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**Think Asia, Invest Thailand**

**Thailand**, a perfect place for your business to grow



**Mrs. Hirunya Suchinai**  
**Senior Executive Investment Advisor**  
**Thailand Board of Investment**  
**December 14, 2011**



# Presentation Outline

- Why Thailand
- Trade and Investment
- Investment Policies
- Investment Opportunities
- BOI Services



# Why Thailand

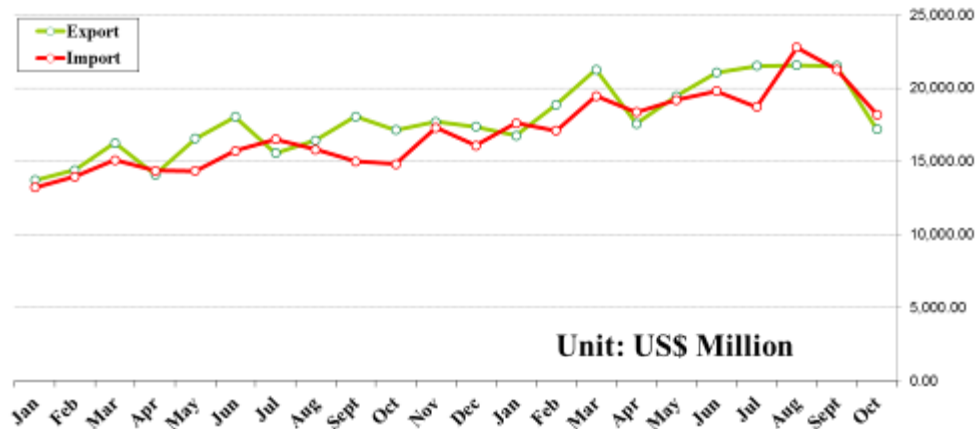
# Thailand in Brief



Population: 67 Million  
Labor Force: 39 Million



**Imports : Exports, 2010 – Oct 2011**



Per capita GDP(2010):  
KRW5.38 million  
(Thailand is an upper middle  
income country)

2012	2011		2012	2011	
1	1	Singapore	11	14	Finland
2	2	Hong Kong	12	10	Saudi Arabia
3	3	New Zealand	13	12	Canada
4	4	United States	14	9	Sweden
5	5	Denmark	15	11	Australia
6	7	Norway	16	17	Georgia
7	6	United Kingdom	17	16	<b>Thailand</b>
8	15	Korea, Rep	18	23	Malaysia
9	13	Iceland	19	19	Germany
10	8	Ireland	20	20	Japan

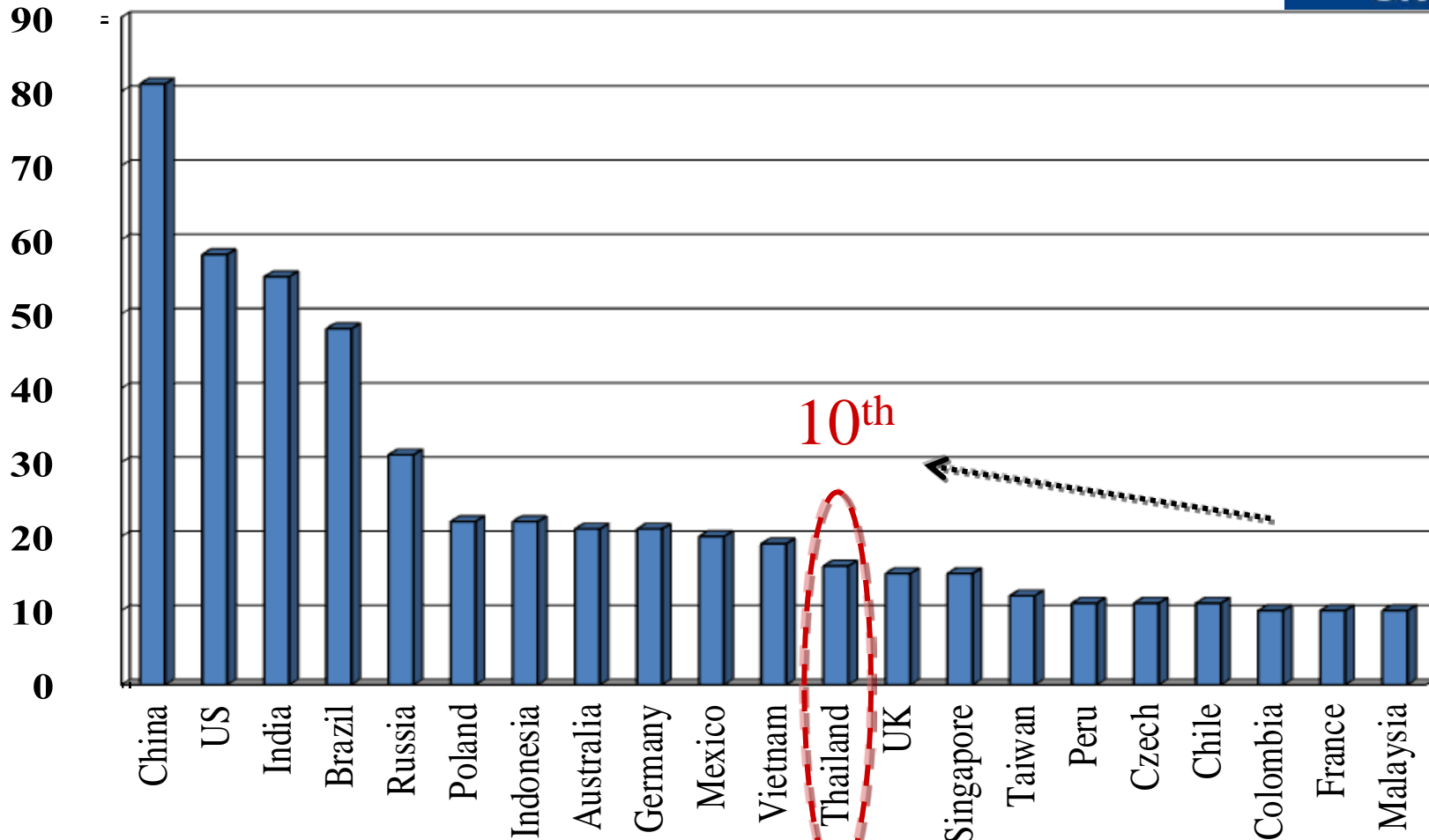
The World Bank Ranks Thailand the 4<sup>th</sup> Easiest Place in Asia to do Business and 17<sup>th</sup> in the World







# Thailand: Ranked by UNCTAD as the 10<sup>th</sup> most attractive destination in the world



Source: UNCTAD Top host economies for FDI 2011-2013



**37 commercial airports, including  
6 international airports  
50 industrial estates  
8 international sea ports and 2  
river ports (Chiang Saen and  
Chiang Kong)**



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

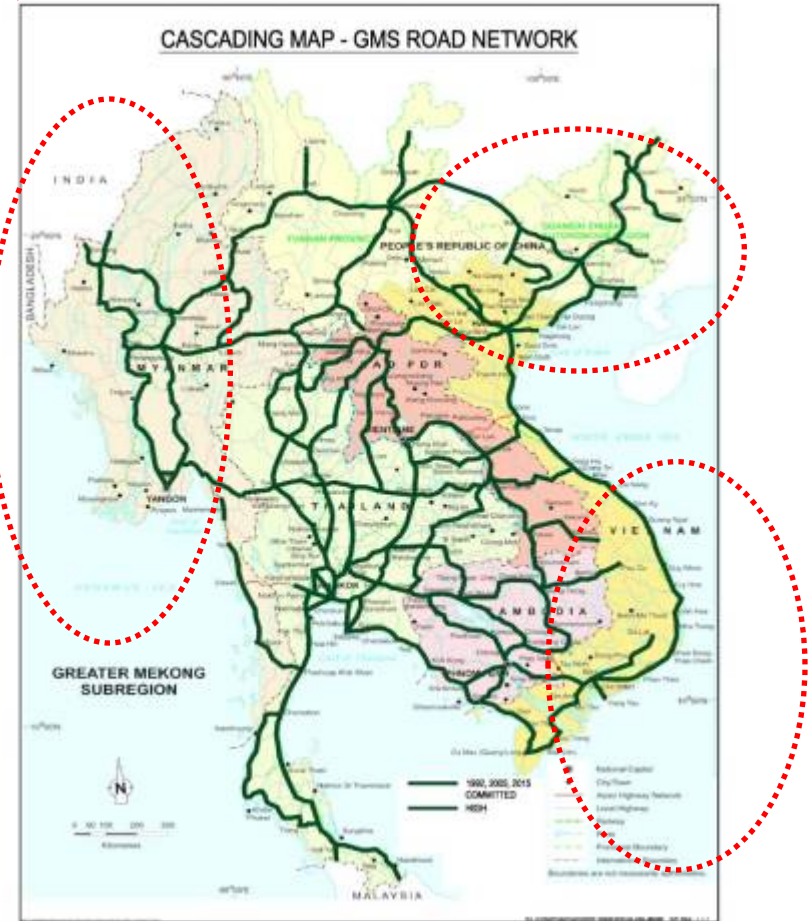
Major Sea Ports	Capacity/Year
Bangkok	1.3 million TEUs
Laem Cha Bang	7.4 million TEUs.
Map Ta Phut	2.0 million tonnes.
Songkla	160,000 TEUs/ 600,000 tonnes.
Phuket	450,000 tonnes

