

Investment Support Measures for Packaging Business in Thailand

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- 01** Introduction to Board of Investment (BOI)
- 02 Why Thailand?
- 03 Opportunities and Incentive for Packaging and Related Industries
- 04 BOI Support

Introduction to the BOI



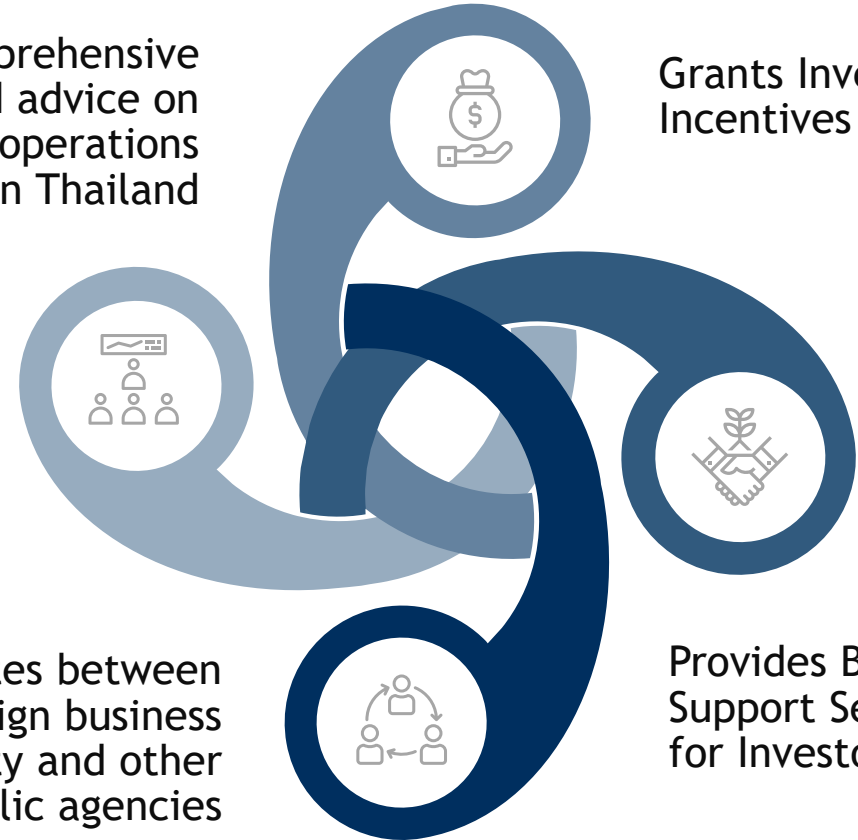
BOI is a government agency
under the Office of
the Prime Minister

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 Investment Promotion Policies (2015 - 2021)





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 Currency
- Visa Facilitation

BOI Investment Incentive Scheme

Standard Incentives

Max. 10 years CIT exemption

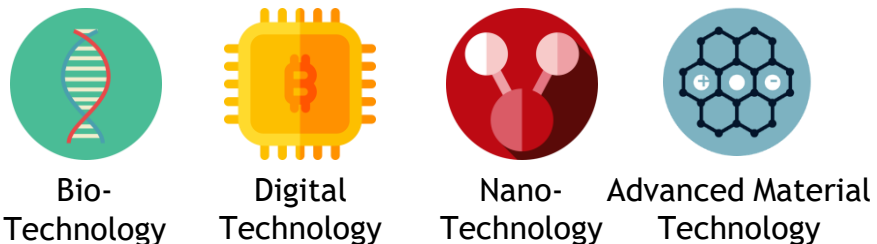
Activity-Based



≤ 8 years CIT exemption

Technology-Based

- Targeted Core Technologies -



10 years CIT exemption

Additional Incentives

Additional CIT exemption / reduction

Area-Based

- EEC 3 provinces
- SEZ 10 provinces
- Southern border provinces 20 provinces with lowest income
- Industrial Estates/Zones
- Science and Technology Parks

Merit-Based

- Research & Development (R&D)
- Support academic / research institutes, or technology and human resource development fund
- IP licensing fee
- Advanced technology training
- Development of local suppliers
- Product and packaging design



