



Investment & Sourcing Opportunities in Thailand

Sonklin Ploymee

Deputy Secretary General
Thailand Board of Investment
27 May 2021

AGENDA

Investment & Sourcing Opportunities in Thailand

-  Opportunities Overview
-  Digital
-  Medical Industry
-  BCG Economy


Thailand's Strategic Location

Makes it an Investors' Gateway to Asia.

2nd Largest Economy Globally
(USD 13.4 Trillion)

6th Largest Economy Globally
(USD 2.7 Trillion)



27th 2019  21st 3rd in ASEAN¹

Future Cooperation with RCEP

Proximity distance to China and India

Aerial, Land, & Maritime Connectivity

Border Special Economic Zones

Thailand has concluded 17 Free Trade Agreements (FTAs)

Special Investment Opportunity

Thailand's Eastern Economic Corridor

- Chachoengsao
- Chonburi
- Rayong

20% Corporate Income Tax

Low-Cost of Living

Low-Cost Office Space

Well-Equipped Industrial Estates

Well-developed Infrastructure

The Thai Market

- Population: 69.79 Million¹
- Middle Class Consumers: 52 Million²

CLMVT

- 242 Million Consumers³
- Within 1,000 KM

ASEAN Economic Community

- 645 Million Consumers⁴
- 5th Largest Economy Globally (USD 3.2 Trillion)
- ASEAN FTA / ASEAN Connectivity

Greater Asia Region

- 4.6 Billion Consumers⁵
- Within 5,000 KM




Source: ^{1,3}World Bank (2020), ²Deloitte (2016), ⁴ASEAN key finger 2020, ⁵World Meters (2019), ASEAN Key_Figures_2020

Foreign Investors Confidence in Thailand (2020)

Confidence index by Sectors



Top 3 reasons given by the companies for maintaining or expanding investment in Thailand include...

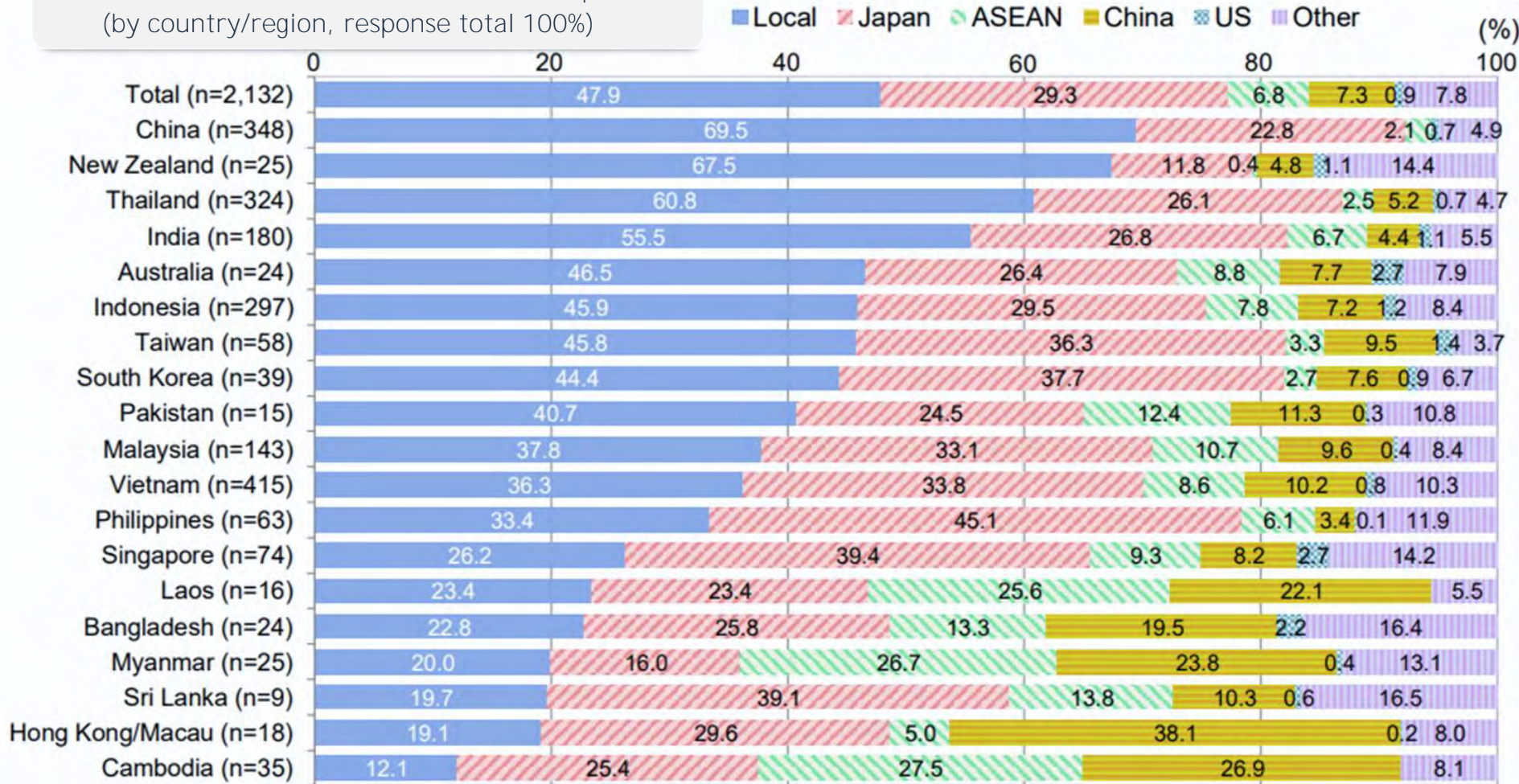
-  having supportive investment incentives
-  sufficient raw materials/parts
-  sufficient supporting industries in the supply chain

