

Thailand: Moving Forward



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Office of the Board of Investment
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OUTLINE

Thailand at a Glance

Competitive

An ASEAN Hub

Investment Opportunities

BOI Services

Thailand at a Glance

Economic Overview

GDP US\$ 405 billion
(per capita) US\$6,041
Growth 3-4%

2015 Inflation (projected)
Core--- 1.59
Headline--- 1.89

Taxation
Corporate: 10-20%
Withholding: 0-15%
VAT: 7%

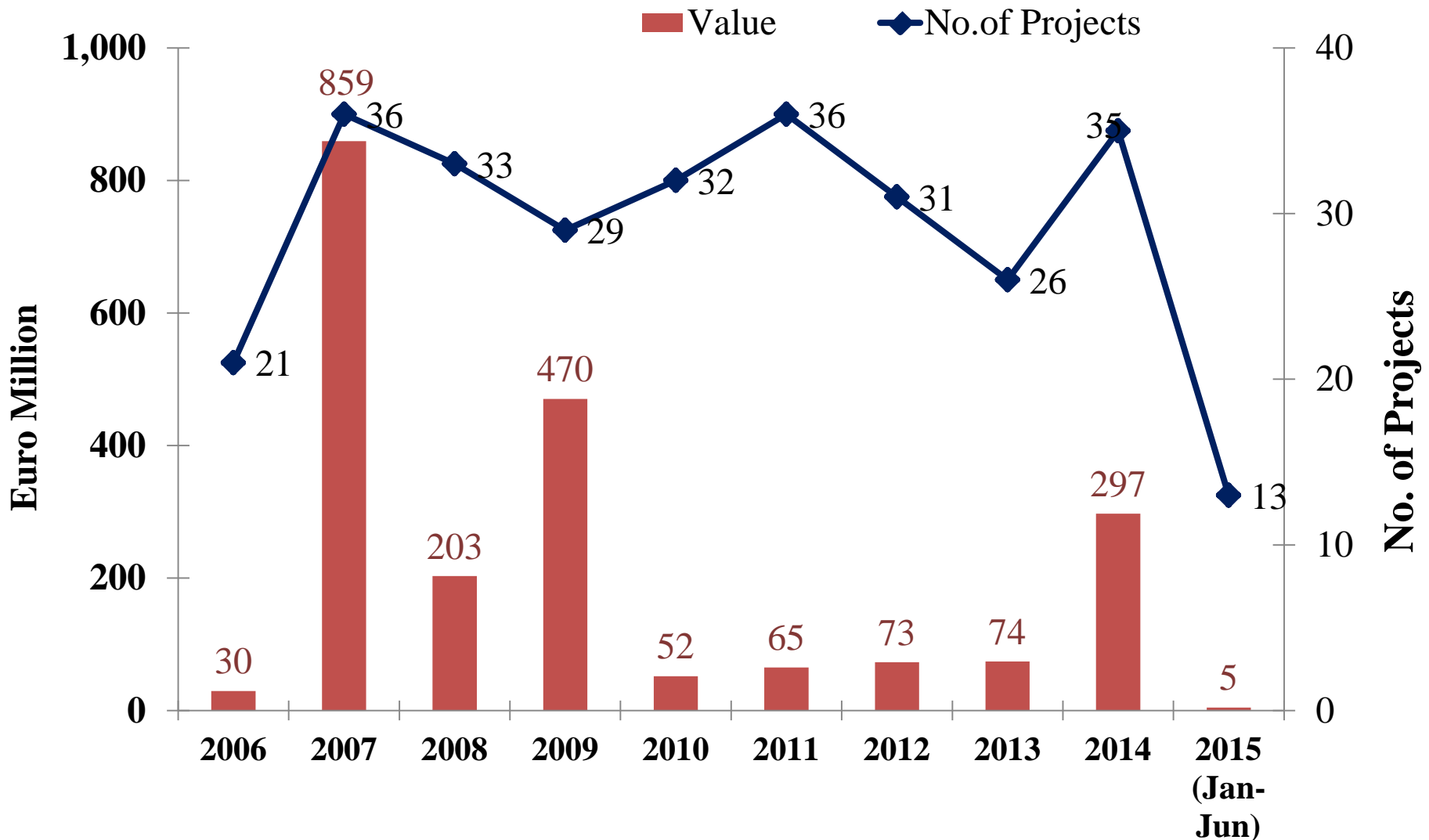
Population
67 Million
Work force
39 million

Bangkok ranked
88th of 211
For cost of living

German Investment



Trend of German Applications



German Investment Applications

Totals by Sector: 2010 – 2014

Sector	Projects	€Million
Agricultural Products/Food	11	19.06
Minerals and Ceramics	2	18.30
Light Industries/Textiles	12	29.26
Metal Products and Machinery/Auto	37	114.78
Electric and Electronic Products	40	17.88
Chemicals and Paper	10	287.43
Services	77	544.12
TOTAL	189	1030.84

Sample of German Investment in Thailand



ZF Lemforder



BOSCH



GKN Driveline



SIG Combibloc

MAHLE

Leistritz



EVONIK
INDUSTRIES

BASF

The Chemical Company

Continental



H.C.Starck



Bayer

ZIEHL-ABEGG



SIEMENS



LANXESS

Energizing Chemistry

KNAUF

patterer
technical parts Co., Ltd.



