



World Eye Reports

Thailand

This report was produced by WORLD EYE REPORTS.
You may view this online at:
info.japantimes.co.jp/international-reports/?t=wer and at
www.worldeyereports.com



Welding & Handling Robot *Friendly series*
Synchro-feed GMA
Welding Robot Package
OTC DAIHEN Asia Co., Ltd.
www.otcdaihenasia.com

www.worldeyereports.com

TJ130: Japanese investment remains strong in Thailand, as it strives to become Asia’s innovation hub

This year marks the 130th anniversary of diplomatic relations between Thailand and Japan: A unique partnership that continues to grow stronger and mutually beneficial for both countries.

“Thailand and Japan have a long history of partnership and they are strongly linked with each other in sectors such as the large-scale production of automobiles and electrical appliances, as well as the petrochemical industry,” says Ekarat Thongtawach, chairman of the Federation of Thai Industries Petrochemical Industry Club.

Thailand’s economy grew by 3.2 percent in 2016, an increase over the previous year. Some signs of slowdown appeared toward the last quarter of the year — coinciding with the October death of the revered King Bhumibol Adulyadej, who had reigned for over seven decades. His passing plunged the country into a period of grief and an official mourning period that is ongoing.

This year, in early March, Emperor Akihito and Empress Michiko paid a historic two-day visit to Thailand and met with Thailand’s new king. Reflecting exceptionally close economic links between their countries, warm relations between the Japanese and Thai royal families have been maintained over the decades.

In fact, the Japanese Chamber of Commerce in Bangkok (JCC) was founded in 1954

with only 30 member companies and now represents over 1,700 members. It is one of the largest Japanese chambers of commerce in the world. Since its establishment, the JCC has promoted not only mutual trade, investment and economic development between the



Shingo Sato, President of the Japanese Chamber of Commerce in Bangkok

two countries, but also cultural and educational exchange.

“Networking and business matching among the member companies is one of our priority agendas,” says Shingo Sato, president of the Japanese Chamber of Commerce in Bangkok. “We will continue to provide member companies with opportunities for enhancing relationships with each other through various events”

Over the years, Thailand has become a key platform for Japanese businesses outside Japan, but investment focus has shifted with time. Since 2012, the number of JCC Japanese non-manufacturing companies in the country has surpassed that of manufacturing. “We will see



Hiroki Mitsumata, President of JETRO in Bangkok

more and more Japanese small and medium enterprises in the IT, environmental and logistic sectors doing business here,” says Sato. “There are also more regional banks from Japan setting up offices in Bangkok in order to support their clients.”

“Looking ahead, it is crucial to support local economies across the country,” affirms Hiroki Mitsumata, president of JETRO in Bangkok. “There is still a high concentration of in-

vestment in the Bangkok area.”

“The Thai economy is still mainly based on manufacturing and exporting,” he continues. “The country needs to shift more toward higher value-added sectors. I am confident that Thailand can manage the shift to becoming the innovation hub for Southeast Asia.”

The government has already outlined an ambitious investment program that includes plans for new roads and train lines, free trade zones and deep-sea ports to connect Thailand with the 3.3 billion consumers who live in Southeast Asia, China and the Indian subcontinent. In addition, there are plans to build Bangkok’s third international airport — able to handle the projected increase of up to 30 million passengers per year in total, while also serving as the headquarters of a nascent aerospace industry to help drive a high-tech industrial revolution.

In the past 10 years alone, Thailand has welcomed more than 8.5 million international business event travelers. Of these, 4.9 percent were from Japan. The Thailand Convention and Exhibition Bureau unveiled a strategic marketing plan to attract Japanese business event travelers at the “Thailand CONNECT: Japan Business Events Road Show 2017,” recently held in Tokyo. It underlines a partnership that has lasted 130 years and shows no signs of weakening. ♦

21st-century Thailand looks to robotics for manufacturing advantage

“Twenty years ago, nobody wanted robots on production lines in Thai factories,” recalls Fumiyooshi Kawahara, president of OTC Daihen Asia — the Thai subsidiary of the Japanese robotics manufacturer. “Manpower was much cheaper than automated machines.”

Today, Thailand is a different place. Since political stability has returned to the country in recent years, its manufacturing prowess has gone back to its normal pace. Today, many Thai factories are turning to automation and OTC Daihen is in the best position to offer robotic solutions to a range of sectors.

Kawahara has been in Thailand before. Known informally as “Mr. Fixit,” he has spent more than 35 years in the company across its global network — and has become an acknowledged expert in turning crises into opportunities.

