

EEC Economic Performance in Q2/2024 and the outlook for 2024

Overview of EEC's economic situation

The economy in the first half of the year expanded compared to the same period last year.

This growth can be attributed to several factors, including the expansion of the tourism sector, marked by increases in both the number of visitors and income, which has a continuous effect on the trade and service sectors in the area. Additionally, there has been a slight recovery in industrial investment from important trading partners, alongside improvements in markets for specific product groups such as electronic products and automotive parts, which are the main industrial products of the EEC. This growth follows an economic slowdown in the first half of fiscal year 2023, which was influenced by factors such as the Russia-Ukraine war and the Red Sea crisis.



EEC economic outlook for 2024 is projected to slightly expand.

Despite investment in new industries and the export sector facing slight pressure from geopolitical conflicts and a volatile world economy, **the EEC's economy is still supported by fundamental factors that are expected to drive economic expansion**, which result in the forecast for Gross Domestic Product growth in 2024 ranging from 2.2-3.2 percent (according to the Office of the National Economic and Social Development Council). **Key supporting factors include:** (1) An increase in investment in the industrial sector following the world economic expansion, along with the promotion of business investment under the BCG concept (2) Growth in the real estate sector driven by measures to stimulate the economy, such as reductions in registration fees for rights and juristic acts for residences (3) Preparations to support Ignite Thailand, a vision to drive Thailand to become a Global Industrial Hub (4) Recovery of the tourism sector due to the government's stimulus measures and Thailand's visa-free policy for foreign tourists (5) Expansion of infrastructure investment by the public sector, as well as (6) a rise in the price of agricultural products. However, there are still significant risk factors and limitations that may cause the expansion to be lower than expected, such as delay in budget disbursement, high levels of household and business debt, risks associated with drought affecting agricultural products, and uncertainties from fluctuations in the global economic and financial system, including international tax measures.

Positive factors

to enhance the EEC's economy

1. The continuous recovery of the tourism sector
2. Automotive sector supply chain readiness and the growth of the next-generation automotive (EV) industry in the EEC area
3. The continuity of various government supportive measures
4. Policy to promote and attract investment in the BCG industry, which is in line with the Global investment trend

Risk factors

that may affect the Thai and EEC's economy

1. The deceleration in key partner economies, such as China, could impact customer purchasing power and slowdown demand
2. Protectionist policies, which are likely to continue to intensify
3. Delayed government disbursement
4. The concerning ratio of household debt to GDP, which is expected to reach 91.4 percent by the end of 2024
5. Implementation of the international tax system starting in 2024 by the Organization for Economic Co-operation and Development (OECD)



