



# Regulatory Framework and Investment Privilege Package in The Thai EV Sector Available to The European Automobile Companies

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Thailand Board of Investment

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# AGENDA

01

Why Thailand

02

Support from Thai Government

03

Introduction to Thailand Board of Investment (BOI)

04

BOI Promotion Package for EV

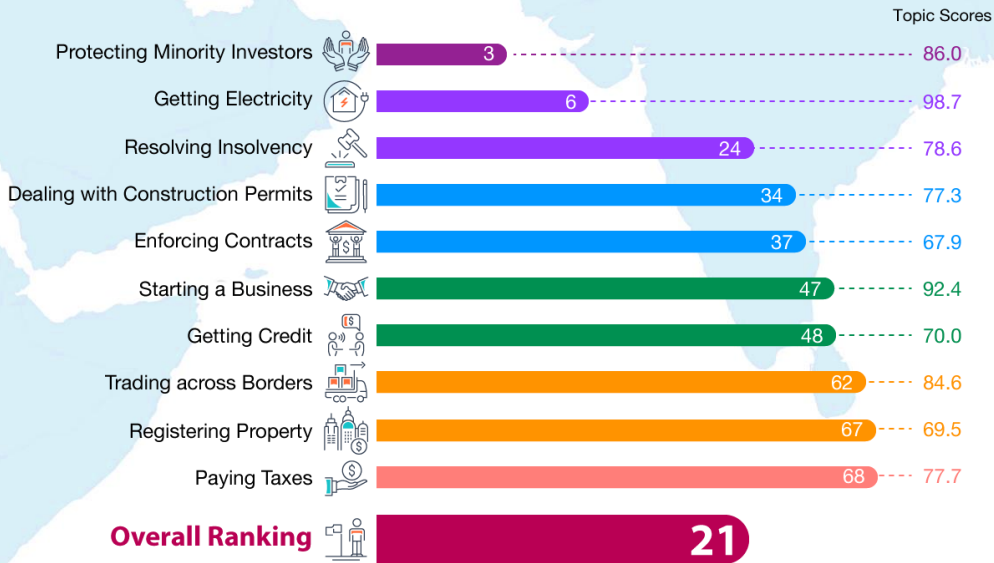
05

Services and Support from BOI

# Strategic Location & Market Access



## Rankings for Thailand



Ranking 3<sup>rd</sup> in ASEAN

Source: World Bank Group's 2020 Ease of Doing Business



6<sup>th</sup> Largest Economy Globally (USD 2.7 Trillion)



2<sup>nd</sup> Largest Economy Globally (USD 13.4 Trillion)



5<sup>th</sup> Largest Economy Globally (USD 3.2 Trillion)

Thailand has concluded 17 Free Trade Agreements (FTAs)

Cooperation with RCEP

Regional Comprehensive Economic Partnership (RCEP)

ASEAN



ASEAN+3



ASEAN+6



- Strengthening regional value chain
- Elimination or reduction of import duties
- Promotion and facilitation investment liberalization
- Protection of intellectual property rights
- Economic and technical cooperation

## The Thai Market

- Population ranks 4<sup>th</sup> in ASEAN: 69.79 Million<sup>1</sup>
- Middle Class Consumers: 52 Million<sup>2</sup>
- 35 Million or 51.1% of the population is urban<sup>3</sup>

Low-Cost of Living

Proximity distance to China and India

Low-Cost Office Space

Aerial, Land, & Maritime Connectivity

20% Corporate Income Tax

Border Special Economic Zones

Well-developed Infrastructure

Well-Equipped Industrial Estates

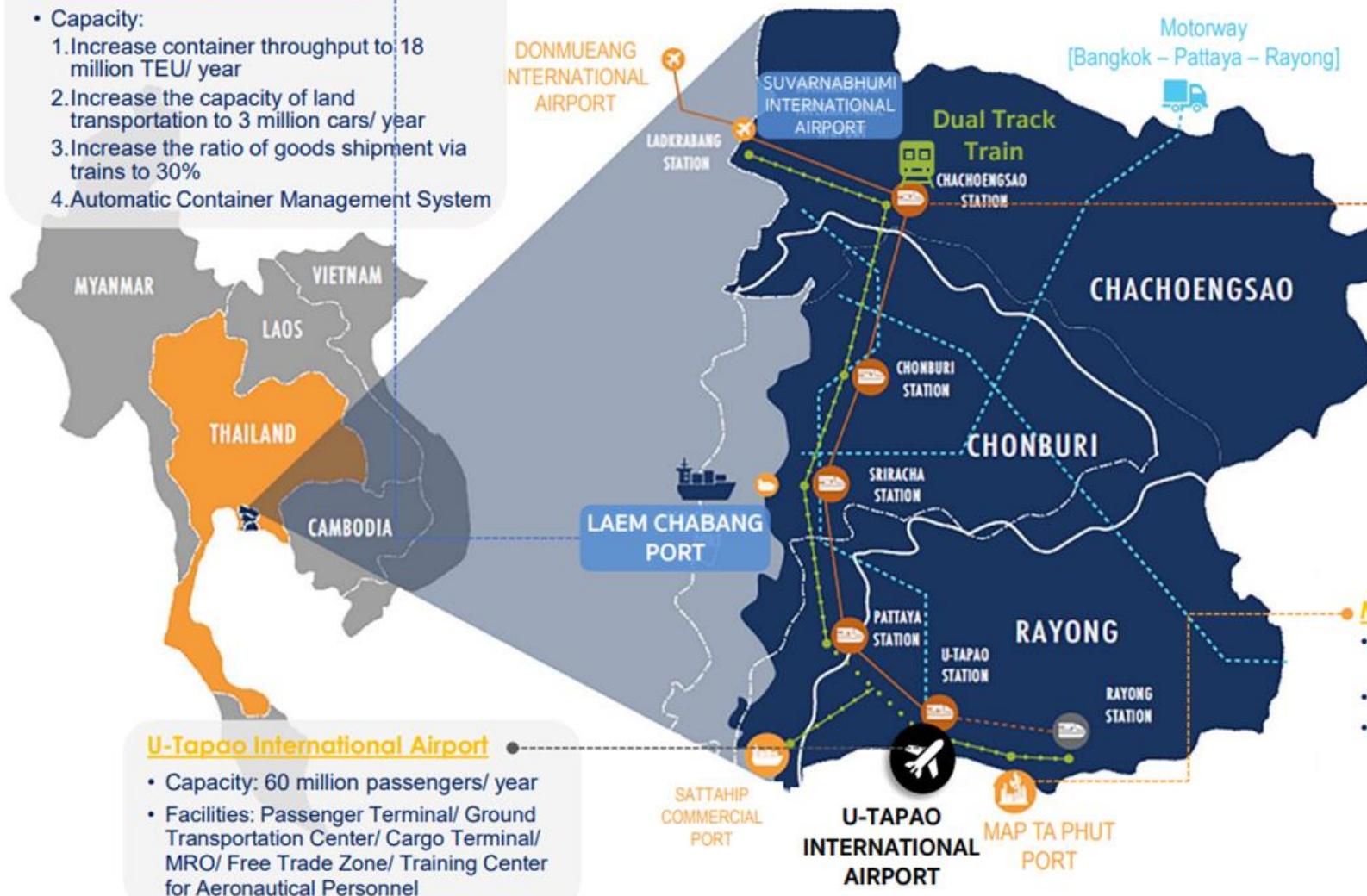
Source: <sup>1,3</sup>UN data (2021), <sup>2</sup>Deloitte (2016), <sup>4</sup>ASEAN key finger 2020, <sup>5</sup>World Meters (2019), ASEAN Key\_Figures\_2020