# Road Transport Network under ACMECS

2005



2015





# Easy and Improving Transport

**Rail:** 4,346 km rail links to Malaysia, Singapore;  
Bangkok Light Rail expansion plan for 137 km 2006-2012

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





# Selected Costs of Doing Business

- Corporate Income Tax: 30% , 23%(Jan 1,2012), 20%(Jan 1,2013)
- Personal Income Tax: 5 to 37% based on level of taxable income
- Value Added Tax: 7%
- Water Rates for business: KRW 340 to 568 per cubic meter based on water volume used
- Electricity Rates for business (medium general service): KRW 6,310 to 7,950 per kW based on level of voltage
- Selling Prices of Areas in Industrial Estate: KRW 34 to 268.5 million per 1 rai (0.4 acres) based on location



# Selected Salaries for Thai Workers

- Office Manager KRW 2,000,000/month
- Engineer KRW 647,280 /month
- Sales Staff KRW 539,400 /month
- Office Clerk KRW 359,600 /month
- Driver KRW 287,680 /month
- Minimum Wage KRW 5,430-7,410 /day (31 May 2010)

**Number of working hours: 48/week** (depending on location)

## **Social security contribution by employers**

-Social security fund: 5% of salary

-Workman's compensation fund: 0.2 – 1.0% depending on the type of business.

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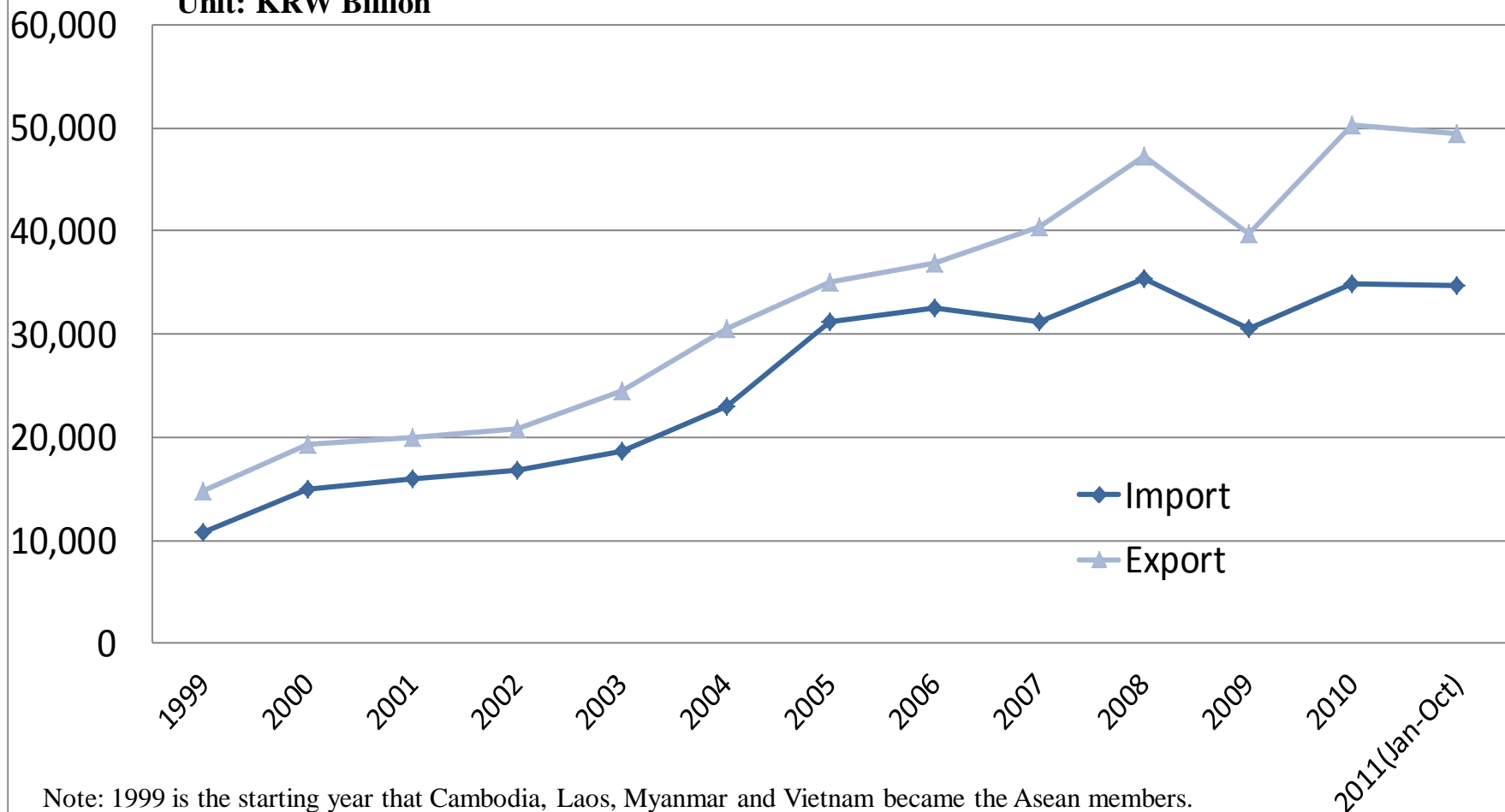
# Trade and Investment





# Thai-ASEAN Trade 1999-2011 (Jan-Oct)

Unit: KRW Billion



Note: 1999 is the starting year that Cambodia, Laos, Myanmar and Vietnam became the Asean members.

Source: Bank of Thailand & Ministry of Commerce.



# Major Export Partners between 2008 and 2011 (Jan-Oct)

Unit: KRW Billion

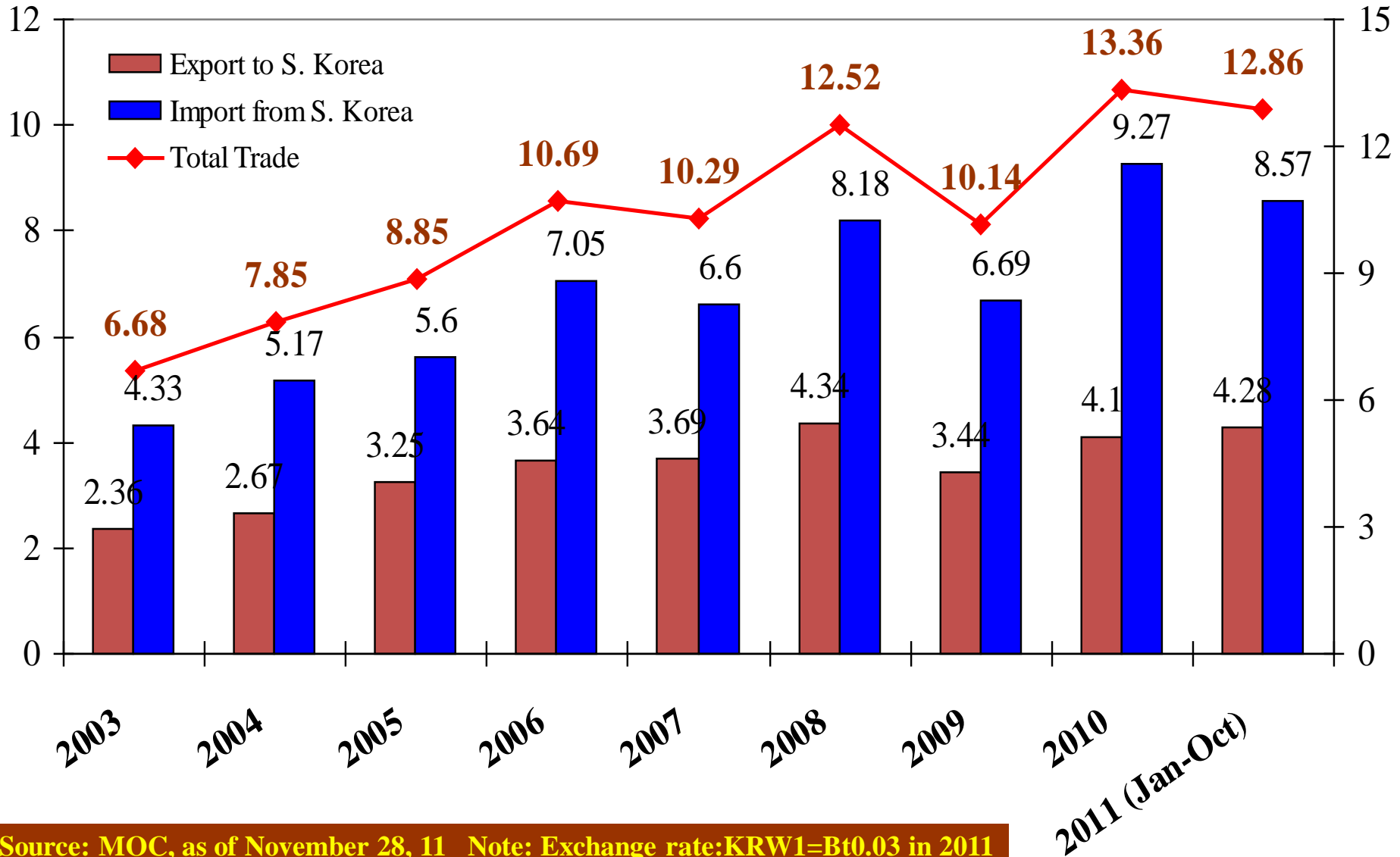
	2008	2009	2010	2010 (Jan- Oct)	2011 (Jan- Oct)	Growth (%)
China	532.32	548.76	678.63	556.71	707.48	27.08
Japan	661.57	535.88	645.21	533.27	630.04	18.15
U.S.A.	667.75	567.70	638.82	533.13	559.19	4.89
Hong Kong	330.75	323.22	413.79	328.65	426.49	29.77
Malaysia	325.28	260.84	334.60	281.96	321.06	13.87
Others	3,333.71	2,958.20	3,465.26	2,901.16	3,267.51	12.63
<b>Total</b>	<b>5,851.37</b>	<b>5,194.59</b>	<b>6,176.30</b>	<b>5,134.89</b>	<b>5,911.77</b>	<b>15.13</b>



