

Russia–Ukraine Conflicts and Economic Implications

Business Research
14 July 2022

Impacts of Russia – Ukraine Conflicts on the Thai economy are summarized in 4 channels

Russia – Ukraine Conflicts

Tourism

Hotel and tourism related sectors

Energy and Commodity Prices

High energy and food prices

Fertilizer, cereal, iron and steel shortages

Cost Increase:
Transport, high-energy consumption, and food sectors

Direct Trade

Trade value decrease and supply chain disruption

Global Supply Chain

Intermediate input supply shortages and supply chain disruption

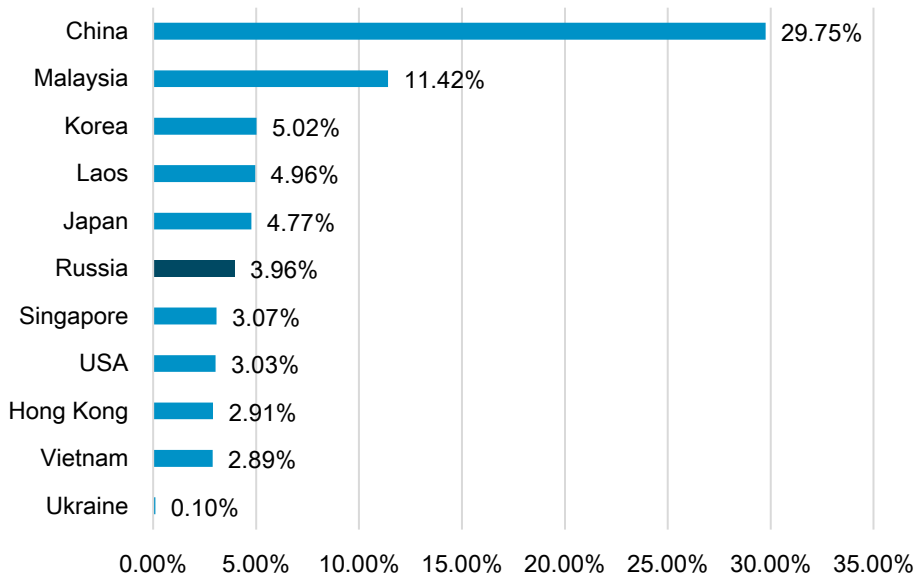
Chemical, Iron and steel products

Wheat and cereal

Input Shortage: Sectors with high components of imported intermediate inputs

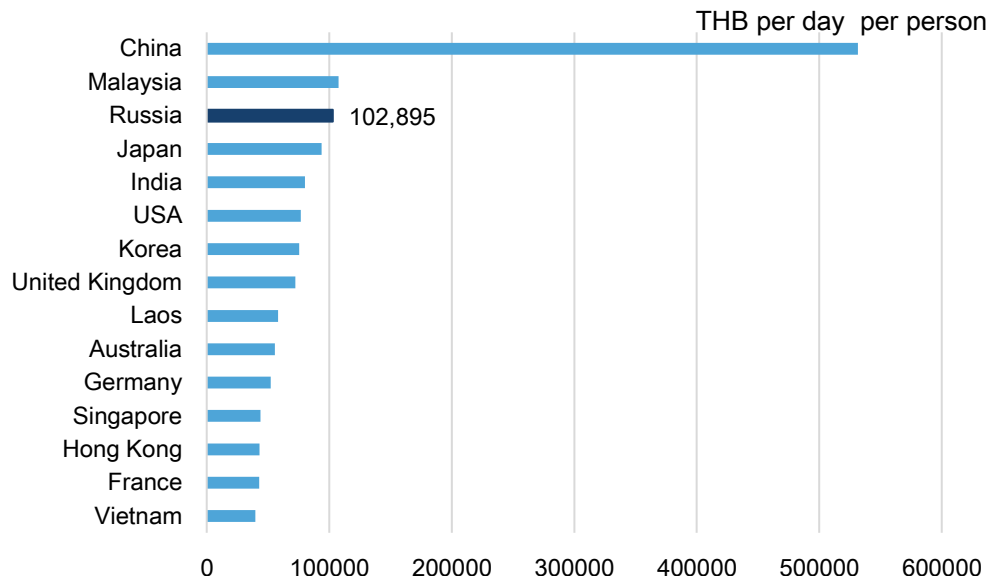
Impacts of Russia - Ukraine Conflicts on Thailand's Tourism

