

**THAILAND OF INVESTMENT**

*WHERE SUCCESS STORIES BEGIN*

# Thailand's Recent Investment Trends



THAILAND BOARD OF INVESTMENT

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

## Thailand #3 FDI location in Asia 2005-2008

### RANK OF FDI PROSPECTS IN ASIA

Top 1	China
Top 2	India
<b>Top 3</b>	<b>THAILAND</b>
Top 4	Vietnam
Top 5	South Korea

- ❖ UNCTAD survey of world's 325 largest transnational corporations
- ❖ Asia region has most FDI prospects
- ❖ Thailand ranked #9 in world overall



## Promising Countries for Overseas Business Operations FY2004

1	China
<b>#2</b>	<b>Thailand</b>
3	India
4	Vietnam
5	U.S.
6	Russia
7	Indonesia
8	Korea
9	Taiwan
10	Malaysia

Includes production, sales, R&D,  
outsourced operations

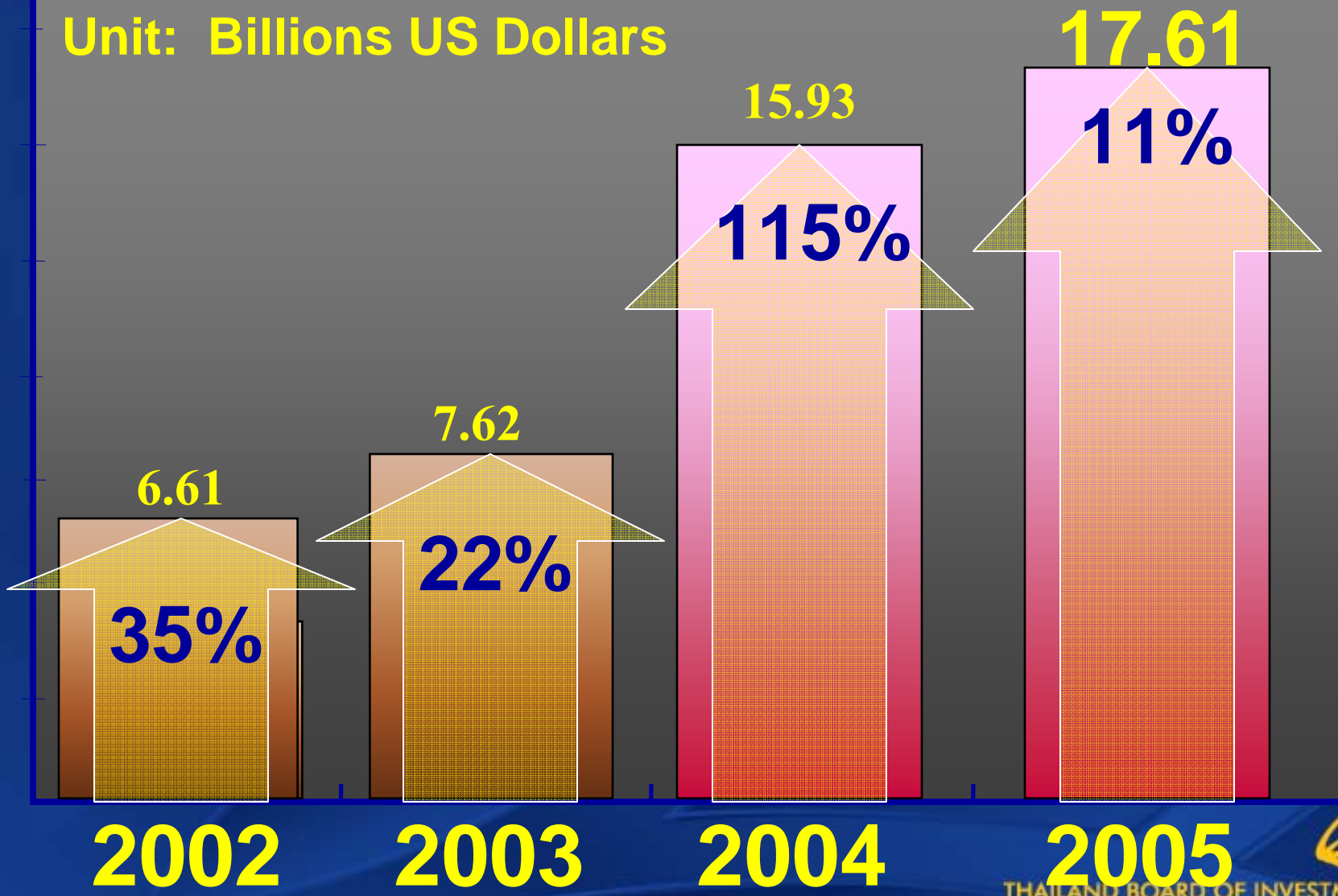
# Japan manufacturers: Thailand #2

## Thailand Top Factors

1. Market growth potential
2. Labor costs
3. Political and social stability
4. Supply base for assemblers
5. Base for exports
6. Developed local Infrastructure
7. Tax incentives for investment
8. Industrial clusters
9. Domestic market size
10. Policies to attract foreign capital

