Think Asia, Invest Thailand

Ms. Ajarin Pattanapanchai
Deputy Secretary General
Thailand Board of Investment

February 2012

Thailand in Brief

Region: Southeast Asia

Population: 67.8 million

Literacy Rate: 96 %

Religion: Buddhism 95 %

Labor Force: 39.5 million

Per capita GDP(2011): CA$5,056

International Reserve: US$138.4Bil.

Note: Exchange rate CA$1=Bt30.84 in 2011

ECONOMIC PROJECTION YEAR 2012

(% YoY)	2010	2011	2012 Projection
GDP (at 1988 price)	7.8	0.1	5.5-6.5
Export of goods (US$)	28.4	16.4	12.8
Volume	17.7	10.2	11.8
Import of goods (US$)	37.0	24.7	22.3
Volume	26.8	13.3	16.5
Current Account to GDP(%)	4.1	3.4	0.7
Inflation	3.3	3.8	3.5-4.0
Unemployment rate	1.0	0.7	0.7

Source: NESDB as of May 21, 2012

Global Ranking

2nd Largest ASEAN Economy

35th Largest Global Economy

33rd Largest Global Exporter

19th Largest Global Manufacturer

TOP 10 EXPORTS IN 2009 – 2012 (Jan-Apr)

Unit: US$ Billion	2010	2011	2012 (Jan-Apr)
Automotive and parts	17.71	16.98	6.32
Computer and parts	18.84	17.06	6.03
Refine fuels	7.80	10.09	4.22
Precious stones and jewelry	11.65	12.30	3.93
Rubber	7.90	13.18	3.34
Rubber products	6.43	8.39	2.79
Plastic resins	6.34	8.80	2.73
Chemical products	5.78	8.29	2.66
Integrated circuits	8.07	7.91	2.10
Machinery and parts	4.88	6.11	2.05
Others	99.91	119.70	35.40
Total	195.31	228.83	71.56

WHY THAILAND

Thailand: Highly Ranked

#3 in Asia Public Sector Efficiency

#4 in Asia for Corporate Governance

#10 worldwide as priority FDI host country

#17 worldwide for Ease of Doing Business

#3 Easiest Place in Asia to Do Business

Thailand offers Best Expat Experience and a Low Cost of Living

Top Destinations for

Expat Experience 2012 (HSBC)

