

# *Opportunity Thailand*

*Presented by*

**Duangjai Asawachintachit**

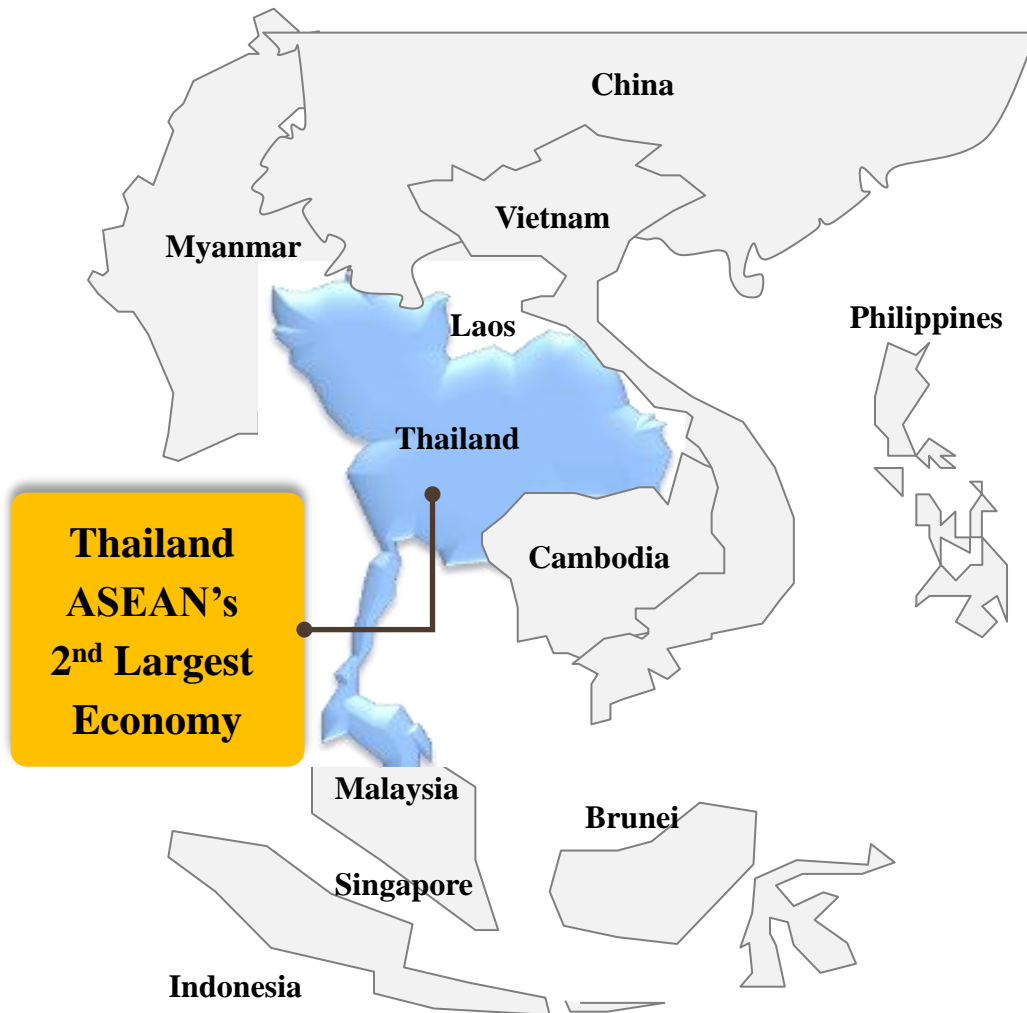
**Deputy Secretary General**

Thailand Board of Investment

**April 2017**

**Melbourne, Australia**

# Thailand's Economic Overview in 2016



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

Note: Exchange rate (BOT, Mar 1 2017): 1 AUD = 27.21 THB

**GDP**

**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 5<sup>th</sup> for its ease of doing business among East Asia & Pacific countries for 2016**

**4**

**IMD World Competitiveness ranks Thailand 28<sup>th</sup> out of 61 economies in its global competitiveness index for 2016**