**klöckner
pentaplast**

umicore



THAILAND

An Asian Hub,
a World of Opportunity

**THAILAND
BOARD OF
INVESTMENT**

Competitive

Thailand is Highly Ranked



UNCTAD Ranks Thailand 8th as a top prospective host economy 2013-2015

Country	Rank
China	1
USA	2
Indonesia	3
India	4
Brazil	5
Germany	6
United Kingdom	7
Thailand	8
Vietnam	9
Russian Federation	10



World Bank Ranks Thailand among the easiest places to do Business in Asia and 26th in the World (3rd in ASEAN)

2015		2015	
1	Singapore	18	Malaysia
2	New Zealand	26	Thailand
3	Hong Kong	29	Japan
4	Denmark	78	Vietnam
5	Korea, Rep.	90	China
6	Norway	95	Philippines
7	United States	101	Brunei
8	United Kingdom	114	Indonesia
9	Finland	135	Cambodia
10	Australia	142	India

Thailand's Cost Advantages



Office Space (Q1, 2015)

- Grade A CBD \$26.5 per square metre per month
- Grade B non-CBD rent of \$17.7 per square metre per month



Construction Costs

- Standard Low Rise Factory \$473 - \$598
- Office, High Quality: \$882 - \$1,039



Corporate tax rate 20%

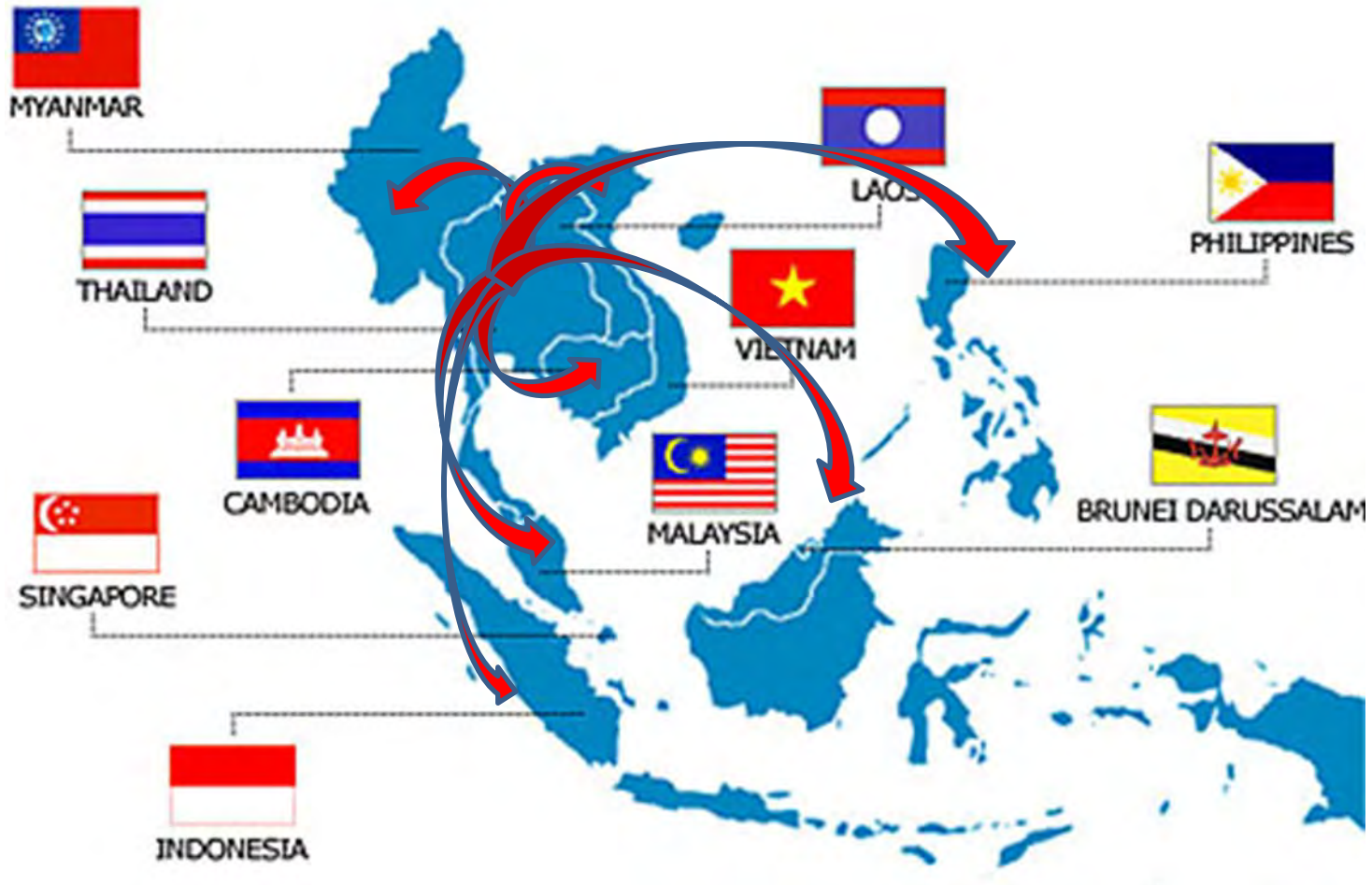
Infrastructure



- 7 international airports
 - In 2009, 53.9 million passengers, 1.1 million tons of cargoes
2009
 - Suvarnabhumi Airport – Capacity: 45 million passengers and 3 million tons of cargo per year
- Over 70,000 km Highway Systems
- 6 Deep Sea Ports & 2 International River Ports
 - Capacity over 10 million TEUs
 - Laem Chabang Sea Port – Capacity: 10.8 million TEUs, with additional 8 million TEUs expansion
 - *e-Customs facilities*
- 4,346 km Rail links to Malaysia & Singapore
- 60 Industrial Estates 60

Thailand: An ASEAN Hub

Thailand: Improving Regional Connectivity



Strategic Location : Gateway to ASEAN



New Transportation Development Strategies (2015–2022) : 5 Key Programs

The new transportation development strategies (2015-2022) consists of 5 key programs, aiming to reduce cost of logistics and transportation, which in turn improve the competitiveness of the economy.

