

# Thailand: Moving Forward



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**Deputy Secretary General**  
**Thailand Board of Investment**  
**July 20, 2015**  
**Auckland, New Zealand**

# Thailand at a Glance



Sources: Economist 2015 Pocket World Figures

# Economic Projection for 2015

(% YoY)	2014	Projection
		2015
GDP Growth (CVM, %)	0.9	3.0-4.0
Export volume of goods & services (%)	0.0	3.7
Export value of goods (Bil. USD)	224.8	225.2
Import volume of goods & services (%)	-5.4	3.4
Import value of goods (Bil. USD)	200.2	198.6
Trade balance (Bil. USD)	24.6	26.6
Current account to GDP (%)	3.3	3.9
Inflation (%) - CPI	1.9	(-0.3)-0.7
Unemployment (% pop.)*	0.8	0.7 – 0.9

# FDI Inflows, by region and economy, 2009-2014 (Million of dollars)

Region/country	FDI Inflows					
	2009	2010	2011	2012	2013	2014
<b>South-East Asia</b>	<b>46,134</b>	<b>105,151</b>	<b>93,535</b>	<b>108,135</b>	<b>126,087</b>	<b>132,867</b>
Brunei	370	481	691	865	776	568
Cambodia	928	1,342	1,372	1,835	1,872	1,730
Indonesia	4,877	13,771	19,241	19,138	18,817	22,580
Lao	190	279	301	294	427	721
Malaysia	1,453	9,060	12,198	9,239	12,115	10,799
Philippines	1,963	1,298	1,852	2,033	3,737	6,201
Singapore	23,821	55,076	48,002	56,659	64,793	67,523
<b><i>Thailand</i></b>	<b><i>4,854</i></b>	<b><i>9,147</i></b>	<b><i>1,195</i></b>	<b><i>9,168</i></b>	<b><i>14,016</i></b>	<b><i>12,566</i></b>
Vietnam	7,600	8,000	7,519	8,368	8,900	9,200

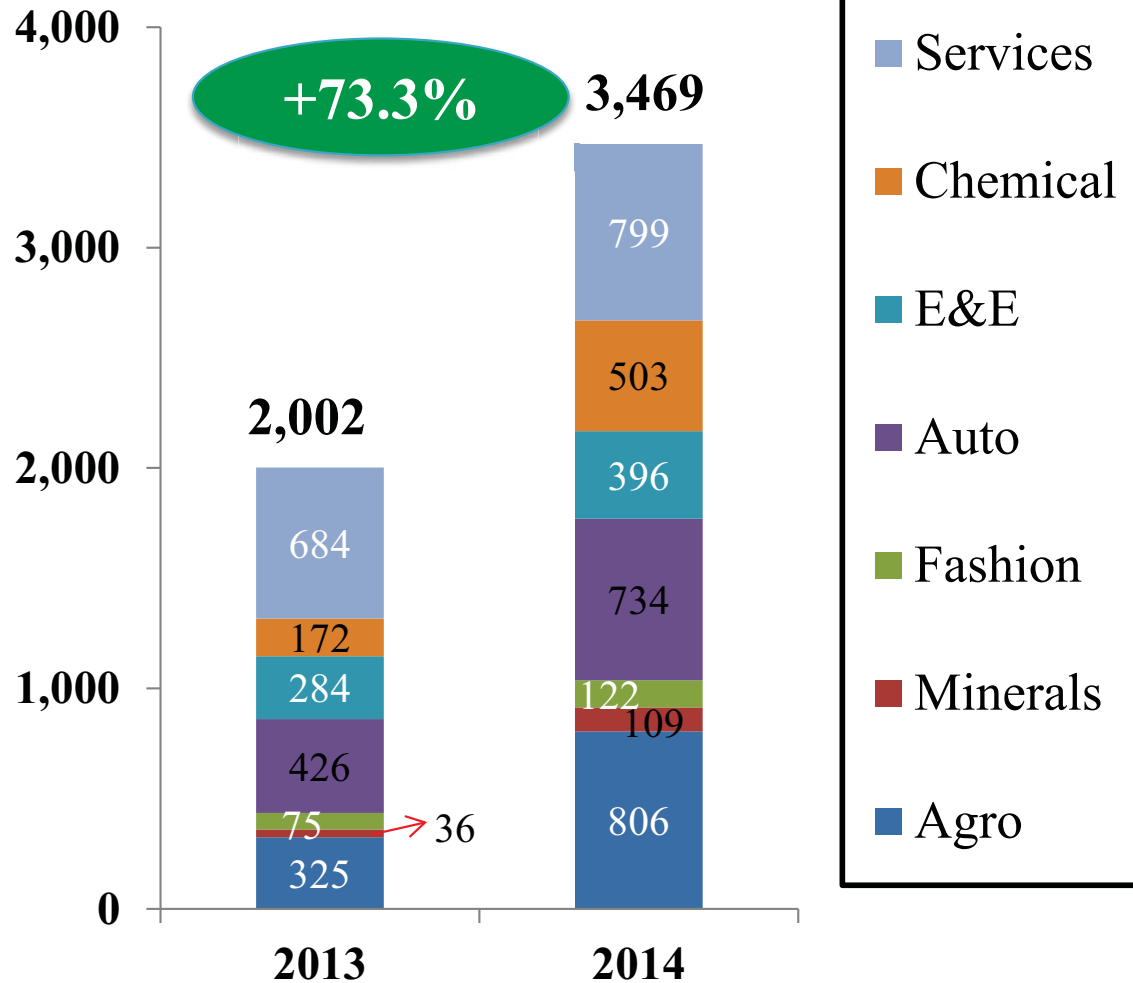
Source: World Investment Report 2015, UNCTAD

