

Macro Analysis of Maruzen Foods (Thailand) Co.,Ltd.



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Macro analysis is kind of research method which takes the whole economic activities as the research object, mainly studies the changes of GDP, social employment, and economic development. Macro analysis reflects a lot of valuable information of economy.

In this report, we firstly analyze the global economy, it consists three parts: general information in 2019, the influence of trade war on global economy, and economic trend in 2020. Then we focus on the overview of the economy in Thailand, such as GDP in 2019, export and import value of major product, employment by industry, and economic trend in 2020. In addition, we analyze the economic conditions in Northern Thailand, especially the northern region's economic conditions. Finally, since Maruzen Foods (Thailand) Company Limited is a Thai-Japan company, we also analyze the Japan economy.

According to the macro analysis, it provides macroeconomic information to the organization or the firm to design the development strategy of maximizing benefits. And it can improve the core competition of Maruzen.



Field of Study: Business and Managerial
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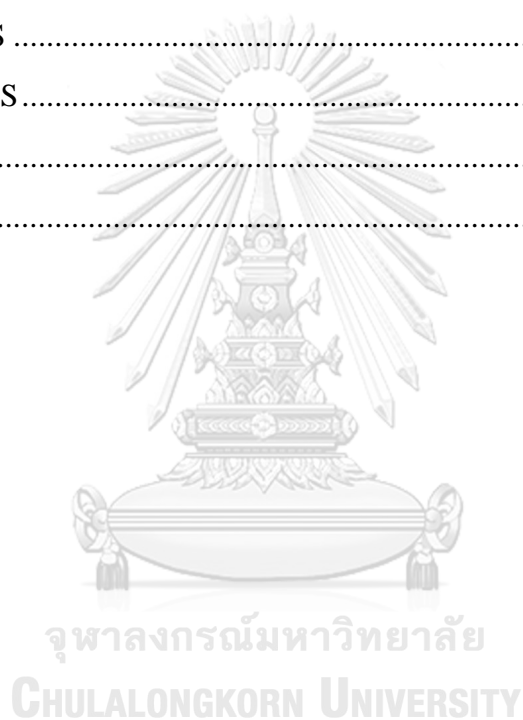
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Kuangjie Zhong



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Global Economy

General Information in 2019

Since 2017, the global economy situation has gradually weakened, and a comprehensive slowdown occurred in 2018 and 2019. As the global trade disputes continue to escalate, the financial situation shrinks sharply, and the climate risk increases, in 2019 the growth rate of global economy recorded its weakest pace since the 2008 global financial crisis.

The economic growth momentum of developed economies slowed down, and the pace of economic growth in the United States returned to the normal with the weakening of the government's fiscal policy. The euro zone is facing unsustainable growth due to "internal worries", for instance, high debt and "external troubles", for instance, the impact of Global Trade Friction. The restrictive factors of Japan's economic growth came from the outside, and the momentum of rapid economic growth were broken.

As the uncertainty of international trades, investment and financial environment intensifies, the economic and political risks of emerging economies are on the high side, the growth momentum may be weakened, and the economic trend of various countries will be significantly differentiated. Among them, the growth of emerging economies that rely on international oil prices and commodity exports will face great uncertainty; the growth of emerging economies that are highly indebted and heavily dependent on external demand are facing the threat of currency crisis; the growth of big emerging market countries that are in the process of reform and transformation are stable and slowing down, among which, China's growth momentum are driven by the pursuit of high-quality and healthier economic growth mode.

According to the published data from IMF, Table 1 shows the top 20 economies in 2019. GDP nominal and GDP(PPP) are two key economic indicators. GDP nominal is internationally recognized as the best indicator of national economic situation. In this research, we apply the GDP nominal for the ranking.

The U.S. has achieved economic expansion for 10 consecutive years since 2019. The nominal GDP of the U.S. economy was at 21.44 trillion US dollar in 2019. While there're several factors like high fiscal deficit and government debt, limited effectiveness of the Federal Reserve's monetary instruments may weaken the long-term growth for U.S. economy.

Over the past few decades, China has experienced huge growth and became into the world's manufacturing and exporting hub. In 2019, the nominal GDP in China is 14.14 trillion US dollar and ranked 2nd, while GDP(PPP) is 27.31 trillion US dollar and ranked 1st. This means that China has become the largest economy in terms of the total amount of goods and services that people could produce and consume.

Germany ranked 4th and 1st in the whole world and the Europe, respectively. The nominal GDP of Germany is 3.86 trillion US dollar which is around one in fourth of China.

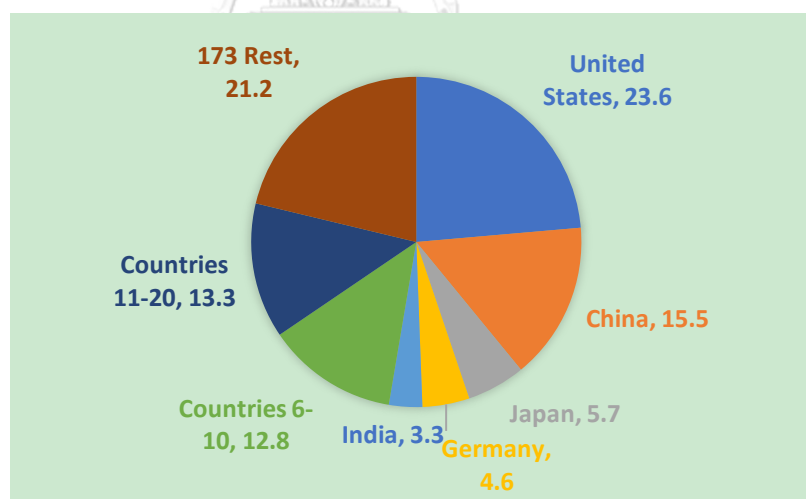
In 2019, the nominal GDP of India is 2.94 trillion which is very close to United Kingdom and France.

From top 8 to top 20, there're nine countries' nominal GDP is over 1 trillion US dollar.

