

# ECONOMIC UPDATE & FDI NEWSLETTER

## Highlight:

- *BOI approves incentive measures to promote investment in “Smart City Development”*
- *BOI increases tax privileges for companies engaged in technology development both inside and outside EEC*

Issue: June 2018



# ECONOMIC UPDATE



- Exports continued to be a major economic driver of Thailand.
- Impacts from the US trade protectionism policy could be offset by outbound shipments to other markets.

	Unit	Mar. 2018	Apr. 2018	Details
<b>Exchange Rate</b>	(THB/US)	31.2	31.6	Thai Baht was slightly depreciated due to uncertainties in global monetary policies.
<b>Private Consumption</b>	% Y-o-Y	2.6	5.8	Private consumption increased, driven by rising oil and fuel prices.
<b>Private Investment</b>	% Y-o-Y	-5.0	7.0	Private investment rose, thanks to stronger investors' confidence particularly in construction industry.
<b>Public Investment</b>	% Y-o-Y	-23.5	15.7	Public investment continued to rise due to budget disbursement for mega project investment.
<b>Exports</b>	% Y-o-Y	7.1	12.3	Exports continuously expanded especially in major items including rice, tapioca products and petroleum-related products, which saw price increases.
<b>Imports</b>	% Y-o-Y	9.5	20.4	The value of inbound shipments increased especially for capital goods in the fuel category wherein prices rose in line with global trends.
<b>Number of Inbound Tourists</b>	Person (Million)	3.5	3.1	Number of tourist arrivals has been dropped especially for those from Malaysia, China and Japan.

# FDI HIGHLIGHT



Drafted landscape of CP Industrial Estate Rayong

**CP Land PCL, a subsidiary of CP Group, and Guangxi Construction Engineering Group**, have prepared a feasibility study of CP Industrial Estate Rayong, which stretches across Nikhom Pattana and Ban Khai districts, with the total project area of around 490 hectares. The new industrial estate is designed to support the targeted industry groups, which are categorized as follows:

Industry	Investment (million USD)
1. Smart electronics industry	517
2. Comprehensive medical care industry	517
3. Next-generation automotive industry	258
4. Digital industry	258
5. Food processing industry	207

# EEC CORNER

BOI increases tax privileges for technology development businesses by dividing into two groups:

1. Investments in EEC (EECi and EECd)
2. Investments in industrial parks or Science and Technology Park outside the EEC area

## “Eastern Economic Corridor of Innovation (EECi)”



Laem Chabang Port, Chon Buri

The Thai government has attached great importance to the setting-up of EECi to promote research and development in technology and innovation, with particular emphasis on making these technology available for practical use in the 10 target industries. Currently, there are two locations planned for the establishment of EECi.

1. **Wangchan Valley** is located in the property of PTT PCL in Rayong province. The area covers 480 hectares, surrounded by over 30 industrial estates in the EEC area.

EECi focuses on the following:



**ARIPOLIS:** Research center for automation, robotics and intelligent systems



**BIOPOLIS:** Research and innovation center for industrial development based on biotechnology



**SPACE KRENOVAPOLIS:** Innovation center and research base for geo-informatics and space technology

# EEC CORNER

2. **Space Krenovation Park (SKP)** in Si Racha, Chon Buri, on an area of around 20 hectares, focuses on aviation and aerospace.



SKP landscape in Si Racha, Chon Buri

## “Digital Park Thailand: EECd”

EECd is aimed at promoting investment in digital business together with creating digital innovation under commercial purpose to upgrade Thailand’s digital industry. EECd has been designed to develop the existing information and communication technology (ICT) toward New S-Curve Digital Industry and create new digital businesses, which are a key mechanism to drive Thailand 4.0 initiative. The targeted groups are divided into the following:



**Producers of hardware and parts** such as smart devices



**Producers and providers of software service** such as Autonomous Software and Intelligence Platform



**Providers of digital information** such as Big Data and Data Analytics



**Producers of communication devices** such as satellite



**Providers of digital service** such as e-commerce and digital tech startups

# EEC CORNER

## BOI increases tax incentives for technology development businesses

	Previous	New
<b>Inside EEC</b>		
1. Investments in EECi	10-year CIT exemption	13-year CIT exemption
2. Investments in EECd	10-year CIT exemption	13-year CIT exemption
<b>Outside EEC</b>		
Investments in industrial parks or Science and Technology Park outside EEC	10-year CIT exemption	12-year CIT exemption

