

Country Report



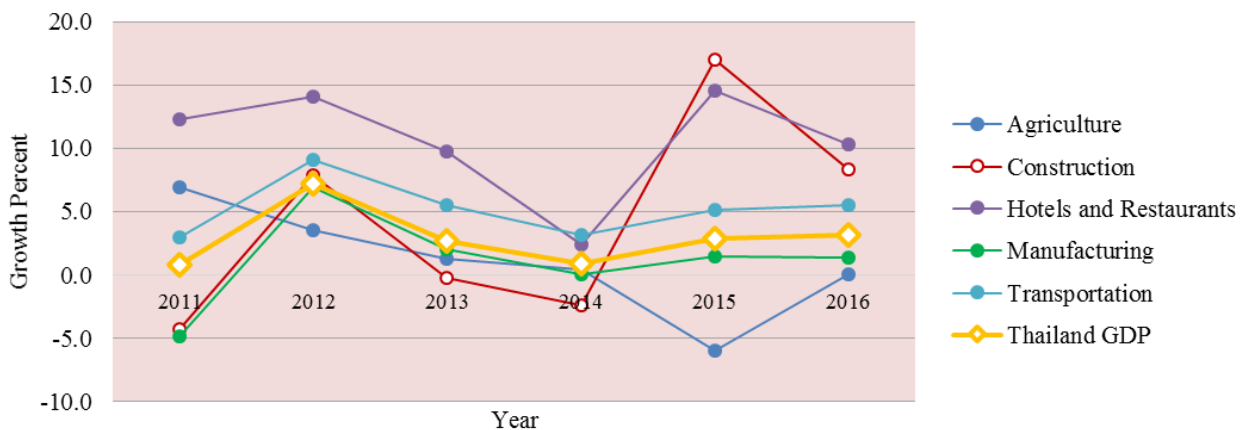
On April 10th, 2017

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 full year period of 2016 grows 3.2 percent which each quarter raises in the range of 3.0 – 3.5 percent as planned, improving from 2.9 percent in 2015. In detail, consumption increases 3.1 percent, public investment and private investment increase 9.9 and 0.4 percent, respectively, and export stays the same at 0.0 percent. Inflation equals to 0.2 percent and the current account balance registers a surplus 11.3 percent of GDP.

A. Thailand GDP Growth



Graph 1: Percent Growth of GDP and Sectors in Thailand from 2011 to 2016

B. GDP and Construction Sector Trend

Table 1: Growth Rate of GDP and Construction Sector from 2011 to 2016

Year	GDP Growth Rate (YoY)	Construction Growth Rate (YoY)
2011	0.8	-4.3
2012	7.2	7.9
2013	2.7	-0.2
2014	0.9	-2.4
2015	2.9	17.0
2016 Q1	3.1	11.9
2016 Q2	3.6	9.9
2016 Q3	3.2	5.2
2016 Q4	3.0	6.1
2016	3.2	8.3

Source: The Office of National Economic and Social Development Board

GDP and Construction Sector in the past 5 years

The GDP of Thailand was increasing continuously which can still be a good trend in the future while the construction sector was just passed the global economic crisis. Today, the government continued spending on construction projects turned the growth rate into positive direction.

Recent Quarter of Construction Sector

Construction Sector in the latest quarter, Q4 of 2016, expanded by 6.1 percent compared with the same quarter of previous year. In detail, public construction rose by 11.7 percent, with 2.7 percent growth in government construction, and 44.0 percent growth in state enterprises construction, respectively. Meanwhile, the private construction fell by -0.5 percent.

The Thai Economic Outlook for 2017

The Thai economy is projected to grow in the range of 3.0 – 4.0 in the next year. The supporting factors for the next year growth includes

- (i) The increasing of export would also improve industry sector and private investment
- (ii) The acceleration in agriculture sector would also increase salary and expenditure
- (iii) The advance of government investment in major construction projects
- (iv) The additional expenditure of government around 190 billion THB
- (v) The continue of high force-driven in tourism sector

It is forecasted that export value will raise by 2.4 percent; private consumption and total investment will increase by 2.7 and 5.0 percent, respectively. Headline inflation is expected to be in between 1.0 – 2.0 percent; and the current account balance registers a surplus 10.2 percent of GDP.

C. Output Value of Construction Sector

Overview of gross fixed capital formation increased in both private sector and public sector compared with the previous year. In detail, the growth rate of gross fixed capital formation improved by 9.9 percent consisted of 12.9, 12.8, 5.8 and 8.6 percent of each quarter, respectively.

