



BOI to Promote Food Innovation, Aviation and Robotics

The BOI has recently implemented three additional measures to promote investment in three clusters, namely, food innovation, aviation and robotics. Following a BOI board meeting in February 2016, the decision was made that food innovation will be promoted through a Food Innopolis, which is a designated industrial area exclusively for food innovation and must be located within a Science Park for Science and Technology. The Food Innopolis will receive group A1 BOI privileges, which cover knowledge-based activities focusing on R&D and design to enhance the country's competitiveness. The Food Innopolis will benefit from two types of privileges as outlined below:

1. Privileges according to general guidelines, such as corporate income tax reductions by 50% in addition to basic privileges for a period of 5 years and import tariff exemptions on machinery.
2. Privileges under the Super Cluster group, such as exceptions to corporate income tax for 8 years with a limit to the value exempted, which will be decided based on the activities of the company, and corporate income tax reduction of 50% for another 5 years.

The targeted industries in the Food Innopolis include the development of plants and animals (which do not fall under the scope of bio-technology), design services and the development of creative products, research and development of bio-technology, and scientific testing services.

The BOI has also approved measures to promote the automated equipment and robotics industry and aviation industry. Investment measures for the aviation industry will be seen in airplane production and the manufacturing of parts/equipment as well as in supporting industries, including tools, machinery, measuring/testing apparatus and the service industry. The BOI also wants to support the development of aviation-related software for transport purposes such as pilot-less planes. The targeted areas for the aviation cluster are based in 14 provinces that include Bangkok, Pathumthani, Chonburi, Chiang Rai and Lopburi.

For the promotion of the automated equipment and robotics industry, there are no location limits so projects can be initiated in every province. Any projects undertaken in this field will receive the same support as projects under the Super Clusters, including exemption of corporate income tax for 8 years and a reduction of 50% for the following 5 years if the company later on works in cooperation with either an education institute, research institute or knowledge center.

To receive these investment benefits and support, companies must send their applications to the BOI by 30 December 2016 at the latest.



Thailand to Tighten Ties with the Eurasian Economic Union (EEU)

Thailand is planning bilateral talks with the Eurasian Economic Union (EEU) and is currently in the study process regarding a free trade agreement (FTA) that will be aimed at removing tariff and non-tariff barriers among the parties. According to the latest talks held on 16 March 2016 between Mrs. Apiradi Tantraporn, Minister of Commerce, and Dr. Kirill Barsky, Ambassador of the Russian Federation to the Kingdom of Thailand, the two sides have agreed to speed up the internal study process of the FTA and reiterated that they are seeking to start concrete negotiations by the end of this year.

The Eurasian Economic Union (EEU) is an economic union of states located primarily in northern Eurasia. The 5 member countries that comprise the EEU are Russia, Armenia, Belarus, Kazakhstan, and Kyrgyzstan. In 2015, Thailand's exports and imports to and from the EEU stood at 744,405 US dollars and 1,729,810 US dollars, respectively. Should the agreement come into force, it is expected that Thailand will benefit from a decrease in tariffs levied by the EEU members and gain opportunities to export more products to the EEU. Products that should benefit from the agreement include automobiles, machinery, rubber, plastics and electrical equipment. The EEU exporters will benefit from greater access to the Thai market as well, especially for the sale of mineral fuels, oils, fertilizers, iron and steel, and aluminum.

It is important to note that the EEU has recently been paying closer attention to ASEAN member countries. It concluded an FTA with Vietnam in May 2015, and has also initiated trade dialogues with other ASEAN countries in the form of Indonesia and Cambodia, as well as with non-ASEAN countries like Hong Kong and India. Thailand is likely to be the next ASEAN member state to start an FTA negotiation with the Eurasian Economic Union.

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If you have any comments or questions regarding Trade Digest or any matters discussed herein, or if you are interested in finding out more about Bolliger & Company Consulting services, please contact any of the persons below:

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