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**Think Asia, Invest Thailand**

**Thailand**, a perfect place for your business to grow



**Duangjai Asawachintachit**  
**Deputy Secretary General**  
**Thailand Board of Investment**  
**December 2011**

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THAILAND BOARD OF INVESTMENT

# Thailand in Brief

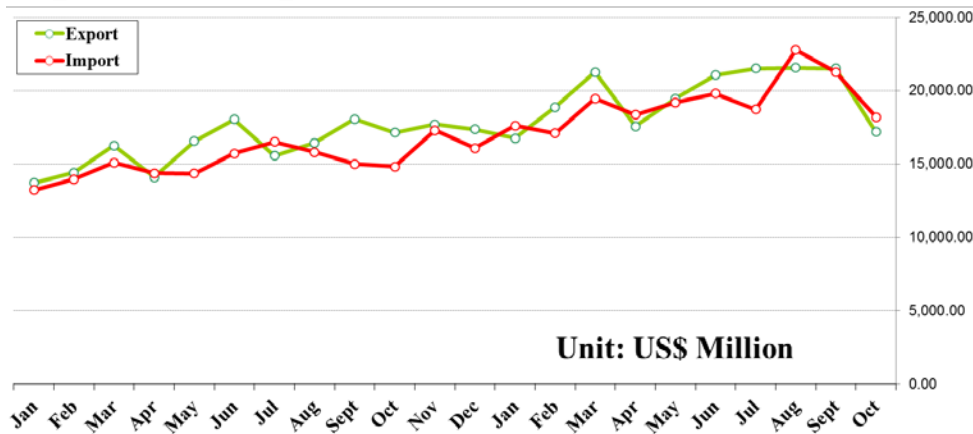
# Thailand in Brief



Population: 67 Million  
Labor Force: 39 Million



## Imports : Exports, 2010 – Oct 2011



Per capita GDP(2010):  
DKK26,244  
(Thailand is an upper middle  
income country)



THAILAND is the world's

- 19th largest manufacturer
- 33<sup>rd</sup> largest exporter
- 35<sup>th</sup> largest economy

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



# Investor Confidence: after the deluge

**S T A N D A R D**  
**& P O O R ' S**  
R A T I N G S S E R V I C E S

“....we believe the country's relatively strong and flexible fiscal position could absorb this fiscal burden.”

S&P credit analyst Takahira Ogawa

# P&G



“The flood crisis has not affected our commitment to long-term investment in Thailand....The country is still appealing for future investment by the company because of its infrastructure and skilled labor. Thailand is one of the important manufacturing bases for P&G,”

*Raul Falcon, Managing Director  
Procter & Gamble Trading (Thailand)*

# Flood Rehabilitation and Prevention Measures in Thailand

## Immediate Relief

The Thai government launched a 900 billion baht (DKK157 bn) flood rehabilitation spending plan.

The Bank of Thailand & other commercial banks set aside a substantial amount for soft loans toward the rehabilitation of businesses affected by the flooding.

Industry Ministry and IEAT implemented a water-removal action plan to allow effected industrial estates to resume operations swiftly

Ministry of Finance Allocated several billion baht to assist and rehabilitate entrepreneurs and industrial estate developers

**BOI lifted restrictions on moving machinery & raw materials from promoted projects**

**BOI also Granted permission for flood-effected companies to bring in foreign skilled workers.**

### NEAR-TERM FLOOD ASSISTANCE

The government is proposing a new credit line with a special interest rate, tax incentives and various investment privileges to industrial operators whose factories have been flooded.

### LONG-TERM FLOOD PREVENTION

A master plan is being worked out to solve flooding.

Source: BOI as of Nov 11, 2011  
Exchange rate: DKK1=Bt5.72 in Q3,2011



## Economic Projection Year 2011 and 2012

(% YOY)	2010	2011		Projection	
		H1	Q3	2011	2012
GDP (at 1988 price)	7.8	3.0	3.5	1.5	4.5-5.5
Total Investment (at 1988 price)	9.4	6.6	3.3	4.7	10.3
Private	13.8	10.5	9.1	8.8	11.0
Public	-2.2	-5.9	-10.9	-7.9	8.0
Total Consumption (at 1988 price)	5.1	2.8	2.1	2.3	4.0
Private	4.8	3.0	2.4	2.5	4.4
Public	6.4	1.4	1.1	1.2	2.0
Export of Goods (US\$)	28.5	23.1	27.3	17.2	19.0
Volume	17.3	13.7	16.6	10.7	12.0
Import of Goods (US\$)	36.7	27.7	33.4	27.2	25.0
Volume	26.5	19.1	24.4	16.7	17.0
Current Account to GDP (%)	4.4	4.2	3.5	2.2	1.2
Inflation	3.3	3.6	4.1	3.8	3.5-4.0
Unemployment rate	1.0	0.7	0.7	0.7	0.7