# Thailand: the Crossroads of ASEAN

## 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<sup>nd</sup> in HDD Exports**



**6<sup>th</sup> Rubber Tire Exports**



**7<sup>th</sup> Computer Device Exports**

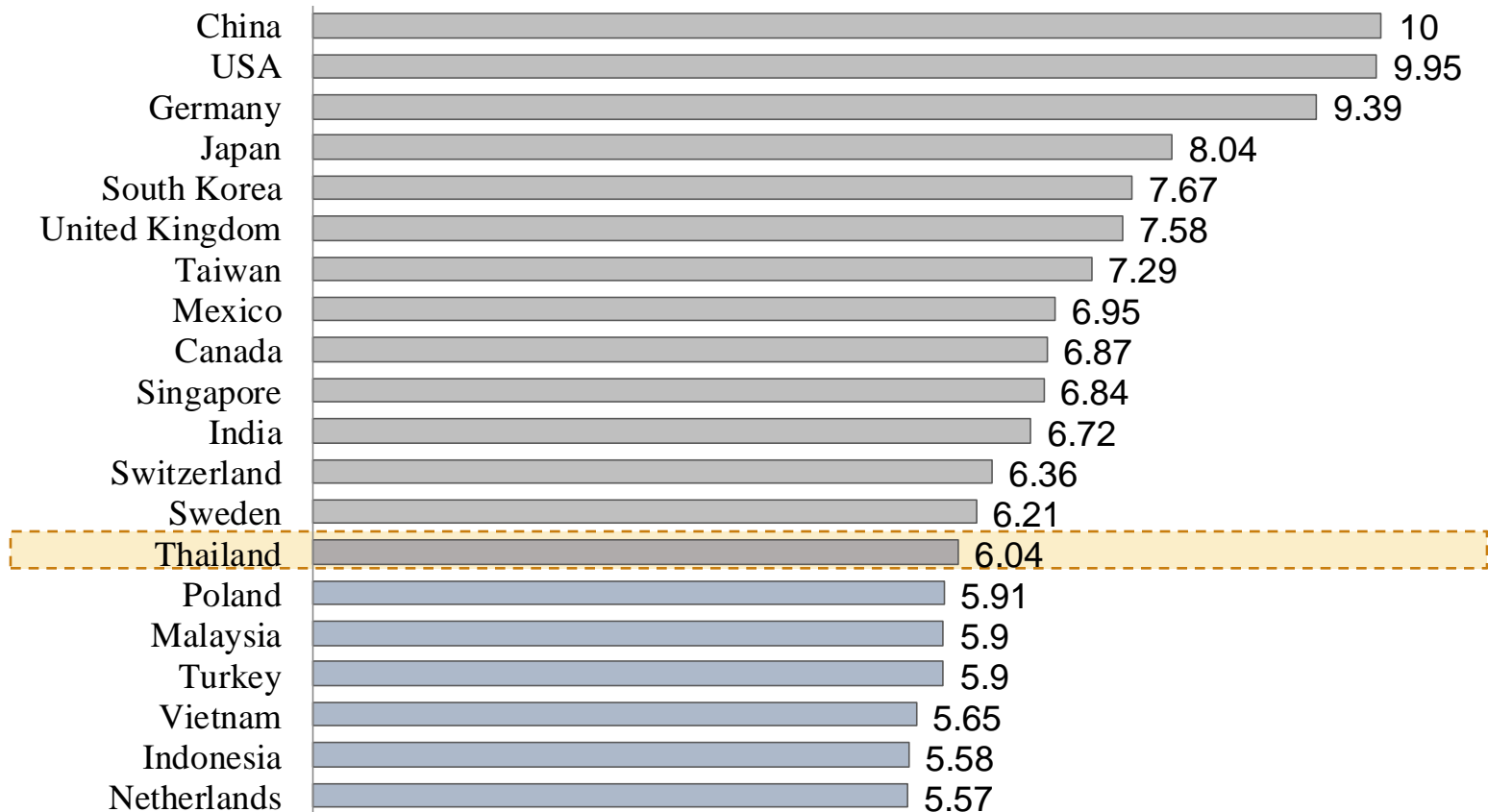


**12<sup>th</sup> Automotive Production**

# 2016 Global Manufacturing Competitiveness Index

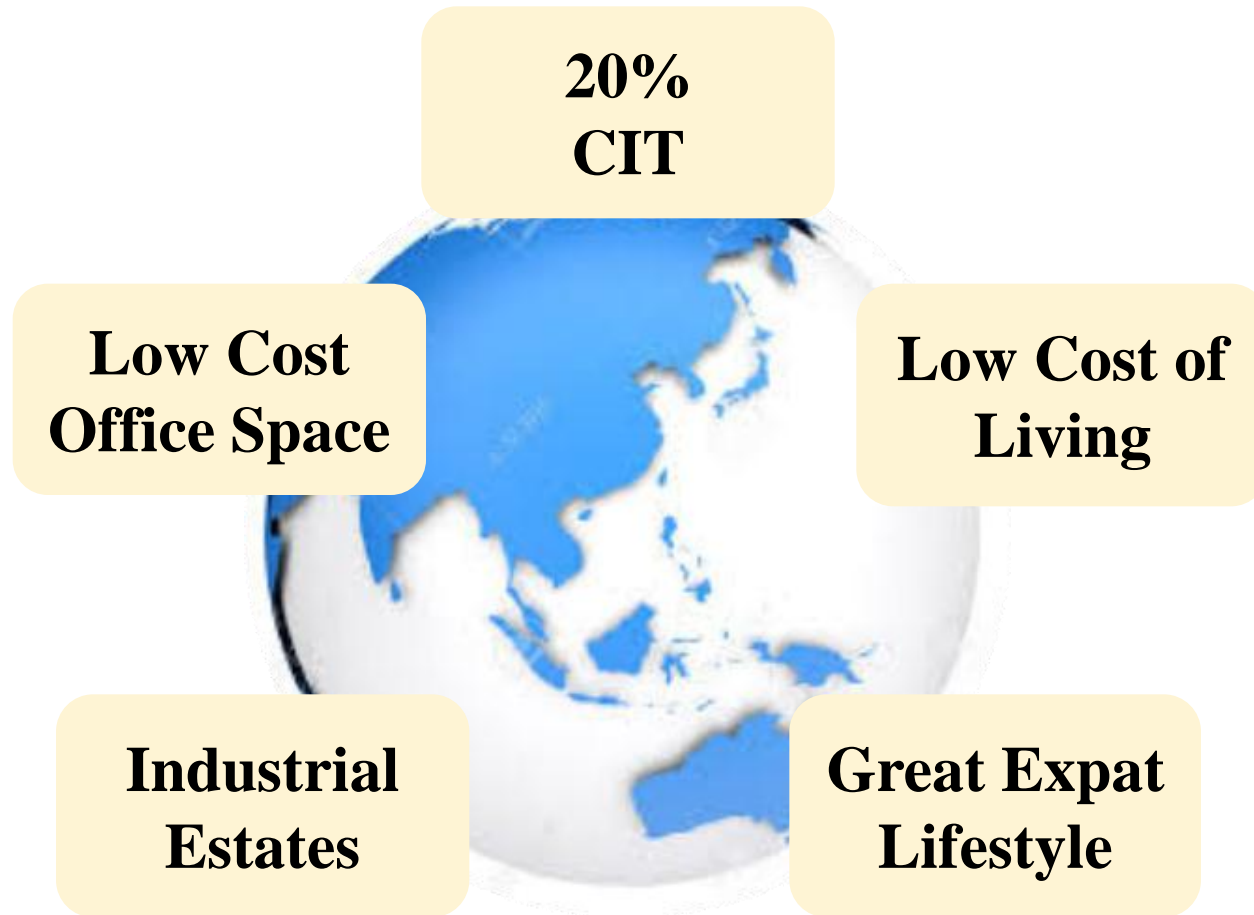
## Index Score

[10=high, 1=low]



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

# Thailand's Competitiveness



# 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\*)

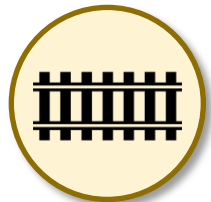
**1. Expansion of the inter-city rail network**  
(AUD 18.1 billion)

**2. Highway capacity enhancement**  
(AUD 19.2 billion)

**3. Development of mass transit systems in Bangkok Metropolitan Region**  
(AUD 27.4 billion)

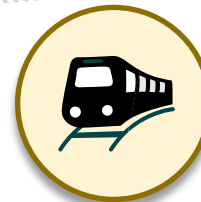
**4. Air transport capacity enhancement**  
(AUD 1.8 billion)

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



Railway

- Upgrade railway networks
- Increase double-track railways
- Build 1,435-meter standard gauge



Mass Transit

- Extend mass transit railway system
- Acquire 3,183 NGV buses



Road

- Expand highways to 4 or more traffic lanes
- Develop facilities along the main roads such as container yards



Water & Air

- Enhance sea ports capacity
- Enhance airport capacity
- Establish aviation industrial estates

