BRIDGING THE GAP: THAILAND AS THE NEXT MRO AND LOGISTICS HUB
In the era of globalization and international trading, coupled with ease of communication and travelling, Aviation and Logistics are becoming the cornerstone for global trade. The changing demographics and growing purchasing power stirred the growth of the industry, particularly in the Maintenance, Repair and Overhaul segment. The rise in tourism created a domino effect for both the Aviation and MRO industries. This only proves that a growth in the tourism sector acts as a catalyst for the Aviation & Transportation sector, thus creating more demand for MRO services.

**GLOBAL TRADING PUSHING THE BOUNDARIES: AVIATION & LOGISTICS**

CHART I: GLOBAL MRO SPENDING 2017, 2023 & 2028 FORECAST IN US$bn

- 2017: 77 bn
- 2023: 92 bn
- 2028: 115 bn

Source: Oliver Wyman Global Fleet & MRO Market Forecasts

**Key MRO Players**
- ST Aerospace, Haeco, GE Aviation, AAR, SIA Engineering, AFI KLM E&M, Lufthansa Technic, Ameco Beijing, JAL Engineering, MTU

Global logistics market has been experiencing a steady growth and it is forecasted to continue the upward trend growing at a steady rate.

CHART II: GLOBAL LOGISTICS MARKET REVENUE, 2017-2021 (US$bn)

- 2017: 862 bn
- 2018: 905 bn
- 2019: 957 bn
- 2020: 1020 bn
- 2021: 1094 bn

Source: Technavio

The logistics market is comprised of 4 segments based on the mode of transportation: Airway, Railway, Roadway and Waterways. As we look at the infrastructure side of things, the biggest share in Global Freight and Logistics is attributed to Roadways, particularly in the Europe and APAC region. This was due to the increasing trade activities by the 2 regions.

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In 2017, APAC accounted for 30% share in the MRO sub sector. APAC will be one of the highest growing regions in MRO subsector, due to forecasted increase in commercial aircraft and rising passenger demands. China accounts for largest market share in the region and the country’s share is expected to reach $10 bn by 2022. At the same time, by 2027, APAC is estimated to triple the amount of aircraft in-fleet, reaching almost 14,000 aircrafts. In the MRO subsector, engines will be the major driver of MRO demand with an annual growth rate of 6.9%.

At the same time, major airline carriers are focusing their efforts in the expansion of MRO capacities and OEM manufacturing facilities in Asia. Boeing and Airbus continue to expand their presence in Asian MRO market by alliances and establishing local aftermarket facilities.

The Aerospace Roadmap (2013-2022) of the Philippines aims to make the country the MRO hub in Asia (manufacturing of OEM parts and allied services such as MRO)

In 2016, Malaysia launched a plan to create KLIA Aeropolis, aviation hub for air cargo, logistics, aerospace and aviation services

In April 2018, ST Aerospace and Vietnam Airlines have signed a MoU to set-up a MRO joint venture in Vietnam

DB Schenker, Deutsche Post DHL Group, Kuehne + Nagel, DSV, C.H. Robinson, Rhenus, Panalpina, United Parcel Service (UPS) Supply Chain Solutions, and Geodis

ASIA: ENGINEERING ITS WAY UP

Key Logistics Players
The logistics sector is experiencing high growth due to an increasing demand in e-commerce and manufacturing boom in China associated with enormous investment in business parks and upgradation of modern logistics facilities. Moreover, shifts of manufacturing production towards SEA backed by infrastructure investments will accelerate the regional growth in the logistics sector.

A few of the National Logistics Master Plans in Asia include:

**Singapore**

Logistics Industry Transformation Map (ITM)

Singapore’s Logistics Industry Transformation Map (ITM) was launched in 2016 to reinforce the country’s position as the leading logistics hub in the global arena.

**Philippines**

National Logistics Master Plan (2017–2022)

Launched in the first quarter of 2017, it is envisioned to increase the country’s competitiveness through the development of the transport and logistics sector.

