

Investment Opportunities in Thailand

Presented by

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July 2017

Australia

BOI's Core Functions

Enhancing Competitiveness and Investment Facilitation



- Offers an attractive and competitive package of **tax incentives**.



- Imposes no **foreign equity restrictions** on manufacturing activities or most services.



- Waives restrictions on **land ownership** by foreign entities.



- Provide assistance in the provision of **visas and work permits** to facilitate entry and subsequent operation for a **foreign-owned business**.



Business Support Services

- **Provides comprehensive information and advice** on establishing operations in Thailand.



- **Arranges site visits.**



- **Identifies potential suppliers**, subcontractors, joint-venture partners.



- **Provides useful contacts** with key public and private organizations.



- **Coordinates** between the foreign business community and other public agencies





Why Thailand?

Thailand's Economic Overview in 2016



GDP

1

GDP 2016: AUD 550 billion
GDP per capita: AUD 8,250
Growth: 3.2%
Population : 68 million



2

Export Value: AUD 290 billion
Growth: 4.4%



3

World Bank ranks Thailand **5th** for its ease of doing business among East Asia & Pacific countries for 2017



4

IMD World Competitiveness ranks Thailand **27th** out of 63 economies in its global competitiveness index for 2017

Source: NESDB, Ministry of Commerce of Thailand, World Bank, IMD

Note: Exchange rate (BOT: June 1, 2017): 1 AUD = 25.70 THB

Thailand: the Crossroads of ASEAN

Strategic Location Gateway to ASEAN
“We are surrounded by
the world’s economic powerhouses”



Note: Exchange rate (BOT, June 1 2017): 1 AUD = 25.70 THB



**ASEAN
Economic
Community**



633 million population
(9% of world population)



GDP: AUD 3.2 trillion
(2% of world’s GDP)



**Regional
Comprehensive
Economic
Partnership (RCEP)**

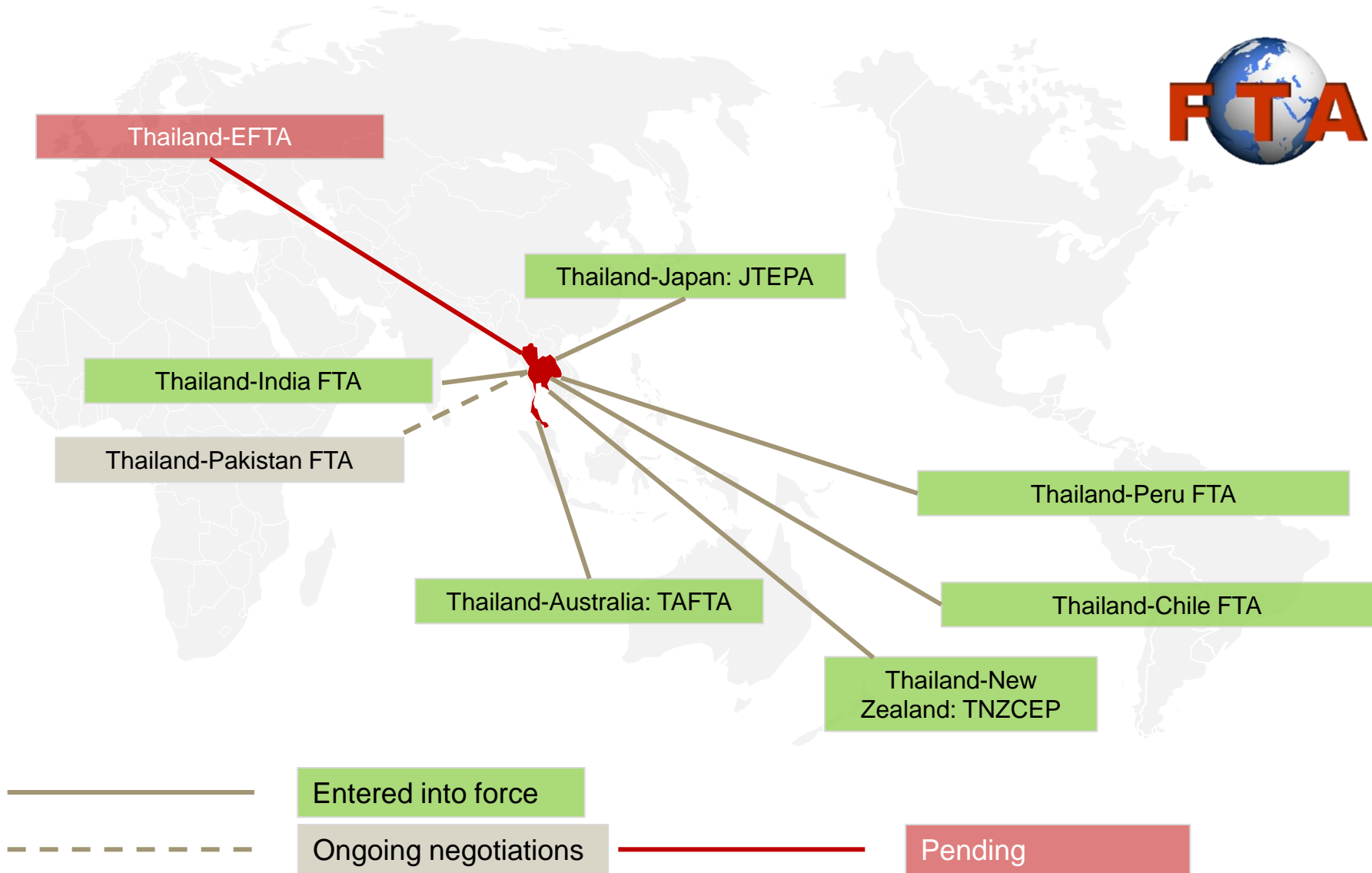


3.3 billion population
(50% of world population)