Rank	Country	Nominal GDP	GDP(PPP)	Rank	Country	Nominal GDP	GDP(PPP)
1	United States	21.44	21.44	11	Russia	1.64	4.21
2	China	14.14	27.31	12	South Korea	1.63	2.14
3	Japan	5.15	5.75	13	Spain	1.4	1.86
4	Germany	3.86	4.44	14	Australia	1.38	1.32
5	India	2.94	10.51	15	Mexico	1.27	2.57
6	United Kingdom	2.74	3.04	16	Indonesia	1.11	3.5
7	France	2.71	2.96	17	Netherlands	0.9	0.97
8	Italy	1.99	2.4	18	Saudi Arabia	0.78	1.86
9	Brazil	1.85	3.37	19	Turkey	0.74	2.29
10	Canada	1.73	1.84	20	Switzerland	0.72	0.55

*Table 1 :The Top 20 Economies in the World in 2019 (\$Trillion)
Source: International Monetary Fund (IMF)*

Economic globalization leads to and intensify the further imbalance of the world economic development, we could see top 5 economies account for over 50%, while the top 20 economies contribute almost 80%. The remaining 173 countries consists of less than 25% of the world's economy.



*Figure 1: Share of Global GDP by Countries (%)
Source: IMF*

Table 1 shows that Vietnam, China and Philippines achieved the top 3 highest GDP growth rate-7.0%, 6.1% and 5.9%, respectively. Compared to 2018, GDP growth of Singapore dropped most from 3.2%

to 0.7%. Among these economies, Hong Kong is the only one which did expand minus growth rate.

Regarding the growth rate of export value, most key economies have negative growth in 2019, especially South Korea did reduce by 10.4 percent. Compared to 2018, the growth rate of Russia changed from 25.7 percent to minus 6.0 percent. Among these economies, the export value of Australia and Vietnam grew by 13.7% and 8.4%, respectively.

(%YoY)	GDP						Export Value								
	2017		2018		2019		Lowest in (Year)	2017		2018		2019			
	Year	Year	Q3	Q4	Year	Year		Year	Q3	Q4	Oct	Nov	Dec	Year	
USA	2.4	2.9	2.1	2.3	2.3	3	6.6	7.8	-1.7	-1.4	-3.3	-2.0	1.3	-1.3	
Euro Area	2.5	1.9	1.2	0.9	1.2	6	9.4	8.7	-1.4	-1.0	0.5	-5.4	-2.4	-2.6	
UK	1.9	1.3	1.2	1.1	1.4	-	10.9	4.4	5.3	7.4	1.8	3.7	16.7	5.0	
Japan	2.2	0.3	1.7	-	-	-	8.3	5.7	-1.3	-4.4	-5.4	-4.1	-3.7	-4.4	
Australia	2.5	2.7	1.7	-	-	-	16.6	14.4	15.2	6.1	3.1	6.1	9.0	13.7	
China	6.9	6.7	6.0	6.0	6.1	29	7.9	9.9	-0.3	1.9	-0.8	-1.3	7.9	0.5	
India	6.9	7.4	4.5	-	-	-	13.1	8.5	-3.8	-0.9	-0.6	-0.5	-1.6	0.2	
Russia	1.8	2.5	1.7	2.0	1.3	3	25.2	25.7	-7.1	-10.0	-10.9	-12.8	-6.2	-6.0	
Brazil	1.3	1.3	1.2	-	-	-	17.5	9.9	-5.0	-10.2	-10.6	-15.3	-4.4	-5.8	
South Korea	3.2	2.7	2.0	2.2	2.0	10	15.8	5.4	-12.3	-11.8	-15.0	-14.5	-5.3	-10.4	
Taiwan	3.3	2.7	3.0	3.3	2.7	3	13.0	5.9	-0.8	1.8	-1.5	3.2	4.0	-1.4	
Hong Kong	3.9	3.1	-2.8	-2.9	-1.2	10	7.6	6.8	-6.3	-2.6	-9.2	-1.4	3.5	-4.1	
Singapore	3.7	3.2	0.7	0.8	0.7	10	10.4	10.3	-7.8	-3.5	-8.8	-5.1	4.7	-5.2	
Indonesia	5.1	5.2	5.0	5.0	5.0	3	16.3	6.6	-6.9	-3.8	-6.1	-6.1	1.3	-6.9	
Malaysia	5.7	4.7	4.4	3.6	4.3	10	14.7	14.2	-3.5	-3.2	-7.4	-4.8	3.3	-4.3	
Philippines	6.7	6.2	6.0	6.4	5.9	10	19.7	0.9	1.0	6.1	0.3	-0.4	21.4	1.5	
Vietnam	6.9	7.1	7.5	7.0	7.0	2	21.8	13.3	10.7	8.5	7.3	4.7	14.0	8.4	

Table 2 :GDP and Export growths in several key economies

Source: CEIC, collected by NESDC

The Influence of Trade War on Global Economy

The intensified trade war made negative impact on the development of global economy. Not only are the United States and China suffering from the direct effects of the trade war, but other major economies are also at risk. Moreover, trade tensions have led to a decline in exports, investment and long-term development plans in some developing economies.

Even though some measures taken by the government did offset some negative effects of trade frictions, trade tensions could seriously

damage the global economy in the long run. Slowing investment, rising consumer prices and falling business confidence could be other factors which could seriously affect the world economy.

President Xi of the Republic of China said, ‘China wants a deal, but we are not afraid to ‘fight back’’. The trade war is unlikely to be resolved soon. The slowdown in economic growth in U.S. and China may also reduce demands for commodities which could have negative effects on the commodity exporters in other countries in the world.

Prospects in 2020

According to IMF, the trade dispute, Brexit, and some instable factors will obviously hinder the development of the economy in 2020, especially the global breakout of Covid-19 pandemic.

