BOI’s Investment Incentives for Modern Agriculture and Food Industry

Ms. Sonklin Ploymee
Deputy Secretary General
Office of the Board of Investment

May 2023
10 Factors to Impact Economic Planning and Investment in the Next 5 Years

1. Decarbonization: ESG, Environmental Standards
2. Geopolitical Conflict
3. Supply Chain Disruption
4. Technology Disruption
5. OECD Tax Rules: Global minimum tax
6. Economic Growth and Middle-Income Trap
7. Economic Inequality
8. Aging Society
9. Availability of Human Resource
10. Technology and Innovation Capabilities
Factors to Influence Decisions on Investment Locations in the Future

Decision Factors for Investment Location Selection

✓ Market Opportunities
✓ Infrastructure and Logistics
✓ Readiness of Human Resource
✓ Regulation supports
✓ Supporting Industrial Base
✓ Optimal Cost
✓ Government Incentives

NEW

Trade Wars
International Conflicts
Supply Chain Resilience
Crisis Management Capability to Prevent Impact on Business Sectors
Capability to Provide Renewable Energy
Thailand’s Competitive Strength in Attracting Foreign Direct Investment

- Excellent infrastructure (electricity, water supply, roads, telecommunications, ports, airports, and industrial estates), especially in the EEC area
- Readiness of the supporting industries
- Overall high quality of workforce
- Creativity & Hospitality
- Competitive incentives
- Good relationship with all countries
- Competence in providing renewable energy to the business
- Outstanding resilience in crisis management (as in the case of COVID-19 management, resulting in industrial sector's overall uninterrupted operations).
Agenda

01 BOI Investment Promotion under Previous Strategy

02 BOI’s Next Move

03 Sector of Opportunities: Modern Agri and Food

04 BOI Supporting Services
### Investment Promotion in Targeted Industry

From 2015 - Sept 2022, the applications for investment promotion reached **12,626 projects** and contributed to **USD 146.6 Billion** in investment. Out of the total amount, investment in targeted industries reached **USD 51,591 Billion**.

#### Existing Industries

<table>
<thead>
<tr>
<th>Industry</th>
<th>Investment Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automobile and Parts</td>
<td>USD 13,245.96 M.</td>
</tr>
<tr>
<td>Petrochemicals/Chemicals</td>
<td>USD 13,113.53 M.</td>
</tr>
<tr>
<td>Electrical/Electronics</td>
<td>USD 12,735.60 M.</td>
</tr>
<tr>
<td>Agriculture and Food</td>
<td>USD 9,229.28 M.</td>
</tr>
<tr>
<td>Tourism</td>
<td>USD  4,352.84 M.</td>
</tr>
</tbody>
</table>

#### New Industries

<table>
<thead>
<tr>
<th>Industry</th>
<th>Investment Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Industry</td>
<td>USD 3,904.62 M.</td>
</tr>
<tr>
<td>Biotechnology</td>
<td>USD 2,047.56 M.</td>
</tr>
<tr>
<td>Digital Industry</td>
<td>USD 1,963.01 M.</td>
</tr>
<tr>
<td>Aviation</td>
<td>USD  455.35 M.</td>
</tr>
<tr>
<td>Automation / Robotics</td>
<td>USD  175.21 M.</td>
</tr>
<tr>
<td>Education</td>
<td>USD  78.44 M.</td>
</tr>
<tr>
<td>Defense Industry</td>
<td>USD  25.47 M.</td>
</tr>
</tbody>
</table>

**Other industries**: electricity and water production, logistics and transportation, Industrial estate development, and IBC, with a total investment value of **USD 50,572.60 M.**

Note: Exchange Rate from Bank of Thailand as of May 17, 2023 (1 USD = 34.3384 THB)
Agenda

01. BOI Investment Promotion under Previous Strategy

02. BOI’s Next Move

03. Sector of Opportunities: Modern Agri and Food

04. BOI Supporting Services
BOI’s Role: To Drive the Investment to the New Economy

About BOI

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

Promoter
drives and promotes investment in private sector
in alignment with the country’s development strategy & the changing world context

Integrator
integrates Government support tools such as tax, finance, and non-tax incentives in a whole package

Facilitator
coordinates with agencies to develop the ecosystem & facilitate ease of investment & eliminates problems/obstacles

Connector
links large-scale with small-scale enterprises, Thais with foreigners, across industries & locations to expand business opportunities

BOI’s Investment Promotion Measures

- Corporate income tax exemption up to 13 years
- 50% Corporate income tax reduction for 5 years
- Exemption of import duties on machinery
- Exemption of import duties on raw or essential materials imported for exports
- Exemption of import duties on goods imported for R&D
- Double deduction for the cost of transportation, electricity and water
- 25% deduction for the cost of installation or construction of facilities