GDP: AUD 28.6 trillion
(28% of world’s GDP)

Thailand's Bilateral FTAs



Source: Department of Trade Negotiations, Ministry of Commerce

Thailand's Top 10 Exports

Unit: Billion AUD

Product	2015	2016	Growth (YoY)
Automotive, parts and accessories	33.7	35.9	6.6%
Computer parts and devices	23.2	22.9	-1.4%
Precious stones and jewelry	14.4	19.6	35.1%
Integrated circuits	10.9	10.5	3.5%
Plastic beads	10.6	10.5	-3.0%
Machinery and parts	10.2	9.5	2.4%
Rubber products	9.2	8.9	0.1%
Chemical products	8.9	8.4	-0.6%
Oil	8.4	7.5	-28.2%
Iron and steel and their products	6.6	7.1	1.2%

Source: Ministry of Commerce (MOC) Note: Exchange rate (BOT, June 1 2017):1 AUD = 25.70 THB

Cost of Living Rankings

2017 CITY RANKINGS [Out of 209 Cities]

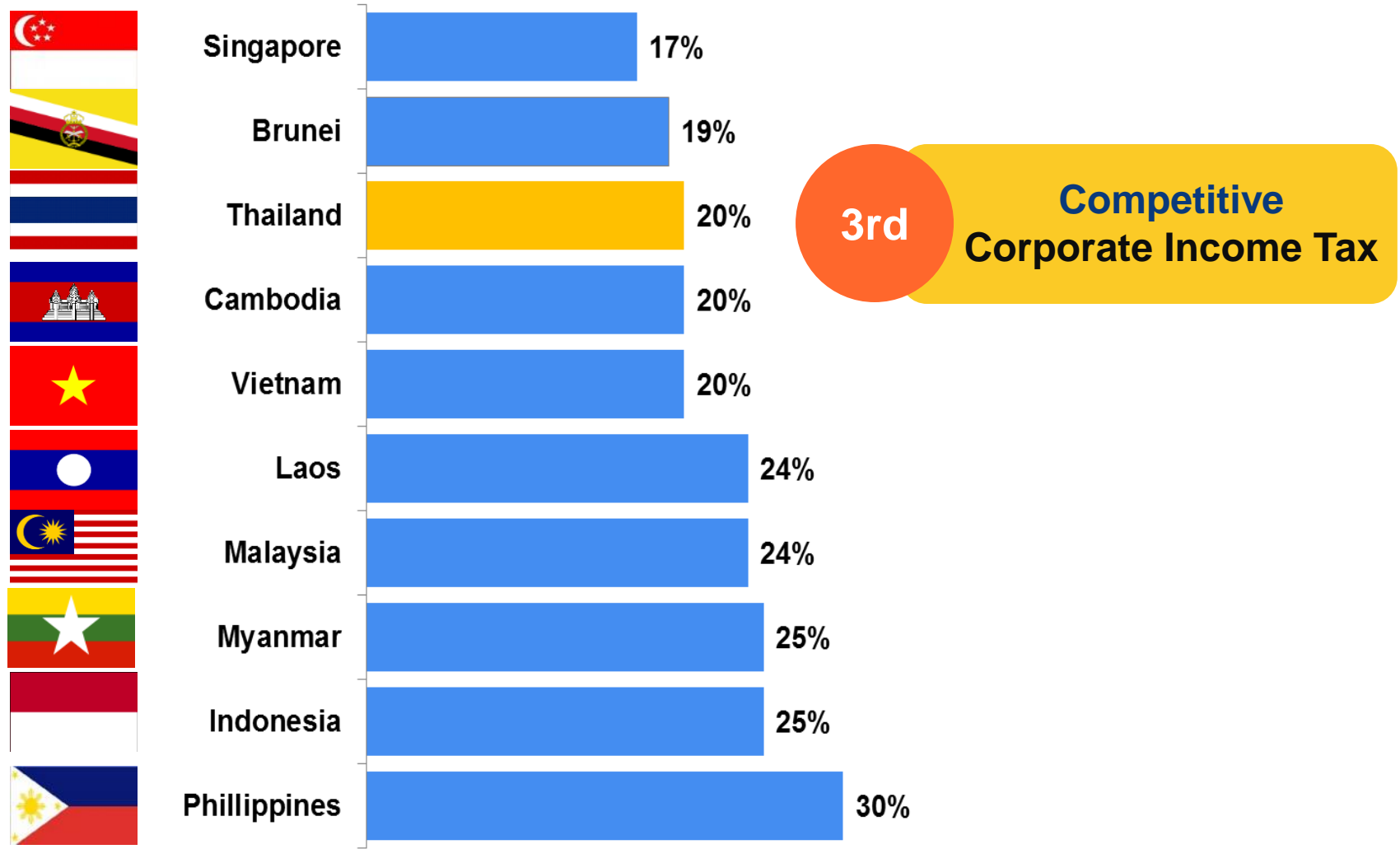
Ranking	City	Country
↓ 2 (1)	Hong Kong	Hong Kong
↓ 5 (4)	Singapore	Singapore
↑ 3 (5)	Tokyo	Japan
↓ 8 (7)	Shanghai	China
↑ 6 (15)	Seoul	S. Korea
↓ 67 (39)	Yangon	Myanmar
↑ 25 (43)	Taipei	Taiwan
↑ 67 (74)	Bangkok	Thailand
↓ 95 (80)	Manila	The Philippines



Source: Mercer Cost of Living City Rankings 2017

Competitive Corporate Income Tax

[Unit: %]



Source: Deloitte Corporate Tax Rates 2017

Competitive Infrastructure



- **12 international airports**
 - **Suvarnabhumi Airport** – Capacity: 45 million passengers and 3 million tons of cargo per year
- **6 Deep Sea Ports & 2 International River Ports**
 - **Laem Chabang Sea Port** – Capacity: 10.8 million TEUs, with additional 8 million TEUs expansion
 - e-Customs facilities
- **Over 70,000 km in Highways**
- **4,346 km in Rail links to Malaysia & Singapore**
- **More than 70 Industrial Estates**

