

Thailand 4.0 – a new value-based economy



Bonggot Anuroj
Deputy Secretary General
Thailand Board of Investment

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BOI Services

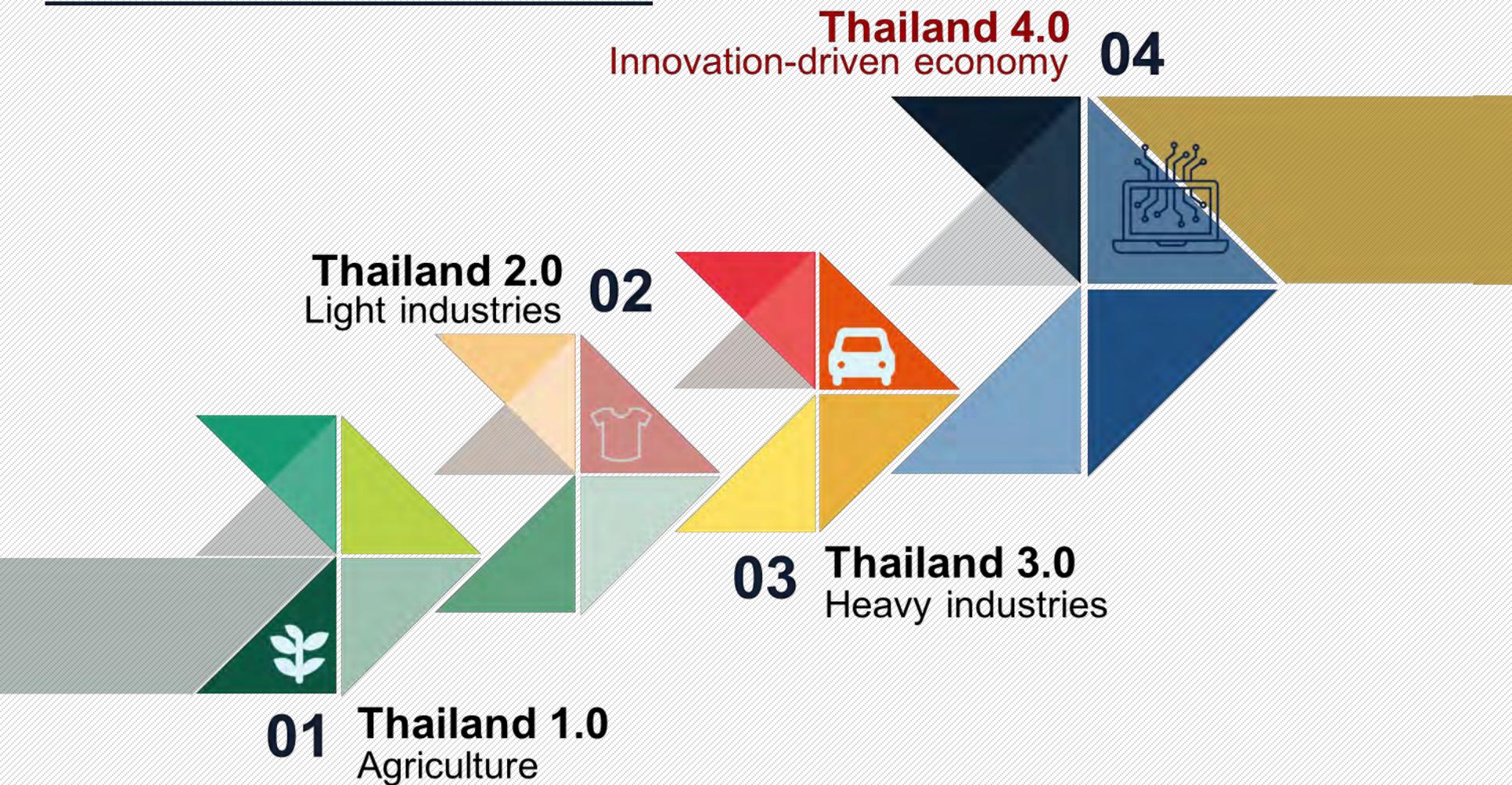


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Thailand 4.0

Thailand 4.0: a New Economic Model

Thailand Economic Model:



