



THAILAND-INDIA
BUSINESS REVIEW

2018

VOLUME 2

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Cover Story: Thailand: A fast growing economy

Thailand: A fast growing economy with Mega Projects, EEC and Digital Development

Thailand and its government has always shown a commitment towards Thailand's economic growth which intern focus on the basics like infrastructure, investments and boosting the Thailand 4.0 initiative and all the focused sectors falling under it.



To support this transformation, the government has introduced *three major strategies*, which includes development of mega projects, investments in EEC and projects supporting the Thailand 4.0 –

Development of Mega projects:

- Electric train system in Bangkok and suburban areas and other provinces
- A dual-track rail system for enhanced transportation across the country
- A high-speed rail system connecting with neighboring countries
- Expansion of Suvarnabhumi Airport phase 2, Don Mueang International Airport development phase 3, Phuket International Airport development phase 2 and Chang Mai International Airport development phase 1
- Investments in the construction of natural gas infrastructure and pipelines

Investments in EEC:

- With an aim to create seamless *transport and logistic systems linking roads, rails, sea routes and air transport* in the EEC and peripheral areas
- Construction of the Bangkok-Rayong high-speed train system linking three airports
- Improvement of U-Tapao International Airport to make it an *aviation hub of the region*
- Development of Laem Chabang Deep-Sea Port and Mab Ta Phut Port Phase 3
- *Development of Eastern Economic Corridor of Innovation (EECi)*

Cover Story: Thailand: A fast growing economy

Thailand: A fast growing economy with Mega Projects, EEC and Digital Development

Projects supporting Thailand 4.0 development:

- Investment in village-level broadband internet
- Submarine cable network connecting Thailand, Hong Kong and China will also make Thailand an international gateway for this region
- The government supports *digital trading and digital transformation in the manufacturing and service sectors*
- Raise private sector awareness and enhanced its ability to *embrace digital technology faster*
- e-government has been introduced to increase efficiency in public services

To aid the growth, Government is working on the economic reform simultaneously covering: To increase people's capability | To empower business sector | To increase efficiency in the public sector

The three major action plans have been outlined as follows:

- Increasing productivity and efficiency in the major industries in which the country has expertise, strengthening high potential industries of the future, and improving competitiveness through people development
- Encouraging partnerships and economic integration in the region, starting from investment in basic infrastructure, and liberalization of trade and services, to achieve sustainable economic growth
- Creating an enabling research and innovation ecosystem by improving measures promoting the use of innovation in production, which are crucial to increase national competitiveness.

Industry in Focus – Electric Vehicle Industry

E-Mobility – Thailand

The Electric Vehicle (EV) trend is ever increasing globally. With no exception, the fast growing Asian economies are not far behind in the race due to governments pushing forward the EV way. The number of EVs globally is forecasted to reach 35% of all vehicles by 2040.

Although Thailand has been one of the strongest economies of the ASEAN market, the focus on EVs was not more than a market for Hybrid EVs (HEV) as late as 2016. However, the incentives of Board of Investment is changing the current scenario for the local and international manufacturers to look at Thailand as an EV and EV parts manufacturing hub. With approvals from BOI for tax incentives to promote production of three types of electric cars in the country in March 2017, several manufacturers have taken a keen interest in Thailand as their manufacturing location. Companies like BMW, Mercedes-Benz, Toyota and Honda have already announced strategic investments for EV battery production, EV production and HEV production in Thailand.



“The technological advances in power storage together with the urgent need to improve air quality in the cities to compensate for the consequences of urban development will fuel the growth of EV’s popularity tremendously. It can be anticipated that the market penetration of EV in Thai society is undeniable and inevitable. Auto industry and power industry have to reassess their business model and prepare for the technological and behavioral changes. It is an example of disruption at its best.”

Paul Flipse

Head of Climate Change and Sustainability Services, KPMG in Thailand

Source: KPMG Thailand

Industry in Focus - Electric Vehicle Industry

Electric Vehicles & The Next-generation Automotive Industry

With over 5.8% of Thailand's GDP, the automotive industry serves as an important foundation for economic development in Thailand. The EEC places great importance on the production of electric vehicles (EV), EV parts, batteries and other EV supported infrastructure in Thailand, since the next-generation automotive industry is heavily influenced and disrupted by the advancements in the EV technology.

