



## Industry Overview

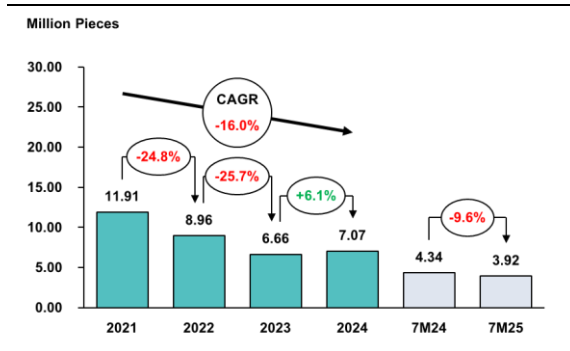
- **Rubber represents a crucial economic crop for Thailand, as evidenced by the export value of rubber and rubber products reaching 19,223.46 million USD in 2024. Thailand maintains approximately 24.04 million rai of rubber plantation area (data from Office of Agricultural Economics, 2023), ranking second globally after Indonesia.** Rubber wood serves as a byproduct of natural rubber production. Rubber trees reach economically viable productivity for approximately 25 – 30 years, after which farmers cut them down to plant new replacement trees. Thailand's annual rubber wood supply entering the market can be preliminarily calculated from approximately 200,000 rai of annual tree cutting area (data from the Rubber Authority of Thailand's fiscal year 2025 budget approval of 2.8 billion baht to support rubber tree cutting for alternative crop replacement, providing 16,000 baht compensation per rai). Tree cutting in a 1-rai area yields approximately 44.6 cubic meters of rubber wood (data from Rubber Plantation Aid Fund Office). Therefore, annual rubber wood raw material volume reaches approximately 8.9 million cubic meters. The market structure for processed rubber wood consists primarily of production for export at 80%, with approximately 20% for domestic consumption (data from Southern Thailand Industries Association, 2025).
- **The supply chain for the rubber wood industry involves three main stakeholder groups:** 1) Upstream Industry comprising rubber farmers, brokers or contractors responsible for tree cutting and rubber wood transportation; 2) Midstream Industry comprising rubber wood processing businesses such as sawmills, wood drying facilities, plywood manufacturing plants, and fiberboard production facilities. Midstream production takes raw materials from upstream industries for initial processing. Most rubber wood products are then supplied as key raw materials to downstream industries, including furniture and components, children's toys, plywood sheets, medium-density fiberboard, parquet flooring, picture frames, and household items. Additionally, rubber wood is utilized in construction piling, large electrical cable reels, firewood, charcoal production, wooden crates or pallets for goods placement, and pulp production. 3) Downstream Industry comprises furniture manufacturers and wood product industries. Furniture manufacturers represent the product category that creates the highest value-added from rubber wood and faces intense international competition, with major competitors including China, Malaysia, and Vietnam, which maintain lower production costs. Furthermore, Thailand's wood furniture industry encounters challenges with uncertain rubber wood supply, which depends on government policies and budget allocation for tree cutting support, as well as farmers' willingness to cut trees—determined primarily by rubber prices during specific periods.
- **Furthermore, when examining the rubber wood processing supply chain categorized by output type, it can be divided into two segments: lumber with a diameter of 14 centimeters or larger is processed into rubber wood products at approximately 70%, primarily utilized in the furniture industry and construction materials, while the remaining 30% is manufactured into plywood and thin wood boards.** Meanwhile, rubber wood with diameters smaller than 14 centimeters, such as firewood, branches, and wood tips, is used as fuel at approximately 59.3%, with the remaining 40.7% processed into fiberboard (data from the Complete Research Report: Factor Analysis for Creating Competitive Advantages for Rubber Wood Processing Industry Operators in Thailand, 2016).

