

Thailand as the Gateway to ASEAN

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Thailand: 2nd Largest Economy in ASEAN

Year 2012	Population (Millions)	GDP (USD Billion)	FDI (USD Million)
Indonesia	241	878	19,853
Thailand	67	366	8,607
Malaysia	29	304	10,074
Singapore	5	275	56,651
Philippines	96	250	2,797
Vietnam	89	142	8,368
Myanmar	55	55	2,243
Brunei	0.42	17	850
Cambodia	15	14	1557
Lao PDR	6	9	294

GDP US\$ 366 Billion (2012)

US\$ 5,390 per capita

39.2%
Industry

52.4%
Services

8.4%
Agriculture

**Upper middle income country
with growing middle class**

Thailand is the world's

- **17th** largest manufacturer
- **10th** biggest car maker
- **20th** largest exporter of goods
- **33th** largest economy

Population: 67 Million

Labor Force: 40.2 Million

Sources: MOC, NESDB, Pocket World in Figures 2013 Edition Note:MYR1=Bt9.74 in Q2,2013

Thailand: the Crossroads of ASEAN

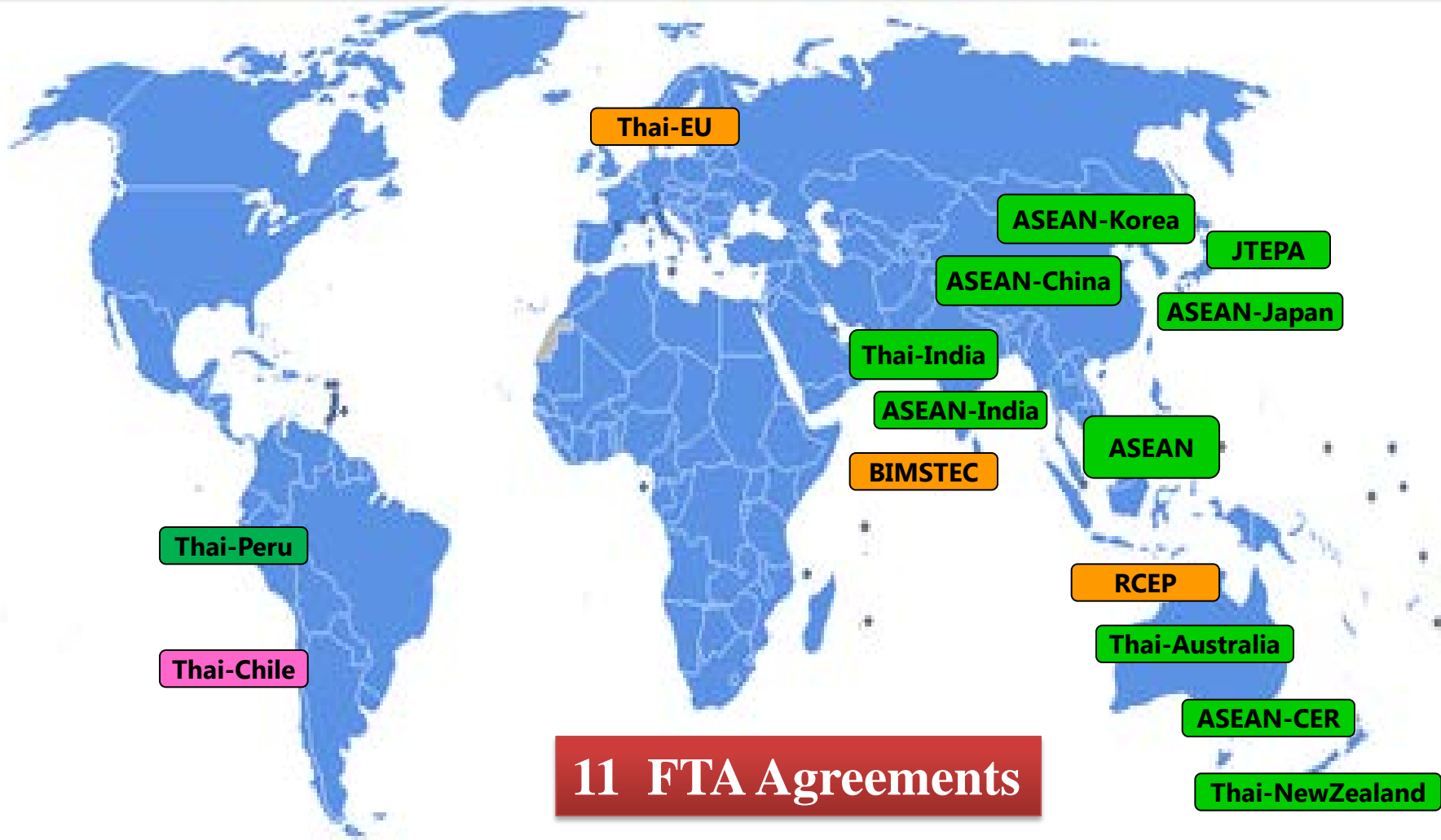
10 Countries, One Single Market in 2015



GDP	US\$ 2.3 trillion
Population	607 million
Foreign Direct Investment	US\$ 111 billion
GDP Growth	5.7% (2011) 6.4% (2012) 5.2% (2013)

ASEAN's GDP to double to US\$4.7 trillion in 2020

Thailand's Extensive FTA Network



11 FTA Agreements

In Effect

Under negotiation

finalized

Expanding Regional Integration

AEC

(ASEAN Economic Community)

607 million
population

(9% of world population)

GDP: US\$ 2.3 trillion
(2% of world's GDP)



FLAGSHIP OF ASEAN

- Emerging regional architecture
- A new generation FTA
- A high ambition agreement

RCEP

(Regional Comprehensive Economic Partnership)

3.3 billion
population

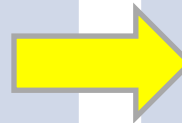
(50% of world population)

GDP: US\$17.1 trillion
(27% of world's GDP)



THE BIGGEST FTA

- Market size (16 countries)
- Regional supply chain
- FDI (intra-extra region)



The World Bank Ranks Thailand among the easiest places to do Business in Asia and 18th in the World



