

# **Opportunities and Investment Support Measures for Medical Industries in Thailand**

4 June 2020

**Duangjai Asawachintachit**  
Secretary General  
Thailand Board of Investment



# AGENDA

01

**Sectoral Opportunities:  
Medical Industry & Investment  
Incentives for Medical Industry**

02

**Introduction to the BOI &  
Investment Promotion  
Incentives**

03

**Responsive Measures for  
COVID-19 Outbreak**

# AGENDA

01

**Sectoral Opportunities:  
Medical Industry & Investment  
Incentives for Medical Industry**

02

Introduction to the BOI &  
Investment Promotion  
Incentives

03

Responsive Measures for  
COVID-19 Outbreak



# Thailand Medical Landscape at a Glance



**27,367**  
Healthcare  
Providers

**386**  
Private  
Hospitals

**68**  
JCI Accredited  
Hospital

**3.5 Million**  
Medical Tourists

**World's 5<sup>th</sup> Biggest Medical Tourism  
Market**

**Medical Device Market**  
**22.47 Billion EUR** in 2019

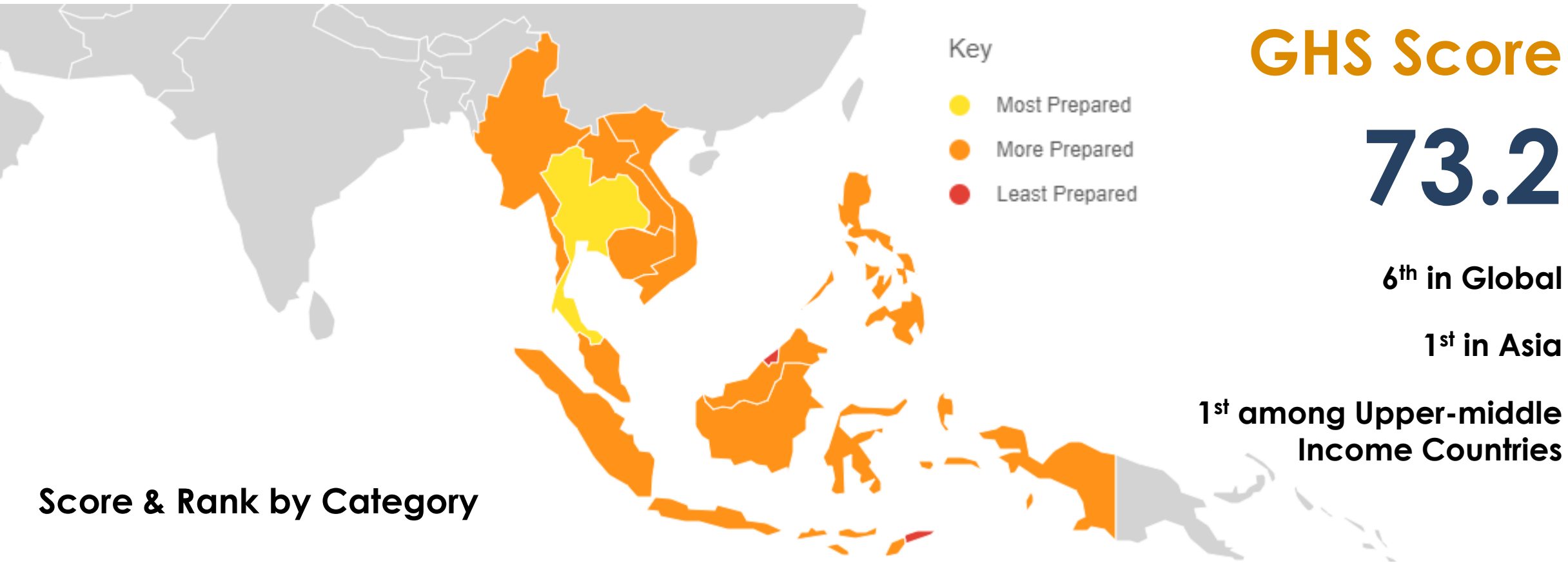
**Expected Growth for  
Medical Device Market**  
**8 to 10 percent**

**About 600 Thai-based  
Companies** located in the  
countries

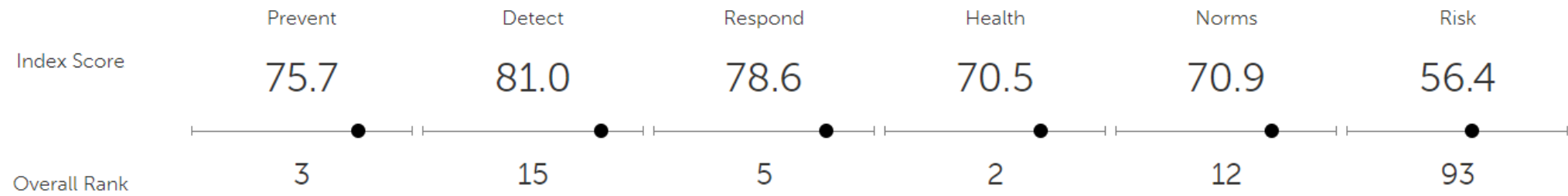
About **EUR 520 Million**  
Spending on Medical Tourism



# Thailand as a Regional Leader in Health System



## Score & Rank by Category



Source: Johns Hopkins Center for Health Security

# Demand Driven Factor: Thailand's Medical Sector Market



## Aging Society

Thailand's proportion of citizens aged over 60 is one of the highest in ASEAN leads to higher demand for healthcare.



