

# Investment Opportunities and Sourcing in Thailand (Post Covid-19)

**Sonklin Ploymee**  
Deputy Secretary General,  
Thailand Board of Investment  
31 March 2021



# AGENDA

## Investment Opportunities & Sourcing Post Covid-19 in Thailand

-  Opportunities Overview
-  Digital
-  Advanced Manufacturing
-  Medical Industry
-  BCG

# Thailand in Post-COVID Era: Silver Linings and Challenges

Strength in crisis

Digital transformation accelerated

Kitchen of the world

Medical sector

Recovery performance

Adapting to the New Normal

## Skills and digital literacy

- **Digital literacy:** enabling workers to remain productive while in lockdown
- **Upgrading / reskilling:** preparing workers for the new nature of production in the post-COVID economy

## Selective industry prioritization

- **Argo and food:** focusing on agriculture value addition and processing in order to guarantee a level of supply sufficient for domestic consumption
- **BCG industries:** ensuring that extracted resources are most efficiently utilized, and in the most environmentally friendly manner

## Regional connectivity

- **Regional supply chain:** enhancing connectedness between ASEAN countries

## State efficiency improvement

- **Digital government:** optimizing government's efficiency and delivery of citizen services

# Key Themes of Investment Policy in the Post-COVID Thailand



Measure to alleviate impact of COVID-19



Measure to support the medical sector



Post-COVID industrial development



Measure to support SMEs and the grassroots economy



The Eastern Economic Corridor (EEC)

## The Eastern Economic Corridor (EEC)

Special Economic Zone for Special Investment Opportunity

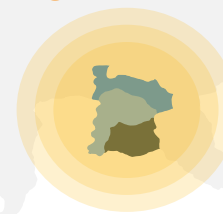
Thailand's flagship Special Economic Zone (SEZ) to accelerate future growth of the regional business and advanced industry

Strength of the current leading industries in EEC:  
**Automobile & parts, Petro chemicals, Electrical Appliances**

Springboard location to ASEAN, China, and India:  
via multi-modal linkages and Free Trade Areas (FTAs)