Source: The Office of the Board of Investment

Additional tax incentives for technology development businesses will draw more companies from any fields of science and technology worldwide to invest in Thailand. In addition, more research and innovation developments are expected to take place in Thailand particularly in the EEC area, contributing to improvements of the manufacturing sector continuous and rapid development of Thailand's 10 target industries. The effort will lay down a solid foundation for Thailand to enter an era of new economy driven by science and technology which will propel the Thai economic growth to reach 5 percent annually in the future.

# INVESTMENT UPDATE

“ BOI approves incentive scheme for Smart City”



*"Smart City in Khon Kaen"*

*"OFO Bike is part of Smart City in Phuket"*



The government has attached importance to Smart City as part of the policy to drive Thailand toward digital economy and society. To accelerate the process of Smart City development, the Thai government has identified models for Smart City and carried out pilot projects in three provinces namely, Chiang Mai, Phuket and Khon Kaen, with a plan to expand to 77 provinces in five years.

# INVESTMENT UPDATE

The investment incentives are given to two categories of businesses.

1) ***Investment in platform and infrastructure for Smart City management***

2) ***Investment in smart system development***

by focusing on six smart solutions as follows:



Investment in these two categories will enjoy a waiver of corporate income tax for eight years (up to 100 percent of the investment capital excluding the cost of land and working capital).





# INFRASTRUCTURE UPDATE

**Hutchison Ports (Thailand) Company Limited**, Thailand's leading port operator, will invest approximately USD625 million in the construction of Terminal D at Laem Chabang Port, which will be the first port in Thailand that uses remote-operated cranes to handle containers for large ocean liners. Once the project is fully operational, it will **increase Laem Chabang Port's handling capacity by 3.5 million twenty-foot equivalent units (TEU) per year**. The project is one of major large-scale projects in EEC to serve transpacific shipments which are set to rise in line with an export boom. The added capacity will also allow Laem Chabang Port to handle a higher cargo volume and serve larger vessels, supporting various modes of shipments both within the EEC area and between Thailand and other countries in accordance with the government's goal to transform Thailand into a regional water transport hub.



# EVENT UPDATE



## **KBank and Thai Chamber of Commerce in China organized a seminar on One Belt One Road in Beijing, China**

On May 27, Thai Chamber of Commerce in China organized a seminar on “**One Belt One Road** and Potential Thai Industries”. Mr. Piriya Khempon, Ambassador at the Royal Thai Embassy in Beijing, delivered remarks to open the seminar, while Mr. Kin Chong Choi, China Business Relationship Development Expert, World Business and Product Development Department, represented KBank and gave a special lecture on Thailand’s economic landscape and KBank services in China during the event.

And Mr. Tanee Maneenut, Director of International Business Development from Bumrungrad International Hospital also gave insight into industries with strong potential. More than 100 businesspeople and Chinese investors attended the event and exchanged views on the investment atmosphere in Thailand.

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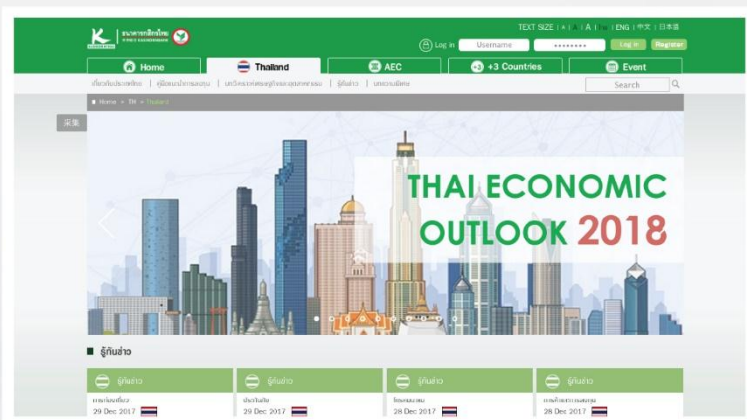
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