Think Asia, Invest Thailand

Thailand as a Regional Hub – ASEAN and Beyond **June 25, 2015**

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Thailand Regional Hub - Positives

- Logistics Location
- Infrastructure
- AEC+FTA's
- Local Market Size, Consumption, GDP Level
- Strength Economy
- Manufacturing Goods (Automotive, Hard Drive, Consumer)
- Services (Hospitals, Tourism, Hotels)
- Outward Investment

Thailand Regional Hub - Negatives

- Education (Higher and Technical Skills)
- Agricultural Value Add
- Services Liberalization
- Technology and Research
- Social Economics and Demographics
- Policy Inconsistency

ASEAN Overview – ASEAN Growth Market

GDP Growth 2014	4.4 %
FDI 2013 (US$ billion)	$ 124.37 billion*
Population 2014	619.28 million

Source: Asian Development Bank
Note : * Data 2013

Thailand Overview – Thailand Competitive

Population 2014	65.12 million
Area	513,120 km2 (51st)
GDP Growth 2014	0.9%
GDP per Capita	$6,572
Inflation	2.15%

Thailand has the World's

- **26th** Ease of Doing Business in 2015 by The World Bank.
- **30th** World Competitiveness Yearbook 2015 by International Institute for Management Development.
- **8th** Top Prospect Host Economies for 2014-2016 by United Nations Conference on Trade and Development (UNCTAD).
- **31st** Largest Economy by The Economist's Pocket World 2014.

Source: Bank of Thailand and BOI

Thailand Competitiveness Ranking

IMD

" 30th Overall of World Competitiveness in 2015"

Overall	2014	29th
	2013	27th
Economic Performance	2014	12th
	2013	9th
Government Efficiency	2014	28th
	2013	22nd
Business Efficiency	2014	25th
	2013	18th
Infrastructure	2014	48th
	2013	48th

Source: IMD World Competitiveness Yearbook 2014

WEF

" 31st Overall of Global Competitiveness in 2014-2015"

Overall	2014-2015	31st
	2013-2014	37th
Basic Requirement	2014-2015	40th
	2013-2014	49th
Efficiency Enhancers	2014-2015	39th
	2013-2014	40th
Innovation and Sophistication	2014-2015	54th
	2013-2014	52nd

Remark

1. Basic Requirement compose institutions, infrastructure, macroeconomic environment, health and primary education
2. Efficiency Enhancers compose higher education and training, goods market efficiency, labor market efficiency, financial market development, technological readiness, and market size

Source: The Global Competitiveness Report, World Economic Forum
Note: Rank out of 148

Thailand Country Manufacturing Competitiveness

Rank	Country	Index Score 10=High 1=Low
1	China	10.00
2	Germany	7.98
3	United States of America	7.84
4	India	7.65
5	South Korea	7.59
6	Taiwan	7.57
7	Canada	7.24
8	Brazil	7.13
9	Singapore	6.64
10	Japan	6.60
11	Thailand	6.21
12	Mexico	6.17
13	Malaysia	5.94
14	Poland	5.87
15	United Kingdom	5.81
16	Australia	5.75
17	Indonesia	5.75
18	Vietnam	5.73
19	Czech Republic	5.71
20	Turkey	5.61

"11th Country Manufacturing Competitiveness in 2013"

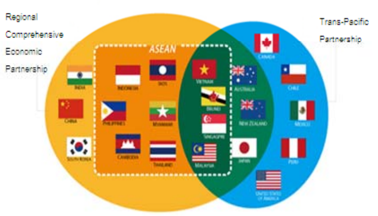
Source: Deloitte Touche Tohmatsu Limited and U.S. Council on 2013 Global Manufacturing Competitiveness Index

Thailand's Extensive Free Trade Agreement Network

Effective FTAs	
FTAs	**Effective Date**
ASEAN	January 1, 1993 (Goods) April 30, 1999 (Service) June 21, 1999 (Investment)
Thai – India	September 1, 2004
Thai – Australia	January 1, 2005
Thai – New Zealand	July 1, 2005
ASEAN – China	July 20, 2005 (Goods) July 1, 2007 (Service) February 15, 2010 (Investment)
Thai – Japan	November 1, 2007
ASEAN – Japan	June 1, 2009
ASEAN – Korea	June 1, 2009 (Service) October 1, 2009 (Investment) January 1, 2010 (Goods)
ASEAN – India	January 1, 2010
ASEAN – AUS + NZ	March 12, 2010
Thai – Peru	December 31, 2011