Thailand's Eastern Economic Corridor



EEC

ระเบียงเศรษฐกิจพิเศษภาคตะวันออก  
เชื่อมโลก ให้ไทยเด่น

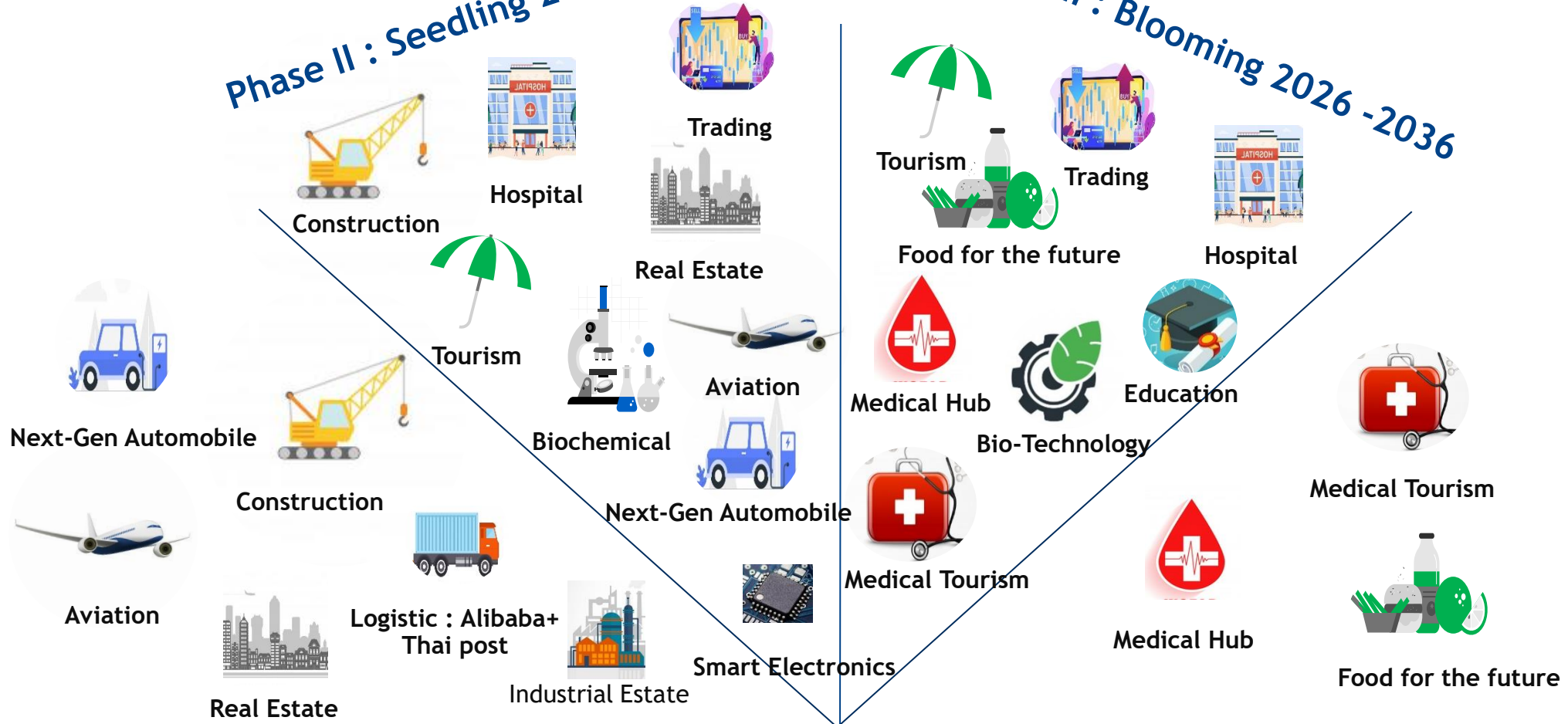
- Chachoengsao
- Chonburi
- Rayong



# Business Opportunities offered by the EEC

Phase II : Seedling 2022 -2025

Phase III : Blooming 2026 -2036



Phase I : Planting 2017-2021

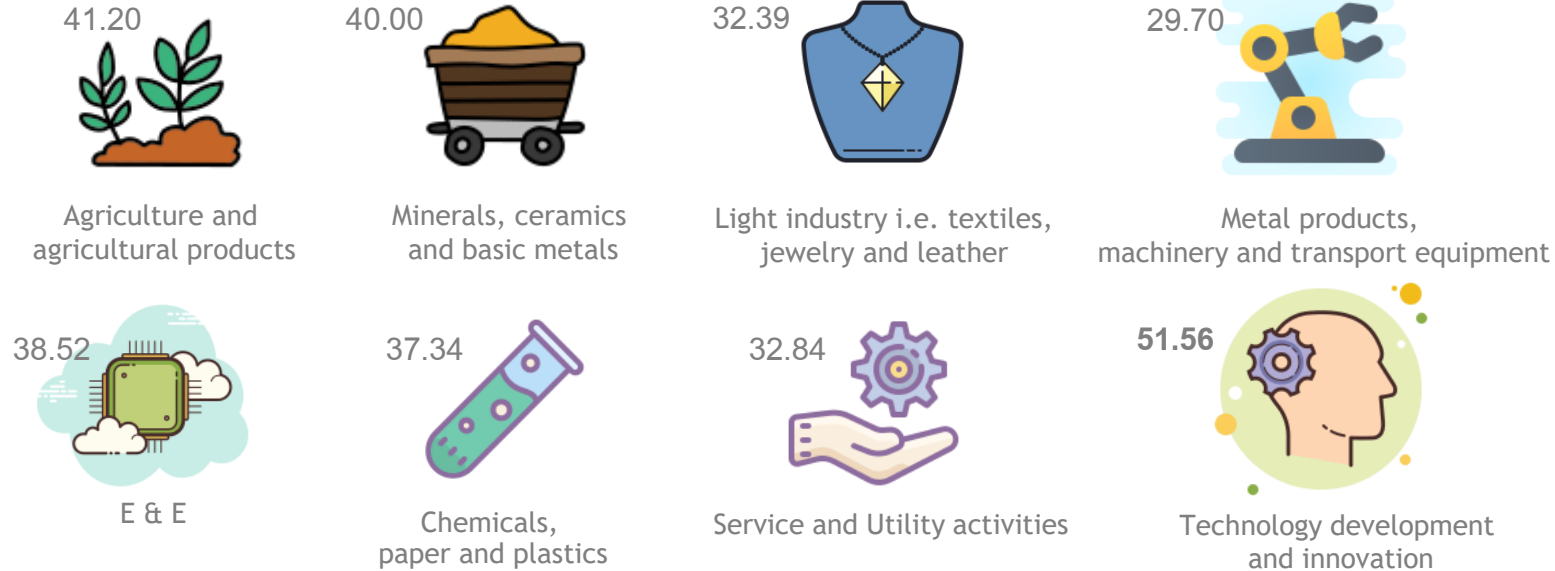
Phase IV : Harvesting 2037

**Think Resilience**




**THINK THAILAND**

# Foreign Investors Confidence in Thailand (2020)

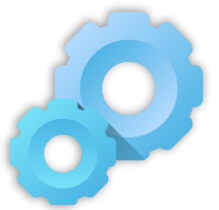
## Confidence index by Sectors



Top 3 reasons given by the companies for maintaining or expanding investment in Thailand include...

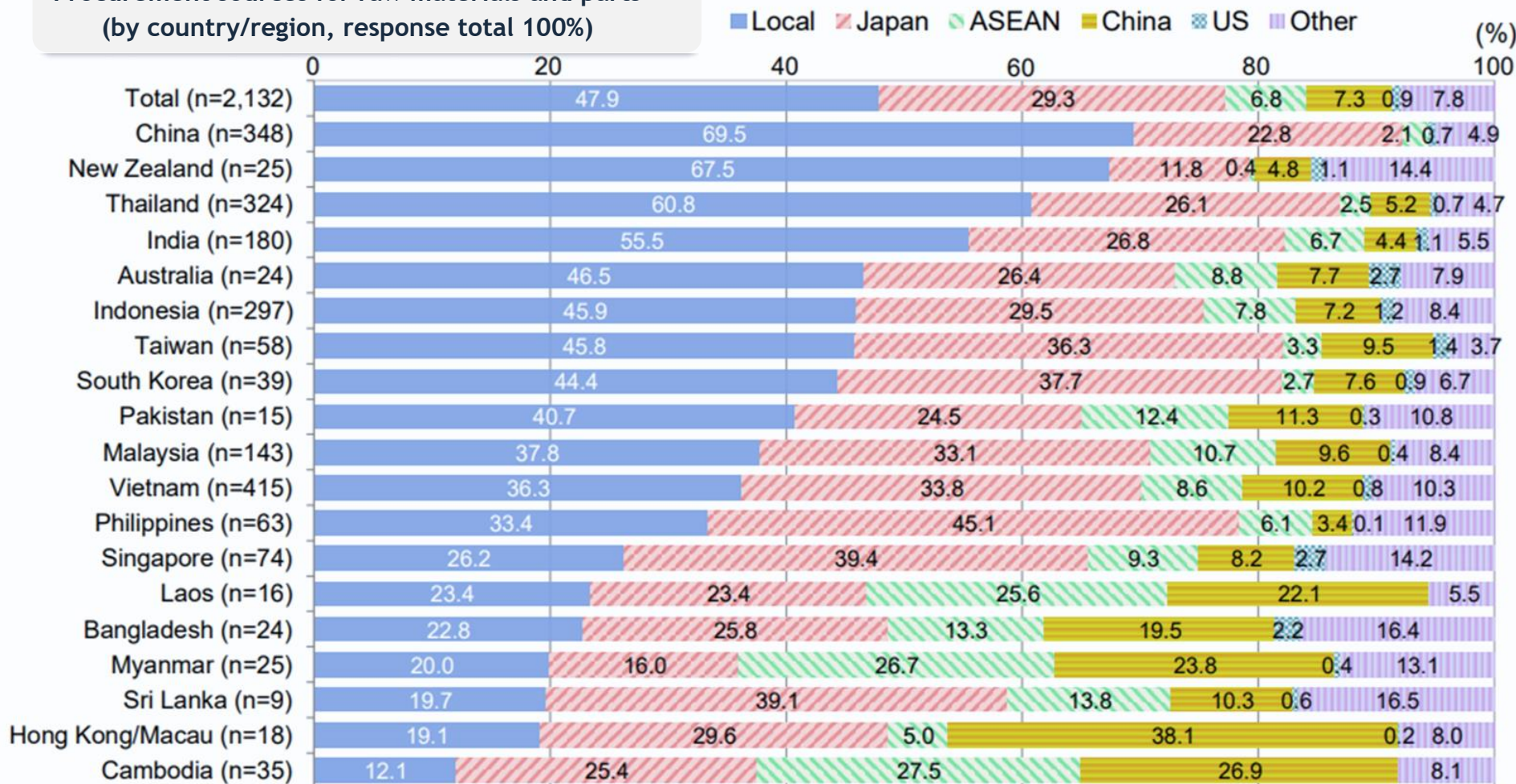
-  having supportive investment incentives
-  sufficient raw materials/parts
-  sufficient supporting industries in the supply chain