# Value of Net Applications Increasing

Unit: Billions US Dollars



Total investment applications

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## Major Investing Countries in 2005

Sector	Country (Millions of USD)						
	Japan	E.U.	U.S.A.	Singapore	Malaysia	Hong Kong	Taiwan
Agriculture	104	73	3	27	36	5	57
Minerals and Ceramics	96	11	0	5	39	0	10
Light Industry	57	85	10	1	3	33	9
Metal Processing & Automotive	3,203	105	48	105	37	26	48
Electronics/ Electrical	538	198	53	111	361	2	56
Chemical, Plastic, Paper	226	190	55	26	15	9	106
Services and Infrastructure	159	227	28	78	22	205	0
<b>TOTAL</b>	<b>4,383</b>	<b>889</b>	<b>197</b>	<b>353</b>	<b>513</b>	<b>280</b>	<b>286</b>

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# Why Thailand



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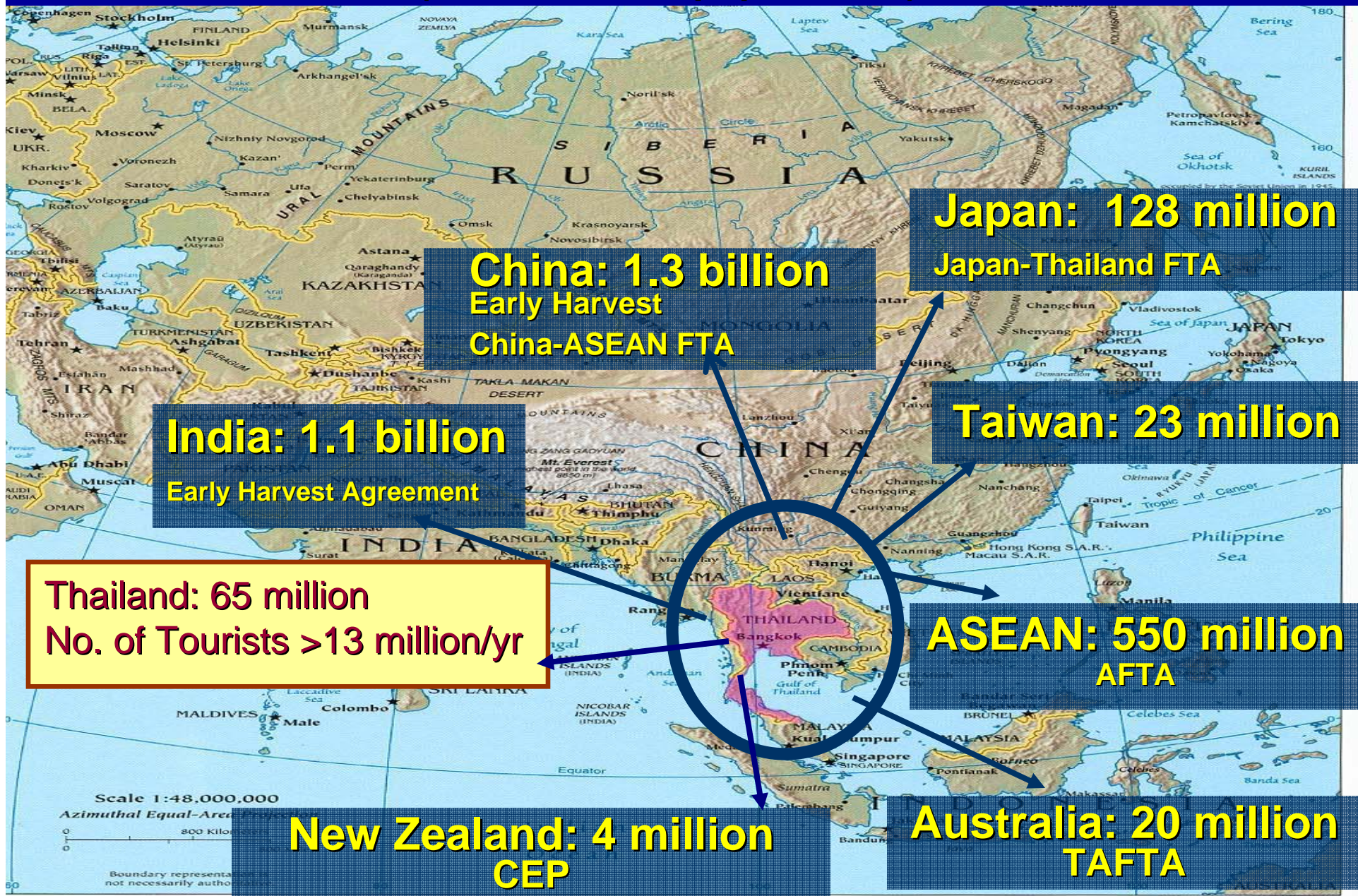
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# Why Thailand

- ⑥ Strategic Access to Asia & FTAs
- ⑥ Open Society, Dynamic Economy
- ⑥ Improved competitiveness
- ⑥ Diversified opportunities
- ⑥ Competitive Costs
- ⑥ Liberal Investment Regimes & Generous Investment Incentives



