

Thailand: Moving Forward



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Deputy Secretary General
Office of the Board of Investment
11 June 2015, Glasgow

Thailand at a Glance



Sources: Economist 2015 Pocket World Figures

FDI Inflows, by Region and Economy, 2008-2013

(Millions of Dollars)

Region/Economy	2009	2010	2011	2012	2013
South-East Asia	46,793	99,124	99,613	117,527	125,455
Indonesia	4,877	13,771	19,241	19,138	18,444
Malaysia	1,453	9,060	12,198	10,074	12,306
Philippines	2,065	1,070	2,007	3,215	3,860
Singapore	23,821	55,076	50,368	61,159	63,772
Thailand	4,854	9,147	3,710	10,705	12,946
Viet Nam	7,600	8,000	7,519	8,368	8,900

Source: World Investment Report 2014, UNCTAD

Comparison of All Net Applications for Investment Promotion

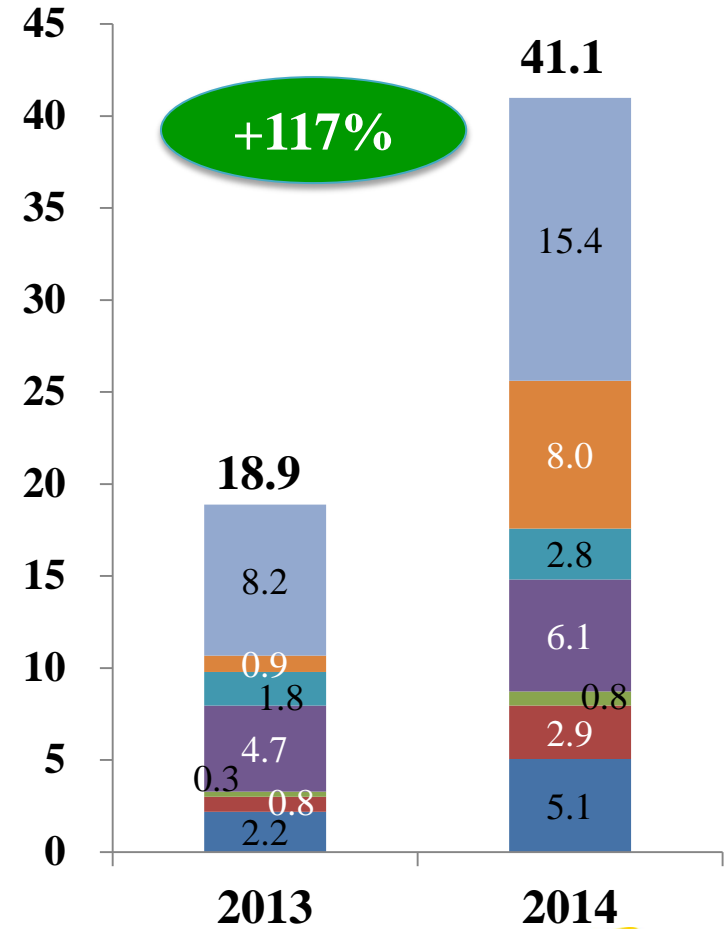
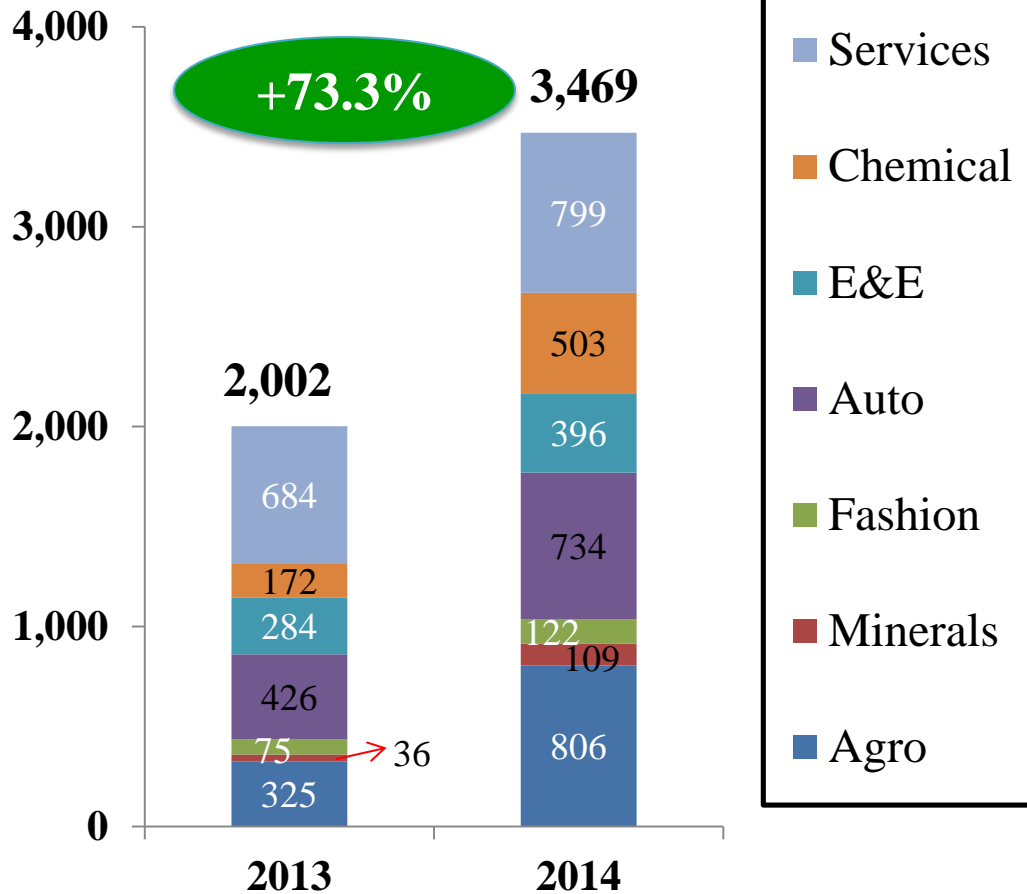
2013 vs 2014

