

Investment Opportunities in Thailand

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Thailand Board of Investment

ASIAN LEADERSHIP CONFERENCE
July 4, 2017

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Why Thailand?

Thailand's Economic Overview in 2016



Source: NESDB, Ministry of Commerce of Thailand, World Bank, IMD
Note: Exchange rate (BOT, June 1, 2017): 1 USD = 34.28 THB

GDP

1

GDP 2016: USD 417.1 billion
GDP per capita: USD 6,183.2
Growth: 3.2%
Population : 68 million



2

Export Value USD 219.5 billion
Growth: 4.45%



3

World Bank ranks Thailand **5th** for its ease of doing business among East Asia & Pacific countries for 2017



4

IMD World Competitiveness ranks Thailand **27th** out of 63 economies in its global competitiveness index for 2017

Thailand: the Crossroads of ASEAN

Strategic Location Gateway to ASEAN
“We are surrounded by
the world’s economic powerhouses”



**ASEAN
Economic
Community**



633 million population
(9% of world population)



GDP: USD 2.5 trillion
(2% of world’s GDP)



**Regional
Comprehensive
Economic
Partnership *(RCEP)**

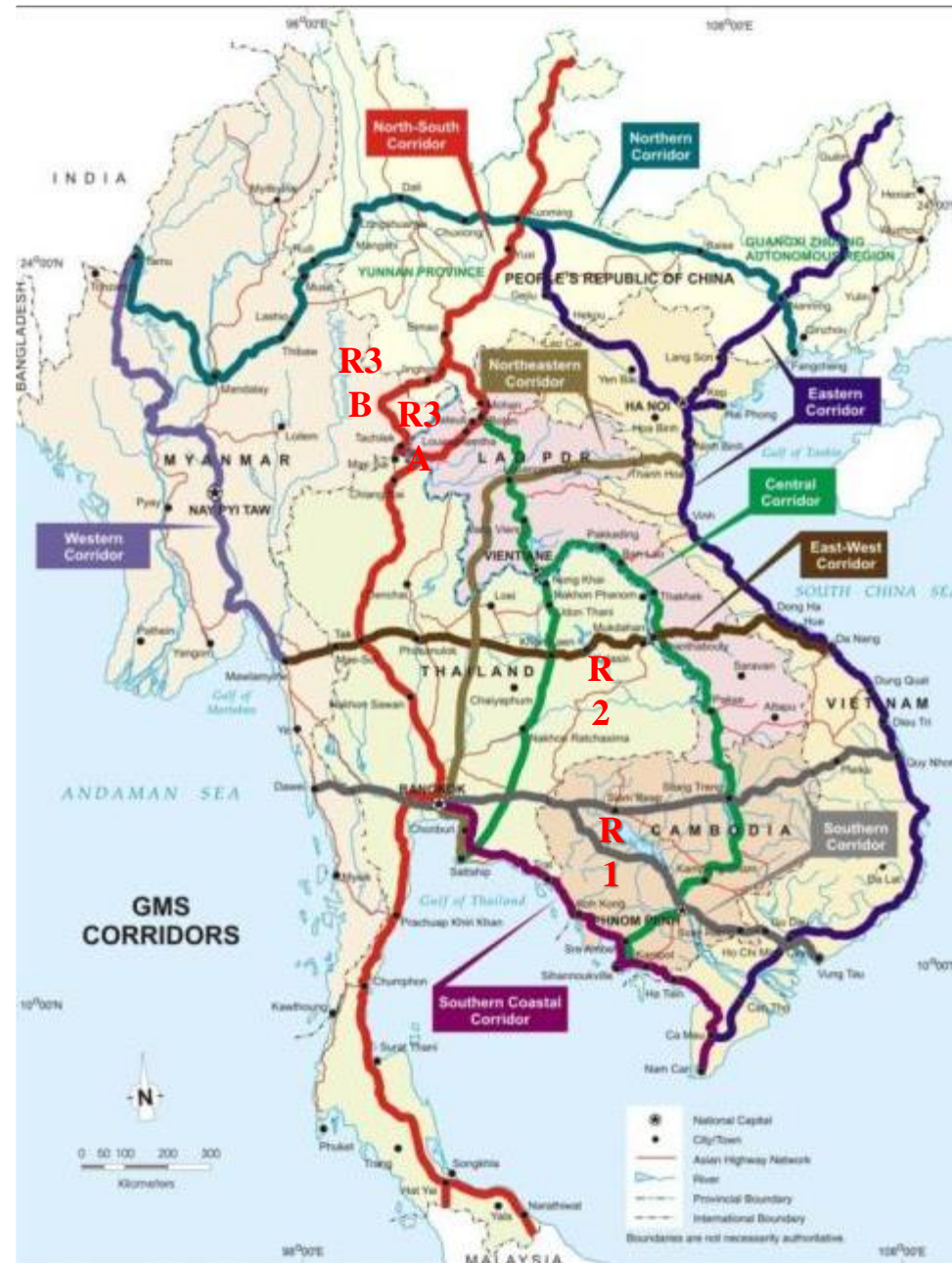


3.3 billion population
(50% of world population)



GDP: USD 21.4 trillion
(28% of world’s GDP)

Thailand: Connectivity Corridors



R1: Southern Economic Corridor (SEC)
 Bangkok – Aranyaprathet – Poipet – Pratabong – Phnom Penh-Ho Chi Minh – Vung Tau

