



THAILAND  
BOARD OF  
INVESTMENT

# “Thailand as a Gateway to ASEAN”

**Dr. Ratchanee Wattanawisitporn**

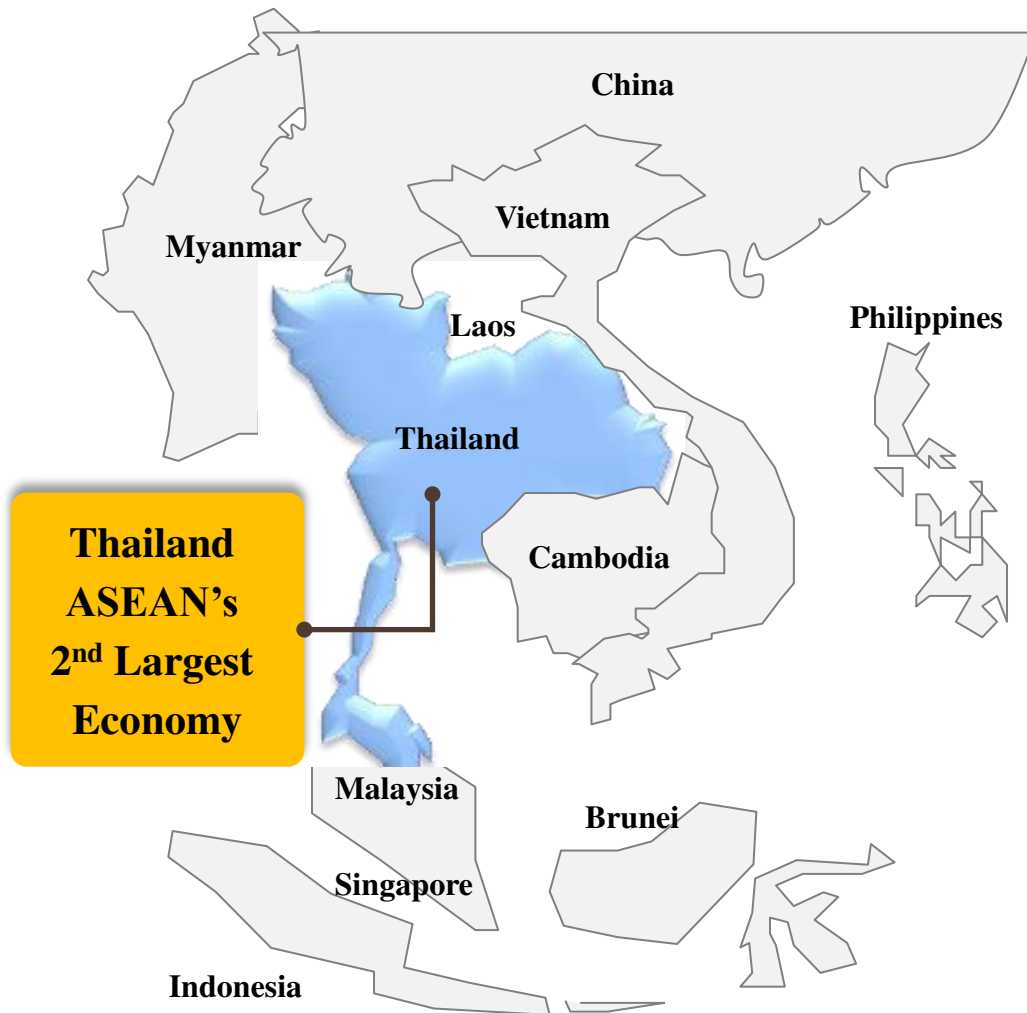
**Consul (Investment) / Director**

Thailand Board of Investment

**September 12, 2017, Graz**

# Thailand at a Glance

# Thailand's Economic Overview in 2016



**GDP**

**1**

**GDP 2016: EUR 383.3 billion**  
**GDP per capita: EUR 5,684**  
**Growth: 3.2%**  
**Population : 68 million**



**2**

**Export Value EUR 201.7 billion**  
**Growth: 4.45%**



**3**

**UNCTAD ranks Thailand 8<sup>th</sup>**  
**as a top prospective host economy**  
**2014-2016**



**4**

**World Bank ranks**  
**Thailand 5<sup>th</sup> for its ease of doing**  
**business among East Asia &**  
**Pacific countries for 2016**

