

Thailand as A Gateway to ASEAN



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Thailand at a Glance



At the Center of Southeast Asia: Thailand is the World's

- **17th largest manufacturer**
- **23rd largest industrial output**
- **24th biggest economy by purchasing power**
- **28th biggest exporter (as % of total world goods)**

Economic Outlook and Projections

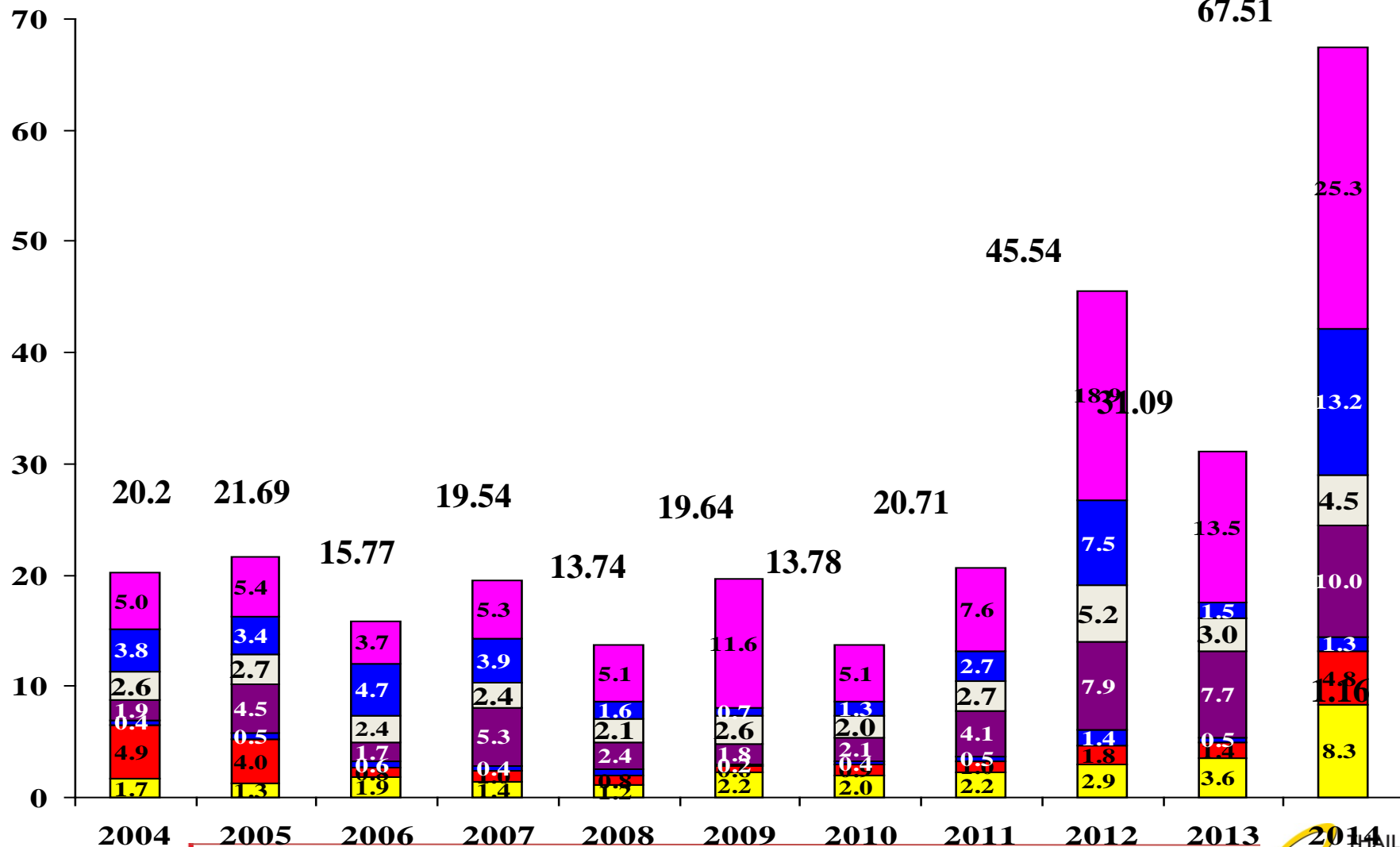
| (% YoY) | 2013 | 2014 | Projection |
|----------------------------------|-------------|-------------|----------------|
| | | | 2015 |
| GDP (at 1988 price) | 2.9 | 0.7 | 3.5-4.5 |
| Export of goods (US\$) | -0.2 | -0.3 | 3.5 |
| Volume | 0.2 | 0.7 | 3.5 |
| Import of goods (US\$) | -0.5 | -8.5 | 1.8 |
| Volume | 1.6 | -6.8 | 4.8 |
| Current Account to GDP(%) | -0.6 | 3.8 | 4.9 |
| Inflation | 2.2 | 1.9 | 0.0-1.0 |
| Unemployment rate | 0.7 | 0.8 | NA |