Some main risks of world economic instability are closely related to the impact of U.S. foreign policy. The escalation of the conflict between the United States and Iran, which may not only lead to some kind of war and destabilize the most complicated Middle East region in the world, but also lead to a dangerous rise in oil prices and slow down the global economic growth, which is particularly detrimental to the countries that rely heavily on oil imports.

In addition, the U.S. trade protectionism policy may impose tariffs on imported cars on the pretext of protecting national security, which will seriously affect the euro zone countries, especially Germany. Everything shows that the EU needs to take the threat seriously, so it should be prepared to face the escalation of tensions.

Regarding the Covid-19 pandemic, some measures taken by the rich and developed countries against the epidemic will have a negative

impact on economic development. This impact will soon result into the reduction of trade and investment in developing countries.

According to the latest report released by UN, it estimated that the global economy will shrink by 0.9% in 2020. The duration of restrictions on personnel movement and economic activities in major economies, the scale and effect of follow-up financial measures will jointly determine the degree of impact on the global economy, i.e. moderate recession or deep recession.

Thai Economy

General Information

Analysis of GDP in 2019

In 2019, on the one side, U.S. trade protection policies and the poor economic situation of Thailand's major economic and trade partners have led to the slowdown of Thailand's commodity exports, on the other side, China's economic downturn and devaluation of the RMB led to the decrease of Chinese tourists, the economic situation in Thailand is not quite optimistic.

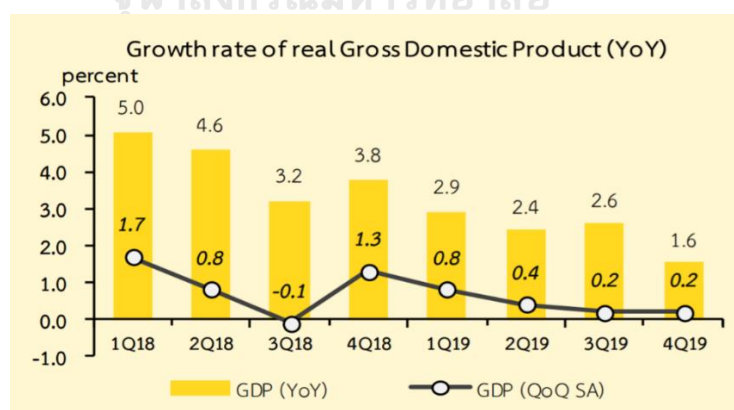


Figure 2: Growth rate of real Gross Domestic Product (%)
Source: NESDB

According to the economic report published from NESDB, the figure2 shows that in the last quarter of 2019, the Thai GDP(YoY) grew

at 1.6 percent which is five-year recorded low. From 2018 Q1 to 2019 Q4 the total trend of Thai GDP growth rate is decreasing. After seasonal adjustment, the Thai growth rate of GDP (QoQ) expanded by 0.2 percent in 2019 Q4 which is the same as the former quarter.

	2018p	2019p1	2018p				2019p1			
			Q1r	Q2r	Q3r	Q4r	Q1r	Q2r	Q3r	Q4
Private Final Consumption Expenditure	4.6	4.5	3.7	4.5	5.0	5.1	4.8	4.7	4.3	4.1
General Government Final Consumption Expenditure	2.6	1.4	2.4	2.9	2.8	2.2	3.5	1.5	1.7	-0.9
Gross Fixed Capital Formation	3.8	2.2	3.3	3.7	3.8	4.3	3.2	1.9	2.7	0.9
Exports of Goods and Services	3.3	-2.6	6.4	6.7	-0.7	1.3	-3.5	-4.0	0.6	-3.6
- Goods	3.8	-3.6	6.0	8.3	0.0	1.1	-4.4	-4.6	-0.1	-5.1
- Services	2.0	0.4	7.2	1.1	-2.7	2.0	-1.1	-1.7	3.2	1.1
Imports of Goods and Services	8.3	-4.4	8.9	9.5	10.3	4.6	0.1	-3.4	-5.9	-8.3
- Goods	7.9	-5.5	10.7	8.2	9.2	3.8	-2.8	-3.7	-6.8	-8.6
- Services	9.9	0.0	1.6	15.0	15.7	7.7	13.0	-2.1	-2.1	-7.1
Gross Domestic Product (GDP)	4.2	2.4	5.0	4.6	3.2	3.8	2.9	2.4	2.6	1.6

Table 3 :Real GDP Growth on Expenditure Side (YoY)

Source: NESDC

*Note: * Investment means Gross Fixed Capital Formation*

On expenditure side: referring to the Table 2 above, private final consumption expanded by 4.5 percent in 2019, which is 0.1 percent lower than in 2018. Compared to 2018, General government final consumption expenditure reduced 1.2 percent in 2019 and it recorded minus 0.9 percent in the 4th quarter of 2019.

Exports and imports of goods and services declined by 2.6% and 4.4% respectively which made real GDP expanded only by 2.4 percent in 2019.

