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BOI Webinar „Think Resilience – Think Thailand“

Update on ASEAN & Thailand

Martin Schneider

**Chairman Thailand Committee, Swiss-Asian Chamber of Commerce
CEO BRAINFORCE Group**

May 27, 2021



The Swiss-Asian Chamber of Commerce (SACC)

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A Switzerland-based private, Non-Profit-Organisation with over 540 members, including leading Swiss multinational corporations and small and medium sized enterprises (SMEs), as well as individuals.

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Martin Schneider,



CEO BRAINFORCE Group

**[thailand@
brainforce-ag.com](mailto:thailand@brainforce-ag.com)**

Zurich - Bangkok

Thailand & ASEAN

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- **Key Figures**
- **Ease of Doing Business**
- **Investor Challenges**
- **Infrastructure Quality**
- **Free Trade Agreements**
- **Taxation & Incentives**

Key Figures: Thailand - Central Powerhouse in ASEAN

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2020 Data rounded	Thailand	ASEAN	Switzerland
Population (million)	68	654	8.6
GDP / capita (USD)	18'073	12'921	72'200
GDP (PPP) (billion USD)	1'261	8'455	570
			Wikipedia 2021

Any major city in ASEAN, China and India can be reached from Bangkok Suvarnabhumi Airport within 4-5 hours.

