

# Thailand Business Environment and Investment Policies

**Mrs. Hirunya Suchinai**  
**Senior Executive Investment Advisor**  
**Thailand Board of Investment**

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# Outline

- **Trade and Investment Environment**
- **Flood Prevention Schemes**
- **Target Industries  
for Investment to Thailand**

# TRADE & INVESTMENT ENVIRONMENT

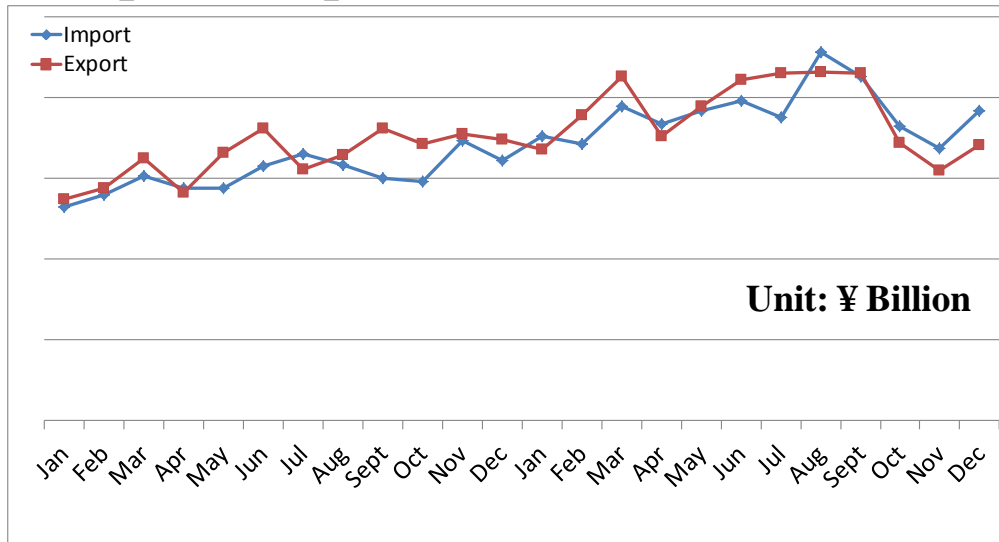
# Thailand in Brief



Population: 67 Million  
Labor Force: 39 Million



## Import : Export, 2010 - 2011



GDP(2011): ¥27.54 trillion

World Bank: Thailand is an upper middle income country

Exchange rate: ¥100=Bt38.27 in 2011

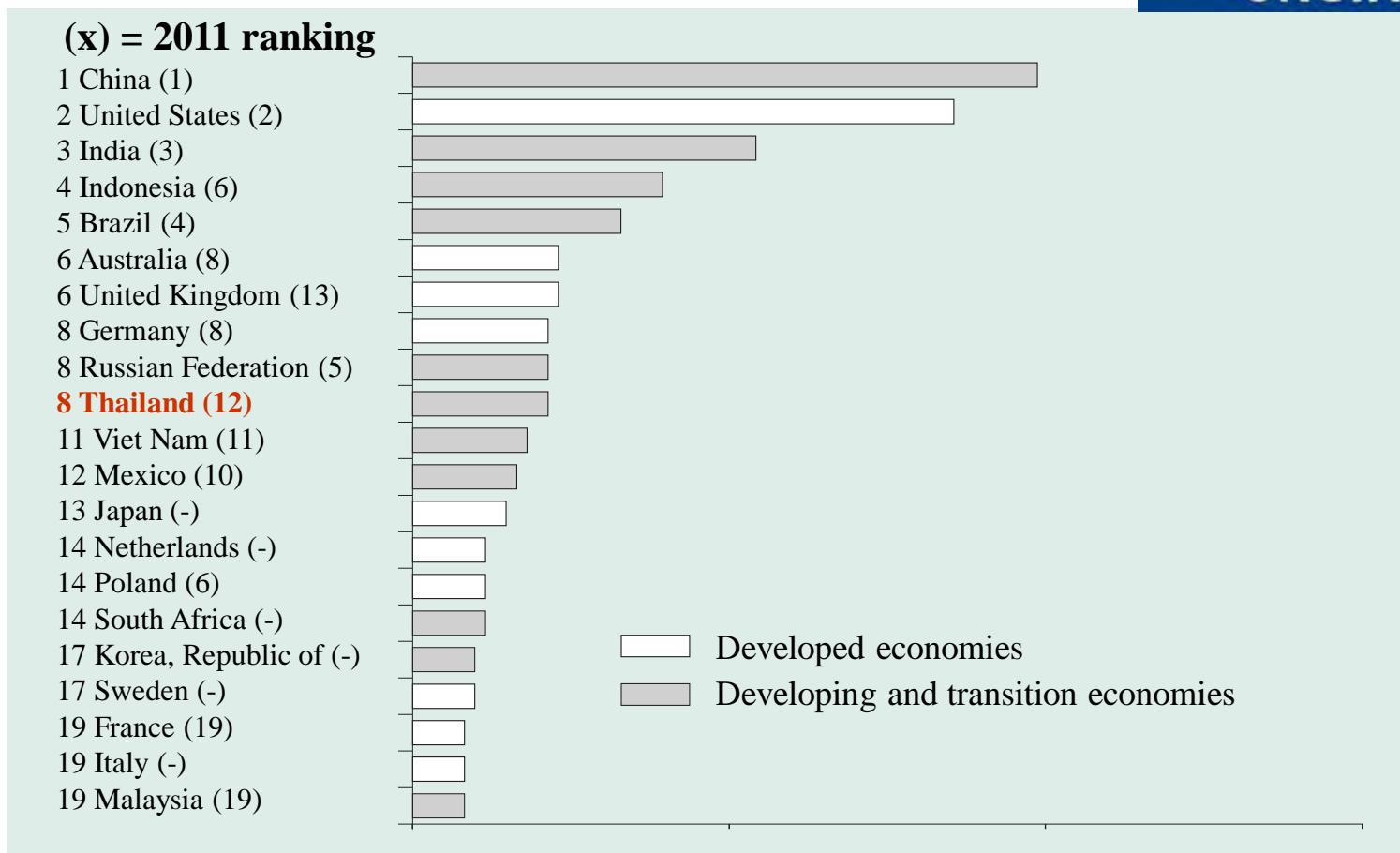
| 2012 | 2011 |                | 2012 | 2011 |                 |
|------|------|----------------|------|------|-----------------|
| 1    | 1    | Singapore      | 11   | 14   | Finland         |
| 2    | 2    | Hong Kong      | 12   | 10   | Saudi Arabia    |
| 3    | 3    | New Zealand    | 13   | 12   | 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