Pending FTAs
Negotiations concluded, but no effect
Thai – Peru (Full Version)
Thai – Chile
Under Negotiations
Thai – India (Full Version)
Regional Comprehensive Economic Partnership (RCEP)
ASEAN – Hong Kong
Thai - EU
Thai - EFTA

ASEAN's Regional Free Trade Agreements (Proposed)



Source: Department of Trade Negotiations

2013 ASEAN Indicators – Thailand #2 GDP + Total Trade

Country	GDP	GDP Growth	Export	Import	Total Trade	FDI
	US$ million	%	US$ million	US$ million	US$ million	US$ million
Indonesia	862,567.9	5.8	182,551.9	186,628.7	369,180.5	18,443.8
Thailand	**387,534.1**	**2.9**	**228,730.2**	**249,517.1**	**478,247.3**	**12,999.8**
Malaysia	312,071.6	4.7	228,276.3	205,985.3	434,261.6	12,297.4
Singapore	297,945.8	3.9	410,249.7	373,015.8	783,265.5	60,644.9
Philippines	269,024.6	7.2	53,978.3	65,130.6	119,108.9	3,859.8
Vietnam	171,219.3	5.4	132,664.1	132,109.9	264,774.0	8,900.0
Myanmar	56,408.0	7.5	11,436.3	12,009.1	23,445.4	2,620.9
Brunei Darussalam	16,117.5	-1.8	11,445.4	3,611.8	15,057.2	908.4
Cambodia	15,659.0	7.0	9,148.2	9,176.0	18,324.2	1,274.9
Lao PDR	10,002.0	8.2	2,592.8	3,292.0	5,884.9	426.7

Source: ASEAN Statistics as of December 2014

ASEAN Tax Competition

Country	Corporate tax rates 2014	Paying Taxes overall rank (Out of 183)	Total tax payments (No.)	Total tax compliance time (Hours)	Total tax rate
Indonesia	25%	137	52	259	32.2
Thailand	**20%**	**20**	**27**	**96**	**16.1**
Malaysia	25%*	20	13	133	36.3
Singapore	17%	5	5	82	27.1
Philippines	30%	131	36	193	44.5
Vietnam	22%**	149	32	872	35.2
Myanmar	25%***	107	31	155	48.7
Brunei Darussalam	20%	20	27	96	16.1
Cambodia	20%	65	40	173	21.4
Lao PDR	24%	119	34	362	26.8

Note: *24% from 2016, ** 20% from 2016, *** 35% for branches,
Source: KPMG Asia Pacific Tax Centre as of June2014

Thailand Trades by Country – Still Impacted by US, China, Japan …

Export

(Billion Baht)

	2012	2013	2014	% total	1Q15
China	830	825	806	11.0%	181
United States	704	694	768	10.5%	190
Japan	725	672	702	9.6%	166
Malaysia	384	394	410	5.6%	85
Hong Kong	405	400	405	5.5%	95
Singapore	335	340	336	4.6%	66
Indonesia	346	327	306	4.2%	66
Australia	302	313	299	4.1%	77
Vietnam	200	218	253	3.5%	63
Philippines	150	153	189	2.6%	46
India	169	157	180	2.5%	46
Netherlands	129	134	148	2.0%	34
Germany	111	123	146	2.0%	35
Korea, South	148	138	145	2.0%	34
Cambodia	117	129	145	2.0%	43
Myanmar	97	115	136	1.9%	36
Others	1,931	1,781	1,940	26.5%	469
Total Exports	**7,082**	**6,911**	**7,315**	**100%**	**1,732**

% of Total Exports	2012	2013	2014	1Q15
CLMV + Malaysia	12.8%	14.0%	14.7%	15.1%

Import

(Billion Baht)