	2018p	2019p1	2018p				2019p1			
			Q1r	Q2r	Q3r	Q4r	Q1r	Q2r	Q3r	Q4
Agriculture	5.5	0.1	8.3	10.4	2.9	1.3	1.7	-1.4	2.7	-1.6
Agriculture, forestry and fishing	5.5	0.1	8.3	10.4	2.9	1.3	1.7	-1.4	2.7	-1.6
Non-Agriculture	4.0	2.6	4.7	4.1	3.2	4.1	3.0	2.8	2.5	2.0
Industrial	2.7	0.0	3.2	2.7	1.4	3.5	0.7	1.2	-0.1	-1.9
Mining and Quarrying	-3.0	1.7	-4.5	-2.7	-2.9	-1.7	-1.2	4.2	2.9	1.0
Manufacturing	3.2	-0.7	4.0	3.3	1.7	3.8	0.2	0.1	-0.8	-2.3
Electricity, gas, steam and air conditioning supply	2.2	4.9	2.2	1.4	0.9	4.7	6.9	9.1	3.2	-0.4
Water supply; sewerage, waste management and	5.7	1.9	4.6	5.8	5.0	7.1	5.2	2.2	1.6	-0.8
Service	4.8	4.0	5.6	4.8	4.2	4.5	4.3	3.6	3.9	4.1
Construction	2.4	2.0	1.2	1.7	4.1	3.0	3.0	3.4	2.7	-1.9
Wholesale and retail trade; repair of motor vehicles and motorcycles	6.6	5.7	5.7	6.6	6.9	7.3	6.7	5.5	5.3	5.2
Transportation and storage	4.4	3.4	6.2	4.2	3.1	4.0	3.7	3.0	3.1	3.9
Accommodation and food service activities	7.6	5.5	12.9	8.6	3.7	5.1	5.0	3.6	6.7	6.8
Information and communication	7.6	8.8	6.2	8.7	8.1	7.3	7.1	8.8	8.2	10.8
Financial and insurance activities	3.4	2.7	4.3	4.5	3.1	1.9	2.0	1.8	3.8	3.4
Real estate activities	5.7	3.4	6.5	4.6	6.5	5.4	5.0	3.3	2.2	3.0
Professional, scientific and technical activities	3.3	1.6	3.9	2.6	3.7	3.1	1.1	2.3	1.4	1.6
Administrative and support service activities	3.4	1.8	5.6	4.3	1.7	2.3	0.5	1.3	3.0	2.6
Public administration and defence; compulsory	1.5	1.0	2.4	1.2	1.4	1.2	1.8	1.0	0.7	0.6
Education	1.3	2.1	3.4	1.3	0.2	0.4	2.3	2.5	1.9	1.8
Human health and social work activities	5.1	4.6	5.7	5.7	3.7	5.4	4.1	4.5	4.2	5.8
Arts, entertainment and recreation	12.2	11.4	11.7	8.9	15.0	13.1	11.6	9.7	11.5	12.6
Other service activities	4.3	2.7	3.8	3.3	5.3	4.7	2.9	2.6	2.1	3.2
Activities of households as employers	-3.2	0.9	-2.8	-2.7	-3.8	-3.4	-0.1	-0.8	2.4	2.1
Gross Domestic Product (GDP)	4.2	2.4	5.0	4.6	3.2	3.8	2.9	2.4	2.6	1.6

Table 4 : Real GDP Growth on Production Side (YoY)

Source: NESDC

On production side: referring to the table 3 above, the agriculture sector did expand by 0.1 percent in 2019 and it declined by 5.4 percent compared to the previous year. In the second and fourth quarter of 2019, agriculture sector decreased by 1.4% and 1.6%, respectively.

The non-agriculture sector expanded by 2.6 percent in 2019. In industrial sector, manufacturing decreased by 0.7 percent.

The service sector expanded by 4.0 percent in 2019. All service activities grew in 2019 while only information and communication,

education and activities of households as employers grew more than in 2018.

Export and Import Value of Major Product

%YoY	2018					2019					Share Q4/19 (%)
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	
Agriculture	0.4	-1.4	8.4	1.7	-6.3	-8.4	-2.1	-4.9	-8.9	-17.8	6.2
Rice	9.4	21.9	16.8	8.8	-4.4	-25.9	-10.6	-23.9	-35.1	-33.3	1.7
Rubber	-23.6	-34.9	-13.6	-17.0	-25.5	-10.0	-8.9	-11.8	-3.9	-15.2	1.5
Tapioca	7.0	28.2	4.9	2.9	-7.5	-21.7	-14.2	-8.5	-27.3	-37.7	0.6
Manufacturing	8.6	15.1	11.4	6.7	2.1	-3.9	-1.7	-5.4	-4.9	-3.5	90.0
Sugar	11.1	-1.9	9.5	15.1	27.9	1.1	-15.1	-19.6	5.1	51.1	1.5
Crustaceans canned, prepared, or preserved	-14.2	-6.0	-14.1	-20.1	-14.1	-9.2	-3.9	-11.6	-10.2	-10.4	0.4
Rubber products	4.1	-2.8	19.4	2.6	-1.3	-8.6	4.8	-23.1	-14.2	-0.5	2.5
Apparels and Textile Materials	6.5	8.8	8.5	6.5	2.4	-2.7	-0.8	-4.2	-2.2	-3.5	2.9
Electronics	5.0	13.6	11.2	3.6	-6.3	-6.5	-11.4	-9.4	-6.0	0.8	15.6
- Computer parts & accessories	5.9	16.1	16.8	7.4	-12.7	-9.4	-18.9	-12.1	-10.6	5.2	6.2
- Integrated circuits & parts	0.8	7.3	6.4	-3.9	-5.5	-8.8	-11.3	-14.3	-8.4	-1.0	3.3
- Printed circuits	3.4	1.0	2.5	8.2	1.2	-13.2	-8.4	-13.0	-15.4	-15.3	0.5
- Telecommunication equipment	6.3	37.9	2.5	-0.1	-4.7	-6.2	-7.7	-3.5	-2.2	-10.9	2.4
Electrical appliances	1.6	9.6	3.6	-3.5	-3.8	1.3	-4.5	2.2	2.8	5.9	5.4
Metal & steel	13.2	18.9	20.4	7.5	7.2	-6.8	-5.0	-8.6	-4.5	-9.1	4.5
Automotive	7.9	15.9	14.6	6.1	-3.1	-3.3	-2.8	-3.5	-0.5	-6.3	14.8
- Passenger car	2.6	18.7	12.4	1.6	-17.3	-8.0	-8.2	-12.9	-4.4	-6.3	4.0
- Pick up and trucks	8.3	2.1	24.8	11.7	-1.2	-4.0	11.1	-4.3	0.5	-22.6	2.6
- Vehicle parts & accessories	10.3	15.5	13.4	7.7	5.6	-0.7	-0.9	1.0	0.3	-3.1	6.2
Machinery & equipment	6.7	13.0	7.8	3.7	3.0	-6.3	-3.3	-6.4	-7.2	-8.2	8.2
Chemicals	23.3	28.4	28.6	12.2	25.5	-17.7	-7.2	-18.0	-18.8	-25.9	3.0
Petro-chemical products	16.0	17.9	22.7	15.9	8.0	-8.7	-6.2	-10.2	-9.2	-9.3	5.3
Petroleum products	30.0	41.1	30.9	32.4	19.9	-21.8	-9.3	-14.4	-29.3	-30.7	3.2
Fishery	-6.5	9.2	-9.7	-15.4	-6.3	-6.5	-15.0	-9.2	-2.9	0.5	0.9
Crustaceans	-8.7	13.5	-12.9	-20.3	-6.4	-6.3	-14.3	-7.4	1.1	-5.9	0.5
Other Exports	-21.2	-32.7	36.0	-63.4	80.1	80.3	6.7	66.2	317.3	-11.5	1.8
Non-monetary gold (excl. articles of goldsmiths)	-22.8	-33.8	37.3	-65.9	90.1	84.9	7.6	68.2	348.2	-16.4	1.6
Total Exports (Customs basis)	6.9	12.2	11.2	3.0	2.0	-2.7	-1.9	-3.8	-0.5	-4.5	100.0
Exports, f.o.b. (BOP basis)	7.5	11.5	13.4	3.1	2.7	-3.2	-3.8	-4.2	0.0	-4.9	99.3
Export Value (exclude gold)	8.2	12.9	12.9	6.0	1.8	-4.8	-4.0	-5.8	-4.8	-4.7	97.7