UNCTAD Survey

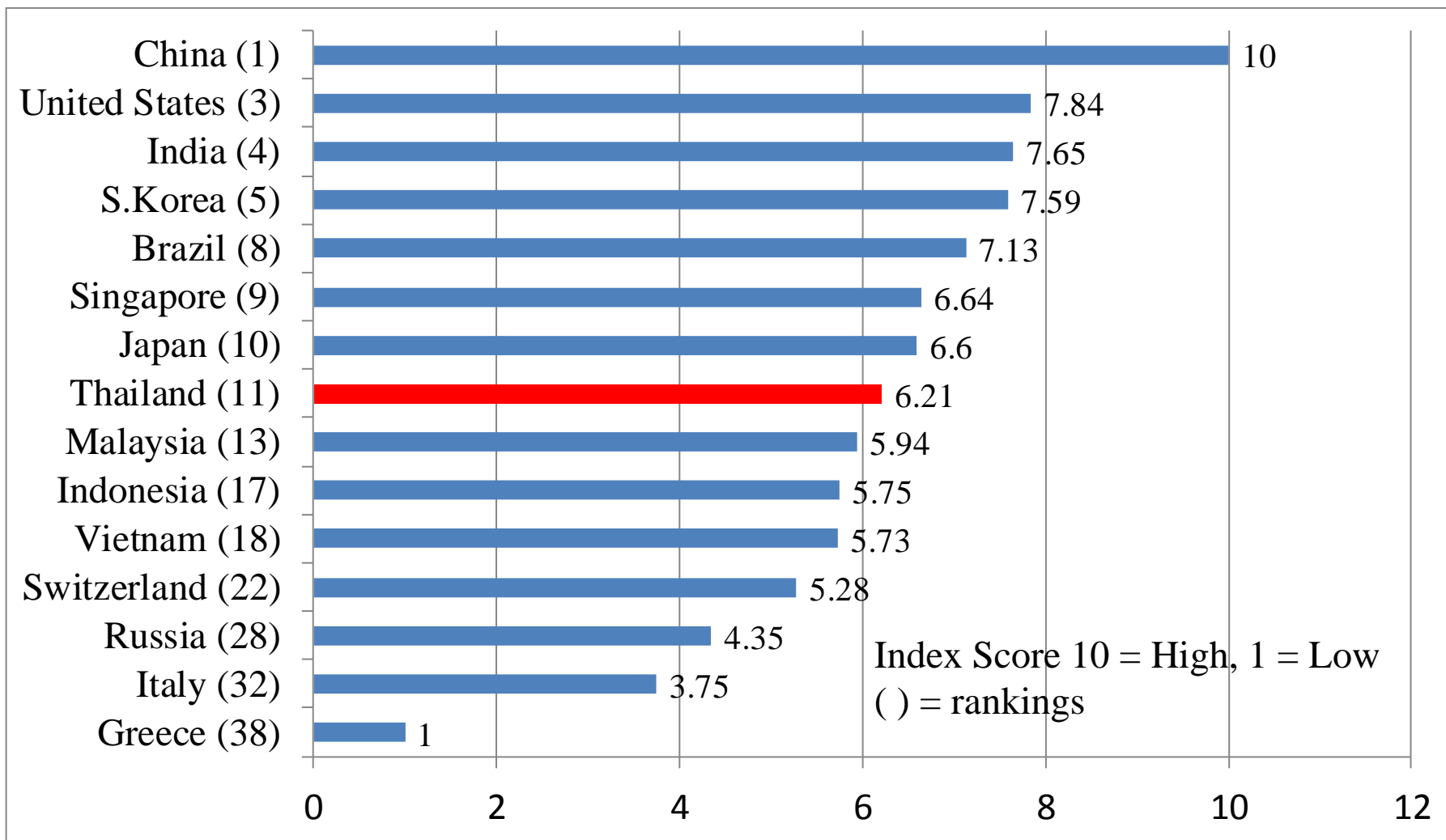
Top Ten Prospective Host Economies for 2013-2015



Source: UNCTAD
Investment Prospect
Survey, based on 159
company responses

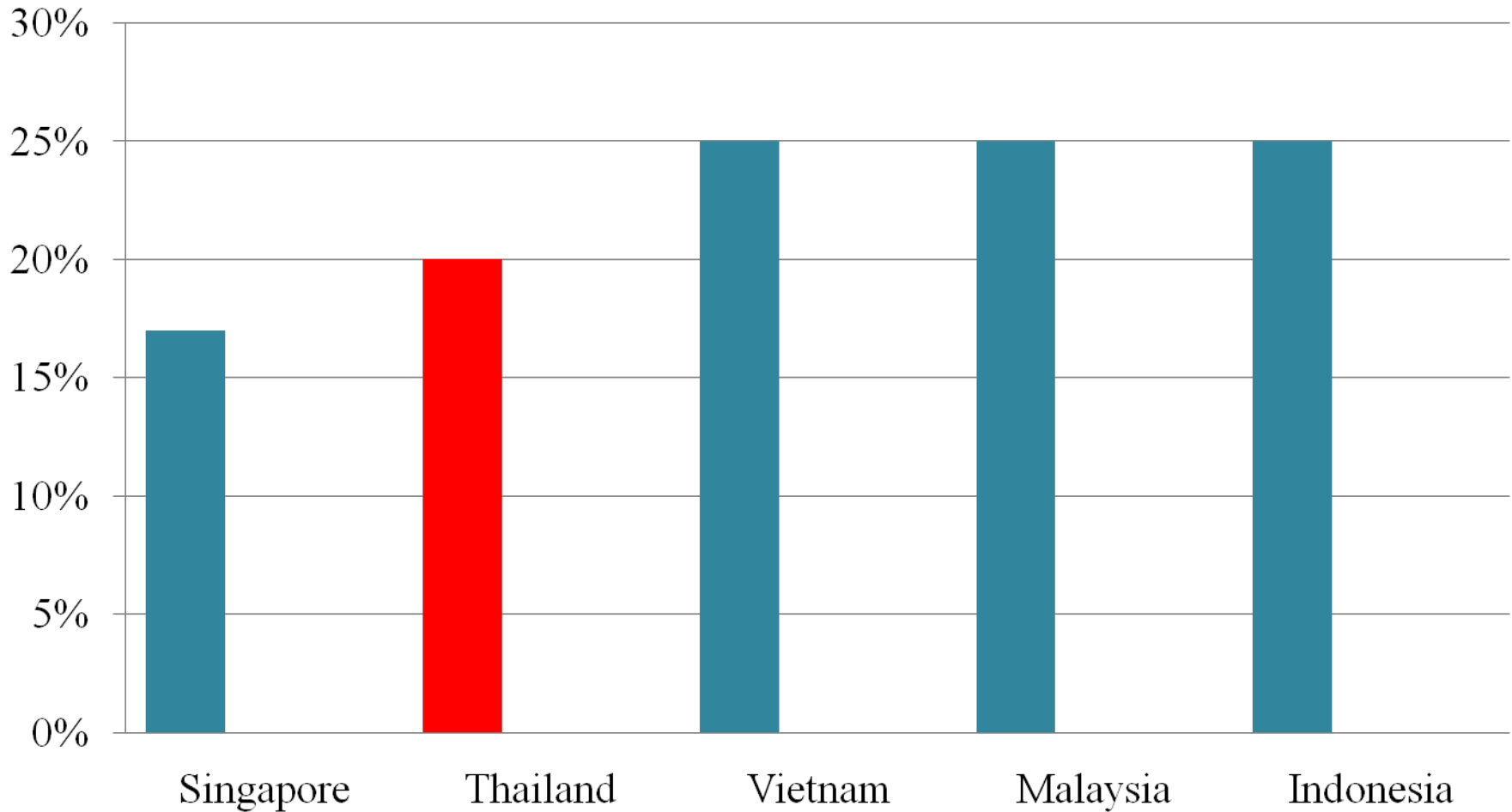
Country	Rank
China	1
USA	2
India	3
Indonesia	4
Brazil	5
Germany	6
Mexico	7
Thailand	8
UK	9
Japan	10