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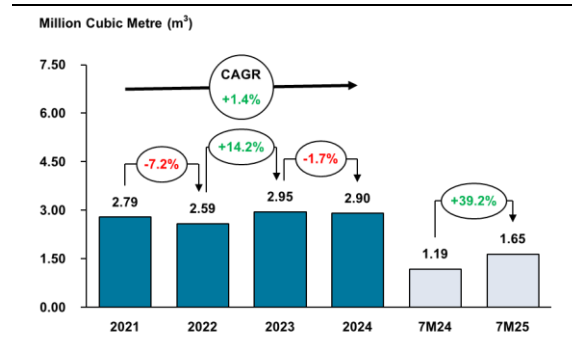
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- Thailand's demand situation for processed rubber wood depends primarily on downstream industries, particularly furniture manufacturing, which represents the largest raw material consumer throughout the supply chain.** During 2021 - 2024, wood furniture production contracted continuously, reflected in an average annual compound growth rate decline of 16.0% due to pressure from weakening foreign orders, with export values contracting an average of 11.8% annually. This was particularly evident in the main market, the United States (accounting for 75.3% market share of Thailand's total wood furniture export value in 2024), which clearly decelerated due to high-interest rate conditions, inventory destocking, and fragile consumer confidence. Simultaneously, domestic sales remained weak, contracting an average of 4.2% annually, following sluggish housing market conditions and some households' postponement of semi-durable goods purchasing decisions. This resulted in stagnant demand for related intermediate processed rubber wood products such as fiberboard and particleboard, which serve as key components for modular furniture and built-in applications. Overall production trends remained stable rather than experiencing growth, with fiberboard expanding only an average of 1.4% annually, while particleboard contracted slightly by an average of 0.1% annually, reflecting the slowdown in downstream industry demand and competition from imported products.

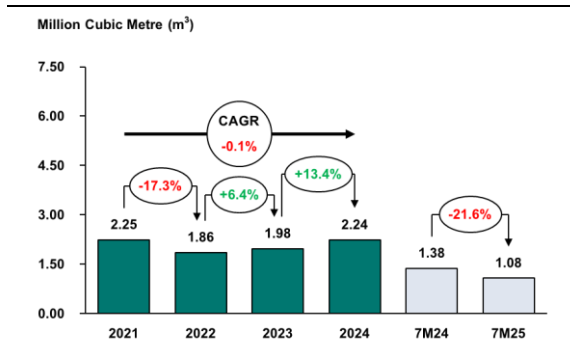
**Figure 1 Thailand's Wood Furniture Production Volume**



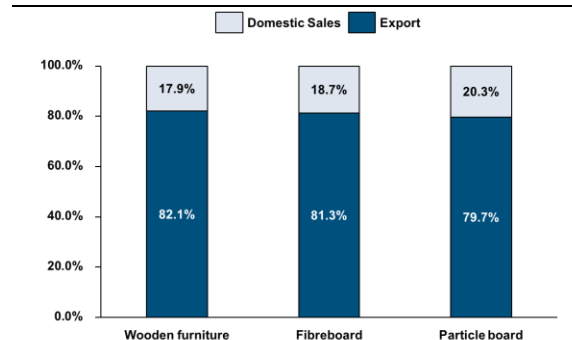
**Figure 2 Thailand's Fiberboard Production Volume**



**Figure 3 Thailand's Particleboard Production Volume**



**Figure 4 Market Structure of Thailand's Wood Products**

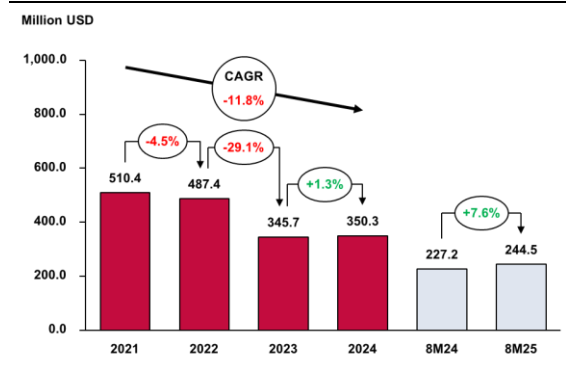


Source: LH Bank Business Research Analysis based on data from the Office of Industrial Economics.

