
Medical Industry

THAILAND  An Asian Hub,
a World of Opportunity



Thailand's Economic Overview in 2016



1 GDP 2016: USD 408.5 billion
GDP per capita: USD 6,056
Growth: 3.2%
Population : 68 million



2 Export Value USD 215 billion
Growth: 4.45%



3 World Bank ranks Thailand 5th for its ease of doing business among East Asia & Pacific countries for 2016



4 IMD World Competitiveness ranks Thailand 27th out of 61 economies in its global competitiveness index for 2016

Source: NESDB, Ministry of Commerce of Thailand, World Bank, IMD

Note: Exchange rate (BOT, Feb 1 2017): 1 USD = 35.00 THB

Thailand: the Crossroads of ASEAN

Strategic Location Gateway to ASEAN

**“We are surrounded by
the world’s economic powerhouses”**



ASEAN Economic Community



633 million population
(9% of world population)



GDP: USD 2.4 trillion
(2% of world’s GDP)



Regional Comprehensive Economic Partnership *(RCEP)



3.3 billion population
(50% of world population)



GDP: USD 21 trillion
(28% of world’s GDP)

Thailand: Well Developed Regional Connectivity

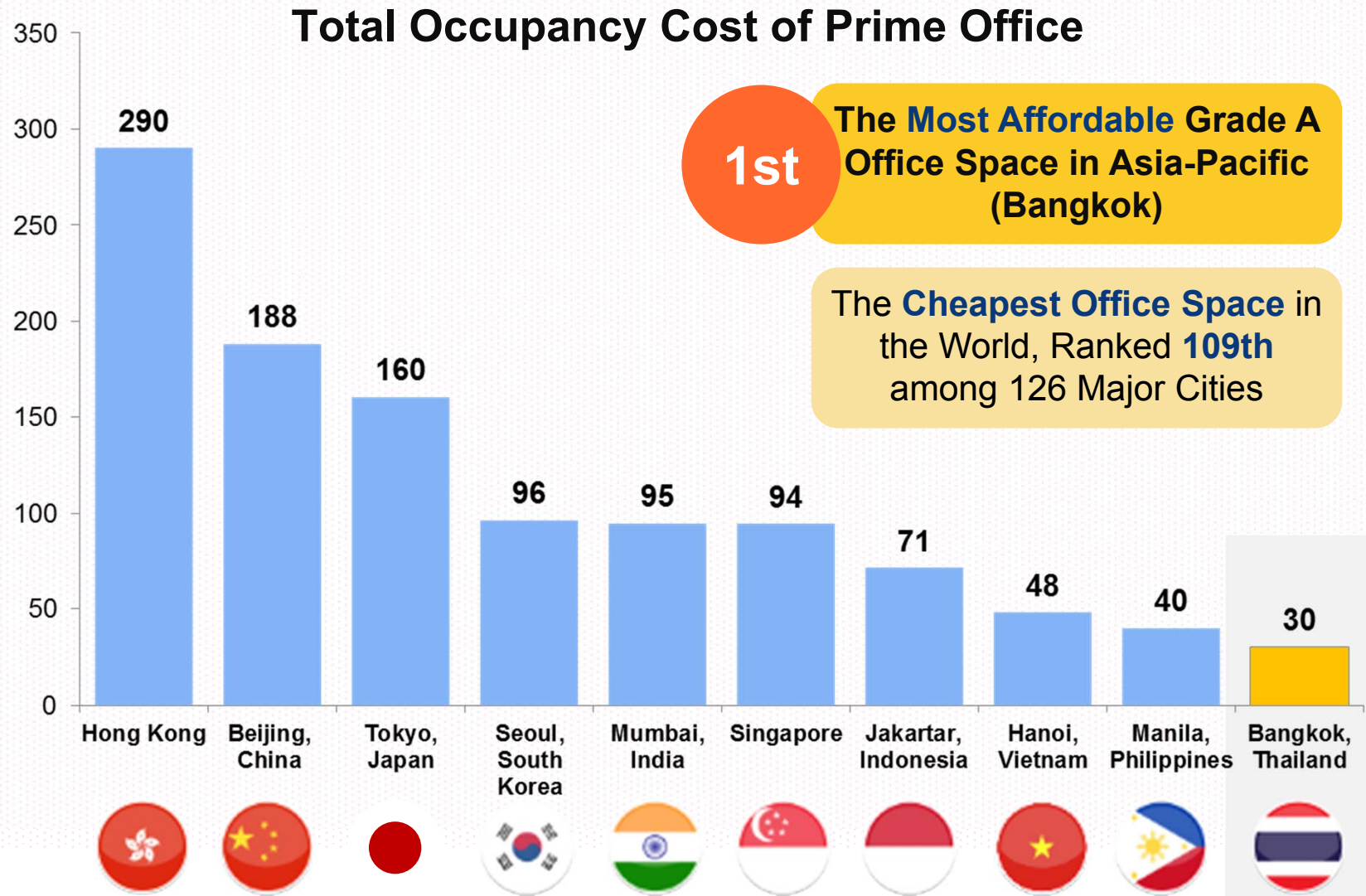


Strategic Location :
Gateway to ASEAN



Affordable Office Spaces

[Unit: USD/squarefoot/annum]

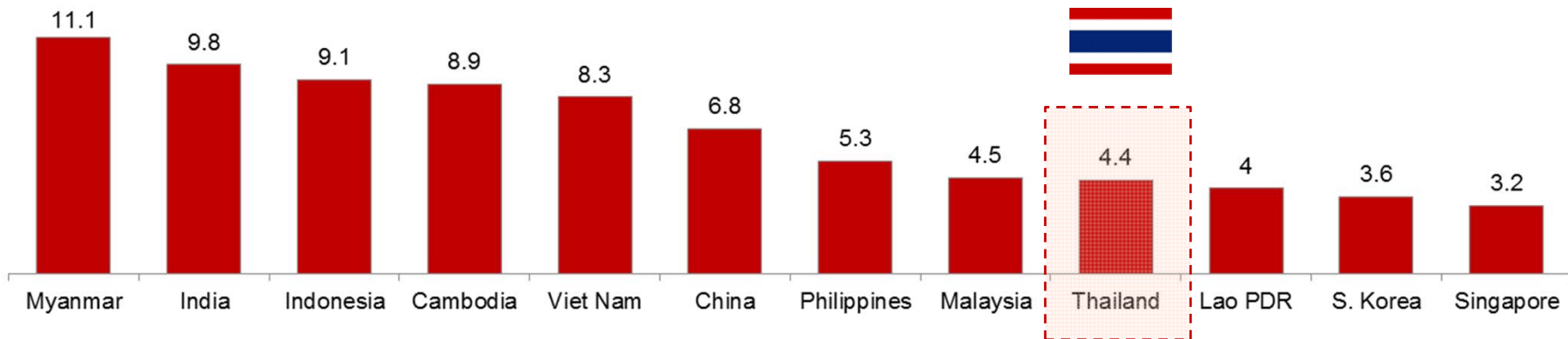


Source: CBRE's Prime Office Occupancy Costs, 2016

Wage Increase Rate Between 2015 and 2016

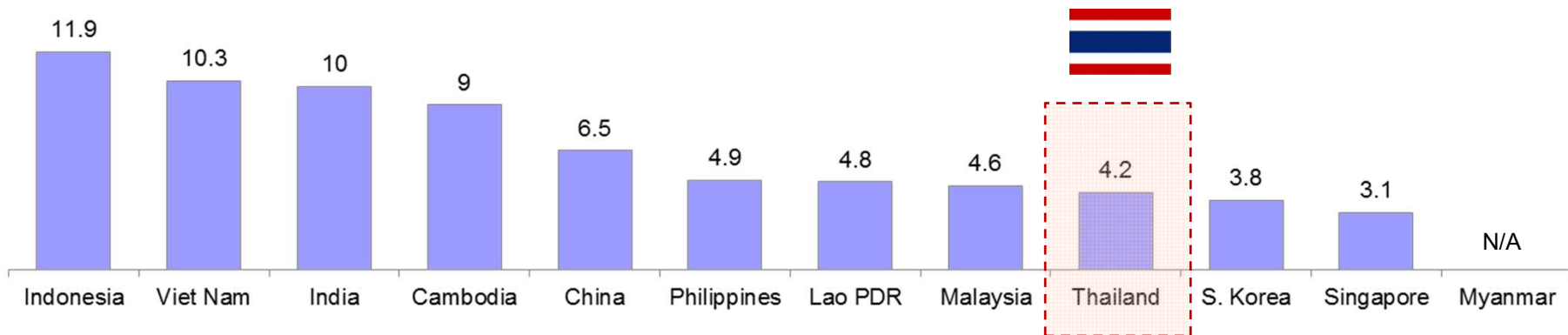
Wage Increase in *Manufacturing* Sector

[In Percentage Points]



