



**"Game-Changing Opportunities in Thailand:
The Rise of New Industries and Investment Relocations"**

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Adaptive Policies by the Board of Investment (BOI) to Changing Economic Environments

Thailand has established itself as a conflict-free zone, making it an attractive destination for businesses looking to relocate. BOI has implemented a series of adaptive policies to support new investment projects, offering a variety of incentives, including tax exemptions and non-tax benefits. To streamline the investment process, BOI has also established One Stop Service Centers, which provide comprehensive information, operational advice, and facilitate coordination between investors and government agencies.

Collaboration with the Private Sector for Sustainable Growth

BOI has been actively fostering partnerships with private sector companies to advance clean energy initiatives and other sustainable projects. These collaborations are aimed at ensuring that investments are in line with Thailand's national energy objectives and sustainability targets. Additionally, the BOI is working to deepen the supply chain within the country by supporting Thai suppliers and encouraging their integration into the broader supply chain. This approach not only bolsters local industries but also enhances Thailand's overall industrial ecosystem.

Balancing Protectionism and Global Standards for SMEs

BOI recognizes the need to balance the influx of new investments with the protection of local small and medium-sized enterprises (SMEs). To achieve this, BOI is collaborating with regulators to develop policies that safeguard local businesses while still attracting foreign capital. This delicate balancing act involves compliance with global regulations, which necessitates potential amendments to existing enforcement and regulatory frameworks. Addressing these issues is one of the priorities for BOI, as it seeks to develop appropriate solutions that cater to the needs of both local and international stakeholders.

Compliance with Global Minimum Tax Rules

In response to the new global minimum tax rules, BOI is working closely with Thailand's Revenue Department to ensure compliance, particularly with the implications of Pillar 2. From 2025, companies will be required to pay a minimum tax rate of 15%, an increase from previous levels. The Revenue Department has proposed a reimbursement mechanism for the difference, which is currently awaiting approval by the parliament. In comparison to neighboring countries, where many are still in the process of formulating their subsidy laws and clarifying their tax mechanisms, Thailand is taking proactive steps to adapt to these global changes.

Enhancing Thailand's Investment Attractiveness

One of the primary challenges for Thailand is the development of a highly skilled workforce that can meet the industry's demands, with a particular emphasis on enhancing digital literacy. Addressing this skills gap is crucial for maintaining competitiveness in the evolving global market. Additionally, the BOI and the government are focusing on promoting Thailand as a prime location for regional headquarters and financial hubs, aiming to attract more multinational corporations and strengthen the country's position as a business and financial center in the region.

Mr. Smith Banomyong, Executive Officer, Gulf Energy

Advancing Towards Clean Energy

Recently, Gulf Energy has made significant investments in clean energy projects, including solar and wind power, aligning with Thailand's green transition initiatives and the broader digital economy trend. Despite Thailand currently lagging behind its neighboring countries in the digital economy, there is a strong belief in the potential for Thailand to emerge as a key player in the digital business sector in the region. Gulf Energy's efforts underscore the importance of integrating clean energy solutions with digital advancements.

Readiness and Focus on the Digital Economy

The shift towards a digital economy necessitates meeting the clean energy requirements of leading digital companies, as sectors like data centers, cloud computing, and AI services are highly energy-intensive. Gulf Energy is committed to providing affordable and clean energy infrastructure that can support both domestic and international businesses. Over the past eight years, the investment cost for solar power has significantly decreased, from \$100 million per megawatt to just \$20 million, making clean energy more accessible. Furthermore, the importance of keeping national security data within Thailand should be emphasized and promoted. Gulf Energy is well-positioned to support this initiative and drive Thailand's digital economy forward.

Expanding Protectionism Policies for SMEs

In the context of global trade tensions, including the implementation of import taxes in the U.S. and EU, the use of tariffs could be a potential solution to protect its small businesses. However, the policy approach should extend beyond tariffs to include other dimensions, such as adherence to quality standards, environmental sustainability, and carbon footprint compliance. The government is urged to take a stricter stance against non-compliant importers, and robust support from the government is seen as essential to protecting local industries and promoting sustainable growth.

Enhancing Thailand's Investment Attractiveness

To improve Thailand's appeal as an investment destination, it is vital to maintain stability in government policies and ensure alignment across various initiatives. Creating a level playing field where both SMEs and large corporations have equal opportunities is crucial for fostering a positive public perception and supporting economic development. While large companies should continue to thrive, it is equally important that SMEs have the opportunity to grow and contribute

to the economy. This balanced approach will help cultivate national champions and drive forward Thailand's economic ambitions.

Mr. Natthapatt Tanboon-ek, Chief Financial Officer, WHA Corporation

Robust Infrastructure and Strategic Location

Thailand's strategic location and well-established infrastructure, including railway, international airports, and deep-sea ports, make it one of a prime destination for global investment in the regions. These assets enable efficient connectivity with regional and global markets, enhancing the country's attractiveness to foreign investors. Additionally, Thailand offers appealing public amenities, such as comprehensive healthcare programs and quality public facilities, making it an attractive place for expatriates to reside. A notable example of the successful collaboration between the private and public sectors is the growth of electric vehicle (EV) industry, which has seen significant investment inflows

Trends in Relocation and Emerging Sectors

The supply chain for electric vehicles has seen considerable growth over the past two years, reflecting the sector's increasing importance in Thailand's economy. Data centers are also expanding, driven by rising demand for digital infrastructure. WHA Corporation anticipates that the momentum in the EV industry will continue for another 3-5 years, driven largely by Chinese investment, which has shown the highest growth rate in recent years. While Japanese investors remain the largest segment in respect of Industrial Estate in Thailand, the overall landscape is evolving. Despite some closures of Japanese auto manufacturers due to declining global demand, the influx of Chinese EV manufacturers is expected to result in a net positive impact on Thailand's production capabilities and economic outlook.

Protectionism and the Importance of Fair Competition

Ensuring fairness and a level playing field is critical in the context of protectionist policies, especially for small businesses. Striking the right balance between protecting local enterprises and attracting foreign investment is essential. Policies need to be carefully designed to support small businesses while maintaining a competitive environment that encourages innovation and growth.

Global Minimum Tax and Its Implications

WHA Corporation, which operates in both Thailand and Vietnam, recognizes the importance of the Global Minimum Tax (GMT) as a pivotal measure that will level the playing field among countries competing for foreign direct investment (FDI). As all nations develop strategies to attract FDI, GMT will serve as a standardizing factor.

Enhancing Thailand's Investment Attractiveness

Thailand's recent successes in attracting FDI can be largely attributed to the strong collaboration between various government agencies and the private sector. This cooperation has been instrumental in creating a favorable investment climate. Moving forward, it is crucial to maintain and strengthen this partnership, with clear and consistent policy signals from policymakers regarding FDI. Continued alignment between public and private sectors will be key to sustaining and enhancing Thailand's position as a leading investment destination.