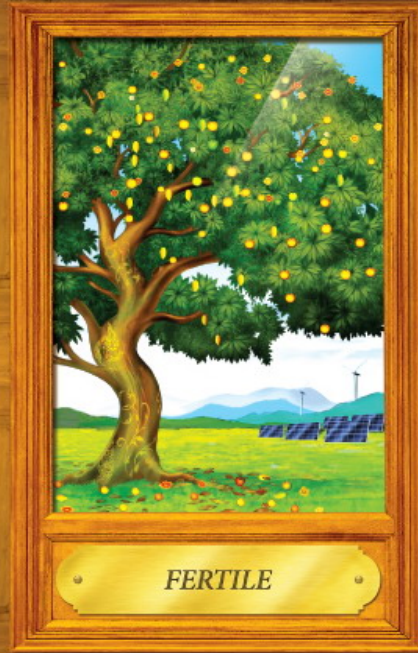


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Think Asia, Invest Thailand

Thailand, a perfect place for your business to grow



Duangjai Asawachintachit
Deputy Secretary General
Thailand Board of Investment
January 2012

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THAILAND BOARD OF INVESTMENT

Thailand in Brief

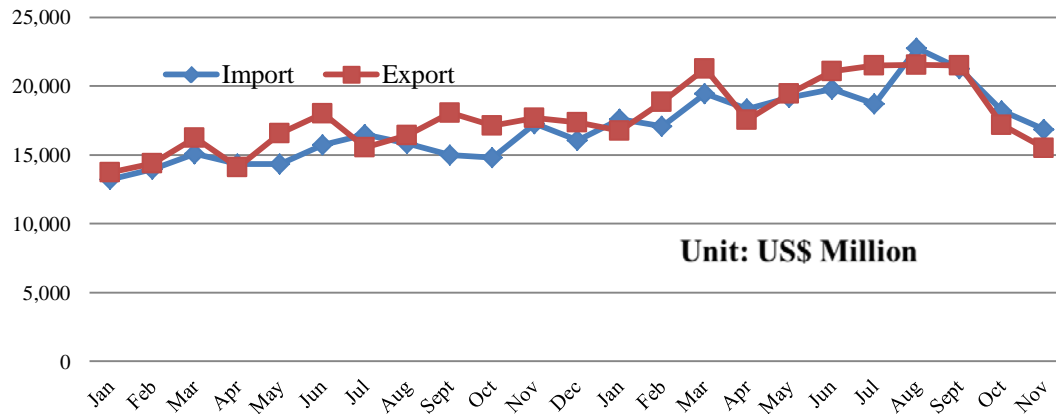
Thailand in Brief



Population: 67 Million
Labor Force: 39 Million



Imports : Exports, 2010 - Nov 2011



Unit: US\$ Million

Per capita GDP(2010):
NZ\$6,223
(Thailand is an upper middle income country)



THAILAND is the world's

- 19th largest manufacturer
- 33rd largest exporter
- 35th largest economy

And the 2nd 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 (NZ\$37 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: NZ\$1=Bt24.12 in 2011

Economic Performance 2011

(% YoY)	2010	2011			2011E
	Year	Q1	Q2	Q3	
GDP (at 1988 price)	7.8	3.2	2.6	3.5	1.5
Export of goods (US\$)	28.5	27.4	19.2	27.3	17.2
Volume	17.3	18.6	9.2	16.6	10.7
Import of goods (US\$)	36.8	25.6	28.0	33.4	27.2
Volume	26.5	19.2	18.9	24.4	16.7
Current Account to GDP(%)	4.6	7.6	2.1	3.5	2.2
Inflation	3.3	3.0	4.1	4.1	3.8
Unemployment rate	1.0	0.8	0.6	0.7	0.7

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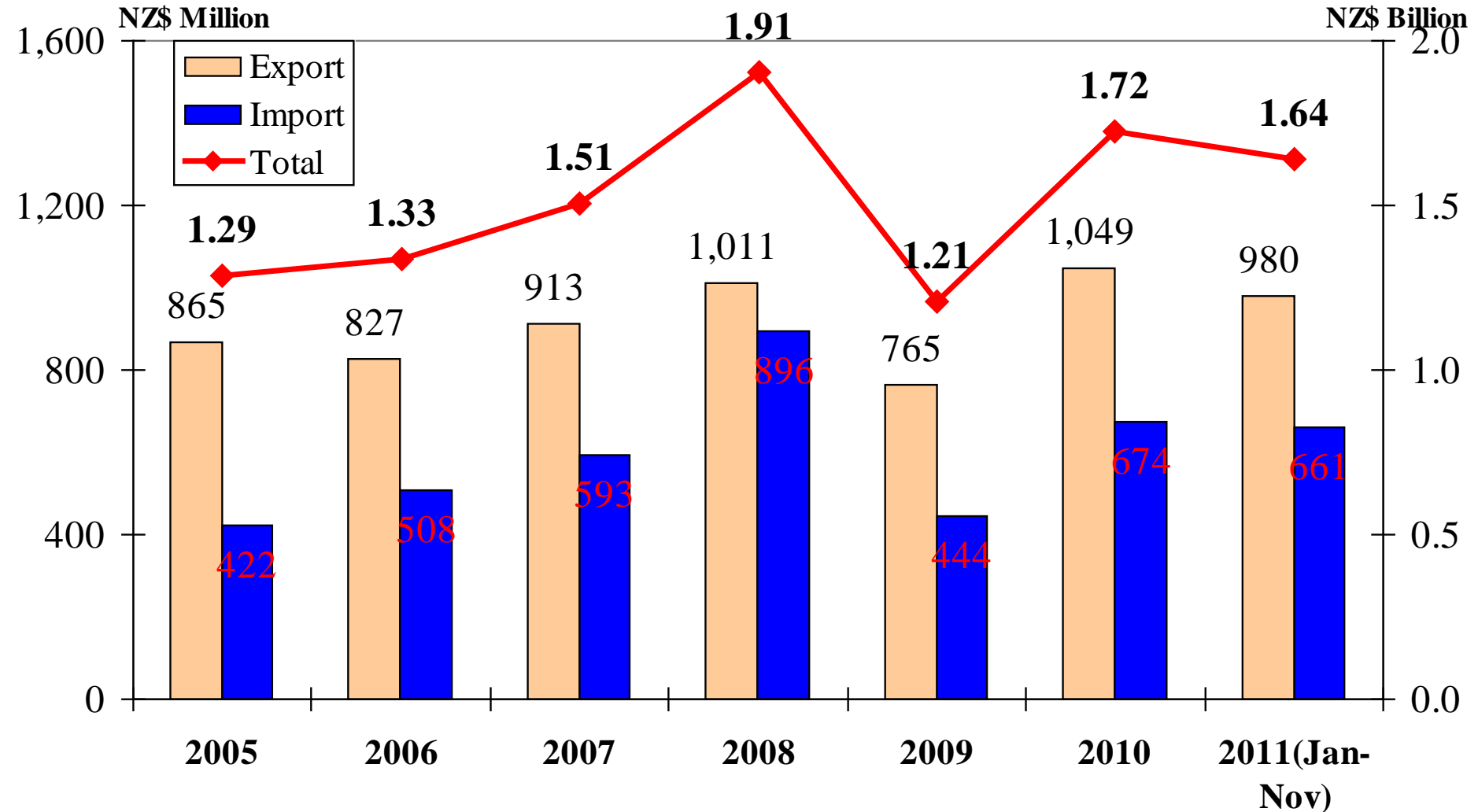