Thailand's Infrastructure Development Program (2015-2022)

5 Key Programs: to reduce logistics and transportation costs and improve competitiveness in the economy

Infrastructure development programs for 2015-2022 (AUD 74.5 billion)

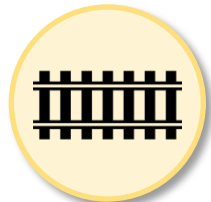
1. Expansion of the **inter-city rail** network (AUD 19.2 billion)

2. **Highway** capacity enhancements (AUD 20.4 billion)

3. Development of **mass transit systems** in the Bangkok Metropolitan Region (AUD 29 billion)

4. **Air transport** capacity enhancements (AUD 2 billion)

5. Development of the **maritime transport** network (AUD 3.9 billion)



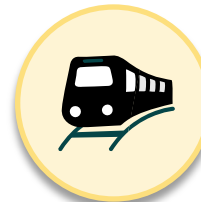
Railway

- **Upgrading** railway networks
- Increasing **double-track** railways



Road

- Expanding highways to **4 or more traffic lanes**
- Developing **facilities** along the main roads, e.g. container yards



Mass Transit

- Extending the **mass transit railway** system
- Acquiring **3,000** NGV buses



Water & Air

- Enhancing **sea port capacity**
- Enhancing **airport capacity**
- Establishing **aviation industrial estates**

Source: Office of Transport and Traffic Policy and Planning, Ministry of Transport, as of 21 December 2015

Investment Incentives

Attractive Investment Incentives

Investment Incentives

Tax Incentives

Exemption of import duties on machinery / raw materials imported for use in production for exports and for R&D

Corporate income tax exemption

Activity-based Incentives

Up to 8-year tax holiday
for targeted industries in the BOI list

Technology-based Incentives

10 to 13-year tax holiday
for core technologies development projects

Competitiveness Enhancement Measures

15-year tax holiday
for new technologies and high-impact investment

+ Grants for R&D, Innovation and human resources development

Non-tax Incentives

Land ownership rights

Work permit & visa facilitation

Investment Policies



100% foreign ownership



No local content requirements



No export requirements



No restriction on foreign currency

Investment Promotion Policies

Activity-based

- Agriculture Industry
- Mineral, Ceramics and Basic Metals
- Light Industry
- Metal Products, Machinery and Transport Equipment
- Electronic and Electrical Appliances
- Chemicals, Plastics and Paper
- Services and Public Utilities

Technology-based

- Biotechnology
- Nanotechnology
- Advanced Materials Technology
- Digital Technology



Merit-based

- R&D
- Advanced Technology Training
- Local Suppliers Development
- Product & Packaging Design
- IP Licensing Fee
- Technology & HRD Fund Donations

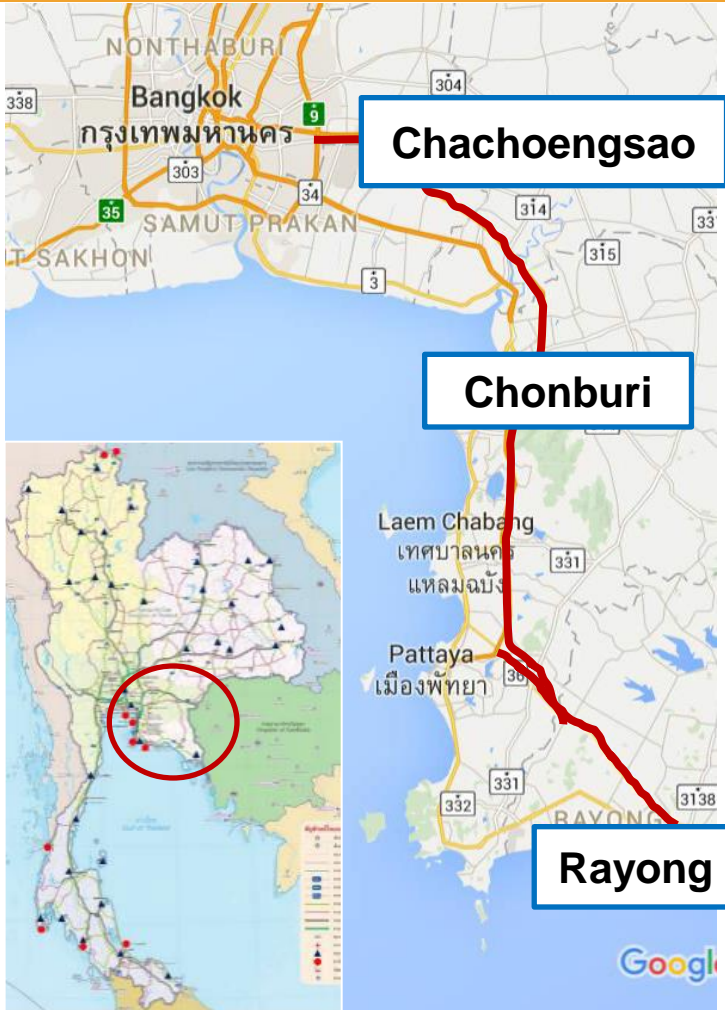
Area-based

- **Eastern Economic Corridor (EEC)** 3 provinces
- 10 Special Economic Zones
- Southern border provinces
- 20 provinces with lowest per capita income
- Industrial estates / zones
- Science and technology parks e.g. Science Park, Food Innopolis, Space Krenovation Park

