“Thailand-your gateway into ASEAN”

Duangjai Asawachintachit
Deputy Secretary General
Thailand Board of Investment (BOI)
June, 2014
Thailand is the World’s

• 17th largest manufacturer
• 23rd largest industrial output
• 24th biggest economy by purchasing power
• 28th biggest exporter (as % of total world goods)

Source: Economist Pocket in World Figures 2014
ASEAN’S 2nd Largest Economy
Thai Economy: Sophisticated

- World’s 9th biggest car marker (2.5 m cars manufactured in 2013)
- Regional hub for electrical & electronic products, consumer goods, processed food
- Upper middle income country (per capita income of US$5,480 in 2012) with growing middle class
<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GDP Growth</strong> (at 1988 price)</td>
<td>0.1</td>
<td>6.5</td>
<td>2.9</td>
<td>3.0*</td>
<td>3.8</td>
</tr>
<tr>
<td><strong>Current Account to GDP (%)</strong></td>
<td>1.2</td>
<td>-0.4</td>
<td>-0.6</td>
<td>-0.2</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Inflation</strong></td>
<td>3.8</td>
<td>3.0</td>
<td>2.2</td>
<td>2.5</td>
<td>2.3</td>
</tr>
<tr>
<td><strong>Export Growth (%)</strong></td>
<td>16.4</td>
<td>3.1</td>
<td>-0.2</td>
<td>3.7</td>
<td>-</td>
</tr>
<tr>
<td><strong>Import Growth (%)</strong></td>
<td>24.7</td>
<td>8.8</td>
<td>-0.4</td>
<td>0.5</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: NESDB as of May 29, 2014, IMF and Bank of Thailand as of April 2014
* FPO’s estimate
Foreign Direct Investment Applications Submitted to BOI

Source: BOI, as of Apr, 2014 Exchange rate: €1= Bt40.81 as of 2013
The World Bank Ranks Thailand among the easiest places to do Business in Asia and 18th in the World

Source: Doing Business 2014, October 2013
# UNCTAD Survey

## Top Ten Prospective Host Economies for 2013-2015

<table>
<thead>
<tr>
<th>Country</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>1</td>
</tr>
<tr>
<td>USA</td>
<td>2</td>
</tr>
<tr>
<td>India</td>
<td>3</td>
</tr>
<tr>
<td>Indonesia</td>
<td>4</td>
</tr>
<tr>
<td>Brazil</td>
<td>5</td>
</tr>
<tr>
<td>Germany</td>
<td>6</td>
</tr>
<tr>
<td>Mexico</td>
<td>7</td>
</tr>
<tr>
<td>Thailand</td>
<td>8</td>
</tr>
<tr>
<td>UK</td>
<td>9</td>
</tr>
<tr>
<td>Japan</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: UNCTAD Investment Prospect Survey, based on 159 company responses
2013 Country Manufacturing Competitiveness Index Rankings

China (1) 10
Germany (2) 7.98
United States (3) 7.84
India (4) 7.65
S.Korea (5) 7.59
Taiwan (6) 7.57
Canada (7) 7.24
Brazil (8) 7.13
Singapore (9) 6.64
Japan (10) 6.6
Thailand (11) 6.21
Mexico (12) 6.17
Malaysia (13) 5.94
Poland (14) 5.87
United Kingdom (15) 5.81

Source: 2013 Global Manufacturing Competitiveness Index by Deloitte Touche Tohmatsu Ltd. And the U.S. Council on Competitiveness as of April, 2013
BUSINESS OUTLOOK:  
ESTIMATED OPERATING PROFIT IN 2012  
MAJOR INDUSTRY CATEGORIES BY COUNTRY AND REGION (COUNTRIES/REGIONS FOR WHICH N ≥ 30)

**Motor vehicles/ Motorcycles**

<table>
<thead>
<tr>
<th>Country</th>
<th>Operating Profit Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand (n=93)</td>
<td>![Graph showing profit distribution in Thailand]</td>
</tr>
<tr>
<td>Indonesia (n=33)</td>
<td>![Graph showing profit distribution in Indonesia]</td>
</tr>
<tr>
<td>China (n=88)</td>
<td>![Graph showing profit distribution in China]</td>
</tr>
<tr>
<td>India (n=54)</td>
<td>![Graph showing profit distribution in India]</td>
</tr>
</tbody>
</table>