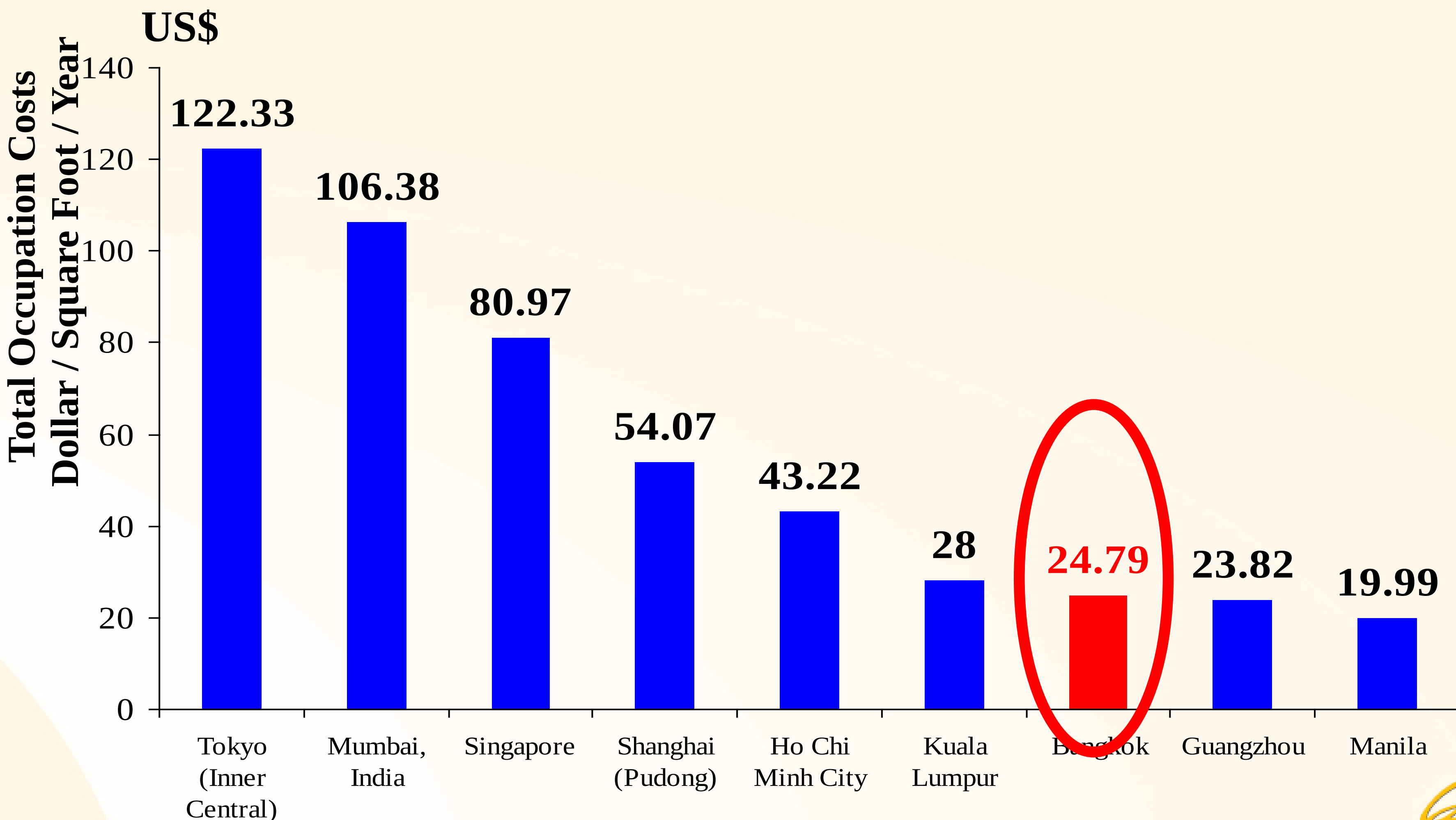
1. **Thailand**

2010 COL Survey (Mercer)

- **Thailand 121st lowest cost**

Source: Expat Explorer Survey 2010, HSBC asnd Mercer Consulting

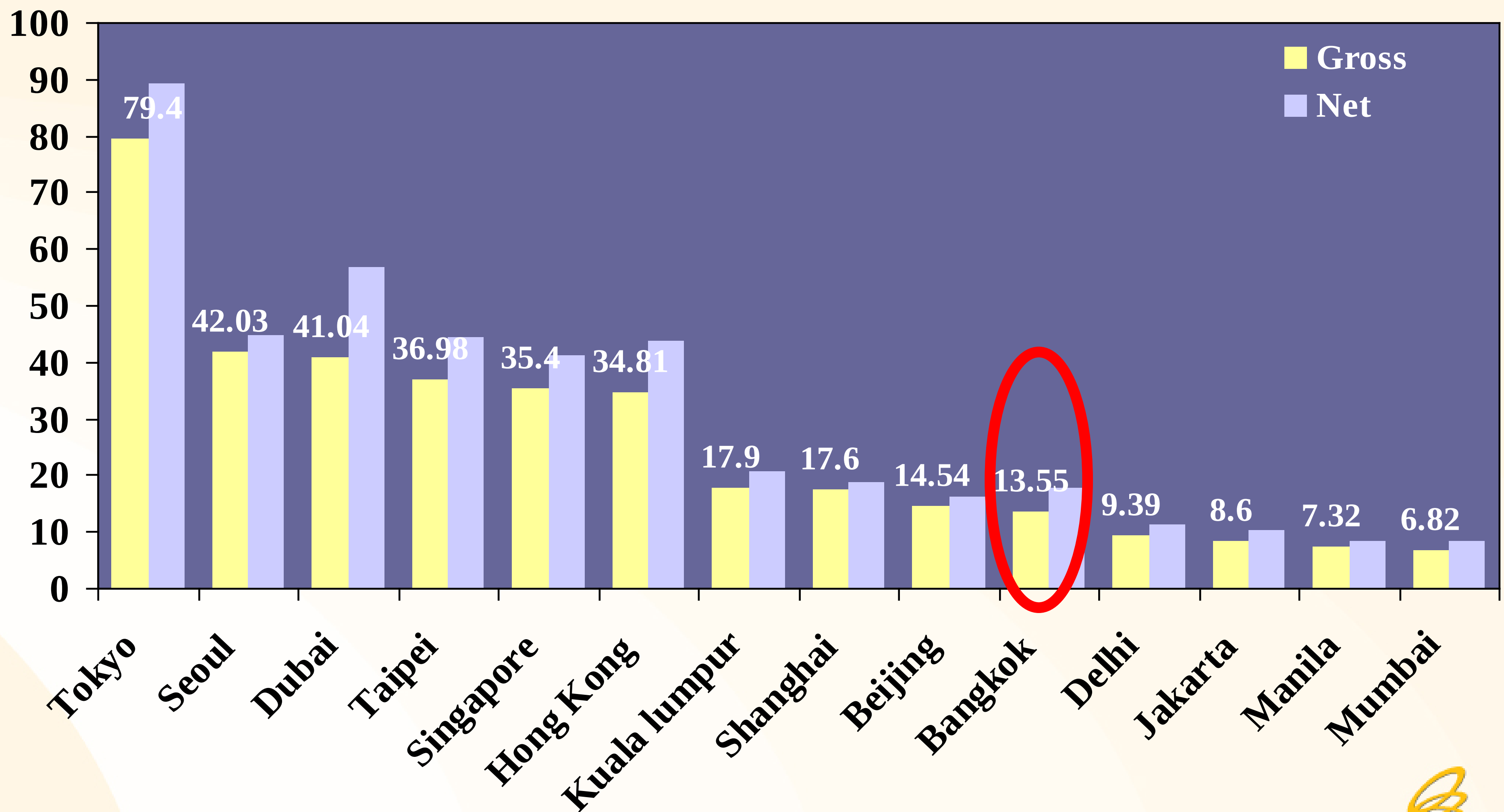
AFFORDABLE OFFICE SPACE



Note: Exchange rate US$1 = Bt30.49 in 2011

Source: CB Richard Ellis, Global Office Rents, Q1, 2011

WAGE COMPARISON INDEX 2011



Cities ranked according to gross value of index
Source: UBS/Prices & Earnings, August 2011

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.

Source: Royal Decrees, ww.rd.go.th

Free Trade Agreement

<u>ASEAN</u>

•+570 million pop.

•US$1.3 trillion GDP (2007)

<u>ASEAN+3</u>

•+2 billion pop.

(1/3 world pop.)

•US$9trillion GDP

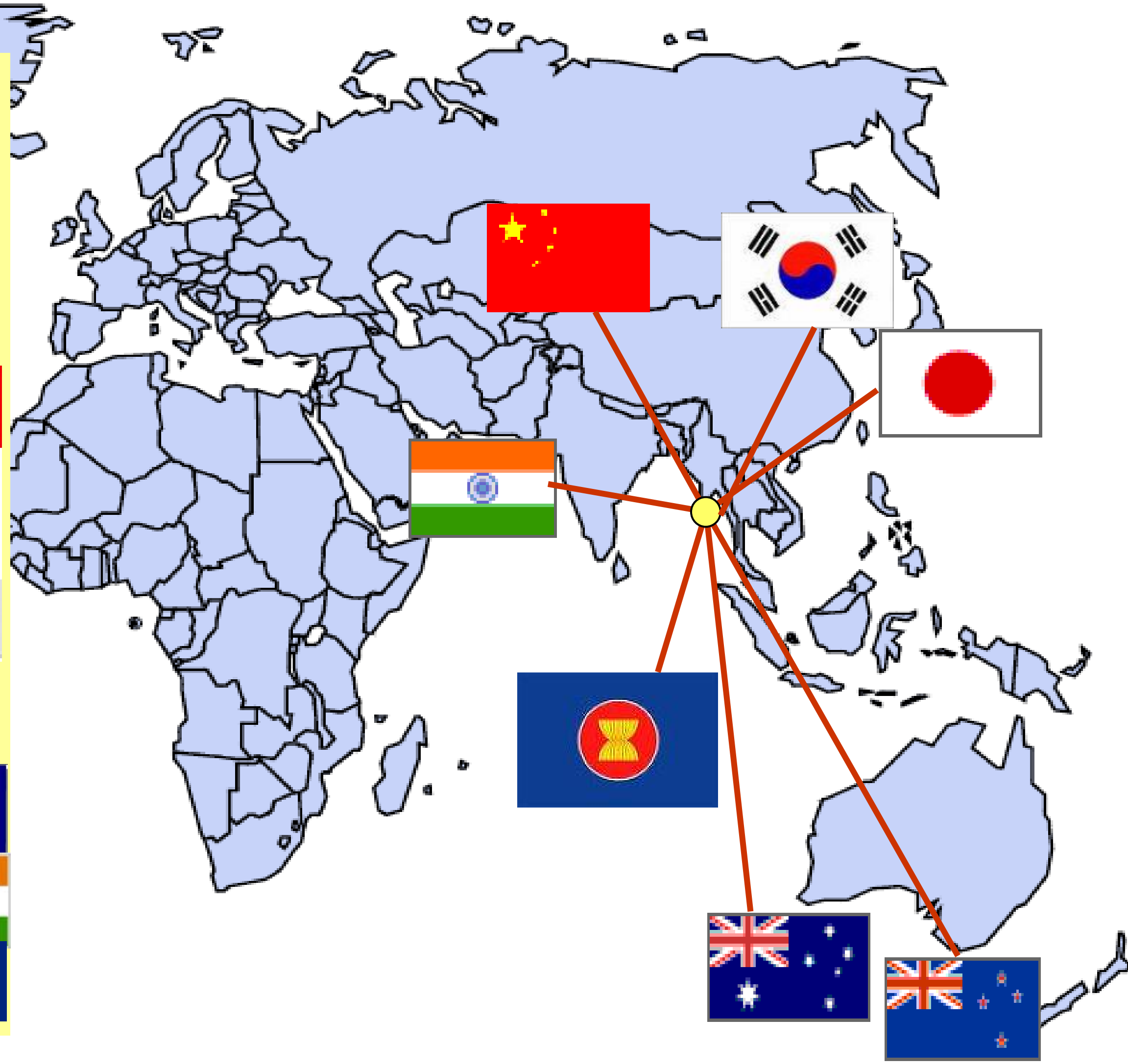
(16% of world GDP)

<u>ASEAN+6</u>

•3.3 billion pop.

