Investment Supports and Opportunities

29 June 2020

Duangjai Asawachintachit
Secretary General
Thailand Board of Investment
AGENDA

01  Why Thailand

02  Introduction to the BOI & Investment Promotion Incentives

03  Sectors of Opportunity

04  BOI Services
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01 Why Thailand

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03 Sectors of Opportunity

04 BOI Services
Thailand Economic Statistics

Thailand GDP\(^1\)
USD 525.12 Billion (THB 16,879 Billion)
Greater than CLMV Combined

GDP Growth 2019\(^1\)
Annual Growth Rate 2.4%
GDP per capita 7,723.53 USD

2\(^{nd}\) Highest Household Consumption in ASEAN\(^2\)
USD 246.11 Billion\(^2\)
52 Million Middle Class Consumers\(^3\)

Number of Households\(^4\)

<table>
<thead>
<tr>
<th>Year</th>
<th>USD 1,130-5,645</th>
<th>USD 5,646-11,290</th>
<th>USD 11,291-16,935</th>
<th>USD 16,936-28,226</th>
<th>USD 28,226</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>41%</td>
<td>32%</td>
<td>28%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>41%</td>
<td>32%</td>
<td>28%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>41%</td>
<td>32%</td>
<td>28%</td>
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<tr>
<td>2015</td>
<td>41%</td>
<td>32%</td>
<td>28%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020F</td>
<td>41%</td>
<td>32%</td>
<td>28%</td>
<td></td>
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</tr>
</tbody>
</table>

Note: Exchange Rate 1 USD = 32.143 THB (As of 12 May 2020, Bank of Thailand)
Source: \(^1\)NESDC (2020), \(^2\)World Bank (2018), \(^3\)Deloitte (2016) and \(^4\)The Economist Intelligence Unit (2016)
Thai land’s Export Performance in 2020

Source: CEIC
Location & Market Access

Thailand Market
- Population: 69 Million
- Middle Class Consumers: 52 Million

Cambodia, Laos, Myanmar, Vietnam, Thailand
- 242 Million Consumers
- Within 1000 KM

ASEAN Economic Community
- 645 Million Consumers
- Within 3,000 KM

Greater Asia Region
- 4.6 Billion Consumers
- Within 5,000 KM

Memberships & Free Trade Agreements

13 Free Trade Agreements (FTAs)

Near tariff-free trade with 18 nations FTA partner Trade Volumes increased 4 times in 5 years

Highest Volume FTA (2018)

- ASEAN
  - USD 90.74 Billion
- China
  - USD 65.15 Billion
- Japan
  - USD 48.73 Billion

Source: Department of Trade Negotiations (2019)
<table>
<thead>
<tr>
<th>Index</th>
<th>Year</th>
<th>Score</th>
<th>Global Ranking</th>
<th>Asia Ranking</th>
<th>ASEAN Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease of Doing Business Index</td>
<td>2020</td>
<td>80.1</td>
<td>21</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Global Competitiveness Ranking 4.0</td>
<td>2019</td>
<td>68.1</td>
<td>40</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Logistics Performance Index Ranking</td>
<td>2018</td>
<td>3.41</td>
<td>32</td>
<td>9</td>
<td>2</td>
</tr>
<tr>
<td>IMD World Competitiveness Index</td>
<td>2020</td>
<td>75.387</td>
<td>29</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>IMD World Digital Competitiveness Ranking</td>
<td>2019</td>
<td>68.43</td>
<td>40</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Global Talent Competitiveness Index</td>
<td>2019</td>
<td>53.84</td>
<td>43</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td>Global Innovation Index</td>
<td>2019</td>
<td>38.63</td>
<td>43</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>Inclusive Development Index *</td>
<td>2018</td>
<td>4.24</td>
<td>17</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