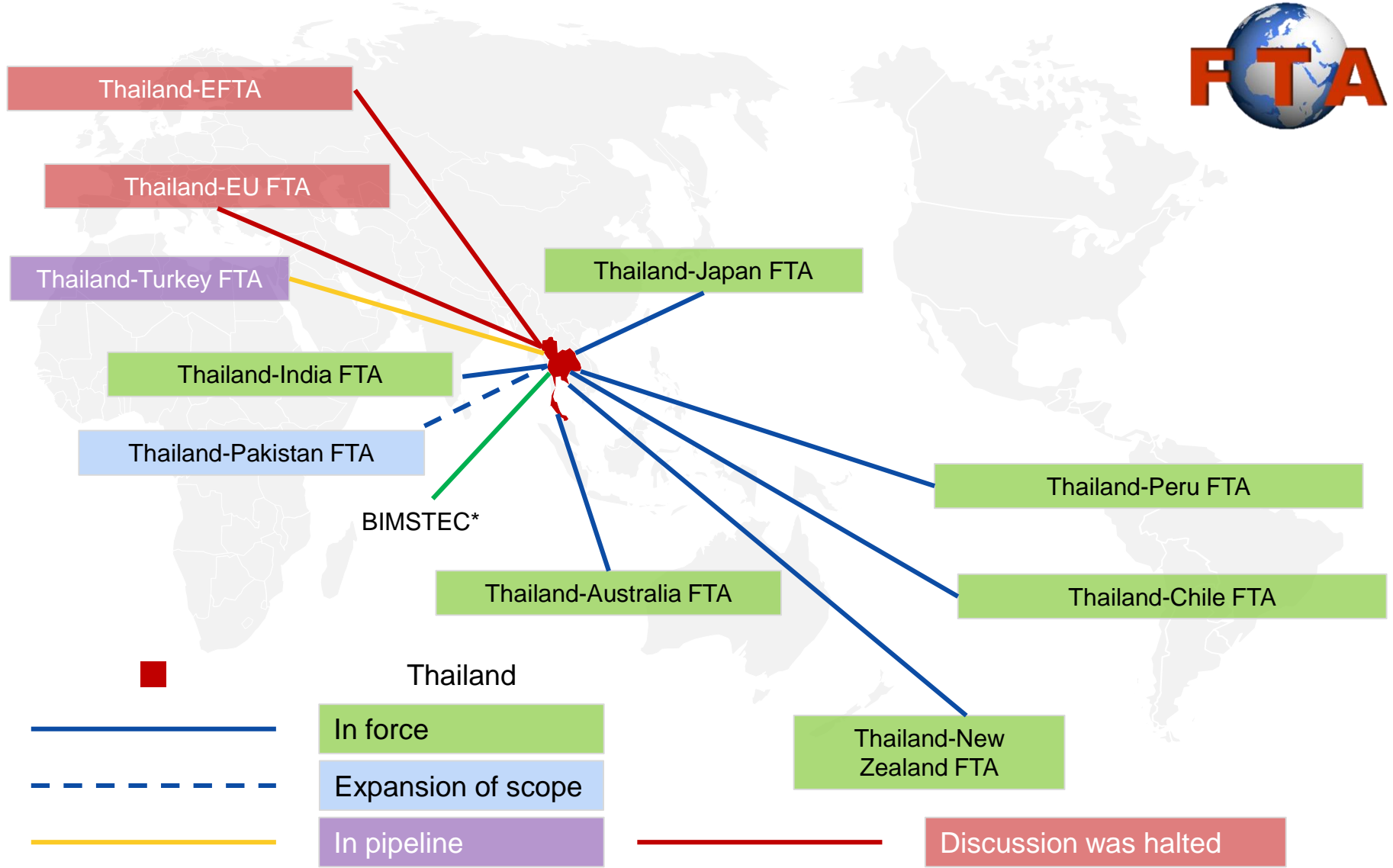
R2: East-West Economic Corridor (EWEC) 1,320 km
 Malamang – Mae Sot – Tak – Sukhothai – Phitsanulok – Khon Kaen – Mukdahan – Savannakhet – Lao Bao – Dong Ha – Danung

R3 North-South Economic Corridor (NSEC)

R3A: Via Lao: Chiang Rai – Chiang Kong – Huay xai – Luang Namtha – Bohan – Chiang Rung – Kunming (1,090 km)

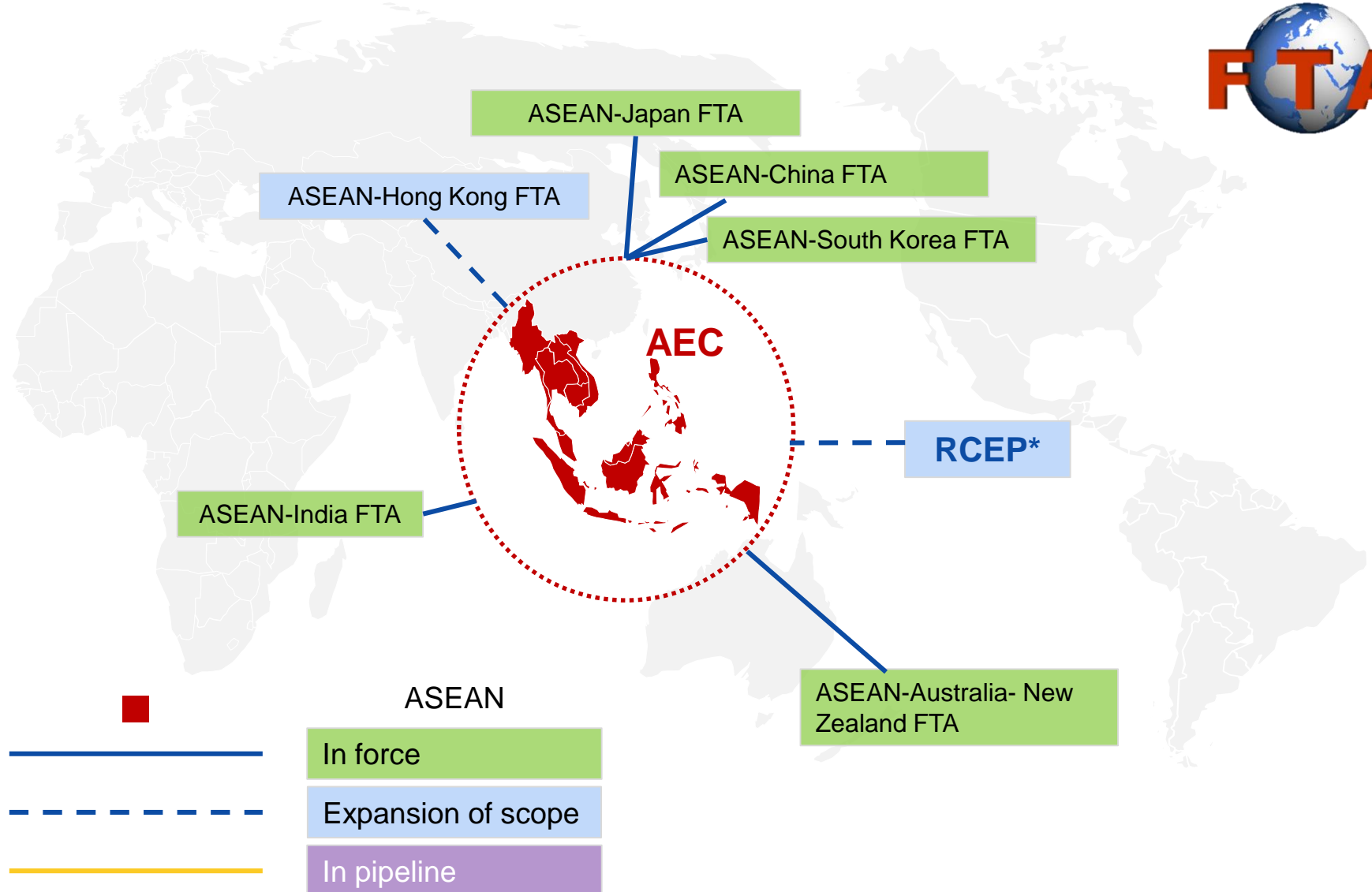
R3B: Via Myanmar: Chiang Rai – Mae Sai – Takelek – Chiang Tung – Chiang Rung – Kunming

