Opportunity Thailand

Presented by
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Deputy Secretary General

Thailand Board of Investment

April 2017
Melbourne, Australia
Thailand’s Economic Overview in 2016

1. GDP 2016: AUD 525.6 billion
   GDP per capita: AUD 7,812
   Growth: 3.2%
   Population: 68 million

2. Export Value AUD 276.4 billion
   Growth: 4.45%

3. World Bank ranks Thailand 5th for its ease of doing business among East Asia & Pacific countries for 2016

4. IMD World Competitiveness ranks Thailand 28th out of 61 economies in its global competitiveness index for 2016

Source: NESDB, Ministry of Commerce of Thailand, World Bank, IMD
Note: Exchange rate (BOT, Mar 1 2017): 1 AUD = 27.21 THB
Strategic Location Gateway to ASEAN
“We are surrounded by the world’s economic powerhouses”

**ASEAN Economic Community**
- 633 million population (9% of world population)
- GDP: AUD 3.1 trillion (2% of world’s GDP)

**Regional Comprehensive Economic Partnership *(RCEP)*
- 3.3 billion population (50% of world population)
- GDP: AUD 27 trillion (28% of world’s GDP)
Vital Role in Global Supply Chains

2\textsuperscript{nd} in HDD Exports

6\textsuperscript{th} Rubber Tire Exports

7\textsuperscript{th} Computer Device Exports

12\textsuperscript{th} Automotive Production
2016 Global Manufacturing Competitiveness Index

Index Score

[10=high, 1=low]

- China: 10
- USA: 9.95
- Germany: 9.39
- Japan: 8.04
- South Korea: 7.67
- United Kingdom: 7.58
- Taiwan: 7.29
- Mexico: 6.95
- Canada: 6.87
- Singapore: 6.84
- India: 6.72
- Switzerland: 6.36
- Sweden: 6.21
- Thailand: 6.04
- Poland: 5.91
- Malaysia: 5.9
- Turkey: 5.9
- Vietnam: 5.65
- Indonesia: 5.58
- Netherlands: 5.57

Source: 2016 Global Manufacturing Competitiveness Index by Deloitte Touche Tohmatsu Ltd. & U.S. Council on Competitiveness (as of December 2015)
Thailand’s Competitiveness

- Low Cost Office Space
- Low Cost of Living
- Industrial Estates
- Great Expat Lifestyle
- 20% CIT
Thailand’s Infrastructure Development Strategy (2015-2022)

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

### Infrastructure development programs for 2015-2022 (AUD 68.7 billion*)

1. **Expansion of the inter-city rail network** (AUD 18.1 billion)
   - Upgrade railway networks
   - Increase double-track railways
   - Build **1.435-meter standard** gauge

2. **Highway capacity enhancement** (AUD 19.2 billion)
   - Expand highways to **4 or more traffic lanes**
   - Develop **facilities** along the main roads such as container yards

3. **Development of mass transit systems in Bangkok Metropolitan Region** (AUD 27.4 billion)
   - **Mass Transit**
     - Extend **mass transit railway** system
     - Acquire **3,183 NGV buses**

4. **Air transport capacity enhancement** (AUD 1.8 billion)
   - Enhance **sea ports capacity**
   - Enhance **airport capacity**
   - Establish **aviation industrial estates**

5. **Development of the maritime transport network** (AUD 3.6 billion)

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**Note:** *1 AUD = 27.21 THB
**Maintenance Repair and Overhaul*
BOI Investment Promotion Policies
### 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.
- Provides assistance in the provision of **visas and work permits** to facilitate entry and subsequent operation for a **foreign-owned business**.
- Waives restrictions on **land ownership** by foreign entities.

#### 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.
Who can apply for BOI promotion?

- Manufacturing and service activities (those in the list of eligible activities)
- Thai or foreign companies
BOI Tax Incentives

• Corporate income tax exemption for up to 13 years
• Reduction of corporate income tax
• Investment tax allowance (Deduction up to 70% of the invested capital on net profit)
• Exemption of import duties on machinery
• Duty exemption on materials imported for R&D purposes and related testing
Thailand’s Eastern Economic Corridor
New Growth Hub of Thailand and AEC