# Thailand – S. Korea Trade 2002 – Oct 2011

KRW trillion

KRW trillion





# Principal Exports to S. Korea

unit: KRW billion

Description	2008	2009	2010	2010 (Jan-Oct)	2011 (Jan-Oct)	% Growth (YOY)
Rubber	510.56	299.46	633.30	500.10	801.54	60.27
Electronic integrated circuits	385.05	484.49	453.59	401.87	287.25	-28.52
Sugar	78.33	68.64	80.25	71.63	241.41	237.04
Crude oil	570.42	158.83	254.65	188.96	211.64	12.00
Other electrical equipment and parts thereof	106.31	129.91	219.25	175.17	201.32	14.93
Others	2,689.92	2,303.48	2,454.59	2,061.32	2,538.88	23.17
<b>Total</b>	<b>4,340.59</b>	<b>3,444.81</b>	<b>4,095.62</b>	<b>3,399.06</b>	<b>4,282.04</b>	<b>25.98</b>





# Principal Imports from S. Korea

unit: KRW billion

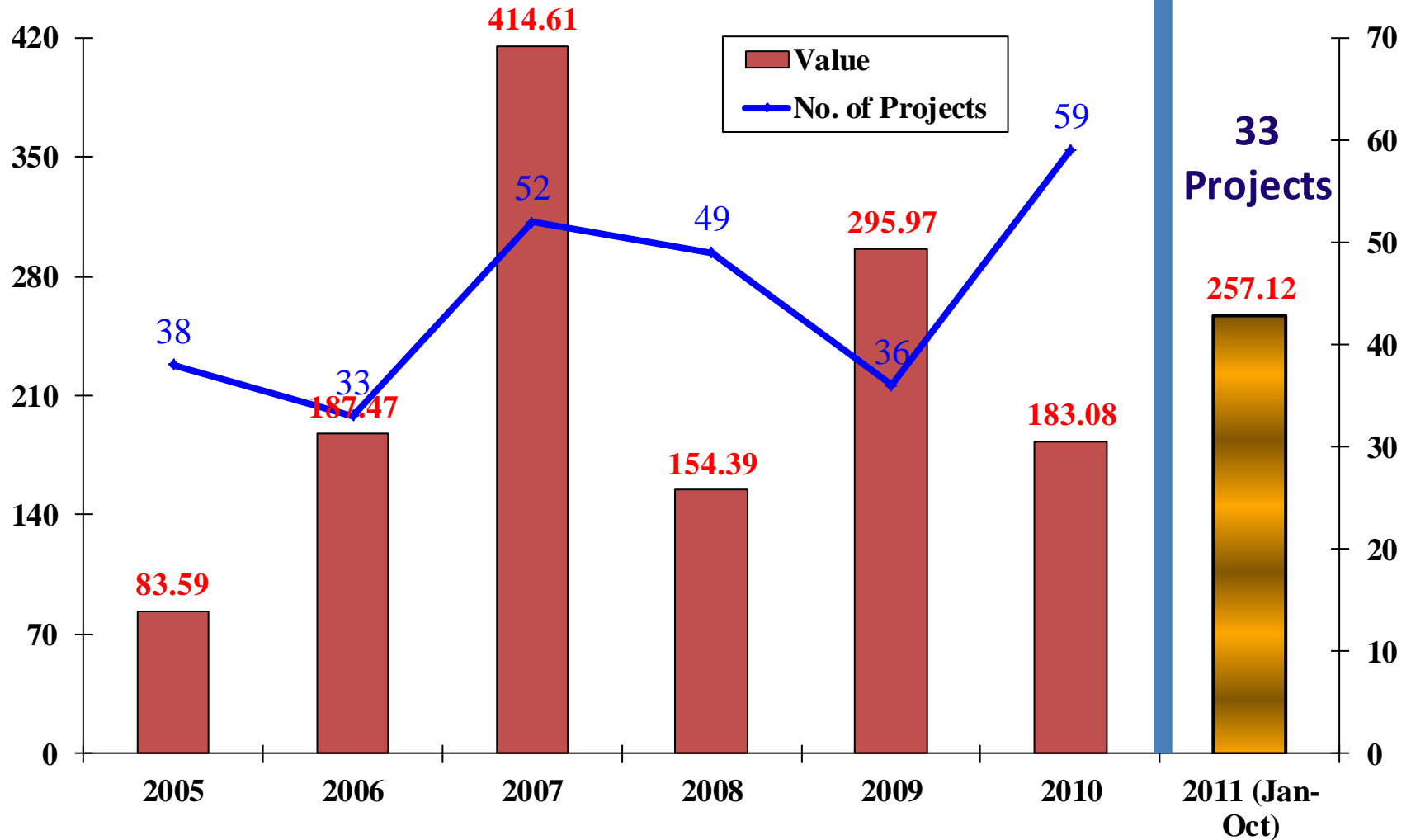
Description	2008	2009	2010	2010 (Jan-Oct)	2011 (Jan-Oct)	% Growth (YOY)
Machinery and parts	805.65	671.49	857.26	727.08	1,551.03	113.32
Iron, steel and products	1,536.32	834.30	1,382.03	1,127.22	1,453.20	28.92
Chemicals	858.36	650.28	895.67	758.06	817.06	7.78
Electronic integrated circuits	554.65	484.72	698.64	594.89	526.43	-11.51
Other metal ores, metal waste scrap, and products	436.11	339.46	452.67	382.74	382.54	-0.05
Others	3,988.68	3,713.72	4,980.29	4,284.09	3,843.49	-10.28
<b>Total</b>	<b>8,179.78</b>	<b>6,693.98</b>	<b>9,266.56</b>	<b>7,874.08</b>	<b>8,573.74</b>	<b>8.89</b>



# South Korean Investment Applications

KRW Billion

Projects





# South Korean Investment Applications

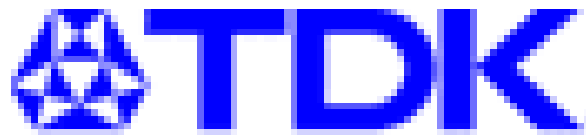
## Totals by Sector: 2005 – Oct 2011

Sector	Projects	KRW Billion
Agriculture	8	22.83
Minerals and Ceramics	8	253.85
Light Industry	16	23.82
Auto and Metal Processing	57	234.55
Electrical and Electronics	121	498.04
Petrochemicals, Chemicals	50	96.22
Services and Infrastructure	40	446.92
<b>TOTAL</b>	<b>300</b>	<b>1,576.23</b>



# BOI Promoted Companies - South Korea

posco



MAXON SYSTEMS (THAILAND) CO., LTD.



SkyStar

SKYSTAR AIRWAYS CO.,LTD.



HAE KWANG Co., Ltd.

**SNC Group**



THAI FOUNTAIN OF LIFE



SAMSUNG  
ELECTRO-MECHANICS





# Investment Policies and Opportunities

# Foreign Investment

- Certain types of business activities are reserved under the Foreign Business Act 1999 (FBA) for Thai nationals only.
- Foreign investment in those businesses must comprise less than 50% of share capital unless specially permitted or otherwise exempted.
- There are three lists for investors to determine whether their proposed business falls under any of the reserved business activities:

# Foreign Investment : List 1

List 1. This contains activities in which foreign shareholdings must be below 50% **without any exception.**

1. Newspaper businesses;
2. Radio broadcasting;
3. Television stations;
4. Farming;
5. Land trading.

# Foreign Investment : List 2

List 2. This contains activities in which foreign shareholdings must be below 50% **except for those which receive either:**

1. Permission from the Minister of Commerce with approval by the Cabinet;
2. Investment promotion from the Board of Investment (BoI);
3. Authorization by the Industrial Estate Authority of Thailand.

