

Thailand's Automotive Industry and The New EV Promotion Policy

28 January 2021

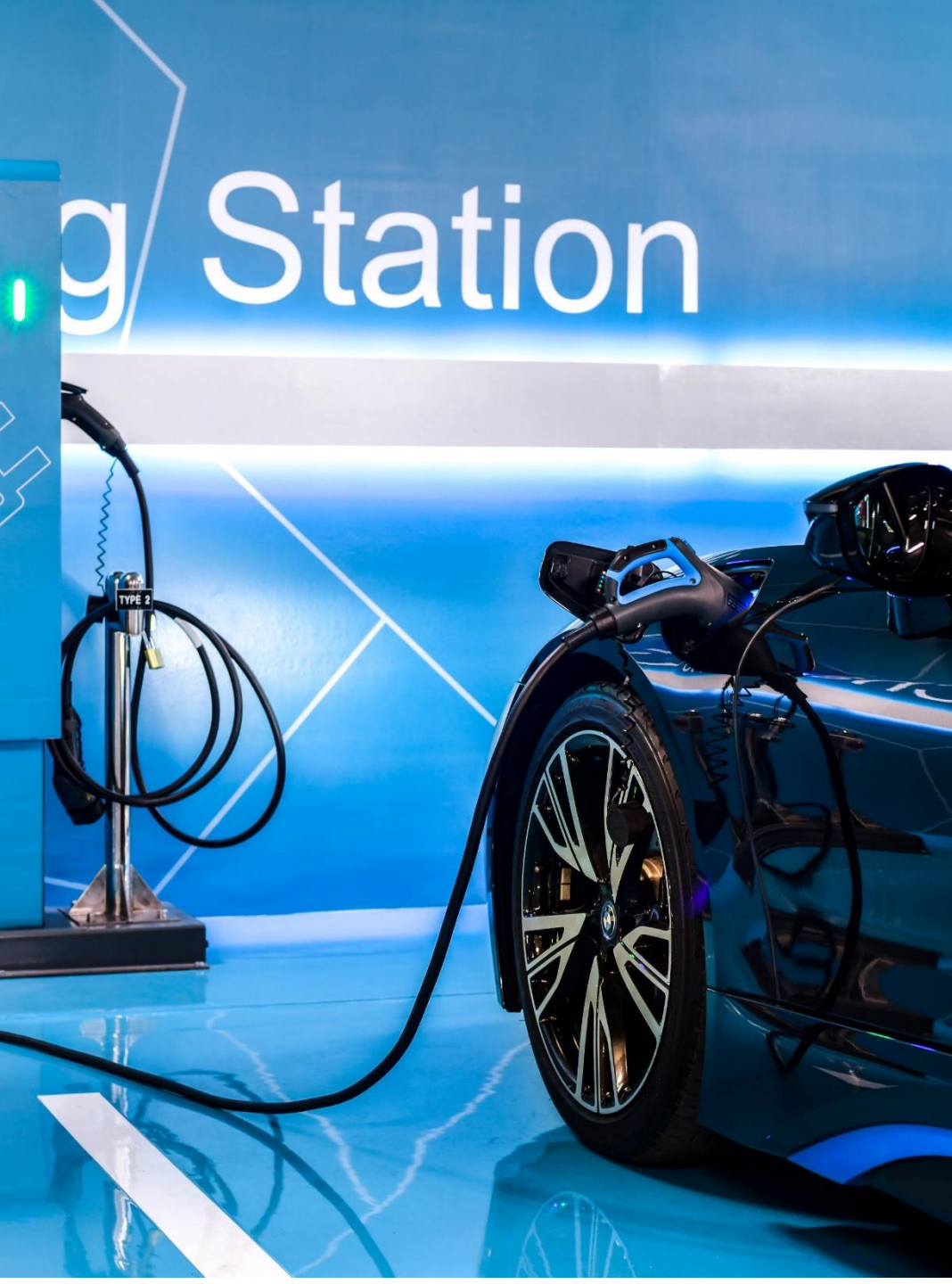
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Thailand Board of Investment (BOI)



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BOI's Services

Introduction to Thailand Board of Investment



1. Provide comprehensive information and advice on establishing operations in Thailand
2. Coordinate between the foreign business community and other public agencies
3. Grant "Tax-based incentives" and "Non-Tax incentives"
4. Provide Business Support Services for Investors:
Sourcing Services and SMEs Competitiveness Development





BOI Investment Promotion Measures

Policy

100% foreign ownership

No local content requirements

No export requirements

No restriction on foreign currency

Tax Incentives

Exemption of import duties on machinery

Exemption of import duties on raw or essential materials imported for export

Exemption of import duties on goods imported for R&D

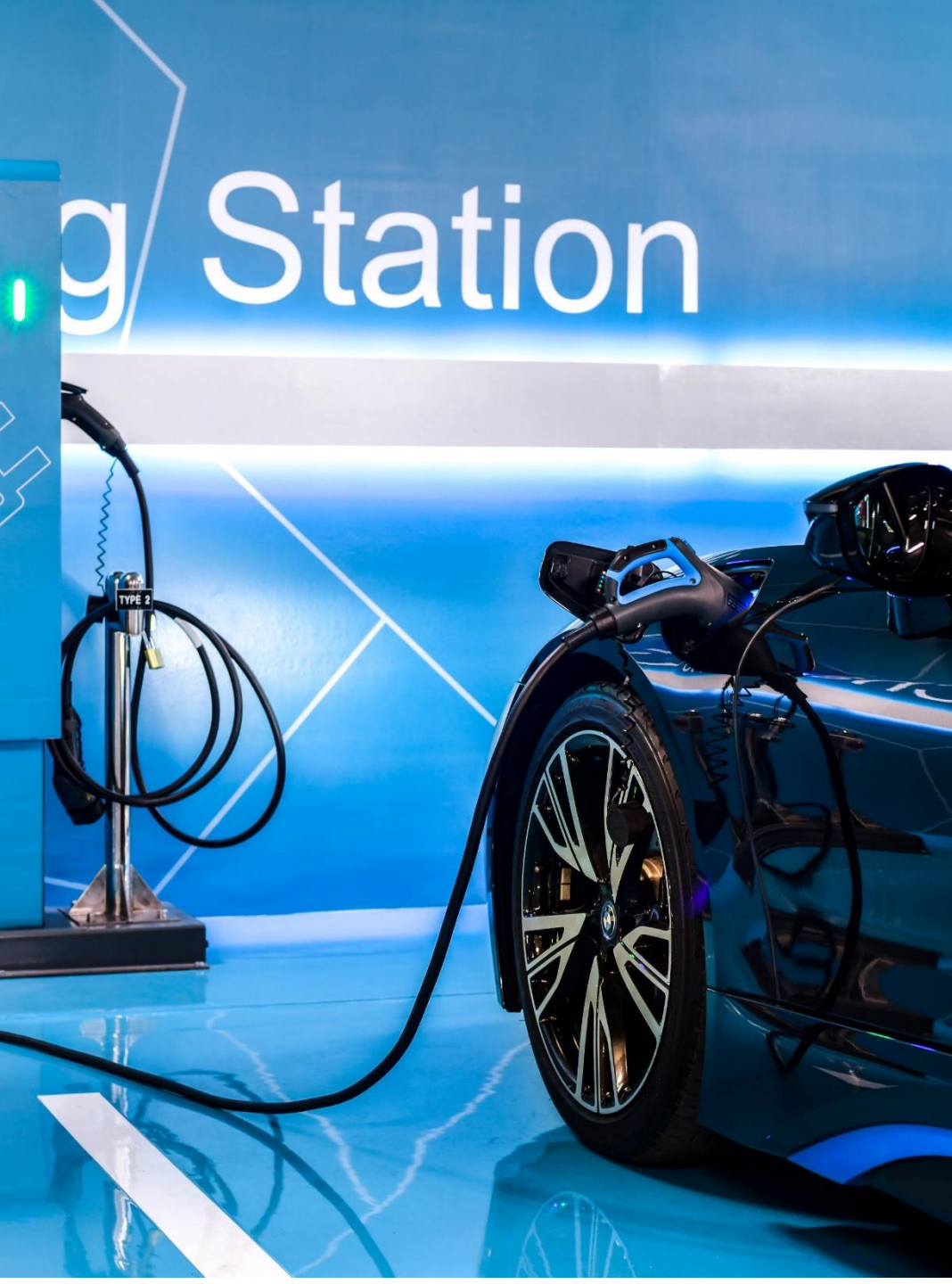
Corporate income tax exemption up to 13 years