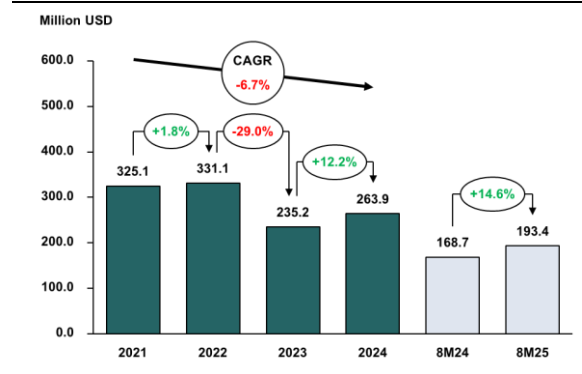
- In addition to the demand for processed rubber wood in downstream industries, intermediate processed rubber wood products represent another promising product category with growing market potential.** This is evident in the average compound growth rate of export values during 2021 - 2024, which grew an average of 5.3% annually. In 2024, export value reached 1,237.1 million USD, marking a 5.6%YoY expansion from the previous year, while export volume reached 4.21 million cubic meters, signifying a

24.6%YoY increase from the previous year. The majority of exports are destined for China, which commands over 97.0% of the market share. This is indicative of China's role as a major global production base for furniture and processed wood materials. This role continuously attracts rubber wood supply from Thailand.

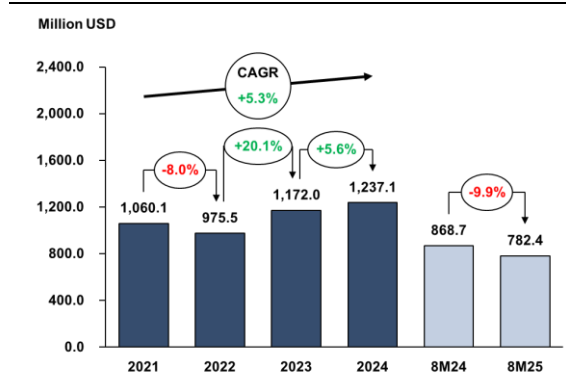
**Figure 5 Thailand's Wood Furniture Export Value**



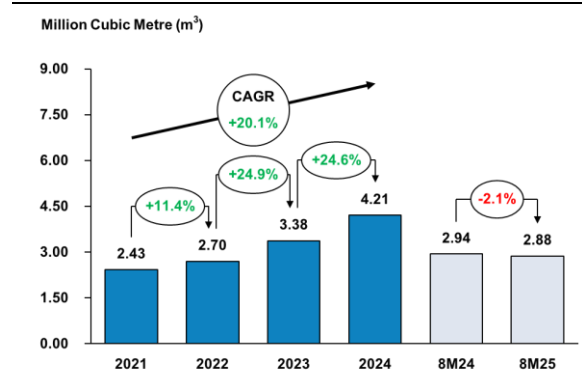
**Figure 6 Thailand's Wood Furniture Export Value to the US**



**Figure 7 Thailand's Processed Rubber Wood Export Value<sup>1</sup>**



**Figure 8 Thailand's Processed Rubber Wood Export Volume<sup>1</sup>**



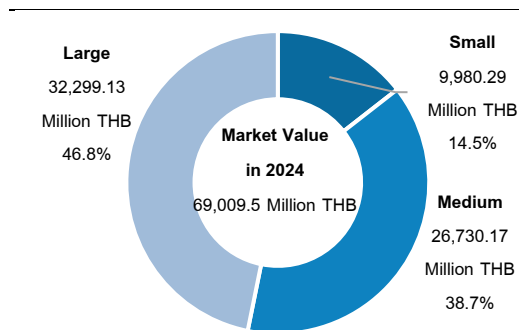
Source: LH Bank Business Research Analysis based on data from the Ministry of Commerce