# Eastern Economic Corridor (EEC)

## Laem Chabang Port Phase 3

- Capacity:
  1. Increase container throughput to 18 million TEU/ year
  2. Increase the capacity of land transportation to 3 million cars/ year
  3. Increase the ratio of goods shipment via trains to 30%
  4. Automatic Container Management System



## U-Tapao International Airport

- Capacity: 60 million passengers/ year
- Facilities: Passenger Terminal/ Ground Transportation Center/ Cargo Terminal/ MRO/ Free Trade Zone/ Training Center for Aeronautical Personnel

## High-Speed Rail

- Connectivity: 5 Provinces, 3 Airports with 9 stations
- Distance: 220 km
- Train Maximum Speed: 250 km/hour
- Travel Time: Within 60 minutes

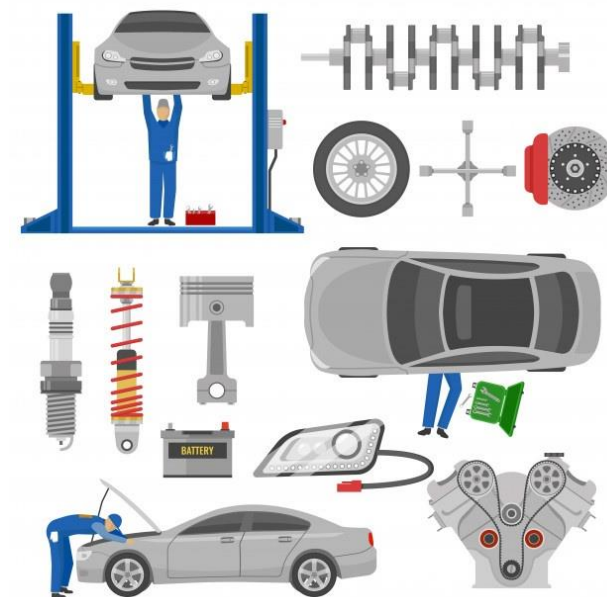
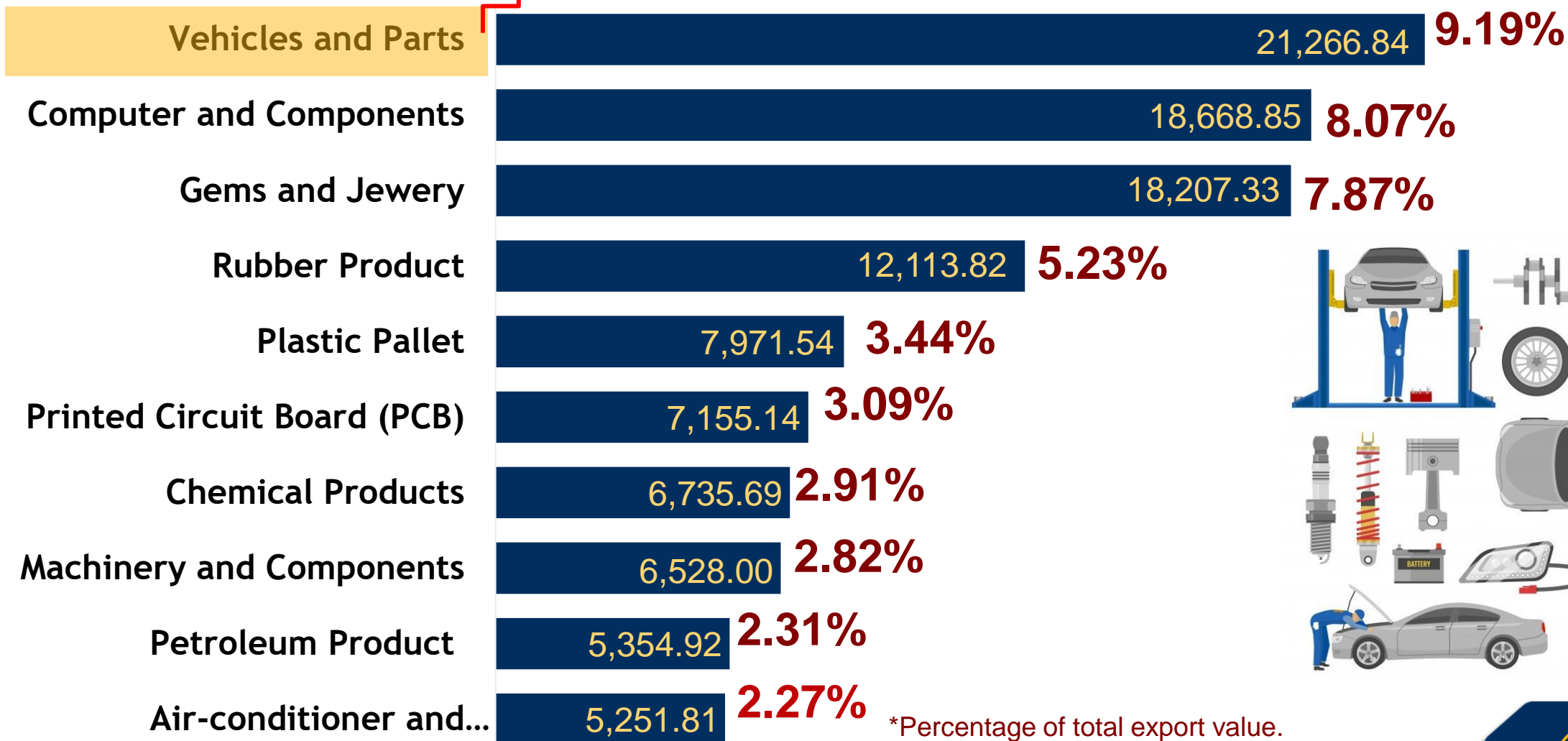
## Map Ta Phut Industrial Port Phase 3

