

Mr. Satit Chanjavanakul,
Board of Investment (BoI), Secretary General
Thailand Focus 2008
September 17, 2008 Plaza Athenee, Bangkok

“Investment in Thailand: Valued-packed Opportunities”

According to Satit Chanjavanakul, Board of Investment (BoI) Secretary-General, Thailand’s current investment environment remains resilient.

“Net application value remain strong, the record in 2007 showed that we have received project applications worth a total of 20 billion USD, this is a lot as compared to earlier years,” Mr. Satit said.

In 2006, BoI received net applications worth 15 billion USD.

Divided into sectors, investment expansions were largest in the automotive sector, electronics and electrical appliances and the petrochemicals industry respectively.

Since 2002-2007, Japanese investors were the largest group of investors with total investment over 744 billion baht, followed by investors from the European Union with total investment of 244 billion baht the United States investors of 221 billion baht.

In the first 8 months of this year, projects seeking BoI incentives is valued 25% less than the same period last year with total worth of 294 billion baht as compared to 399 billion baht in the same period of last year. BoI has earlier hope to receive project applications worth 600 billion baht this year.

Despite lower than expected figures, Mr. Satit insists that investors remain confident to invest in Thailand. He cited the “World Bank’s ease of doing business” report, in which Thailand is ranked 4th, after Singapore, Hong Kong and Japan respectively.

“The JBIC report also revealed that we are in the top four as prime investment destination for Asia Pacific,” Mr. Satit said.

With efficient logistic network, exiting free trade agreements with countries in the region such as China, India and ASEAN countries mean companies investing here will gain access to these huge markets as well.

While Mr. Satit insisted that Thailand have been pursuing liberal investment policy, he has provided support that Thailand pursue policies to impose no restriction of foreign currency remittances, no export requirement, no foreign equity restrictions in manufacturing factor and no local content requirement.

“If you receive BoI promotions, you are entitled for both tax and non-tax incentives such as land ownership rights and corporate income tax holidays of up to 8 years,” Mr. Satit said.

On investment opportunities, Mr. Satit revealed that there are plenty of rooms for investment in almost every industry, while the most prominent growth is led by the automotive industry.

For this year, in the first 6 months, the industry continues to grow at 20% rate with strong growth in pick up truck and passenger cars.

In the domestic market, more growth were in passenger cars and less in the pick up trend as people are shifting away from the more expensive diesel into benzyl due to high fuel price.

The auto-parts manufacturers may see their domestic sale lessen in some items from this market shift.

Last year, Vehicles productions were at 1.287 million units.

As for the Electronics and electrical products, the most prominent sector in terms of value, with last year's export totaled 28.4 billion USD or 60% of total export value.

Leading products are such as PCs, TVs and Air conditioners.

As Thailand is the largest producer of HDDs, this industry is very competitive.

Rising growth in compressors, motors and metal parts are opportunities for investors in this market segment as Thailand is still importing electronic products worth 34 billion USD especially on consumer electronics products such as digital camera.

Investment in agro-base sector is also promising. With food export contribute about 7.4% of our GDP or 11.8% of total export in the last year and top products such as rubber, rice, canned food.

There are also available opportunities in this sector, especially in the rubber products where demand remains high.

Tapioca and Sugar are also leading agricultural products from Thailand with total Tapioca export of 6.8 million tons to leading markets such as China and India where they use it to produce animal food, drinking alcohol and ethanol.

For sugar, where we are the world's second largest exporter, the research to develop sugar into lactic acid and poly-lactic used in bio-plastic manufacturing is a promising market as the world become more conscious on environmental protection.

Other industries such as the tourism sector which remains popular among foreign investors as BoI incentives, offer them 100% ownership.

For alternative energy, we are providing special incentives to alternative fuel investment such as solar cell, biogas and wind power.

BoI boss said some of the new highlights additional incentives given to draw more investment from the high value added projects, more in science and technology base and new cluster.

The eco-car project is one of the new highlights to the Thai automotive industry. Eco-car is vehicles which produce less green house gas emission and more fuel efficiency. Six vehicle manufacturers entitled to BoI incentives will produce 678,000 units of eco-car yearly with over 70% of these are designated for export market.

With the continuing high growth in the automotive industry, Mr. Satit called for the establishment of upstream steel industry to be established.

“Thailand use a lot of premium steel products especially in the automobile sector, our steel consumption is highest among ASEAN countries and our problem now is to try to find the lands available for this investment and create community understanding,” Mr. Satit said.

The Thailand government has set this year and next year as “Thailand Investment Year”. Under the campaign, BoI promises to increase its support to promote for more investment confidence, industry’s competitiveness and infrastructure development to accommodate future project expansion.

In addition, it is in the attempt to talk the government into setting up a competitiveness and investment fund to finance research and development in competitive industries.