Number of Projects

Amount Invested

Number of Projects

GBP Billion



Comparison of Net Foreign Applications for Investment

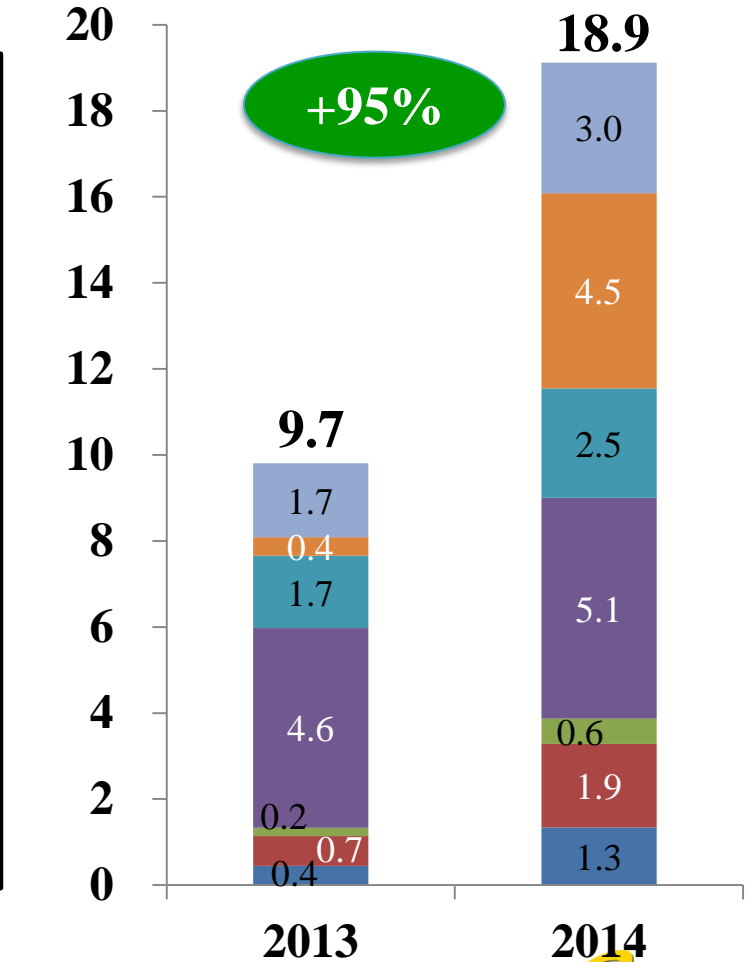
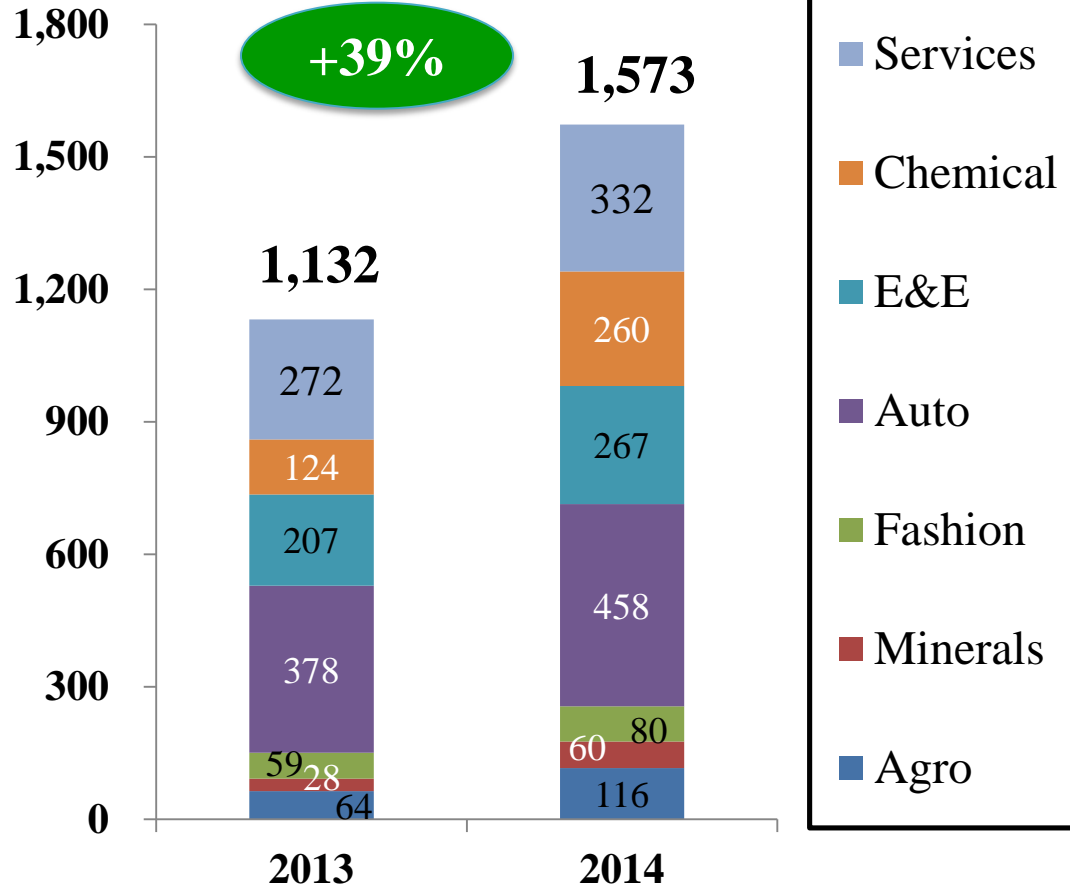
2013 vs 2014

Number of Projects

Amount Invested

Number of Projects

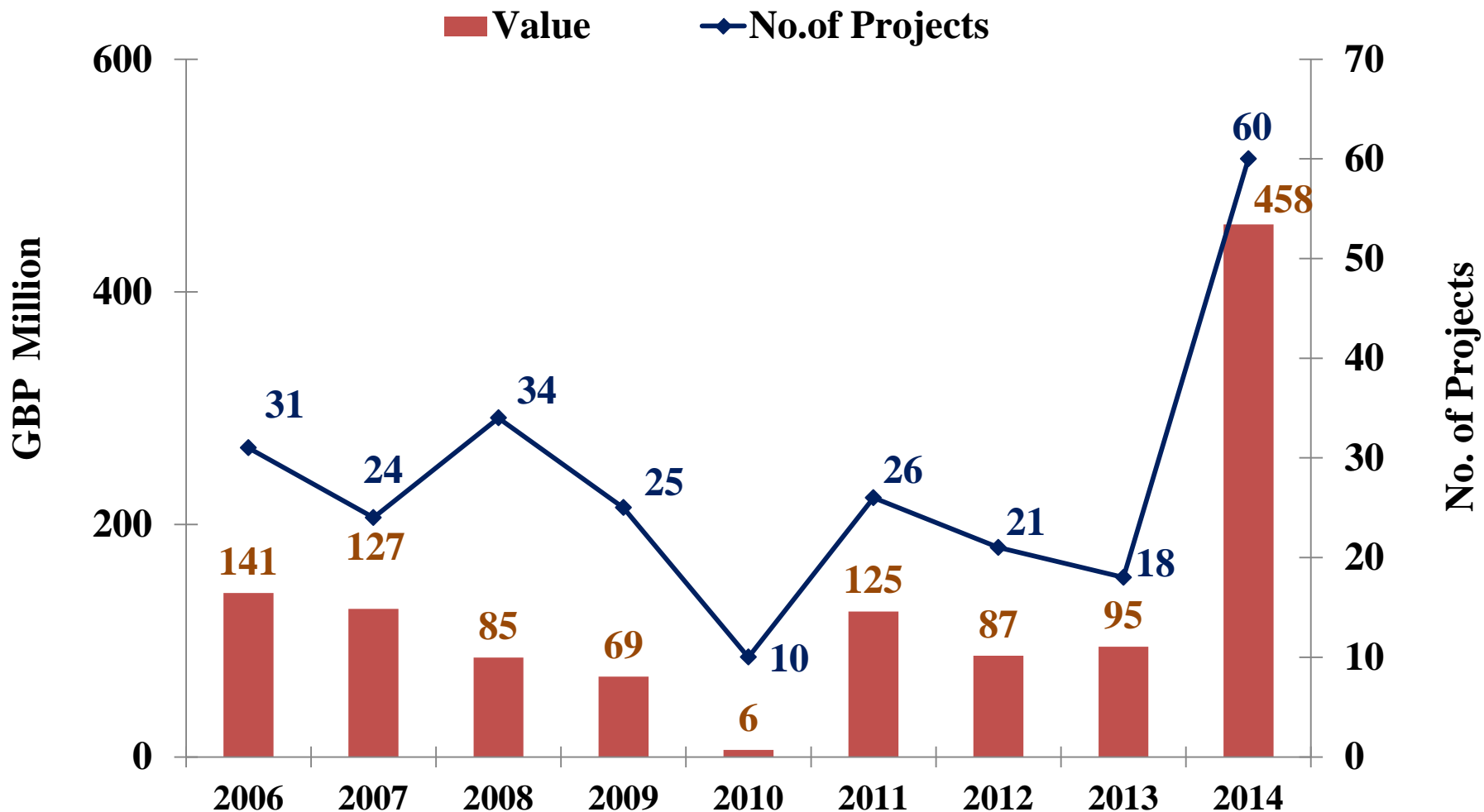
GBP Billion



UK Investment



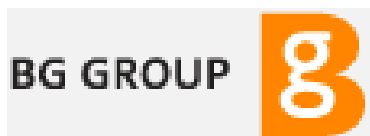
Trend of UK Applications



UK Investment Applications Totals by Sector: 2010 – 2014

Sector	Projects	GBP Million
Agricultural Products/Food	4	19.5
Minerals and Ceramics	-	-
Light Industries/Textiles	9	10.5
Metal Products and Machinery/Auto	21	62.2
Electric and Electronic Products	23	15.5
Chemicals and Paper	13	72.0
Services	65	591.0
TOTAL	135	770.8