10 Targeted S-curve Industries

5 New S-Curve



**Biofuels
and Biochemical**



Digital Economy



Medical Hub



**Automation
and Robotics**



**Aviation
and Logistics**

5 First S-Curve



**Agricultural
and Biotechnology**



Smart Electronics



**Affluent Medical
and Wellness Tourism**



**Next-Generation
Automotive**



Food for The Future



2

Current Investment Promotion Policy

Focus of Current Investment Promotion Policies



Technology and Innovation

- Research and development
- Targeted industries/services
- Value-added creation



People

- Human capital
- Foreign talents



Productivity Enhancement

- Upgrading of existing companies

Development of targeted areas

- Eastern Economic Corridor (EEC)
- Border Special Economic Zones
- Disadvantaged areas



BOI's Investment Policy Framework

Policy

100%
Foreign ownership

No local content requirements

No export requirements

No restriction on foreign currency

Tax Incentives

Exemption of import duties on machinery / raw or essential materials imported for use in production for export and for R&D

Corporate income tax exemption up to 13 years

50% CIT reduction within 10 years

(ITA: Investment Tax Allowance) Deduction up to 70% of the invested capital on net profit derived within 10 years (ITA)

Sector-based Incentives
Up to 8-year Tax holiday for targeted industries in accordance with the Seven-Year Investment Promotion Strategy (2015-2021)

Technology-based Incentives
Up to 13-year Tax holiday for core technologies or R&D projects

Competitive Enhancement Measures
Up to 15-year Tax holiday for new technologies and high-impact investment Matching grant for R&D, training, innovation

Facilitation

Land ownership rights

Work permit & Visa facilitation

BOI Investment Incentive Scheme

Activity-based

- Bio Industries
- Creative & Digital Industries
- High Value Business & Service
- Advanced Manufacturing
- Basic & Supporting Industries



Technology-based

- Biotechnology
- Nanotechnology
- Advanced Material Technology
- Digital Technology



Area-based

- EEC 3 provinces
- SEZ 10 provinces
- Southern Border (4 provinces, 4 districts)
- 20 Provinces with the Lowest per Capita Income
- Industrial Estates/Zones
- Science and Technology Parks
(Science Park, Food Innopolis, Space Krenovation Park: SKP)

Merit-based

- Research & Development (R&D)
- Support academic/research institutes, or technology and human resource development funds
- IP licensing fee
- Advanced technology training
- Development of Local suppliers
- Product and packaging design

Agenda-based

- Productivity Enhancement
- MAI Listing Support
- SMEs Promotion
- Support to Small and Community Enterprises

Activity-based Incentives

Incentives are largely based on several key factors
i.e. level of technology, role in supply chain