**Source:** NESDB, Ministry of Commerce of Thailand, UNCTAD, World Bank

**Note:** Exchange rate (BOT, Mar 1 2017): 1 EUR = 37.30 THB

# Thailand Economic Overview 2016

1

**GDP EUR 383.3 billion**  
**GDP growth: 3.2%**  
**GDP per capita EUR 5,684**



4

## Taxation

- **Corporate: 10-20%**
- **Withholding: 1-10%**
- **VAT: 7%**



2

**Export Value EUR 201.7 billion**  
**Export Growth Rate 4.45%**  
**Import Value EUR 149.5 billion**



5

**Population 68 million**  
**Workforce 37.72 million**



3

**Total Foreign Reserve Value**  
**EUR 144,000 million**  
**Equivalent to 10.59 months of import**



6

**Headline Inflation (2016): 0.2%**



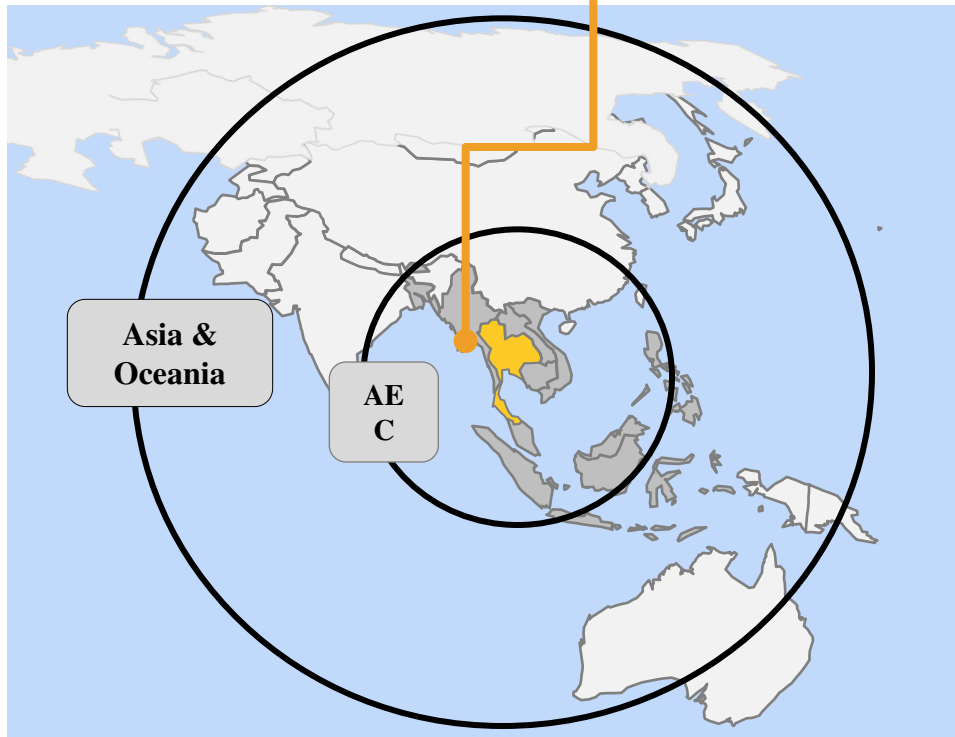
**Source:** World Bank, NESDB, Ministry of Commerce, The Revenue Department, Bank of Thailand, National Statistics Office

