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THE BOARD OF INVESTMENT
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Thailand Investment Applications Rise 70% to 364.4 Billion Baht in Jan-June on Rising FDI in Electronics, Food Processing, EV, BOI Says

The Thailand Board of Investment (BOI) said today that applications for investment promotion in the first half of 2023 increased 70% on year in value to a combined 364.4 billion baht (US\$ 10.3 billion), led by foreign direct investments (FDI) which soared 141% as global companies continue to favor Thailand as a manufacturing base in targeted industries including electronics, food processing and automotive, especially in the electric vehicles (EV) supply chain.

In the January-June period, the number of project applications also increased to 891 projects, up 18% compared to the same period of 2022. Of that total, 464 projects were in the targeted industries, representing a combined value of 286.9 billion baht, or 79% of all applications.

The number of FDI applications increased 33% to 507 projects during the first 6 months, while the total investment value of the FDI projects soared to 304 billion baht, an increase of 141% from the year earlier period. China was the largest source of FDI applications with total investment pledges of 61.5 billion baht for 132 projects, mostly in electronics parts manufacturing. Singapore came in second with 73 projects representing combined investments of 59.11 billion baht, while Japan ranked third with 98 projects worth 35.33 billion baht in investments. The value of the Japanese applications was more than double the 16.79 billion baht filed in the first half of 2022, mainly due to large electronic components and automotive parts projects.

“The investment applications in the first half show a very positive trend and foreign investment in particular continued to increase at a very high rate, especially in electronics and EV, which are among our priority sectors,” Mr. Narit Therdsteeerasukdi, Secretary General of the BOI. “This reflects the confidence of foreign investors toward Thailand in

regards to our fundamentals, well-developed infrastructures, and our strong supply chain.”

Thailand’s strong fundamentals include improving forecast for economic growth and the recent announcement by the International Institute for Management Development (IMD) that Thailand's competitiveness ranking for 2023 has improved by three positions, to 30th, out of the 64 economies from around the world ranked by the IMD.

The electrical appliances and electronics (E&E) industry received the highest amount of investment and led the sectors ranking with 106 projects, including large projects in printed circuit boards (PCB), IC and wafer testing, and smart electronics, representing an investment value at 160 billion baht, up 7 times from the same period last year. The sector’s continuous rise reflects the ongoing relocation trend by electronic component makers seeking to reduce risk from the trade war and geopolitical tension, as well as investors' confidence in the potential of Thailand as a risk-free production base.

The agro-industry and food processing sector came second with 139 projects worth a combined value of 51.3 billion baht. Investment applications filed in this sector during the first half included projects by well-known brands, such as Pringles Company, the United States-based manufacturer of potato chips, and Belgium’s famous biscuit maker Lotus Biscoff.

In the past 6 months, the automotive and parts industry saw 80 investment applications worth a total of 19.6 billion baht, with most projects involving the production of parts such as tires, axles, hybrid transmission system and electric charging stations for EV.

Under the end-to-end EV promotion policy of the Thai Government and the comprehensive incentives offered by the BOI for this priority sector. The policy has successfully attracted investment from world leading manufacturers and positioned Thailand as the hub for EV manufacturing in ASEAN and helped to make Thailand the fastest growing market in the region. So far, 14 battery electric vehicle (BEV) manufacturers have been granted investment promotion benefits for projects worth a combined investment value of 33.9 billion baht, representing an annual production capacity of 276,640 units.

The EV investments approved so far include projects by China’s BYD Auto, Great Wall Motor, and SAIC, by Germany’s Mercedes Benz, and by HorizonPlus, a joint venture between Thailand’s PTT Group and Taiwan’s Foxconn. Several other major manufacturers have already announced plans to invest in Thailand, such as Changan Automobile and GAC AION New Energy Automobile, and are expected to file investment applications in the second half of the year.

Besides the targeted industries, another industry that saw a large number of applications in the first half is the power generation sector, with a total of 195 projects worth a combined investment value of 26.2 billion baht. Out of that total, 186 projects were renewable energy projects representing 8.33 billion baht worth of investment.

In terms of the geographical distribution of the investment applications during the first six months, Thailand's Eastern Economic Corridor (EEC) area saw a total of 306 project applications representing 171.47 billion baht in investment value, or 47% of the total application value during the period. Most applications located in the EEC area were for projects in the E&E, petrochemicals and automotive sectors. The country's central region followed in second with 362 projects worth 75.19 billion baht in investment.

LTR Visa

Mr. Narit also provided an update about the Long-Term Resident Visa (LTR Visa) program, one of the additional services provided by the BOI to stimulate investment. The LTR Visa program was announced last year to help the economy by attracting high-potential investors and experts into Thailand. As of end-June, the BOI has received more than 4,200 LTR Visa applications, with most filed by citizens of Europe, the United States and China.

Recently, the program's scope has been updated to accommodate professionals, and experts in technology and business fields that are important for the country's development, Mr. Narit said.

Also, the BOI has appointed a total of four certified agents to facilitate foreigners' applications for the LTR Visa and provide additional services, to help successful visa holders move to Thailand, Mr. Narit said. In addition, the BOI is in the process of upgrading the LTR Visa application and document certification system to allow for faster processing and accommodate the increasing demand for the visa after many countries fully re-opened borders in the post-Covid era.

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