

# Country Report



On February 27<sup>th</sup>, 2018

By Thai Contractors Association under H.M. the King's Patronage

## 1. Overview of the Macro Economy and the Construction Industry

The Thai economy in the fourth quarter of 2017 is growing 4.0 percent, continuing from 4.3 percent growth in the previous quarter. Overall, Thai economy expanded by 3.9 percent, improving from 3.3 percent in 2016. Export value grew by 9.7 percent while private consumption and total investment increased by 3.2 and 0.9 percent respectively. The headline inflation averaged 0.7 percent and the current account remained in a surplus of 10.8 percent to GDP.

### A. GDP Growth

**Table 1 Growth Rate of Thailand's GDP from 2011 to 2017**

Year	GDP Growth Rate
2011	1.0
2012 r	7.4
2013 r	2.4
2014 r	1.1
2015 r	3.1
2016 p	3.4
2017 p1	3.5

Source: The Office of National Economic and Social Development Board

## B. Construction Sector Growth

**Table 2 Growth Rate of Construction Sector’s GDP from 2011 to 2017**

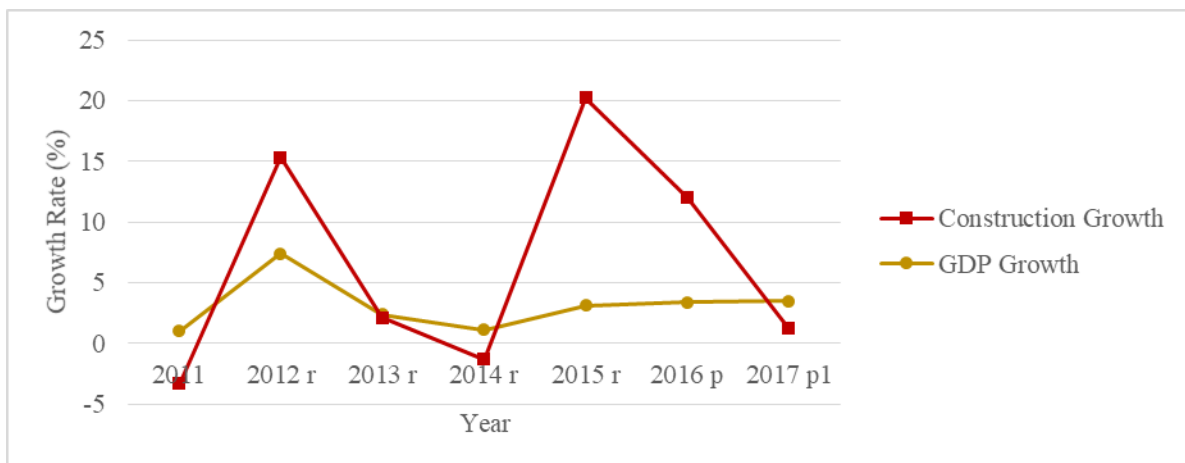
Year	Construction Growth Rate
2011	- 4.3
2012 r	7.9
2013 r	-0.3
2014 r	-2.4
2015 r	17.1
2016 p	8.6
2017 p1	-2.3

Source: The Office of National Economic and Social Development Board

### Construction Sector in 2017

Construction sector declined. In the fourth quarter of 2017, construction sector declined by 5.3 percent compared to a 1.6 percent decline in the previous quarter. The public construction decreased by 7.1 percent, compared to a 1.8 percent reduction in the previous quarter, owing to a decline in government construction, in tandem with a decline in the disbursement of government investment budget. Meanwhile, state-owned enterprise construction expanded by 8.6 percent compared to 2.5 percent reduction in the previous quarter. The private construction decreased by 2.3 percent, compared with 1.0 percent decline in the previous quarter. Overall of construction in 2017, construction sector declined by 2.3 percent, public and private construction decreased by 3.0 percent and 1.0 percent, respectively.