**Note:** Exchange rate (BOT, Mar 1 2017): 1 EUR = 37.30 THB

# Thailand: the Crossroads of ASEAN

## Strategic Location Gateway to ASEAN

**“We are surrounded by  
the world’s economic powerhouses”**



## ASEAN Economic Community



**633 million population**  
(9% of world population)



**GDP: EUR 2.27 trillion**  
(2% of world's GDP)



## Regional Comprehensive Economic Partnership \*(RCEP)



**3.3 billion population**  
(50% of world population)



**GDP: EUR 19.8 trillion**  
(28% of world's GDP)

# Vital Role in Global Supply Chains



**2<sup>nd</sup> in HDD Exports**



**6<sup>th</sup> Rubber Tire Exports**



**7<sup>th</sup> Computer Device Exports**



**12<sup>th</sup> Automotive Production**

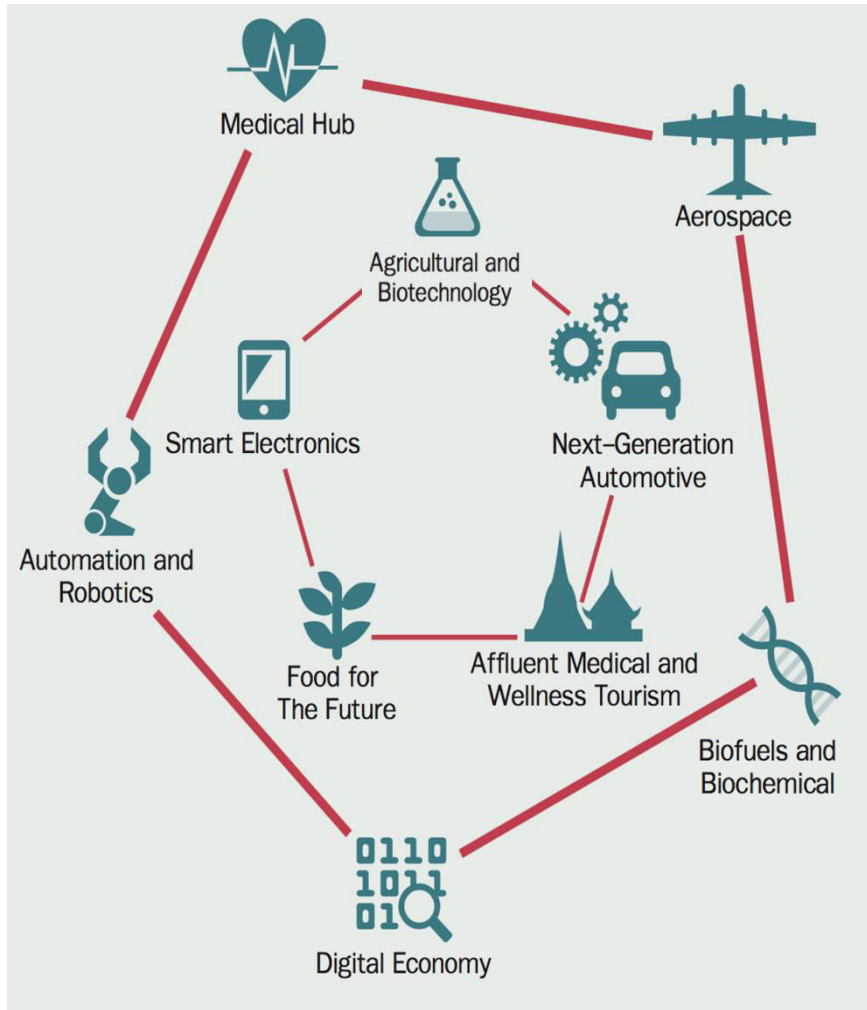
# Target Industry towards Thailand 4.0

# Thailand 4.0

- Thailand's new economic model
- Approach to break out of middle income trap, income disparity and development imbalance
- Driving the Thai economy through **INNOVATION**



# 10 Targeted S-curve industries



## First S-Curve Industries

- Next-generation automotive
- Affluent, medical and wellness tourism
- Food for the future
- Smart electronics
- Agriculture and biotechnology

## New S-Curve Industries

- Aerospace and logistics
- Biofuels and biochemical
- Digital
- Automation and Robotics
- Medical hub

## 5 Agenda items

1

**Human capital reform**

---

2

**Development of targeted technologies and industries**

---

3

**Incubation of local enterprises through innovation**

---

4

**Strengthening the local economy at provincial levels**

---

5

**Connecting Thailand to the world**

# Investment Promotion Policies

# BOI's Core Functions

## Enhancing Competitiveness and Investment Facilitation



- Offers an attractive and competitive package of **tax incentives**.
- Imposes no **foreign equity restrictions** on manufacturing activities or on some service.
- Provide assistance in the provision of **visas and work permits** to facilitate entry and subsequent operation for a **foreign-owned business**.
- Waives restrictions on **land ownership** by foreign entities.