Wage Increase in *Non-manufacturing* Sector

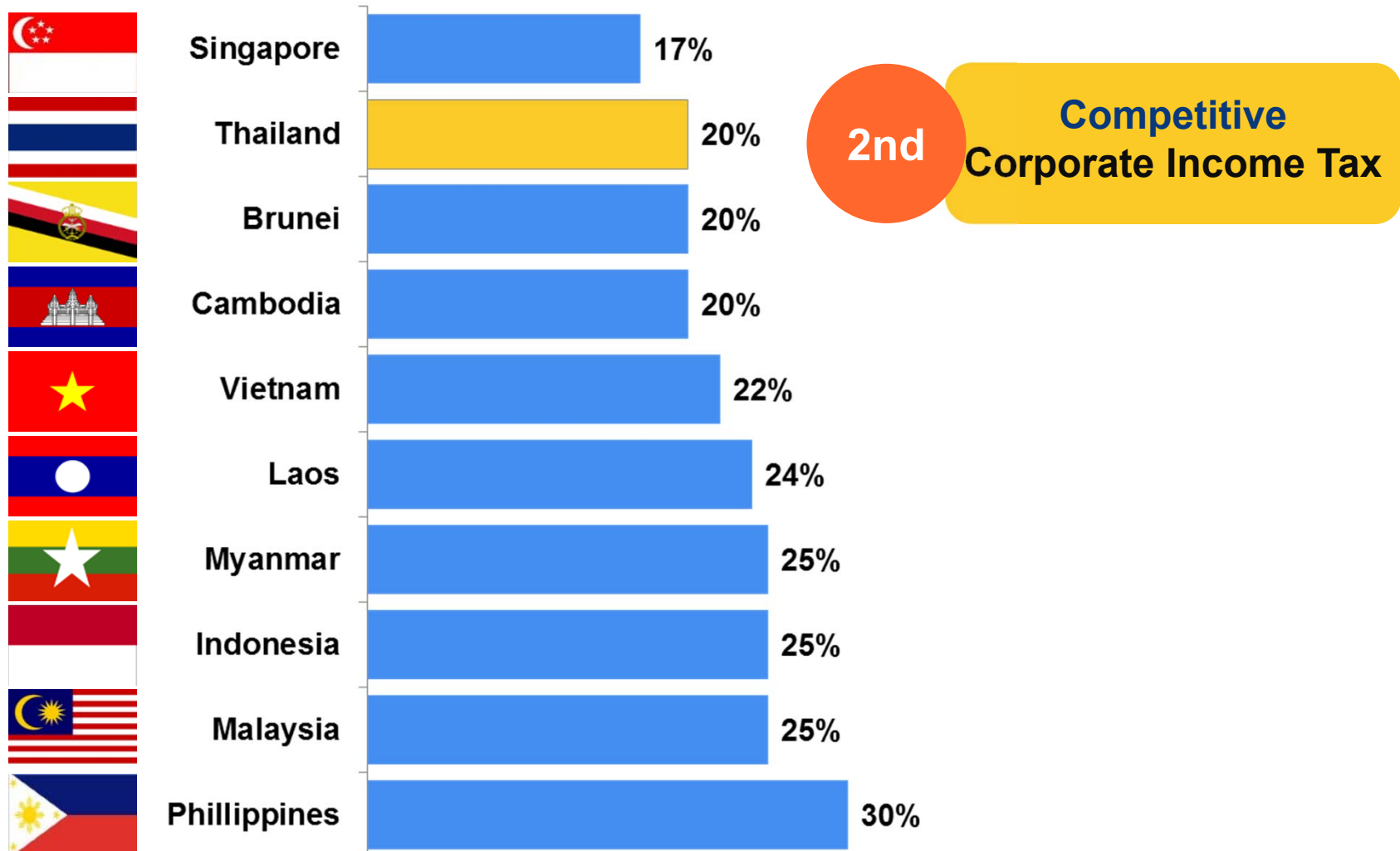
[In Percentage Points]