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

# 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.
- Provide 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



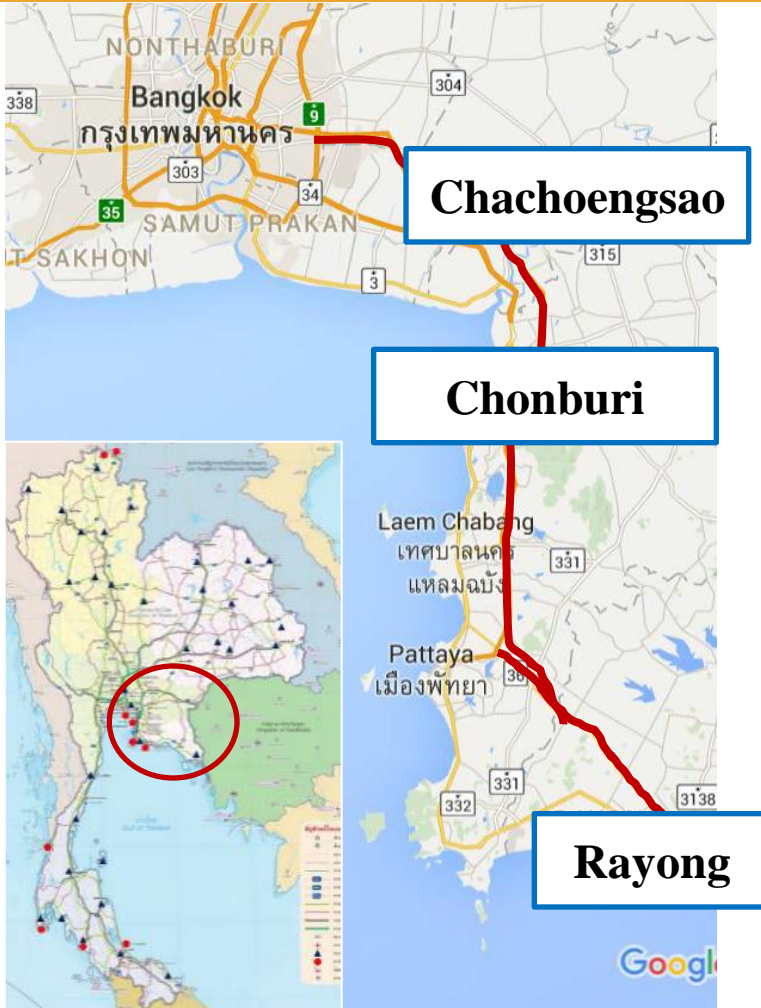
# BOI Tax Incentives

- 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

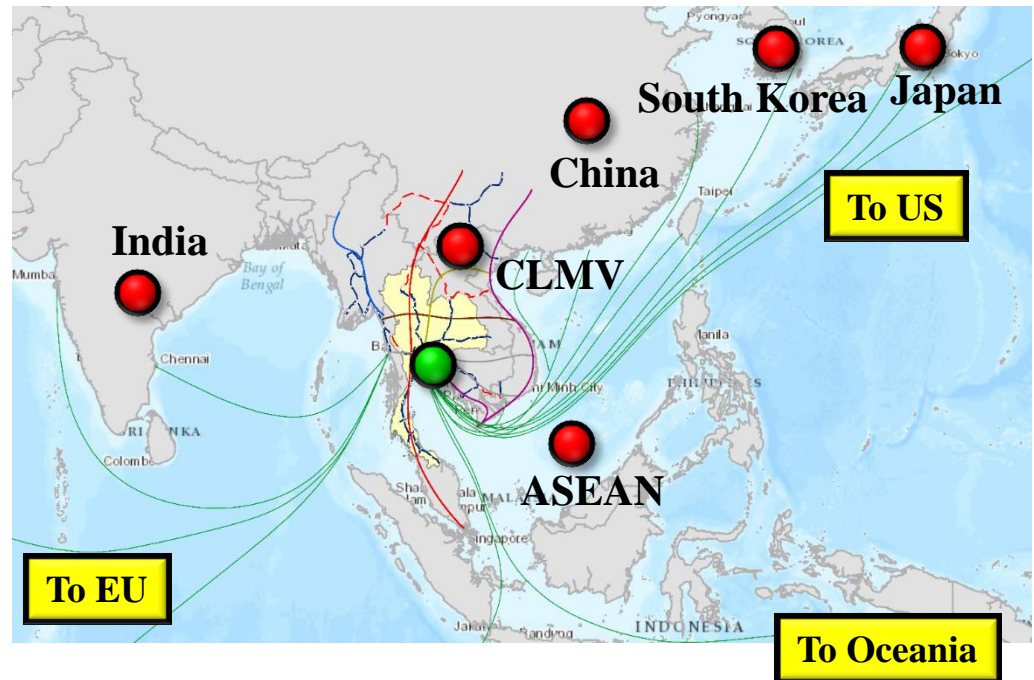


# Thailand's Eastern Economic Corridor

## New Growth Hub of Thailand and AEC



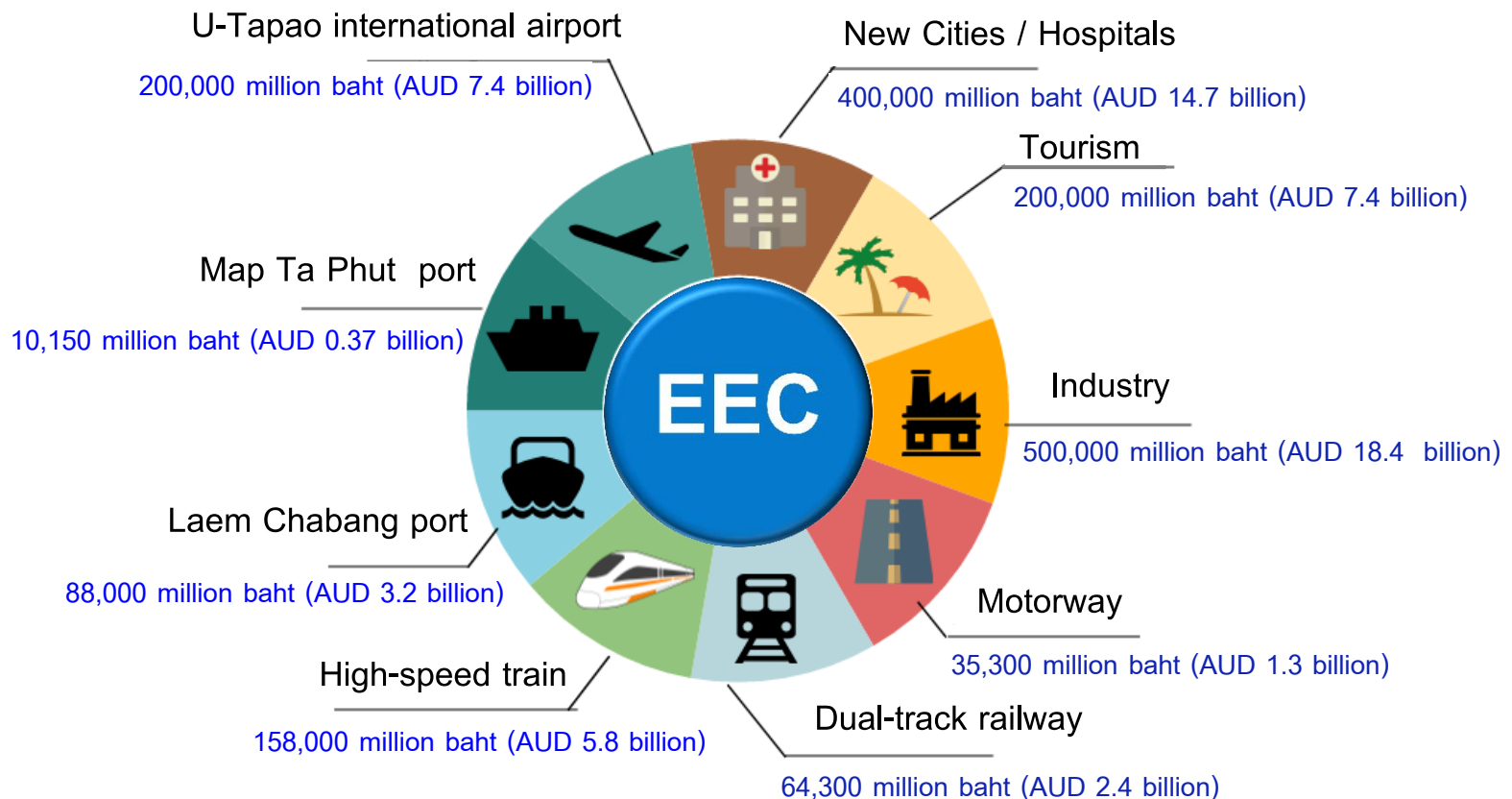
- 1 Strategic Location**
- 2 Infrastructure Linkage**
- 3 Excellent Atmosphere**



