

# ***WHY YOU SHOULD INVEST IN THAILAND***

**CHITRA**

**DIRECTOR**

**THAILAND BOARD OF INVESTMENT**

**AUSTRALIA, SEPTEMBER 2012**

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**Unbeatable Thailand,**  
Unparalleled Opportunities



THAILAND  
BOARD OF  
INVESTMENT

# THAILAND IN BRIEF

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# Fast Growing Economy: From Agrarian to Manufacturing towards a **Knowledge-based economy**



**Agriculture**

**Manufacturing**



**Knowledge-based economy**



THAILAND is the world's

- 17<sup>th</sup> largest manufacturer
- 30<sup>th</sup> largest exporter
- 33<sup>rd</sup> largest economy

And the 2<sup>nd</sup> largest economy in  
ASEAN



# INVEST THAILAND AND ENJOY THE OPTIMAL BENEFITS



**Operational Stability** with ease of doing business, well-developed infrastructure, skilled workforce and pro-investment policies.



**Growth Potential** for Advanced and Green Industries with readiness to diverge to value-added petrochemical related industries.

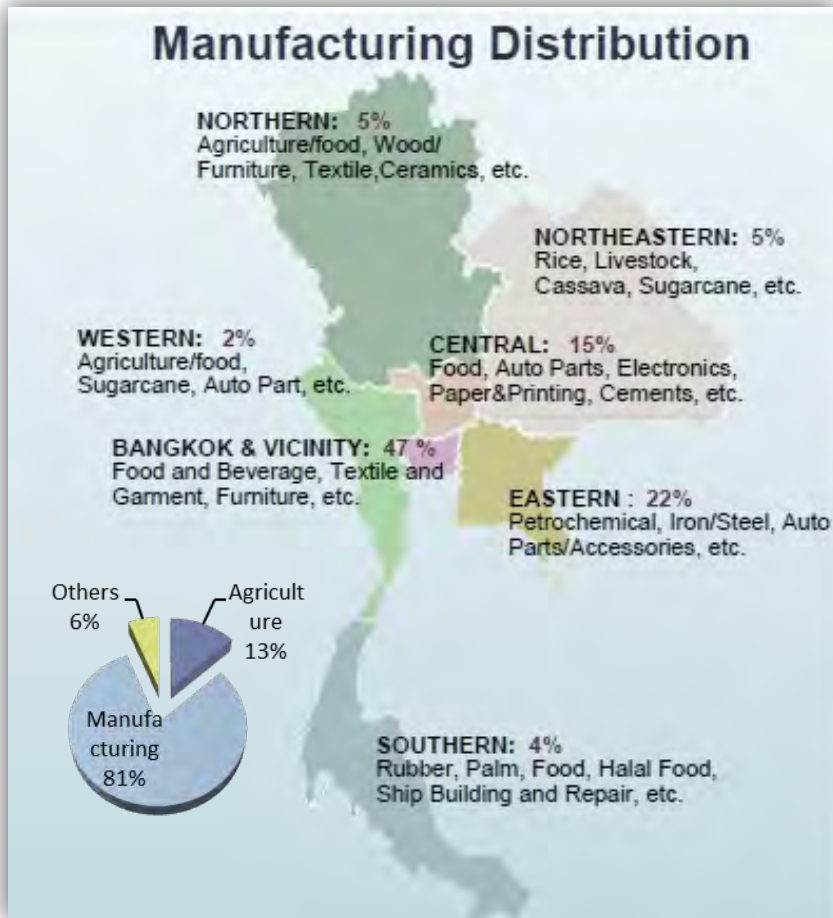


**Economic Expansion** by utilizing the existing infrastructures and being Strategic Location for AEC market network distribution





# THAILAND'S MANUFACTURING OUTLOOK



- In 2011, Thailand's GDP was A\$333.51 billion (Bt10.54 trillion).
- Manufacturing sector accounted for A\$107.58 billion (Bt3.40 trillion), second to service sector.

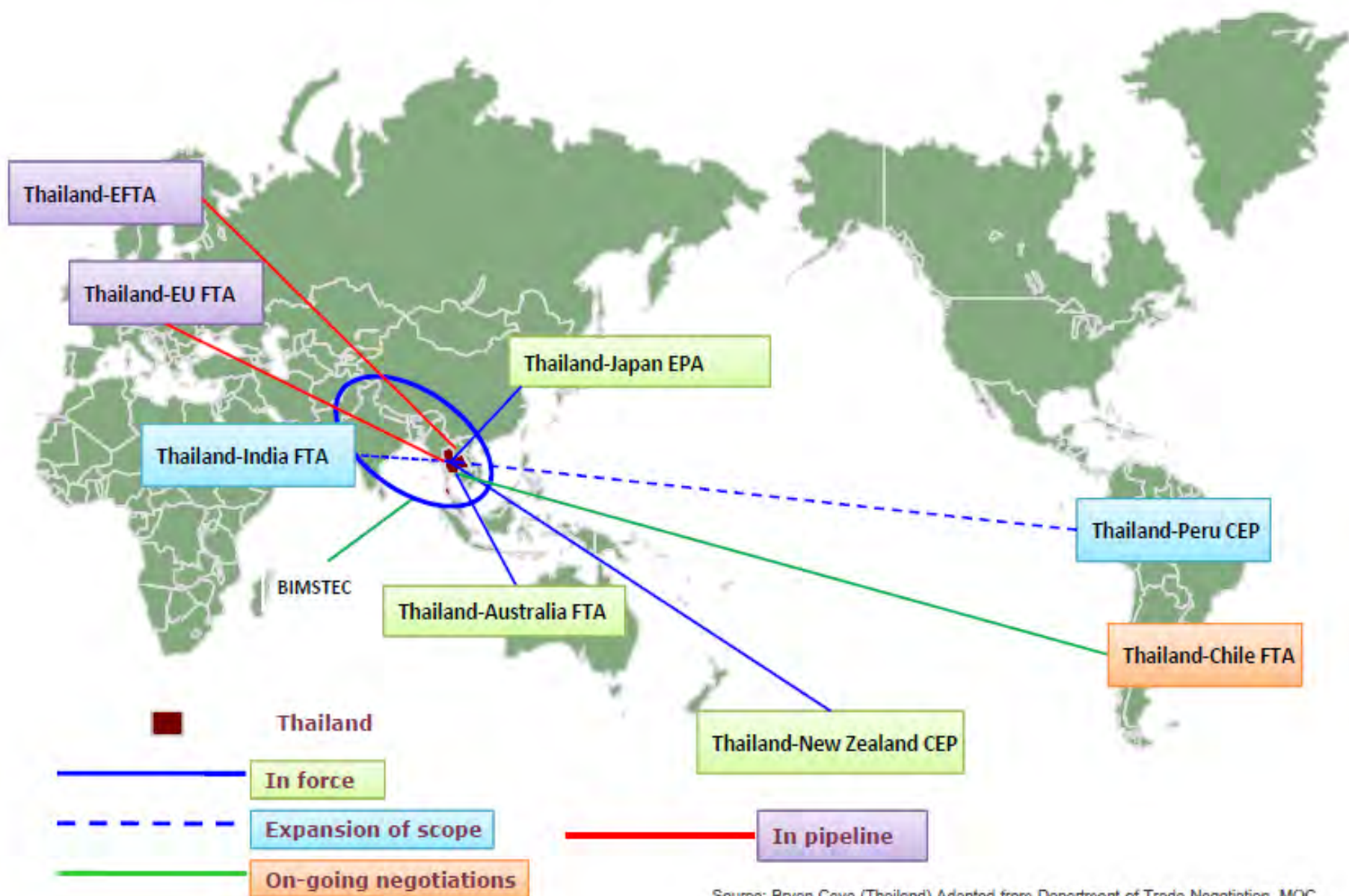


- Manufacturing exports account for 81% of total Thailand's exports in 2011, worth A\$176.88 billion (Bt5.59 trillion).
- The most exported products in 2011 were Computer products and parts, Auto parts and accessories and Jewelry & related articles.



- Bangkok and vicinity has the most share of manufacturing distribution in Thailand, which accounted for 47%.
- The top three manufacturing sectors comprise 1) Food & beverages, 2) Textile & garments, and 3) Furniture.

# THAILAND'S BILATERAL FTAS



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

**Unbeatable Thailand,**  
Unparalleled Opportunities



The post-flood rebound in the Thai economy:

“...a testament to the resilience of the Thai people,  
and supportive policies by the government....”

We welcome Thailand's support for the IMF's quota and  
governance reforms, which will ensure that emerging Asia has  
a strong voice at the IMF.”

Christine Lagarde  
Managing Director  
International Monetary Fund  
July 12, 2012





# World Bank

Thailand among the easiest  
places in Asia to do Business  
***and 17<sup>th</sup> in the World***



2012		2012	
1	Singapore	11	Finland
2	Hong Kong	12	Saudi Arabia
3	New Zealand	13	Canada
4	United States	14	Sweden
5	Denmark	15	Australia
6	Norway	16	Georgia
7	United Kingdom	<b>17</b>	<b>Thailand</b>
8	Korea, Rep	18	Malaysia
9	Iceland	19	Germany
10	Ireland	20	Japan

**Thailand:**

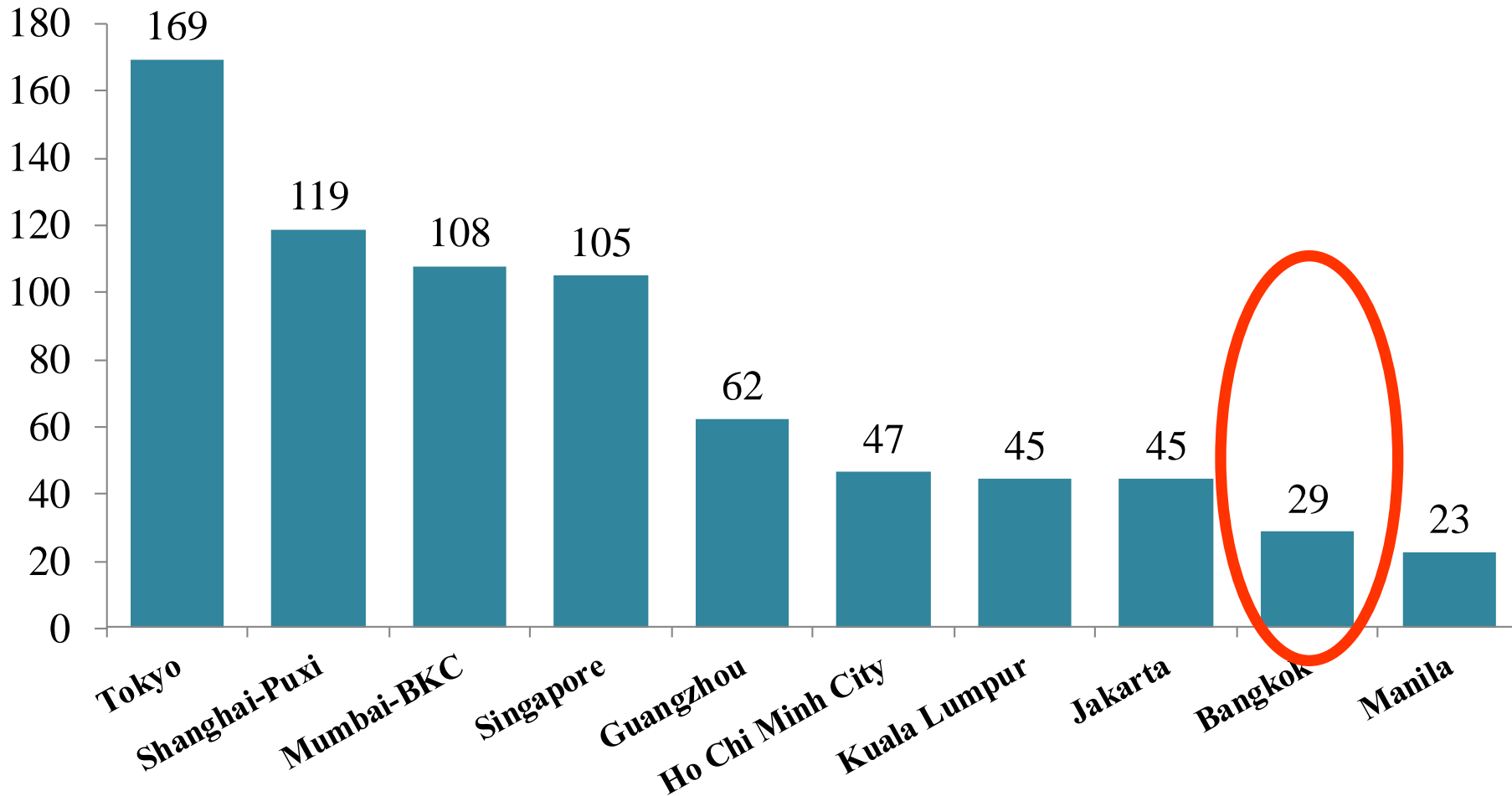
**Ranked by UNCTAD as the 8<sup>th</sup> most attractive FDI destination in the world**