Value of Investment Promotion Applications By Industry

2004 – 2014

■ Agro
 ■ Minerals
 ■ Fashion
 ■ Auto
 ■ E&E
 ■ Chemical
 ■ Services

US\$ billion



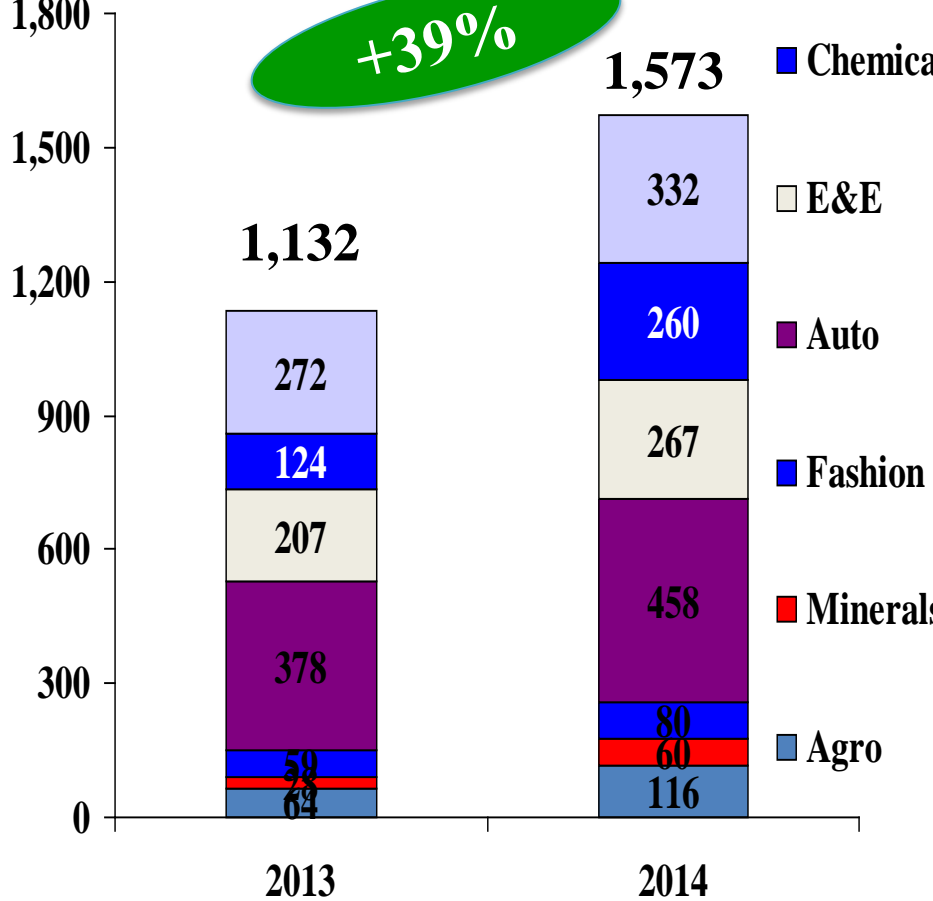
Source: BOI, as of May 28, 2015 Exchange rate: US\$1=Bt32.48 in 2014

