

Thailand Business Environment and Investment Policies

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Outline

- Trade and Investment Environment
- Investment Policies
- Sector of Opportunities
- BOI Services

TRADE & INVESTMENT ENVIRONMENT

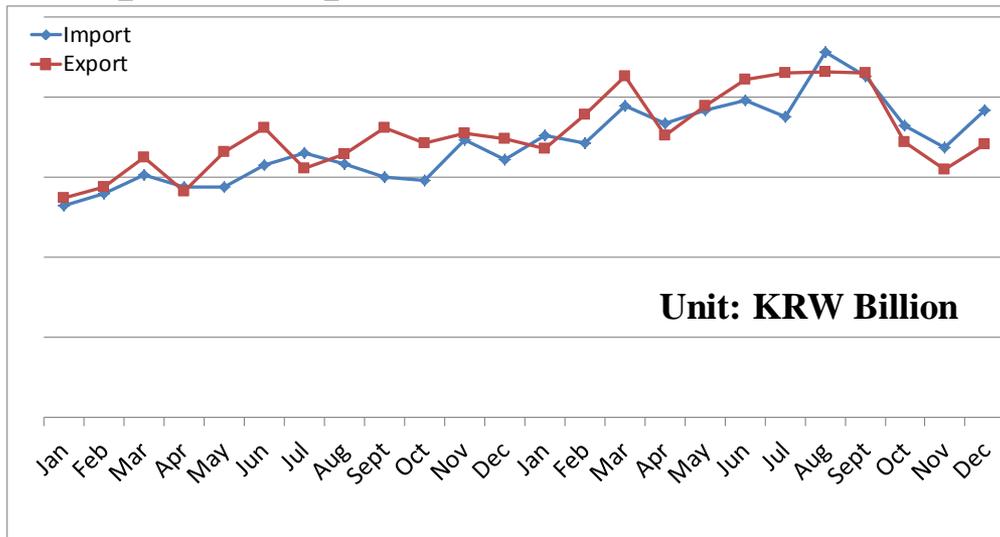
Thailand in Brief



Population: 67 Million
Labor Force: 39 Million



Import : Export, 2010 - 2011



Per capita GDP(2011):
KRW5.67 million

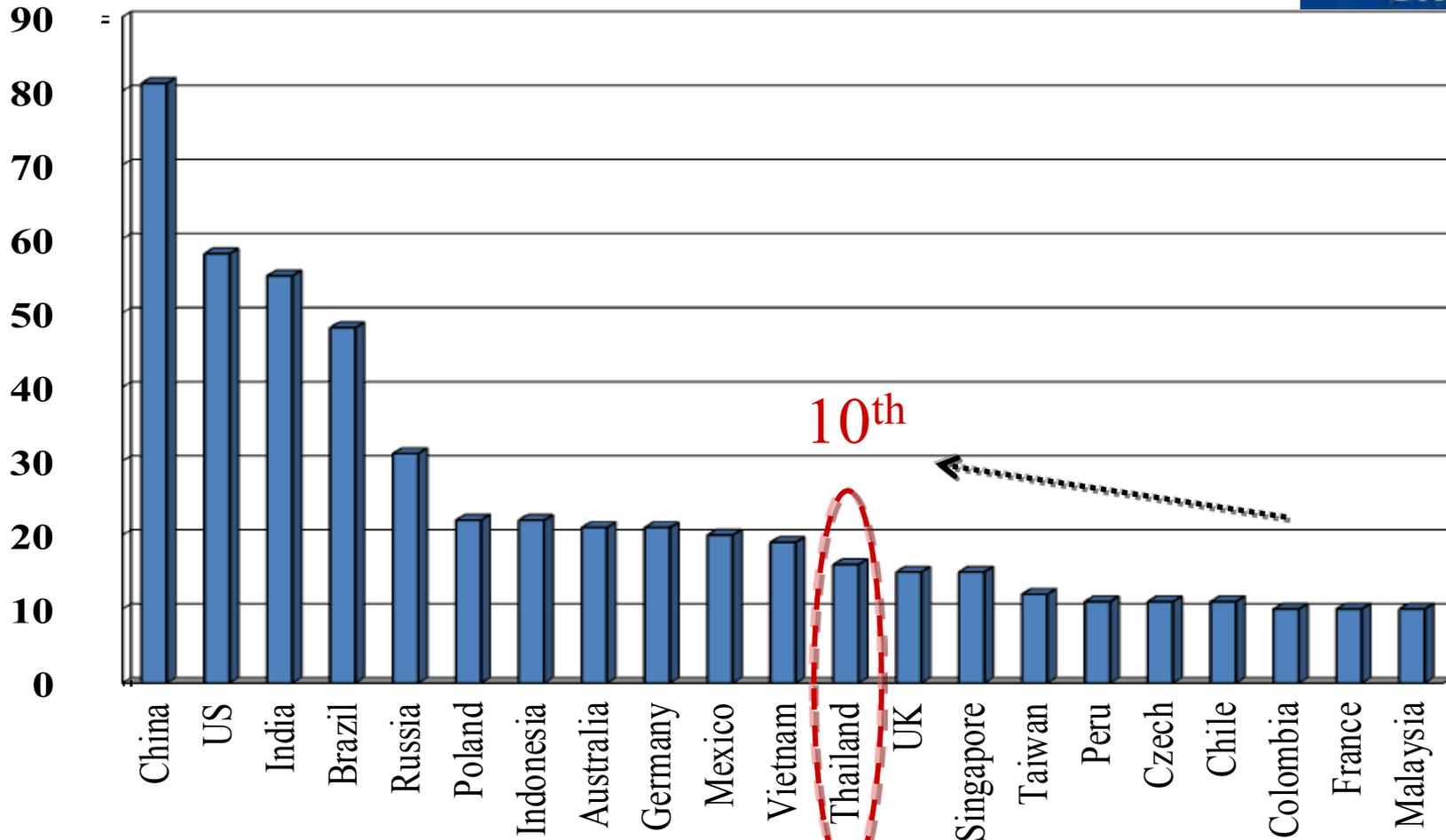
Thailand is an upper middle
income country