(>50% world pop.)

•US$12.25 trillion GDP



Note: * Thailand, Malaysia, Indonesia, Philippines, Singapore and Brunei only

Infrastructure

- **7 international airports**
  - In 2009, 53.9 million passengers, 1.1 million tons of cargoes
  - **Suvarnabhumi Airport** – Capacity: 45 million passengers and 3 million tons if cargo per year
- **Over 70,000 km Highway Systems**
- **6 Deep Sea Ports & 2 International River Ports**
  - **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**

Easy and Improving Transport

Rail: 4,346 km rail links to Malaysia, Singapore;
Mass Transit Master Plan (2010-2029) expansion plan for 508 km 2010-2029, while 122.8 km is scheduled to complete this year(2012)

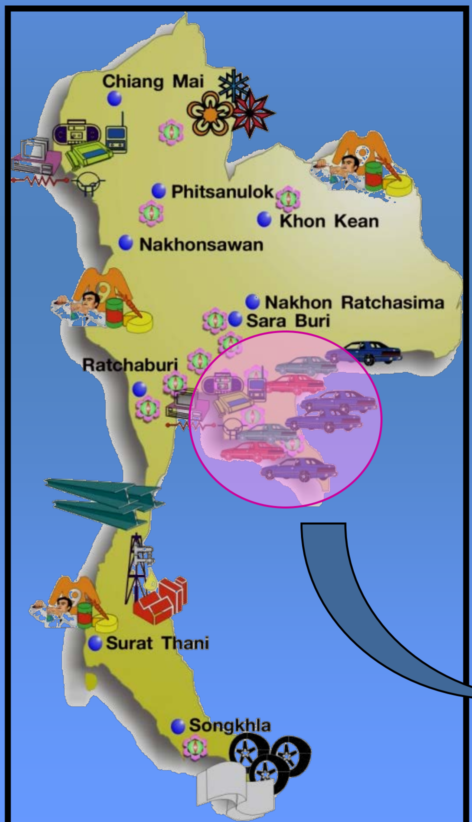
Transnational RR linking China and SE Asia, covering 615 km at 200km/hr