# Comparison of All Net Applications for Investment Promotion

## 2013 vs 2014

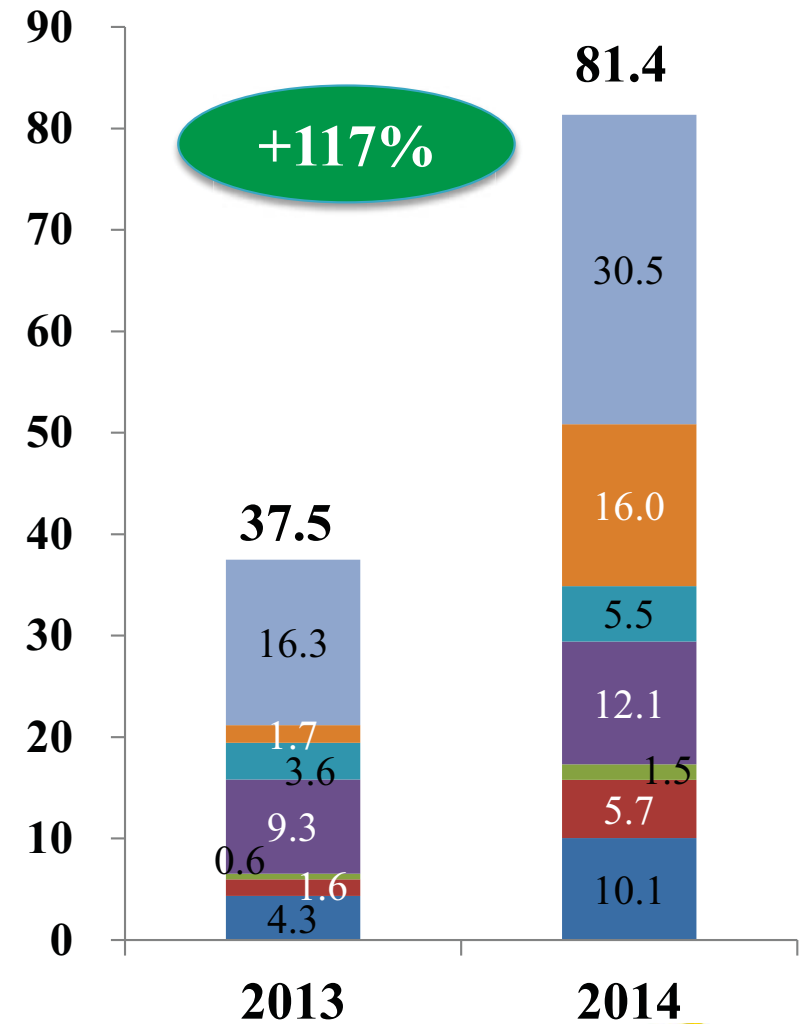
### Number of Projects

Number of Projects



### Amount Invested

NZ\$ Billion

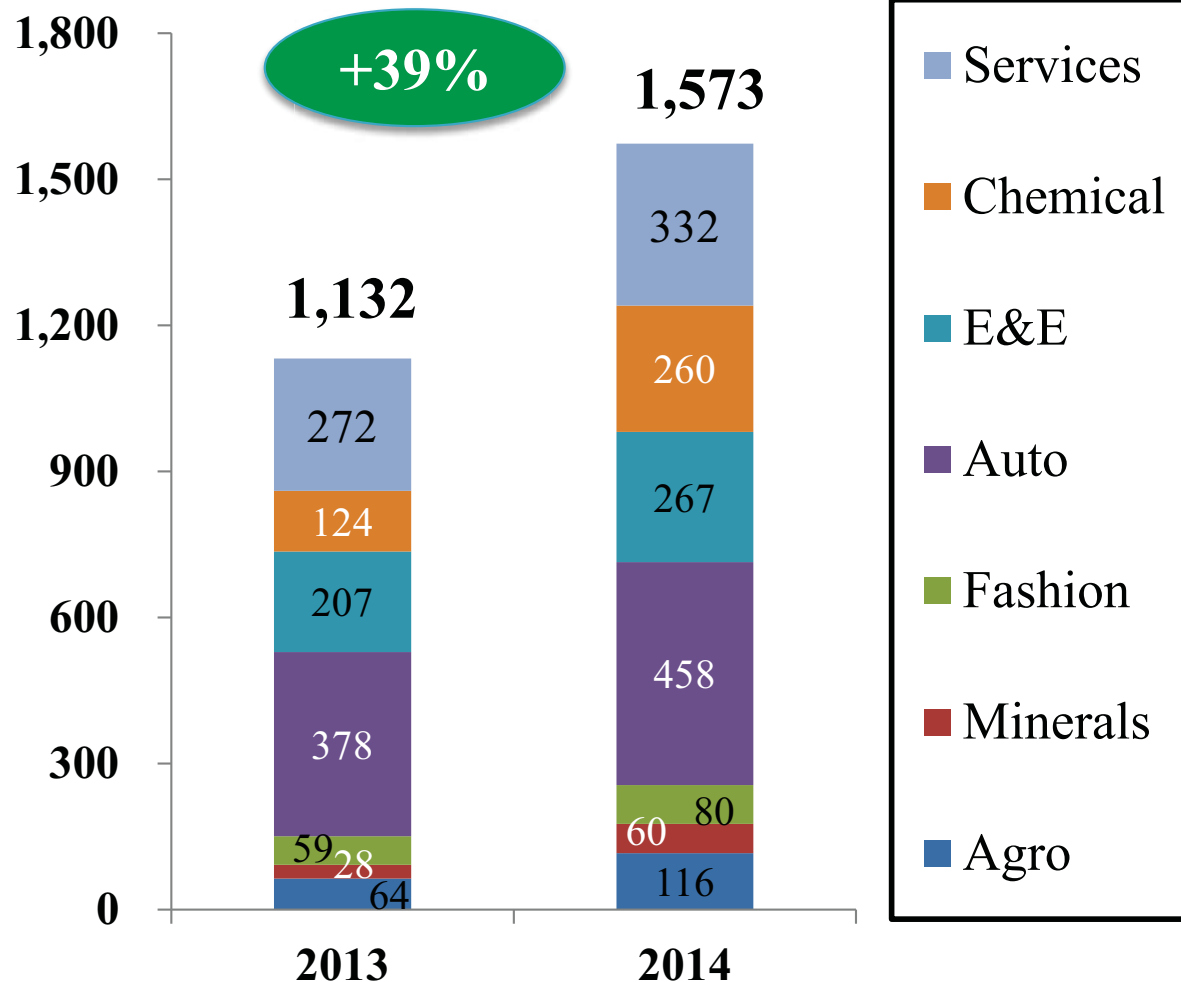


# Comparison of Net Foreign Applications for Investment

## 2013 vs 2014

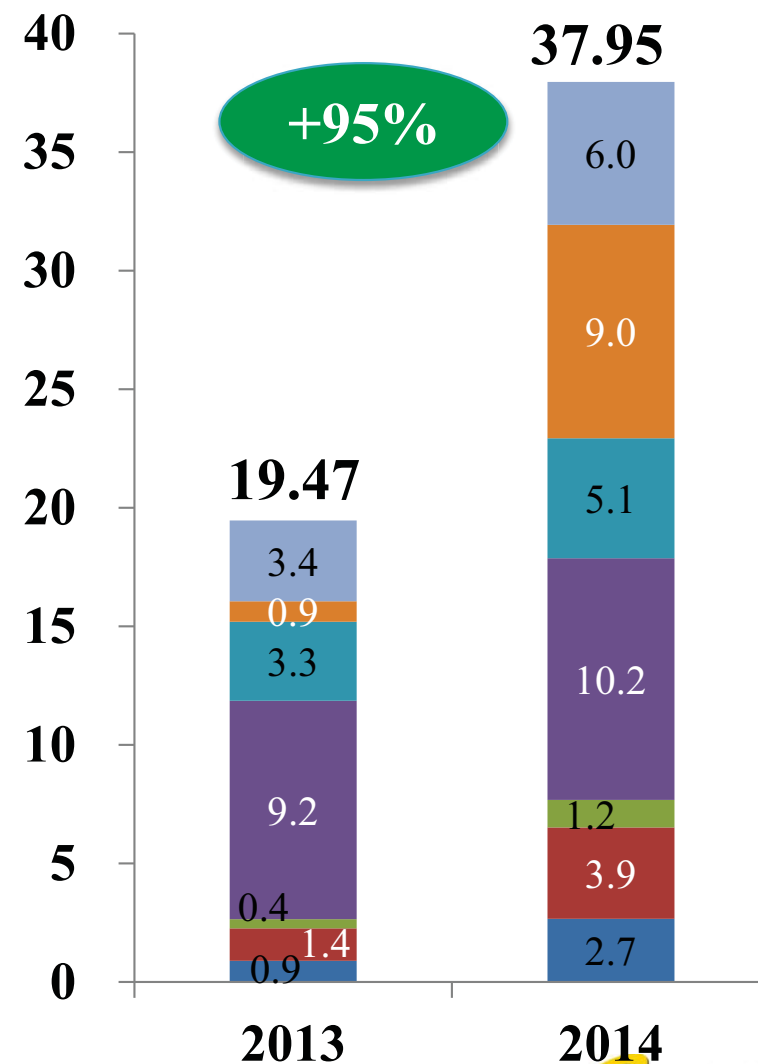
### Number of Projects

Number of Projects



### Amount Invested

NZ\$ Billion



# **Thailand in the Global Perspective**



# Thailand is Highly Ranked



**UNCTAD** Ranks