Comparison of Net Foreign Applications for Investment

2013 vs 2014

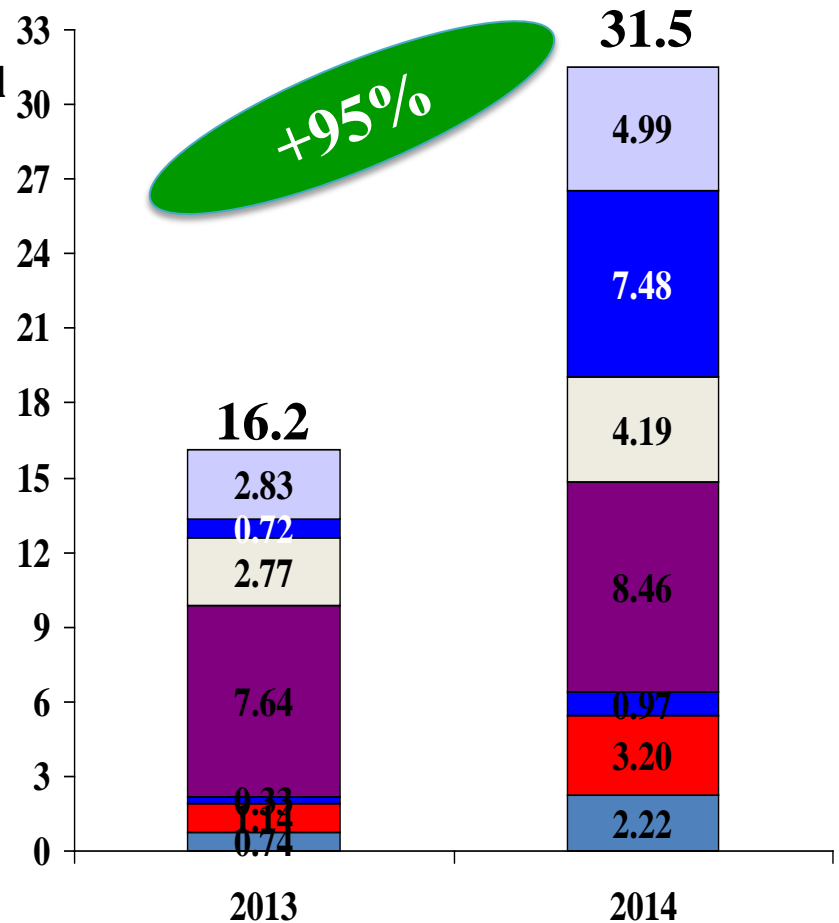
Number of Projects

Number of Projects



Amount Invested

US\$ Billion



TAIWANESE INVESTMENT APPLICATIONS

TOTALS BY SECTOR:2008 – 2015(May)

2008- 2014年 5 yue 台灣投資申請專案

| Sector產業 | Projects項目 | US\$ Million 百萬美元 |
|--|------------|----------------------|
| Agricultural Products農產品 | 44 | 348.29 |
| Minerals and Ceramics礦物和陶瓷業 | 14 | 59.09 |
| Light Industries/Textiles輕工業和紡織品 | 46 | 138.21 |
| Metal Products and Machinery 金屬產品和機械 | 108 | 353.83 |
| Electric and Electronic Products 電子電器產品 | 68 | 1,124.81 |
| Chemicals and Paper化工製品和造紙 | 80 | 158.68 |
| Services服務業 | 43 | 401.32 |
| TOTAL合計 | 403 | 2,584.24 |