2013 Country Manufacturing Competitiveness Index Rankings



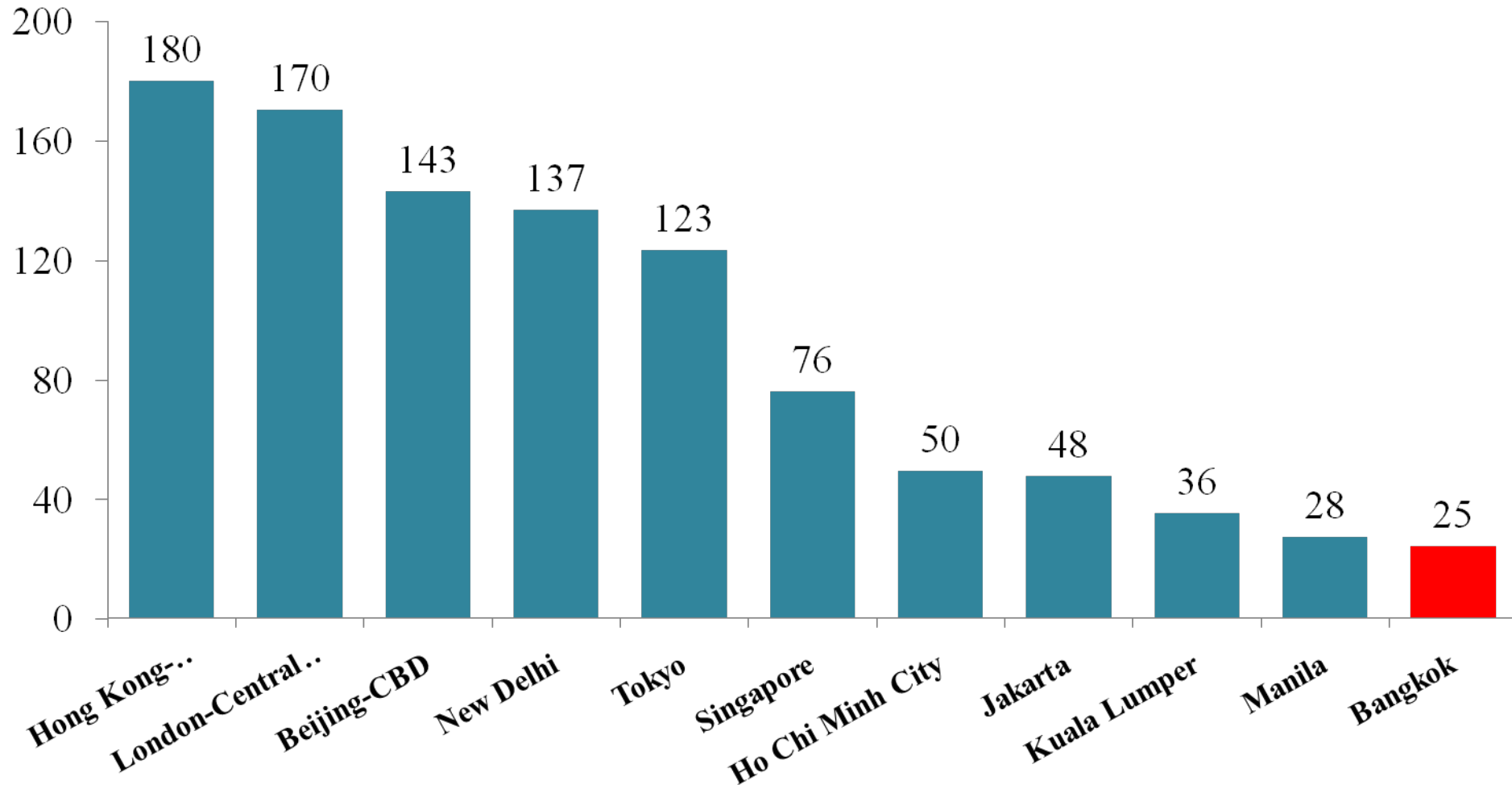
Source: 2013 Global Manufacturing Competitiveness Index, Deloitte Touche Tohmatsu Ltd. and the U.S. Council on Competitiveness as of April , 2013