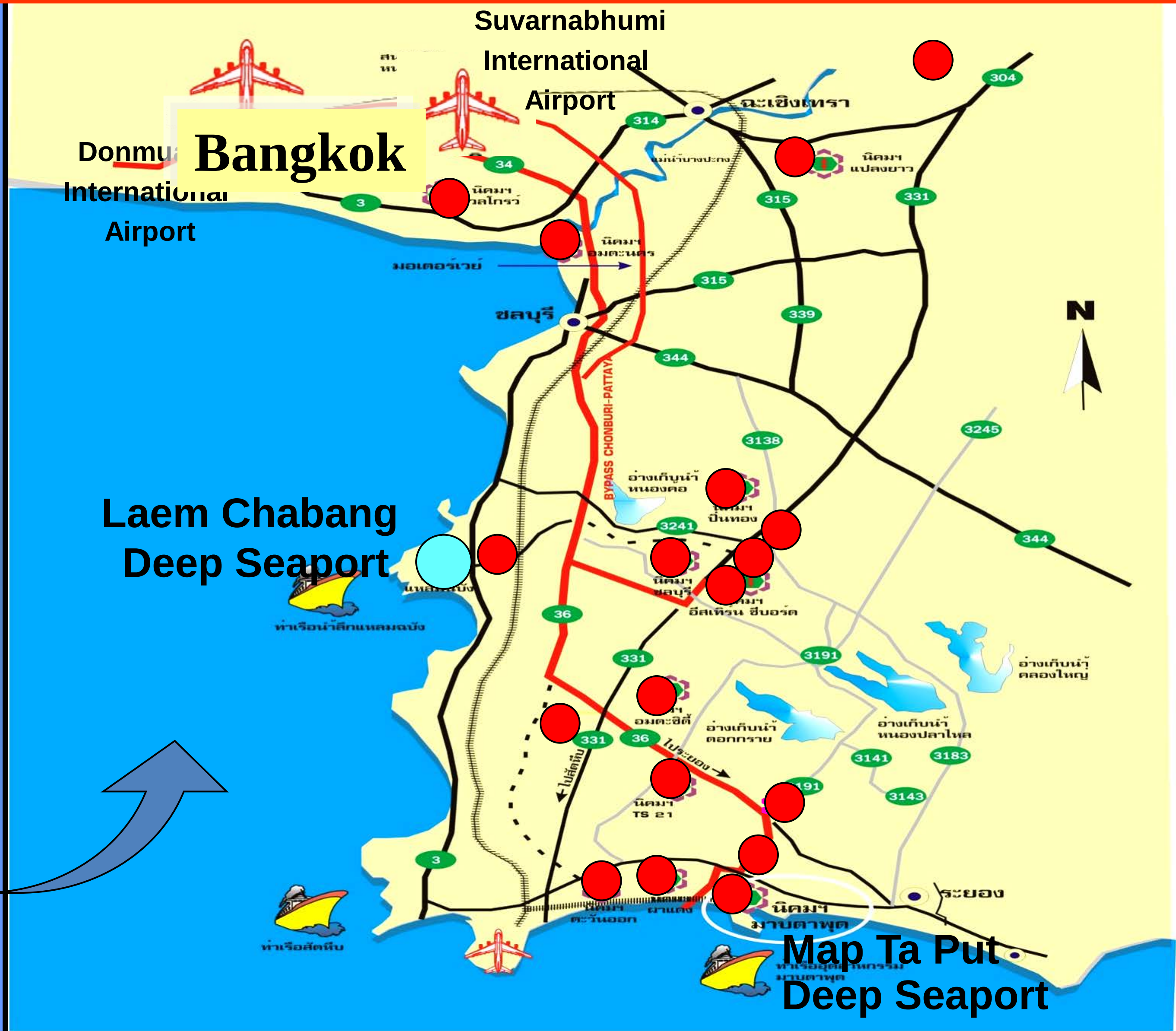
Modern Industrial Estates

- Thailand has over 60 Industrial estates, zones and parks nationwide

Efficient Logistics Network

Seaport - Land Transport – Airport





GMS Infrastructure Development

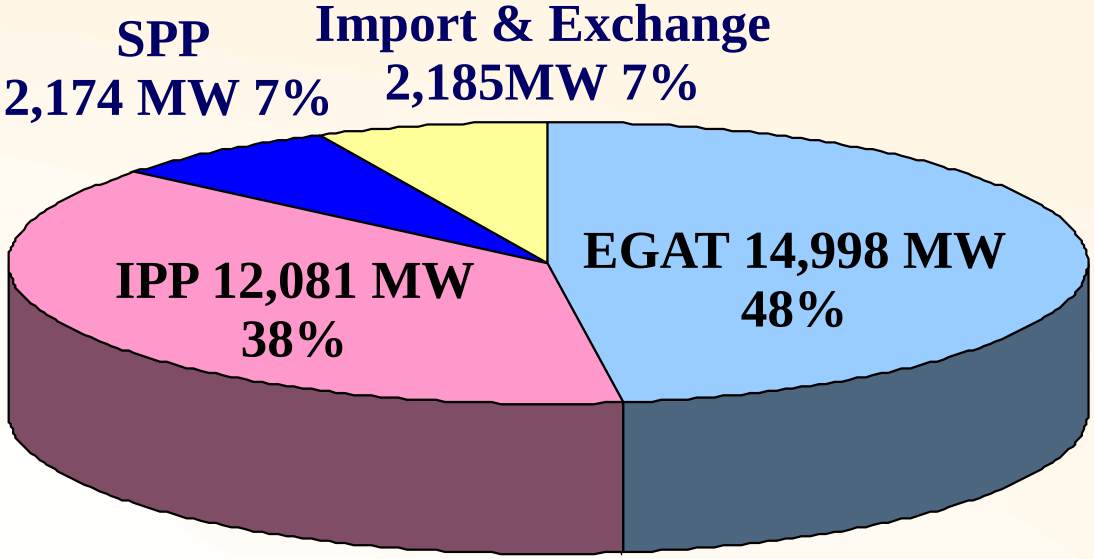
- North-South Corridor
- North-Eastern Corridor
- East-West Corridor
- Southern Corridor
- Central Corridor
- Southern Coastal Corridor

THAILAND BOARD OF INVESTMENT
Your partner for sustainable investment

Source: NESDB as of Jan 20,2009

Security of Energy Supply

2012



Total Capacity 31,451 MW
Peak Demand 26,774 MW
Load Factor (Max) 83%
Load Factor (Avg.) 75%

- High stability and security of electricity
- Supply from both public and private sources
- Promote participation of the private sector in power generation

Source: Energy Planning and Policy Office

IPR Framework

- Thailand has 8 intellectual property-related laws, all of which are consistent with international standards:
  - Copyright Act of 1994
  - Patent Act of 1979, as amended by the Patent Act (No.3) of 1999
  - Trademark Act of 1991, as amended by the Trademark Act (No.2) of 2000)
  - Act for the Protection of Layout-Designs of Integrated Circuits 2000
  - Trade Secret Act of 2002
  - Protection of Geographical Indication Act of 2003
  - Plant Varieties Protection Act of 1999
  - Traditional Medicine and Practice Act of 1999

Investment Promotion Policy

Liberal Investment Policy

- No restrictions on foreign currency remittances
- No export requirement
- No foreign equity restrictions in manufacturing sectors and promoted services sector
- No local content requirement

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 may apply in zone 3
- ❑ Import duty reductions or exemptions on machinery and raw materials
- ❑ Double deduction of public utility costs
- ❑ Deductions for infrastructure construction/installation costs

Non-Tax Incentives

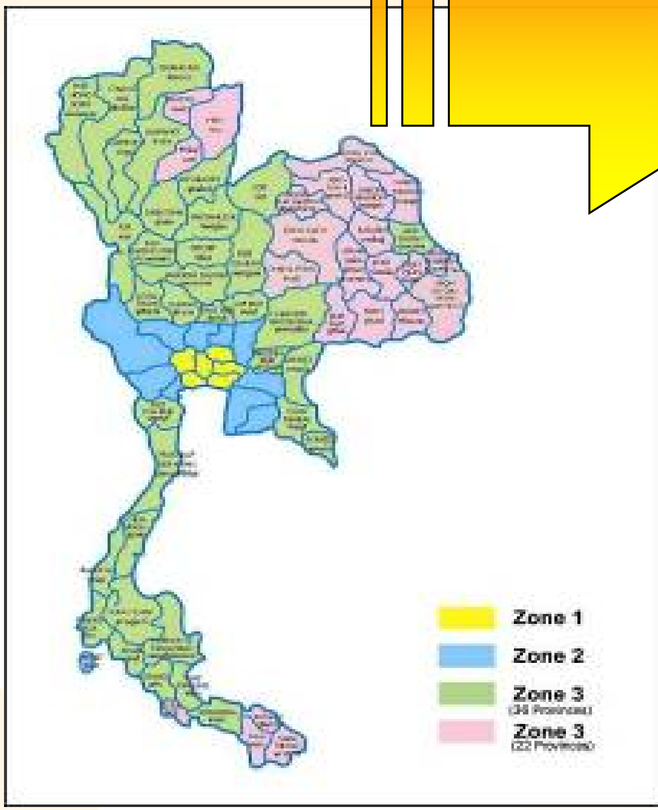
- ❑ Land ownership rights for foreign investors
- ❑ Permission to bring in foreign experts and technicians
- ❑ Work permit/visa facilitation

One-Stop-Shop

Visas & Work Permits are issued in <u>3 hours</u>

Zone and Sector Matrix

Zones



Zone-Based Incentives:
Lower to higher
Zone 1 → Zone 2 → Zone 3

Sector Matrix: Incentives to strengthen competitiveness

Strategic or Priority Industries
Maximum incentives regardless of zone
(machinery import duties exemption, 8 years tax holiday)
e.g. R&D, alternative energy, software, machinery, biotech, aviation, hi-tech industry

U.S. INVESTMENT APPLICATIONS TOTALS BY SECTOR: 2006 – 2012 (JAN-APR)