Out of the 600 questionnaire responses from 2020 survey, 460 firms, or 76.67%, said they would maintain the level of their investment, while 116 firms, or 19.33%, said they planned to expand their investment in Thailand. When the results are combined, the survey showed a positive outlook, with **96.00% of the surveyed firms indicating that they planned to expand or maintain investment in Thailand.**



# Procurement of Raw Material and Parts

Procurement sources for raw materials and parts  
(by country/region, response total 100%)

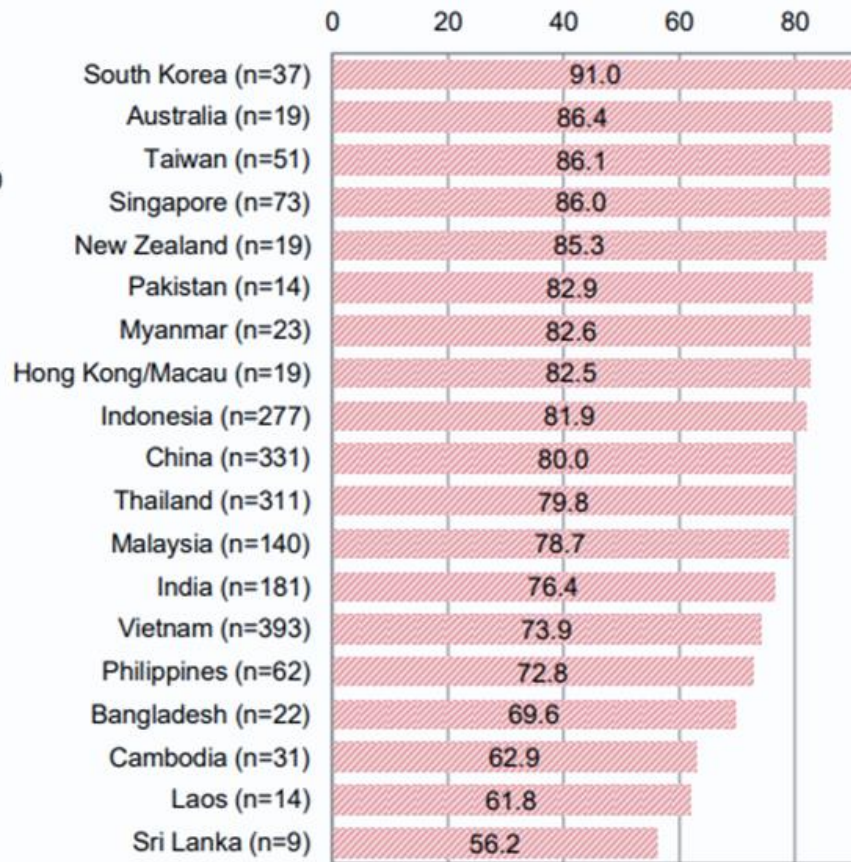
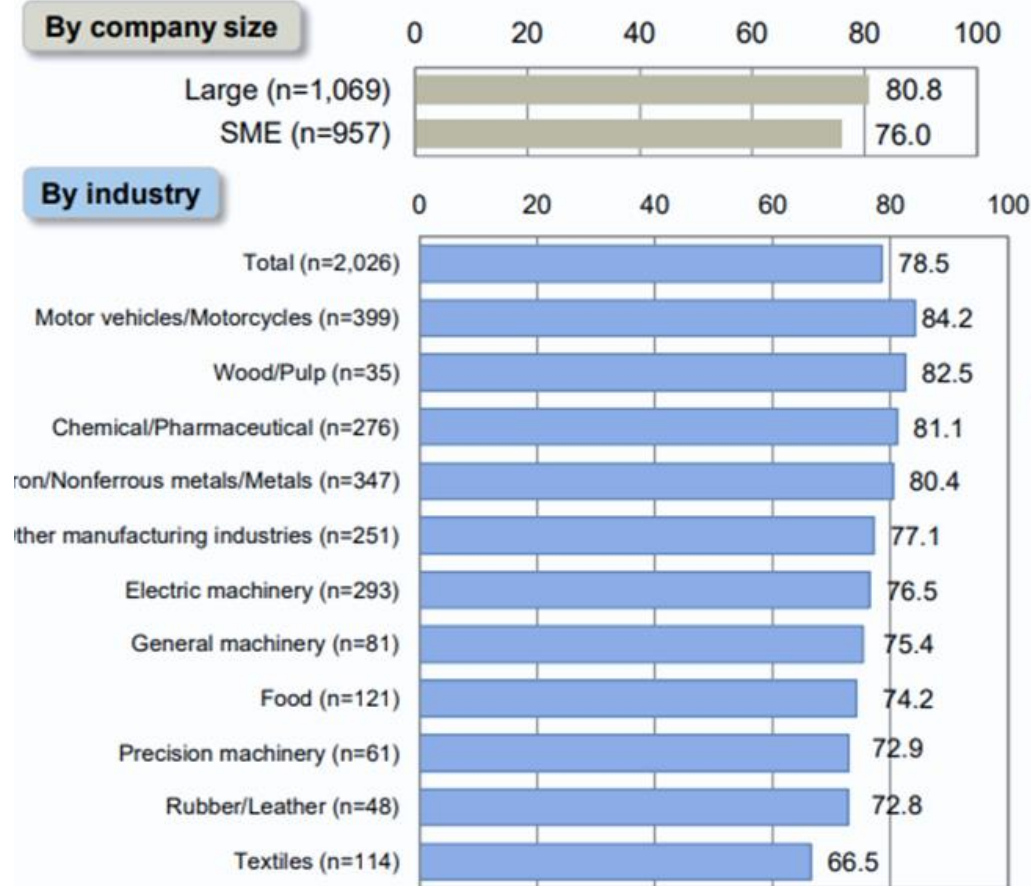