# Thailand and International Rankings

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Doing  
Business  
THE WORLD BANK IFC  
2012

Doing business in a  
more transparent world

The World Bank Ranks  
Thailand the 3<sup>rd</sup> Easiest  
Place in Asia to do Business  
and 17<sup>th</sup> in the World

Thailand:

Ranked by UNCTAD as the 10<sup>th</sup> most attractive destination in the world



Source: UNCTAD Top host economies for FDI 2011-2013



Mexico (from 7<sup>th</sup> to 6<sup>th</sup>)



Poland (from 10<sup>th</sup> to 9<sup>th</sup>)



**Thailand (from 12<sup>th</sup> to 10<sup>th</sup>)**

# Expected Change in Manufacturing Competitiveness in 5 Years



Spain (from 19<sup>th</sup> to 16<sup>th</sup>)



Russia (from 20<sup>th</sup> to 14<sup>th</sup>)



South Africa (from 22<sup>nd</sup> to 19<sup>th</sup>)

# MOVING UP

# Making Thailand the Best Expat Experience

## Top Destinations for Expat Experience 2010

1. Thailand
2. Canada
3. Bahrain
4. Spain
5. South Africa
6. France
7. Bermuda
8. Australia
9. Malaysia
10. Switzerland



Source: Expat Explorer Survey 2010, HSBC  
as of Nov 24, 2010 (4,127 respondents)

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# Market Potential

# ASEAN Connection

## Thailand

- 67 million population
- GDP (2010) DKK1,767 billion
- GDP/ p.capita DKK26,244



## ASEAN

- +570 million pop.
- US\$1.3 trillion GDP (2007) (or DKK6.8 trillion)



## ASEAN+3

- +2 billion pop.  
(1/3 world pop.)
- US\$9trillion GDP (or DKK47.4 trillion)  
(16% of world GDP)

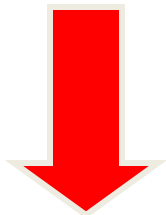


# ASEAN Economic Community (AEC)

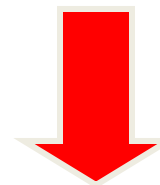
**AEC**



**A Single Market &  
Production base**



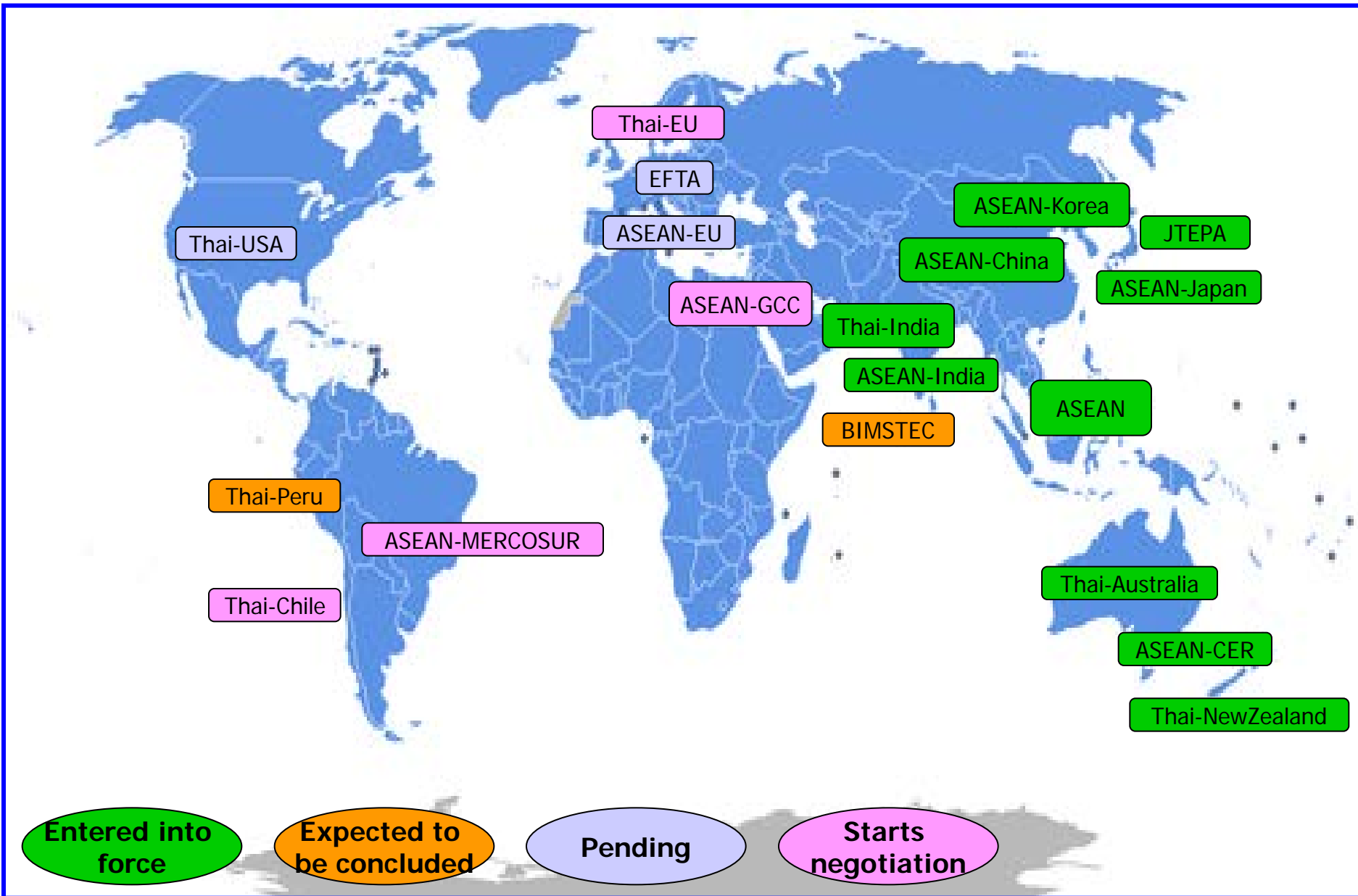
**Transform ASEAN into a stable, prosperous and highly competitive region with equitable economic development, and reduced poverty and socio-economic disparities**