Top 10 Nationalities to visit Thailand (2019)



Source: Ministry of Tourism and Sports, Ukraine data is from Immigrant Bureau

Tourism receipts by country of residence (2019)

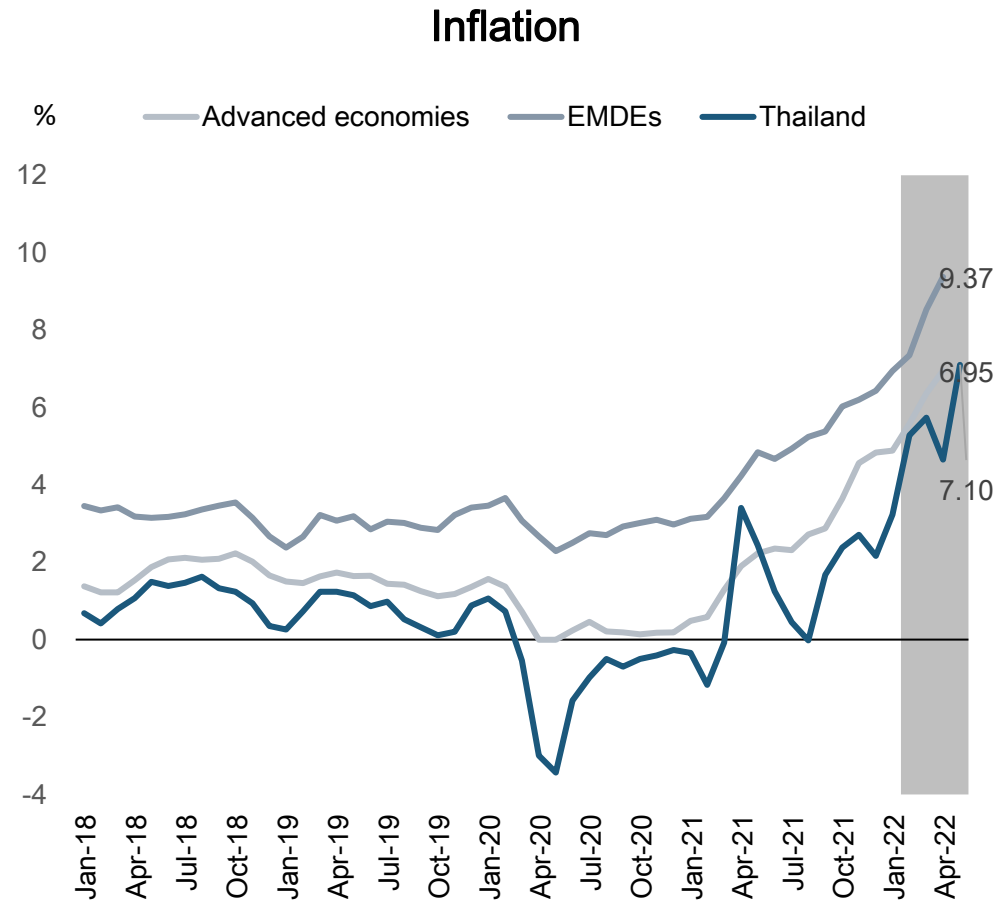
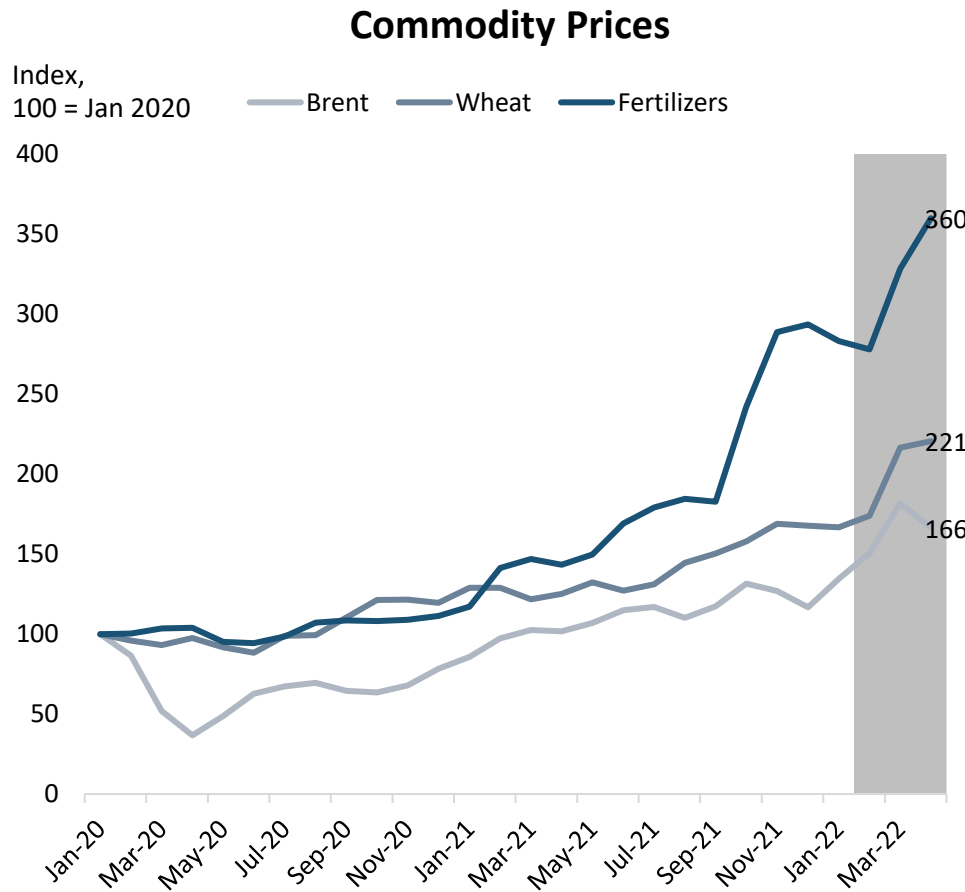