Thailand's Bilateral FTAs



Source: Bryan Cave (Thailand) Adapted from Department of Trade Negotiation, MOC

ASEAN FTAs with Countries Outside AEC



Source: Bryan Cave (Thailand) Adapted from Department of Trade Negotiation, MOC

BOI' Investment Promotion Policy 2017

Thailand 4.0

Investment 4.0

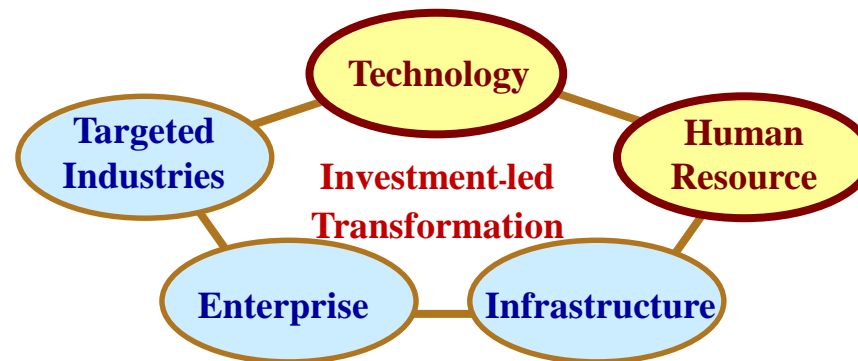
Core Technology	Industrial Cluster
Bio-tech	Agriculture & Food
Bio-Med	Health & Wellness
Mechatronics	Smart Devices & Robotics
Embedded Technology	Digital & IOT
Service Design & Technology	Creative, Culture and High Value Services



From	To
Volume-based	Value-based
Capital-driven	Innovation-driven
Physical capital	Human capital
Manufacturing	High value services
Sector-based & Standard Tax Incentive	Whole “tailored” packages & Negotiations



Prioritizing human resources and technology



Investment Promotion Policy in 2017

Sector-based

- Bio Industries
- Creative & Digital Industries
- High Value Businesses & Services
- Advanced Manufacturing
- Basic & Supporting Industries

Technology-based

- Biotechnology
- Nanotechnology
- Advanced Materials Technology
- Digital Technology



Merit-based

- R&D
- Technology Fund Donation
- IP Licensing Fee
- Advanced Technology Training
- Local Suppliers Development
- Product & Packaging Design

Area-based

- Industrial estates / promoted industrial zones
- Science and technology parks e.g. Science Parks, Food Innopolis, SKP
- 20 provinces with lowest per capita income
- 4 southern border provinces + 4 districts in Songkhla
- 10 Special Economic Zones
- **EEC (3 provinces)**

Specific Measures

SME Supporting Measures

- Increase incentives and ease conditions for Thai SMEs with high potential

Measures to Build Thailand's Domestic Strengths

- Agriculture (upstream/processing foods & non-foods)
- Community Tourism (tourism infrastructure, tourist attractions)

Measure to Promote Improvements in Production Efficiency

- Upgrade machinery for energy conservation, alternative energy utilization, reduction of environmental impacts
- Upgrade machinery for efficiency enhancement, e.g. automation
- Invest in R&D/advanced engineering designs for efficiency improvements