2012	2011		2012	2011	
1	1	Singapore	11	14	Finland
2	2	Hong Kong	12	10	Saudi Arabia
3	3	New Zealand	13	12	Canada
4	4	United States	14	9	Sweden
5	5	Denmark	15	11	Australia
6	7	Norway	16	17	Georgia
7	6	United Kingdom	17	16	Thailand
8	15	Korea, Rep	18	23	Malaysia
9	13	Iceland	19	19	Germany
10	8	Ireland	20	20	Japan

The World Bank Ranks Thailand the 4th Easiest Place in Asia to do Business and 17th in the World



Thailand: Ranked by UNCTAD as the 10th most attractive destination in the world



Source: UNCTAD Top host economies for FDI 2011-2013

Cost-Competitive Location



**37 commercial airports, including
6 international airports
50 industrial estates
8 international sea ports and 2
river ports (Chiang Saen and
Chiang Kong)**



**Over 50 Industrial Estates,
Zones and Parks**

Major Sea Ports	Capacity/Year
Bangkok	1.3 million TEUs
Laem Cha Bang	7.4 million TEUs.
Map Ta Phut	2.0 million tonnes.
Songkla	160,000 TEUs/ 600,000 tonnes.
Phuket	450,000 tonnes



-  **304 Industrial Park**
-  **Amata Industrial Estate**
-  **Asia Industrial Estate**
-  **Gateway City Industrial Estate**
-  **Hemaraj Land and Development PLC**
-  **Laem Chabang Industrial Estate**
-  **Map Ta Phut Industrial Estate**
-  **Padaeng Industrial Estate**
-  **Ping Thong Industrial Estate**
-  **Rojana Industrial Park**
-  **Wellgrow Industrial Estate**
-  **International School & University**
-  **Golf Course**
-  **Hospital**

Recommended Route



Easy and Improving Transport

Rail: 4,346 km rail links to Malaysia, Singapore;
Bangkok Light Rail expansion plan for 137 km 2006-2012

Transnational RR linking China and SE Asia, covering 615 km at 200km/hr



Strategy 3: Development strategy for new economic areas

Road Link between Laem Chabang Sea Port and Dawei Sea Port



- - - - ACCESS ROAD between Dawei - Pu Nam Ron
(the middle section is under trail blazing process)
- Road between Pu Nam Ron - Thai-Myanmar border: total length of 4.4 Km. (the last 600 m. under construction)
- Road between Kanchanaburi - Pu Nam Ron: total length of 76 Km. (completed)
- - - - Motorway NO. 51 between Bangkok - Kanchanaburi: total length of 96 Km. (yet to be constructed)
- Road between Thai-Myanmar border - Pu Nam Ron - Route 323 - Route 4 - Route 358 -
Western Ring Road - Southern Ring Road - Route 34 - Route 7 connected to Laem Chabang Port
- Border Crossing
- - - - Single Dual Track Railway Alignment | Chachoengsao - Sriracha - Nakhon Ratchasima

Remarks:
 Total of 43 border crossings at Kanchanaburi
 The distance between NABULE and Dawei is 94 Km.

รายงาน ID (13.6.2550) / รายงาน
 สนับสนุนโครงการพัฒนาระบบคมนาคมทางบก / สส.ส. 2550

Selected Costs of Doing Business

- Corporate Income Tax: 30% , 23%(Jan 1,2012), 20%(Jan 1,2013)
- Personal Income Tax: 5 to 37% based on level of taxable income
- Value Added Tax: 7%
- Water Rates for business: KRW 340 to 568 per cubic meter based on water volume used
- Electricity Rates for business (medium general service): KRW 6,310 to 7,950 per kW based on level of voltage
- Selling Prices of Areas in Industrial Estate: KRW 34 to 268.5 million per 1 rai (0.4 acres) based on location

Selected Salaries for Thai Workers

- Office Manager KRW 1,818,182/month
- Engineer KRW 654,545/month
- Sales Staff KRW 545,455/month
- Office Clerk KRW 363,636/month
- Driver KRW 290,909 /month
- Minimum Wage KRW 10,909-8,073/day (*depending on location*)