- The largest procurement source for raw materials and parts in the local production activities of Japanese-affiliated companies was “Local”, increased from 46.9% in the 2018 survey by 1.0 pp to 47.9%. On the other hand, the rated of procurement from the US remained at the same level as the 2018 survey (0.9%), while procurement from ASEAN Z-1.3 pp), Japan (-0.8 pp) and China (-0.2 pp) decreased.
- By country/region, the local procurement rate was high in China, New Zealand, and Thailand, increasing from the 2018 survey by 3.2 pp, 2.5 pp, and 3.6 pp, respectively.
- The procurement rate from Japan was the highest in Philippines (45.1%), followed by Singapore (39.4%), Sri Lanka (39.1%), South Korea (37.7%), and Taiwan (36.3%).
- The procurement rate from China was the highest in Hong Kong/Macau (38.1%), followed by Cambodia (26.99%) and Myanmar (23.8%)
- The procurement rate from the US was the highest in Singapore (2.7%), and the rate less than 1.0% in South Korea, Vietnam, China, Thailand, and Sri Lanka.

# Local Production Cost Comparison

Local production cost in comparison with production cost in Japan, which is taken as 100  
(by company size and industry)

Local production cost in comparison with production cost in Japan, which is taken as 100  
(by country/region)



- Compared with the production cost in Japan, which is taken as 100, the average local production cost decreased from 78.7 in the 2018 survey by 0.2 pp to 78.5.
- By industry, production costs are relatively high in Motor vehicles/Motorcycles, Wood/Pulp, Chemical/Pharmaceutical, Iron/Nonferrous metals/Metals and while the cost is lower in Textiles at 66.5.
- By company size, the costs of SMEs (76.0) were lower than those of large enterprises (80.8) by 4.8 pp. The gap increased by 3.4 pp from the 2018 survey (1.4pp).
- By country/region, production costs were higher in South Korea (91.0), Australia (86.4), Taiwan (86.1), Singapore (86.0), and New Zealand (85.3), but there was no country/region where the costs were higher than those in Japan. On the other hand, the costs were less than 70% in Sri Lanka (56.2), Laos (61.8), Cambodia (62.9), and Bangladesh (69.6).

Note: "Production cost" includes the costs of all resources consumed in producing a product, such as materials, labor, and others.





# AGENDA




## Investment Opportunities & Sourcing Post Covid-19 in Thailand

-  Opportunities Overview
-  Digital
-  Advanced Manufacturing
-  Medical Industry
-  BCG

# The Opportunity as ASEAN Digital Hub Project

As of 2020 Thailand has...

1. Increasing Thailand domestic network bandwidth
2. Upgrading existing international submarine cable systems
3. Constructing a new submarine cable system
4. Digital Park Thailand, a new economic cluster

<u>Domestic Bandwidth</u> <b>8,666.005 Gbps</b>	 lines Submarine Cables	 lines Landing Station	 A complete digital startup ecosystem for the entrepreneurs and startups of Thailand
<u>International Bandwidth</u> <b>12,317.648 Gbps</b>			

## Thailand's Digital Industry at a Glance

**25%**

The Digital Economy is expected contribute 25% to Thailand's GDP by 2027.

Total Population  
**66.5 Million**  
 Urbanization **50%**  
 In 2019

**91.6 Million**  
 Mobile Phone  
 Number Subscription  
 in 2018

Internet Users  
**50.1 Million**,  
**75.3%** of  
 Population in 2019

Rank **3<sup>rd</sup>** in Fixed  
 Broadband Speed  
 Test Global Index  
 in April 2020

