



THAILAND
BOARD OF
INVESTMENT
www.boi.go.th

Thailand – Becoming the Medical Hub of Asia

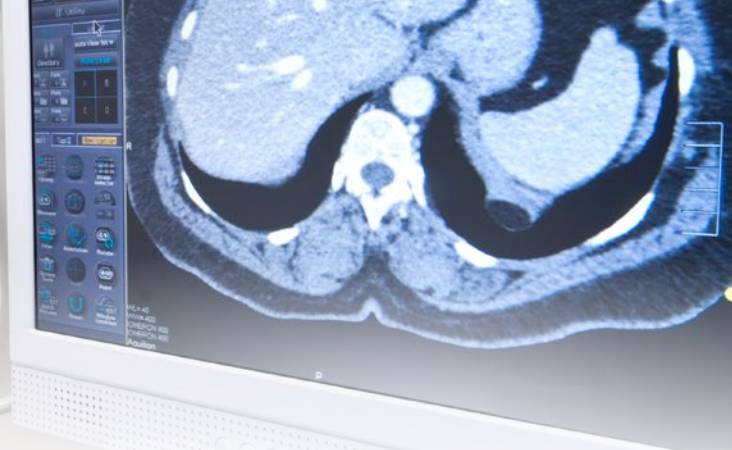
With its strong healthcare infrastructure and an international reputation for having highly-skilled doctors and other medical professionals, and providing top tier medical service, Thailand has become a medical hub not only for ASEAN, but also for Asia and beyond. Domestically, the country has been operating a universal healthcare system since 2002, with the policy proving so successful that over 99% of the Thai population is now covered by public healthcare. Thailand's healthcare industry is supported by more than 1,000 public and 300 private hospitals. The wide-ranging services offered by these facilities cover a large number of advanced treatments including, for example, cancer treatments, hip replacements, organ transplants, open heart surgery and laser eye surgery, among others.

Despite already having such a large and diverse healthcare sector, Thailand's aging population is expected to increase the need for healthcare services in the years to come. In relation to other countries in ASEAN, the proportion of citizens aged over 60 is one of the highest in the region, and it is

forecast that, by 2045, this proportion will exceed that of other regions such as Europe and the United States, which is sure to further drive the domestic healthcare demands in the future.

In addition, Thailand is a leading medical tourism hub, taking care of millions of foreign patients each year. Because of the large number of state-of-the-art medical facilities and premium healthcare specialists available in Thailand, the number of foreign patients visiting Thai hospitals has been increasing at a rapid rate. This high-level of demand from patients from abroad has provided the impetus for a range of technological advances and clinical research studies. This demand also means that there are many available opportunities for new companies that may be looking to enter the Thai medical market.

The number of medical tourists coming to Thailand has been increasing for several reasons, including having reasonable costs for medical treatments and other high quality healthcare services, a world famous and highly developed tourism infrastructure, and a global reputation for providing attentive and world-class service. Among its world-class medical facilities, Thailand has the largest number of private hospitals anywhere in Asia. In addition, as a result of its large and well established medical services industry, there is also a correspondingly large market for medical devices in Thailand. In fact, Thailand's medical devices sector is the 8th largest in the Asia-Pacific region. Presently, there are well over 500 local medical device manufacturers in Thailand, but even so there are still many devices which need to be imported from other countries, which along with an expanding market for existing products provide potential investment opportunities for locals and foreigners alike.



Another expanding area for healthcare expenditures is the pharmaceutical sector. Thailand has one of the strongest-performing pharmaceutical markets in the Asia-Pacific region. By the end of 2020, pharmaceutical industry spending as a percentage of GDP is expected to have doubled over that of 2010. This is primarily due to the increasing demand for pharmaceuticals as a result of Thailand's aging population, Thailand's Universal Coverage Scheme (UCS), and the continued growth of medical tourism. The pharmaceutical market presently accounts for nearly 20% of all domestic health expenditures.

The global pandemic of the Coronavirus disease 2019 (COVID-19) is a serious medical challenge for every country. However, because of its highly developed medical infrastructure and disciplined approach to containing the spread of the virus, Thailand currently has one of the lowest infection rates of any country in the world. Although Thailand was one of the first countries to identify a local case outside of China in the middle of January 2020, it rapidly brought to bear the expertise and experience of having previously dealt with the SARS epidemic in 2003, as well as subsequent global epidemics, to bring the outbreak under control. Key to that endeavor was an army of over 1,000,000 village health volunteers who helped Thailand to identify, isolate, treat and trace cases. After an initial outbreak in March and April 2020, Thailand has seen a steady decline in the number of new cases, eventually bringing the number of known community spread cases down to zero, where it has remained. According to the Permindo Global Pandemic Index, Thailand's Recovery Rating is ranked second in the world.



One thing has become very apparent through the COVID-19 pandemic is that reliability and resilience are hard to find. The sudden onset of the pandemic has created enormous problems for individuals, businesses, and governments worldwide, disrupting global supply chains and shuttering many businesses. Through it all, Thailand's swift and proactive response, together with its highly developed healthcare systems, has enabled it to keep the pandemic under control within the kingdom while allowing most businesses to continue to operate. This is in keeping with the same national spirit of resilience that has helped the country overcome many previous hurdles, from epidemics to natural disasters and economic crises. This is why Thailand continues to be such an attractive prospect to investors and entrepreneurs everywhere.

The Thai government has been actively encouraging the expansion of manufacturing activities such as those related to medical devices, pharmaceutical products and medical food and supplements through its numerous investment promotion incentives. Recently the Thai government has also begun placing greater emphasis on the promotion of medical services as part of the initiative to drive Thailand towards becoming the number one medical hub of Asia with a full range of first-class services. To this end, the BOI has provided incentives to stimulate investment in four additional areas of medical services including Thai traditional medical centers, specialty medical centers, hospitals, and medical transportation services.



The BOI offers a wide range of incentives for investment projects that meet national development objectives. The tax incentives include the exemption of corporate income tax, together with the exemption of import duty on machinery required for the project and on raw or essential materials used in manufacturing exported products. As for non-tax incentives, the BOI also grants the permission to bring in expatriates, the permission to take or remit foreign currency abroad, and the permission to own land for use in the project.

To help address the increased demand for medical equipment and supplies resulting from the COVID-19 pandemic, the BOI recently approved amendments to BOI-eligible businesses and enhanced benefits related to the medical sector with a view to accelerating investment in the production of important medical equipment and supplies. Moreover, support will also be given to the modification or transformation of existing production lines to

increase the domestic availability of medical supplies. The BOI also relaxed deadlines in cases such as the duty-free importation of machinery and the full operation start-up, as well as waivers for applications for temporary cessations of operations for a period of more than two months to mitigate the impact of the COVID-19 pandemic, which has affected economic activity both directly and indirectly on BOI promoted businesses.



Source: Towards Becoming No. 1 Medical Hub of Asia (Brochure) and Thailand Races Ahead as Global Healthcare Hub As of September 30th, 2020