Among other things, they include:

- The production, sale and maintenance of firearms and armaments;
- Domestic transportation by land, water and air;
- Trading of Thai antiques or art objects;
- Mining.



# Foreign Investment : List 3

List 3. This contains activities in which foreign shareholdings must be below 50% **except for those which receive either:**

1. Permission from the Director General of the Business Development Department at the Ministry of Commerce, with approval by the Foreign Business Committee;
2. Investment promotion from the Board of Investment (BoI) or the Industrial Estate Authority of Thailand (IEAT).

Among other things, they include:

- Accounting, legal, architectural or engineering services;
- Retail and wholesale;
- Hotel;
- Selling food or beverages;
- Any kind of services business.

# Work Permits for Foreign Employees

Foreign worker must first receive a non-immigrant business (“B”) Visa from any Royal Thai Embassy/Consulate abroad before entering Thailand.



Then, he/she must obtain a work permit from the Ministry of Labour in Thailand before starting work.

The work permit application must be sponsored by an entity or sponsor registered in Thailand.

Processing the application normally takes about 10 to 14 days. **Specially expedited for one day processing is available only to companies; receiving investment promotion, having at least Bt30 million in assets/capital or otherwise qualifying.**

Government fees for work permit are in the range of KRW25,000 to KRW200,000 depending on the validity granted which could be up to two years, plus minimum stamp duty.



## Thailand and the BOI offer:

No restrictions on  
foreign currency

100% foreign  
ownership

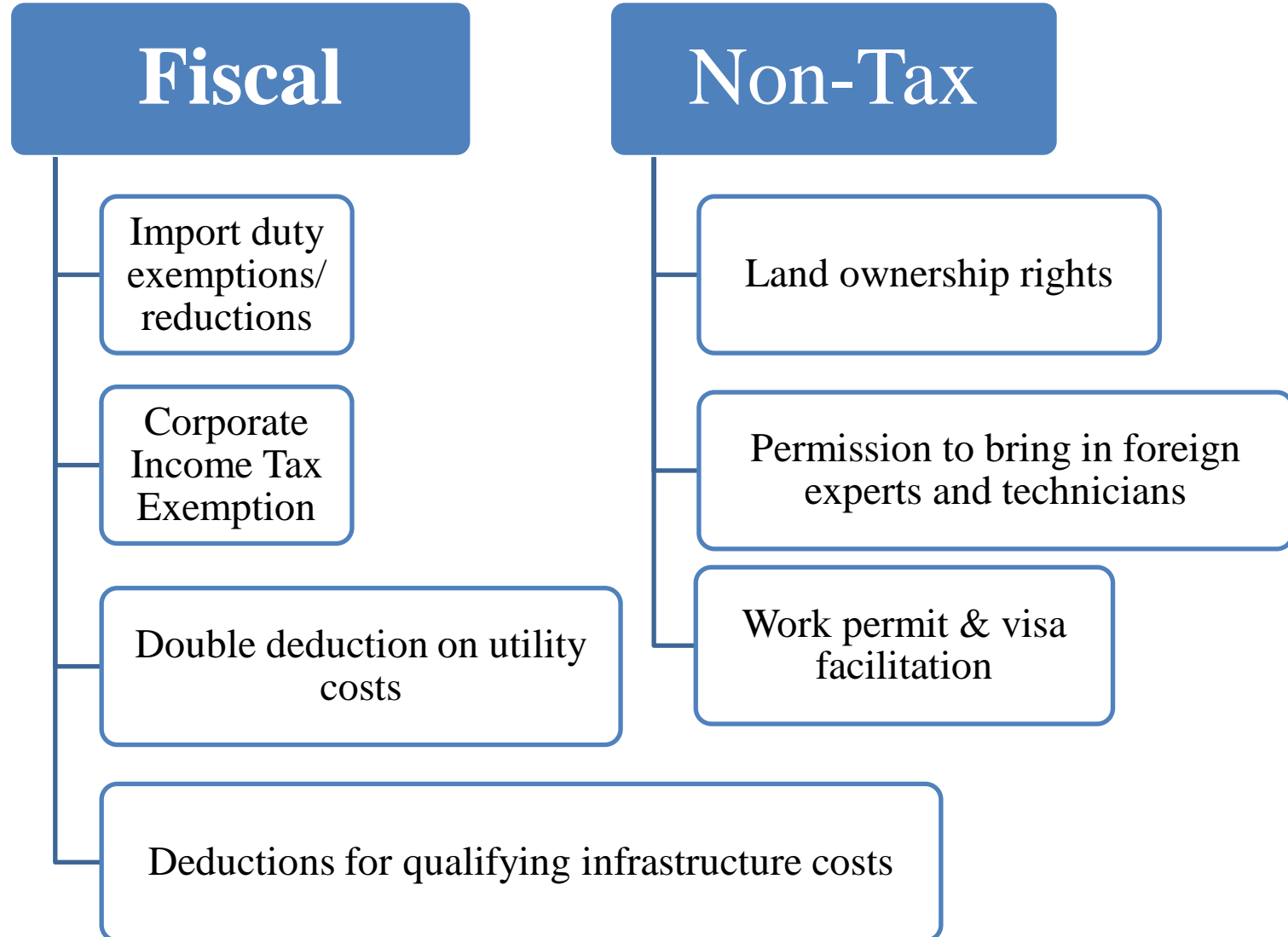
**LIBERAL INVESTMENT  
REGIME**

No export  
requirements

No local content  
requirements



# BOI's Overall Investment Incentives



# Target Industries



Automotive



Machinery



E&E



Alternative  
Energy

**and many more!**



# Thailand Automotive Industry



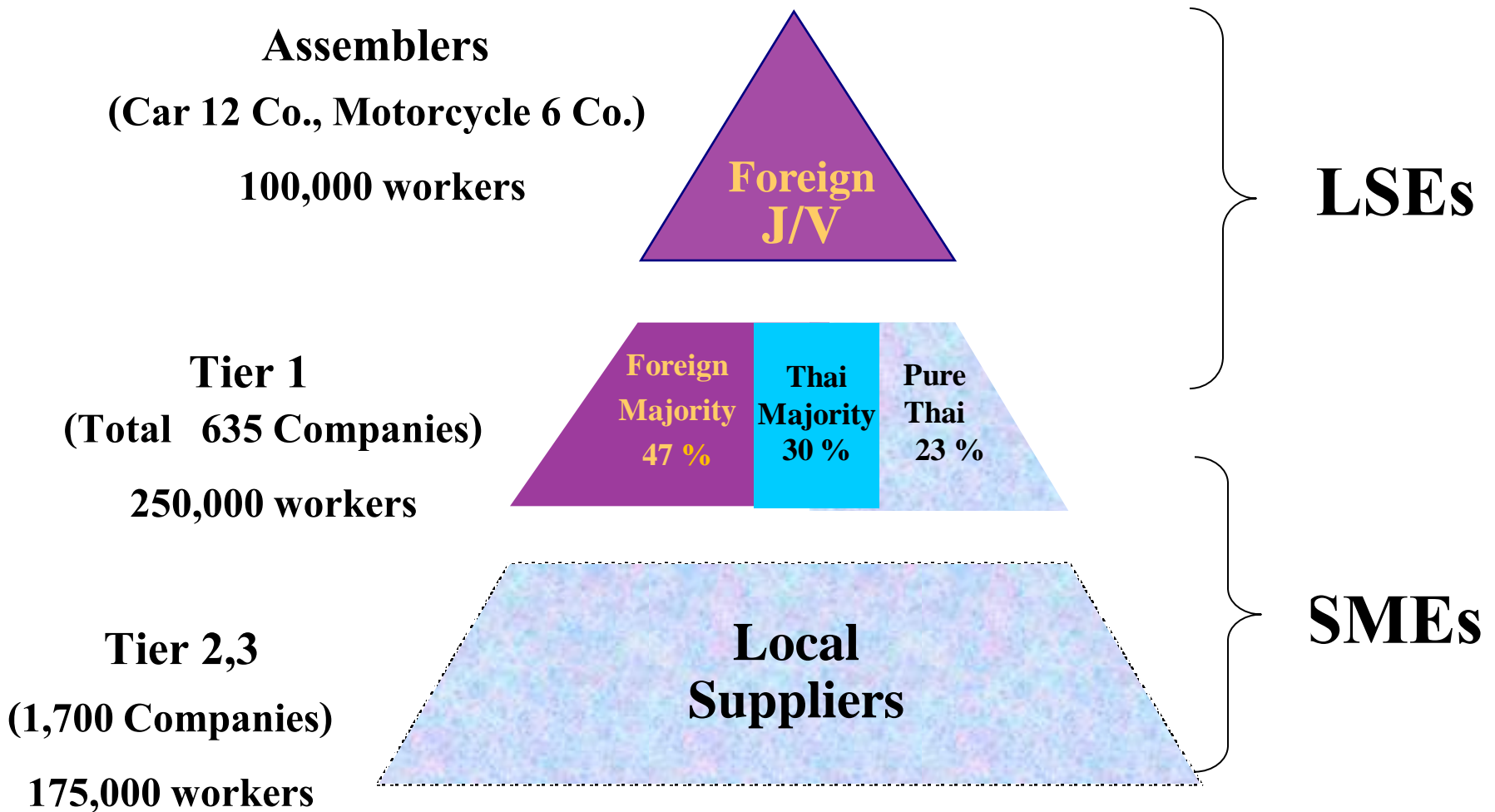
Thailand: The World's 12<sup>th</sup> largest Auto Manufacturer