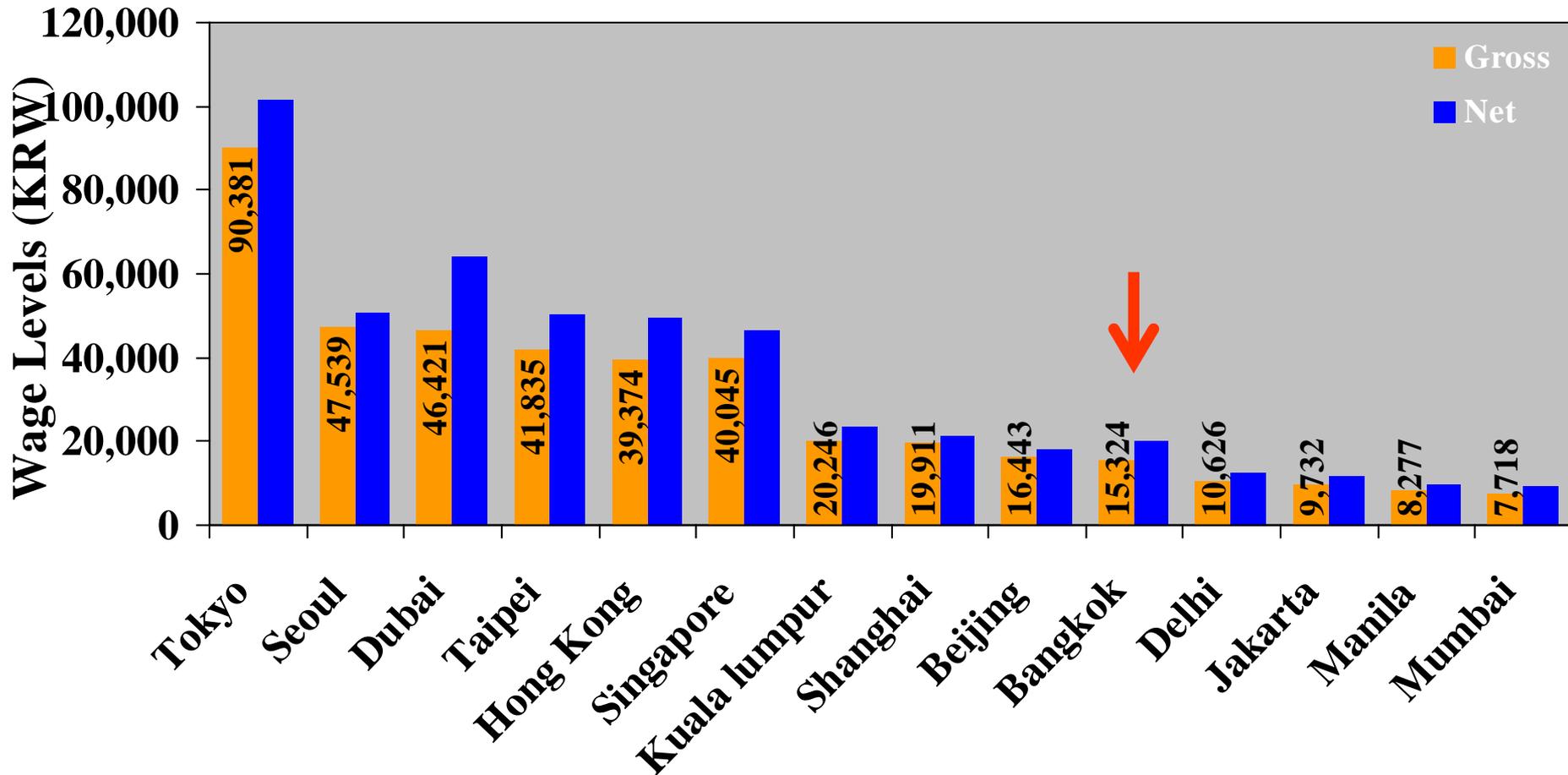
Number of working hours: 48/week

Social security contribution by employers

-Social security fund: 5% of salary

-Workman's compensation fund: 0.2 – 1.0% depending on the type of business.