Key factors affecting the EEC's economy

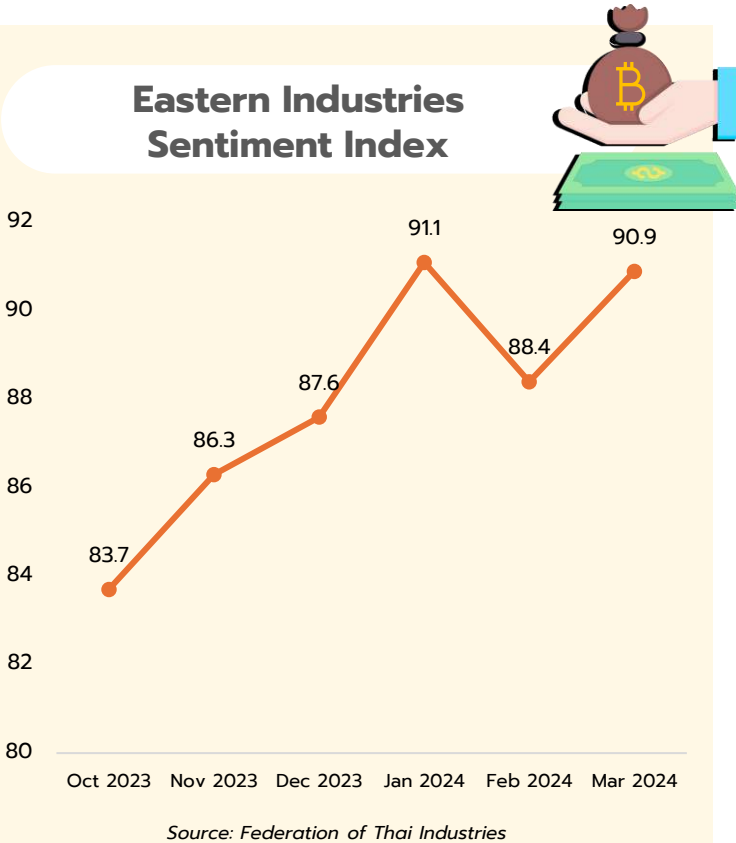
Industrial Investment



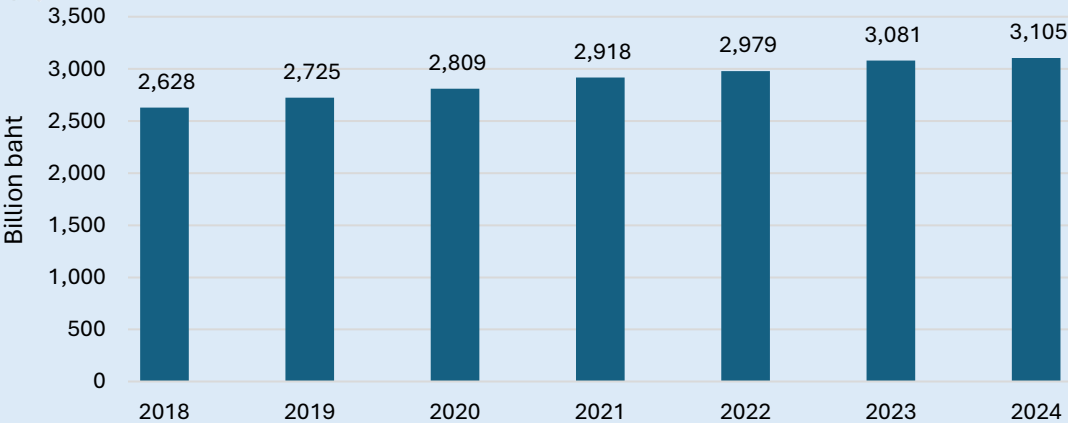
Investment in the EEC industrial sector began to recover in Q4/2023 and continued its trend to Q2/2024, although the number declined during 2021-2022 due to investors' uncertainty about the epidemic and the Russia–Ukraine war situation.

Total investment statistics for factories licensed to operate in the EEC are showing an upward trend, aligning with the world economy's gradual recovery, particularly in the export and world trade sectors. As a result, entrepreneurs will increase investment in the production of industrial goods for export, especially in key industries such as automotive and parts, electrical and electronic appliances, and agricultural and food processing. This trend is reflected in the rising Eastern Industries Sentiment Index, which increased due to manufacturers' growing confidence in domestic demand recovery and increased orders from important trading partners, partly due to Thai baht depreciation. Moreover, responses to government support policies such as the EV3.0 subsidy measure and the diesel price fixing policy that helps reduce production costs and transportation costs for operators have further spurred investment. Notably, Rayong and Chonburi are the areas with the most investment.

Eastern Industries Sentiment Index



Cumulative investment value of industries in the EEC



Note: Accumulated investment value until March 2024
Source: Department of Industrial Works (Thailand)

Key factors affecting the EEC's economy

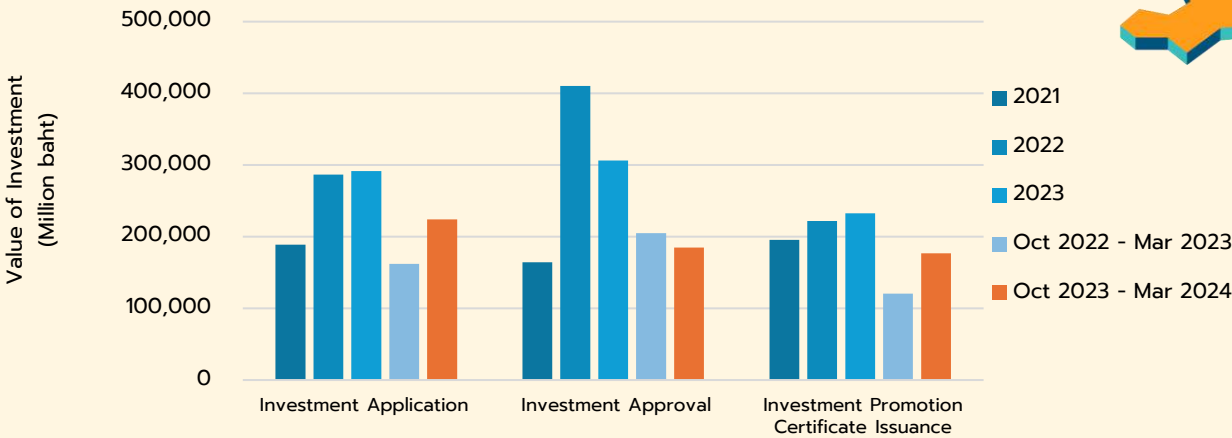
Industrial Investment (cont.)