# FTAs & Strategic Location to Asian Markets (Countries and populations)



## Open Society, Dynamic Economy

- 🌀 Decades of pro-business environment
- 🌀 Tolerant society that values stability
- 🌀 Dedicated workforce
- 🌀 Friendly, welcoming culture to foreigners and foreign business



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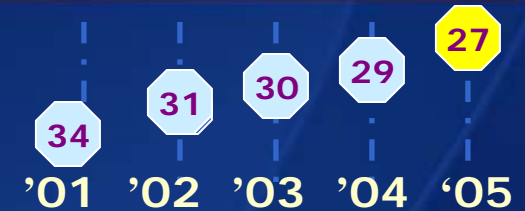
## 2005 Global Ranks

Hong Kong	2
Singapore	3
Taiwan	11
Japan	21
<b>Thailand</b>	<b>#27</b>
Malaysia	28
Korea	29
China	31
India	39

## Improved Competitiveness

Due to govt. efficiency, economic performance

- ❖ High productivity growth of labor
- ❖ Adaptability of government policy to economic changes
- ❖ Government understands business challenges for effective policies
- ❖ Low VAT: 7% compared to ave. 17.2%
- ❖ Low Internet costs



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Source: IMD Institute for Management Development

# Diverse Industries, Opportunities

Top Exports 2004			Top Imports 2004		
		USD Mil.			USD Mil.
1	Computers, components	9,302	1	Crude Oil	10,730
2	Automobiles & parts	5,681	2	Electrical Machinery, Parts	9,498
3	Integrated circuits	4,979	3	Industrial Machinery	9,454
4	Rubber	3,432	4	Chemicals	8,121
5	Radios, TVs	3,230	5	Integrated Circuits	7,357
6	Plastic pellets	3,132	6	Iron and Steel	5,830
7	Garments	3,092	7	Computers, Parts, Accessories	4,852
8	Rice	2,694	8	Metal Manufactures	3,433
9	Gems & jewelry	2,647	9	Jewelry, Silver Bars, Gold	2,984
10	Iron & steel	2,517	10	Auto Parts & Accessories (Incl. Chassis and bodies)	2,841

Source: Thai Customs, 2004

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

## New Suvarnabhumi Airport (2006)

Largest in Asia (IATA)

Near Bangkok, major industries

100 million passengers/year



# Infrastructure

**\$45 Billion  
for Mega-Projects**

- Improve Logistics throughout the nation
- Multimodal transport
- Rail, roads, highways, mass transit
- Education, Healthcare

**Deep sea ports: 5 million TEU**

**24 million mobile phones in '03  
growing 6 million/year**

**Modern highways all provinces**

**4,000 km rail to Malaysia,  
Singapore**

**57 industrial estates**

# Ease of Doing Business: World Top 20

1	New Zealand	11	Ireland
2	Singapore	12	Iceland
3	United States	13	Finland
4	Canada	14	Sweden
5	Norway	15	Lithuania
6	Australia	16	Estonia
7	Hong Kong	17	Switzerland
8	Denmark	18	Belgium
9	United Kingdom	19	Germany
10	Japan	20	<b>Thailand</b>