**Electric machinery**

<table>
<thead>
<tr>
<th>Country</th>
<th>Operating Profit Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand (n=67)</td>
<td>![Graph showing profit distribution in Thailand]</td>
</tr>
<tr>
<td>China (n=102)</td>
<td>![Graph showing profit distribution in China]</td>
</tr>
<tr>
<td>Malaysia (n=50)</td>
<td>![Graph showing profit distribution in Malaysia]</td>
</tr>
</tbody>
</table>

Source: JETRO Survey of Japanese-Affiliated Companies in Asia and Oceania (FY2012)
Thailand: the Crossroads of ASEAN

10 Countries, One Single Market in 2015

<table>
<thead>
<tr>
<th>GDP</th>
<th>US$ 2.3 trillion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>616 million</td>
</tr>
<tr>
<td>Foreign Direct Investment</td>
<td>US$ 111 billion</td>
</tr>
<tr>
<td>GDP Growth</td>
<td>5.7% (2011) 6.4% (2012) 5.2% (2013) 4.9% (2014)</td>
</tr>
</tbody>
</table>

ASEAN’s GDP to double to US$4.7 trillion in 2020

Source: UNCTAD and IMF as of April, 2014
Expanding Regional Integration

**AEC**
(ASEAN Economic Community)

- 616 million population
  (9% of world population)
- GDP: US$ 2.5 trillion
  (2% of world’s GDP)

**RCEP**
(Regional Comprehensive Economic Partnership)

- 3.3 billion population
  (50% of world population)
- GDP: US$17.1 trillion
  (27% of world’s GDP)

**FLAGSHIP OF ASEAN**
- Emerging regional architecture
- A new generation FTA
- A high ambition agreement

**THE BIGGEST FTA**
- Market size (16 countries)
- Regional supply chain
- FDI (intra-extra region)

Source: RCEP Seminar by DTN as of April 30, 2013
Thailand’s Bilateral FTAs

Source: Thailand’s FTAs, Agriculture Trade and Prospect on the ASEAN Economic Community, March, 2014
Regional FTAs

ASEAN Economic Community by 2015

- ASEAN-China Free Trade Area
- ASEAN-Australia/New Zealand Free Trade Area
- ASEAN-India Free Trade Area
- ASEAN-GCC Free Trade Area
- ASEAN-Korea Free Trade Area
- ASEAN-Hongkong Free Trade Area
- ASEAN-Japan Comprehensive Economic Partnership
- ASEAN-RCEP Free Trade Area

Expansion of Scope ——— In force ——— In pipeline

Source: Thailand’s FTAs April, 2014
Low Corporate Income Tax 2013

Source: KPMG ASEAN Tax Guide, as of 2013
## Thailand’s New Personal Income Tax Scheme

<table>
<thead>
<tr>
<th>Income</th>
<th>Taxed amount</th>
<th>Tax rate</th>
<th>Old</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-150,000</td>
<td>150,000</td>
<td>Exempted</td>
<td>Exempted</td>
<td>5%</td>
</tr>
<tr>
<td>150,001-300,000</td>
<td>150,000</td>
<td>10%</td>
<td></td>
<td>5%</td>
</tr>
<tr>
<td>300,001-500,000</td>
<td>200,000</td>
<td>10%</td>
<td></td>
<td>10%</td>
</tr>
<tr>
<td>500,001-750,000</td>
<td>250,000</td>
<td>20%</td>
<td></td>
<td>15%</td>
</tr>
<tr>
<td>750,001-1,000,000</td>
<td>250,000</td>
<td>20%</td>
<td></td>
<td>20%</td>
</tr>
<tr>
<td>1,000,001-2,000,000</td>
<td>1,000,000</td>
<td>30%</td>
<td></td>
<td>25%</td>
</tr>
<tr>
<td>2,000,001-4,000,000</td>
<td>2,000,000</td>
<td>30%</td>
<td></td>
<td>30%</td>
</tr>
<tr>
<td>More than 4,000,000</td>
<td>-</td>
<td>37%</td>
<td></td>
<td>35%</td>
</tr>
</tbody>
</table>

Note: The new tax rate will be applied for 2013 tax calendar year onwards.