# TNCs' TOP PROSPECTIVE HOST ECONOMIES FOR 2012–2014

(PERCENTAGE OF RESPONDENTS SELECTING ECONOMY AS A TOP DESTINATION)



# Cost-Competitive Location



# THAILAND'S INFRASTRUCTURE: TRANSPORTATION SECTOR



## Road

- National highway: **63,100** km.
- Rural road: **39,254** km.
- Local road: **101,845** km.



## Water

- Total international deep sea port: **6** ports
- Laem Chabang: **7.7** Million TEUs/Year
- Bangkok: **1.34** Million TEUs/Year



## Rail

- Single track: **3,885** km.
- Double & third track: **234** km.



## Air

- Total: **36** airports
- Suvarnabhumi airport: **45** Million / Year
- Don Muang airport: **36** Million / Year
- Phuket airport: **6.5** Million / Year
- Chiang Mai airport: **8** Million / Year



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- 304 Industrial Park
- Amata Industrial Estate
- Asia Industrial Estate
- Gateway City Industrial Estate
- Hemaraj Land and Development PLC
- Laem Chabang Industrial Estate
- Map Ta Phut Industrial Estate
- Padaeng Industrial Estate
- Ping Thong Industrial Estate
- Rojana Industrial Park
- Wellgrow Industrial Estate
- International School & University
- Golf Course
- Hospital

# Strategy 3: Development strategy for new economic areas

## Road Link between Laem Chabang Sea Port and Dawei Sea Port



- - - - ACCESS ROAD between Dawei - Pu Nam Ron  
(the middle section is under trail blazing process)
- Road between Pu Nam Ron - Thai-Myanmar border: total length of 4.4 Km. (the last 600 m. under construction)
- Road between Kanchanaburi - Pu Nam Ron: total length of 76 Km. (completed)
- - - - Motorway NO. 51 between Bangkok - Kanchanaburi: total length of 96 Km. (yet to be constructed)
- Road between Thai-Myanmar border - Pu Nam Ron - Route 323 - Route 4 - Route 356 -  
Western Ring Road - Southern Ring Road - Route 34 - Route 7 connected to Laem Chabang Port
- Border Crossing
- - - - Single Dual Track Railway Alignment | Chachoengsao - Sriracha - Nakhon Ratchasima

**Remarks:**  
 Total of 43 border crossings at Kanchanaburi  
 The distance between NABULE and Dawei is 94 Km.

รายงาน ID (13.6.2550) / รายงาน  
 สนับสนุนโครงการพัฒนาระบบขนส่งทางบก / สสส. (2550)