This said, the Thai industry is taking a step-by-step action plan towards the inevitable future of the automotive and auto parts industry leaning for EVs and HEVs. With this, the industry is moving at a fast pace to be placed as an OEM of battery and driving systems industries, thus expanding the value chain of the automotive industry with particular focus on surface integration design and prototyping.

The future plan of expansion includes increasing efficiency of catalytic manufacturing processes, and large-scale enhancements of electronic accessories and automotive parts production inline to the global standards.

“As part of our strategy, we are now preparing for the future of electromobility in Thailand together with our partner Thonburi automotive assembly plant (TAAP). The battery production in Thailand will enhance our global battery production network to six factories on the three continents.”

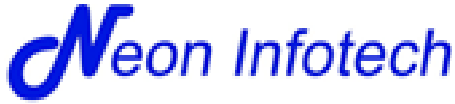
Markus Schäfer,

Member of the Divisional Board of Management Mercedes-Benz Cars

Source: Autocar Professional

Investor Insights: Neon Infotech South East Asia Co., Ltd.

Neon Infotech in Thailand



Neon Infotech is established by well experienced engineering professionals and has a team which understands the requirements and challenges of the Industry.

The company provides engineering CAD/CAE software solutions, engineering design, analysis and simulation services, and specialized training services to Continuous Process Industry like Oil & Gas, Power, Petrochemicals, Metals and Mining, Energy, Chemicals, FMCG, and Infrastructure Industry verticals. Industry today faces no. of challenges and to meet these challenges, the Industry is turning to digitalization. The need for digitalization is driven by several motivations – the need to improve productivity and performance, reduce operational risk and comply with current & future regulations.

Neon Infotech: Thailand

Established in June
2000

Head office in Bangkok and branch
in Rayong

Thailand is at center of
Indo-China region

Thailand's multiple FTAs proved
beneficial

Clients include: companies in Thailand and SE Asia
in Oil & Gas and Energy sector

They also have offices in India, Myanmar and South Korea

Neon Infotech provides end to end Engineering software solutions, from basic design to detailed design, engineering analysis and simulation for the complete plant Life cycle.

Key Differentiator for success:

The company's strategy is simple yet powerful. With leading technologies in hand and a strong commitment towards customer support and satisfaction. The company strives for a long-term relationship with customers.

People | Process | Technology

Combination of People, Process and Technology when efficiently used makes the DIFFERENCE

"I was in Thailand in 1997 and at that time, I had a chance to talk to major companies in Energy sector and I found that there is a serious demand for design technology as most of the design work was done outside Thailand."



Mr. Harsh V. Sethi
CEO
Neon Infotech

Investor Insights: Neon Infotech South East Asia Co., Ltd.

Neon Infotech in Thailand

New investors should look out for several tangible and intangible assets of Thailand as a market.

The government policies have been clear, consistent and stable, with emphasis on free and open economy and providing open opportunities and various tax incentives schemes to investors. Thailand is not only the center of Indo-China region but is also a country with consistent growth in GDP. Thailand has good natural resources, skilled workforce and a modern infrastructure including transportation and communication facilities. With the basic infrastructure, the country is also receptive to new technology and innovations which can help increase their competitiveness and productivity across industries.

Like many growing economies with several opportunities offered by multinational companies with brand names for the young engineers, the attrition rate is high in the industry. Although, Neon Infotech is tackling with this issue by creating awareness of the demand and opportunities in the engineering design industry for students by offering almost free software and training to educational institutes.

Prospective opportunities and main sectors

Thailand offers multitude of opportunities for Indian Investors and companies, with current focus on Thailand 4.0 and EEC corridor.

Focus Sectors for new investors

Pharmaceuticals | Bio-Technology |
Petrochemicals | Automobiles | Automation | IT
and ITeS | Education | Food processing

BOI – Thailand; The growth accelerator

Mr. Harsh V. Sethi said *“BOI has been very helpful in providing us the required information, impetus and promotional privileges when we expanded and did vertical and horizontal integration of our business profile and activities., thus helping us to take adequate risks in new business segments and achieve growth at a rapid pace. BOI truly represents and offers Thai Govt.’s liberal investment regime.”*

The country is safe and people are friendly and warm.