Thailand 8<sup>th</sup> as a top prospective host economy 2013-2015

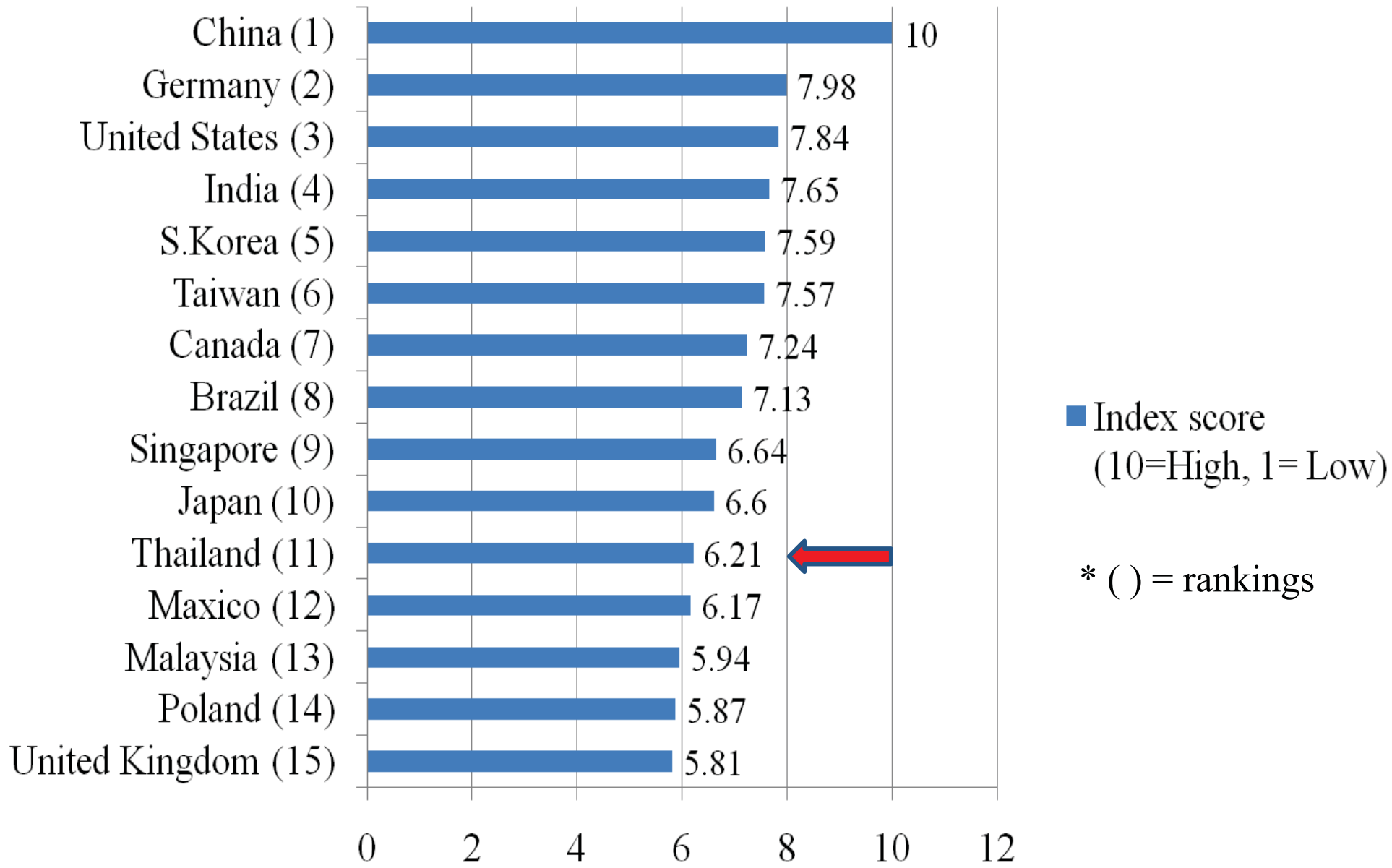
Country	Rank
China	1
USA	2
Indonesia	3
India	4
Brazil	5
Germany	6
United Kingdom	7
<b>Thailand</b>	<b>8</b>
Vietnam	9
Russian Federation	10



**World Bank** Ranks Thailand among the easiest places to do Business in Asia and 26<sup>th</sup> in the World (3<sup>rd</sup> 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

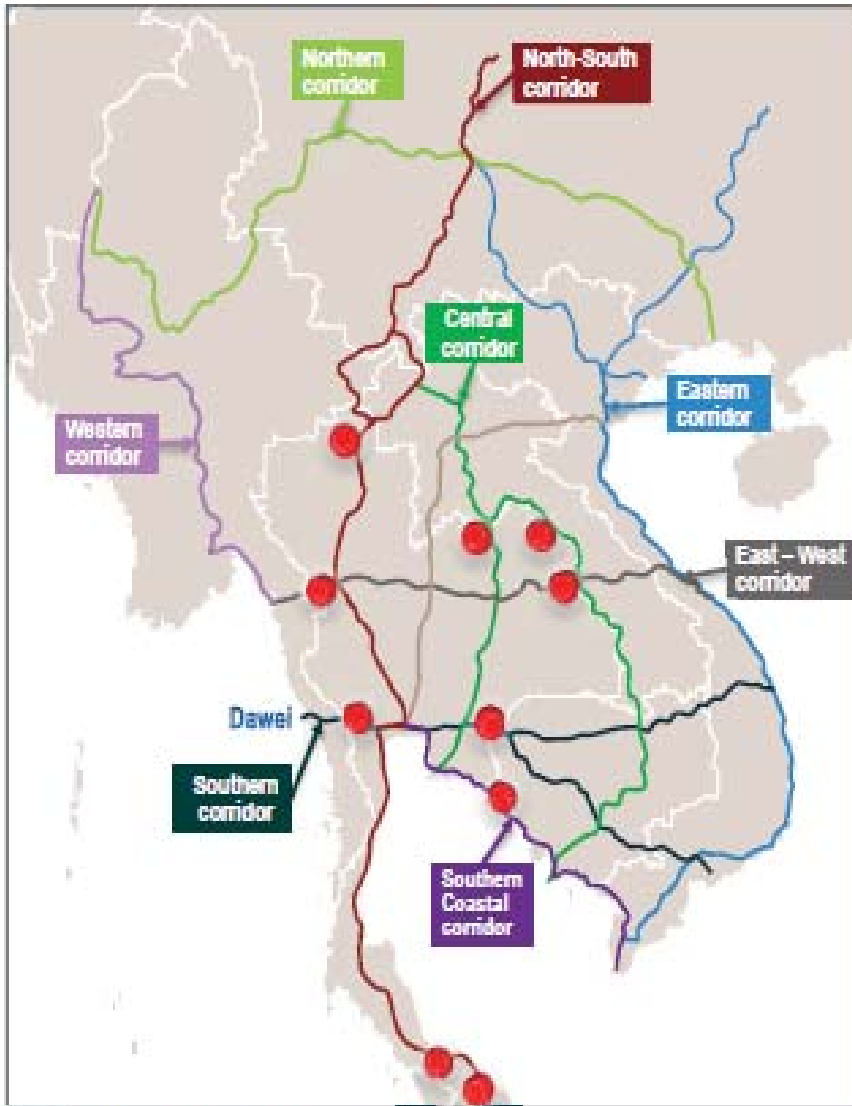
10 Countries, One Single Market  
in 2015