50% CIT reduction 5 years

Non-tax Incentives

Land ownership

Work permit & visa facilitation



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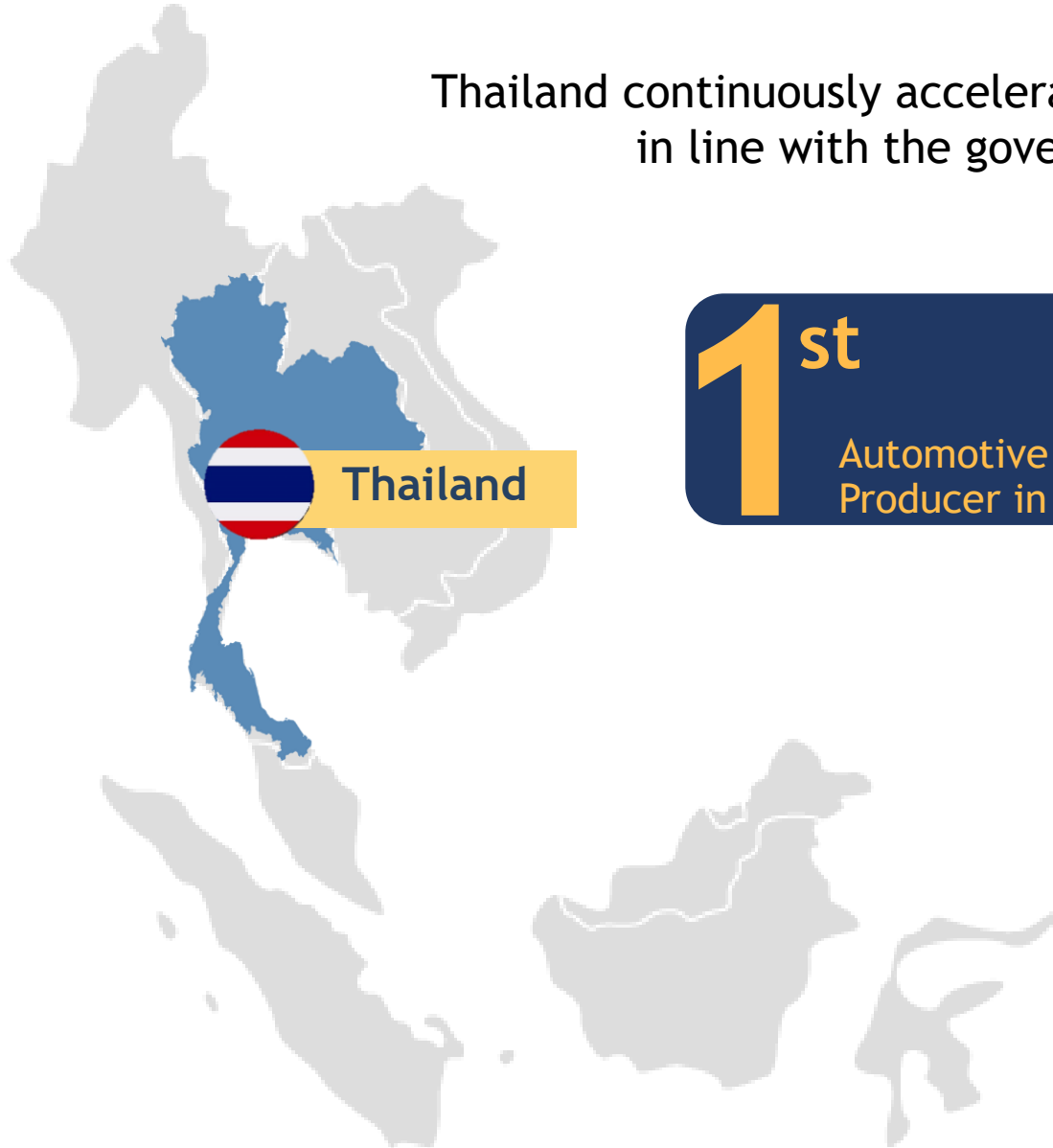
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BOI's Services

Thailand as an Automotive Hub in ASEAN

Thailand continuously accelerates its next-generation automotive industry in line with the government's promotion of new S-curve industry which have higher value-added production.