Note: * Ranking in Emerging Economies Group
<table>
<thead>
<tr>
<th>2nd Home of International Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Automotive</strong></td>
</tr>
<tr>
<td>TOYOTA, HONDA, BMW, FORD, ISUZU,</td>
</tr>
<tr>
<td>SUZUKI, CHEVROLET, NISSAN, SCANIA,</td>
</tr>
<tr>
<td>TATA, TRUCKSTAR, KENWORTH, MITSU</td>
</tr>
<tr>
<td><strong>Auto Parts</strong></td>
</tr>
<tr>
<td>BRIDGESTONE, ZE/ELRING, DENSO, LEA</td>
</tr>
<tr>
<td>R, GOODYEAR, TOYOTA GOSEI, MAGNA,</td>
</tr>
<tr>
<td>STANLEY, DRAXLMAIER, DELPHI,</td>
</tr>
<tr>
<td>faurecia, YAZAKI, SCHAEFFLER</td>
</tr>
<tr>
<td><strong>Smart Electronics</strong></td>
</tr>
<tr>
<td>SAMSUNG, Canon, FUJITSU, Haier, SONY</td>
</tr>
<tr>
<td>PHILIPS, LG, IBM, Western Digital,</td>
</tr>
<tr>
<td>TOSHIBA, Daikin, HASSELMANN,</td>
</tr>
<tr>
<td>maxim integrated, MICROCHIP,</td>
</tr>
<tr>
<td><strong>Petrochemical</strong></td>
</tr>
<tr>
<td>Dow, BASF, The Chemical Company,</td>
</tr>
<tr>
<td>ExxonMobil, Dow AgroSciences,</td>
</tr>
<tr>
<td><strong>Oil &amp; Gas</strong></td>
</tr>
<tr>
<td>Chevron, ExxonMobil, Shell, BP, DUB</td>
</tr>
<tr>
<td>P, FPT, DONGFENG, MOBIL, PTT, PTT</td>
</tr>
<tr>
<td>EPS, TOTAL, NatureWorks, INGREDION,</td>
</tr>
<tr>
<td><strong>Bio-Based</strong></td>
</tr>
<tr>
<td>BAG, Corbion, PURiC, POLYPLEX,</td>
</tr>
<tr>
<td>NatureWorks, TOTAL, INGREDION, UNI,</td>
</tr>
<tr>
<td>MTR PHOL GROUP, kuraray,</td>
</tr>
</tbody>
</table>
Investment Projects from Hong Kong (2015-2020 Q1)

Hong Kong Investment Projects submitted to BOI

Unit: Million USD

Top FDI Project Application 2019
- China: USD 6.7 Billion
- Japan: USD 2.4 Billion
- Hong Kong: USD 1.2 Billion

Note: Exchange Rate 1 USD = 31.501 THB (As of 8 June 2020, Bank of Thailand)
Source: Thailand Board of Investment
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04 BOI Services
BOI’s Investment Incentives

Tax Incentives

- Corporate income tax (CIT) exemption
- 50% reduction of corporate income tax after the expiry of tax exemption period
- 50% CIT reduction within 10 years*
- Investment Tax Allowance (ITA)*
- Exemption of import duties on machinery
- Exemption of import duties on raw materials (used in the manufacture of exports and for R&D purposes)

* in case of no CIT exemption

Non-Tax Incentives

- 100% foreign ownership
- Land ownership rights
- No restriction on foreign currency
- Work permit & visa facilitation (for management and experts)
BOI Investment Incentive Scheme

Standard Incentives

**Activity-Based**

- **< 8 years CIT exemption**

**Technology-Based**

- **Targeted Core Technologies**
  - Bio-Technology
  - Digital Technology
  - Nano-Technology
  - Advanced Material Technology

- **10 years CIT exemption**

Additional Incentives

**Merit-Based**

- Research & Development (R&D)
- Support academic / research institutes, or technology and human resource development fund
- IP licensing fee
- Advanced technology training
- Development of local suppliers
- Product and packaging design

**Area-Based**

- EEC 3 provinces
- SEZ 10 provinces
- Southern border provinces
- 20 provinces with lowest income
- Industrial Estates/Zones
- Science and Technology Parks (TSP, Food Innopolis, Space Krenovation Park)

**Agenda-based**

- Investment Stimulation Measure
- Productivity Enhancement
- Measures to support Grassroots Economy Development
New Incentive Packages in Eastern Economic Corridor

Targeted Locations:
Investment projects must be located in Chachoengsao, Chonburi or Rayong.

Targeted Activities:
• New incentives target investment projects that qualify for at least 5-year tax holidays (Group A1, A2, A3), including Technology and Innovation Development activities under Section 8.
• Does not apply to activities that have no specific location or those required to be located in areas outside EEC.

Application Periods:
• Projects located in the EEC general area must submit applications by the last working day of 2021
• Projects located in EECi, EECd, EECa or EEDmd are eligible for the incentives with no application deadline.
**Special Tax Incentives Scheme for EEC**

<table>
<thead>
<tr>
<th>Basic Incentives</th>
<th>1 HRD Criteria *</th>
<th>2 Location Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All EEC Areas</td>
<td></td>
</tr>
<tr>
<td><strong>CIT Exemption</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(A1 / A2)</td>
<td>+ Reduction of CIT 50% for 3 years</td>
<td>+ Reduction of CIT 50% for 2 years</td>
</tr>
<tr>
<td><strong>CIT Exemption</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(A3)</td>
<td>+ Reduction of CIT 50% for 3 years</td>
<td>+ Reduction of CIT 50% for 2 years OR + Exemption of CIT for 1 year</td>
</tr>
<tr>
<td><strong>CIT Exemption</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Section 8)</td>
<td>+ Exemption of CIT for 2 years</td>
<td>+ Exemption of CIT for 1 year OR + Exemption of CIT for 1 year</td>
</tr>
</tbody>
</table>

* For Human Resource Development Criteria

- Must establish a cooperation with institutions or organizations to develop human resources in Science & Technology
- The training participants must not be less than 10% of the total number of employees or more than or equal to 40 participants.