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
BOI ZONING AND INCENTIVES
Driving Skill, Technology and Innovation Investment through Investment Incentives

Incentives: Additional 1-3 years of tax holidays

Criteria: Investments and expenditures on

- Research and development or design
- Advanced technology training
- Funding educational and research institutions
- Contribution to S&T Development Fund
Sectors of Opportunity

Target Industries

Agriculture and food processing

Automotive

Machinery

Mold & Die

Target Industries

Biotechnology

Alternative energy

Electronics & Electrical Appliances

Gems & Jewelry
Thailand’s Automotive Industry
Current Situation and Trends
World Ranking of Automotive Production by Country

2013 Thailand rank No.9 globally and No.1 in ASEAN for Automotive Production 2013

Source: International Organization of Motor Vehicle Manufacturers, OICA (As of April 2014)
Thai Automotive Cluster and Supply Chain Structure

**SUPPORTING INDUSTRY**
MACHINERY, EQUIPMENT&DEVICE, MOLD & DIE, JIG & FIXTURE

**Tier 1**
Parts Manufacturers
450,000 persons

**Tier 2 & 3**
SME
(1,700 companies)
Stamping, plastics, rubber, machining, casting, forging, function, electrical, trimming

Manufacturer

*Vehicles
100,000 persons
*Dealer,
*Service center
200,000 persons

**Upstream Industry**
Steel, Plastic, Rubber, Electronics, Glass,
Textile, Leather, Chemical, Oil, Coating and Galvanize

**Service Industry**
- Distribution (W/H)
- Finance
- Testing
- Consulting
- Logistic
- Banking/Leasing

**Associations / Institutes**

**Universities / Technical Colleges**

**Government**

Policy & Supporting Body
## Strength of Thai Automotive Industry

### Top 100 Global Suppliers Active in Thai Automotive Industry

#### Japanese Global Suppliers
-
1. Robert Bosch
2. Denso
3. Continental
4. Aisin Seiki
5. Bayer
6. Faurecia
7. Johnson Control
8. ZF
9. TRW
10. Delphi
11. Lear
12. BASF
13. Yazaki
14. Lear
15. Sumitomo
16. Toyota Boshoku
17. BASF
18. Calsonic Kansei
19. JTEKT
20. Hitachi
21. Valeo
22. Visteon
23. Autoliv
24. Alpine
25. Mahle
26. Dana
27. BorgWarner
28. Toyoda Gosei
29. NTN
30. NSK
31. NTN
32. NSK
33. NTN
34. NSK
35. Mitsubishi
36. Teneco
37. Teneco
38. Teneco
39. NHK Spring
40. Koito
41. TS Tech
42. Alpine
43. Takata
44. Federal-Mogul
45. Federal-Mogul
46. Bridgestone
47. Michelin
48. F-Tech
49. Tokai Rika
50. GKN Driveline
51. Goodyear
52. Goodyear
53. Grupo Antolin
54. Bayer
55. Grupo Antolin
56. Grupo Antolin
57. Showa
58. TI Automotive
59. TI Automotive
60. Draexlmaier
61. Mitsuba
62. Mitsuba
63. Stanley
64. Stanley
65. Draexlmaier
66. Asahi Glass
67. American Axle
68. Asahi Glass
69. American Axle
70. American Axle
71. American Axle
72. Stanley
73. Rieter Auto.
74. Akebono Brake
75. Akebono Brake
76. Akebono Brake
77. Akebono Brake
78. Akebono Brake
79. Akebono Brake
80. Akebono Brake
81. Akebono Brake
82. Sanden
83. Sanden
84. F-Tech
85. F-Tech
86. Hayes Lammerz
87. Hayes Lammerz
88. Hayes Lammerz
89. Hayes Lammerz
90. Hayes Lammerz
91. Hayes Lammerz
92. Alpine
93. 3M
94. Pioneer
95. Pioneer
96. Pioneer
97. Pioneer
98. Omron
99. Omron
100. Omron

#### Other Global Suppliers

28/29 Companies

29/71 Companies
Overview of Thai Automotive Industry (4 wheels)