WAGE COMPARISON

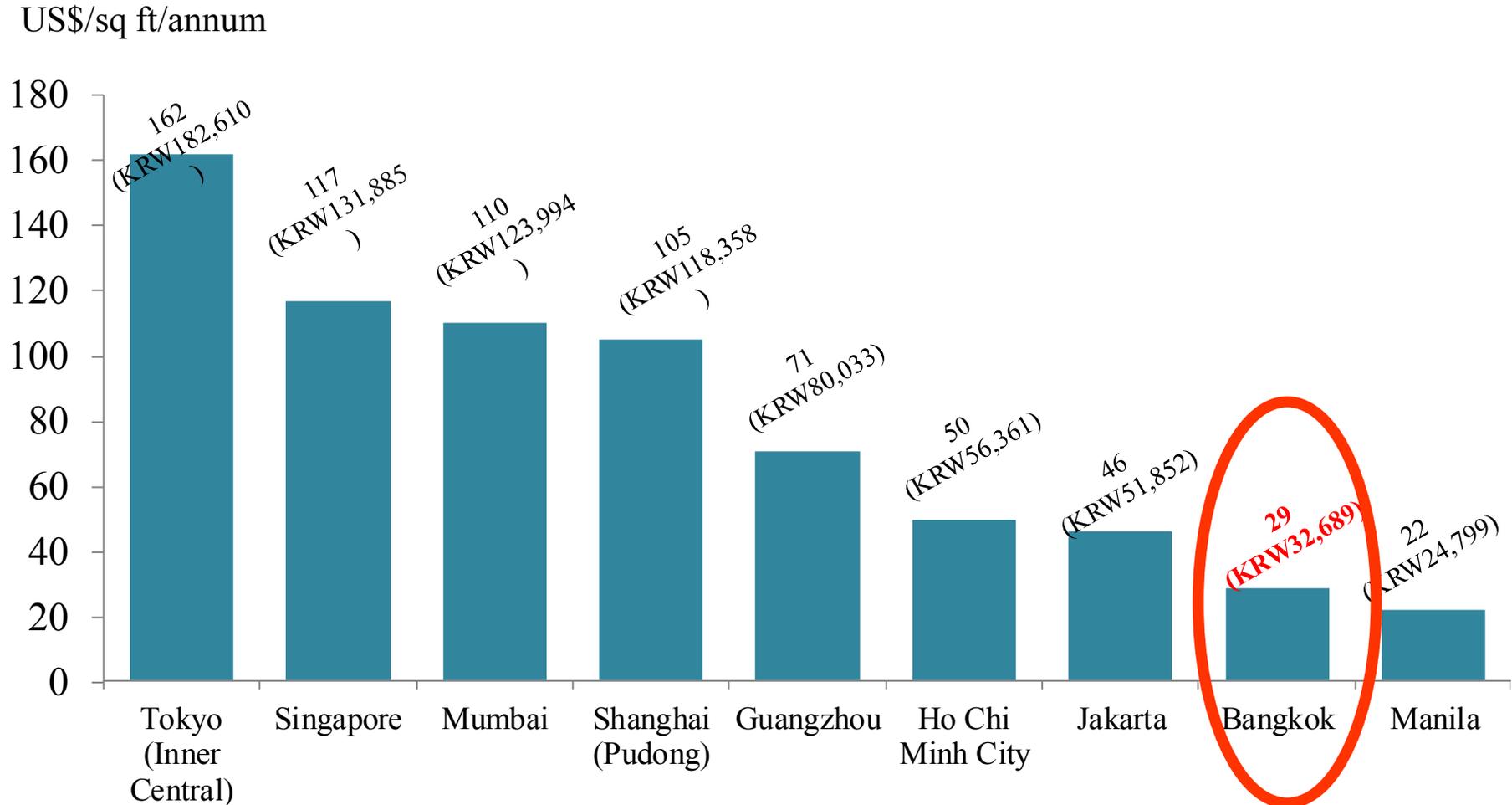


Cities ranked according to gross value of index

Source: UBS/Prices & Earnings March 2009 update August 2011

US\$1=Bt30.76 and KRW1=Bt0.03 in Q1, 2012

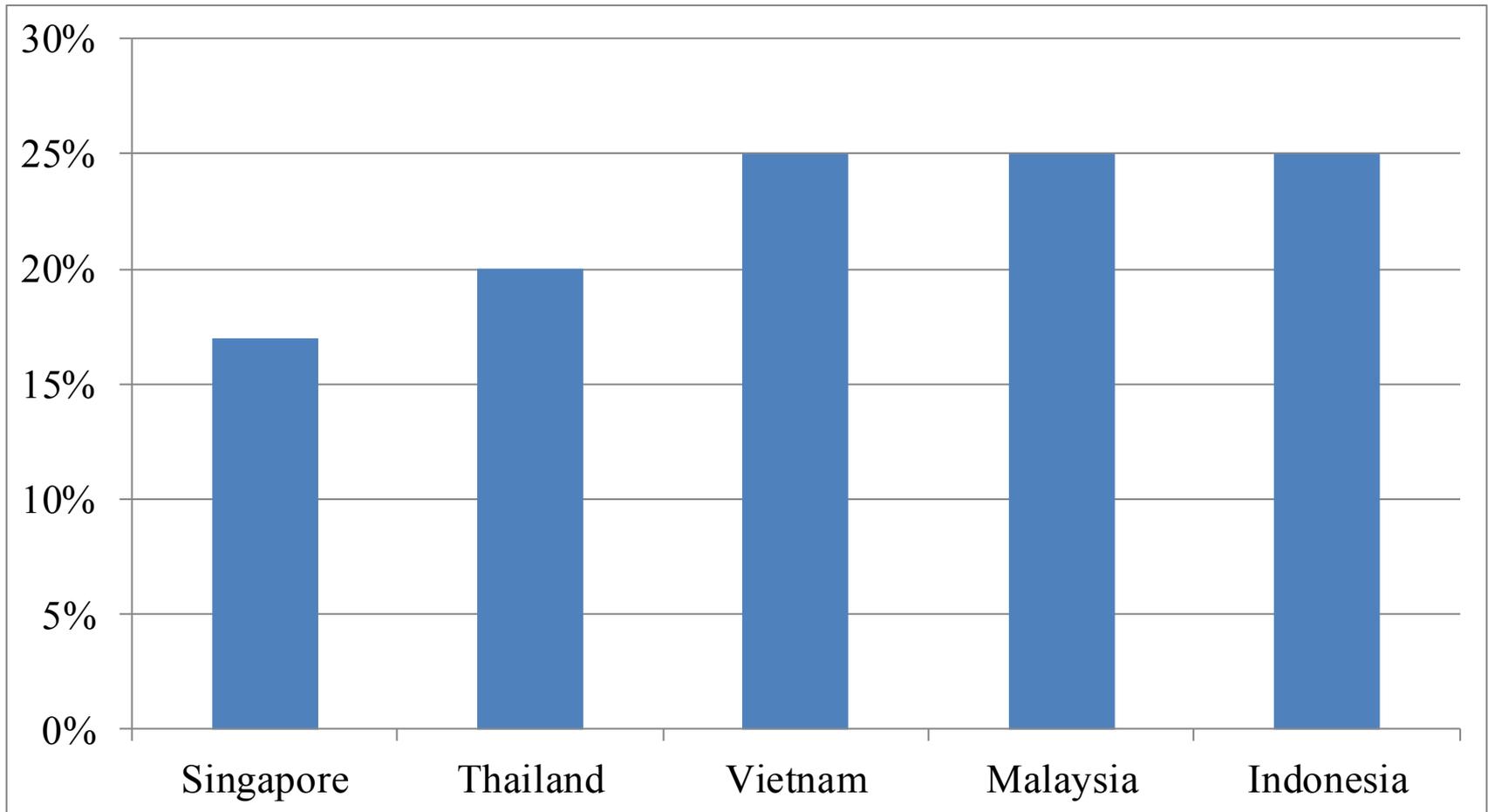
AFFORDABLE OFFICE SPACE



Source: CBRE MarketView Asia Pacific Office, Q1/2012 as of June 13, 2012

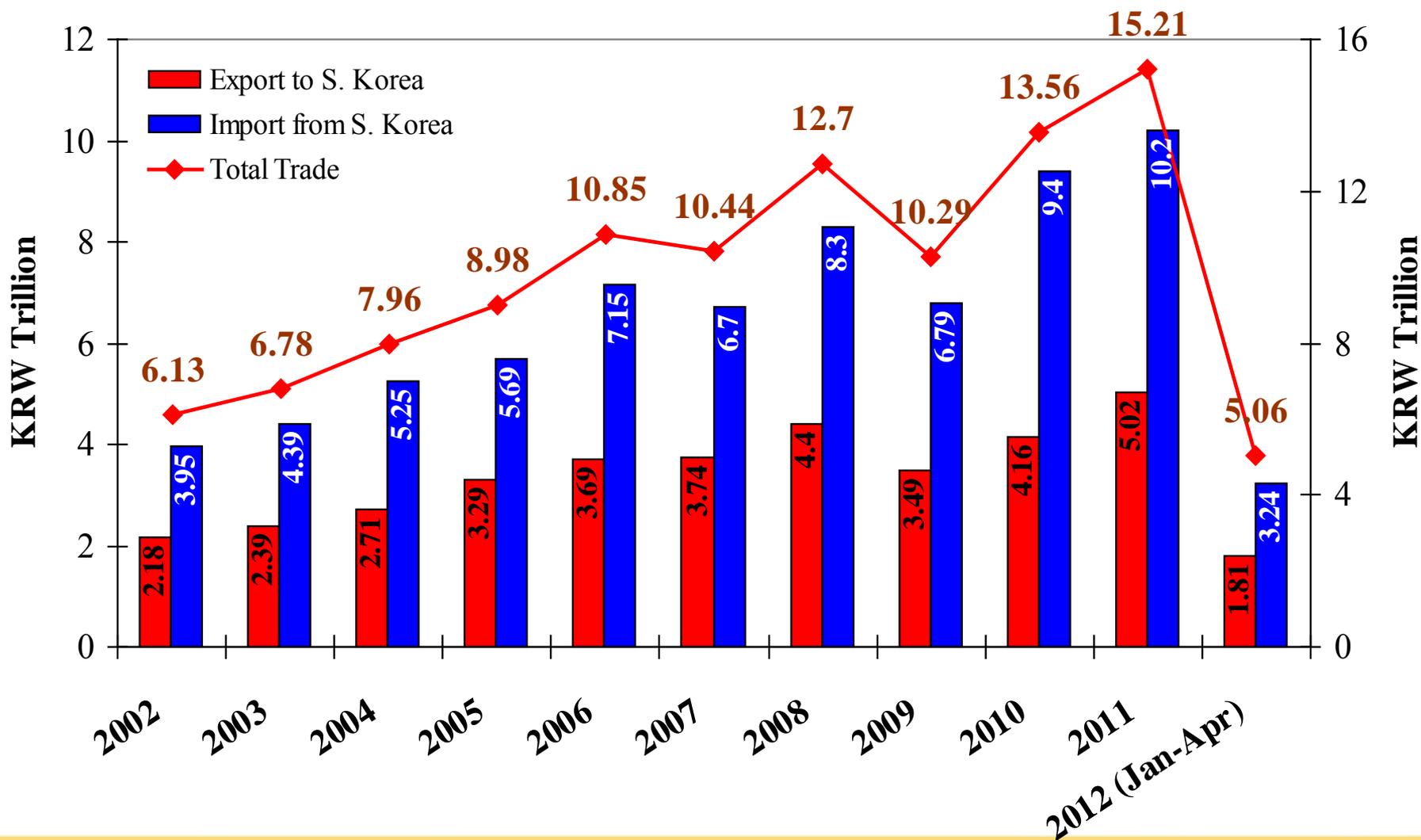
US\$1=Bt30.76 and KRW1=Bt0.03 in Q1, 2012