# Automotives

- Thailand is ranked as 12<sup>th</sup> largest auto manufacturing country in the world (up from 13<sup>th</sup> in 2009)
- Thailand is the largest auto producer in Southeast Asia and the world's 2<sup>nd</sup> largest producer and market of pickup trucks.
- High local content: 80-90% for pickups and 30-70% for passenger cars
- Target: producing 1.6 million units in 2011

# Structure of Thai Automotive Industry

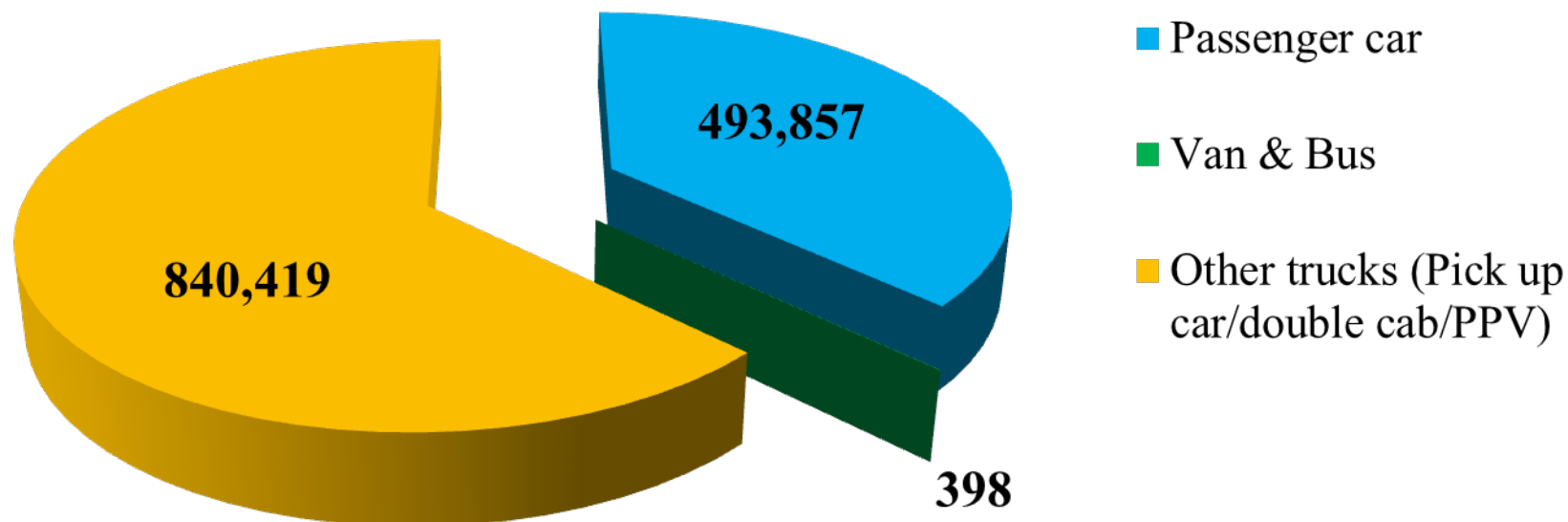


[\* LSEs : Large Scale Enterprises

SMEs : Small & Medium Enterprises]

Data updated in July 2010 by TAI

# Thailand's Automotive Production, 2011(Jan-Oct) : 1.33 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





# Thailand's Vehicle & Parts Exports, 2005-2011(Oct)

Year	Total Amount (Billion KRW)	CBU		ENGINE AMOUNT	SPARE PART AMOUNT	JIG & DIE		O.E.M.PART		OTHERS AMOUNT
		UNIT	AMOUNT			UNIT	AMOUNT	BODY PART	COMPO. PART	
2005	10,546.38	440,705	7,276.89	283.18	146.98		24.50	231.62	2,520.74	62.47
2006	12,281.58	538,966	8,627.75	302.80	180.16	135	20.48	239.33	2,884.92	26.14
2007	16,820.91	690,100	11,651.60	779.83	290.87	730	23.37	1,430.47	2,596.13	48.64
2008	18,503.37	775,652	12,594.39	646.21	394.55	106	73.55	2,562.49	2,197.86	34.32
2009	13,601.67	535,596	9,008.71	475.50	449.17	199	38.12	525.65	3,090.52	14.00
2010	20,932.24	896,065	14,503.92	774.57	517.96	238	46.75	1,068.41	4,000.51	20.13
2011 (Jan- Oct)	17,180.50	694,323	11,590.30	806.81	473.46	149	58.10	1,029.67	3,168.52	53.64



# BOI Incentives for Automotive Parts and Components

## Industry 1/2

### 4.10 Manufacture of vehicle parts

- Automatic Transmissions
- Continuously Variable Transmissions (CVT)
- Traction motors for automobiles; e.g. hybrid or fuel cell cars
- Electronic Stability Control (ESC)
- Regenerative Braking Systems
- Rubber tires for vehicles

### 5.5.7 Manufacture of electronic parts for vehicles





# BOI Incentives for Automotive Parts and Components Industry 2/2

## Incentives

- Exemption of import duties on machinery
- 8-year exemption of corporate income tax with no cap
- 5-year 50% reduction of corporate income tax on net profit
- 10-year double deduction of transportation, electricity and water supply costs
- Deduction from net profit of 25% of investment in infrastructure installation and construction costs, in addition to normal capital depreciation
- Projects can be located anywhere except Bangkok.
- Applications must be submitted to the BOI within December 31, 2012.



# Machinery

Economic transition from labor to productivity is creating great demand

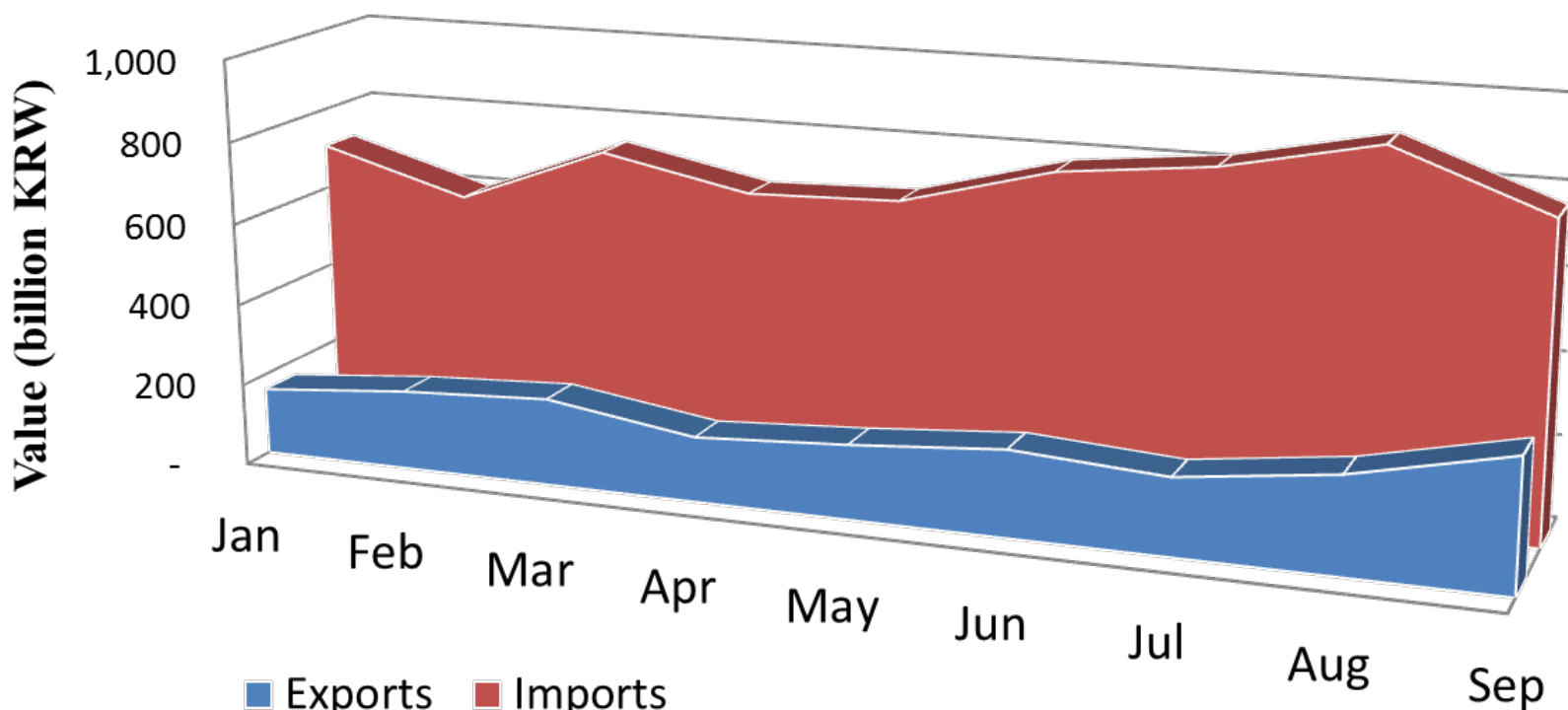
# Opportunities in Machinery

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

# Thailand's Machinery Imports & Exports, 2011(Jan-Sep)

## Total Machinery\* Imports & Exports



\* Total Machinery: Agricultural Machinery, Industrial Machinery and Machine Tools.