Examples of Taiwanese Investments in Thailand

已在泰國投資的台灣企業列舉

JTH

LITEON

APCB

Cal-Comp



Thailand as an Investment Destination

Thailand is Highly Ranked



UNCTAD Ranks Thailand 8th as a top prospective host economy 2014-2016

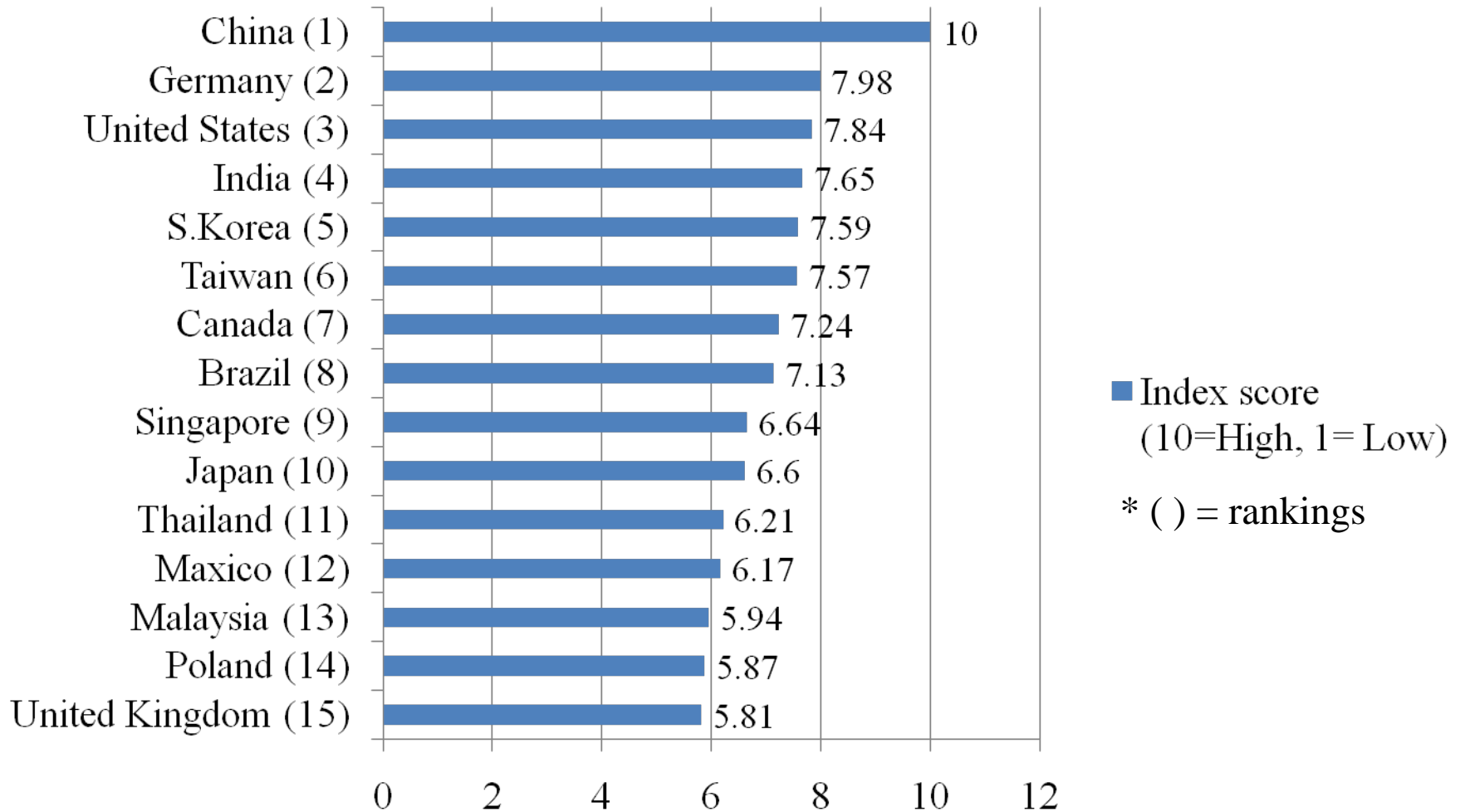


World Bank Ranks Thailand among the easiest places to do Business in Asia and 26th in the World (3rd in ASEAN)

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

| 2015 | | 2015 | |
|------|----------------|------|-------------|
| 1 | Singapore | 18 | Malaysia |
| 2 | New Zealand | 19 | Taiwan |
| 3 | Hong Kong | 26 | Thailand |
| 4 | Denmark | 29 | Japan |
| 5 | Korea, Rep. | 78 | Vietnam |
| 6 | Norway | 90 | China |
| 7 | United States | 95 | Philippines |
| 8 | United Kingdom | 101 | Brunei |
| 9 | Finland | 114 | Indonesia |
| 10 | Australia | 142 | India |

2013 Country Manufacturing Competitiveness Index Rankings



Source: 2013 Global Manufacturing Competitiveness Index by Deloitte Touche Tohmatsu Ltd.
And the U.S. Council on Competitiveness as of April , 2013

Thailand as the ASEAN Hub

Thailand: the Crossroads of ASEAN

10 Countries, One Single Market
in 2015



| | |
|---------------------------|--|
| GDP | US\$ 2.3 trillion |
| Population | 616 million |
| Foreign Direct Investment | US\$ 111 billion |
| GDP Growth | 5.7% (2011) 6.4% (2012) 5.2% (2013) 4.9% (2014) |

ASEAN's GDP to double to US\$4.7 trillion in 2020

Expanding Regional Integration

AEC

(ASEAN Economic Community)

616 million population

(9% of world population)

GDP: US\$ 2.5 trillion
(2% of world's GDP)



FLAGSHIP OF ASEAN

- Emerging regional architecture
- A new generation FTA
- A high ambition agreement

RCEP

(Regional Comprehensive Economic Partnership)

(ASEAN + China, Japan, Korea, India, Australia & NZ)

3.3 billion population

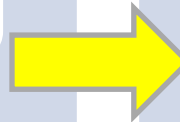
(50% of world population)

GDP: US\$17.1 trillion
(27% of world's GDP)



