

Thailand's Investment Promotion Policy for Agri-Food Industry

Thursday 23rd June 2022

<https://www.boei.go.th>





AGENDA



01

Introduction to
Board of Investment (BOI)

02

Overview of the Agri-food
Industry

03

Incentives for Smart
Farming and Plant Factory

04

BOI Services

Introduction to the BOI



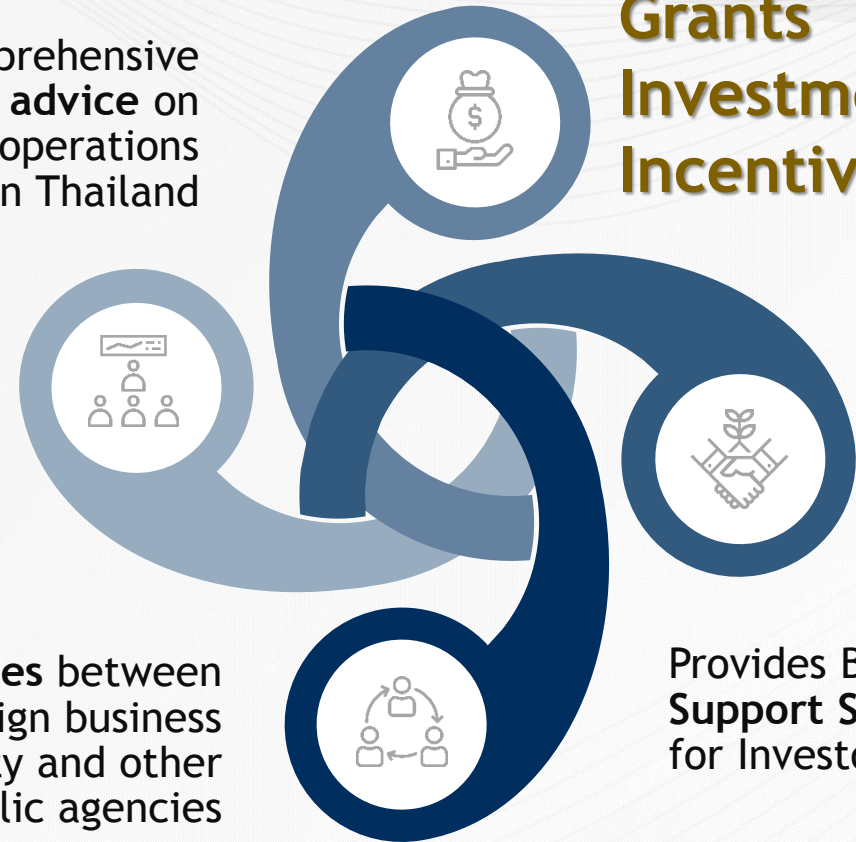
BOI is a government agency under the Office of the Prime Minister

Provides comprehensive information and advice on establishing operations in Thailand

Coordinates between the foreign business community and other public agencies

Grants Investment Incentives

Provides Business Support Services for Investors



Benefits of BOI

BOI Incentives: Exemption of Import Duties on Machinery or Raw Materials

BOI Incentives: Exemption of Corporate Income Tax



- Expand Business
- Increase Bonus
- Develop New Product

AGENDA



01

Introduction to
Board of Investment (BOI)