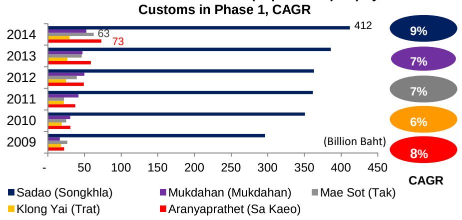
	2012	2013	2014	% Total	1Q15
China	1,160	1,155	1,252	16.9%	320
Japan	1,550	1,256	1,161	15.7%	279
United States	391	447	474	6.4%	115
Malaysia	410	405	414	5.6%	98
United Arab Emirates	490	528	413	5.6%	65
Korea, South	282	277	278	3.8%	63
Singapore	245	251	256	3.5%	69
Saudi Arabia	258	256	254	3.4%	42
Taiwan	257	232	245	3.3%	64
Indonesia	253	247	237	3.2%	52
Germany	187	187	192	2.6%	44
Australia	170	168	176	2.4%	40
Switzerland	273	281	136	1.8%	35
Vietnam	93	100	128	1.7%	36
Myanmar	115	124	127	1.7%	33
Qatar	83	124	126	1.7%	27
Others	1,597	1,629	1,540	20.8%	323
Total Imports	**7,813**	**7,667**	**7,411**	**100%**	**1,706**

% of Total Imports	2012	2013	2014	1Q15
CLMV + Malaysia	8.5%	8.9%	9.9%	10.9%

Source: Bank of Thailand

Special Economic Zone and Cross Border Trade

Cross Border Volume Trade (Export & Import) by Customs in Phase 1, CAGR

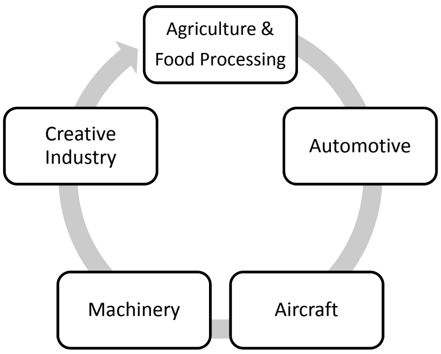


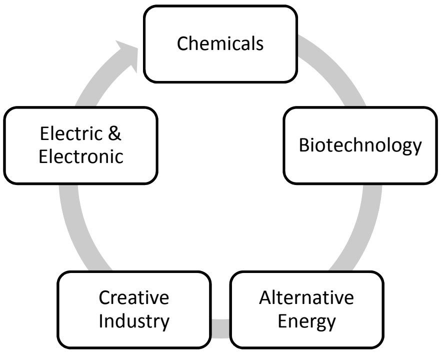
Customs	Border Linkage	2014 Top 5 of Export Goods	2014 Top 5 of Import Goods
Sadao (Songkhla)	Sadao Malaysia Singapore	Rubber, Computer & equipment, Wood Processing Product, Rubber Product, Automotive & Parts	Video Camera, Magnetic Tape, Computer & Devices, Computer Components, Machinery
Aranyaprathet (Sa Kaeo)	Aranyaprathet Cambodia Vietnam	Soft Drinks, Fruit, Vehicles & Parts, Engine, Automobile & Parts	Transmitter-Receivers Device, Cable Line, Mechanical Machine & Component, Vegetables & Vegetable Addictive, Aluminum Product
Mae Sot (Tak)	Mae Sot Myanmar	Alcohol Drinks, Telephone & Parts, Benzine, Diesel, Cotton Fabrics	Buffalo & Cow, Peanut, Antimony Ingot, Green Bean, Wood Processing Product
Mukdahan (Mukdahan)	Mukdahan Loas Vietnam	Hard Disk, Motor, Fuel, Fruit, Automobile	Electric Wire of Automobile, Molasses, Marine Fishes, Rubber Ball, Processing Wood
Klong Yai (Trat)	Klong Yai Cambodia Vietnam	Sugar, Soft Drinks, Milk & Supplementary Food, Mobile, Alcohol Drinks	Copper, Electric Appliances, Steel Product, Machinery, Clothes

Source: Department of Foreign Trade, IEAT, BOI

Sectors of Opportunity for International Investors

Target Industries



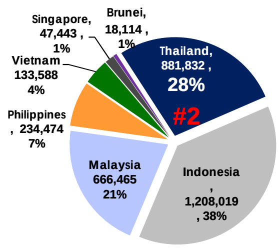


Source: Thailand Board of Investment as of 9 November 2013

Automotive Industry – Sales

"18th Largest Automotive Sales in the world 2014"