- Land ownership
- Work permit & visa facilitation

- 100% foreign ownership
- No local content requirements

- No export requirements
- No restrictions on foreign currencies

Overseas Offices

- Thailand Headquarters
- Tokyo
- Osaka
- Taipei
- Guangzhou
- Shanghai
- Beijing
- Frankfurt
- Stockholm
- New York
- Los Angeles
- Mumbai
- Hanoi
- Jakarta
- Sydney
New BOI Strategies

1. Reform and Strengthen Supply Chains
2. Accelerate Industrial transformation to Smart and Sustainable industries
3. Promote Thailand as an International Business Hub and the Regional Gateway for Trade and Investment
4. Enhance the competitiveness of SME and Startups and connect to global markets
5. Promote Investment Based on the Potential of Each Area to Generate Inclusive Growth
6. Encourage businesses to invest in community development programs
7. Promote Thai overseas Investment to Expand Business Opportunities
8. Investment Promotion Measures for Targeted Industries
9. Competitive Enhancement Measure
10. Retention & Expansion Program
11. Relocation Program
12. Investment Stimulation Measures for Economic Recovery
13. Smart & Sustainable Industry Upgrade Programs
14. Investment Promotion Measures for SMEs
15. Area-based Promotion Measures
16. Social and Local Development Investment Programs
Restructure the industries by upgrading the “Conventional Industries in which Thailand excels”, Developing new industries in which Thailand has potential, and strengthening the supply chains

**Upgrade Conventional Industries**

- **Agriculture** → Smart Farming / Plant Factory
- **Food** → High value Food such as Alternative Protein
- **Tourism** → Affluent, Long-term, Medical/Wellness
- **Automobile** → Electric Vehicles (EV)
- **Electronics** → Upstream & Smart Electronics
- **Petrochemicals/Chemicals** → Bio-based, Specialty, CCUS
- **Energy** → Renewable Energy, Hydrogen
- **Textiles and Fashion** → Functional Textile, ODM/OBM

**Build New Industries**

- **Healthcare & Medical Industry**
- **Digital Industry**
- **Automation and Robotics Industry**
- **Aerospace Industry**
- **Defense Industry**
- **Creative & Soft Power Industry**

**Core Tech**

- Bio Tech
- Nano Tech
- Material Tech
- Digital Tech
- Energy Tech

**Priority Industries for the Next 3 Years**

- BCG (Including Food and Agriculture)
- EV
- Smart Electronics
- Digital Industry
- Creative Industry
### New Eligible Investment Promotion Activities

**Ev Related Activities**
- manufacture of Fuel Cell Electric Vehicles (FCEV),
- manufacture of parts and components for the fuel cell system,
- battery swapping station services.

**Activities Related to New Energies**
- hydrogen production from water using circular renewable energy, including related products such as green ammonia,
- production of hydrogen from hydrocarbon or fossil fuels,
- hydrogen-based electricity/steam generation.

**Activities related to future foods**
- manufacture of novel food, organic food and food with health claims.

**Aerospace-related activities**
- manufacture of maintenance equipment and ground support equipment,
- manufacture of mechanical or electronic parts for satellites,
- design and development of systems for satellites and ground stations,
- launching or launching control system.

**Effective from January 3, 2023 onwards**

Source: Board of Investment Announcement No. 8/2565 and No. 9/2565
Agenda

01 BOI Investment Promotion under Previous Strategy

02 BOI’s Next Move

03 Sector of Opportunities: Modern Agri and Food

04 BOI Supporting Services
Food and agricultural products are major share of Thailand’s Export

Food and Agriculture Products Export Value

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (USD Billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>41.10</td>
</tr>
<tr>
<td>2019</td>
<td>38.51</td>
</tr>
<tr>
<td>2020</td>
<td>37.70</td>
</tr>
<tr>
<td>2021</td>
<td>43.92</td>
</tr>
<tr>
<td>2022</td>
<td>53.08</td>
</tr>
</tbody>
</table>

World’s Market Share for Food Export in 2022

- **Thailand** is accounting for 2.18% of total world food export and being ranked 15th by value

Proportion of Food and agriculture product export in 2022

- **Food and agricultural products**: 15%
- **Agricultural products for agro-industry**: 15%
- **Non-agricultural products**: 82%

Source: Office of Agricultural Economics and Food Intelligence Center
Agriculture Sector Challenges and Technological Potential Solutions: Labor Shortage

Labor in agriculture sector are reducing and facing shortage

1. Elderly to population ratio rise which indicate the labor reduction
   - 13% in 2010
   - Predicted: 27.02% in 2030

2. Reduction in agriculture sector labor proportion.
   - 38.25% in 2010
   - 30.43% in 2019

Advanced Technology can mitigate this pain point by substituting human labor

Source: depa.or.th
Agriculture Sector Challenges and Technological Potential Solutions: Need Production Planning and Management

Thailand has room for improvement in agriculture product planning and management.