1. Strategic Location
2. Infrastructure Linkage
3. Excellent Atmosphere

Chachoengsao
Chonburi
Rayong

Source: Ministry of Industry
Why Eastern Economic Corridor

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

- U-Tapao international airport: 200,000 million baht (AUD 7.4 billion)
- Map Ta Phut port: 10,150 million baht (AUD 0.37 billion)
- Laem Chabang port: 88,000 million baht (AUD 3.2 billion)
- High-speed train: 158,000 million baht (AUD 5.8 billion)
- Dual-track railway: 64,300 million baht (AUD 2.4 billion)
- New Cities / Hospitals: 400,000 million baht (AUD 14.7 billion)
- Tourism: 200,000 million baht (AUD 7.4 billion)
- Industry: 500,000 million baht (AUD 18.4 billion)

**Source:** Ministry of Industry of Thailand
**Note:** Estimated investment amount shown
Eastern Economic Corridor - ASEAN's New Growth Hub

Source: Ministry of Industry
**Australian Net Application Submitted by Sector in 2012-2016**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Sector</th>
<th>Application (AUD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Agricultural Products</td>
<td>792 m</td>
</tr>
<tr>
<td>2</td>
<td>Light Industries/Textiles</td>
<td>441 m</td>
</tr>
<tr>
<td>3</td>
<td>Services</td>
<td>391m</td>
</tr>
<tr>
<td>4</td>
<td>Metal Products and Machinery</td>
<td>129 m</td>
</tr>
<tr>
<td>5</td>
<td>Services ($122 m)</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Agricultural Products ($82 m)</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Chemicals and Paper (AUD 17 m)</td>
<td></td>
</tr>
</tbody>
</table>

**Total Application by Sector: 2012-2016**

1.71 billion AUD

**Source:** BOI; Exchange rate (BOT, Mar 1 2017): 1 AUD = 27.21 THB
Sectors of Opportunity
Automotive Industry
<table>
<thead>
<tr>
<th>Thailand</th>
<th>Target: To manufacture 3,500,000 units in 2020</th>
<th>Export Value</th>
<th>Contribution to GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>6th largest commercial vehicle producer in the world in 2016</td>
<td>18 Auto Assemblers with combined production of 1.94 million units</td>
<td>2016 exports were 1.19 million units with value of 23.32 billion AUD</td>
<td>Contribute to 12% of country’s GDP</td>
</tr>
</tbody>
</table>

**Source:** Thailand Automotive Institute. 2016, Exchange rate (BOT, March 1 2017): 1 AUD = 27.21 THB
**Thailand Automotive Industrial Overview**

**Thailand Automotive Structure**

- Assembler (Total 18 companies)
  - Foreign majority 58%
  - Thai majority 39%
  - JV 3%

- Tier 1 Suppliers (Total 462 companies)

- Tier 2,3 Suppliers (Total 1,237 companies)

**Thailand Car Production (2010-2016)**

[In Million Units]

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Units</td>
<td>1.65</td>
<td>1.46</td>
<td>2.45</td>
<td>2.46</td>
<td>1.88</td>
<td>1.91</td>
<td>1.94</td>
</tr>
</tbody>
</table>

**Source:** The Thai Automotive Industry Association (TAIA), Thailand Automotive Institute (TAI) as of December 2016
**Thailand Automotive Industry Value**

**Thailand’s Production Category in 2016**

- Passenger Car: 1,944,417 Units (41%)
- Commercial Car: (37%)
- One ton pick up: (22%)

**Thailand’s Export (2012-2016)**

- 2012: 27.2 Billion AUD
- 2013: 29.6 Billion AUD
- 2014: 30.5 Billion AUD
- 2015: 32.6 Billion AUD
- 2016: 34.6 Billion AUD

- Motorcycle: 1.5 Billion AUD (2012), 2.1 Billion AUD (2013), 1.9 Billion AUD (2014), 1.8 Billion AUD (2015), 1.9 Billion AUD (2016)

**Source:** Thailand Automotive Institute

**Note:** Exchange rate (BOT, March 1 2017): 1 AUD = 27.21 THB
# Existing Automotive Hubs in Thailand

### Examples of Major Players in Thailand

<table>
<thead>
<tr>
<th>Production Hub</th>
<th>R&amp;D Hub</th>
<th>Regional Head Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>• BMW Manufacturing (Thailand)</td>
<td>• Toyota Motor Asia Pacific Engineering &amp; Manufacturing</td>
<td>• Toyota Motor Asia Pacific Engineering &amp; Manufacturing</td>
</tr>
<tr>
<td>• Toyota Motor Thailand</td>
<td>• Honda R&amp;D Asia Pacific</td>
<td>• Asian Honda Motor</td>
</tr>
<tr>
<td>• Honda Automobile</td>
<td>• Nissan Technical Center Southeast Asia</td>
<td>• Nissan Motor (Thailand)</td>
</tr>
<tr>
<td>• Nissan Motor</td>
<td>• ISUZU Technical Center of Asia</td>
<td></td>
</tr>
<tr>
<td>• Isuzu Motor Tri Retch Isuzu Sales &amp; Isuzu Operation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Mitsubishi Motor (Thailand)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Board of Investment
Industrial Opportunities Of Thailand Automotive Industry