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Thailand - New Zealand Trade



Trade Summary Thailand/New Zealand





Principal Exports to New Zealand

Unit: NZ\$ million

Description	2008	2009	2010	2010 (Jan- Nov)	2011 (Jan- Nov)	% Growth (YOY)
Motor cars, parts and accessories	280.88	158.34	284.42	262.44	219.50	-16.36
Polymers of ethylene, propylene, etc in primary forms	112.50	65.29	72.80	66.79	79.62	19.20
Other electrical equipment and parts thereof	16.49	19.60	35.72	31.30	53.13	69.75
Radio-broadcast receivers, television receiver and parts	4.32	5.84	39.84	37.14	46.92	26.35
Rubber products	21.34	23.36	37.19	34.07	46.23	35.69
Others	575.49	492.31	578.68	535.63	535.09	-0.10
Total	1,011.01	764.73	1,048.65	967.37	980.49	1.36



Principal Imports from New Zealand

Unit: NZ\$ million

Description	2008	2009	2010	2010 (Jan-Nov)	2011 (Jan-Nov)	% Growth (YOY)
Milk and daily products	328.18	189.73	322.56	269.97	327.92	21.47
Preparations for infant feeding	56.71	38.94	39.34	34.87	45.21	29.66
Fruits, vegetables, fruit and vegetable preparations	22.71	28.14	36.60	34.89	43.91	25.83
Wood in rough, sawn or chipped wood and products	27.07	22.39	35.62	31.62	42.05	33.01
Pulp, waste and scrap of paper	32.58	20.40	34.71	32.38	32.58	0.63
Others	428.83	144.78	204.84	195.88	169.15	-13.65
Total	896.08	444.38	673.66	599.61	660.82	10.21



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 3rd Easiest
Place in Asia to do Business
and 17th in the World

Thailand:

Ranked by UNCTAD as the 10th most attractive destination in the world



Source: UNCTAD Top host economies for FDI 2011-2013



Mexico (from 7th to 6th)



Poland (from 10th to 9th)

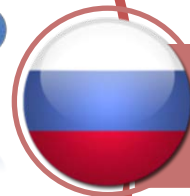


Thailand (from 12th to 10th)

Expected Change in Manufacturing Competitiveness in 5 Years



Spain (from 19th to 16th)



Russia (from 20th to 14th)



South Africa (from 22nd to 19th)

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) NZ\$419 billion**
- **GDP/ p.capita NZ\$6,223**



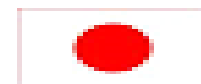
ASEAN

- +570 million pop.
- US\$1.3 trillion GDP (2007) (or NZ\$1.64 trillion)



ASEAN+3

- +2 billion pop.
(1/3 world pop.)
- US\$9trillion GDP (or NZ\$11.4 trillion)
(16% of world GDP)

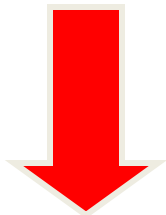


ASEAN Economic Community (AEC)