Samples of UK Investments in Thailand



HEALTH • HYGIENE • HOME

Thailand in the Global Perspective

Thailand is Highly Ranked



UNCTAD Ranks Thailand 8th as a top prospective host economy 2013-2015

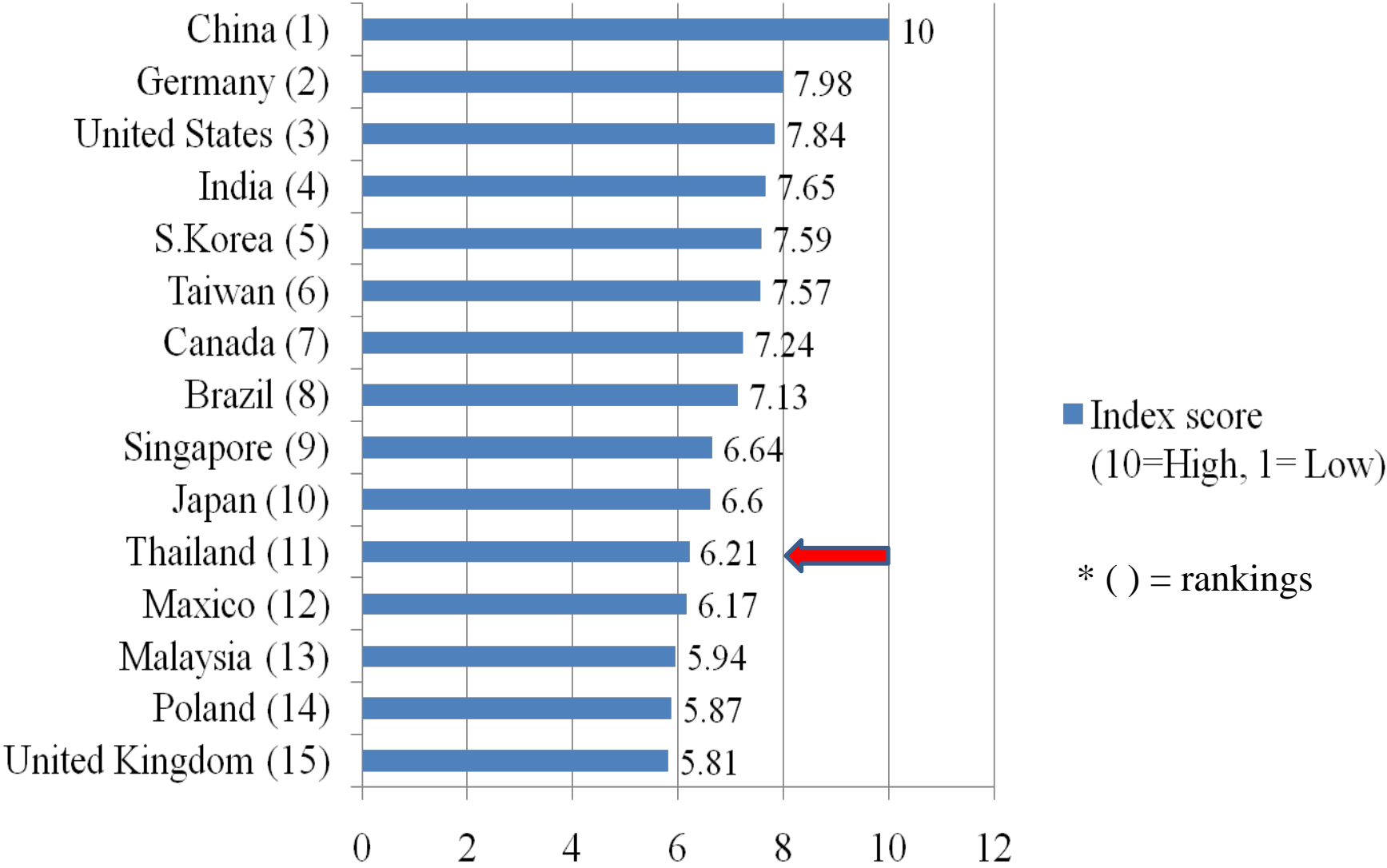
Country	Rank
China	1
USA	2
Indonesia	3
India	4
Brazil	5
Germany	6
United Kingdom	7
Thailand	8
Vietnam	9
Russian Federation	10



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

2015		2015	
1	Singapore	18	Malaysia
2	New Zealand	26	Thailand
3	Hong Kong	29	Japan
4	Denmark	78	Vietnam
5	Korea, Rep.	90	China
6	Norway	95	Philippines
7	United States	101	Brunei
8	United Kingdom	114	Indonesia
9	Finland	135	Cambodia
10	Australia	142	India

2013 Global Manufacturing Competitiveness Index



Thailand as a regional trading and value creation hub.....

Thailand as the ASEAN Hub

Strategic Location-Right at the Center of Mainland ASEAN



Thailand: the Crossroads of ASEAN

10 Countries, One Single Market
in 2015



GDP	US\$ 2.4 trillion (2013)
Population	616 million
Foreign Direct Investment	US\$122 billion (2013)
GDP Growth	4.9% (2011) 5.8% (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)

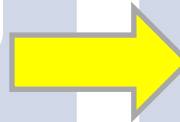
3.3 billion population
(50% of world population)

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



A Tak province → Myanmar

B Mukdahan province → Laos

C Sa Kaeo province →

Cambodia, Vietnam

D Songklah province →

Malaysia, Singapore, Indonesia

E Trat province → Cambodia

Measures to Support International Headquarters & International Trading Centers

A juristic person incorporated in Thailand providing the following services to IHQ's foreign branch offices or associated enterprises



International Headquarters (IHQ)-Incentives

Revenue Department incentives:

Corporate Income Tax (*NP = Net profits, AE = associated enterprises*)

- exemption for income from services provided to foreign branches or AE;
- 10% for income derived from its branches or AE in Thailand
- exemption of NP from revenue from purchase and sale of goods to its foreign branches or AE and such goods are not imported to TH (OUT-OUT)

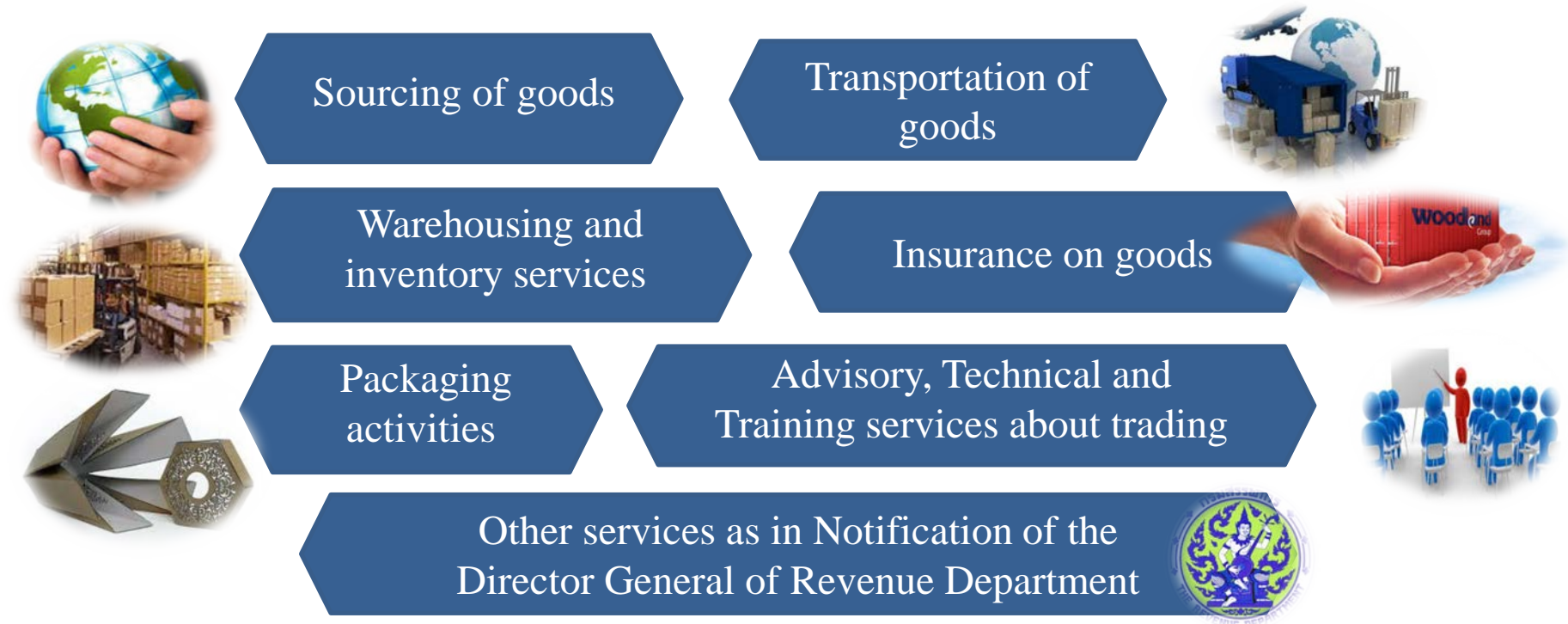
Personal Income Tax at the rate of 15% for expatriates in specialist or executive level working in IHQ.