# Why Eastern Economic Corridor

## Target

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



**Source:** Ministry of Industry of Thailand

**Note:** Estimated investment amount shown

# Eastern Economic Corridor - ASEAN's New Growth Hub



## FIRST S-CURVE

- Next-Gen Automotive
- Smart Electronics
- Food Processing
- Agricultural Technology
- Tourism

## NEW S-CURVE

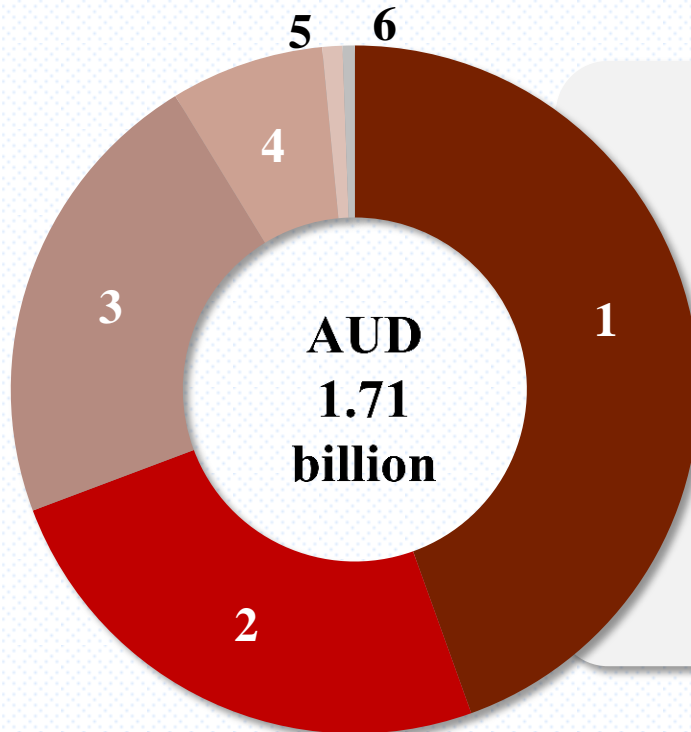
- Robotics
- Aviation
- Logistics
- Bioeconomy
- Medical hub
- Digital

Source: Ministry of Industry

# Australian Net Application Submitted by Sector in 2012-2016

## Total Application by Sector: 2012-2016

[Million AUD]



1. Agricultural Products (AUD 792 m)
2. Light Industries/Textiles (AUD 441 m)
3. Services (AUD 391m)
4. Metal Products and Machinery (AUD 129 m)
5. Services (\$122 m)
6. Agricultural Products (\$82 m)
7. Chemicals and Paper (AUD 17 m)