Out of the 600 questionnaire responses from 2020 survey, 460 firms, or 76.67%, said they would maintain the level of their investment, while 116 firms, or 19.33%, said they planned to expand their investment in Thailand. When the results are combined, the survey showed a positive outlook, with *96.00% of the surveyed firms indicating that they planned to expand or maintain investment in Thailand.*



Procurement of Raw Material and Parts

Procurement sources for raw materials and parts
(by country/region, response total 100%)

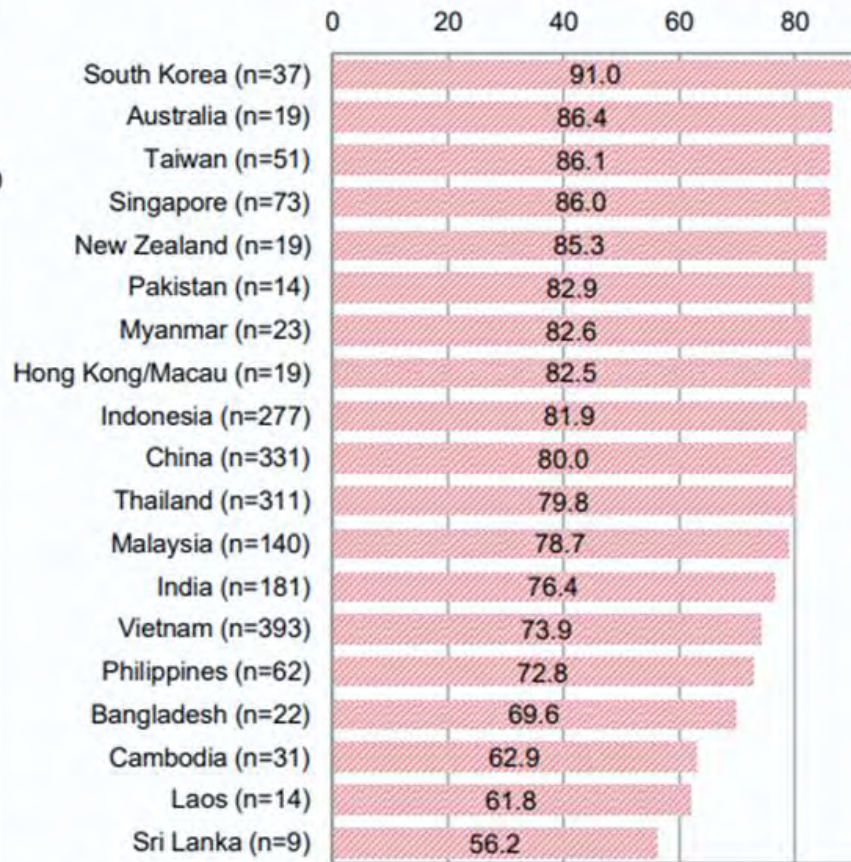
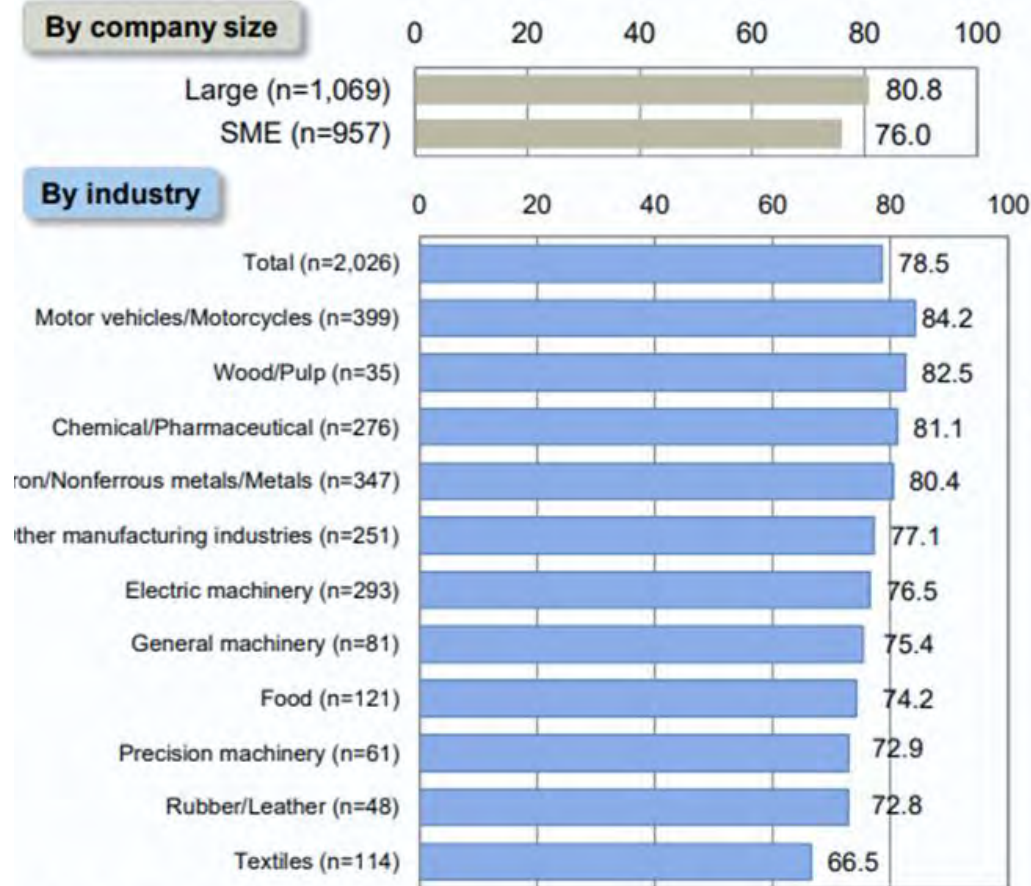


