

## **Report on JFCCT Activities for DTCC December 2017 Board Meeting**

### **JFCCT Courtesy Visit The Board of Investment (BOI) Secretary General**

1. The visit was on 29<sup>th</sup> November 2017 at Office of the Board of Investment. JFCCT has 6 participants;
2. Khun Duangjai Asawachintachit hosted the meeting with her Deputy Secretary General, Khun Bongkot Anuroj, and directors from various divisions;
3. BOI now focuses on Eastern Economic Corridor (EEC). The current promotion measures in the EEC will end on 30<sup>th</sup> December 2017. The current incentives will be given to the investment within EEC area with 5 years corporate income tax (CIT) exemption. If the investment is in 10 S-Curve industries which are specified in the attached supplement, an additional 50% CIT reduction for 5 years after the expiry of CIT exemption will be granted.
4. The new EEC scheme will start on 1<sup>st</sup> January 2018 and will end on 30<sup>th</sup> December 2019, so called the Adjusted Scheme. The main emphasis is the cooperation with academic institution and research centre to develop human resource and to improve the level of technology. The incentives are:
  - a. For investments in "Special Industry Promotion Zones" in EEC, namely the Eastern Airport City (U-Tapao Airport), the Eastern Economic Corridor of Innovation (EECi) and the Digital Park Thailand (EECd): BOI will grant, on top of the normal package which is 8 years, additional 2 more years of CIT exemption. The total CIT exemption period can exceed 8 years then combined with activity-based incentives. At the end of the CIT incentive period, the investors will also enjoy 50% CIT reduction for another five years.
  - b. For investments in "Target Industry Promotion Zones" that will be established specifically to support target industries (10 S-Curve Industries) within EEC: BOI will grant 50% CIT reduction for another 5 years after the CIT exemption period.
  - c. For investments in target industries located in Industrial Estates or BOI-promoted Industrial Zones within EEC: BOI will grant 50% CIT reduction for another 3 years after the CIT exemption period.

All these incentives, the applicant must have apprentices with a certain ratio to all employees hired to obtain the incentives. The apprentices can come from foreign universities with either QS ranking or recognition as leading university in specific area/industry;

5. Apart of EEC measure, BOI is also promoting "Productivity Enhancement Support". The measure is to encourage private sector to replace or upgrade machinery for energy conservation, alternative energy utilization, reduction of environmental impact, and for efficiency enhancement such as automation; and to invest in R&D or advanced engineering designs. The minimum investment is THB 1 million and THB 500,000 for SMEs. The application deadline is 30<sup>th</sup> December 2020. The incentives are exemption on

import duties for machinery and 3 years CIT exemption on the revenue of an existing project. The requirement, terms and condition are described in the attached supplement;

6. The next BOI Board meeting will discuss on SMEs scheme which will focus on selected industries from 40 industries and might look into the joint venture investment between Thai and foreign SMEs;
7. JFCCT asked BOI about EEC office. In case that a foreign investor would like to invest into EEC, which agency he/she should go to. Khun Duangjai advised that the investor can start at either BOI office or EEC office. Somehow the application submitted at EEC office will be passed to BOI. The EEC's given incentives are based on BOI's incentives;
8. Smart visa was mentioned in the meeting but only exchanging opinions/complaints rather than giving suggestion;
9. JFCCT plans to have a consultative meeting with BOI on the first quarter of 2018 and BOI will organize a seminar in February 2018 to update the general public on BOI's activities.

#### **Malaysian-Thai Chamber of Commerce's Disruptive Economy Dinner Talk**

1. The function was on 12<sup>th</sup> December 2017 at Krommadit Building, Khun Vikrom Krommadit CEO of Amata Corporation's residence;
2. The speakers are Khun Korn Chatikavanij, former Finance Minister and President of Thai Fintech Association, and Professor Dr. Thambipillai Srikanthan, Professor on Cyber Security and Digital Disruption at National Technological University (NTU), Singapore;
3. Take out: Internet of Things (IoT) now plays a significant role in disruption economy which will create the business opportunities for solutions around IoT and for cyber security. Singapore government is moving toward to these disruptions and put them as a national agenda by creating an environment for digital development such as smart city, cashless society, automated vehicles, highly efficient traffic control, etc. Singapore government is collaborating with NTU to develop technology and commercialize/integrate into its urbanization plan and to connect all activities in order to create a smart city;
4. Within the development of IoT, the more exposure to connectivity within society through IoT, the more vulnerable to cyber threads is. NTU is assisting and developing algorithm for Singaporean government in activities. The growth of IoT and the growth of cyber security should be at the same pace;
5. The next wave of disruption after IoT will be Artificial Intelligence (AI) and Robotic, from the speakers' perspective. This disruption will not eliminate the human from the economy. It would be rather creating new opportunities/jobs for human to work around

the disruption. Ideas, innovations, and creativities are necessary element which only can produce by human, not by AI nor robot;

6. Khun Korn mentioned about Thailand 4.0 that will disrupt Thailand's economy like when Thailand shift to Industrialize in 1980's. During the transition to Thailand 3.0, industrialize era, income per capita of Thailand increase 3 times with more than 10% GDP growth for a decade. The challenge for Thailand is the poverty. In principle when the disruption comes, the rich gets richer and the poor gets poorer. It indicates that the spread of rich and poor in Thailand is about 13 times for 4 decades and have never got better. The major problem is about education in order to keep the pace of human development toward to economic growth;
7. For Thailand 4.0 disruption, Khun Korn sees that CLMV nations, China, and India will play major roles in term of opportunities. There will be more trade from/to neighbour countries and more visitor coming to the country;
8. Aging society: The challenge for Thai government is how to create a sustainability for retire persons to live their live. Thai government is running on 3% deficit budgeting every year, which can't go higher than 3%. It will make the government not being able to provide pension to all elderly citizens. Only 1/3 of retire Thais has pension plan. It is a challenge for Thailand in the future that the income of 1 working citizen will have to look after 2 retire persons;
9. MTCC will ask permission from speakers to share the presentation.

#### **JFCCT Activities**

1. There is no December JFCCT meeting;
2. JFCCT SME committee meeting on 12<sup>th</sup> December 2017 was postponed;
3. SME committee will have courtesy visit to new Secretary General of Office of SMEs Promotion (OSMEP) on 20<sup>th</sup> December 2017;
4. JFCCT's committee chair election schedules:
  - a. Education and Skills committee on **Friday 5<sup>th</sup> January 2018** at 14h00-15h30 at Thai-Taiwan Business Association;
  - b. Tourism committee on **Tuesday 9<sup>th</sup> January 2018** at 11h00-12h30 at Rembrandt Bangkok Hotel;
  - c. International Trade committee on **Thursday 11<sup>th</sup> January 2018** at 16h00-17h30 at 15<sup>th</sup> floor, PwC, Bangkok City Tower;
  - d. SME committee election on **Monday 15<sup>th</sup> January 2018** at 10h30-12h00 at 4<sup>th</sup> floor, Malaysian Chamber of Commerce, Sathorn Square.