- Free flow of **goods**
- Free flow of **services**
- Free flow of **investment**
- Free flow of **capital**
- Free flow of **skilled labor**



# An Expanding FTA Regime



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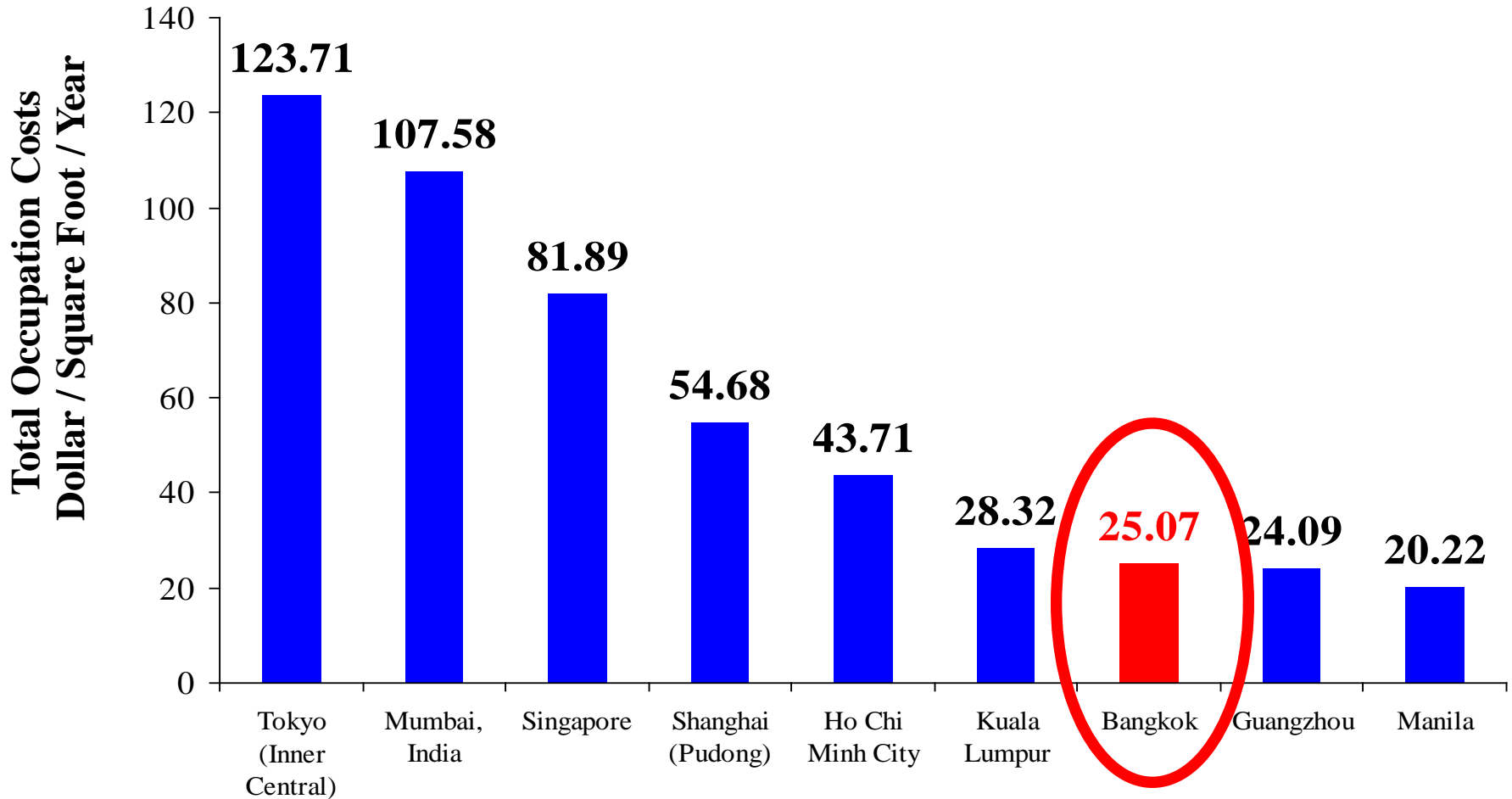