# Cost-Competitive Location

# AFFORDABLE OFFICE SPACE

A\$/sq ft/annum



Source: CBRE MarketView Asia Pacific Office, Q2/2012 as of Aug 14, 2012

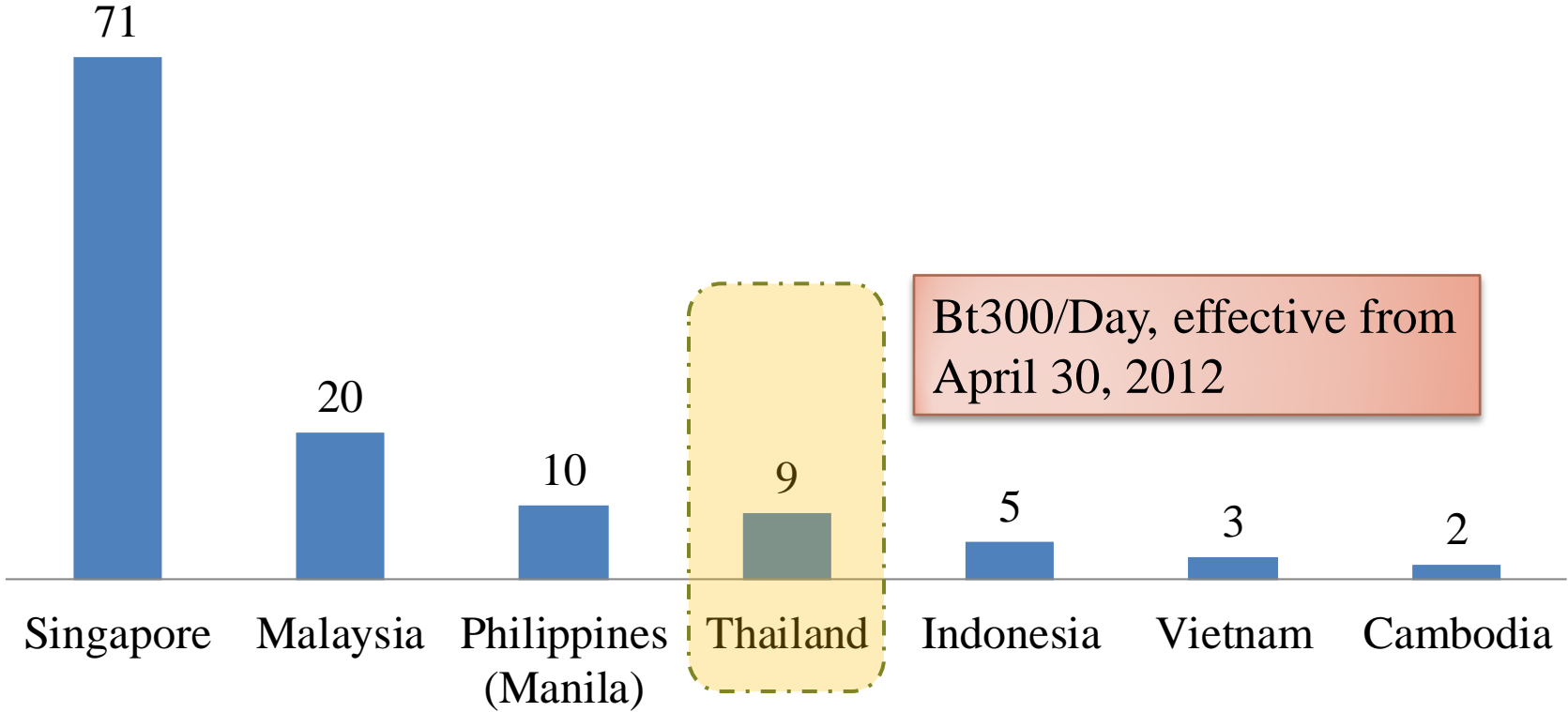
Note: US\$1=31.29 and A\$1=Bt31.60 in Q2, 2012



# ASEAN LABOR'S MINIMUM WAGE RATE

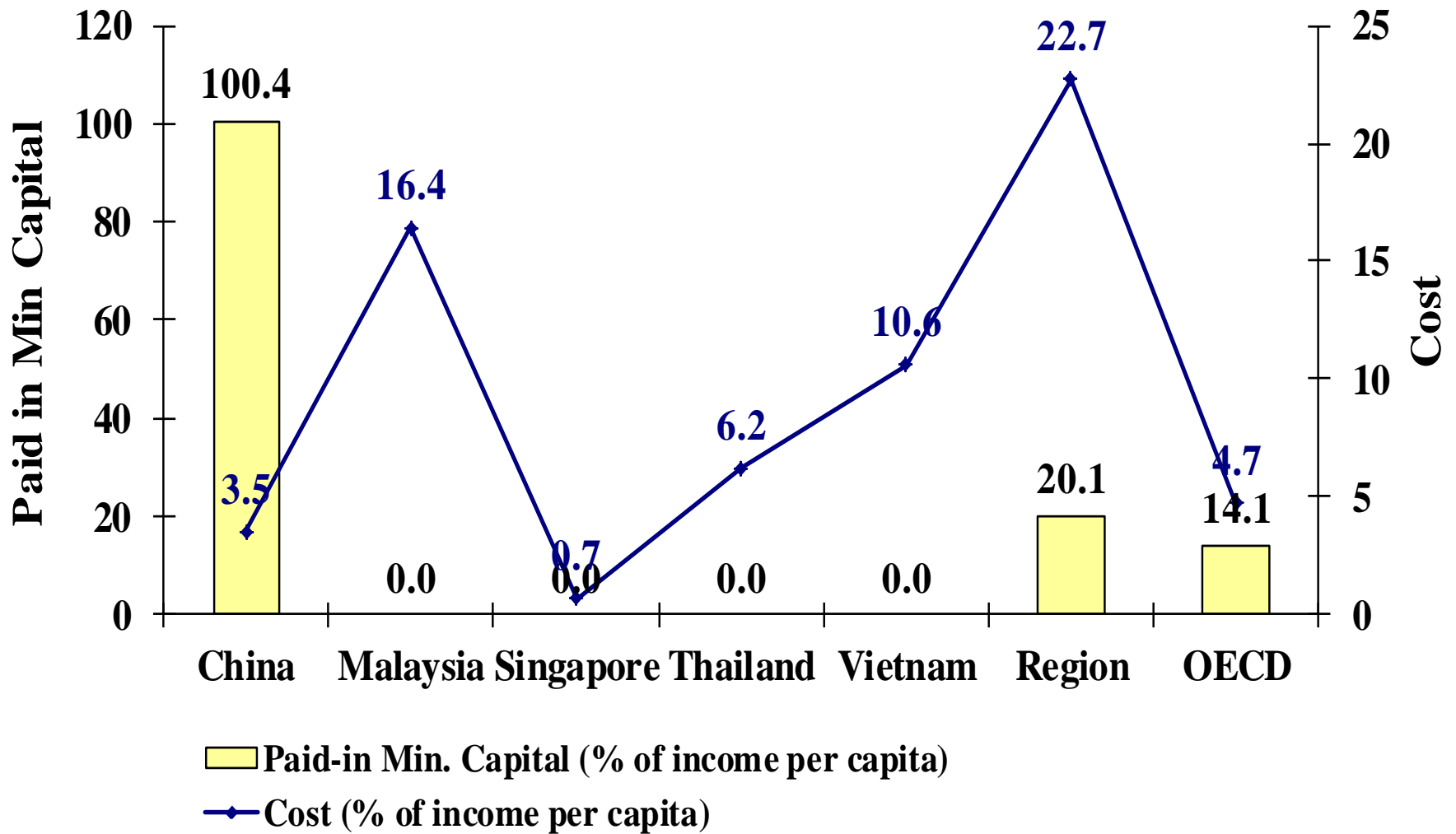
## ASEAN Min. Wage Rate (A\$/Day)

■ A\$/Day



Source: [www.bles.dole.gov.ph](http://www.bles.dole.gov.ph) as of Jun 28, 2012  
Note: US\$1=31.29 and A\$1=Bt31.60 in Q2, 2012

# COSTS OF STARTING A BUSINESS



# 2012 COST OF LIVING SURVEY

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Cities	Country	March 2012
Tokyo	Japan	1
Singapore	Singapore	6
Shanghai	China	16
Jakarta	Indonesia	61
<b>Bangkok</b>	<b>Thailand</b>	<b>81</b>
Kuala Lumpur	Malaysia	102
Hanoi	Vietnam	136

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# 2011 EXPAT EXPERIENCE

Countries	Overall Experience	Overall Setting up	Overall Integration	Overall Quality of Life
Thailand	<b>1</b>	4	12	1
Canada	<b>2</b>	7	8	2
South Africa	<b>3</b>	3	11	5
Malaysia	<b>4</b>	10	16	4
Philippines	<b>5</b>	12	17	3
Australia	<b>6</b>	2	5	10
Spain	<b>7</b>	11	1	9
New Zealand	<b>8</b>	1	21	8
Belgium	<b>9</b>	20	19	6
United States	<b>10</b>	9	9	16



# ROYAL DECREE

## CORPORATE INCOME TAX RATE REDUCTION

Reduction of corporate income tax rate from 30% of net taxable profit to

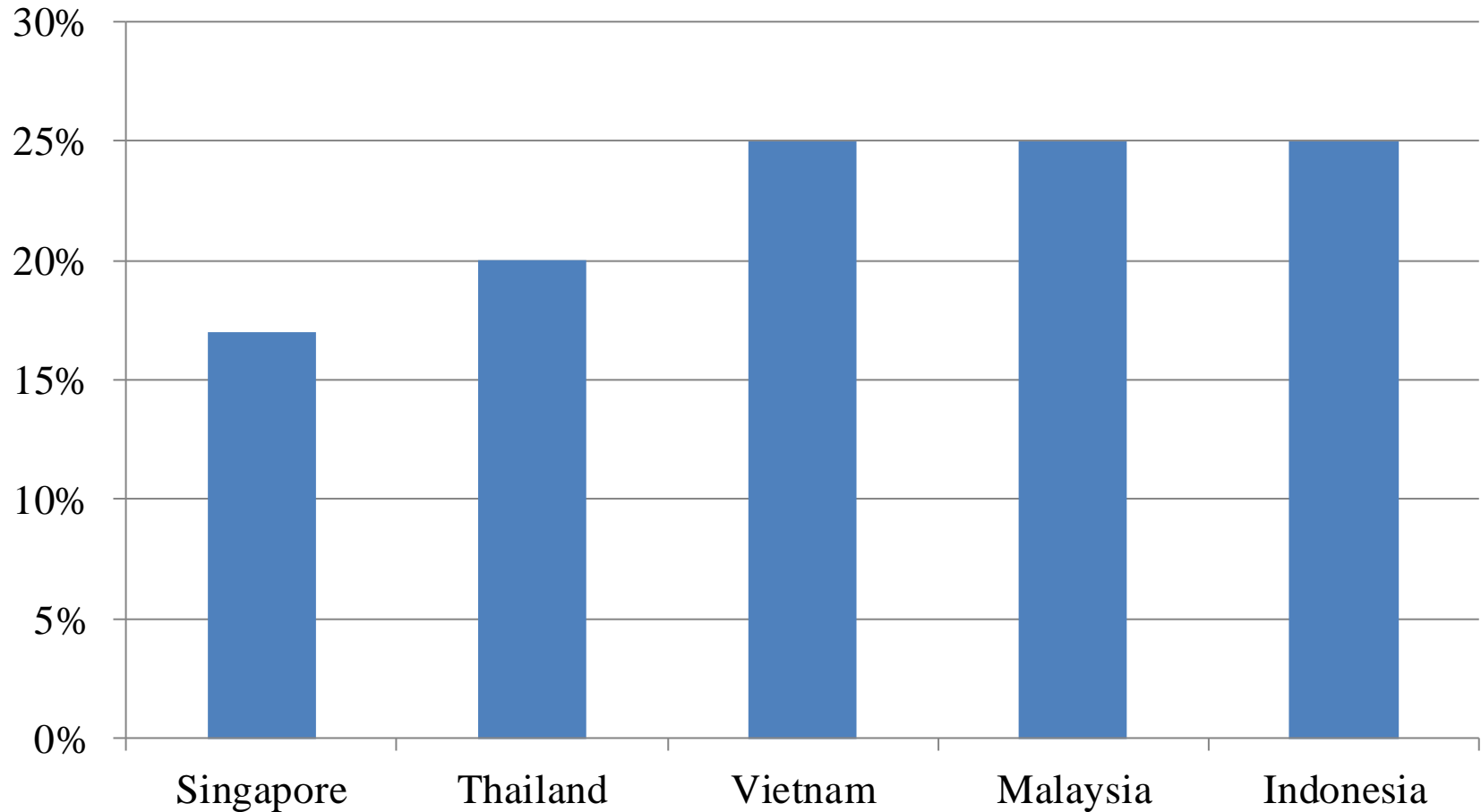
- 23% for the accounting year starting from 1 January 2012.
- 20% for the accounting year starting from 1 January, 2013.