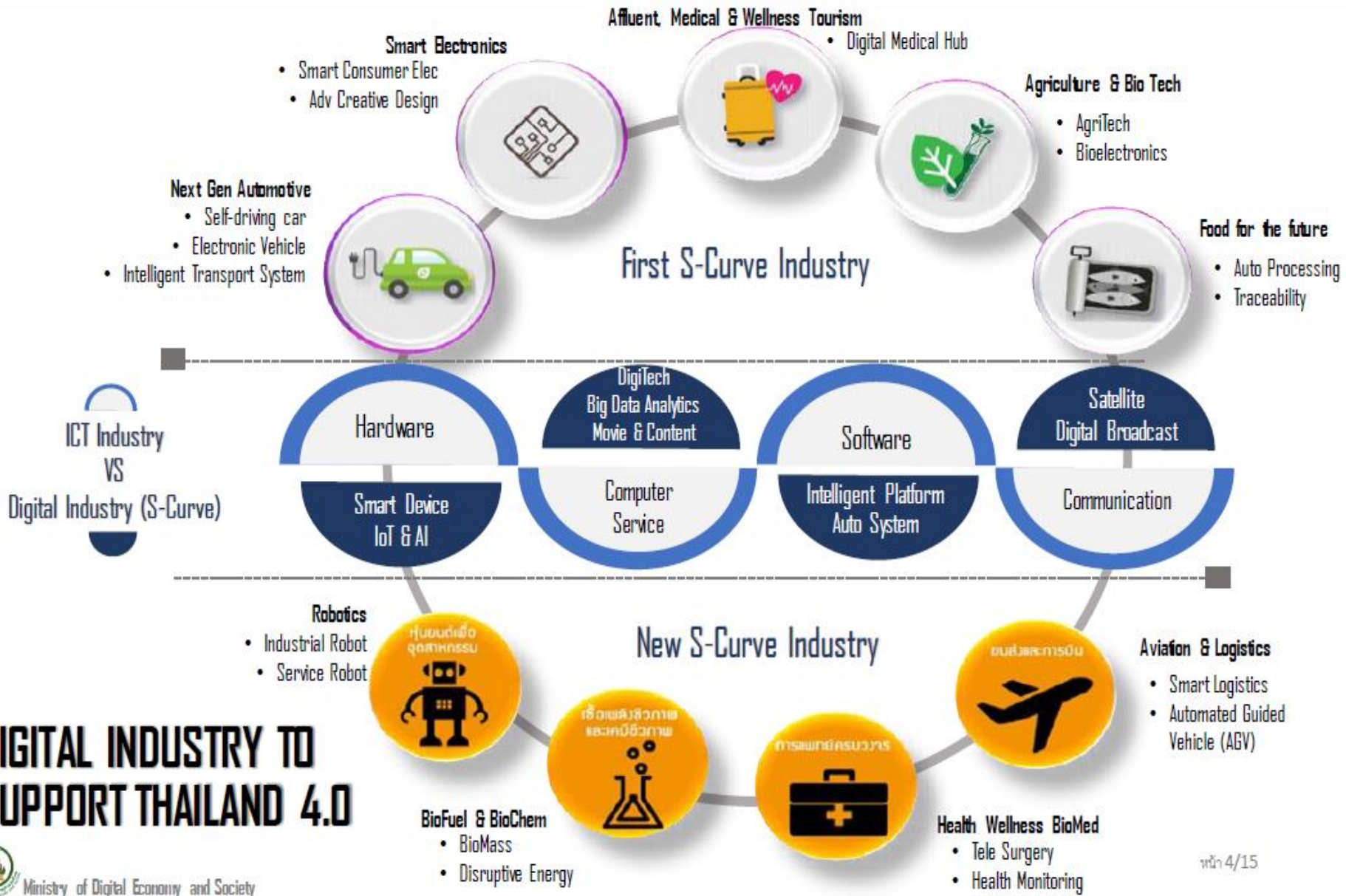
Sectors of Opportunities



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Digital Industry





DIGITAL INDUSTRY TO SUPPORT THAILAND 4.0

WHAT'S IN THE PARK

“Digital Park Thailand is the destination for global players and world-class digital nomads to **Invest-Work-Learn-Play**”

Digital Experience Innovation

- ✓ Digital Theme Park
- ✓ Animation & Movie Town

Digital Connectivity Hub

- ✓ International Internet Gateway
- ✓ Satellite and Space Center
- ✓ Digital Data Hub

DigiTech Acceleration

- ✓ Global DigiTech Networking
- ✓ 24/7 Innovation Workspace

Digital Industry Investment

- ✓ Global Digital Player Destination

 Ministry of Digital Economy and Society

@ Foo Friday Sriracha
Photo

Source: Ministry of Digital Economy and Society

Thailand's Digital Centers

Digital Centers



Software Park Thailand

www.swpark.or.th



IT Park, Bangkok



Innovation Cluster 1, Thailand Science Park

sci-park@nstda.or.th



IT Square, Bangkok

<http://www.itsquareonline.com>



Samui IT Complex

<http://www.isamui.com>



E-saan SW Park

<http://www.esswpark.org>



Kaen Nakorn Office Park

<http://www.ko-park.com>

Infrastructure in Chiang Mai and Phuket

Chiang Mai



<p>Chiang Mai International Airport (Flying direct to many countries)</p>	<p>High Speed Internet (FTTx – Fiber to Home)</p>	<p>BOI /DEPA Chiang Mai (Supporting for IT investors)</p>	<p>Co-working Space for IT (More than 10 places)</p>
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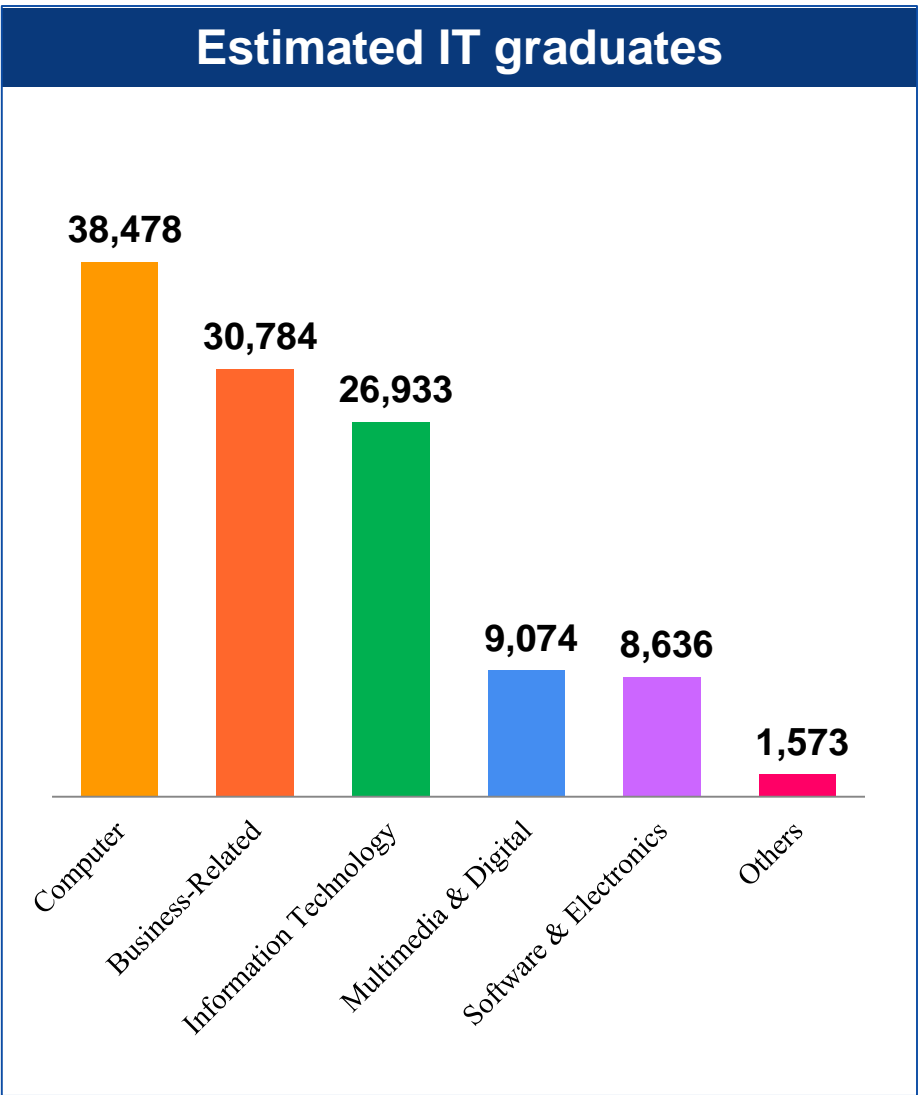
Phuket (2nd IT City in Thailand)