- Overall Port's Capacity: 31 million tons/ year (After Development)
- Liquid Natural Gas port: 11 million tons/ year
- Future Projects
  - Liquid Material Port: 4 million tons/ year
  - Warehouse & Power Plant



# **TOP10** Thailand's Export Products in 2020

## Vehicles and Parts is Rank #1 of Thailand export value



\*Percentage of total export value.

*Export Value unit : Million USD*

# Thailand as an Automotive Hub in ASEAN

**‘Major Hub of Asia’**

**1<sup>st</sup>**

Automotive  
Producer in ASEAN

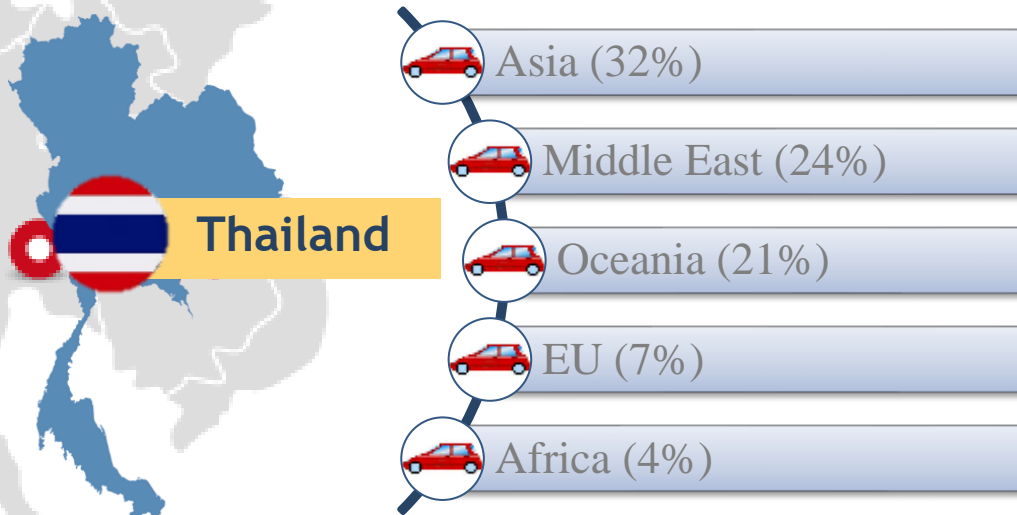


**11<sup>th</sup>**

Automotive Producer  
in the World



Thailand exports car to the world



**High Local content of up to 90%**

**World Ranking**



**5<sup>th</sup>**

**Light Commercial Car Producer**



**15<sup>th</sup>**

**Heavy Commercial Car Producer \***



**18<sup>th</sup>**

**Passenger Car Producer**



**20<sup>th</sup>**

**Heavy bus Producer \***

Thailand continuously accelerates its next-generation automotive industry in line with the government's promotion of new S-curve industry which have higher value-added production.

# History of Thai Automotive Sector

Now, the current focus is on electrification:  
**HEV, PHEV, BEV, and FCEV**

**2017-Present**

**. EV**

• Eco-car 2

**2013**

• New model package

**2009**

• NGV for trucks and buses

**2008**

- Eco-car 1
- Passenger Car
- Big Bike

**2007**

• 1 million 1-tonnage commercial vehicles produced

**2005**

• International Multi-Purpose Vehicle

**2002**

- Promotion of local production for export
- Promotion for supply chain development
- Promotion of local production for import substitution

## Product Champion



Pick-up



Motorcycle, Big Bike



Eco-Car



Electric Vehicle :  
HEV, PHEV, BEV



# Thailand has a Strong Supply Chain in the Automotive Industry

## Supporting Industries

BRIDGESTONE



LG Chem



## Tier 2 - 3 Parts Supplier

- Over 1,100+ companies

## Tier 1 Industry

- Over 720 Companies

## Assembler

- 23 Car Makers
- 12 Motorcycle Makers

Mostly small and medium enterprises



OEM Automotive Part Manufactures : Global automotive suppliers operating in Thailand