1st
Automotive
Producer in ASEAN



11th
Automotive Producer
in the World



World Ranking



5th

Light Commercial Car Producer

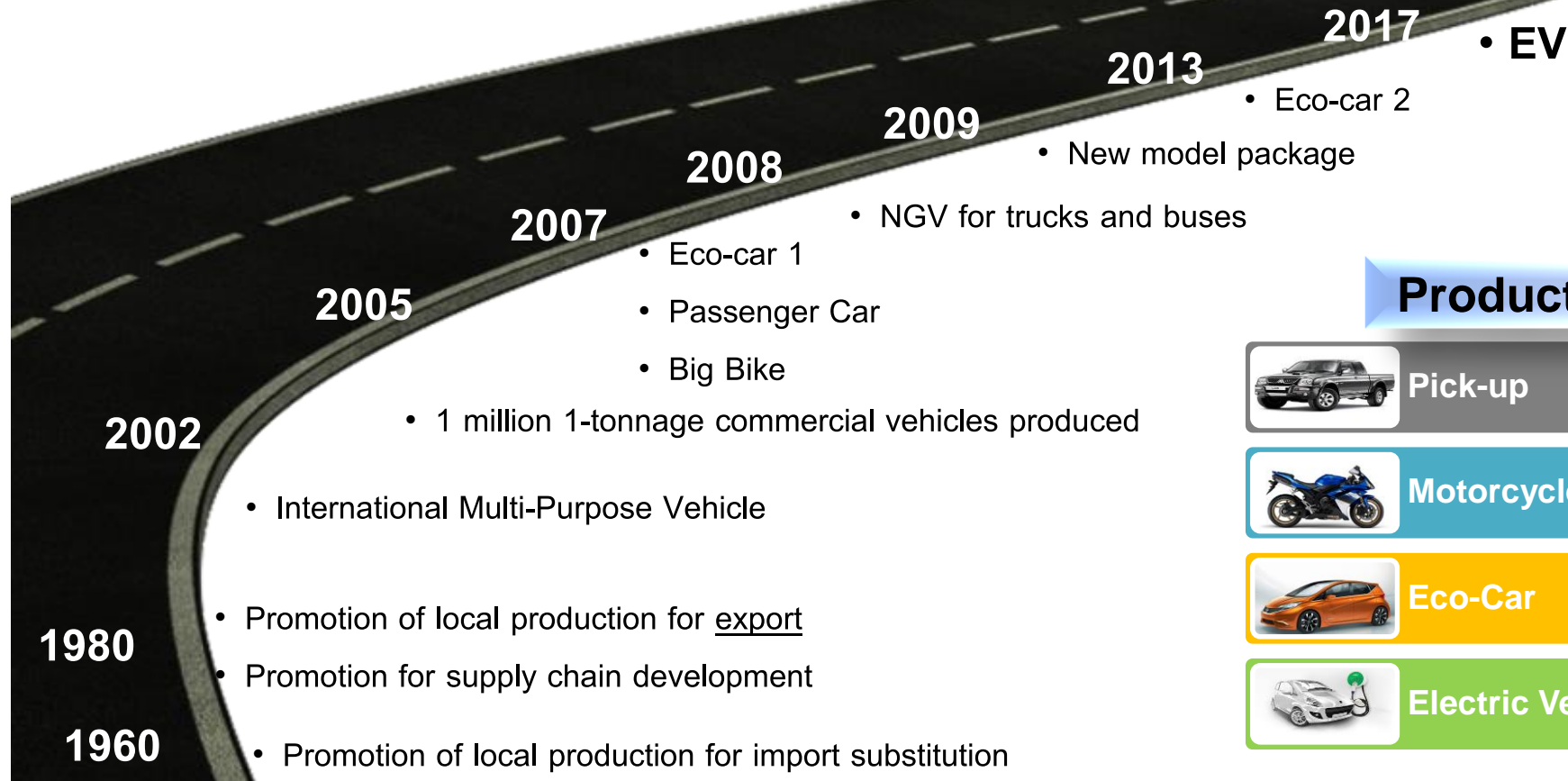


18th

Passenger Car Producer

History of Thai Automotive Market

Now, the current focus is on electrification:
HEV, PHEV, BEV, and FCEV



Product Champion



Pick-up



Motorcycle, Big Bike



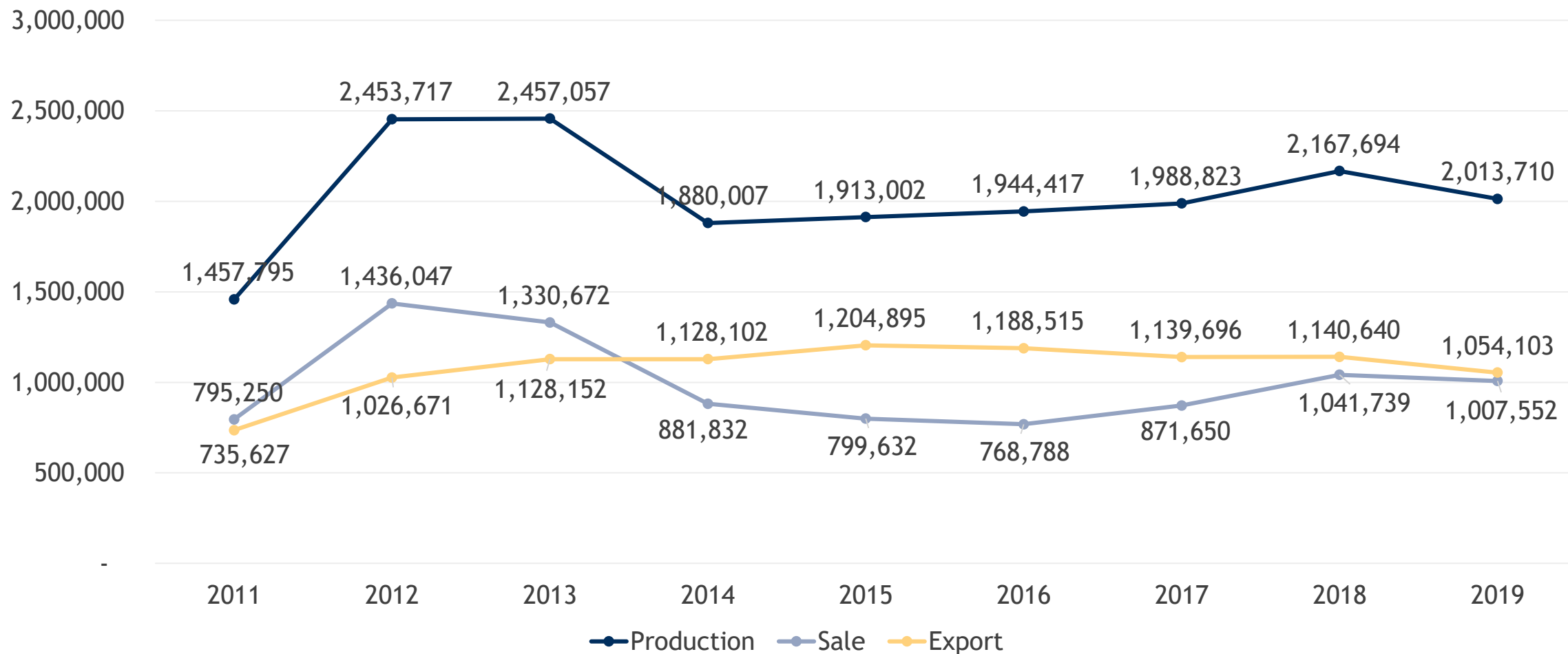
Eco-Car



Electric Vehicle : HEV, PHEV, BEV

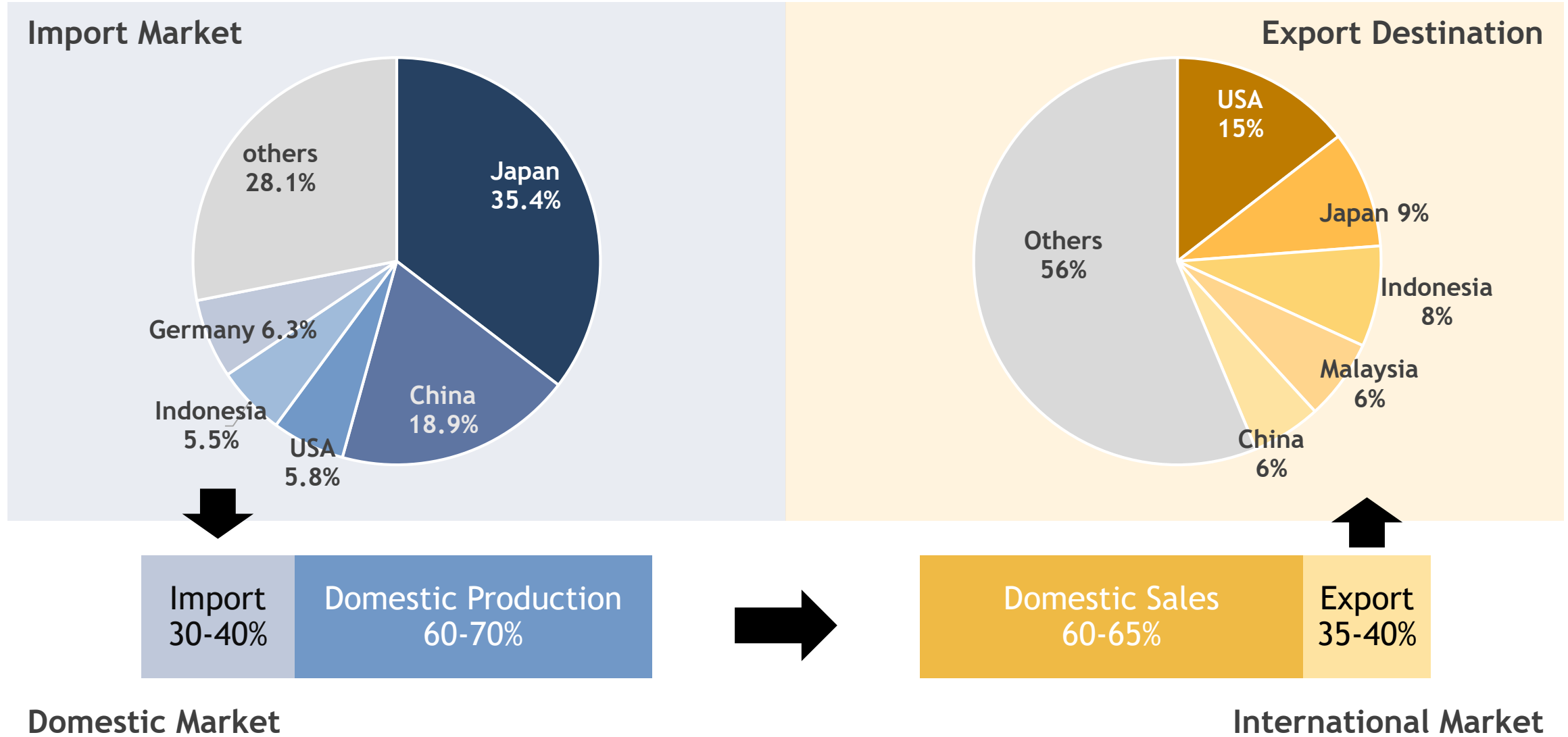


Thailand's Production, Sale and Export Numbers of Motor Vehicle



Note: Sale from both Domestic Production and Import
Source: Thailand Automotive Institute

Most of auto parts used for Thailand's manufacturing are produced locally



Supporting Factors: Robust Supply Chain

Around 1,700 Companies in Supporting Industries

720 Tier-1 Operators
1,100 Tier-2 and Tier-3 Operators

23 Automobile Companies and 12 Motorcycle Companies

Supporting Industries

Thailand has strong supporting industries ranging from plastic, rubber and metal parts, tires, interior parts, seat, electric parts, electronics parts, safety system etc. which help complete the country's automotive supply chain.