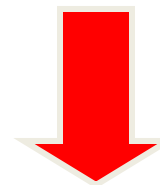
AEC



**A Single Market &
Production base**

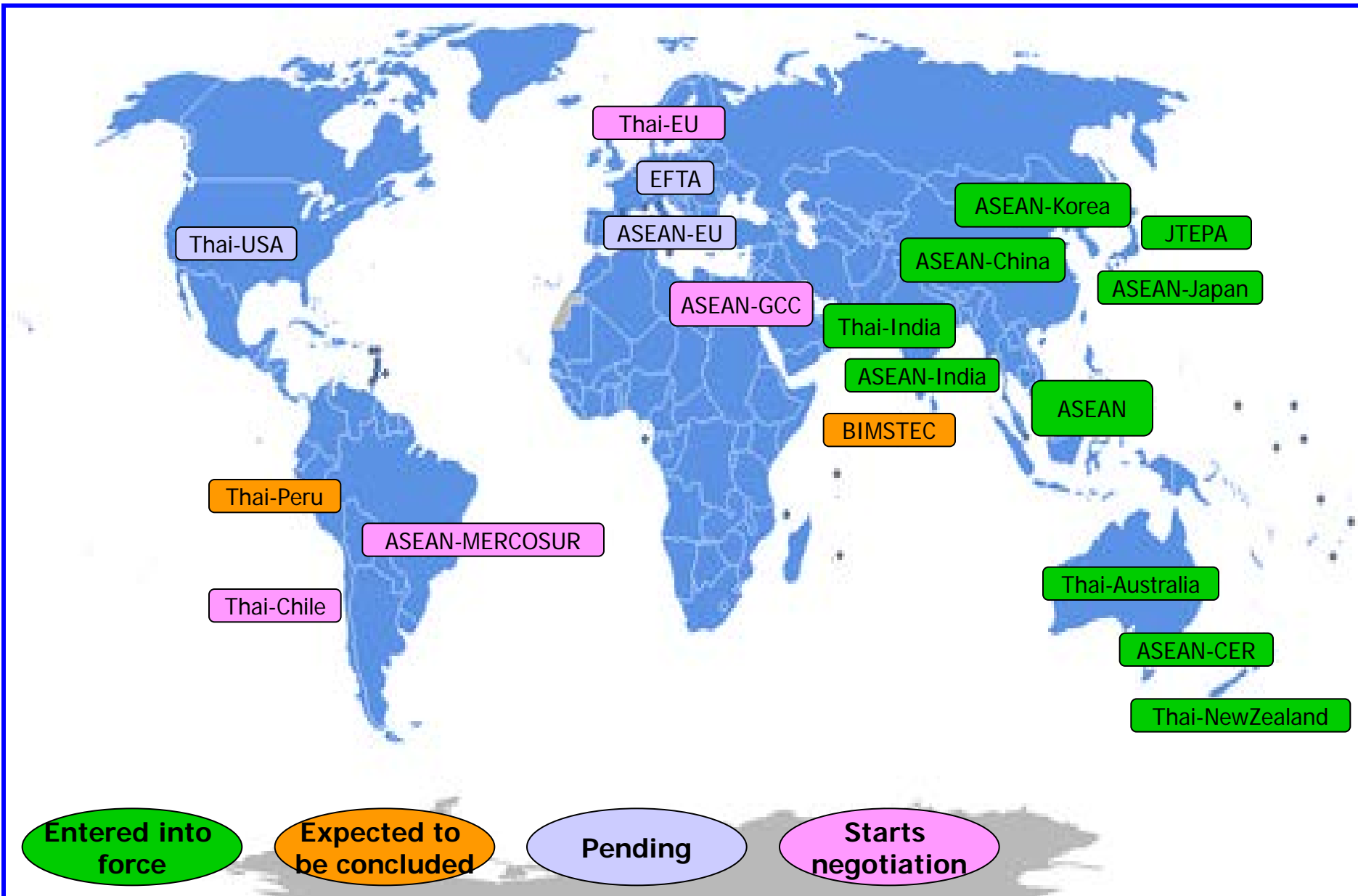


Transform ASEAN into a stable, prosperous and highly competitive region with equitable economic development, and reduced poverty and socio-economic disparities



- 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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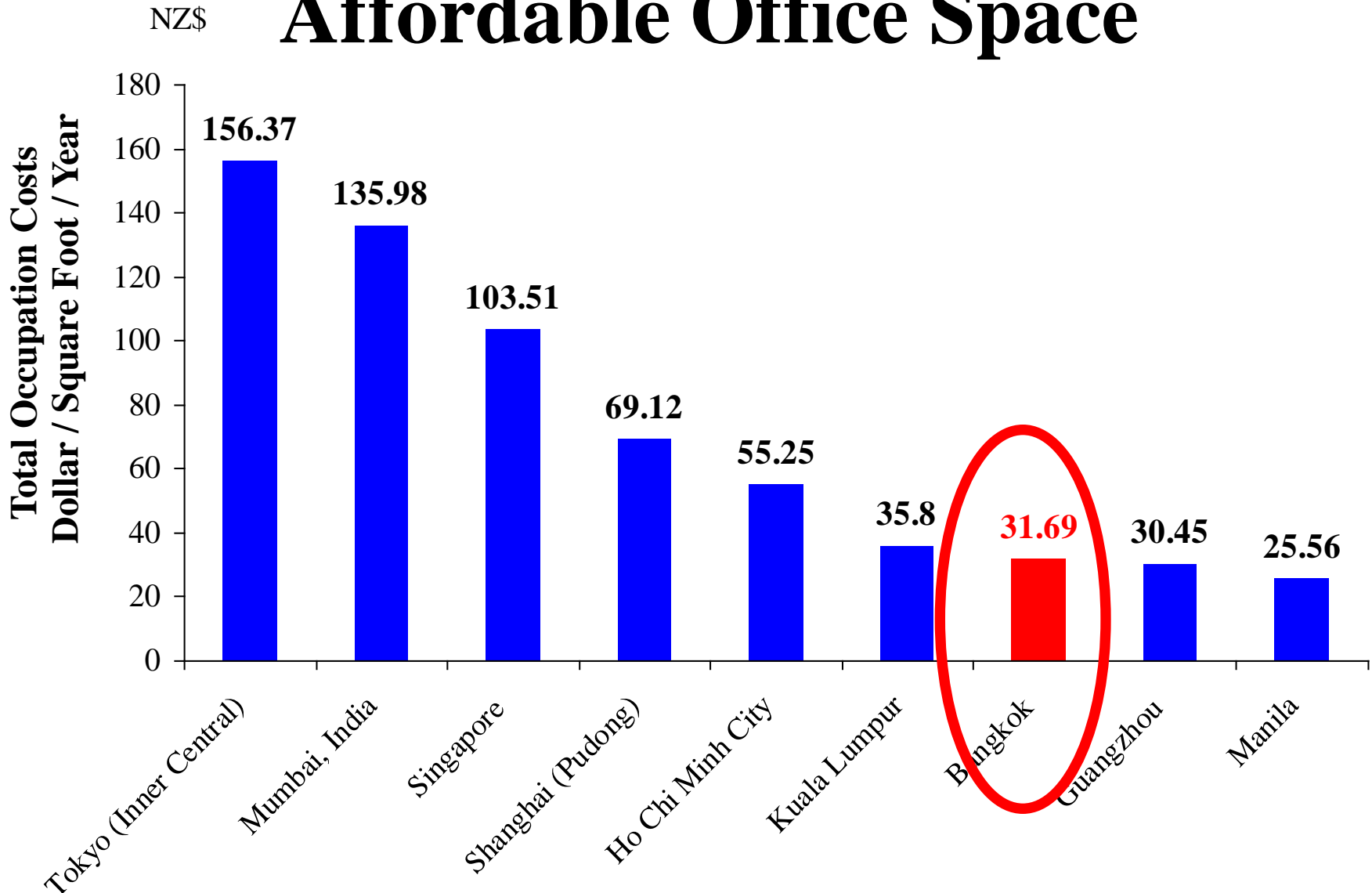