## Increase in Illness

Especially heart disease, stroke, cancer and diabetes (due partly to the increasing number of elder people)



## High Growth in Health Goods and Medical Service

The growth of consumer spending on health goods and medical services in Thailand is greater than the growth of domestic economy and spending on most other categories



## Government Policy

Government promotes investment in medical device sector and intend to establish Thailand as a medical hub and a base for exports of medical devices.



## Investment in New Hospital

Existing hospital operators plan to invest in new hospitals and medical equipment that will support continuous growth in demand for medical devices in Thailand



## Increase in Foreign Patients

Tourists come to Thailand for medical treatment in Thai hospitals because of credibility, quality and standard of medical treatment



# Thailand Leads ASEAN **Medical Device** Market in 2019

## MALAYSIA

**Total: 15.26 Billion EUR**

Export: 9.66 Billion EUR

Import: 5.61 Billion EUR

## SINGAPORE

**Total: 22.03 Billion EUR**

Export: 12.88 Billion EUR

Import: 9.15 Billion EUR

## INDONESIA

**Total: 9.19 Billion EUR**

Export: 5.21 Billion EUR

Import: 3.93 Billion EUR

## THAILAND

**Total: 22.47 Billion EUR**

Export: 15.57 Billion EUR

Import: 6.88 Billion EUR

Thailand's **Export** Growth  
2018-2019= 8.34%



Thailand's **Import** Growth  
2018-2019= 20.97%

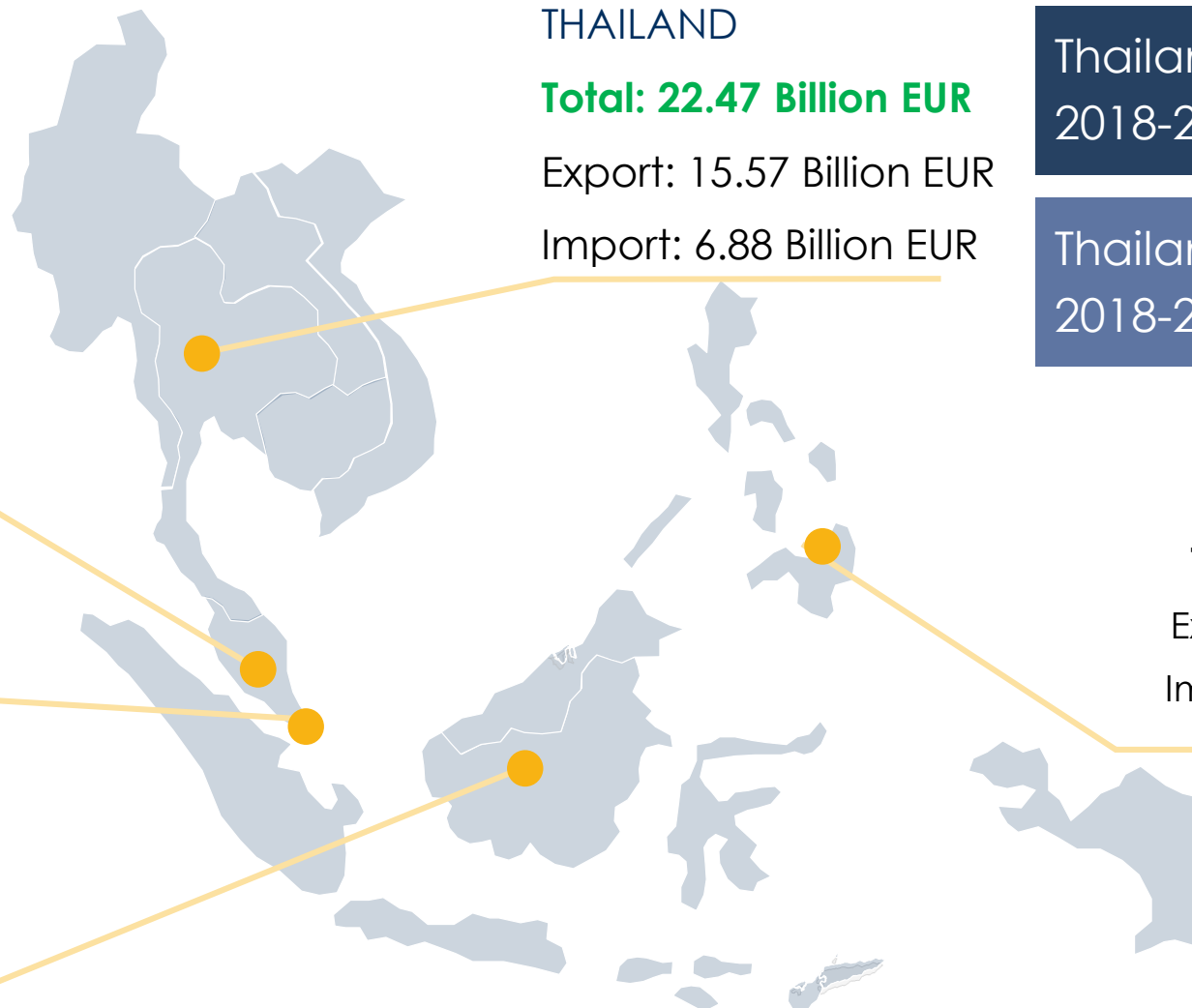


## PHILIPPINES

**Total: 6.17 Billion EUR**

Export: 0.84 Billion EUR

Import: 4.87 Billion EUR



Note: Total represent the trade value of the medical device sector (Combined exports and imports)

Exchange Rate: 1 EUR = 34.71 THB (As of 14 May 2020, Bank of Thailand)

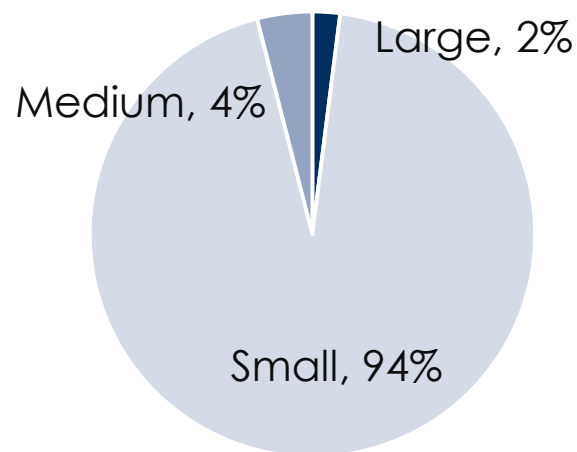
Source: Medical Intelligence Unit as of 11 May 2020

# Thai Medical Device Manufacturers

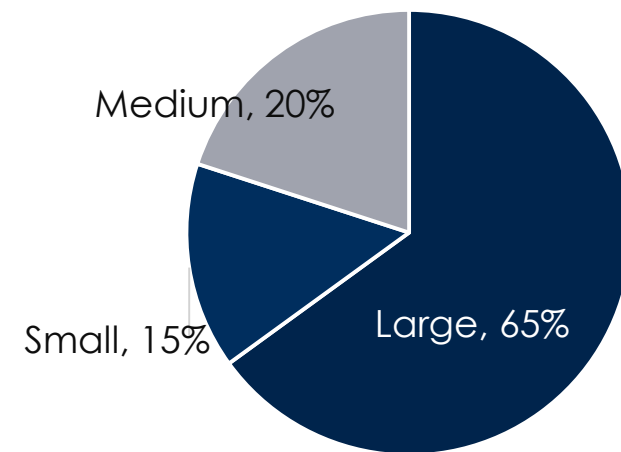
## Number of Manufacturers

	Single-use Item	210
	Durable Item	146
	Reagents and Test Kits	28
	Software and Services	32
	Other	131

## Number by Size



## Revenue by Size



There is room to invest in Thai medical device industry, especially products with high technology and innovation.

Note: The figure shown is collected by MEDIU, OIE.

**Think Resilience**

**THINK THAILAND**

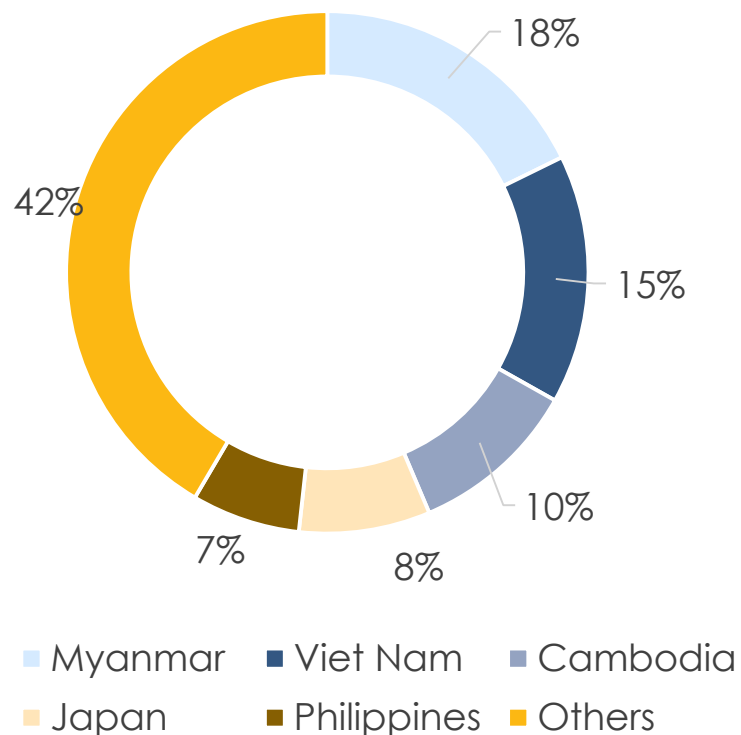
Source: MEDIU, Krungsri Research, and Business Online