<b>GDP</b>	<b>US\$ 2.4 trillion (2013)</b>
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**

# Thailand's SEZ will be complementary with the development of Dawei SEZ



● Target SEZ in Thailand

Source: NESDB

## Target SEZ in Thailand

10 target areas under the 1st and 2nd phase SEZ development are located **along the GMS Economic Corridors**

### Factors for determining target areas:

- **Potential and Competitiveness**
- Opportunities
- **Infrastructure** availability
- **Production factors** in areas
- **Border trade** value
- Development policies of the **neighboring countries**
- **Problems/Constraints**

# 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)

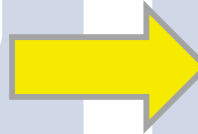
(ASEAN + China, Japan, Korea, India, Australia & NZ)

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

# 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

Org. admin. and mgt. & business planning  
and business coordination

Sourcing of raw  
materials and parts



Human resource  
management, and  
training

R&D



Financial advisory  
services

Technical support



Economic and  
investment analysis  
and research

Marketing and sales  
promotion



Credit mgt. and control

Other services as in Notification of  
the Director General of Revenue  
Department

International  
trading

# 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.



## 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.

## BOI incentives:

- Majority or total foreign ownership
- Permission to bring into the Kingdom skilled workers and experts to work in investment promoted activities.
- Permission to own land
- Repatriation of foreign currency
- Exemption of import duty on machinery

# **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**

## 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**

# Key Principles in Designing the List of Activities Eligible for Incentives

- Level of technology
- Value creation
- Role in the supply chain
- Enhancing infrastructure
- Supporting government policy objectives e.g. digital economy, creative industries

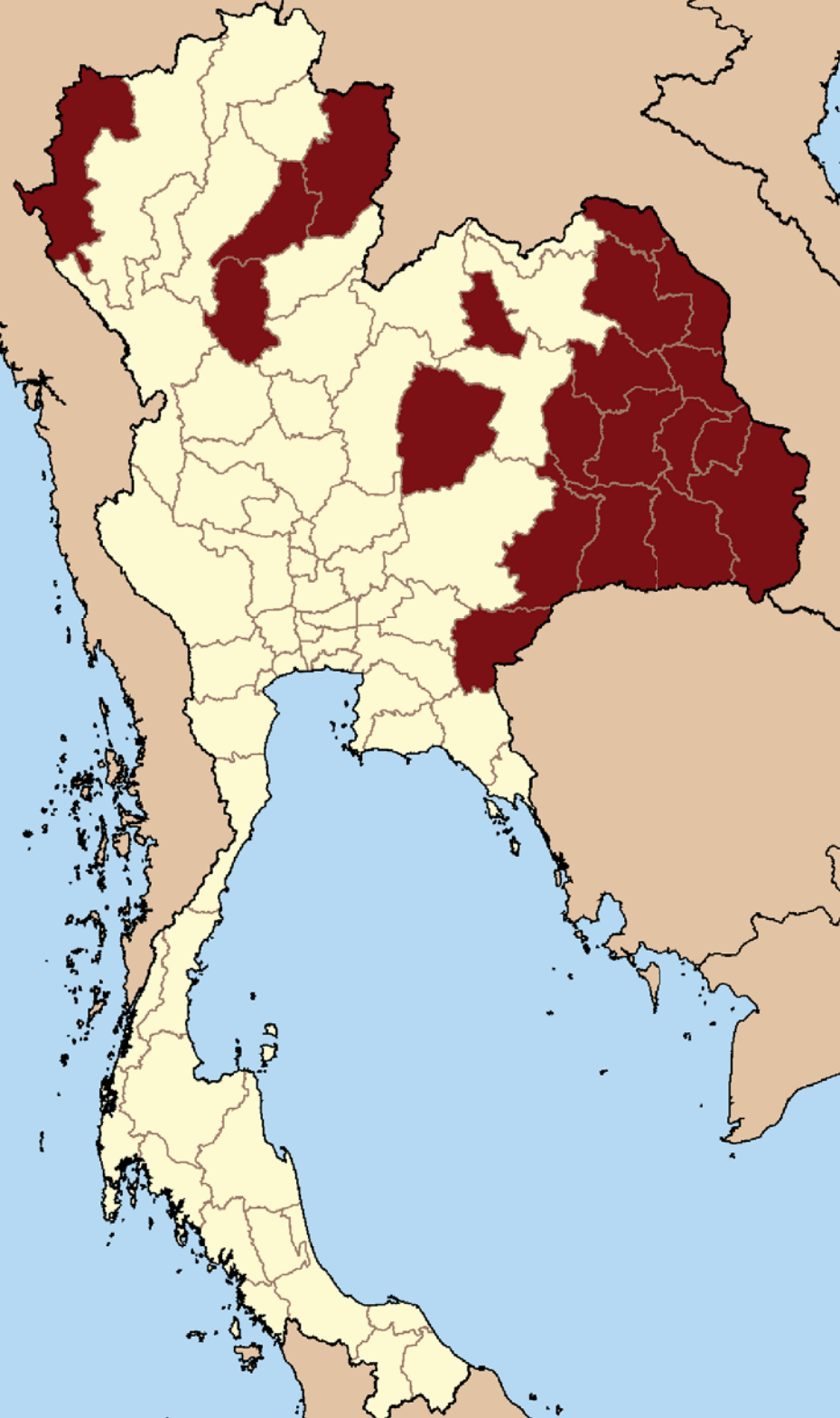
Very specific  
and more  
focused list of  
activities