Specific Business Tax exemption on loan taken out by IHQ to relend to its branches or AE in TH and abroad.

Withholding Tax exemption on interest received from its branches or AE in TH and abroad for loans granted in accordance with BOI regulations.

International Trading Centers (ITC) - Incentives

A juristic person which incorporated in Thailand that purchases and sells goods, raw materials and parts or provides international trading related services to juristic companies incorporated overseas. International trading related services include:



Conditions to apply for privileges offered by the BOI:

- The paid-up registered capital must not be less than 10 million baht.
- Have total ITC business spending of at least 15 million baht per year in Thailand

Revenue Department incentives:

Corporate Income Tax

- CIT exemption of net profits from revenue from purchase and sale of goods to its foreign branches or associated enterprises and such goods are not imported to Thailand (OUT-OUT), including revenue from marketing and logistics abroad.

Personal Income Tax at the rate of 15% for expatriates in specialist or executive level working in ITC.

Thailand's Investment Promotion Policy: Enabling Prosperity and Value Creation

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 for 3 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

How Investment Incentives Are Granted

Activity-based Incentives



- Exemption of import duties on machinery
- 0-8 years of corporate income tax exemption

+

Merit-based Incentives

1. Competitiveness Enhancement
2. Decentralization
3. Industrial Area Development

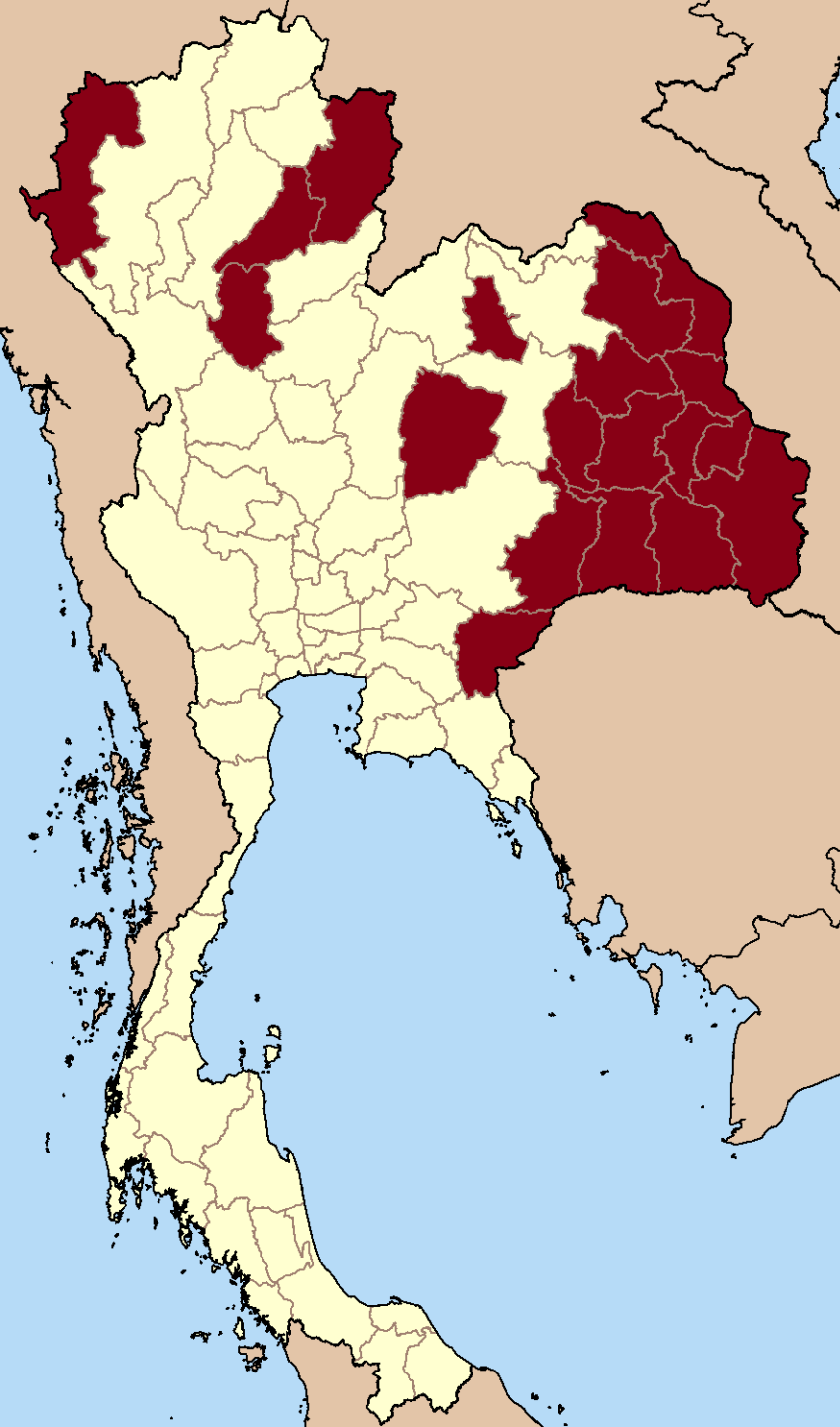
Grant additional incentives to encourage more investment/expenditures that benefit the country or overall industry

Merit-based Incentives (1/5)

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**



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)



Merits on Decentralization

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.

Measures to Promote Productivity (effective since September 19, 2014) (1/2)

1. Investment in machinery replacement for

- Energy conservation
- Use of renewable energy
- Reduction of environmental impacts
- Improvement of production efficiency i.e. automation
- R&D activities or engineering designs

2. Benefits:

- Exemption of import duty on machinery
- Corporate income tax exemption for 3 years on 50 percent of the investment