# Selected Costs of Doing Business

- Corporate Income Tax: 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: ¥24 to ¥40 per cubic meter based on water volume used
- Electricity Rates for business (medium general service): ¥450 to ¥567 per kW based on level of voltage
- Selling Prices of Areas in Industrial Estate: ¥2 to ¥41 million per 1 rai (0.4 acres) based on location

# SELECTED SALARIES FOR THAI WORKERS

- Engineer ¥46,088/month
- Sales Staff ¥ 38,407/month
- Office Clerk ¥ 25,604/month
- Driver ¥ 20,484/month
- Minimum Wage ¥568 - ¥768/day (*1 April 2012*)  
(depending on location)

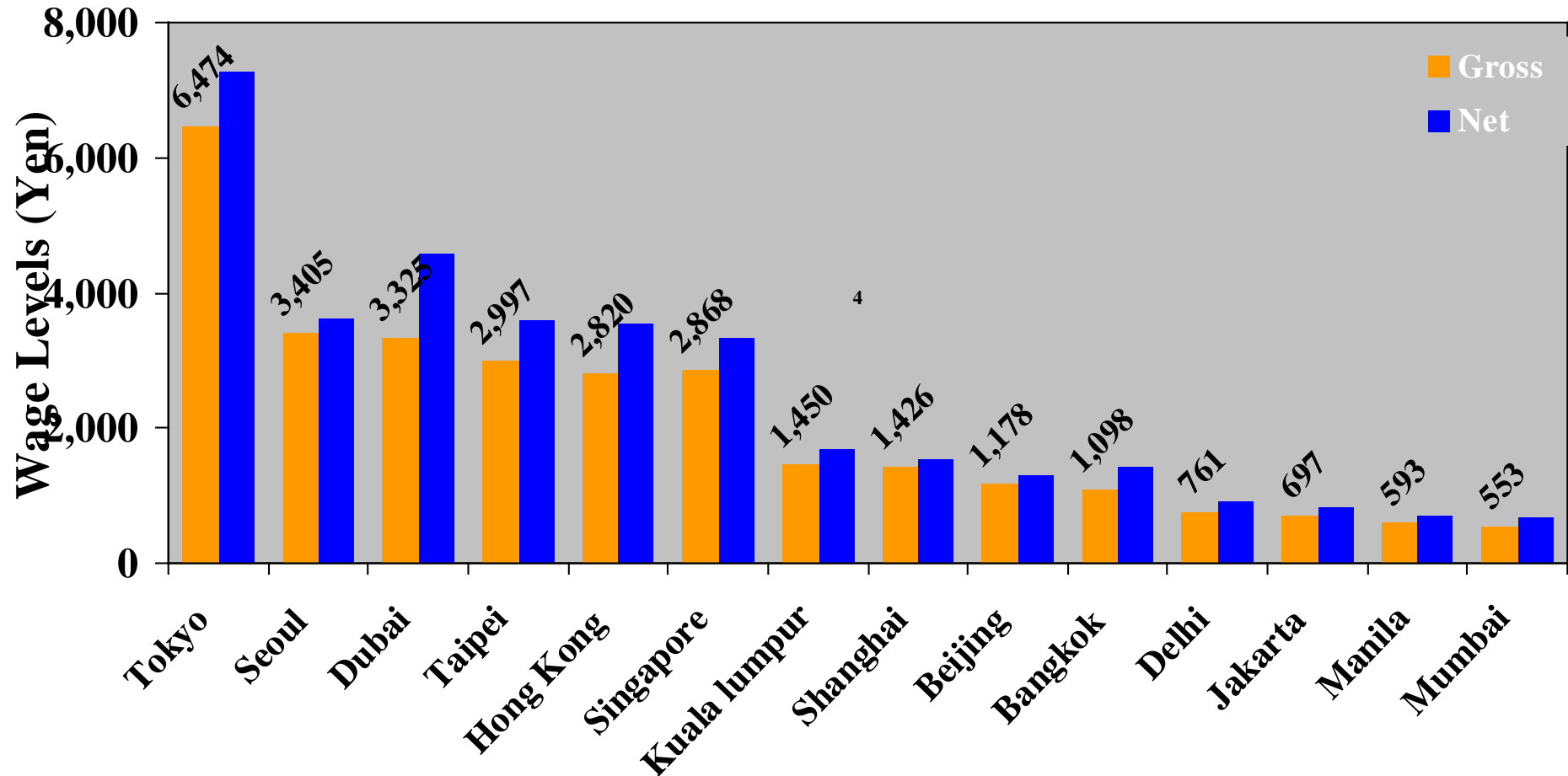
**Number of working hours: 48/week**

**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.

# WAGE COMPARISON



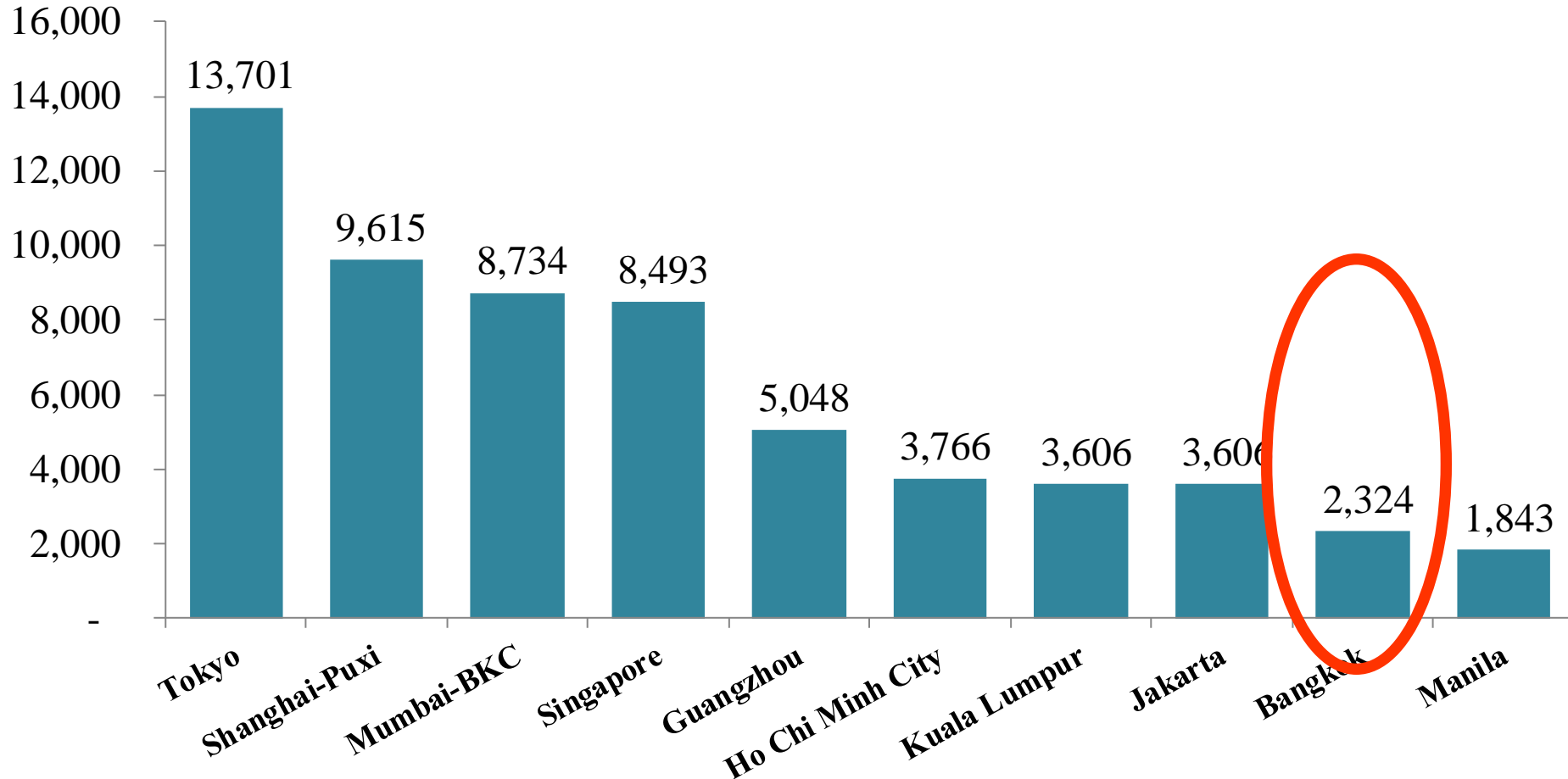
Cities ranked according to gross value of index

