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## **Thailand's Economy in Game-Changing Move With New Investment Strategy, BOI Article Says**

Riding on some \$20 billion in investment pledges announced during 2022 by leading companies such as Foxconn Technology, BYD Co., and Amazon Web Services, Thailand started implementing in January 2023 an even more ambitious five-year investment promotion strategy aimed at wooing more advanced technologies and upstream industries to bring about a new era of economic development, says a feature article published by the country's Board of Investment (BOI).

The article, which is citing officials and other stakeholders, describes how, under the new strategy, Thailand is offering much-improved incentives. These include up to 13 years corporate income tax exemption without a cap for investments in upstream industries and advanced technology, such as wafer fabrication, biotech, nanotech, and advanced materials, entailing innovation, and technology transfer through research cooperation with Thai entities.

The strategy aims to ensure Thailand remains innovative, competitive, inclusive, and becomes the showplace for digital innovation in Southeast Asia and a hub for business, trade and logistics, the articles says. To support that goal, the BOI offers special privileges to key long-term investors, to those establishing regional headquarters and R&D operations, and to small and medium-sized enterprises and new economy startups in sectors such as fast-growing digital media. For certain categories, investors and their top foreign talent will have the opportunity to apply for 10-year Long-Term Resident visas.

"We will use the BOI and investment as a tool to drive Thailand to the new economy," the article quotes BOI Secretary General Narit Therdsteerasukdi as saying in an interview.

In 2022, the new investment applications came from companies as diverse as Amazon Web Services, the cloud computing division of U.S. tech giant Amazon.com Inc, which has pledged to invest \$5 billion over several years; BYD Co., China's largest electric car

maker which has committed to spending \$660 million to build its first manufacturing operations in ASEAN; and Taiwan's Foxconn Technology, branching into EVs via a more than \$1 billion joint venture with Thai energy giant PTT.

While Thailand remains a major manufacturer of conventional vehicles, the EV investments by BYD and Foxconn, as well as earlier EV investments by Chinese rivals Great Wall Motor and SAIC Motor, and by Germany's Mercedes-Benz, which chose Thailand as the first location in the region to build its fully-electric Mercedes-EQS model, mean that Thailand is fast becoming a regional EV hub, the article says.

Adding to the positive investment mood, Mr Akio Toyoda, head of Toyota Motor Corp., one of the country's largest foreign investors, chose the celebration in Bangkok in December 2022, of the 60th anniversary of the company's Thai unit, to unveil the first battery electric (BEV) version of its best-selling Hilux truck and announce a partnership with Bangkok-based CP Group to turn agricultural biomass into fuel for hydrogen-powered vehicles. He also described Thailand, which is today home to the company's Asia headquarters, overseeing engineering and manufacturing in 20 countries and serving as a research and development hub, as his second home.

The article identifies five priority sectors at the core of the strategy, including the critical Bio-Circular Green (BCG), a burgeoning sector of green, smart, renewable-focused foreign and home-grown industries. The other four are the electric vehicle supply chain, smart electronics manufacturing, the digital sector and the creative industries.

Among the foreign companies BOI Secretary General Narit would like to snare are those facing mounting pressures at home from stakeholders to conform to environmental, social and governance (ESG) concerns. "As the world focuses on ESG, investors need clean energy and we can provide it," he says in the article. "Thailand has the answer."

Investors interviewed for the article agree. "It's a roadmap that is recognizing change, designed to reshape the investment landscape and it is important to bring in the industries they are focused on," Vibeke Lyssand Leirvåg, Chairwoman of the Joint Foreign Chambers of Commerce in Thailand, which represents 9,000 foreign companies doing business in the kingdom, is quoted as saying about the strategy. "The BCG is attractive to many foreign investors and is giving the strategy a focus."

The article also describes how the leading source countries of investments into Thailand span geopolitical divisions, as the country is seen as neutral and resilient to crisis. While Chinese companies ranked number one in 2022, accounting for more than \$2.3 billion pledged, Japanese investors retained first place measured by the number of projects approved and remain the biggest accumulated source of foreign direct investment. Measured by investment size, U.S. companies came in third followed by Taiwan and Singapore.

Investors highlighted Thailand's advantages over rival destinations. They include the kingdom's geographical location at the heart of Southeast Asia's 685 million-strong consumer market, its "liveability" and "stability" as seen in the predictability of its business environment irrespective of the political climate of the day, and its efficient handling of the Covid crisis which allowed business operations to continue uninterrupted. "Quality of life and quality of business life are good in Thailand," Ms Leirvåg said.

The series of roadshows conducted by the BOI in key FDI source countries is being warmly received, the article added, citing the example of Japan, where many firms see opportunities to invest in Thailand in BCG-related technologies such as hydrogen cell fuel development, while others are interested in automation and robotics and the privileges available to companies moving headquarters functions.

“According to our latest survey, many Japanese companies have confirmed that they will expand their operations in Thailand,” Kuroda Jun, the Japan External Trade Organization (JETRO)’s Chief Representative for ASEAN, was quoted as saying.

Thailand is already the world’s second biggest exporter of computer hard disk drives, the 10th biggest auto manufacturer and one of the planet’s leading food suppliers. These existing industrial clusters, robust supply chains and good infrastructure including ports, roads and power supplies are among its key attractions for Japanese investors, according to the JETRO survey.

Investors acknowledge that they also encounter challenges in Thailand. The nation of 70 million faces headwinds ranging from traffic congestion to an aging population to an education and training system that sometime struggles to keep pace with the country’s transformation into a knowledge economy. “Although we have relatively strong human resources, the challenge now is to raise Thailand’s manpower to a higher level,” says Dr Somkiat Tangkitvanich, President of the Thailand Development Research Institute, an independent private not-for-profit think tank.

Dr Somkiat, who also serves as an advisor to the BOI board, sees the new investment strategy as being instrumental in addressing such challenges. He points to the BOI’s increasing flexibility towards different types of companies, saying additional incentives to long-established investors would encourage them to raise their game. “They have to be dynamic, move up the value-added ladder,” Dr Somkiat said. “The country has to move forward and investors have to move forward as well.”

To read the complete story, please click on the link below:

<https://www.boi.go.th/un/advertorial14>

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