- ❖ Continental
- ❖ Magna International
- ❖ Johnson Controls
- ❖ Faurecia
- ❖ ZF Frederician
- ❖ Yazaki

Location: Most companies are in the Central and Eastern region, especially in the EEC area

- ❖ Ayutthaya
- ❖ Chachoengsao
- ❖ Chonburi
- ❖ Pathum Thani
- ❖ Samutprakarn
- ❖ Bangkok
- ❖ Rayong





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01

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# Net-Zero Emissions would be one of the Solutions and the Turning Point leads to Global Trend and Green Opportunities



Thailand Moving Towards  
**Carbon Neutrality Economy**

Vision towards **Green Growth**

**Renewal Energy 50% BY 2065-2070**

**Green Manufacturing**

- Low carbon society
- Stability of economic growth
- without environmental damage
- High income & reducing disparity





# The Plan of the National **Electric Vehicle** Policy Committee

BOI promotes every category of **electric vehicles** and focuses on promoting **electric battery** manufacture so that Thailand will be a **hub for battery manufacture and electric vehicles**.



## 30@30 Plan

Thailand will Produce ZEV  
30% of Total car production  
(or 750,000 Cars)  
Within year 2030

### Automotive and Tire Testing, Research and Innovation Center – ATTRIC



Battery Lab



### EECi ARIPOLIS – Autonomous driving testbed



### Charging Stations in Thailand



- 647 stations with 2,000 outlets in 2020
- more 800 stations are planned to install by 2022



### EEC

- 300+ Stations are planned to install in EEC by 2022

### Charging Station Providers

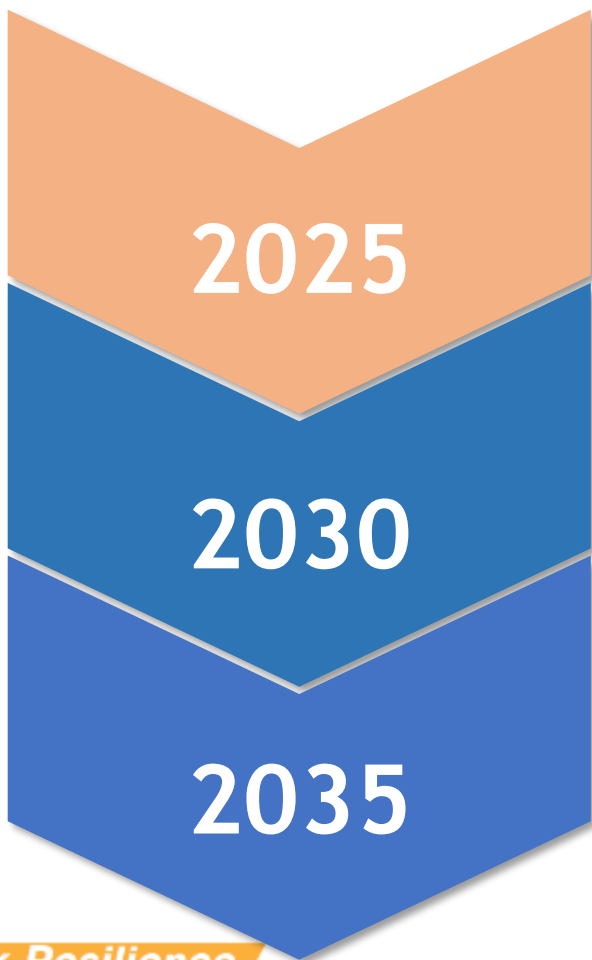






# The Plan of the National **Electric Vehicle** Policy Committee

## Transformation Towards **Zero-Emission** Mobility



- All vehicles procured for government agencies and public fleets to be **zero-emission vehicles (ZEVs)**
  - 15% of all new vehicles produced to be ZEVs
- 
- All vehicles used by government agencies and public fleets to be ZEVs
  - 30% of all new vehicles produced to be ZEVs
- 
- All new vehicles produced to be ZEVs
-

# Thai Government Supports on EV



## Environment :

- Department of Industrial Work to prepare EV battery end-of-life plan
- Pollution Control Department to enact Acts for EV battery end-of-life management

## Infra

## Infrastructure Development :

- Ministry of Energy to subsidy Charging Station
- TISI to proceed on National Automotive and Tire Testing Facility



## HR Development :

- Skilled Labors

## Demand

## Domestic market stimulation :

- Target of 20% use of BEV in Public procurement
- AOT to use more PHEV, BEV
- IEAT, MOST to use BEV in EEC
- EPPO promotes Taxi Conversion to BEV
- Fine Arts Department to use BEV at large national heritage sites

## Supply

## Safety & Standards :

- TISI to proceed on standards of EV charging system, electromagnetic compatibility, battery for EV and DC meter for billing system charging Station

## BOI Promotion Package :

- HEV, PHEV, BEV
- Key Parts
- Charging Station

## Special Tax Rate :

- Special Excise Tax Rate
- Import Duty Exemption on imported BEV for BOI Promoted companies



# The Government Sector is Increasing Utilization of EVs.

## Proposal by the Prime Minister

- A proposal made in late will pave way for the utilization of EVs for government use.
- In parallel, the Bangkok Mass Transit Authority will adopt EVs beginning in 2021 as current is in research and study stage 3.
- Expect 1.2 million EV users in 2036.