ASEAN Automotive Sales Market Share in 2014



Source: ASEAN Automotive Federation

Global Automotive Sales

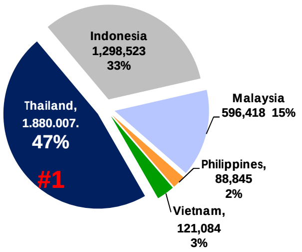
Rank	Countries	Total of 2014 (Units)	Total of 2013 (Units)
1	China	23,491,893	21,984,079
2	USA	16,841,973	15,883,443
3	Japan	5,562,887	5,375,513
4	Brazil	3,498,012	3,767,370
5	Germany	3,356,718	3,257,718
6	India	3,176,763	3,241,302
7	UK	2,843,025	2,595,713
8	Russia	2,545,666	2,998,650
9	France	2,210,927	2,207,373
10	Canada	1,889,437	1,780,523
11	South Korea	1,730,322	1,556,086
12	Italy	1,492,642	1,420,814
13	Iran	1,287,600	804,750
14	Indonesia	1,208,019	1,229,811
15	Mexico	1,176,305	1,100,542
16	Australia	1,113,224	1,136,227
17	Spain	987,281	822,950
18	Thailand	881,832	1,330,672
19	Saudi Arabia	828,200	740,000
20	Turkey	807,331	893,124
21	Malaysia	666,465	655,793
22	South Africa	644,504	650,745
23	Argentina	613,848	963,917
24	Belgium	544,113	547,139
25	Netherlands	450,641	481,116

Source : ORGANISATION INTERNATIONALE DES CONSTRUCTEURS D'AUTOMOBILES (OICA)

Automotive Industry - Production

"12th Largest Automotive Production in the world 2014"

ASEAN Automotive Production Market Share in 2014



Source: ASEAN Automotive Federation

Global Automotive Production

Rank	Countries	Total of 2014 (Units)	Total of 2013 (Units)
1	China	23,722,890	22,116,825
2	USA	11,660,699	11,066,432
3	Japan	9,774,558	9,630,181
4	Germany	5,907,548	5,718,222
5	South Korea	4,524,932	4,521,429
6	India	3,840,160	3,898,425
7	Mexico	3,365,306	3,054,849
8	Brazil	3,146,118	3,712,380
9	Spain	2,402,978	2,163,338
10	Canada	2,393,890	2,379,834
11	Russia	1,886,646	2,184,266
12	Thailand	1,880,007	2,457,057
13	France	1,817,000	1,740,000
14	UK	1,598,879	1,597,872
15	Indonesia	1,298,523	1,206,368
16	Czech Rep.	1,251,220	1,132,931
17	Turkey	1,170,445	1,125,534
18	Iran	1,090,846	743,647
19	Slovakia	993,000	975,000
20	Italy	697,864	658,206
21	Argentina	617,329	791,007
22	Malaysia	596,600	601,407
23	Poland	593,904	590,159
24	South Africa	566,083	545,913
25	Belgium	516,832	503,504

Source : ORGANISATION INTERNATIONALE DES CONSTRUCTEURS D'AUTOMOBILES (OICA)

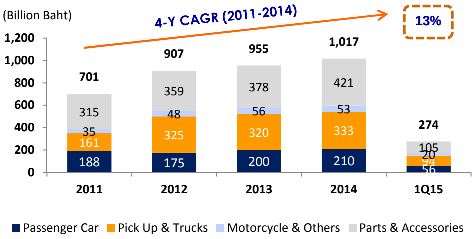
Thailand Automotive Industry

Automotive Production & Export Value

Automotive (Units)	2011	2012	2013	2014	1Q15	4-Y CACG (2011-2014)
Production	1,455,662	2,428,181	2,456,291	1,880,587	522,968	8.9%
Export	735,627	1,020,091	1,094,089	1,126,081	328,232	15.2%
Local	796,123	1,434,752	1,330,680	881,883	197,787	3.5%

Source: Thailand Automotive Institutes as of May 2015

Automotive & Parts Export Value



Source: Bank of Thailand as of May 2015

- **No.12** of Global Automotive Production *
- **2014 Auto Exports value** increased 6.42% YoY, 13.90% of Thailand Export
- **Auto Production projected to increase to 3,000,000 units in year 2018** from auto consolidation & relocation from Japan, Australia, USA, Others for Asia Pacific Market Access

* ORGANISATION INTERNATIONALE DES CONSTRUCTEURS D'AUTOMOBILES (OICA)