“I moved to Thailand in 1994 to establish OTC Daihen’s sales arm here,” Kawahara says. “In 1997 I experienced the Asian financial crisis firsthand.”

He later moved between Germany and Japan as needed, and finally returned to Thailand in 2015 as the subsidiary’s president. OTC Daihen’s specialist arc welding robots are especially suited for the country’s auto manufacturing plants.

Arc welding is best used for producing car chassis. “Our new welding tool — Synchro Feed GMA — significantly minimizes metal splatter when used, halving the amount of work that needs to be done,” explains Kawahara. “This greatly improves



Fumiyooshi Kawahara, President of OTC Daihen Asia

efficiency when creating the finished product, producing a very clean end result — and it’s more economical as well.”

“We developed this in 2015,” he continues. “It is relatively expensive compared to other machines, but is more valuable in the long run. In order to show potential clients its advantages, we invite them to a show-

room in our factory in Rayong and Navanakorn to demonstrate its advantages.”

As a hub for automotive manufacturing and other production in the region, Thailand is often a pioneer for methods that then become the norm in the rest of Southeast Asia. This is why it is important for OTC Daihen to have a base in the country. But the company is also looking beyond carmaking to other major Thai economic sectors such as furniture, raw material handling and food production.

“Diversification is needed to keep our operations and market growing,” says Kawahara. “My goal for OTC Daihen in Thailand while I am here is to establish and diversify the expanding group of industries where OTC can be involved.”

“Food, in particular, is a major sector in Thailand in which robotics can provide innovative solutions,” he continues. “For this, new applications and robots are needed. For example, food-handling robots have to be made of stainless steel, not die-cast. Different markets have different safety and precaution requirements.”

The 130th anniversary of diplomatic relations between Japan and Thailand was celebrated this year, highlighted by the brief visit to the country earlier by Japan’s Imperial couple, throws into relief the key role of Japanese companies in the development of the Thai economy. It is a role that solutions providers such as OTC Daihen, through its robotics technology, continue to play as 21st century Thailand advances. ♦

www.otcdaihenasia.com

CKT sets its sights on ASEAN and beyond

Calsonic Kansei operates in over 15 countries, supplying key components to automobile manufacturers. In today’s Thai automobile industry, Calsonic Kansei Thailand (CKT) is bolstering its competitiveness through innovation and growth.

Over the last five years, CKT has been collaborating with new car manufacturers in Thailand — most recently with Mitsubishi and Mazda. “It definitely shows our competitiveness in this country,” explains CKT’s president, Hironori Kimura. “Nonetheless, we have to continue to be more competitive — not only in the country — but also in other regions.”

Today, CKT understands the potential of the ASEAN Economic Community and what the bloc will signify for the future of Southeast Asia’s economy. “As of now, our business is mainly domestic and our exports account for only 15 percent of our total,” he continues. “Some of our customers are increasing



The goal is to prepare CKT for even more expansion in the ASEAN region for the long run.”

— **HIRONORI KIMURA**
President of Calsonic Kansei Thailand (CKT)

their exports to cope with the slowdown here. Therefore, we will support them by growing our export business if needed.”

Today, the Thai subsidiary’s

sales have reached \$400 million, while its profit ratio has also increased over the years. “We owe our good performance to our staff’s continued effort,”

says Kimura.

The company is also looking carefully into value creation within the organization. “It is each person’s responsibility in the company to be aware of cost considerations, and everyone can take action at their level,” he affirms. “Having a healthy cash flow and net debt are my priorities. It will make us thrive in these challenging times.”

“We will consolidate our position in Thailand, while we also look more closely at growth strategies in other countries where we already have existing operations — such as Malaysia, Indonesia and India,” Kimura says. “The goal is to prepare CKT for even more expansion in the ASEAN region for the long run.” ♦


Calsonic Kansei
Driven by Inspiration and Innovation
www.calsonickansei.co.th/en

Strong domestic investment demand powers asset management growth

As head of Thailand’s third largest asset management firm, Chavinda Hanratanakool, CEO of Krung Thai Asset Management (KTAM), is in a unique position to see the direction of the country’s equities market as it increasingly looks beyond its borders to fuel further growth.

“Thailand’s investment market has continued to grow in the last years,” she remarks. “Thais continue their shift from saving to investment, and that’s what’s pushing growth in our industry.”