Current **647** Charging Stations and co-operate with private sector to increasing as demand of EV



Research & Study  
Two main institutes :  
Metropolitan Electricity Authority (MEA),  
Bangkok Mass Transit Authority (BMTA)

**BMTA**  
will procure 2,511 EV buses. **Expected by the year 2022** by preparing to deliver 6 public bus route.



## EVs for Metro Transport



Energy produced from the **solar rooftop** and apply **IoT Smart Parking**



Study on **EV Ecosystem concept**





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01

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02

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03

**Introduction to Thailand Board of Investment (BOI)**

04

BOI Promotion Package for EV

05

Services and Support from BOI

# Introduction to the Thailand Board of Investment



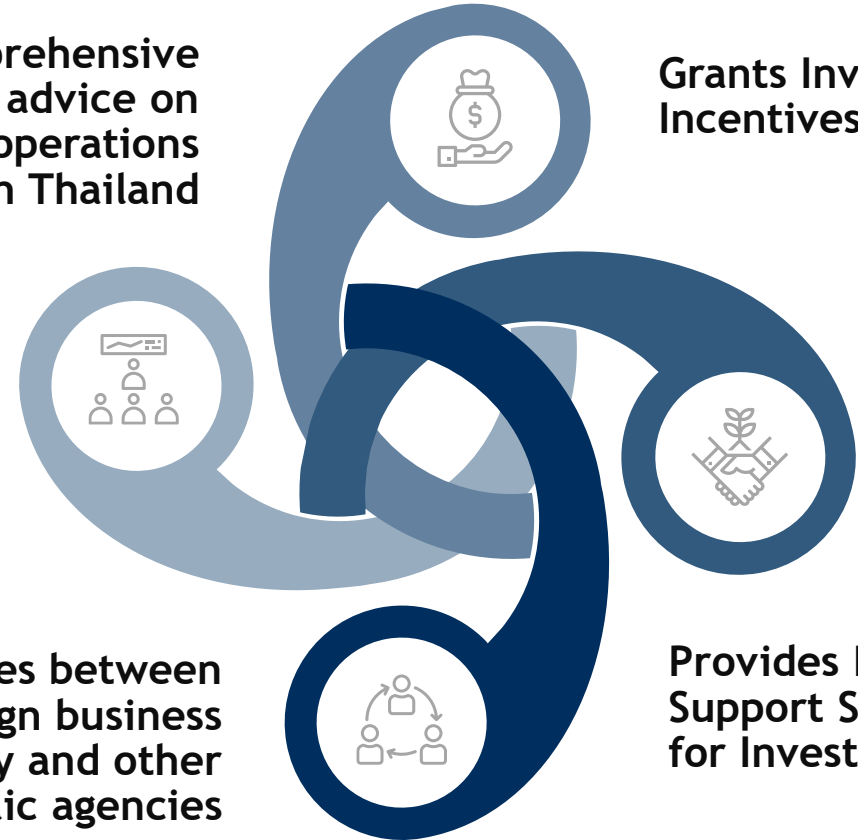
**BOI** is a government agency responsible for investment promotion and work under the Office of the Prime Minister

Provides comprehensive information and advice on establishing operations in Thailand

Grants Investment Incentives

Coordinates between the foreign business community and other public agencies

Provides Business Support Services for Investors





# BOI Offers Investors Highly Competitive Investment Tax Incentives and Non-tax Incentives



## Tax Incentives

- Exemptions / Reductions of Corporate Income Tax
- Exemptions / Reductions of Import Duties on Machinery
- Reduction of Import Duties on Raw Materials
- Exemption of Import Duties on R&D Materials
- Double Deduction on Cost of Transportation, Electricity and Water
- 25% Deduction on Installation or Construction of Facilities
- Exemption of Import Duty on Raw Materials Used in Production for Export



## Non-Tax Incentives

- Permit for Foreign National to Enter Kingdom to Study Investment Opportunities
- Permit to bring in Skilled Workers and Experts to Work in Investment Promoted Activities
- **Permission to Own Land**
- Permit to Remit Money Abroad in Foreign Currency
- No Local Content Requirement
- No Export Requirements
- **No Restriction on Foreign Shareholder**
- Visa Facilitation





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01

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02

Support from Thai Government

03

Introduction to Thailand Board of Investment (BOI)