## 10 Areas:

Starting a business

Hiring and firing workers

Enforcing Contracts

Access to credit

Closing a business

Registering property

Investor protection

Licenses

Paying Taxes

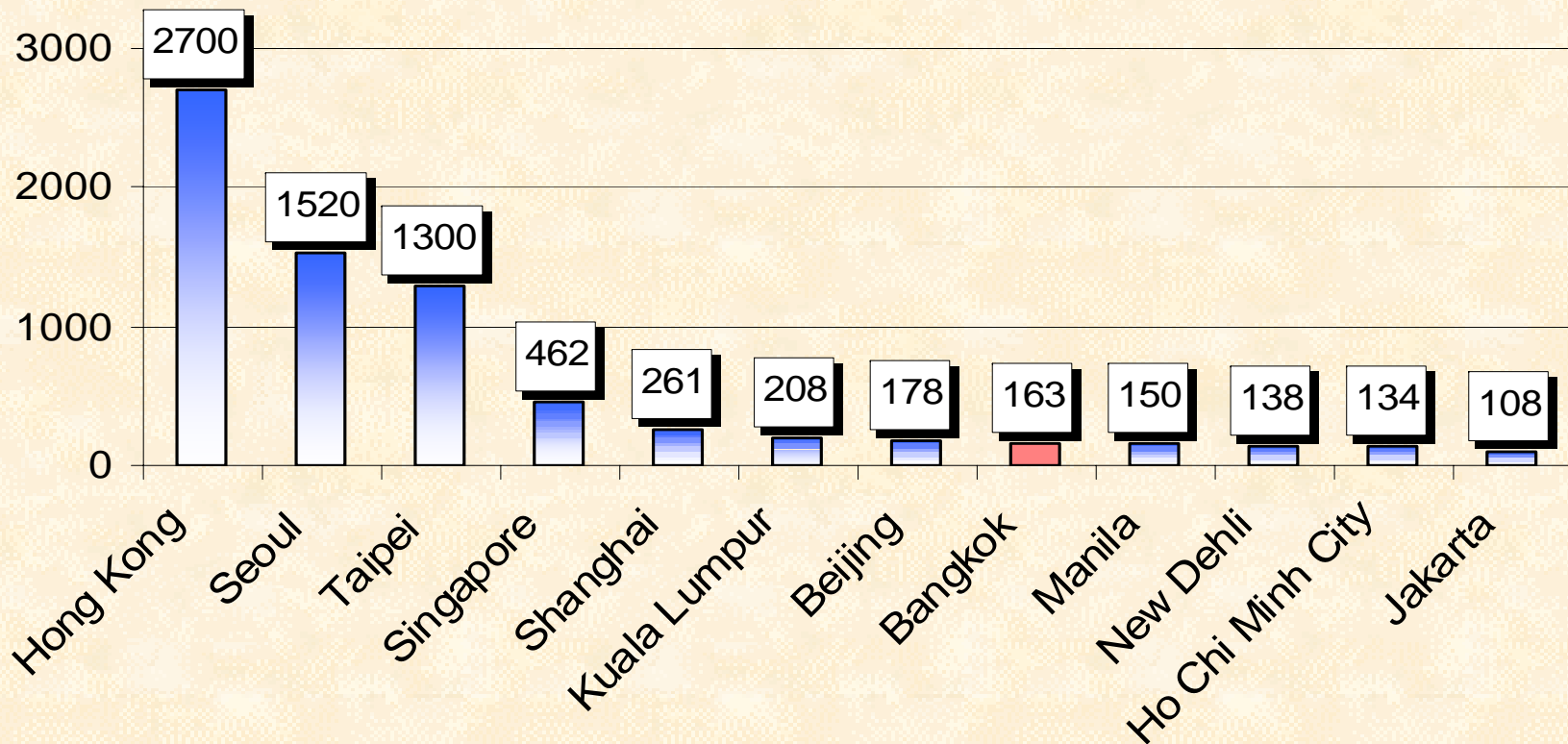
Trading across borders

World Bank “*Doing Business in 2006*” evaluates 155 countries. [www.doingbusiness.org](http://www.doingbusiness.org)

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Monthly wages of industry workers (US\$) in 2003

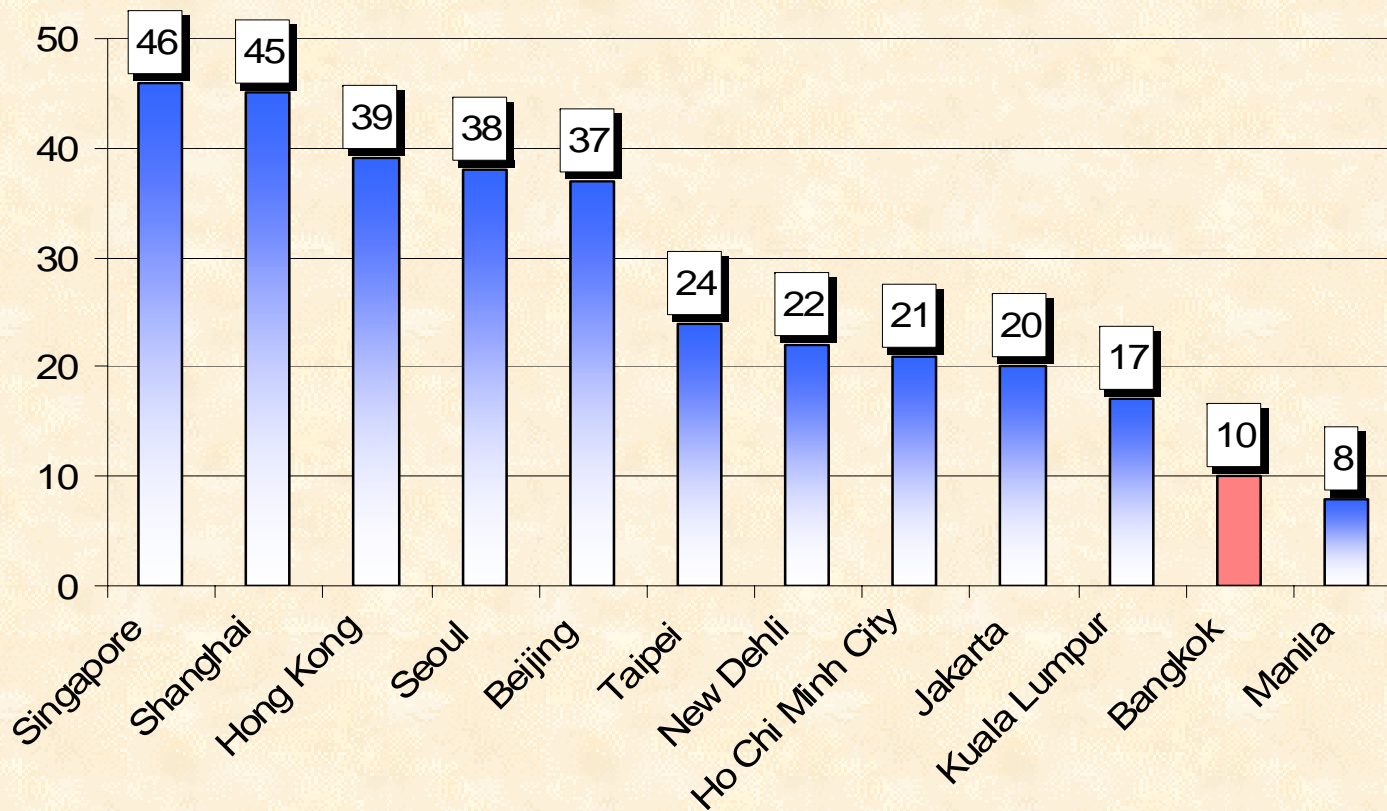


Source: JETRO

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Office rent monthly per square meter (US\$) in 2003