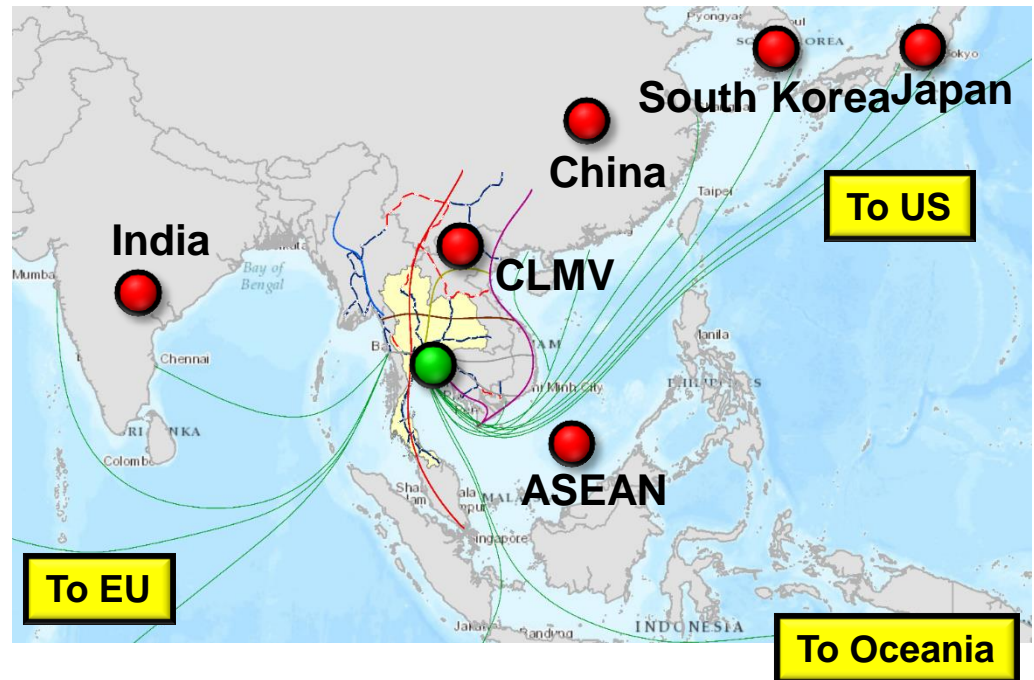


Thailand's Eastern Economic Corridor (EEC)


New Growth Hub for Thailand and the AEC




- 1 Strategic Location
- 2 Infrastructure Links
- 3 Investment Zone




Existing infrastructure and industrial estates in the EEC

 **2 Deep sea ports**
Laem Chabang and Map Ta Phut ports

 **U-Tapao airport**
3 million passengers per year

 **1 Motorway**
8 Highways

 **Double-track railway**
Ladkrabang (BKK) – Laem Chabang



 **Industrial estates**
more than 160 sq.km.

 **Leading petrochemical complex in AEC**

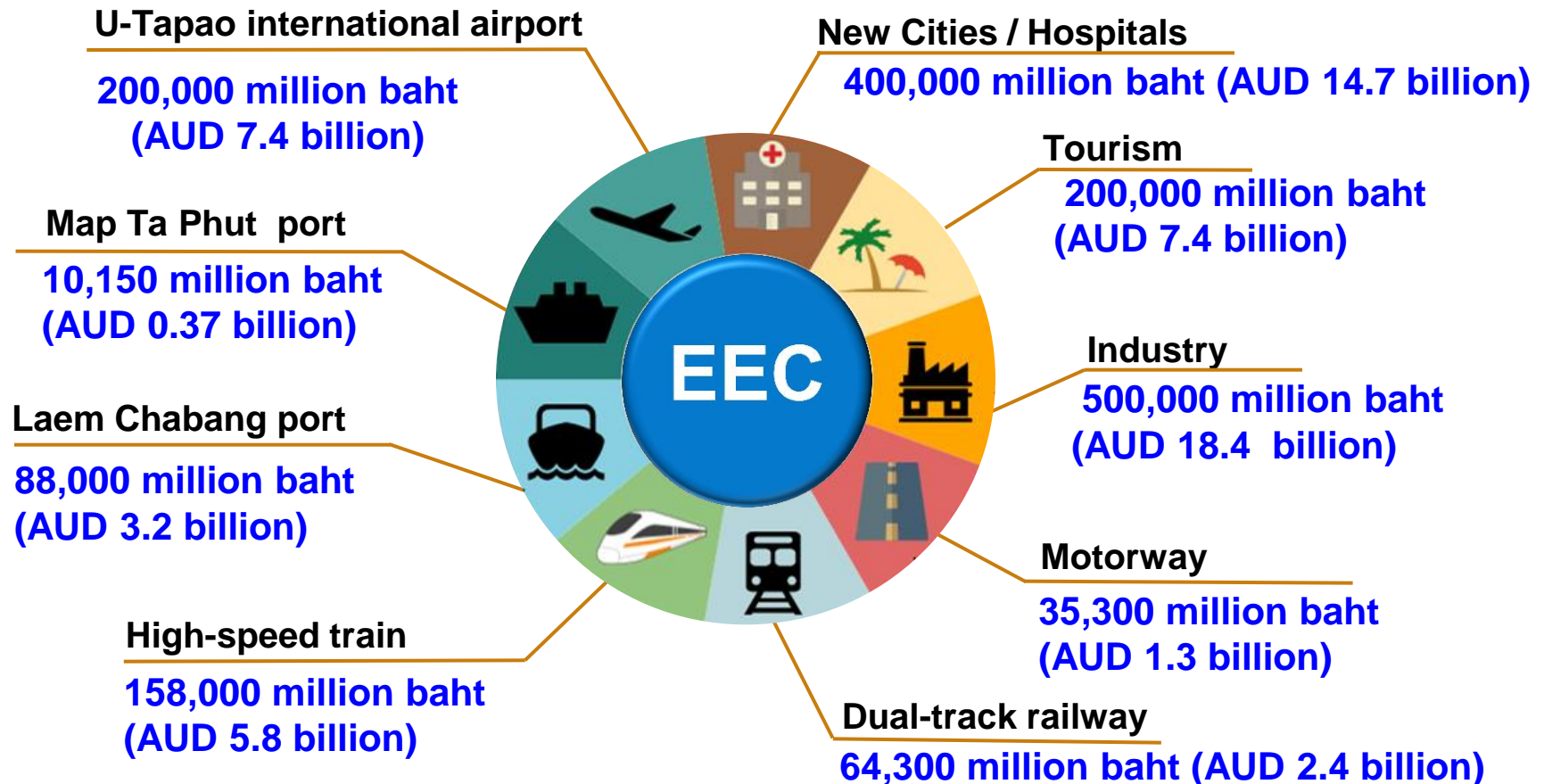
 **Leading automotive manufacturing base**

