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
• 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.

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

<table>
<thead>
<tr>
<th>Industry</th>
<th>Investment (million USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Smart electronics industry</td>
<td>517</td>
</tr>
<tr>
<td>2. Comprehensive medical care industry</td>
<td>517</td>
</tr>
<tr>
<td>3. Next-generation automotive industry</td>
<td>258</td>
</tr>
<tr>
<td>4. Digital industry</td>
<td>258</td>
</tr>
<tr>
<td>5. Food processing industry</td>
<td>207</td>
</tr>
</tbody>
</table>

Source: EEC Office และ CP Land
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

EECi focuses on the following:

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

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

"**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
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.

### BOI increases tax incentives for technology development businesses

<table>
<thead>
<tr>
<th></th>
<th>Previous</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inside EEC</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Investments in EECi</td>
<td>10-year CIT exemption</td>
<td>13-year CIT exemption</td>
</tr>
<tr>
<td>2. Investments in EECd</td>
<td>10-year CIT exemption</td>
<td>13-year CIT exemption</td>
</tr>
<tr>
<td><strong>Outside EEC</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in industrial parks or Science and Technology Park outside EEC</td>
<td>10-year CIT exemption</td>
<td>12-year CIT exemption</td>
</tr>
</tbody>
</table>

Source: The Office of the Board of Investment
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.
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:

- **Smart Mobility**
  - Mixed-modal access
  - Clean & non-motorized option
  - Integrated ICT

- **Smart People**
  - 21st Century Education
  - Inclusive Society
  - Embrace Creativity

- **Smart Living**
  - Culturally vibrant & happy
  - Safety
  - Healthy

- **Smart Government**
  - Enabling supply & demand size policy
  - Transparency & open data
  - ICT & E-Government

- **Smart Economy**
  - Entrepreneurship & Innovation
  - Productivity
  - Local & global connect

- **Smart Environment**
  - Green building
  - Green energy
  - Green urban planning

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).

Source: https://smartcity.org.hk/index.php/aboutus/background
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.
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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