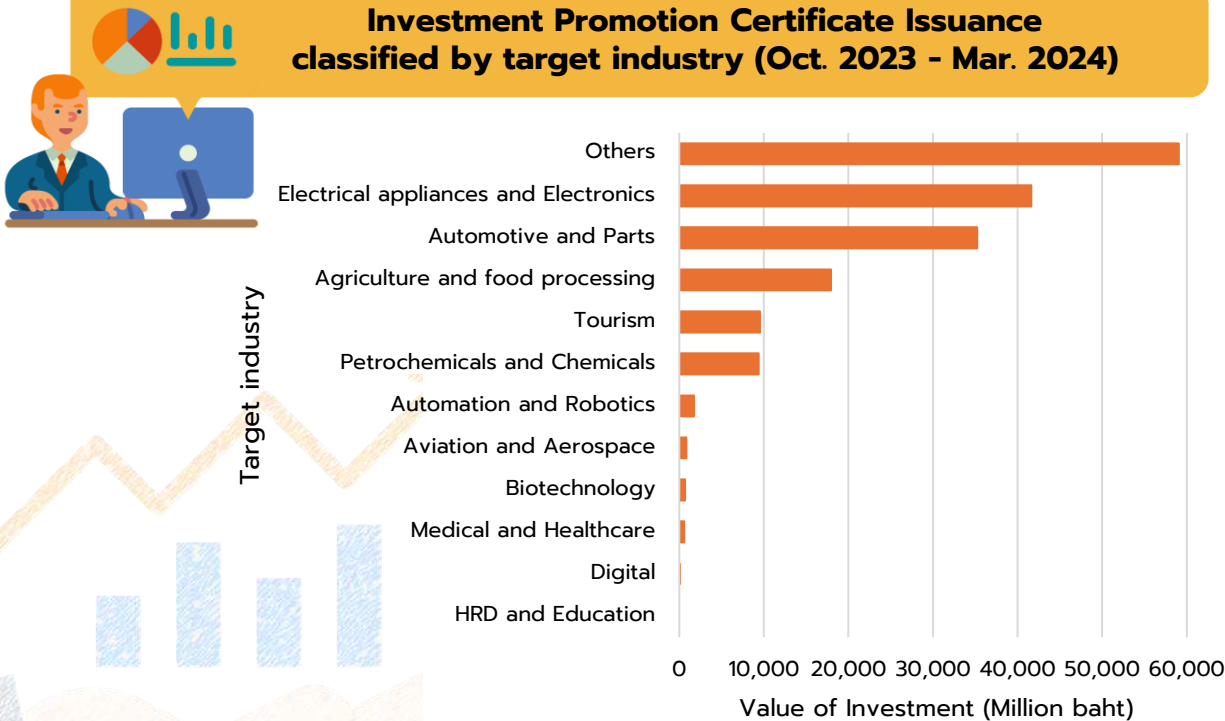
In 2024, industrial production in the EEC will expand further due to continuous government support and the search for industrial raw materials within the region (regionalization) by multinational companies. In addition, private investment is expected to grow, with good signs of increasing investment promotion certificate issuance, especially in Chonburi and Rayong. Chachoengsao has only a small proportion of the value of promotional certificates issued, mostly investing in the next-generation automotive industry.



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



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



Source: Investment promotion information, BOI

Key factors affecting the EEC's economy

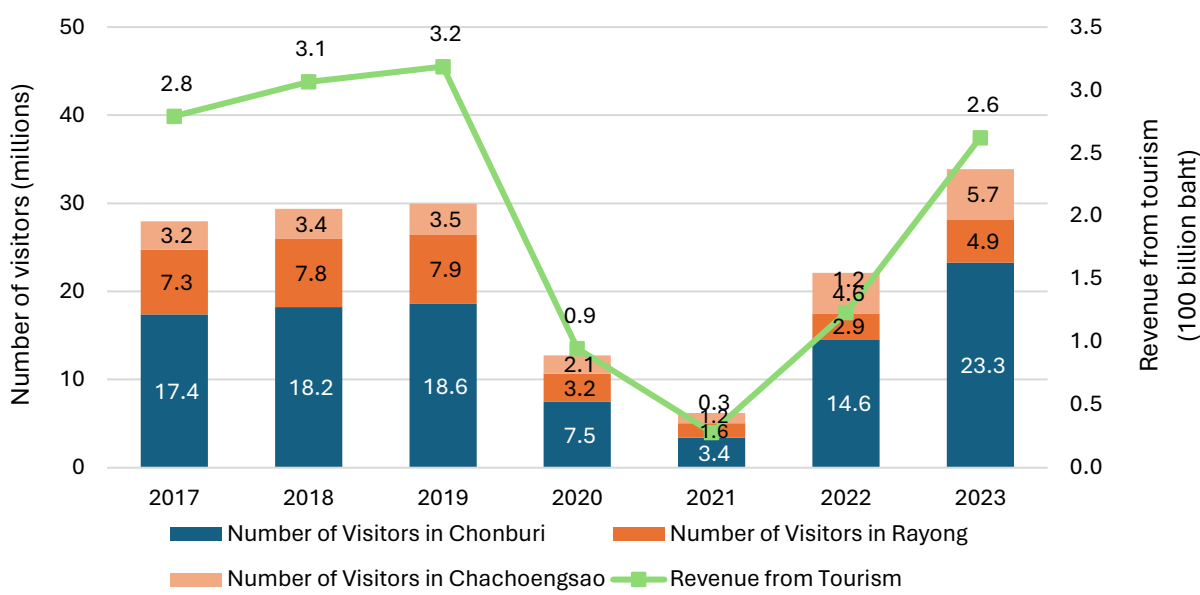
Tourism Sector



Tourism sector has begun to continuously recover after the COVID-19 outbreak.

