area, representing 11.32% of the national total. This growth is expected to persist, driven by the government's tourism stimulus measures.

Efficient Water Management Systems



The promotion of efficient and sustainable water management is crucial for maintaining stability in the production of modern industrial goods, which depend heavily on water resources.

Positive Investment Outlook in Target Industries



The number of large corporates expressing their intention to invest has increased, driven by efforts to foster a favorable investment environment. This encompasses four key factors: Land, Labor Force, Logistics (infrastructure), and Legal Frameworks (EEC Act). Additionally, adjustments in global trade policies, such as the emphasis on renewable energy (RE) in the manufacturing sector to address CBAM tax measures, further support this positive investment trend.

Infrastructure Development in the EEC



Significant progress has been made on major infrastructure projects in the EEC, including the U-Tapao Airport and Eastern Aviation City development, Phase 3 of the Map Ta Phut Industrial Port Development Project (Section 1), and Phase 3 of the Laem Chabang Port Development Project (F Pier section).