New transportation development strategies 2015-2022

1. Inter-city rail network



Railway

- Upgrade rail infrastructure and overall system
- Build double-track in 6 main rails with their extension to respective borders

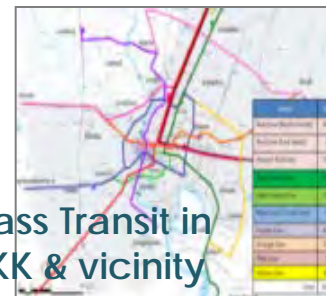
2. Capacity enhancement for highway network to link with key areas in the country and with neighboring countries



Road network

- Develop 4 lane-road networks linking Thailand's key economic regions and borders areas
- Construct new motor ways
- Develop facilities along the main roads such as container yards

3. Public transportation network development plan for Bangkok Metropolitan Region



Mass Transit in BKK & vicinity

- Extend mass transit railway system in Bangkok and vicinity
- Improve quality of service and safety of mass transit bus as well as to enhance its environment standard

4. Air transport capacity enhancement

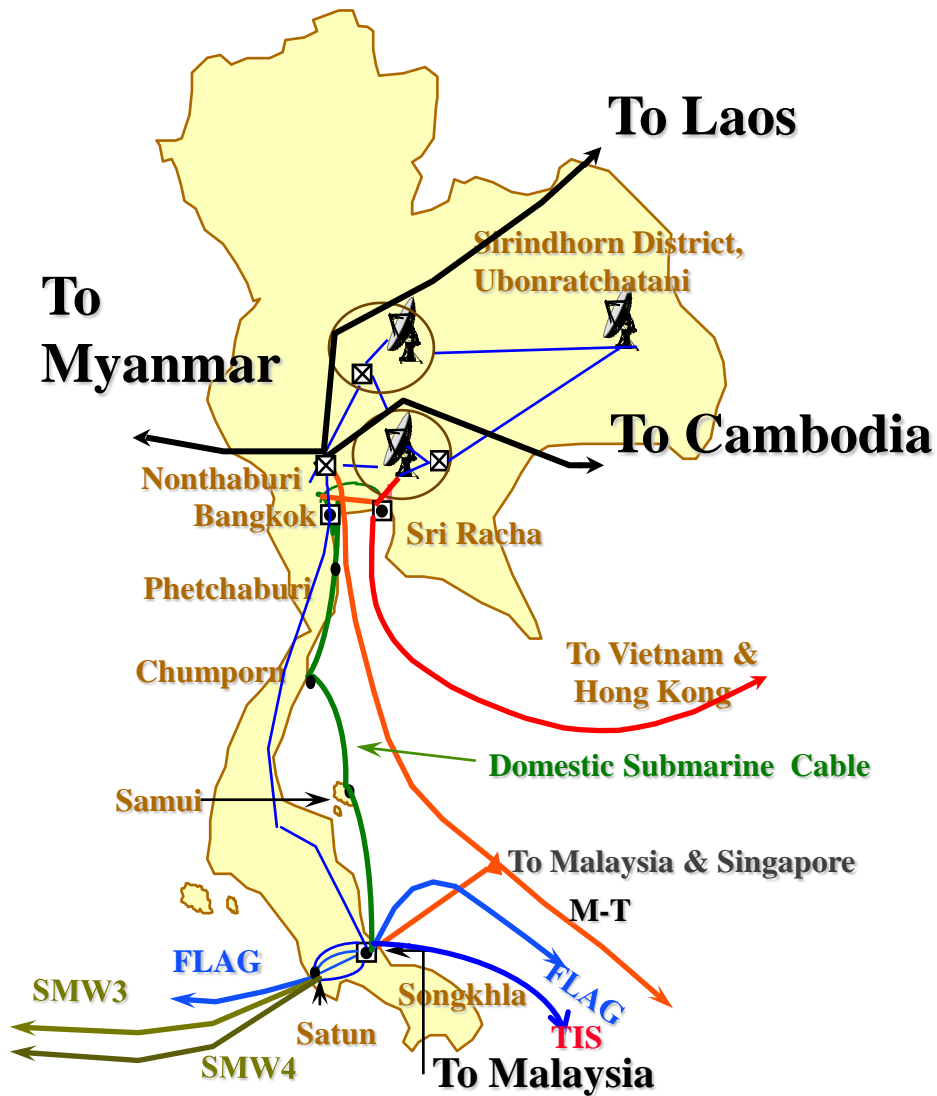
5. Maritime transport development



Water and Air

- Improve seaport on both Thai gulf and Andaman sea
- Enhance capacity of airports to be the regional center of air transportation
- Establish the aviation industrial estates

International Gateways of Thailand



- Thailand has international gateways through landlines, submarine cables, and satellites
- Submarine cable systems are mainly used for global network connections
- There are currently three telecom operators (i.e., CAT Telecom, TOT and Symphony

International Gateways of Thailand



- CAT Telecom has the following submarine cable systems: SMW3, SMW4, TIS, AAG, FLAG and APG (open service in 2016).