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Doing Business in Thailand

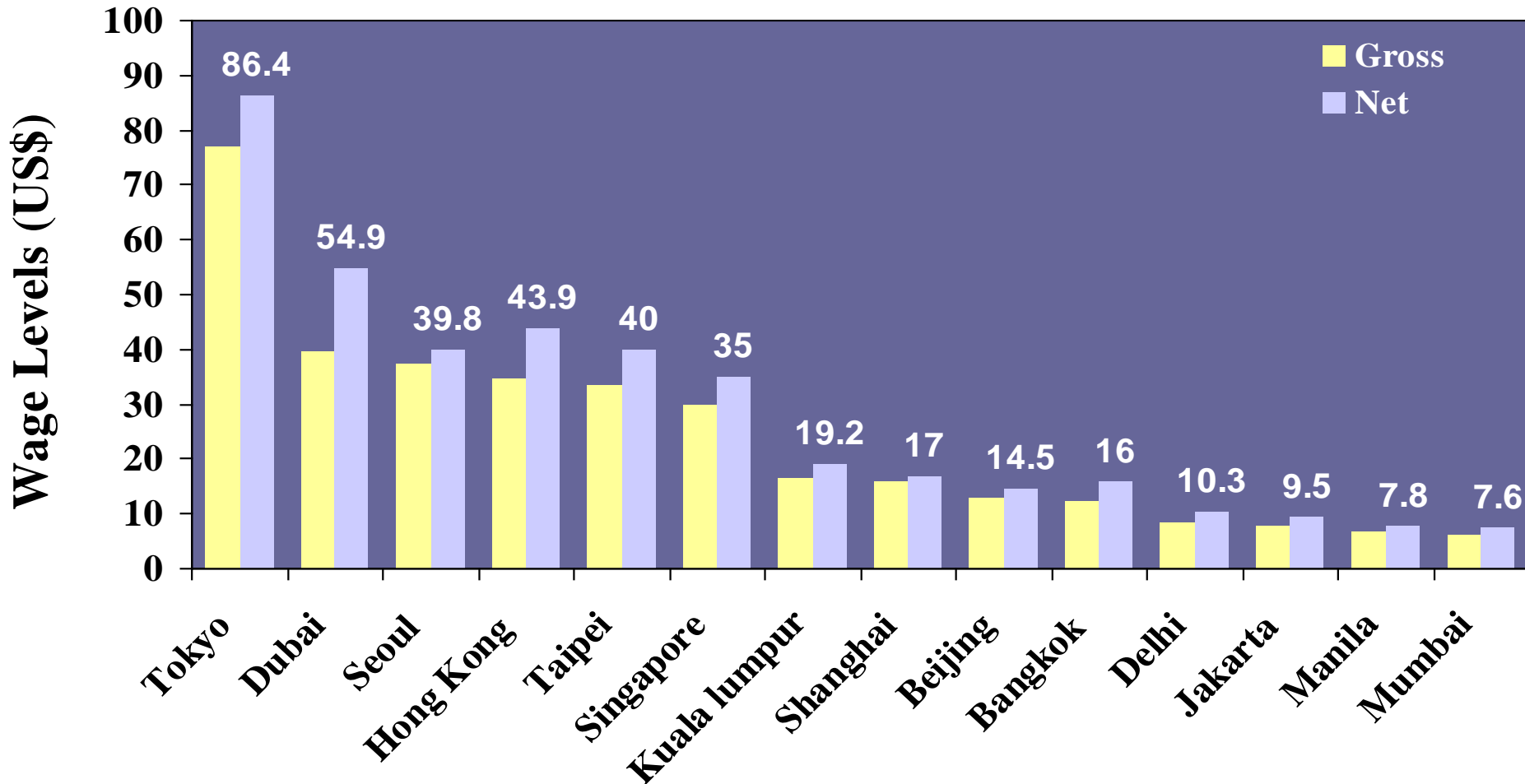


Affordable Office Space





Wage Comparison 2010



Cities ranked according to gross value of index
 Source: UBS/Prices & Earnings Nov 2010