Investment Opportunities

Sector of Opportunity from UK

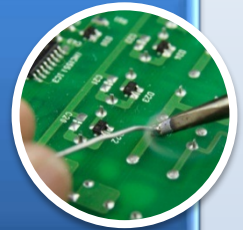
Automotive
& Auto parts



Biotechnology



Electronics
& Electrical
Appliances



Metal parts
& Machinery



Alternative
Energy



Agriculture
& food
processing



High-value
added Service
& R&D

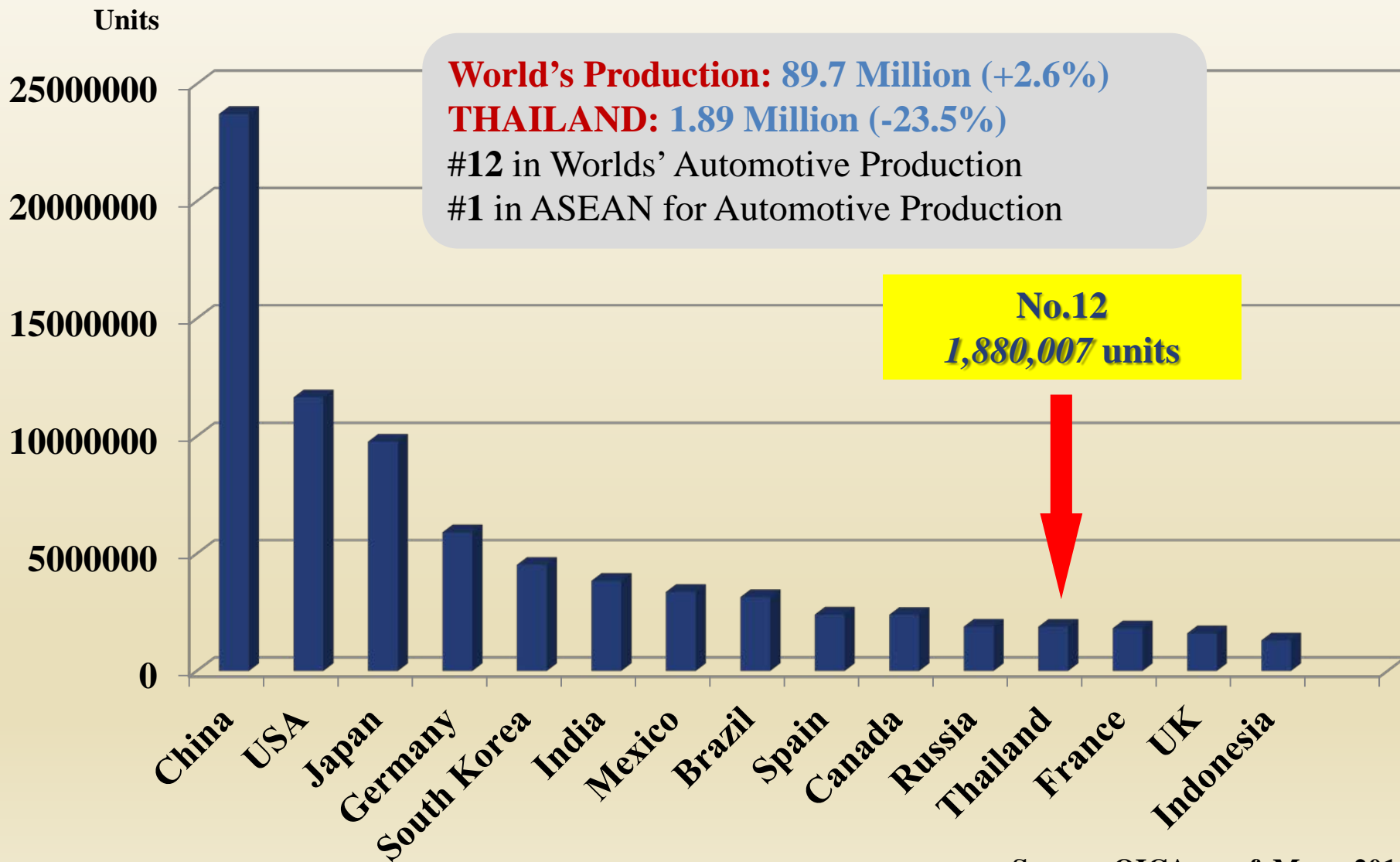


Thailand's Automotive Industry Current Situation and Trends



Thailand Ranked #12

2014 Automobile Production

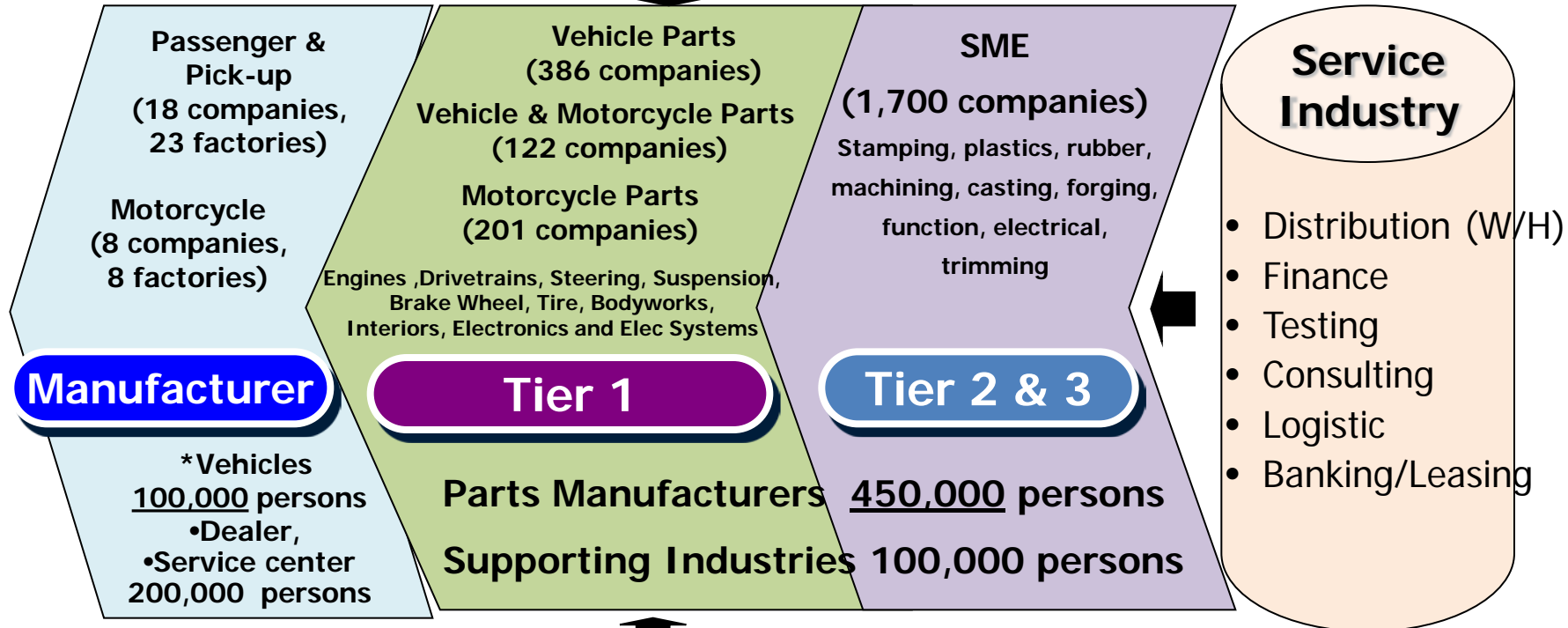


Source: OICA as of Mars, 2015

Thai Automotive Cluster and Supply Chain Structure

SUPPORTING INDUSTRY

MACHINERY, EQUIPMENT&DEVICE, MOLD & DIE, JIG & FIXTURE



Upstream Industry

Steel, Plastic, Rubber, Electronics, Glass, Textile, Leather, Chemical, Oil, Coating and Gulvanize

Associations / Institutes

Universities / Technical Colleges

Government

Policy & Supporting Body

Top 100 Global Suppliers Active in Thailand's Automotive Industry

Japanese Global Suppliers

2. Denso
4. Aisin Seiki
13. Yazaki
15. Sumitomo
16. Toyota Boshoku
18. Calsonic Kansei
19. JTEKT
20. Hitachi
28. Toyoda Gosei
33. NTN
34. NSK
35. Mitsubishi
39. NHK Spring
40. Koito
41. TS Tech
43. Takata
46. Bridgestone
49. Tokai Rika
57. Showa
61. Mitsuba
66. Asahi Glass
72. Stanley
74. Akebono Brake
82. Sanden
84. F-Tech
92. Alpine
94. Pioneer
98. Omron

28/29 Companies

Other Global Suppliers

1. Robert Bosch
3. Continental
6. Faurecia
7. Johnson Control
8. ZF
11. TRW
12. Delphi
14. Lear
17. BASF
21. Valeo
22. Visteon
23. Autoliv
25. Mahle
27. Dana
31. BorgWarner
36. Teneco
44. Federal-Mogul
47. Michelin
50. GKN Driveline
52. Goodyear
56. Grupo Antolin
58. Bayer
59. TI Automotive
65. Draexlmaier
67. American Axle
73. Rieter Auto.
84. F-Tech
86. Hayes Lammerz
93. 3M