BOI Incentive Packages

10
years

CIT exemption

0
year

		Exemption CIT	Exemption Import duties on machinery	Exemption of import duties on raw materials used in R&D	Exemption Import duties on raw materials	Non-tax incentives
	T8	Technology and Innovation Development includes targeted core technology development	10 years + Merit no cap	✓	✓	✓
	A1	Knowledge-based activities focusing on R&D and design to enhance the country's competitiveness	8 years + Merit no cap	✓	✓	✓
	A2	Infrastructure activities for the country's development, activities using technology to create value-added, with no or very existing investments in Thailand	8 years + Merit	✓	✓	✓
	A3	High technology activities which are important to the development of the country, with a few investments already existing in Thailand	5 years + Merit	✓	✓	✓
	A4	Activities with lower technology than A1-A3 but which add value to domestic resources and strengthen the supply chain	3 years + Merit	✓	✓	✓
	B1	Supporting industry that does not use high technology, but is still important to the value chain	— + Merit	✓	—	✓
	B2	Supporting industry that does not use high technology, but is still important to the value chain	—	—	—	✓

Incentives are based on several key factors including level of technology, role in supply chain, and location.

Investment Stimulation Measure

Incentives

BOI
BASIC
PACKAGE



CIT
reduction
50%
5 years

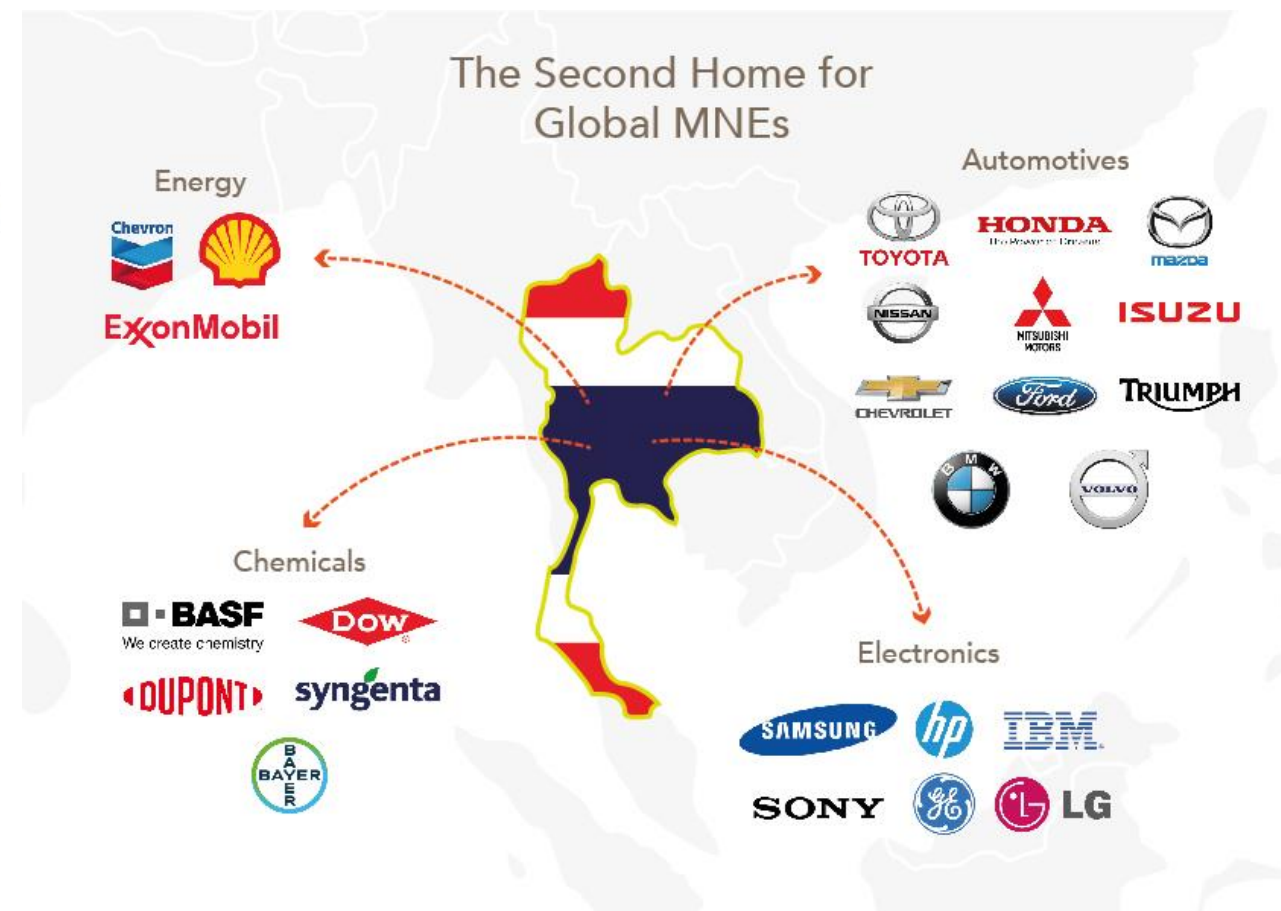
Eligibility

- Applications submitted **January 4, 2021 to the last working day of 2021**