THE BIGGEST FTA

- Market size (16 countries)
- Regional supply chain
- FDI (intra-extra region)



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



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

5. Maritime transport development

Development Strategies for New Economic Areas/Zones

Special Economic Zones, Phase 1

- Tak province → Myanmar
- Mukdahan province → Laos,
- Sa Kaew province → Cambodia, Vietnam
- Songklah province → Malaysia, Singapore, Indonesia
- Trat province → Cambodia

Thailand's Investment Environment and Opportunities

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 up 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

Medical Device Industry



BOI Incentives for Medical Devices

Tax Incentives

- Exemption of import duty on machinery
- Exemption of import duties on raw materials (for exports)
- 3 to 8 years of corporate income tax exemption

| Activities | CIT Exemption |
|--|---------------|
| <ul style="list-style-type: none">• Manufacture of high risk or high technology medical devices (e.g. x-ray machine, MRI machine, CT Scan machine, MRI machine and implants) or medical devices that are commercialized from public sector research or public-private sector research | 8 Years |
| <ul style="list-style-type: none">• Manufacture of Other Medical Devices (except for medical devices made of fabrics or fibers) | 5 Years |
| <ul style="list-style-type: none">• Manufacture of medical devices made of fabrics or fibers e.g. gowns, drape, caps, face masks, gauze and cotton wool | 3 Years |

Merit-based Incentives

1. Competitiveness Enhancement

2. Decentralization

3. Industrial Area Development

Merit on Competitiveness Enhancement

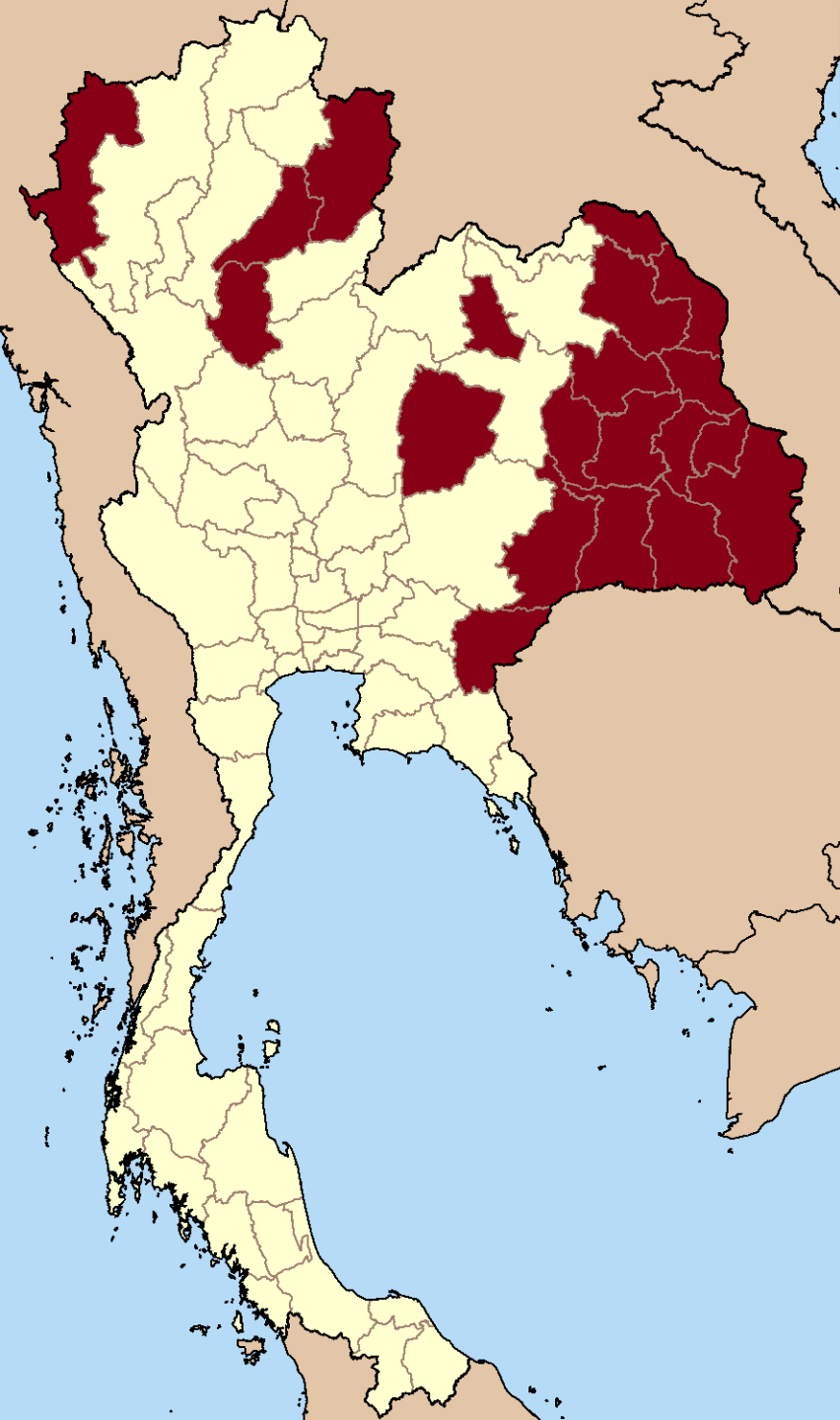
Additional CIT exemption will be granted in case of investment/expenditure in