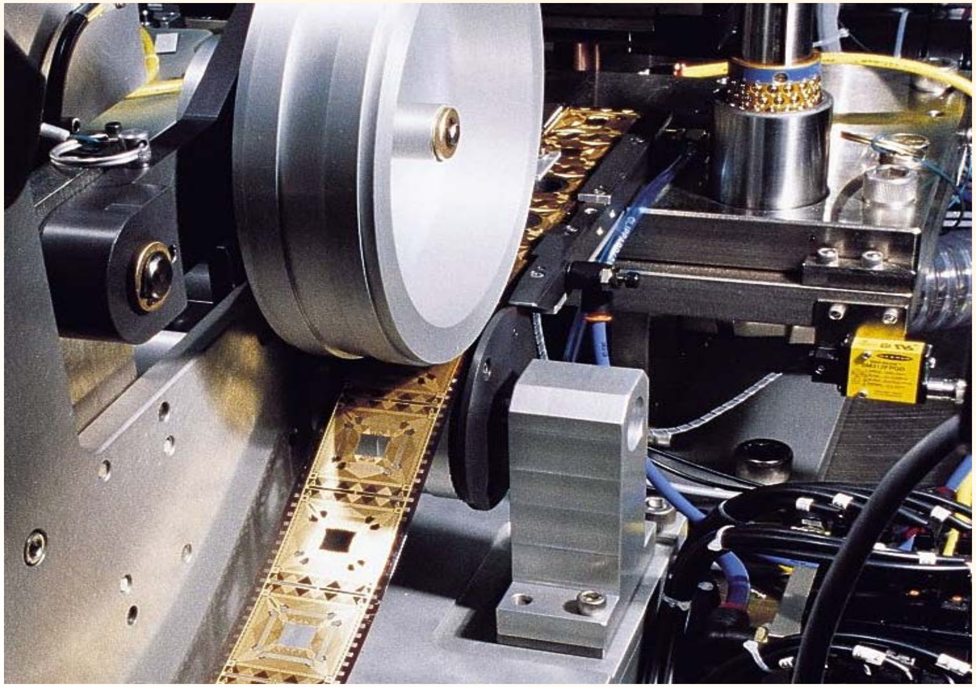
Sector	Projects	US$ Million
Agricultural Products	27	353.79
Minerals and Ceramics	3	11.81
Light Industries/Textiles	23	37.19
Metal Products and Machinery	58	1,811.08
Electric and Electronic Products	73	1,218.10
Chemicals and Paper	41	2,491.62
Services	54	174.69
TOTAL	279	6,098.28

Source: BOI, as of May 28, 2012 Note: Exchange rate: US$1=Bt31.0 in Q1, 2012

Success Stories of US Companies

WD
Ford
Triumph Group, Inc.
NXP founded by Philips
EXXON Mobil
Honeywell
DELPHI
Cargill
Chevron
CardinalHealth
Seagate
GM
Kellogg's
SPANSION
Microsoft
CAT
McCormick
PEPSICO
3M
MICROCHIP
AMERICAN AXLE & MANUFACTURING
ST. JUDE MEDICAL
More control. Less risk.
Jelly Belly
COVIDIEN
MBS
Maine Biotechnology Services
GMAC
Pfizer
Ducommun Technologies
AIR PRODUCTS
GE
KRAFT
DOW
DUPONT

Electronics & Electrical Industry
Major Industrial Sector of Thailand

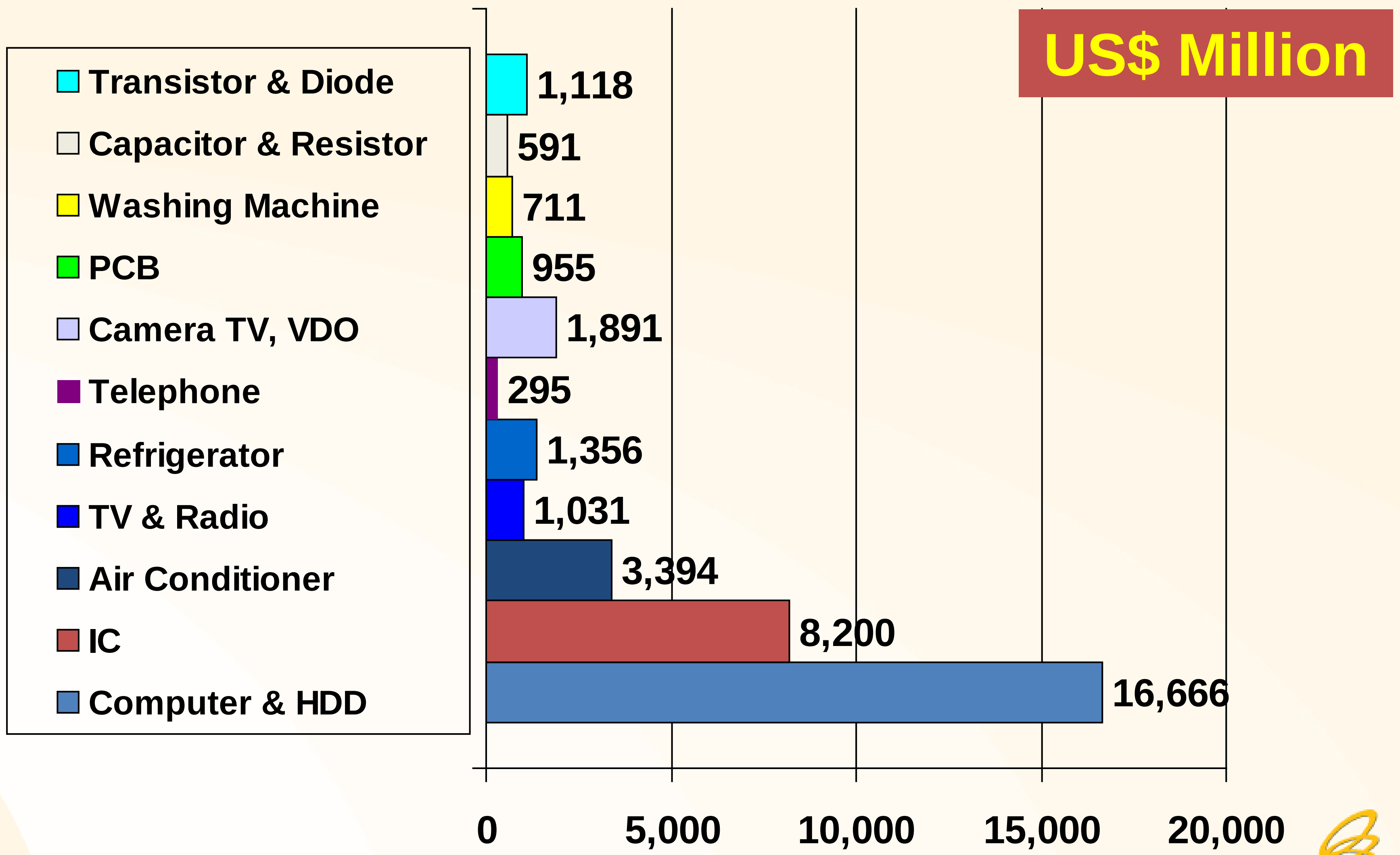


Electronics and Electrical Industry

- Thailand is the 24th Export Rank in the World
- E&E exports ~ US 53 Billion in 2011*
- Thailand is the world’s largest producer of HDDs
- A leading country in the manufacture of Integrated Circuits and White Goods
- Strong supporting industries for electrical appliances
  - ➢Compressors, motors, plastic and metal parts