- The largest procurement source for raw materials and parts in the local production activities of Japanese-affiliated companies was **“Local”**, increased from 46.9% in the 2018 survey by 1.0 pp to 47.9%. On the other hand, the rated of procurement from the US remained at the same level as the 2018 survey (0.9%), while procurement from ASEAN (-1.3 pp), Japan (-0.8 pp) and China (-0.2 pp) decreased.
- By country/region, the local procurement rate was high in China, New Zealand, and Thailand, increasing from the 2018 survey by 3.2 pp, 2.5 pp, and 3.6 pp, respectively.
- The procurement rate from Japan was the highest in Philippines (45.1%), followed by Singapore (39.4%), Sri Lanka (39.1%), South Korea (37.7%), and Taiwan (36.3%).
- The procurement rate from China was the highest in Hong Kong/Macau (38.1%), followed by Cambodia (26.99%) and Myanmar (23.8%)
- The procurement rate from the US was the highest in Singapore (2.7%), and the rate less than 1.0% in South Korea, Vietnam, China, Thailand, and Sri Lanka.

Local Production Cost Comparison

Local production cost in comparison with production cost in Japan, which is taken as 100
(by company size and industry)

Local production cost in comparison with production cost in Japan, which is taken as 100
(by country/region)

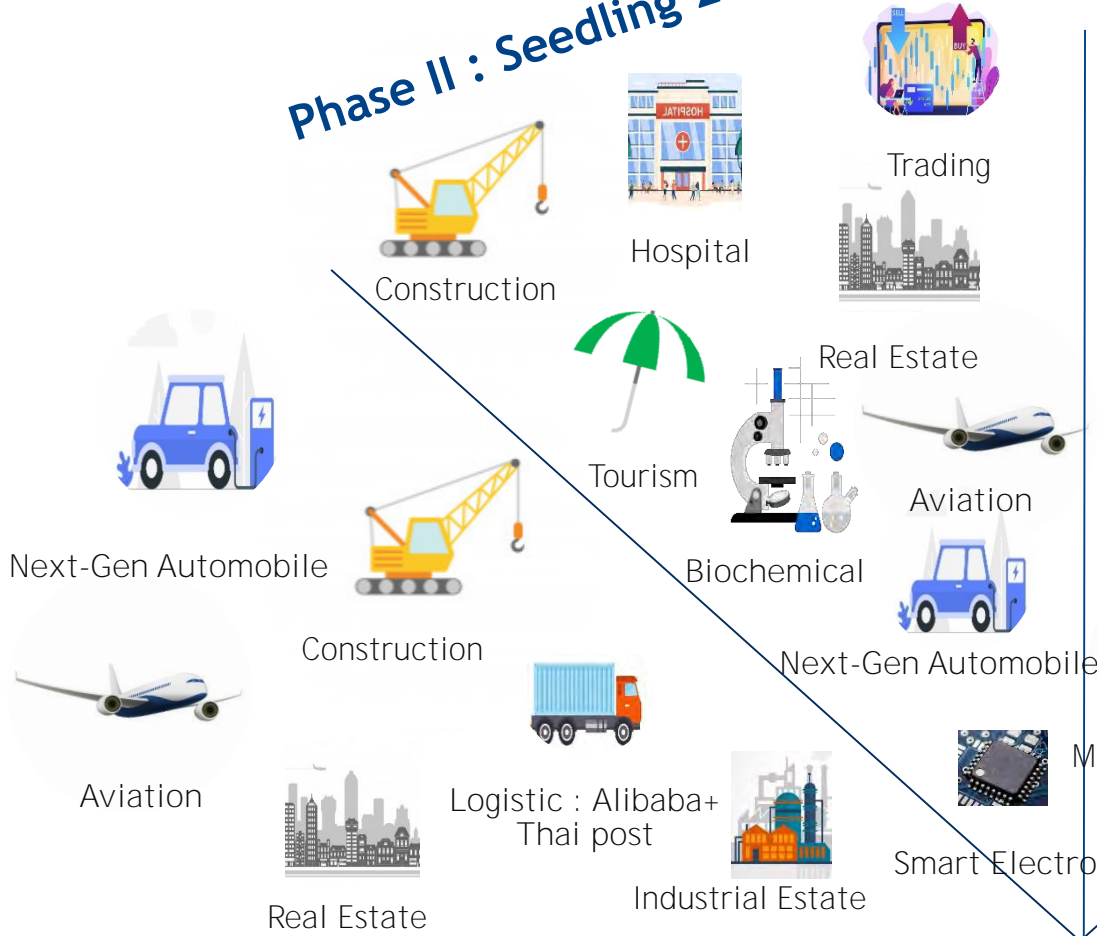


- Compared with the production cost in Japan, which is taken as 100, the average local production cost decreased from 78.7 in the 2018 survey by 0.2 pp to 78.5.
- By industry, production costs are relatively high in Motor vehicles/Motorcycles, Wood/Pulp, Chemical/Pharmaceutical, Iron/Nonferrous metals/Metals and while the cost is lower in Textiles at 66.5.
- By company size, the costs of SMEs (76.0) were lower than those of large enterprises (80.8) by 4.8 pp. The gap increased by 3.4 pp from the 2018 survey (1.4pp).
- By country/region, production costs were higher in South Korea (91.0), Australia (86.4), Taiwan (86.1), Singapore (86.0), and New Zealand (85.3), but there was no country/region where the costs were higher than those in Japan. On the other hand, the costs were less than 70% in Sri Lanka (56.2), Laos (61.8), Cambodia (62.9), and Bangladesh (69.6).

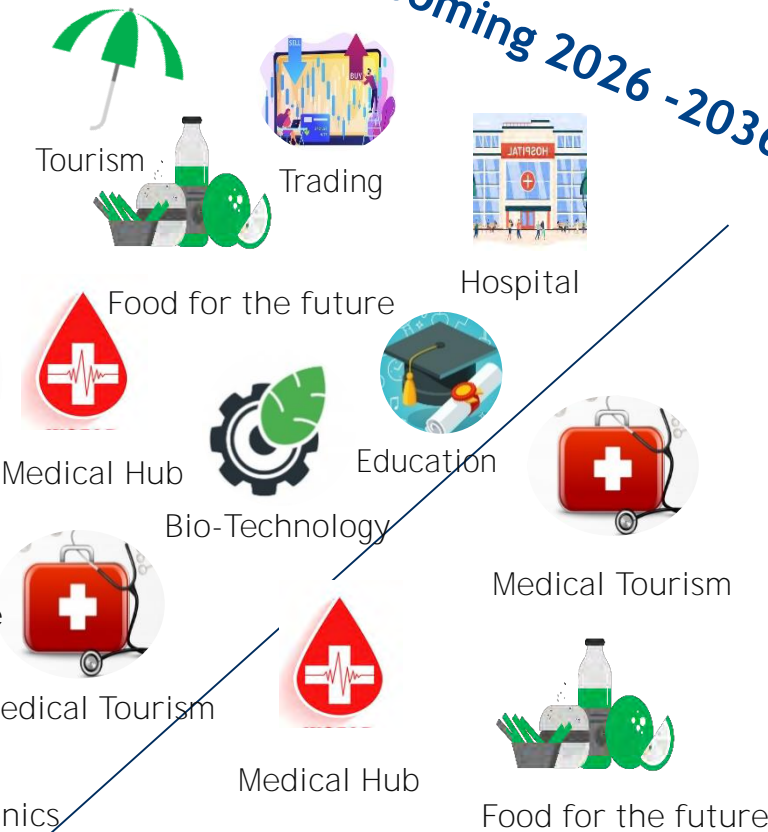
Note: "Production cost" includes the costs of all resources consumed in producing a product, such as materials, labor, and others.