ASEAN CORPORATE INCOME TAX 2013



Trade & Investment Figures

THAILAND – S. KOREA TRADE 2002 – 2012 (JAN-APR)



Source: MOC, as of June 25, 2012 Note: KRW1= Bt0.03 in Q1, 2012

PRINCIPAL EXPORTS TO S. KOREA

unit: KRW Billion

Description	2009	2010	2011	2011 (Jan- Apr)	2012 (Jan- Apr)	% Growth (YOY)
Rubber	304	643	969	333	255	-23.45
Electronic integrated circuits	492	460	316	127	216	70.43
Sugar	70	81	248	60	135	126.43
Chemical products	67	130	196	63	87	36.73
Crude oil	161	258	252	61	80	29.46
Others	2,402	2,583	3,034	1,054	1,039	-1.50
Total	3,495	4,155	5,016	1,698	1,811	6.62

Source: MOC, as of June 25, 2012 Note: KRW1= Bt0.03 in Q1, 2012


Unbeatable Thailand,
Unparalleled Opportunities


THAILAND
BOARD OF
INVESTMENT

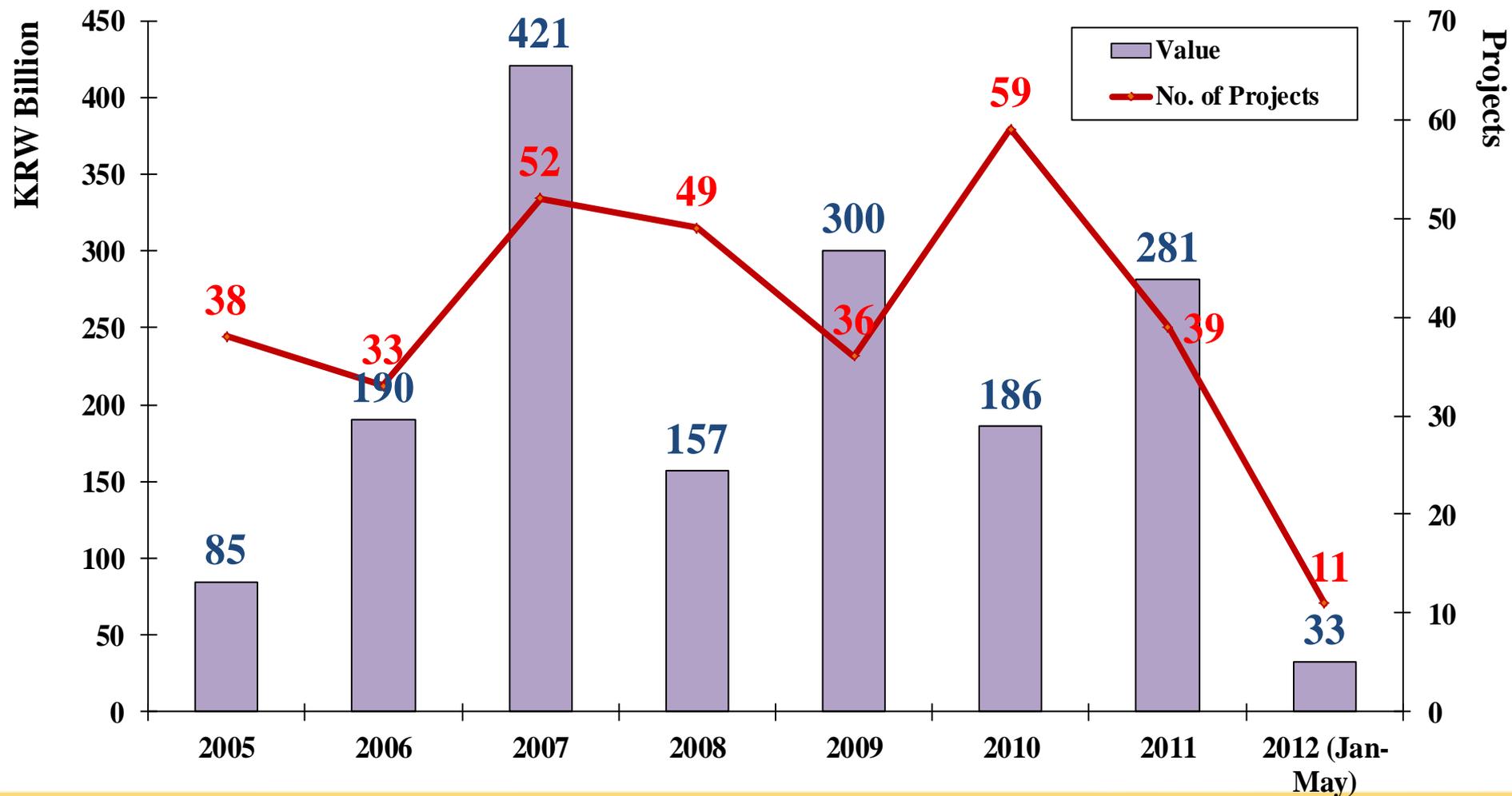
PRINCIPAL IMPORTS FROM S. KOREA

unit: KRW Billion

Description	2009	2010	2011	2011 (Jan- Apr)	2012 (Jan- Apr)	% Growth (YOY)
Iron, steel and products	846	1,402	1,839	507	598	17.90
Chemicals	660	909	970	322	358	11.01
Machinery and parts	681	870	1,706	254	312	23.10
Jewellery including silver bars and gold	271	618	492	153	250	63.94
Electronic integrated circuits	492	709	602	212	184	-13.03
Others	3,841	4,894	4,590	1,526	1,542	1.05
Total	6,792	9,401	10,199	2,974	3,245	9.11