Auto Parts Industry

1st

Exporter of all types of auto parts in ASEAN

3rd

Exporter of Tires Globally

12th

Exporter of Engines Globally

14th

Exporter of Automobile Parts Globally

Automotive Production and Assembly

11th

Automotive Producer Globally

Current Product Champion



One-ton Pickup



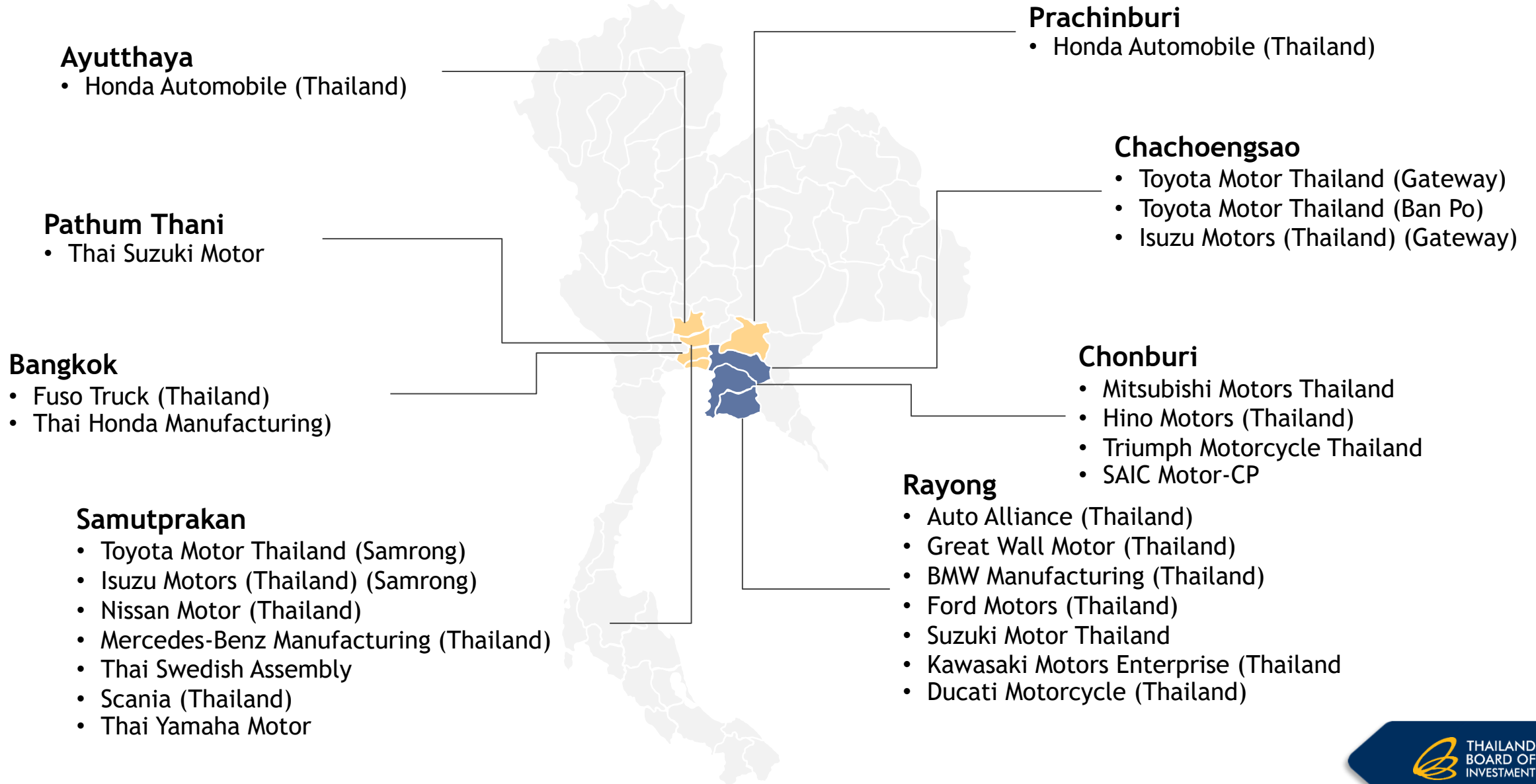
Eco-car

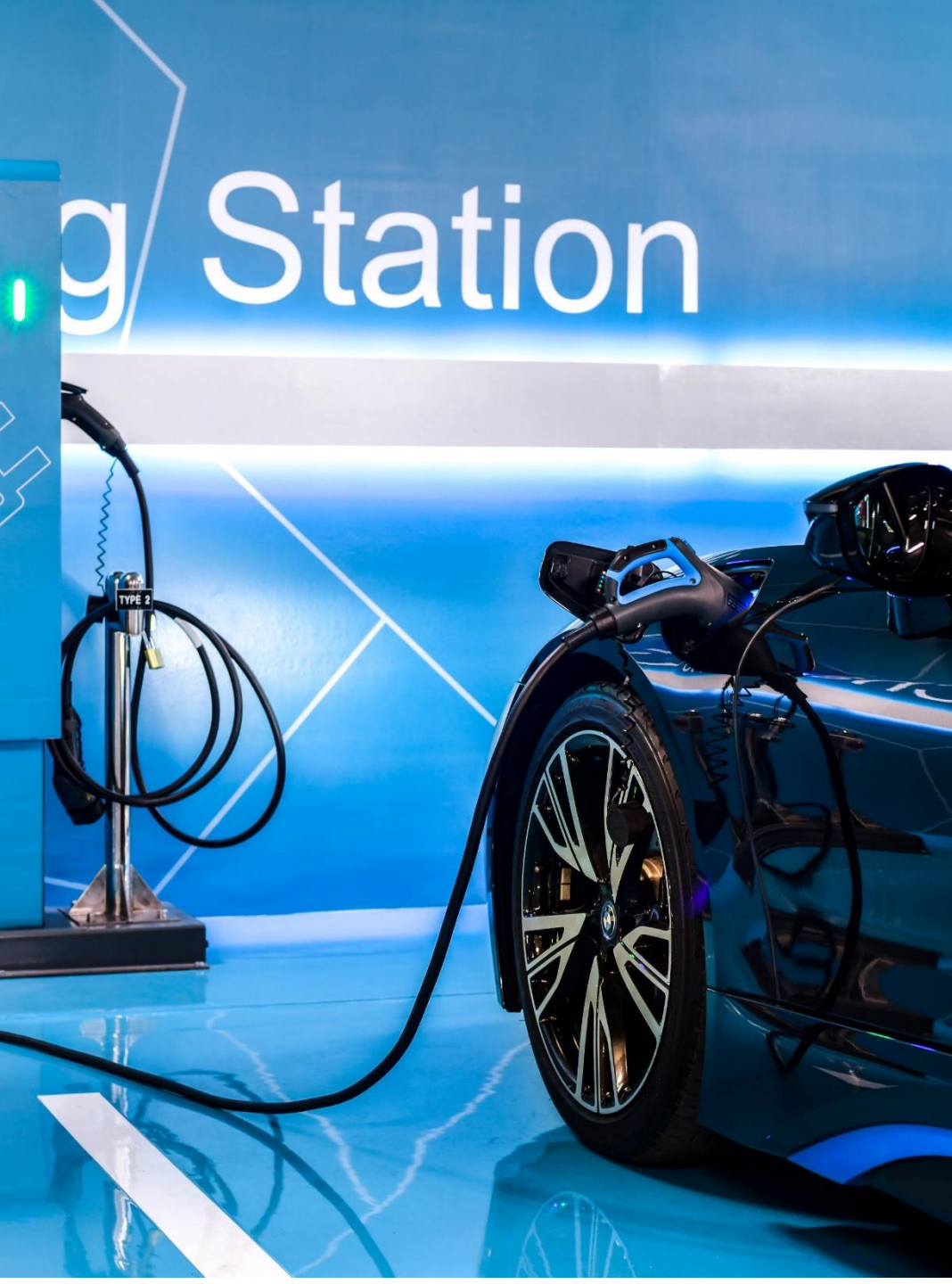
Next-generation Product



Electric Vehicle

Most Automotive Companies are located in Central and Eastern Region





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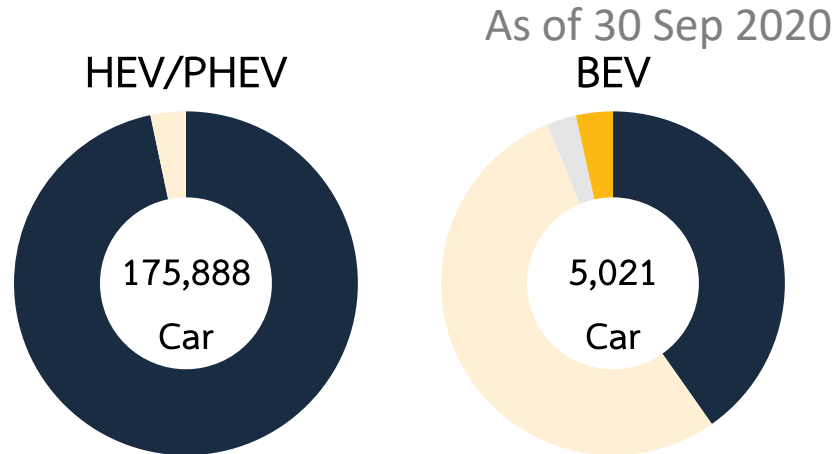
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BOI's Services

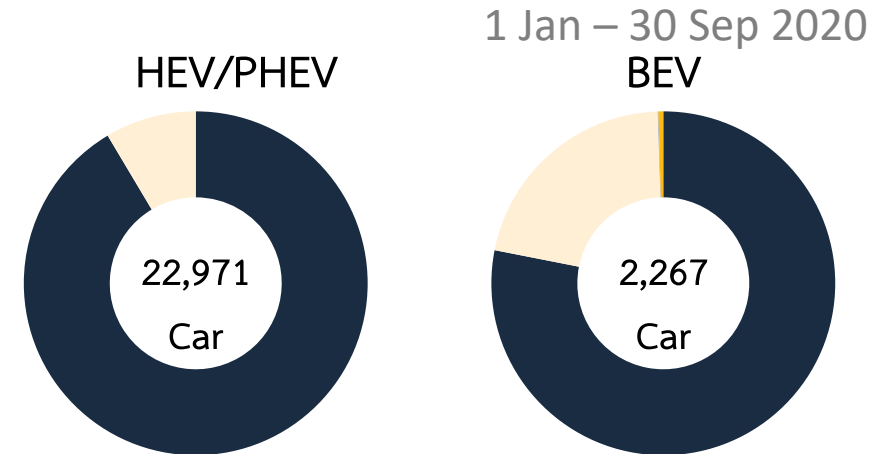
Current Situation of Electric Vehicles

Accumulated electric vehicles



Car	169,437	Car	1,960
Motorcycle	6,449	Motorcycle	2,734
Bus	1	Bus	120
Truck	1	Truck	-
Motor-tricycle	-	Motor - tricycle	207

New registered electric vehicles



Car	20,926	Car	1,079
Motorcycle	2,044	Motorcycle	1,116
Bus	-	Bus	2
Truck	-	Truck	-
Motor - Tricycle	-	Motor - Tricycle	70

Source: Electric Vehicle Association of Thailand

There are 647 EV charger stations, 1,974 EV charger heads (706 Quick chargers).

Special rate of electricity fee for EV charger station is 2.6369 baht per unit.

