

# THAILAND Focus 2025



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## "Thailand's Competitiveness & Investment Outlook"

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### 1. Thailand's attractiveness and competitiveness

#### Strong fundamentals and investment growth

- Mr. Narit highlighted that in 2024 Thailand achieved remarkable growth, reaching a 10-year high in both total investment and foreign direct investment (FDI) applications. Total investments rose by 35% while FDI applications increased by 25% compared to 2023. Furthermore, by the first half of 2025, investment applications had already surged by 139% compared with the same period in the previous year. This reflects the strong trust and confidence that global investors place in Thailand.
- The top five FDI investors are Singapore, China, Hong Kong, Taiwan, and Japan. Key investment sectors include electric and electronics, digital, and automotive industries. Thailand continues to position itself as the right destination for investors seeking strong foundations supported by well-developed infrastructure—ranging from deep-sea ports and international airports to modern digital infrastructure and tier-one data centers. In addition, the country offers a robust supply chain, resiliency, cost-effective manufacturing, and favorable trade agreements. Currently, Thailand has 17 Free Trade Agreements (FTAs) with 24 countries.
- Green energy has become another core strength. The government supports businesses in accessing renewable energy through utility green tariffs and direct power purchase agreements (PPA) through the state grid. BOI is also working with the Ministry of Higher Education to cultivate talent for new industries, particularly in semiconductor, EV, and AI technology.
- The BOI also plays a crucial role by offering tax and non-tax incentives through its Competitiveness Fund. In 2025, the BOI launched TIESC (Thailand Investment Eco-Support Center), a one-stop service facility for visas, work permits, and investment consultation. The Long-Term Resident Visa

(LTR) program also makes Thailand more attractive to four target groups of global professionals. Moreover, Thailand is top ranked globally and regionally for best country to start a business, FDI confidence Index, SDG index and best expat destination. These recognitions collectively reinforce Thailand's appeal, making the country the preferred choice of establishment for many multinational corporations.

- Key challenges in the transition towards a technology-based industry highlight that talent is crucial. This is why the BOI places strong emphasis on developing vocational and engineering-level talent to meet future industry demands.

#### **Private sector perspectives**

- Mr. Suphachai emphasized that CP Group continues to invest across all of the Group's core businesses, driven not only by policy but also by real growth opportunities. He noted that Thailand has strong fundamentals and the potential to become a key hub in ASEAN and Asia for data centers and an AI-driven economy. He further highlighted that investments from China in industrial estate manufacturing are being drawn to Thailand because of the country's fundamental strengths—its strategic location, openness, culture, livability, attractive incentives, and top-tier infrastructure.
- At the same time, Mr. Suphachai stressed that Thailand must address the challenges of talent attraction and retention. More open foreign land ownership policies could further strengthen the country's competitiveness. Despite the many changes and challenges Thailand is facing, he affirmed that the nation is on the right track.
- Dr. Chawapol shared Huawei's perspective, highlighting the company's 28 years in Thailand and its early recognition of the country's potential. Thailand is not only strategically located to serve as a regional technology hub but is also advancing toward becoming a global hub. This trajectory is strongly supported by government policies such as Thailand 4.0, the Eastern Economic Corridor (EEC), and the Cloud First Policy, all of which demonstrate that the country is moving in the right direction.
- Thailand's digital readiness, rising demand for technology, and the push for modernization and transformation across multiple industries, combined with the nation's strong ties with China, reinforce Huawei's commitment to expanding its business and contributing to Thailand's development. Significantly, Thailand was one of the first countries outside of China where Huawei made a long-term investment.

## **2. Challenges and adjustments needed**

### **Trade and Tariff Pressures**

- Thailand must navigate the implications of new tariff regimes. In the perspective of the BOI, Mr. Narit noted that the trade war is a long-term game, and negotiations and readjustments can happen any time. Therefore, the BOI's approach is to ensure long-term resilience. Tariff rates of ASEAN countries are quite similar around 19-20%, differentiation factors will be the economic foundation and what each country has to offer. Transshipment tariff with the U.S. is still under negotiation and still waiting for clarification on the definition of transshipment, but be assured that the Thailand working team will

try our best to make the best deal that will benefit investors in Thailand. This is a great opportunity to strengthen localization and supply chain development to increase the local content.