International Gateways of Thailand

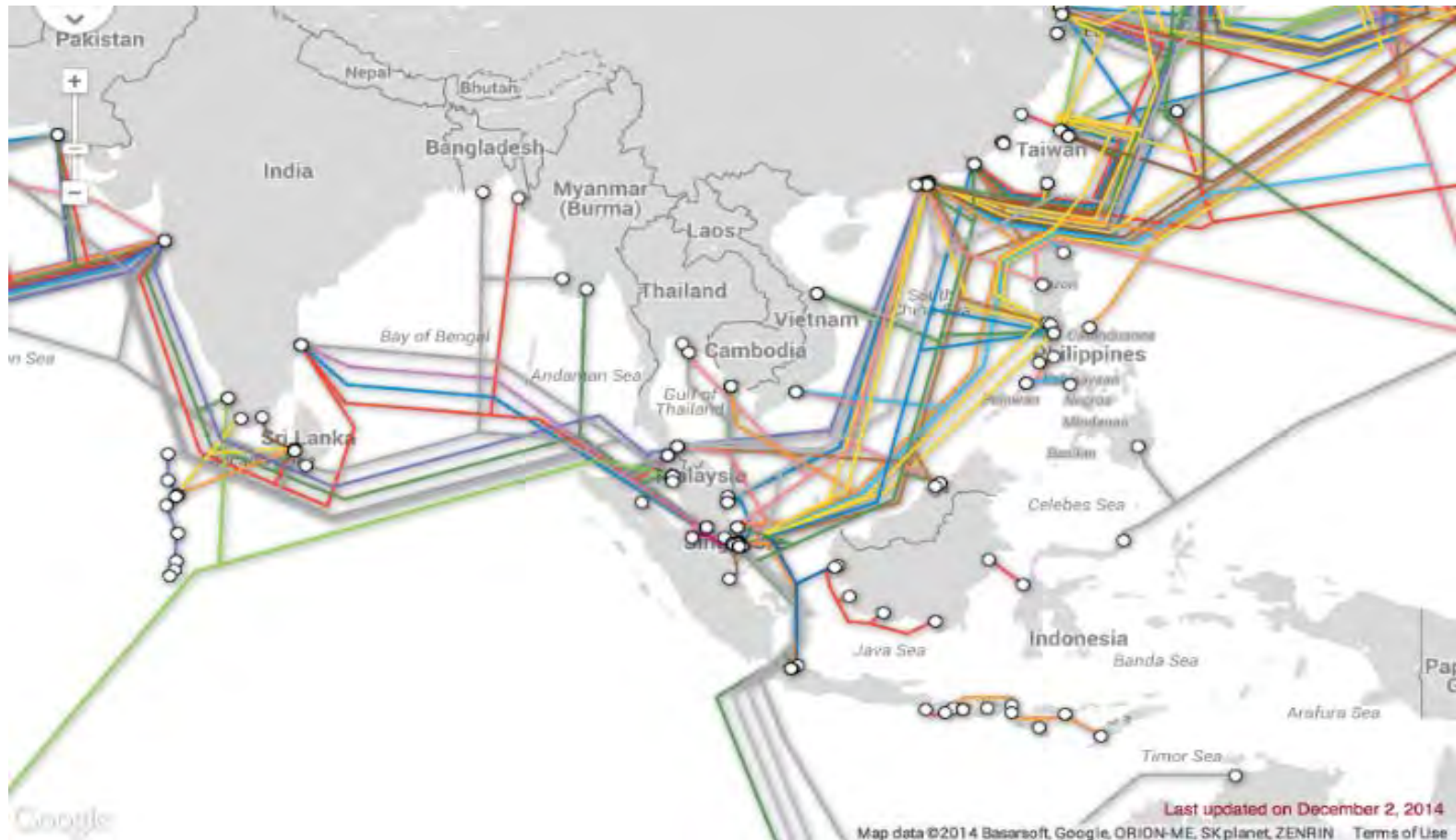


- TOT has SJC and AAE1 (open service in Q4/2016) submarine cable systems.



- Symphony Communication PCL has MCT submarine cable system (open service in Q4/2016) .

International Gateways of Thailand



- The capacity of submarine cable systems is expanding with new technology for larger capacity by end 2016 to serve future demands

Investment Opportunities In ICT/Digital Economy

BOI's Liberal Investment Regime & Attractive Investment Incentives

Policy

100% foreign ownership

No local content requirements

No export requirements

No restriction on foreign currency

Tax

Import duty exemptions/reductions

Corporate Income Tax/Exemption for 3 to 8 years

50% reduction of corporate income tax for up to 5 years

Double deduction on utility costs

Deductions for qualifying infrastructure costs

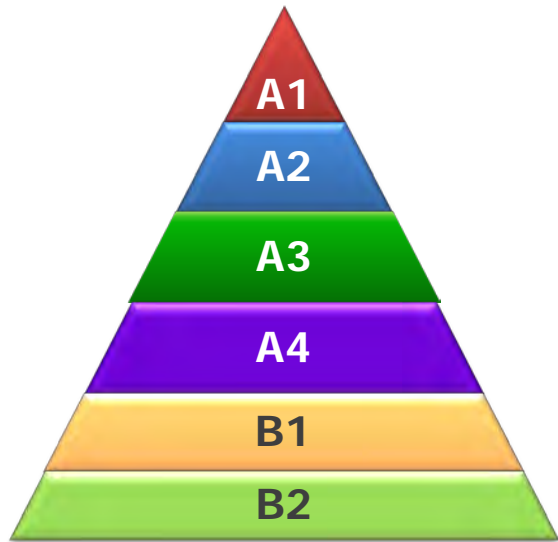
Non-Tax

Land ownership rights

Work permit & visa facilitation

How Investment Incentives Are Granted

Activity-based Incentives



- Exemption of import duties on machinery
- 0-8 years of corporate income tax exemption

+

Merit-based Incentives

1. Competitiveness Enhancement
2. Decentralization
3. Industrial Area Development

Grant additional incentives to encourage more investment/expenditures that benefit the country or overall industry

Key Principles in Designing the List of Activities Eligible for Incentives

- Level of technology
- Value creation
- Role in the supply chain
- Enhancing infrastructure
- Supporting government policy objectives e.g.
Digital Economy,
creative industries

Very specific
and more
focused list of
activities

Example of Promoted Activities in ICT_(1/2)

Group	Example Activities
A1 8-year CIT exemption with no ceiling	<ul style="list-style-type: none">• Micro electronics design• Embedded software/ embedded system design• Data center• Cloud service• Software park• Training center
A2 8-year CIT exemption	<ul style="list-style-type: none">• Telecommunication products (emission, transmission, and reception devices used in fiber optics and wireless systems)• Electronics control and measurement instruments• Security control equipment• Solid state drives• Automation machinery

Examples of Promoted Activities in ICT (2/2)

Group	Example Activities
A3 5-year CIT exemption	<ul style="list-style-type: none">• Enterprise software, Digital content (including: <i>Animation, cartoons & characters/ Computer Generated Imagery (CGI)/ Web-Based Applications and Cloud Computing/ Interactive Applications/ Games: Windows-based, Mobile Platform, Consoles, PDAs, Online / Games, Massive Multi-Player Online Games (MMOG), etc./ Wireless Location Based Service Content/ Visual Effects/ Multimedia Video Conferencing Applications/ E-Learning Content via Broadband and Multimedia.</i>• Electrical appliances with Internet of Things• Other telecommunication devices• HDD, Semiconductor, flat panel display, thin film• Photonics devices
A4 3-year CIT exemption	<ul style="list-style-type: none">• Audio visual• LED• PCBA• Electromagnetic products
B 2 Non Tax	<ul style="list-style-type: none">• E-commerce