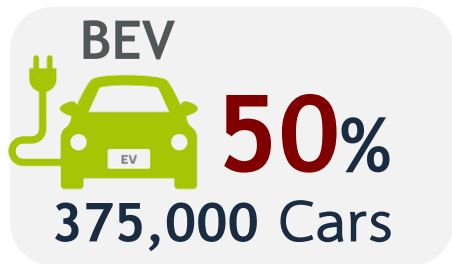


The Plan of the National Electric Vehicle Policy Committee

Target 30@30

Year 2030

750,000 Cars

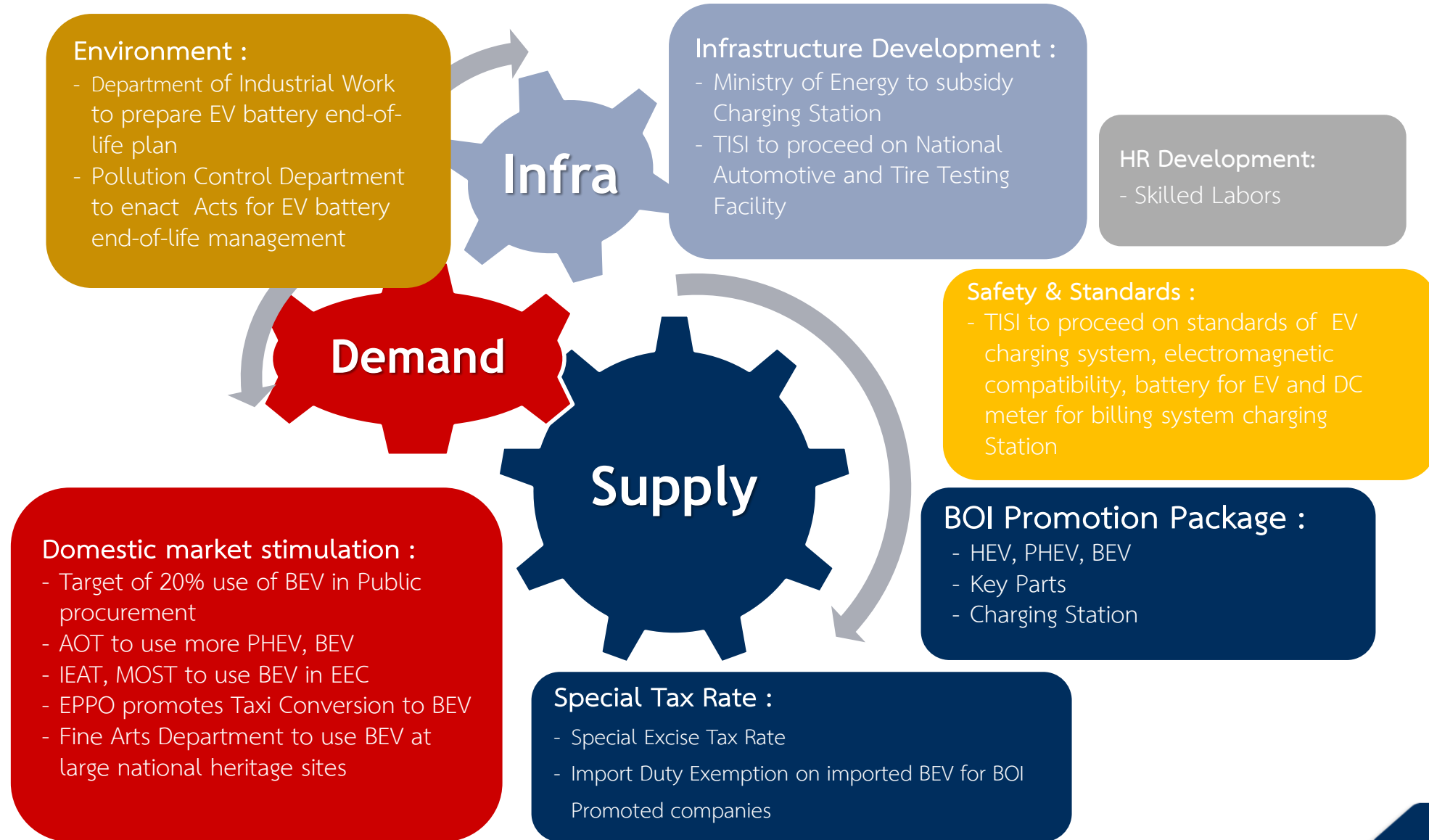


4 Stimulation Measures

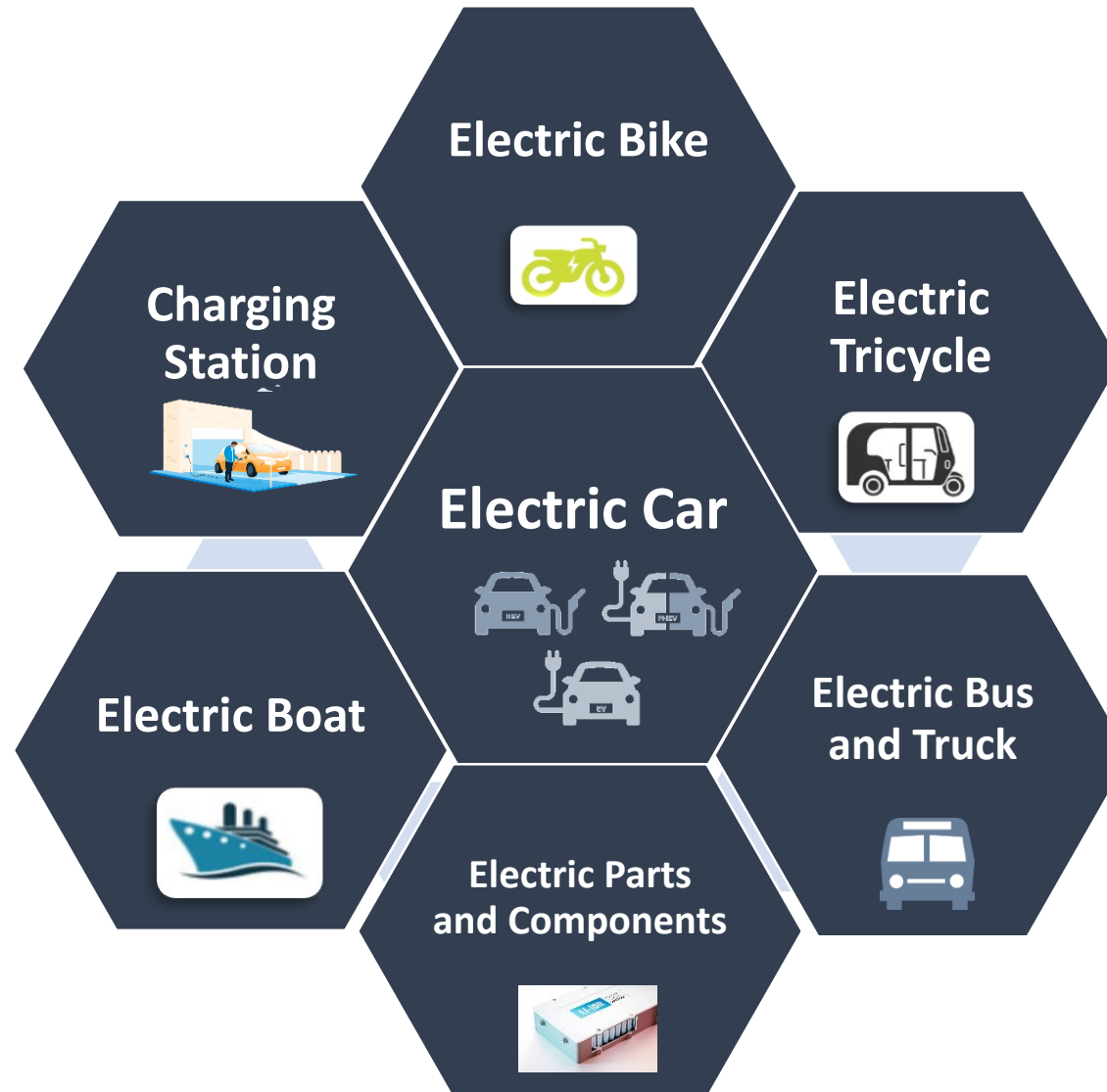
- Government and State Enterprise Car Projects
- Civil State EV Project
- Smart City Bus Procurement Project
- Clean Motorcycle Taxi Project

BOI promotes every category of electric vehicles and focuses on promoting electric battery manufacture so that Thailand will be a hub for battery manufacture and electric vehicles.

Thai Government Supports on EV



BOI Promotion Package for EV



Manufacture of Electric Vehicles (BEV, PHEV and HEV)



Conditions:

1. Must propose the plans in package.
2. Within 3 years after the date of promotion certificate issuance: manufacture of all categories of electric vehicles must be started, and electric battery must be started from module manufacture.
3. Within 3 years after the starting date of electric car manufacture: at least 1 out of 3 key parts (Traction Motor, DCU, BMS) must be additionally manufactured. Additionally for HEV and PHEV, at least 2 parts in accordance with activity 4.8.3 must be manufactured.
4. In case of domestic sale, the products must receive stipulated standards, i.e. UN R100, R13H, R94/95, and Euro5 (only for HEV/PHEV). Machinery importing time shall not be allowed to extend, except for justified reasons.

Incentives:

In accordance with the investment capital of the package (excluding cost of land and working capital), e.g. manufacture of BEV car and major parts which are electric battery, BMS, Motor, and DCU, both for the car manufacturers and part manufacturers.

The project's manufacturing quantity is allowed to count as part of the actual manufacturing quantity of Eco Car.

Total investment capital of not less than 5,000 million baht.

HEV: No CIT exemption
PHEV: 3-year CIT exemption
BEV: 8-year CIT exemption + 1 to 3-year exemption in case of R&D

No additional exemption in case situated in the industrial area or estate

Total investment capital of less than 5,000 million baht

HEV: No CIT exemption
PHEV: 3-year exemption
BEV: 3-year exemption
+ 2-year exemption if manufacture starts in 2022.
+ 1-year exemption per part in case other key part is manufactured in addition to standard requirements.
+ 1-year exemption in case actual manufacture is >10,000 car/year in any year within 3 years (only for BEV)
+ 1 to 3-year exemption in case of R&D

No additional exemption in case situated in the industrial area or estate.



Conditions:

1. Must propose the plans in package.
2. Must manufacture battery electric motorcycles and electric batteries within 3 years the date of promotion certificate issuance. (Machinery importing time shall not be allowed to extend, except for justified reasons.)

In case of domestic sale, the products must receive stipulated standards, i.e. UN R136, UN R75 and UN R78.

Incentives:

3-year CIT exemption

- + 1-year exemption if the manufacture starts in 2022.
- + 1-year exemption if the battery manufacture starts from the module production process within 3 years as from the promotion certificate issuance date.
- + 1-year exemption per part in case other key part (BMS, Motor, or DCU) is additionally manufactured within 3 years as from the promotion certificate issuance date.
- + 1 to 3-year exemption in case of R&D

No additional exemption in case situated in the industrial area or estate



Manufacture of Battery Electric Tricycle



Conditions:

1. Must propose the plans in package.
2. Must manufacture electric tricycles and electric batteries within 3 years as from the promotion certificate issuance date. (Machinery importing time shall not be allowed to extend, except for justified reasons.)

In case of domestic sale, the products must receive stipulated standards, i.e. UN R136.

Incentives:

3-Year CIT Exemption

- + 1-year exemption if battery manufacture starts from the module production process within 3 years as from the promotion certificate issuance date.
- + 1-year exemption per part in case other key part (BMS Motor, or DCU) is additionally manufactured within 3 years as from the promotion certificate issuance date.
- + 1 to 3-year exemption in case of R&D.

No additional exemption in case situated in the industrial area or estate



Manufacture of Battery Electric Bus and Truck



Conditions:

1. Must propose the plans in package.
2. Must manufacture battery electric bus or truck and electric battery within 3 years as from the date of promotion certificate issuance. (Machinery importing time shall not be allowed to extend, except for justified reasons.)

In case of domestic sale, the products must receive stipulated standards, i.e. UN R100.

Incentives:

3-Year CIT Exemption

- + 1-year exemption if battery manufacture starts from the module production process within 3 years as from the promotion certificate issuance date.
- + 1-year exemption per part in case other key part (BMS Motor, or DCU) is additionally manufactured within 3 years as from the promotion certificate issuance date.
- + 1 to 3-year exemption in case of R&D.