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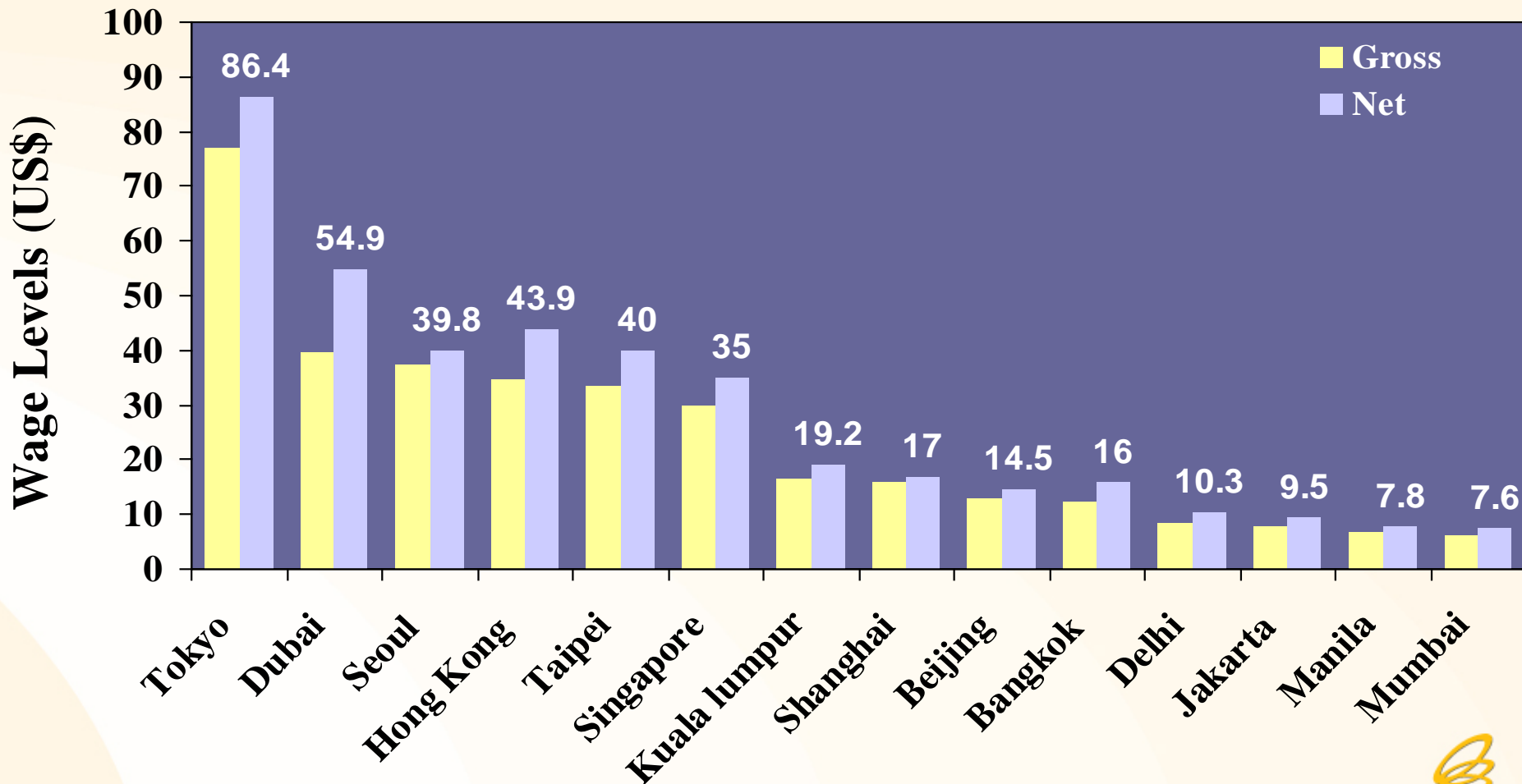
# Doing Business in Thailand