Bangkok

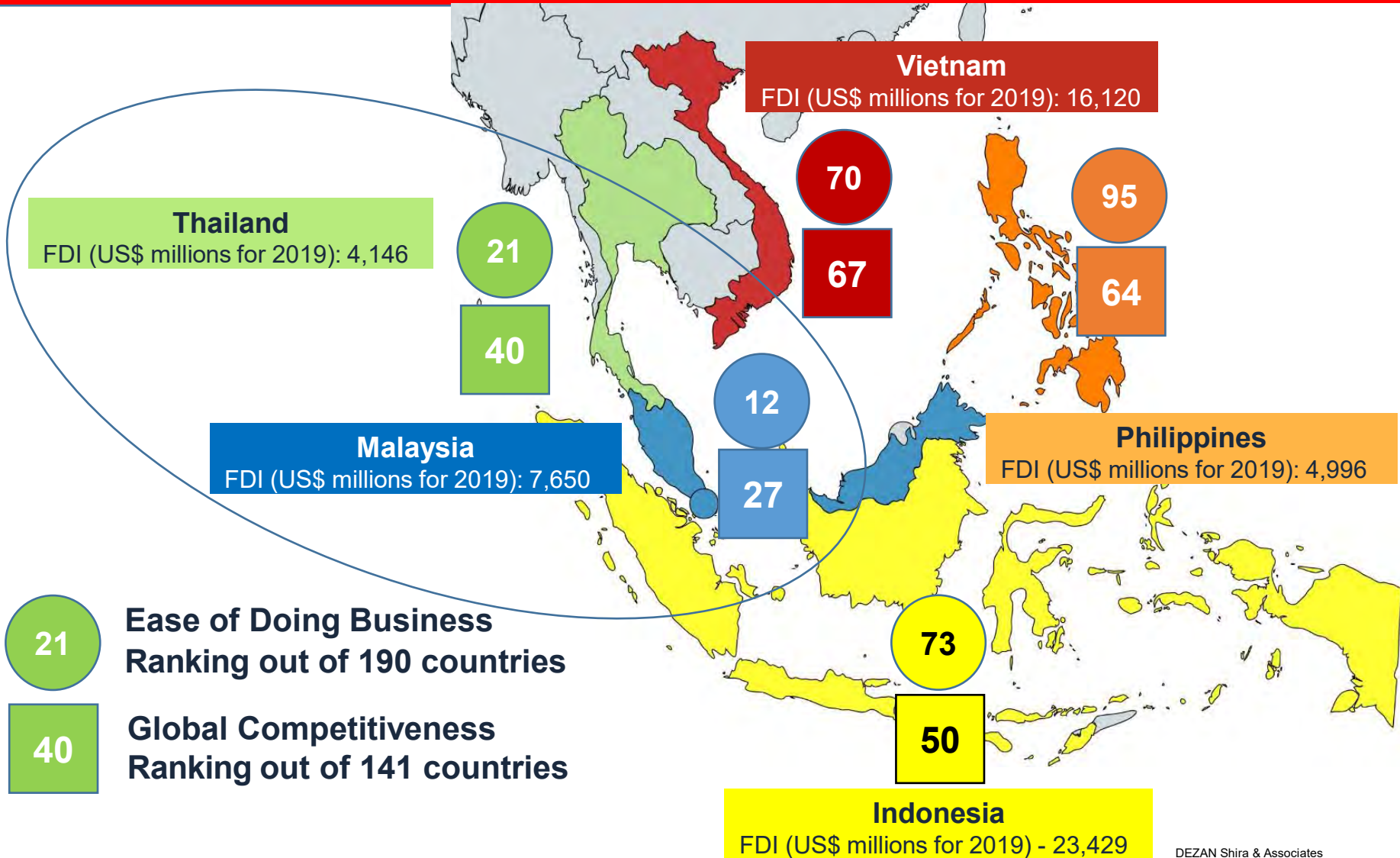


Thailand and its Competitors

Competitiveness & Ease of Doing Business

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21 Ease of Doing Business
 Ranking out of 190 countries

40 Global Competitiveness
 Ranking out of 141 countries

Thailand and its Competitors Investor Challenges - Survey

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	Indonesia	Malaysia	Philippines	Thailand	Vietnam
Barriers to ownership and investment	50%	25%	39%	42%	32%
Corruption	50%	35%	44%	38%	48%
Cost of operations	15%	5%	33%	14%	19%
Information /cyber security	8%	10%	6%	2%	0
Infrastructure gaps	19%	15%	11%	12%	32%
Lack of access to skilled labour	23%	50%	6%	42%	23%
Lack of fair enforcement of the law	31%	20%	22%	21%	23%
Political instability	38%	25%	22%	23%	6%
Quality and ease of banking services	0%	25%	0%	9%	16%
Restrictions on service offerings	12%	15%	22%	14%	16%
Taxation	19%	5%	33%	6%	6%
Time and cost of import / export procedures	4%	10%	17%	11%	13%

Note: Percentage of respondents who identified each issue as one of their top 3 major challenges of operating in ASEAN in a survey. Highlighted are the top challenges in the respective countries. (Source. DEZAN Shira & Associates)

Thailand and its Competitors Infrastructure Quality

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Countries	Road		Rail		Air		Sea	
	Road connectivity	Quality of road infrastructure	Railroad density	Efficiency of train services	Airport connectivity	Efficiency of air transport services	Liner shipping connectivity	Efficiency of seaport services
Indonesia	59.8	52.6	6.5	61.1	100.0	65.2	47.8	55.8
Malaysia	40.0	72.4	17.1	67.6	88.9	74.8	100.0	70.0
Philippines	51.6	44.8	4.3	23.0	82.6	52.3	29.0	44.7
Thailand	80.0	56.6	21.8	30.3	98.9	67.3	48.0	51.4
Vietnam	63.3	40.1	19.1	43.3	86.0	49.7	68.8	47.3

Note: Scores as per the Global Competitiveness Index. Higher, the better. Highlighted are the top two performers in each category

Thailand and its Competitors Infrastructure Quality

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Parameter	Indonesia	Malaysia	Philippines	Thailand	Vietnam
Customs: clearance process by border control agencies/customs	2.67	2.90	2.53	3.14	2.95
Infrastructure: Quality of trade and transport related infrastructure	2.89	3.15	2.73	3.14	3.01
International Shipments: competitively priced shipments	3.23	3.35	3.29	3.46	3.16
Logistics competence of logistics services	3.10	3.30	2.78	3.41	3.40
Tracking & tracing of consignments	3.30	3.15	3.06	3.47	3.45
Timeliness: within scheduled or expected delivery time	3.67	3.46	2.98	3.81	3.67

Note: Scores as per the Logistics Performance Index. Higher, the better. Highlighted are the top two performers in each category