Bio-based & Medical



Advanced Manufacturing



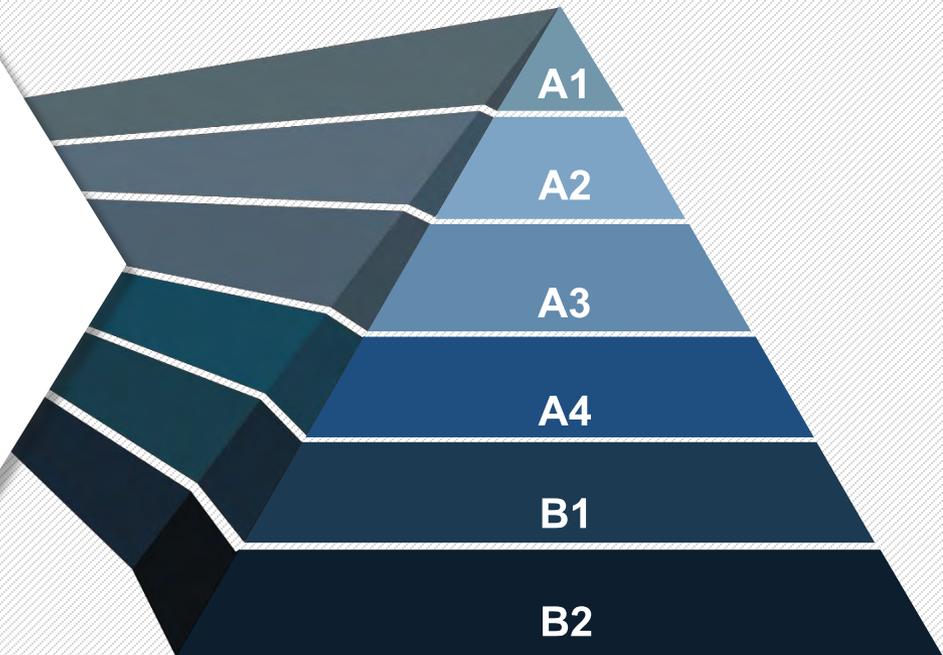
Basic & Supporting



High Value Business & Service



Creative & Digital



Incentives

8
years

CIT
exemption

0
year

Dashboard of Activity-Based Basic Incentives

	Exemption of Corporate Income Tax	Exemption of Import Duty on Machinery	Exemption of import duty on raw material imported for use in production for export	Non-tax
A1	8 years (w/ Cap) + Merit	✓	✓	✓
A2	8 years + Merit	✓	✓	✓
A3	5 years + Merit	✓	✓	✓
A4	3 years + Merit	✓	✓	✓
B1	0 year + Merit*	✓	✓	✓
B2	-	-	✓	✓

* Tax exemption will depend on the investment amount/ expenditure for enhancing competitiveness

Additional incentives for investment in the development of Core Technologies in which Thailand has potential to enhance the country's overall competitiveness and industries. Projects must be engaged in technology transfer by cooperating with educational/research institutions as stipulated by the Board, e.g. Technology Research Consortium

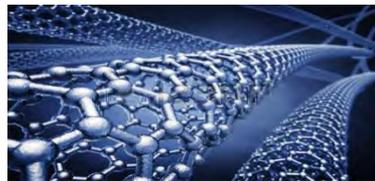
CIT Exemption for 10 years + Merit (1 - 3 years) = Maximum of 13 years

Targeted Core Technologies

Biotechnology



Nanotechnology



Advanced Material Technology



Digital Technology



Enabling Services

For 2-6, only projects that utilize advanced technology, as approved by the Board

1. Research and Development (R&D)
2. Vocational Training Centers (only in S&T)
3. Electronics Design

4. Engineering Design
5. Scientific Laboratories
6. Calibration Services

Eligible for **“duty exemptions on materials imported for R&D purposes and related testing”** for research and development activities, biotechnology activities (only with R&D), and testing related to R&D with the following guidelines:

- Materials imported for R&D purposes or related testing, **e.g. prototype materials, chemicals, plants or animals, etc.**
- Eligible for a 1-year exemption period, which can be renewed annually.



Merit-Based Incentives-Optional Scheme

**Product-Based
Incentives**

**Technology-Based
Incentives**



**Merit-Based
Incentives**

Total CIT Exemption => Maximum 13 Years

Merit-Based Incentives – Competitiveness Enhancement Measures (Optional)

Types of eligible investments/expenditures	Additional Cap (% investment capital / expenditure incurred)
1. R&D: In-house, outsourced in Thailand or joint R&D with overseas institutes	300%
2. Donations to technology and human resource development funds, educational institutes, specialized training centers, R&D institutes or governmental agencies in the S&T field	100%
3. IP acquisition/licensing fees for commercializing technology developed in Thailand	200%
4. Advanced technology training, including digital training such as IoT	200%
5. Development of local suppliers with at a least 51% Thai shareholding in advanced technology training and technical assistance	200%
6. Product & packaging design: In-house or outsourced in Thailand	200%

Additional CIT incentives depending on investment/expenditure ratio (%)

% of qualified investments/expenditures to combined revenue for the first three years	Add. CIT expt.
1% or > 200 MB.	1 year
2% or > 400 MB.	2 years
3% or > 600 MB.	3 years