No additional exemption in case situated in the industrial area or estate

Modify the current activity to accommodate the **Electric Boats**

4.9 Building or Repair of Ships

Activities	Incentives
4.9 Building or repair of ships <u>Conditions:</u> Must obtain ISO14000 within 2 years from starting date of operation.	
4.9.1 Building or repair of ships not less than 500 ton gross	A2
4.9.2 Building or repair of ships less than 500 ton gross (only steel or fiber glass ships with installed engine or electric drive system and equipment)	A2



CIT Exemption for 8 years

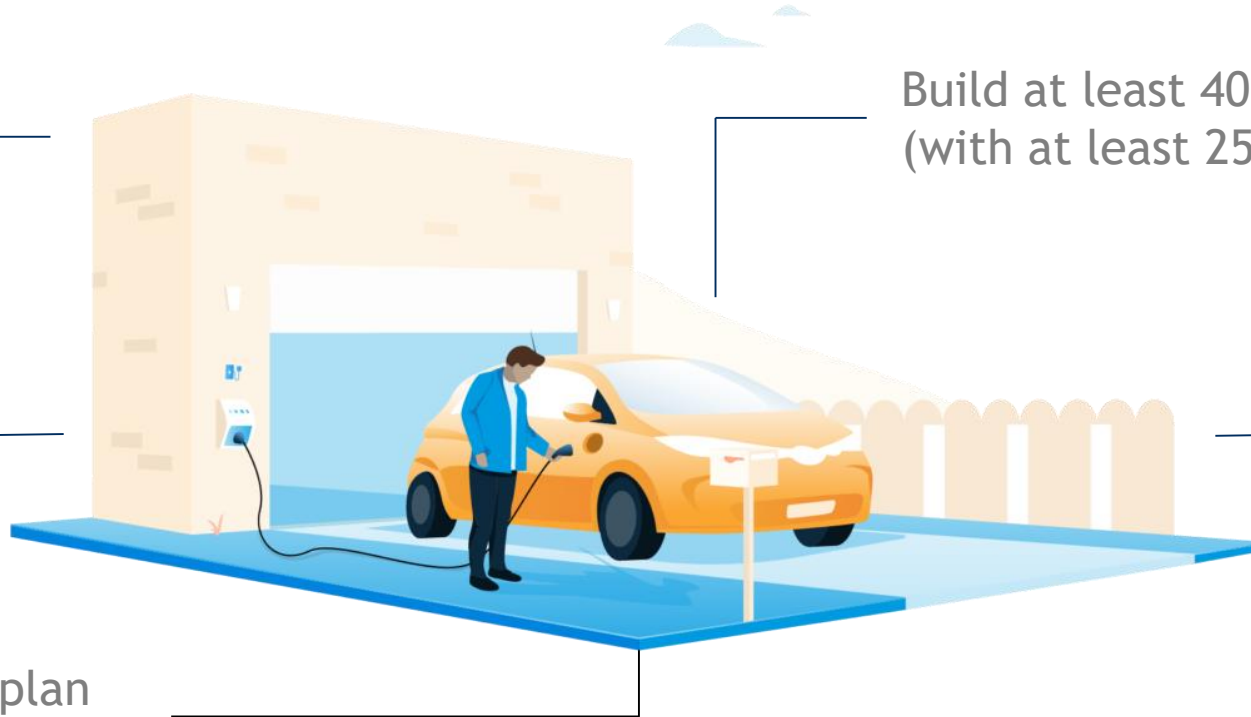
Incentives for Battery Charging Station

- 5 Years of Corporate Income Tax Exemption
- Import Duties on Machinery Exemption

Propose EV Smart Charging System Development plan

Receive ISO 18000 as the standard within 3 years after certified for promotion

Propose procurement plan for parts and equipment



Build at least 40 chargers
(with at least 25% are quick type)

Applicants must
not get privileges
from other
government sectors

EV Parts and components

17 Key Parts for EVs

- Air Conditioning System
- DCDC converter
- Front / Rear Axle for EV bus
- Electrical Circuit Breaker
- EV Charging Equipment
- Smart Charging System
- On-board Charger
- Traction Motor
- Portable EV Charger
- Inverter
- BMS
- DCU
- Battery*
- High Voltage Harness
- Reduction Gear
- Battery Cooling System
- Regenerative Braking System

CIT exemption - 8 years

Battery* CIT 5-8 years

+ Incentive of 90% import duty reduction for raw and essential materials not available within the country for 2 years

Battery*



Pack Assembly - CIT 5 years

Module Production - CIT 8 years

+ Incentive of 90% import duty reduction for raw and essential materials not available within the country for 2 years

Cell Production - CIT 8 years (No cap)

+ Incentive of 90% import duty reduction for raw and essential materials not available within the country for 2 years

Excise Tax Rate for Electric Vehicles

The Ministry of Finance is considering as follows:

- 1) HEV, PHEV and BEV electric cars manufactured under this promotion measure will receive the same privilege of excise tax as that of electric cars under the Announcement of the Board of Investment No. 5/2560.
- 2) Excise tax reduction for Pickup BEV manufactured under the Announcement of the Board of Investment No. 5/2560 and this promotion measure.






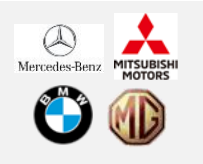




The Ministry of Finance stipulates that electric cars manufactured under the promotion project in accordance to the Announcement of the Board of Investment No. 5/2560 will be entitled to special excise tax reduction as follows:

Car Type	Engine (cc)	CO2 Emission (g/km)	Excise Tax Rate (%)	
			Non BOI	BOI
HEV/PHEV	≤ 3,000	≤ 100	8	4
		101-150	16	8
		151-200	21	10.5
		>200	26	13
BEV	N/A		8	0 (Present – 31 Dec 22)
				2 (1 Jan 23 – 31 Dec 25)
Pickup BEV*	N/A		10	



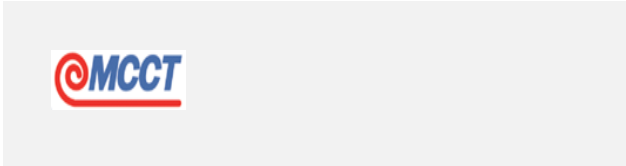
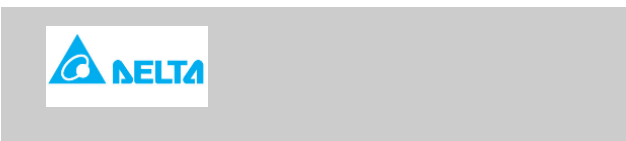


Promoted Projects on Electric Cars

80,000 MB.	28 Projects	570,000 Cars
HEV (50,366 MB.)	5	352,500
PHEV (14,150 MB.)	7	92,240
BEV (16,165 MB.)	14	126,140
Battery Electric Bus (665 MB.)	2	1,600