<table>
<thead>
<tr>
<th></th>
<th>Year 2012</th>
<th>Year 2013</th>
<th>Year 2014f</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Production</strong></td>
<td>2,453,717</td>
<td>2,457,057</td>
<td>2,500,000</td>
</tr>
<tr>
<td><strong>Domestic Sales</strong></td>
<td>1,436,335</td>
<td>1,330,672</td>
<td>1,250,000</td>
</tr>
<tr>
<td><strong>Export</strong></td>
<td>1,026,671</td>
<td>1,128,152</td>
<td>1,250,000</td>
</tr>
</tbody>
</table>

Source: Thai Automotive Industry Association
Thai Automotive Industry Milestones

1st Milestone
1 million units
Rank 15th

2nd Milestone
2.45 million units
Rank Top 10

3rd Milestone
3 million units

“Thailand is a global green automotive production base with strong domestic supply chains which create high value added for the country”
## Eco-Car Programs

<table>
<thead>
<tr>
<th>Product</th>
<th>Eco Car 1</th>
<th>Eco Car 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engine Type</td>
<td>Benzene 1,300 cc</td>
<td>Benzene 1,300 cc</td>
</tr>
<tr>
<td></td>
<td>Diesel 1,400 cc</td>
<td>Diesel 1,500 cc</td>
</tr>
<tr>
<td>Fuel consumption (Liter/100 km)</td>
<td>5 Liter</td>
<td>4.3 Liter</td>
</tr>
<tr>
<td>Emission Standard Co2 (g/km)</td>
<td>Euro 4, Co2 &lt; 120g/km</td>
<td>Euro 5, Co2 &lt; 100g/km</td>
</tr>
<tr>
<td>Minimum Investment (MB)</td>
<td>5,000</td>
<td>6,500</td>
</tr>
<tr>
<td>Minimum Production</td>
<td>100,000 units/year (from 5th year)</td>
<td>100,000 units/year (from 4th year)</td>
</tr>
</tbody>
</table>

- 10 applications received with total capacity of 1.58 M units
- Production to start by 2019
Thailand: World’s Leader in Agro-Based Products

- World’s 9th largest agricultural output
- World’s 2nd producer of natural & synthetic rubber
- World’s 1st exporter of tapioca products
- World’s top exporter of rice, sugar, seafood, canned tuna, canned pineapples, and cassava

Sources: Office of Agricultural Economics, as of February 6, 2012

* Thai Tapioca Starch Association, Sept 2010
2013 Thailand’s Top 10 Food Exports

**2013 Exports**

Bt 907,912 million

(-6.6%)
Thailand’s Food Exports, 1997 – 2014f

(Billion Baht)

Source: National Food Institute (NFI) as of Feb 14, 2014
Strengths of Thai Food Industry

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

- **Abundant Raw Material**
- **Skilled & hard working Workforce**
- **Good Quality & Safety**

Size of workforce now > 39.5 million
Minimum Daily Wage Bt300

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
Thailand’s Agro Industry

- Thailand was the first country in Southeast Asia to adopt agriculture biotechnology.
- The processed food sector accounts for nearly 15% of the national manufacturing output and contributes 52% of food exports, Bt907 billion in 2013.
- There are approximately 9,000 food processing companies in Thailand producing annual earnings of about US$25 billion.
- The 2013 export value of agricultural products was Bt688 billion (or US$22.71)

Source: National Food Institutes and MOC, as of Feb 14, 2014

World’s top exporter of rice, sugar, seafood, canned tuna, canned pineapples, and cassava
Food Safety Standards

- Thai food factories must apply for GMP, ISO, HACCP, TQM, Water footprint and Carbon footprint.
- For food exports, BRC, IFS, and SQF must be applied.
- Agricultural Commodity and Food Standards (ACFS)
  - Good Manufacturing Practice (GMP)
  - Good Hygienic Practice (GHP)
  - ISO 22000 (Safety on Food Supply Chain)

*BRC (British Retail Consortium) *IFS (International Food Standard) SQF* (Safety Quality Food)

Source: National Food Institute (NFI) as of Mar 2014
BOI Incentives

1.11.8 Manufacture or preservation of ready-to-eat or semi-ready-to-eat food is classified as a priority activity of special importance and benefits to the country.

Conditions:
- Products must use modern technology, production process, tools and equipment and inspection (current or innovative technology)*.