## Business Support Services

- **Provides comprehensive information and advice** on establishing operations in Thailand.
- **Arranges site visits.**
- **Identifies potential suppliers,** subcontractors, joint-venture partners.
- **Provides useful contacts** with key public and private organizations.
- **Coordinates** between the foreign business community and other public agencies



# Who can apply for BOI promotion?

- Manufacturing and service activities (those in the list of eligible activities)
- Thai or foreign companies



# BOI Restructuring

## Sectoral Bureau

- Bio-based industries
- Creative and digital industries
- Advanced Manufacturing
- High-Value Business and Services
- Basic and Supporting Industries

# Core Incentives Under the BOI Act

## 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

**Deduction up to 70%** of the invested capital on net profit derived within 10 years (**ITA**)

### Activity-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

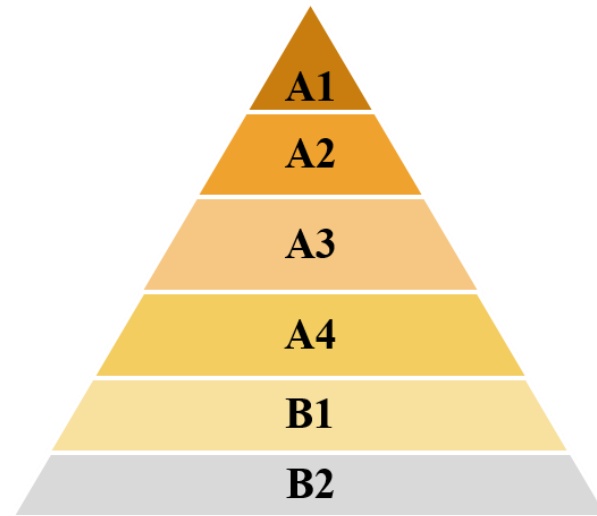
## Non-tax Incentives

Land ownership rights

Work permit & visa facilitation

Foreign ownership

# Activity-based Incentives



- A1:** Knowledge-based activities, focusing on R&D and design to enhance the country's competitiveness
- A2:** Activities in infrastructure for the country's development, activities using advanced technology to create value added, with none or very few existing investments in Thailand
- A3:** High technology activities which are important to the country's development, with a few investments already existing in Thailand
- A4:** Activities with lower technology than A1-A3 but add value to domestic resources and strengthen supply chain
- B1-B2:** Supporting industries that do not use high technology but are still important to value chain

	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
<b>A1</b>	8 years (No Cap) + Merit	✓	✓	✓
<b>A2</b>	8 years + Merit	✓	✓	✓
<b>A3</b>	5 years + Merit	✓	✓	✓
<b>A4</b>	3 years + Merit	✓	✓	✓
<b>B1</b>	0 year + Merit (for some activities)	✓	✓	✓



# Technology-based Incentives

**CIT exemption for 10 years + Merit (1-3 years) = Maximum of 13 years plus duty exemptions on materials imported for R&D purposes and related testing**