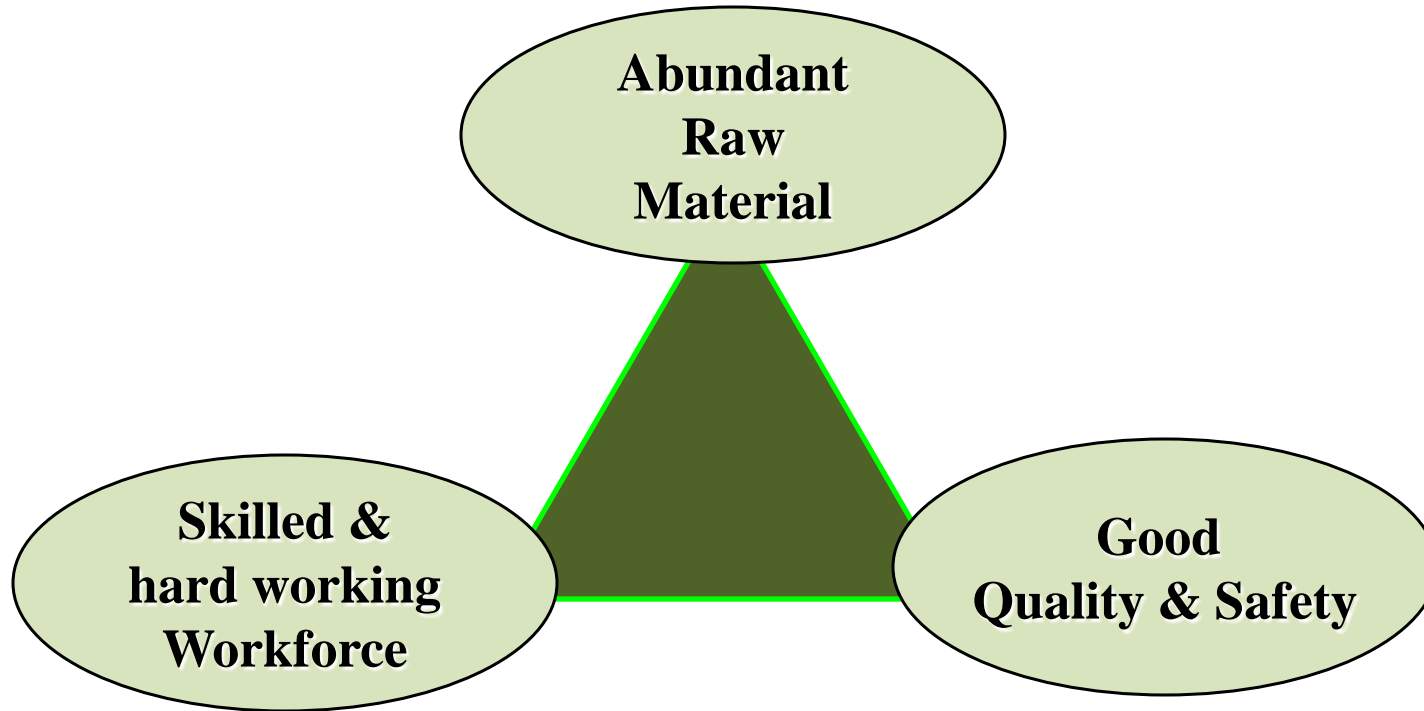
29/71 Companies

Thailand's Food Industry



Strengths of Thai Food Industry

> 80% of raw materials used by the food industry are locally sourced at low prices



Size of workforce now > 38.3 million

GMP and International Standard Good Manufacturing Practices is a mandatory measure for 54 types of food products

Source: Thailand Food Industry Outlook, Commercial Section, Royal Danish Embassy, Mar 2011

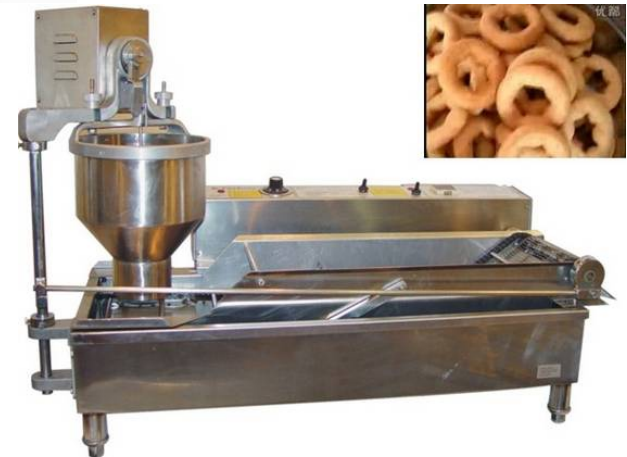
Opportunities in Machinery



- Thailand continues to industrialize, but is dependent on foreign industrial machinery for immediate future.



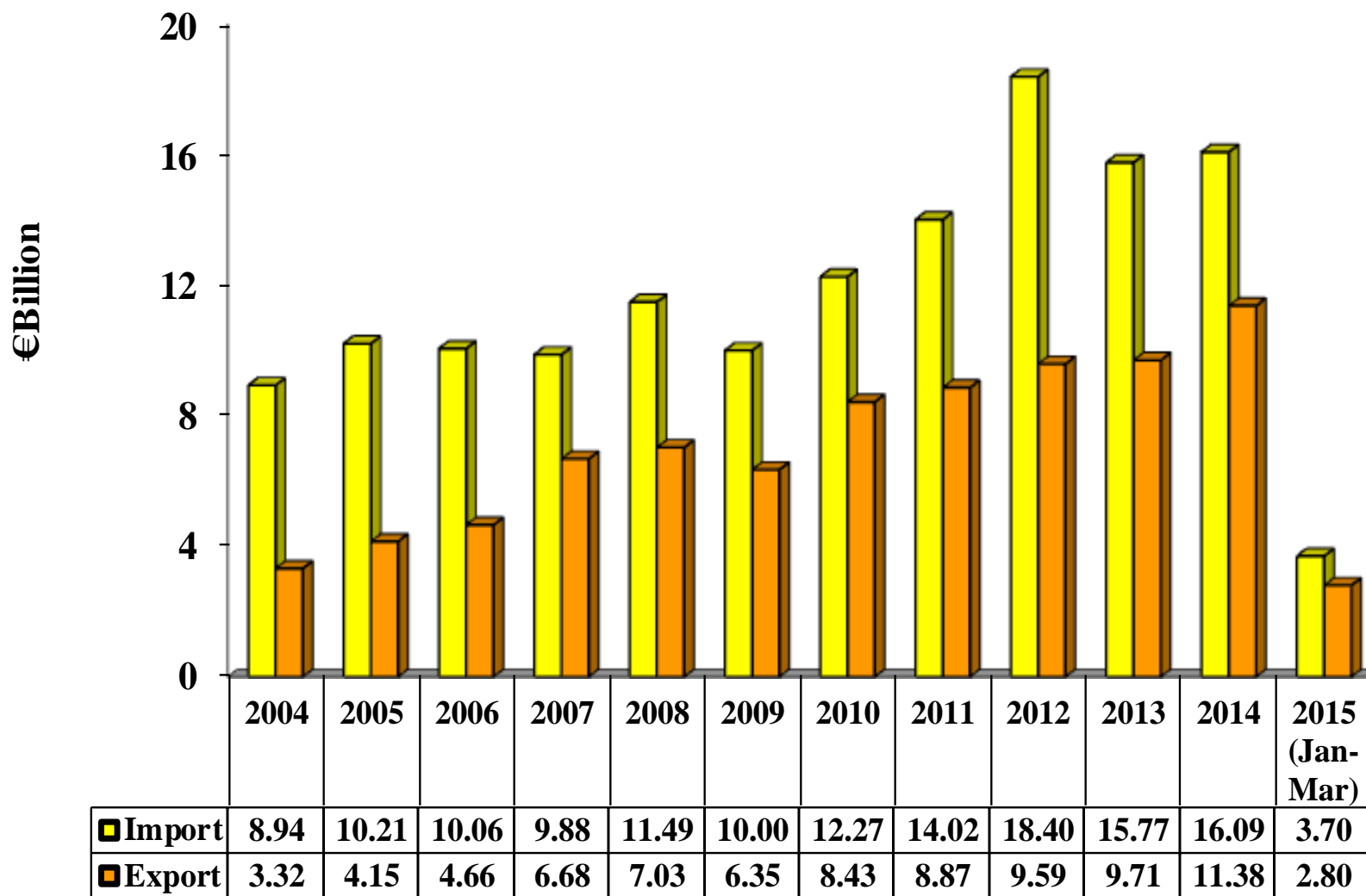
- High demand for:
 - Agro-machinery
 - Alternative energy/energy conservation machinery
 - Textile machinery
 - Automotive machinery
 - Mould & Die Industry



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

Machinery and Parts: Imports and Exports, 2004 – 2015 (Jan-Mar)



