

Investment Opportunity in AEC

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- 1. Impact of AEC on Investment**
- 2. Role of BOI on SMEs Promotion**
- 3. BOI's Promotion Scheme for Outward Investment
(Thai Overseas Investment)**



1. Impact of AEC on Investment

- **So far, more impact from ASEAN than from AEC/ACIA**
 - ASEAN has become and will be more attractive to attract FDI from outside and from within ASEAN
- **AEC/ACIA has limited benefits to investors because;**
 - Liberalization has been made at the extent allowed by domestic law
 - Current level of liberalization has already taken place, long before 2015
- **Looking ahead, to what extent AEC will benefit Investment depends on commitment of ASEAN members to implement the plans under AEC Blueprint.**



2. Roles of BOI on SMEs Promotion

- **Promote Support Industries and Industrial Linkages**
by establishing BOI Unit for Industrial Linkages
Development (BUILD)
- **Grant Special Tax Incentives To SMEs**



BUILD Objectives

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Promote and develop supporting industries



Strengthen parts and component market



Increase capability of Thai suppliers



Assist suppliers to tailor parts and components production to the needs of manufacturers



Stimulate localization – induce manufacturers to source domestically



Attract foreign investment



BUILD Activities

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- **Automotive Industry**
- **Machinery Industry**
- **E&E Industry**
- **International Procurement Office (IPO)**
- **Companies granted import duty reduction on imported materials for production for domestic market**

Grant special tax incentives to SMEs

4 groups of eligible sectors(39 eligible activities)

- Agricultural Products/Related services
- Hitech and support industries
- Creative products
- Services/tourism support services

Incentives/Conditions

- Maximum Incentives
- Thai majority shareholding
- Relaxed investment condition



3. BOI's Promotion Scheme for Outward Investment (Thai Overseas Investment)



Push Factors for Thai Outward FDI

- **Wage increase**
- **Labor shortages**
- **Lack of raw materials/resources**
(fishery, agricultural lands, natural resources etc.)
- **Declining domestic market**



Why Outward FDI?

Why BOI promotes outward FDI?

- Enhance domestic industrial competitiveness
- Generate national income

Why companies invest overseas?

- Market seeking
- Resources seeking
- Efficiency seeking
- Intellectual property /technology seeking



Thailand's measures to promote Outward FDI

Category	Measures	Responsible Org.
- Investment protection	- IPA with other countries	- Ministry of foreign affairs
- Fiscal measures	- Double taxation agreement - Exemption of dividend from overseas investment	- Ministry of finance
- Financial measures	- Relaxation of control on capital outflow - Long-term loan	- BOT - EXIM bank, commercial banks
- Information provision and facilitation	- Information center - Advisory service - Seminar/training - Investment mission - Investment guide/manual	- Ministry of commerce, Ministry of industry, Ministry of foreign affairs, BOI, banks, FTI, consulting firms, universities, etc.

Establish responsible body

- Establish “**Thai Overseas Investment Promotion Subcommittee**” chaired by Minister of Industry to formulate policies and supporting measures including tax incentives, financial measures, and other necessary measures
- Establish “**Thai Overseas Investment Promotion Bureau**” (in the process)

Provide information & Knowledge

- Establish **Thai Overseas Investment Development Center** to organize training course for Thai investors who want to invest overseas. (Now, it is the 3rd and 4th training course)
- Establish **Thai Overseas Investment Information Center** to provide information for investors with consultant team to guide Thai investors to invest in target countries
- **In-depth study on investment opportunities** in target industries
- **Arrange seminars** on investment opportunities on many issues e.g. laws and regulations of doing business overseas, market opportunity in interesting industries, etc.

Explore investment opportunities

- **Lead Thai investors to explore investment opportunities** and discuss with government agencies overseas

Coordinate problem solving

- Coordinate with other agencies to **facilitate investment and solve problems** for investors
- **Negotiate G2G** in target countries to create business opportunities and reduce investor's obstacles

Major Obstacles for investing abroad

Host countries

- Inconsistent and non–universal standard laws and regulations
- Inadequate infrastructure/public utilities
- Lack of skilled labor

Home countries

- Lack of comprehensive strategies/measures
- Lack of in-depth information
- Lack of sufficient financial support (compared to other countries)



Thank You