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Lenzing's New €400 Million Factory Strengthens Thailand's Status as Regional Bio-Green-Circular Hub, BOI Says

The recent start of operations at European textile giant Lenzing's recent opening of the world's largest production plant for the eco-friendly fiber lyocell exemplifies Thailand's status as a hub for green and sustainable investments, according to an article published on the Thailand Board of Investment (BOI) website.

Like numerous other foreign investors, Lenzing in part chose the Kingdom for its strategic location and connectivity at the heart of Asia. But the Austrian multinational with operations on four continents also decided to build its euro 400 million factory there because of Thailand's commitment to sustainable growth through a model known as the Bio-Circular-Green Economy, or BCG, the article said.

Thailand has become a land of sustainability for environment-conscious businesses. In 2021, foreign and local investors committed to 149.5 billion baht (\$4.2 billion) worth of BCG-related investments in Thailand – more than double the figure for the previous year, according to official data. In the first half of 2022, the trend continued, with investors pledging a further 80 billion baht. The BOI offers generous tax breaks and other incentives to companies aligned with the BCG goals in sectors such as food processing, bio-fuel, bioplastics, biotechnology, renewable energy and recycling.

The article cited as example the French – Dutch joint venture Total Corbion PLA, which opened in 2018 in Thailand's Eastern Economic Corridor a \$250 million plant that converts local cane sugar into polylactic acid, or PLA, a renewable and biodegradable alternative to polystyrene and other oil-based polymers. In 2021, the partners announced the venture has upped annual production from 75 to 100 million tonnes to meet demand.

As for Lenzing, which targets to cut its greenhouse gas emissions by 50 percent by 2030, it is recognised as the leading producer of lyocell, a wood-based fiber that's 100 percent biodegradable and compostable, requires no harmful chemicals and recycles 99.5 percent of solvent used in its production through an innovative circular closed-loop process.

The new factory, which opened in March 2022 in Prachinburi, 140 kilometers east of Bangkok, runs on green biogenic energy and relies on sustainable water supply to produce 100,000 tonnes of lyocell every year.

“Thailand with its commitment to sustainability fitted with our clear long-term vision,” the BOI article quoted Lenzing Vice President and Senior Project Director Ismail Abdullah as saying. “Here we will be able to transform our manufacturing and support our ambitious climate targets. For Lenzing, this project represents a very important step towards a carbon-free future.”

Such is the momentum that the government expects the BCG sector to account for almost one-quarter of the country’s GDP by 2027 compared with 21 percent today, the article said. The fertile, biodiverse Kingdom of 70 million is one of the world’s most important agricultural nations and food exporters

Global chemical company Indorama Ventures Public Company Limited (IVL) was also cited as another example of the move towards increased recycling and sustainability. IVL is the world’s largest manufacturer and recycler of polyethylene terephthalate, or PET, a 100 percent recyclable plastic most commonly used for food packaging and beverage bottles. Founded in Thailand in 1994 and still headquartered there, IVL’s operations now span 35 countries, and in 2021 the company reported revenues of \$14.6 billion. Since 2011, the company has recycled more than 80 billion bottles, and it has committed to the Ellen MacArthur Foundation to invest US \$1.5 billion to increase that recycling capacity to the equivalent to 50 billion bottles per year by 2025.

The article also pointed out that large corporates are not the only beneficiaries of the BCG policy and incentives. Among small and medium sized enterprises, Bangkok-based PlanToys has literally carved out a \$15 million export market to the U.S., Europe and Japan by making innovative high-end wooden toys from unwanted rubber trees.

Thailand is the world’s largest rubber producer, but the trees that swathe the country’s southern provinces can only produce latex for 25 years. After that, they become useless to plantation owners, who traditionally burn them and then have to clean up the land for replanting. “We never cut down trees,” the article quoted PlanToys Managing Director Kosin Virapornsawan as saying. “We upcycle them.”

By 2030, Thailand expects to reduce greenhouse gas emissions by 20-25 percent. “BCG is a journey Thailand is taking to become a high-income nation,” the article quoted Dr Janekrishna Kanatharana, Executive Vice President of the country’s National Science and Technology Development Agency (NSTDA) as saying.

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

<https://www.boi.go.th/un/advertorial13>

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