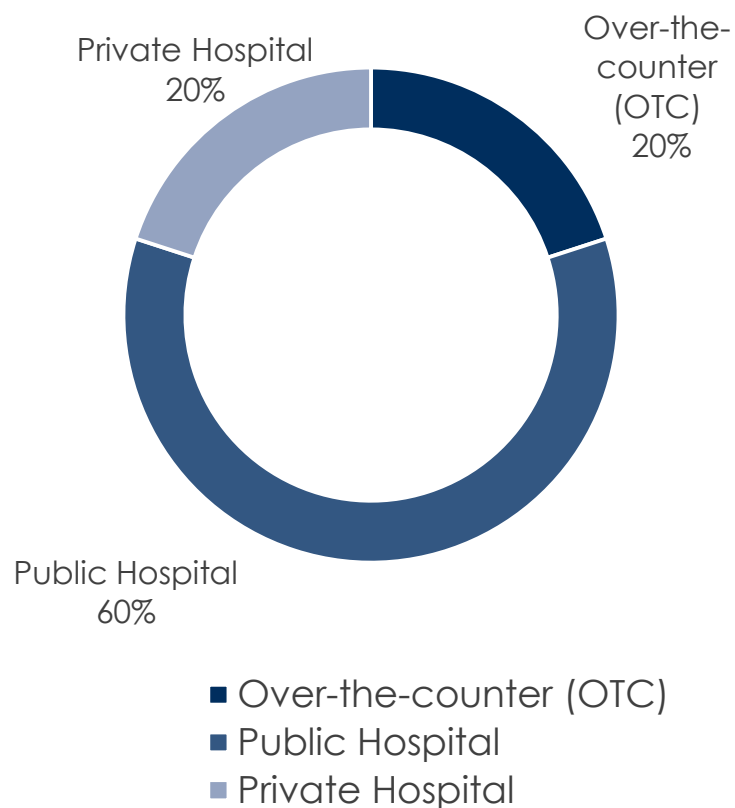
# Pharmaceutical Markets in Thailand

## Export Market

EUR 515.90 Million

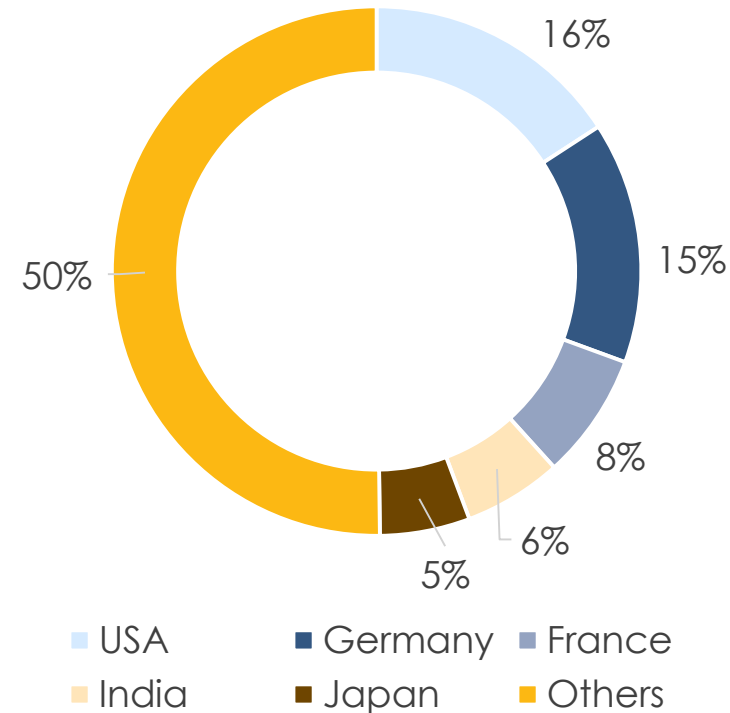


## Domestic Market



## Import Market

EUR 2,182.59 Million



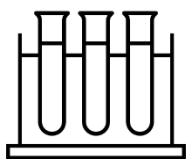
# International Medical Device Companies with Manufacturing Facilities in Thailand



