

Thailand Freight and Logistics Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Thailand freight and logistics market is anticipated to register a CAGR of more than 6% during the forecast period.

Key Highlights

Thailand, the second-largest economy in ASEAN after Indonesia, is an upper-middle-income country with an open economy. In 2020, the country was significantly affected by the COVID-19 pandemic and the related lockdown, leading to low consumption levels and disruptions in supply chains. Small and low-tech businesses suffered from the disruption because of decreased orders and a shortage of inputs, especially raw materials. However, in 2021, government lockdown relaxation and government schemes and policies to encourage consumer spending have driven the logistics market.

In the last two decades, the market has come a long way. Thailand's rapid GDP growth and increased trade have significantly increased the country's logistics firms. Logistics services are primarily available in transportation, shipping, and storage. Furthermore, the top-performing logistics companies in Thailand prioritize operations in these areas.

Many Thai businesses rely on sea transport to transport their goods. The marine industry is crucial to the country's economy. Thailand has the second-most shipyards in Southeast Asia, trailing only Indonesia, and the country's shipbuilding capabilities are further improving. Thailand's vastness impedes the logistics industry because the distances between airports, seaports, and rail stations are daunting and require significant time and resources.

Because of the growing popularity of online shopping, there has been an increase in the number of shipping containers moving into and out of Thailand. Most cargo shipped into and out of Thailand is food, consumer goods, retail products, and other items. As reported in 2022, the country has approximately 57 million Internet users who are well-versed in digital technologies, mobile, and e-commerce. Thailand's growing Internet user base has created an ideal growth environment for e-commerce businesses.

Thailand's logistics industry is about to undergo a significant transformation. The government and the private sector are working on upgrading and modernizing the system to make the logistics process easier. These enhancements are required to make

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shipping goods into and out of the country easier and safer. The country is focusing on aligning its logistics sector with international standards such as safety and efficiency to create a supply chain capable of handling even the most demanding transport operations.

Thailand Freight & Logistics Market Trends

E-commerce growth is driving the logistics market in Thailand

According to local media, the Thai government has vowed to go ahead with its e-commerce development plan, aiming to increase domestic e-commerce revenue to more than THB 7.1 trillion (USD 209 billion) by 2027, with an annual growth rate of 10%. The government intends to increase e-commerce revenue to 5.35 trillion baht (USD 154 billion) this year, increase e-commerce revenue of small and medium-sized enterprises (SMEs) by at least 5% per year, and increase outbound cross-border e-commerce revenue by at least 5% per year between 2021 and 2022.

For small and medium enterprises (SMEs), this means greater convenience and quick delivery to their consumers at a much lesser cost. Central Group, Aden, DHL Express Thailand, Kerry Express, Lazada, Pomelo, and Shopee are major e-commerce and logistics companies in the country. Additionally, the air freight handled at Thai airports is significantly increasing, owing to the ongoing demand created by e-commerce.

Thailand is among the top ten nations anticipated to see the biggest increase in retail e-commerce sales growth in 2022, thanks to its 18% growth in retail e-commerce sales. This expansion is fueled by several factors, such as increasing Internet usage, better logistics, e-payment systems, and government legislation. Thailand has one of the highest Internet penetration rates in the world, at 79.5%. By the year 2020, there were about 54 million Internet users nationwide.

The Thailand 4.0 initiative of the Thai government involves funding for developing a broadband network throughout the nation's communities. This strategy is anticipated to further boost Internet usage in the country and encourage e-commerce-based modern economic development. The government intends to develop digital application platforms to promote online activities like e-marketplaces, e-payments, and e-government.

Increased cross-border trade in Thailand to propel the market

According to BangkokPost, Thailand's cross-border trade is still anticipated to grow by at least 5% in 2022 to 1.8 trillion THB (USD 49.24 billion), driven by higher demand for gasoline, edible oil, tires, and auto parts. This is despite slower economic growth in neighboring countries and zero-COVID measures in China. According to the Thai Foreign Trade Department, overall cross-border trade (including transit trade) reached 150 billion THB (USD 4.3 billion) in July 2022, an increase of 1.85% from the same month in the previous year.

In terms of the total, imports increased by 8.79% to 62.4 billion THB (USD 1.8 billion) from the previous year, while exports increased by 2.58% to 87.7 billion THB (USD 2.6 billion). In July, Thailand had a trade surplus of 25.2 billion THB (USD 0.72 billion). Thailand's border and cross-border trade totaled 1 trillion THB (USD 28.7 billion) in the first seven months of this year, an increase of 2.98% over the same period last year. The contribution from exports was 595 billion THB (USD 17.07 billion), up 0.61% from the first seven months of the previous year, and the contribution from imports was 405 billion THB (USD 11.62 billion), up 6.65%. Increased cross-border trade in terms of exports, imports, and e-commerce have created a huge demand for better infrastructure and facilities in Thailand. Players in the market are investing in providing end-to-end services to consumers in the country. The country has a vast stretch of coastline and roadways, thus giving ample opportunities for infrastructure development.

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The logistics market landscape of Thailand is fragmented, with a mix of global and local players. According to industry sources, DHL holds a significant position in the Thai logistics market, with a foothold in air and sea freight and expertise in 3PL services. Other global players, such as CEVA, DB Schenker, Nippon Express, Expeditors, Yusen, and FedEx, have a significant presence in the market in specific segments.

Additionally, Japanese logistics companies have planned to expand their services in the market due to the increasing trade and industrial activities. Global players dominate the Thai manufacturing industry, and these global players prefer global counterparts for their logistics operations. For instance, manufacturers from Japan and Korea often bring their domestic logistics partners to Thailand or choose to work with local service providers. There has been a large number of mergers and acquisitions taking place.

For example, in November 2021, Muto Group Thailand merged with Royal Den Hartogh Logistics. This merger will help Den Hartogh to expand its presence in Bangkok and nearby areas. In March 2020, Yusen logistics Thailand acquired AB Logistics-Thailand. This acquisition will help Yusen logistics to strengthen its presence in Thailand.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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