



TOT Public Company Limited

“The International Submarine Cable AAE- 1 is the high-speed transmission system which will connect Thailand to globally crucial locations”

Dr. Kamthon Waithayakul
Senior Executive Vice President, TOT Public Company Limited

TOT: INTERNATIONAL SUBMARINE CABLE

AAE-1 (Asia-Africa-Europe 1) Road to the Digital World

With headquarters located on Chaengwattana in Bangkok, TOT Public Company Limited is a Thai state-owned telecommunications company that was originally established in 1954 as a state enterprise under the Ministry of Transport and Communications and incorporated as a public company in 2002. In 2009, TOT became Thailand's first 3G mobile service provider, and since that time their business has continued to expand in several broad areas, including telecommunications infrastructure, mobile cell towers, broadband connectivity, ICT and cloud computing, and international network gateways and submarine cables. Revenue in 2016 was 30.8 billion baht, with significantly higher revenues of 35 billion baht expected for 2018, and 40 billion baht anticipated in 2019 as a result of new partnership deals with mobile operators Total Access Communication (DTAC) and AIS, as well as an improved business plan.



In 2014, TOT joined the AAE-1 submarine cable consortium, a group of 19 global carriers who share the ownership and benefits of the over 25,000 km long Asia-Africa-Europe 1 submarine communications cable system. In June of 2017, the AAE-1 system, under the cooperation of China Unicom, CIL (HyalRoute), Djibouti Telecom, Etisalat, GT5L, Mobily, Omantel, Ooredoo, OTEG, PCCW, PTCL, Reliance Jio, Retelit, Telecom Egypt, TeleYemen, TOT, Viettel, VNPT and VTC, began operation. It connects Hong Kong, Vietnam, Cambodia, Thailand, with Malaysia and Singapore, then continues onwards to Myanmar, India, Pakistan, Oman, UAE, Qatar, Yemen, Djibouti, Saudi Arabia, Egypt, Greece, Italy and France. As a joint

venture, TOT possesses about 5% of the total capacity.

One of the unique features of AAE-1 is that while the main submarine portion terminates in Singapore, it thereafter continues via multiple terrestrial routes across Thailand, connecting it to Vietnam, Cambodia and then onward to Hong Kong. This allows AAE-1 to provide one of the lowest latency connections available between Hong Kong, India, the Middle-East and Europe. Thailand's physical location is therefore key to being able to offer this major benefit. The AAE-1 cable system uses recently upgraded state-of-the-art 200 Gbps transmission technology, and has a nominal maximum design capacity of 40 Tbps. According to the TOT, the benefits of owning their own submarine cable system, as opposed to renting overseas capacity, include not only a lower cost of operations, but also that of reducing the price of additional rented capacity due to the competitive price pressure exerted by the existence of this alternative high capacity cable.



Dr. Kamthon Waithayakul, senior executive vice president - infrastructure business unit of TOT Public Company Limited, explained that this project creates the connectivity required between countries to support the TOT's broadband Internet services, and it provides critical national infrastructure to support the development of the country according to the Thailand's 4.0 policy, as well as for becoming a leading Internet hub in the future.

According to Dr. Kamthon, for its investment of 1,800 million baht, TOT was granted the 544 million baht tax exemption for the construction and renovation of the submarine cable stations in Songkla and Satun provinces, as well as for laying the new submarine cables.

The result of receiving these privileges from BOI helped to lower the cost for TOT by approximately 20%, which is useful for the company's business, and allows them to increase the efficiency of their customer service by spending the budgets from the tax exemption. This furthers the goal of TOT to be the leading digital infrastructure service provider, as well as the government's policy of supporting Thai society to be able to access top-quality digital services with fair prices.

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 additionally include permission to bring in expatriates, own land and take or remit foreign currency abroad.

Recognizing the importance of the digital economy, the BOI gives priority to investments that are beneficial to the digital sector and the country's technological development. Particularly, high-tech, creative, and service industries that support the development of the digital economy and industries that utilize local resources for that purpose. For example, the BOI offers attractive and extensive investment promotion incentives for embedded software development, enterprise software development, digital content production, high value-added software, and other digital or cloud-based services.

Additional information about specific activities relating to the digital technology industries can be found by clicking [here](#) or contacting the BOI's Investment Promotion Division 5.