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



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

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



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

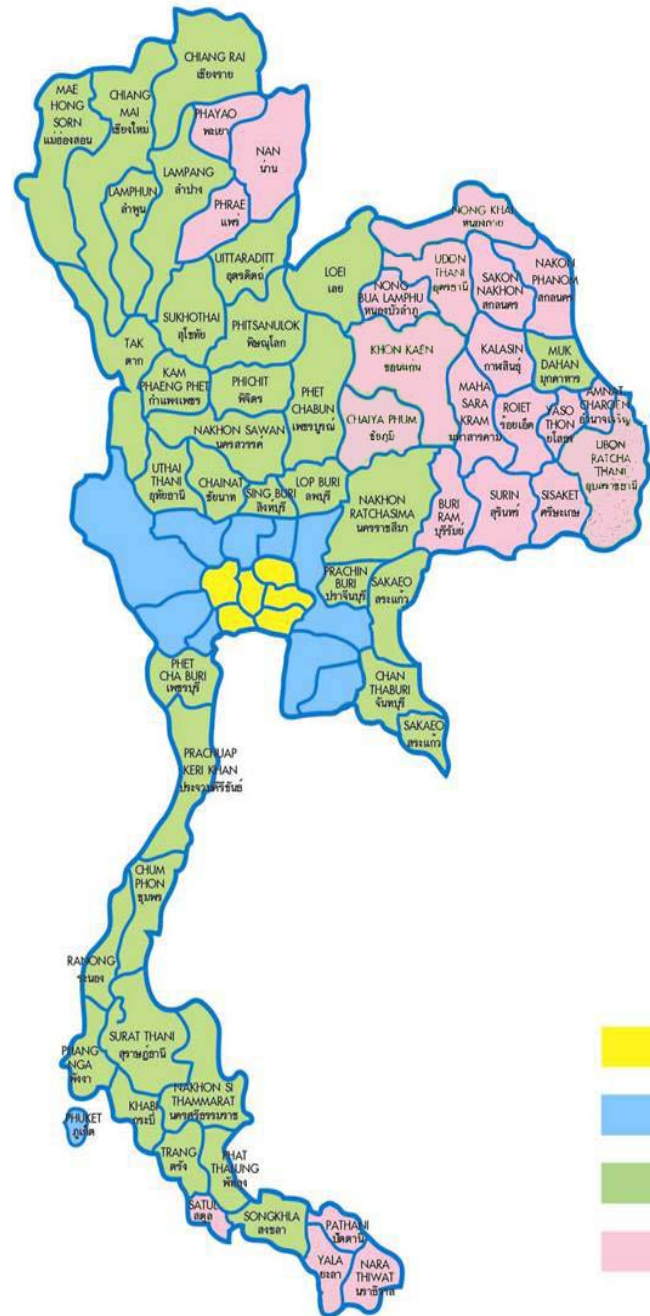
Zone 1 (6 provinces)

Zone 2 (12 provinces)

Zone 3 (58 provinces)—
Investment Promotion
Zone

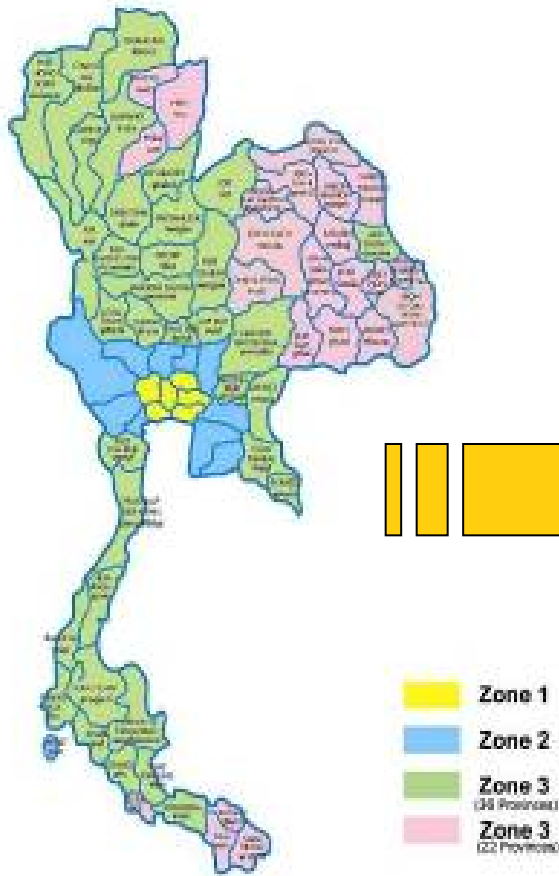
(1) 36 provinces

(2) 22 provinces



Zone: 1 2 3
Incentives: Lower → Higher Incentives

From Zone-Based to Sectoral Approach



- Zone 1
- Zone 2
- Zone 3 (38 Provinces)
- Zone 3 (22 Provinces)

Zone-Based

Incentives:

- Zone 1
- Zone 2
- Zone 3

Sector Matrix:
Incentives to strengthen competitiveness

Strategic or Priority Activities

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



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



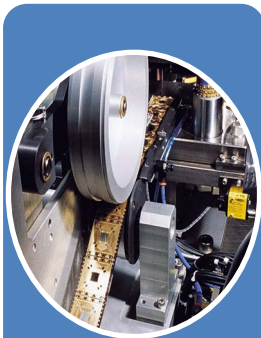
Agriculture



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

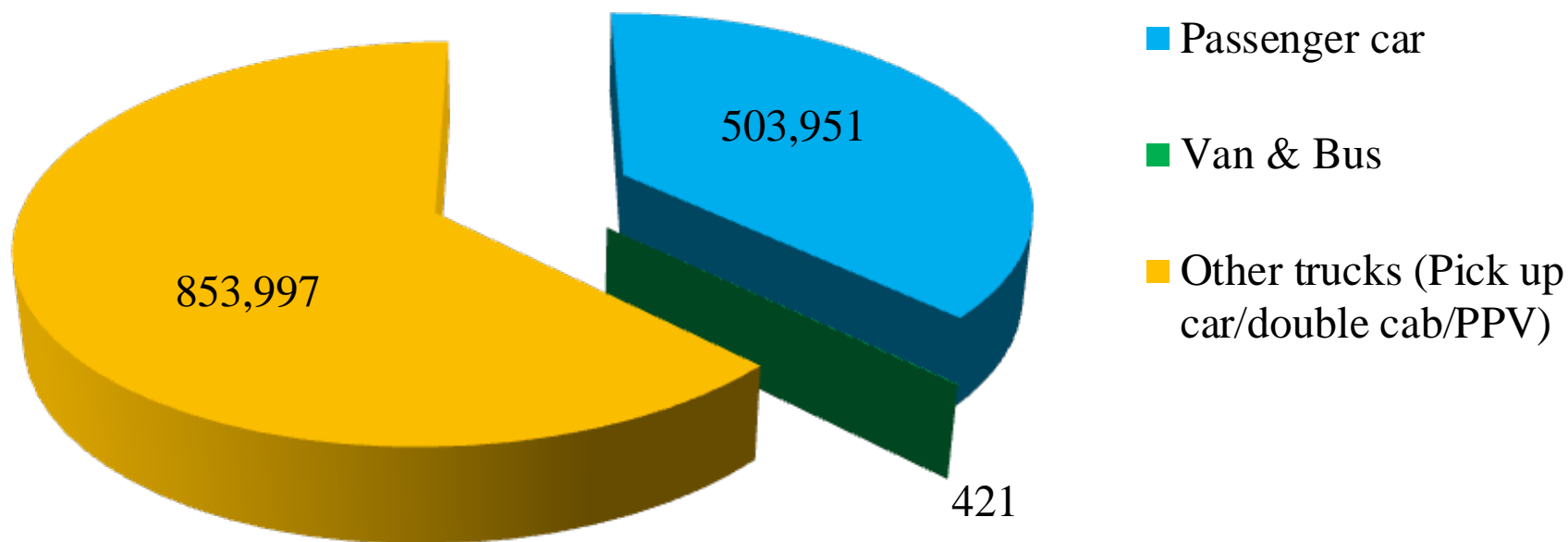
Target:
Top-10 by
2014

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-Nov)

: 1.36 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



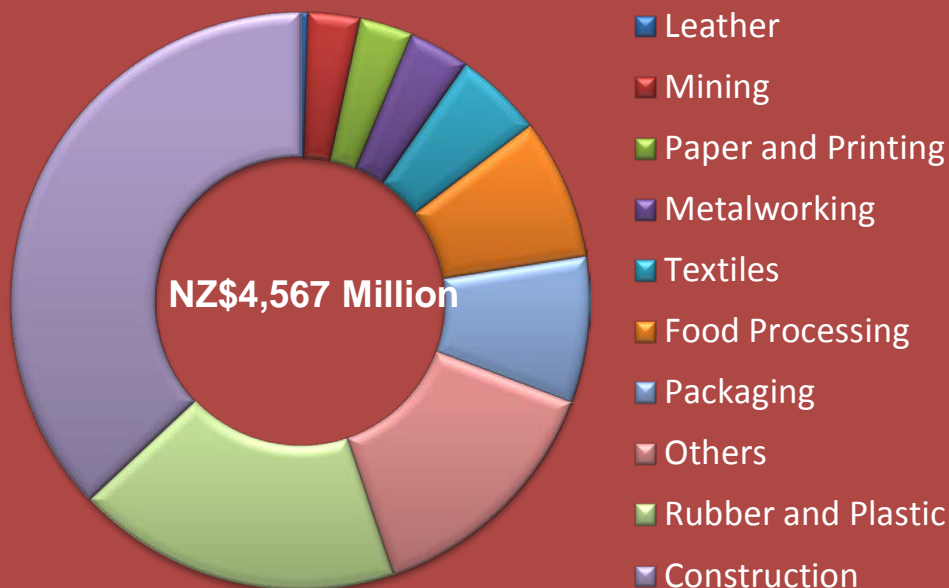
Opportunities in Machinery

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

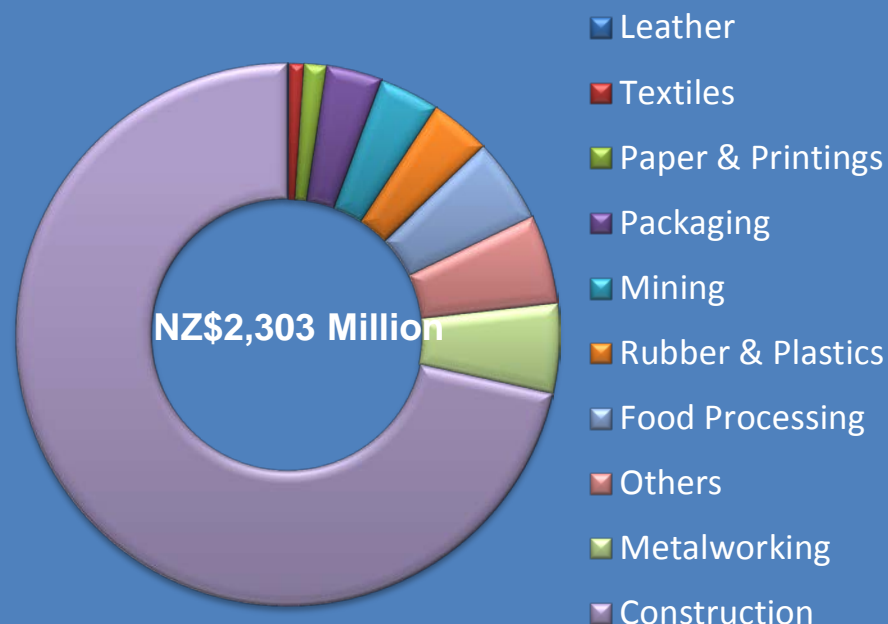
- High demand for:
 - Food and farm machinery
 - Alternative energy/energy conservation machinery
 - Textile machinery
 - Automotive machinery
 - Mould & Die Industry