Source: UBS/Prices & Earnings March 2009 update August 2011

Exchange rate: US\$1=Bt31.29 and Yen100=Bt39.06 in Q2, 2012

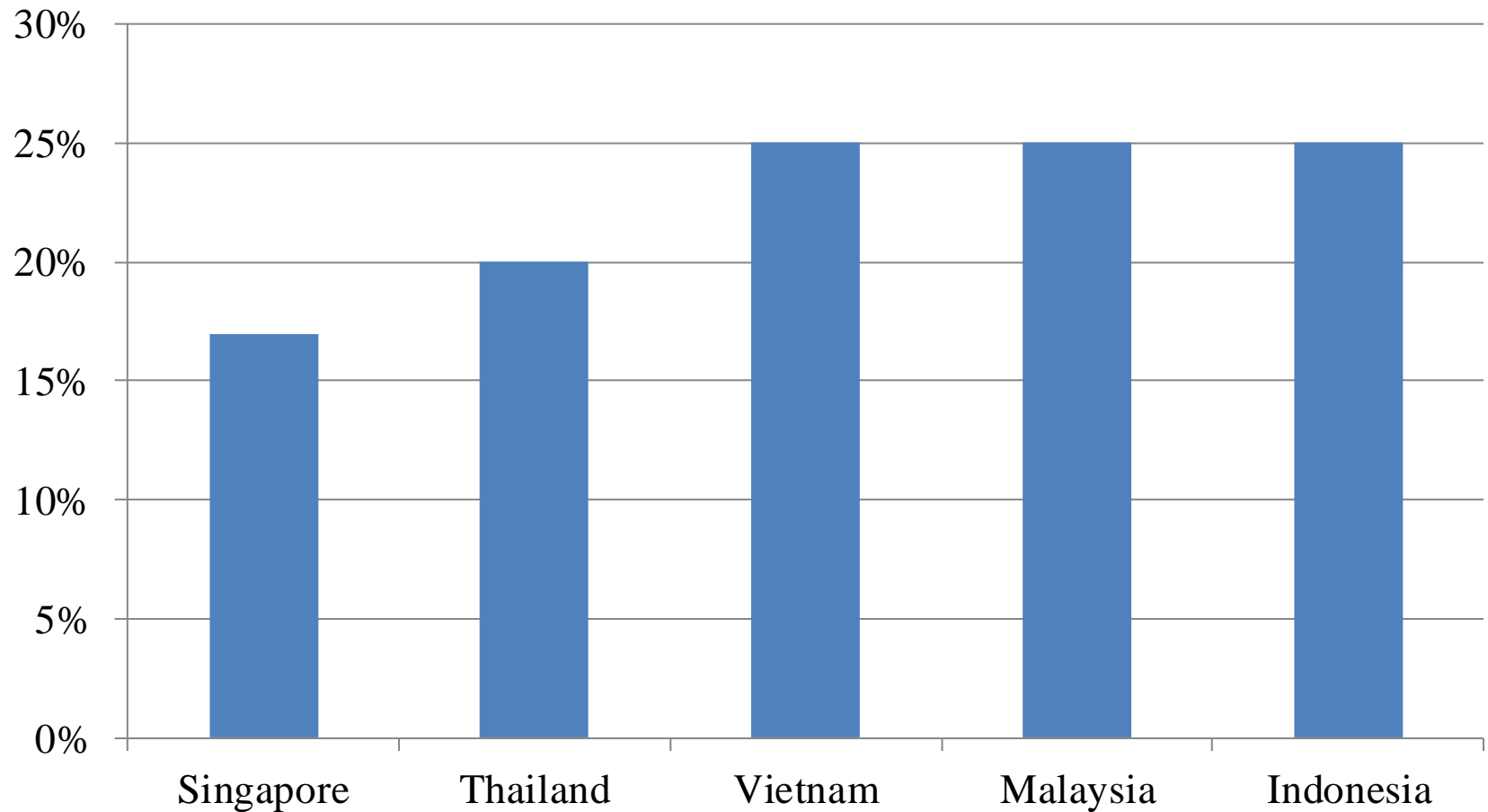
# AFFORDABLE OFFICE SPACE

Yen/sq ft/annum



Source: CBRE MarketView Asia Pacific Office, Q2/2012 as of Aug 14, 2012  
Exchange rate: US\$1=Bt31.29 and Yen100=Bt39.06 in Q2, 2012