*Table 5 :Export value of major production in US dollar term
Source: Bank of Thailand*

The agricultural commodities declined by 2.1%, 4.9%, 8.9 % and 17.8% from Q1 to Q4 in 2019, respectively. Compared to 2018, the export value of Rice and Tapioca is decreasing rapidly in 2019. On the contrast, Rubber's export volume declined less in 2019.

Exports value of manufacturing products fell by 3.9 percent in 2019. Exports value of sugar decreased by 15.1% and 19.6% in the first and

second quarter in 2019, but it increased in Q3 and Q4, especially by 51.1% in the 4th quarter, which made the exports value of sugar increased by 1.1 percent in 2019. Moreover, exports value of electric appliance increased by 1.3 percent in 2019. Other exports value of products all fell in 2019.

Total exports did decrease by 2.7 percent in 2019. The export value declined by 4.0%, 5.8%, 4.8% and 4.7%, respectively from Q1 to Q4 of 2019.

%YoY	2018					2019					Share Q4/19 (%)
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	
Consumer goods	12.5	20.4	13.3	7.4	9.7	2.6	-0.1	1.9	8.9	0.1	11.6
Raw materials and intermediate goods	17.9	18.8	20.2	19.8	12.9	-6.8	-0.6	-5.9	-7.0	-13.6	52.1
Capital goods	1.0	6.9	4.2	-6.1	-0.6	-2.1	-9.0	-5.1	4.1	2.0	25.6
Other Imports	9.0	25.9	4.3	35.2	-21.5	-5.6	10.2	2.0	-29.3	3.8	10.7
Total Imports (Customs basis)	12.0	16.6	13.9	13.6	4.8	-4.7	-1.4	-4.2	-6.1	-6.8	100.0
Imports, f.o.b. (BOP basis)	13.7	17.6	15.8	15.9	6.5	-5.4	-3.0	-4.0	-6.8	-7.6	91.9

Table 6 : Import value of major production in US dollar term
Source: Bank of Thailand

According to the Table 5, import value of consumer goods expanded by 2.6 percent in 2019, which did decline by 9.9 percent compared to 2018. The raw materials and intermediate goods accounts most (52.1%) in the total imports while its decline is also the most (6.8%) in 2019.

Total imports decreased from Q1 to Q4 in 2019 and it declined by 4.7 percent.

%YOY	2018					2019					Share Q4/19 (%)
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	
Total Exports (Mil US\$) (Customs basis)	252,957	63,287	63,368	63,930	62,372	246,245	62,106	60,968	63,601	59,569	100.0
(%YoY)	6.9	12.2	11.2	3.0	2.0	-2.7	-1.9	-3.8	-0.5	-4.5	
United States	5.5	9.1	6.8	0.1	6.8	11.8	32.0	3.3	7.7	5.4	13.0
Japan	13.0	24.9	11.3	8.6	8.2	-1.5	-1.4	-2.3	2.9	-5.0	10.2
EU (15)	5.1	11.0	11.2	2.5	-3.7	-6.6	-7.1	-7.3	-5.6	-6.4	8.5
China	2.7	4.1	16.0	-2.3	-4.8	-3.8	-10.3	-9.0	2.8	1.6	13.1
ASEAN (9)	14.9	15.1	13.6	21.8	9.6	-8.2	-4.4	-5.9	-13.9	-8.2	26.8
- ASEAN (5)*	13.6	16.1	9.4	20.2	9.3	-9.6	-7.7	-8.7	-12.1	-9.8	14.6
- CLMV**	16.7	13.8	19.9	24.1	9.9	-6.3	0.1	-2.0	-16.2	-6.2	12.2
Middle East (15)	-0.1	11.8	-5.6	1.2	-6.6	0.1	-0.3	-5.6	0.9	5.4	3.6
Australia	2.6	14.5	10.3	-5.7	-6.5	-5.1	-10.2	-9.5	14.0	-14.8	3.6
Hong Kong	1.8	1.4	9.5	2.8	-6.3	-6.5	-13.6	-5.1	-5.4	-1.1	4.6
India	17.8	32.8	27.7	14.3	-0.4	-3.9	1.3	4.3	-8.1	-14.3	2.5
South Korea	6.0	6.7	12.3	3.0	1.6	-4.3	-5.9	-0.3	-10.3	-0.9	1.9
Taiwan	-0.9	11.5	1.6	-10.1	-5.3	0.9	-14.4	-5.3	10.0	15.4	1.8

Table 7 : Export Value to Key Markets in US dollar term
Source: Bank of Thailand

Notes: ASEAN (5) consist of Brunei, Indonesia, Malaysia, Philippines and Singapore
CLMV consist of Cambodia, Laos, Myanmar and Vietnam

In 2019, only export value to United States, Middle East and Taiwan has increased by 11.8%, 0.1% and 0.9% respectively. In 2019 Q4, ASEAN, China and United States accounts for 53% of the total export value.