Source: BOI; Exchange rate (BOT, Mar 1 2017): 1 AUD = 27.21 THB

# Sectors of Opportunity



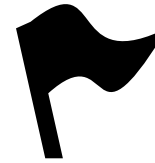


THAILAND  
BOARD OF  
INVESTMENT

# Automotive Industry



# Thailand Automotive Industry Overview



## Thailand

**6th** largest commercial vehicle producer in the world in 2016

**Target:**  
To manufacture **3,500,000** units in 2020

**18 Auto Assemblers** with combined production of **1.94 million units**

## Export Value

2016 exports were **1.19 million** units with value of **23.32 billion AUD**

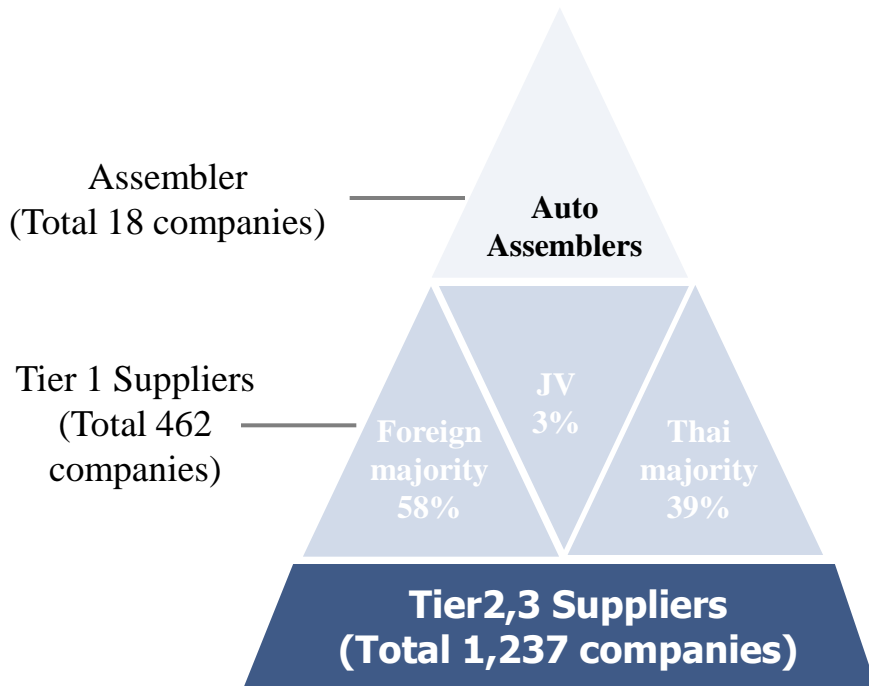
## Contribution to GDP

Contribute to **12%** of country's GDP

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

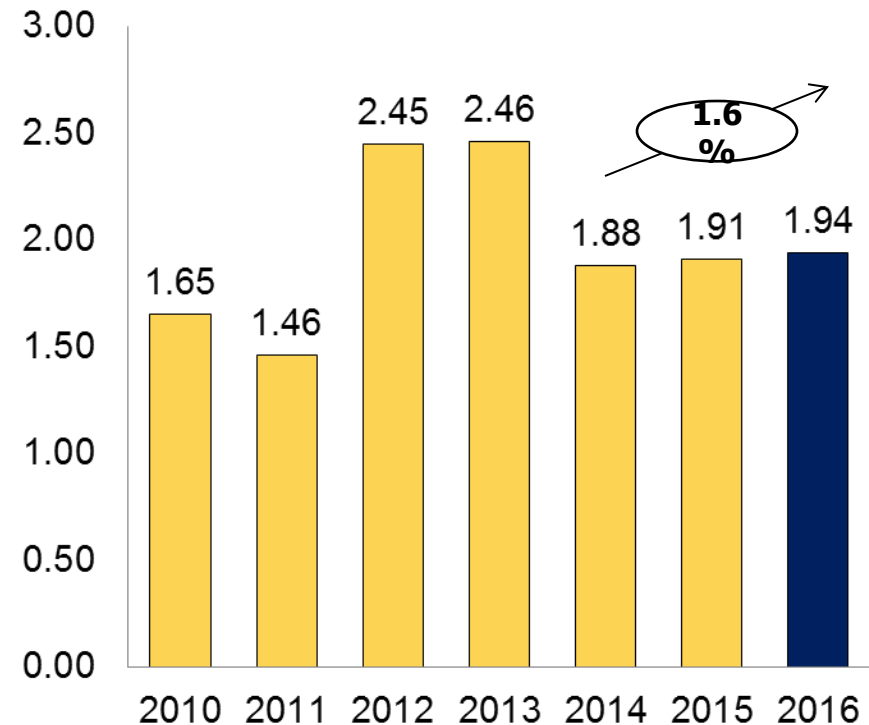
# Thailand Automotive Industrial Overview

## Thailand Automotive Structure



## Thailand Car Production (2010-2016)

[In Million Units]

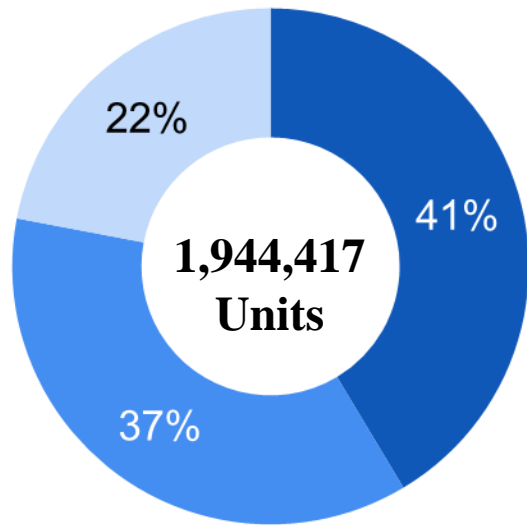


Source: The Thai Automotive Industry Association (TAIA), Thailand Automotive Institute (TAI) as of December 2016

# Thailand Automotive Industry Value

## Thailand's Production Category in 2016

[Unit: Units]



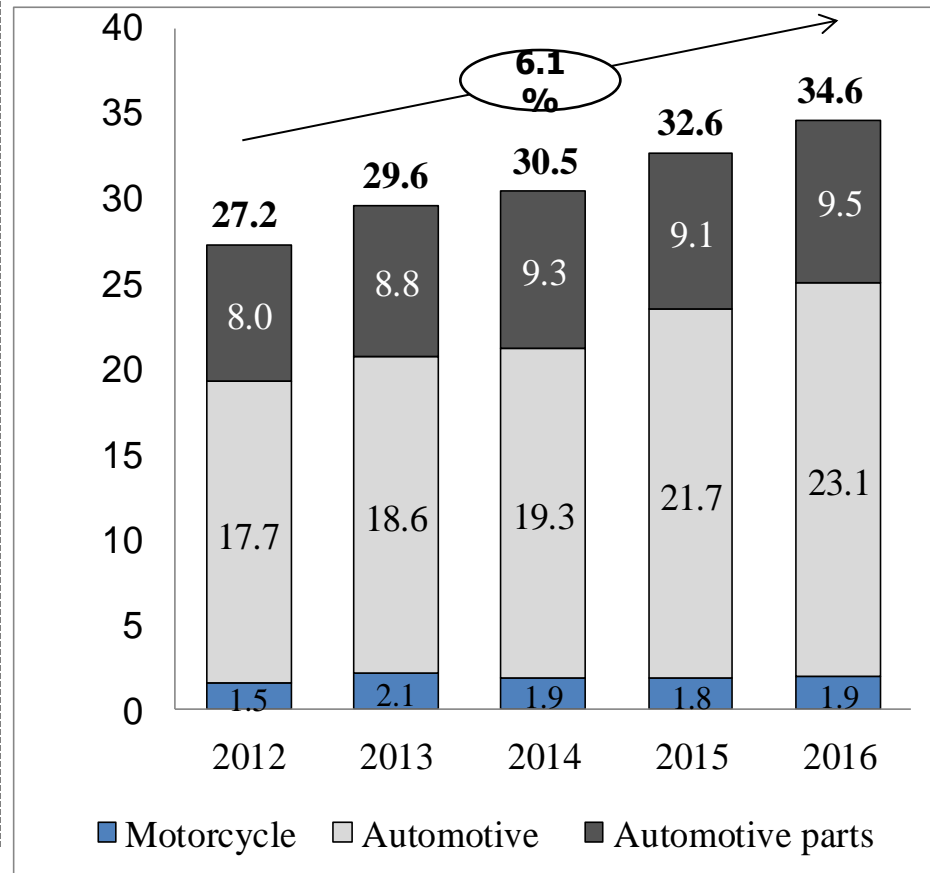
- Passenger Car
- Commercial Car
- One ton pick up

Source: Thailand Automotive Institute

Note: Exchange rate (BOT, March 1 2017): 1 AUD = 27.21 THB

## Thailand's Export (2012-2016)

[Unit: Billion AUD]



# Existing Automotive Hubs in Thailand

## Examples of Major Players in Thailand



Production Hub

- BMW Manufacturing (Thailand)
- Toyota Motor Thailand
- Honda Automobile
- Nissan Motor
- Isuzu Motor Tri Retch Isuzu Sales & Isuzu Operation
- Mitsubishi Motor (Thailand)



R&D Hub

- Toyota Motor Asia Pacific Engineering & Manufacturing
- Honda R&D Asia Pacific
- Nissan Technical Center Southeast Asia
- ISUZU Technical Center of Asia



Regional Head Office

- Toyota Motor Asia Pacific Engineering & Manufacturing
- Asian Honda Motor
- Nissan Motor (Thailand)