Note : <sup>1</sup> Processed rubber wood comprises products in HS Code groups 44034910010, 44072996000, 44072997000, and 44092200004

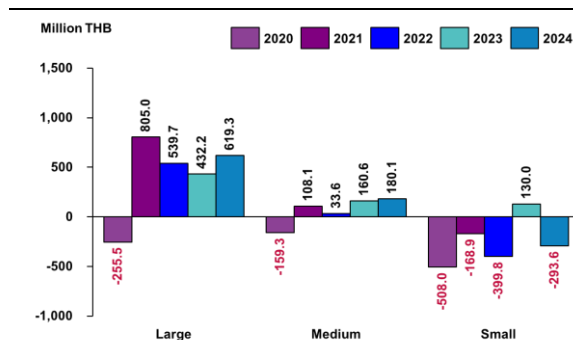
- Regarding the competitive landscape and industry players, in 2024 the rubber wood processing industry had a market value of 69,009.5 million baht, with a total of 897 active firms (defined as firms that submit financial statements).** The industry structure remains concentrated among medium and large-scale firms, accounting for 147 firms and collectively commanding 85.5% of total market. In contrast, 750 small-scale companies only hold a market share of 14.5%. Large manufacturers maintain competitive advantages through capital investment in crucial machinery such as humidity-controlled kilns, chemical pressure treatment systems, and automated grading lines. These investments allow for better unit cost reductions when conducting larger-scale operations. Furthermore, the primary export markets require consistent product quality, traceability, and on-time delivery. This provides substantial competitive advantages to large manufacturers with well-established quality control systems, advanced logistics capabilities, and long-term log supply contracts with farmers. These advantages include enhanced cost management and continuous raw material procurement.

- During the 2020 - 2024 period, the rubber wood processing industry experienced continuous growth in overall business revenue. Revenue for medium and large firms demonstrated robust growth trends, as evidenced by compound annual growth rates (CAGR) of 12.8% and 11.7%, respectively. Concurrently, small-scale firms encountered escalating competitive pressures, as evidenced by declining revenue growth trends, with an average contraction of 6.7% annually. In addition, large and medium firms demonstrated their ability to generate profit, although net profit margin trends indicated a slowdown. Large firms recorded net profit margins of 1.92%, while medium firms achieved 0.67%. Small firms have encountered financial setbacks due to several factors, including high-cost structures, limited capital investment in crucial machinery and technology, continuously declining market bargaining power, and intensifying competition in both domestic and international markets.

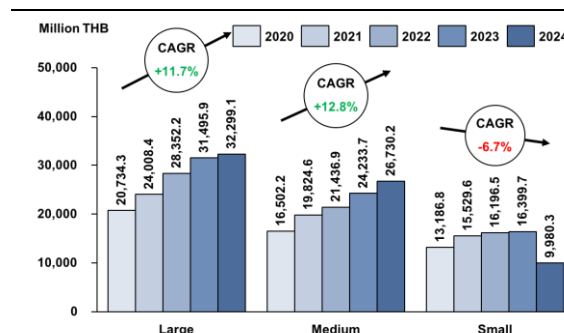
**Figure 9 Market Structure of the Rubber Wood Processing Industry**



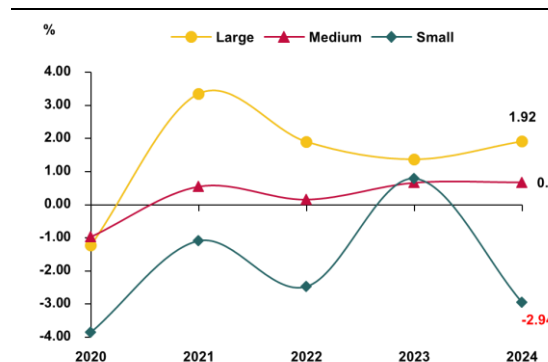
**Figure 11 Net Profit of Manufacturers in the Rubber Wood Processing Industry by Business Size**