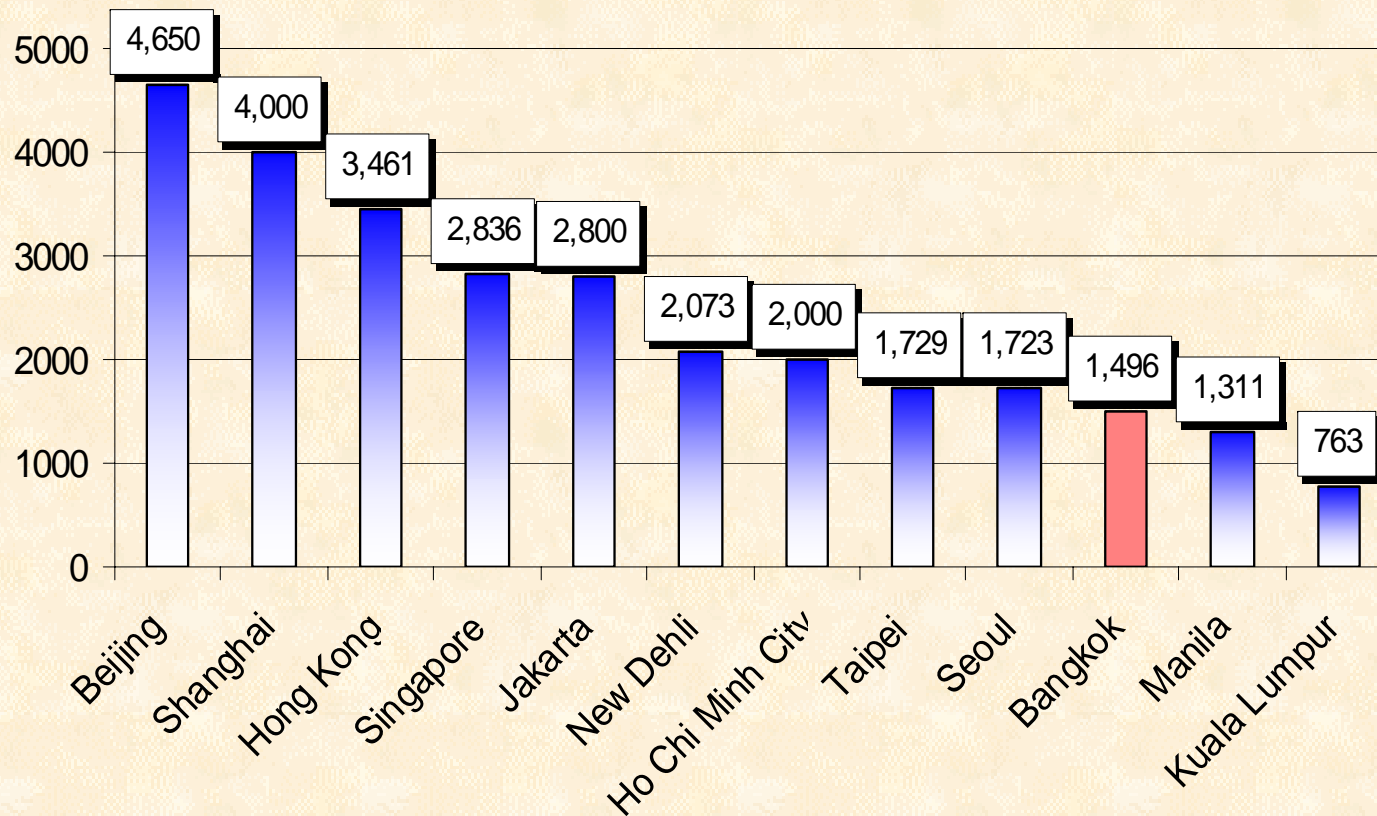


Source: JETRO

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Housing rent for expatriates (US\$ per month) in 2003