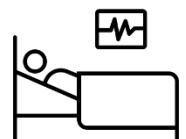


# Covid-19 Related **Medical Devices**

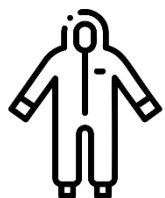
Increased demand on medical devices used to **Diagnose, Prevent, and Treat** pandemic



diagnostic test kit



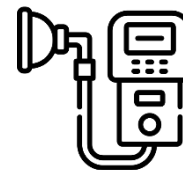
Ventilator



Personal Protective Equipment (PPE)



Face Shield



Respirator



Gown



Surgical Mask/N95

# Growing Field of **Medical Robotics** in Thai Healthcare Sector



## FACO

A robot platform used for handling COVID-19 patients



## DINSOW

A robot, equipped with a camera, infrared and thermal sensors, and artificial intelligence, used for elderly care service.



## SensibleSTEP

A robot for rehabilitative gait training winning i-MEDBOT Innovation Contest held by Thailand Center of Excellence for Life Sciences (TCELS).



## ROBODOCTOR

A remote presence system allowing specialist doctors in hub hospitals to assist doctors in remote hospitals in diagnosing and treating patients

# National Biopharmaceutical Facility

The initiative started in 2008 from a collaboration between King Mongkut's University of Technology Thonburi and the National Center for Genetic Engineering and Biotechnology (BIOTEC)