**Figure 10 Total Revenue of Manufacturers in the Rubber Wood Processing Industry by Business Size**



**Figure 12 Net Profit Margin of Manufacturers in the Rubber Wood Processing Industry by Business Size**



Source: LH Bank Business Research Analysis based on data from BOL Enlite

Note: 1) Rubber wood processing industry TSIC 16101 and 16102

2) Business size classified according to Department of Business Development definition

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## Industry Outlook

- **Thailand's rubber wood processing industry is expected to experience a slowdown over the next year,** with the wood furniture manufacturing sector experiencing slowdown. The domestic market is facing challenges due to a slowdown in the real estate sector, which is linked to weak purchasing power resulting from high household debt levels and ongoing economic slowdown trends. Meanwhile, international markets, especially the primary market of the United States, are also expected to decelerate due to economic conditions and declining consumer confidence, particularly rising unemployment figures amid persistently high inflation rates. While wood furniture export values to the US grew 14.6%YoY in the first half of 2025, this was due to temporary front-loading imports to avoid impacts before US import tariff measures take full effect. Consequently, future orders are likely to experience a slowdown. For intermediate processed rubber wood products, demand is also expected to decelerate, as evidenced by a 9.9%YoY export value contraction in the first half of 2025. The primary cause is China's real estate market, which continues to show high contraction trends. In 2024, real estate development investment contracted by 10.6%YoY, and continued to contract by 12.9%YoY in the first eight months of 2025 (data from the National Bureau of Statistics of China). It is important to note that the recently announced increased import tariffs on certain furniture categories, including kitchen cabinets, bathroom furniture, and upholstered furniture, are the result of US reciprocal tariff measures. The new tariffs will be 50% for kitchen cabinets and bathroom furniture and 30% for upholstered furniture. This represents a factor pressuring furniture exports from China to the main US market toward decline, consequently reducing demand for intermediate processed rubber wood products used in furniture and home equipment industries.
- **Regarding the development of adaptation strategies to address potential future risks, Thai industry players must maintain high flexibility, reduce volatility, and simultaneously upgrade product value across three dimensions:** 1) Market diversification is essential for businesses that rely heavily on Chinese or the US markets. These companies should accelerate order distribution to other potential markets, such as those in the ASEAN, Middle East, and India. This strategy will reduce risk from uncertain orders in main markets. This should be coupled with developing new premium market segments that prioritize quality and supply chain transparency. 2) Product development is achieved through international standard upgrades and wood product supply chain certification systems that verify and certify wood products entering the CoC system, originating from sustainably managed, legal, and responsible forests (Forest Stewardship Council - Chain of Custody: FSC-CoC and Program for the Endorsement of Forest Certification: PEFC). This initiative marks a pivotal starting point for exploring new markets in high-standard European Union countries and other premium customer segments around the world. Additionally, there is a need to develop basic processed wood products into more innovative products such as engineered rubberwood in decorative-grade veneer panels, door fronts, countertops, and prefabricated wall panels. Advancements in plywood and rubber wood-polymer composite materials (RWPC) are necessary for heavy-duty and semi-outdoor applications to reduce durability limitations and increase average unit value. 3) Risk and cost management, as over 70% of the primary costs in the rubberwood processing industry are attributed to raw materials. Inconsistent rubber wood pricing is a concern due to the supply of rubber wood being dependent on rubber prices during specific periods. Additionally, there are issues with substandard rubber wood quality. Therefore, raw material procurement contracts should be established with rubber farmer groups, requiring

moisture content, size, defect, and wood age standards, including specific delivery timeframes aligned with production capacity and orders to reduce raw material shortage risks. Furthermore, it would be advisable for small firms to form clusters for the purpose of joint investment or shared technology utilization. This could include standardized kilns and chemical pressure treatment systems. Doing so would reduce redundant costs while accelerating product standardization and quality improvement. It would also increase opportunities to access large customers who will prioritize product quality in the future.

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