# ASEAN CORPORATE INCOME TAX 2013





# ASEAN SNAPSHOT



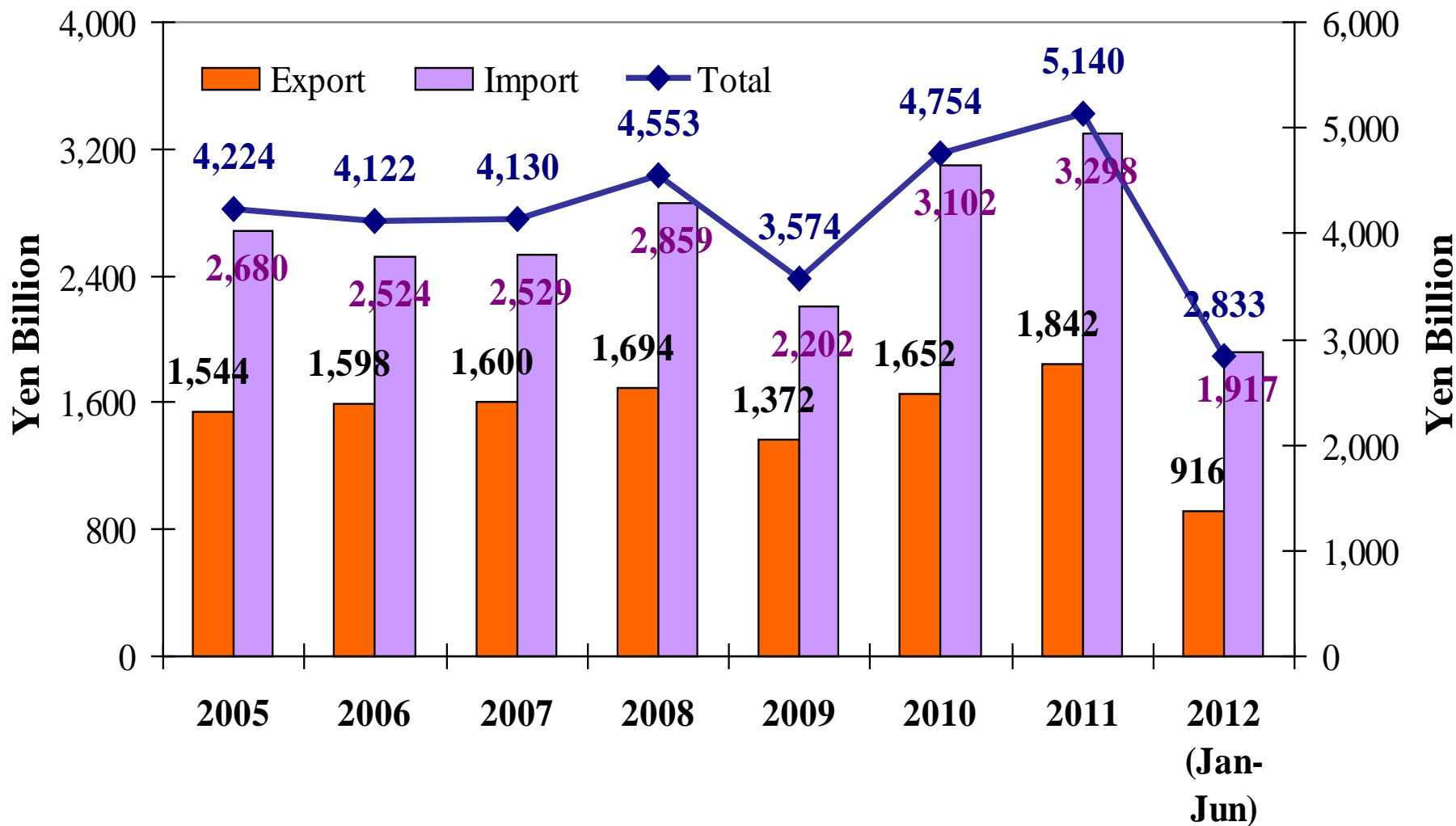
## Macro-Economic Basics

- GDP (2011): ¥169.26 trillion\*
- GDP per capita: ¥270,500
- GDP Growth: 5.7% and 6.4% in 2011-2012
- Population: 600 million people
- Area: 4.46 million km<sup>2</sup>

