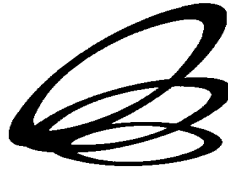


ศูนย์บริการลงทุน

สำนักงานคณะกรรมการส่งเสริมการลงทุน

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BOI Introduces Comprehensive Measures to Enhance Thai Businesses' Competitiveness Amid Global Trade Tensions

The Thailand Board of Investment (BOI) has launched a comprehensive package of investment promotion measures to support Thai business in adapting to rising global trade challenges, including the implementation of U.S. tariff measures and intensifying trade tensions.

The measures aim to enhance the capabilities of Thai businesses, particularly in the parts and components sector, enabling them to integrate more effectively into the global supply chain. In addition, the BOI has been facilitating business matching and networking activities to help Thai businesses expand their market presence both domestically and internationally—turning global challenges into opportunities for growth.

Mr. Narit Therdsteerasukdi, Secretary General of the Thailand Board of Investment (BOI), revealed that the recent implementation of Reciprocal Tariff measures by the United States has raised concerns among global investors. At the same time, domestic business competition is intensifying. In response to these circumstances, the BOI has held consultations with investment-promoted companies across various sectors over the past two months to better understand their difficulties and identify measures to reduce the impact.

As a result, the BOI Board, chaired by Deputy Prime Minister and Minister of Finance Mr. Pichai Chunhavajira, has recently approved a comprehensive policy package under the theme “Enhancing the Capabilities of Thai Businesses to Adjust to the New Global Trends”.

The initiative addresses two strategic objectives:

1. To enhance the competitiveness of Thai businesses and strengthen domestic supply chains to ensure greater resilience in response to accelerating global transformations.
2. To mitigate risks from U.S. trade measures and ensure appropriate investment in specific sectors, thereby protecting domestic industries and maintaining a balanced competitive landscape.

The policy package includes the following measures:

- **Strengthening domestic supply chain of the Electric Vehicle (EV) and Electrical Appliance Manufacturing**

This measure aims to expand market opportunities for Thai parts manufacturers and facilitate their integration into the global supply chain while encouraging the use of domestically produced components in the EV and electrical appliance industries through a set of incentive-based conditions.

To qualify for the incentives, companies must obtain a “Made in Thailand (MiT)” certification from the Federation of Thai Industries. This certification requires a minimum proportion of locally sourced materials and parts, as follows:

- At least 40% of total material value for battery electric vehicles (BEVs)
- At least 45% of total material value for plug-in hybrid electric vehicles (PHEVs)
- At least 15% of total material value for EV parts
- At least 40% of total material value for electrical appliances

Qualified projects will receive an additional 2-year corporate income tax reduction, capped at 50% of the CIT, on top of existing BOI incentives. This measure will be implemented alongside business matching activities that connect large-scale investors with local parts producers, including the SUBCON Thailand event which generates an annual business value of over 20 billion baht (ca. USD 620 million), and also Sourcing Day initiatives jointly organized by the BOI and leading firms in the automotive, electrical appliance, and electronics sectors.

- **Tightened Criteria in the Evaluation of Essential Production Processes in Sensitive Industries**

To mitigate the risk of misuse of investment privileges and reduce potential impacts from foreign trade measures, particularly those imposed by the U.S., the BOI has tightened the criteria used in the evaluation of essential production processes in certain industries deemed at higher risk. These include automotive parts, electrical appliances, electronics, metal products, textiles, furniture, bags, and related sectors.

Under this measure, a clear requirement has been established: a substantial transformation of key raw materials into final products must be demonstrated. The production process must involve a sufficient level of transformation such as a change in the Harmonized System (HS) code at the 4-digit level or higher.

This approach will ensure that export-oriented manufacturing activities in Thailand generate real value-added benefits while also strengthening the country’s industrial credibility.

- **Regulating Investment in Selected Sectors to Protect Domestic Industries and Ensure Fair Competition**

To protect domestic industries and maintain a balanced business environment, the BOI has adjusted regulations for investment promotion in certain sectors. The first group includes activities that rely on low-level technologies and are exposed to risks from

U.S. trade measures. As such, investment promotion for the production of solar panels, automotive accessories, and decorative parts has been discontinued. In addition, majority Thai ownership is now required for projects involving the production of furniture, bags, and printed materials.

The second group comprises industries facing oversupply issues. To address this, the BOI has ceased to promote investment in manufacturing of downstream steel products, such as all types of long steel, hot-rolled steel sheet, thick steel plates, steel pipes, and metal cutting operations.

The third group includes activities with potential environmental or community impacts. They involve the production of metal products, chemicals, plastics, and operations such as metal rolling, drawing, casting, or forging. For such projects, BOI investment incentives will no longer include land ownership rights. This is to ensure that these activities are located within industrial estates or zones, where environmental and regulatory oversight can be more effectively enforced.

- **Revision of Criteria for the Approval of Foreign Personnel to Promote Local Hiring and Knowledge Transfer**

To enhance domestic employment opportunities and encourage greater knowledge transfer to Thai personnel, the BOI has revised the criteria for the approval of foreign nationals working for companies under its investment promotion framework.

For manufacturing businesses with a total workforce of 100 employees or more, companies are now required to maintain a workforce composition of at least 70% Thai nationals.

In addition, the BOI has introduced new minimum income thresholds for foreign personnel applying for BOI-related visa and work permit privileges. Specifically, executive-level personnel must earn no less than THB 150,000 per month, while expert-level personnel must earn no less than THB 50,000 per month.

These adjustments aim to ensure that foreign specialists entering Thailand under BOI privileges possess the high-level skills and expertise necessary to contribute effectively to the Thai economy and support value creation across industries.

In addition, the BOI is preparing to propose additional measures to support businesses directly affected by the recent tariff increases imposed by the United States. These measures aim to ensure that Thailand remains competitive in attracting foreign investment, particularly in key export-oriented industries where the country serves as a major production base for the U.S. market. The focus will be on high value-added sectors such as food, rubber products, automotive parts, electronic components, electrical appliances, machinery, and gems and jewelry.

“The ongoing global trade tensions, driven by rising tariffs, new trade regulations, increasing imports, foreign investment inflows, and emerging technologies, have significantly intensified the level of competition businesses are facing, and that may disrupt traditional industries. In response to the circumstances, Thailand must adopt a strategic approach to economic and investment policy, a policy that not only upgrades existing industries but also fosters the development of new industrial bases to serve as long-term engines of growth. The BOI has therefore introduced a series of new measures

aimed at reorganizing investment promotion and encouraging Thai businesses to adapt swiftly and seize new growth opportunities in this evolving global trade landscape,” said Mr. Narit Therdsteerasukdi.

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