Business Opportunities offered by the EEC

Phase II : Seedling 2022 -2025



Phase III : Blooming 2026 -2036



Phase I : Planting 2017-2021

Phase IV : Harvesting 2037

Thailand's Eastern Economic Corridor
EEC
 ระเบียงเศรษฐกิจพิเศษภาคตะวันออก
 เชื่อมโลก ให้ไทยแล่น

- Chachoengsao
- Chonburi
- Rayong

Springboard location to ASEAN, China, and India: via multi-modal linkages and Free Trade Areas (FTAs)



AGENDA

Investment & Sourcing Opportunities in Thailand

-  Opportunities Overview
-  Digital
-  Medical Industry
-  BCG Economy

Improving in Thailand Digital Infrastructure



Hard Infrastructure

#NetPracharat

No. of Connected Point of Free-Wifi provided by Gov. under #NetPracharat Policy is growing. Will be covered 50,000 villages within 2021.

#Moving from 4G to 5G

2019



2020



Soft Infrastructure

#Digital Law

- **PDPA :**
Data Protection Law
(effective at June 1st, 2021)
- **E-Service :**
Digital Service Tax earn from foreign company who provide digital service in Thailand.
(effective at September 1st, 2021)




#Government e-service



The Opportunity as ASEAN Digital Hub Project

As of 2020 Thailand has...






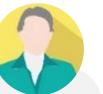

1. Increasing Thailand domestic network bandwidth
2. Upgrading existing international submarine cable systems
3. Constructing a new submarine cable system
4. Digital Park Thailand, a new economic cluster

<u>Domestic Bandwidth</u> 8,666.005 Gbps	 lines Submarine Cables	 lines Landing Station	 A complete digital startup ecosystem for the entrepreneurs and startups of Thailand
<u>International Bandwidth</u> 12,317.648 Gbps			

Thailand's Digital Industry at a Glance

25%

The Digital Economy is expected contribute 25% to Thailand's GDP by 2027.

 Total Population 69.79 Million Urbanization 51% In 2020	 90.66 Million Mobile Phone Number Subscription in 2020	 Internet Users 48 Million, 69.5% of Population in 2020	 Rank 1 st in Fixed Internet downloading Speed Test Global Index in Dec 2020	 Social Media Users 55 Million, 78% of Population	 Total ICT Professional 386,306 Persons in 2018	 Number of ICT Students 69,402 Persons in 2020
---	--	---	---	---	--	--