Thailand is on par with among Asia-Pacific countries for agricultural production efficiency with 1.5% TFP.

1. High cost of production
2. Low to medium farm activities productivity

To address this issue, innovative solutions, such as Enterprise Resource Planning (ERP), can be utilized to achieve higher efficiency, profitability, and complete traceability.

- **Input**
  - Geographical Integration System
- **Processing**
  - Legacy System & Smart Devices
- **Market**
  - E-market, IoAT, MIS Report, Payment Gateway

Source: depa.or.th
Opportunity: Advanced Technology, Management System, Digital Technology can be leveraged to improve the agriculture supply chain in Thailand

**Input**
- Agricultural data base management

**Production**
- Automatic watering system
- Smart Farming, Environmental monitoring system
- Unmanned Aerial Vehicle (UAV)

**Processing**
- Smart-Warehouse system
- Product processing by advance technology

**Distributor**
- GPS system
- E-commerce

**Markets**
- Smart Label

**Consumer**
- Cloud Data Base

Source: Electrical and Electronics Institute
New Opportunity: Alternative Protein, Future Food: Plant Based

Only **12%** of Thailand’s population currently eat vegetarian food.

Future Opportunities and market Forecast:

- **53%** of Thai’s consumer want to reduce meat consumption.
- **45%** of Thai’s consumer interest in vegetarian and change to consume plant-based food.

**Forecast of plant-based food market value in Thailand**

<table>
<thead>
<tr>
<th>Year</th>
<th>Value in Billion USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>0.85</td>
</tr>
<tr>
<td>2024</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Current Market Situation in Thailand:

- **53%** of Thai’s consumer want to reduce meat consumption.
- **45%** of Thai’s consumer interest in vegetarian and change to consume plant-based food.

Only **12%** of Thailand’s population currently eat vegetarian food.

Source: Statista, Krungthai, Workpointtoday
New Opportunity: Alternative Protein: Future Food: Insect (2)

Insect Ecosystem

53,216
25

Insect Farm Business
Insect Processing Business

Future Opportunities and Market Forecast

World Insect Market Forecast

338.56 Billion USD market value in North America by 2029 from 30.86 billion USD in 2021

390 Million people in EU are expected to consume protein from insect by 2030

Thailand Insect Market Forecast

Domestic Value
Export value

Value in Billion USD

2021 2030f 2021 2030f

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic Market Value</th>
<th>Export value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>17.7</td>
<td>28.6</td>
</tr>
<tr>
<td>2030f</td>
<td>110.7</td>
<td>314.3</td>
</tr>
</tbody>
</table>

Cricket farm location in Thailand

Source: krungthai.com, databridgemarketresearch.com
BOI Incentives for the Agri-Food Industries

Eligible to receive up to an 8-year corporate income tax (CIT) exemption on business operating in:

8 Year

- Manufacture of Organic Starch or Organic Flour
- Adoption of Advanced Technologies
  e.g., fruit ripeness sensor, radio frequency pest control, nuclear magnetic resonance in grading, packing, storage
- Biotechnology related
  Seed industry and improvement of plant, animal or microorganism breeding using biotechnology
- Manufacture of Future Food
  e.g., food with health claims, novel food, organic food, medical food
- Manufacture of Therapeutic Pet Food
- Adoption of Smart Farming Systems
  such as the use of sensors, drones, or greenhouses

5 Year

- Manufacture of Food, Beverage and Seasoning ingredients
  excluding alcoholic beverages, caffeinated drinks, bakery products and candies
- Manufacture of Oil or Fat from plants or animals, except soybeans
- Investment in Plant Factories

Source: Thailand Board of Investment
Food Innopolis represents as supporting factors of Agritech

Food Innopolis is a global food innovation hub at Thailand Science Park established for R&D supporting of food through collaboration between public, private, and universities to build a well-developed ecosystem.

Privileges & Incentives

- CIT exemption 8 years + 50% reduction 5 years
- Tax exemption for imported R&D equipment
- Special permit to own Land & permanent resident visa
- Talent Mobility Program
- Work integrated learning (Wil)
- Advanced technology training
- 200% tax deduction for RD&I expenditures
- Co-Investment in business Technology and innovation
- One stop solution center For RD&I services
- Other RD&I Incentive packages

Nationwide resources

- 3,000 Researchers
- 9,000 Food factories
- 150 food research labs
- 20 Pilot plants
- 70 Universities
- 10,000 Students

Source: foodinnopolis.or.th
Promote Thailand as an "International Business Hub" and the "Regional Trade and Investment Gateway“

**Targeted Industries**
- International Business Center (IBC) including Treasury Center, International Trading Business
- International Procurement Center (IPO)
- Trade and Investment Support Office (TISO) including Business & Digital Support Services
- International Transportation and Logistics
- Other supporting businesses (*to be identified)*

**Integrated Government Supports**
- **Tax incentives** by the Revenue Department and **Non-tax Incentives** by the BOI
- **Reduced Personal Income Tax** by the Revenue Department
  - 15% for foreigners working in IBC businesses
  - 17% for foreigners working in the EEC
  - 17% for highly skilled professionals working under the LTR scheme
- **Visa and Work Permit Facilitation Services** under the LTR, Smart Visa schemes, and Sections 24-26 of the Investment Promotion Act.