Rights and benefits:
- Exemption of import duty on machinery for all zones.
- Eight-year corporate income tax exemption for all zones with no cap.
- Other relevant location-based incentives.

* Ref. BOI Announcement No.Por1/2553-Scope of Products under the Investment Promotion Activity Category 1.11.8 Manufacture or Preservation of Ready-to-Eat or Semi Ready-to-Eat Food.
Growing Opportunities: Renewable & Alternative Energy

- High Level of Local Technical Expertise and an Established Legislative Framework for the Renewable Sector
- Abundant Agricultural Raw Materials
- Sufficient and Improved Infrastructure
- The Most Optimal Location for Business and Living Condition

As of May 1, 2014
Thailand’s Energy Policy

1. Enhancing energy related industries & business to be next generation value creator.
2. Securing country’s energy supply.
3. Pricing energy right.
4. Up-scaling RE mix to 25% in 10 years.
5. Targeting energy intensity reduction by 25% (based on 2010 level) within 20 years.

Thailand Alternative Energy Development Plan

Committed to the development of low-carbon society

Alternative Energy Development Plan (AEDP: 2012-2021), Revision 2013

Government Funding On R & D Activities

Encouraging Private-Led Investment

Target 25% of RE in Total Energy Consumption By 2021

RE Target for Total Power Generation: 13,927 MW in 2021

<table>
<thead>
<tr>
<th>New type of energy</th>
<th>Solar</th>
<th>Wind</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tidal Wave</td>
<td>3,000</td>
<td>1,800</td>
</tr>
<tr>
<td>Geothermal</td>
<td>MW</td>
<td>MW</td>
</tr>
<tr>
<td>2MW</td>
<td>1MW</td>
<td></td>
</tr>
<tr>
<td>3MW*</td>
<td>4,800MW</td>
<td></td>
</tr>
</tbody>
</table>

Small Hydropower

Bio energy

<table>
<thead>
<tr>
<th>Biomass</th>
<th>Biogas</th>
<th>Solid waste</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,800 MW</td>
<td>3,600MW</td>
<td>400MW</td>
</tr>
</tbody>
</table>

Bio fuel

<table>
<thead>
<tr>
<th>Ethanol</th>
<th>Bio-diesel</th>
<th>New Energy Replacing gas</th>
<th>Compressed Bio-methane Gas</th>
</tr>
</thead>
<tbody>
<tr>
<td>9ML/d**</td>
<td>7.20ML/d</td>
<td>3ML/d</td>
<td>1,200 tons</td>
</tr>
</tbody>
</table>

(Data as of Aug 19, 2013)

Supporting scheme

- Future change of “Adder” to Feed-in-tariff (FiT) policy
- BOI Tax incentives scheme
- Some direct subsidy (10-30%) on Biogas and Solar-hotwater projects
- ESCO Revolving Fund (April 2013-April 2015)

Source: Ministry of Energy as of Aug 19, 2013  *Megawatt (million watt)  **Million litres/day
Alternative Energy Development Plan 2012-2021 (Revision, 2013)

<table>
<thead>
<tr>
<th>Energy source</th>
<th>PDP 2010 (MW)</th>
<th>AEDP 2012 (MW)</th>
<th>AEDP 2013 (MW) (New)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hydro</td>
<td>263</td>
<td>1,608</td>
<td>324</td>
</tr>
<tr>
<td>Wind</td>
<td>798</td>
<td>1,200</td>
<td>1,800</td>
</tr>
<tr>
<td>Waste to Energy</td>
<td>173</td>
<td>160</td>
<td>400</td>
</tr>
<tr>
<td>Biogas</td>
<td>121</td>
<td>600</td>
<td>3,600</td>
</tr>
<tr>
<td>Biomass</td>
<td>2,340</td>
<td>3,630</td>
<td>4,800</td>
</tr>
<tr>
<td>Solar PV</td>
<td>923</td>
<td>2,000</td>
<td>3,000</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>4,618</td>
<td>9,201</td>
<td>13,927</td>
</tr>
</tbody>
</table>

Source: EGAT & The Committee on Energy Policy and Planning (EPPO) as of July 2013.
Thailand’s Alternative Energy Potentials