**Graph 1 Thailand’s GDP and Construction Sector’s GDP in 2011 and 2017**



Source: The office of National Economic and Social Development Board

## The Thai Economic Outlook for 2018

The economy in 2018 is expected to expand in the range of 3.6 – 4.6 percent which supported mainly by the following factors (i) the acceleration of the world economic growth, (ii) the expansion of government expenditure and the acceleration of public investment as a result of rising capital budget framework and the progress of key infrastructure projects, (iii) the clearer private investment recovery, (iv) the continual expansion of key economic sectors, and (v) the improvement of employment and household income conditions. For economic management in 2018, Thai government focuses on (1) Promoting non-agricultural sectors (2) Expediting the public investment (3) Supporting small farmers and low income groups as well as strengthening the SMEs and local economies (4) Arranging labor force.

### Construction Investment in 2017

Private investment continually expanded, supported by the expansion of investment in machinery and equipment. In the fourth quarter of 2017, private investment expanded by 2.4 percent. The investment in machinery and equipment grew by 3.4 percent. This was consistent with 4.2, 9.5, and 0.5 percent growth of the import of capital goods, domestic commercial car sales, and domestic machinery sales, respectively. The investment in construction contracted by 2.3 percent, in line with the reduction in domestic sales of cement, concrete, and tile as well as a decline in the number of permitted construction areas in municipal zone. The total value of projects applied for the investment promotion made to Board of Investment (BOI) increased by 57.5 percent. The total value of promotion certificate issued by BOI rose by 63.4 percent and well improved from 22.1 percent expansion in the previous quarter. The Business Sentiment Index (BSI) stood at 50.7. Overall of 2017, private investment expanded by 1.7 percent, where investment in machinery and equipment expanded by 2.4 percent, and investment in construction contracted by 1.0 percent.

**Table 3 Gross Fixed Capital Formation**

Year	Public Sector Growth Rate	Private Sector Growth Rate	Total Growth Rate
2011	-14.2	6.7	-4.6
2012 r	7.5	7.8	7.6
2013 r	-4.1	4.1	0.0
2014 r	-0.6	-3.3	-2.0
2015 r	32.6	0.3	15.7
2016 p	13.9	1.1	8.0
2017 p1	-3.0	-1.0	-2.2

Source: The Office of National Economic and Social Development Board

## 2. Update/Issue Related to the Construction Industry in Thailand

### A. Building/Construction Material Cost Indices

Construction Materials Price Index increased by 3.6 percent following an expansion in prices of wood and wood product as well as others construction materials, especially metal and metal products which grew by 14.4 percent.

**Table 4 Price of Construction Material in Bangkok**

Descriptions		Unit	Price in cash (USD)			
			2017 Apr	2017 Jul	2017 Oct	2018 Jan
Ready Mixed	240 ksc, Cylinder	m <sup>3</sup>	68.53 (THB2,158.60)	68.53 (THB2,158.60)	68.53 (THB2,158.60)	68.53 (THB2,158.60)
White Portland Cement	40 kgs / Bag	Ton	292.54 (THB9,215)	292.54 (THB9,215)	292.54 (THB9,215)	292.54 (THB9,215)
Concrete Block Standard Type	19 x 39 x 7 cm	pcs	0.21 (THB6.50)	0.21 (THB6.50)	0.21 (THB6.50)	0.21 (THB6.50)
Concrete Block: Light Weigh	20 x 60 x 7.5 cm	m <sup>3</sup>	4.44 (THB140.00)	4.44 (THB140.00)	4.44 (THB140.00)	4.44 (THB140.00)
Clay Brick	7 x 16 x 3.5 cm	pcs	0.05 (THB1.50)	0.05 (THB1.50)	0.05 (THB1.50)	0.05 (THB1.50)
Galvanize Steel Pipe BS-M	½" x 6 m x 2.6 mm	pcs	8.91 (THB280.77)	8.16 (THB257.04)	8.91 (THB280.77)	8.91 (THB280.77)
PVC water pipe class 8.5	½" x 4 m	pcs	1.27 (THB39.90)	1.20 (THB37.80)	1.20 (THB37.80)	1.17 (THB36.96)
Round bars SR.24	6 mm x 10 m	Ton	589.42 (THB18,566.67)	593.65 (THB18,700.00)	653.97 (THB20,600.00)	658.20 (THB20,733.33)
Granite Tile Thai Black Color	60 x 60 cm	m <sup>2</sup>	57.14 (THB1,800)	57.14 (THB1,800)	57.14 (THB1,800)	57.14 (THB1,800)
Gypsum Board ceiling	120 x 240 x 9 cm	pcs	7.56 (THB238.00)	7.56 (THB238.00)	7.56 (THB238.00)	7.56 (THB238.00)
Aluminum (T-shape, White)	1" x 1" x 6 m	pcs	1.72 (THB54.33)	1.72 (THB54.33)	1.72 (THB54.33)	2.58 (THB81.25)
Glass	5 mm (Thk)	ft <sup>2</sup>	0.47 (THB14.95)	0.47 (THB14.95)	0.47 (THB14.95)	0.47 (THB14.95)