3

European Investment Trend





BOI Statistics 2015 - 2017

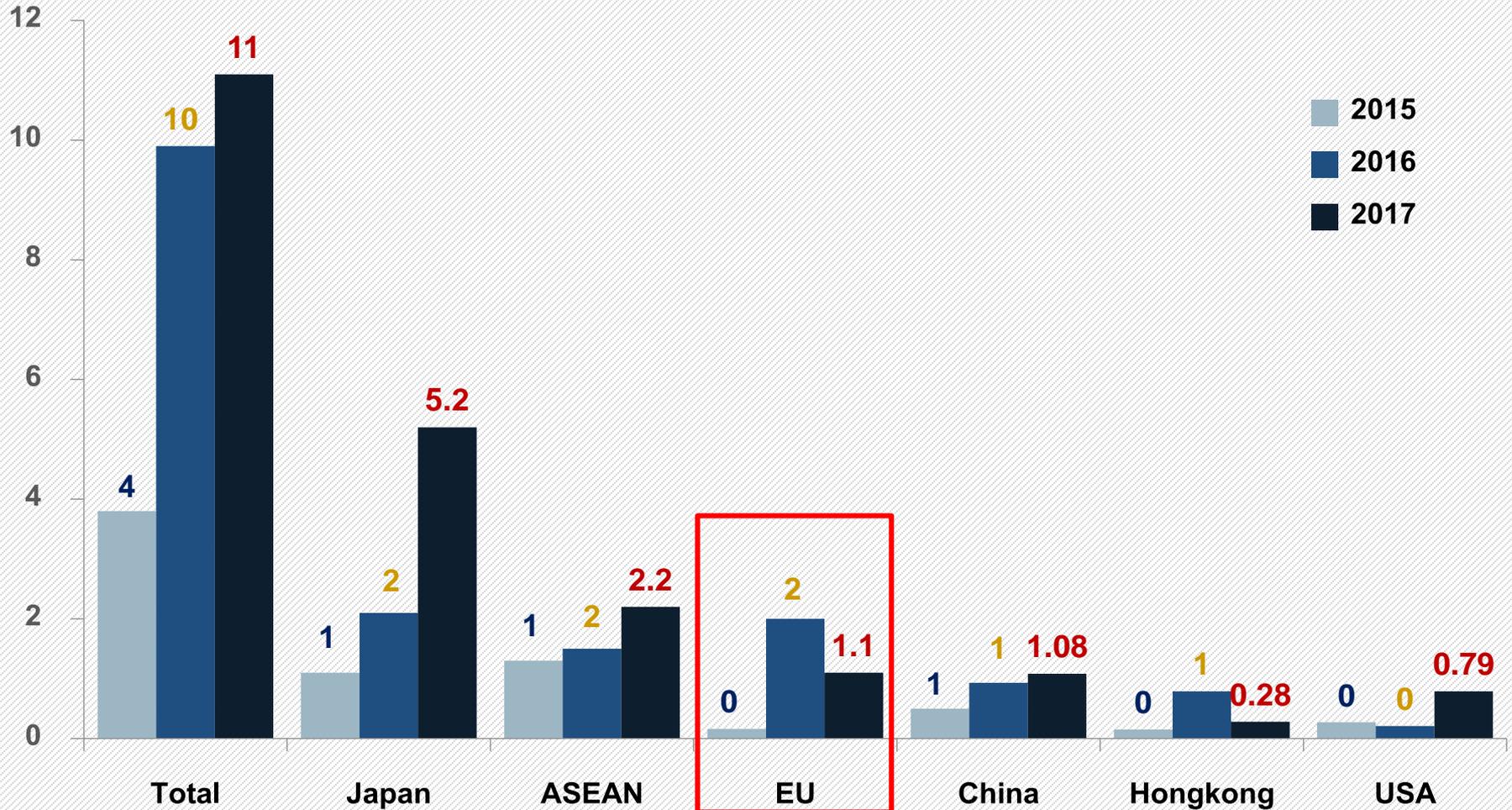
Investment Value (unit: million Euro)