 **Tourism**
Pattaya – more than 10 million visitors

Investment Plan in the Eastern Economic Corridor

Target

Combined Public and Private Investments at least **1.5 Trillion baht (AUD 55 Billion)** in the next 5 years



Source: Ministry of Industry of Thailand

Foreign Educational Institution in the EEC



The government has deregulated the law allowing foreign educational institutions to set up in the EEC.



Sectors of Opportunities

- **Biotechnology**
- **Agriculture & Food Processing**
- **Medical Industry**
- **Machinery and Automation**
- **IHQ & ITC**

Competitive Factors for Bio-industry



Source: Petroleum Institute of Thailand

Biotechnology Educational Institutes



Kasetsart University

(Plant Genetic Engineering Unit, DNA Fingerprinting Unit, and the Bio-service Unit, which provides bio-molecular resources for researchers from both the public and private sectors)

Mahidol University

(Microbial Genetic Engineering Unit and Medical Biotechnology Center at Siriraj Hospital)

Chulalongkorn University

(Marine Biotechnology Laboratory)

King Mongkut's University of Technology

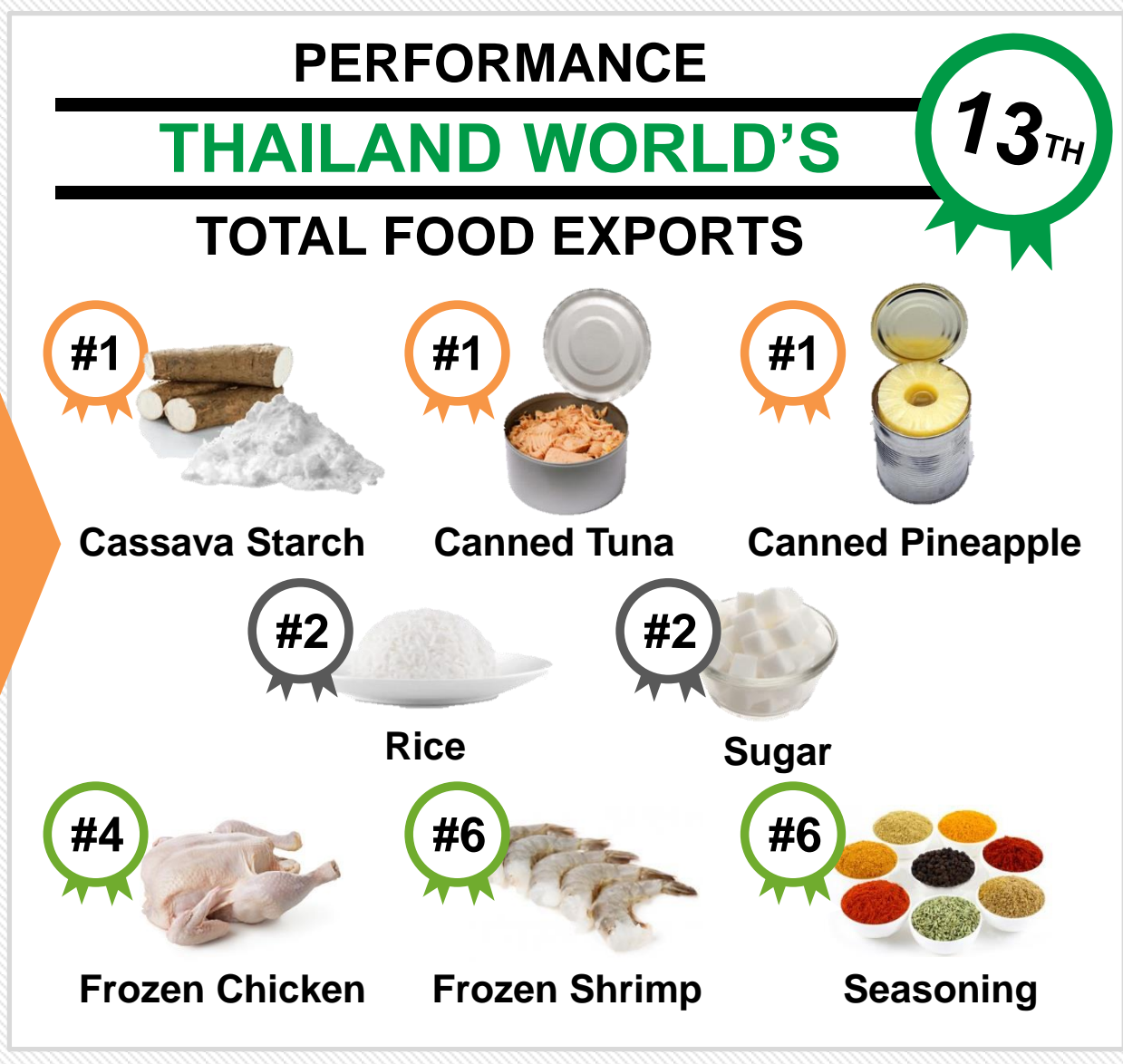
(Biochemical Engineering and Pilot Plant Unit)