<p>Phuket International Airport (Flying direct to many countries)</p>	<p>High Speed Internet (FTTx – Fiber to Home)</p>	<p>BOI Suratthani/DEPA Phuket (Supporting for IT investors)</p>	<p>Co-working Space for IT (More than 10 places)</p>
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Source: SIPA

Estimated Numbers of Thai IT graduates 2016



- Computer**
 - Computer Engineering
 - Computer Information Systems
 - Computer Science
 - Computer Technology

- Business-Related**
 - Computer Business
 - Information Technology for Business

- Information Technology**
 - Information Technology communication
 - Information Technology Science

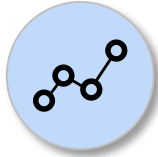
- Multimedia & Digital**
 - Graphic Design
 - Digital Media
 - Multimedia Technology

- Software & Electronics**
 - Software Engineering
 - Electronics Engineering
 - Software and Electronics

- Others**
 - Architectural Technology
 - Information Technology for Sports
 - Industrial Information Technology

Source: Office of the Higher Education Commission, 2017

Investment Opportunities for Software Industry in Thailand



Enterprise software



Embedded software



Animation and computer-generated imagery



Web-based applications and interactive applications



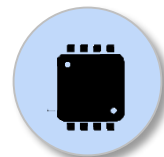
Multimedia video conferencing applications



Entertainment software for mobile platforms, online games or Windows-based games



E-learning content via broadband or multimedia



Embedded system design



High value-added software



Digital services

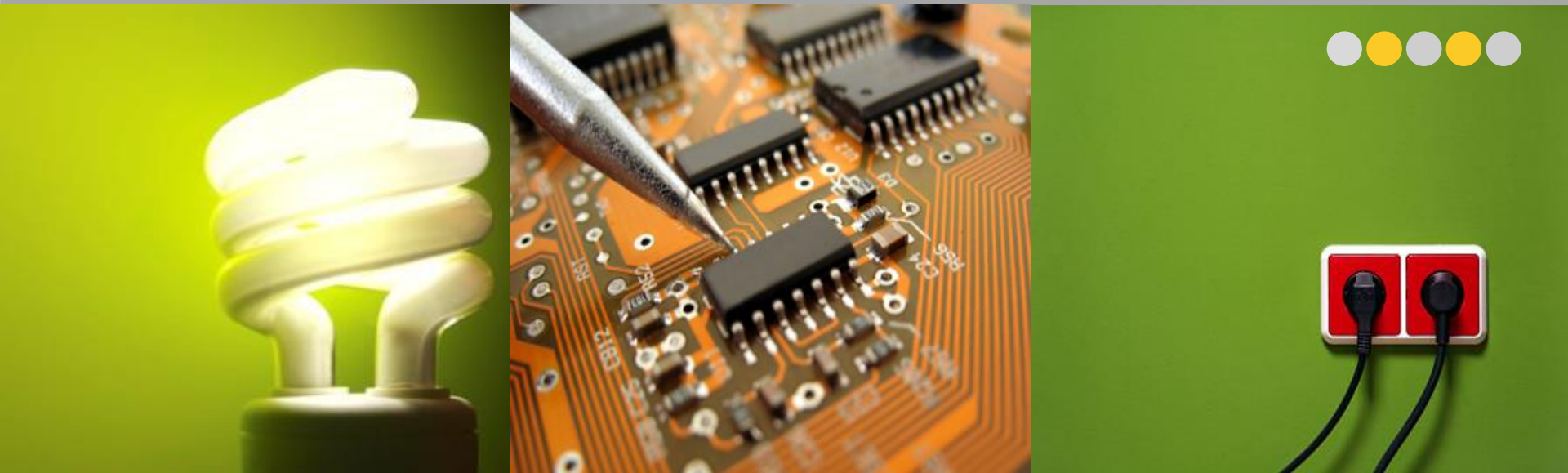


Innovation incubation center



E-commerce

Electronics & Electrical Industry



Thailand's Electrical and Electronics Industry Overview



E&E exports **USD 60 billion** in 2016, contributed to **24%** of total exports



Major products: **Computer components, Integrated Circuits, Air-conditioners & other white goods**