**Malaysia**

National Logistics and Trade Facilitation Masterplan (2016-2020)

Malaysia’s National Logistics and Trade Facilitation Masterplan (2016-2020) outlines strategy to improve the logistics sector to boost trade and enhance the country’s economy.

**THAILAND’S TAKE-OFF**

**CHART V: THAILAND MRO DEMAND, 2017, 2027 & 2037 FORECAST (US$bn)**

Thailand is strategically located in Asia, where a lot of tourists have been coming in and out of the country. As a result, inbound and outbound flights have increased, thus creating a domino effect that has led to a strong demand for MRO services.

The MRO market in Thailand is expected to grow at a CAGR of 5.7% for the forecast period 2017 to 2037. The sector is expected to lead job creation for the country in the next 20 years.

Thailand logistics revenues are forecasted to reach US$ 96.5 bn by 2019. In line with the growing demand, government initiated some projects in the logistics subsector.
THAILAND AVIATION MANUFACTURING SUPPLY CHAIN:
OEM: DESIGN, ASSEMBLY, INTEGRATION (AND SERVICE) OF AN AIRCRAFT

MRO Companies in Thailand: Triumph Aviation Services-Asia, Chromalloy Thailand, Scandinavian Aircraft Maintenance (SAMTHAI) Rolls-Royce

THAILAND LOGISTICS LANDSCAPE:
The Thailand Logistics is mainly triggered by several external forces: Domestic & International Market, Energy Prices and Economic conditions. Also, businesses and SMEs rely heavily on the Logistics Service Providers in terms of the transportation and storage of their products and services.

THAILAND’S POTENTIAL TO SKYROCKET

Thailand has evolved to become the land of manufacturing hubs, due to the low labor costs and its strategic location. Additionally, the country is considered to be one of the largest food exporters in Asia that solidifies the international trade and foreign investments in the country. In line with this, Thailand is on the upswing to become the leading Logistics hub in Asia. The government is further encouraging growth of the logistics operations by integrating e-logistics across the borders of the Greater Mekong Sub-region and establishing a one stop Export Service Center to reduce time to export consultations and documentation.

On the other hand, the Aviation, specifically MRO space is becoming a fundamental sector for Thailand. Tourism played a vital role and due to the rising tourist arrivals in the country, the demand for Aviation services has increased at a rapid pace. Another important factor is the education system in the country. There is a growing supply of aviation professionals (e.g.: Engineers, Pilots, etc.), which solidifies the MRO status of the country.
The MICE industry in Thailand can capitalize on the existing and strong production and manufacturing capabilities in Thailand, in order to foster the growth in the MICE sector. In the current setting, Aviation companies are exploring opportunities to enhance their services through heightened MRO services. Apart from that, the growing tourism in the country suggests a bigger business opportunity for aviation companies to invest in the country for MRO services. The country's enhanced foreign trade gives a big nudge to expand the logistics centre, as this sector also is seen as to have high potential.

Now is the right time for Thailand to propel its innovation forward, especially because of the growing economy and development within the country. Thus, more international attention will be placed on the country, which could positively impact the MICE industry through a surge in conferences, meetings, exhibitions among others.

**KEY TAKEAWAYS FOR MICE STAKEHOLDERS IN THAILAND**

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UPCOMING AVIATION AND LOGISTICS MICE EVENTS IN ASIA

**February 2019**
- Aviation Festival Asia
  - Suntec, Singapore
  - Terrapinn

**March 2019**
- 4th China Air Logistics Development Conference and Exhibition 2019
  - Guangzhou City, China
  - GICC Group
- MRO Southeast Asia
  - Kuala Lumpur, Malaysia
  - Aviation Week Network

**June 2019**
- Air Cargo China
  - Shanghai, China
  - Aircargo China

**November 2019**
- Commercial Aviation Services Asia-Pacific
  - Singapore
  - Aviation Week Network
- The 6th Shanghai International MRO Exhibition
  - Hongqiao, Shanghai
  - MROExpo