For SMEs a CIT rate between 15% and 23%\*

For MAI listed companies a CIT rate of 25%\*

\* Depending on registered capital and length of time listed, and not including listed companies eligible for 20% rate..

# ASEAN CORPORATE INCOME TAX 2013



# Infrastructure

# THAILAND'S INFRASTRUCTURE: TRANSPORTATION SECTOR



## Road

- National highway: **63,100** km.
- Rural road: **39,254** km.
- Local road: **101,845** km.



## Water

- Total international deep sea port: **6** ports
- Laem Chabang: **7.7** Million TEUs/Year
- Bangkok: **1.34** Million TEUs/Year



## Rail

- Single track: **3,885** km.
- Double & third track: **234** km.



## Air

- Total: **36** airports
- Suvarnabhumi airport: **45** Million / Year
- Don Muang airport: **36** Million / Year
- Phuket airport: **6.5** Million / Year
- Chiang Mai airport: **8** Million / Year



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# THAILAND'S INFRASTRUCTURE: DUAL TRACK TRAIN

Chachoengsao-  
Kaeng Khoi

- Distance (106 km.)
- Budget (A\$356 million)

Lop Buri –  
Nakorn Sawan

- Distance (118 km.)
- Budget (A\$416 million)

Map Kabao-  
Thanon Chira  
Junction

- Distance (132 km.)
- Budget (A\$366 million)

Thanon Chira  
Junction-Khon  
Kaen

- Distance (185 km.)
- Budget (A\$406 million)

Nakorn Pathom-  
Hua Hin

- Distance (165 km.)
- Budget (A\$525 million)

Prachuab  
Kirikhan –  
Chumporn

- Distance (167 km.)
- Budget (A\$495 million)



# ADVANTAGES OF DAWEI-LAEM CHABANG LINKAGE

Effective link  
for ASEAN  
connectivity

- Will be an effective link within the region
- Power up investment opportunities along GMS Southern Economic Corridor
- Build up a strong connection between ASEAN countries

New “Logistics Short Cut” of the region

- Shorten freight distance for ASEAN
- Distance to India from Vietnam, Thailand and Cambodia through Dawei port could be shortened, reducing time through the Strait of Malacca.

Distribution  
Center &  
Production  
Base

- The linkage will benefit traders both from Myanmar and Thailand;
- Because of the link to ASEAN highway system, Dawei could emerge as a trading hub linking Southeast Asia with the Indian Ocean, the Middle East, Europe and Africa, spurring growth in ASEAN region.
- The linkage will attract FDI into the region.

Unbeatable Thailand,  
Unparalleled Opportunities



THAILAND  
BOARD OF  
INVESTMENT

# ROAD NETWORK LINKAGE (DAWEI-LAEM CHABANG)





# “LOGISTICS SHORTCUT”- DAWEI & LAEM CHABANG PORTS

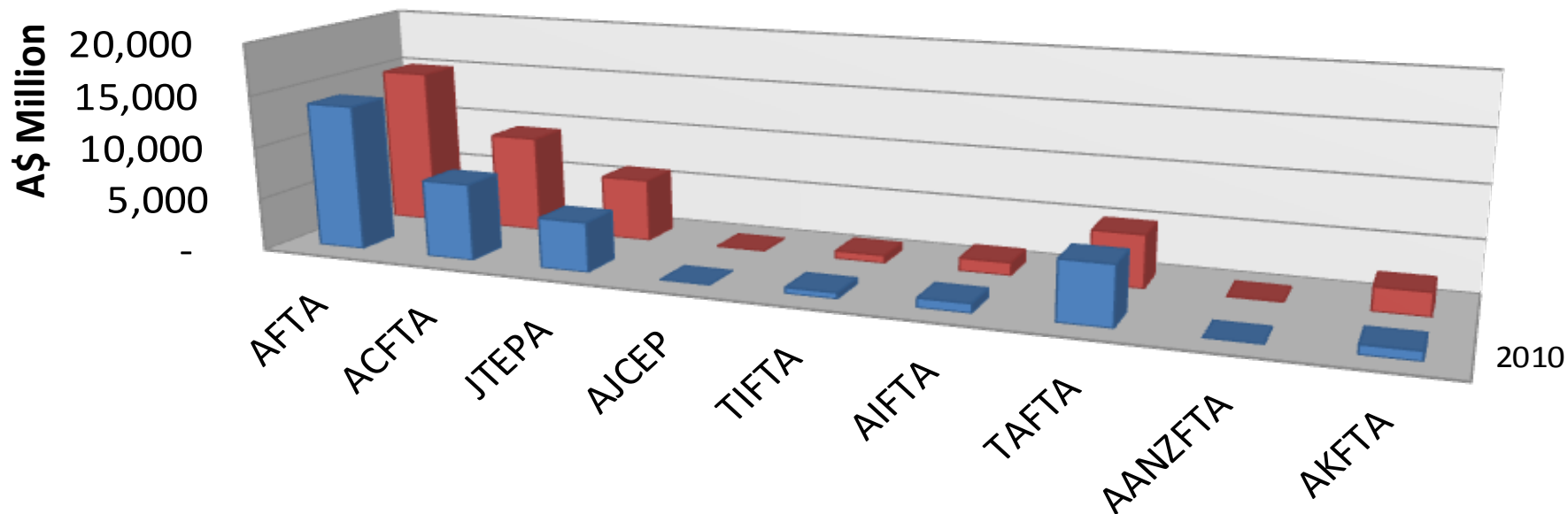


The linkage between Thailand’s Eastern Seaboard and Myanmar’s Dawei will provide immense business opportunities as the emerging Economic Driver in the region. With high potential to open the Western gateway for the existing production bases in East Asia, the new trade and transportation route will create “Logistics Shortcut” for the region and the supersized co-production base will be an important Growth Nodes linking the GMS region to global market.

# Trade & Investments

# THAILAND'S EXPORTS WITH FTA PARTNERS, 2010-2011

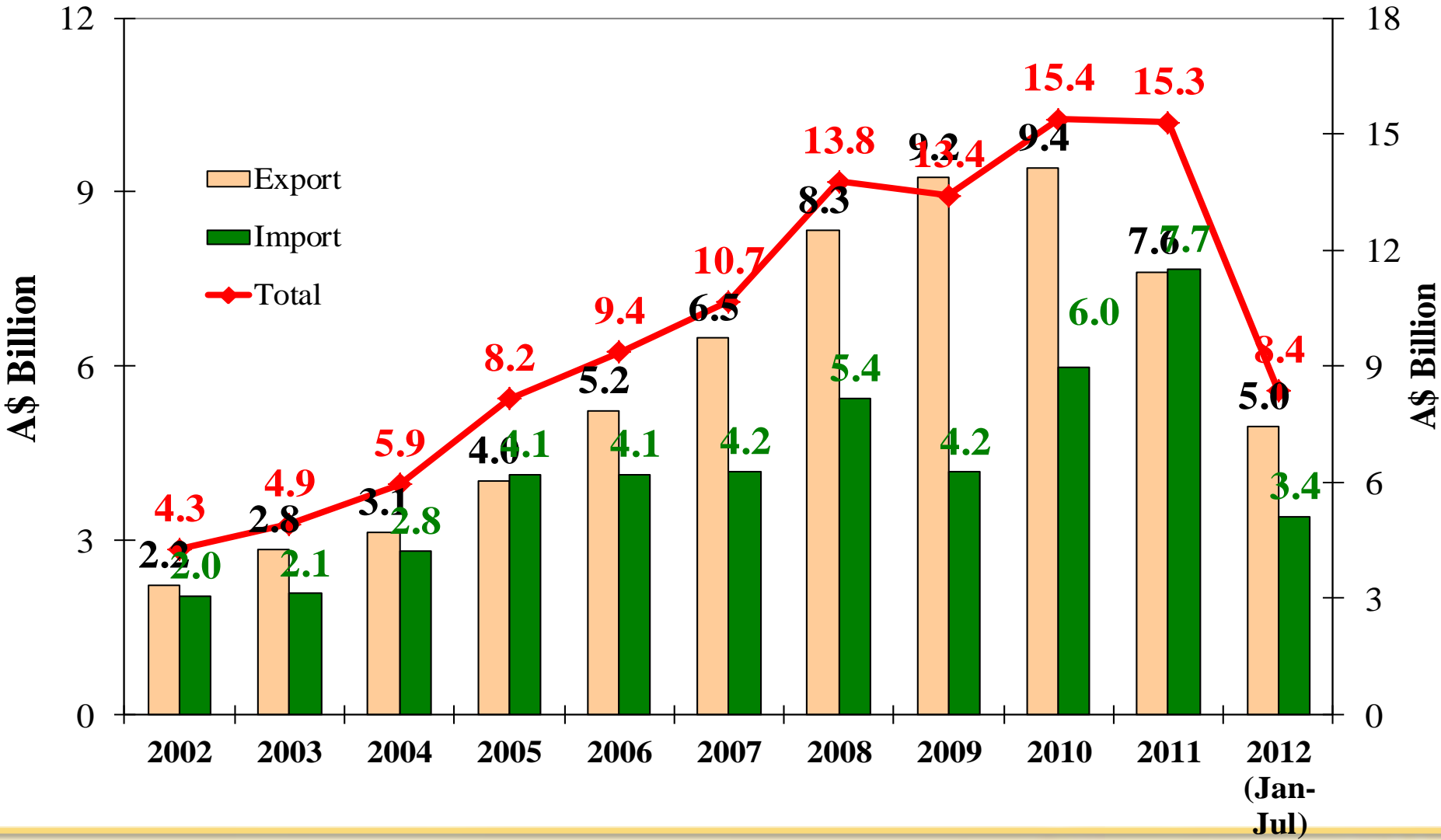
## Thailand's Exports with ASEAN+1 & FTAs, 2010-2011



	AFTA	ACFTA	JTEPA	AJCEP	TIFTA	AIFTA	TAFTA	AANZFTA	AKFTA
■ 2010	13,886	7,300	4,725	26	561	867	5,558	26	871
■ 2011	15,032	9,269	5,980	48	741	1,212	4,987	91	2,193