# 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. 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

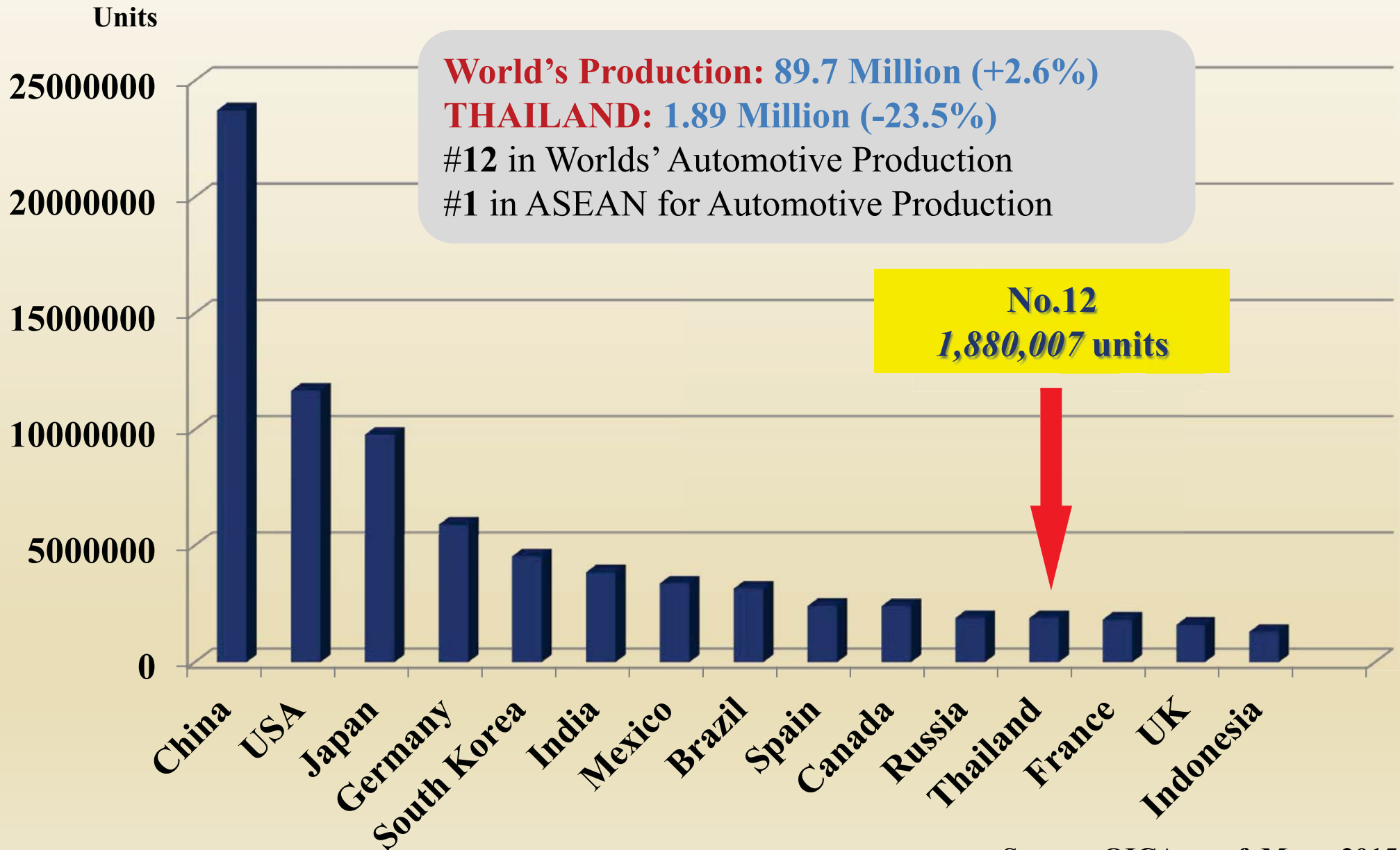


# Thailand's Automotive Industry Current Situation and Trends



# Thailand Ranked #12

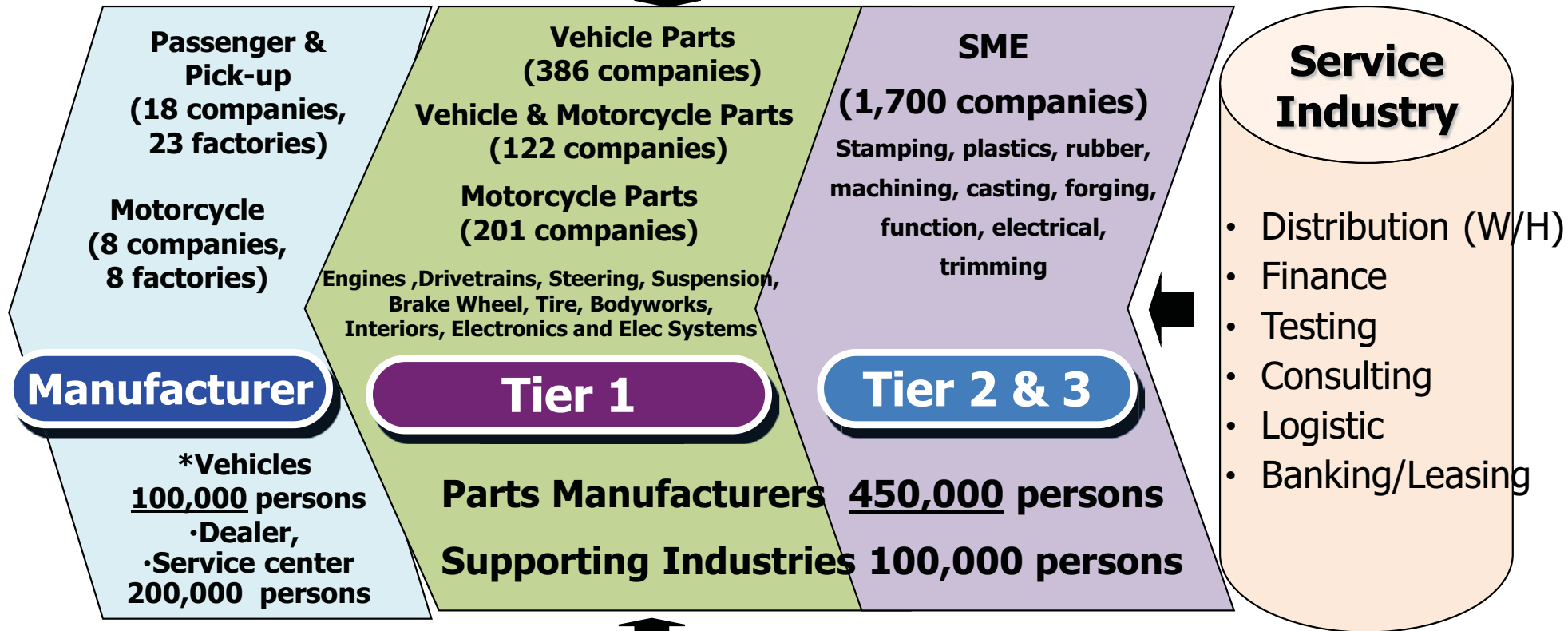
## 2014 Automobile Production



# 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. Toyota 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. Mitsuha
66. Asahi Glass
72. Stanley
74. Akebono Brake
82. Sanden
84. F-Tech
92. Alpine
94. Pioneer
98. Omron