Source: MOC, as of June 25, 2012 Note: KRW1= Bt0.03 in Q1, 2012

SOUTH KOREAN INVESTMENT APPLICATIONS



Source: BOI, as of June 25, 2012 Note: KRW1= Bt0.03 in Q1, 2012

South Korean Investment Applications

Totals by Sector: 2005 – 2012 (Jan-May)

Sector	Projects	KRW Billion
Agriculture	9	28
Minerals and Ceramics	9	270
Light Industry	16	24
Auto and Metal Processing	61	244
Electrical and Electronics	129	511
Petrochemicals, Chemicals	52	102
Services and Infrastructure	41	473
TOTAL	317	1,652

Source: BOI, as of June 25, 2012 Note: KRW1= Bt0.03 in Q1, 2012

BOI PROMOTED COMPANIES - SOUTH KOREA

posco



SAMSUNG
ELECTRO-MECHANICS

INVESTMENT POLICIES

BOI's Foreign Equity Participation Criteria

- No restriction on foreign shareholding in manufacturing
- 100% foreign shareholding allowed in some services
- At least 51% Thai ownership is required for activities in List 1 of the Foreign Business Act

BASIC BOI PRIVILEGES AND MEASURES

Tax Incentives

- ❑ Corporate income tax holidays up to 8 yrs
 - Additional 50% reductions of corporate income tax for 5 yrs
- ❑ Import duty reductions or exemptions on machinery and raw materials
- ❑ Double deduction of public utility costs
- ❑ Deductions for infrastructure construction/installation costs

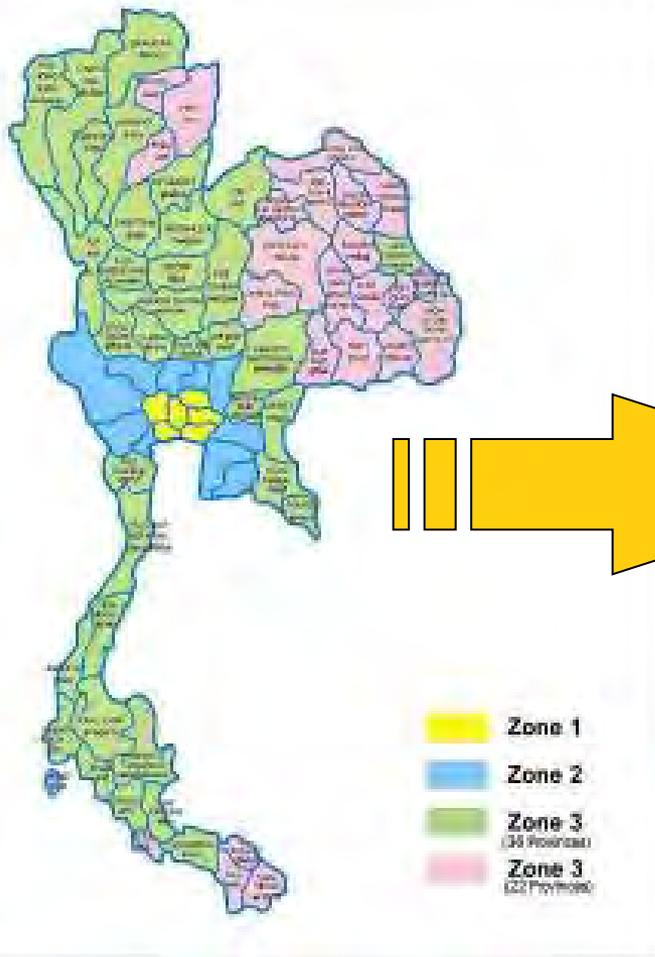
Non-Tax measures

- ❑ Land ownership rights for foreign investors
- ❑ One Stop Services Center (OSOS)
- ❑ Work permit/visa facilitation for foreign experts and technicians

One-Stop-Shop

Visas & Work Permits are issued in 3 hours

ZONE-BASED TO SECTOR APPROACH



Zone-Based

Incentives:

- Zone 1
- Zone 2
- Zone 3

**Sector Matrix:
Incentives to strengthen
competitiveness**

Strategic or Priority Activities

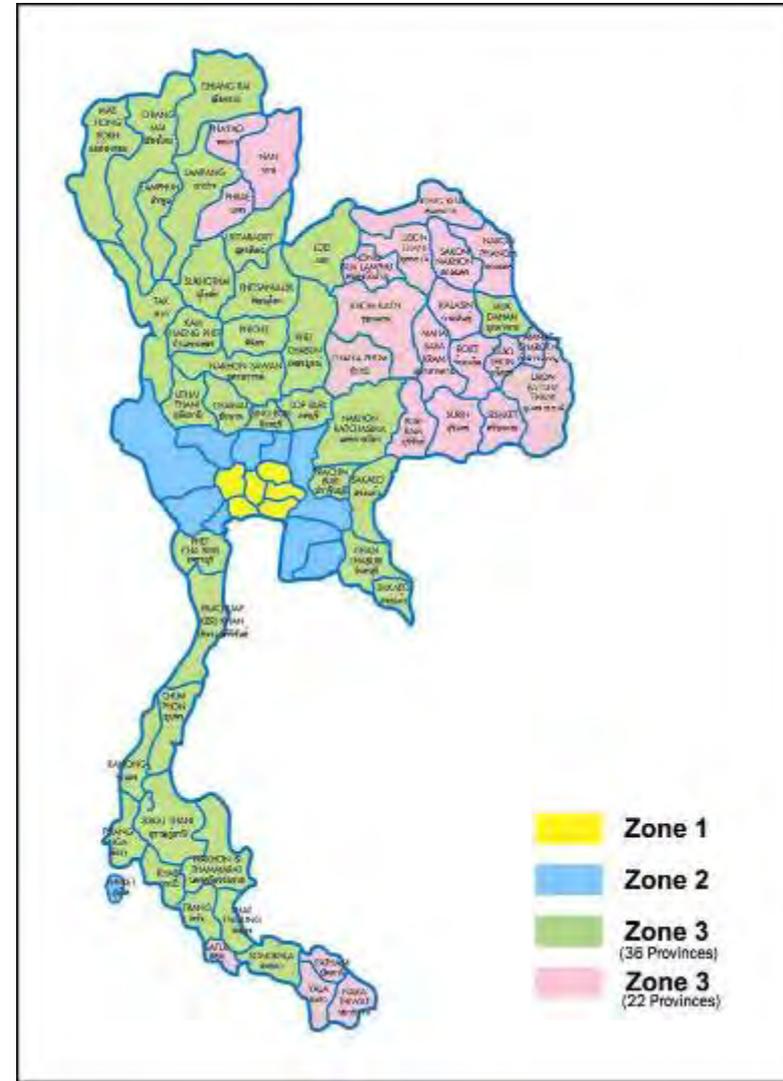
- **Maximum incentives
regardless of location**
- **Customized packages**