Automotive Opportunities

- Hi-Tech Vehicle Parts and Components
- Eco-Car Parts
- NGV Vehicles
- E85
- Passenger Cars
- Big-Bike, 4-Stroke Engine Motorcycles (Over 500cc)

Competitive Skilled-Labor Supply

Thailand has more than 550,000 high skilled and well-trained workers compared with other ASEAN countries

More Research and Development, Design and Testing Centers are also needed

Source: The Thai Automotive Industry Association
Electric Vehicle Policy

HEV, PHEV, BEV, Battery Electric Bus
• Incentives
  – Exemption of import duties on machinery
  – CIT exemption (0-10 years, depending on types of vehicles)
• Requirement: localization of at least one of the identified key parts within 3 years after the certificate issuance

Charging Station
• Incentives: 5 years of CIT exemption
• Requirement
  – Equipment and part sourcing plan to be submitted
  – EV smart charging system
  – at least 1 quick charger
  – ISO certification within 3 years after certificate issuance

Application Submission
Deadline: December 2018
Investment Promotion of EV Parts Manufacturing

- Front/Back Shaft of Commercial Car
- Battery
- BMS
- DC/DC Converter
- Socket/Inlet Connector
- Portable EV Charger
- Charging Station
- Inverter
- Electrical Circuit Breaker
- Air-Conditioning System/Parts
- Traction Motor
- On-board Charger
- DCU
- 8 Years CIT Exemption (A2)
- Additional 50% CIT reduction for 5 years if located in EEC

Source: Delta HEV/EV Passenger Car Powertrain Solution
Other Measures Supporting EVs

- Reduced excise tax rates for different types of EVs
- Reduced import duties for BEVs during the first two years
- Government budget for building EV infrastructure
### Machinery and Parts for AUTOMATION: Imports vs Exports, 2010-2014

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Import</td>
<td>194</td>
<td>216</td>
<td>292</td>
<td>265</td>
<td>266</td>
</tr>
<tr>
<td>Export</td>
<td>103</td>
<td>106</td>
<td>112</td>
<td>117</td>
<td>134</td>
</tr>
</tbody>
</table>

### Thailand Industrial Robot Market

- **Import**: 3221 Billion Baht in 2013, 133% increase to 7500 Billion Baht in 2018
- **Export**: 103 in 2010, 106 in 2011, 112 in 2012, 117 in 2013, 134 in 2014
Why Thailand?

High demand driven by well-established and growing user-base

Supply Chain of Thai Automation & Robotics Industry

System integrator

Mechanical brain & Software developer

Parts & Components manufacturers

Automation & Robotics users

- Automotive manufacturers
- Electrical & Electronic manufacturers
- Food manufacturers
- Etc.

Source: ¹Machinery Intelligence Unit, Iron and Steel Institute of Thailand; ²Thai-German Institute
Note: * The spike in 2012 is due to extra machine replacements after Thailand mega-flood
Thailand’s rich natural resources have solidified the country’s reputation as the leading global supplier of agriculture products such as cassava, sugarcane and palm oil. These commodities, as well as their waste byproducts, can be utilized as biomass which is a critical source for biobased energy and other biobased products.

Source: ¹, ² Office of Agricultural Economics
Note: *CAGR 2011-2015
Thailand’s Food Exports Rankings

Thailand is the world’s “#1 EXPORTER” in cassava starch, canned tuna, canned pineapple

PERFORMANCE
THAILAND WORLD’S
TOTAL FOOD EXPORTS

14th

#1
Cassava Starch

#1
Canned Tuna

#1
Canned Pineapple

#2
Rice

#2
Sugar

#4
Frozen Chicken

#6
Frozen Shrimp

#6
Seasoning

Source: Ministry of Science & Technology, 2015
Thailand a Strategic Location for Food Industry

**STRENGTHS**

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

**SKILLED & HARD WORKING WORKFORCE**
- Approximately 660,000 labor in Thailand’s food industry with minimum daily wage THB 300 (AUD 11)

**GOOD QUALITY & SAFETY**
- The international standard of GMP is used as a mandatory measure for 54 types of food product

**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 and support organizations ensure a robust and technically-equipped workforce that is ready to go today and will be around in the future
Thailand’s First Innovative Park for the Food Industry