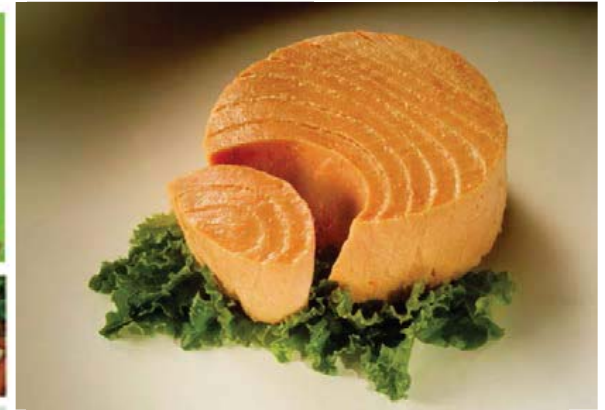
**28/29 Companies**

## 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

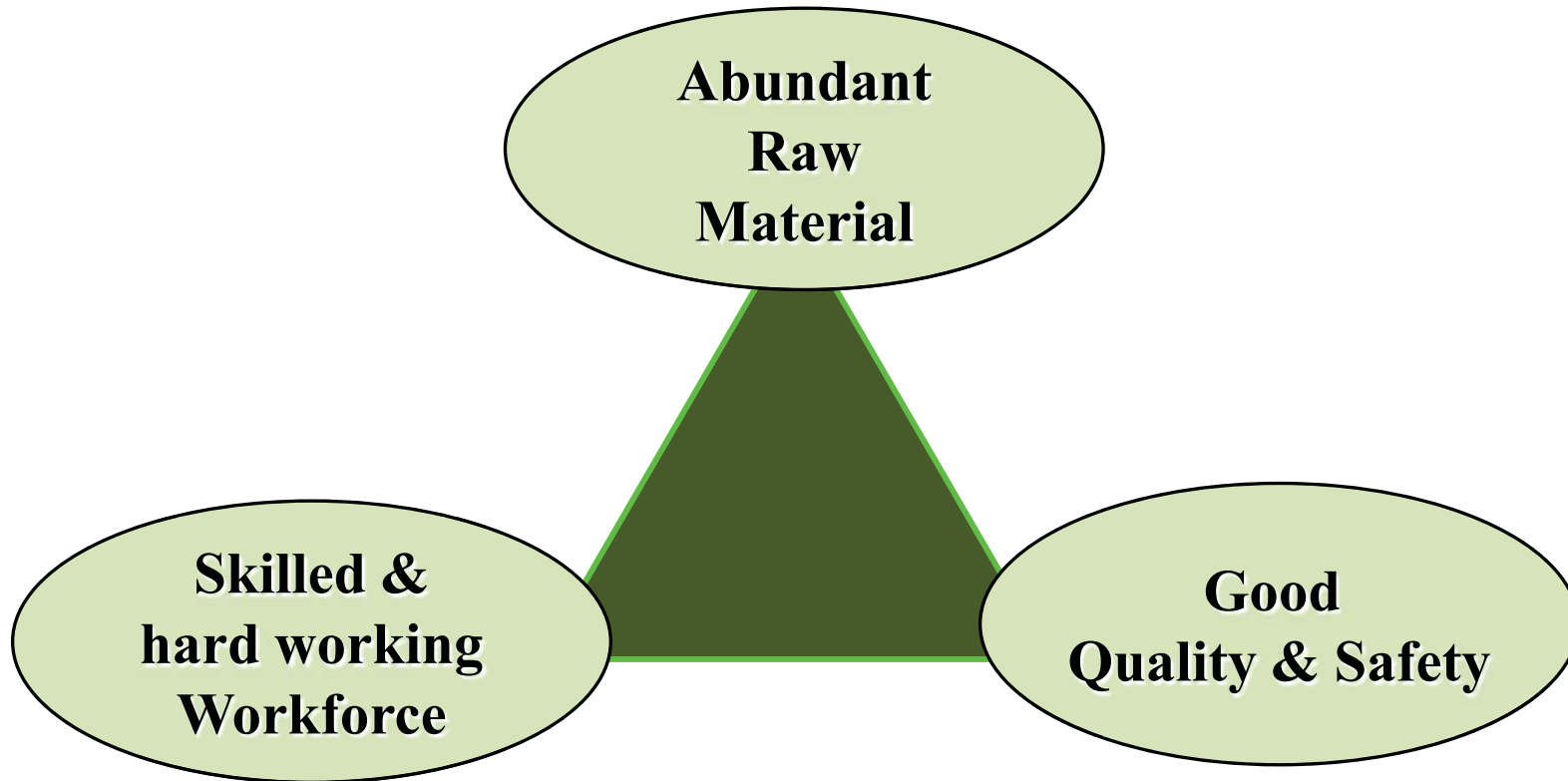
**29/71 Companies**

# Thailand's Food Industry



# Strengths of Thai Food Industry

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

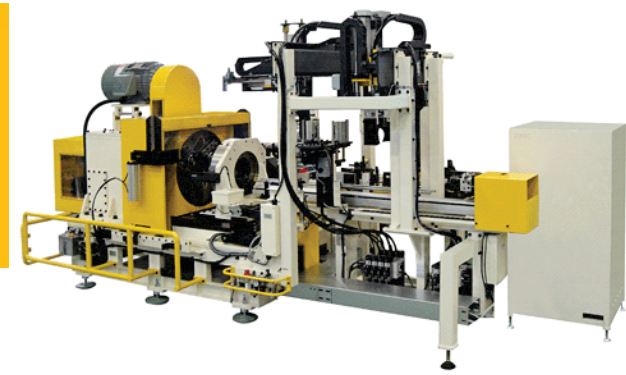


Size of workforce now > 38.3 million

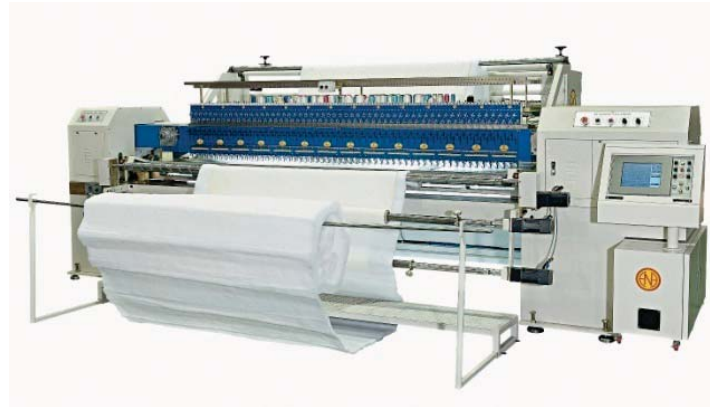
GMP and International Standard  
Good Manufacturing Practices is a  
mandatory measure for 54 types of food  
products