02

**Overview of the Agri-food
Industry**

03

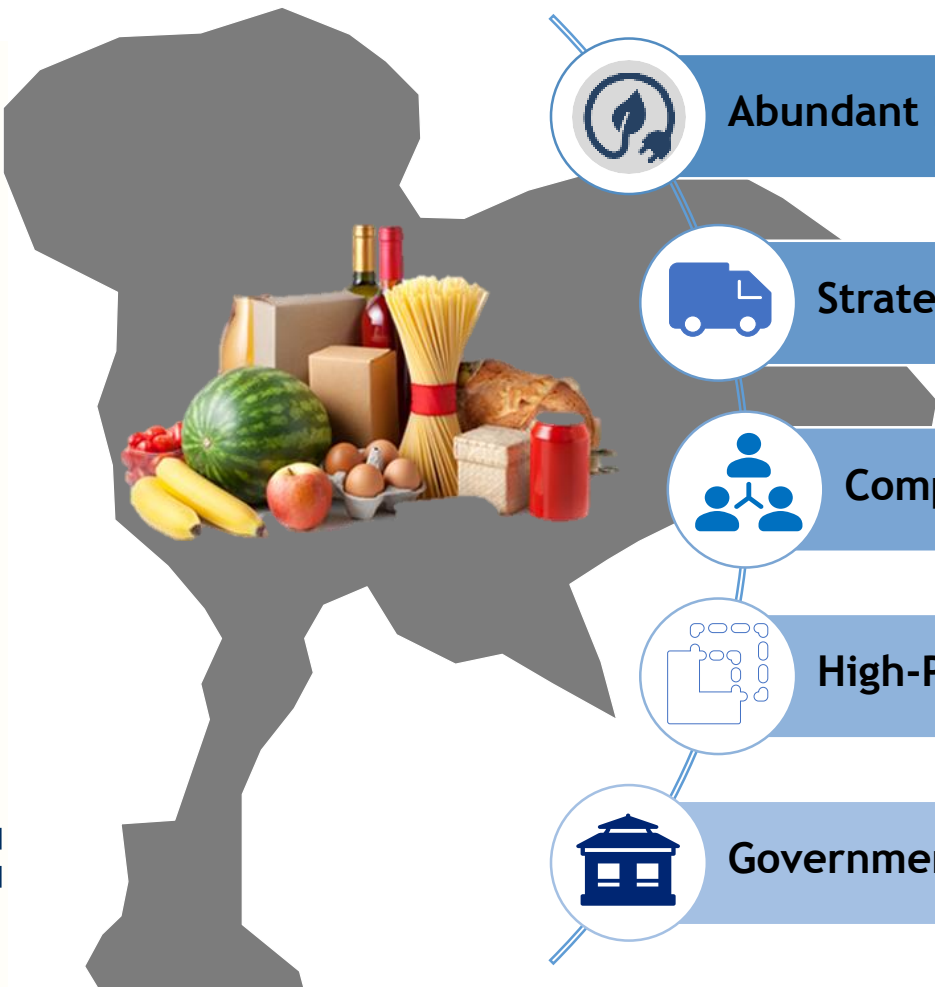
Incentives for Smart
Farming and Plant Factory

04

BOI Services

Thailand in the Top Position in the Global Food Industry

	2016		2026*
United States	1	-	1
China	2	-	2
India	3	-	3
Spain	4	▼	5
Japan	5	▼	7
United Kingdom	6	▲	4
Brazil	7	▼	8
Italy	8	▼	9
Thailand	9	▲	6
Germany	10	▼	11



- Abundant Raw Materials
- Strategic Location with Logistics Networks
- Competitive Workforce
- High-Potential Food Processing and Innovation
- Government Support

The United States retains its position as the largest food and beverages market in the world. There is also a **strong growth** seen in some countries in the Asia Pacific region, such as China, India and **Thailand**.

*Forecasted data
Sources: Oxford Economics

Evolution of Thailand's agricultural sector towards AgriTech

The agricultural sector has played an **important role** in developing the Thai economy. The evolution of Thailand's agricultural sector can be seen below:



AGRICULTURE 1.0
Traditional Farming
Before 1986



AGRICULTURE 2.0
Chemical Farming
1986 - 1999



AGRICULTURE 3.0
Transformational Farming
2000 - 2016



AGRICULTURE 4.0
Technological Farming
2017 onwards

Gaining knowledge and techniques for increased productivity

Conscious of health and social impacts, and quality enhancements

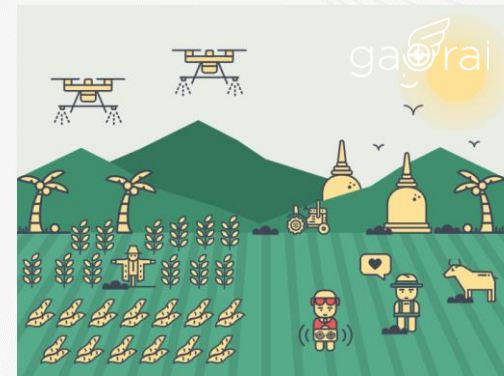
Resource management efficiency and support for Thailand 4.0, e.g. drone, IoT, smart devices

Tremendous opportunities in AgriTech from digital platforms to robotics (e.g. drones)

Examples of AgriTech startups in Thailand



FARMTO is a start-up that offers a new sales channel for agricultural products. It **connects farmers helping them sell their own products, without going through middlemen**, through a collaborative approach. Consumers can directly visit the farm and reserve, during harvest season, the farmer will send the products directly to consumers.



GAORAI is an **agri-tech platform connecting farmers to freelance agri-drone pilots** (for spraying plant protecting agents). It helps improve precision application and sustainability of crop protection, increasing the productivity and overall quality of crops and soil, and reduces farmers' expenses by up to 30%.



FARMBOOK is an application for Thai farmers, compiling planting information and farmer registration information. In addition, farmers can also use this channel to monitor the rights of households according to government projects and measures. It helps **facilitate information for Thai farmers**.



EDEN is an innovative product that **extends the quality and life of produce** keeping it fresh and last three times longer than before. This Thai FDA-approved coating helps in anti-browning and delay of microbial growth. This innovative solution notably helps with export products.

AGENDA



01

Introduction to
Board of Investment (BOI)

02

Overview of the Agri-food
Industry

03

**Incentives for Smart
Farming and Plant Factory**

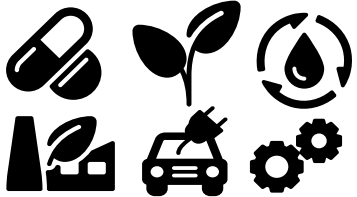
04

BOI Services

BOI Investment Incentive Scheme

Standard Incentives

Activity-Based



- Bio and Medical Industries
- Advanced Manufacturing Industries
- Basic and Supporting Industries
- Digital, Creative Industries, and High Value Services

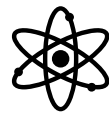
≤ 8 years CIT exemption

Technology-Based

Targeted Core Technologies



Biotechnology



Nanotechnology



Advanced Material Technology



Digital Technology

10 years CIT exemption



Additional Incentives

Merit-Based

- Research & Development (R&D)
- Donations to technology & human resource development funds
- Support academic / research institutes, or technology and human resource development fund
- IP licensing fee
- Advanced technology training
- Development of local suppliers
- Product and packaging design

Area-Based

- EEC 3 provinces
- SEZ 10 provinces
- Southern border provinces
- 20 provinces with lowest income
- Industrial Estates/Zones
- Science and Technology Parks (TSP, Food Innopolis, Space Krenovation Park)

Agenda-based

- Investment Stimulation Measure
- Productivity Enhancement
- Measures to support Grassroots Economy Development

Standard Incentive Packages

10 years

CIT exemption

0 year



Exemption
CIT



Exemption
Import duties
on machinery



Exemption
Import duties
on raw materials



Non-tax
incentives

		10 years + Merit (No Cap)	✓	✓	✓
T	Technology and Innovation Development which be used as a base for manufacturing process or services	10 years + Merit (No Cap)	✓	✓	✓
A1	Knowledge-based activities focusing on R&D and design to enhance the country's competitiveness	8 years + Merit (No Cap)	✓	✓	✓
A2	Infrastructure activities for the country's development, activities using technology to create value-added, with no or very existing investments in Thailand	8 years + Merit	✓	✓	✓
A3	High technology activities which are important to the development of the country, with a few investments already existing in Thailand	5 years + Merit	✓	✓	✓
A4	Activities with lower technology than A1- A3 but which add value to domestic resources and strengthen the supply chain	3 years + Merit	✓	✓	✓
B1	Supporting industry that does not use high technology, but is still important to the value chain	- + Merit years	✓	✓	✓
B2	Supporting industry that does not use high technology, but is still important to the value chain	- years	-	✓	✓

Incentives are based on several key factors including product, level of technology, and role in supply chain.