ASEAN Regional Competition for Small Eco Cars

	THAILAND		INDONESIA	MALAYSIA
	Volume, Export		Low Price	Technology
	Eco Car – Phase 1	Eco Car – Phase 2	LCGC	EEV
PRODUCT	▪ Petrol cars : < 1,300cc ▪ Diesel cars : < 1,400cc ▪ Fuel economy : ≥ 20 kmpl ▪ Emission standard : Euro 4 or higher ▪ Carbon emission : ≤ 120g/km ▪ Safety standard : UNECE R94 & R95	▪ Petrol cars : < 1,300cc ▪ Diesel cars : < 1,500cc ▪ Fuel economy : ≥ 23 kmpl ▪ Emission standard : Euro 5 ▪ Carbon emission : ≤ 100g/km	▪ Petrol ≤ 1,200cc ▪ Diesel/semi-diesel ≤ 1,500cc ▪ Fuel economy ≥ 20 kmpl ▪ Carbon emission ≤ 120g/km ▪ Fuel standards : › Petrol - RON92 › Diesel – CN51	▪ All fuel types including petrol, diesel, Hybrid, EV and alternate fuels ≤ 2500cc ▪ Different fuel economy requirements for different kerb weights ▪ Emission levels to be announced
REQUIREMENT	▪ Minimum investment : THB 5 billion (car assembly, engine manufacturing and component – excluding cost of land and working capital) ▪ Minimum production : 100,000 units within 5 years ▪ Manufacture at least 4 out of following 5 key engine parts : (1) Cylinder Head (2) Cylinder Block (3) Crankshaft (4) Camshaft (5) Connecting Rod	▪ Minimum investment : › Existing manufacturers : THB 5 billion › New manufacturers : THB 6.5 billion ▪ Minimum production : 100,000 units p.a. from 4th year onwards	▪ Price ≤ IDR 95 million (off the road, basic, excluding taxes) ▪ Price adjustments can be made for : › Transmission (automatic, dual clutch) : 15% › Safety features (airbags, ABS) : 10%	▪ No conditions for investment
INCENTIVE	▪ 8-year exemption on corporate income tax and machinery import duty ▪ 17% excise tax (instead of the normal 30%) ▪ Up to 90% reduction of import duties on raw materials and parts, depending on type of product	▪ 6-year exemption on corporate income tax, plus additional incentives for manufacturers sourcing local parts ▪ 14% excise tax (instead of 17% in Phase 1) ▪ 12% excise tax for cars compatible with E85	▪ Luxury Tax Exemption / Rebate ▪ On petrol (≤ 1,200cc) and diesel/semi-diesel (≤ 1,500cc) cars – 100% tax exemption ▪ For Hybrids, Evs and Alternate Fuel Cars 75% rebate for fuel economy 20-28 kmpl and 50% rebate on economy > 28 kmpl	▪ Customized incentives – combination of Pioneer status, investment tax incentives, grants, infrastructure facilitation, etc. ▪ Import & excise Duty exemption on Incentives (till 2015) and Evs (till 2017)
MARKET FOCUS & PENETRATION	▪ Strong Export Orientation ▪ 50:50 split between export and domestic sales ▪ 34% penetration in the car market	▪ Strong Export Orientation ▪ 30:70 split between domestic sales and export	▪ Domestic Focus ▪ 6% penetration in the car market	▪ Export Growth objective ▪ Current penetration of 3% in the domestic market

Remark: India Automotive in 2014 : Production 3,840,160 Units, Sales 3,176,763 Units, Exports 663,397 Units.

Thai Corporate Outward Investment - Regional Leaders

BANPU	Laos, Indonesia, China, Australia, Mongolia
ptt	Egypt, Madagascar, Laos, Indonesia, Brunei
SCG	Vietnam, Indonesia, Philippines, Cambodia
Central	Europe, Maldives, Vietnam
C.P. GROUP	Singapore, Laos, Myanmar, Philippines, Indonesia, Vietnam, Malaysia, India, China, Taiwan, Pakistan, Cambodia, Turkey, Belgium, Bangladesh, Russia
TUF	United States, Netherlands, France, England, Iceland, Italy
MINOR INTERNATIONAL	Australia, Maldives, Cambodia, Africa, North Africa, Middle East, Vietnam, China
TCC GROUP	Singapore, Vietnam, Malaysia, Laos, China, Cambodia, United Kingdom, United States

Thank You

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