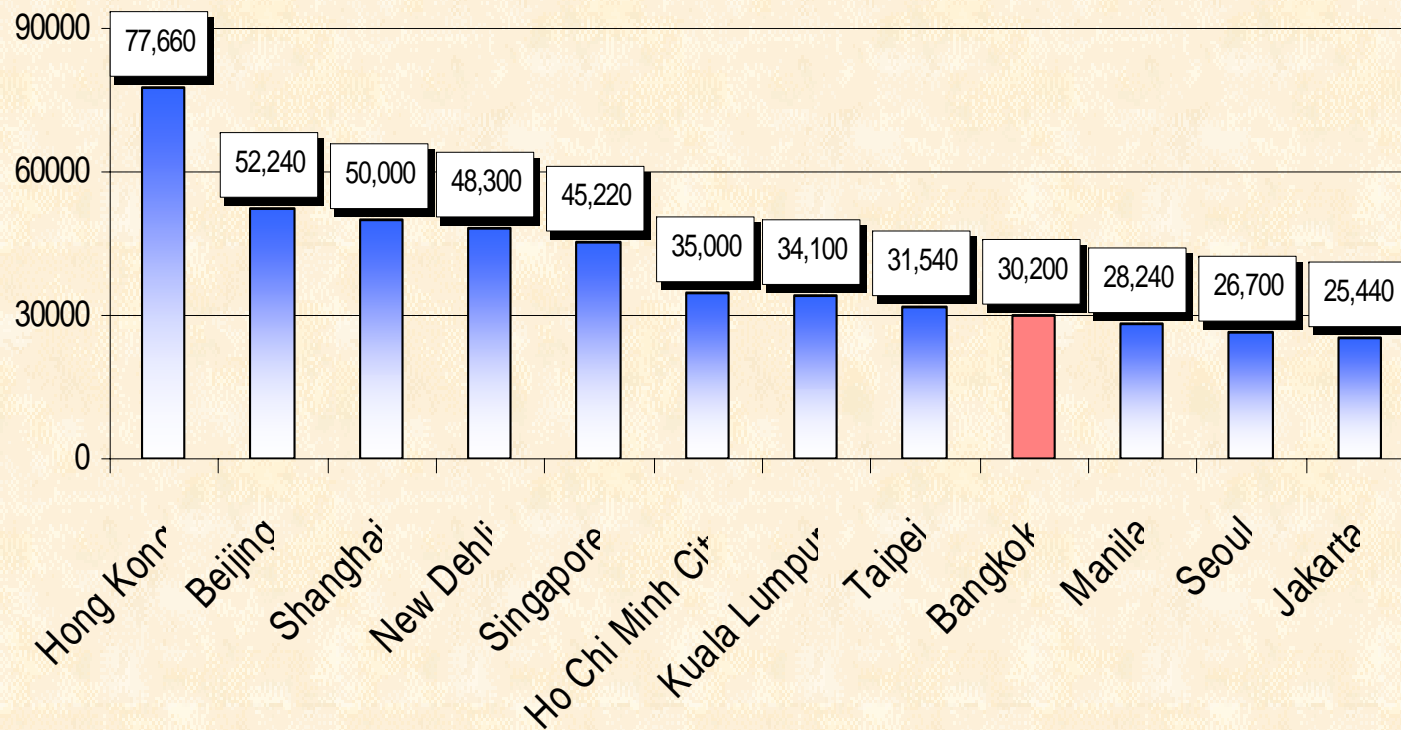


Source: JETRO

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**Electricity rate for business use (US\$) per month in 2003**  
(at contracted power: 2,000 kW, amount of use: 500,000 kWh)