Investment Applications Submitted under Key Government's Policy: 2015 (Jan-Jun)

DIGITAL ECONOMY	Projects	€Million
Data Center	1	18.5
Software	72	12.4
Cloud Service	2	12
Total	75	42.9

REGIONAL HUB OF ASEAN	Projects	€Million
International Trading Headquarters (ITC)	24	9.2
International Headquarters (IHQ)	6	4.1
Total	30	13.3

New IT Super Cluster (will announced soon)

Chiangmai & Phuket



BOI Incentives

Activities	Proposal
Embedded Software	Tax holidays 8 years + 50% reduction 5 years
Enterprise Software / Digital Content	
Software Park	
Data Center	
Cloud Service	

Supportive factors

- Government Digital Economy Policy
- Thailand is a gateway to CLMV, emerging market and more investment on ICT infrastructure
- ICT spending increase in several industries especially Telco, Banking and Government
- Opportunities to link with Thai start up companies
- Increasing number of 3G users and Tablets/Smartphone sales
- E-commerce market in Thailand is forecast to top 1 trillion baht in 2016

**MAR
2015**

DIGITAL IN THAILAND

A SNAPSHOT OF THE COUNTRY'S KEY DIGITAL STATISTICAL INDICATORS



TOTAL
POPULATION



we
are,
social

**64.9
MILLION**

URBANISATION: 34%

FIGURE REPRESENTS TOTAL NATIONAL
POPULATION, INCLUDING CHILDREN

ACTIVE
INTERNET USERS



we
are,
social

**35.0
MILLION**

PENETRATION: 54%

FIGURE INCLUDES ACCESS VIA
FIXED AND MOBILE CONNECTIONS

ACTIVE SOCIAL