Social Media  
 Users **52 Million**,  
**78.2%** of  
 Population

Total ICT  
 Professional  
**386,306**  
 Persons in 2018

Number of ICT  
 Graduates  
**14,698** Persons  
 in 2019

Future Information and  
 Communication Technology



Broadband



Big Data



Cloud



Data Center



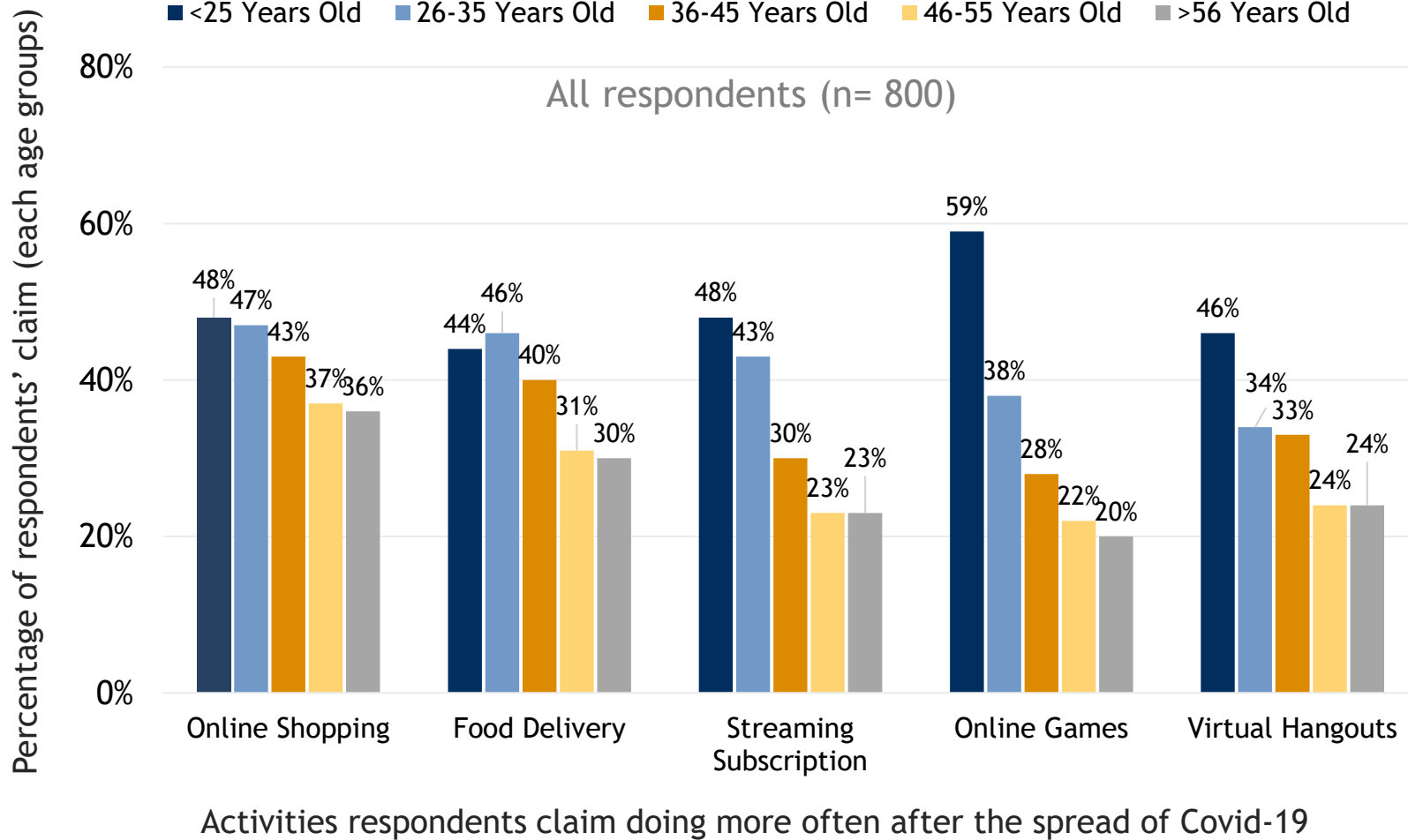
IoT



AI

# COVID-19 Leads Thailand to Digitization of Demands

## Thai Consumer Claims on Higher Consumption of Digital Products & Services



## E-Commerce Uses and Streaming Subscription Increase After the Covid-19



**15.77**  
Million new paid subscribers globally



**122%**  
Increase in number of uses in Thailand



Shopee

**479%**

Increase in number of uses in Thailand

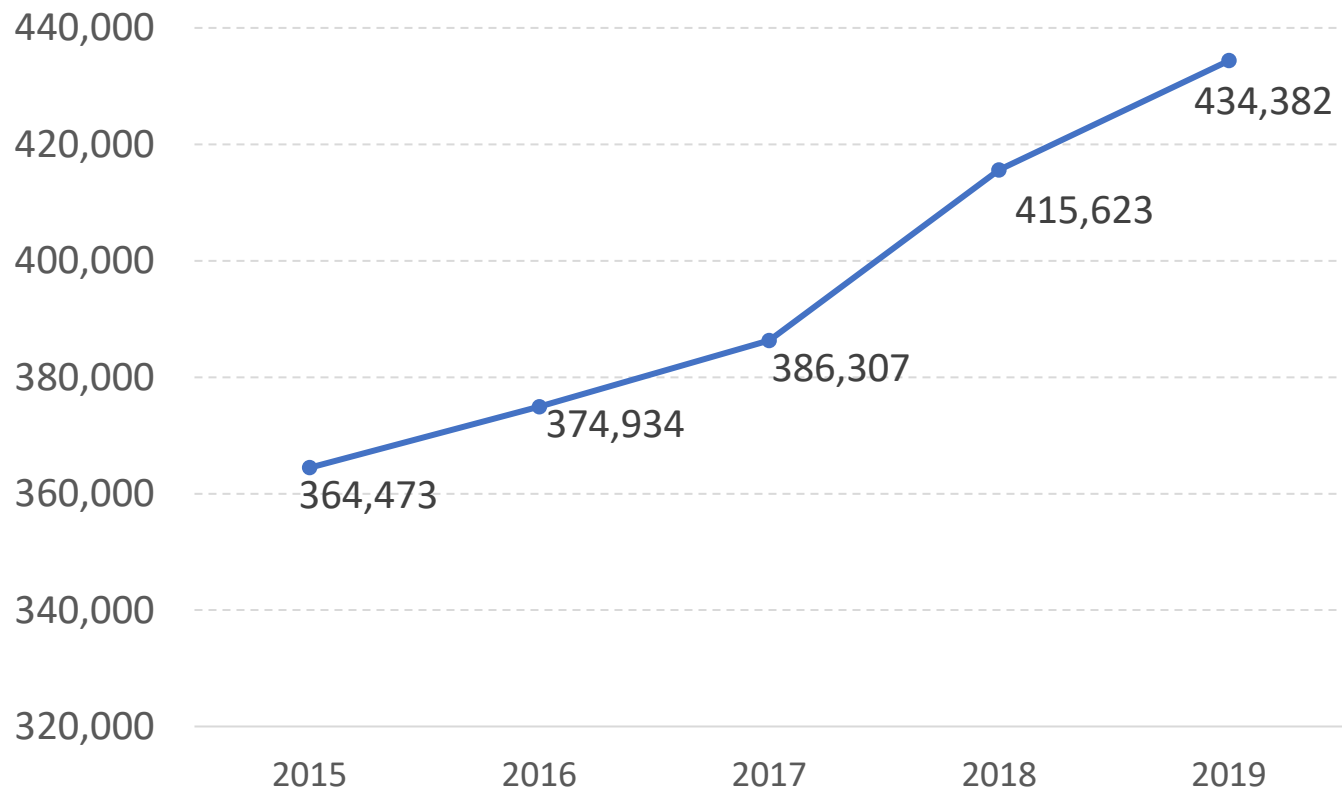


**100%**

Increase in courier average income in Thailand

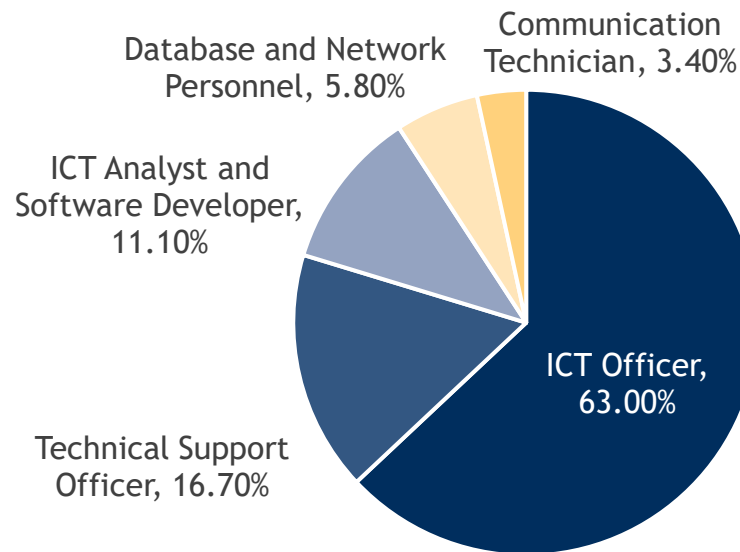
# Thailand's employment in ICT sector has been continuously increasing