# Industrial Machinery by Products

## Industrial Machinery Imports (Jan-Sep), 2011



## Industrial Machinery Exports (Jan-Sep), 2011





## Industrial Machinery Needed:

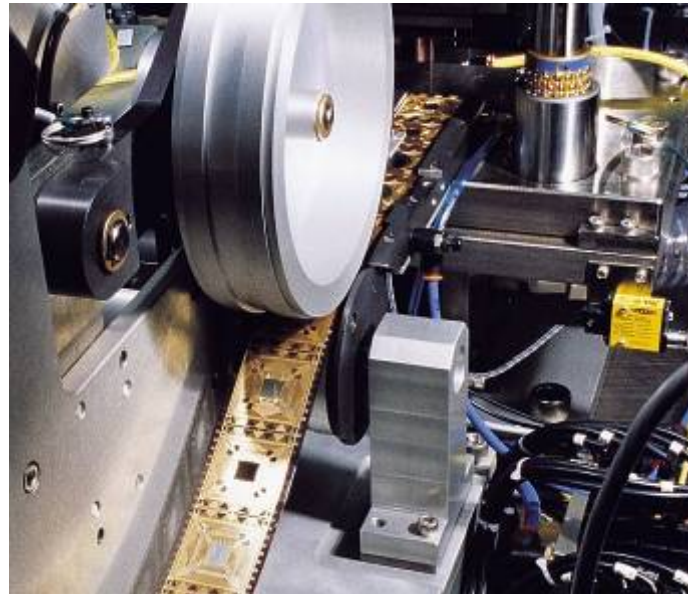
- Turning machines
- Drilling machines
- Milling machines
- Grinding machines
- Machine Centers
- Gear Cutting & Finishing Machines
- Mould & die
- Food processing machinery
- Energy-saving machinery/equipment

**BOI Priority Activities – 8 years corporate income tax holiday, duty free machinery**



# Electronics & Electrical Products

## Integrating Innovation & Technology



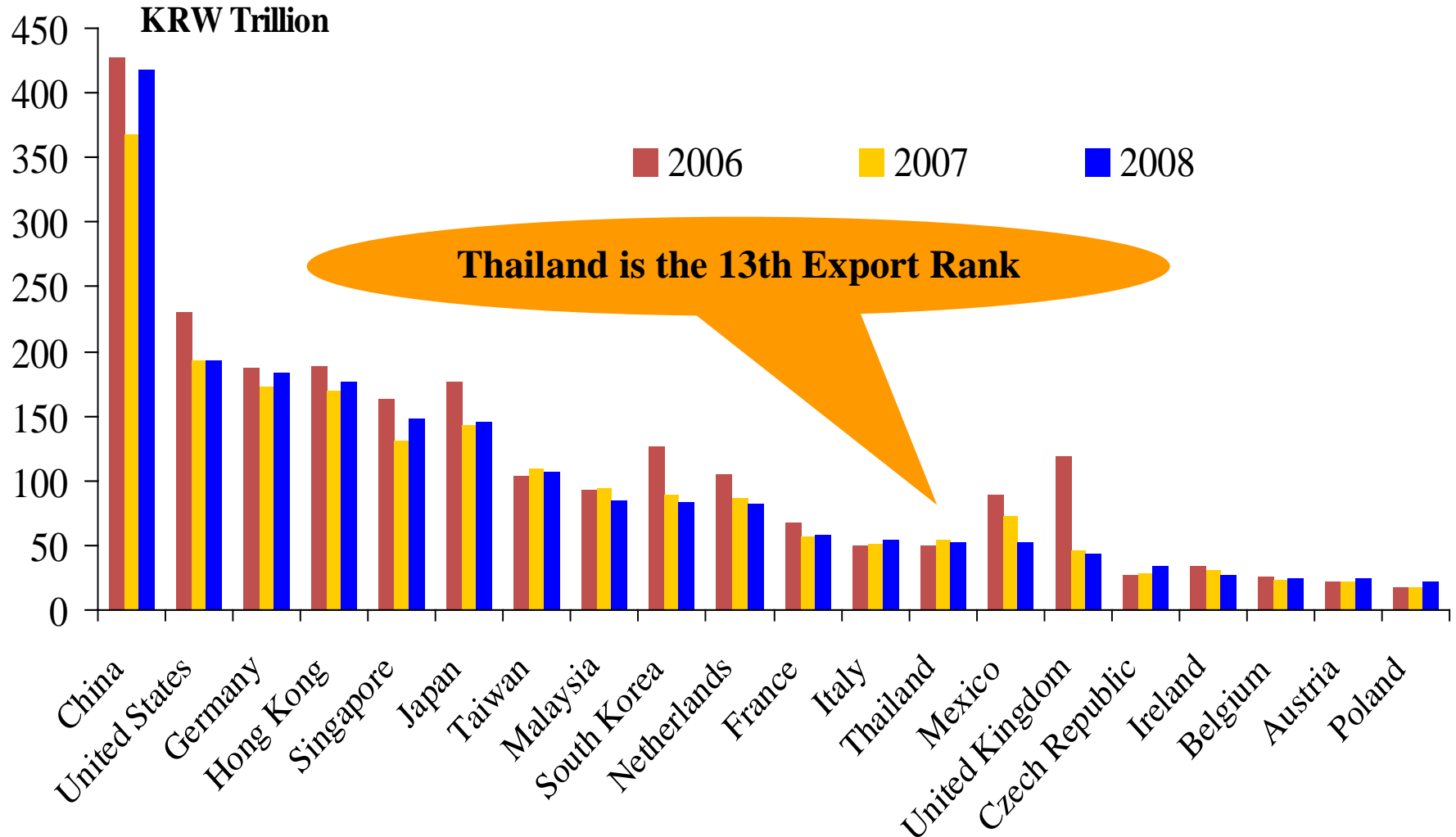


# Electronics and Electrical Industry

- Exported KRW57.6 trillion in 2010, almost 30% of total exports
- Major products: computer components, ICs, air conditioners & other white goods
- World's largest producer of HDDs
- Strong supporting industries for electrical appliances, compressors, motors, plastic and metal parts



# Electrical and Electronics Global Exporter



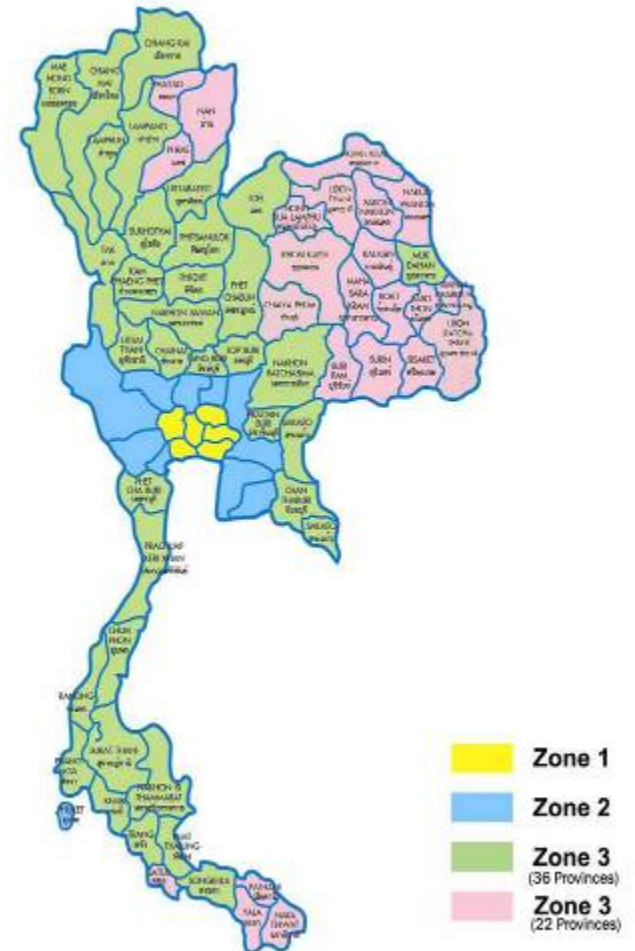
# Basic Incentives for E & E

Exemption on import duties for machinery

Permission to import machinery to improve or replace existing machinery for the life of the project