Opportunities in Agriculture and Food Industry

Thailand is the world's **#1 EXPORTER** in cassava starch, canned tuna, canned pineapple

There are approximately **9,000 food processing companies** in Thailand



Source: Ministry of Science & Technology, 2016

Thailand a Strategic Location for the Food Industry

STRENGTHS



ABUNDANT RAW MATERIALS

- >80% of raw materials used by the food industry are locally sourced at low prices



SKILLED & PRODUCTIVE WORKFORCE

- Approximately **660,000 workers** in Thailand's food industry with a minimum daily wage THB 300 (AUD 11)



GOOD QUALITY & SAFETY STANDARDS

- The GMP international standard is used as a mandatory measure for 54 types of food products



TAX SAVINGS FROM FREE TRADE AGREEMENTS

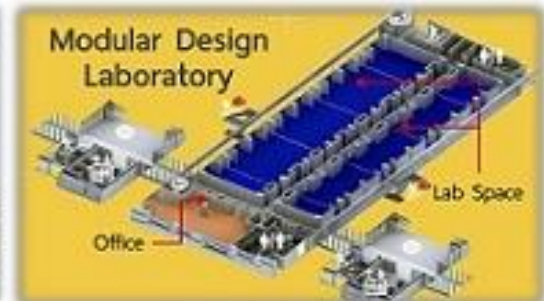
- The **reduction of tariff and non-tariff barriers** articulated in FTAs with Japan, India, Australia, New Zealand, Peru, and Chile



SUPPORTING INFRASTRUCTURE

- The government's numerous **training organizations and support facilities** ensure a robust and technically-equipped workforce that is ready to go

Thailand's First Innovative Park for the Food Industry



Over 20,000 sq.m. available for corporate R&D at INC2

Specially Designed Facilities :

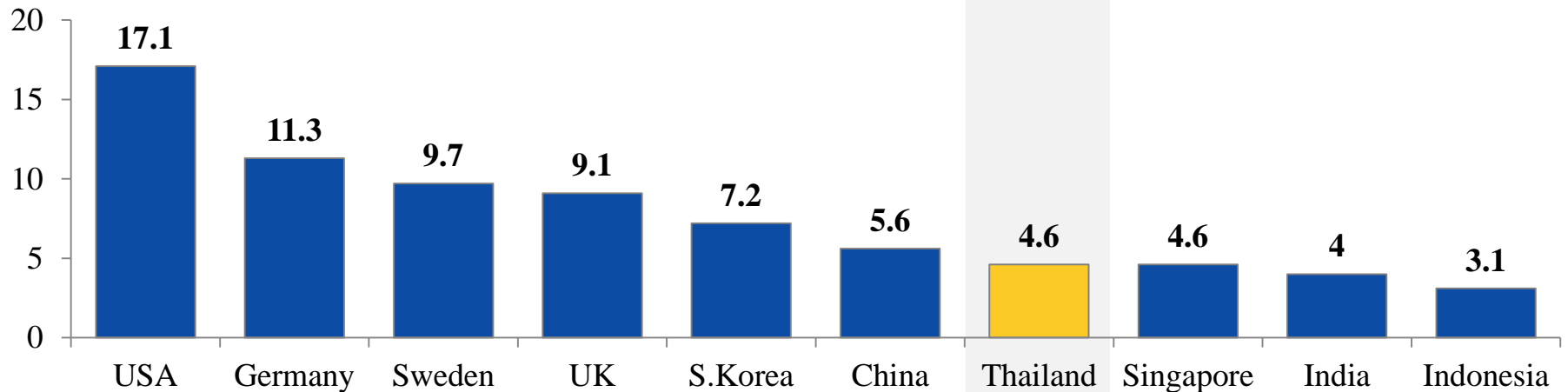


Source: Thailand Science Park

Thailand's Medical Industry

Thailand's Healthcare Expenditures as a % of GDP

[Unit in %]



Source: World Bank, as of 2015.