Work Integrated learning (WIL)

Dual Vocational Training (DVT)

Co-operative Education (CoE)
Investment Stimulation Measure

Incentives

Corporate Income Tax Exemption (5-8 years)

Criteria

• Targeted Activities (around 120 eligible categories)

Minimum Investment

• Not less than 500 million THB from February 6, 2020 to December 30, 2020
• Not less than 1,000 million THB from February 6, 2020 to December 30, 2021

• Application Submission Deadline: December 2020
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Thailand a Strategic Location for the Food Industry

**Abundant supply of raw materials**
Thailand is a leading producer and exporter of major food and agricultural commodities. ‘Top 3 Export Bases in ASEAN’
Exports totaled USD 246.24 Billion in 2019

**Skill & productive workforce**
Thailand’s food and agriculture industry employed around 12.5 million people.

**Food Processing Segment**
- From **Minimally** Processed, **Moderately** Processed to **Highly** Processed
- High-potential areas for expansion include **high-tech food ingredients**, **organic products**, and **dietary supplements**.

**Food Safety and Standards**
- high-quality products that meet evolving global standards
- sustainable and environmental production practices.

**Strong network of supporting organizations & supportive government policies**

Sources:
1 Ministry of Commerce (2019), 2 MICE Intelligence Center (2019)
Sector of Opportunities: **Smart Electronics**

**3rd E&E Exporter in ASEAN**

**13th E&E Exporter in the World**

### KEY PLAYERS

**HDD:**
- Western Digital
- SEAGATE

**IC:**
- Maxim Integrated
- Allegro
- NXP
- Toshiba
- Microchip
- STARS (Silicon Technology Associates for Research & Development)
- ROHM

**Smart Appliances:**
- Electrolux
- Canon
- Carrier
- Fisher & Paykel
- Carrier
- Fujitsu
- Sharp
- Philips
- Panasonic
- Sony
- Samsung
- Toshiba

### COMPANIES vs WORKERS

<table>
<thead>
<tr>
<th>Sector</th>
<th>Companies</th>
<th>Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Electrical</strong></td>
<td>431</td>
<td>96,532</td>
</tr>
<tr>
<td><strong>Electrical Parts</strong></td>
<td>666</td>
<td>189,342</td>
</tr>
<tr>
<td><strong>Electronics</strong></td>
<td>561</td>
<td>369,985</td>
</tr>
<tr>
<td><strong>Traders</strong></td>
<td>310</td>
<td>16,439</td>
</tr>
<tr>
<td><strong>Supporting Industries</strong></td>
<td>332</td>
<td>53,380</td>
</tr>
</tbody>
</table>
Sector of Opportunities: Smart Electronics

Thailand Electronics and Electrical (E&E) Exports 2019
Total value: USD 59.52 billion, equaling 24 percent of Thailand’s total exports*

*Source: Office of Industrial Economics. (2020). Thailand Economic Outlook and Forecast 2019

Electrical Products
- Home Appliance
- Audio and Video Player
- Parts and Components

Electronics
- Computer
- Computer Parts & Accessories
- Integrated Circuits & Parts
- Telecommunication Equipment
- Others Electrical Apparatus

Thailand is a major exporter products such as Hard Disk Drives and electronic manufacturing services; integrated circuit assembly, packaging and testing; and parts and components for electrical products.
Sector of Opportunities: **Digital Industries**

The Digital Economy is expected to contribute 25% to Thailand’s GDP by 2027.

- **Total Population**: 67 Million
- **Urbanization**: 50% in 2019
- **91.6 Million Mobile Phone Number Subscription in 2018**
- **Internet Users**: 50.1 Million, 75.3% of Population in 2019
- **Rank 3rd in Fixed Broadband Speed Test Global Index in April 2020**
- **Social Media Users**: 52 Million, 78.2% of Population
- **Total ICT Professional**: 386,306 Persons in 2018
- **Number of ICT Graduates**: 14,698 Persons in 2019

**Future Information and Communication Technology**

- **Broadband**
- **Data Center**
- **Big Data**
- **IoT**
- **Cloud**
- **AI**

### Sector of Opportunities: Digital Industries

<table>
<thead>
<tr>
<th>Sector</th>
<th>Innovation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>Healthcare</td>
<td>- Software solutions for hospital</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Support ICT integration using IP-based communication system.</td>
</tr>
<tr>
<td>Education</td>
<td>Education</td>
<td>- Software solutions for hospital</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Support ICT integration using IP-based communication system.</td>
</tr>
<tr>
<td>Smart Farming</td>
<td>Smart Farming</td>
<td>- Provide precise information about an individual farmer's land</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Offer investors to become a co-creator</td>
</tr>
<tr>
<td>Manufacturing Sector</td>
<td>Automotive</td>
<td>- Farm management service for more efficient production</td>
</tr>
<tr>
<td></td>
<td>E &amp; E</td>
<td>- the application of predictive analytics on real-time data.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Integration development environment (IDE) for building IoT projects</td>
</tr>
</tbody>
</table>