Tax holidays

Zone 1	: 5 years
Zone 2	: 6 years
Zone 2 in IE	: 7 years
Zone 3	: 8 years



**Remarks: Priority activities such as production of wafers and solar cells still receive maximum 8-year exemption regardless of location**

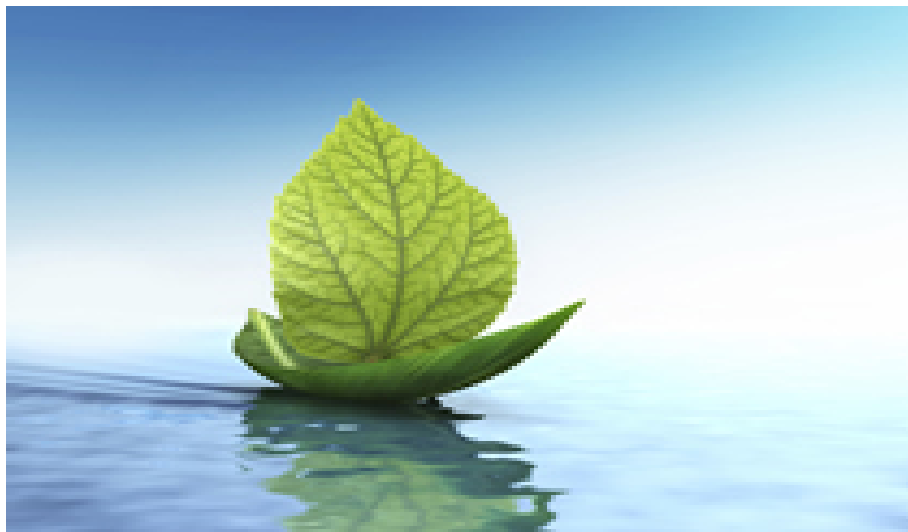
IE = Industrial estates/industrial parks

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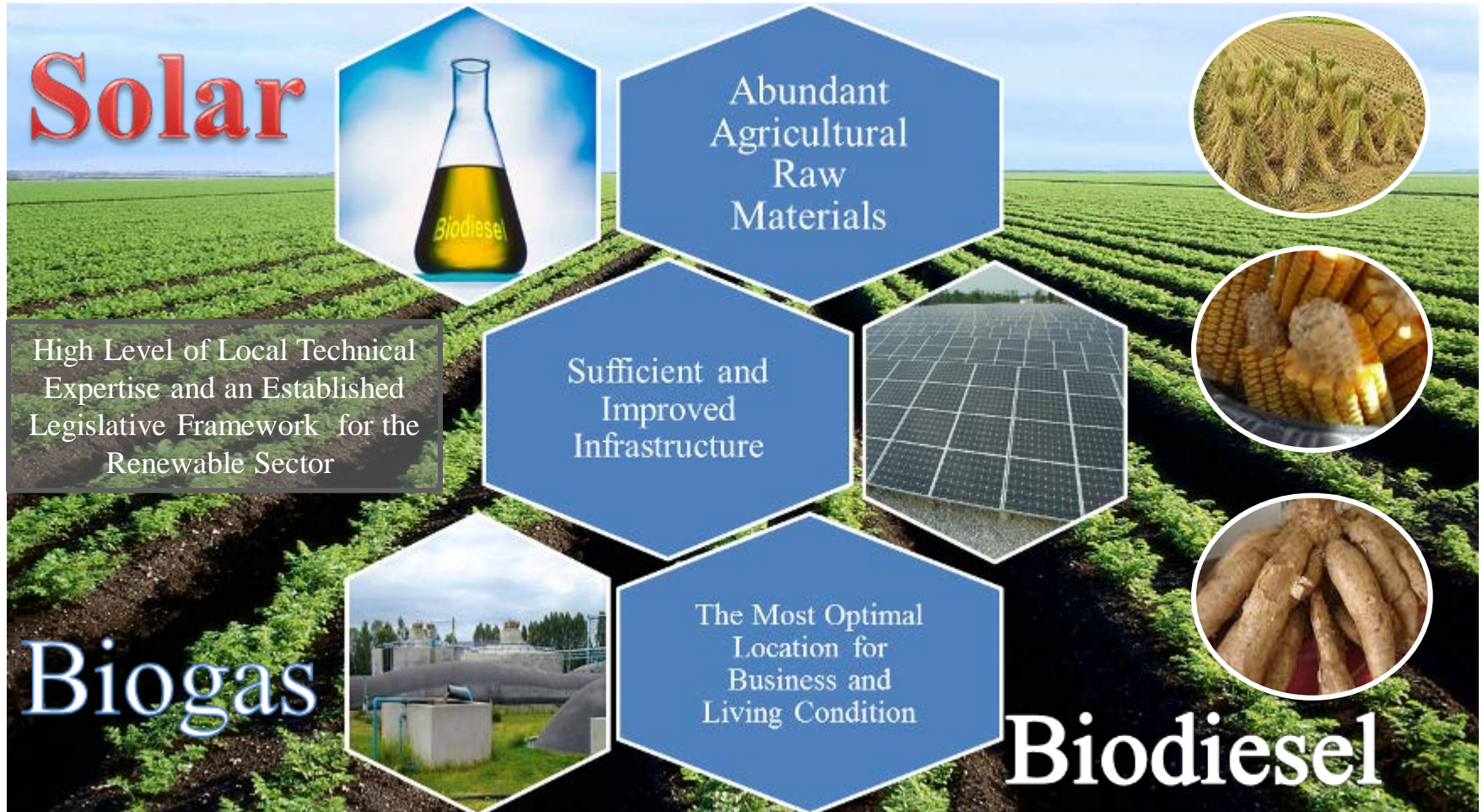
THAILAND BOARD OF INVESTMENT



# Alternative Energy



# Growing Opportunities: Renewable & Alternative Energy





# 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**



# Investment Opportunities for Alternative Energy

- Availability of raw materials
- Strong demand in Thailand and region
- Strong support policy from government
- Well developed infrastructure
- Capable and efficient skilled work force
- Strong supporting industries



# 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**

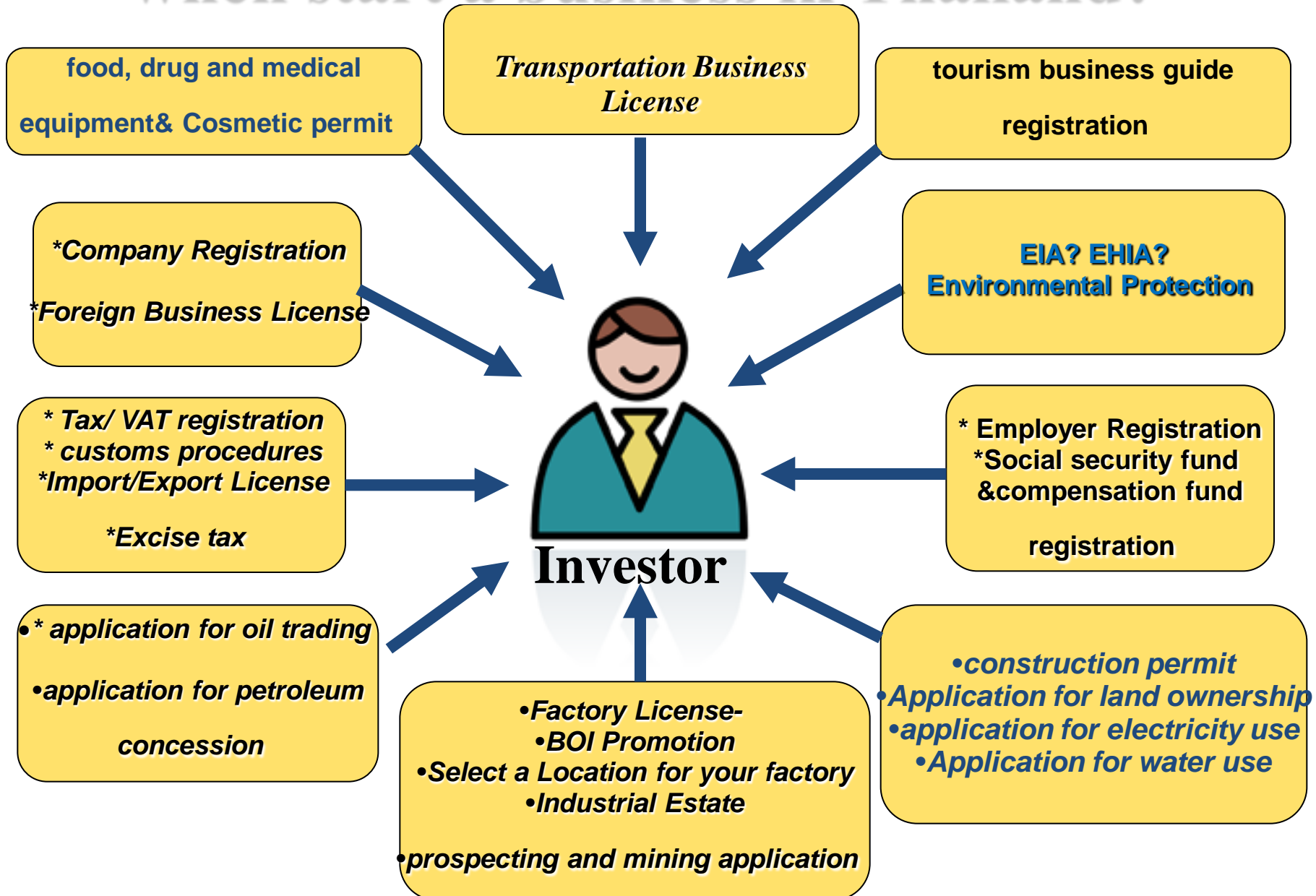
**Interaction with other govt. agencies  
on behalf of investors**