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

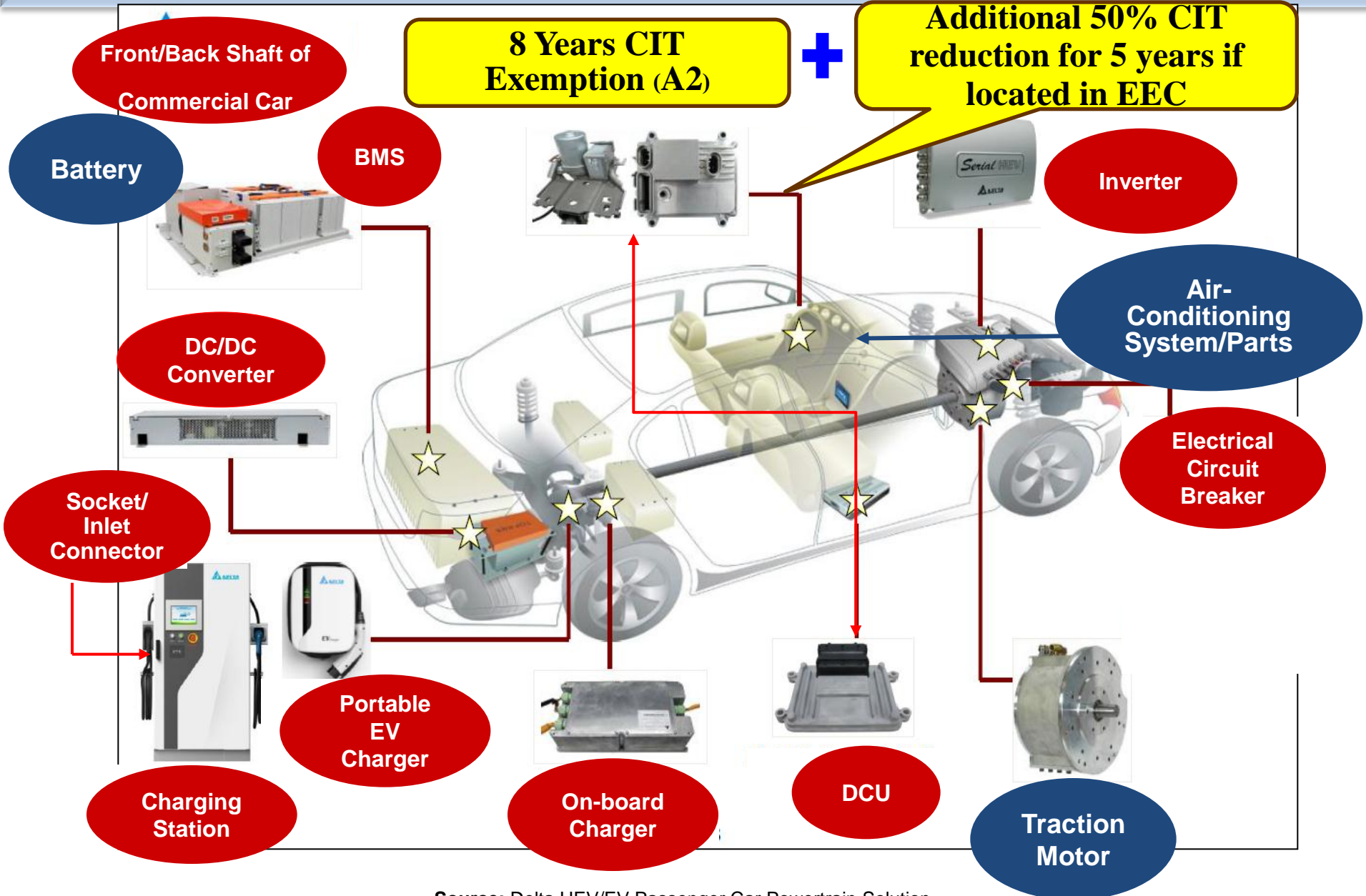
- **Incentives**
  - Exemption of import duties on machinery
  - CIT exemption (0-10 years, depending on types of vehicles)
- **Requirement: localization of at least one of the identified key parts within 3 years after the certificate issuance**

## 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





## 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

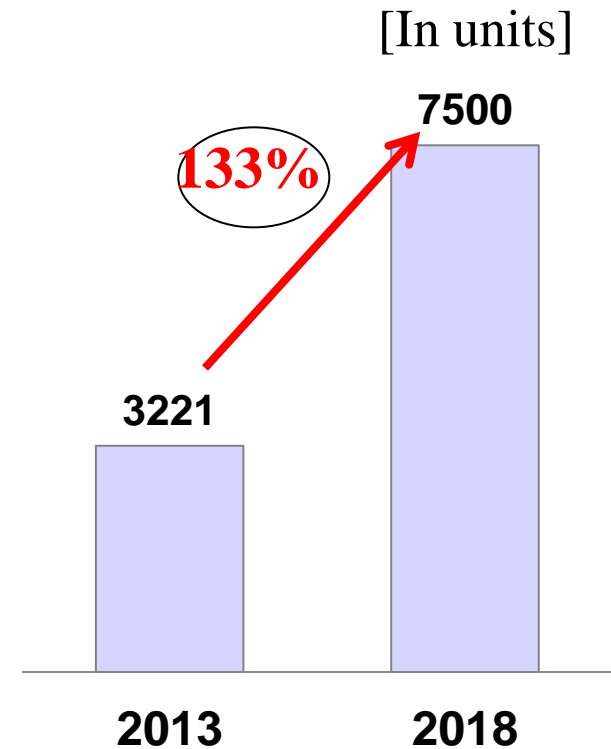
# Thailand's Automation Industry Overview