Sources: 2015 JETRO Survey on Business Conditions of Japanese Companies in Asia and Oceania

Competitive Corporate Income Tax

[Unit: %]



Source: ¹Deloitte's Taxation of AEC, as of 2015

Infrastructure



- **7 international airports**
 - In 2009, 53.9 million passengers, 1.1 million tons of cargoes
 - **Suvarnabhumi Airport** – Capacity: 45 million passengers and 3 million tons of cargo per year



- **Over 70,000 km Highway Systems**
- **6 Deep Sea Ports & 2 International River Ports**

- Capacity over 10 million TEUs
- **Laem Chabang Sea Port** – Capacity: 10.8 million TEUs, with additional 8 million TEUs expansion



- **e-Customs facilities**
- **4,346 km Rail links to Malaysia & Singapore**
- **60 Industrial Estates**

Thailand's Infrastructure Development Strategy (2015-2022)

5 Key Programs: to reduce logistics and transportation costs and Improve the competitiveness of the economy

Infrastructure development programs for 2015-2022 (USD 53.4 billion*)

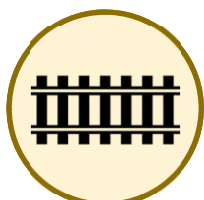
1. Expansion of the **inter-city rail network**
(USD 14.1 billion)

2. **Highway capacity enhancement**
(USD 14.9 billion)

3. Development of **mass transit systems** in Bangkok Metropolitan Region
(USD 21.3 billion)

4. **Air transport capacity enhancement**
(USD 1.4 billion)

5. Development of the **maritime transport network**
(USD 2.8 billion)



Railway

- Upgrade railway networks
- Increase **double-track** railways
- Build **1,435-meter standard gauge**



Mass Transit

- Extend **mass transit railway system**
- Acquire **3,183 NGV buses**



Road

- Expand highways to **4 or more traffic lanes**
- Develop **facilities** along the main roads such as container yards



Water & Air

- Enhance **sea ports capacity**
- Enhance **airport capacity**
- Establish **aviation industrial estates**

Source: Office of Transport and Traffic Policy and Planning, Ministry of Transport, as of 21 December 2015