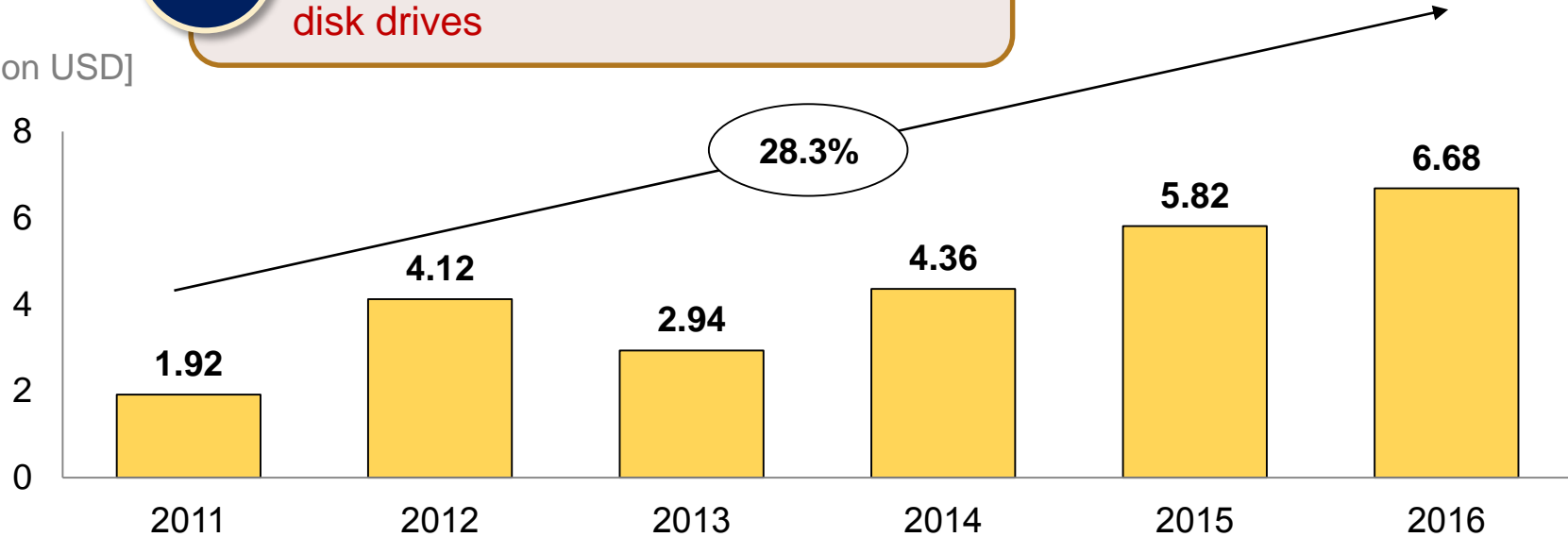
Strong supporting industries for electrical appliances
Compressors, motors, plastic and metal parts

Source: Electrical and Electronics Institute; Exchange rate (BOT, June 1 2017): 1 USD = 34.28 THB


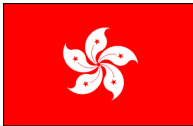

Hard Disk Drive Export Value, 2011 – 2016

2nd Thailand was ranked the **2nd** largest global producer and exporter of hard disk drives

[In Billion USD]

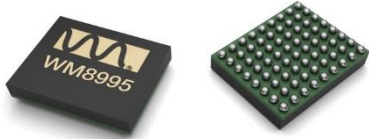


Major Export Market in 2016

<p>U.S.</p>  <p>\$1,957b 29.3%</p>	<p>Hong Kong</p>  <p>\$1,552b 23.2%</p>	<p>Netherlands</p>  <p>\$592b 8.9%</p>
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Source: Ministry of Commerce, Electrical and Electronics Institute; Exchange rate (BOT, Mar 1 2017): 1 USD = 35.00 THB

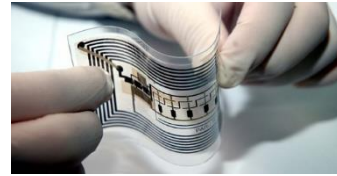
Investment Opportunities for E&E Products



Microelectronics design



Embedded system design



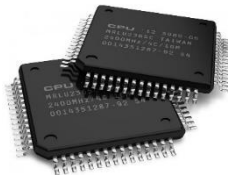
Organic and Printed Electronics (OPE)



Telecommunication products



Motors



Semiconductors

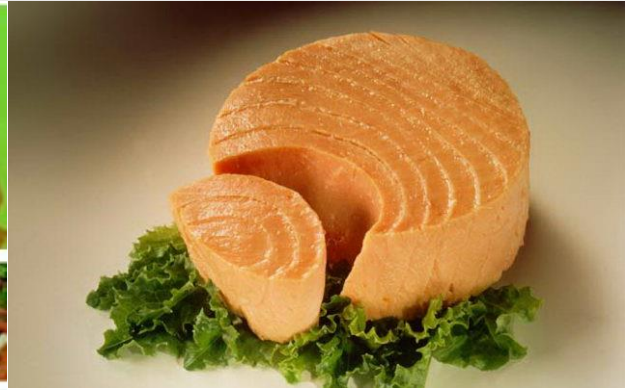


Air conditioners



Refrigerators

Thailand's Food Industry



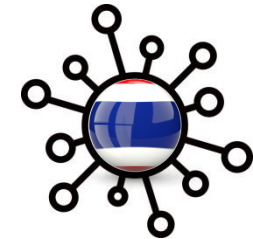
Thailand's Food Exports Rankings

Thailand is the world's **"#1 EXPORTER"** in cassava starch, canned tuna, canned pineapple

Source: Ministry of Science & Technology, 2016



Advantages for Companies in the Food-processing Industry in Thailand



Competitive Workforce

- Approximately **660,000 laborers** in Thailand's food industry.
- The government's numerous **training and support organizations** ensure a robust and technically-equipped workforce that is ready to go today and will be around in the future.

Strong Business Climate

- Thailand's economy is one of the **fastest growing in Asia**.
- <http://www.ricefarmvilla.com/>
- Thailand is **ranked 3rd in Southeast Asia** in terms of ease of doing business

Hub of Asia

- The **reduction of tariff and non-tariff barriers** articulated in free trade agreements between Thailand and India, China, Japan, Australia, and within ASEAN
- The launch of the AEC has expanded the consumer base to more than **600 million consumers spread out across Southeast Asia**.