Source: Thailand Science Park
Focused Sectors of Food Innopolis

Healthy and Functional Food
- **Nutraceuticals** (e.g. dietary supplements, vitamins, minerals, herbs, amino acids, enzymes)
- **Functional Food** (e.g. low-salt food, low-fat food, high-fiber food)
- **Specialty Food** (e.g. Halal Food, Kosher Food)
- **Healthy Fat & Oils** (e.g. Omega-3, Omega-6, fatty acids)

High Value Added Food Products
- **Food Ingredients**
- **High value added products from rice**
- **Fruits & Vegetables** (e.g. organic produces, drink and juice)
- **Premium Seafood & Aquaculture**
- **Premium Meat & Poultry**

Supporting Business for Food Innovation
- **Access to knowledge, human resources, technology and facilities**
- **Food safety, traceability, testing and certification**
- **Consumer research, packaging, design, and consultancy**
- **IT** (e.g. big data analysis, food geoinformatics service)
Medical Industry
## Thailand Medical Industry Overview

### Thailand’s Healthcare Expenditure as % of GDP

<table>
<thead>
<tr>
<th>Country</th>
<th>% of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>17.1</td>
</tr>
<tr>
<td>Germany</td>
<td>11.3</td>
</tr>
<tr>
<td>Sweden</td>
<td>9.7</td>
</tr>
<tr>
<td>UK</td>
<td>9.1</td>
</tr>
<tr>
<td>S.Korea</td>
<td>7.2</td>
</tr>
<tr>
<td>China</td>
<td>5.6</td>
</tr>
<tr>
<td>Thailand</td>
<td>4.6</td>
</tr>
<tr>
<td>Singapore</td>
<td>4.6</td>
</tr>
<tr>
<td>India</td>
<td>4</td>
</tr>
<tr>
<td>Indonesia</td>
<td>3.1</td>
</tr>
</tbody>
</table>

**Source:** World Bank, as of 2015

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### Opportunities in Thailand

- **Medical Services**
- **Medical Devices**
- **Pharmaceutical Sectors**
**International Headquarters (IHQ) and International Trading Centers (ITC)**

<table>
<thead>
<tr>
<th>IHQ: Scope of Activities</th>
<th>ITC: Scope of Activities*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Providing Information</td>
<td>Sourcing of Goods</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Goods Insurance</td>
</tr>
<tr>
<td>Technical Support</td>
<td>Warehousing &amp; Inventory Services</td>
</tr>
<tr>
<td>Marketing and Sales Promotion</td>
<td>Advisory, Technical and Training Services about Trading</td>
</tr>
<tr>
<td>Treasury Center</td>
<td>Packaging Activities</td>
</tr>
<tr>
<td></td>
<td>Other Services</td>
</tr>
<tr>
<td>Organizational Management &amp; Business Planning</td>
<td>Business Advisory Services</td>
</tr>
<tr>
<td>Economics and Investment Analysis &amp; Research</td>
<td>Goods Delivery Services</td>
</tr>
<tr>
<td>HR Training &amp; Development</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** only activities related to purchases and sells of goods
Examples of IHQ in Thailand
BOI Services
BOI Support Services

Investment Matchmaking Program

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

Subcontracting Development Program by BUILD Unit

ASEAN Supporting Industry Database

Interaction with other govt. agencies on behalf of investors

Country desks

Overseas offices
ASEAN Supporting Industry Database (ASID)

- Information and profiles of companies in supporting industries and manufacturers of parts and components in 10 ASEAN countries
- ASID can be easily accessed via the internet at www.asidnet.org
- Contact: BOI Unit for Industrial Linkage Development (BUILD)
  
  **Email:** build@boi.go.th
  
  **Tel:** +66 553 8111 ext. 7
One Start One Stop Investment Center (OSOS)

18th Floor, Chamchuri Square Building
319 Phayathai Road, Pathumwan
Domestic Call: 0 2209 1100, Inter. Call: (66 2) 209 1100
Email: osos@boi.go.th

More Convenience, less time, more efficiency!
One Start One Stop Investment Center (OSOS)

1. Easing & speeding procedures for new investors
2. Assist investors with various applications:
   - Register a company
   - Obtain investment promotion privileges
   - Obtain a foreign business license
   - Complete an EIA report
   - Permission to use land for industrial operations
   - Utilities, etc.
3. Visa & Work permit renewal across the hall

38 Government agencies under One-roof
BOI Office in Australia (Sydney)

Sydney

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Suite 101, Level 1, George Street, Sydney, New South Wales 2000
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Key Contact Person:

Ms. Vorawan Norasucha
Director
Thank you