Investment Promotion Strategy Direction 2015-2021

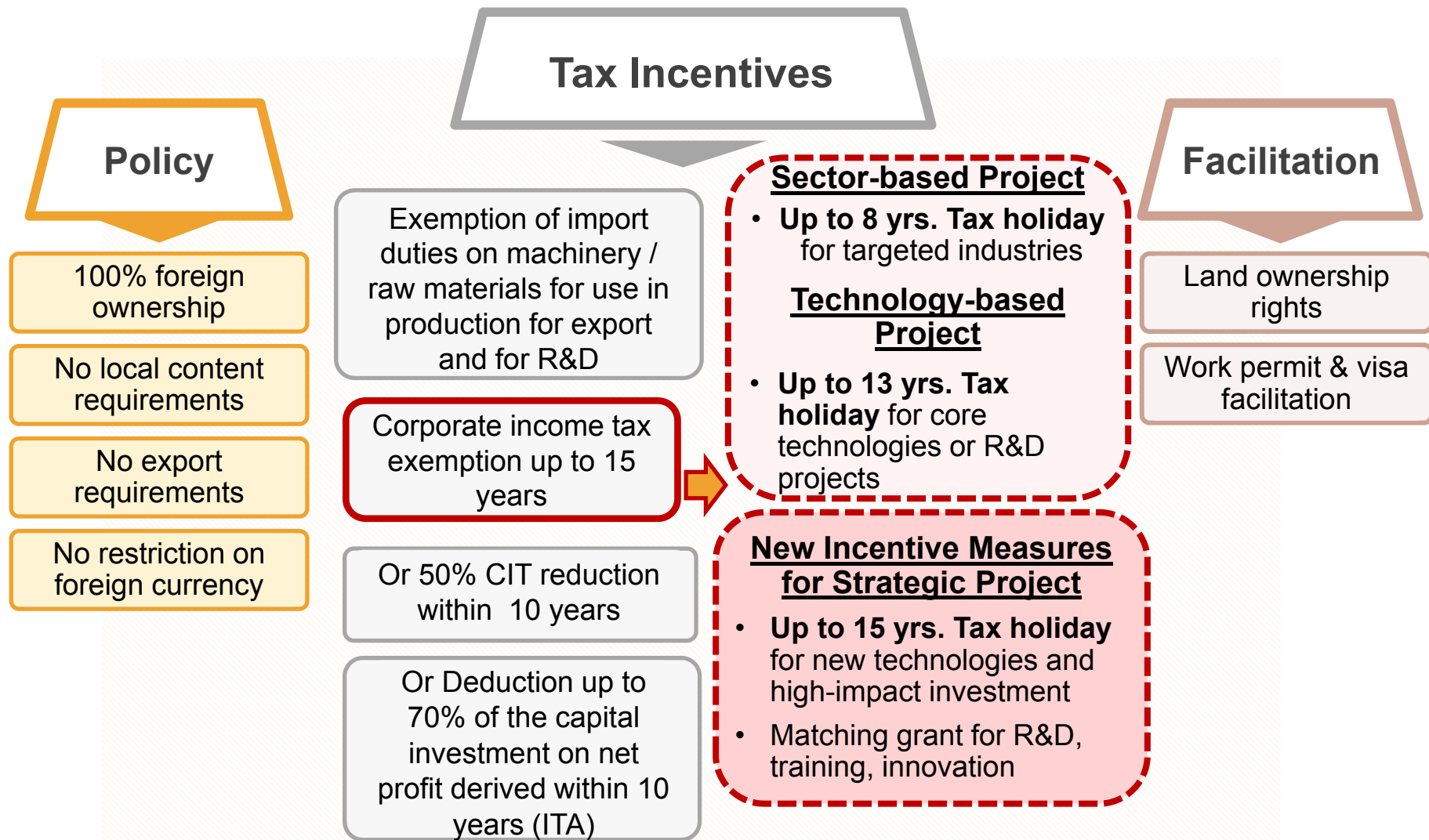
THAILAND

Sustainable Development, More Competitive Economy

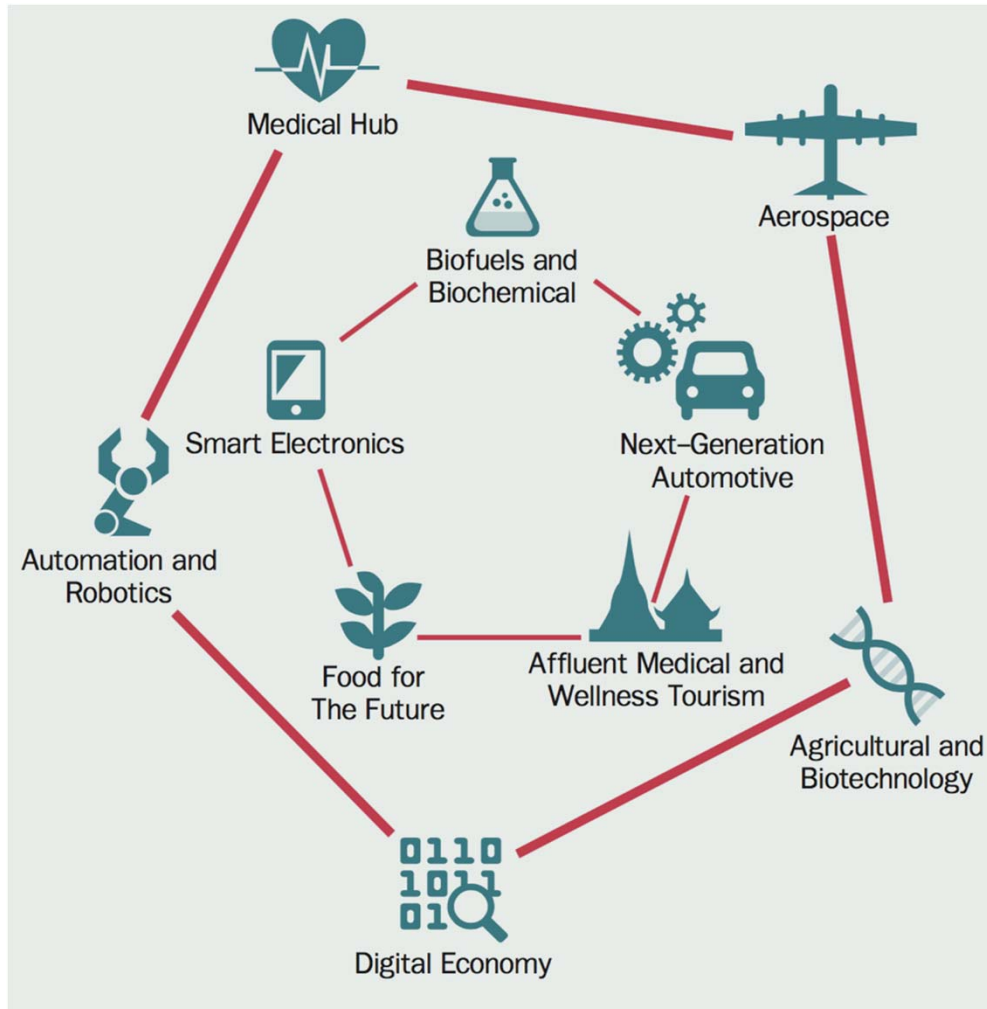


**INNOVATION
HIGH TECHNOLOGY
GREEN TECHNOLOGY
RESEARCH & DEVELOPMENT**

BOI's Liberal Investment Regime & Attractive Investment Incentives



10 Targeted Sector



First S-Curve Industries

- Next-Generation Automotive
- Smart Electronics
- Affluent, Medical and Wellness Tourism
- **Agriculture and Biotechnology**
- **Food for the future**

New S-Curve Industries

- Automation and Robotics
- Aviation and Logistics
- Biofuels and Biochemical
- Digital
- **Medical Hub**

Thailand : Medical Hub of Asia

Comprehensive medical industry = Wellness + Sickness

Manufacturing



Generic and Traditional
Pharmaceutical Products
(A3)

APIs
(A2)



Medical Devices or parts (A1 - A4)



Medical Foods or Food Supplements (A2)



Cosmetics (SEZ Area only)

Services



Health
Rehabilitation
Centers (B1)

Medical Centers, Hospitals
and Thai Traditional
Medical centers (A2-A3)



Elderly Home