# US\$ Affordable Office Space



# Wage Comparison 2010





**37 commercial airports, including  
6 international airports**



**Over 50 Industrial Estates,  
Zones and Parks**

Ports	Capacity/Year
Bangkok	<b>1.3 million TEUs.</b>
Laem Cha Bang	<b>7.4 million TEUs.</b>
Chiang Saen	<b>120,000 tonnes.</b>
Chiang Kong	<b>15,000 tonnes.</b>
Map Ta Phut	<b>2.0 million tonnes.</b>
Songkla	<b>160,000 TEUs/ 600,000 tonnes.</b>
Phuket	<b>450,000 tonnes</b>



## Low Tax Rates:

Legislation is pending, but  
Cabinet has approved reduction  
of corporate income tax rates

For company and juristic partnerships in general, a reduction of corporate income tax rate from 30% of net taxable profit to

- **23%** for the accounting period of 2012, which ends at 31 December 2012 or later, and to
- **20%** for the accounting period which starts from 1 January, 2013 and thereafter.



## Thailand and the BOI offer:

No restrictions on  
foreign currency

100% foreign  
ownership

**LIBERAL INVESTMENT  
REGIME**

No export  
requirements

No local content  
requirements



# **BOI's Current Foreign Equity Participation Policies**

- no restriction on foreign shareholding in manufacturing
- 100% foreign shareholding allowed in many services
- At least 51% Thai ownership is required for investment in agriculture, husbandry, mineral exploration and mining, and services in list 1 of the Foreign Business Act



# Basic BOI Privileges and Measures

## Tax Incentives

- ❑ Corporate income tax holidays up to 8 yrs
  - **Additional 50% reductions of corporate income tax for 5 yrs**
- ❑ 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 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 Incentives

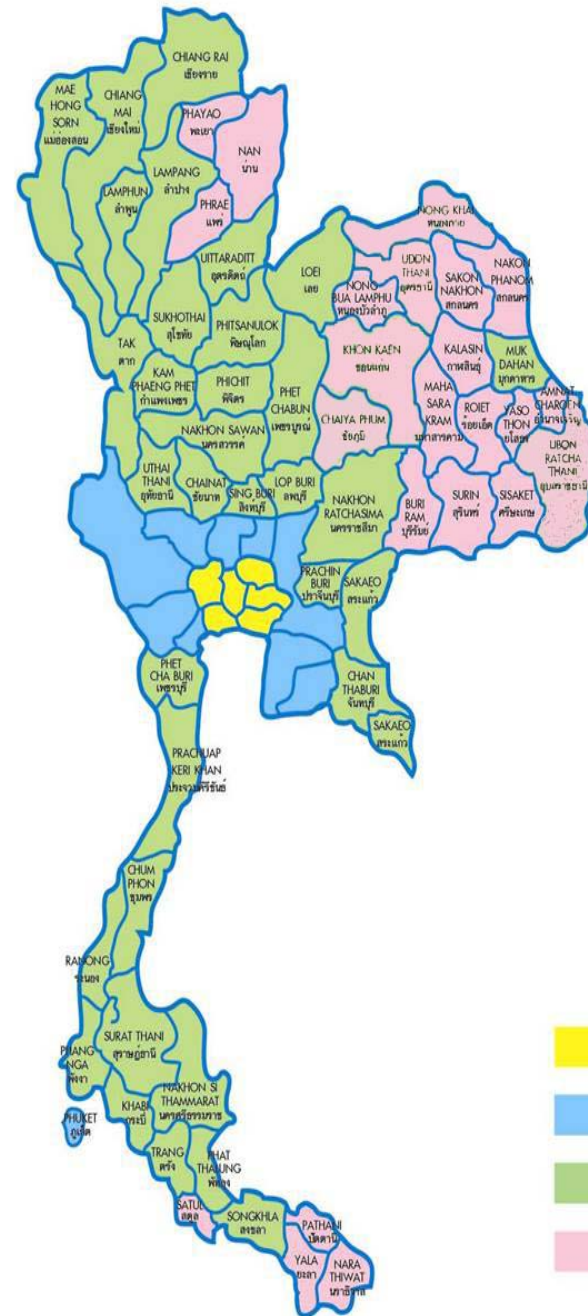
Zone 1 (6 provinces)

Zone 2 (12 provinces)