Source: National Food Institute (NFI)

Trends and Opportunities in the Food Industry

Food & Drink Trend

1. Beverages Redefined
2. Snackification
3. Dairy 2.0
4. Redefining Sweetness
5. The Great Fragmentation
6. Naturally Functional
7. Plant-Based Foods
8. Direct-to-Consumer
9. Protein
10. Free-From

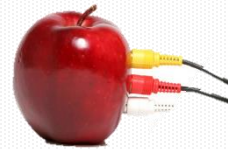


High Value Food Product

Agri-business



Functional Food & Drink



Medical Food



Health Food & Drink



Food for senior and kids



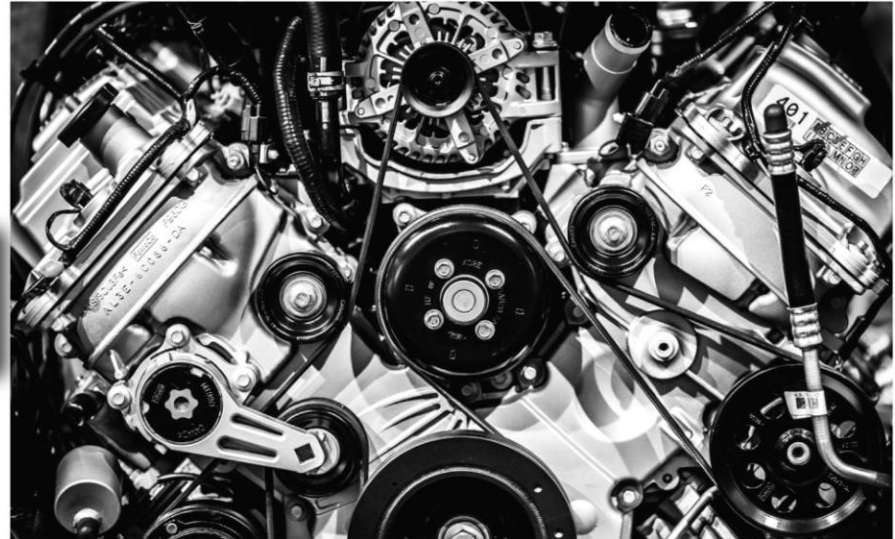
Source: National Food Institute (NFI)



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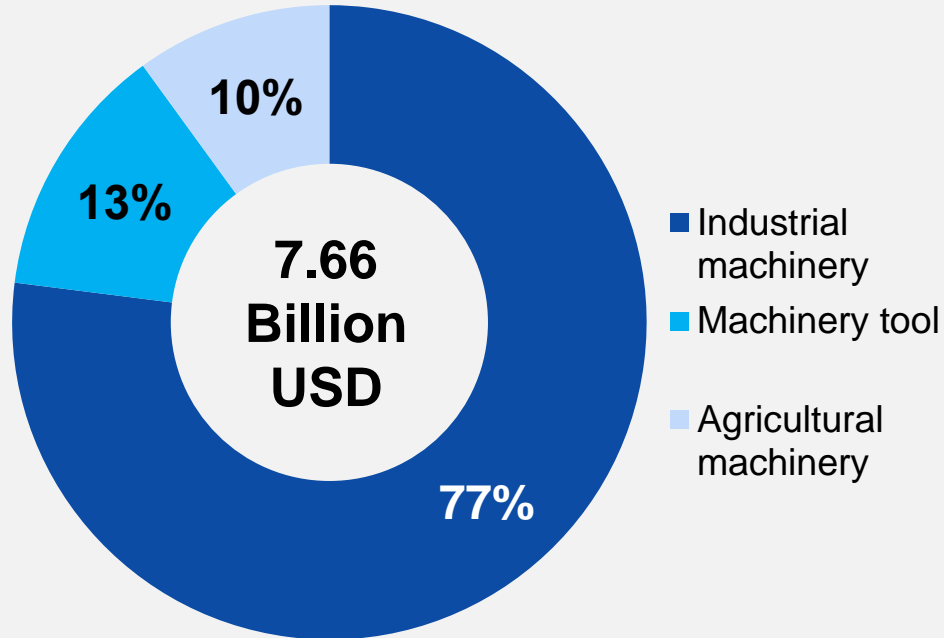
Machinery Industry

MACHINERY



Thailand Machinery Industry Overview

Thailand Machinery Export 2016



Highest Export Value Machinery Products

- 1 Air pump and compressor (15.4%)
- 2 Liquid pump (7.7%)
- 3 Printer (7.6%)
- 4 Liquid and gas filter machine (7.4%)
- 5 Land construction machine (6.2%)

Source: Machinery Intelligent Unit, Exchange rate (BOT, June 1 2017): 1 USD = 34.28 THB

Opportunity in Thailand Machinery Market

Opportunity in Machinery

High demand for



Food machinery



Textile machinery



Automotive machinery

Textile Machinery

High demand for



Packaging machine



Production machine



Control equipment

Agro-machinery

High demand for cooling and purifying machine



Fruit and vegetable



Animal feeding



Cereal processing

Alternative Energy / Energy Conservation Machine

High demand for



Energy saving machine



Machine using alternative energy

Source: BOI

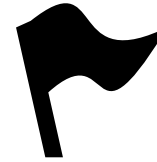


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Automotive Industry



Thailand Automotive Industry Overview



Thailand	Target: To manufacture 3,500,000 units in 2020	Export Value	Contribution to GDP
<p>6th largest commercial vehicle producer in the world in 2016</p>	<p>18 Auto Assemblers with combined production of 1.94 million units</p>	<p>2016 exports were 1.19 million units with value of 18.5 billion USD</p>	<p>Contribute to 12% of country's GDP</p>

Source: Thailand Automotive Institute. 2016 , Exchange rate (BOT, June 1 2017): 1 USD = 34.28 THB

Investment Promotion on EVs

Electric Vehicles

- HEV, PHEV, BEV
- Incentives are varied by the technology used for EVs

EV Parts

- Core technology: Battery, Traction Motor, BMS, DCU, etc.
- Build a strong supply chain
 - Manufacture/use at least one core material
 - An additional CIT exemption on every manufacture/use of key part or component, altogether no more than six years

Battery Charger Station

- Support the readiness of Thailand's infrastructure
- Build customers' increasing confidence



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IHQ/ ITC



What are the IHQ & ITC?