Source: Ministry of Tourism and Sports

- The share of Russian tourist arrivals was 4% of total foreign tourist arrivals in 2019 with high expenditure per day per person of around 102,895 THB.
- The airspace ban against Russian aircrafts and financial transfer sanctions by some European nations have disrupted transports of passengers and cargos from Russia.
- This sanctions will impede Russian tourists traveling to Thailand and cause loss of potential spending and income for the following sectors:
 - **Accommodation and food services**
 - **Transportation and storage**
 - **Administrative and support service activities (Travel agency, motor vehicle rental, etc.)**

Impacts of Russia – Ukraine Conflicts on Energy and Commodity Prices

- Trade and financial sanctions on Russia have accelerated global commodity prices and inflation, which add to inflationary pressure and restrain real income and spending, dampening global economic recovery.



Impacts of high energy prices on the Thai economy, businesses and industries

- Business sectors with high energy consumption are more vulnerable to the volatility of energy prices than other sectors.

Percentage of cost of fuels and electricity to total cost



High oil prices / High inflation

Positive impacts

- Oil & gas exploration/ production, coal & support activities
- Biofuel / Renewable energy
- Rubber farm
- Palm farm
- Crude palm oil

Negative impacts

- Transportation
- Entertainment
- Animal feeds
- Farming / Fishery
- Canned seafood
- Paper & packaging
- Construction
- Power plant
- Real estate
- Hotels and restaurants

Russia-Ukraine Tension

Positive impacts

- Oil & gas exploration/ production, coal & support activities
- Biofuel / renewable energy
- Rubber farm
- Palm farm
- Crude palm oil
- Mineral & metal distribution

Negative impacts

- Transportation
- Animal feeds
- Farming / Fishery
- Canned seafood
- Paper & packaging
- Auto & parts, Tires
- Electronics, IT products
- Construction
- Power plant
- Entertainment
- Real estate
- Hotels and restaurants

Impacts of Russia – Ukraine Conflicts on Thai Industries through Global Supply Chain

- Thai manufacturing sectors with high imported inputs are more exposed to risks from disruption in Russia & Ukraine exporting commodity products through global supply chain.

❖ Energy

Input

Sectors with high share of imported inputs

Natural Gas



Electricity



10.4%

Coal



Cement



6.4%

Electricity



3.7%

Crude Oil



Refined Petroleum



60.8%

Paint



7.9%

❖ Food

Input

Sectors with high share of imported inputs

Wheat



Flour



45.2%

Bakery Products



15%

Noodles



9.6%

Soybean Meal



Animal Feed



32.4%

Poultry



6.7%

Swine



4.3%

Barley



Breweries



4.7%

Impacts of Russia – Ukraine Conflicts on Thai Industries through Global Supply Chain

❖ Metals and Minerals

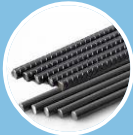
Input

Sectors with high share of imported inputs

Pig Iron



Secondary Steel Products



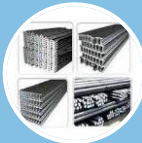
17.0%

Other Fabricated Metal Products



35.4%

Structural Metal Products



22.7%

Special Industrial Machinery



9.7%

Motor Vehicles



9.1%

Motorcycles & Bicycles



9%

Aluminum



Non-Ferrous Metal Products



7.9%

Insulated Wire and Cable



35.5%

Electric Accumulator & Battery



20%

Electronic Devices



17.6%

Input

Sectors with high share of imported inputs

Palladium



Jewelry Products



13.5%

Electronic Devices



17.6%

Chemical Fertilizers



Fertilizers



1.9%

Paddy



8.9%

Maize



7.7%

Cassava



7.2%

Fruits



6.6%

Sugarcane



6.1%

End of Presentation

ผู้จัดทำบทวิเคราะห์

นางสาว ศศิมา วงษ์เสวี (sasimaw@lhbank.co.th)

วิจัยธุรกิจธนาคารแลนด์แอนด์เฮ้าส์

ธนาคารแลนด์ แอนด์ เฮ้าส์ จำกัด (มหาชน)

Disclaimer

ข้อมูล บทวิเคราะห์ และการแสดงความคิดเห็นต่างๆที่ปรากฏอยู่ในรายงานฉบับนี้ ได้จัดทำขึ้นบนพื้นฐานของแหล่งข้อมูลที่ได้รับมาจากแหล่งข้อมูลที่เชื่อถือได้ เพื่อใช้ประกอบการวิเคราะห์ภาวะเศรษฐกิจและอุตสาหกรรมซึ่งเป็นเอกสารภายในของธนาคารแลนด์ แอนด์ เฮ้าส์ จำกัด (มหาชน) เท่านั้น ทั้งนี้ธนาคารฯ จะไม่รับผิดชอบความเสียหายใดๆทั้งปวงที่เกิดขึ้นจากการนำข้อมูล บทวิเคราะห์ การคาดหมาย และความคิดเห็นต่างๆ ที่ปรากฏในรายงานฉบับนี้ไปใช้ โดยผู้ที่ประสงค์จะนำไปใช้ต้องยอมรับความเสี่ยง และความเสียหายที่อาจเกิดขึ้นเองโดยลำพัง