## VISION



To boost Thailand's translational and clinical research activities



To form a linkage between R&D and commercialization

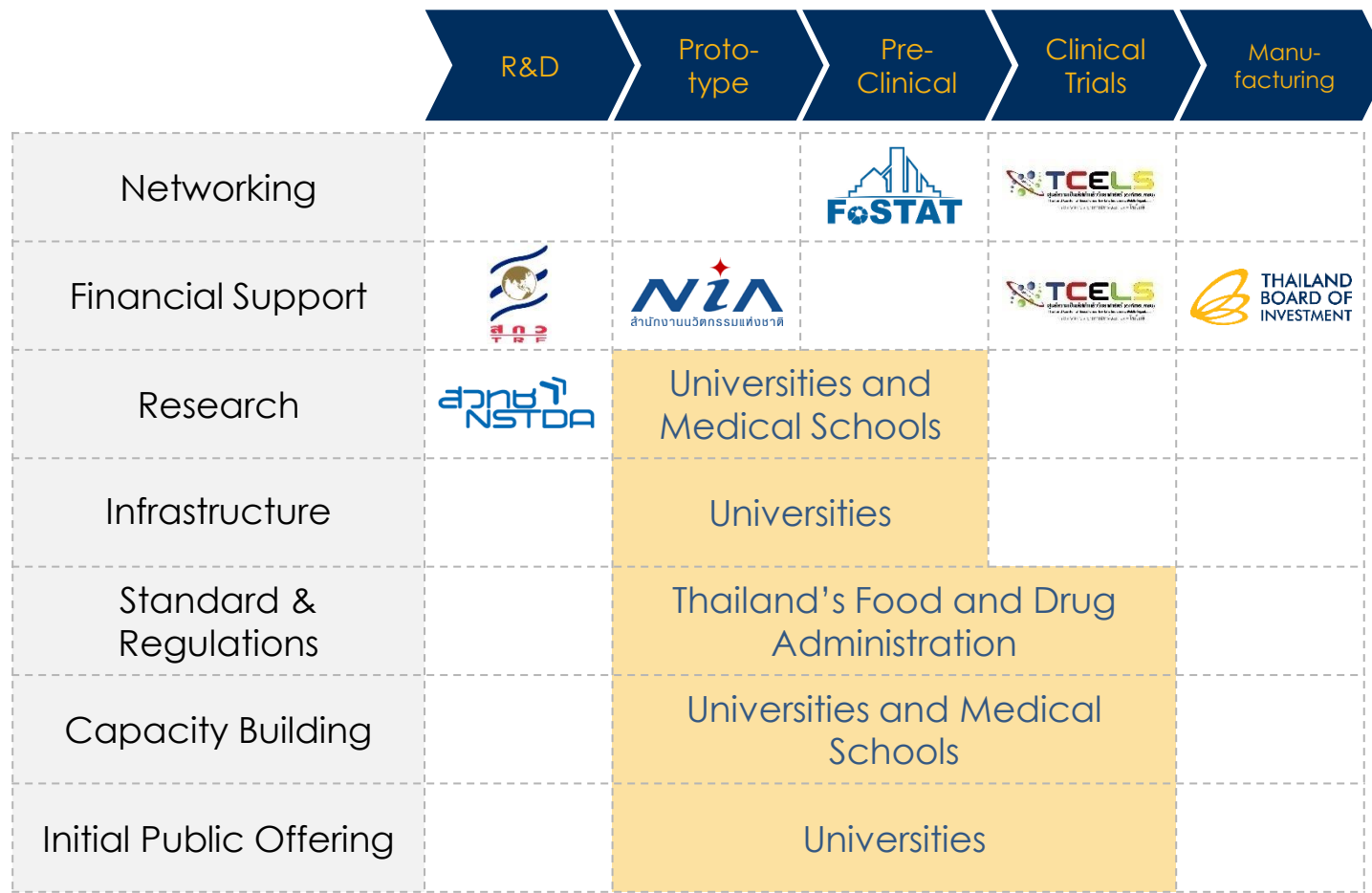


To enhance Thailand's overall competitiveness in the biopharmaceutical industry



# Center of Excellence in Clinical Trials

## Thailand's Clinical Trial Process And Components



- Thailand is devoted to *promoting the execution of clinical studies*, that are compliant with the Good Clinical Practice (GCP) international standard.
- Thailand aims to develop the country into a *world-class center of excellence*, with respect to clinical trials.
- Thailand has *institutions and research centers* supporting the development of drugs.



# Thailand has prepared to become Genomics Hub in ASEAN

Establishment of **Thailand Genome Sequencing Center** in Burapha University

**3.8 Rai**

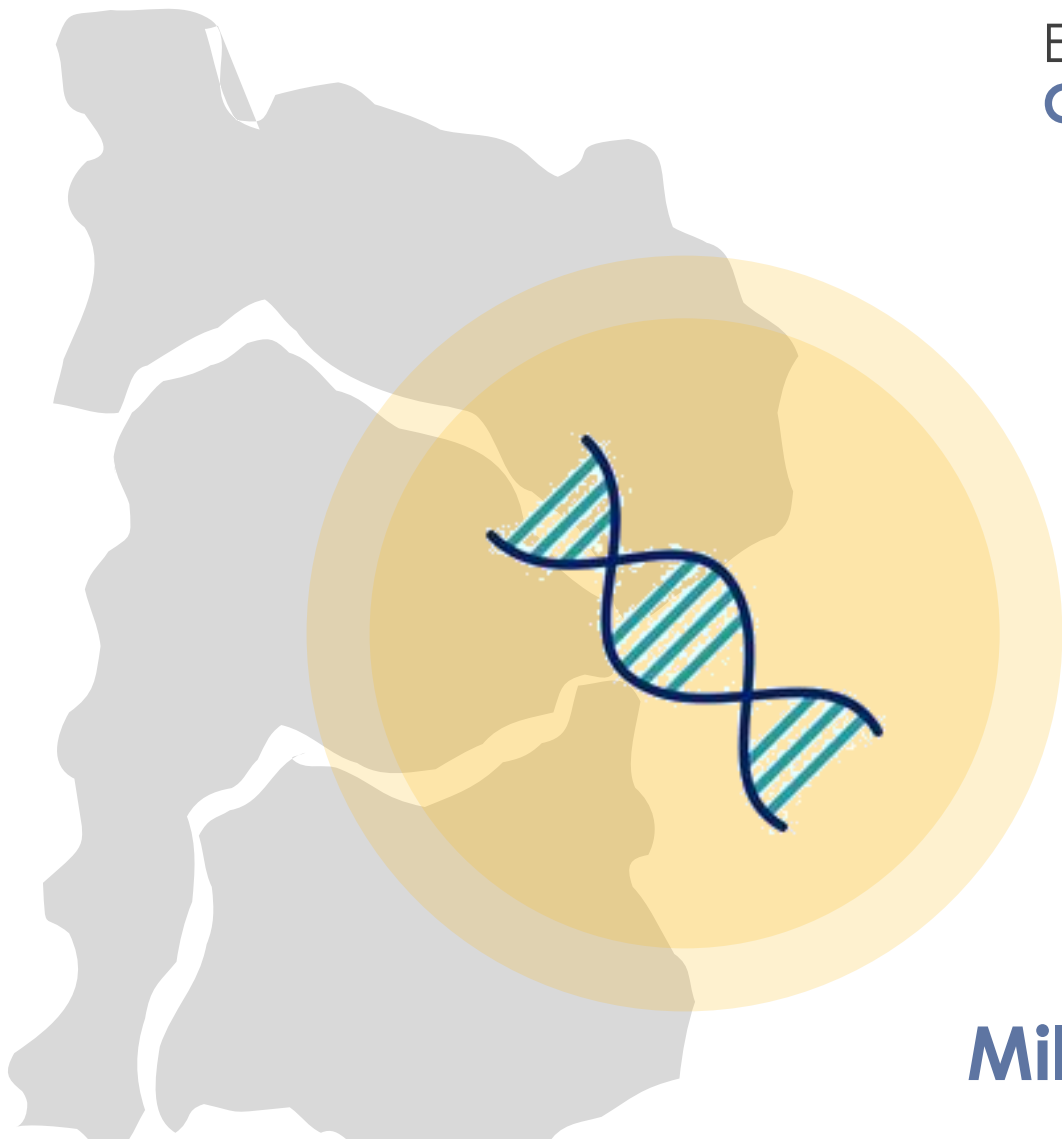
**Building**  
**24,000 Sq. Meters**

## Services

- Data Analysis and Management Service for Academic Purpose
- Medical Research and Development
- Genetic Testing Service