Future Information and Communication Technology



Broadband



Big Data



Cloud



Data Center



IoT



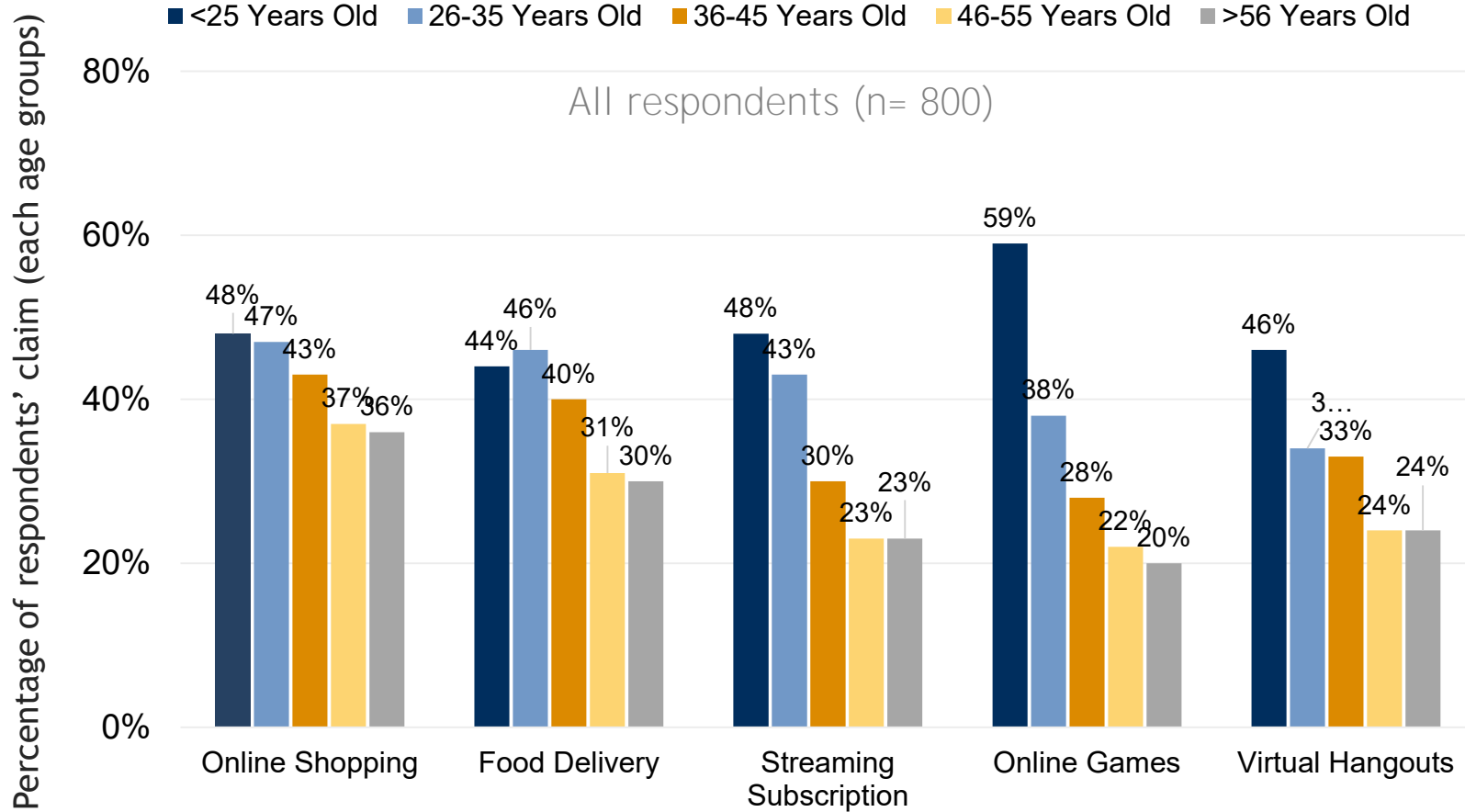
AI

People Purchasing Goods Via Internet
 33.67 Million,
 219.35 Billion THB



COVID-19 Leads Thailand to Digitization of Demands

Thai Consumer Claims on Higher Consumption of Digital Products & Services



Activities respondents claim doing more often after the spread of Covid-19

E-Commerce Uses and Streaming Subscription Increase After the Covid-19



15.77
Million new paid subscribers globally



122%
Increase in number of uses in Thailand



Shopee

479%

Increase in number of uses in Thailand



100%
Increase in courier average income in Thailand

AGENDA

Investment & Sourcing Opportunities in Thailand

-  Opportunities Overview
-  Digital
-  Medical Industry
-  BCG Economy

Thailand Medical Landscape at a Glance



27,367
Healthcare
Providers

386
Private
Hospitals

68
JCI Accredited
Hospital

3.5 Million
Medical Tourists

Medical Device Market
USD 27.44 Billion in 2019

Expected Growth for
Medical Device Market
8 to 10 percent

About 600 Thai-based
Companies located in the
countries

About USD 526 Million
Spending on Medical Tourism

World's 5th Biggest Medical Tourism Market

Overview of Opportunities in **Medical sector** in Thailand



Public Sector

- Government health expenditure represents 80% of total expenditure on healthcare services
- There are 1,085 public hospitals in Thailand. The Ministry of Public Health is now reviewing the 960 hospitals under their management.



Private Sector

- Private sector health expenditure represents 20% of total expenditure on healthcare services
- Private sector growth has been larger than public sector. There are 386 private hospitals. 30% are in Bangkok.