Source:*Electrical and Electronics Institute, as of February’12

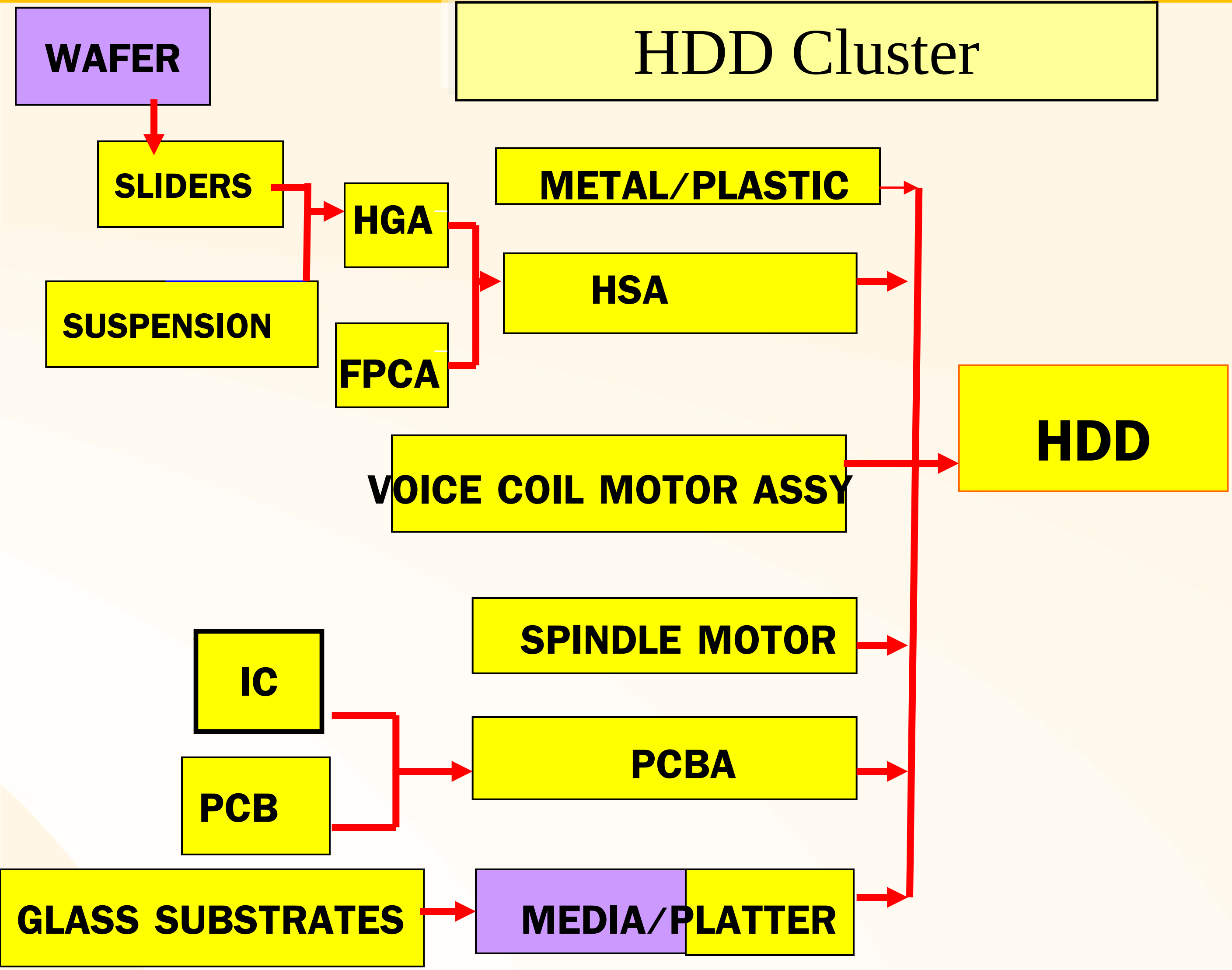
Thailand's E&E Exports 2011



Source: Electrical and Electronics Institute

Thailand #1 HDD Manufacturer

HDD Cluster



Existing
Missing Link

Semiconductor Cluster in Thailand

IC Design

- Rohm LSI
- Silicon Craft Technology

Wafer

Lead Frame

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

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

Testing

- Microchip
- Maxim Integrated

Electronics and Electrical Cluster in Thailand

PRINTED CIRCUIT BOARD

- NIPPON MEXTRON
- CMK
- KCE

PRINTED CIRCUIT BOARD ASSEMBLY

- SANMINAR-SCI
- CELESTICA
- BENCHMARK
- MURAMOTO
- CALCOM
- FUJIKURA

ELECTRONICS AND ELECTRICAL PRODUCT

- SONY
- LG
- SAMSUNG
- ELECTROLUX
- FISHER&PAYKEL
- TOSHIBA
- SANYO
- HEIER
- NIKON
- DAIKIN
- HITACHI
- MITSUBISHI
- SHARP