\* IMF Forecast

# Trade & Investment Figures

# TRADE SUMMARY THAILAND/JAPAN



Source: MOC, as of Aug 15, 2012 Exchange rate: ¥100=Bt39.06 in Q2, 2012

# PRINCIPAL EXPORTS TO JAPAN

Unit: Yen billion

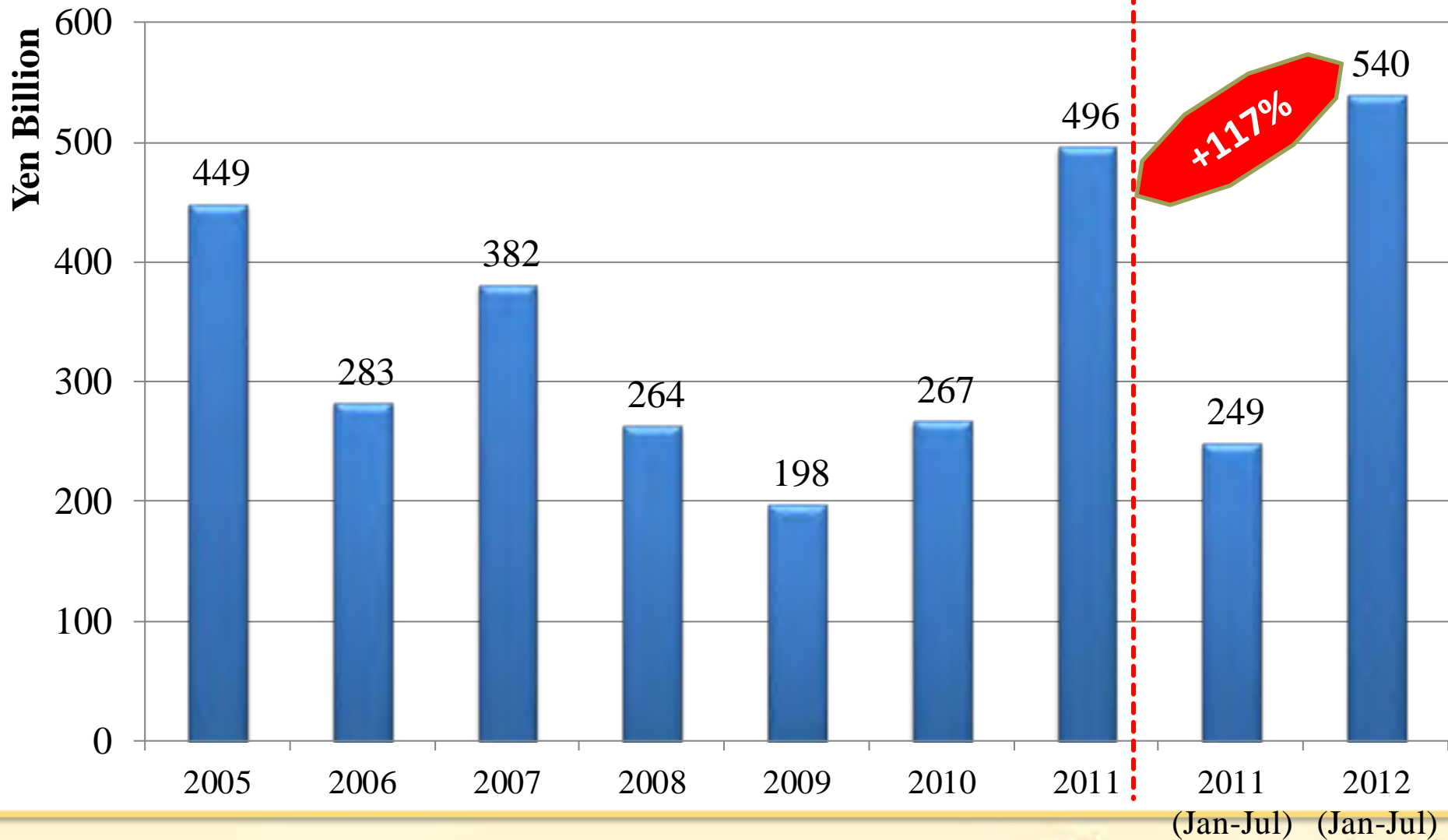
| Description  | 2009         | 2010         | 2011         | 2011<br>(Jan-Jun) | 2012<br>(Jan-Jun) | %<br>Growth<br>YOY |
|--|--------------|--------------|--------------|-------------------|-------------------|--------------------|
| Motor cars, parts and accessories                    | 48           | 97           | 97           | 43                | 59                | 38.44              |
| Rubber   | 40           | 88           | 133          | 76                | 43                | -43.17             |
| Automatic data processing machines and parts thereof | 88           | 100          | 74           | 40                | 42                | 5.09               |
| Prepared poultry                                     | 58           | 60           | 71           | 32                | 39                | 24.80              |
| Polymers of ethylene, propylene, in primary forms    | 24           | 35           | 63           | 33                | 36                | 7.02               |
| Others   | 1,114        | 1,272        | 1,404        | 704               | 696               | -1.06              |
| <b>Total</b>   | <b>1,372</b> | <b>1,652</b> | <b>1,842</b> | <b>928</b>        | <b>916</b>        | <b>-1.24</b>       |

# PRINCIPAL IMPORTS FROM JAPAN

Unit: Yen billion

| Description                              | 2009         | 2010         | 2011         | 2011<br>(Jan-Jun) | 2012<br>(Jan-Jun) | %<br>Growth<br>YOY |
|--|--------------|--------------|--------------|-------------------|-------------------|--------------------|
| <b>Machinery and parts</b>               | <b>417</b>   | <b>583</b>   | <b>648</b>   | <b>303</b>        | <b>480</b>        | <b>58.37</b>       |
| <b>Iron, steel and products</b>          | <b>261</b>   | <b>432</b>   | <b>446</b>   | <b>216</b>        | <b>231</b>        | <b>7.03</b>        |
| <b>Electrical machinery and parts</b>    | <b>211</b>   | <b>285</b>   | <b>293</b>   | <b>145</b>        | <b>197</b>        | <b>35.71</b>       |
| <b>Parts and accessories of vehicles</b> | <b>180</b>   | <b>307</b>   | <b>315</b>   | <b>145</b>        | <b>195</b>        | <b>34.40</b>       |
| <b>Chemicals</b>                         | <b>166</b>   | <b>227</b>   | <b>237</b>   | <b>123</b>        | <b>111</b>        | <b>-9.46</b>       |
| <b>Others</b>                            | <b>967</b>   | <b>1,268</b> | <b>1,359</b> | <b>661</b>        | <b>702</b>        | <b>6.26</b>        |
| <b>Total</b>                             | <b>2,202</b> | <b>3,102</b> | <b>3,298</b> | <b>1,593</b>      | <b>1,917</b>      | <b>20.31</b>       |