Employment by Industry

%YOY	Employed Persons by Industry										
	Share Q4/19	2018					2019				
		Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4
Employed	100.00	1.1	-0.2	0.9	1.7	1.9	-0.5	0.9	-0.3	-2.1	-1.1
- Agricultural	32.09	3.3	6.0	3.0	1.9	2.4	-3.3	-4.2	-4.0	-1.8	-1.6
- Non-Agricultural	67.91	0.1	-2.8	-0.0	1.6	1.7	0.8	3.2	1.5	-2.3	-0.9
Manufacturing	16.15	2.5	-0.0	2.6	2.8	4.6	-1.6	1.0	-0.5	-5.2	-3.9
Construction	5.51	-2.2	-11.8	-2.7	2.6	5.0	4.9	10.5	6.2	-2.2	0.2
Wholesale and retail trade; repair of motor vehicles and motorcycles	16.87	-0.7	-2.8	-2.2	0.9	1.5	-0.7	2.4	-0.4	-4.1	0.1
Accommodation and food service activities	7.56	1.8	-1.3	5.7	3.0	-0.0	1.3	-0.2	1.1	3.1	-0.7
Total labor force (Million persons)		38.4	38.1	38.5	38.7	38.4	38.2	38.3	38.4	38.0	38.0
employed (Million persons)		37.9	37.4	37.9	38.3	37.9	37.7	37.7	37.8	37.49	37.48
Unemployment (Hundred thousand persons)		4.1	4.7	4.1	3.7	3.6	3.7	3.5	3.8	3.9	3.7
Unemployment Rate (%)		1.1	1.2	1.1	1.0	0.9	1.0	0.9	1.0	1.0	1.0

Table 8 :Employed person by industry

Source: National Statistic Office

Employment rate dropped by 0.5 percent in 2019. In addition to the Q1, from Q2 to Q4 the employed rate declined by 0.3%, 2.1% and 1.1%.

In the non-agricultural sector, employed persons accounts 67.91 percent and the employed rate increased by 0.8 percent in 2019. Employed in manufacturing sector declined most (1.6%) in non-agricultural sector.

The unemployment rate is 0.9%, 1.0%, 1.0% and 1.0% from Q1 to Q4 in 2019, compared to 2018, it has decreased by 0.1 percent.

Economic Trend in 2020

In 2020, with the alleviation of trade tensions, China's investment transfer to Thailand will be obvious. There will be more foreign companies moving to Thailand, including Chinese and non-Chinese companies. For instance, the Belt and Road Initiative have made Chinese

and Japanese companies move to the Eastern Economic Corridor of Thailand.

In terms of tourism, it is expected to continue to grow due to the political events in Hong Kong. Overall, by 2020, Thailand's tourism revenue is expected to increase from 4% in 2019 to 4.5%.

Regarding the exchange rate of the baht, it is expected that the baht will remain strong in 2020 due to the inflow of capital generated by the recovery of exports, tourism and foreign direct investment. The Thai baht will reach an average of 30.30 to the U.S. dollar in 2020. The Thai baht will remain to be the currency of the top five ASEAN economies.

In addition, there's another big concern from the COVID-19 virus. It will drag down the overall employment and form a huge pressure on the employment situation and social stability of the whole society. NESDB expects Thai economy would grow just 1.5-2.5% in 2020 if Thai government could take proper fiscal and monetary policy to overcome these difficulties.

Economy in Northern Thailand

Broad perspective

Northern Thailand is mainly a plateau area with beautiful natural environment and cool climate, amazing waterfalls and caves, precious historical and cultural relics, which all made this area become tourist attractions. And it greatly promotes the development of tourism in this region.

In addition, the northern region is an important agricultural area in Thailand. The main cash crops are rice, cassava, sugarcane, rubber, feed corn and oil palm. In 2011, the proportion of planting area was 77.1%, 7.4%, 6.0%, 6.3%, 3.1% and 0.1%, respectively.

The rice planting area in the north region is 40.9 million Rai, accounting for 77.1% of the total economic crop planting area, with a total output of about 16.3 million tons (2011). Africa is Thailand's largest rice exporter, accounting for 49.2% of the total rice export value, followed by the Middle East (Iraq, Yemen, etc.), accounting for 13.8%, and Asia (Philippines, Japan, Indonesia, China, Hong Kong, etc.) accounting for 13.3%.

Cassava planting area accounts for 7.4% of all economic crops. In 2011, the planting area of cassava in the northeast was 3.9 million Rai, with a total output of 11.9 million tons. Thailand is the third largest cassava exporter in the world, 98.5% of which is exported to China, followed by Japan, New Zealand, etc.

The planting area of sugarcane and sugarcane accounts for 6.0% of the total area of economic crops, with a trend of growth. In 2011, the sugarcane planting area was 3.2 million Rai, with a total output of about 33.9 million tons. The main export markets of sugar in Thailand are Indonesia (24.7%), Japan (10.7%), South Korea (6.7%) and Cambodia (5.3%). Supply exceeds demand in the domestic market.

The planting area of rubber accounts for 6.3% of the total area of economic crops, with a trend of growth. In 2011, the planting area of sugarcane in the north was 3.3million Rai, with a total output of 742,900 tons. The largest rubber export market in Thailand is China (42.5%), followed by Japan (12.4%), Malaysia (11.5%), the United States (6.9%) and South Korea (6.1%).

The planting area of feed corn accounts for 3.1% of the area of all economic crops. In 2011, the planting area of sugarcane in the north was 1.7 million Rai, with a total output of about 979,800 tons.