- 1. R&D: in-house, outsourced in Thailand or joint R&D with overseas institutions**
- 2. Donations to Technology and Human Resources Development Fund, and support to educational institutes, specialized training centers, R&D institutes or governmental agencies in S&T field**
- 3. IP acquisition/licensing fees for commercializing technology developed in Thailand**
- 4. Advanced technology training**
- 5. Development of local suppliers with at least 51% Thai shareholding (advanced technology training or/and technical assistance)**
- 6. Product & packaging Design: in-house or outsourced in Thailand, as approved by the Board**

Merit on Decentralization

3 more years of corporate income tax exemption if located in the 20 poorest provinces

(Kalasin, Chaiyaphum, Nakhon Phanom, Nan, Bueng Kan, Buri Ram, Phrae, Maha Sarakham, Mukdahan, Mae Hong Son, Yasothon, Roi Et, Si Sa Ket, Sakhon Nakhon, Sa Kaew, Sukhothai, Surin, Nong Bua Lamphu, Ubon Ratchatani and Amnatcharoen)



Merit on Industrial Area Development

- **Projects located in industrial estates or promoted industrial zones are granted 1 additional year of corporate income tax exemption.**
- **There are over 60 industrial estates/parks in Thailand.**

BOI Promoted Projects in the Medical Device Industry

From year 2004-2014

Number of promoted projects: 131 projects

Total Investment : 1,025 mil. USD

- **Japan: 365 mil. USD**
- **Europe: 229 mil. USD**
- **Others: 431 mil. USD**



4 Main Products of Promoted Projects

| | Product | % of Total Projects |
|-----------|--|----------------------------|
| 1. | Disposable Product - Non Woven Product - Natural Rubber Product - Synthetic Rubber Product | 46 % |
| 2. | Optical Lens | 15 % |
| 3. | Basic Equipment Ex Wheelchairs, Hospital Beds | 8 % |
| 4. | Other Products Ex Catheter, Needle, Hearing Aid | 31 % |

Examples of Medical Device Manufacturers in Thailand



Biotechnology Industry

Scope of Eligibility

- **Research and Development (R&D) activity and/or manufacturing of seed industry, improvement of plants, animals or microorganisms using biotechnology**
- **R&D activity and/or manufacturing of biopharmaceutical agents using biotechnology**
- **R&D and/or manufacturing of diagnostic kits for health, agriculture, food and environment**
- **R&D and/or manufacturing of bio-molecules and bioactive substances using microorganisms, plant cells and animal cells**
- **Manufacturing of raw materials and/or essential materials for molecular biological research and development, experiment, testing or quality control services and/or production of biological substances**
- **Biological substance analysis and/or synthesis services and/or quality control services and/or product validation services**

Incentives for the Biotechnology Industry

Tax Incentives

- **8-year corporate income tax exemption without being subject to a corporate income tax exemption cap**
- **50% reduction for 5 years after the 8-year corporate income tax exemption if located in science parks**
- **Exemption of import duty on machinery**