2015 2016

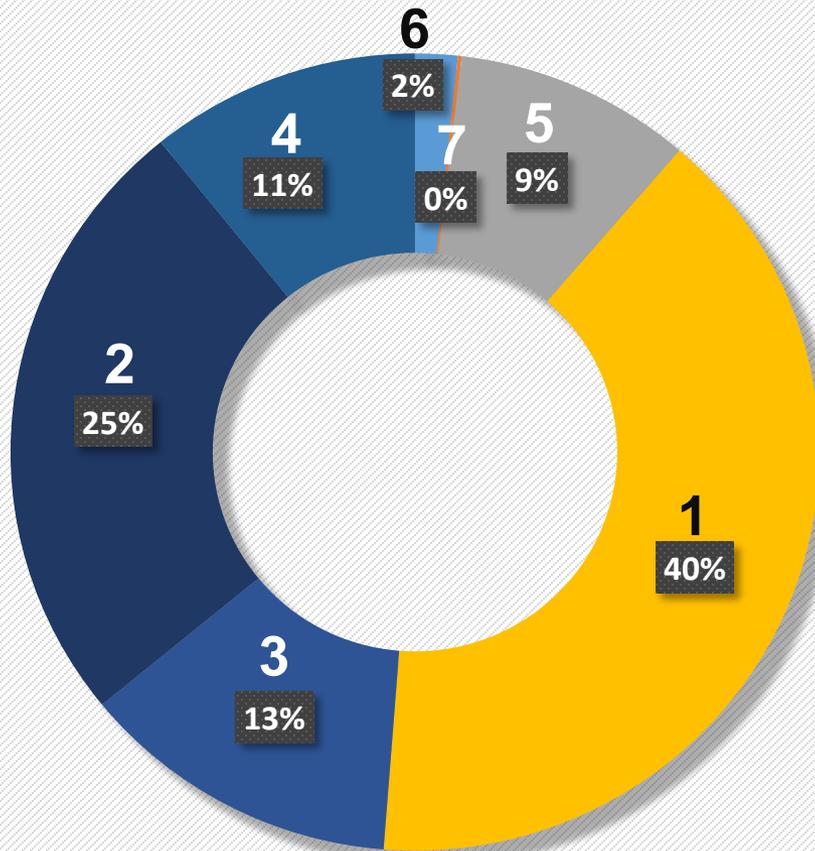


Foreign Direct Investment in 2015 – 2017 by country

Investment Value (Unit: 1 million Euro)

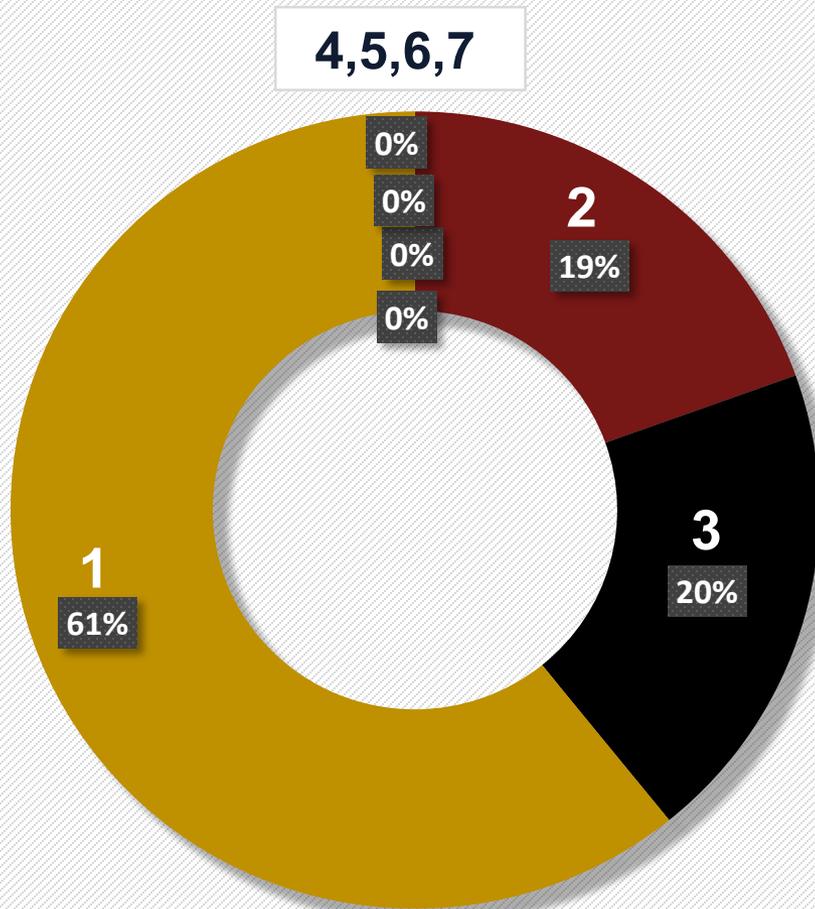


EU Net Application Submitted by Sector in 2015-2017



- 1. Metal Products and Machinery**
(54 projects, 729.9 mil Euro)
- 2. Chemicals, Paper**
(11 projects, 459.4 mil Euro)
- 3. Electric and Electronic Products**
(143 projects, 235.0 mil Euro)
- 4. Services**
(189 projects, 197.9 mil Euro)
- 5. Light Industry**
(20 projects, 173.9 mil Euro)
- 6. Agricultural Products**
(15 projects, 31.1 mil Euro)
- 7. Minerals and Ceramics**
(2 projects, 2.7 mil Euro)