**Examples of Innovation**

- **Software**
  - Innovate Systems
    - Carry out numerous processes in the Nationwide Health Information Exchange
  - IBM
    - Security for cloud storage and certification
  - Oracle
    - Deliver cloud services for students and researchers

- **Blockchain**
  - SMART Contract Thailand
    - Helping healthcare professionals deliver innovative digital solutions

- **Cloud**
  - Workday
    - Cloud technology for human capital management

- **IoT & Security**
  - Fujitsu
    - Helping healthcare professionals deliver innovative digital solutions
Sector of Opportunities: Medical Industry

- **Medical Device Market**
  - USD 22 Billion in 2019
  - Expected Growth for Medical Device Market: 8 to 10 percent

- **About 600 Thai-based Companies** located in the countries

- **Medical Device**
  - Regents and Test Kits
  - Medical Robotics
  - Hospital Hardware

- **Pharmaceuticals**
  - Generic Drugs
  - Biopharmaceuticals
  - Vaccines

- **Medical Services**
  - Telemedicine
  - Rehabilitation Center
  - Clinical Trial

- **World’s 5th biggest Medical Tourism Market**
  - 27,367 Healthcare Providers
  - 386 Private Hospitals
  - 68 JCI Accredited Hospital
  - 3.5 Million Medical Tourists
  - USD 600 Million Spending on Medical Tourism

- **3.5 Million Medical Tourists**
- **USD 600 Million Spending on Medical Tourism**

**THAILAND BOARD OF INVESTMENT**

**Think Resilience**

**THINK THAILAND**
Thailand Leads ASEAN Medical Device Market in 2019

**MALAYSIA**
- Total: USD 16.49 Billion
- Export: USD 10.44 Billion
- Import: USD 6.06 Billion

**SINGAPORE**
- Total: USD 23.81 Billion
- Export: USD 13.92 Billion
- Import: USD 9.89 Billion

**INDONESIA**
- Total: USD 9.93 Billion
- Export: USD 5.63 Billion
- Import: USD 4.30 Billion

**THAILAND**
- Total: USD 24.28 Billion
- Export: USD 16.83 Billion
- Import: USD 7.43 Billion

**PHILIPPINES**
- Total: USD 6.67 Billion
- Export: USD 0.91 Billion
- Import: USD 5.26 Billion

Note: Total represent the trade value of the medical device sector (Combined exports and imports)
Exchange Rate 1 USD = 32.28 THB (As of 11 May 2020, Bank of Thailand)
Source: Medical Intelligence Unit as of 11 May 2020
International Medical Device Companies with Manufacturing Facilities in Thailand
Pharmaceutical Markets in Thailand

Export Market
USD 580.7 Million

Domestic Market

Import Market
USD 2,456.6 Million

Exchange Rate 1 USD = 32.28 THB (As of 11 May 2020, Bank of Thailand)
Source: International Trade Centre (2019) and Thai Pharmaceutical Manufacturers Association
5 Special Promotional Zones

1. Eastern Airport City (EECa)
2. Digital Park Thailand (EECd)
3. High-Speed Rail Ribbon Sprawl (EECh)
4. Innovation Platform (EECi)
5. Medical Hub (EECmd)

Expected Operation

2022

- Thai Airways International PCL
  TG MRO Campus

2023

- State Railway of Thailand
  The High Speed Rail Linking 3 Airports
- Royal Thai Navy
  U-Tapao International Airport
- Port Authority
  Laem Chabang Port Phase 3

2025

- Industrial Estate Authority of Thailand
  Map Ta Phut Industrial Port Phase 3

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04 BOI Services
One Start One Stop Investment Center (OSOS)

- Consolidating staff from numerous investment-related agencies
- Provides comprehensive information and advice on establishing operation in Thailand
- 1-Stop for visas & work permits in 3 hours “SMART Visa Program”
- Easing & speeding procedures for new investors
- Provides useful contacts with key public and private organizations
- Assist investors with various applications

More Convenience
Less Time
More Efficiency!

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Bangkok 10330, Thailand

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Fax: 66(0)2 209 1199
Email: osos@boi.go.th
SMART VISA

Taking Thailand to New Heights with Foreign Talent and Technology

Privileges for SMART Visa

- Maximum 4 years Visa *Except Smart S
- Permission to work with no work permits required
- No re-entry required
- Fast Track Service at International Airports
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