Opportunities
in Thailand

Medical
Services



Medical
Devices



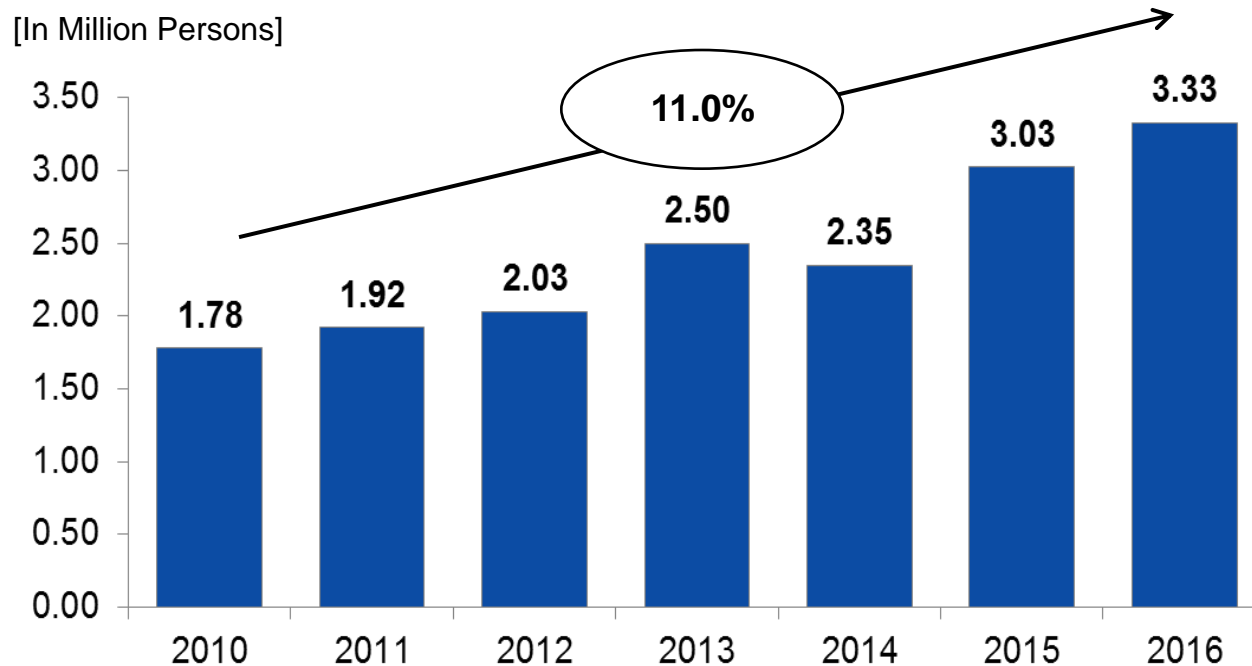
Pharmaceutical
Sectors



Opportunities in Medical Services

Medical Tourism Hub of Asia

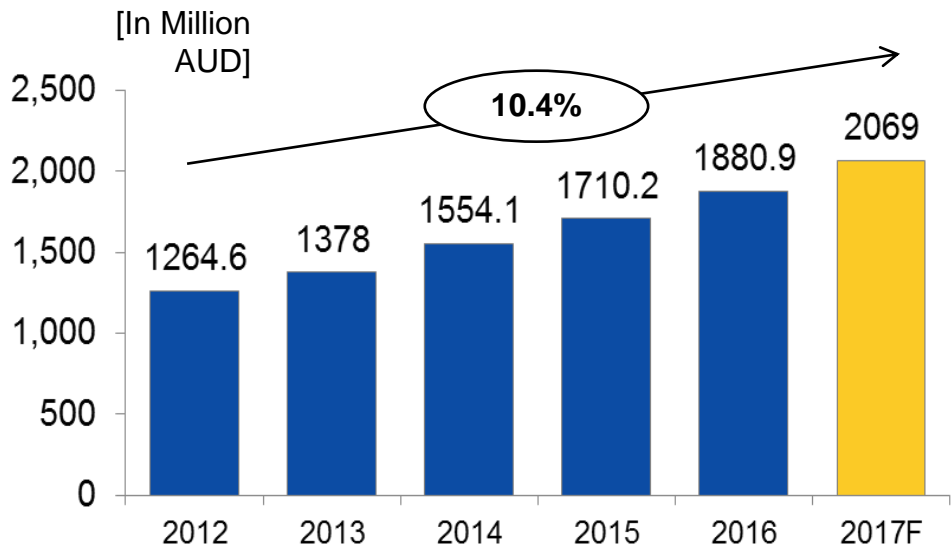
Foreign Patients at Thai Hospitals: 2010-2016



Source: Department of International Trade Promotion, Ministry of Commerce (Thailand), Thai Medical Devices Technology Industry Association (THAIMED)

Opportunities in Medical Devices and Pharmaceutical

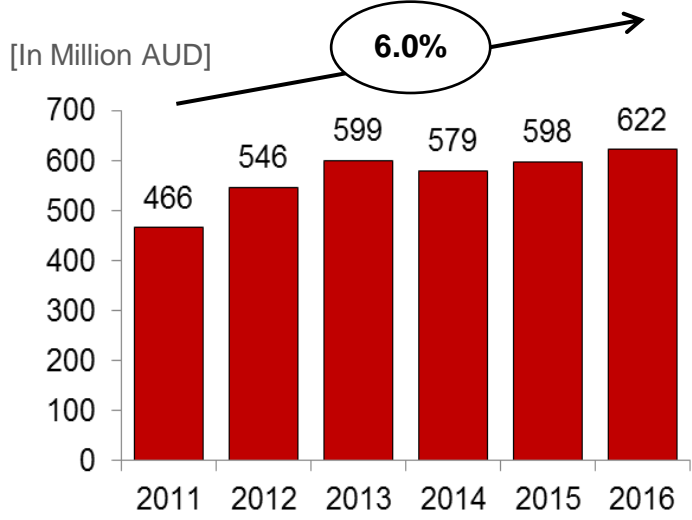
Thailand's Medical Device Market



Major International Companies



Exports of Pharmaceutical Products

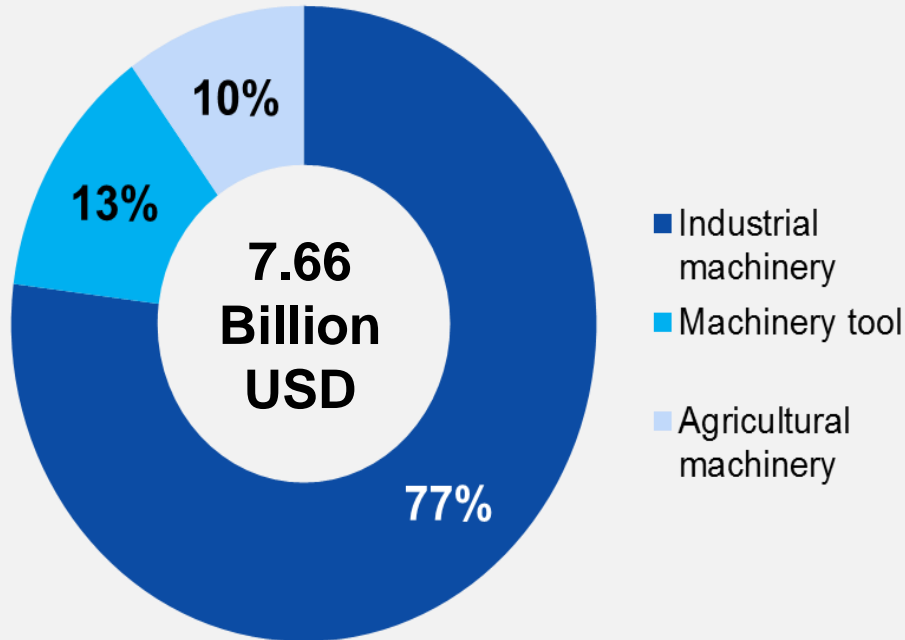


Major International Companies



Thailand's Machinery Industry Overview

Thailand's Machinery Export 2016



Highest Export Value Machinery Products

- 1 Air pump and compressor (15.4%)
- 2 Liquid pump (7.7%)
- 3 Printer (7.6%)
- 4 Liquid and gas filter machine (7.4%)
- 5 Land construction machine (6.2%)