**04**

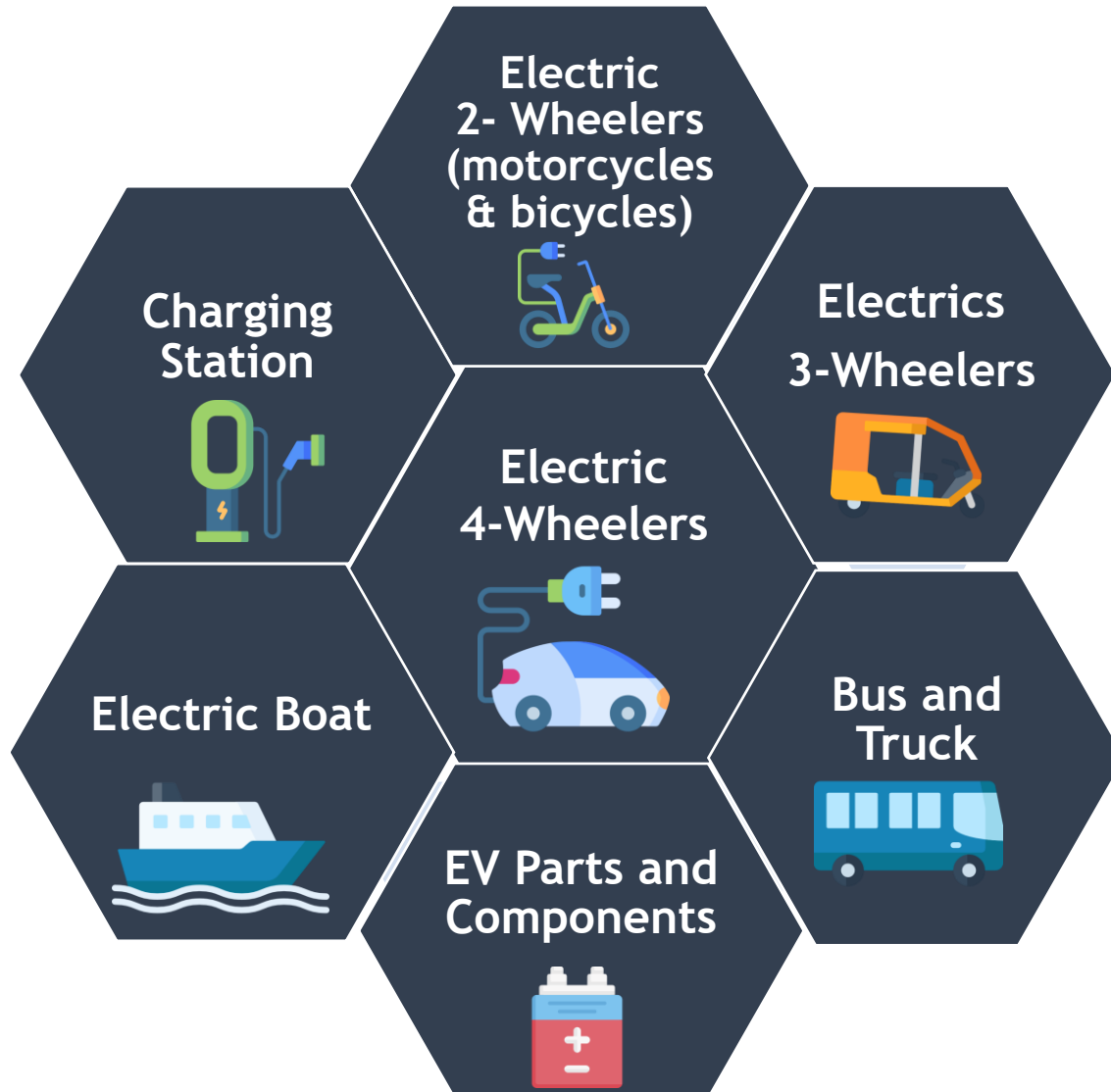
**BOI Promotion Package for EV**

05

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# BOI Promotion Package for Electric Vehicles

BOI promotes every various types of battery electric vehicles (BEV), including BEV platforms.



**3 - 11** Years of  
CIT exemption

Import duty exemption for Machine

Import Duty Exemption for Raw  
Material / Parts of export products

Condition: Must manufacture the vehicles and the battery within 3 years from the issuance of promotion certificate





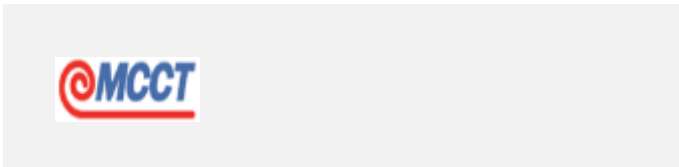

# Promoted Projects on Electric Cars

63,273.6 MB.	32 Projects	585,480 Cars
HEV (37,847.7 MB.)	6	347,500
PHEV (7,192.3 MB.)	8	101,240
BEV (14,904.8 MB.)	15	132,140
Battery Electric Bus (3,328.8 MB.)	3	4,600

Promoted Projects 32	Certificate Issuance (Projects) 14	Commercialized Distribution 11



# Promoted Projects on Electric Vehicle Part Manufacture

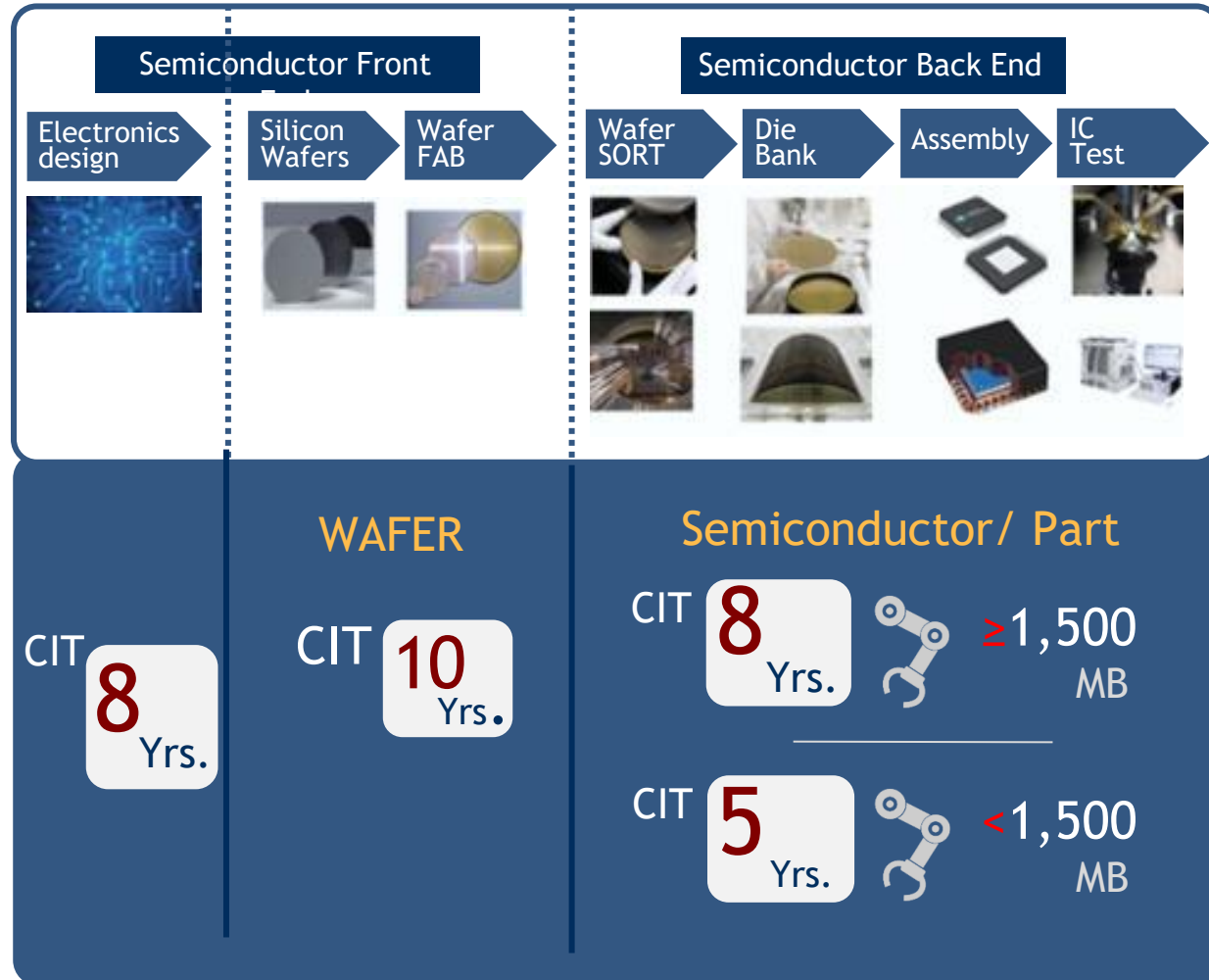
Parts	15 Projects	10,000 MB.	Promoted Entities
Battery	10*	6,780	
Traction Motor	2**	2,000	
Air-Condition System	2	707	
Inverter, On-board Charger, DC/DC Converter, BMS, DCU	1**	1,347	

