

# **Research on Second Hand Car Trading in the ASEAN Region: Market of Thailand**

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## **Table of Content**

I.	Introduction .....	1
II.	Present Second Hand Car Trading Situation .....	3
III.	Trend of the Automobile Industry .....	8
IV.	Strategy of Fostering Automobile Industry and Impact of Second Hand Car .....	25
V.	Influence of Imported Second Hand Car to the Environment .....	33
VI.	Legal Aspects related to Importation of Second Hand Cars .....	41
VII.	Conclusion .....	51
	Reference .....	53

## List of Table

Table 1: Import of Second Hand Cars from Japan to Thailand: 2000-2003 .....	5
Table 2: Import of Second Hand Cars to Thailand: 2000-2003 .....	6
Table 3: Import and Export of Second Hand Cars for Recondition: 2000-2003.....	7
Table 4: Sales of Passenger Car and Commercial Car: 1990-2003.....	10
Table 5: Domestic Sales of Brand New Commercial Cars .....	12
Table 6: Total Car Unit Sales: By Car Producer .....	13
Table 7: Statistics of Transfer Owners: 1997-2002.....	15
Table 8: Lists of Car Assemblers in Thailand .....	18
Table 9: Units of Total Automobile Assembly: 1990-2003 .....	19
Table 10: Units of Passenger Car Production: 1990-2003 By size of engine .....	20
Table 11: Units of Passenger Car Production: 1990-2003 By types .....	22
Table 12: Total Car Unit Production: By Car Producer .....	23
Table 13: Thailand's Automobile Assembly Export: 1996-2003 .....	29
Table 14: Air Quality Data in Bangkok Metropolitan Area: October 2003.....	34
Table 15: Thailand Air Quality Standard Comparing to Other Countries .....	35
Table 16: Vehicle in Thailand Emission Standard for New .....	38
Table 17: Emission Standards for In-Use Motor Vehicles in Thailand (Gasoline Vehicle) ....	39
Table 18: Emission Standards for In-Use Motor Vehicles in Thailand (Diesel Vehicle) .....	39
Table 19: Tax and Tariff Duties for Imported Cars.....	45
Table 20: Discount for Second Hand Vehicle .....	46
Table 21: Revenue collected from the Automobile's Excise Tax .....	49
Table 22: A Number Unit of Cars with the Excise Tax Paid .....	49
Table 23: Vehicle Tax Rates under the Motor Vehicle Act B.E.2522 .....	50
Table 24: Revenue collected from Vehicle Tax 1997-2002: Million Bahts.....	50
Table 25: Revenue Collected for Import Tariff, Excise Tax, and Vehicle Tax .....	51

## List of Figure

Figure 1: Share of the Commercial Car Unit Sales in 2002: By Classifications.....	11
Figure 2: Units of Total Automobile Assembly: 1990-2003.....	19
Figure 3: Production Share of Passenger Car Assembly in 2002: By size of engine.....	21
Figure 4: Production Share of Commercial Car Assembly in 2002: By types.....	22
Figure 5: Rate of Production Capacity of Thailand's Automobile.....	24
Figure6: Flow Chart of Second Hand Vehicle's Import Procedures.....	43

## **I. Introduction.**

The manufactures of automotive and component industries are considered the world's largest operation with global employment of 3 to 4 millions worker directly and about another 9 to 10 millions in the manufacture parts and components. In addition, the automotive industry is also highly linkage-intensive, both forward and backward linkage, to other sectors. The automotive industry is therefore one of the central roles on world trade of both developed and developing countries and usually be one of a distinguished sectors for the concerns of trade negotiations. However, technological advance and other forces enhance the production capacity of automobile among producers and it seems, nowadays, there are approximately 700 million cars through out the world. It can be therefore imagined of the concomitant pollution representing a serious threat to the environment and to health due to an excessive volume of automobile.

Even though, technological progress and stricter environmental legislation launched in industrialized countries have resulted in a significantly reduction in the emission of harmful substances per vehicle, a number of rapidly growing vehicles and, at the same time, the lack of financial resources in some developing countries to control on those substances are creating the increase of environmental problems. Another problem concerned on those environmental issues is in the considering the "age of vehicle" and the disproportionately high emission of harmful substances that those old age vehicles involve. A number of strategies are implemented in different countries on alleviating the problems associated with old vehicles. For example, the implementing rules that used for inspection and servicing, upgrading, premature scrapping, the use of alternative fuels and import restrictions are used especially for the second-hand vehicles to ensure the conditions of those cars without harming to the environment.

Comparing among the global exporters of second hand cars, Japan plays a significant role on being the number one among the global exporters followed by Germany, U.S., and Korea. Japan exports, in average, approximated 420,000 second hand vehicles and about 4 million new vehicles per year (Janischewski, Henzler, and Kahlenborn, 2003, Page 49). The major exporting market of Japanese's vehicle are however concentrated on the majority of developing countries for example those in the South East Asia, New Zealand, China, Jamaica,

Peru, Sri Lanka, Cyprus, Russia, Iraq, Pakistan, and Ireland. Therefore, the starting point should lead to the objectives of this paper by trying to present and analyze the present second hand cars imported to Thailand including their domestic sales and production of brand new vehicles. The trend and effects of the automobile market in Thailand will also be determined in issues of country's social and economic impact of both the brand new cars and second hand cars. In addition, the analysis of environmental concerned of second hand cars including regulations and laws imposed by the Thai government to will be discussed.

The scope of this research paper will be therefore categorized into the following five sections. Section II presents the second hand cars trading situation in Thailand including some evidential data that can be possibly collected from different sources showing volumes of Thailand's imports on second hand cars from Japan compared to those imported from other countries. The evidential reviews show that the purposes of second hand car imported to Thailand are not however to serve the commercial used, which should lead to different analysis among Thailand and other ASEAN countries. Section III reviews the trend of Thailand's automotive industry, current situations of new car sales, second hand car sales, and the domestic production of vehicles. Consequently, the strategic discussions and effects on fostering the imported second hand cars to Thailand's economic and social impacts of car sellers and buyers will be discussed in the Section IV. Section V emphasizes on reviewing evidentially showing the influences of imported second hand cars to the environmental concerns such as how the environment regulations are implemented by the Thai's government on especially of exhausted gas generated from old vehicles as well as the emission controlling standards. Finally, the legal aspects related to importation of second hand car will be discussed more in Section VI representing tariff and tax structure of vehicles' related duties. This includes the imported system and procedures of the second hand vehicles and comparing those procedures with the brand new vehicles. Finally, Section VII concludes.