MEDIA USERS



we
are,
social

**34.0
MILLION**

PENETRATION: 52%

FIGURE REPRESENTS ACTIVE USER
ACCOUNTS ON THE MOST ACTIVE
SOCIAL PLATFORM IN THE
COUNTRY, NOT UNIQUE USERS

MOBILE
CONNECTIONS



we
are,
social

**97.0
MILLION**

vs. POPULATION: 150%

FIGURE REPRESENTS MOBILE
SUBSCRIPTIONS, NOT UNIQUE USERS

ACTIVE MOBILE
SOCIAL USERS



**30.0
MILLION**

PENETRATION: 46%

FIGURE REPRESENTS ACTIVE USER
ACCOUNTS ON THE MOST ACTIVE
SOCIAL PLATFORM IN THE
COUNTRY, NOT UNIQUE USERS

**MAR
2015**

DIGITAL GROWTH TRENDS

GROWTH TRENDS FOR THE COUNTRY'S KEY DIGITAL STATISTICAL INDICATORS



GROWTH IN THE
NUMBER OF ACTIVE
INTERNET USERS



We
are,
social

+47%

SINCE JAN 2014

GROWTH IN THE
NUMBER OF ACTIVE
SOCIAL MEDIA USERS



We
are,
social

+42%

SINCE JAN 2014

GROWTH IN THE
NUMBER OF MOBILE
SUBSCRIPTIONS



We
are,
social

+15%

SINCE JAN 2014

GROWTH IN THE
NUMBER OF ACTIVE
MOBILE SOCIAL USERS

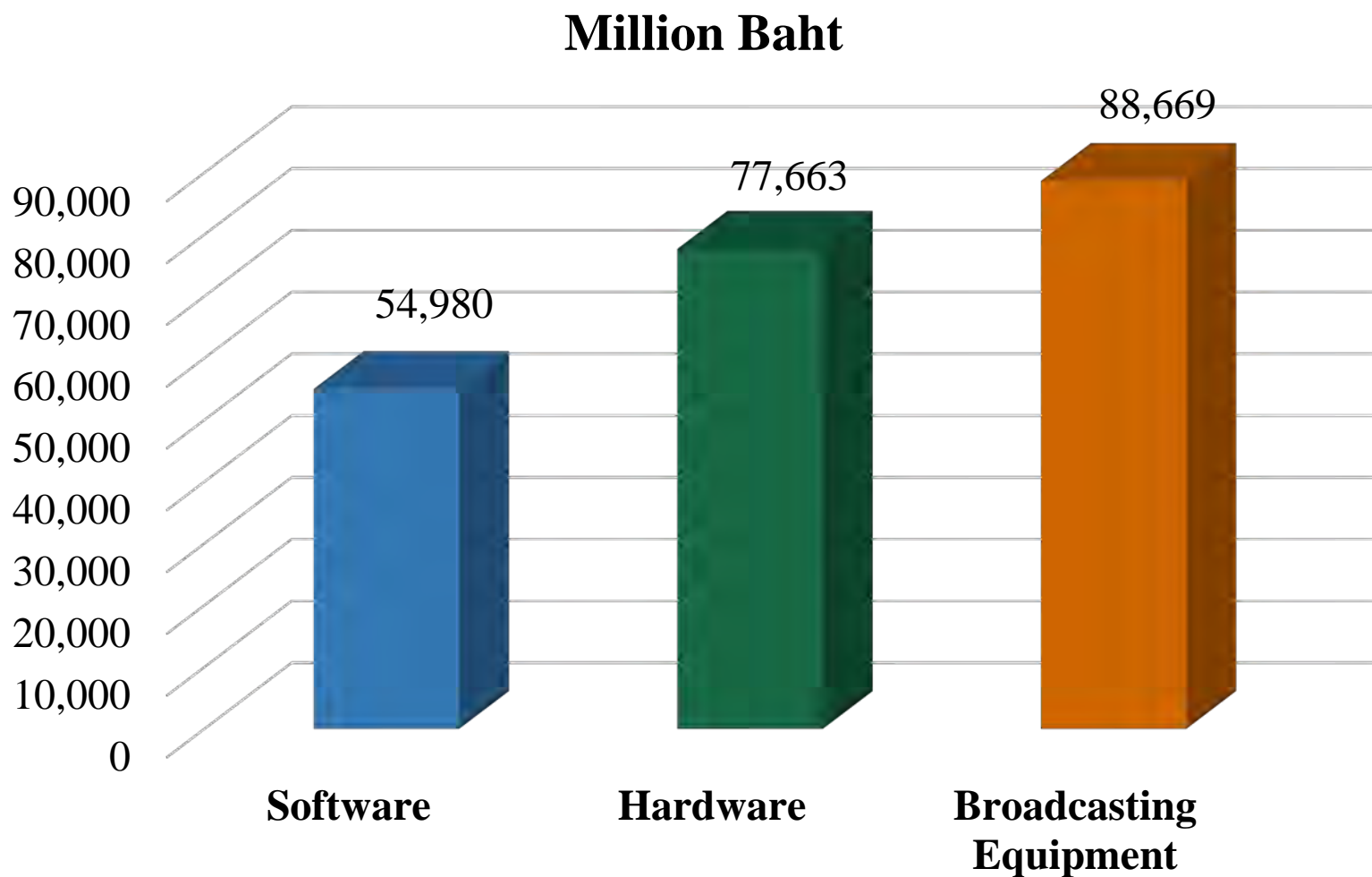


We
are,
social

+36%

SINCE JAN 2014

Thailand ICT Market 2014



Source : ATCI, NSTDA, ETDA, TDRI, SIPA

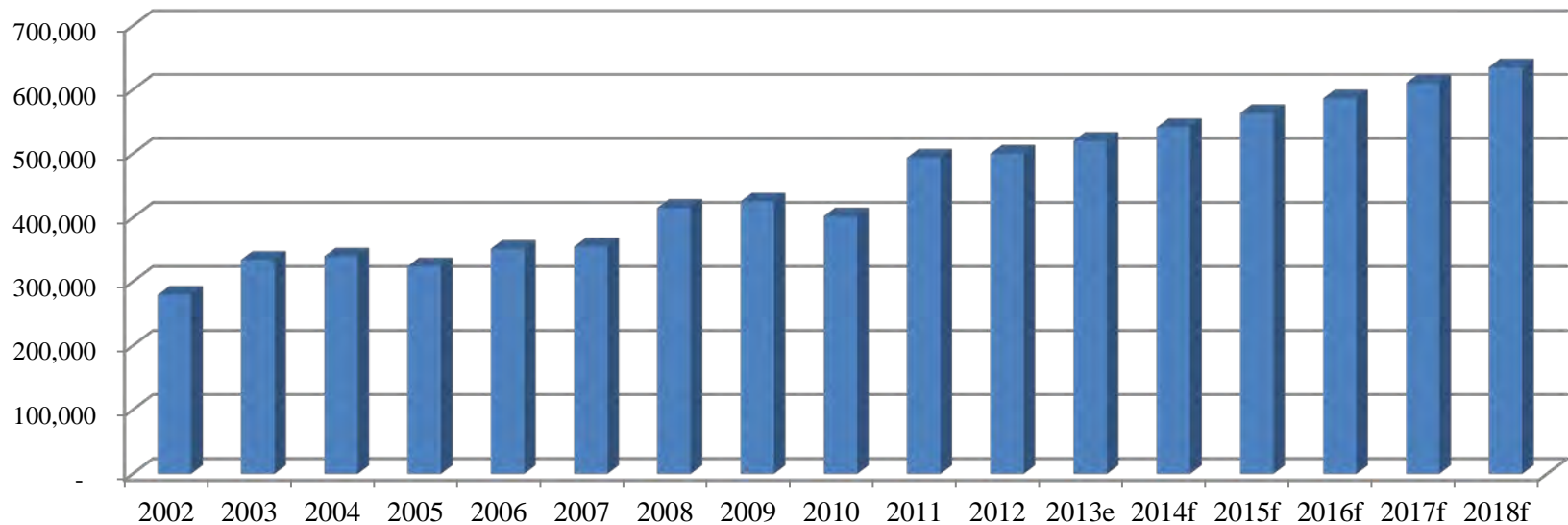
Software Market Survey

Unit: Million Baht

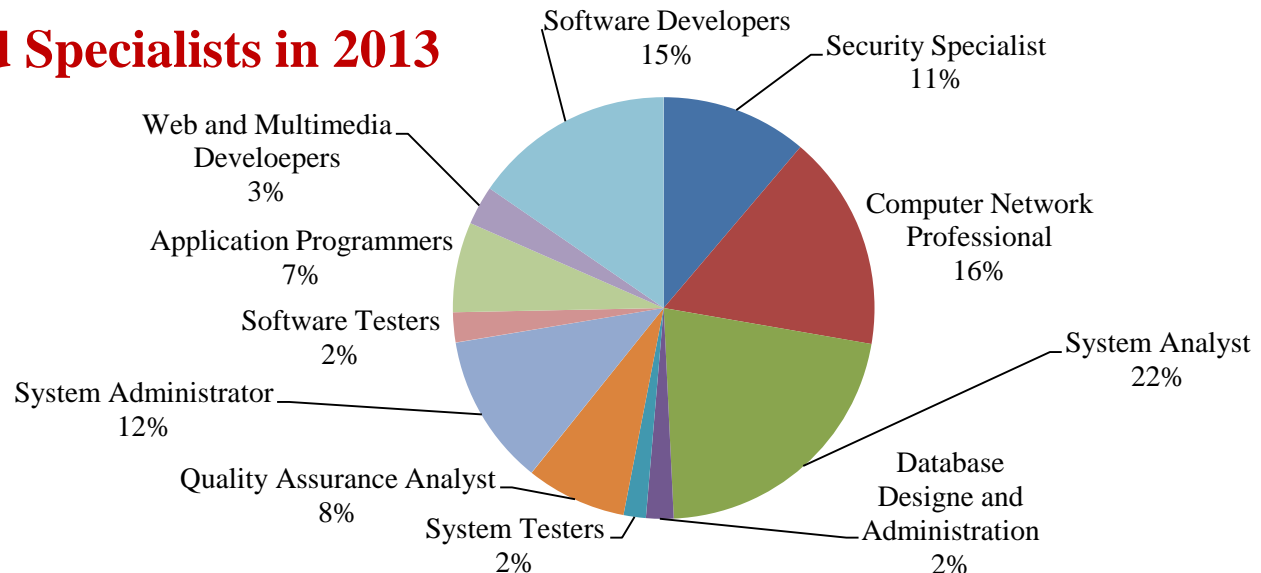
	2011	2012	2013e	2014f
Packaged Software	4,712	5,877	7,962	9,156
Software Services	21,068	26,102	21,314	24,870
Embedded Software	4,002	4,217	4,887	5,864
Total	29,782	36,196	34,163	39,890