From Q1 to Q2 of 2024, the number of tourist arrivals in the EEC stood at 14.72 million, or a 10.3 percent growth from the same period last year. This number accounts for 10.2 percent of the country. The total revenue from tourism in EEC was about 122,566 million baht, or a 43.9 percent expansion compared to the same period last year. The majority of this tourism is in Chonburi, which accounts for 68.9 percent. The trend for the whole year is expected to expand further with supporting factors from government tourism stimulus measures, specifically the visa-free policy.

Number of visitors and revenue from tourism in the EEC



Month	Number of visitors in the EEC (people)			Revenue from tourism in the EEC (million baht)		
	Fiscal Year 2023	Fiscal Year 2024	Change (%)	Fiscal Year 2023	Fiscal Year 2024	Change (%)
October	2,266,273	2,551,330	12.58	12,956	21,066	62.59
November	2,600,354	2,849,407	9.58	16,114	24,069	49.37
December	2,940,006	3,206,891	9.08	18,848	27,429	45.52
January	2,944,219	3,183,032	8.11	19,843	25,938	30.72
February	2,589,549	2,924,821	12.95	17,425	24,064	38.10
Total	13,340,401	14,715,481	10.31	85,187	122,566	43.88

Key factors affecting the EEC's economy

Real Estate Investment

In the EEC, the most real estate investment was in Chonburi, Rayong, and Chachoengsao, respectively.

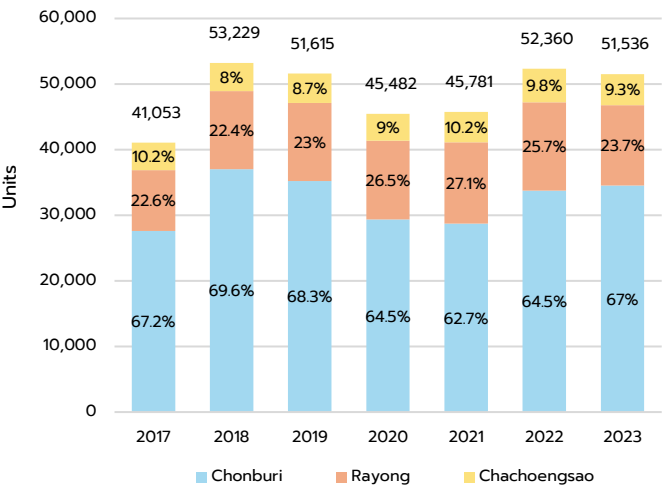


The investment situation in 2023 witnessed a decline, with the number of ownership transfers shrinking by 1.6 percent compared to the previous year and the area requesting construction permits shrinking by 3.9 percent from last year. This downturn can be attributed to a reduction in horizontal construction area, counterbalanced by an uptick in vertical construction area, particularly in high-rise buildings. Investment trends continued to contract until the first half of 2024, exacerbated by higher interest rates and concerns about inflation.

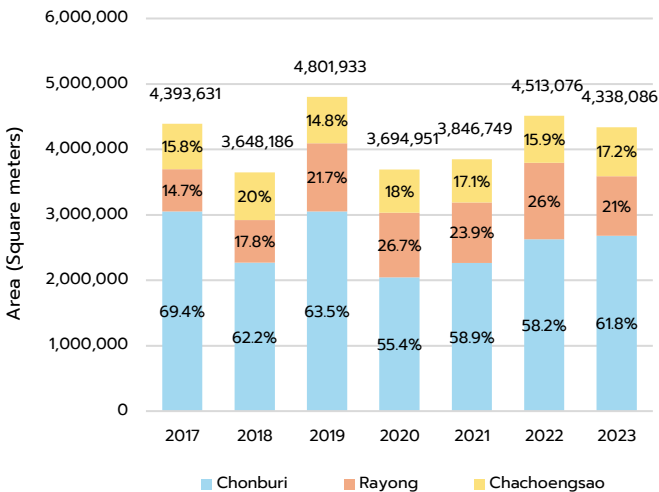
In the second half of 2024, it is expected that the real estate sector will return to growth from various stimuli aimed at bolstering economic growth. This includes initiatives to support Ignite Thailand, a vision to drive Thailand as a Global Industrial Hub, as well as measures to reduce registration fees and legal costs for residential properties. Additionally, measures such as reduced personal income tax for individuals interested in home construction, the Happy Home and Happy Life Home Loan Project, and the promotion of housing for low-income people (BOI Home Project), are expected to contribute to the sector's revitalization.



Number of housing ownership transfers in the EEC



Areas requesting permission to construct housing in the EEC



Source: Real Estate Information Center, Government Housing Bank

Key factors affecting the EEC's economy

Agricultural Production

⬆️ In 2024, there is a positive trend due to an increase in durian prices and rising demand for chicken meat both domestically and internationally.

