

New incentives for investment

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DUANGJAI ASAWACHINTACHIT has been the Secretary General of the Thailand Board of Investment since October 2017. Previously she served as Deputy Secretary General and as Assistant Secretary General. She first joined the BOI in 1984, working in the Project Development Division. Prior to her promotion to the position of BOI Assistant Secretary General, she was the Director of the BOI's Investment Marketing Bureau from 2005 until 2008. Ms Asawachintachit earned her Bachelor of Arts from Chulalongkorn University, and her MBA from Indiana University, USA.

One of the strategies of the government of Prime Minister Prayut Chan-o-cha is to provide stability, prosperity and sustainability for Thailand through the concept of *Thailand 4.0*. This will be implemented by investing in people and technologies, as well as developing critical infrastructure, eliminating or reforming rules and regulations that are obstacles to development, and building industrial hubs for the future, thereby increasing Thailand's competitiveness.

Thailand 4.0 is an economic model that will enable Thailand to overcome these challenges by transforming the country into an "innovation-driven economy" achieving upper-income status with a stronger and more balanced economic foundation.

Thailand 4.0's "New Engines of Growth" consist of two parts: the upgrading of five existing industries (Next-Generation Automotive, Smart Electronics, Affluent Medical and Wellness Tourism, Agriculture and Biotechnology, and Food for the Future) together with the development of five new industries (Automation and Robotics, Aerospace, Biofuels and Biochemical, Digital Economy and Medical Hub)

The newly minted Eastern Economic Corridor (EEC) is a core element of Thailand 4.0. To facilitate the EEC's development, infrastructure from road to rail to sea and air is currently being enhanced. The Thai government estimates US\$43 billion of private and public investment will be funnelled into the EEC within the next five years. Alongside its proximity to Bangkok, the EEC will bring together a mix of future-focused industry leaders, advanced higher learning institutes, spacious industrial complexes, and strategic access to ASEAN and its trading partners, all of which is expected to pave the way for increased and easier FDI.

Primed for the digital big-time

Thailand is positioned to accelerate its ascension to digital powerhouse status by increasing infrastructure investments, focusing on workforce training, stimulating entrepreneurial creativity, and reshaping the professional culture of the country.

Thailand's government knows that supporting the digital economy begins with building a solid technological infrastructure. Thailand has invested millions of dollars in making internet accessible to the country's population, allocating more than US\$588 million for building out a

broadband internet system with the intention of meeting the overwhelming demand in cities and expanding access to the country's more remote locations. Today, broadband access reaches 40,000 villages, or 80 per cent of Thailand's population. At the same time, more than 90 per cent of people access the internet via smartphone, making improved access to wireless internet and 4G more imperative than ever. The benefit of removing these logistical roadblocks is twofold: Entrepreneurs will be free to build innovative companies, and the public will have the connectivity to shop at and support them.

The government is also exploring public-private partnerships to fund the development of smart cities, which so far include Phuket, Chiang Mai, and Khon Kaen. These first three pilot provinces will act as Thailand's technological hubs and as a blueprint for an even more expansive smart city initiative.

Recently, Thailand Board of Investment (BOI) has approved the new investment promotion scheme for these smart cities to promote digital transformation. The scheme provides a waiver of corporate income tax for eight years.

Medical device industry gaining momentum

Thailand is promoting medical technology and innovation development in order to enhance people's quality of life. Consequently, the government and private sector have been working together closely to commercialise and bring innovations from laboratories to the people.

The medical device industry plays a significant role in the government's economic reform programme and a balanced and sustainable development policy is necessary to improve quality of life. Medical devices are therefore prioritised as a target industry which is eligible for investment incentives. Following the latest promotional incentives, investment in the manufacture of high-risk or high-technology medical devices will receive a 8-year corporate income tax exemption.

The investment incentives are part of the Thai government's progressive policy to help the country become a medical hub within 10 years. The strategic plan, executed from 2016-2025, proposes to turn Thailand into a medical hub in four major areas: wellness, medical services, academics and products. The medical device and technology sector has also been prioritized as the top target for investment.

While research-based technology and innovations are taking shape, investors in the medical device industry believe there is a need for more investment to accelerate innovation and the commercialisation of innovative products. Thailand's medical device industry needs partnerships with world-class investors and manufacturers to enhance technology transfer to accelerate the speed of development.

A move towards automation and robotics

Over the past half-century, advances in automation and robotics have been transforming both business and society. Automation and robotics were initially used to increase productivity on the production floor of factories and utilised simple technologies. Now many corporations around the world are transitioning to Industry 4.0, making use of artificial intelligence, big data management, and the Internet of Things (IoT) to seamlessly work together, to exponentially increase both production and productivity.

Since 2010, the demand for industrial robots has substantially increased as a result of factories' continuous shift toward automation and innovative technical improvements. There is immense potential for Thailand to expand its market to address rising global demand.

The government pays attention to both the demand and supply side in designing effective investment incentives so as to create the right financial ecosystem in the Kingdom. Such incentive packages are offered for both existing and new investment projects.

On the supply side BOI's investment incentives are offered to a wide range of business activities related to the robotics and automation industries and technologies: Conceptual design solutions; engineering designs and system integration methods to control system configurations; procurement and manufacturing; as well as assembly, installation and commissioning.

On the demand side incentives are afforded to both new investment projects and existing investments aimed at increasing current production efficiencies. The incentives range from a waiving of corporate income taxes for three years as well as exemptions of import duties on machinery.

Airlines come for the beaches... and the aircraft engineering talent

Over the past 30 years, the airline industry has grown exponentially due to escalating global travel demand. Passenger air traffic has doubled every 15 years since


the early eighties and is expected to reach 7 billion passengers in 2034.

There is massive economic promise in the Asia-Pacific region given the forecast of a 20-year annual growth rate at 4.9 per cent. In 2034, the region as a whole will account for 42 per cent of global passenger traffic, with an extra 1.8 billion passengers. Given its immense growth potential and new opportunities, many world-class aerospace companies are looking to expand and locate their business in the Asia-Pacific region.

With pristine beaches and incredible food, Thailand is a huge draw for sun-loving foreign visitors. An increasing number of inbound aircraft extend their visit for a pit stop at top-notch engine and body maintenance centres. And with so much engineering talent from the automotive sector, foreign component makers are investing heavily in the Thai aerospace production and MRO (maintenance, repair, and overhaul) sectors. With generous new tax incentives, a proven industrial base, and a large talent pool, Thailand is on track to become a regional aerospace hub.

Thailand is laying the strategic groundwork for a new value-based economy. Success will rely on the strength of new ideas and a commitment to building a better tomorrow. More and more multinationals are beginning to take advantage of Thailand's emerging middle class of engineering and research talent to power innovation.

About BOI



Thailand Board of Investment (BOI) is the principal government agency aiming to encourage investment in Thailand. We at the BOI serve as the professional contact points for investors, providing them with useful investment information and services. We offer business support and investment incentive to investors in Thailand, including tax and non-tax incentives. The non-tax incentives include permission to own land for promoted activities and facilitation of visas and work permits. 

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MAXIMIZE YOUR BENEFITS

Investments in these industries will receive full support from the Thai government.

-  A corporate tax holiday for up to 15 years
-  An exemption of import duty on machinery and raw materials
-  17% personal income tax for executives, experts, and researchers working in designated zone
-  A grant to support investments in R&D, innovation, and human resource development
-  Permission to own land for promoted activities
-  One Stop Service to facilitate your business operation