Low Corporate Income Tax 2013



Low Costs of Office Occupancy

Euro/sq ft/annum



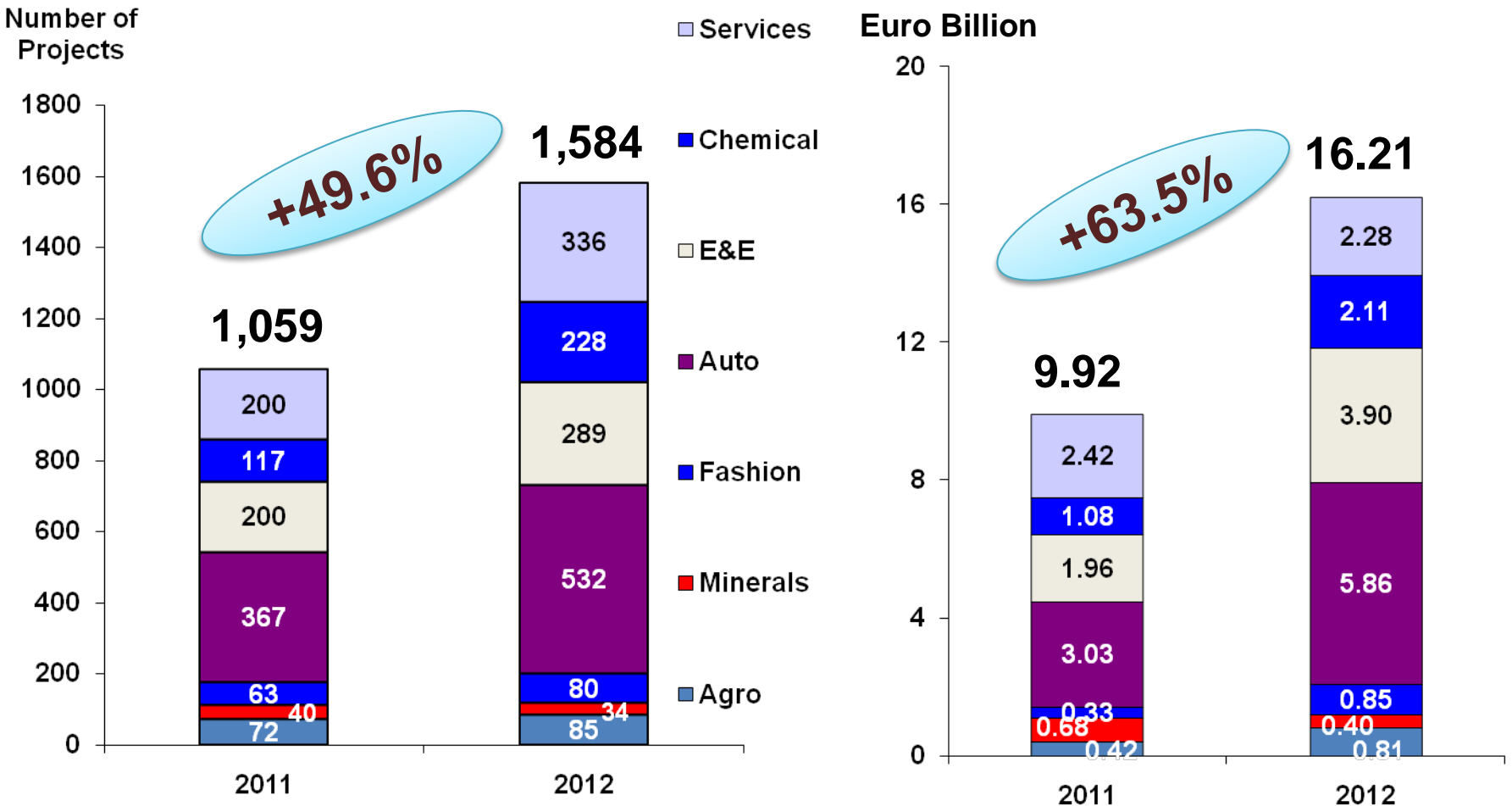
Source: CBRE Prime Office Occupancy Costs, Q1/2013 as of June 24, 2013 Note: US\$1=Bt29.89 and Euro1=Bt39.03 in Q2, 2013

