

NISSAN MOTOR (THAILAND) CO., LTD.

A long term resident with a clear plan for the future

Background

Historically, Thailand has been the largest producer of automobiles in SE Asia. It has an annual production capacity of about 2 million units, which is projected to grow to 3.5 million units by the year 2020. Nissan has been an automotive manufacturer in Thailand since 1952, and currently produces about 500,000 units annually.

Why Thailand

Ms. Piengjai Keawsuwan, Vice President of Nissan Thailand and President of the ASEAN Automotive Federation (AAF), recently disclosed five key reasons why Nissan has chosen to use Thailand for its regional headquarters and has plans to increase its Thai production capacity.

First and foremost is market demand. Already the largest domestic automotive market in ASEAN, Nissan realizes that the market still has tremendous potential to grow even bigger in the future. In fact, Thailand has been experiencing an average annual growth rate of 5% in the domestic automotive market. The second is Thailand's central location in SE Asia. This provides unparalleled trade and logistical access to every other ASEAN country. The third is Thailand provides political stability, with a government that strongly supports trade liberalization, and which allows and encourages investors to freely and confidently conduct business in Thailand. The fourth is that Thailand has a very strong supply chain, which helps make production costs very competitive. Over 90% of the raw materials used in automotive production come from the domestic market. Additionally, over 70% of the world's top automotive parts producers have invested in Thailand, further strengthening that supply chain and ensuring that the country will be even more competitive in the future. Finally, Nissan believes that Thailand's high quality workforce is one of the key strengths for the country. They feel that Thai skilled-laborers are more experienced and advanced than those in the other ASEAN countries.

Vision for the Future

Nissan has long shown its commitment to reducing and eliminating automotive carbon dioxide emissions by developing eco-cars like the March, and more recently a fully-electric car, the Leaf. It was the first company to manufacture eco-cars in Thailand for both domestic sale and export. They have also announced a new and greatly improved version of the Leaf with a more powerful motor and greatly extended cruising range, and Ms. Piengjai mentioned that Nissan has plans to invest in an electric vehicle battery plant in Thailand, which will lay the groundwork for the Leaf and all future electric vehicles in Thailand and the region. Additionally they, together with several other leading automobile manufacturers, have signed a Memorandum of Understanding (MOU) with PTT to establish charging stations across Thailand, building out the necessary infrastructure to support the next generation of automobiles. Their leadership in the environmentally-friendly and zero-emission automotive sectors will help make Thailand, and the rest of the world, a cleaner place for future generations.

“Thailand has tremendous market potential, and we are confident about the prospects for electric vehicles both in Thailand and Southeast Asia.”

Ms. Piengjai Keawsuwan
Vice President of Nissan Motor (Thailand) Co.,Ltd.

Supporting Policies from the Government

The government of Thailand has supported the growth and development of the automotive industry for over 50 years. Currently, they have many large infrastructure improvements under way which will enable the Kingdom to maintain its leadership position in the industry while enhancing its ability to become a global center for green automotive production. Included in the ฿895.8 billion (US\$25.2 billion) action plan for 2017 are 36 major infrastructure projects covering rail, roadways, air transport and seaport expansions, which will further interconnect all regions of Thailand, as well as enhancing connections to neighboring countries. There are also several free trade agreements in place to enable companies to easily do business across international borders, such as the ASEAN Free Trade Agreement (AFTA) and the Thailand - Australia FTA (TAFTA). The Thai government

continues to work towards negotiating additional free trade agreements that will make the Kingdom even more attractive as a major destination for global multinational enterprises looking to capitalize on the country's memberships in these free trade partnerships.

Attractive Investment Incentives

The Thailand Board of Investment (BOI) offers a wide range of tax and non-tax incentives for projects that meet national development objectives.

Tax-based incentives include an exemption or reduction of import duties on machinery and raw materials, as well as corporate income tax exemptions of up to eight years. Non-tax incentives include permission to bring in expatriates, own land and take or remit foreign currency abroad.

Recognizing the importance of the automotive sector, tax incentives are granted to approved projects in numerous automotive activities, including manufacture of vehicle parts; manufacture of rubber tires for vehicles; manufacture of automobile engines; manufacture of motorcycles; manufacture of fuel cells; and general automotive manufacturing.

Additional information about specific manufacturing activities relating to automotive industry can be found by clicking [here](#) or contacting the BOI's Investment Promotion Division 4.