The planting area of oil palm accounts for 0.1% of the total area of economic crops, showing an increasing trend year by year. In 2011, the planting area of sugarcane in the region was 78,800 Rai, with a total output of 52,600 tons.

Northern Region's Economic Conditions

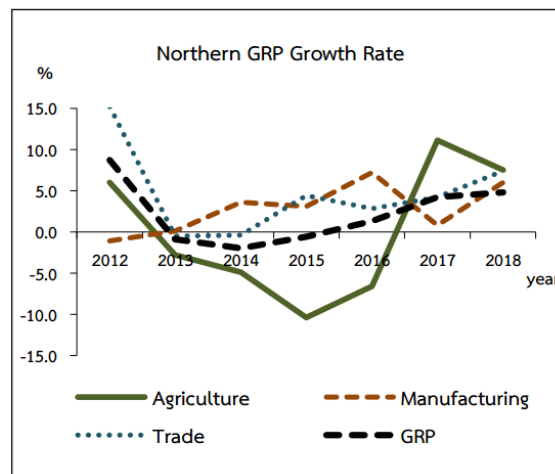


Figure 3: Northern GRP Growth Rate (%)

Source: NESDB

According to the publication of NESDB, Figure 3 shows that the northern GRP growth rate in real terms expanded by 4.8 percent in 2018. Agriculture sector has been in negative growth since the end of 2012, until the end of 2016, it has achieved substantial growth. Manufacturing sector increased by 5 percent in 2018. Trade growth rate kept decreasing till 2014 then grew and slightly decreased in 2018.

(Million Baht)

	2011	2012	2013	2014	2015	2016r	2017r	2018p
Agriculture	264,206	363,268	371,315	346,048	304,621	279,715	296,084	332,481
Agriculture	264,206	363,268	371,315	346,048	304,621	279,715	296,084	332,481
Agriculture, forestry and fishing	264,206	363,268	371,315	346,048	304,621	279,715	296,084	332,481
Non-Agriculture	663,138	737,308	752,543	766,747	794,652	857,934	891,583	934,181
Industrial	218,150	214,295	221,654	226,550	217,994	243,883	244,122	249,468
Mining and quarrying	48,136	56,901	58,791	57,978	45,377	44,977	41,902	44,624
Manufacturing	152,616	137,937	141,162	145,502	149,294	172,882	174,029	178,981
Electricity, gas, steam and air conditioning supply	15,392	17,105	18,575	19,485	19,406	21,416	22,695	20,343
Water supply; sewerage, waste management and remediation activities	2,006	2,351	3,126	3,584	3,917	4,608	5,496	5,520
Services	444,987	523,013	530,889	540,197	576,658	614,051	647,461	684,713
Construction	37,564	47,076	46,689	44,308	48,628	50,677	51,194	53,266
Wholesale and retail trade and repair of motor vehicles	98,319	121,471	121,585	129,332	136,474	148,194	159,000	174,350
Transportation and storage	15,660	19,057	18,679	21,212	24,870	27,603	31,434	34,100
Accommodation and food service activities	14,136	16,721	18,474	19,987	23,215	25,200	27,845	31,497
Information and communication	9,522	9,892	9,570	9,316	10,344	9,383	10,714	12,462
Financial and insurance activities	44,205	52,469	59,503	65,904	71,064	77,403	79,323	82,431
Real estate activities	39,730	40,521	41,989	39,016	38,871	43,440	45,725	48,032
Professional, scientific and technical activities	566	709	729	773	1,073	1,260	1,396	1,457
Administrative and support service activities	5,164	4,785	5,050	5,622	5,767	7,042	7,568	9,185
Public administration and defence; compulsory social security	63,057	81,323	73,197	57,345	60,605	62,245	65,311	69,970
Education	76,463	84,649	87,816	96,558	102,676	105,266	108,500	104,173
Human health activities	29,188	31,716	33,966	37,004	38,562	40,859	43,274	47,259
Arts, entertainment and recreation	1,780	2,170	2,284	2,236	2,255	2,779	3,387	3,773
Other service activities	9,634	10,454	11,357	11,585	12,256	12,699	12,789	12,756
Gross regional product (GRP)	927,344	1,100,576	1,123,858	1,112,795	1,099,273	1,137,649	1,187,666	1,266,662
GRP Per capita (Baht)	79,773	94,860	97,056	96,287	95,304	98,990	103,634	110,897
Population (1,000 persons)	11,625	11,602	11,580	11,557	11,534	11,493	11,460	11,422

Table 9 :Gross regional product chain volume

Notes: reference year = 2018

At the end of 2018, the total population in Thailand is 69.11 million and the population of northern region is 11.42 million, which accounts for 16.5 percent of total population.

Table 8 shows that northern GRP is 1,266,662 million Baht in 2018. GRP per capita is 110,897 million Baht in 2018 which has increased by 7% compared to 2017. Agriculture and non-agricultural sector accounts for 26.2% and 73.7% respectively. In non-agricultural sector, the top five are Service, Industrial, Manufacturing, Wholesale and retail trade and repair of motor vehicles and Education.

From 2011 to 2018, Mining and quarrying expanded very slow and even the volume in 2018 is less than in 2011.

Northern Region's Economic Opportunities

North Thailand is close to China in geography, culture and communication. Bilateral cooperation in tourism, agriculture, energy,

science and technology has been expanding. In 2018, there were 10.5 million Chinese tourists to Thailand, including more than 2 million to North Thailand. Chiang Mai is the second largest city in Thailand and the largest city in north Thailand, and Chiang Rai is one of the ten special economic zones in Thailand.

Chiang Mai and Chiang Rai's strategic position is crucial for the whole Thailand's development. Northern Thailand has a unique geographical advantage and located in the Greater Mekong region, with great economic potential. North Thailand's geographical position is important and can become a bridge between ASEAN and China.

The government of northern Thailand should pay attention to infrastructure, business and human resources in terms of policies and action plans, and it should seize this rare opportunity for economic growth.