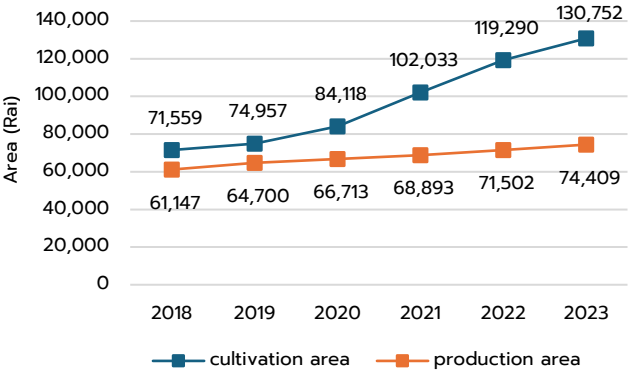


Durian

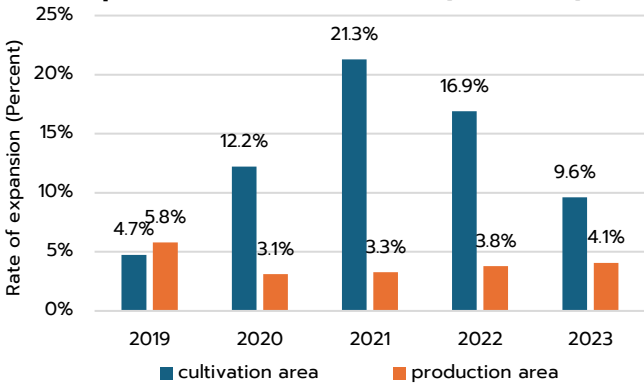
plays a significant role in the EEC economy, demonstrating a consistent rise in its export value. From 2018 to 2023, there was a notable expansion in the cultivation and production area within EEC, with Rayong emerging as the primary hub for durian cultivation.

In 2024, there is a 50 percent reduction in durian production compared to 2023, attributed to the El Niño-induced drought. Consequently, the price of durian is projected to surge by 28.8 percent in comparison to the preceding year, marking the sixth consecutive year of price escalation. This trend persists due to the sustained demand for Thai durian among both local and international consumers, notably in the Chinese market.

Durian cultivation and production areas in the EEC (2018-2023)



Rate of expansion of durian cultivation and production areas in the EEC (2019-2023)



Source: Thailand's agricultural statistics data, Office of Agricultural Economics

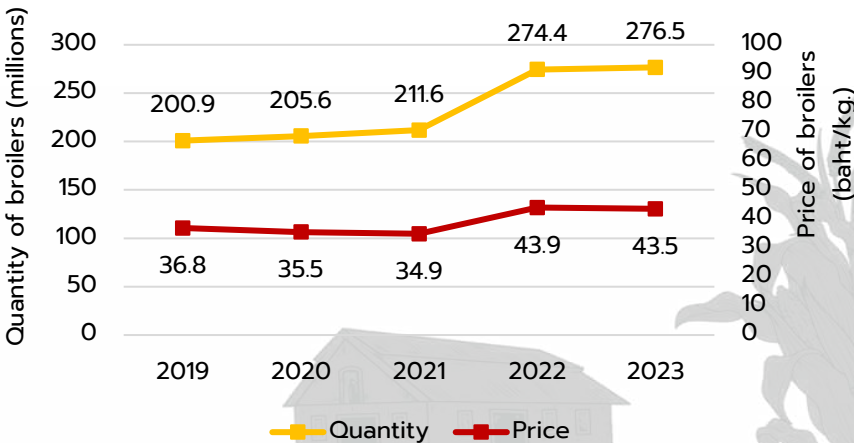
Broiler

Broilers are raised mainly in Chonburi and Chachoengsao, accounting for 13 - 15 percent of the entire country. Chonburi Province has the highest production in the EEC, ranking third in the country.



In 2024, it is expected that broiler production will increase due to a rise in domestic demand attributed to the country's economic recovery as well as an increase in export volume as trading partner economies continue to gradually recover. Moreover, the outbreak of African swine fever has influenced consumer preferences to increasingly consume chicken rather than pork. Meanwhile, the average price of broiler chickens fell slightly (by one percent) due to an increase in the amount raised.

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



Source: Thailand's agricultural statistics data, Office of Agricultural Economics

Key factors affecting the EEC's economy

Consumption

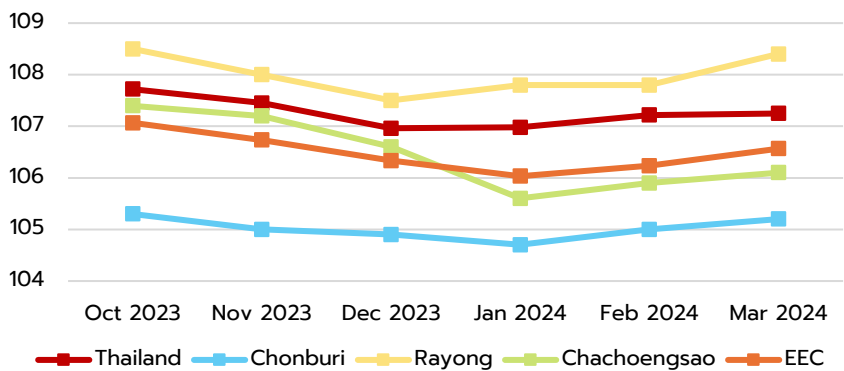
Previously, public consumption exhibited positive trends, backed by key supporting factors including, low inflation rates, especially in food and energy categories, and initiatives aimed at reducing the cost of living, notably electricity expenses. These efforts resulted in an increase in consumers' purchasing power as the Eastern Consumer Confidence Index in the first 5 months (Oct. 2023 - Feb. 2024) has improved continuously.



