Thai autoworkers face mass layoffs

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Workers in Thailand are part of the international jobs bloodbath taking place in the auto industry amid the transition to electric vehicles (EV) and the global economic slowdown. As the largest vehicle producer of vehicles in South East Asia, tens if not hundreds of thousands of jobs are potentially on the chopping block.

The latest assault on jobs came on November 22. Two anonymous industrial sources told Reuters that Nissan Motor Thailand is planning to cut up to 1,000 jobs while partially shutting down production at its Plant Number 1 and consolidating production at its Plant Number 2 by September of next year. Both plants are located in Samut Prakan province, just south of Bangkok.

These projected job cuts are part of Nissan's global workforce reduction plan, which is bound up with the transfer to the manufacturing of electric and hybrid vehicles. Under the plan announced in early November, Japan's third largest car manufacturer, will lower production capacity by 20 percent and slash 9,000 jobs or 7 percent of its total workforce. This includes 1,000 workers in the US by the end of the year who have already accepted early retirement packages.

Dubbed the "just transition" to EVs, it is in reality a cutthroat race to the bottom in which companies are looking to boost profits and stock prices by slashing jobs. EVs require fewer parts and therefore less labour for their production. Japanese auto companies have also cited falling sales to justify the mass layoffs, forcing workers to pay for the growing crisis of global capitalism.

In addition to Nissan, several other Japanese automobile brands have already announced plant closures in recent months. Subaru intends to close its last remaining assembly plant outside of Japan in the Lad Krabang Industrial Estate, Bangkok, on December 3, sacking 200 workers. Suzuki is planning to close its Rayong plant at the end of 2025 affecting 800 workers.

Honda, which employs over 5,000 workers in Thailand, is closing its Ayutthaya plant some time next year, and consolidating production with its remaining plant in Prachinburi province. Claiming the need to improve "efficiency" and address "overproduction," it is cutting its annual production capacity by 50 percent.

With around 80 percent of domestic car production relying on Thai auto parts, the closure of assembly plants is having a ripple effect throughout the sector. According to the Thai banking group Kasikornbank in September, sales of auto parts were down by 12 percent so far this year. The Federation of Thai Industries (FTI) Automotive Industry Club has also reported that over 360 factories in the manufacturing sector have shut down in the first half of the year.

Monthly reports from FTI Auto Club this year also point to a further slowdown in sales, with 438,000 vehicles sold between January and September, 25 percent lower than the same period last year. September's sales in particular came to approximately 39,000 units, roughly equal to the sales volume during the onset of the COVID-19 pandemic in 2020.

Sompol Tanadumrongsak, president of the Thai Auto-Parts Manufacturers Association, said in an interview with Reuters in September that Small to Medium Enterprises (SMEs) which largely comprise the auto parts industry are facing a situation worse than the financial crisis of 1997 and the pandemic. "If auto parts SMEs close today, they are not coming back," he stated.

Japanese companies have dominated the auto industry in Thailand since the 1970s, consistently responsible for 75-90 percent of car sales. Nissan was the first Japanese auto company to start production in Thailand in 1962, joining manufacturers from other countries moving to the country at the time, including Ford and Fiat.

The confluence of Japanese and Thai capital spurred the development of the Thai bourgeoisie, with about a thousand family firms developing in the auto industry in the 1980s and 1990s when foreign ownership was capped at 49 percent.

Following the Asian Financial Crisis of 1997?98, hundreds of thousands of Thai and migrant workers lost their jobs. By 1998, nearly 9 percent of all Thai workers were unemployed, though this is likely a conservative estimate. In the auto industry, half a million vehicles were produced in 1996. This dropped by 75 percent in 1998.

The cap on foreign ownership was removed to allow global capital to resuscitate the dying sector and production was reoriented to the world market. While only three percent of vehicles were exported in 1996, this shot up to 44 percent in 2006. Last year, 57.2 percent of Thailand's units were exported.

The development of Thailand's auto industry made it the 10th largest in the world. In 2019, prior to the COVID-19 pandemic, the FTI estimated it comprised 890,000 workers, including 100,000 involved in assembly, 200,000 in sales, and 590,000 in manufacturing auto parts.

The number of Thai family firms has also been significantly reduced since 1997 to a handful. One of the most notable firms is the Thai Summit Group, which was founded in 1977 by Pattana Juangroongruangkit in partnership with Japanese brand Toyota. His brother Suriya has served in numerous government cabinets, including that of Thaksin Shinawatra and Prayut Chan-o-cha. He is now deputy prime minister in the Paetongtarn Shinawatra administration.

After Pattana's death in 2002, his son Thanathorn assumed a leadership role in the company, only stepping down in 2018 in order to enter politics. Thanathorn utilized his wealth exploited from the working class to help found the Future Forward Party (FFP) in 2018. At one point, he was the richest member of parliament, though he was removed from office by the military.

The FFP, now known as the People's Party, cynically exploits the democratic and social concerns of youth and workers in order to assert the economic and social interests of a weaker section of the Thai bourgeoisie dissatisfied with the dominance of the traditional elites centred on the military and monarchy and the impact this has on their profits.

For all this growth during the previous period, the Thai auto industry is now entering a convulsive new stage, triggered by a crisis of world economy and the transition to EV production. While the transformation to cleaner forms of transportation and energy is environmentally necessary, under capitalism, it is crippled by the demands for corporate profit and carried out at the expense of workers.

At the same time, as the US ramps up its preparations for war against China, it seeking to end its dependence on Chinese manufacturing and is encouraging its allies to do the same. It is attempting to establish alternative supply lines for goods currently dominated by China such as critical minerals needed for EVs and also weaponry. It also calculates that the turn to EVs will free up oil and gas supplies in the event of war.

Currently, the Thai government has plans for EVs to comprise 30 percent of the country's total vehicle manufacturing by 2030, involving the production of 725,000 electric cars, 675,000 electric motorcycles and 34,000 electric buses and trucks. The transition to EVs is estimated to directly affect 37 percent of auto manufacturers employing 326,400 workers as well as countless more in related industries. The majority of these workers are under the age of 39, with 70 percent earning approximately 15,000 baht or less per month, or $US430.

These workers face levels of average household debt that are up 8.4 percent this year to 606,378 baht ($US17,908), according to a September survey by the University of the Thai Chamber of Commerce. This is the highest average debt level since the survey began in 2009 and a significant factor in the decline of domestic auto sales.

The election of Trump in the US will also further destabilise Thailand's auto industry. The first Trump administration earmarked Thailand as a possible "currency manipulator." Financial analysts now expect Thailand to be on the receiving end of a blanket tariff for many Asian countries of 10-20 percent, further dropping its export production.

The assault on Thai autoworkers is part of a global process carried out by transnational corporations. In order to oppose it, workers must unite with their class brothers and sisters internationally.

The International Workers Alliance of Rank-and-File Committees (IWA-RFC) is a rank-and-file organisation leading a global campaign against job cuts in auto and other industries. Autoworkers in Thailand who want to fight the job cuts should contact the WSWS using the form below.