Comparison of Net Foreign Applications for Investment

2011 vs. 2012

Number of Projects

Amount Invested

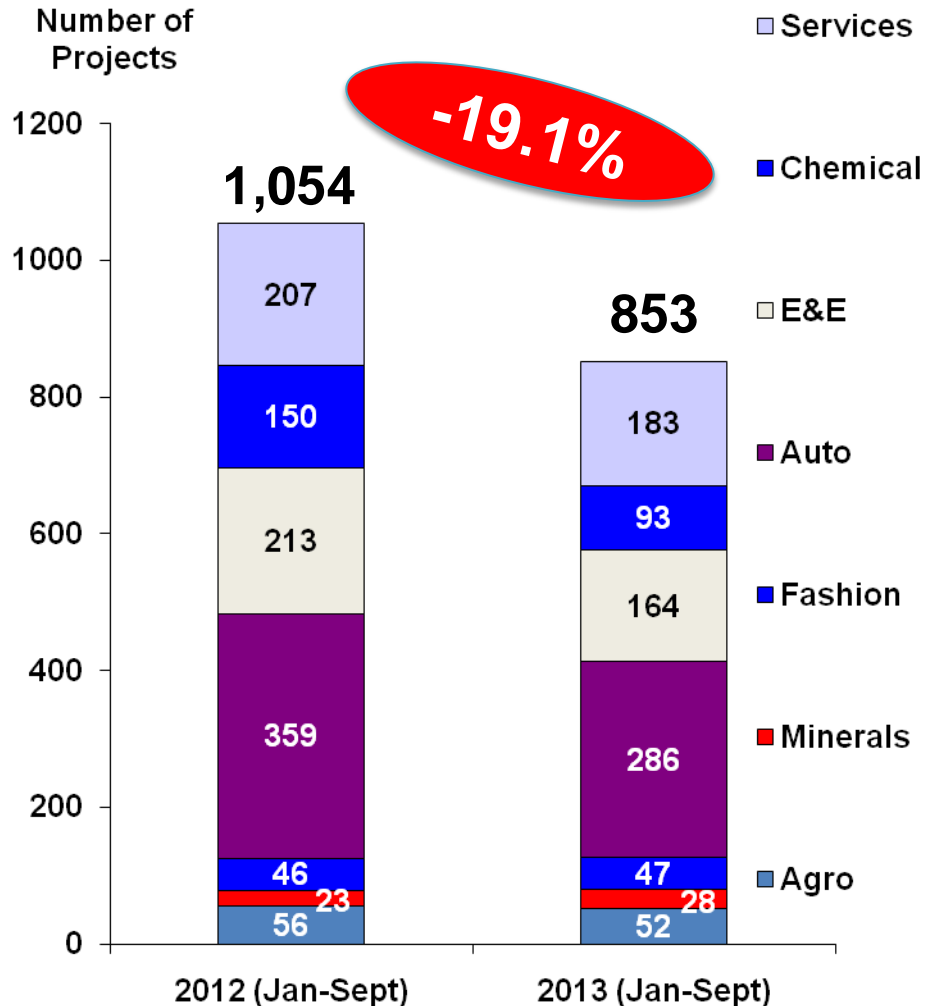


Source: BOI, as of Jan 18, 2013 €=Bt39.96 in 2012

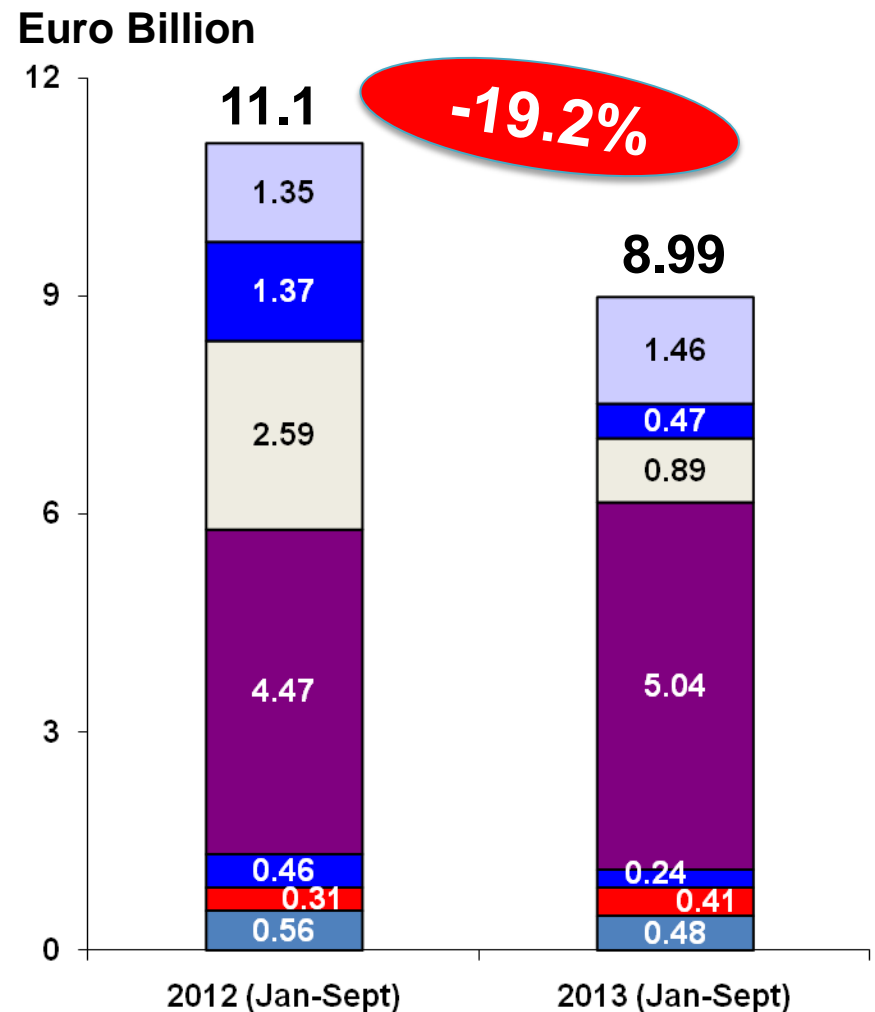
Comparison of Net Foreign Applications for Investment