Table 2: Gross Fixed Capital Formation (CMV) in Construction Sector from 2011 until 2016

Year	Private Sector (Million USD)	Public Sector (Million USD)	Total (Million USD)	Growth Rate (YoY)
2011	47.07	12.92	60.07	-8.6
2012	52.61	13.83	66.50	7.0
2013	51.81	13.95	65.82	0.8
2014	51.38	12.95	64.36	-7.1
2015	50.24	16.75	67.19	29.3
2016 Q1	13.06	4.37	17.49	12.9
2016 Q2	12.43	4.63	17.15	12.8
2016 Q3	11.77	4.92	16.78	5.8
2016 Q4	13.15	4.46	17.66	8.6
2016	50.44	18.40	69.07	9.9

Source: The Office of National Economic and Social Development Board

Note: Average Interbank Exchange Rates 34.991 Thai Baht/USD (Bank of Thailand on Mar 1st, 2017)

D. Gross Value of Construction Works Performed

Construction sector in 2016 made 8.32 billion USD which remarkably improved from 7.69 billion USD compared with previous year. The GDP also received the positive impact on

construction growth, and in 2016 GDP moved upward to 280.30 billion USD from 271.53 billion USD in 2015.

Table 3: Gross Domestic Product at Current Market Price (Billion USD) in 2011-2016

Year	GDP (Billion USD)	Construction (Billion USD)
2011	237.26	6.23
2012	254.44	6.74
2013	261.38	6.72
2014	263.78	6.57
2015	271.53	7.69
2016 Q1	72.33	2.09
2016 Q2	68.27	2.29
2016 Q3	67.22	2.09
2016 Q4	72.50	1.86
2016	280.30	8.32

Source: The Office of National Economic and Social Development Board

Note: Average Interbank Exchange Rates 34.991 Thai Baht/USD (Bank of Thailand on Mar 1st, 2017)

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

A. Building/Construction Material Cost Indices

In 2017, two main material prices are changing in opposite position while most of the material price stay the same. First is concrete price in Bangkok, it is stable since middle of 2015 but now the price is heading in a good direction for construction companies. However, steel price is moving upward continuously as expected in the previous year.

Table 4: Price of Construction Material in Bangkok, 2016-2017

Descriptions		Unit	Price in cash (USD)			
			2016 Nov	2016 Dec	2017 Jan	2017 Feb
Ready Mixed	240 ksc, Cylinder	m ³	64.73 (THB2,265.00)	64.56 (THB2,259.00)	62.67 (THB2,193.00)	61.69 (THB2,158.60)
White Portland Cement	40 kgs / Bag	Ton	263.07 (THB9,215.00)	263.07 (THB9,215.00)	263.07 (THB9,215.00)	263.07 (THB9,215.00)
Concrete Block Standard Type	19 x 39 x 7 cm	pcs	0.19 (THB6.50)	0.19 (THB6.50)	0.19 (THB6.50)	0.19 (THB6.50)
Concrete Block: Light Weight	20 x 60 x 7.5 cm	m ³	4.00 (THB140.00)	4.00 (THB140.00)	4.00 (THB140.00)	4.00 (THB140.00)
Clay Brick	7 x 16 x 3.5 cm	pcs	0.04 (THB1.47)	0.04 (THB1.47)	0.04 (THB1.47)	0.04 (THB1.47)
Galvanize Steel Pipe BS-M	½" x 6 m x 2.6 mm	pcs	7.70 (THB269.31)	8.02 (THB280.77)	8.02 (THB280.77)	8.02 (THB280.77)
PVC water pipe class 8.5	½" x 4 m	pcs	1.14 (THB39.90)	1.14 (THB39.90)	1.14 (THB39.90)	1.14 (THB39.90)
Round bars SR.24	6 mm x 10 m	Ton	499.17 (THB17,466.67)	524.90 (THB18,366.67)	546.81 (THB19,133.33)	543.95 (THB19,033.33)
Granite Tile Gray Colour	60 x 60 cm	m ²	15.70 (THB550)	15.70 (THB550)	15.70 (THB550)	15.70 (THB550)
Gypsum Board ceiling	120 x 240 x 9 cm	pcs	6.79 (THB238)	6.79 (THB238)	6.79 (THB238)	6.79 (THB238)
Aluminum (T-shape, White)	1" x 1" x 6 m	pcs	1.62 (THB56.60)	1.62 (THB56.60)	1.55 (THB54.33)	1.55 (THB54.33)
Glass	5 mm (Thk)	ft ²	0.41 (THB14.47)	0.41 (THB14.47)	0.41 (THB14.47)	0.41 (THB14.47)

Source: Bureau of Trade and Economic Indices, Ministry of Commerce, Thailand

Note: Average Interbank Exchange Rates 34.991 Thai Baht/USD (Bank of Thailand on Mar 1st, 2017)

B. Labour/Human Resource

Overview of construction employment in 2016 was increasing in every quarter, in the same direction with transportation and hotel sectors. The ratio of construction sector, transportation and hotel were 5.5, 16.6 and 7.1 percent of total employment, respectively. Meanwhile, agriculture and production sector were decreasing to 32.5 and 16.4 percent of total employment, respectively.