**Recommended Actions**
- Establish **OSS for Regional Headquarter**s in collaboration of the BOI, Revenue Department, Business Development Department, and BOT, co-providing services with the “One Stop Service Center for Visa and Work Permit” (BOI, Immigration, and Labor) at Chamchuri Square Building, Bangkok
- Facilitate more trade avenues through FTAs
- Allow for more service sector liberalization, working with the Business Development Dept.
- Improve the visa, work permit, and license application processes to make them more convenient, working with OPDC and related agencies
HQ Biz Portal as a Tool to Support Regional Offices

HQ BIZ PORTAL is set up in collaboration of Thailand's key government agencies.

Objectives
- To support the approval and submission processes
- To reduce process and time for obtaining license of regional office operation

Available Services
- Information Center
- Consultation Service
Relocation Program

Objective: To stimulate comprehensive relocations of business operations including manufacturing facilities, regional headquarters and R&D centers to Thailand.

Manufacturing

Regional Headquarters

R&D Center

Standard Incentives Package according to Each Eligible Activity

Additional 3 years of CIT Exemption for the Manufacturing Activities

1-5 years of CIT Exemption for the Manufacturing Activities (Under the Measure for Competitiveness Enhancement)

Additional 5 years of CIT Exemption for the Manufacturing Activities

Conditions: A company can apply by adding a new Regional Headquarters (IBC) and/or the R&D center to its existing manufacturing activities or apply for a promotion on manufacturing activities together with its IBC, and/or the R&D center as one project.

- The IBC / R&D Center must start their servicing operations within 3 years after the date of investment promotion certificate issuance or the submission date of applications for project amendments.
- The Regional Headquarters/R&D Center must operate their essential functions as approved by the BOI
- Applications must be submitted by 2023.
Agenda

01 BOI Investment Promotion under Previous Strategy

02 BOI’s Next Move

03 Sector of Opportunities: Modern Agri and Food

04 BOI Supporting Services
**Long-Term Resident Visa**

**4 Types of Long-Term resident Visa**

1. **Wealthy Global Citizen**
2. **Wealthy Pensioner**
3. **Work-From Thailand Professional**
4. **Highly Skilled Professionals**

**Targeted industries for the High-Skilled professional category are as follows:**

- Automotive Industry
- Electronics Industry
- Affluent Tourism Industry
- Agricultural, Food and Biotechnology Industry
- Automation and Robotics Industry
- Aviation, Aerospace and Space Industry
- Biofuels and Biochemicals Industry
- Digital Industry
- Medical Industry
- Defense Industry
- Circular Economy

**Existing Targeted Industries**

- Automotive Industry
- Electronics Industry
- Affluent Tourism Industry
- Agricultural, Food and Biotechnology Industry
- Automation and Robotics Industry
- Aviation, Aerospace and Space Industry
- Biofuels and Biochemicals Industry
- Digital Industry
- Medical Industry
- Defense Industry
- Circular Economy

**Long-Term Resident Visa Privileges**

- 10-year visa & Permission to work in Thailand
- Fast Track Service at International Airport
- 90-day report extended to 1-year report and exemption of re-entry permit
- Permission to Work in Thailand (Digital Work Permit)
- 17% Personal Tax Exemption for Highly-skilled Professionals
- Facilitation Services at One Stop Service Center
- Exemption from 4 Thais : 1 foreigner employment requirement ratio

**Remarks:** The LTR visa will be granted for 5 years at a time and can be renewed every 5 years if qualifications are met.

Source: BOI
One Start One Stop Investment Center (OSOS)

- Consolidating staff from numerous investment-related agencies
- Provides comprehensive information and advice on establishing operation in Thailand
- 1-Stop for visas & work permits in 3 hours
- Easing & speeding procedures for new investors
- Provides useful contacts with key public and private organizations
- Assist investors with various applications

Source: BOI

18th Floor, Chamchuri Square Building, 319 Phayathai Road, Pathumwan Bangkok 10330, Thailand
Tel: 66(0)2 209 1100
Fax: 66(0)2 209 1199
Email: osos@boi.go.th

More Convenience
Less Time
More Efficiency!