Remarks: \* 3 of these projects are promoted under activity 5.2.6.1 Battery (High Density Battery).

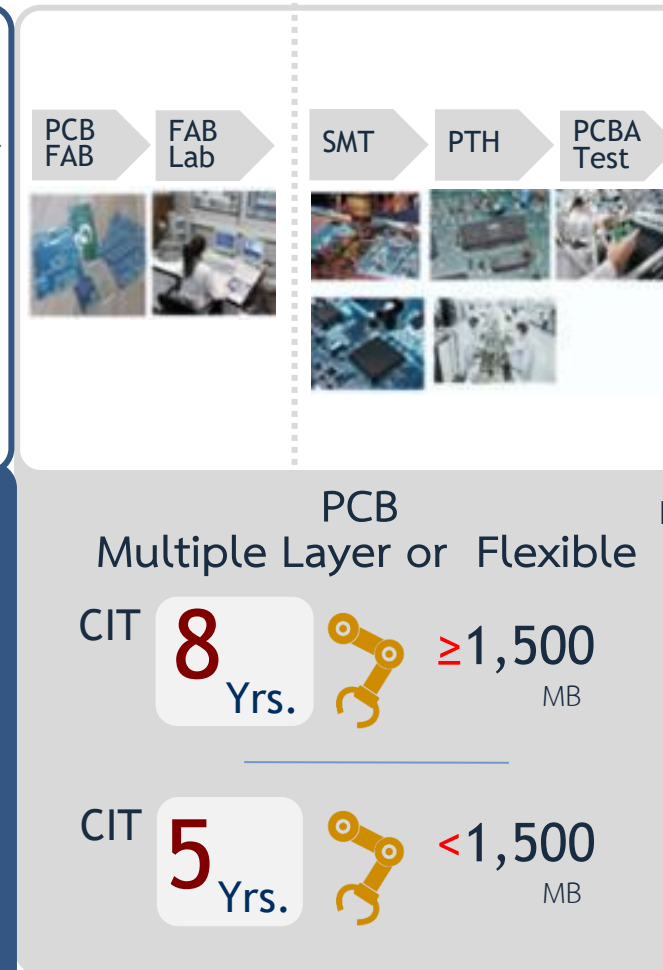
\*\* In 1 project of DELTA, Traction Motor, Inverter, On-board Charger, DC/DC Converter, BMS and DCU are manufactured.