Japan Economy

General Information

In 2019, the population of Japan is about 126 million, and the per capita GDP is about 40,300 US dollars.

After the economic crisis in 2012, Japan is gradually recovering from the economic reform, and has achieved outstanding results in many fields. At present, Japan has passed the difficult period of economic transformation, ushered in the "new economic era" of gold, and brought new investment opportunities.

Japan's stock market can't get out of the shock without the continuous inflow of global funds into the Japanese market, which makes the Japanese economy recover steadily and continues to have economic

drivers to help it rise, which also promotes the profitability of the Japanese stock market.

In terms of corporate profitability, the pace of transformation of Japan's domestic industry has been significantly accelerated, and the economic stability has been enhanced. The 2020 Tokyo Olympic Games will significantly improve Japan's economy.

In many industrial chains, Japanese enterprises still master a lot of core technologies. In addition, Japan has many advantages in the field of industrial robots and artificial intelligence. Although the share of Japan's economy in the world is shrinking, and Japanese enterprises are no longer leading in some emerging economic fields, Japan is still a highly developed country, whose competitiveness is still in the forefront of the world, and the living standard of its residents is still at a high level.

In 2019, the average quarterly GDP of Japan is 1,016,750 Million US dollar. The quarterly GDP growth rate is 0.5%, 0.6%, 0.0% and -1.8% from Q1 to Q4.

Date	Quarterly GDP(Million\$)	Quat. GDP Growth (%)	Quat. GDP Annual Growth (%)
2019Q4	1,035,136	-1.80%	-0.70%
2019Q3	1,052,368	0.00%	1.70%
2019Q2	1,002,799	0.60%	0.90%
2019Q1	974,901	0.50%	0.80%

Table 10 :Quarterly GDP at Market Prices in 2019

Source: Statistic Bureau of Japan (SBJ)

Japan's unemployment rate is 2.41% in 2019. The Japan's professional ethic is well-known around the world, which is a synonym with a strong dedication to the company and the task at hand; competition among colleagues and loyalty to the company are widespread and encouraged, while working hours and overtime are considered excessive.

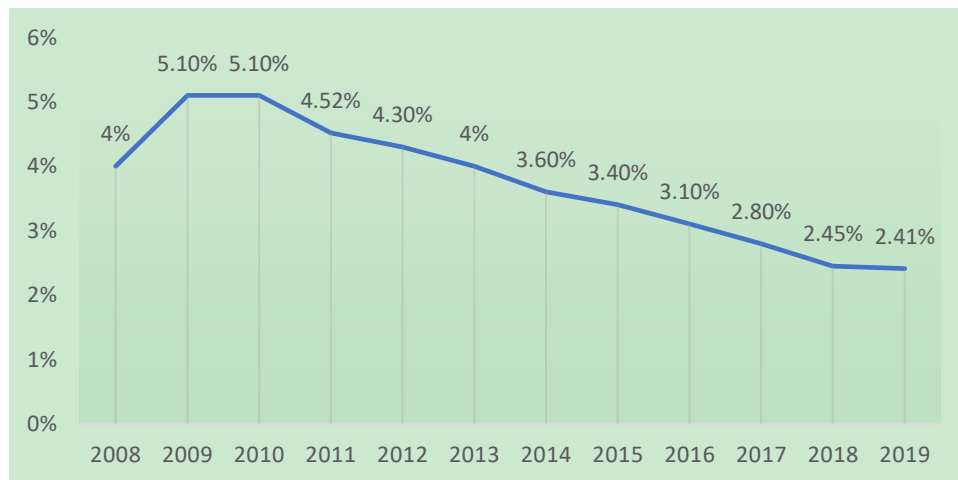


Figure 4: Unemployment Rate from 2008 to 2019

Source: SBJ

Risk Factors and Prospects for 2020

In recent years, Japan's industry has been more closely connected with China through the manufacturing supply network than ever before. In the field of information and communication equipment led by smart phones, China's influence has increased. The sluggish growth of global IT related demand, coupled with the slowdown of China's economy itself, has a "significant impact" on Japan's exports and production. In addition, it is necessary to pay close attention to the impact of "US China trade friction" and China's economic slowdown

For Japan's economy, 2019 just passed is not plain sailing, but the good news is that it can continue to recover. Multiple forecasts show that Japan's economy will slow moderately in 2020, as rising consumption taxes and a weak global economy will drag down sluggish consumer spending and exports. If U.S. President Trump wins this year's election, he may continue to strengthen the protectionist "US priority" economic policy, which may further inhibit Japan's economic performance. In this context, Japan's expansionary financial policy may continue in 2020.

The prediction from the World Bank and the Bank of Japan shows that in 2020, without new negative events, the short-term environment of Japan's economy is difficult to fundamentally improve, but it will not significantly deteriorate. Under the influence of social and economic problems such as the aging of population and the higher level of government debt, it is unlikely that Japan's economy will recover strongly in 2020. In addition, the influence of the expansionary financial policy launched by government is gradually weakening, so the actual economic growth rate of Japan in 2020 may still be above or below 0.8%.

Recommendation

As Thailand did affect by the Covid-19 in the first half of 2020, the Covid-19 will cause pressure on consumption, sluggish investment and even worse financial revenue. Maruzen Company should be recommended to pay more attention to the adjustment of the Thai government's economic policies and the negative impact of the Covid-19 on Thai economy.

In short run, Maruzen company should take advantage of this pandemic crisis to find out and seize the opportunities brought by it. It is very necessary to carry out market research on the impact of Covid-19 on the industry and Maruzen could even make some changes in operation or management, perhaps they will have more and greater opportunities in the next stage of market competition.

In the long run, Maruzen should make full use of the natural resources and environmental characteristics of Norther Thailand and absorb and learn from the successful experience of other leading enterprises in the same industry. Moreover, the company should export products to overseas, especially China and Japan. It is very crucial for

Maruzen to get more information of the market needs and global economy.



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