IHQ

International Headquarters (IHQ) is a company incorporated under Thai laws that provide activities to its branches or associated enterprises, whether located in Thailand or overseas

ITC

International Trading Center (ITC) is a company incorporated under Thai laws that purchases and sells goods/ raw materials/ parts or provides international trading related services to juristic persons incorporated under foreign laws.

IHQ : Scope of Activities



Sourcing of Goods

Organizational Management
& Business Planning



R&D

HR Training & Development



Technical Support

Business Advisory Services



Marketing and
Sales Promotion

Economics and Investment
Analysis & Research




Treasury Center

Credit Management & Control




International Headquarters (IHQ): Incentives & Special Tax Regime

BOI Incentives:




1. Majority or **100% foreign ownership**




2. Permission to bring **skilled workers** and experts to work in promoted activities



3. Permission to own **land**



4. Repatriation of **foreign currency**



5. Exemption of **import duty on machinery** (only for R&D and Training activities)

Incentives offered by the Revenue Department

Corporate Income Tax

- **CIT exemption 15 yrs.** (only services provided to foreign branches or AE)
- **10% of CIT** (only income derived from its branches or AE in Thailand)
- **Tax 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

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

Specific Business Tax

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

Withholding Tax

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

International Trading Centers (ITC): Scope of Activities

ITC: Scope of Activities



Sourcing of Goods

Goods Insurance



Warehousing & Inventory
Services

Advisory, Technical and
Training Services about
Trading



Packaging Activities

Other Services




Goods Delivery Services


***As in notification of the Director
General of Revenue Department**

International Trading Centers (ITC): Incentives & Special Tax Regime

BOI Incentives:




1. Majority or 100% foreign ownership



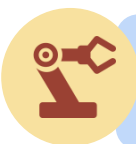
2. Permission to bring skilled workers and experts to work in promoted activities



3. Permission to own land



4. Repatriation of foreign currency



5. Exemption of import duty on machinery

Incentives offered by the Revenue Department

Corporate Income Tax

CIT exemption 15 yrs. 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

The tax rate of **15%** for expatriates in specialist or executive level working in ITC.

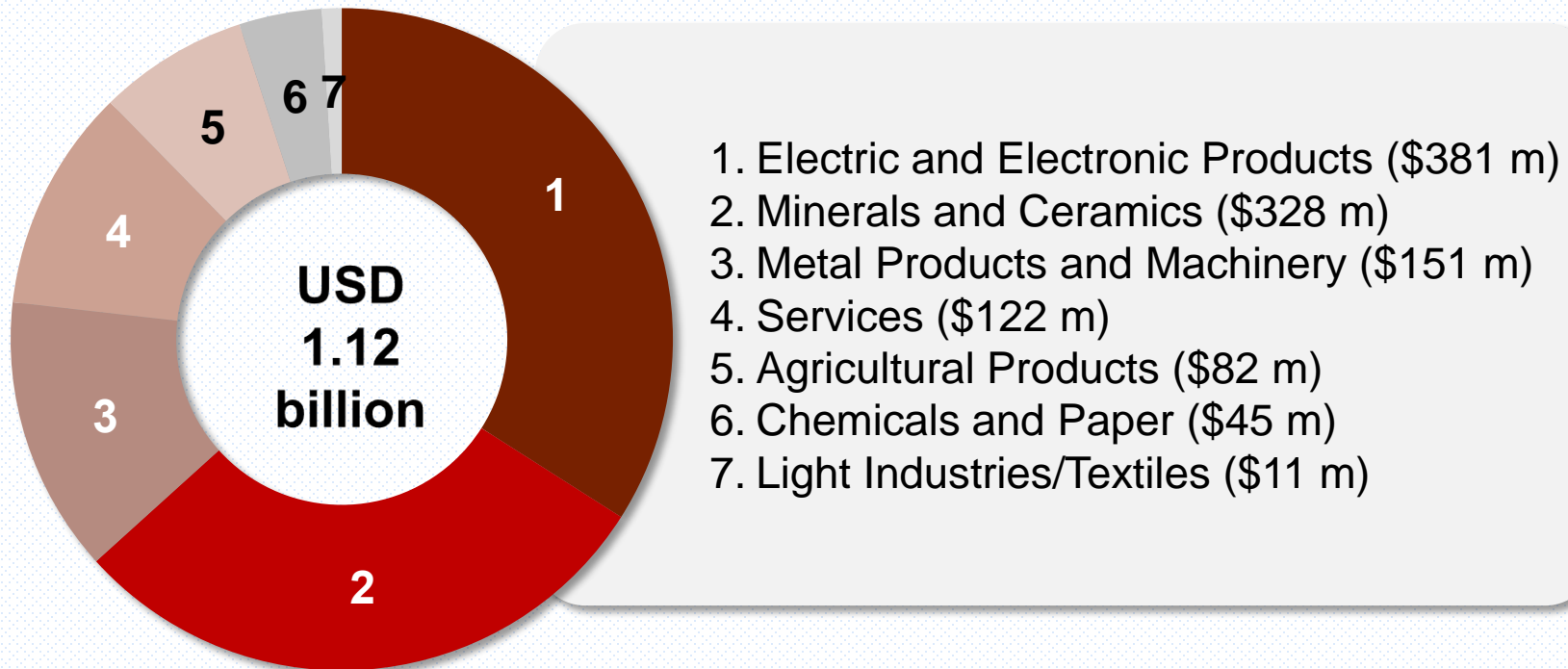


Korean Investment in Thailand

South Korean Net Application Submitted by Sector in 2012-2016

Total Application by Sector: 2012-2016

[Million USD]



Source: BOI; Exchange rate (BOT, Mar 1 2017): 1 USD = 35.00 THB

Samples of Korean Investment in Thailand

POSCO



Hanwha



SAMSUNG
ELECTRO-MECHANICS

BOI Office in South Korea (Seoul)



Seoul

Thailand Board of Investment, Seoul Office
#1804, 18th Floor, Koryo Daeyeongak Center,
97 Toegye-ro, Jung-gu, Seoul, 100-706, Korea

Telephone: (+822) 319 9998

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Director

Thank You
감사합니다