**N A T U R A L**
- Solar
- Hydro
- Wind

**C R O P**
- Sugar cane
- Cassava
- Palm

**W A S T E**
- Agricultural waste
- Industrial waste
- Municipal solid waste

Source: Stakeholder Workshop on RE Energy and Experience Sharing by DEDE as of October 10, 2012

**E L E C T R I C I T Y**
**F U E L**
**H E A T I N G**
### “Adder” : Feed-in Premiums

<table>
<thead>
<tr>
<th>Type of renewable energy (July 2010-Present)</th>
<th>Adder (B/kWh)</th>
<th>Special adder * (B/kWh)</th>
<th>Supporting period (Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Biomass</strong></td>
<td>VSPP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Installed capacity &lt;= 1 MW</td>
<td>0.50</td>
<td>1.00</td>
<td>7</td>
</tr>
<tr>
<td>- Installed capacity &gt; 1 MW</td>
<td>0.30</td>
<td>1.00</td>
<td>7</td>
</tr>
<tr>
<td><strong>Biogas (all categories of production sources)</strong></td>
<td>VSPP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Installed capacity &lt;= 1 MW</td>
<td>0.50</td>
<td>1.00</td>
<td>7</td>
</tr>
<tr>
<td>- Installed capacity &gt; 1 MW</td>
<td>0.30</td>
<td>1.00</td>
<td>7</td>
</tr>
<tr>
<td><strong>Waste (community waste, not hazardous industrial waste, and inorganic waste)</strong></td>
<td>VSPP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- AD &amp; LFG</td>
<td>2.50</td>
<td>1.00</td>
<td>7</td>
</tr>
<tr>
<td>- Thermal Process</td>
<td>3.50</td>
<td>1.00</td>
<td>7</td>
</tr>
<tr>
<td><strong>Wind power</strong></td>
<td>VSPP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Installed capacity &lt;= 50 kW</td>
<td>4.50</td>
<td>1.50</td>
<td>10</td>
</tr>
<tr>
<td>- Installed capacity &gt; 50 kW</td>
<td>3.50</td>
<td>1.50</td>
<td>10</td>
</tr>
<tr>
<td><strong>Mini and micro hydropower</strong></td>
<td>VSPP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- capacity 50-200 kW</td>
<td>0.80</td>
<td>1.00</td>
<td>7</td>
</tr>
<tr>
<td>- capacity &lt; 50 kW</td>
<td>1.50</td>
<td>1.00</td>
<td>7</td>
</tr>
<tr>
<td><strong>Solar</strong></td>
<td>VSPP</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6.5</td>
<td>1.50</td>
<td>10</td>
</tr>
</tbody>
</table>

* Note: Special Adders for
- Facilities in 3 Southernmost provinces and 4 districts in Songkhla
- Diesel-Gen. replacement on PEA system

Source: EEF Annual Seminar by DEDE as of Aug 19, 2013

Note: 4 districts in Songkhla province including Chana, Thepha, Saba Yoi, and Nathawi
Economic transition from labor intensive to knowledge-based is creating great demand
Opportunities in Machinery

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

• High demand for:
  • Food and farm 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

BOI Priority Activities-8 years

Corporate income tax holidays, duty free machinery
Priority Activity

- Manufacture of machinery, equipment and parts that have engineering design
- Manufacture of farm machinery/equipment and food processing machinery/equipment
- Manufacture of energy-conserving machinery/equipment and machinery/equipment using alternative energy
- Manufacture or repair of mould and die
- Manufacture of other machinery, equipment and parts

Privileges:
- Classified as a priority activity
- Exemption of machinery import duties
- 8-year cap-free corporate income tax exemption
## Import of Machinery & Equipment in Thailand

<table>
<thead>
<tr>
<th>Year</th>
<th>Boiler, Nuclear plant, etc. (HS Code 84)</th>
<th>Electrical machine (HS Code 85)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>669.8</td>
<td>965.4</td>
</tr>
<tr>
<td>2008</td>
<td>743.7</td>
<td>966.8</td>
</tr>
<tr>
<td>2009</td>
<td>652.7</td>
<td>865.7</td>
</tr>
<tr>
<td>2010</td>
<td>780.7</td>
<td>1,054.2</td>
</tr>
<tr>
<td>2011</td>
<td>866.2</td>
<td>1,072.6</td>
</tr>
<tr>
<td>2012</td>
<td>1,109.6</td>
<td>1,109.6</td>
</tr>
<tr>
<td>2013</td>
<td>1,211.4</td>
<td>1,135.9</td>
</tr>
<tr>
<td>2014 (Q1)</td>
<td>240.9</td>
<td>289.1</td>
</tr>
</tbody>
</table>