Zone 3 (58 provinces)—  
Investment Promotion  
Zone

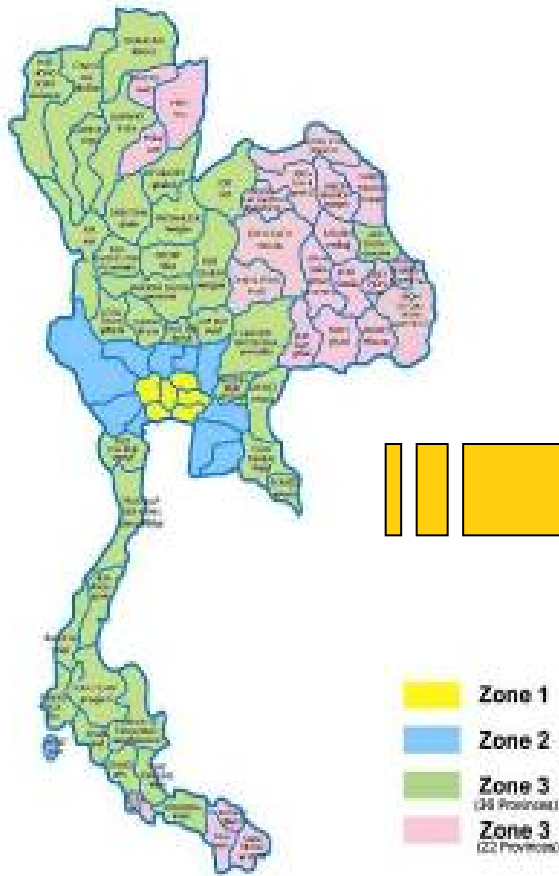
(1) 36 provinces

(2) 22 provinces



Zone: 1 2 3  
Incentives: Lower → Higher Incentives

# From Zone-Based to Sectoral 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



# Examples of Priority Activities

- Agriculture and agro-industries
- R&D
- Software development
- Molds & Dies
- Biotechnology
- Alternative energy
- Manufacture of hi-tech products e.g. advanced ceramics
- Waste recycling & recovery

# Activities Eligible for BOI Promotion



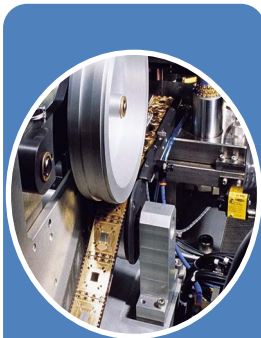
Agriculture



Mining,  
Ceramics  
Basic  
Metals



Light  
Industries



Metal  
Products,  
Machinery,  
Transport



E&E



Chemicals,  
paper,  
plastics



Services



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## Thailand Automotive Industry