Consumer

- Opportunities for end consumers is focused on pharmaceuticals.
- Prescription drug market make up 80% of total sales. Patented drugs make up about 40% of total prescription sales.
Most of the population can't afford patented drugs

Opportunities for Continual Success in Related Fields

Medical Device Industry

Pharmaceutical Industry

Medical Services

Opportunity In Medical Industry

Well-Established Supply Chain of Material Production (medical glove, syringes, masks)



Top 5 ASEAN Medical Device Trade Value the largest importer and exporter of medical devices (2020)



Over **22** International **Medical Device Companies**

Measures to drive Thailand to a **Medical Hub** :

- Clinical Research
- Contract Research Organization (CRO)
- Clinical Research Center(CRC)
- Senior Hospital Services
- Senior/Dependent Care Centers
- International Procurement Office: IPO

BOI pushed measures to accelerate investment in the medical industry with measures to mitigate the effects of the coronavirus outbreak

Thailand Has Measures That Effectively Controls the Spread of COVID-19, While Ensuring Business Continuity. A new method called **'Limited Quarantine'**

AGENDA

Investment & Sourcing Opportunities in Thailand



Opportunities Overview



Digital



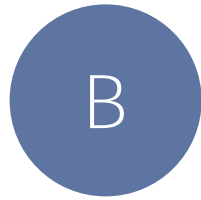
Medical Industry



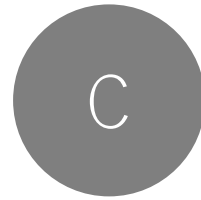
BCG Economy

Adopting BCG Model for Sustainable Development of Thailand

BCG Economy Model



Bioeconomy



Circular Economy



Green Economy

Adding USD 135 billion to Thailand GDP within 5 years on regarding environmental sustainability

Thailand's 20-Year National Strategy

“To become a developed country with security, prosperity and sustainability in accordance with the Sufficiency Economy Philosophy”

Strategy 2: National Competitiveness, Economic Growth and Income Distribution

+

Strategy 5: Sustainability of National Biodiversity, Environmental Quality and Natural resources

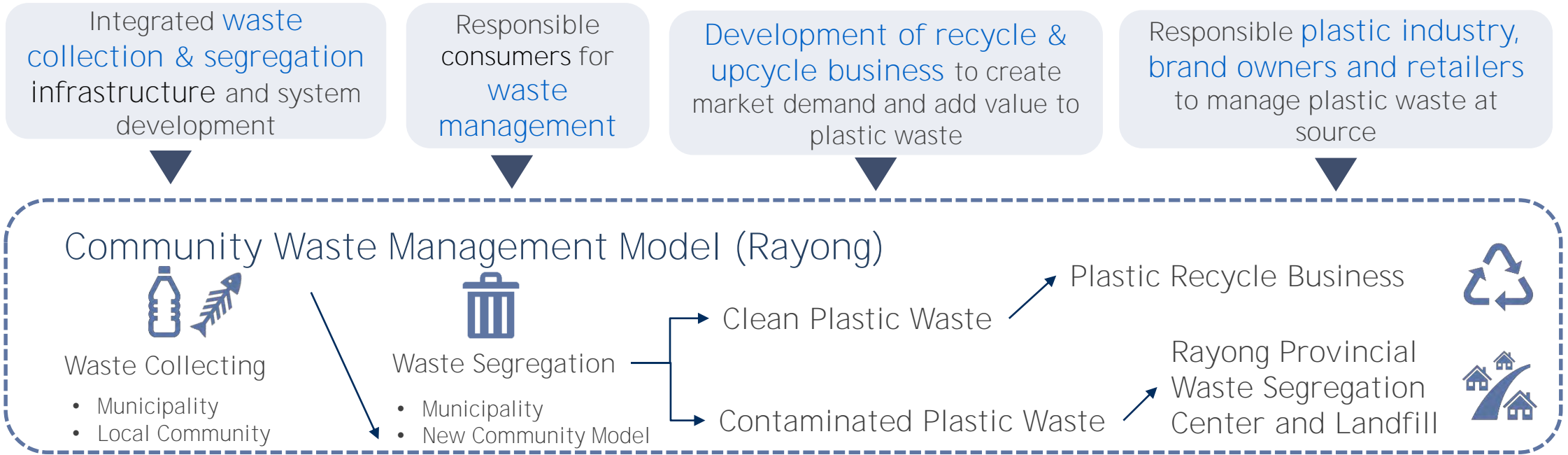
Sustainable Development Goals



Thailand's Circular Plastic Economy

Roadmap on Plastic Waste Management 2018-2030

Objective: To reduce at least 50% of Thailand plastic marine debris by 2027 with **Circular Economy**



Potential Investors in **BCG Industries**

Thai Investors



Foreign Investors



Key Enablers for BCG Economy in Thailand



Abundance of Bio-based Materials

The country is a leading producer of agricultural products including:

- Cassava
- Sugarcane
- Palm Oil

which are the raw materials for a wide range of products for bio-economy sector.



Existing Infrastructure

The country hosts several facilities that are instrumental in developing the Thai bioeconomy.