### Employed Persons in ICT Sector



Compound Annual Growth Rate (CAGR) 2015-2019 = 4.48%

### 2019 Employment in ICT sector (by jobs)



### 2019 Employment in ICT sector (by economic activity)





# AGENDA

## Investment Opportunities & Sourcing Post Covid-19 in Thailand

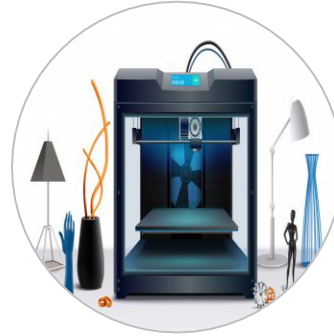
-  Opportunities Overview
-  Digital
-  **Advanced Manufacturing**
-  Medical Industry
-  BCG

# Thailand **Advanced Manufacturing Trends** After Covid-19

Covid-19 has changed the consumer behavior to the online society, which Thailand Government will lead Thai economy to enter the technological, which can be seen from these technologies into the industry.



**IoT**



**3D Printing**



**Cloud**



**Robotic Process Automation**



**Blockchain**



**Automation of Knowledge**

# The Main Opportunities In **Advanced Manufacturing** in Thailand

## 1 Industrial 4.0

The Thai Government will lead the future of Thai manufacturing by using **innovation driven Thai economy**.

## 2 Educating the new skills for industry 4.0

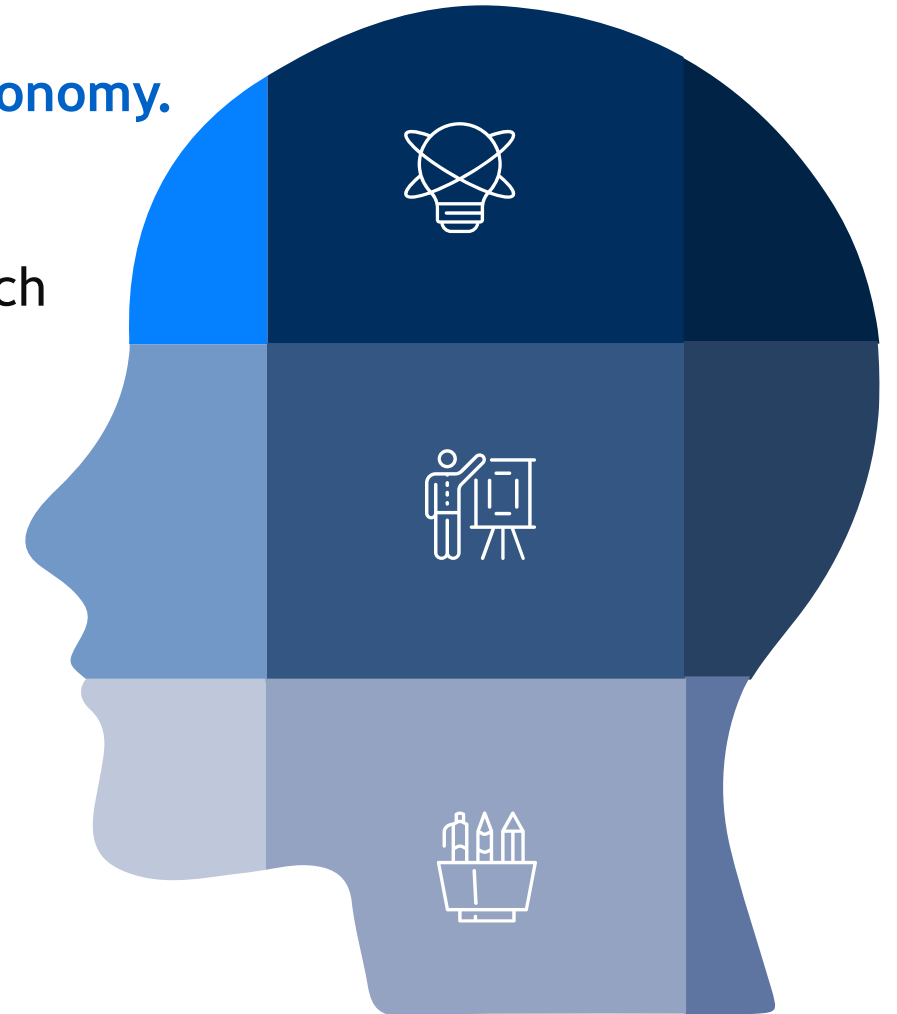
**Research & Development** to improving skills, which include new graduated from collage, university.

## 3 International co-operation on developing automation

Thailand **open for international co-operation to support Thailand to improving technology**.

## 4 Eastern Economic Corridor

Thailand provides special economic area for businesses and manufacturing **as government's planned on the location to be hub center**.