**21.31**  
**Million EUR**

Invested on Genomics Sequencing Service for 50,000 population record





# AGENDA

01

Sectoral Opportunities:  
Medical Industry & Investment  
Incentives for Medical Industry

02

Introduction to the BOI &  
Investment Promotion  
Incentives

03

Responsive Measures for  
COVID-19 Outbreak

# BOI's Investment Incentives

## Tax Incentives

- Corporate income tax exemption
- 50% reduction of corporate income tax after the expiry of tax exemption period
- 50% CIT reduction within 10 years
- Investment Tax Allowance (ITA)
- Exemption of import duties on machinery
- Exemption of import duties on raw materials (used in the manufacture of exports and for R&D purposes)

## Non-Tax Incentives





# BOI Investment Incentive Scheme

## Standard Incentives

### Activity-Based



**≤ 8 years CIT exemption**

### Technology-Based

- Targeted Core Technologies -



Bio-Technology   Digital Technology   Nano-Technology   Advanced Material Technology

**10 years CIT exemption**



## Additional Incentives

### Merit-Based

- Research & Development (R&D)
- Support academic / research institutes, or technology and human resource development fund
- IP licensing fee
- Advanced technology training
- Development of local suppliers
- Product and packaging design

### Area-Based

- EEC 3 provinces
- SEZ 10 provinces
- Southern border provinces
- 20 provinces with lowest income
- Industrial Estates/Zones
- Science and Technology Parks (TSP, Food Innopolis, Space Krenovation Park)



# Investment Incentive for the **Medical Device** Industry

Activities	CIT Exemption	Exemption of import duties on machinery	Exemption of import duties on raw materials used in production for export	Non-tax incentives
Manufacture of high-risk or high-technology medical devices, (e.g. x-ray machine, MRI machine, CT scan machine and implants) or medical devices that are commercialized from public sector research or collaborative public-private sector research				
In case projects include R&D and innovation	8 years CIT exemption (no cap)	✓	✓	✓
In case projects not include R&D and innovation	8 years CIT exemption	✓	✓	✓
Manufacture of other medical devices (except for medical devices made of fabrics or fibers)	5 years CIT exemption	✓	✓	✓
Manufacture of medical devices made of fabrics or fibers, e.g. gowns, drapes, caps, face masks, gauze and cotton wool	3 years CIT exemption	✓	✓	✓



# Investment Incentive for the **Pharmaceutical Industry**

Activities	CIT Exemption	Exemption of import duties on machinery	Exemption of import duties on raw materials used in production for export	Non-tax incentives
Manufacture of Active pharmaceutical ingredients	<b>8 years</b> CIT exemption	✓	✓	✓
Manufacture of Medicine				
Manufacture of targeted medicine	<b>8 years</b> CIT exemption	✓	✓	✓
Manufacture of conventional and traditional targeted medicines	<b>5 years</b> CIT exemption	✓	✓	✓

See additional conditions at [https://www.boi.go.th/upload/content/BOI-A%20Guide\\_EN.pdf](https://www.boi.go.th/upload/content/BOI-A%20Guide_EN.pdf) (English ver.) or [https://www.boi.go.th/upload/content/BOI\\_A\\_Guide\\_Web\\_Th.pdf](https://www.boi.go.th/upload/content/BOI_A_Guide_Web_Th.pdf) (Thai ver.)

# Investment Incentive for the **Medical Service Sector**

Activities	CIT Exemption	Exemption of import duties on machinery	Exemption of import duties on raw materials used in production for export	Non-tax incentives
Medical Centers of Excellence (targeted illnesses only)	<b>8 years</b> CIT exemption	✓	✓	✓
Hospitals (in the designated provinces)	<b>8 years</b> CIT exemption	✓	✓	✓
Traditional Thai medical centers	<b>5 years</b> CIT exemption	✓	✓	✓
Transportation services for patients, doctors, or medical equipment	<b>5 years</b> CIT exemption	✓	✓	✓
Health rehabilitation centers	-	✓	✓	✓

See additional conditions at [https://www.boi.go.th/upload/content/BOI-A%20Guide\\_EN.pdf](https://www.boi.go.th/upload/content/BOI-A%20Guide_EN.pdf) (English ver.) or [https://www.boi.go.th/upload/content/BOI\\_A\\_Guide\\_Web\\_Th.pdf](https://www.boi.go.th/upload/content/BOI_A_Guide_Web_Th.pdf) (Thai ver.)