Thailand and its Competitors Free Trade Agreements

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Major FTA Partners/Agreements	Indonesia	Malaysia	Philippines	Thailand	Vietnam
ASEAN Free Trade Area	✓	✓	✓	✓	✓
ASEAN - China	✓	✓	✓	✓	✓
ASEAN – India	✓	✓	✓	✓	✓
ASEAN – Australia/New Zealand	✓	✓	✓	✓	✓
ASEAN – Japan	✓	✓	✓	✓	✓
ASEAN – Republic of Korea	✓	✓	✓	✓	✓
European Free Trade Association (EFTA) (Iceland, Liechtenstein, Norway, and Switzerland)	✓	✗	✓	✗	✗
CPTPP	✗	⊖	✗	✗	✓
RCEP (China's Pact)	⊖	⊖	⊖	⊖	⊖
EU	✗	✗	✗	✗	✓

✓ In Effect



⊖ Signed, but ratification procedures are ongoing/entry into force is pending

Thailand and its Competitors Taxation – Corp. Taxes & VAT

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Countries	Corporate Tax Rate	VAT/GST/Sales Tax (standard rates)
Indonesia	22% (20% from 2022)	10% (VAT)
Malaysia	24%	10% (Sales Tax) and 6% (Service Tax)
Philippines	25% (20% by 2026-27)	12% (VAT)
Thailand	20%	7% (VAT)
Vietnam	20%	10% (VAT)

Thailand and its Competitors Incentives for FDI (simplified)

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	Principles	Corp. Income Tax Exemption	Import Duty Exemption	Non-Tax Incentives
Thailand	<p>Activity & Merit-based</p> <p>R&D + Infrastructure + High Technology + Support in SC</p> <p>Competitive Enhancement + Decentralization + Industrial Estates/Zones</p>	<p>overall: 1 – 13 yrs.</p> <p>3 - 8 (10) yrs.</p> <p>1 – 3 yrs. (for Inv. 200-600 MTHB)</p>	<p>Machinery</p> <p>If for export products: Machinery + Raw Materials</p>	<p>Permit to remit profits abroad in foreign currency;</p> <p>Unlimited annual work-permits for foreign skilled workers & experts; option for permanent residency</p> <p>Permit to own land</p>
Malaysia	<p>Activity-based</p> <p>Manufacturing & selected services</p>	<p>Post-covid 2021+:</p> <p>0-10% for first 10 yrs.</p> <p>10% for next 10 yrs. (15% for 15 yrs for large Investments),</p>	<p>Machinery/Components, Raw Materials</p> <p>Selected sectors</p>	<p>Annual work-permits for foreign skilled workers, limited to 10 yrs;</p> <p>General advice and guidance by MIDA</p>
Philippines	<p>Activity-based</p> <p>Pioneer/non-pioneer activities</p>	<p>New Inv.: 4 - 6 yrs.</p> <p>Add-on: 3–6 yrs.</p> <p>Or: 5% always (PEZA)</p>	<p>raw materials & semi-manuf. prod.</p> <p>(for export only)</p>	<p>Repatriation of profits investments;</p> <p>Work-permit up to 10 yrs.;</p>
Indonesia	<p>Activity & Merit-based</p> <p>export focus, manpower, local content, and location</p>	<p>Tax Allowance on 30% of Investment for 5-20 yrs.</p>	<p>Machinery & raw materials 3 yrs,</p> <p>0% on FG if local content 40%</p>	<p>Land Title for up to 80 yrs.;</p> <p>Stay permit up to 15 yrs.& eligible for permanent residency</p>
Vietnam	<p>Activity-based</p> <p>Manufacturing & selected services</p>	<p>first 2-4 yrs. 0%</p> <p>then for 4-9 yrs. 5-8%</p> <p>Afterwards 10-17%</p>	<p>2 – 4 yrs.</p> <p>selected sectors;</p>	<p>Work permit for foreign experts, executives or technicians</p>

Thank You

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BRAINFORCE AG (Headquarters)
Hardturmstrasse 161
8005 Zurich / Switzerland
Phone: +41 44 448 41 41
management@brainforce-ag.com

www.brainforce-ag.com
www.sacc.ch

BRAINFORCE (Thailand) Co., Ltd
388 Exchange Tower, Level 29
Sukhumvit Rd, Klongtoey
Bangkok 10110 / Thailand
Phone: + 66 2 104 9100
thailand@brainforce-ag.com