In 2024, it is expected that consumption will tend to decrease due to the escalating price of energy, especially gasoline, which continues to increase, causing an impact on the cost of living for people. In addition, the government policy towards floating diesel prices from April 2024 onwards is expected to lead to an increase in product prices, further exacerbating concerns regarding the slow economic recovery and the problem of high household debt.

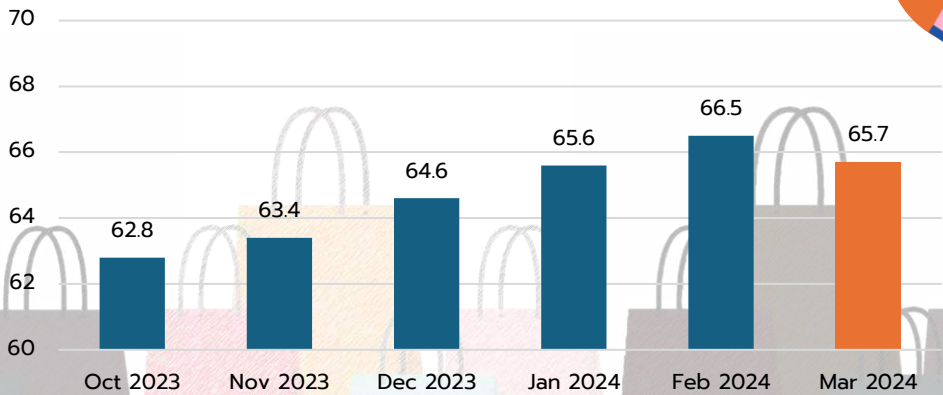


Consumer Price Index of the EEC



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

Key factors affecting the EEC's economy

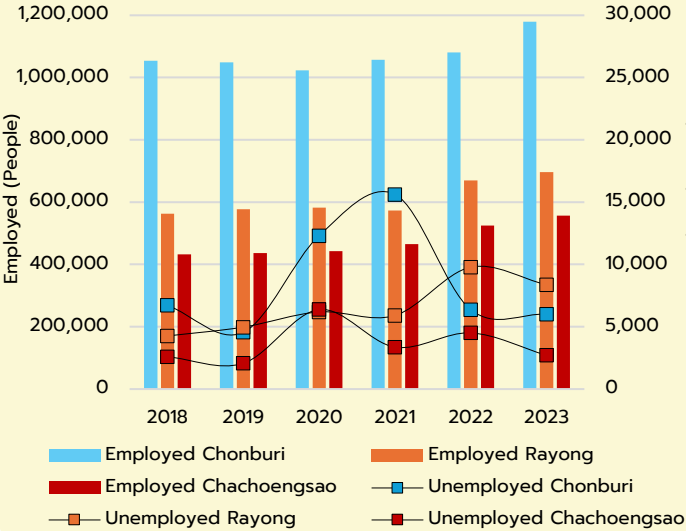
Labor Market

Overall, the labor market situation in the EEC has improved continuously.

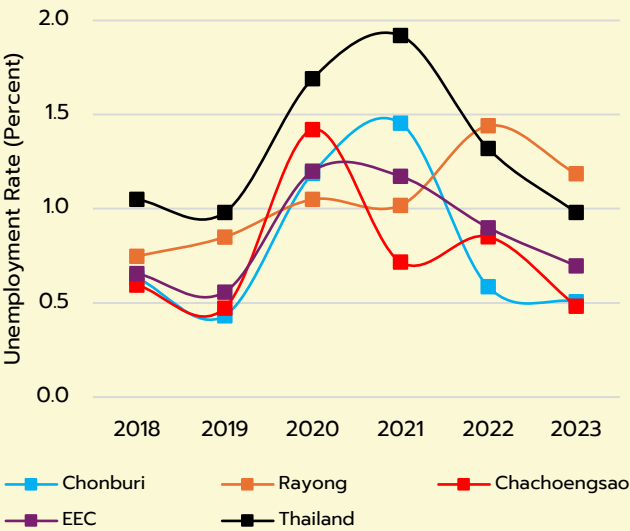
This reflects in the number of people with jobs in 2023, which totals 2.43 million people, marking an expansion compared to the period 2020-2022, with an average annual growth rate of 5.9 percent. Notably, over 74.3 percent of employed people were concentrated in 4 main fields: manufacturing (37 percent), wholesale and retail trade (17.7 percent), hotel and food activities (9.9 percent), and agriculture, forestry, and fisheries (9.8 percent). The first three fields experienced the highest increase in employed people, by more than 146,000 people compared to the previous year. This is in line with the economic recovery in the industrial and service sectors. Meanwhile, the fields of agriculture, forestry, and fisheries saw a decrease of over 28,000 people in employment, representing the highest rate of decrease among other fields, due to labor migration out of the agricultural sector, limitations in adding value to agricultural products, and product price fluctuations. The majority of the increased labor came from vocational higher education workers, with a rise of 27,000 positions from the previous year. Additionally, individuals below junior high school level increased by 82,000 positions, while those at higher education levels decreased by 19,000 positions, reflecting a mismatch between labor skills and labor market demands.