# AGENDA

## Investment Opportunities & Sourcing Post Covid-19 in Thailand

-  Opportunities Overview
-  Digital
-  Advanced Manufacturing
-  **Medical Industry**
-  BCG



# Opportunities in **Medical Industry**

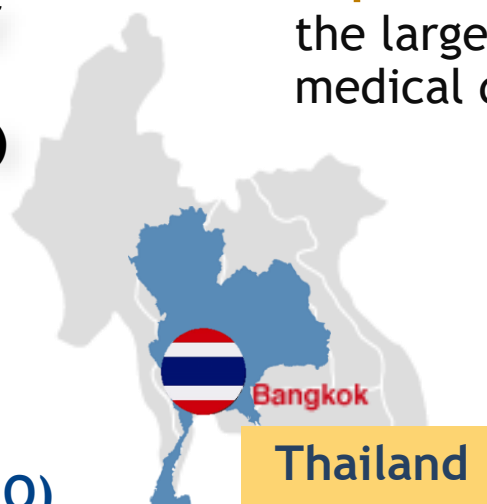


**Well-Established** Supply Chain of **Material Production**  
(medical glove, syringes, masks)

Measures to drive Thailand to a **Medical Hub** :

- Clinical Research
- Contract Research Organization (CRO)
- Clinical Research Center(CRC)
- Senior Hospital Services
- Senior/Dependent Care Centers
- International Procurement Office: IPO

**Top 5 ASEAN Medical Device Trade** Value  
the largest importer and exporter of  
medical devices (2020)



Over **22** International  
**Medical Device Companies**

BOI pushed measures to accelerate investment in **the medical industry** with measures to mitigate the effects of the coronavirus outbreak

**Thailand Has Measures** That Effectively Controls the Spread of COVID-19, While Ensuring Business Continuity. A new method called **‘Limited Quarantine’**

# Opportunities in Medical Industry

## Well-Established Supply Chain of Material Production

- Rubber industry and rubber chemicals (for medical glove)
- Petrochemical (for syringes)
- Textile and fabric production (for masks)

## Number of Manufacturers in each subsector



Note:

The figure shown is collected by Medical Devices Intelligence Unit, The Office of Industrial Economics.

## International Medical Device Companies

**Optical Product**



**Single-use Item**



**Durable Item**



**Reagents and Test Kits**





# AGENDA

## Investment Opportunities & Sourcing Post Covid-19 in Thailand

-  Opportunities Overview
-  Digital
-  Advanced Manufacturing
-  Medical Industry
-  BCG

# Adopting BCG Model for Sustainable Development of Thailand

Thailand going to developed country along with environment concern



Adding USD 135 billion to Thailand GDP within 5 years on regarding environmental sustainability

“To become a developed country with security, prosperity and sustainability in accordance with the Sufficiency Economy Philosophy”



## Key Enablers for BCG Economy in Thailand



**Top Products:**

- Cassava
- Sugarcane
- Palm Oil

the raw materials for a wide range of products for bio-economy sector.



Thailand hosts several facilities that are instrumental in developing the Thai bioeconomy.

- Thailand Science Park
- Biopolis in EECi
- Universities' Research Units



**Plan for being Bio-hub**

- **Chonburi:** Palm Biocomplex
- **Chachoengsao:** Bio Hub Asia & the Blue Olio Tech City industrial estate
- **Nakhon Sawan:** Biocomplex
- **Khon Kaen:** Bioeconomy Industrial Estate
- **Surat Thani:** Center of Bio Excellence (CoBE)

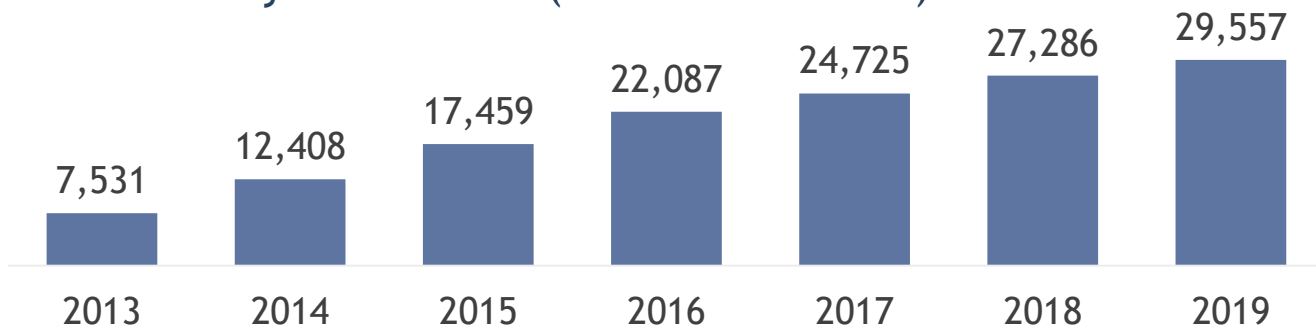
# Thailand Moving Towards Green Economy

27<sup>th</sup>

On the Global Green Economy Index (GGEI)

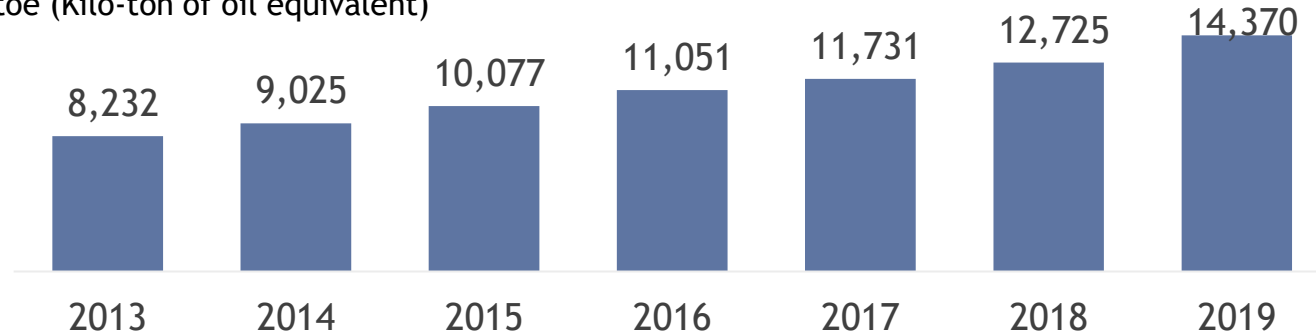
2<sup>nd</sup> ranked in ASEAN following Singapore

Green Industry Certificate (Number of firms)