ICT Professional



Practitioners and Specialists in 2013



Source: Software Park as of 2014

Measures to Support International Headquarters & International Trading Centers

- A juristic company incorporated in Thailand providing the following services to IHQ's foreign branches or associated enterprises

Org. admin. and mgt. & business planning

Sourcing of goods



HR & training and dev.

R&D



Business advisory services



Technical support



Econ. and inv. analysis and research



Mkt. and sales promo.



Credit mgt. and control



Treasury center



- Must supervise associated enterprises in foreign countries or its foreign branches in at least one country
- Paid-up registered capital must not be less than 10 mil. Baht
- Have total business spending of at least 15 mil. Baht/yr in Thailand

International Headquarters (IHQ)

Revenue Department incentives:

Corporate Income Tax (*NP = Net profits, AE = associated enterprises*)

- exemption for income from services provided to foreign branches or AE;
- 10% for income derived from its branches or AE in Thailand
- exemption of NP from revenue from purchase and sale of goods to its foreign branches or AE and such goods are not imported to TH (OUT-OUT)

Personal Income Tax at the rate of 15% for expatriates in specialist or executive level working in IHQ.

Specific Business Tax exemption on loan taken out by IHQ to relend to its branches or AE in TH and abroad.

Withholding Tax exemption on interest received from its branches or AE in TH and abroad for loans granted in accordance with BOI regulations.

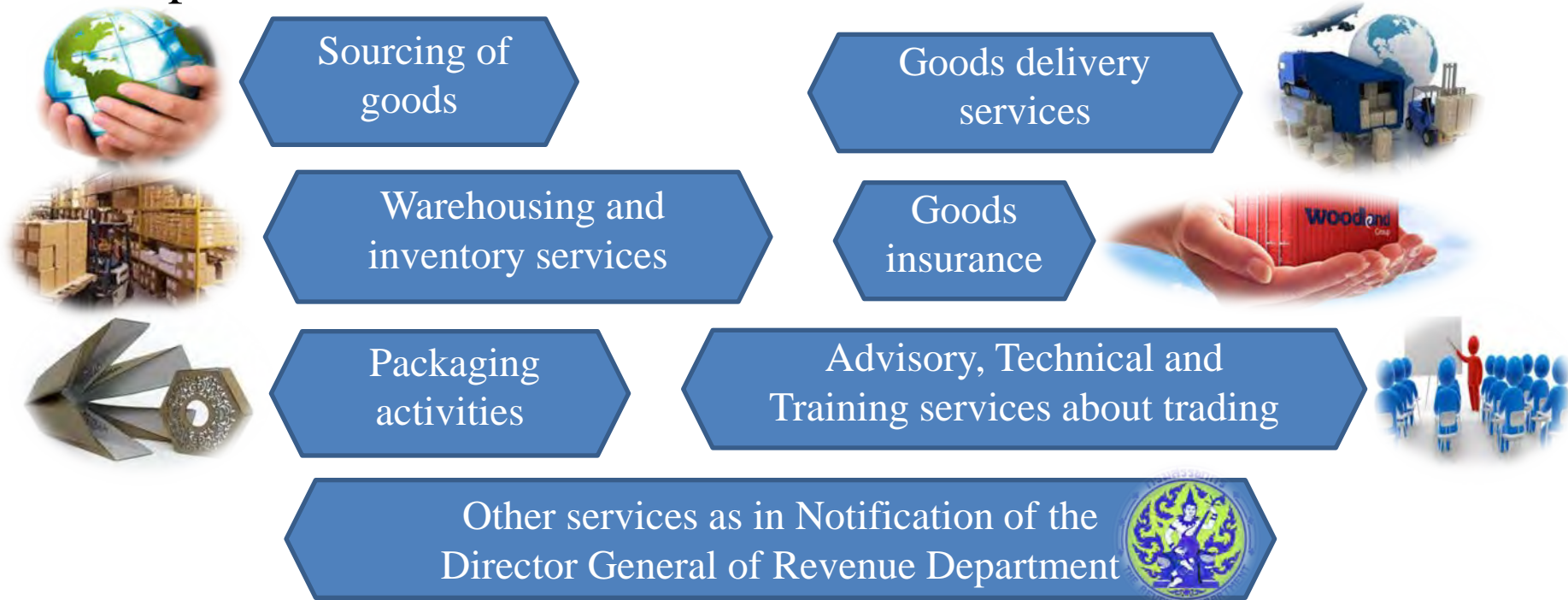
International Headquarters (IHQ)

BOI incentives:

- Majority or total foreign ownership
- Permission to bring skilled workers and experts to work in promoted activities
- Permission to own land
- Repatriation of foreign currency
- Exemption of import duty on machinery (Only machinery for R&D and training activities)

International Trading Centers (ITC)

- A juristic company incorporated in Thailand providing purchase and sale services as well as other related services to juristic companies incorporated in overseas.



- The paid-up registered capital must not be less than 10 million baht.
- Have total ITC business spending of at least 15 million baht per year in Thailand

International Trading Centers (ITC)

Revenue Department incentives:

Corporate Income Tax

- CIT exemption of net profits from revenue from purchase and sale of goods to its foreign branches or associated enterprises and such goods are not imported to Thailand (OUT-OUT), including revenue from marketing and logistics abroad.

Personal Income Tax at the rate of 15% for expatriates in specialist or executive level working in ITC.