# TREND OF JAPANESE APPLICATIONS



# Japanese Investment Applications

## Totals by Sector: 2006 – 2012 (Jan-Jun)

| Sector                      | Projects     | Yen Billion  |
|-----------------------------|--------------|--------------|
| Agriculture                 | 90           | 108          |
| Minerals and Ceramics       | 79           | 142          |
| Light Industry              | 73           | 44           |
| Auto and Metal Processing   | 1,091        | 1,112        |
| Electrical and Electronics  | 453          | 612          |
| Petrochemicals, Chemicals   | 308          | 240          |
| Services and Infrastructure | 474          | 132          |
| <b>TOTAL</b>                | <b>2,568</b> | <b>2,389</b> |

Source: BOI, as of 17 July 2012 Exchange rate: ¥100=Bt38.27 in 2011



# Flood Prevention Scheme

# THAILAND'S COMPREHENSIVE WATER MANAGEMENT PROJECT

| Areas   | Measures   | Cost (Bil.Yen) |
|---|--|----------------|
| <b>Upstream region</b>  | Construction/repairation of dams and reservoirs                                  | 128            |
|   | Reforestation  | 26             |
|   | Others (improvement of waterways, upgrade of disaster prediction system and etc) | 20             |
|   | Total  | 174            |
| <b>Midstream region</b>   | Development of "Gam Ling" (flood-peak absorption areas)                          | 154            |
|   | Flood protection for urban areas   | 26             |
|   | Others   | 23             |
|   | Total  | 202            |
| <b>Downstream region (Greater Bangkok Area)</b>                                   | Construction of floodwalls   | 307            |
|   | Construction of flood protection area for economic zones (industrial estates)    | 51             |
|   | Others   | 33             |
|   | Total  | 392            |
| <b>Est. cost for Chao Phraya Basin</b>  |  | <b>768</b>     |
| <b>Other 17 basins</b>  |  | <b>128</b>     |
| <b>Total investment</b>   |  | <b>896</b>     |
| <b>Source: The strategic Formulation Committee for Water Resources Management</b> |  |                |
| Exchange rate:¥100=Bt39.06 in Q2, 2012  |  |                |

# THE PROGRESS OF DAM CONSTRUCTION IN IE AND INDUSTRIAL ZONE AND PARK. AS OF JUL 23, 2012

| Industrial Estates/Zones/Park | Construction begins | Construction finishes | Progress Status | Budget (mil.bt) | Dam's length |
|-------------------------------|---------------------|-----------------------|-----------------|-----------------|--------------|
| Bang Pa In                    | Feb 1, 2012         | Dec 31, 2012          | 60%             | 728             | 11 km.       |
| Bangkadi                      | Mar 2, 2012         | Aug 31, 2012          | 68%             | 272             | 8.5 km       |
| Rojana                        | Feb 20, 2012        | Aug 31, 2012          | 78%             | 2,233           | 77.6 km.     |
| Hi-Tech                       | Mar 1, 2012         | Aug 31, 2012          | 72.5%           | 500             | 13 km.       |
| Navanakorn                    | Feb 15, 2012        | Aug 31, 2012          | 78%             | 700             | 18 km.       |

# 日本からの投資誘致重点産業

## Japan Target Industries

1. **自動車/Automotive**
2. **航空機/Avionic**
3. **電子製品・部品/Electronic products and parts**
4. **電気製品・部品/Electrical products and parts**
5. **機械・機器・部品/ Machinery, equipment and parts**
6. **金属加工/Metal fabrication**
7. **食品加工/ Food processing**
8. **環境配慮型製品・材料、代替エネルギー、省エネ型 機械・機器**  
**Alternative energy, energy-conserving**  
**machinery or equipment**
9. **サービス 例: 地域事業本部事業、国際部品調達事務**  
**貿易ならびに投資支援事務所、国際物流センター**  
**Services i.e. ROH, IPO, TISO, IDC**



**Unbeatable  
Thailand,  
Unparalleled  
Opportunities**

***Thank you***



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