**Think Resilience**

**THINK THAILAND**

# Investment Stipulation Measure

## Additional Corporate Tax Incentives

### Criteria



**5** **50%**  
Years CIT  
Reduction

Categories **A1, A2 and A3** except for

- no permanent location projects
- activities 2.17, 6.15, 6.16, 6.17 and 7.24 locating in special economics zone

- Extension machinery importation period : **not allowed**
- Extension of **full operation commencement**: **considered as appropriate**

Corporate income tax exemption **not more than 8 years**

Must have investment capital as followed.

- Not less than 500 million THB from February 6, 2020 to December 30, 2020
- Not less than 1,000 million THB from February 6, 2020 to December 30, 2021

Effective on the projects that apply for promotion from **January 2, 2019 to the last working day of 2020.**

the **evidence of the actual investment capital** in the form as stipulated by the Office of the BOI must be submitted within the last working day of June 2022

# AGENDA

01

Introduction to the BOI & Investment Promotion Incentives

02

Sectoral Opportunities: Medical Industry & Investment Incentives for Medical Industry

03

**Responsive Measures for COVID-19 Outbreak**



# Support Measures for the Medical Industry



## Measures to accelerate investment in the medical industry to cope with COVID-19 situation

Activities	Incentives	Conditions
Manufacturing of non-woven fabric as raw materials to produce surgical masks or medical devices	<u>Basic</u> Corporate income tax exemption and basic incentives pursuant to activities  <b>Additional 50% CIT deduction</b> for a period of <b>3 years</b> beyond the originally expiry date of corporate income tax exemption effective period	<ul style="list-style-type: none"><li>▪ The application for promotion to be submitted during Jan 1 – Jun 30, 2020</li><li>▪ The production to start and generate an income before Dec 31, 2020</li><li>▪ Distribute/donate domestically at least 50% of the total production amount in 2020-2021</li></ul>
Manufacturing of medical devices or parts		
Manufacturing of Active pharmaceutical ingredients (API)		
Manufacturing of medicine ( <u>specifically</u> those under the targeted drug list)		
Application of biological technology ( <u>specifically</u> for research and development/manufacturing of medical supplies and medical diagnostic kits)		

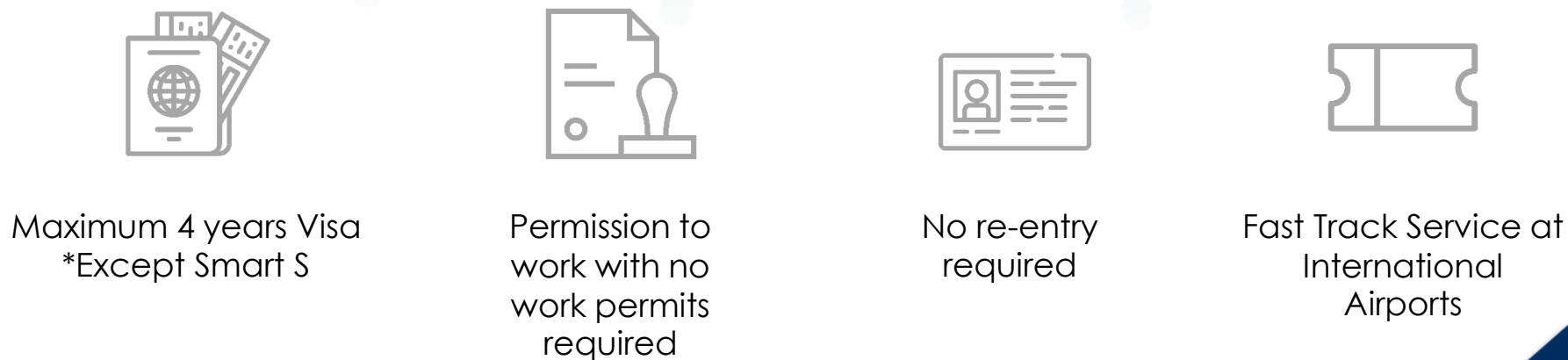


# SMART VISA


Taking Thailand to New Heights with Foreign Talent and Technology




## Privileges for **SMART** Visa





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

 (+66) 2553 8111


 (+66) 2553 8315


 head@boi.go.th


 Paris Office:  
Ambassade Royale de  
Thaïlande 8 Rue Greuze,  
75116 Paris, France

 + 33 1 56 90 26 00-01

 + 33 1 56 90 26 02


 par@boi.go.th


 Stockholm Office:  
Östermalmstorg 1, 4<sup>th</sup> Floor  
114 42 Stockholm,  
Sweden


 + 46 8 463 1158, + 46 8 463 1174


 + 46 8 463 1160

 stockholm@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.th