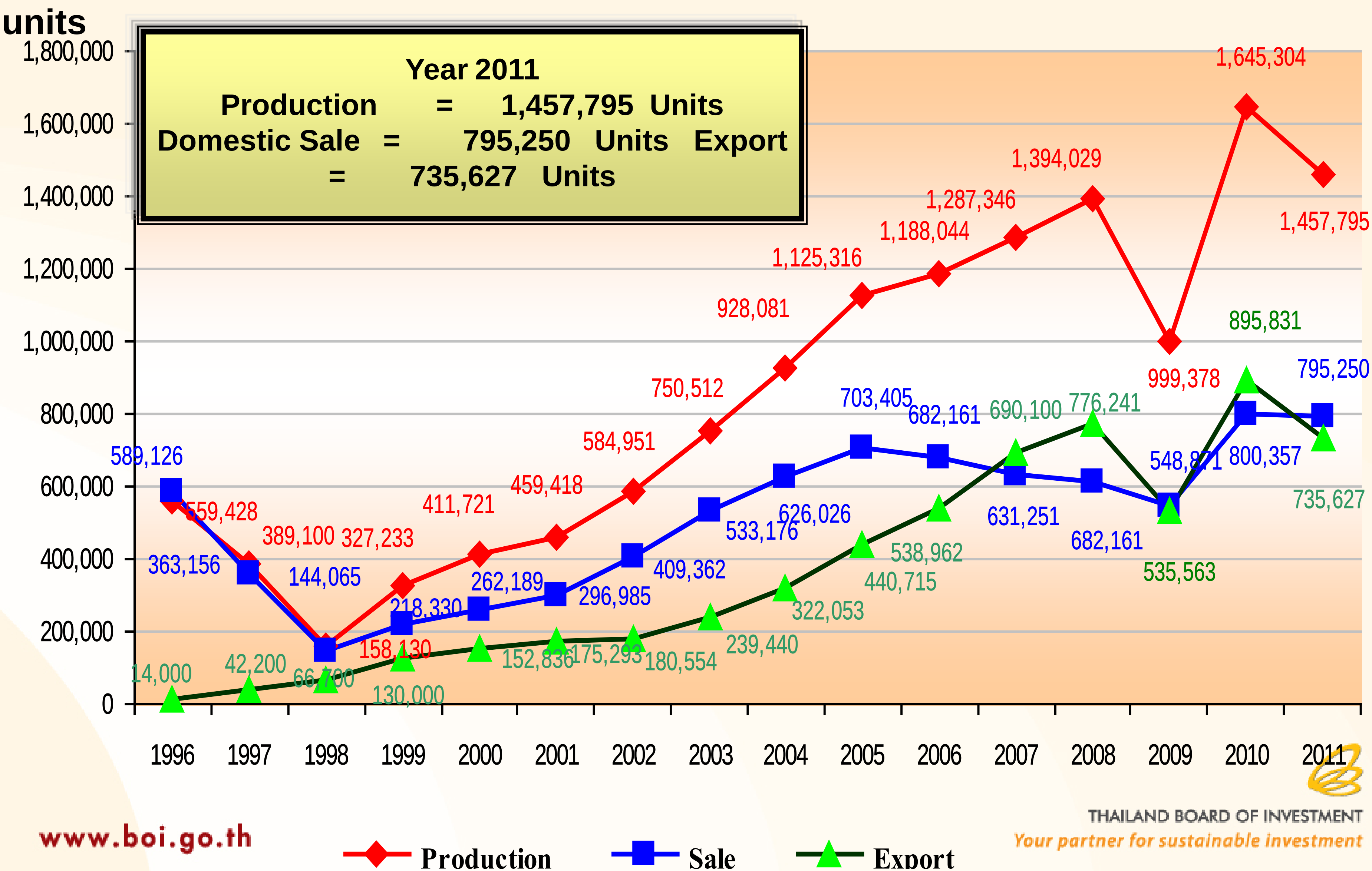
Auto & Auto Parts Industries

Thailand: Automotive Hub of Asia

Thailand: Auto Hub of Asia

- Largest auto producer in Southeast Asia, #12 largest in the world in 2010. Target to be #10 in the world
- World's 2nd largest producer and market of pickup trucks
- Exports >50% to more than 150 countries
- Strong Supporting Industry
  - 635 suppliers of Tier 1 with combination of multinational, JV and domestics companies
  - 1,700 suppliers of Tier 2,3 mainly domestics companies
- High Local content : 80-90% for pick up and 30-70% for passenger car