# BOI Incentive Package for Semiconductor and Related Industries

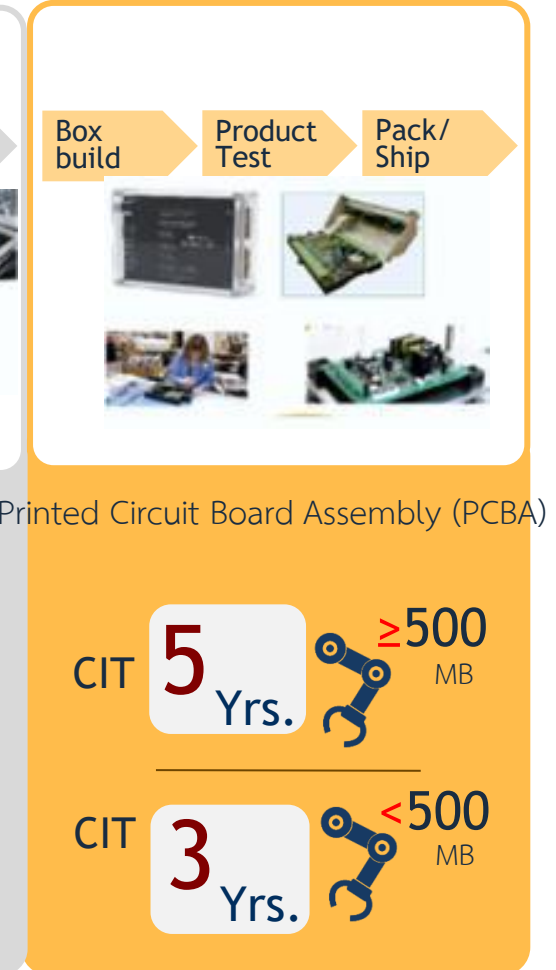
## Group 1 Semiconductor



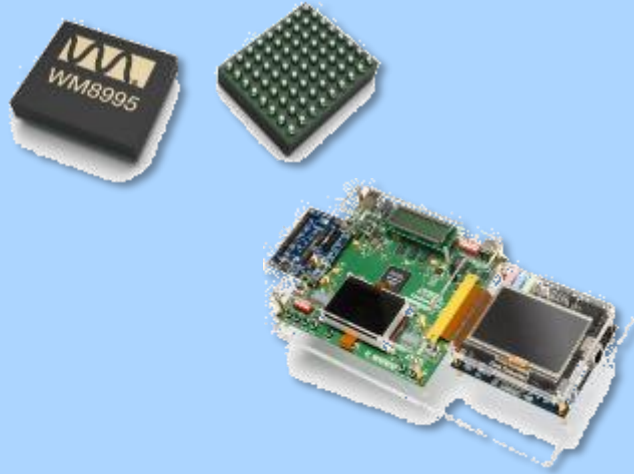
## Group 2 PCBA



## Group 3 Box Build, Consumer Products



# Examples of Eligible Activities for Smart Electronics Industry



- Microelectronics design
- Embedded system design

8 years  
CIT exemption  
(no cap)



## Manufacture of

- Smart Electrical Appliances
- Smart Electronics
- Emission, Transmission, Reception Devices for Optical Fiber and Wireless System


+ R&D  
≥ 0.5% or ≥ 100 MB  
8 years  
CIT exemption


Other:  
5 years  
CIT  
exemption



## Manufacture of

- Audio Visual Product
- Manufacture of office electronics

 SMT  
+  
R&D  
≥ 0.5% or ≥ 100 MB  
8 years  
CIT exemption

 SMT  
or  
R&D  
≥ 0.5% or ≥ 100 MB  
5 years  
CIT exemption

Other:  
3 years  
CIT  
exemption

**≥ 0.5% or ≥ 100 MB:** If projects have expenses for R&D not less than 0.5% of total sales during the first 3 years or not less than 100 million Baht, whichever lower.





# Additional Merit-based Incentives for Competitiveness Enhancement

1.

## In case of investment capital/expenditure on R&D only

Investment capital/expenditure against total sales in the first 3 years or minimum investment capital/expenditure

### Additional CIT exemption period

<u>General Cases</u>	<u>SMEs</u>
≥ 1% / ≥ 200 MB	≥ 0.5%
≥ 2% / ≥ 400 MB	≥ 1.0%
≥ 3% / ≥ 600 MB	≥ 1.5%
≥ 4% / ≥ 800 MB	≥ 2.0%
≥ 5% / ≥ 1,000 MB	≥ 2.5%



### CIT exemption



**With out cap**

### CIT exemption period



**Maximum 13 years**

The projects eligible for promotion with the investment capital or expenditure on R&D only, in accordance with the criteria, shall be classified as the projects with advanced technology and innovation according to Section 31/1, except for the projects that are specifically excepted.



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01

Why Thailand

02

Support from Thai Government

03

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04

BOI Promotion Package for EV

05

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# BOI (BUILD): Industrial and Investment Linkage

## BUILD Supports

- Online Database/Website BUILD Platform
- Free Sourcing Services
- Customized Business Matching of Part Sourcing, Joint Venture, Technical Assistance, Partner
- Local Events Support
  - Vendor Meet Customer Sourcing Events
  - Sourcing Market Place Center
  - Networking Enhancement
  - Exclusive Seminar for Local Vendor Knowledge Enhancement & Competitiveness Development
- International Sourcing: Exhibit Thai Vendor Potential at International Exhibitions
- SUBCON THAILAND - biggest Subcontracting Exhibition in ASEAN





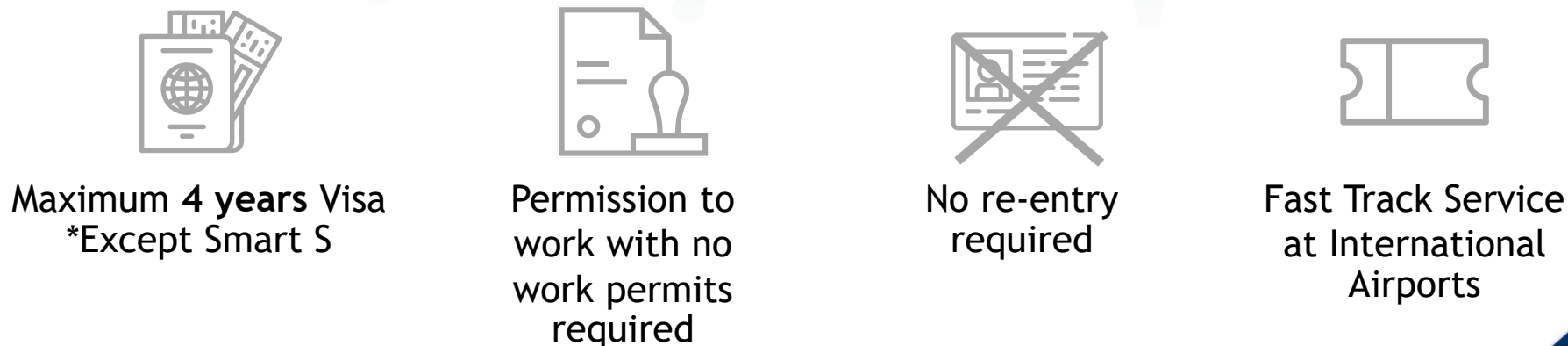


# SMART VISA

## Taking Thailand to New Heights with Foreign Talent and Technology



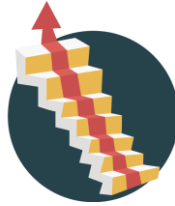
### Privileges for SMART Visa



# One Start One Stop Investment Center (OSOS)



Consolidating staff from numerous investment-related agencies



Easing & speeding procedures for new investors



Provides comprehensive information and advice on establishing operation in Thailand



Provides useful contacts with key public and private organizations



1-Stop for visas & work permits In 3 hours



Assist investors with various applications

*More Convenience  
Less Time  
More Efficiency!*



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