Jan-Sept 2012 vs. Jan-Sept 2013

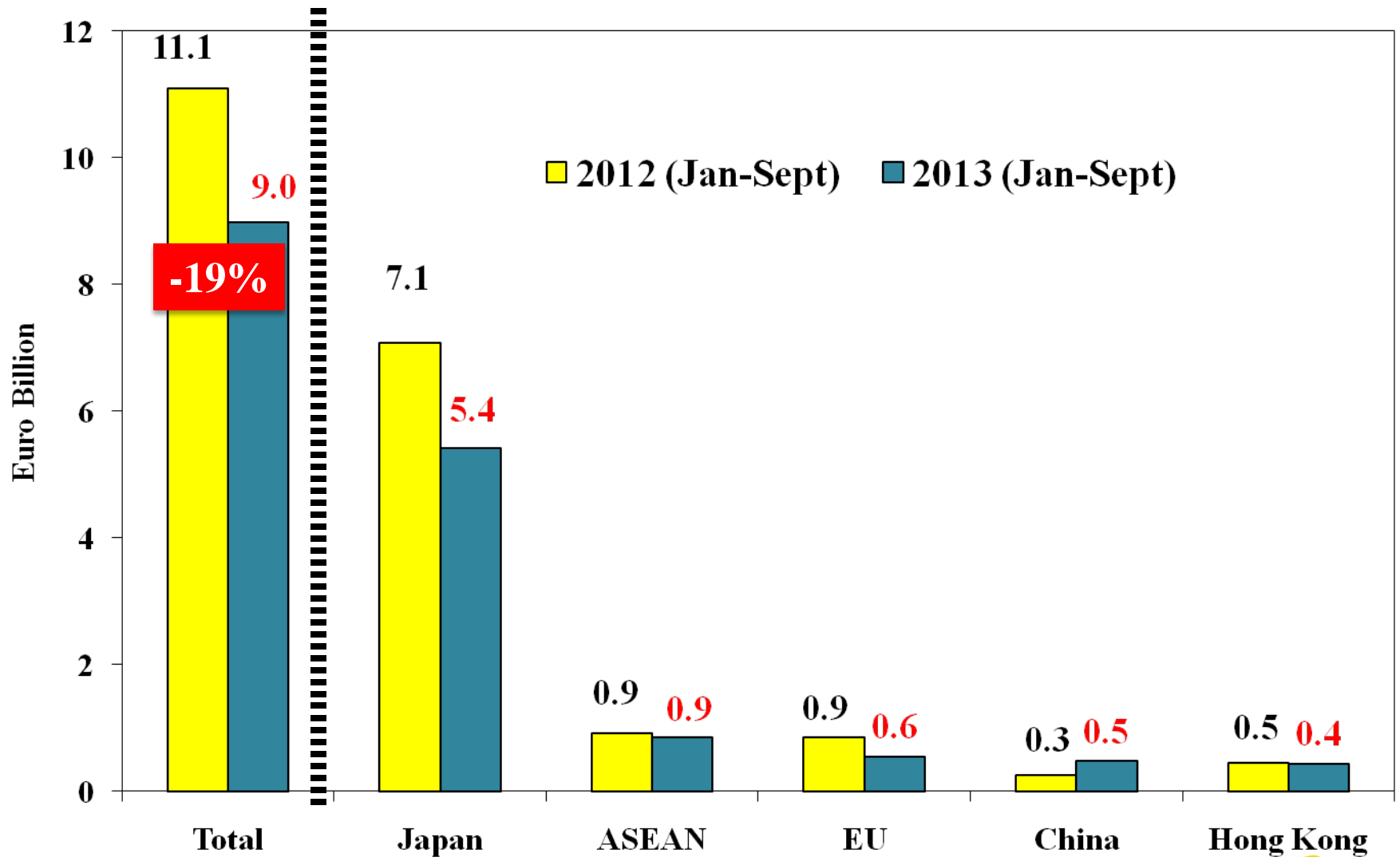
Number of Projects



Amount Invested



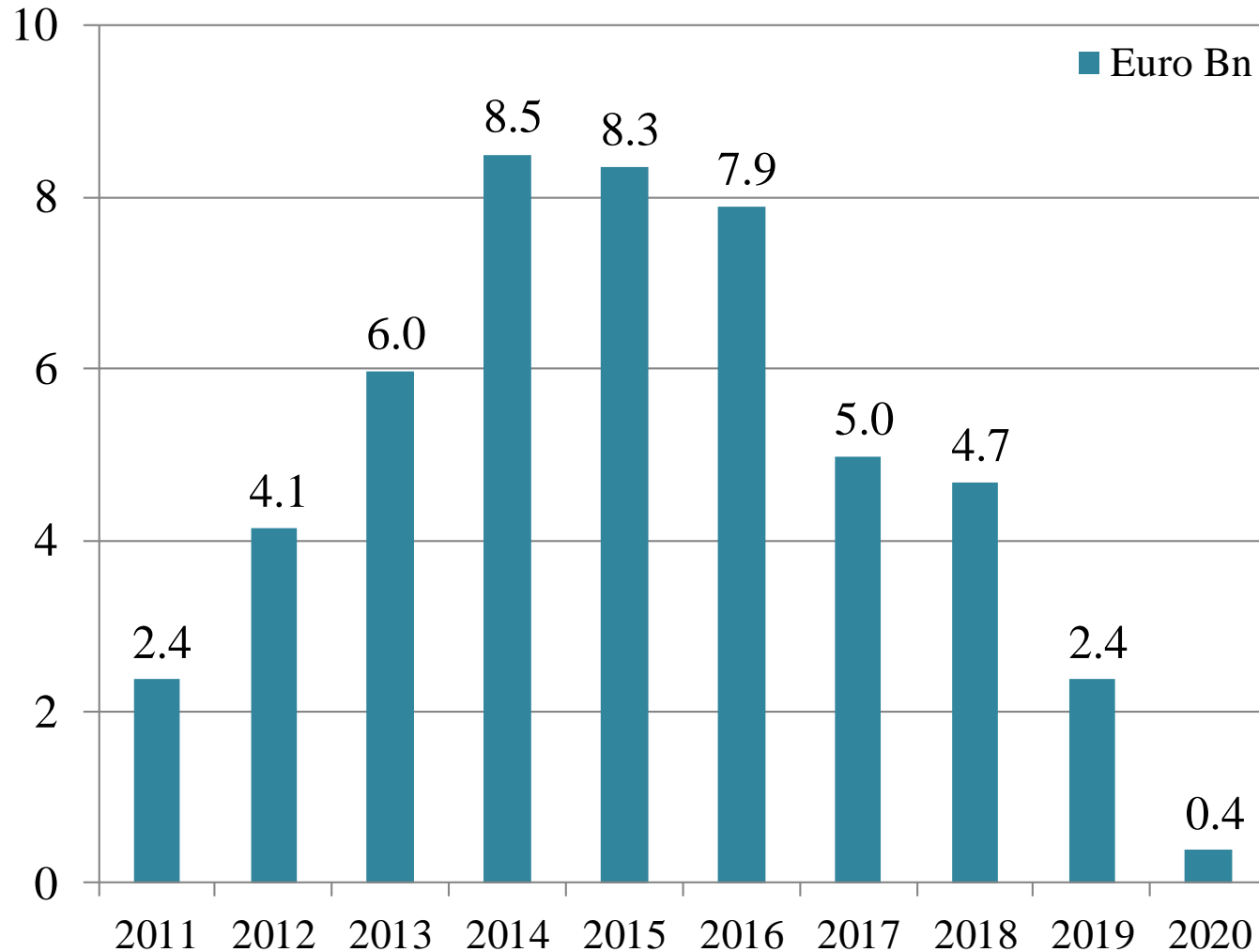
Foreign Direct Investment Applications



Samples of EU Investments in Thailand



Projected Infrastructure Investment (2011-2020)



Source: Ministry of Transport as of Jan 2013 Note: US\$1=Bt29.89 and Euro1=Bt39.03 in Q2, 2013

Investment Budget Plan for Transportation, 2013-2020

Total budget: €49 billion



ROAD (33.9%)
€16.63 billion



RAIL (60.8%)
€29.83 billion



MARINE (3.3%)
€1.63 billion



AIR (1.93%)
€0.95 billion

Source: The Office of Transport and Traffic Policy and Planning (BOI's Overseas Office Meeting) as of Oct 31, 2012 Note: €1=Bt39.03 in Q2, 2013

“Logistics Shortcut”- Dawei & Laem Chabang Ports



The linkage between Thailand’s Eastern Seaboard and Myanmar’s Dawei will provide immense business opportunities as the emerging Economic Driver in the region. With high potential to open the Western gateway for the existing production bases in East Asia, the new trade and transportation route will create “Logistics Shortcut” for the region and the supersized co-production base will be an important Growth Nodes linking the GMS region to global market.

