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“Thailand Investment Year 2019”

Thai PM, BOI, economic ministries show concerted efforts to support investment and enhance competitiveness

Thailand’s Prime Minister and five key government agencies, namely the Board of Investment (BOI), Ministry of Transport, Ministry of Science and Technology, Ministry of Digital Economy and Society, and Ministry of Industry, have shared government’s support and policies in 2019 that drive economic growth and promote investment, which will be focusing on strengthening young entrepreneurs and smart farmers.

Deputy Prime Minister Somkid Jatusripitak confirmed Thailand’s economic strength and ambition to extend economic cooperation across Asia while BOI’s Secretary General expressed confidence that the Thailand Investment Year measure would continue to boost national economic development.

At the opening of “Thailand Investment Year – What’s New” annual seminar hosted by BOI, Prime Minister Gen. Prayut Chan-ocha told over 2,000 business people from Thailand and overseas attending the seminar that the government aimed to enhance national competitiveness under the 20-year National Strategic Plan.

This will be carried out within three umbrella concepts. First, “Learning from the Past for Future Development”. Thailand will focus on the roots of its economy, identity, culture, tradition, and way of life, as well as the diversity of natural resources, and integrate them with technologies and innovations to accommodate modern global socioeconomic contexts. Second, “Adjusting the Present”. This will be achieved through national infrastructure development in terms of transport and logistics, science, technology, and digital technology, as well as environmental adjustment, to facilitate future industrial and service development. Finally, “Creating New Future Value”. The country will enhance capacity of entrepreneurs, develop younger generations, and adjust business models to meet the changing of market demand, through promotion and support from public sector.

Investments will continue to be the main economic growth driver. Thailand will encourage more investment that enhances national competitiveness by promoting such advanced technologies with high potential as biotechnology, as well as infrastructure development for connectivity under national development plans and international cooperation frameworks. Human resource is also in focus. Entrepreneurs at all levels will be developed to enable them to create more value to their goods and services. Meanwhile, large-scale companies are encouraged to help strengthen local enterprises’ capabilities. In addition, the government remains committed to supporting investors who have already existed in Thailand and new investors in emerging high-tech industries.

Prime Minister Gen. Prayut stressed the importance of enhancing farmers' capability to become smart farmers with a better quality of life and security in their profession. The development of smart farmers will be implemented in line with the development of the Eastern Economic Corridor: EEC that will be continually developed in all dimensions to encourage more investment in the area.

Thailand Investment Year: Turning Challenges into Opportunities

At the seminar, Deputy Prime Minister Somkid delivered a keynote speech on "Thailand Investment Year: Turning Challenges into Opportunities". He noted four opportunities for the country to capture.

The first is continuous economic growth during the past four years. In 2018, the country recorded 4.1% GDP growth, low inflation of only 1%, strong current account surplus of 7% to GDP, over \$200 billion of international reserve, and low public debt of 45% below GDP. Thailand's financial sector, especially the capital market, is very strong and has outperformed others.

In addition, the increasing spending in both government and people sector, combined with the growing tourism industry (which attracted over 40 million visitors in 2018) that have contributed to almost 20% of GDP, helps balance the country's dependence on exports. Third-party analysts, such as the World Bank and Bloomberg, therefore, all agreed that the Thai economy performed exceptionally well.

Thailand's engines of growth have also contributed to the continuous economic growth. The Eastern Economic Corridor (EEC) have been well received with strong interest from investors worldwide. EEC was designed to be a large modern economic hub, home to targeted industries under the Thailand 4.0 initiative. So far, foreign investment inflow in EEC has been increasing. In the past year alone, foreign investment in EEC grew by over 100%. Meanwhile, a lot of investors have expressed interest in EEC, including a group of Japanese investors, led by Mr. Hiroshike Seko, Japan's Minister of Economy, Trade and Industry (METI), and a group of Chinese investors, led by Mr. Wang Yong, State Councilor of China, who visited EEC during their mission to Thailand.

In addition, Thailand, especially its EEC project, has been clearly identified as a target investment destination under China-Japan economic cooperation which plans to invest in the third countries.

Infrastructure development in EEC has made significant progress, with most projects are under bidding and negotiation. Among them are a high-speed train linking the three airports, Map Ta Phut Port Phase 3, Aircraft MRO, U-tapao Airport expansion, Laem Cha Bang Phase 3, and EEC. Other supporting projects outside EEC have also made solid progress, including city train network expansion, village Internet projects and the preparation for a 5G telecommunication service scheduled for next year.

In terms of investment promotion, BOI announced 2019 as "Thailand Investment Year". Accordingly, special investment promotion measures have been introduced to support development in the industrial sector, the area of society and environment, and local development. These measures will be the key driver to attract more investment.

The second opportunity is the trade connection between CLMVT and the Greater Bay Area or GBA which covers Hong Kong, Macao, Guangdong, and Shenzhen, with ASEAN. Ms. Carrie Lam, Hong Kong's Chief Executive Officer, visited Thailand last week to preside over the opening of the Hong Kong Economic and Trade Office in Bangkok. Her visit showed that Hong Kong recognizes Thailand as a primary investment hub in the ASEAN region. Thailand is well positioned to connect the two sub-regions. In this respect, Hong Kong will be the gateway to GBA and Thailand will be the gateway to CLMVT and ASEAN.

The third opportunity is Thailand's chairmanship of ASEAN in 2019. The geopolitical development that has expanded to Asia, coupled with cooperation within Asia, including RCEP, Belt and Road Initiative, CPTPP, Indo Pacific, CLMVT have opened new opportunities for Thailand to demonstrate its capability in the global arena.

Lastly, the coronation of His Majesty King Maha Vajiralongkorn in May is a significant event in Thai history. The ceremony represents a remarkable symbol of the country's unity and stability. Investors are aware of the importance of this royal ceremony, which will further boost foreign confidence in Thailand's long-term potential.

Deputy Prime Minister Somkid said this was the right time for investors to grab the business opportunities and use Thailand as the gateway to springboard into CLMVT and other regions.

Thailand Investment Year package from BOI

Ms. Duangjai Asawachintachit, Secretary General of Thailand's Board of Investment, told the participants at the seminar that BOI has introduced various investment promotion measures, such as Thailand Investment Year, Smart City development, grassroots economy promotion, and tourism promotion, to make 2019 an opportune time for investors. These measures are designed to serve the two major objectives of national competitiveness promotion and inequality reduction. Thailand Investment Year measure in particular will attract large-scale investment, which will bring about greater benefits to the country's overall economy.

BOI also introduced its new online service under its "BOI Digital Transformation" concept. Such services include searching for BOI promotional privileges, online notification of BOI application approval, etc. These services will increase convenience and facilitate investors.

The seminar also features discussions by representatives from four economic ministries on "Concerted Efforts to Support Investment and Competitiveness". Measures discussed were "Connectivity" by the Permanent Secretary of the Ministry of Transport, "R&D, Innovation, and Startup Eco-system" by the Permanent Secretary of the Ministry of Science and Technology, "Digital Infrastructure & Startup Eco-system" by the Permanent Secretary of the Ministry of Digital Economy and Society, and "Industrial Transformation" by the Office of Industrial Economics.

The seminar wraps up with a so-called investment clinic held in cooperation between BOI and related organizations, namely the Department of Industrial Works, Department of Industrial Promotion, National Science, Technology and Innovation Policy Office, National Innovation Agency (Public Organization), Digital Economy Promotion Agency (Public Organization), Exim Bank, and EECi. Over 200 investors have already signed up for the consultation sessions with BOI. This confirms a great level of interest from investors, which signals a good start for Thailand Investment Year.