# TRADE SUMMARY THAILAND/AUSTRALIA



Source: MOC, as of Aug 29, 2012 Exchange rate: A\$1=Bt31.60 in Q2, 2012



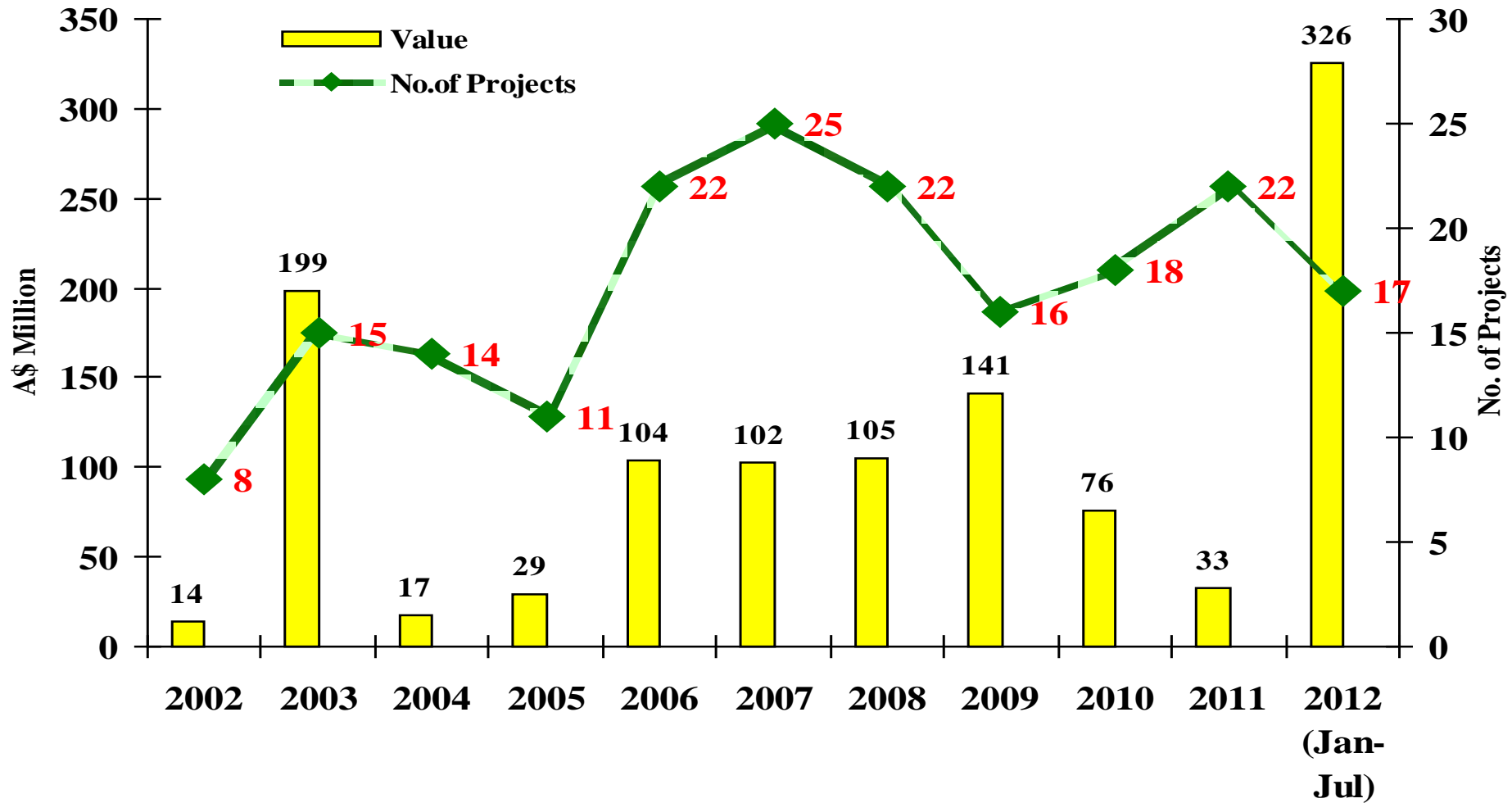
# EXAMPLES – TARIFFS ON AUSTRALIAN EXPORTS

Item	MFN Rate	1 Jan 2005	1 Jan 2010	Date to 0%
Auto components	42%	20%	0%	2010
Plastics	30%	20%	0%	2010
Sails, awnings	30%	20%	0%	2010
Stone tiles	30%	20%	0%	2010
Wine	54.6%	40%	20%	2015
Beef	51%	40%	26.67%	2020

# EXAMPLES – TARIFFS ON THAI EXPORTS

Item	MFN Rate	1 Jan 2005	1 Jan 2010	Date to 0%
Passenger vehicles	15%	0%	0%	2005
Canned tuna	5%	2.5%	0%	2007
Plastics & chemicals	5%	5%	0%	2008
Textile yarns	5%	3%	0%	2008
Automotive components	10-15%	0-5%	0%	2010
Apparel, finished textiles	25%	12.5%	5%	2015

# TREND OF AUSTRALIAN APPLICATIONS



Source: BOI, as of Aug 31, 2012 Note: Exchange rate:A\$1=Bt31.60 in Q2, 2012

# Australian Investment Applications

## Totals by Sector: 2002 – 2012 (Jan-Jul)

<b>Sector</b>	<b>Projects</b>	<b>A\$ Million</b>
Agriculture	20	102
Minerals and Ceramics	5	258
Light Industry	31	89
Auto and Metal Processing	58	172
Electrical and Electronics	25	54
Petrochemicals, Chemicals	10	61
Services and Infrastructure	41	411
<b>TOTAL</b>	<b>190</b>	<b>1,1467</b>

Source: BOI, as of Aug 31, 2012 Note: Exchange rate:A\$1=Bt31.60 in Q2, 2012

# SAMPLE OF AUSTRALIAN INVESTMENT IN THAILAND





# BOI'S INVESTMENT INCENTIVES SCHEME

# Thailand and the BOI offer:

**No restrictions  
on foreign  
currency**

**100% foreign  
ownership**

**LIBERAL INVESTMENT  
REGIME**

**No export  
requirements**

**No local  
content  
requirements**

# BASIC BOI PRIVILEGES AND MEASURES

## Tax Incentives

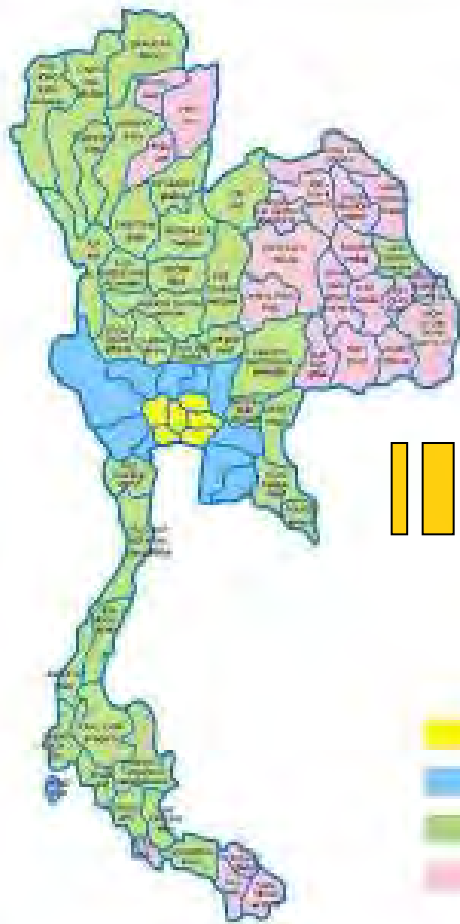
- ❑ Corporate income tax holidays up to 8 years
  - Additional 50% reductions of corporate income tax for 5 years
- ❑ Import duty reductions or exemptions on machinery and raw materials
- ❑ Double deduction of public utility costs
- ❑ Deductions for infrastructure construction/installation costs

## Non-Tax measures

- ❑ Land ownership rights for foreign investors
- ❑ One Start One Stop Services Center (OSOS)
- ❑ Work permit/visa facilitation for foreign experts and technicians

One-Stop Shop,  
Visas & Work Permits  
are issued in 3 hours

# ZONE-BASED TO SECTOR APPROACH



**Sector Matrix:  
Incentives to strengthen  
competitiveness**

**Strategic or Priority  
Activities**

- **Maximum incentives regardless of location**
- **Customized packages**

## Zone-Based

### Incentives:

- **Zone 1**
- **Zone 2**
- **Zone 3**

# PRIORITY ACTIVITIES & ACTIVITIES OF SPECIAL IMPORTANCE AND BENEFITS TO THE COUNTRY

## Incentives for Activities of Special Importance and Benefits to the Country

- Sample projects: **Energy-saving project, STI related projects**, etc.
- Exemption of import duties on machinery regardless of zone.
- 8-year-corporate income exemption regardless of zone (without cap)
- Other relevant location-based incentives

## Incentives for Priority Activities

- Sample projects: **Agriculture & Agro products manufacturing, Activities using advanced technology, Public Utilities**.
- Exemption of import duties on machinery regardless of zone.
- 8-year-corporate income exemption regardless of zone (with cap)
- Other relevant location-based incentives

# STI INCENTIVES (OPTIONAL)

## Criteria

### Investments and expenditures on:

- Research and development or design
- Advanced technology training
- Funding educational and research institutions
- Contribution to Science and Technology Development Fund

Required STI Investment & Expenditures	Additional Year of Corporate Income Tax Exemption	Exemption of Import Duties on Machinery	Removal of Corporate Income Tax Exemption Cap
1% of the first 3 years' sale or at least Bt150 million, whichever is less	1	✓	✓
2% of the first 3 years' sale or at least Bt300 million, whichever is less	2	✓	✓
3% of the first 3 years' sale or at least Bt450 million, whichever is less	3	✓	✓



# Policies for 2010-2012

## “Investment for Sustainable Development”

Application submission deadline: **December 31, 2012**

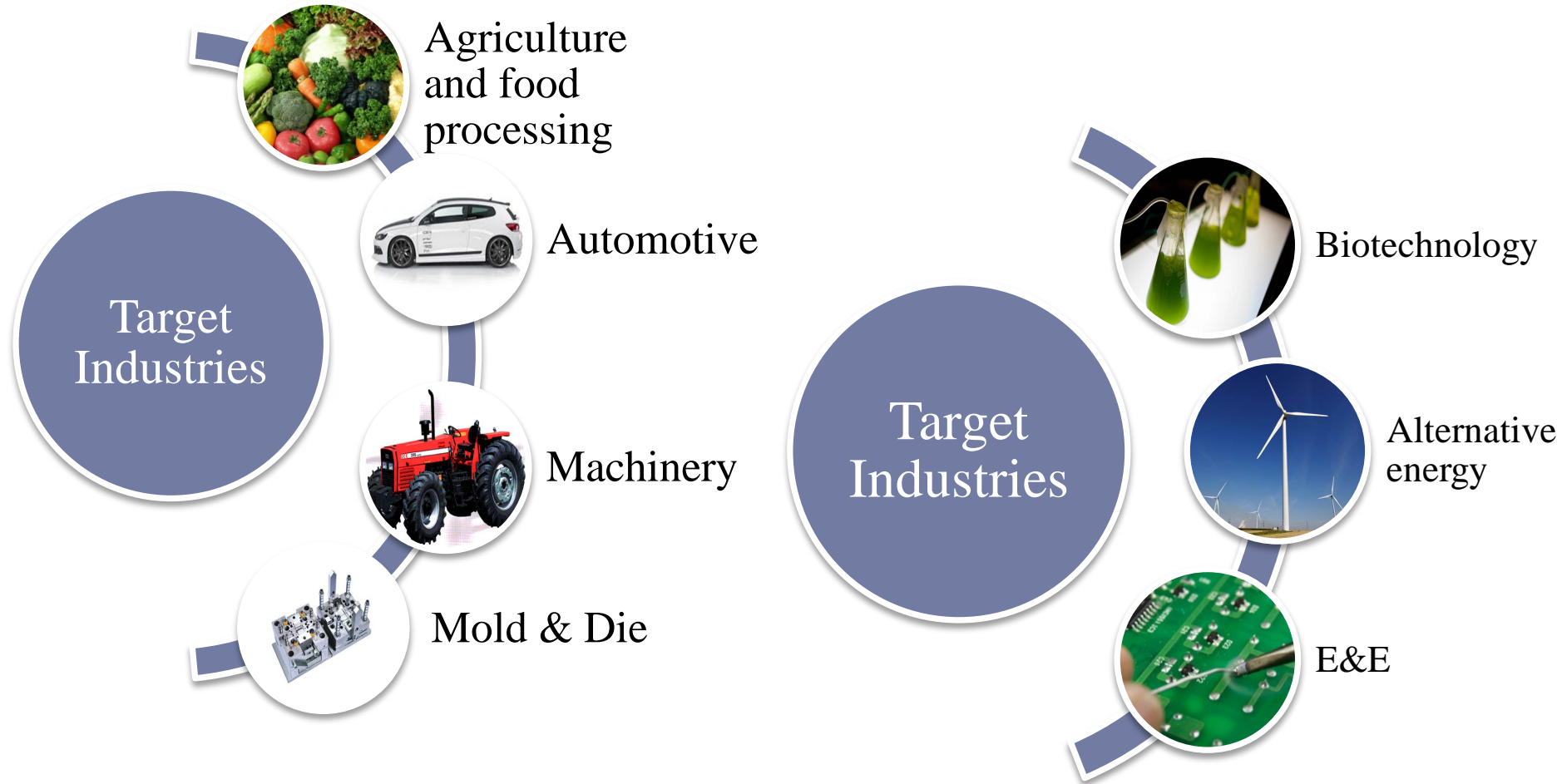
### 1. Special incentives for 3 groups of targeted activities