Investment Policies

No restrictions on
foreign currency

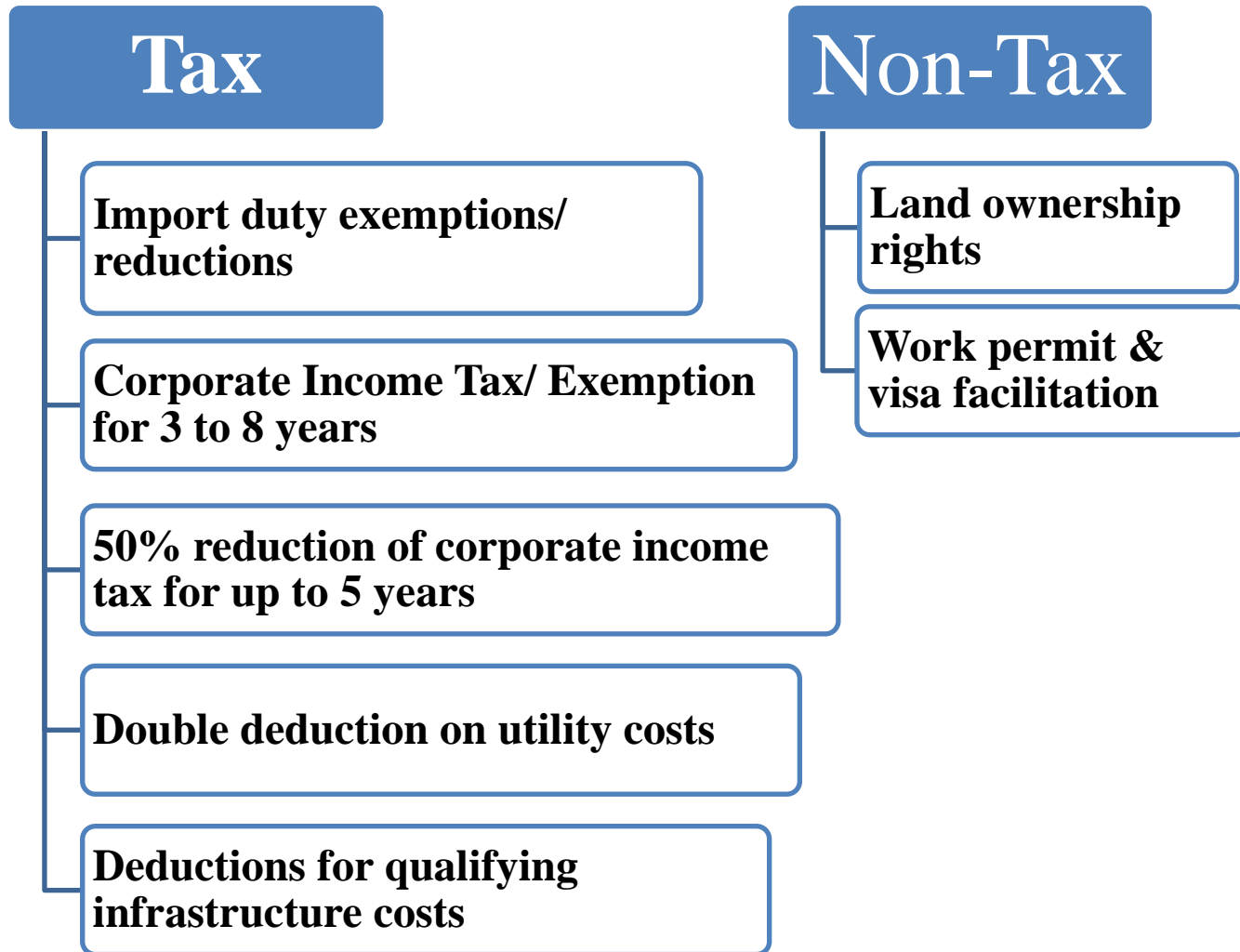
100% foreign
ownership

**LIBERAL
INVESTMENT REGIME**

No export
requirements

No local content
requirements

BOI's Attractive Investment Incentives

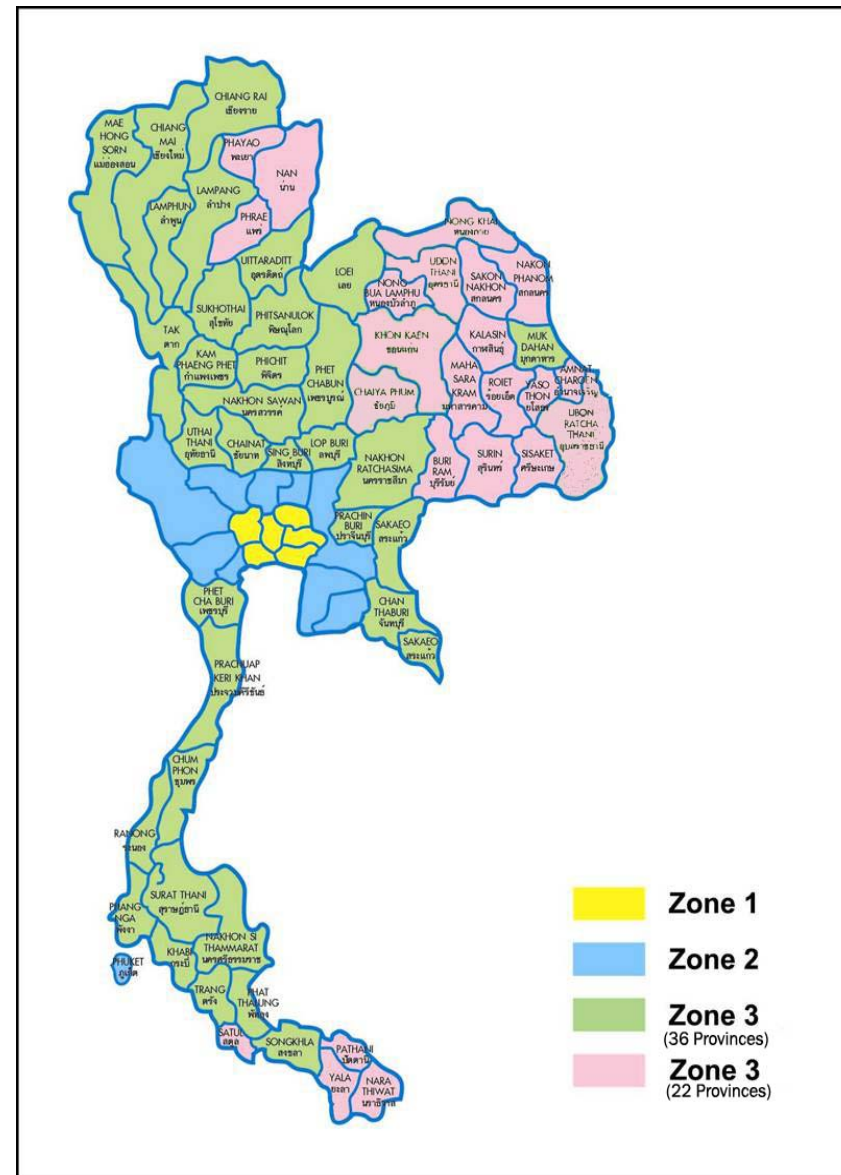


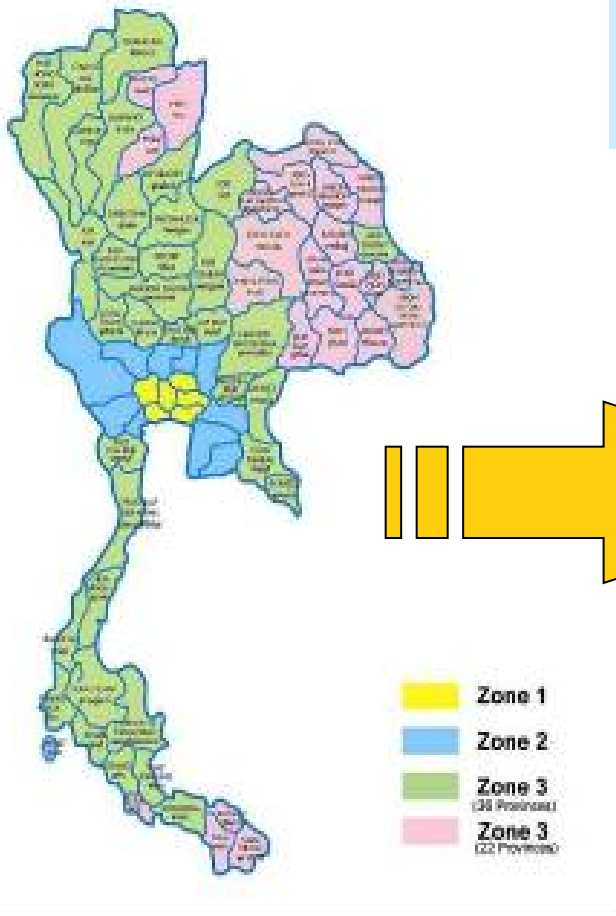
BOI ZONING AND INCENTIVES

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





**Sector Matrix:
Incentives to strengthen
competitiveness**

**Strategic or Priority
Activities**

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

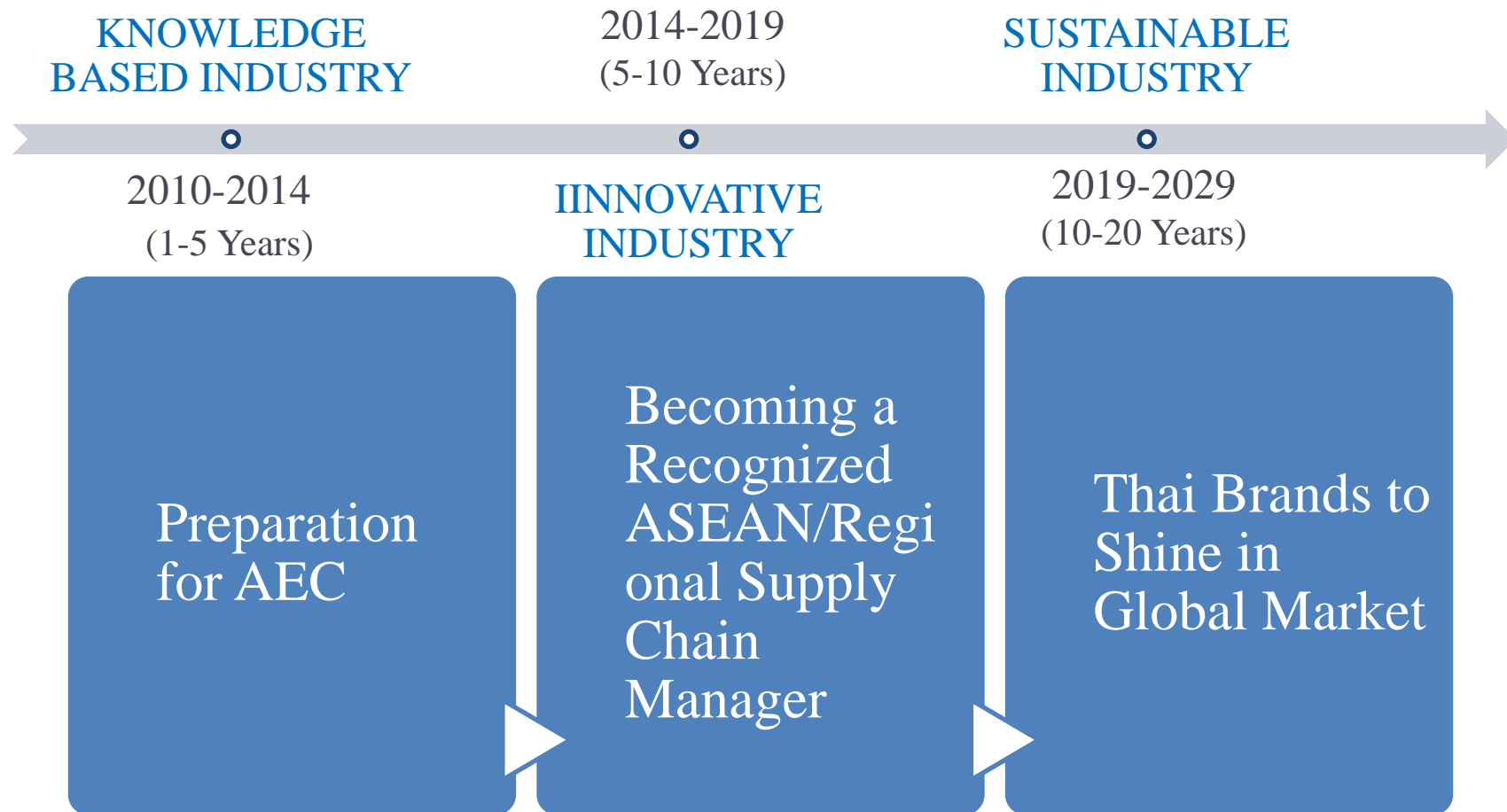
Zone-Based

Incentives:

- **Zone 1**
- **Zone 2**
- **Zone 3**

Thailand's Master Plan for Future Industrial Development

VISION: To Move Forward Innovative, Well-Balanced, and Sustainable Industry



New Investment Promotion Direction for Thai Economy Restructuring

(1/3)

	Present	New	Action
1	Broad-based investment promotion	Focus & Prioritized investment promotion	<ul style="list-style-type: none"> ▪ Refocus the activities eligible for promotion ▪ Prioritize: Incentives vary, depending on the importance of activity
2	Sector-based Incentives	Sector & Merit-based Incentives	<ul style="list-style-type: none"> ▪ Reduce basic tax incentives ▪ Provide additional incentives based on projects' merits to encourage competitiveness enhancement activities such as R&D, design, advanced technological training, and local supplier development

New Investment Promotion Direction for Thai Economy Restructuring

(2/3)

	Present	New	Action
3	Zone-based incentives	Promote New Regional Clusters	<ul style="list-style-type: none">▪ Abolish zone-based incentives▪ Promote new industrial clusters in each region or border area to create new investment concentration
4	Tax Incentives – oriented promotion	Tax Incentives & Facilitation – oriented promotion	<ul style="list-style-type: none">▪ Focus on facilitation through non-tax incentives and one stop service▪ Improve investment rules and regulations, reduce barriers to create better investment environment▪ Promote and coordinate human resources development to support industrial sector▪ Integrate supports from various government agencies as a package

New Investment Promotion Direction for Thai Economy Restructuring

(3/3)

	Present	New	Action
5	Promote inbound investment	Promote both inbound & outbound investment	<ul style="list-style-type: none">▪ Promote overseas investment more actively in order to increase the competitiveness of Thai businesses