- Total investment value (excluding land and working capital) **≥ 1 Billion THB**
- Activities in categories entitled to **5 to 8 years of CIT exemption (A1, A2, A3)**
- No extension of project implementation deadline (max 43 months after project approval)



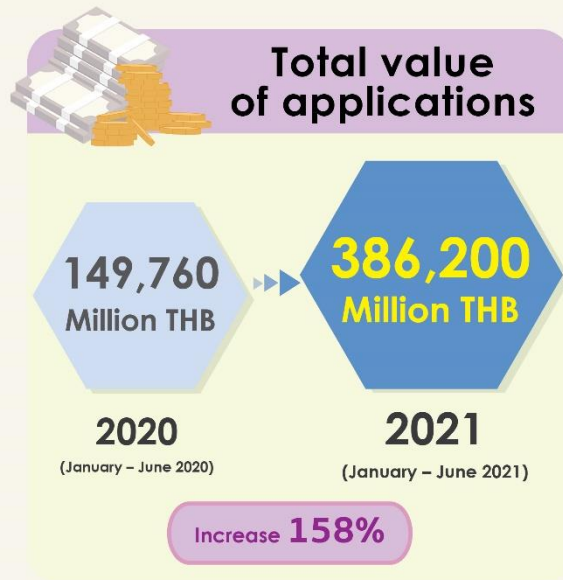
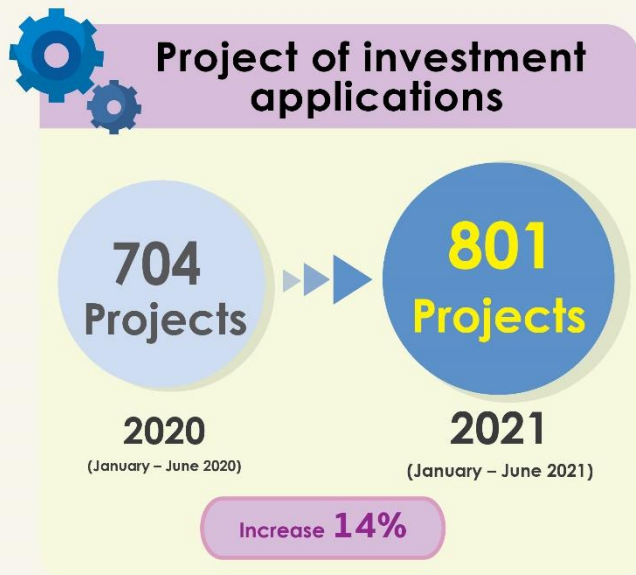
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Business Opportunities in Thailand



Investment Promotion Summary (January - June 2021)

Investment Promotion Summary (January – June 2021)



Investment Applications in Targeted Industries

Electrical Appliances and Electronics



60,970
Million THB
Increase 136%

Medical Industry



43,040
Million THB
Increase 234%

Total Value
206,860
Million THB

Top Targeted Industries

FDI Applications

Total Value
278,658
Million THB

Top FDI countries

- 1 Japan
- 2 USA
- 3 China

Investment Applications in EEC

Total Value
126,640
Million THB





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Key Players in Packaging and Related Industries in Thailand

Pulp and paper



Plastic



Glass/Metal



Supported Industries



Source: Thailand Board of Investment

Demanding for Packaging Materials in Thailand

Prospects for Thailand's packaging are driven by

- The growing e-commerce market
- Rising demand for consumer goods and health products -- especially recycled, environmentally friendly and health-conscious packaging
- Growth of Convenience Store Outlet in Thailand

Table 4: Retail Business Growth by Type of Business (%)