Investor Insights: Neon Infotech South East Asia Co., Ltd.

Neon Infotech in Thailand

Due to the ease of doing business and approachability to local institutions and universities, Neon Infotech has partnered with two local organizations for technology collaboration and research partnership.

Neon Infotech has an MOU with Asian Institute of Technology (AIT) for research and development on Nano-technology and with PTT Maintenance and Engineering Co., Ltd. as a technology partner.

Neon Infotech planning further expansion in Rayong, Thailand under Eastern Economic Corridor (EEC) Development Plan.

With partnerships with local organizations, Neon Infotech also plans to expand their presence in Thailand. They are investing in adding a fabrication yard in Rayong and offer specialized fabrication services in addition to engineering design, analysis and simulation to their customers.

Neon Infotech is also providing services to Infrastructure projects in EEC corridor.

News Bites

Mercedes-Benz makes strategic investment for EV battery production in Thailand

Mercedes-Benz, along with its local partner Thonburi automotive assembly plant (TAAP), will invest over 100 million euros (Rs 2,407 crore) for the extension of the existing car plant and into a new battery assembly facility built on the site. The battery production in Bangkok will be part of the global battery production network of Mercedes-Benz Cars for local demand and export. In total, Daimler will invest more than one billion euros (Rs 24 lakh crore) in the battery production network, which will also include production facilities in Germany, the U.S. and China. Local production of batteries in Thailand is planned to start by 2019.

www.autocarpro.com

Japan supports Thailand 4.0

As the Thai economy continues to evolve, so too is investment coming from Japan, which sees Thailand as the ideal gateway to the growing ASEAN region

Under the Thailand 4.0 plan, Thailand aims to move to a digital and knowledge-based economy driven by services, innovation, technology and creativity. Amongst the core industries of the plan are next-generation cars, biotechnology and agriculture, smart electronics, digital, biofuels, logistics and aviation; health and wellness tourism, robotics and medical services. As a world leader in technology and innovation, and as Thailand's largest investment partner, Japan will play a crucial role in the success of Thailand 4.0 and the development of many of these industries.

www.theworldfolio.in

News Bites

Made in Thailand: Honda plans HEVs

The commercial production of locally made hybrid electric vehicles (HEVs) is likely to start soon as Honda has announced its intention to develop this vehicle segment in Thailand with a 5-billion-baht (160 million USD). The Japanese company is the second automaker in the country after Toyota to signal a clear intent to produce HEVs locally. Honda will provide 1.6 billion baht of the aforementioned budget and its suppliers.

www.bangkokpost.com



NHAI signs agreement to start working on India-Myanmar-Thailand Trilateral Highway

India-Myanmar-Thailand Trilateral Highway (TH) is likely to be operational by December 2019. India, Thailand and Myanmar are working on about 1,400 km long highway that would link the country with Southeast Asia by land and give a boost to trade, business, health, education and tourism ties among the three countries. This will boost trade and ties among the nations in the region. The estimated budget for the highway is close to 180 million USD.

Times of India

News & Updates: News Bites and Upcoming Trade Shows

Upcoming Trade Shows: **Thailand**

Name of the Exhibition	Event Dates	Highlights
<p>LED Expo Thailand 2018 (Bangkok)</p> 	<p>10th to 12th May 2018</p>	<ul style="list-style-type: none"> • LED Expo Thailand 2018, the 6th edition of ASEAN's Largest International Exhibition on LED Products & Technology, is dedicated to the science, technology and application of LEDs and solid-state lighting.
<p>Thaifex - World of Food Asia (Bangkok)</p> 	<p>29th May to 02nd June 2018</p>	<ul style="list-style-type: none"> • THAIFEX - World of Food Asia is one of the most influential food & beverage, food technology and retail & franchise exhibitions in the region, connecting suppliers worldwide to buyers from the fastest growing emerging markets in Asia and beyond.
<p>Intermach 2018 (Bangkok)</p> 	<p>16th to 19th May 2018</p>	<ul style="list-style-type: none"> • Intermach 2018 is the event where manufacturers display equipment designed provide a competitive edge for business, the perfect place to premiere new technology / machinery, the meeting point of customers and exhibitors.