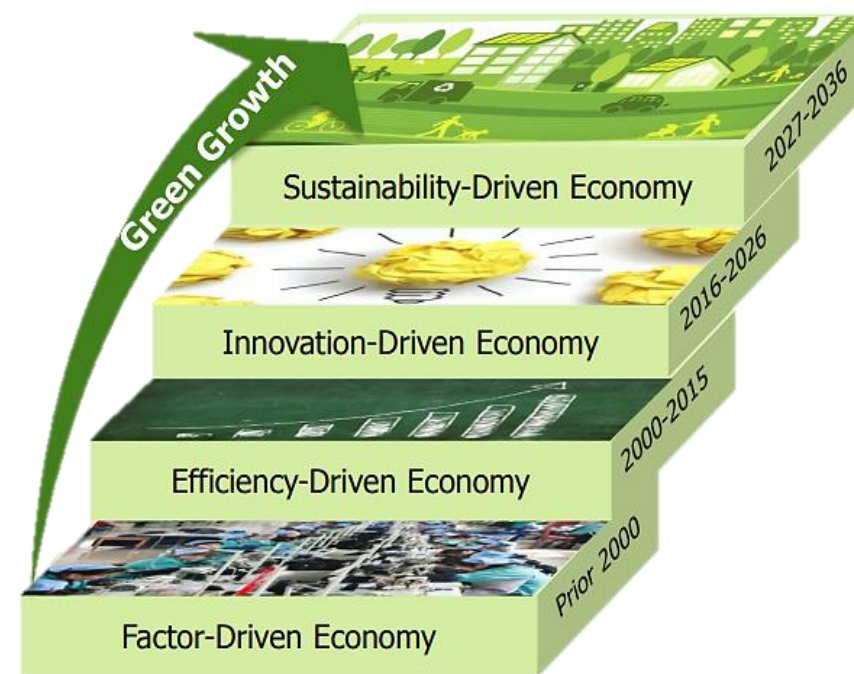


Alternative Energy Consumption (Ktoe)

Ktoe (Kilo-ton of oil equivalent)



## Vision towards Green Growth

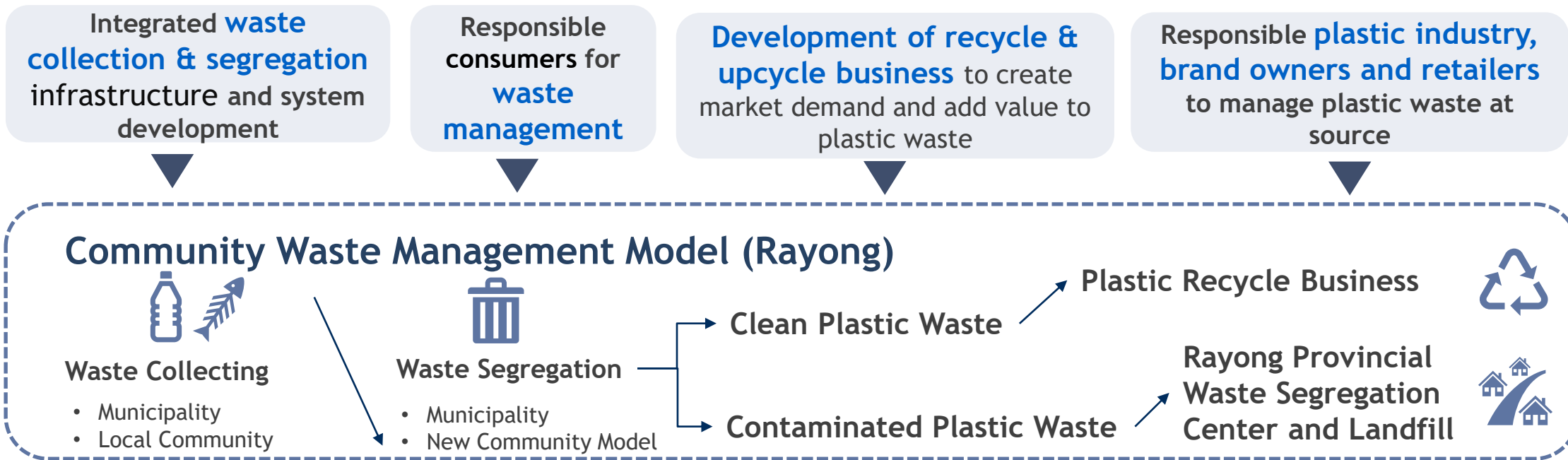


- Low carbon society
- Stability of economic growth without environmental damage
- High income & reducing disparity

# Thailand's Circular Plastic Economy

## Roadmap on Plastic Waste Management 2018-2030

Objective: To reduce at least 50% of Thailand plastic marine debris by 2027 with **Circular Economy**



## Potential Investors in BCG Industries

### Thai Investors



### Foreign Investors



# Thailand's Strategic Location Makes it an Investors' Gateway to Asia.

8<sup>th</sup> Largest Economy Globally  
(USD 2.7 Trillion)



2<sup>nd</sup> Largest Economy Globally  
(USD 13.4 Trillion)

13 FTAs/RTAs with 18 nations  
have already Entered Into Force

i.e.



**ASEAN** Free Trade Area



Thailand-**India** Free Trade Area



ASEAN-**China** Free Trade Area

5<sup>th</sup> Largest Economy Globally  
(USD 3.0 Trillion)



27<sup>th</sup>  
2019



21<sup>st</sup>  
3<sup>rd</sup> in ASEAN<sup>1</sup>

RCEP had been signed and waiting for entering into force within 2021: 1/3 of world consumers

## The Thai Market

- Population: 69 Million<sup>1</sup>
- Middle Class Consumers: 52 Million<sup>2</sup>

## CLMVT

- 242 Million Consumers<sup>3</sup>
- Within 1,000 KM

## ASEAN Economic Community

- 645 Million Consumers<sup>4</sup>
- 5<sup>th</sup> Largest Economy Globally (USD 3.0 Trillion)
- ASEAN FTA / ASEAN Connectivity

## Greater Asia Region

- 4.6 Billion Consumers<sup>5</sup>
- Within 5,000 KM



# THAILAND BOARD OF INVESTMENT



Thailand (Head Office):  
555 Vibhavadi-Rangsit Road.,  
Chatuchak, Bangkok 10900, Thailand



(+66) 2553 8111



(+66) 2553 8315



head@boi.go.th



Frankfurt Office:  
Liebfrauenberg 26, 60313  
Frankfurt am Main,  
Federal Republic of Germany



+ 49 069 9291 230



+ 49 069 9291 2320



fra@boi.go.th

For More  
Information