- Thailand must navigate the implications of new tariff regimes. From the BOI's perspective, Mr. Narit emphasized that the ongoing trade war should be viewed as a long-term game, with negotiations and readjustments likely to occur at any time. As such, the BOI's strategy is to ensure long-term resilience for the country. While tariff rates among ASEAN countries are relatively similar—around 19–20%—the key differentiation will lie in each country's economic foundation and the unique advantages it can offer. Regarding the transshipment tariff with the U.S., discussions are still underway, with clarification on the definition of transshipment yet to be clarified. Nevertheless, Mr. Narit reassured investors that Thailand's working team is committed to securing the best possible deal to benefit investment in the country. He also stressed that this period presents an opportunity to strengthen localization and supply chain development.
- From the private sector, Mr. Suphachai explained that U.S. tariffs on raw material imports have had limited impact, as CP Group's feed mill and poultry businesses mainly source raw materials from South America and Eastern Europe—now gradually shifting toward the U.S. where costs remain competitive and may even be more favorable. However, he acknowledged that Thai farmers could be affected, making it critical to support them in moving toward higher-value produce. For instance, soybean and corn growers will need assistance in transforming their production, while Thai jasmine rice and the country's fruit production continue to face strong unmet global demand. These sectors present clear opportunities for technology and industrialization to drive transformation.
- Another challenge lies in how Thai SMEs can be incentivized to participate in the evolving supply chain. Mr. Suphachai emphasized that because U.S. tariffs are applied across all countries—including Thailand's competitors—the country's relative competitiveness can still be maintained.

#### **Technology utilization and building strong local ecosystem**

- Dr. Chawapol stressed that global challenges are compelling companies to move up the value chain. While Thailand holds many advantages, the key challenge is how to modernize effectively, enhance efficiency, and leverage technology to achieve these goals. Such changes create urgency to reassess past approaches and to be more decisive in taking the next steps.
- For Huawei, every major challenge brings the company back to two fundamentals: R&D and skills development. Huawei reinvests 20–25% of its annual revenue into R&D, focusing on areas that demand significant technological investment and innovation. On the skills side, the company has trained over 100,000 professionals in the IT industry within the past five years, with the aim of closing the digital skill gap and fostering knowledge transfer. This commitment not only supports industry transformation but also builds long-term, sustainable local technological independence.

### **3. Next steps to enhance future competitiveness**

#### **Policies to support trade and industrial upgrading**

- Mr. Narit outlined several strategic initiatives:
  - Mitigating the impact of global tariffs through proactive trade negotiations.

- Advancing the Smart and Sustainable Industry measure, which supports existing investors in upgrading production processes, adopting digital and AI technology, introducing automation, and replacing outdated machinery.
- Providing additional incentives for companies that achieve higher levels of local content in their operations.
- Promoting business-matching events designed to connect global investors with Thailand's local supply chains.

#### **Becoming a Talent and Connectivity Hub**

- Mr. Suphachai emphasized that talent attraction is critical. Thailand must reskill and upskill its workforce while also offering policies that draw foreign talent to live and work in the country. Political stability and strong government leadership and focus will be essential.
- He also stressed the importance of ASEAN connectivity—linking China, Thailand, Malaysia, and the CLMV countries (Cambodia, Laos, Myanmar, Vietnam) through logistics infrastructure. This connectivity, combined with Thailand's strategic geopolitical location, can make the country valuable to both the U.S. and China while maintaining neutrality.
- Thailand's agriculture and food industries also require transformation. Shifting toward a corporation or co-op model, combined with the integration of technology, will create significant value for the country. In the areas of technology and renewable energy, Thailand has the potential to become a leading country in the green economy.

#### **Digital Innovation, Data and Green Transformation**

- Dr. Chawapol pointed out that Thailand must position itself as a platform where global supply chains, regional trade, and digital innovation intersect. Going forward, businesses will not be the same and future competitiveness requires underlying supporting platforms and technology. Topics that need to make happen include sovereign cloud, sovereign data centers, and sovereign data platforms to ensure competitive advantage. The key defining factor will be the ability to harness, secure, and manage the power of in-depth data, which can become a tremendous asset if processed by the right hands. He also emphasized that green energy and EV technologies will play larger roles exponentially within this year.