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

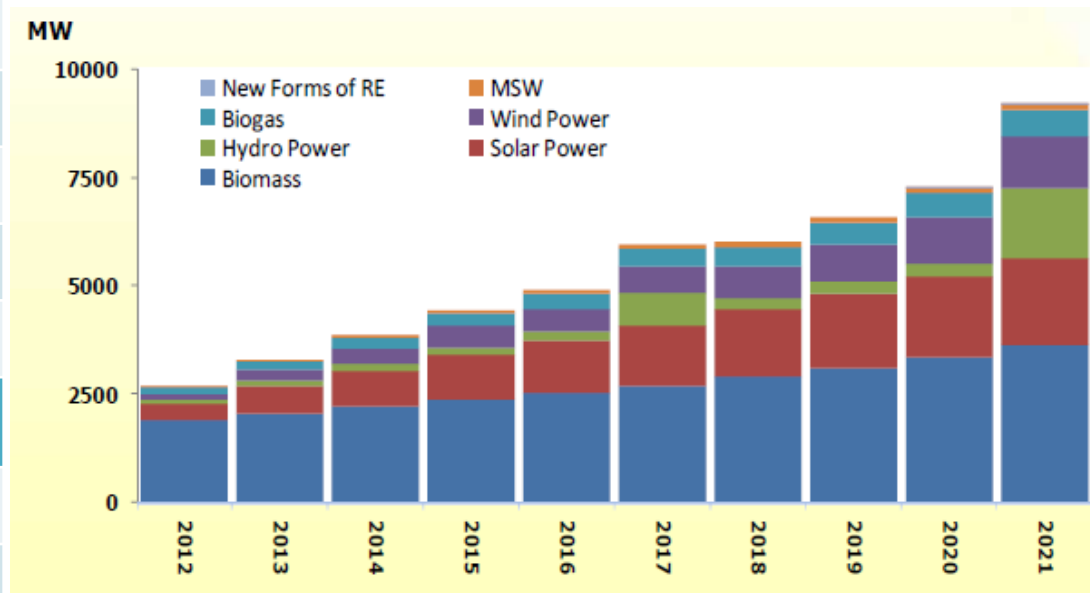
Biogas

Biodiesel

Alternative Energy Development Plan (AEDP) 2012-2021

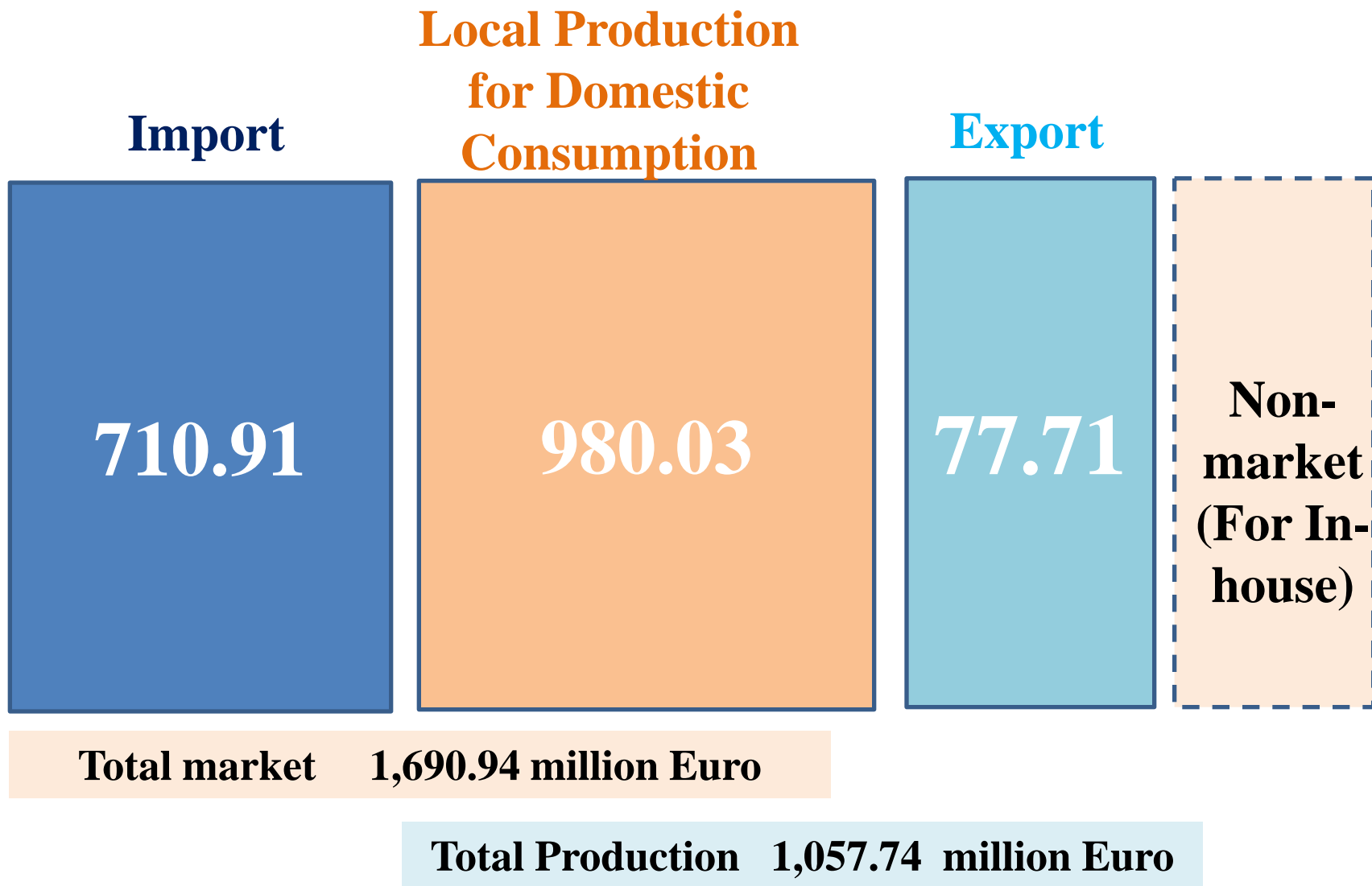
AEDP 2012-2021, targeting to replace 25% of total fossil-fuel consumption with RE at the end of 2021.

Renewable Energy (13,924 MW)	
Solar power	3,000 MW
Wind power	1,800 MW
Hydro power	324 MW
MSW	400 MW
Biomass	4,800 MW
Biogas	3,600 MW
New forms of RE (3 MW)	
Geothermal energy	1 MW
Wave and Tides	2 MW