Belgium Net Application Submitted by Sector in 2015-2017



- 1. Chemicals, Paper**
(8 projects, 2.5 mil Euro)
- 2. Metal Products and Machinery**
(1 projects, 0.7 mil Euro)
- 3. Electric and Electronic Products**
(4 projects, 0.7 mil Euro)
- 4. Services**
(- projects, - mil Euro)
- 5. Light Industry**
(- projects, - mil Euro)
- 6. Agricultural Products**
(- projects, - mil Euro)
- 7. Minerals and Ceramics**
(- projects, - mil Euro)



4

EEC Incentive Scheme

Targeted Areas



Eastern Economic Corridor (EEC)

(Chachoengsao, Chonburi and Rayong)



Special Economic Development Zones (SEZs)

(Tak, Sa kaew, Trat, Mukdahan, Songklah, Nongkhai, Narathiwat, Chiang Rai, Nakhon Panom, Kanjanaburi: 10 provinces, 23 districts, 90 sub-districts)



Border Provinces in Southern Thailand

Narathiwat, Pattani, Yala and Satun and 4 districts (Jana, Na Thawee, Saba Yoi, Dhepha) in Songkhla

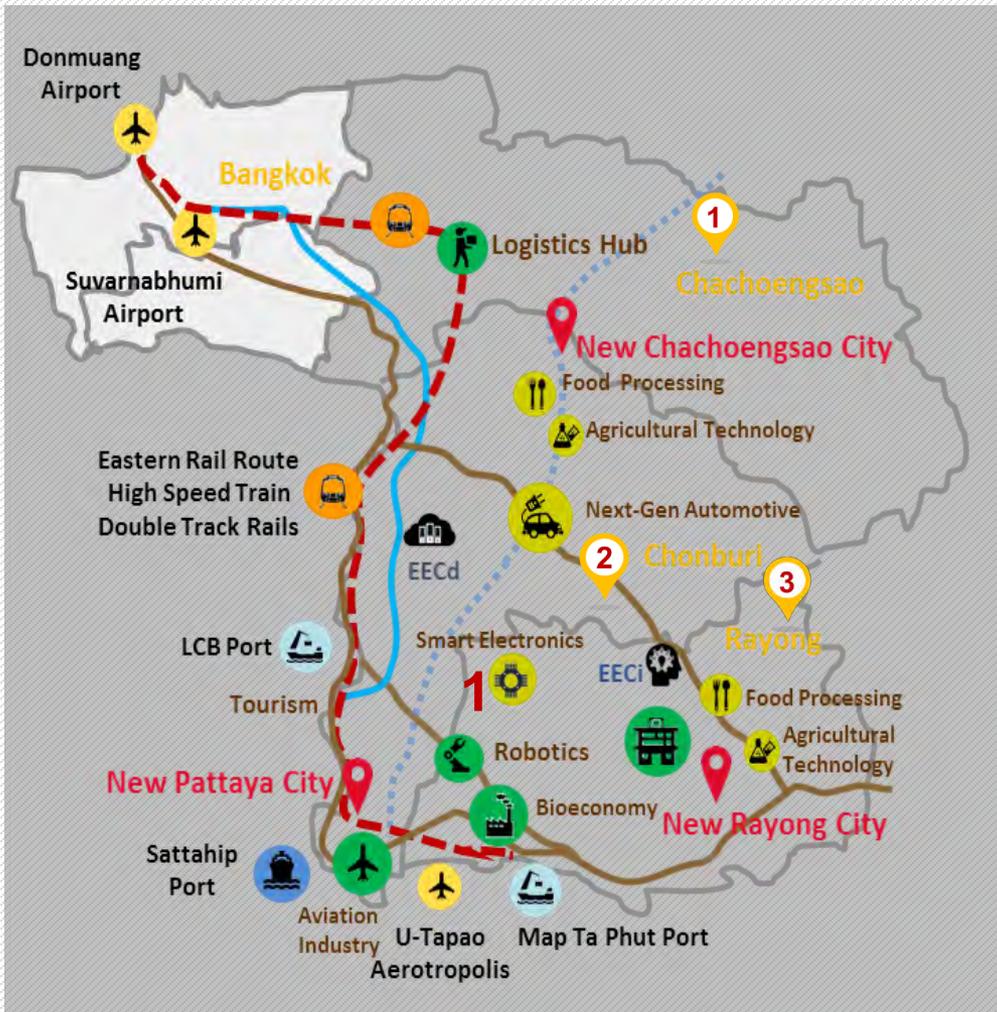


The 20 Poorest Provinces

Kalasin, Chaiyaphum, Nakhon Phanom, Nan, Bueng Kan, Buri Ram, Phrae, Maha Sarakham, Mukdahan, Mae Hong Son, Yasothon, Roi Et, Si Sa Ket, Sakhon Nakhon, Sa Kaew, Sukhothai, Surin, Nong Bua Lamphu, Ubon Ratchatani and Amnatcharoen)



Eastern Economic Corridor (EEC)



1

Chachoengsao

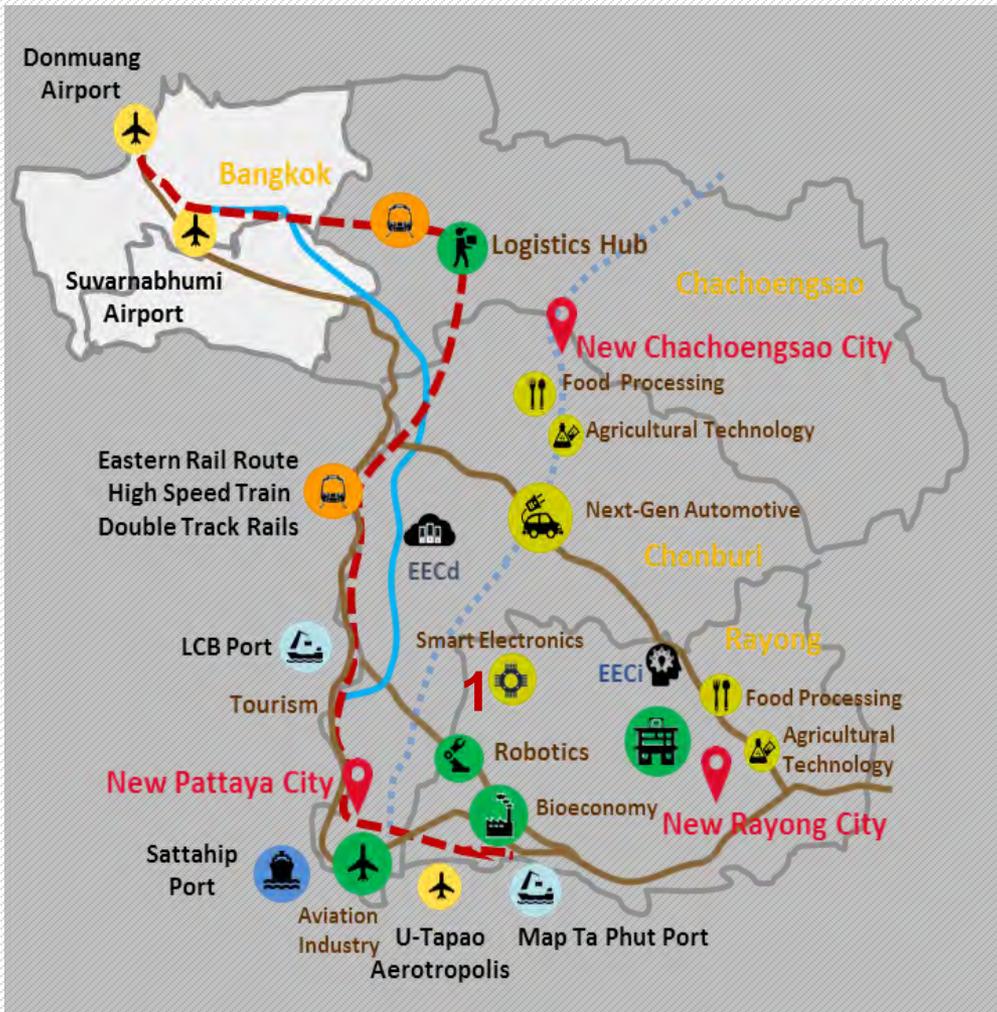
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Chonburi