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

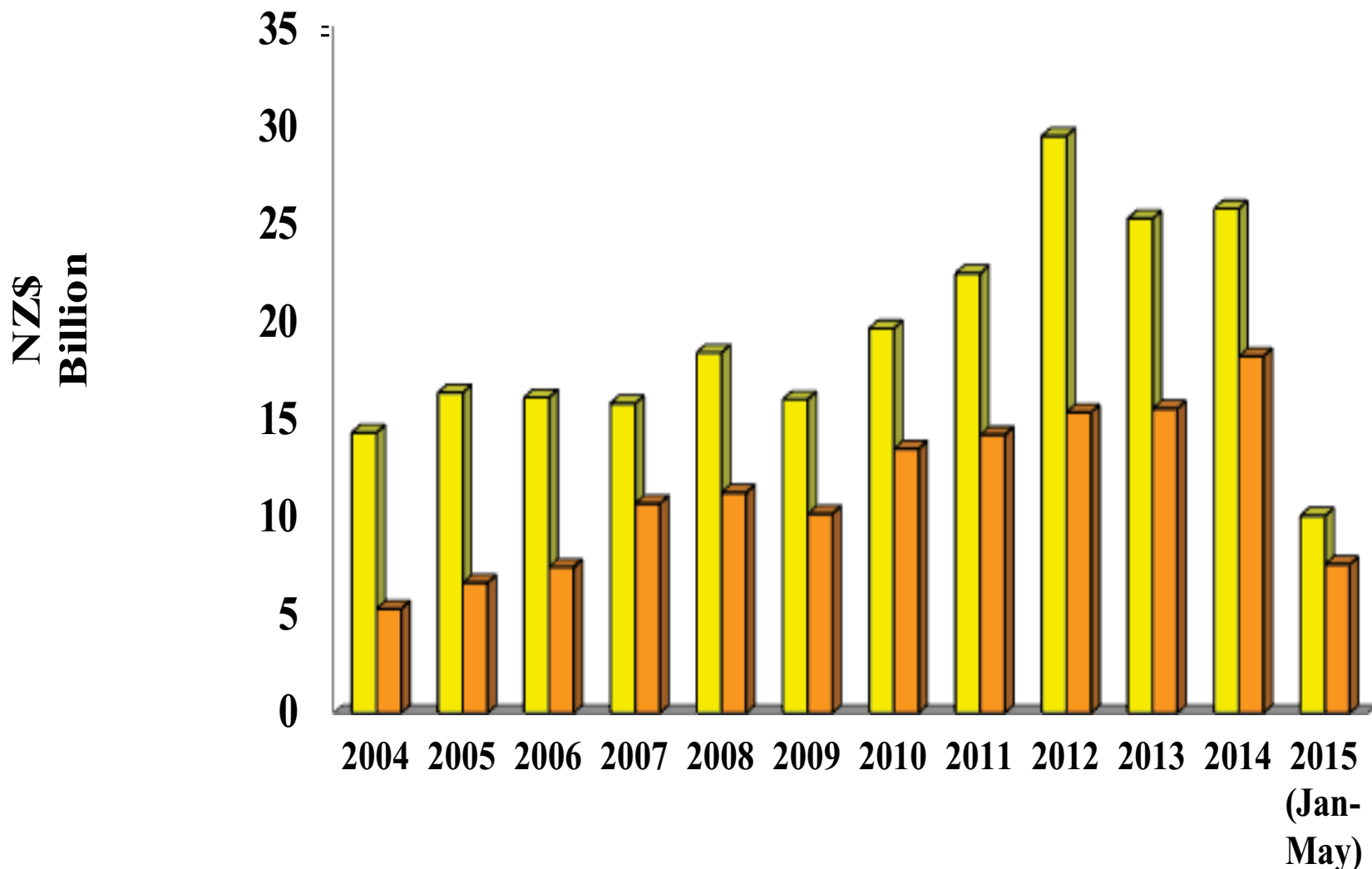


# Specific Industrial Machinery Needed:

- 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-May)



■ Import	14.3	16.4	16.1	15.8	18.4	16.0	19.6	22.4	29.5	25.2	25.8	10.1
■ Export	5.3	6.6	7.5	10.7	11.3	10.2	13.5	14.2	15.4	15.5	18.2	7.6

# 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**

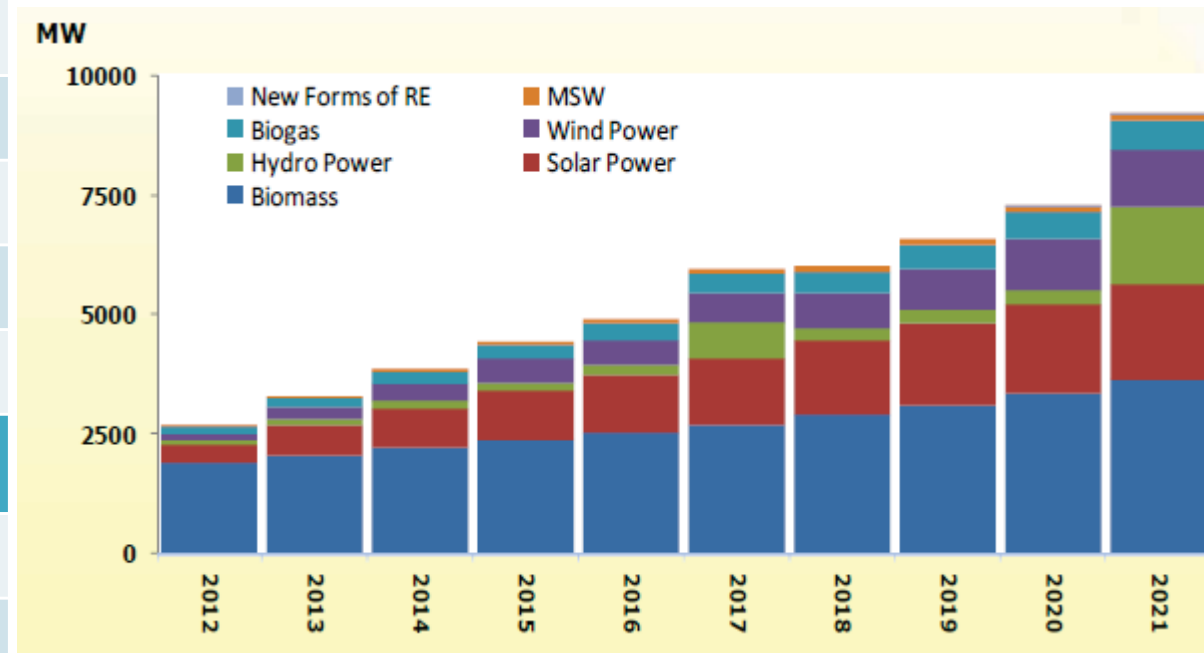
**Biodiesel**

The image features a central aerial view of a lush green agricultural field. Overlaid on this are several elements: a blue hexagon containing a flask of yellow liquid labeled 'Biodiesel'; a blue hexagon with the text 'Abundant Agricultural Raw Materials'; a blue hexagon with 'Sufficient and Improved Infrastructure'; a blue hexagon with 'The Most Optimal Location for Business and Living Condition'; a grey-bordered box with text about technical expertise; and three circular insets showing harvested crops. The word 'Solar' is in red at the top left, 'Biogas' in red at the bottom left, and 'Biodiesel' in red at the bottom right.

# 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

# Thailand ICT Sector

**Internet Users: 26.15 million, a 39.0% penetration rate (2014)**

**Internet Broadband 5.49 million users penetration 27.36% per household  
[NBTC, Jan 2015]**

**Fixed Line subscriber 5.69 million users  
Metropolitan 2.97 million users  
Provincial Area 2.72 million users [NBTC, Jan 2015]**

Source: IMC Institute 2014 and National Broadcasting and Telecommunications Commission (NBTC) as of June 24, 2014

# Thailand's Strengths (Outsiders Points of View)

## Strength

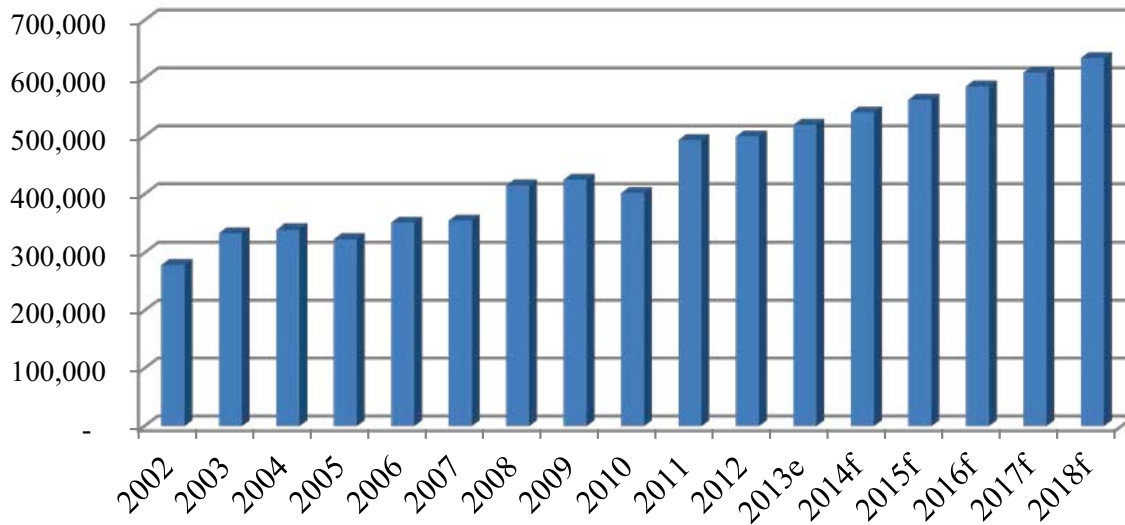
- Adaptable workers
- Culture/Open Society
- Location Advantage
- Multimedia and Creativity
- Reasonable infrastructure inside the country
- Reasonably inexpensive to conduct business from
- Pro-business environment