- 1) **Manufacture of eco-friendly materials and products, e.g. bioplastics**
- 2) **Energy saving and alternative energy**
- 3) **High technology activities, e.g. industrial electronics, electronic parts for vehicles, biotech, nano-tech, functional fiber**

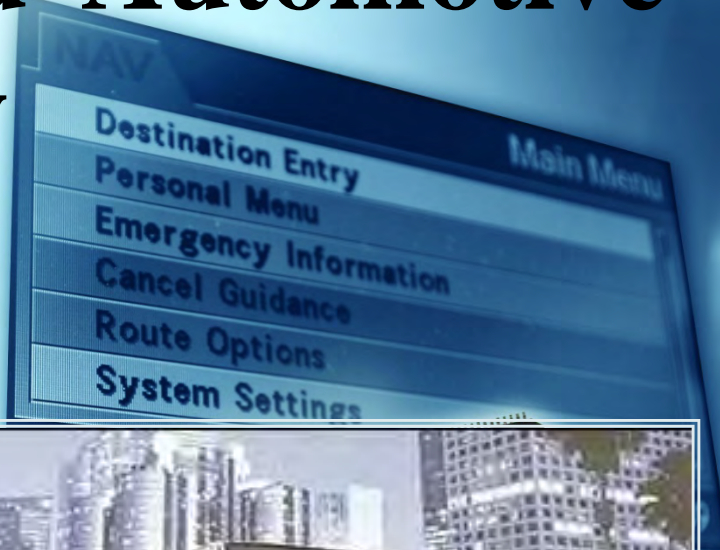
### Incentives

- **Exemption of import duties on machinery**
- **8-year exemption of corporate income tax with no cap**
- **5-year 50% reduction of corporate income tax on net profit**
- **10-year double deduction of transportation, electricity and water supply costs**
- **Deduction from net profit of 25% of investment in infrastructure installation and construction costs in addition to normal capital depreciation**

# Sectors of Opportunity



# Thailand Automotive Industry



# THAILAND'S AUTOMOTIVE INDUSTRY OVERVIEW

**Thailand:**  
**15th** largest  
automobile  
producer in  
the world in  
2011

**Target:**  
**Top-10** by  
2014, when  
local capacity  
projected at  
**2.43** million  
units

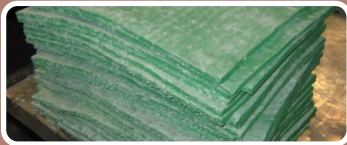
**Output:**  
**16** assemblers  
with a  
combined  
production of  
**1,457,795**  
units in 2011  
(50.46% for  
export)

**High local  
content :**  
**80-90%** for  
pick-up and  
**30-70%** for  
passenger car

# 2010 THAILAND'S MAJOR EXPORTS USING MOST FTA TARIFF BENEFITS, RANKED BY EXPORT VALUE



**# 1 : Pick up car (not more than 5 tons) exports to Australia**



# 2: Compound rubber exports to China



# 3: Other petroleum oil exports to Malaysia



# 4: Cassava exports to China



# 5: Processing chicken meat exports to Japan



# ASEAN Vehicle Sale Volume

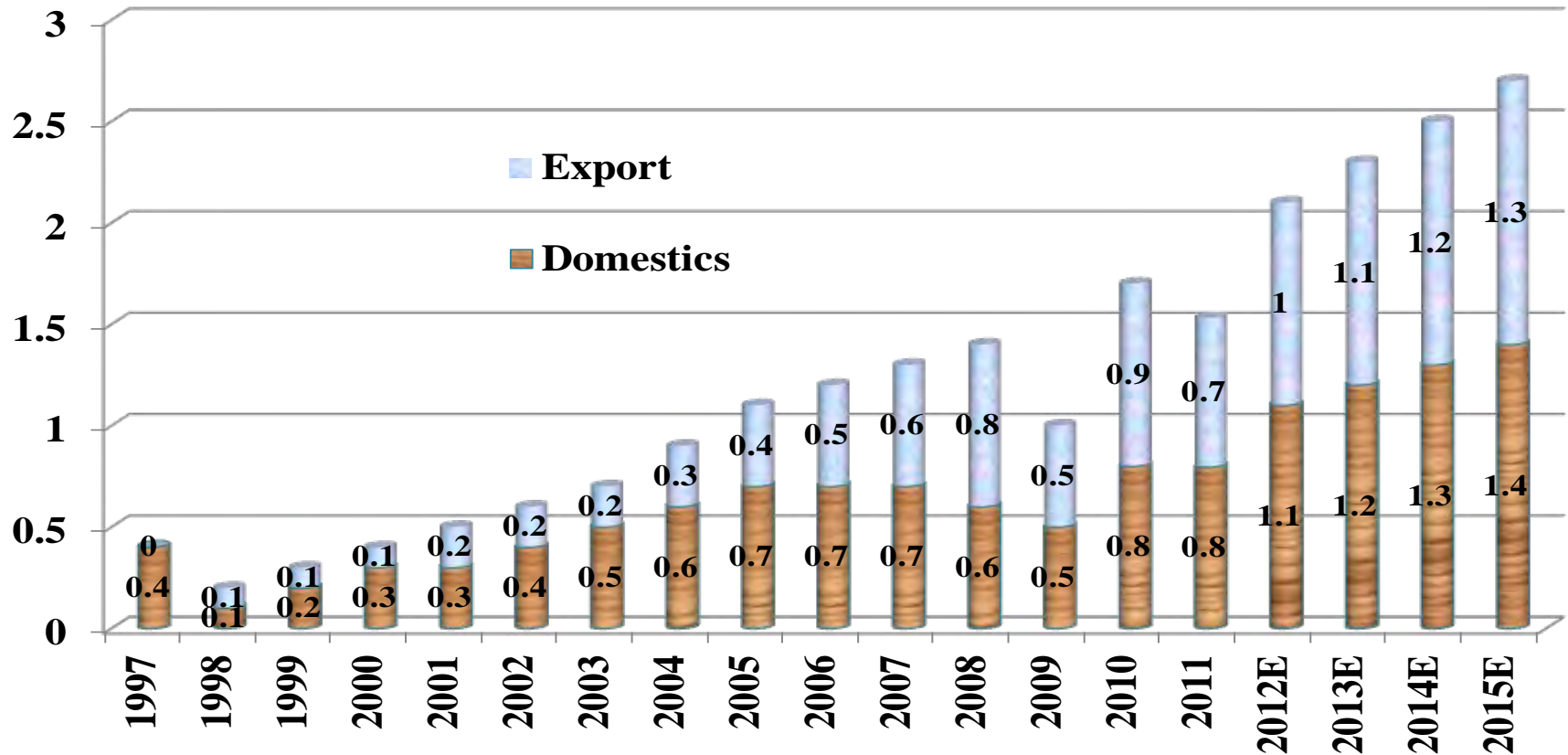
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Thailand</b>	615,270	548,871	800,354	795,250	1,100,000
<b>Indonesia</b>	607,805	486,065	764,710	870,000	940,000
<b>Malaysia</b>	548,115	536,905	605,156	608,000	617,000
<b>Vietnam</b>	111,950	132,444	168,490	145,000	150,000
<b>Philippines</b>	111,950	119,460	112,224	110,000	120,000
<b>Singapore</b>	110,574	79,503	51,891	39,000	35,000
<b>Brunei</b>	14,680	12,365	13,589	14,000	14,500
<b>TOTAL</b>	<b>2,132,843</b>	<b>1,915,613</b>	<b>2,516,414</b>	<b>2,581,250</b>	<b>2,976,500</b>