BOI ZONING INCENTIVES

Zone: 1 2 3
 Incentives: Lower  Higher

Import Duty Privileges	Outside I.E	Inside I.E
Zone 1	50% Reduction	50% Reduction
Zone 2	50% Reduction	Exempt
Zone 3	Exempt	Exempt

Corporate Income Tax	Outside I.E	Inside I.E
Zone 1	No Privilege	3 years
Zone 2	3 years	7 years
Zone 3	8 years	8 years



EXAMPLES OF PRIORITY ACTIVITIES

- Agriculture and agro-industries
- R&D
- Software development
- Molds & Dies
- Biotechnology
- Alternative energy
- Manufacture of hi-tech products e.g. advanced ceramics
- Waste recycling & recovery

SECTORS OF OPPORTUNITIES

Target Industries for Investment to Thailand

- Automotives and parts
- Machinery
- Electricals and Electronic Products
- Alternative Energy
- Tourism Industry

Thailand: Asia's Automotive Hub


Unbeatable Thailand,
Unparalleled Opportunities



THAILAND'S AUTOMOTIVE INDUSTRY OVERVIEW

2011

Thailand:
14th largest
automobile
producer in the
world
(13 assemblers
1.46 mil. units
50% export)

2014

Target:
Top 10 in the
world
when local
production
projected at **2.43**
million units

**High local
content:**

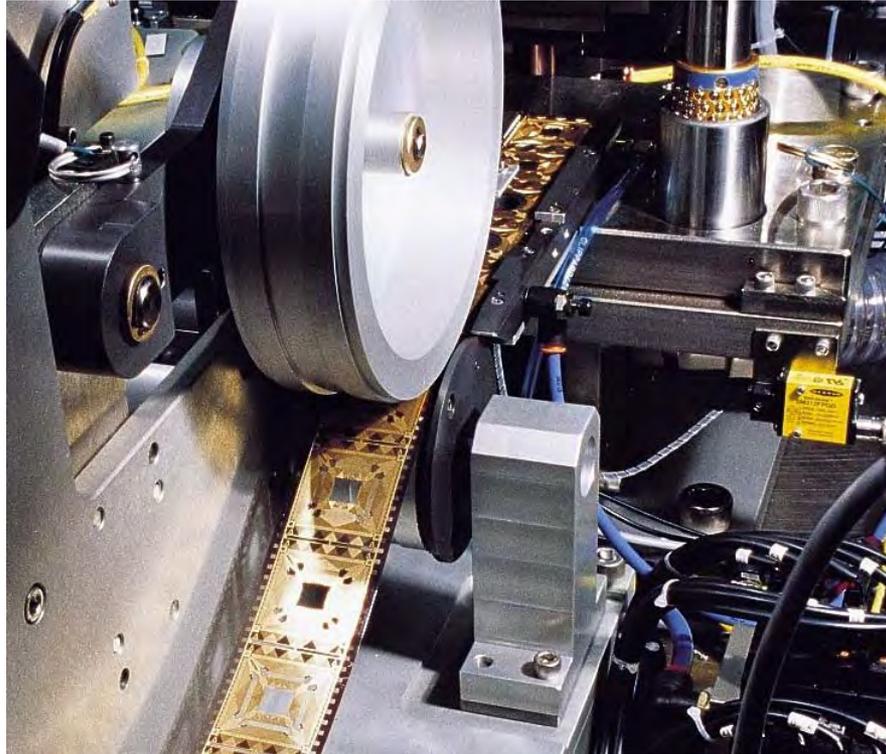
- 80-90% for pick-up trucks
- 30-70% for passenger cars

OPPORTUNITIES: COMPONENTS NEEDED IN THAILAND

- ✓ Automatic Transmissions
- ✓ Continuously Variable Transmissions (CVT)
- ✓ Traction motors for automobiles; e.g. hybrid or fuel cell cars
- ✓ Regenerative Braking System
- ✓ Electronic Stability Control (ESC)
- ✓ Rubber tires for vehicles



Machinery



Machinery to meet demand is in demand

Opportunities in Machinery

- Thailand continues to industrialize, but is dependent on foreign industrial machinery for the immediate future.
- High demand for:
 - Food and farm machinery
 - Alternative energy/energy conservation machinery
 - Textile machinery
 - Automotive machinery
 - Mould & die industry