Spa and Thai
Traditional Massage

Long Stay



cosmeceutical products

Supporting for Medical Industries



R&D and Scientific
Laboratories (A1)



Biotechnology (A1)



Medical Schools

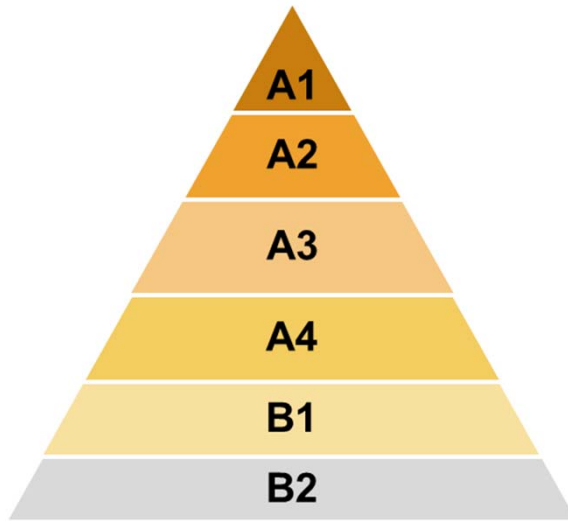


Medical
Transportation
Services
(A3)



Services such as
Product
Sterilization
Services (A2)

BOI Incentives Scheme



A1: Knowledge-based Activities focusing on R&D and Design

A2: Activities in Infrastructure for the Country's Development, Activities using Advanced Technology to Create Value Added

A3: High Technology Activities which are Important to the Country's Development

A4: Activities with Lower Technology than A1-A3

B1 and B2: Supporting Industry that does not use high Technology

	Exemption of Corporate Income Tax	Exemption of Import Duties on Machinery	Exemption of Import Duties on Raw Materials for use in Production for Export	Non-tax
A1	8 years (without cap) + Merit	✓	✓	✓
A2	8 years + Merit	✓	✓	✓
A3	5 years + Merit	✓	✓	✓
A4	3 years + Merit	✓	✓	✓
B1	0 year + Merit (some Activities)	✓	✓	✓
B2	-	-	-	✓

Examples of Promoted Activities (2/2)

