

Investing in Thailand

Yours could be
THAILAND'S
next success story.

Why Thailand

THAILAND OF INVESTMENT
WHERE SUCCESS STORIES BEGIN

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Some key questions often raised about Thailand's investment environment are why is Thailand an attractive location among Asian countries for investment, what is Thailand's investment roadmap for the future and how does the Thai government facilitate and guide investors through the critical areas?

A key element to the country's attraction is that it is continually developing its business regulations to meet demand. There are no conditions regarding exports or location; in fact foreign investors are able to own land, and the business environment can be best described as one controlled by free market economy policies. The JETRO 2005 Investment Costs Survey of 27 Asian Cities indicated that Bangkok has some of the lowest industrial electricity and telephone costs in the region. Thailand's workforce comprises over 35 million people, with approximately 800,000 people joining the workforce annually.

The new Suvarnabhumi (pronounced as Suwan-na-poom) International Airport is capable of handling up to 1,226,000 tons of cargo per year and efficiently helping facilitate the delivery of Thai exports to any destination. Moreover, the airport will significantly increase the country's advantages in terms of logistics, cold storage, loading and unloading facilities for air transport, and international goods procurement, distribution and warehousing.

The authorities involved with governing the business sector in the Kingdom provide clear business regulations and they are widely recognized for their transparency in dealing with investors. A World Bank survey places Thailand among the top 20 locations in the world in terms of the ease of doing business. Moreover, an UNCTAD research report has Thailand as Asia's 3rd most attractive investment destination.



A government research study evaluated all locally-produced products based on industrial competitiveness and as a result selected a group of targeted industries as it formulated the country's investment roadmap. Those industries are focused in six sectors: agro-business, services, fashion, electrical & electronics, automotive and alternative energy.

- **Agro-business**

As one of the top five net food exporters in the world, Thailand excels at all levels of the food production cycle – from primary commodity production to food processing, to an efficient logistics system that enables exporters to deliver their agricultural products around the world. To maintain its position as a leading agro-business exporter, it is crucial to maintain supportive activities, which includes high quality standards, inspections, superior food package materials, reliable cold storage and cold storage transportation, state-of-the-art research and development and biotechnology.

- **Services**

Friendliness, warmth and hospitality make Thailand the third most popular tourist destination in the Asia Pacific region. Moreover, in 2005 readers of Travel and Leisure magazine voted Bangkok the world's second best city. The Tourism Authority of Thailand indicated that in 2004 over 12 million tourists visited the country, which brought tourism revenue to US\$9.6 billion, growing 24% from 2003. With a target of increasing the number of annual tourist arrivals to 20 millions by 2008, investment opportunities are available in relevant services such as hotels, care centres and hospitals, long-stay facilities, retirement homes and transportation.





- **Fashion**

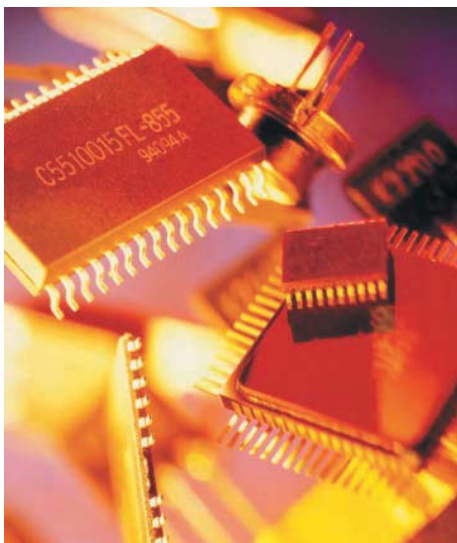
In 2006 (Jan-Jul) the export of Thai textiles and garments generated 152 billion baht in revenue. Thailand is rapidly becoming recognized as a prime source of quality fashion garments and accessories, with a diverse range of fabrics. Bangkok Fashion Week now coincides with the launching of the Spring and Autumn collections of Thai and foreign designers. Held in March and August each year, it attracts investors eager to promote Thai fashions, and especially Thai silks, around the world.

The country's fashion industry attracts investors involved in spinning natural yarn and textiles and related activities such as bleaching, dyeing and finishing. To support this business, emphasis has been placed on attracting investors involved in the production of textile machinery and the ongoing development of printing technology.

Regarding fashion accessories, Thailand is also renowned for its expertise in diamond cutting and the production of rubies and sapphires. Based on this long experience, the country is now a major jewellery and gem-processing centre. The Bangkok Gems & Jewelry Fair, held in March each year, attracts global attention due to the excellent reputation of Thai craftsmen.

- **Electrical and Electronics Industry**

Major brand-name manufacturers from all over the world have chosen to locate their companies to Thailand because of its well-developed network of domestic and international suppliers. According to a 2003 UN study of the electronics sector, the nation's competitive investment climate can be attributed to favourable tax incentives, a highly productive workforce, a positive investment climate, strong infrastructure and low cost of production. As a result, today Thailand's electrical and electronics industry is a global leader in the manufacture of hard disk drives, semiconductors, digital equipment, microwaves, air conditioners, TVs, washing machines and cameras. To maintain its competitive status, the govern-



ment has identified a select group of products for promotion: consumer electronics, LCD plasma display panels, IC design and lead frames.

- **Automotive Industry**

At the end of 2006, Thailand was the largest automobile producer in Southeast Asia, a rapidly expanding player in global networks of joint ventures and mergers, and an industry that has grown at an annual rate of 20 to 25 percent. In 2004 the country assembled 928,000 automotive units and exported about 332,000 units, which comprised 35.8 of its total production. Already, Thailand has become the second-largest producer and exporter of pick-up trucks globally and is expected to become one of the top 10 automobile producers in the world by 2010. Future investment opportunities are in research and development, passenger car engines, mould and die technology and the design and production of electronic systems.



• Alternative Sources of Energy

In order to cope with energy demand, to improve self-sufficiency and to conserve the environment, the Thai government has decided that by 2011, a minimum of 8% of Thailand's energy needs will come from renewable energy resources. The government intends the country to become one of the most important solar markets in Asia. Investment will be focused on the production of bio-fuel, bio-diesel, gasohol, solar cells and fuel cells. The manufacture of alternative energy and energy-saving machinery and equipment machinery will become a prime focus.



How will the government continue to attract and hold the interest of potential investors to Thailand? The government offers two categories of incentives to investors. The first is focused on tax incentives, which include tax holidays, exemption or reduction of import duties and other benefits related to corporate income tax. The second group comprises non-tax incentives and business services to investors. Non-tax privileges are available to all promoted projects, regardless of location or activity. These privileges allow investors to own land, to bring in professional foreign nationals to undertake investment feasibility studies and to bring in foreign technicians and experts to work on the promoted project. Finally, the BOI offers a range of valuable business-related services to investors. These include providing assistance to prospective investors and promoted firms in obtaining relevant visas and work permits, identifying potential subcontractors and locating appropriate joint venture partners.

In sum, Thailand is a very attractive investment centre, with new investments and the expansion of existing investments creating new business opportunities. The Thai Government is firmly committed to providing

the most suitable business environment for current and future investors. Every new investor could be Thailand's next success story.

For further information on investing in Thailand, please go to :
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