## Machinery and Parts for AUTOMATION: Imports vs Exports, 2010-2014

Billion Baht

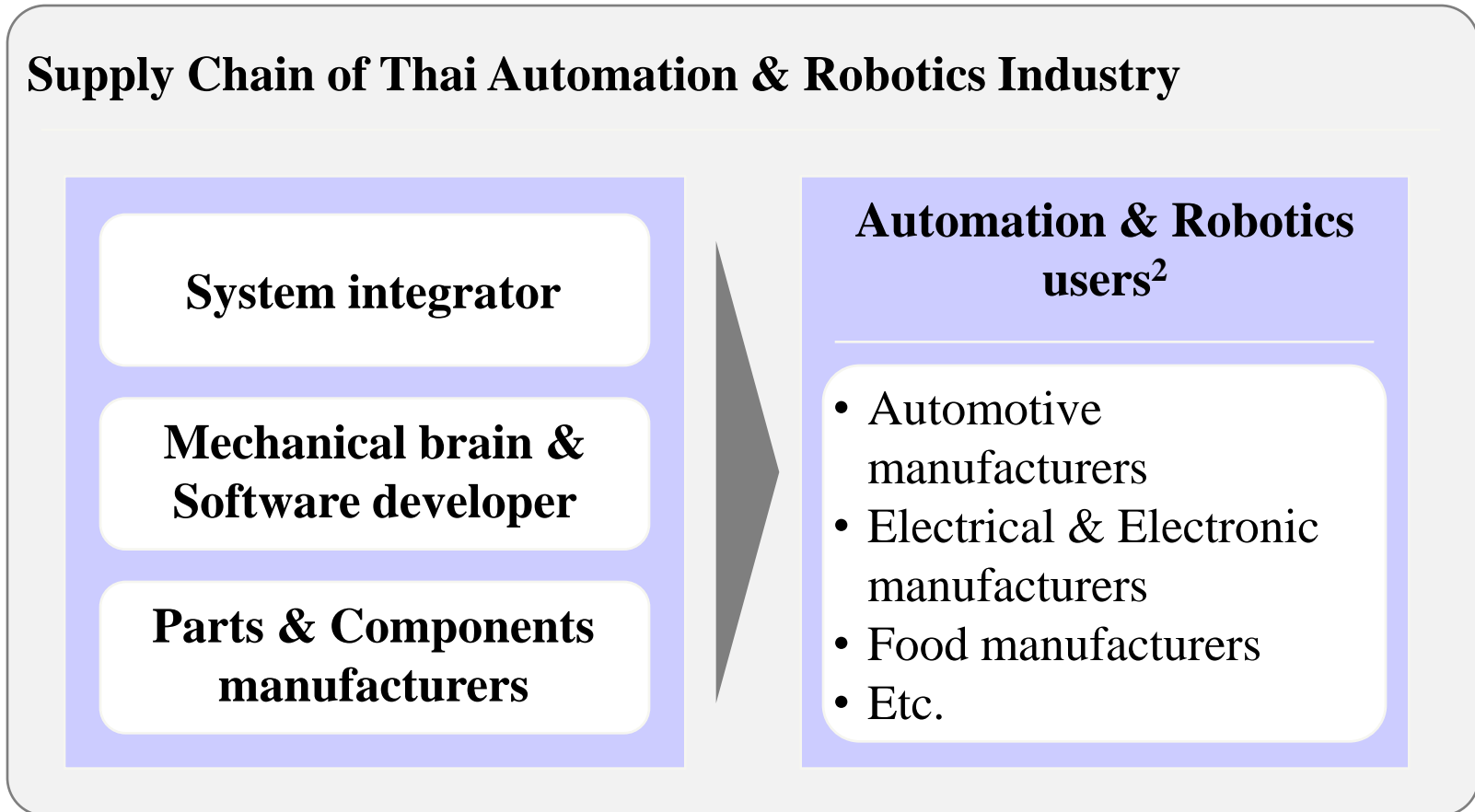
	2010	2011	2012	2013	2014
Import	194	216	292	265	266
Export	103	106	112	117	134

## Thailand Industrial Robot Market



# Why Thailand?

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



Source: <sup>1</sup>Machinery Intelligence Unit, Iron and Steel Institute of Thailand; <sup>2</sup>Thai-German Institute

Note: \* The spike in 2012 is due to extra machine replacements after Thailand mega-flood

# Agriculture & Food Industry

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# Thailand's Agricultural Products

## Abundant Resources and Biodiversity

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.

1<sup>st</sup>

World's No. 1 exporter of cassava products



2<sup>nd</sup>

World's No. 2 sugar exporter

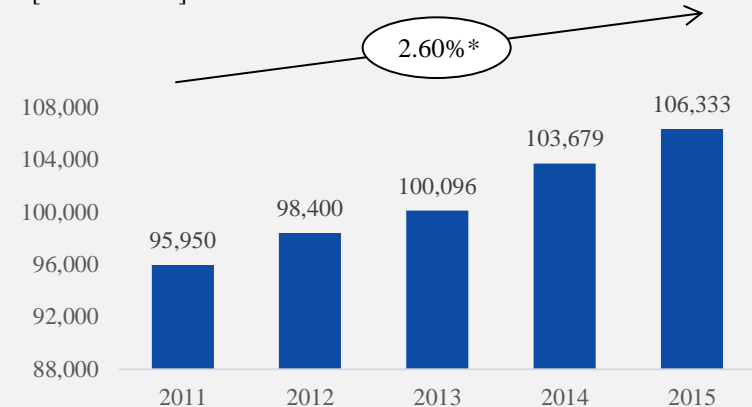


Source: <sup>1,2</sup> Office of Agricultural Economics

Note: \*CAGR 2011-2015

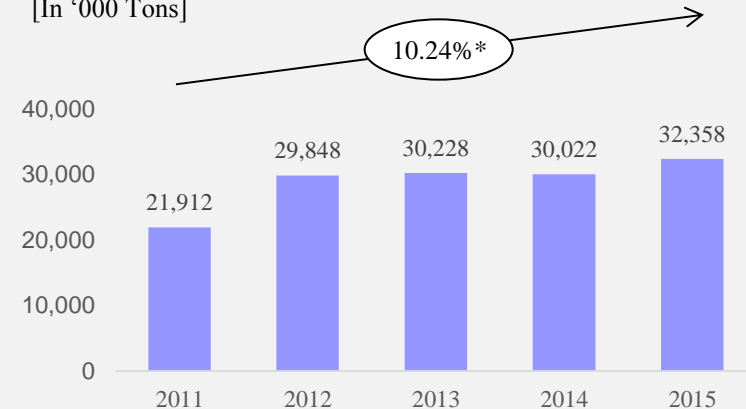
### Sugarcane Domestic Production<sup>1</sup>

[In '000 Tons]