	2013	2014	2015	2016	2017	2018	2019P	2020E
Department Stores	5.5	3.4	3.5	3.5	4.0	4.5	3.5	-13 to -15
Discount Stores	3.5	2.6	1.8	2.9	3.2	3.0	2.7	-10 to -12
Supermarkets	8.0	6.5	8.5	7.5	5.0	6.5	4.0	-10 to -12
Convenience Stores	10.0	4.0	2.8	3.0	3.3	3.4	2.9	-9 to -10
Modern Retail Sales Growth	6.3	3.2	2.7	2.9	3.0	3.2	2.8	-10 to -12

Source: TRA, Krungsri Research

Note: P = preliminary, E = estimated

Figure 2: Distribution of Household Expenditure by Type (2019)



Table 8: Convenience Store Outlets in Thailand

Retailers	Outlets			
	2017	2018	2019P	2020E
7-Eleven	10,268	10,988	11,712	12,225
FamilyMart	1,136	1,186	968	972
Lawson 108	548	648	648	648
Lotus Express	1,557	1,600	1,574	1,635
Mini Big C	650	783	1,016	1,153
Tops Daily	95	108	108	108
CJ Express	250	330	480	600
Total	14,504	15,643	16,506	17,341

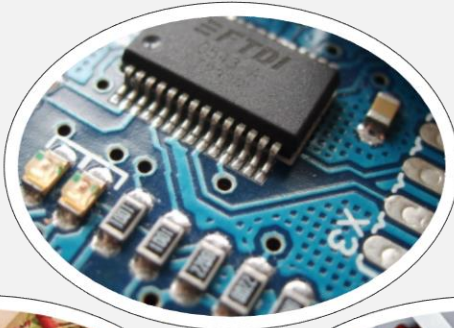
Source: Compiled by Krungsri Research

Note: P = preliminary, E = estimated (as of 3Q63)

Packaging Industry Trend

“Packaging Industry”

Electrical and Electronics Industries



Food and beverage Industry



Medical devices Industry

Packaging Industry Trend

under the BCG Model and Supporting of New Technology

01 “Smart Packaging”



02 “Sustainable or Eco-Friendly Packaging”



Incentives for Packaging Industry under the BCG Model and Supporting of New Technology

Raw materials for packaging manufacture (plastic pellet and compound plastic)



- Special grade recycled plastic pellet and related products **A2**
- Special grade compound plastic and related products **A3**

Plastic packaging



- Scope extended to cover plastic packages with special properties, e.g. package for specific usage **A3**
- Plastic packages targeted for reducing or discontinued manufacturing under the MNRE's Roadmap on plastic waste management are not promoted.

Paper packaging and related industries



- Scope extended to cover pulp products or recycled paper, and eco-friendly pulp or paper **A2-A4**
- Manufacture of paper or high performance paper products **A3**

Smart packaging



- Active Packaging **A2**
- Intelligent Packaging **A2**
- Smart packaging and/or parts made from substance with smart properties **A4**

Raw materials for packaging manufacture

(Plastic pellet and compound plastic)



6.5.2 Manufacture of Special grade compound plastic and related products

A3 (CIT Exemption 5 years Cap)

Example :

Special grade compound plastic with antioxidant for active packaging products

6.8.1 Manufacture of Special grade recycled plastic pellet and related products

A2 (CIT Exemption 8 years Cap)

Example :

Recycled PET pellets (r-PET) for food and beverage products



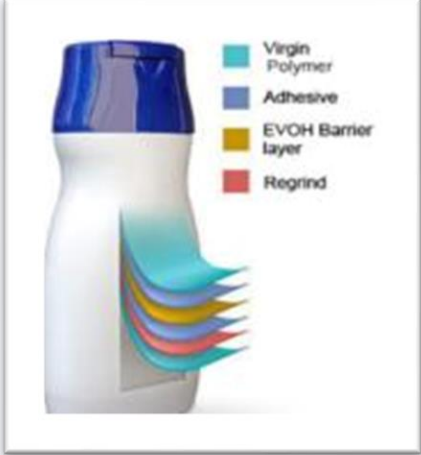
Manufacture of plastic packages with special properties

Activities

Incentives

6.7 Manufacture of plastic packages with special properties

6.7.1 Multilayer Plastics Packaging



Higher
Technology



Less
materials,
Comparable
properties

A3 (CIT Exemption 5 years Cap)

A4 (CIT Exemption 3 years Cap)