News & Updates: News Bites and Upcoming Trade Shows

Upcoming Trade Shows: Thailand

Trade Show of Special Interest



SUBCON Thailand 2018

16th to 19th May 2018

- SUBCON Thailand 2018 is the 11th edition of ASEAN's Largest Industrial Subcontracting and Business Matching Event. This is an opportunity for establishing business-building partnerships and matchmaking. The event has focused on linking industrial part buyers and entrepreneurs with domestic and international companies
- Exhibitor are coming from Manufacturers and Suppliers of Components and Auto parts, Metal and Plastic, Automotive Assemblers, Manufacturers and Suppliers of Electrical/Electronic Components, Mold Design and Makers, Fastener Makers, Automation and Solution Providers, Software and Surface Treatment, Industrial Supply & Services, Government Agency/State Enterprise are going to exhibit in this event.
- Manufacturers and part buyers from the automotive, machinery, electrical and electronic industries will be able to meet with quality suppliers and famous names such as Mercedes-Benz, Samsung Electronics, Isuzu Motors, Whirlpool, Thai Summit Auto parts Industry, Suzuki, Electrolux, Panasonic Motors, Honda Trading, Haier, Mitsubishi Electric will be at the show along with many others.

Co-organized by



For more information visit www.subconthailand.com



News & Updates: News Bites and Upcoming Trade Shows

Upcoming Trade Shows: **India**

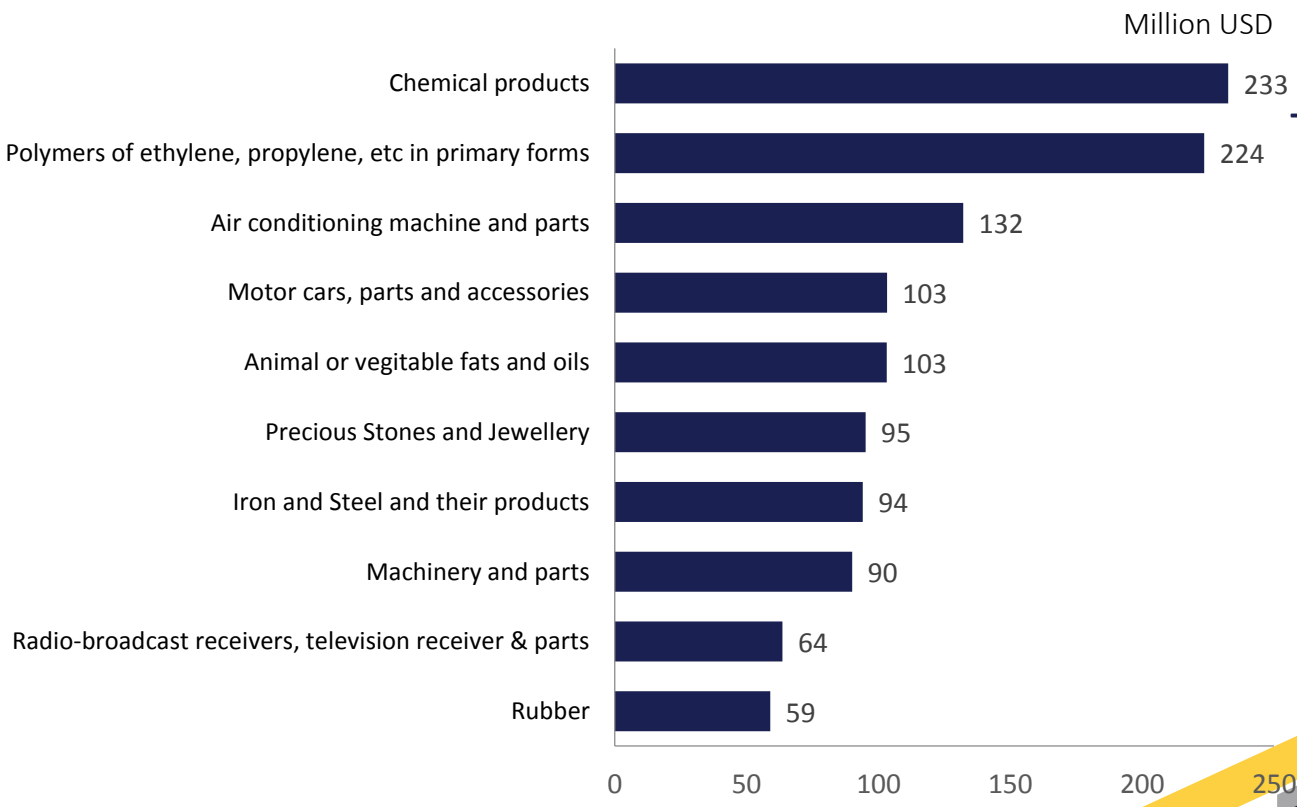
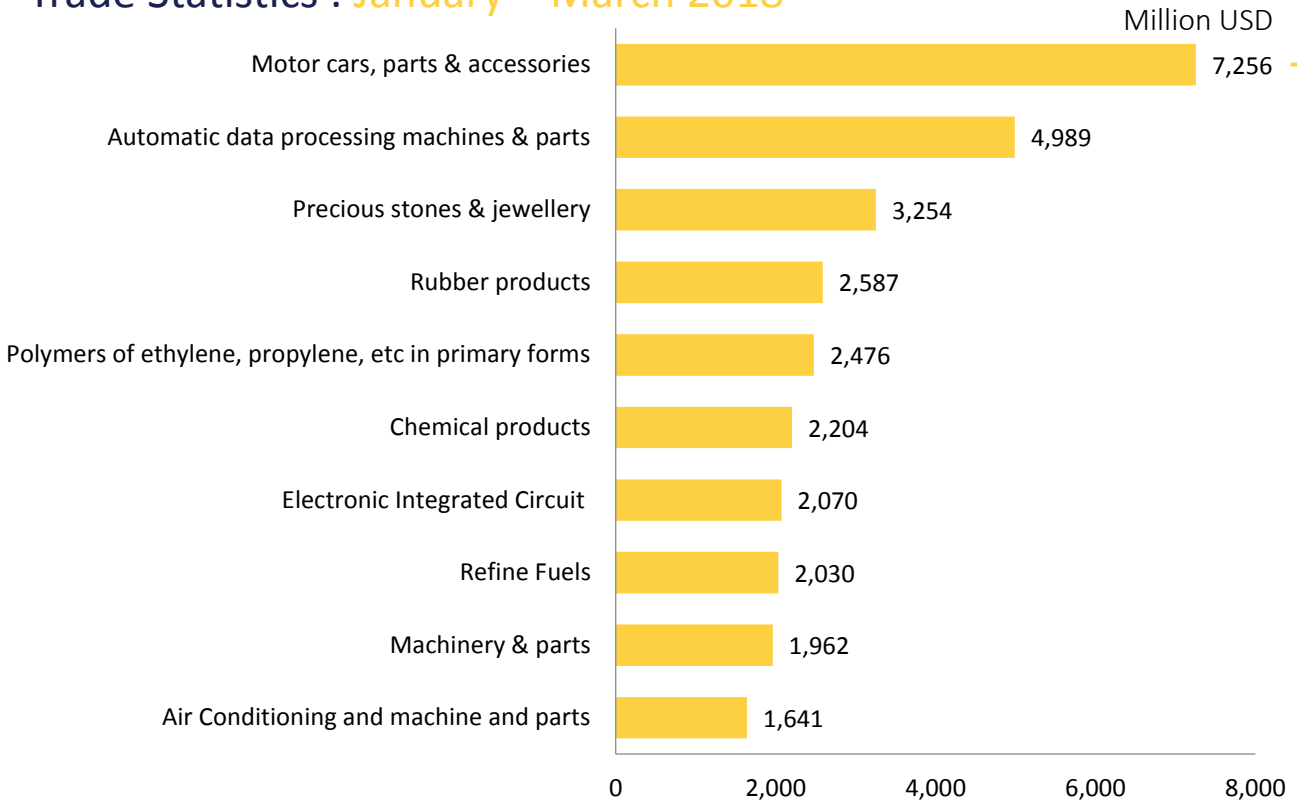
Name of the Exhibition	Event Dates	Highlights
Print & Pack World Expo- 2018 (Bangalore) 	04 th to 06 th May 2018	<ul style="list-style-type: none"> • Print & Pack World Expo-2018 will be tailor-made to reflect the market's evolutionary path driven by new needs, competition, technology, channels and other developments. The Exhibition will have a special focus on the integration of processes in Printing and packaging and its supply chain.
India Manufacturing Summit (IMS) (Mumbai) 	11 th May 2018	<ul style="list-style-type: none"> • India Manufacturing Summit is the definitive event for future-focused manufacturing leaders. It aims to improve facility operations and manufacturing strategies across India and while addressing ways to overcome key challenges facing the industry today.
COMPACK INDIA (Chennai) 	14 th to 16 th June 2018	<ul style="list-style-type: none"> • COMPACK is the only dedicated Packaging Expo in the country. The focus is primarily on the end-users of innumerable products – be it Consumer or Industrial, to cater to all the needs related to Packaging – machines, materials and systems.