Imports & Exports of Industrial Machinery by Products

Industrial Machinery Imports (Jan-Oct),2011



Industrial Machinery Exports (Jan-Oct),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**

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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

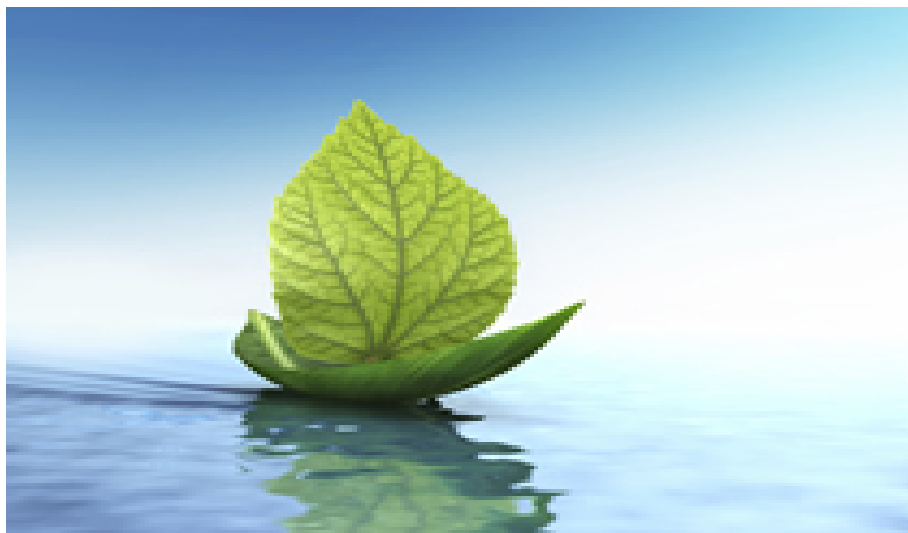
- Microchip
- Maxim Integrated

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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

The infographic features a central blue hexagonal grid with four main text boxes. Surrounding these are images of agricultural fields, solar panels, a laboratory flask labeled 'Biodiesel', and circular insets showing crops like corn and ginger. The background is a lush green landscape under a blue sky.

Thailand Renewable Energy Development

THAILAND BOARD OF INVESTMENT

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



Priority Activity: Film & Animation

Incentives:

7.8.8 For projects locating in “Movie Town” film industrial estate:

- Indoor studio and outdoor studio
- Post production services such as film developing, special effects, computer animation, sound lab, and etc.
 - Duty-free machinery import
 - 8-year cap-free corporate income tax exemption

7.6 Thai motion picture production, motion picture supporting services, or multimedia services.

- 5-year corporate income tax exemption
- 8-year corporate income tax exemption located within the “Movie Town”
- Duty-free machinery import



* Plus personal income tax waived for non-Thai actors for five years until 2015



BOI Incentives to Promote the Services Industry

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



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



International Procurement Offices (IPO): Rights & Benefits

Corporate and individual income tax privileges

1. Corporate income tax (CIT)

The IPO will be subject to CIT at the rate of 15% for five consecutive accounting periods on its net profit from the qualified income.

2. Personal income tax (PIT)

(A) PIT flat rate at 15% for a maximum of 3 expatriates working for IPO for 5 years under management level or high level experts

(B) PIT exemption for expatriates under A in respect of income earned from being assigned to work aboard for 5 years and such income is not recorded as a tax deductible expense of IPC in Thailand

The above PIT privileges are under conditions that the qualified income together with income from selling raw materials and parts to affiliated companies situated in Thailand for manufacturing by such affiliated companies must not be less than 50%.