Forecasted by TAI Feb 2012



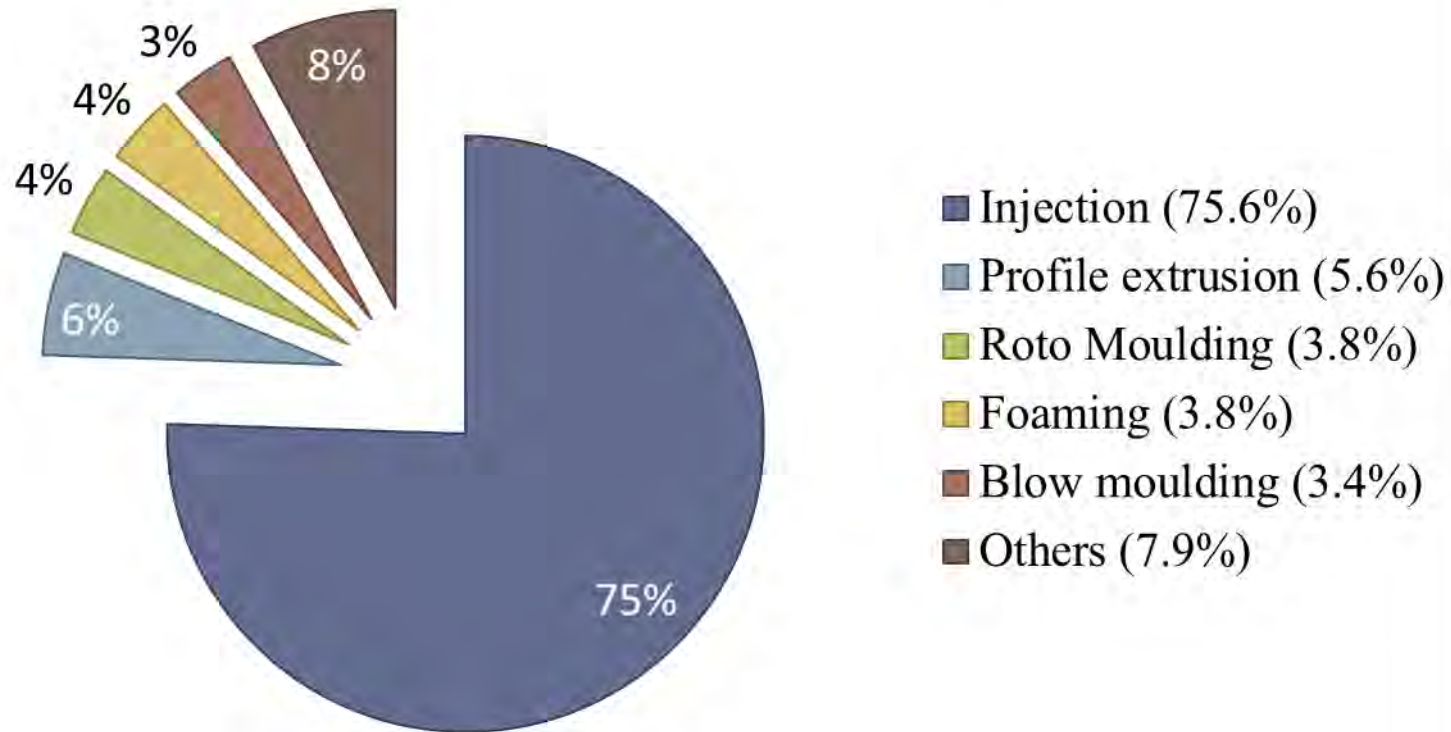
# THAILAND'S DOMESTIC SALES AND EXPORTS, 1997-2015E

Million



# THAILAND'S PLASTICS MANUFACTURING FOR AUTOMOTIVE INDUSTRY

## Plastics Manufacturing for Automotive Industry\*

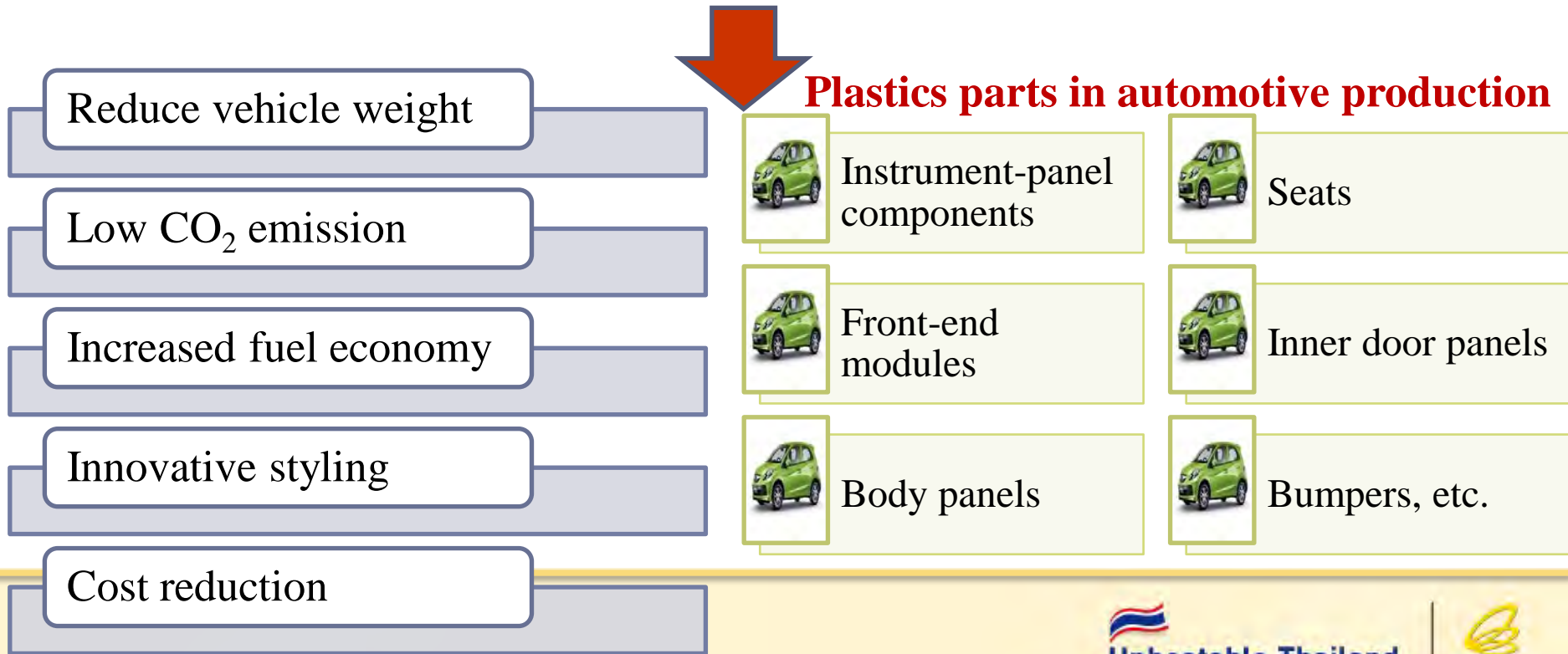


\* Survey from the total 231 plastics entrepreneur as of August 2012.

# AUTOMOTIVE MANUFACTURING'S FUTURE TRENDS & INDUSTRY DEVELOPMENT



To Improve Car Performance and Sustainability



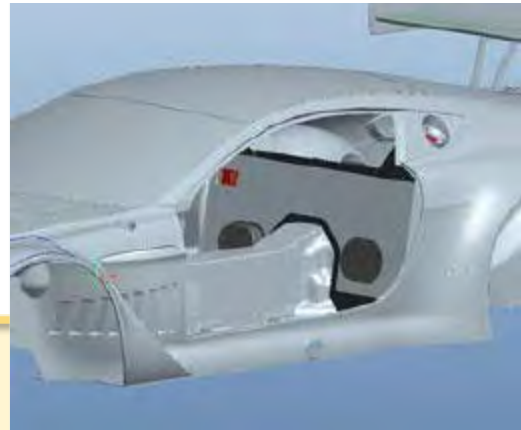
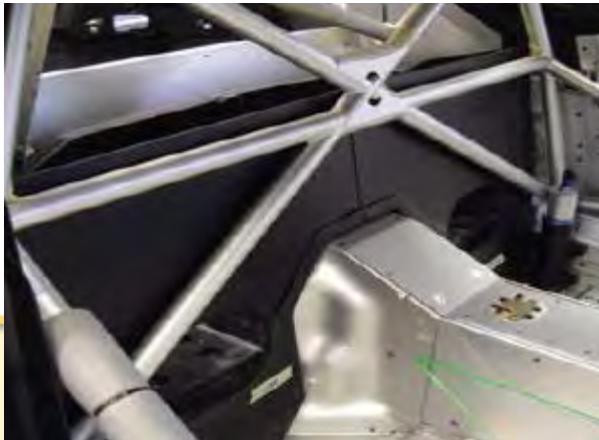
# AUTOMOBILE APPLICATION: **BIOPLASTICS**

Prius (Hybrid)



Lexus HS250

## Expanded Polypropylene (EPP) Forms: Inrekor (UK)



Racing's GT cars



# AUTOMOBILE APPLICATION: COMPOSITES

## Carbon Fiber Reinforced Plastic (CFRP)



- Glass fiber
- Carbon fibers
- CNTs
- Natural fibers
- Chitin nanowhiskers: shrimp and crab shells (Toronto university)



# Machinery

**Economic transition from labor intensive to knowledge-based is creating great demand**

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# OPPORTUNITIES IN MACHINERY

- Thailand continues to industrialize, but is dependent on foreign industrial machinery for immediate future.
- High demand for:
  - Food and farm machinery
  - Alternative energy/energy conservation machinery
  - Textile machinery
  - Automotive machinery
  - Mould & Die Industry



# OPPORTUNITIES IN AGRO-MACHINERY

- High demand for **drying, cooling and purifying machines**; fruit, vegetable and cereal processing machines, and also for animal feeding.



- More than 10,000 food-processing companies create a high demand for **packaging machinery** such as filling, closing, sealing, wrapping and labeling machines



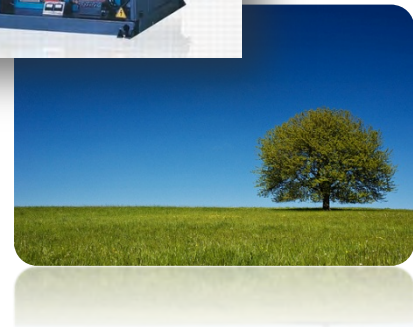
**BOI priority 8-year income tax holiday for processing and farm machinery (no cap)**

# OPPORTUNITIES IN ALTERNATIVE ENERGY/ENERGY CONSERVATION MACHINERY

- Manufacture of **energy-saving machinery/equipment**
- Manufacture of **machinery/ equipment using alternative energy**



**BOI Priority Activities – 8 years (uncapped)  
corporate income tax holiday, duty free machinery**



# OPPORTUNITIES IN TEXTILE MACHINERY

- Thailand dependent on **imported textile machinery, particularly bleaching, dyeing, printing, finishing machinery.**
- Investment opportunities also in : **Packaging, test and control equipment, production machinery**

## Other Machinery Needed

Machinery for recycling businesses

Machinery for metal industries

Electrical control systems

Large plastic injectors



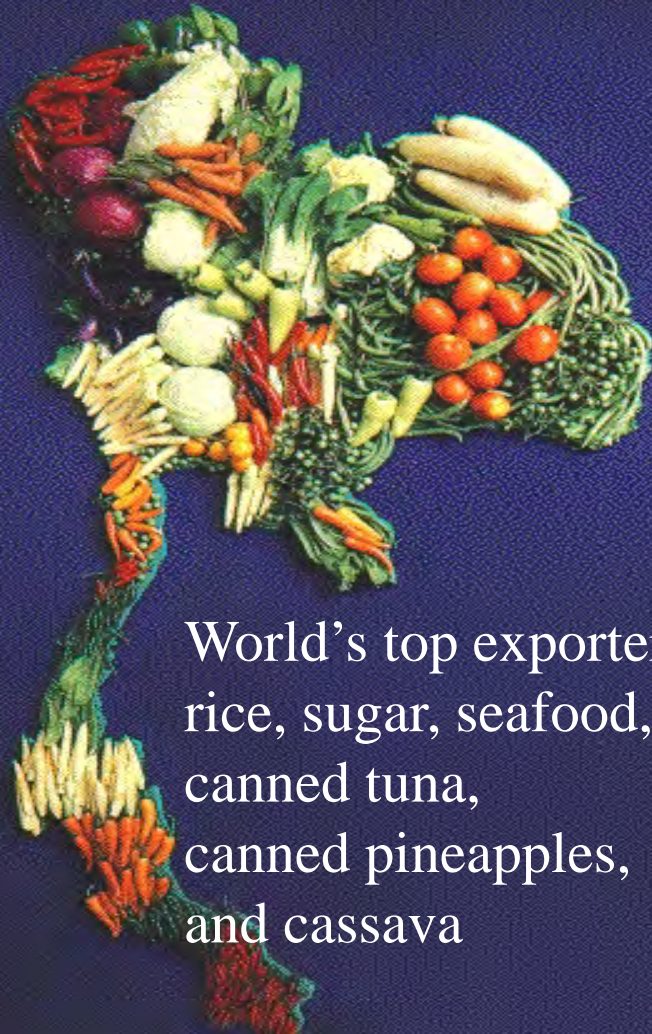
# SPECIFIC INDUSTRIAL MACHINERY NEEDED:

- Turning machines
- Drilling machines
- Milling machines
- Grinding machines
- Machine Centers
- Gear Cutting & Finishing Machines
- Die Sinking EDMS
- Wire Cut EDMs
- Laser Beam Machines
- Plasma Arc Cutting Machines
- Electron Beam Machines
- Broaching Machines

**BOI Priority Activities-8 years**  
**corporate income tax holidays, duty free machinery**



# THAILAND'S AGRO INDUSTRY



World's top exporter of rice, sugar, seafood, canned tuna, canned pineapples, and cassava

- Thailand was the **first** country in Southeast Asia to adopt **agriculture biotechnology**.
- The processed food sector accounts for nearly **15%** of the national manufacturing output and contributes 52% of food exports, Bt**965** billion (A\$30.53 bn) in 2011.
- There are approximately **9,000** food processing companies in Thailand producing annual earnings of about A\$**25** billion.
- The 2011 export value of agricultural products was Bt**892** billion (A\$28.22 bn).