## Key Highlights for the Auto Industry

**Thailand:**  
**12th** largest  
automobile  
producer in  
the world

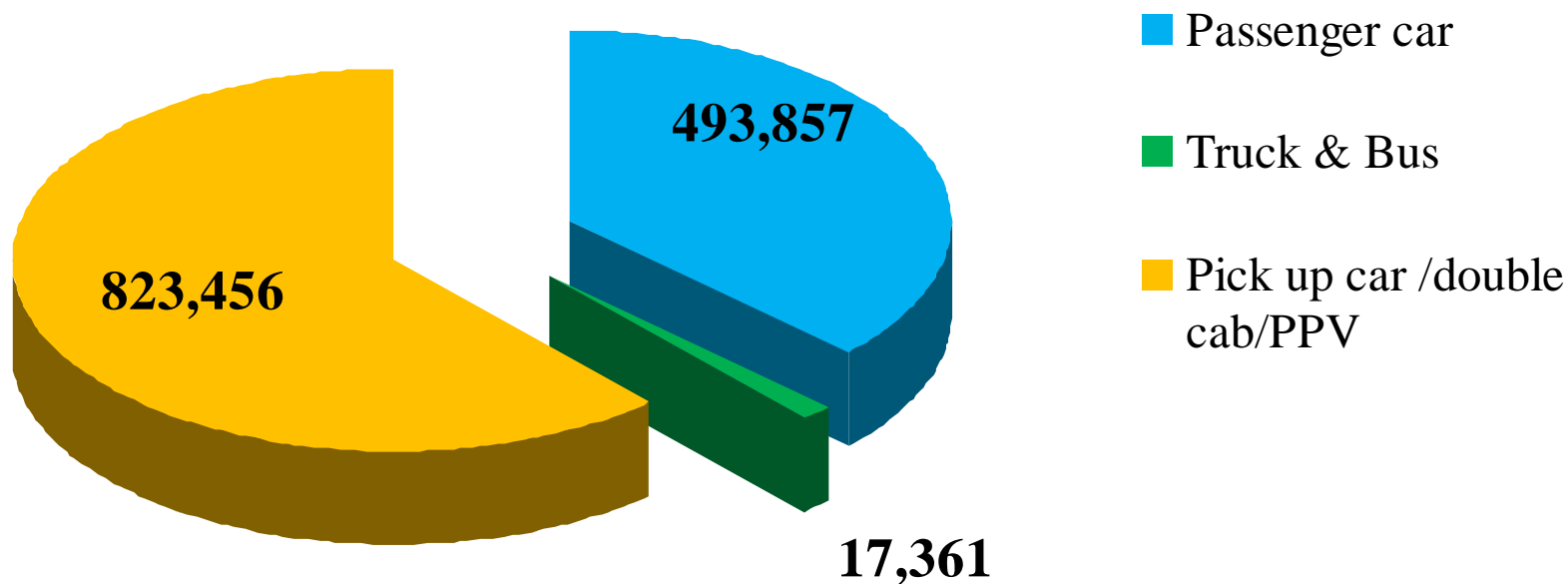
**Target:**  
**Top-10** by  
2014

**Output:**  
**12** assemblers  
with a  
combined  
production of  
**1,645,304**  
units in 2010  
(56% for  
export)

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

# Thailand's Automotive Production, 2011(Jan-Oct)

: 1.33 mil. units





# Opportunities: Components Needed in Thailand

- ✓ Automatic Transmissions
- ✓ Continuously Variable Transmissions (CVT)
- ✓ Traction motors for automobiles; e.g. Hybrid or fuel cell cars
- ✓ Regenerative Braking System
- ✓ Electronic Stability Control (ESC)
- ✓ Rubber tires for vehicles





# Machinery

Economic transition from labor to productivity is creating great demand



# Opportunities in Machinery

Thailand continues to industrialize, but is dependent on imported industrial machinery

- High demand for:
  - Food and farm machinery
  - Alternative energy/energy conservation machinery
  - Textile machinery
  - Automotive machinery
  - Mould & Die Industry

# Industrial Machinery by Products

## Industrial Machinery Imports (Jan-Sep),2011



## Industrial Machinery Exports (Jan-Sep),2011





## 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 holiday, duty free machinery**



# Agro-Industry Machinery

- Thailand needs to continually improve to remain competitive and meet increasing international standards
- Large, growing markets for:
  - Farm machinery
  - Food processing machinery

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



# 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**



# Electronics & Electrical Products





## Top E&E Export

### Electrical Products

1. Air-conditioner
2. Circuit breaker, switches, plugs
3. VDO camera
4. Refrigerator
5. Color TV

### Electronics

1. Computer parts
2. IC
3. PCB, PCBA
4. Diode, transistors, semiconductors.
5. Equipments used for telephone or telegraphs

## Top E&E Import

### Electrical Products

1. Circuit breakers, switches, plugs
2. VDO tape, CD, DVD
3. TV parts, components
4. Wiring harness
5. VDO cameras

### Electronics

1. IC
2. Computer parts
3. Mobile phones
4. Computers, notebook, Palm
5. Printed circuit

# Integrated Circuit Cluster in Thailand

## IC Design

- Rohm LSI
- Silicon Craft Technology

## Wafer

## Assembly

- Microchip
- NXP
- Spansion
- Hana Semiconductor
- Circuit Electronics
- Millennium Microtech
- Utac Thai
- Stars Microelectronics
- Statschippac
- Oki
- Sony Device Technology
- Sanyo Semiconductor
- Rohm Integrated System
- Toshiba Semiconductor
- Thai NJR
- Vigilant Technology

## Lead Frame

- Sumiko LeadFrame
- TSP-T
- Rohm Mechatech
- Yamakin

## Testing

- Microchip
- Maxim Integrated

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# Green Technologies

# Growing Opportunities: Renewable & Alternative Energy

**Solar**

Abundant Agricultural Raw Materials

Sufficient and Improved Infrastructure

The Most Optimal Location for Business and Living Condition

High Level of Local Technical Expertise and an Established Legislative Framework for the Renewable Sector

**Biogas**

**Biodiesel**

*Biodiesel*

Images include: a field of solar panels, a laboratory flask with yellow liquid labeled 'Biodiesel', a field of green crops, a field of golden corn, a field of brown roots, and a biogas plant with large grey digesters.

# Thailand Renewable Energy Development

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**Committed to the development of low-carbon society**

**Government Funding On R & D Activities**

**15 years RE-Development Plan**

**Encouraging Private-Led Investment**

**Target 20.3 % of RE in Total Energy Consumption By 2022**

**Solar + Wind**

1,300 MW

**Small + Mini Hydro**

320 MW

**Bio Energy**

Biomass

4,000 MW

Biogas

160 MW

MSW

120 MW

**Biofuels**

- Ethanol
- Biodiesel

20% Oil substitution

BOI Tax incentives scheme (8 yr. Tax holiday)

- Some direct subsidy (10-30%) on Biogas,MSW,Solar-hotwater projects
- Soft Loans for RE+EE investments
- Government Co-investing scheme ("ESCO Fund")

# Opportunities of Biofuel & Bio Energy

- **Availability of feedstock**

Thailand is # 1 exporter of cassava/tapioca products and # 2 exporter of sugar in the world → availability of raw materials for ethanol.