6	Evaluation by Applications	Evaluation by Outcomes	<ul style="list-style-type: none">▪ Set clear KPIs to measure benefits and cost-effectiveness of investment promotion

Basic Incentives

Group A of Promoted Activities

	CIT Exemption
A1	8 years (without cap) + Merit
A2	8 years + Merit
A3	5 years + Merit
A4	3 years + Merit

List A will also receive the following tax incentives

- Exemption of import duties on machinery
- Exemption of import duties on raw materials for the manufacture of exports
- Non-tax incentives, namely
 - Permission to own land
 - Facilitation as regards visas and work permits

Group B of Promoted Activities

B1	Machinery, Raw Materials and Non-tax
B2	Non-tax only

Remarks

New projects and expansion projects receive the same incentives.

Merit-based Incentives

1. Merit on competitiveness enhancement

Qualified Investment/ Expenditures

1. R&D

- in-house R&D
- outsourcing research in Thailand
- donation to Technology and Human Resources Development Fund/ educational or research institute/ governmental agency
- IP acquisition /licensing fee for commercializing technology developed in Thailand

2. Product & packaging design

- in-house
- outsourcing in Thailand

3. Advanced technology training

4. Development of local suppliers with at least 51% Thai shareholding (in advanced technology training and technical assistance)

Additional incentives vary depending on investment/ expenditure ratio:

Percentage of qualified Investment/ Expenditures to combined revenue of the first 3 years	Additional CIT Exemption (subject to 60% cap on qualified investment/ expenditures)
1%	1 year
2%	2 years
3%	3 years

2. Merit on industrial area development and decentralization

Projects located in industrial estate or promoted industrial zones : one additional year of CIT exemption

Projects located in the specified 22 provinces and 4 districts in Songkhla province

3 additional years of CIT exemption but activities in Group A1 or A2 which already receive 8-year CIT exemption will instead receive 5 additional years of 50% reduction of CIT.

All activities in Group A and some specified activities in Group B can apply for merit-based incentives.

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



**More Convenience,
less time,
more efficiency!**



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Thank you