Group	Example Activities
A1 8-year CIT exemption with no ceiling	<ul style="list-style-type: none">• R&D• Lab test/ service, clinical trial• Training center• Biotechnology such as Biopharmaceutical, Diagnostic kit with biotechnology base Biomolecular/ bioactive substances• High-risk Medical Devices include R&D
A2 8-year CIT exemption	<ul style="list-style-type: none">• Active Pharmaceutical Ingredients• Active Ingredients from natural raw material• Rubber Products• High-risk Medical Devices (No R&D)• Medical food or food supplement• Specialty Medical centers• Hospitals (Some Area such as SEZ , 20 Provinces, Southern Border Provinces)

Examples of Promoted Activities (2/2)

Group	Example Activities
A3 5-year CIT exemption	<ul style="list-style-type: none">• Other Medical Devices• Pharmaceutical Products• Thai Traditional Medical centers• Medical Transportation Services (By Air, Land or Boat)
A4 3-year CIT exemption	<ul style="list-style-type: none">• Medical Devices made from fabrics or fibers (Gowns, Drepes, Caps, Face Masks etc)

Technology-based Incentives

CIT exemption for 10 years + Merit (1-3 years) = Maximum of 13 years plus duty exemptions on materials imported for R&D purposes and related testing

Targeted Core Technologies

1

Biotechnology

2

Nanotechnology

3

**Advanced Materials
Technology**

4

Digital Technology

Enabling Services

- 1. Research and Development**
- 2. Vocational Training Centers (only in S&T)**
- 3. Electronics Design**
- 4. Engineering Design**
- 5. Scientific Laboratories**
- 6. Calibration Services**

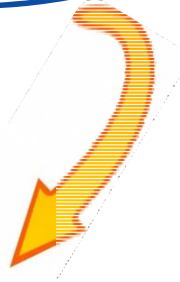
* For 2-6, only projects that utilize advanced technology, as approved by the Board

Note: Projects must be engaged in technology transfer by cooperating with educational/research institutions as stipulated by the Board, e.g. Technology Research



BOI Application

Promotion of Technology and Innovation Development



Technology Transfer

It will be a collaborative form of research and development of targeted technologies.



Start from own technology



Institute / Research Institution. Main must be Thai institutions agencies in the country.

Outside Technology



Cooperation in research and development with research institutes / research institutes / research institutes registered with the Revenue Department. To develop target technologies such as Technology Research Consortium

The income of the project will be CIT Exemption

- Bring the results of the development to the production and Commercial products
- Selling technology has evolved. To those interested