Non-Tax Incentives

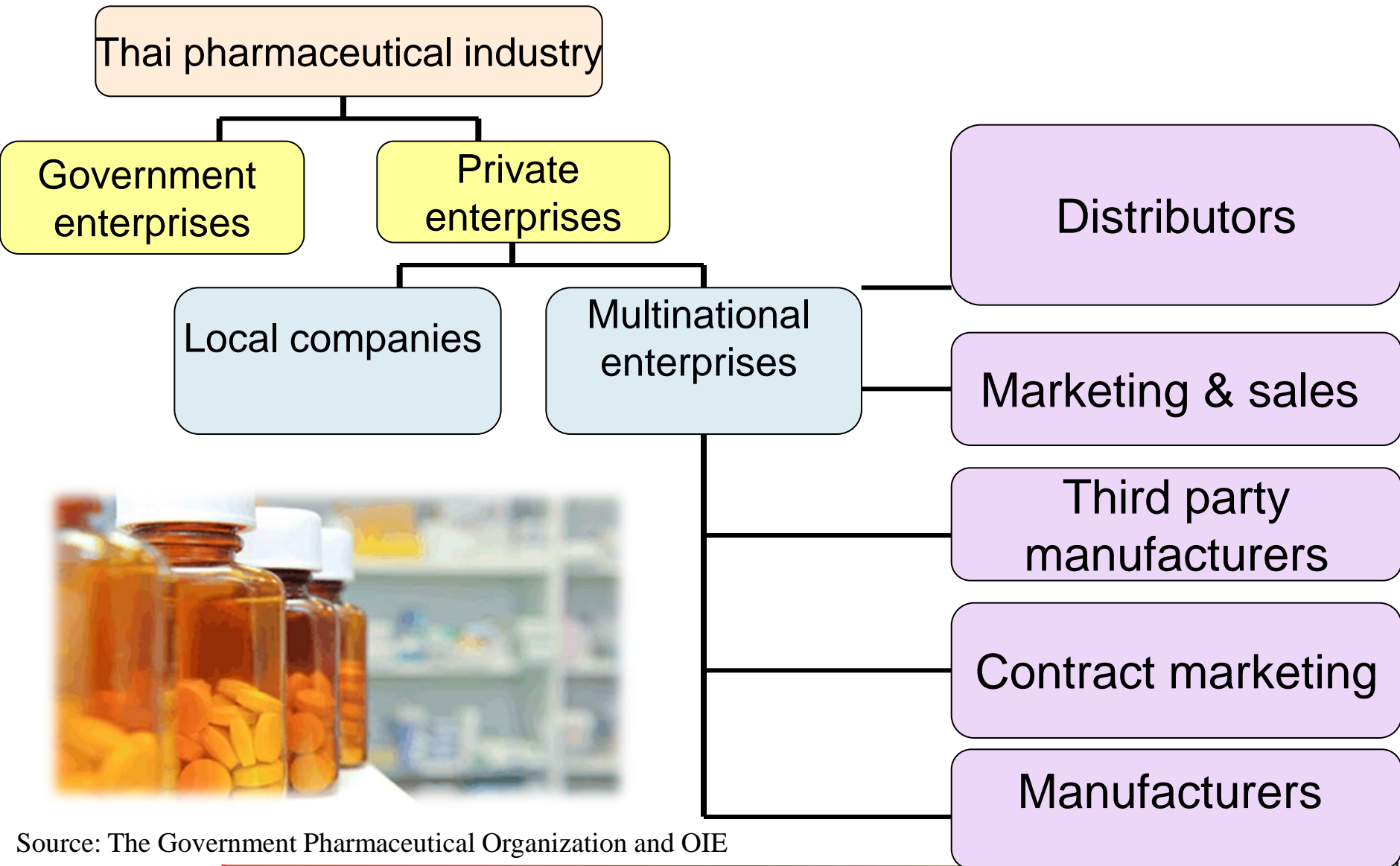
- **Permit to bring into the Kingdom skilled workers and experts to work in investment promoted activities**
- **Permit to own land**
- **Permit to take out or remit money abroad in foreign currency**

Examples of BOI-Approved Biotechnology Projects

- **GREATER PHARMA MANUFACTURING CO., LTD.**
Biotechnology-based Allergy Vaccine & Allergy Skin Test Solution
1,200 LITRES
- **HERON DIAG CO., LTD.**
R & D (Biotechnology) 12,000,000 SETS
- **PRIMA HERB CO., LTD.**
Longan Phytocomplex 600 KILOGRAMS
- **I+MED LABORATORIES CO., LTD.**
Thalassemia/Lymphocyte Test Kit 12,665,600 SETS