Regarding wages, excluding overtime and bonuses, there was a slight improvement across sectors. The industrial sector had an average wage of 20,176 baht per month, marking a 14.9 percent increase from the previous year. The service sector had an average wage of 16,868 baht per month, representing a 3.7 percent increase. The agricultural sector saw the highest increase in average wage at 41.7 percent, reaching 16,042 baht per month.

Number of employed and unemployed people in the EEC, 2018-2023



Unemployment rate in the EEC 2018-2023



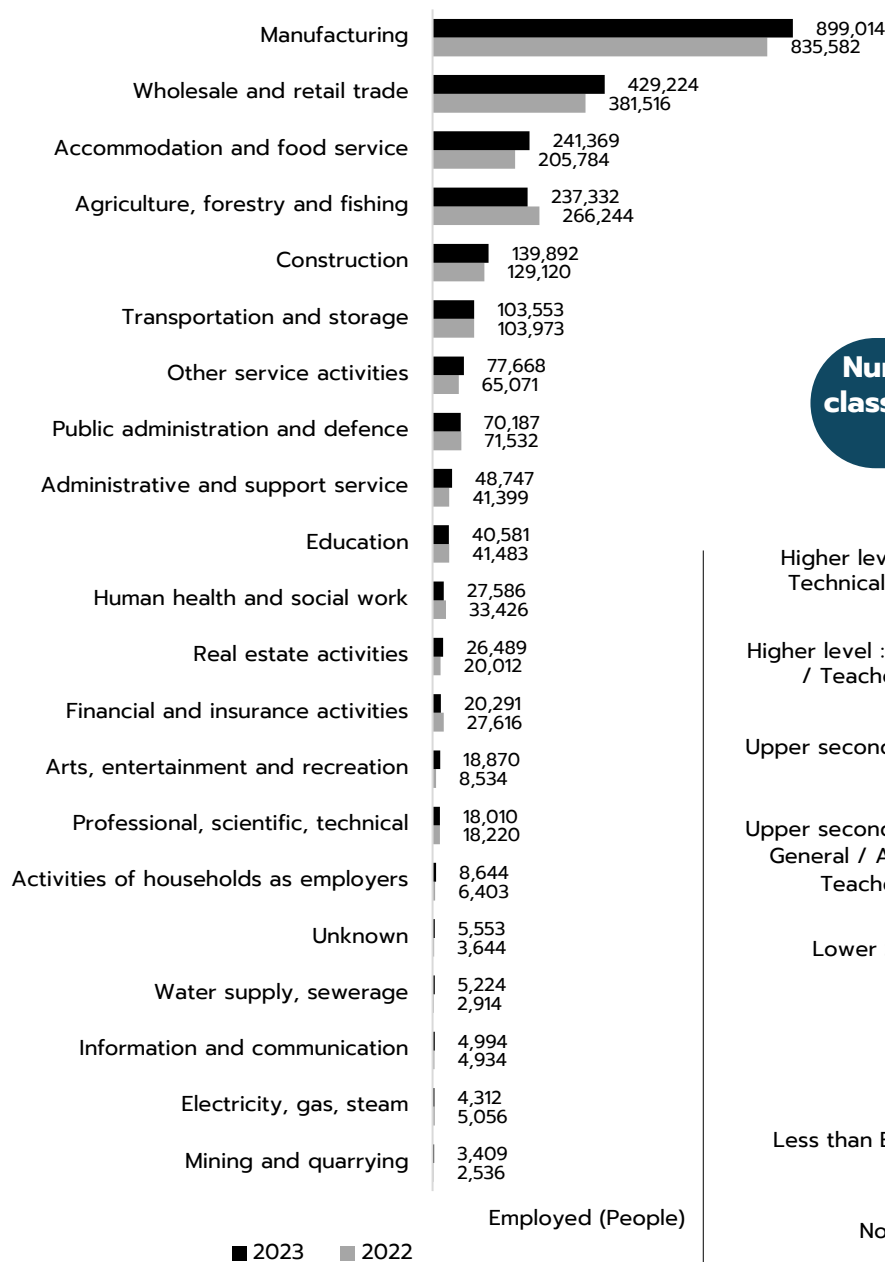
Source: National Labor Information Center, Office of the Permanent Secretary, Ministry of Labor

The labor market forecast for the EEC in 2024 is expected to continue to improve from positive signs in the tourism sector, manufacturing sector, and private investment, especially in the electronics, agriculture, and food processing industries, as well as automobiles and parts, which is a factor that drives increased employment in the area.