“The sector as a whole is growing at a rate of 14 percent, but KTAM itself has achieved more than 22 percent growth in this period,” Chavinda continues. “This year, we intend to launch at least 10 new mutual funds in both the domestic and overseas markets.” Foreign funds will include those in Cambodia, Laos, Vietnam, Myanmar and China.

KTAM focuses on domestic investors, given the buoyant investment climate in Thailand. But it is increasingly looking abroad for solid opportunities for its clients. “We see the Asian Economic Community as a positive move,” she says. “There is real potential, and oftentimes we are pioneers in launching new funds.”

Chavinda also points at investment from Japan as an attractive proposition for KTAM. “First, Japanese retail investors need an appropriate international platform that will allow them to easily invest in Thailand and that is still not completed. We



Chavinda Hanratanakool, CEO of Krung Thai Asset Management (KTAM)

have also found that Japanese like hybrid funds that are a mix of risk and infrastructure. I myself have been interviewed in Japan and they are very interested in Thailand and especially government projects here,” she says.

One such infrastructure instrument com-

ing up is the Thailand Future Fund, whose initial public offering is currently in an accelerated process. The fund proceeds will go to new expressway projects in Thailand, with an expected yield that is a premium over 10-year government bonds.

Chavinda’s aspirations for KTAM point to even more growth ahead. “Our mother company and majority shareholder — Krung Thai Bank (KTB) — is Thailand’s largest state-owned financial institution, so our aim is to become the country’s largest asset management firm as well,” she explains. “It will take a while and it won’t be easy, but we are steadily getting closer to our goal. We have a large client base in KTB, so — with perfect synergy — we can move ahead strongly.”

With regard to continuing the strong links between Thailand and Japan, Chavinda says: “The Thai and Japanese mix is a good combination. We Thais are very fond of the Japanese people. We have supported each other well in different industries — we have common interests and a mutual benefit.”

And on being a woman heading such a key company in the Thai economy, she considers it not unusual in her country: “As a female CEO in Thailand, I can only say there are many more to come. Thai culture is liberated and I can affirm we have equality between men and women. Today, you see a lot of women heading Thai government agencies, for example.” ♦

www.ktam.co.th



HINO 700 SPLENDOR



New horizons in significant year for commercial vehicle specialist

This year sees Hino’s landmark 500 Victor truck getting a new look, just in time for Hino’s Thai subsidiary’s 55th anniversary celebration in the country. Featuring the very latest in safety technology, intelligent design and superb engine quality, the 500 Victor has been a bestseller in Thailand since its launch in 2015 — and the new design and key anniversary have come together in a serendipitous “500-55” whose objective is to solidify Hino’s reputation in the Southeast Asian powerhouse.

“We have a Hino truck that has been driven for 2 million kilometers in Thailand without any engine overhaul,” says Shin Nakamura, president of Hino Motor Sales (Thailand), not without a note of pride. “That’s compared to the average distance traveled before an overhaul is needed for a truck — less than 700,000 kilometers.” His company’s obsession with quality is well known.

In Thailand, Hino’s history of over half a century of quality products and premium service means over 40 percent of its sales are to existing satisfied customers. After-sales care is almost as important as the trucks themselves.

“We try to ensure a one-day fix for all commercial vehicles,” says Nakamura. “We make sure we have spare parts on hand at all times. Our 89 dealers and outlets across Thailand all have their spare parts inventory and garages for this. Our clients need our products for

their own businesses, so each day lost to repair is bad for our customers.”

Looking out at the familiar landscape of highways and trees from his office window in northern Bangkok, Nakamura is far from a newcomer to the country. He grew up here, where his father — Kenichi Nakamura — was himself president of the same company.

The son left Thailand when he was 20 to start a career in Hino in Japan. After decades of work with stints in Japan and Canada, he came back and eventually achieved the presidency of Hino (Thailand) in 2013, a full circle.

“My father’s policy was: ‘Be Thai when in Thailand,’” he recalls. “He made sure all our employees were treated well. He learned Thai culture to be able to relate to all co-workers. I could do no less.”

Hino itself started in Thailand in 1962, in a joint venture with Mitsui. After being involved in cars and other vehicles, it eventually focused on commercial transport — buses and trucks. Today it maintains the second-largest market share in its sector in Thailand, a share that Nakamura is optimistic will grow stronger in this anniversary year.

Since 2011, Hino Thailand has seen a dramatic increase in sales, brought on primarily by increased demand for large utility trucks. Expansion within the Southeast Asian region, and especially growing economies among Thailand’s neighbors, should also boost fur-



Shin Nakamura, President of Hino Motor Sales (Thailand)

ther growth.