## Targeted Core Technologies

**1**

**Biotechnology**

**2**

**Nanotechnology**

**3**

**Advanced Materials  
Technology**

**4**

**Digital Technology**

## Enabling Services

**1. Research and Development**

**2. Vocational Training Centers (only in S&T)**

**3. Electronics Design**

**4. Engineering Design**

**5. Scientific Laboratories**

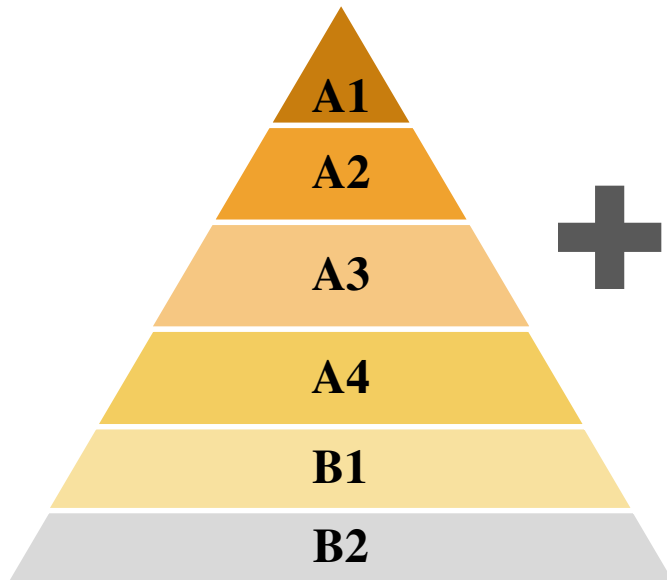
**6. Calibration Services**

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

Note: Projects must be engaged in technology transfer by cooperating with educational/research institutions as stipulated by the Board, e.g. Technology Research

# Current Investment Promotion Measures

## Activity-based Incentives



## Additional Incentives

### Merit-based Incentives

#### 6 Activities:

- R&D
- Technology Fund Donation
- IP Licensing Fee
- Advanced Technology Training
- Local Suppliers Development
- Product & Packaging Design

### Area-based Incentives

- Industrial estates / promoted industrial zones
- Science and technology parks
- 20 provinces with lowest per capita income
- 4 southern border provinces + 4 districts in Songkhla
- 10 Special Economic Zones
- **Cluster-based Investment :** Super Cluster/EEC/ other clusters

## Measures for Improvement of the Production Efficiency (expired in 2017)

- Machinery replacement for energy conservation, use of renewable energy and reduction of environmental impact
- Machinery replacement for improvement of production efficiency e.g. automation
- Investment in R&D activities and engineering design to improve the production efficiency