Source: Machinery Intelligent Unit, Exchange rate (BOT, June 1 2017): 1 USD = 34.28 THB

Opportunities in Thailand's Machinery Market

Opportunities in Machinery

High demand for:



Food machinery



Textile machinery



Automotive machinery

Textile Machinery

High demand for:



Packaging machinery



Production machinery



Control equipment

Agro-machinery

High demand for cooling/purifying machinery



Fruit and vegetable



Animal feed



Cereal processing

Alternative Energy/ Energy Conservation Machine

High demand for:



Energy saving machinery



Machines using alternative energy

Source: BOI



THAILAND
BOARD OF
INVESTMENT

IHQ & ITC



Scope of Activities of International Headquarters (IHQ) and International Trading Centers (ITC)

IHQ



R&D

Organizational Management & Business Planning

Technical Support

Economic and Investment Analysis & Research

Marketing and Sales Promotion

HR Training & Development

Treasury Center

Business Advisory Services

Credit Management & Control

ITC



Sourcing of Goods

Goods Insurance

Warehousing & Inventory Services

Advisory, Technical and Training Services about Trading

Packaging Activities

Other Services

Goods Delivery Services

International Headquarters (IHQ): Incentives & Special Tax Regime

BOI Incentives:



Majority or **100% foreign ownership**



Permission to bring **skilled workers and experts** to work in promoted activities



Permission to own **land**



Repatriation of **foreign currency**



Exemption of **import duties on machinery** (only for R&D and Training activities)

Incentives offered by the Revenue Department

Corporate Income Tax

- **CIT exemption 15 yrs.** (only services provided to foreign branches or AE)
- **10% of CIT** (only income derived from its branches or AE in Thailand)
- **Tax exemption of NP** from revenue from the purchase and sale of goods to foreign branches or AE and such goods are not imported to TH (OUT-OUT)

Personal Income Tax

15% for expatriates at the specialist or executive level working at an IHQ.

Specific Business Tax

Tax exemption on loans taken out by an IHQ to relend to its branches or AE in TH and abroad.

Withholding Tax

Tax exemption on interest received from its branches or AE in TH and abroad for loans granted in accordance with BOI regulations.

International Trading Centers (ITC): Incentives & Special Tax Regime

BOI Incentives:



Majority or **100% foreign ownership**



Permission to bring **skilled workers and experts** to work in promoted activities



Permission to own **land**



Repatriation of **foreign currency**



Exemption of **import duties on machinery**

Incentives offered by the Revenue Department

Corporate Income Tax

CIT exemption 15 yrs. of net profits from revenue from the purchase and sale of goods to its foreign branches or AEs and where such goods are not imported to Thailand (**OUT-OUT**), including revenue from marketing and logistics abroad.

Personal Income Tax

The tax rate of **15%** for expatriates at the specialist or executive level working at an ITC.

Examples of IHQ in Thailand

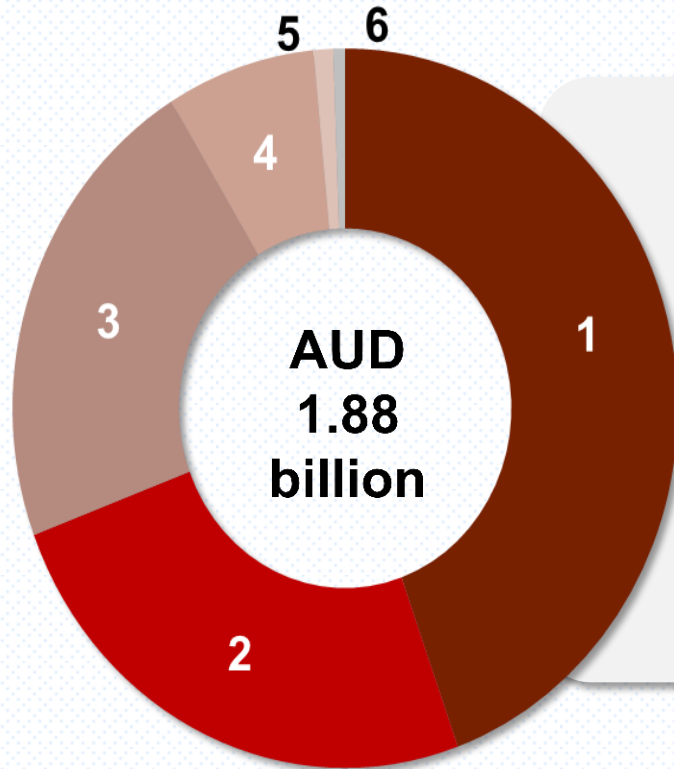


Australian Investment in Thailand

Australian Applications Submitted

Total Applications by Sector: 2012-2016

[Million AUD]



1. Agricultural Products (AUD 748 m)
2. Light Industries (AUD 417 m)
3. Services (AUD 370 m)
4. Metal Products and Machinery (AUD 122 m)
5. Chemicals and Paper (AUD 16 m)
6. Electrical/Electronic Products (AUD 10 m)

Source: BOI; Exchange rate (BOT, June 1 2017): 1 AUD = 25.70 THB

Examples of Australian Companies in Thailand



BOI Office in Australia (Sydney)



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Director

**This presentation can be found on BOI website at:
<http://www.boi.go.th/index.php?page=presentation>**

THANK YOU