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INVESTMENT SERVICES CENTER
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Thailand BOI Approves Enhanced Measure to Boost EV Sector; Reports 110.7 Billion Baht in Investment Applications in Q1

In line with the Thai government's policy to accelerate the growth of the domestic market for electric vehicles (EV) and help to quickly expand the related infrastructure, especially charging stations, the Thailand Board of Investment (BOI) today approved revised incentives and conditions for investments in that sector.

Adding to the 5-year corporate income tax exemption available to investments in charging stations with at least 40 chargers, 25% of which are DC type, the revised measures now allow smaller charging stations to be eligible to 3-year tax benefits, Ms. Duangjai Asawachintachit, Secretary General of the BOI, told reporters.

The revised measures also abolish two requirements, namely the condition barring investors to receive additional benefits from other agencies, and the requirement for ISO certification. These two conditions are no longer relevant given that some chargers could be installed in other establishments such as hotels and condominiums, not necessarily at typical charging stations. Moreover, in order to ensure rapid expansion of charging facilities, a combination of several support measures may be required.

Charging station investors are now only required to adhere to the relevant safety regulations and to submit either a plan to implement an EV Smart Charging System or to connect to an EV Charging Network Operator Platform which is to be developed as a central mechanism to create an efficient management for both operators and battery electric vehicle (BEV) users.

"We have listened to the EV-related investors' concerns and revised the measures to ensure that our incentives stay relevant in a fast-changing business environment. This will enable investors, particularly SMEs and startups to have more access to BOI benefits, and manage their costs more effectively," said Ms. Duangjai, who was speaking after a board meeting chaired by Prime Minister Gen Prayut Chan-ocha.

The BOI already provides comprehensive incentives to the EV sector's supply chain, with measures to promote the manufacturing of both complete vehicles and essential parts.

First Quarter Investment Applications Total 110.7 Billion Baht

Ms. Duangjai reported to the board that the total value of foreign and local investment promotion applications during the first quarter of 2022 showed a slight decline in combined value due to the impact of the global geopolitical and economic challenges, partly softened by a small rise in the number of project applications.

During the January to March period, the BOI received applications for investment promotion worth a total of 110.7 billion baht (USD 3.4 billion), a decrease of 6% when compared with the same period last year. The number of applications, 378 projects, represented an increase of 1% over the year earlier quarter.

During this period, FDI grew by 29% and accounted for 70% of total pledges, with 77.3 billion baht in investment value. The top three on the list of FDI sources for the quarter were Taiwan, Japan and China.

Among the targeted industries, the automotive and parts sector topped the list with investment value of 41.6 billion baht, or around 53% of target industries' applications during the period, followed by agriculture and food processing with 12 billion baht, and electronics with 10.3 billion baht. Overall, the 12 targeted sectors attracted a combined value of 78.2 billion baht, representing 70.6% of the total pledges.

In terms of regions, the Eastern Economic Corridor (EEC), the country's high technology and manufacturing hub, attracted the most applications with 60.4 billion baht.

It is also worth noting that some interesting large scale investment projects in advanced technology industries/services were approved by the BOI during this first quarter such as specialty fibers, data centers, multi-layer ceramic chip capacitors, optical fiber telecommunication equipment, hard disk drives, multi-layer printed circuit boards and copper foil for multi-layer PCBs, Ms. Duangjai said.

BCG Startup Investment Day

Ms. Duangjai also told reporters about the success of the BCG Startup Investment Day that the BOI and the National Innovation Agency jointly held on March 24, 2022. The event was attended by more than 1,000 participants in face-to-face and online meetings. Under the concept "Bio-Circular-Green Economy", the event aimed to strengthen the country's biodiversity capabilities and create opportunities for startups in medical, agriculture, food and energy sectors to meet with investors from world-class incubators, venture capital and corporate venture capital funds.

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