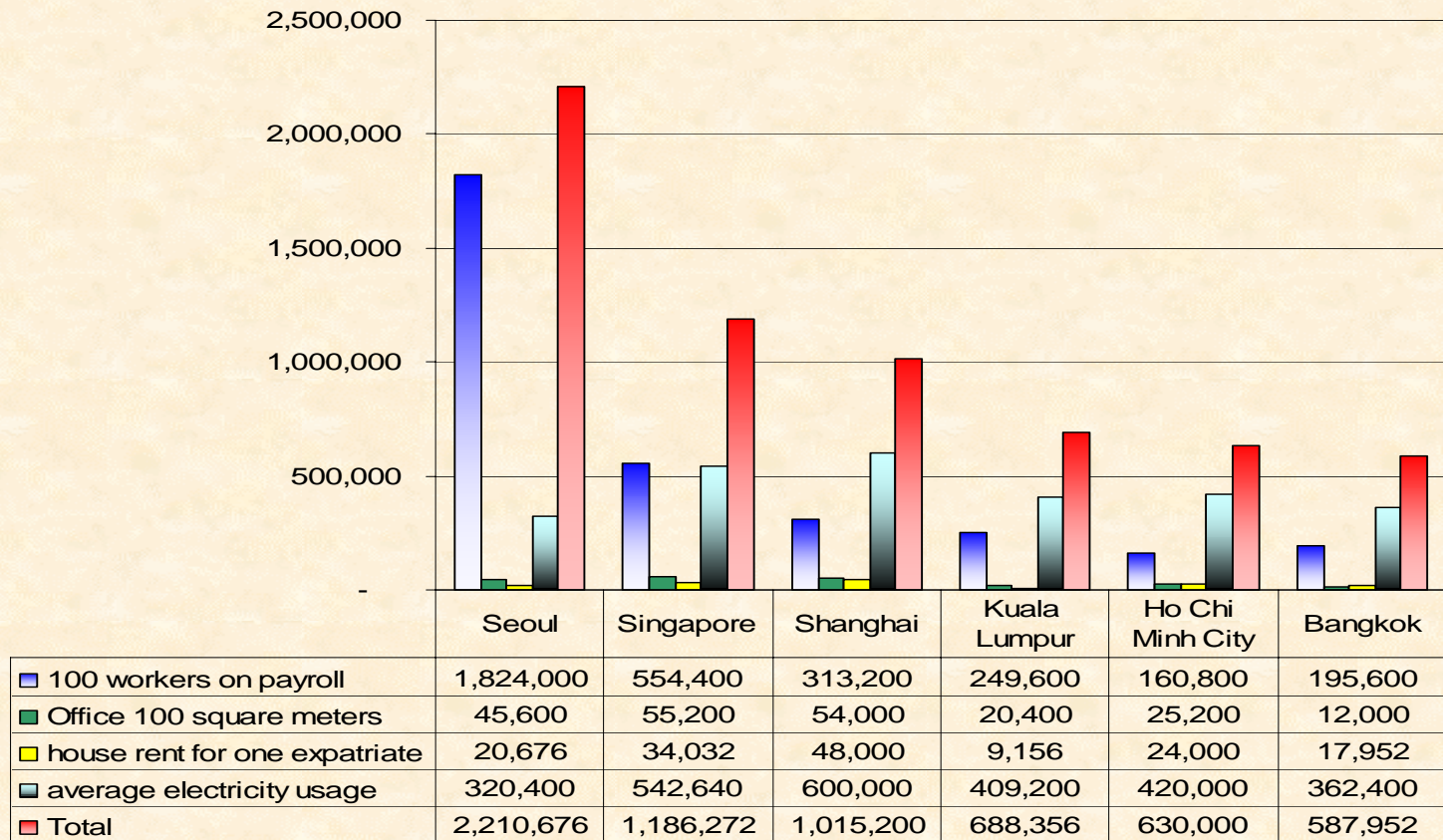


Source: JETRO

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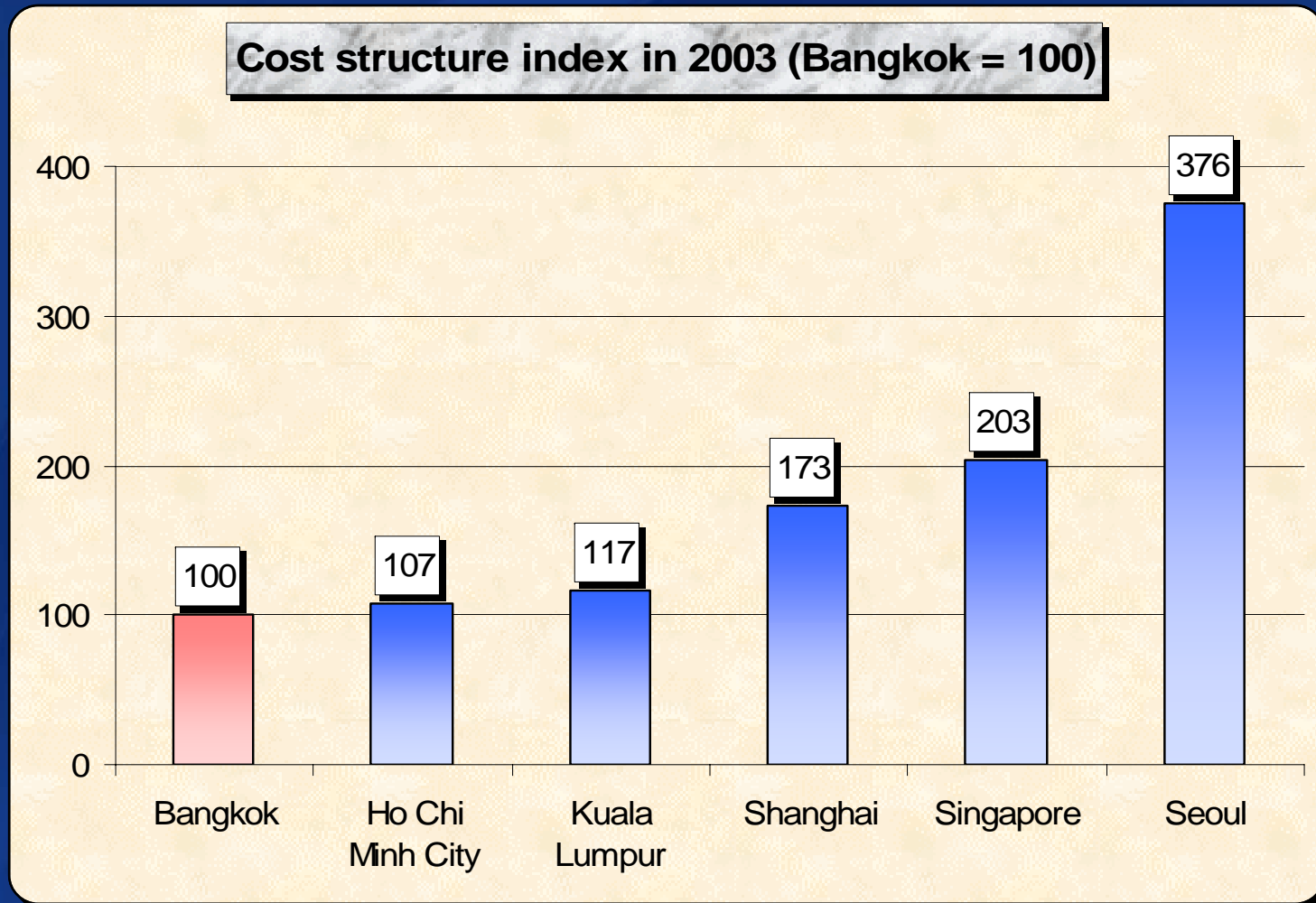
Calculation example of selected annual cost in US\$ in 2003