International Trading Centers (ITC)

BOI incentives:

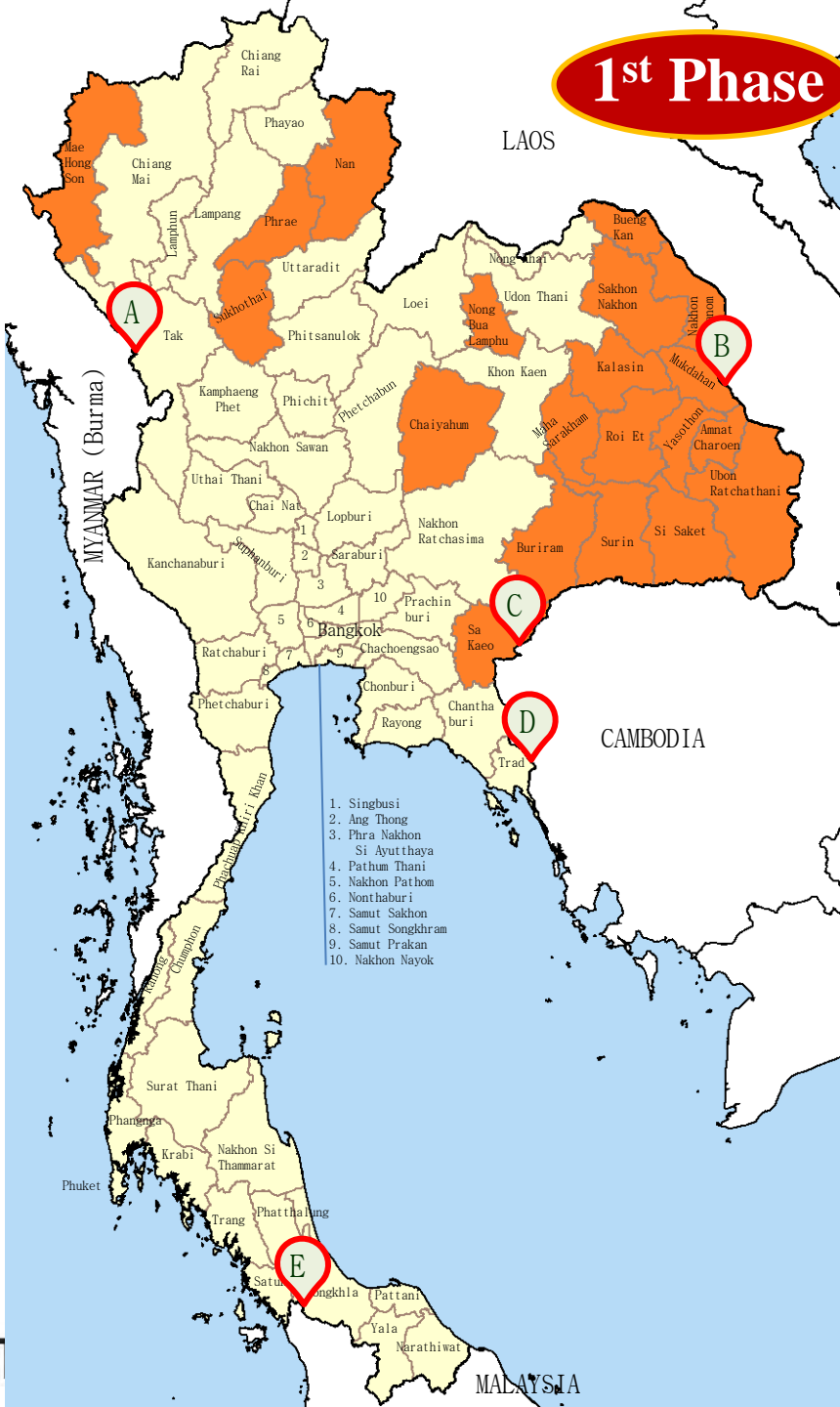
- Majority or total foreign ownership
- Permission to bring into the Kingdom skilled workers and experts to work in investment promoted activities.
- Permission to own land
- Repatriation of foreign currency
- Exemption of import duty on machinery

Special Economic Zone

1st Phase

Investment Promotion Policy for Investment in Special Economic Zones

Initial phase of Special Economic Zones in 5 provinces 5



A Thailand-Myanmar border area,
Tak province

B Thailand-Laos border area,
Mukdahan province

C Thailand-Cambodia border area,
Sa Kaew province

D Thailand-Cambodia border area,
Trat province

E Thailand-Malaysia border area,
Songkhla province

2nd Phase

Investment Promotion Policy for Investment in Special Economic Zones

Initial phase of Special Economic Zones in 5 provinces 5

F Thailand-Laos/Myanmar border area, Chiangrai province

G Thailand-Laos border area, Nongkhai province

H Thailand-Laos border area, Nakhon Phanom province

I Thailand-Myanmar border area, Kanchanaburi province

J Thailand-Malaysia border area, Narathiwat province

1. Singburi
2. Ang Thong
3. Phra Nakhon Si Ayutthaya
4. Pathum Thani
5. Nakhon Pathom
6. Nonthaburi
7. Samut Sakhon
8. Samut Songkhram
9. Samut Prakan
10. Nakhon Nayok

BOI SERVICES

BOI SUPPORT SERVICES



Investment Matchmaking Program

**1-Stop for visas & work permits:
work permits in 3 hours**

**Subcontracting Development
Program by BUILD Unit**

ASEAN Supporting Industry Database

**Interaction with other govt. agencies
on behalf of investors**

Country desks

Overseas offices

One Start One-Stop Investment Center (OSOS)

Facilitate
business
negotiation

Easing & speeding
procedures for new
investors to start up a
business



Consolidating staff
from numerous
investment-related
agencies

Assist investors with various
applications

- Register a company
- Obtain investment promotion privileges
- Obtain a foreign business license
- Complete an EIA report
- Permission to use land for industrial operations
- Utilities, etc.

OSOS

**Visa & Work permit
renewal across the hall**



BUILD Activities



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