Source: Ministry of Energy, as of Aug 19, 2013

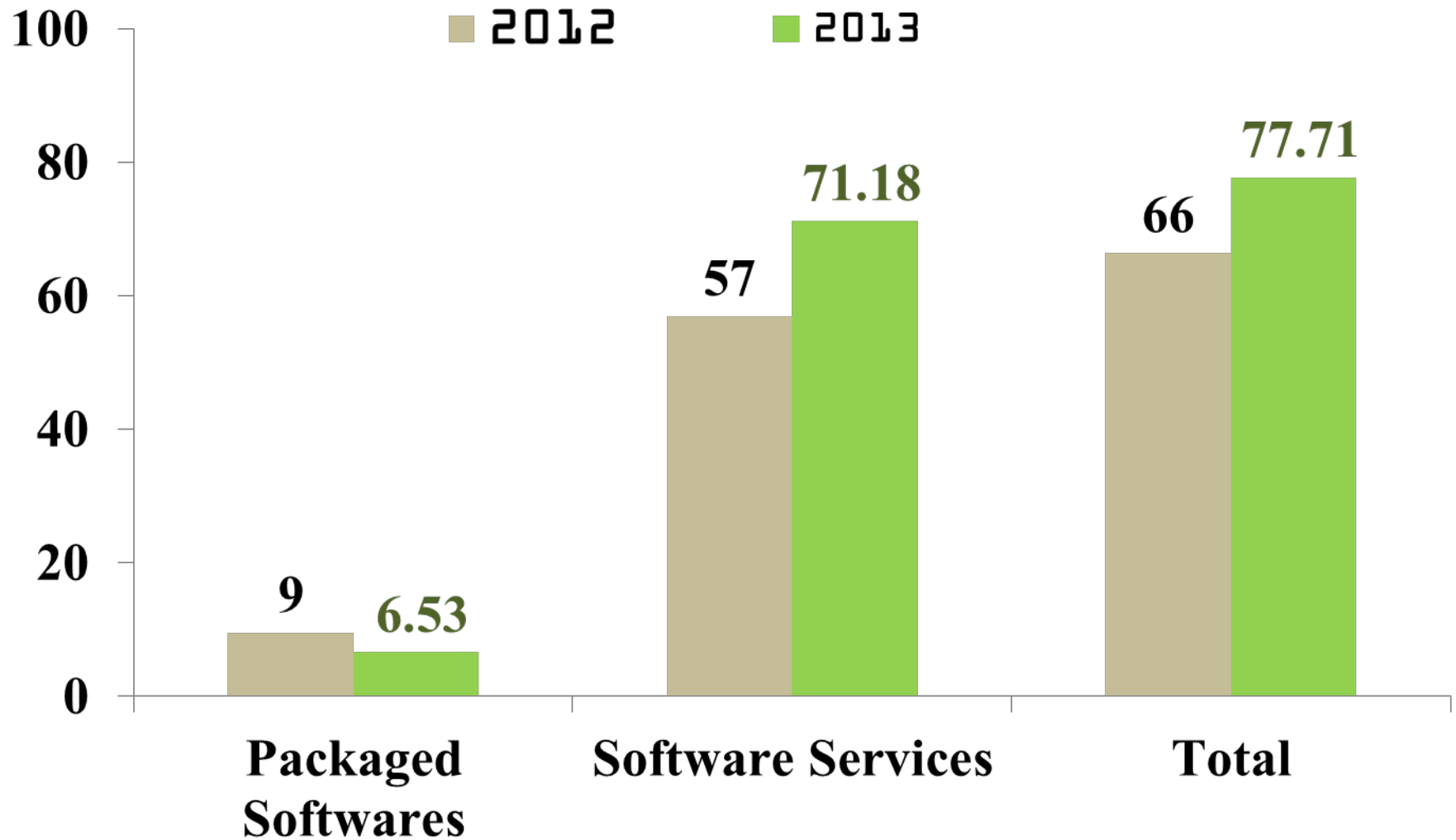
Software Market in Thailand



Production Value of Software and Software Service

	2013		2014 ^f	
	Value (Million Euro)	Growth (Percentage)	Value (Million Euro)	Growth (Percentage)
Software Package	247.01	5.9	271.03	9.7
Software Services	810.72	11.2	877.25	8.2
Total	1,057.73	9.9	1,148.28	8.6

Exported Software



Software Market Survey

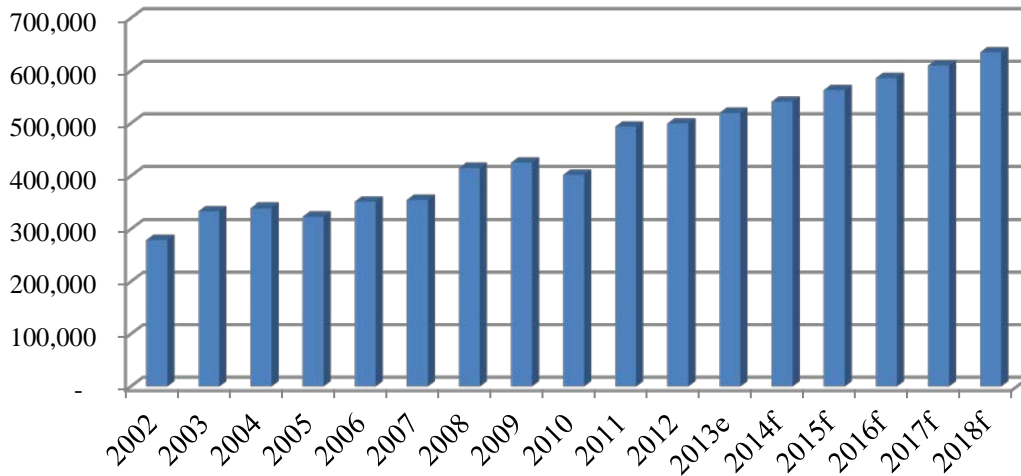
Unit: Million Euro

	2011	2012	2013e	2014f
Packaged Software	109.18	136.17	184.48	212.14
Software Services	488.14	604.77	493.84	576.23
Embedded Software	92.72	97.71	113.23	135.87
Total	690.04	838.65	791.54	924.24

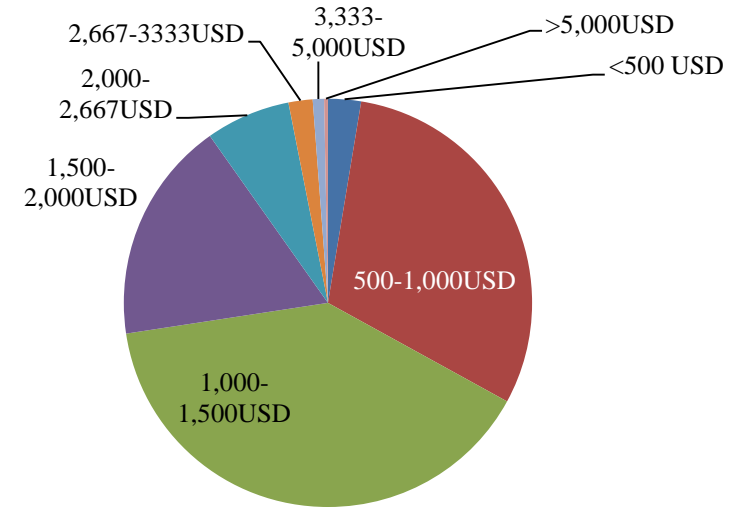


ICT Professional

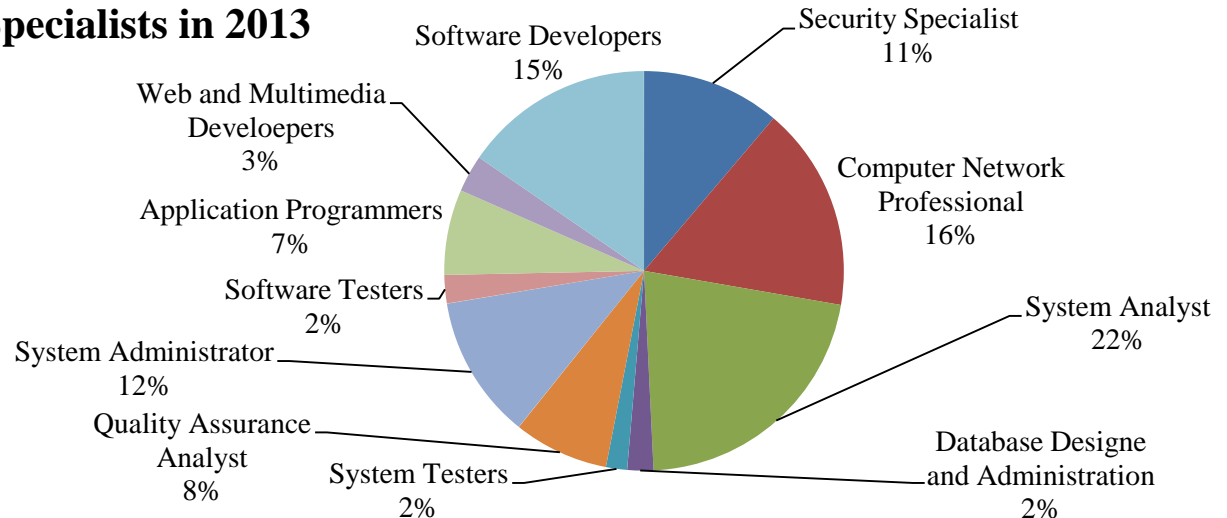
ICT Professional



Monthly Salary



Practitioners and Specialists in 2013



Thailand SWOT (Outsiders Points of View)

Strength

- Adaptable workers
- Culture/Open Society
- Location Advantage
- Multimedia and Creativity
- Reasonable infrastructure inside the country
- Reasonably inexpensive to conduct business from
- Pro-business environment

Weakness

- Management / Discipline
- Lack of recognition as ICT player-nation / no regional IT firm or brand
- Limited scale of workforce / English language skills
- Lack of early stage technology investment capital / startup culture
- Immigration policies for expats / talent intake

Opportunities

- Strong government support
- Strong regional and global alliances
- Large untapped regional market potential
- Aggregate ICT Talent from Indochina for scale
- Attraction of global talent to live in Thailand
- Government work / mega projects
- Animation
- Mobile applications
- Growing Tech/IT Startup community

Threat

- Lower labor cost countries
- Political tension and International relationships
- Corruption / lack of transparency
- Shortage of ICT – trained talent

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

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

One Start One-Stop Investment Center (OSOS)

Facilitate
business
negotiation

Easing & speeding
procedures for new
investors to start up a
business



Consolidating staff
from numerous
investment-related
agencies

Assist investors with various
applications

- Register a company
- Obtain investment promotion privileges
- Obtain a foreign business license
- Complete an EIA report
- Permission to use land for industrial operations
- Utilities, etc.

OSOS

**Visa & Work permit
renewal across the hall**



BUILD Activities

ASID

Seminar

Sourcing
Program

(sourcing@boi.go.th)

VMC
Road
Show

Marketplace

Vendors
meet
customers

Business
Matching



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

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