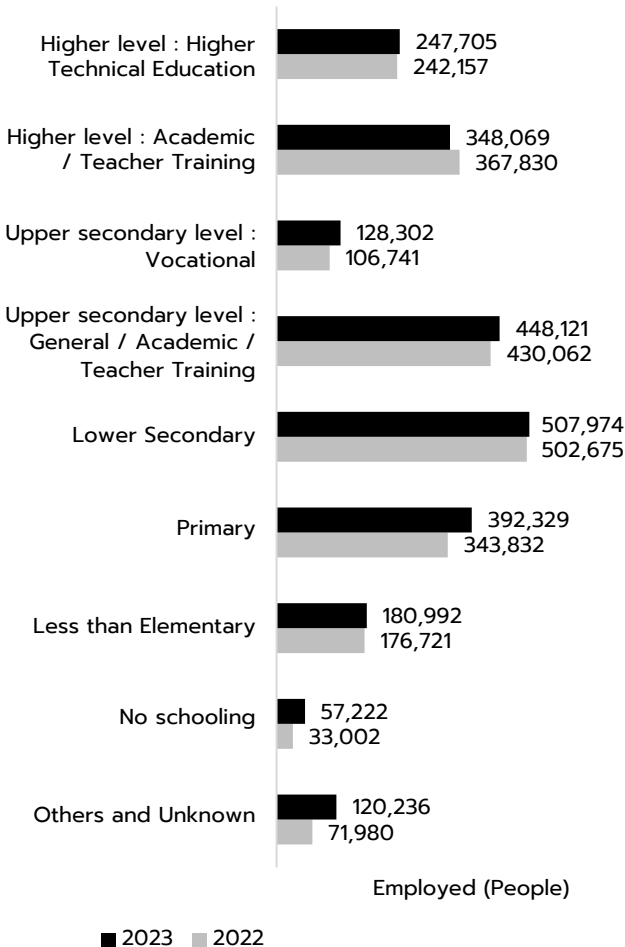
Key factors affecting the EEC's economy

Labor Market (cont.)

Number of employed people
classified by sector in the EEC



Number of employed people
classified by level of education
completed in the EEC



Source: Report on the employment situation, National Statistical Office

EEC as a driving force for the Thai economy

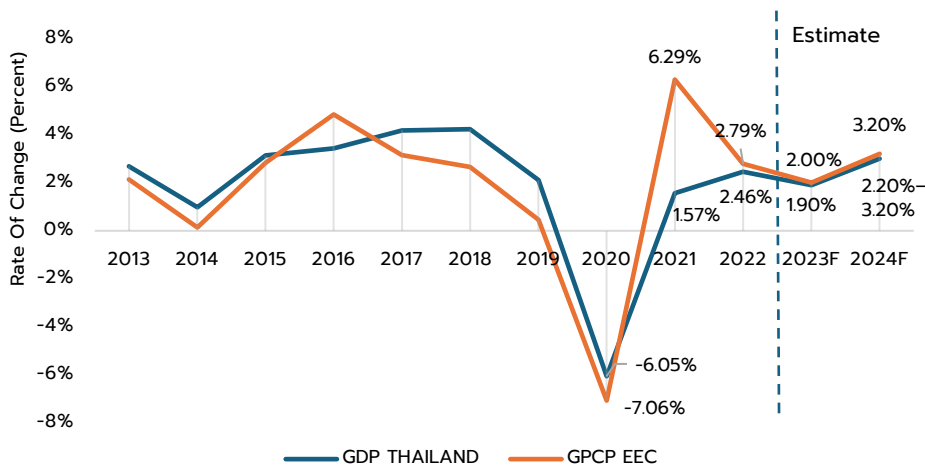


EEC has steadily bolstered its influence on the national economy.

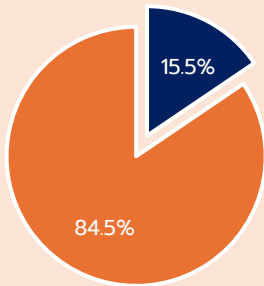
It is projected that the contribution of EEC provinces to the Gross Domestic Product (GDP) will rise from 14.6 percent in 2022 to 15.5 percent in 2023. This share comprises 70 percent from the industry sector, 27 percent from the service sector, and 3 percent from agriculture. Remarkably, the industry sector in the EEC accounts for 33.5 percent of the nation's total, the highest among all provinces. This is primarily propelled by significant industrial segments such as automobiles and automotive parts manufacturing, as well as electrical and electronic equipment production.

During 2023 and the first two quarters of 2024, the manufacturing sector experienced growth owing to government policies such as the exemption of customs duties on electric vehicle parts and the EV3.0 measures. This has led to an expansion in **production capacity to support upcoming demand**. The sector also benefits from **the construction industry in the EEC, which expands slightly**, spurred by growth in the service sector, to accommodate the expected rise in tourist numbers in 2025. Requests for hotel construction permits in Chonburi province also increased by 22.6 percent YOY. **In addition, the progress of government infrastructure projects in the EEC**, such as the Map Ta Phut Industrial Port Development Project, Phase 3, which has achieved progress exceeding 76.45 percent as of March 15, 2024, is **also enhancing the potential of the EEC to be a driving force of the overall economy**.

GDP / GPCP Growth (%)



Proportion of GPCP in 2022



■ EEC ■ Other regions