*- Forecast available feedstock for ethanol: 3.7 mil. tons of cassava (out of 28.9 mil. tons)\**


- **Thailand is # 1 exporter of rice and other crop**  
→ availability of biomass feedstock if technology from cellulosic to liquid fuel is commercial.

- **Large agro-industry** such as tapioca, palm oil, modern farming & food processing → opportunities for bio-gas business combined with waste treatment units



# Renewable Energy: BOI Eligible Activities

**Renewable  
Energy**



**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**

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



## **BOI Incentives include:**

- **Import duty exemption on machinery all zones, except Bangkok**
- **8-year uncapped corporate income tax exemption in all zones except Bangkok**
- **Additional 50% reduction of CIT on the net profit generated from investment for 5 years after the exemption period**
- **Deductions for transportation, electricity and water costs**
- **Deductions on infrastructure installation or construction costs**
- **Applications must be submitted within Dec 31, 2012**

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



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# High Value-Added Services

# Services Industry

Many opportunities exist in this growing sector:

- R&D and design
- Printing
- Tourism facilities, esp. long-stay
- Film & Entertainment
- Regional Operating Headquarters
- Distribution Centers
- Aircraft maintenance

Logistics:

- Shipping services strongly supported by the Thai Government to support our strong growth in international trade





## New Package of Regional Operating Headquarters (ROH)

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>
Key Conditions	
<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 Bht 15 million, or have invested at least Bht 30 million in Thailand</li> <li>- By end of 3<sup>rd</sup> year, 75% of ROH personnel to be qualified staff, have 5 specialised professionals, and 5 top executives earning at least Bht 2.5 million in annual salary and benefits each</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>
Key Conditions
<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 Services



## 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**

# One Start One Stop Investment Center



**More Convenience,  
less time,  
more efficiency!**



**18th Floor, Chamchuri Square Building**

**319 Phayathai Road, Pathumwan**

**Domestic Call: 0 2209 1100, Inter. Call: (66 2) 209 1100**

**Email: [osos@boi.go.th](mailto:osos@boi.go.th)**



## Services at OSOS

- **Staff from relevant agencies available for consultations on a range of topics.**
  
- **Help investors with applications to make sure investors know what is required to:**
  - **Apply for investment promotion privileges**
  - **Obtain a foreign business license**
  - **Tax registration**
  - **Complete an environmental impact assessment**
  - **Obtain utilities, and much more**

# Sample of Danish Investments in Thailand





# BOI Office in Stockholm

Thailand Board of Investment,  
Stockholm Office Stureplan 4C  
4th Floor, 114 35 Stockholm  
Sweden

Tel: +46 (0)8 463 11 58

+46 (0)8 463 11 72

+46 (0)8 463 11 74 to 75

Fax: +46 (0)8 463 11 60

Email: [stockholm@boi.go.th](mailto:stockholm@boi.go.th)

Website: [www.boi.go.th](http://www.boi.go.th)



**Chollada Areerajakul**  
Director



- **Thailand's Biggest Fair Ever!**
- **5 to 20 January 2012**
- **IMPACT Exhibition and Convention Center**
- **Organized by Thailand Board of Investment**
- **More than 5 million visitors expected**



# General Information

**Show date :** 5 to 20 January 2012

**Venue :** IMPACT Exhibition and Convention Center  
(237,000 sq.m)

- Outdoor : Lakeside 166,000 sq.m
- Challenger 1-3 60,000 sq.m
- Hall 9 11,000 sq.m

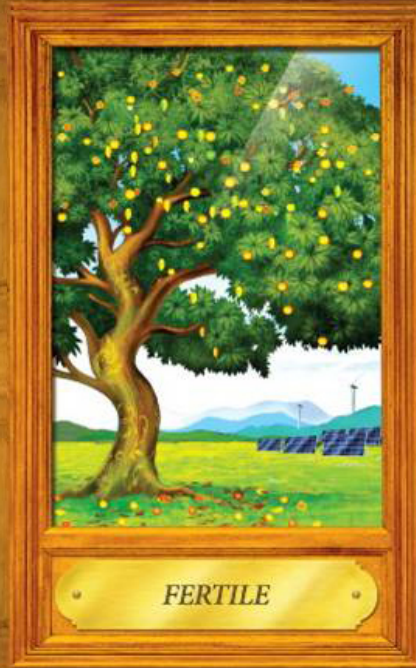
**Exhibitors:** 84 Outdoor Pavilions and more than 3,000  
Indoor Booths

**Visitors :** More than 5 million visitors expected

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**THANK YOU**