- Thailand Science Park
- Biopolis in EECi
- **Universities' Research Units**



Strategic Location

The government also plans to expand the establishment of bio-hub to specific provinces such as:

- Chonburi: Palm Biocomplex
- Chachoengsao: Bio Hub Asia and Blue Olio Tech City industrial estate
- Nakhon Sawan: Biocomplex
- Khon Kaen: Bioeconomy Industrial Estate
- Suratthani: Center of Bio Excellence (CoBE)

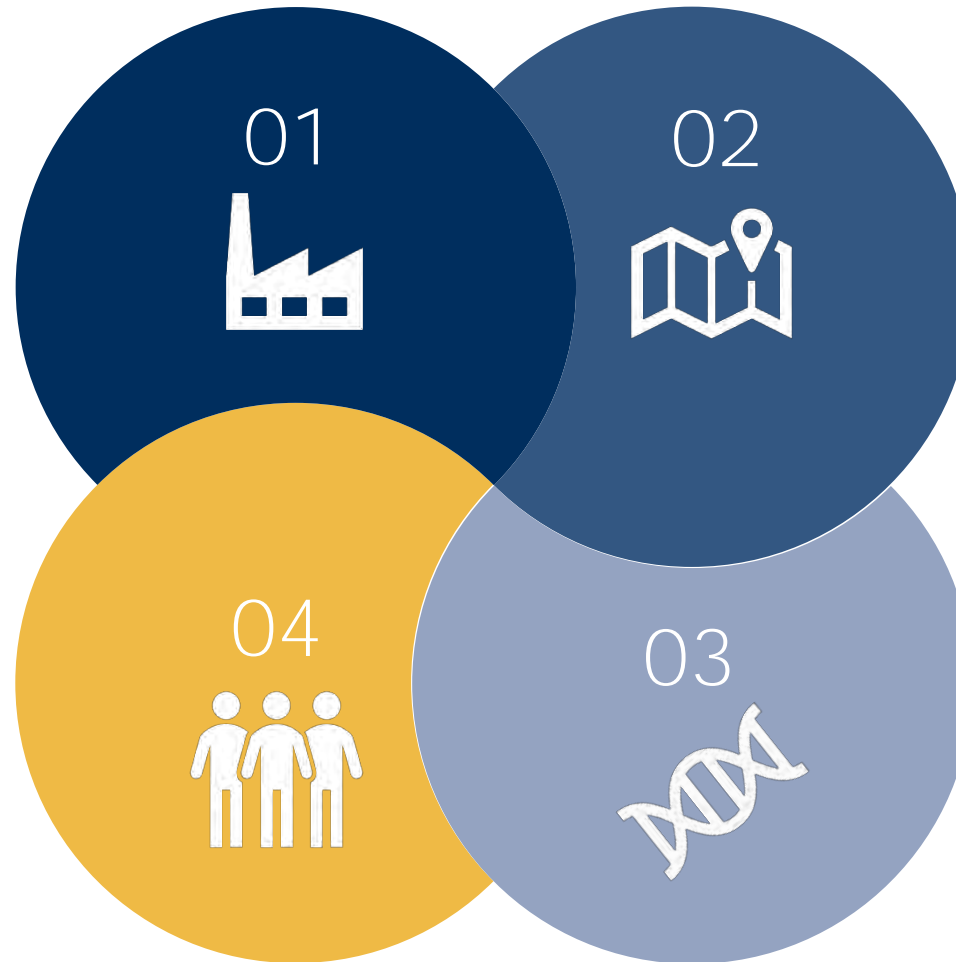
Implementing BCG Model in Thailand

4 Sectoral Development

- Food and Agriculture
- Medical and Wellness
- Energy, Material and Biochemical
- Tourism and Creative Economy

Talent & Entrepreneur Development

- BCG Startups
- Innovation Driven Enterprises (IDEs)
- Smart Farmers
- High-value Service Providers
- Deep Technology Developers
- Creative Entrepreneurs



Area-based Development

- Northern Economic Corridor (NEC)
- North Eastern Economic Corridor (NEEC)
- Eastern Economic Corridor (EEC)
- Southern Economic Corridor (SEC)

Frontier Research and Knowledge

- Complex Microbiota
- OMICS
- Bioprocess Engineering
- Gene Editing and Synthetic Biology
- Terahertz
- Decarbonization
- HPC & AI
- Advance Digital Platform



Thailand (Head Office):
555 Vibhavadi-Rangsit Road.,
Chatuchak, Bangkok 10900,
Thailand



(+66) 2553 8111



(+66) 2553 8315



head@boi.go.th



Frankfurt Office:
Liebfrauenberg 26, 60313
Frankfurt am Main,
Federal Republic of Germany



(+49) 069 9291 230



(+49) 069 9291 2320



fra@boi.go.thc

For More
Information

