



INVESTMENT SERVICES CENTER
THE BOARD OF INVESTMENT
MINISTRY OF INDUSTRY

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PRESS RELEASE

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BOI promotes new incentive scheme for new automobile models to attract foreign direct investment in automobile sector

The Thailand Board of Investment (BOI) further pushes Thailand to become one of the automobile manufacturing hubs in Asia after the board agreed in the meeting hold on 10 June 2009 to expand incentives scheme to cover new-model automobiles. The decision aims to attract international auto makers to move their manufacturing base to Thailand.

Mr. Chanchai Chairungruang, the Industry Minister revealed after the BOI board meeting chaired by Prime Minister Abhisit Vejjajiva that the board agreed to promote investment in new-model automobile manufacturing in order to attract international auto makers to relocate their manufacturing base to Thailand.

Conditions are established based on the objectives to promote large-scale investment that will be able to drive higher demands for auto parts in the future. The conditions include:

1. Actual manufacturing capacity of minimum 100,000 vehicles per year in any year within the first five years of operations,
2. Investment in new assembly-line,
3. Minimum initial capital of Bht 10 billion , exclusive of land cost and working capital,
4. Manufacture of new model of automobile that has never been produced locally and uses new technology such as Hybrid Drive, Brake Energy Regeneration or Electronic Stability Control,
5. Plans for parts production or usage of auto parts must be approved by the Board,

6. No extension of operations period as specified in the investment promotions certificate would be allowed,

7. The application must be submitted within 2010.

The privileges include; exemption of import duties on machinery regardless of zone, corporate income tax exemption for five years for projects with capital investment of Bht 10 billion (excluding cost of land and working capital), corporate income tax exemption for six years for projects with capital investment of more than Bht 15 billion (excluding cost of land and working capital) and one additional year will be increased for the applications submissions within 2009. Total investment of corporate income tax exempted must not exceed capital investment.

“In today’s economic crisis, the automobile industries are restructuring their production lines in order to increase market competitiveness by reducing the number of their plants and conducting all manufacturing activities in one place. By locating their manufacturing base in the Southeast Asian region, the industries can effectively supply the demands within the region. The BOI incentive aims to encourage investors to move their manufacturing base to Thailand. It also aims to expand investment opportunities in the automotive sector which will benefit the automobile parts industries in Thailand in the long term,” said Mr. Chanchai.