New Incentives under Competitiveness Enhancement Act

Competitiveness Enhancement Act

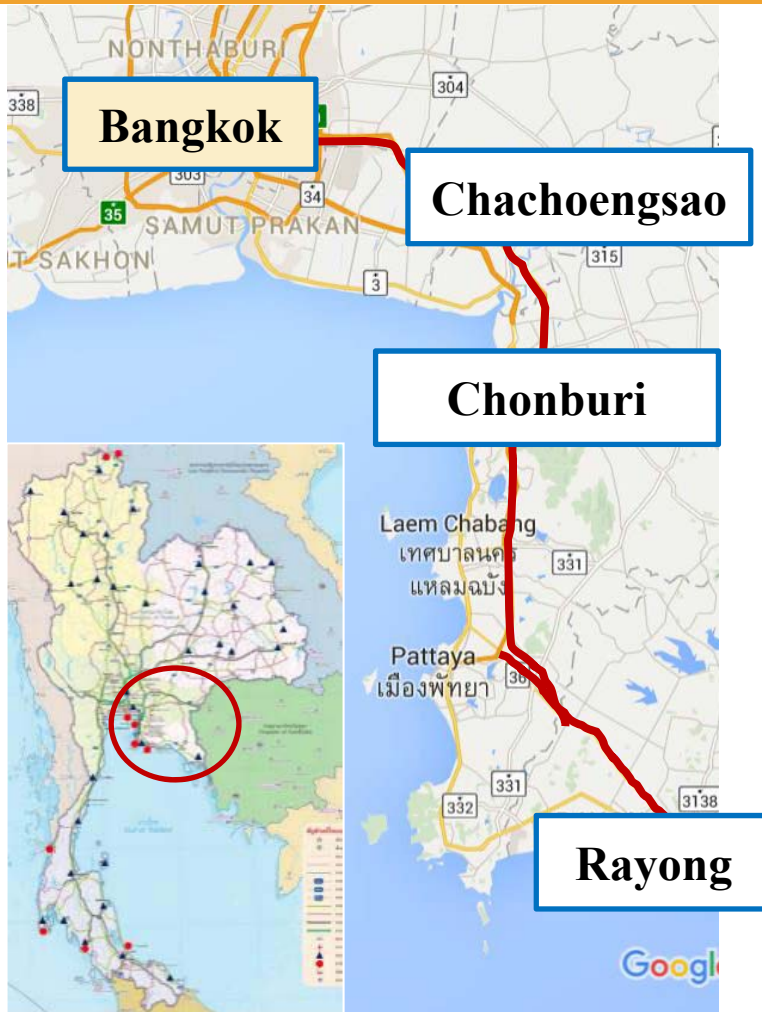
NEW

Targets for promotion	<p style="text-align: center;"><u>Strategic Investment</u></p> <ul style="list-style-type: none">• Promote investment driven by the Thailand 4.0 development plan (National Agenda)• New technologies and high-impact investments which are not covered by other incentives
Incentives	<ul style="list-style-type: none">• CIT exemption for up to 15 years for targeted industries• 10 billion baht grants for investment projects engaged in R&D, innovation or human resource development in specific areas• Other incentives in accordance with the Investment Promotion Act

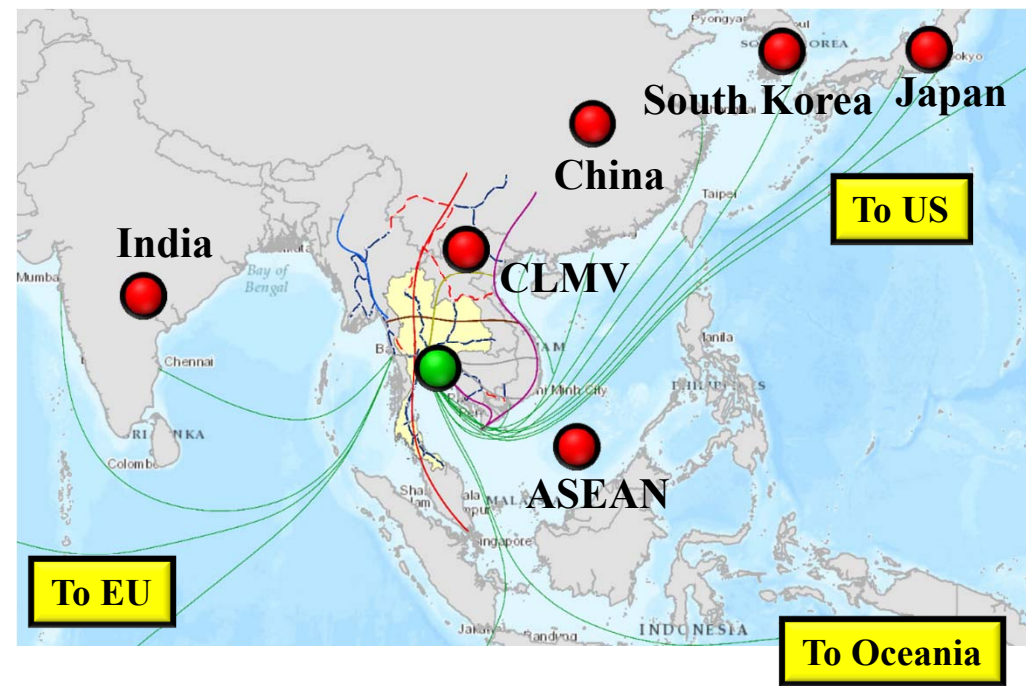


Thailand's Eastern Economic Corridor

New Growth Hub of Thailand and ASEAN












- 1 Strategic Location
- 2 Infrastructure Linkage
- 3 Excellent Atmosphere



Investment Promotion Measures in the EEC

Targeted Industries in the EEC

 Next-Generation Automotive	 Food for the Future	 Biochemicals and Eco-friendly Petrochemicals
 Smart Electronics	 Automation and Robotics	 Digital
 Affluent, Medical and Wellness Tourism	 Aviation	 Medical Hub

- **An additional 50% CIT reduction for 5 years** for Project in Group A (Activity-based)