# 2011 THAILAND'S TOP FOOD EXPORT CATEGORIES AND WORLD'S RANKING

World's # **6** Rice & Grains Exports



World's # **1** Cassava Exports



World's # **2** Sugar Exports



World's # **3** Fishery Exports

World's Top **15** Fruit & Vegetable Exports



**THAILAND**  
12th in total  
food exports

# THAILAND'S TOP FOOD EXPORT CATEGORIES AND RANKING (2010)

RICE	Value (US\$ Mil.)	% share
World	16,803	100
1. Thailand	5,340	31.8
2. Vietnam	3,230	19.2
3. India	2,298	13.7
4. US	2,337	13.9
5. Italy	650	3.9

FISHERY PRODUCT	Value (US\$ Mil.)	% share
World	94,993	100
1.China	12,764	13.44
2.Norway	8,638	9.1
3. Thailand	6,956	7.3
4. Vietnam	5,034	5.3
5.US	4,435	4.67

MEAT	Value (US\$ Mil.)	% share
World	112,593	100
1.Brazil	13,328	11.83
2.US	13,265	11.78
3.Germany	10,690	9.5
4.Netherlands	9,511	8.45
5.Australia	6,181	5.48
18. Thailand	1,948	1.73



**Unbeatable Thailand,  
Unparalleled Opportunities**



(Source:www.nfi.or.th as of Nov 29, 2011)

# Thailand's Top Food Export Categories and Ranking (2010)

FRUIT	Value (A\$ Mil.)	% share
World	93,169	100
1.US	12,142	13.0
2.Spain	8,182	8.78
3.Netherlands	6,820	7.32
4.China	5,604	6.0
5.Belgium	4,357	4.7
<b>15. Thailand</b>	<b>2,011</b>	<b>2.16</b>



VEGETABLES	Value (A\$ Mil.)	% share
World	70,208	100
1.China	9,821	14
2.Netherlands	8,958	12.8
3.Spain	6,842	9.7
4.US	5,317	7.6
5.Mexico	4,536	6.5
<b>23. Thailand</b>	<b>559</b>	<b>0.8</b>

(Source: www.nfi.or.th as of Nov 29, 2011)

Note: US\$1=31.29 and A\$1=Bt31.60 in Q2, 2012

# FOOD SAFETY STANDARDS



- **Thai food factories must apply for GMP, ISO, HACCP, TQM, Water footprint and Carbon footprint.**
- **For food exports, BRC , IFS, and SQF must be applied.**
- **Agricultural Commodity and Food Standards (ACFS)**
  - **Good Manufacturing Practice(GMP)**
  - **Good Hygienic Practice (GHP)**
  - **ISO 22000 (Safety on Food Supply Chain)**

\*BRC (British Retail Consortium) \*IFS (International Food Standard) SQF\* (Safety Quality Food)

Source: National Food Institute (NFI) as of July 20, 2011





# Renewable Energy

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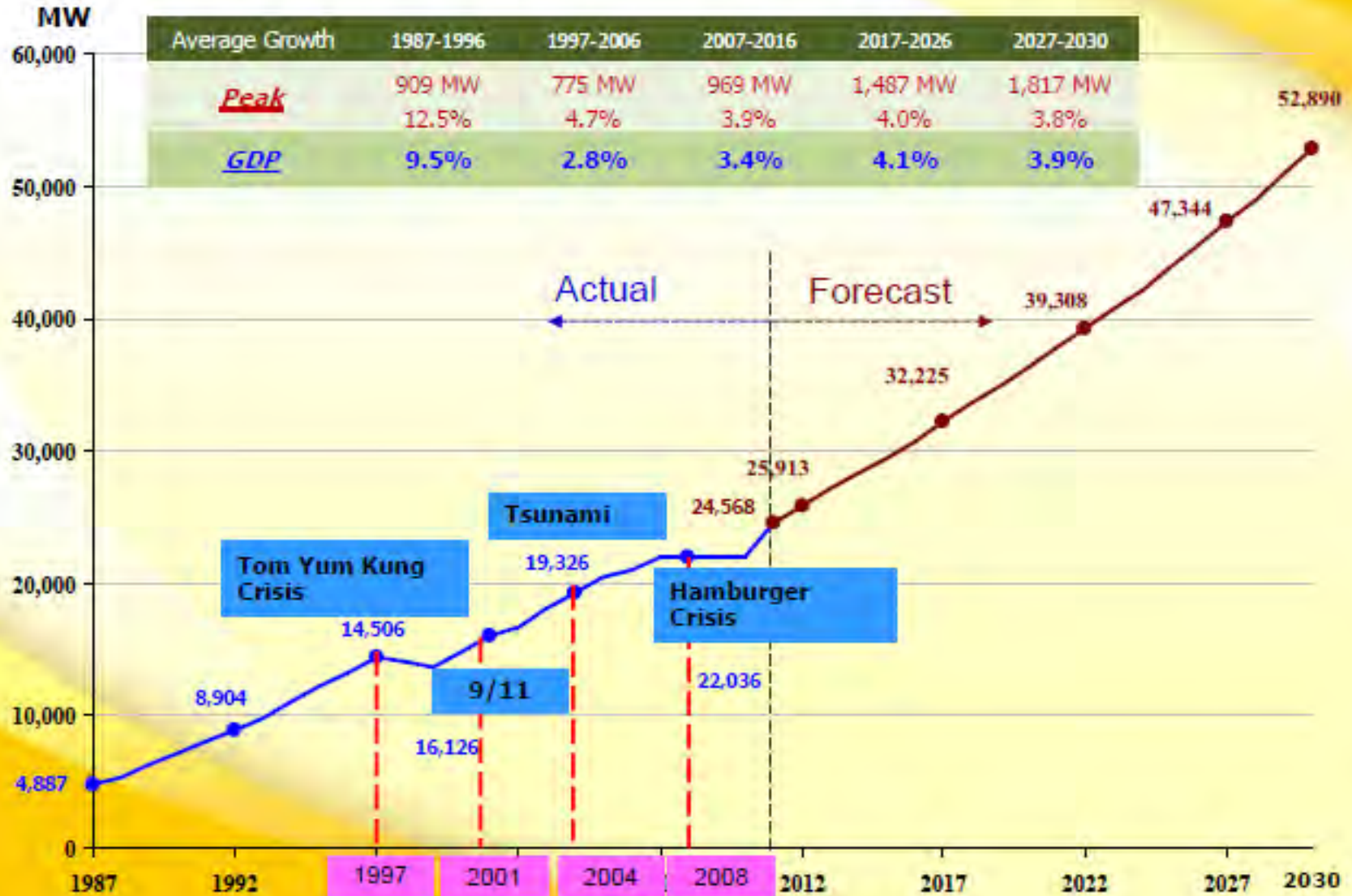
# THAILAND'S INFRASTRUCTURE: ENERGY SECURITY



New sources of energy, both domestic and international, are being developed, especially through the collaboration in resource development with neighboring countries, such as in Myanmar (Dawei), aiming at strengthening the nation's energy security.

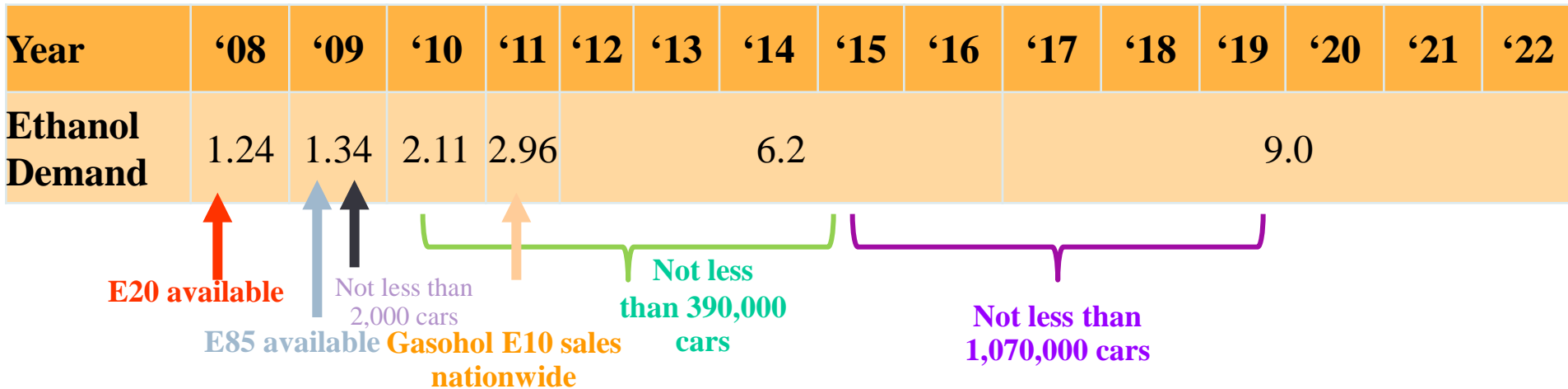


# PDP 2010(2010-2030): POWER DEMAND FORECAST

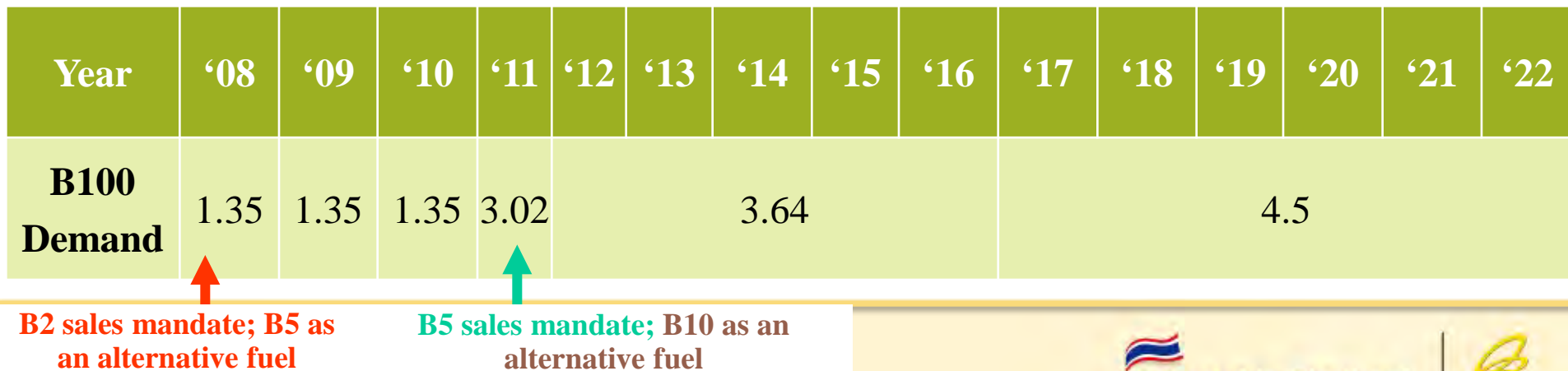


# THAILAND 15 YEARS RENEWABLE ENERGY PLAN 2008-2022 ON ETHANOL AND BIODIESELS

## Ethanol Consumption Targets (Million litres/day)



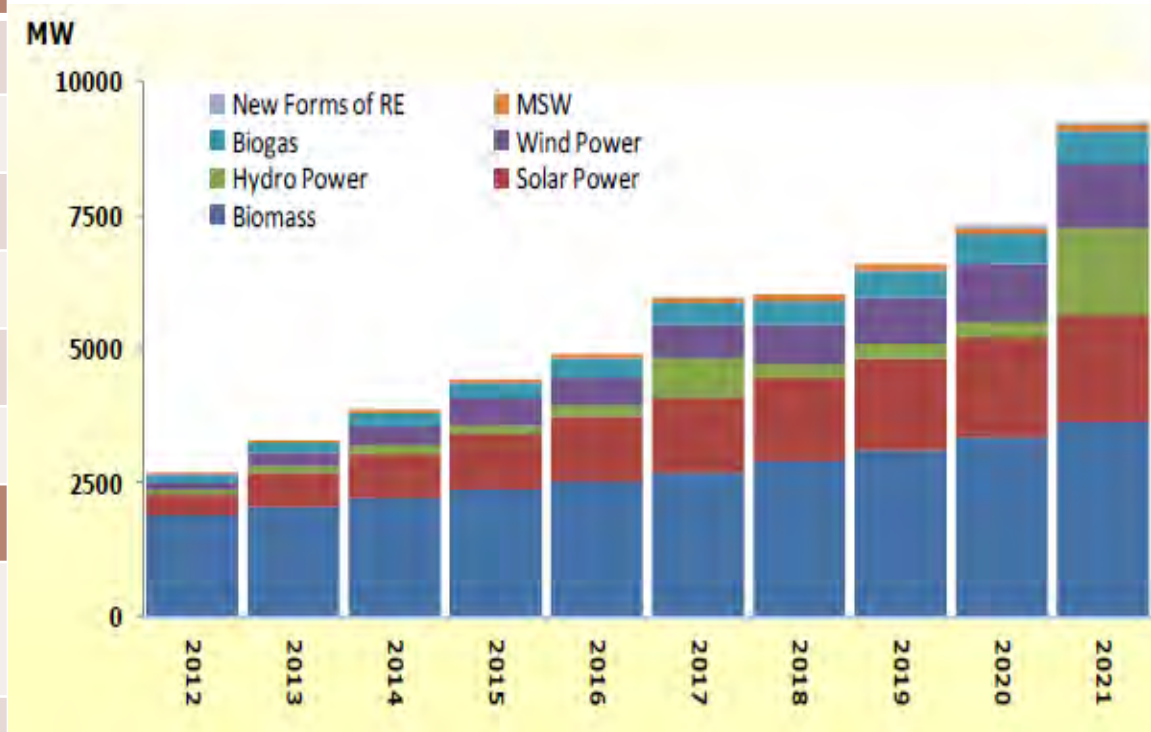
## Biodiesel Consumption Targets (Million litres/day)