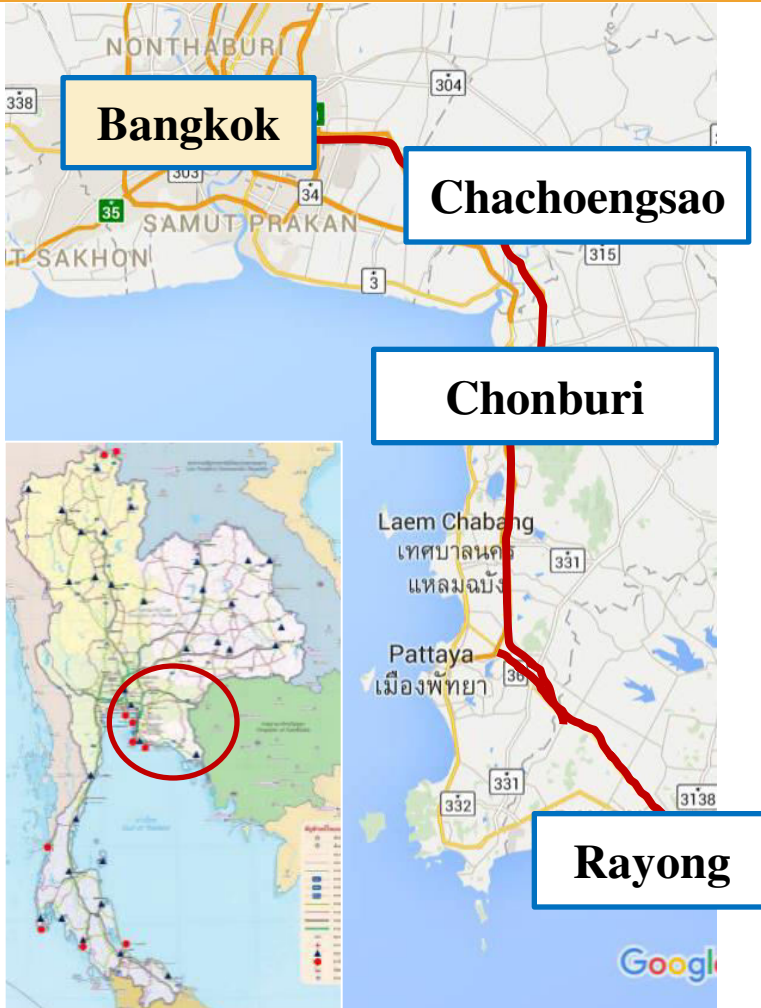


# Eastern Economic Corridor (EEC)

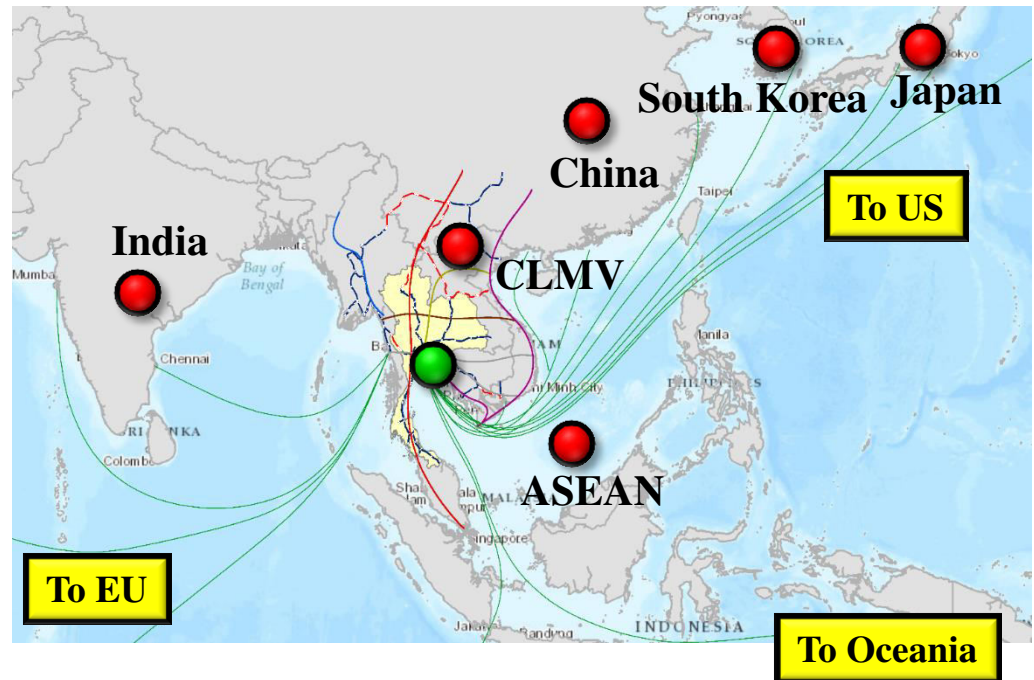


# Thailand's Eastern Economic Corridor

New Growth Hub of Thailand and ASEAN

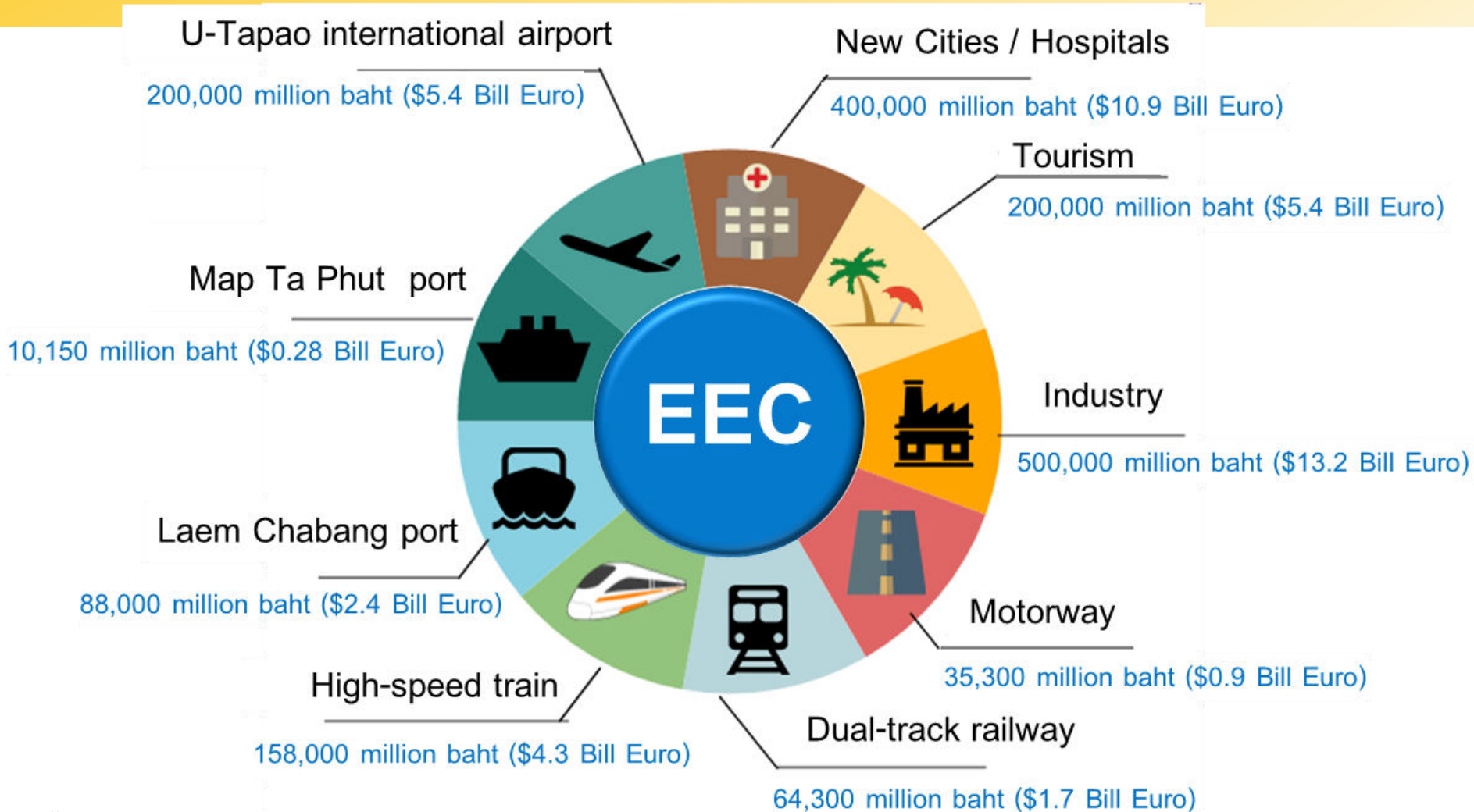


- 1 Strategic Location
- 2 Infrastructure Linkage
- 3 Excellent Atmosphere



# Eastern Economic Corridor Development Project

## 1.5 Trillion THB (41 Billion EUR) in the first 5 years



Source: Ministry of Industry

# 4 Core Areas and 5 High Priority Projects



## PROJECT

### Infrastructure

1. U-Tapao airport and aircraft maintenance
2. Sattahip commercial seaport
3. Laem Chabang port phase#3
4. Map Ta Phut port phase#3
5. High-speed rail – east route
6. Double-track railway
7. Highways and motorway



### Business/ Industry

8. Next-generation automotive (EV/AV)
9. Aerospace industry, Robotics, Smart electronics
10. Advanced petrochemical and Bioeconomy
11. Medical hub

+ EECi



+ EECd

### Tourism

12. Tourism

### New cities

13. Global Business Hub / Free Economic Zone
14. New Cities, Inclusive growth
15. Public Utilities

# Investment Promotion Measures in the EEC

## Targeted Industries in the EEC



Next-Generation  
Automotive



Food for the Future



Biochemicals and Eco-  
friendly Petrochemicals



Smart Electronics



Automation and  
Robotics



Digital



Affluent, Medical and  
Wellness Tourism



Aerospace and  
MRO



Medical Hub

- **An additional 50% CIT reduction for 5 years** for Project in Group A1-A3 (Activity-based)
- **Must Submit Application by 2017**

# Where to contact BOI

---

## Headquarter, Bangkok

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

**Tel:** +66 (0) -2553-8111

**Fax:** +66 (0) -2553-8222

**E-mail :** [head@boi.go.th](mailto:head@boi.go.th)

**Website :** [www.boi.go.th](http://www.boi.go.th)

## 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](mailto:fra@boi.go.th)