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Calls for Industrial Restructuring as Thailand Faces Rising Global Competition

Thailand's industrial sector has entered 2026 amid growing concerns about weakening demand, increasing import competition and uncertainty in global trade conditions. Industry representatives have reported declining purchase orders and mounting pressure from imported goods, particularly from China. For example, Thailand has experienced a significant influx of steel imports, which has placed pressure on domestic producers and reduced the competitiveness of local manufacturing operations.

Economic indicators also suggest a cautious outlook for the sector. The Manufacturing Production Index for 2025 recorded a slight contraction, while GDP growth for 2026 is projected to remain modest at around 1.6 – 2%. In addition, Thai manufacturers must increasingly prepare for international regulatory developments, such as the European Union's Carbon Border Adjustment Mechanism (CBAM), which introduces carbon-related trade requirements that could affect export-oriented industries such as steel and heavy manufacturing.

Industry leaders have therefore called for a structural transformation of Thailand's manufacturing sector, encouraging businesses to shift from the traditional Original Equipment Manufacturer (OEM) model toward an Original Brand Manufacturer (OBM) strategy. Under this approach, Thai manufacturers would focus on developing their own brands and higher value-added products rather than primarily producing goods for foreign companies. This transition is also expected to involve greater investment in digital transformation, innovation, and environmentally sustainable production processes.

From a regulatory and policy perspective, the proposed shift aligns with Thailand's broader economic development strategy, including investment promotion initiatives and industrial policies aimed at supporting high-value industries such as automotive, electronics, medical devices, food technology and bio-based products. The transformation of the manufacturing sector may also require continued government support through investment incentives, sustainability policies and measures that enhance the competitiveness of Thai businesses in the evolving global economy.