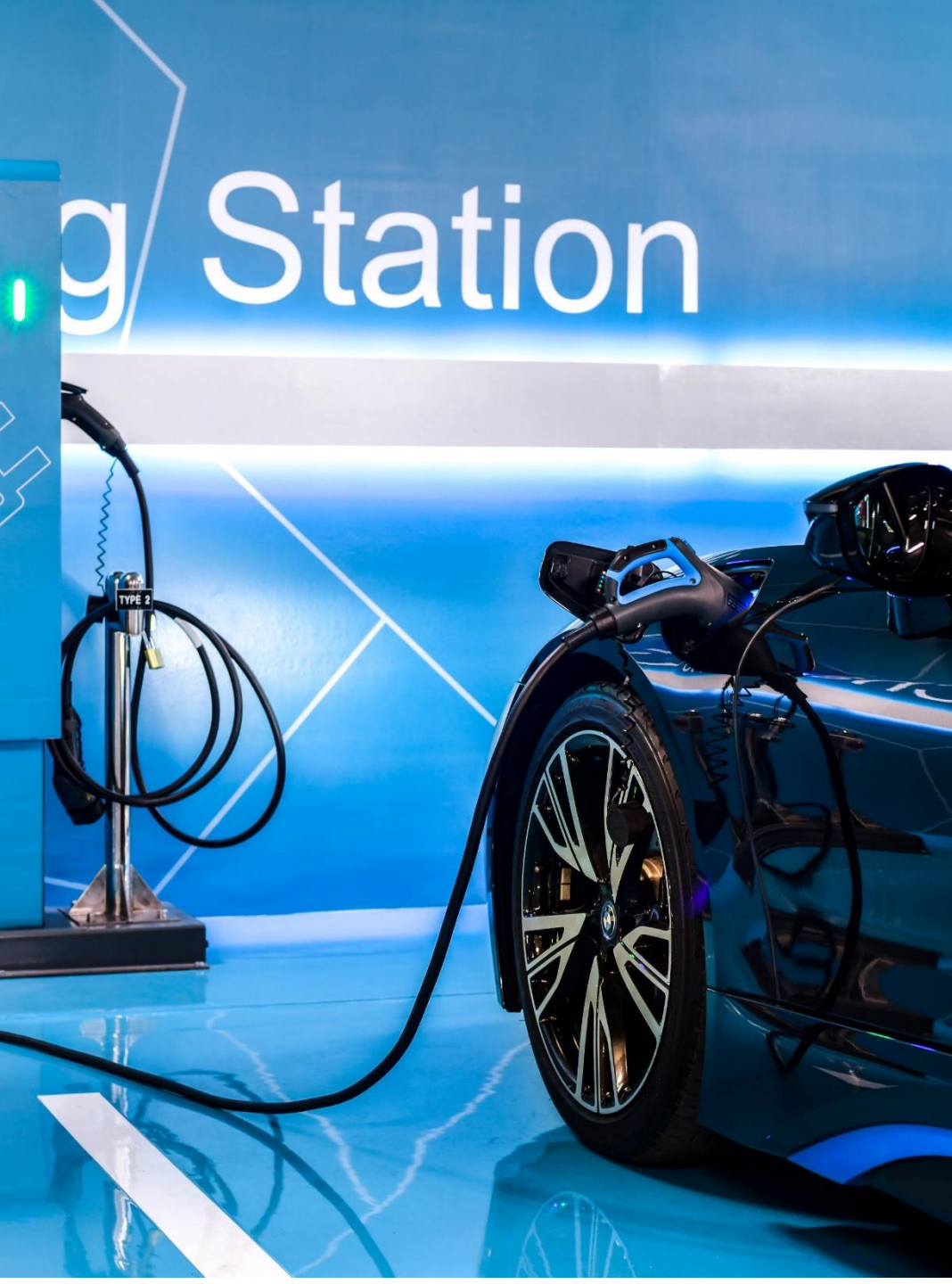
Promoted Entities	Certificate Issuance	Commercialized Distribution
28	21	9
		
		
		
	—	—

Promoted Projects on Electric Vehicle Part Manufacture

Parts	14 Projects	10,000 MB.	Promoted Entities
Battery	10*	6,780	
Traction Motor	2**	2,000	
Air-Condition System	2	707	
Inverter, On-board Charger, DC/DC Converter, BMS, DCU	1**	1,347	

Remarks: * 3 of these projects are promoted under activity 5.2.6.1 Battery (High Density Battery).

** In 1 project of DELTA, Traction Motor, Inverter, On-board Charger, DC/DC Converter, BMS and DCU are manufactured.



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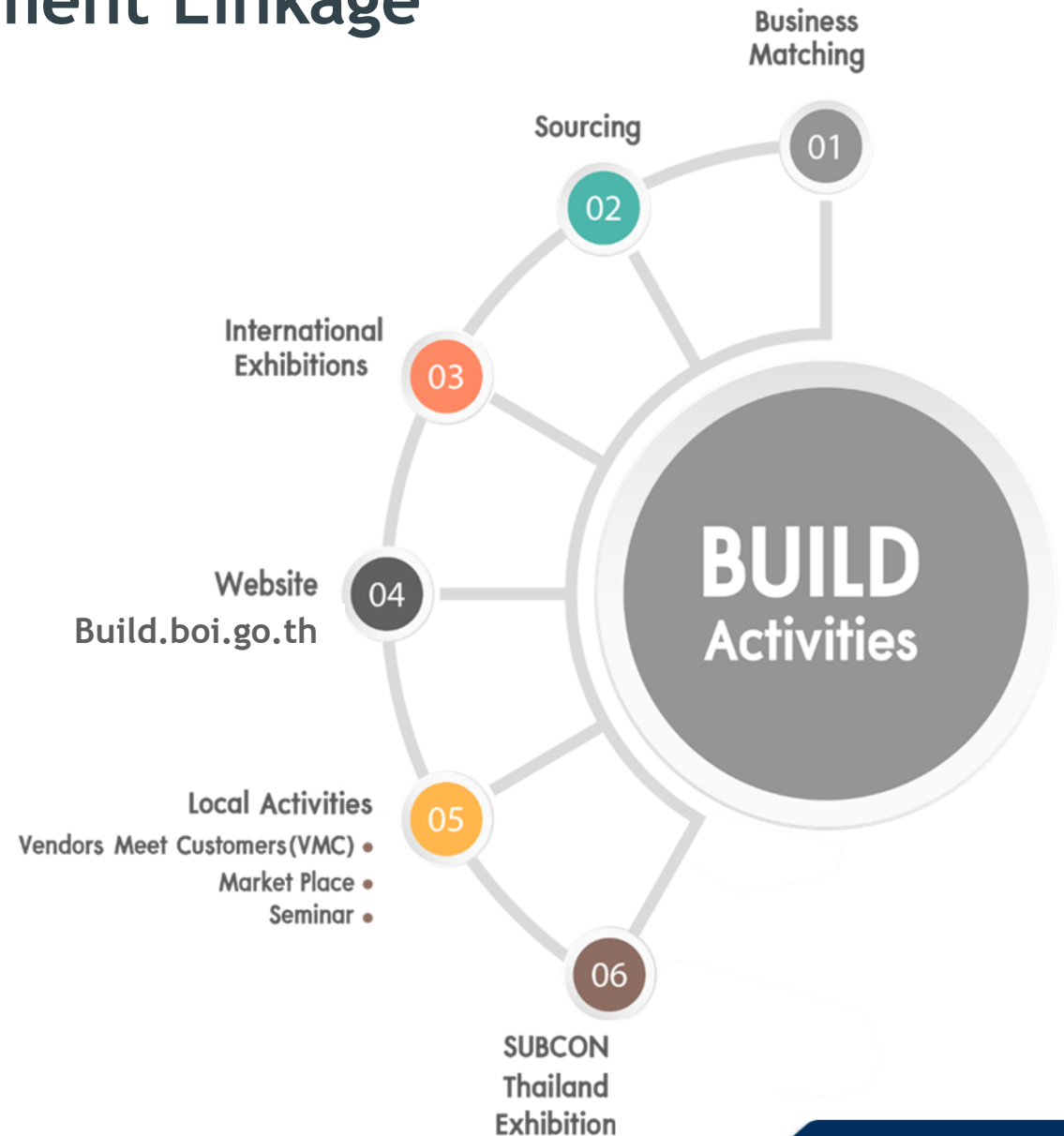
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BOI's services

BOI (BUILD): Industrial and Investment Linkage

BUILD Supports

- Online Database/Website BUILD Platform
- Free Sourcing Services
- Customized Business Matching of Part Sourcing, Joint Venture, Technical Assistance, Partner
- Local Events Support
 - Vender Meet Customer Sourcing Events
 - Sourcing Market Place Center
 - Networking Enhancement
 - Exclusive Seminar for Local Vendor Knowledge Enhancement & Competitiveness Development
- International Sourcing: Exhibit Thai Vendor Potential at International Exhibitions
- SUBCON THAILAND - biggest Subcontracting Exhibition in ASEAN



One Start One Stop Investment Center (OSOS)



Consolidating staff from numerous investment-related agencies



Easing & speeding procedures for new investors



Provides comprehensive information and advice on establishing operation in Thailand



Provides useful contacts with key public and private organizations



1-Stop for visas & work permits In 3 hours
“SMART Visa Program”



Assist investors with various applications

*More Convenience
Less Time
More Efficiency!*




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