6.7.2 Aseptic Plastics Packaging



Example:
Plastic Packaging for
medical devices

A3 (CIT Exemption 5 years Cap)

Manufacture of plastic packages with special properties

Activities	Incentives
6.7 Manufacture of plastic packages with special properties	
<div data-bbox="155 382 828 428">6.7.3 Antistatic Plastics Packaging</div> <div data-bbox="234 429 749 768"></div> <div data-bbox="955 501 1485 711">Example: Plastic Packaging for electrical and electronic devices</div>	<div data-bbox="1730 558 2339 615">A3 (CIT Exemption 5 years Cap)</div>
<div data-bbox="168 806 1080 852">6.7.4 Plastic packages with special properties</div> <div data-bbox="229 892 782 1292"></div> <div data-bbox="873 892 1485 1292"></div> <div data-bbox="229 1320 1197 1370">Example: Plastic Packaging for specific usage</div>	<div data-bbox="1730 943 2333 1001">A3 (CIT Exemption 5 years Cap)</div> <div data-bbox="1737 1110 2181 1168">B1 (No CIT exemption)</div>

Manufacture of pulp or paper

Activities	Incentives
6.12 Manufacture of pulp or paper	
6.12.1 Manufacture of Hygienic pulp or hygienic paper	A2 (CIT Exemption 8 years Cap)
6.12.2 Manufacture of Specialty pulp or specialty paper	A3 (CIT Exemption 5 years Cap)
6.12.3 Manufacture of Pulp products or recycled paper and related products	
    <p>Recycled Pulp and products</p> 	A2 (CIT Exemption 8 years Cap) A3 (CIT Exemption 5 years Cap) A4 (CIT Exemption 3 years Cap)
6.12.4 Manufacture of eco-friendly pulp or paper and related products	
     <p>Eco-Friendly Pulp and products</p>	A2 (CIT Exemption 8 years Cap)

Manufacture of paper articles

Activities	Incentives
6.13 Manufacture paper articles	
6.13.1 Manufacture of products from hygienic paper	A3 (CIT Exemption 5 years Cap)
6.13.2 Manufacture of paper container coated with bioplastics	A4 (CIT Exemption 3 years Cap)
6.13.3 Manufacture of high performance paper products	A3 (CIT Exemption 5 years Cap)
6.13.4 Manufacture of products from recycle pulp or paper	A4 (CIT Exemption 3 years Cap)
6.13.5 Manufacture of products from eco-friendly pulp or paper	A4 (CIT Exemption 3 years Cap)



6.18 Manufacture of Smart Packaging and/or Parts

BOI adds “SMART PACKAGING”

To encourage investment in technology and environmental sustainability, emphasized in the Bio-Circular-Green (BCG) model

1 8 Year
Corporate Income Tax Exemption

Active Packaging

Packaging with function to maintain quality of product

2 8 Year
Corporate Income Tax Exemption

Intelligent Packaging

Packaging with system that is capable of sensing product quality (excluding RFID)