Source: Ministry of Commerce, May 2, 2014
Electronics & Electrical Products
Integrating Innovation & Technology

As of April 24, 2014
Electronics and Electrical Industry

- Thailand Exports Ranked 23rd in the World in 2012
- E&E exports US$53.41 billion in 2013, 23% of total exports
- Major products: Computer components, IC, TV, A/C & other WG
- Thailand is the world’s largest producer of HDDs
- A leading country in the manufacture of integrated circuits and white goods
- Strong supporting industries for electrical appliances
  - Compressors, motors, plastic and metal parts

Source: Electrical and Electronics Institute, as of February’13 and WTO as of September 2013
EE Export Market

- ASEAN: 17%
- USA: 17%
- EU: 14%
- JP: 10%
- CN: 10%
- OTHERS: 32%

Source: Electrical and Electronics Institute of Thailand as of March 4, 2014
### Top E&E export

**Electrical Products**
1. Air-conditioners
2. TV/VDO cameras
3. Refrigerators
4. TV color
5. Washing machine

**Electronics**
1. Computer components
2. Integrated circuit (IC)
3. Transmission
4. Printed Circuit
5. Equipment used for telephone or telegraphs

### Top E&E import

**Electrical Products**
1. Circuit breakers, switches, plugs
2. Television receiver components
3. Magnetic tape and Magnetic disk
4. Electric wires & cables
5. Small motors, under 750 W

**Electronics**
1. Integrated circuit (IC)
2. Computer components
3. Mobile telephone
4. Diodes transistors and semiconductors
5. Computer, notebook, plam
## Package of Regional Operating Headquarters

**Benefit**
- For portion of income from **OVERSEAS OPERATIONS**
  - 0% CORPORATE INCOME TAX for 15 years

**Benefit**
- For portion of income from **LOCAL OPERATIONS**
  - 10% CORPORATE INCOME TAX for 15 years

### Key Conditions
- In 1st fiscal year, have one operating company in another country; a second within 3rd year; a third within 5th year
- Have annual expenses in Thailand of Bt15 million, or have invested at least Bt30 million in Thailand
- By end of 3rd year, 75% of ROH personnel to be qualified staff, and 5 persons earning at least Bt2.5 million annual salary and benefits per person
- All companies must be real operating companies with a physical presence and staff

**Benefit**
- For income of **EXPATRIATE EMPLOYEES**
  - 15% PERSONAL INCOME TAX for 8 years

### Key Conditions
*In addition to conditions for income from overseas and local operations:*
- Income generated from services to overseas companies must be at least 50% of total revenues
BOI Incentives : Rights & Benefits

Activities:

- Long Stay Business
- Trade and Investment Support Offices (TISO)
- International business process outsourcing (IBPO)

Rights & Benefits

Non-Tax Incentives Only
- Permission to own land
- Permission to bring into the Kingdom foreign skilled workers and experts sufficient for your business activities
- Permission for foreign nationals to enter the Kingdom for the purpose of studying investment opportunities
- Permission to take out or remit foreign currency
BOI SERVICES
# BOI SUPPORT SERVICES

<table>
<thead>
<tr>
<th>Investment Matchmaking Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Stop for visas &amp; work permits: work permits in 3 hours</td>
</tr>
<tr>
<td>Subcontracting Development Program by BUILD Unit</td>
</tr>
<tr>
<td>ASEAN Supporting Industry Database</td>
</tr>
<tr>
<td>Interaction with other govt. agencies on behalf of investors</td>
</tr>
<tr>
<td>Country desks</td>
</tr>
<tr>
<td>Overseas offices</td>
</tr>
</tbody>
</table>

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Thailand: An Asian Hub, a World of Opportunity
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
One Start One Stop Investment Center

More Convenience, less time, more efficiency!

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319 Phayathai Road, Pathumwan
Domestic Call: 0 2209 1100, Inter. Call: (66 2) 209 1100
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