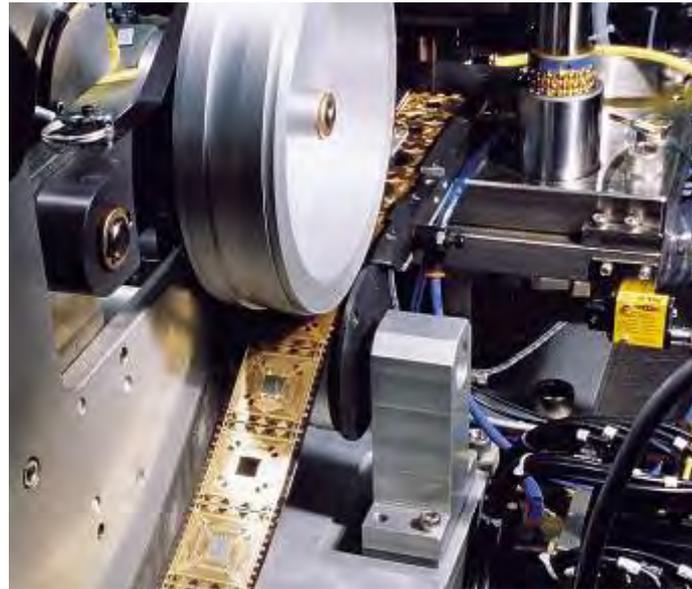
Specific Industrial Machinery Needed:

- Turning machines
- Drilling machines
- Milling machines
- Grinding machines
- Machine centers
- Gear cutting & finishing machines
- Die sinking EDMs
- Wire cut EDMs
- Laser beam machines
- Plasma arc cutting machines
- Electron beam machines
- Broaching machines

BOI Priority Activities – 8 years corporate income tax holiday, duty free machinery

Electronics & Electrical Products

Integrating Innovation & Technology



ELECTRONICS AND ELECTRICAL INDUSTRY

- E&E exports KRW59.1 trillion in 2011
- Thailand is the world's largest producer of HDDs
- A leading country in the manufacture of integrated circuits and white goods
- Strong supporting industries for electrical appliances
 - Compressors, motors, plastic and metal parts



Top E&E export

Electrical Products

1. Air-conditioner
2. Circuit breaker, switches, plugs
3. VDO camera
4. Refrigerator
5. Color TV

Electronics

1. Computer parts
2. IC
3. Diode, transistors, semiconductors
4. Transmission apparatus
5. Equipments used for telephone or telegraphs

Top E&E import

Electrical Products

1. Circuit breakers, switches, plugs
2. VDO tape, CD, DVD
3. TV parts, components
4. Wiring harness
5. Air compressor

Electronics

1. IC
2. Computer parts
3. Mobile phones
4. Computers, notebook, Palm
5. Diode, transistors, semiconductors



Alternative Energy

ALTERNATIVE ENERGY DEVELOPMENT PLAN (AEDP) 2012-2021

AEDP 2012-2021, targeting to replace 25% of total fossil-fuel consumption with RE at the end of 2021 (9,201 MW).

Renewable Energy (9,198 MW)	
Solar power	2,000 MW
Wind power	1,200 MW
Hydro power	1,608 MW
MSW	160 MW
Biomass	3,630 MW
Biogas	600 MW
New forms of RE (3 MW)	
Geothermal	1 MW
Wave and Tides	2 MW

Source: Ministry of Energy, as of April 2012

Incentives for Alternative Energy Projects

BOI Incentives

- Import duty exemption for machinery (all zones)
- 8-year corporate income tax exemption with no cap (all zones)
- Additional incentives for Zone 3
 - Additional 50% reductions of corporate income tax 5 years
 - Deductions for infrastructure construction costs
 - Double deduction on public utility costs

Support from Ministry of Energy

- Adder price for electricity from renewable source

Support from Ministry of Energy

- Adder price for electricity from renewable source
 - Solar 6.50 ฿/kWh (10 yrs.)
 - Wind 3.50 ฿/kWh (10 yrs.)
 - MSW 2.50 ฿/kWh (7 yrs.)
 - Micro hydro 0.80 ฿/kWh (7 yrs.)
 - Mini hydro 0.40 ฿/kWh (7 yrs.)
 - Biomass/Biogas 0.30 ฿/kWh (7 yrs.)

Tourism Industry

Thailand: The Best Cities for Expats and Tourist



Thailand is the **World's Best Tourist Country** in 2011 by Grand Travel Award 2011 in Sweden.

Thailand is ranked among the **World's 10 Friendliest Country** by www.Lonelyplanet.com

Thailand is ranked in the **Gold Lists 2011 for the Best for Food, Room, Location, Design, Service and Activities** voted by travelers from Conde Nast Traveler

GLOBAL TOP 20 DESTINATION CITIES BY INTERNATIONAL VISITORS (2012)

Rank	City	Visitor (Million)	Rank	City	Visitor (Million)
1	London	16.9	11	Seoul	8.0
2	Paris	16.0	12	Rome	7.8
3	Bangkok	12.2	13	New York	7.6
4	Singapore	11.8	14	Shanghai	7.5
5	Istanbul	11.6	15	Barcelona	7.3
6	Hong Kong	11.1	16	Milan	7.1
7	Madrid	9.7	17	Amsterdam	6.9
8	Dubai	8.8	18	Vienna	6.7
9	Frankfurt	8.1	19	Beijing	6.2
10	Kuala Lumpur	8.1	20	Taipei	5.4

BOI Incentives to Promote Tourism Industry

7.3 Tourism promotion services

- Ocean marina services
- Amusement parks
- Cultural centers
- Aquariums
- Racing tracks
- Open zoos
- Cable cars

7.4 Activities to support tourism

- Convention halls
- International exhibition centers

Rights and Benefits

- Exemption of import duty on machinery, regardless of zone
- Exemption of corporate income tax for:
 - 5 years if located in zone 1
 - 7 years if located in zone 2
 - 8 years if located in zone 3

BOI SERVICES

BOI SUPPORT SERVICES



Investment Matchmaking Program

**1-Stop for visas & work permits:
work permits in 3 hours**

**Industrial Subcontracting Services
Vendors meet customers program
(BUILD Unit)**

ASEAN Supporting Industry Database

**Interaction with other govt. agencies
on behalf of investors**

Country desks

Overseas offices

One Start One Stop Investment Center



- **21 agencies facilitating company establishment in Thailand**
- **Help investors with applications to make sure investors know what is required to:**
 - **Register a company**
 - **Apply for investment promotion privileges**
 - **Obtain a foreign business license**
 - **Tax registration**
 - **Complete an environmental impact assessment**
 - **Obtain utilities, etc.**
- **OSOS staff will also accept applications for licenses and permits such as corporate name registration, corporate tax ID numbers, VAT registration, foreign business licenses, etc.**

BOI Office in Seoul

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Pichit Dejneeranat
Director



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Thank you



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