Table 5: Growth Rate of Employees in the Construction Industry in 2015 and 2016

Industry	Ratio Q4/2016	2015				2016			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total	100								
Agriculture	32.5	-4.4	-5.8	-3.8	-0.7	-2.7	-6.2	-2.3	-6.0
Production	16.4	1.2	3.0	0.6	-1.0	-2.2	-1.7	-1.9	-4.4
Construction	5.5	1.9	2.5	2.4	-4.9	5.8	5.4	0.1	0.2
Transportation	16.6	-2.6	2.0	-0.2	0.3	2.9	1.4	3.9	1.9
Hotel	7.1	2.3	3.6	1.9	4.0	2.9	4.0	6.1	0.1
Other	21.9	3.6	3.4	3.6	3.1	3.7	4.1	3.6	3.8

Source: Bureau of Trade and Economic Indices, Ministry of Commerce, Thailand

Table 6: Current Status of Employees in the Construction Industry in 2015 and 2016

Industry	2016 Jan (Million People)	2016 Feb (Million People)
Agriculture	10.63	10.69
Production	6.21	6.69
Construction	2.21	2.49
Transportation	1.30	1.28
Hotel	3.02	2.84
Other	13.84	13.69

Source: The National Statistical Office

Construction Projects in Thailand

New Double-track railway Projects

State Railway of Thailand (SRT) starts tendering double-track railway projects to complete process within three months. The SRT has started dividing the five routes into 13 contracts from the previous five contracts, in line with the order of a government-sponsored panel tasked with supervising the procurement processes of all state agencies.

1. The Lop Buri-Pak Nampo route worth thb23 billion (118 km.)
The contract was split into two civil-works contracts and one contract for installation of the signaling system.
2. Mab Kaboa-Jira Junction route worth thb28 billion (132 km.)
The contract was divided into two civil works contracts, one tunnel-construction contract, and one signaling-installation contract.
3. Nakhon Pathom-Hua Hin contract worth thb19 billion (165 km.)
The contract was divided into two civil-works contracts
4. Prachuap Khiri Khan-Chumphon worth thb16 billion THB (167 km.)
The contract was split into two civil-works deals.
5. Prachuap Khiri Khan-Hua Hin route worth thb9 billion (90 km.)
The contract had only one civil-works contract.

News for Transportation in Thailand

The Thailand's Transport is preparing for the Mangmoom Card (Thai for Spider) which will be valid for travel on BTS Sky train, MRT Purple Line, underground Metro and Suvarnabhumi Airport Link services. The travel card is made for all of Bangkok's urban train systems and will launch in 2017. In the future, officials will develop the system further so that holders can use the card to pay for the fares on buses, boats, expressways, and even government services.



Law and Regulations

Thailand Constitution

Thai King Maha Vajiralongkorn presided over a ceremony for the promulgation of the current draft constitution on April 6. After the draft constitution is promulgated and then becomes the 20th constitution of Thailand, the country's Constitution Drafting Committee will complete the draft of so called organic laws, which will finally make way for a general election.

Public Procurement Act – 2017

On February 24, 2017, the Cabinet has passed the Public Procurement Act, and will be in use within 180 days. Also, Prime Minister Prayut Chan-ocha has used his special powers under Section 44 of the interim constitution to set up a “super board” to oversee the procurement projects of all state agencies.

The “super board” is empowered to regulate, direct, speed up and inspect the procurement projects of state agencies, starting from the planning stage to the expiration of the procurement contract to make sure that the processes are in compliance with the procurement standards set and well within the legal framework.

The super board is made up of the director of Budget Bureau, secretary-general of the Council of State, the attorney-general, director of office of state enterprise policy committee and three resource persons appointed by the prime minister with the consent of the cabinet and director-general of the Comptroller Department.

The following projects are placed under the supervision of this super board: the eastern rail line from Chachoengsao to Klong Sibkao and Kaeng Khoi, the dual rail track project between Thanon Chira terminal to Khon Kaen; dual track project from Mab Kabao to Thanon Chira terminal; dual track project from Nakhon Pathom to Hua Hin, dual track project from Hua Hin to Prachuab Khiri Khan and dual track project from Prachuab Khiri Khan to Chumporn.