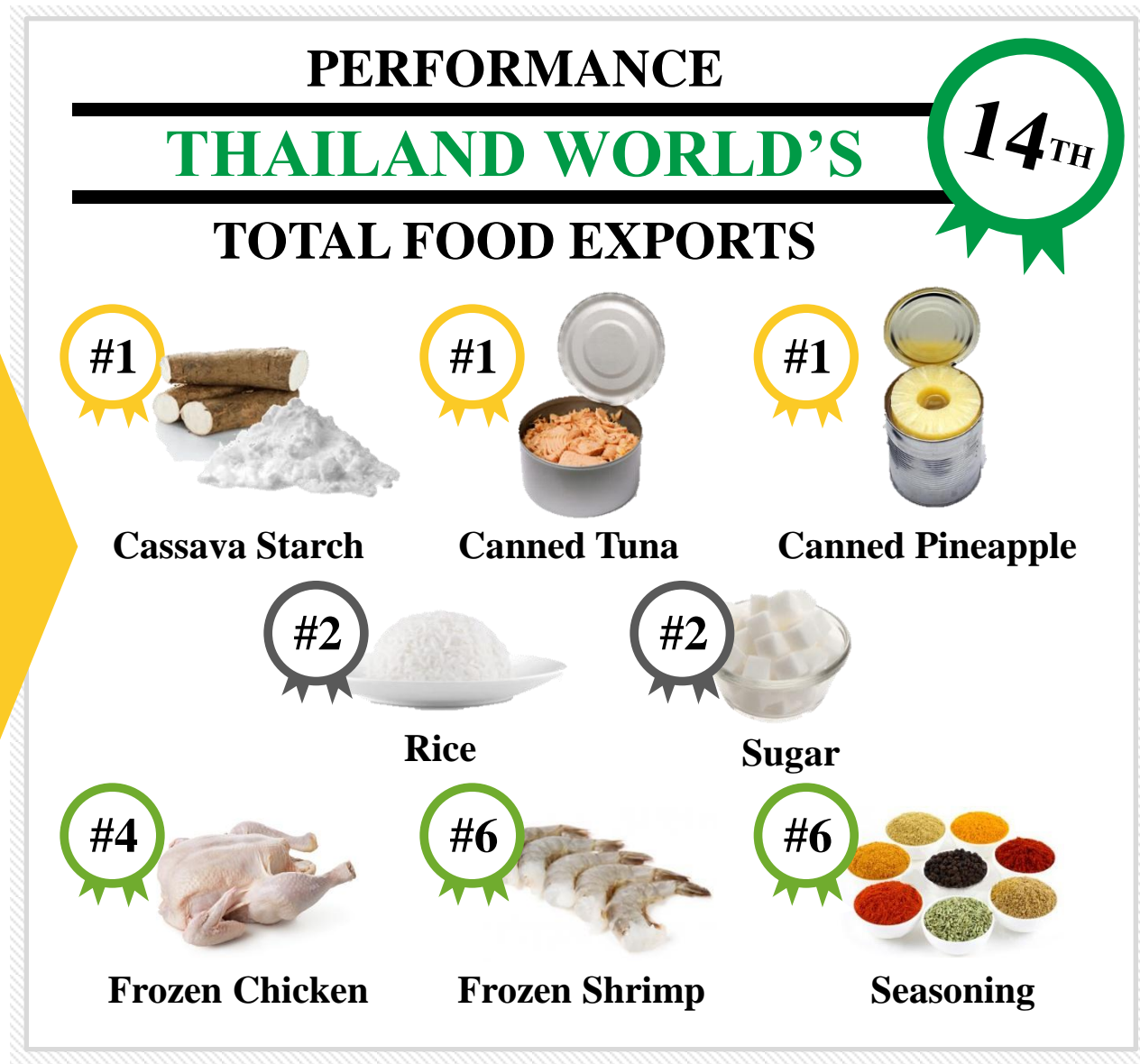
### Cassava Domestic Production<sup>2</sup>

[In '000 Tons]



# Thailand's Food Exports Rankings

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



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

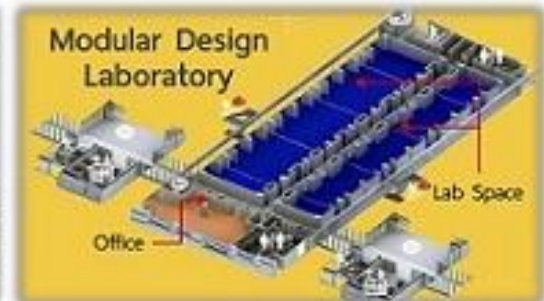
- The **reduction of tariff and non-tariff barriers** articulated in FTAs with Japan, India, Australia, New Zealand, Peru, and Chile



### 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



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

Specially Designed Facilities :



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)

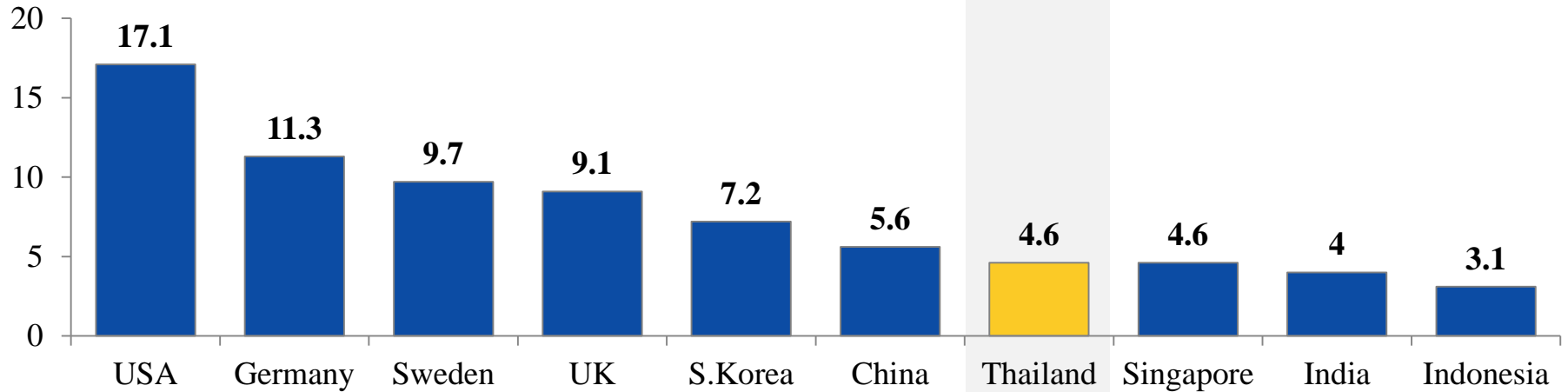
# Medical Industry



# Thailand Medical Industry Overview

## Thailand's Healthcare Expenditure as % of GDP

[Unit in %]



Source: World Bank, as of 2015

Opportunities in  
Thailand

Medical Services



Medical Devices



Pharmaceutical  
Sectors





THAILAND  
BOARD OF  
INVESTMENT

# IHQ/ ITC

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# International Headquarters (IHQ) and International Trading Centers (ITC)

## IHQ : Scope of Activities



Providing Information

Organizational  
Management &  
Business Planning

R&D

Economics and  
Investment Analysis  
& Research

Technical Support

HR Training  
& Development

Marketing and  
Sales Promotion

Business Advisory  
Services

Treasury Center

## ITC: Scope of Activities\*



Sourcing of Goods

Goods Insurance

Warehousing  
& Inventory Services

Advisory, Technical  
and Training Services  
about Trading

Packaging Activities

Other Services

Goods Delivery  
Services

# 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)



## 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](http://www.asidnet.org)
- Contact: BOI Unit for Industrial Linkage Development (BUILD)  
**Email:** [build@boi.go.th](mailto:build@boi.go.th)  
**Tel:** + 66 553 8111 ext. 7

# One Start One Stop Investment Center (OSOS)



More Convenience,  
less time,  
more efficiency!

**18<sup>th</sup> Floor, Chamchuri Square Building**

**319 Phayathai Road, Pathumwan**

**Domestic Call: 0 2209 1100, Inter. Call: (66 2) 209 1100**

**Email: [osos@boi.go.th](mailto:osos@boi.go.th)**



# One Start One Stop Investment Center (OSOS)

1

**Easing & speeding  
procedures for new investors**

2

**Assist investors with  
various applications;**

3

**Visa & Work permit  
renewal across the hall**

**38 Government agencies under One-roof**

- 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.



# BOI Office in Australia (Sydney)



## Sydney

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Director

***Thank you***