3

Rayong

Eastern Economic Corridor (EEC)



EASTERN ECONOMIC CORRIDOR (EEC)

4 Core Areas 15 Projects & 5 High Priority Projects

- | | |
|----|---|
| 1 | Aerotropolis: U-Tapao International Airport |
| 2 | High speed train linking 3 airports |
| 3 | Laem Chabang Port Phase 3 |
| 4 | Map Ta Phut Port Phase 3 |
| 5 | Sattahip Commercial Port |
| 6 | Dual Track Rails linking 3 seaports |
| 7 | Highways & Motorway |
| 8 | Next generation Automotive (EV/AV) |
| 9 | Aviation Industry, Robotics & Smart Electronics |
| 10 | Advanced Petrochemical & Bioeconomy |
| 11 | Medical Hub |
| 12 | Tourism |
| 13 | Global Business Hub / Free Trade Zone |
| 14 | New cities: Chachoengsao Pattaya Rayong |
| 15 | Public Utilities |

5 High Priority Projects +++

- | | | | |
|--|-------------------|--|-----------------------|
| | Infrastructure | | + EECi |
| | Business/Industry | | + EEC of Innovation |
| | Tourism | | + EECd |
| | New Cities | | + EEC of Digital Park |
| | | | + Education |

New Investment Promotion Measures in the EEC

-starting January 1, 2018

- Applications must be submitted by the end of 2019
- Must have cooperation with academic institution / research institution / Center of Excellence to develop human resource and improve the level of technology

Area-based

Condition

1. Promoted Zones for Specific Industries
(EECi, EECd, EEC Aerotropolis)

No. of apprentices:

$\geq 10\%$ of all employees hired or at least 50

2. Promoted Zones for Specific Targeted industries

No. of apprentices:

$\geq 5\%$ of all employees hired or at least 25

3. Other Industrial Estates/ Industrial Parks in EEC

Note: Projects applied for this measure shall not receive additional incentive under merit on Industrial Area Development.

Draft Master Timeline for PPP projects in EEC

	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Operation
HSR	FS				TOR				Bid- ding		Sign Cont.					Y2023
UTP								FS		TOR			Bid- ding	Sign Cont.		Y2023
MRO	FS					TOR		Bid- ding		Sign Cont.						Y2021
MTP							FS	TOR			Bid- ding		Sign Cont.			Y2024
LCB							FS			TOR			Bid- ding	Sign Cont.		Y2025

as of 2 March 2018

Investment Promotion Scheme for the EEC

Targeted Industries in the EEC

S-Curve Industries

+

Activities Supporting S&T

+

Basic Infrastructure

116
Industries in Total

Promoted Zones for Specific Industries

Targeted Industries:

Additional 2 years of CIT exemption (could be more than 8 years) + 50% CIT reduction for 5 years

Other Industries:

Additional 3 years of 50% CIT reduction

Promoted Zones for Targeted Industries

Targeted Industries:

Additional 5 years of 50% CIT reduction

Other Industries:

Additional 3 years of 50% CIT reduction

Other Industrial Estates / Industrial Parks

Targeted Industries in the EEC:

Additional 5 years of 50% CIT reduction



5

BOI Services



BOI Offers Manifold Support Services

BOI Support Services

SMART VISA

NEW

Interaction with
other govt. agencies
on behalf of investors

Overseas offices

1-Stop for visas & work
permits: work permits
in 3 hours

Subcontracting
Development
Program by BUILD Unit

Country desks

Where to contact BOI

Frankfurt

**Bethmann Strasse 58, 5.OG
60311 Frankfurt am Main,
Germany**

Telephone: +49 (0) 69 9291 230

Fax: +49 (0) 69 9291 2320

Email: fra@boi.go.th

Bangkok

**Thailand Board of Investment,
Headquarter**

**Vibhavadi-Rangsit Road, Chatuchak,
Bangkok 10900**

Tel: +66 (0) -2553-8111

Fax: +66 (0) -2553-8222

E-mail : head@boi.go.th

Website : www.boi.go.th



- Thank you -



www.boi.go.th