Hybrid trucks are also on the horizon for Hino Thailand. The possibility of manufacturing these in Thailand in the future has been considered. An entirely new sector would be opened up as energy efficiency becomes more important, and Hino intends to be a player. ♦

www.hinothailand.com

Thailand Business Report

www.worldeyereports.com

Japan Perspective:

Insight on Japanese investment in Thailand from its corporate leaders

“We have been able to succeed in Thailand thanks to our local dealers.”

— MASANORI IDO
General Manager, Mazak Thailand

“Our vision is to become a leading logistics service provider in Thailand and a global logistics partner. We will provide reliable services and customer satisfaction to KWE’s local and global clients.”

— YASUYUKI TANI
President, KWE Thailand

“Times have changed and decisions need to be made quickly when venturing overseas for Japanese companies.”

— MASATAKE YONE
Partner, Mori Hamada & Matsumoto

“We are committed to Thailand and looking to grow with the country.”

— KOHEI KOBAYASHI
President, Bangkok Coil Center

“Today, Thai companies are modernizing in order to go beyond the country’s borders. Some have already started by investing in neighboring countries. We are ready to help them do this through our Asian and global perspective.”

— ICHIRO HARA
Managing Director, ABeam Consulting Thailand

“We have to follow the movement of our customers and what they want. That is very important so we can service them directly where they are.”

— TAKASHI SAKAI
President, NYK Line (Thailand)

“We would like to be one of the top 20 pharmaceutical companies in Thailand in the future — a companion to doctors and patients.”

— NATTAPAN NIMMANPATCHARIN
General Manager, Eisai (Thailand) Marketing

“Performance is important to us, but also safety and maintenance. A lot of our actions are focused on those areas.”

— MUNEHISA OKAMOTO
Managing Director, Mitsubishi Elevator (Thailand)

“We contribute to Thai society by offering excellent logistics services to Thai industries. Our goal is to become the best company in the logistics field in Thailand and beyond its borders.”

— NOBUO ISHIDA
Managing Director, K LINE Thailand

“Our main task is providing the same quality and trying to diminish our costs to be more competitive.”

— FUMIO IWATSUKI
President, Automotive Mold Technology

“We want to enhance the customer experience by using digital disruption. It will bring more efficiency and develop our sector.”

— TAKANORI ONO
Chairman, Sampo Insurance (Thailand) PCL

“We grant a lot of importance to our customers. We support them during and after the construction phase.”

— YUSAKU KUROITA
Managing Director, TSK Engineering

“We are committing ourselves to contributing to Thailand. We have been providing high-quality services to our customers and we continue to improve our service quality.”

— HAJIME MIYABE
President, Mitsui O.S.K. Lines (Thailand)

“In the future, customers will request more high-speed connections. We are ready to seize those opportunities.”

— AKIO AIHARA
Director, Iriso Electronics (Thailand)

“We provide highly skilled engineering services. We can recommend what is best for a client before they invest in a product.”

— KIYOSHI KURATA
Managing Director, Azbil (Thailand)

“We should not forget that we exist to contribute to society. We have to support the people with our products.”

— TOSHIHIKO ATSUMI
President, Ishida Taiseisha (Thailand)

“Customer satisfaction is at the core of our approach.”

— YOSHIHISA MIYAMOTO
President, Metal One Thailand

“We are shifting to become a business solution provider and having a more customer-oriented approach.”

— MAKOTO YOSHIDA
President & CEO, Material Automation (Thailand)

“We keep an open discussion with our staff on the quality of our products to be sure that our customers receive the best products.”

— KATSUHIRO MARUYAMA
President, Thai GCI Resitop

“My job is to train our local staff, make them improve and find positions within our organization for them. We build the people and give them a sense of ownership.”

— MASAO HARADA
President & CEO, AutoAlliance (Thailand)

“The customer will always come first and we will remain committed to strengthening our organization.”

— KAZUYUKI MAMBA
President, Bando Manufacturing (Thailand)

“We are able to provide a full approach to music which makes us more unique. For the less fortunate ones, we give them the means to make a living by teaching them music.”

— PRANAPDA PHORNPRAPHA
President, Siam Music Yamaha

“JBIC has been flexible over the years. When there is a need to finance the Japanese private sector, we will do whatever we can. We are supporting the Japanese private sector and hope that by doing that it will also help the Mekong region.”

— SHINYA MIYAZAKI
Chief Representative Thailand, Cambodia, Lao PDR & Myanmar – JBIC