## Opportunities

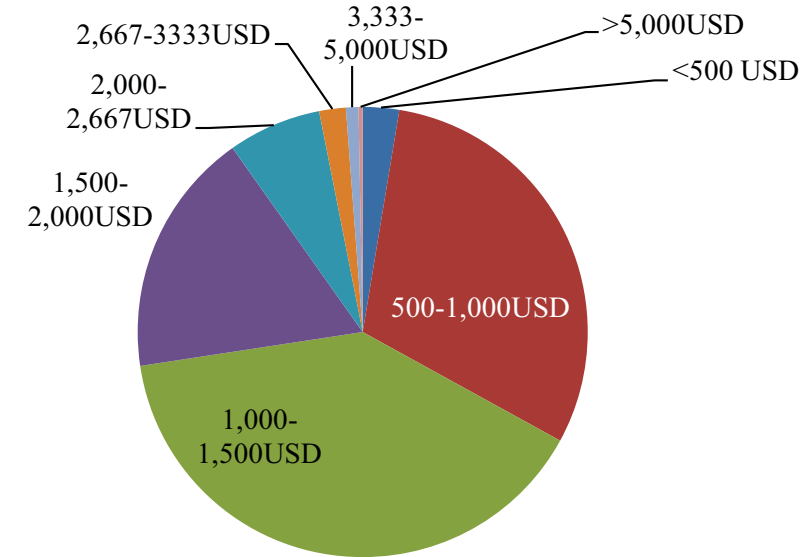
- Strong government support
- Strong regional and global alliances
- Large untapped regional market potential
- Aggregate ICT Talent from Indochina for scale
- Attraction of global talent to live in Thailand
- Government work / mega projects
- Animation
- Mobile applications
- Growing Tech/IT Startup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

# ICT Professional

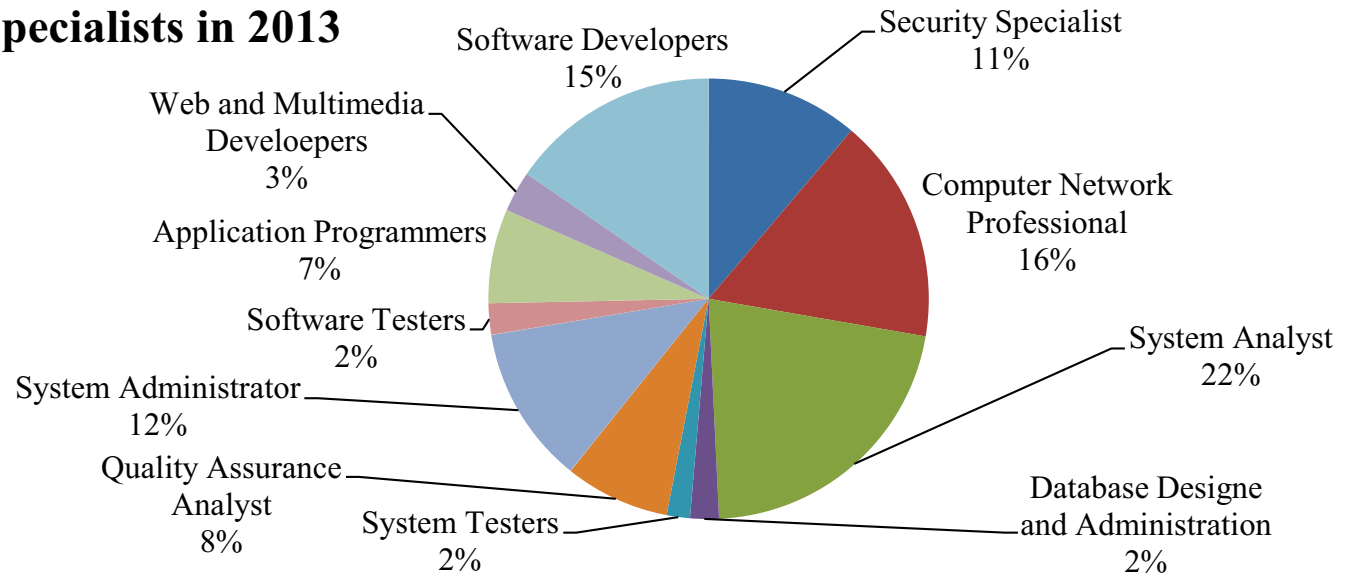
## ICT Professional



## Monthly Salary



## Practitioners and Specialists in 2013



# Investment Opportunities

- Enterprise Software
- Animation and computer-generated imagery
- Web-based applications and interactive applications
- Entertainment software for mobile platforms, online games or Windows-based games
- Multimedia video conferencing applications
- E-learning content via broadband or multimedia
- Embedded software

# Attractive Investment Incentives

- **Software**
  - **Embedded software**
  - **Enterprise software and/or digital content**
  - **E-Commerce**
- **Software Parks**
  - **Projects must have high-speed fiber optic main communications systems throughout the area.**
  - **The main telecommunications system must have a high-speed cable from the software park to domestic and international telecommunication centers.**
  - **Continuous back-up of electricity supply must be installed.**
  - **The total area must not be less than 5,000 square meters.**
- **Data center**
- **Cloud service**



# For Further Information

- Thailand Board of Investment (BOI) : [www.boi.go.th](http://www.boi.go.th)
- The Software Industry Promotion Agency (SIPA) : [www.sipa.or.th](http://www.sipa.or.th)
- The Ministry of Information and Communication Technology (MICT) : [www.mict.go.th](http://www.mict.go.th)
- Software Park Thailand : [www.swpark.or.th](http://www.swpark.or.th)
- National Electronics and Computer Technology Center (NECTEC): [www.nectec.or.th](http://www.nectec.or.th)
- Office of Computer Clustering Promotion (CCP) : [www.ccp.or.th](http://www.ccp.or.th)
- The Association of Thai ICT Industry (ATCI) : [www.atci.or.th](http://www.atci.or.th)
- The Association of Thai Software Industry (ATSI) : [www.atsi.or.th](http://www.atsi.or.th)
- Thailand Software Process Improvement Network (Thailand SPIN) : [www.thailandspin.com](http://www.thailandspin.com)
- Thailand Knowledge Park (TK Park): [www.tkpark.or.th](http://www.tkpark.or.th)

# 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](mailto: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

Vendors  
meet  
customers

Marketplace

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](http://www.asidnet.org)
- Contact: **BOI Unit for Industrial Linkage Development (BUILD)**

Email: [build@boi.go.th](mailto:build@boi.go.th)

Tel: + 66 553 8111 ext. 7

# BOI Office in Sydney

## Sydney

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Website: [www.boi.go.th](http://www.boi.go.th)



**Wirat Tatsaringkansakul**  
**Director**