Source: JETRO and GTCC

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Source: JETRO and GTCC

## Liberal Investment Regime

- ❖ No export requirements
- ❖ No foreign equity restrictions in manufacturing sectors
- ❖ No local content requirements
- ❖ No location requirements in all but 6 activities  
(for environmental protection)



# Basic BOI privileges and incentives

## TAX INCENTIVES

- ❖ Corporate income tax holidays up to 8 years
- ❖ Import duty reductions or exemptions on machinery and raw materials

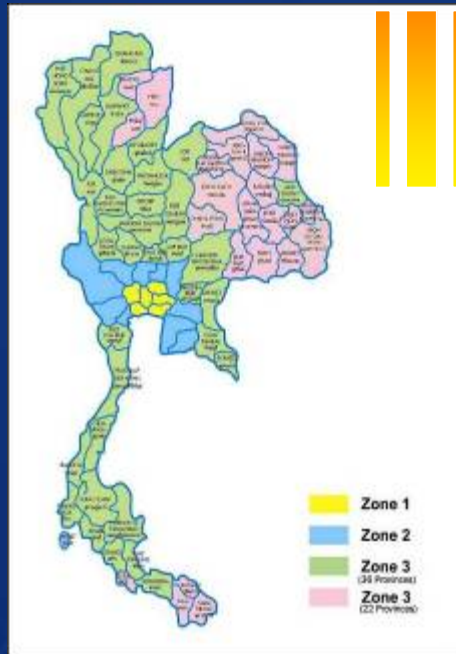
## NON-TAX INCENTIVES

- ❖ 100% Ownership
- ❖ Land rights for foreign investors
- ❖ Permission to bring in foreign experts and technicians
- ❖ Work permit & visa facilitation



# Zone and Sector Matrix

## Zones



### Zone-Based Incentives:

- Zone 1
- Zone 2
- Zone 3

Lower incentives



Higher incentives

## Sector Incentives

**Strengthen  
COMPETITIVENESS  
VALUE CREATION**

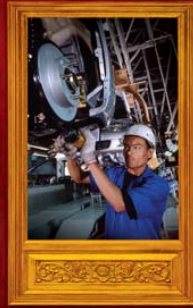
- ❖ 6 target industries
- ❖ Priority activities
- ❖ Missing links
- ❖ Industry clusters

**Maximum incentives  
regardless of zone**

e.g. Wafer fabrication  
R&D, mold & dies

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DOUBLE YOUR EXPECTATIONS



### High Growth Industries & New Growth Industries

Known throughout the world as the automotive hub of Asia and traditional powerhouse of electronics and IT production, Thailand is now realizing its potential in the food, fashion, and value-added industries.

Blessed with natural resources, skilled labor force, and centralized ASEAN location, Thailand offers established industries with new markets and opportunities in a robust economic environment beyond your expectations.



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## 6 Target Sectors:

- ❖ **Agro-Industry: food and rubber products**
- ❖ **Fashion: Jewelry, Garments, Leather**
- ❖ **Automotive**
- ❖ **Electronics and ICT**
- ❖ **Alternative Energy**
- ❖ **High-Value Added Services**



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## Internationally-acclaimed support services:



Dedicated to creating an enabling environment for investment

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**Investment Matchmaker Program**

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

**Industrial Subcontracting Services  
Vendors meet customers program  
(BUILD Unit)**

**ASEAN Supporting Industry  
Database (ASID)**

**Interaction with other govt.  
agencies on behalf of investors**

**Country desks**

**Overseas offices**

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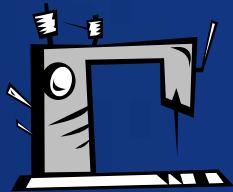
# BUILD's Activities

- ❖ Vendors Meet Customers (VMC)
- ❖ VMC Roadshow (Abroad)
- ❖ Market Place
- ❖ Sourcing/Global Sourcing Programme
- ❖ ASEAN Supporting Industry Database (ASID)

**Free-of-Charge  
Services**



## Sectors of Interest



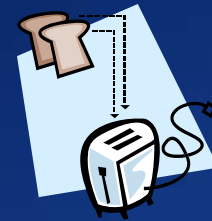
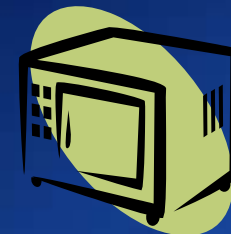
 Automotive

 Electronics

 Electrical Appliances

 Machineries & Equipments

 Jigs & Fixtures



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Where success stories begin

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