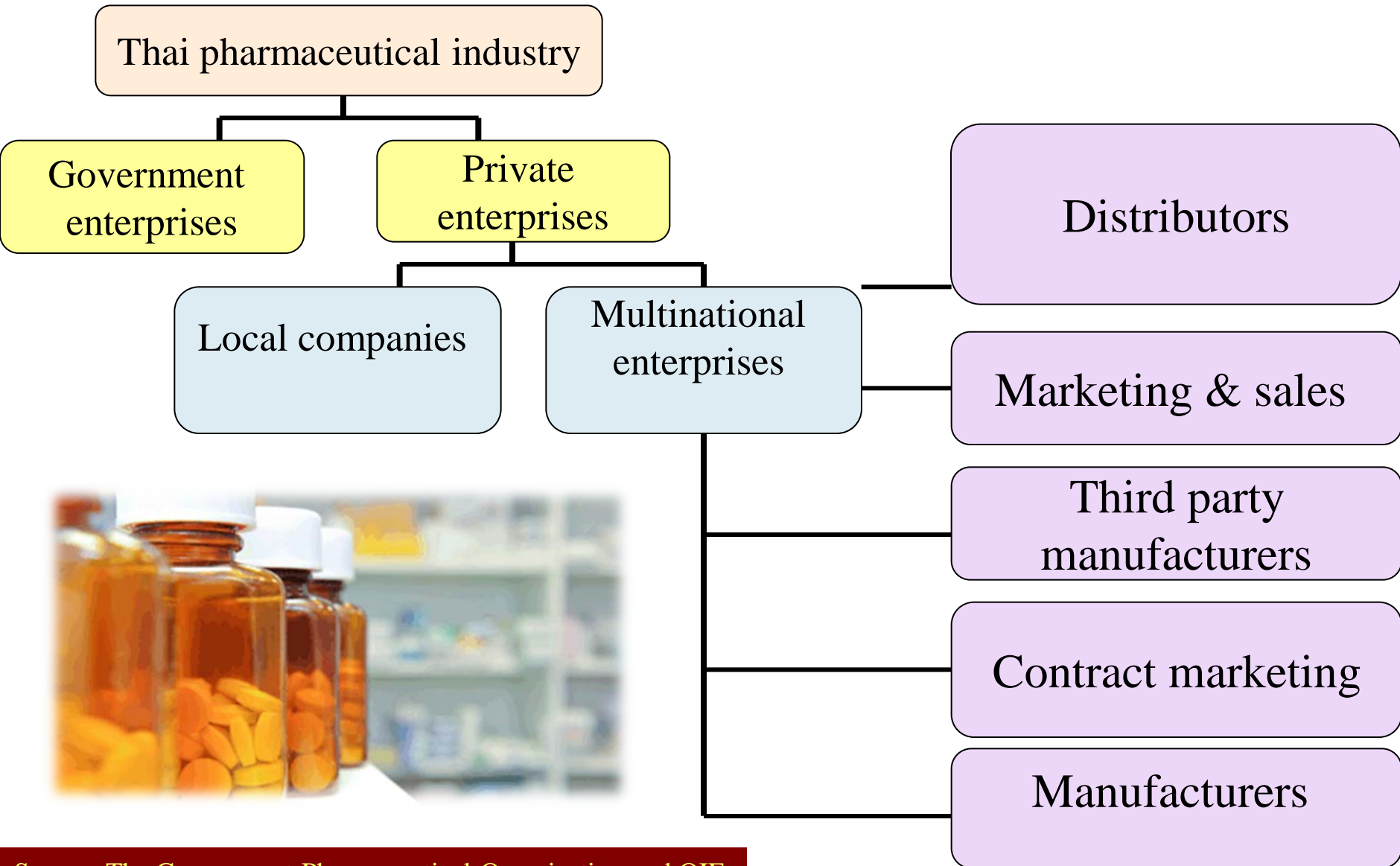


New Package of Regional Operating Headquarters (ROH)

Benefit	Benefit
<p>For portion of income from OVERSEAS OPERATIONS</p> <p>0% CORPORATE INCOME TAX for 15 years</p>	<p>For portion of income from LOCAL OPERATIONS</p> <p>10% CORPORATE INCOME TAX for 15 years</p>
Key Conditions	
<ul style="list-style-type: none"> - In 1st fiscal year, have one operating company in another country; a second within 3rd year; a third within 5th year - Have annual expenses in Thailand of Bht 15 million, or have invested at least Bht 30 million in Thailand - By end of 3rd 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 - All companies must be real operating companies with a physical presence and staff 	

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

Pharmaceutical Industry Structure





Current Thailand's Pharmaceutical Industry

Generic Drugs

- Thailand's generic drugs industry comprises of 167 companies, 157 are having GMP standard.
- Industry's annual growth rate is an average 15 percent.
- The 79 percent of the market size is consumed by hospital, and the rest is taken by general drug store.
- The generic drugs industry is projected to grow in the future due to the expiration of many major drugs patent.

Active Pharmaceutical Ingredients

- The market size of active pharmaceutical ingredients is small with a few players as it requires substantial investment.
- Thailand plans to create value added by producing some kinds of active pharmaceutical ingredients which could reduce the price of manufacturing drugs to compete in the world market.



Current Thailand's Pharmaceutical Industry

Biological Products

- The biological products produced in Thailand mainly traded in domestic market, especially basic vaccine used for control and prevention of disease.
- The industry's annual growth rate is between 20-40 percent.
- Although the local manufacturers such as the Government Pharmaceutical Organization (GPO), the GPO-MBP Company, Satan Sao Wapa, and Thai Red Cross Society are able to manufacture their own vaccines domestically, their productions are not sufficient for domestic demand, especially expensive vaccines which are always imported.
- Thailand is likely to increase its capacity of production more than relying on importing some kinds of vaccines from foreign market.

Traditional Drugs and Herbal Drugs

- Traditional drugs and herbal drugs have good potentials for increasing export productivity, since Thailand has an abundant of herbs.
- Exports of herbs and spices value has a steady growth due to popularity of consumption and health concern.



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



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 New Zealand Investments in Thailand

Project approved by BOI in 1970 – 2011 (Jan-Nov)

- 37 approved projects
- NZ\$122 million investment value



BOI Office in Sydney

Sydney

Suite 101, Level 1, George Street,
Sydney, New South Wales 2000
Australia

Telephone: +61 2 9252 4884

Fax: +61 2 9252 2883

Email: sydney@boi.go.th

Website: www.boi.go.th



Kanchana Noppun

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

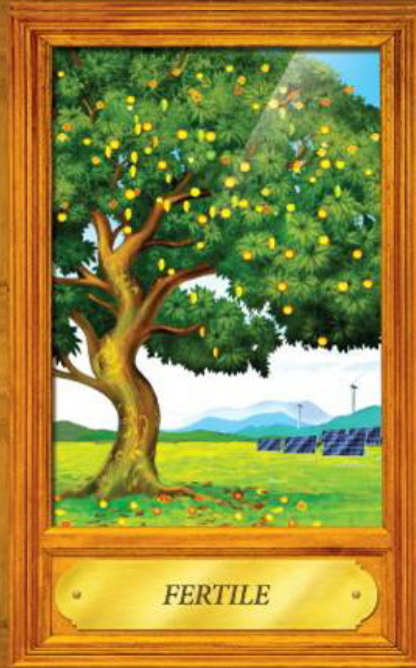
Exhibitors: 84 Outdoor Pavilions and more than 3,000
Indoor Booths

Visitors : More than 5 million visitors expected

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