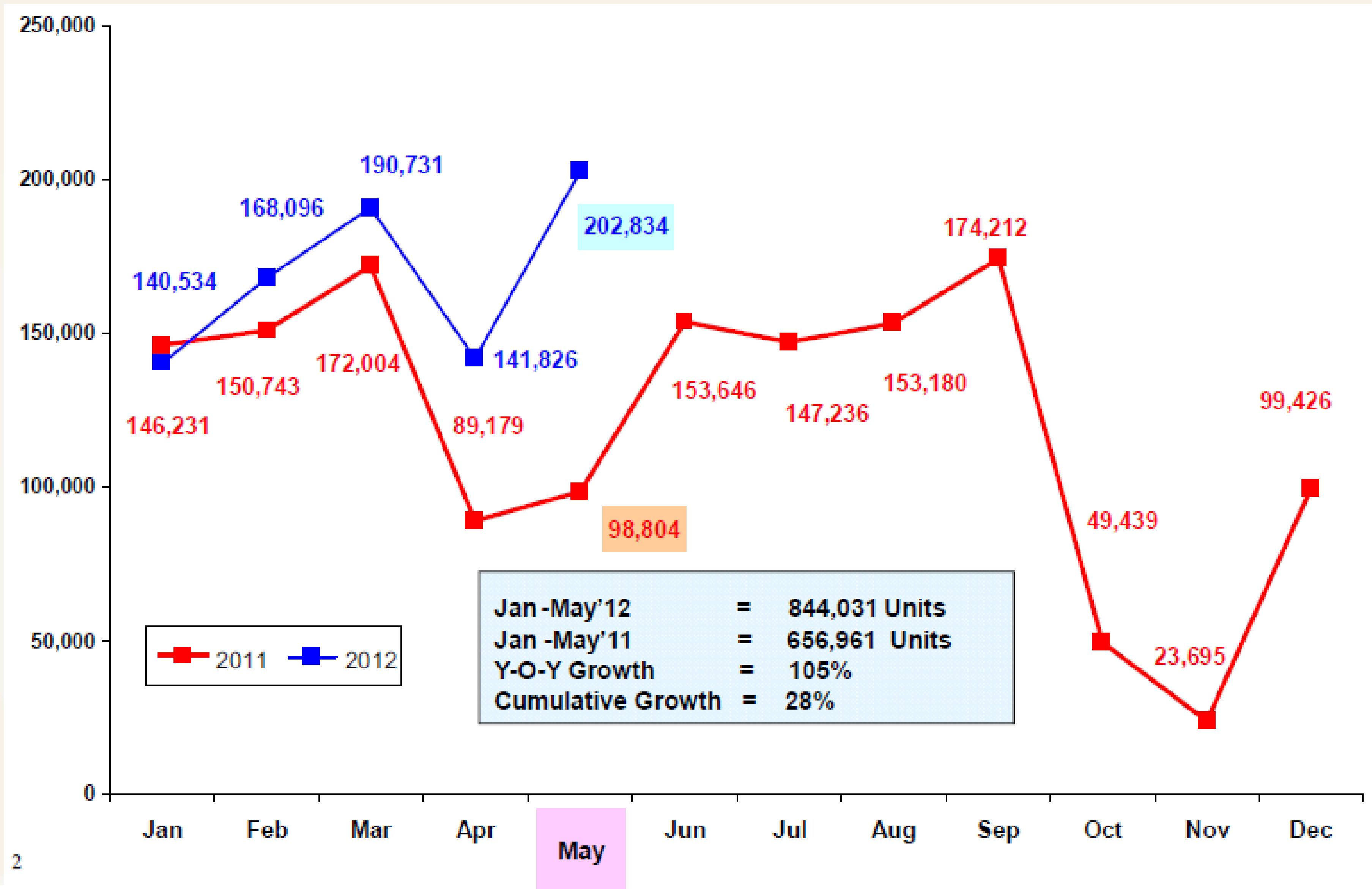
Thailand Automotive Industry Growth



www.boi.go.th

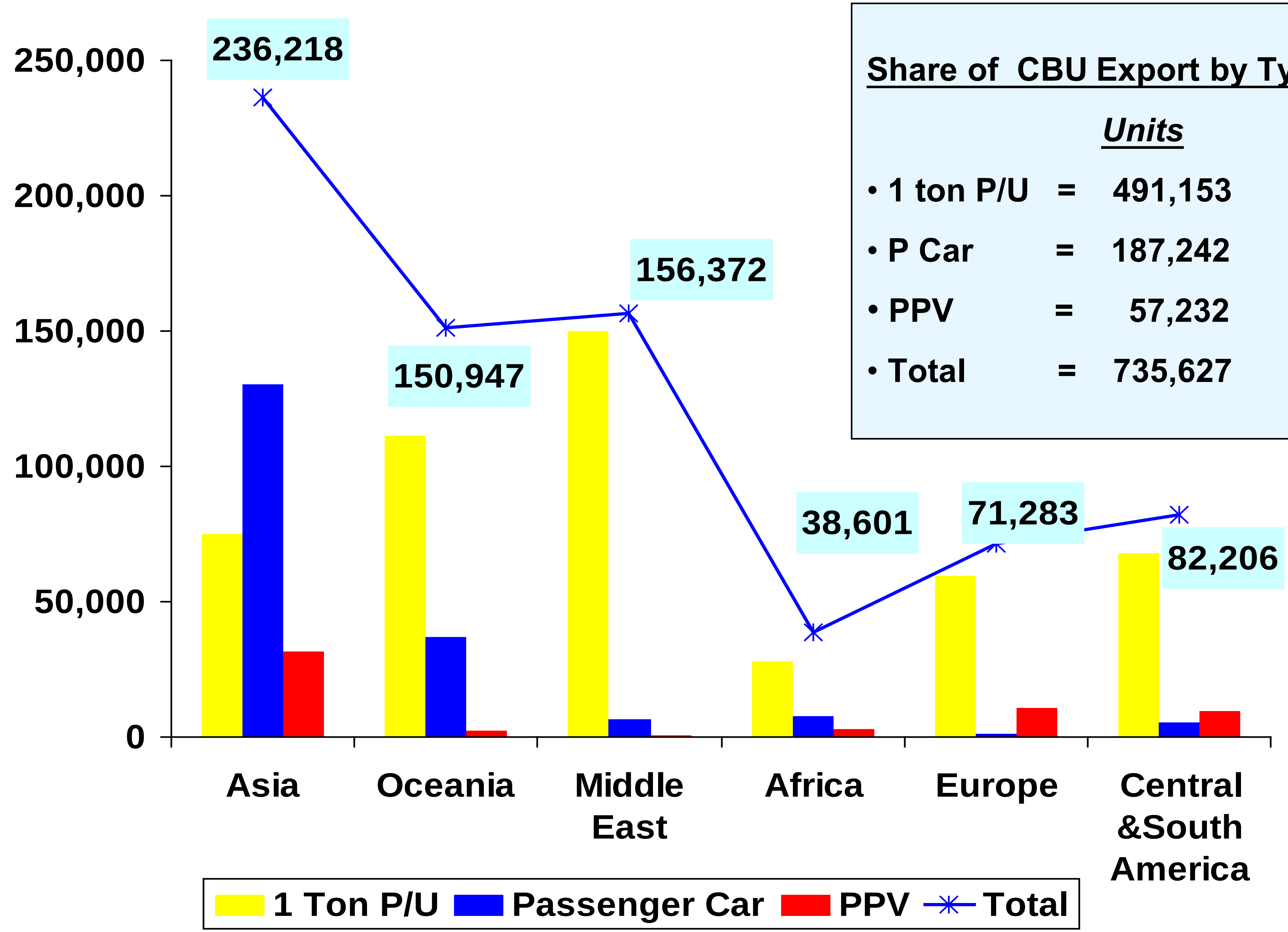
THAILAND BOARD OF INVESTMENT
Your partner for sustainable investment

Car Production in 2011-2012



Source : Thailand Auto Institute

CBU Export by Region 2011



Share of CBU Export by Type

		Units	*Share*
• 1 ton P/U	=	491,153	*67%*
• P Car	=	187,242	*25%*
• PPV	=	57,232	*8%*
• Total	=	735,627	*100%*

Estimate Production Capacity

Brand	2012	Add Capacity	2015
Toyota	700,000	200,000	900,000
Ford & Mazda	500,000	-	500,000
Mitsubishi	400,000	100,000	500,000
Isuzu	220,000	100,000	320,000
Honda	240,000	-	240,000
Nissan	240,000	-	240,000
Suzuki	135,000	65,000	200,000
GM	160,000	-	160,000
Others	80,000	-	80,000
TOTAL	2,675,000	465,000	3,140,000

Forecasted by TAI Feb 2012

Parts Production in Thailand

- Engines
  - Diesels, Gasoline, Motorcycles
- Engines Components
  - Starters, Alternators, Filters, Hoses, Gears, Flywheels
- Body Parts
  - Chassis, Bumpers, Fenders, Hoods, Door Panels
- Brake Systems
  - Master Cylinders, Drums, Discs, Pads, Linings
- Steering Systems
  - Steering Wheels, Gears, Columns, Pumps, Linkages
- Suspensions
  - Shocks, Coils, Ball Joints
- Transmissions
  - Gears, Casting, Rear Axles, Drive Shafts, Propeller Shafts
- Electrical/Electronics
  - Alternators, Starters, Speedometers, Lamps, Motors, Flashers Relays
- Interiors/Exteriors
  - Seats, Mats, Weather Strips, Console Boxes
- Others
  - Windshields, Seat Belts, Radiators, Wheels, Compressors

Thailand Aviation Industry

Factors Supporting Thai Aviation Industry

- Growing aviation industry
- Full support from the government : maximum incentives from BOI
- Not much different technical standards among countries
- A capable and efficient skilled work force
- Cost-effective inputs
- Other support industries are widely available and developed: stainless steel and aluminum fabrication, fiberglass application technology, and polymer supply

Major Companies in Thailand

Triumph Group, Inc.

AJW aviation

CHROMALLOY

Rolls-Royce

MRAS ASIA

DRIESSEN

Honeywell

Weston EU

GE

Ducommun Technologies

Minebea

TurboCare

BOI SUPPORT SERVICES

- Investment Matchmaking Program
- 1-Stop for visas & work permits: work permits in 3 hours
- Industrial Subcontracting Services Global Sourcing program (BUILD Unit)
- ASEAN Supporting Industry Database
- Interaction with other govt. agencies on behalf of investors
- Country desks
- Overseas offices

Supports for US Investors

BOI Office New York

61 Broadway, Suite 2810,
New York NY 10008 USA
Tel: (212) 422 9009
Fax: (212) 422 9119
E-mail: boiny@aol.com
nyc@boi.go.th

BOI Office Los Angeles

611 North Larchmont Blv.
3rd Floor
Los Angeles, CA 90004 USA
Tel: (323) 960 1199
Fax: (323) 960 1190
Email: boila@sbcglobal.net

U.S. Desk @ BOI Headquarters

555 Vibhavadi-Rangsit Rd.
Chatuchak, Bangkok 10900 Thailand
Tel: (66 2) 537-8111 Fax: (66 2) 537-8098
E-mail: head@boi.go.th


Thank You!