

A Feasibility Study

For the Project with Investment Capital over 500 Million Baht

(Excluding the Cost of Land and Working Capital)

1. Summary of the Project

Summary of the project in brief :- the applicant products, investment capital, factory location, the number of laboures, raw materials in use, technology, etc.

2. Industry Overview

2.1 The Linkage between the Products, for Which Investment Promotion is Requested, with Other Linkage Industries.

Explain the general situation of these industries both in Thailand and in foreign countries.

2.2 The Demand for the Products:

2.2.1 Domestic demand:

- Import statistics for the 5 preceding years;
- Production quantity of other manufacturers (if any);
- The quantity and future trend of the industries which use the products, for which investment promotion is requested, as their raw materials;
- The demand and future trend of the products.

2.2.2 Major export markets and future trend of these markets.

2.3 Local Production Capacity of the Same Products:

- The number of non-promoted manufacturers, their product quality and productivity;
- The number of promoted manufacturers and utilization of production capacity (at its full scale ?)

3. The Appropriateness of the project

3.1 Investors:

- Explanations of business and industry experiences of Thai and foreign investors and the company's executive and investment ratio of all investors concerned;
- Progress in the negotiation among investors: in the initial stage of negotiation or in the stage that the contract is signed;
- In the case of utilizing the existing company by not setting up a new one: explanations of the shareholders, business, profit and loss, and the preceding balance sheets of the existing company.

3.2 Financial Aspects:

- Sources of fund: the quantity of equity and/or debt from local and foreign countries;
- Utilization of investment capital: for land construction, machinery, working capital, etc.;
- Cash flow, net present value, and internal rate of return (IRR) in the case of exempted corporate income tax and non-exempted corporate income tax;
- Progress in the financial institutes' consideration on the application for debt: it is still on consideration or the debt is approved.

3.3 The Competitiveness:

- Suitability of import duties and business taxes of the products and the main raw materials;
- Average production cost at 50%, 80% and 100% of production capacity;
- CIF prices and cost of imported product;
- The advantages of manufacturing the products in Thailand;
- Sensitivity analysis: the effects of the changes in the assumption of raw materials' selling prices and products/ main raw materials' rates of taxes and duties to the viability of the project;

3.4 Technical Aspects:

- Available production technique, the advantages and disadvantages of each technique, techniques used in various countries, the reasons why the project choose the specific technique;

- Explanations of technical supporters, the aspects which they assist, conditions and limitations of technology transfer, the cost of know-how;
- The appropriateness of production process;
- The appropriateness of production scale in comparison with that of operating factories in other countries;
- Sources and adequacy of raw materials including the opportunities to produce raw materials in Thailand;
- Factory location, reasons for choosing the province as the factory location; the adequacy of water, electricity and other infrastructure;
- Utilization of labour in various levels; training courses.

3.5 Effects to Environment:

- Will raw materials or the products or the production process cause the environmental problem?
- Measures to eliminate or control the pollution; investment capital for machinery and for expenses of implementation of pollution control plan.

3.6 Research and Development (R&D)

- Explanation of R&D plan
- Improvements on production quality and product design;
- Improvements on productivity in saving raw materials and employees;
- Improvements on production process;
- Improvements on raw material quality in use.

4. Effects to Overall Economy

4.1 How much will the Government lose the Revenue by Promoting the Project?

- Corporate income tax;
- Import duties of machinery;
- Import duties of raw materials;

4.2 The Benefits to Overall Economy:

- Domestic Value added;
- Saving or bringing in net foreign currency;
- Increases in domestic employment;
- Factory establishment in provincial areas;

- Benefits to linkage industries

5. The Assistance from the Government:

- 5.1 The necessity to apply for promotional privileges; the requested incentives;
- 5.2 The degree of necessity to adjust the import duty structure of raw materials and finished products;
- 5.3 Is it necessary to request for special protection from competition from foreign countries or is it necessary to limit the number of local manufacturer?
- 5.4 The government assistance in such various aspects as electricity, water, infrastructure etc.