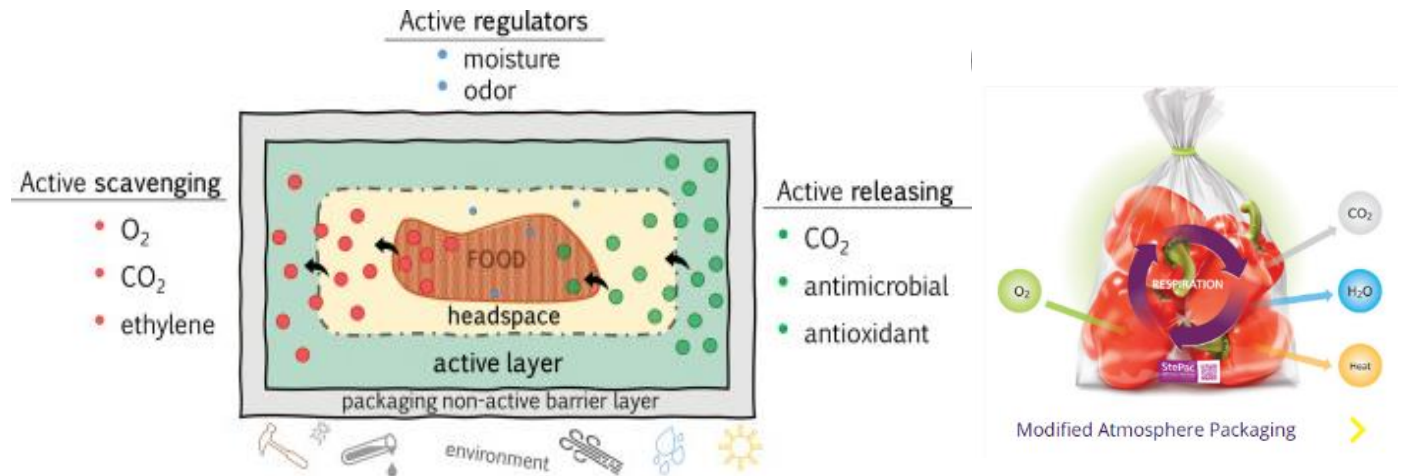
3 3 Year
Corporate Income Tax Exemption

Smart packaging or parts made from special substance



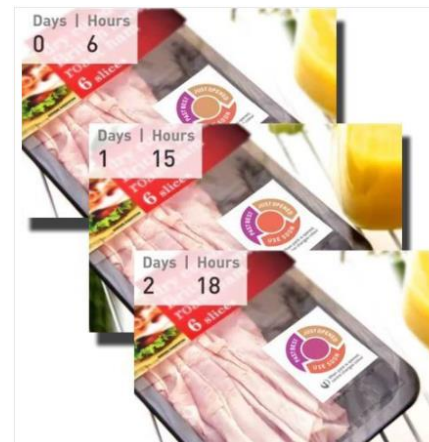
3-8
Year
Corporate
Income Tax
Exemption

6.18.1 Manufacture of Active Packaging and/or Parts



6.18.2 Manufacture of Intelligent Packaging and/or Parts

FRESHNESS INDICATOR



RIPENESS INDICATOR



Manufacture of machinery, equipment and parts

Activities

4.5 Manufacture of machinery, equipment and parts

Incentives

A1 – A4

(CIT Exemption From **8 years No Cap -
3 years Cap**)



Injection Molding Machine



Aseptic Thermoforming Machine

Co-Extrusion Machine



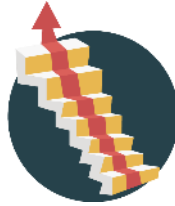


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One Start One Stop Investment Center (OSOS) More Convenience, Less Time, More Efficiency!



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



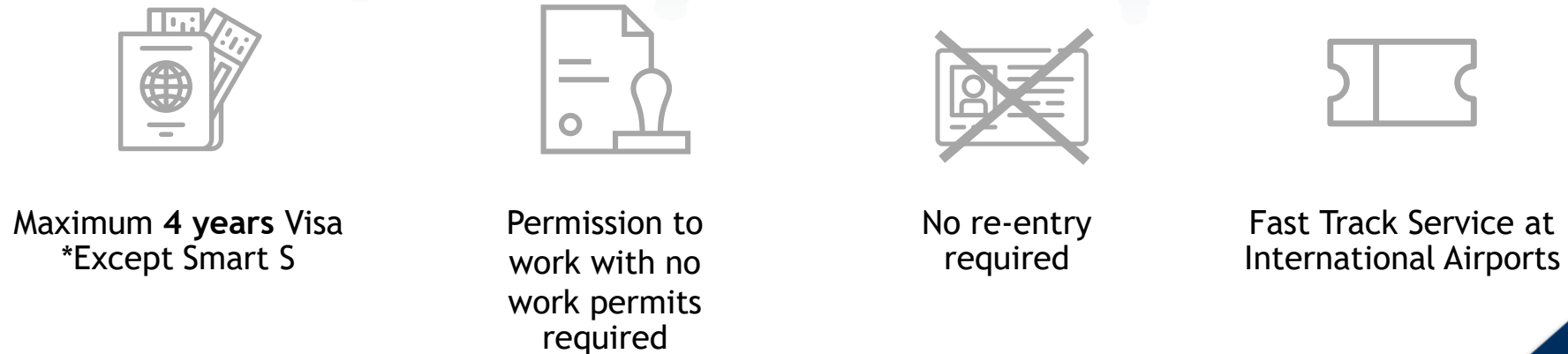
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SMART VISA: Taking Thailand to New Heights with Foreign Talent and Technology



Privileges for SMART Visa





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