



INVESTMENT SERVICES CENTER

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## Press Release

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### **BOI announces measure to promote improvement of production efficiency.**

**The Board of Investment (BOI) is pushing manufacturers, both BOI-promoted and non-BOI promoted, to invest additionally for the improvement of production efficiency. This improvement is to be achieved through 3 means: upgrading technology and machinery for energy conservation, use of alternative energy or reduction of environmental impact; upgrading technology and machinery used in manufacturing; and encouraging investment in research and development as well as in advanced engineering designs for improved efficiency.**

Mr. Udom Wongviwatchai, Secretary General of the Thailand Board of Investment, revealed that the BOI has recently issued the Announcement of the Board of Investment No. 1/2557 on "Measures to Promote Improvement of Production Efficiency."

The announcement includes 3 measures, as follows:

1. A measure to promote energy conservation, alternative energy utilization, or reduction of negative environmental impact. The investor must submit an investment plan detailing proposed upgrading of machinery to save energy, a plan to introduce alternative energy into the project, or a plan to reduce damaging environmental impact, according to the stipulated criteria.

2. A measure to promote investment to upgrade manufacturing technology and machinery to increase production efficiency. Investors must submit an investment plan detailing replacement or modification of machinery used in automated production lines.
3. A measure to promote investment in research and development to upgrade manufacturing technology and advanced engineering designs for improving efficiency. Investors must submit an investment plan for research and development or implementation of advanced engineer designs that conform to the stipulated criteria. Investors with large projects must invest no less than 1% of their total revenue for the first three years from the date of application submission in research and development or advanced engineering designs. For SMEs, projects must invest no less than 0.5% of their total revenue for the first three years from the date the application is submitted in research and development or advanced engineering designs.

Investors interested in applying for incentives under these measures must operate businesses of a type that is specified on the BOI list of businesses that are eligible for promotion. The minimum capital investment requirement for each project must be not less than 1 million baht, excluding land cost and working capital. For Small and Medium Enterprise (SME) projects, the BOI requires an investment value of 500,000 baht, excluding the cost of land and working capital.

The incentives given to approved projects in all zones include exemption from import duty on machinery and a three-year corporate income tax exemption based on the revenue of an existing project, and will not exceed 50% of the total investment value under this measure, excluding land cost and working capital. Project applications must be submitted by December 31, 2017 and the projects must be completed within three years from the date the promotion certificate is issued.

The investment promotion measures to improve production efficiency are in accordance with the National Economic and Social Development Plan No. 11, which outlines a strategy for restructuring the economy to ensure quality and sustainable growth, with the focus on improving manufacturing production efficiency and promoting the use of advanced science, technology and innovation while also furthering the use of clean energy and alternative energy.

According to Mr. Udom, the BOI's measures to promote energy conservation, the use of alternative energy or the reduction of harmful environment impact were introduced a while ago and expired at the end of 2013. These measures were highly successful and attracted 81 projects that were implemented in conformity with them, with a combined investment value of 17,785 million baht. These projects were in the chemicals, paper and plastics, and services and utilities industries, as well as in agriculture and agricultural products. Results showed that the measures helped conserve energy equivalent to 1,794.6 million baht per year, and encouraged companies to replace the use of fossil fuels with biomass energy.

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