Source: Bureau of Trade and Economic Indices, Ministry of Commerce, Thailand  
 Note: Average Interbank Exchange Rates 31.50 Thai Baht/USD (Bank of Thailand on Feb 25<sup>th</sup>, 2018)

## **B. Labour/Human Resource**

On January of 2017 the employee in construction sector has 2.21 million people while on January of 2018 the employee in construction sector has 1.90 million people.

**Table 5 Number of Employees in the Thailand Industry (Million People) in 2017 and 2018**

Industry	Jan 2017	Jan 2018
Agriculture	10.63	11.38
Retail Sale	6.72	6.34
Production	6.21	6.08
Hotel	3.02	2.99
Construction	2.21	1.90
Public Officer	1.63	1.62
Transportation	1.30	1.28
Education	1.34	1.22
Service	0.87	0.84
Health	0.68	0.69
Finance	0.56	0.53
Estate	0.21	0.17
Others	1.83	2.03
Total	37.21	37.07

Source: The National Statistic Office

## Law and Regulation

Thailand's new public procurement act enforced since 23 August 2017, aimed to manage the risk of corruption in public procurement process. Therefore, with the new public procurement act, Thai government centralized the procurement process by using e-bidding system on all the public procurement. There are penalties, fine and imprisonment, were written to officers who do not work properly to the government. According to the e-bidding system, bidders download the bidding documents from the government website, and submit it electronically on the specified date. This process, the bidders do not know who's in the competition, and eliminate the separate meeting to agree upon the price. After the bidding is closed, the result will be sent to each government agencies separately with the separate committee to check the qualification of the winner.

## Construction Projects in Thailand

Thailand currently under many huge construction projects. Ministry of transport planned to invest over 6 billion USD on infrastructure and planned to invest over 20 billion until 2020.



### A: New Mass Transit

- Red Line (Bang Sue – Rangsit)  
budget 2.28 billion USD progress 74.8%
- Blue Line (Hua Lamphong – Tha Phra)  
budget 2.58 billion USD progress 96.0%
- Green Line (Mochit – Khu Kot)  
budget 1.83 billion USD progress 45.6%
- Orange Line (Cultural Center – Minburi)  
budget 3.43 billion USD progress <5.0%
- Pink Line (Khae Rai – Minburi)  
budget 1.68 billion USD progress <5.0%
- Yellow Line (Lad Phrao – Samrong)  
budget 1.62 billion USD progress <5.0%

### B: Motorway

- Bang Pa In to Nakon Ratchasima  
budget 2.40 billion USD progress 16.6%
- Banyai to Kanchanaburi  
budget 1.47 billion USD progress 3.6%
- Pattaya to Map Ta Phut  
budget 0.56 billion USD progress 49.9%

C: Double Track Railway

- Jira to Khon Kaen

budget 0.81 billion USD progress 39.1%

- Chachoengsao to Kaeng Khoi

budget 0.35 billion USD progress 67.8%

Prachuap Kiri Khan to Chumphon

budget 0.54 billion USD, NTP on Feb18

Map Kabao to Jira

budget 0.92 billion USD, NTP on Feb18

Lop Buri to Paknampho

budget 0.77 billion USD, NTP on Feb18

Nakhon Pathom to Hua Hin

budget 0.63 billion USD, NTP on Feb18

D: Airport and Seaport

Suvarnabhumi Airport – Phase 2

budget 0.37 billion USD progress 55.7%

Laem Chabang Habor – Development

budget 0.12 billion USD progress 77.3%