**Country desks**

**Overseas offices**



# What should investor concerns when start a business in Thailand?

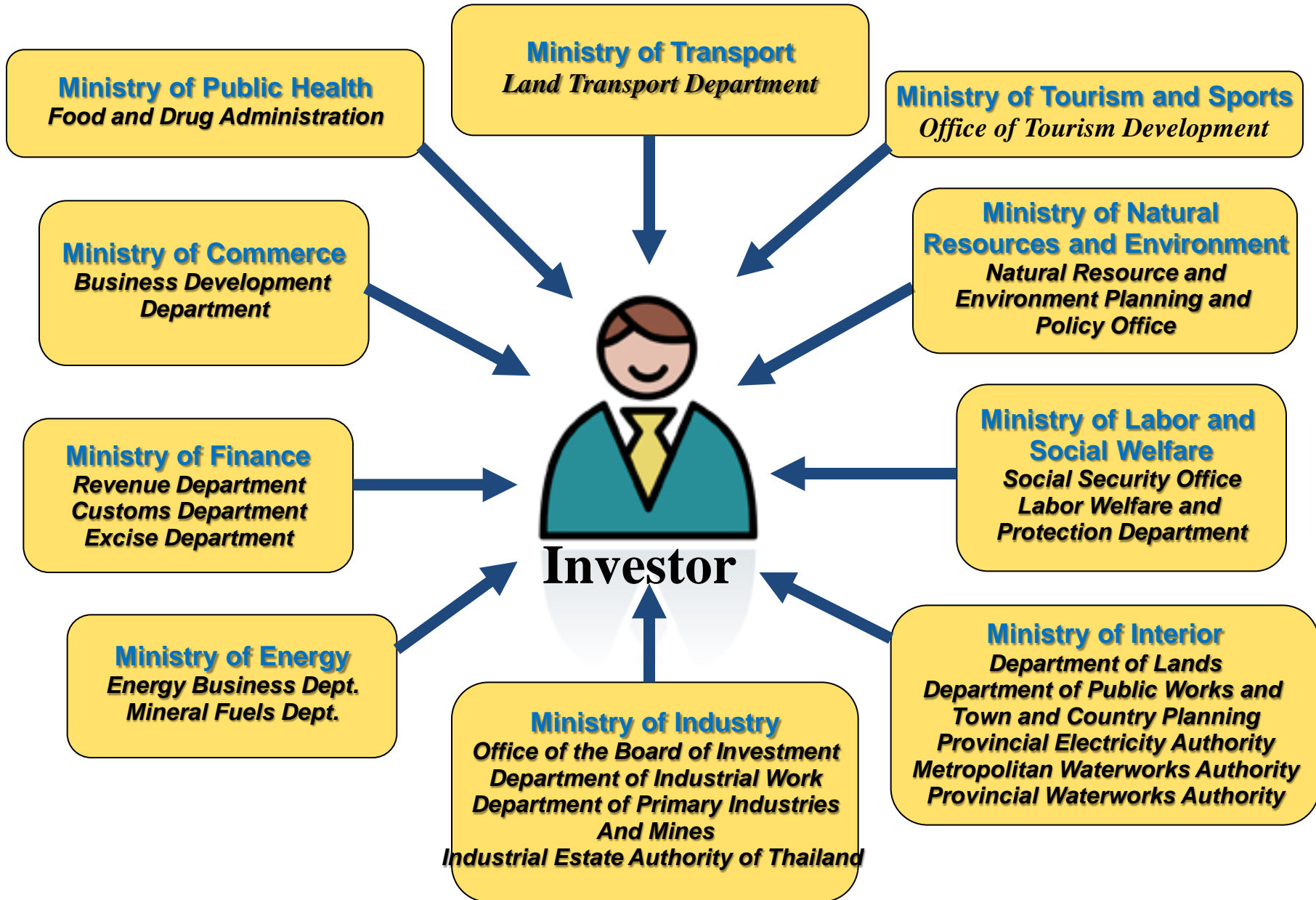




# Services at OSOS

- **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**

# Agencies Represented





One Start One Stop Investment Center



**More convenience,  
less time,  
more efficiency!**



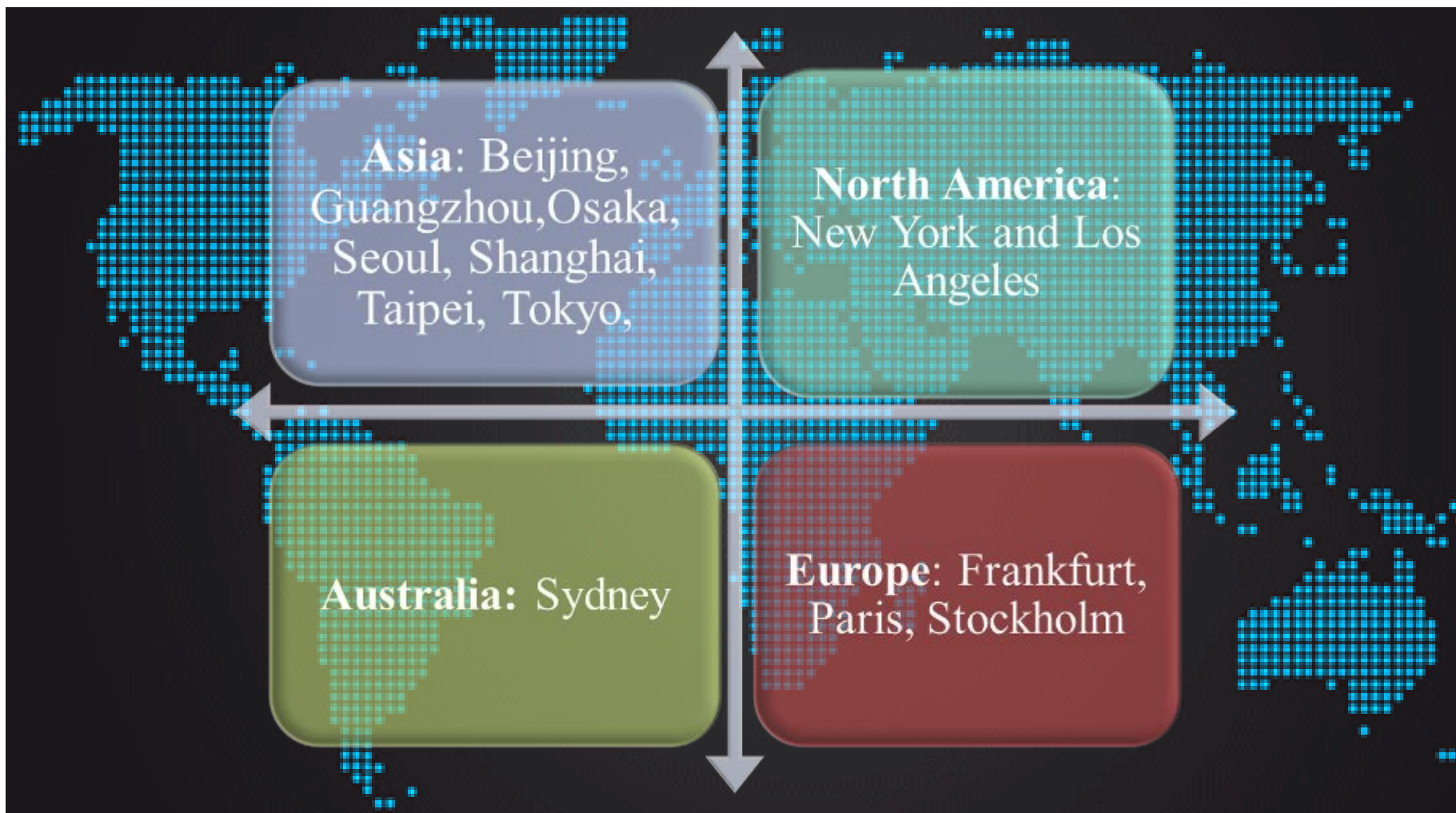
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# BOI Overseas Offices



# BOI Office in Seoul

## Seoul

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**Pichit Dejneeranat**

Director



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**Thailand**, a perfect place for your business to grow



**THANK YOU**