Pharmaceutical Industry

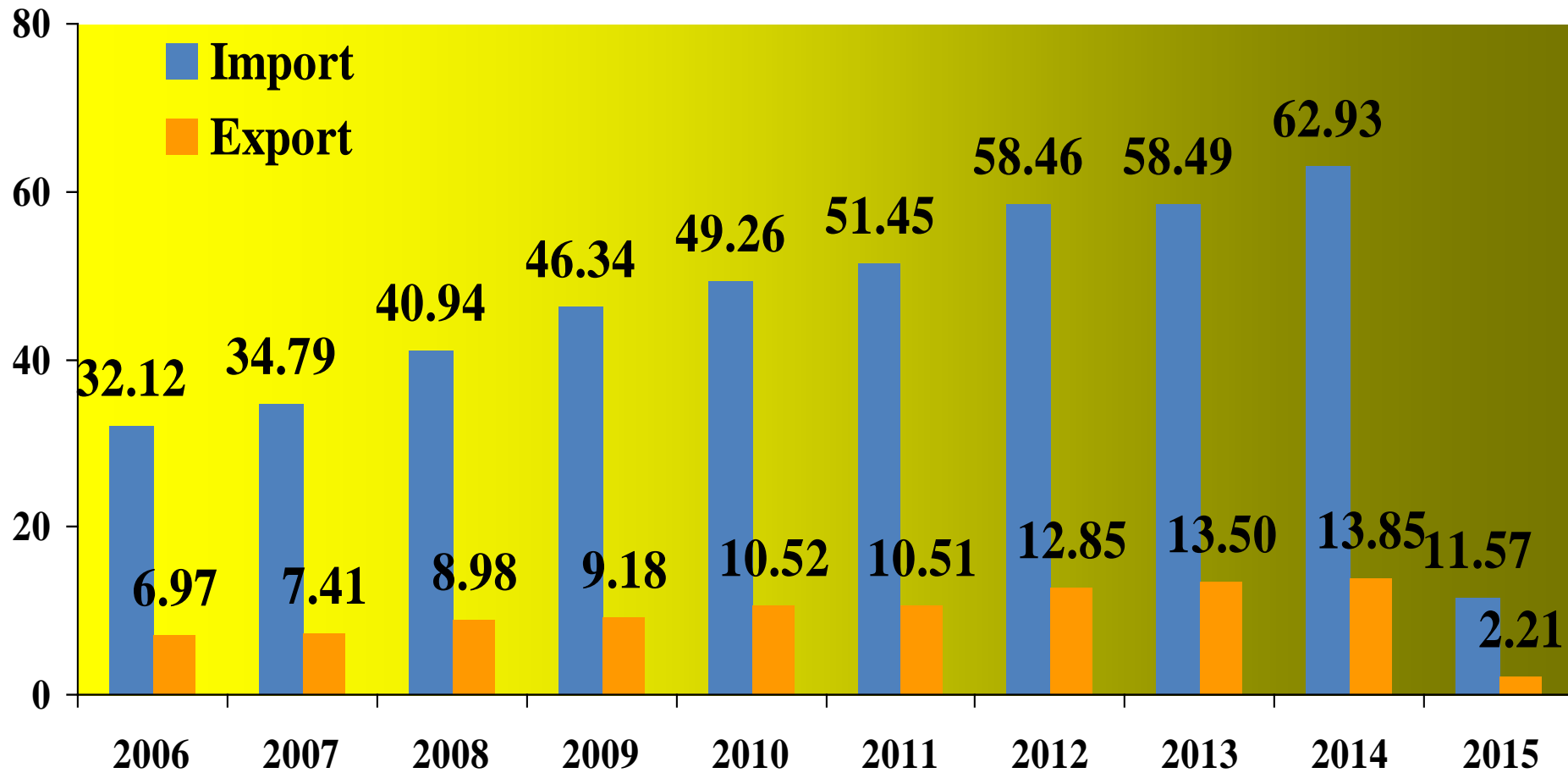
Pharmaceuticals Industry Structure



Source: The Government Pharmaceutical Organization and OIE

Thailand's Imports & Exports of Pharmaceuticals, 2006 – 2015 (Jan-Feb)

(Bt Billion)



(Jan-
Feb)

THAILAND
BOARD OF
INVESTMENT



Incentives for the Pharmaceutical Industry

- Manufacture of active pharmaceutical ingredients
- Manufacture of medicines

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

ASEAN Supporting Industry Database (ASID)



- Information and profiles of companies in supporting industries and manufacturers of parts and components in 10 ASEAN countries
- ASID can be easily accessed via the internet at www.asidnet.org
- Contact: **BOI Unit for Industrial Linkage Development (BUILD)**

Email: build@boi.go.th

Tel: + 66 553 8111 ext. 7

One Start One Stop Investment Center



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