# ALTERNATIVE ENERGY DEVELOPMENT PLAN (AEDP) 2012-2021

**AEDP 2012-2021, targeting to replace 25% of total fossil-fuel consumption with RE at the end of 2021.**

Renewable Energy ( 9,198 MW)	
Solar power	2,000 MW
Wind power	1,200 MW
Hydro power	1,608 MW
MSW	160 MW
Biomass	3,630 MW
Biogas	600 MW
New forms of RE (3 MW)	
Geothermal energy	1 MW
Wave and Tides	2 MW





# Bio-Gas Energy



2009 INSTALLED BIOGAS POWER CAPACITY = **79 MW**  
TARGETED IN YEAR 2022 = **120 MW**

MORE FOCUS ON **SMALL FARMS, SMES & HOUSEHOLD APPLICATIONS**



## Bio-Gas Energy Generation:

### 2-Strategic Targets

#### 1. Farms & Livestock Industries

- Pig Farms
- Chicken Farms

#### 2. Food-Related Industries

- Tapioca Starch
- Palm Oil
- Sugar Cane and Ethanol

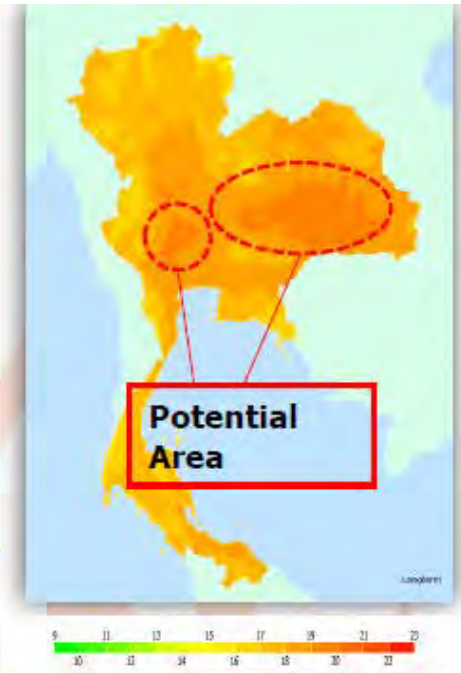
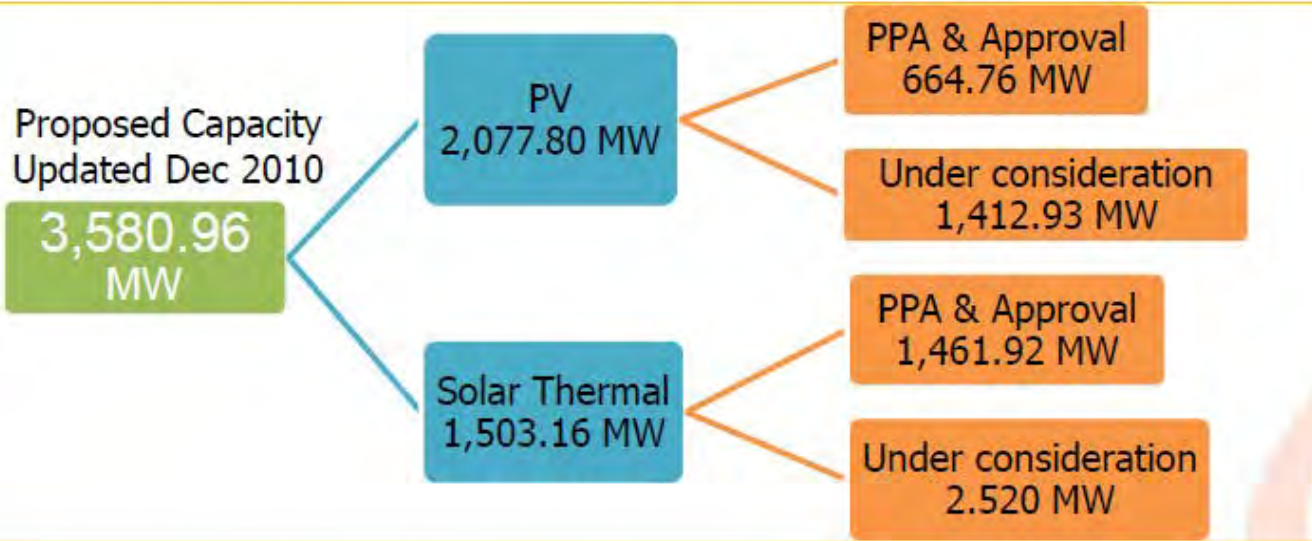
# BIOMASS: TRENDS & OPPORTUNITIES

- Promoting higher potential biomass
  - Rice straw
  - Sugarcane leaves
  - Cassava finger root trunk & rhizome
  - Oil palm leaves and bunch
  - Corncob & trunk
  - Wood chips & pellets
- Promoting plantation of fast growing crops for power generation

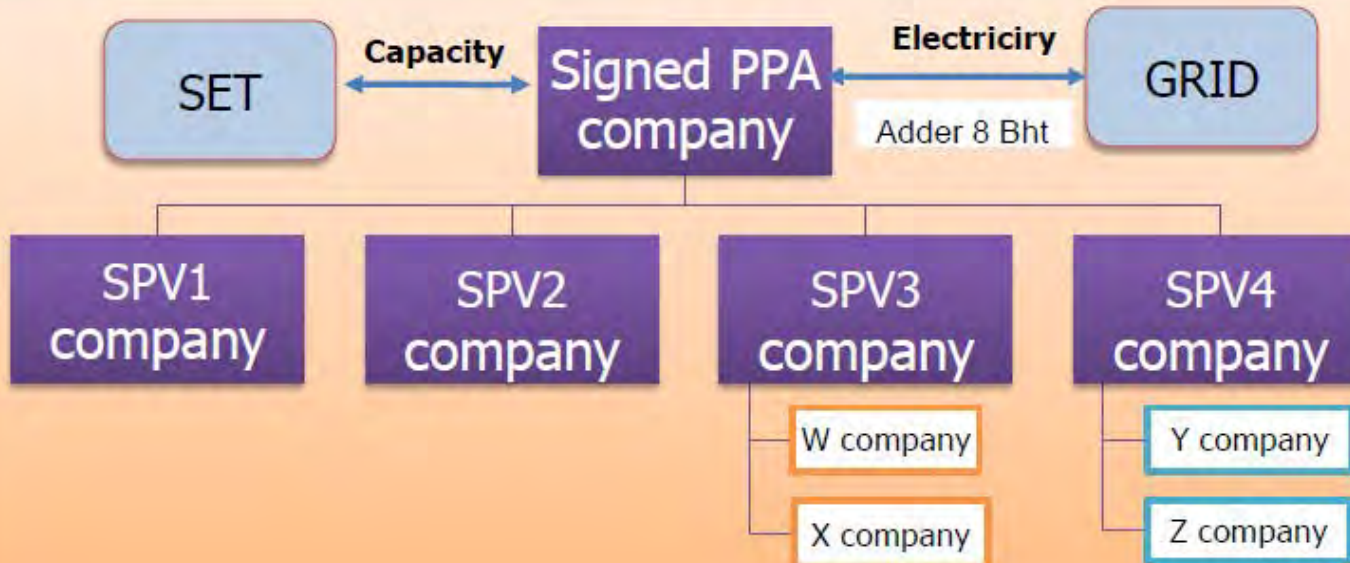




# SOLAR MARKET



Some projects seek capitalization using "Special Purpose Vehicle"





# FUTURE OF SOLAR ENERGY IN THAILAND

- Project accepted and contracted (having PPA) are eligible for original adder rate of 8 Baht/kWh (A\$0.25/kWh)
- New Adder: **6.50 Baht/kWh** (\$0.21/kWh) for 10 yrs will be applied for projects already submitted but under screening process
- Shift to Feed-in Tariff (FIT)-European style (reduce windfall profit and limit passing through mechanism to the end-consumers)
- Set-up new committee for
  - Formulating the FIT rates for all RE categories
  - Becoming a single window of new proposals screening and taking into consideration of the grid-connection and price impact
  - Solar-Rooftop will be more focus and become its own category

# BOI POLICIES TO PROMOTE RENEWABLE ENERGY

## All Projects in Renewable & Alternative Energy are Treated as Priorities Activities

### Incentives:

- Import duty exemption on machinery all zones, except Bangkok
- 8-year-corporate income tax exemption without being subject to a corporate income tax exemption cap, all zones except Bangkok
- 50% reduction of CIT on the net profit generated from investment for 5 years after the exemption period
- Double deductions for transportation, electricity and water costs for 10 years from the date of first income derivation from promoted activity
- Deduction of infrastructure installation or construction costs from net profit in addition to normal depreciation of not more than 25% of the project
- Applications must be submitted within Dec 31, 2012

# Renewable Energy: Eligible Activities



**1.18 Manufacture of alcohol or fuel from agricultural products, including scrap, garbage and/or waste**

**4.2.3 Manufacture of energy-conserving machinery or equipment or machinery which uses alternative energy**

**4.15 Manufacture of fuel cells**

**5.5.10 Manufacture of solar cells and raw materials for solar cells**

**Renewable  
Energy**



**7.1.1 Production of electricity or steam power using alternative energy such as energy from agricultural materials, biogas and wind energy**

# HIGH VALUE-ADDED SERVICES



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# New Package of Regional Operating Headquarters

Benefit	Benefit
<p>For portion of income from <b>OVERSEAS OPERATIONS</b></p> <p><b>0% CORPORATE INCOME TAX for 15 years</b></p>	<p>For portion of income from <b>LOCAL OPERATIONS</b></p> <p><b>10% CORPORATE INCOME TAX for 15 years</b></p>
<p><b>Key Conditions</b></p>	
<ul style="list-style-type: none"> <li>- In 1<sup>st</sup> fiscal year, have one operating company in another country; a second within 3<sup>rd</sup> year; a third within 5<sup>th</sup> year</li> <li>- Have annual expenses in Thailand of Bt15 million, or have invested at least Bt30 million in Thailand</li> <li>- By end of 3<sup>rd</sup> year, 75% of ROH personnel to be qualified staff, and 5 persons earning at least Bt2.5 million annual salary and benefits per person</li> <li>- All companies must be real operating companies with a physical presence and staff</li> </ul>	

Benefit
<p>For income of <b>EXPATRIATE EMPLOYEES</b></p> <p><b>15% PERSONAL INCOME TAX for 8 years</b></p>
<p><b>Key Conditions</b></p>
<p><i>In addition to conditions for income from overseas and local operations:</i></p> <ul style="list-style-type: none"> <li>- Income generated from services to overseas companies must be at least 50% of total revenues</li> </ul>



# BOI INCENTIVES : RIGHTS & BENEFITS

Activities:

- **Long Stay Business**
- **Trade and Investment Support Offices (TISO)**
- **International business process outsourcing (IBPO)**

## Rights & Benefits

### **Non-Tax Incentives Only**

- **Permission to own land**
- **Permission to bring into the Kingdom foreign skilled workers and experts sufficient for your business activities**
- **Permission for foreign nationals to enter the Kingdom for the purpose of studying investment opportunities**
- **Permission to take out or remit foreign currency**

# BOI INCENTIVES : RIGHTS & BENEFITS

## International Procurement Offices (IPO)

### Conditions

- Must have or rent warehouse and utilize a computerized inventory system.
- Must include procurement, quality control and packaging activities.
- Goods must be procured from various suppliers, including domestic sources.
- The minimum registered capital must not be less than Bt10 million.

### Rights & Benefits

- **Exemption of import duty on machinery, regardless of zones.**
- **Privileges under section 36(1):** *Exemption of import duty on raw or essential materials for use in production for export.*
- **Privileges under section 36(2):** *Exemption of import duty on products for re-export such as samples.*

# BOI SERVICES

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## BOI SUPPORT SERVICES



**Investment Matchmaking Program**

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

**Industrial Subcontracting Services  
Vendors meet customers program  
(BUILD Unit)**

**ASEAN Supporting Industry Database**

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

**Country desks**

**Overseas offices**



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INVESTMENT

**THANK YOU**

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