Economic Indicators: Trade Statistics

Trade Statistics : January – March 2018

Trade Statistics

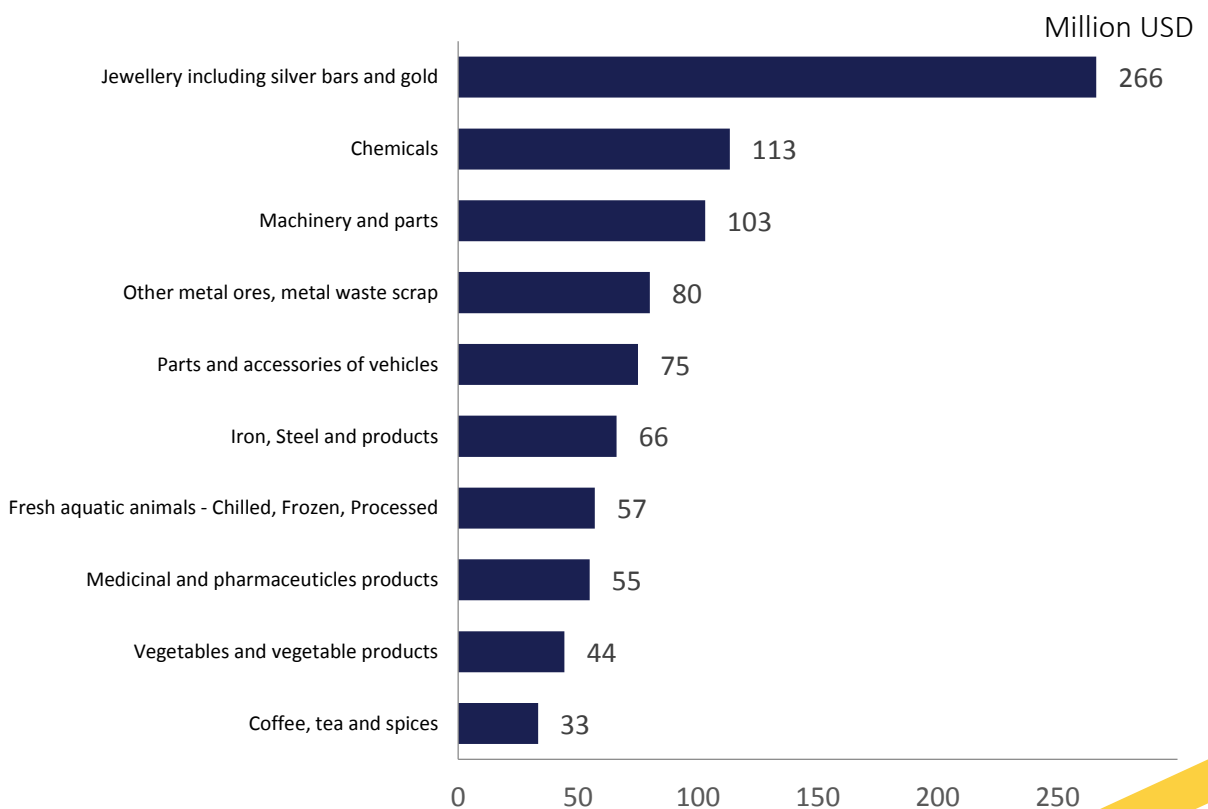
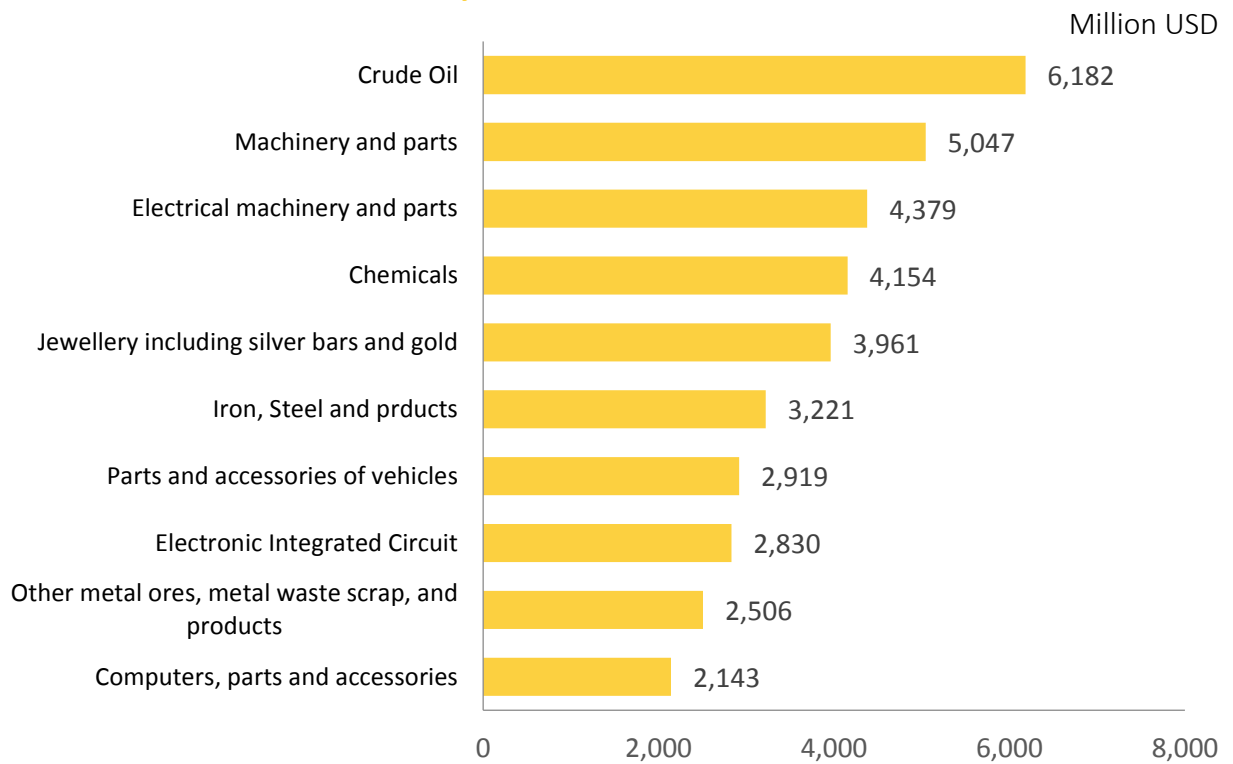
Exports to the World



Exports to India



Economic Indicators: Trade Statistics

Trade Statistics : January – March 2018



About Board of Investment – Mumbai

For Your Information

Exchange Rate*		= 0.475 THB
		= 31.518 THB

Tax Rates

Corporate income tax	10% to 20%
Withholding tax	1% to 10%
Value added tax	7%

Board of Investment – Mumbai

Thailand Board of Investment, Mumbai (BOI Mumbai Office) is the Thai government agency under the Office of the Prime Minister of Thailand as well as the Royal Thai Consulate-General, Mumbai. BOI Mumbai Office is mainly in charge of providing assistance to any interested investors in the India who seek the currently available tax and non-taxed incentives and legally governmental support for their business establishment/operation in Thailand.

Thailand Board of Investment, Mumbai

Royal Thai Consulate-General, Express Towers, 12th Fl., Opposite to Trident Hotel, Barrister Rajni Patel Marg, Nariman Point, Mumbai - 400 021

(+91 22 2204 1589

mumbai@boi.go.th

*Average of April 2018. Source: Bank of Thailand