Eligible Activities

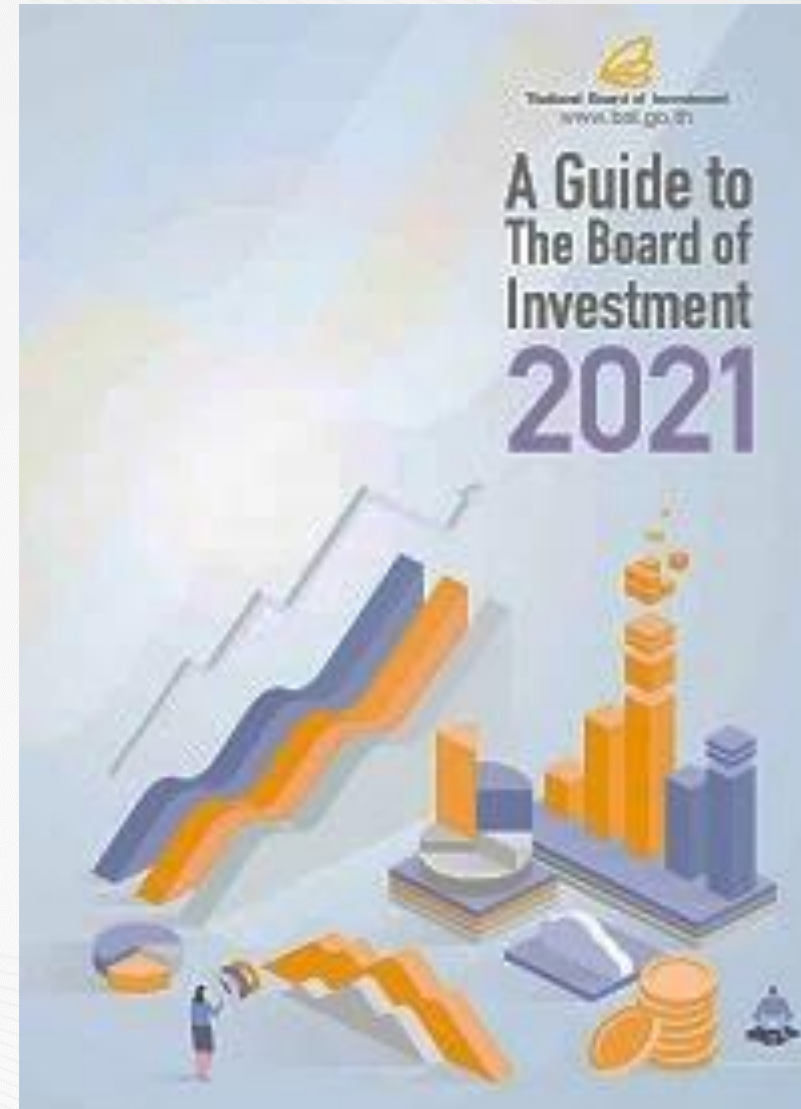
More Than
350
Activities

Agro & Food Industry
Medical Industry
Biotechnology Industry
Machine Industry
Automotive Industry
Electronics and Electrical Appliances Industry
Defense Industry
Mining Metal & Material Industry
Chemical & Petrochemical Industry
Paper Industry
Energy, Utilities & Environmental Industry
Industrial Area Development
Creative Industry
Digital Industry
Smart City Development
Logistics Industry
Professional Services
Tourism Industry
Research and Development
Targeted Core Technology Development

A Guide to the Board of Investment (Jan 2022)

www.boi.go.th


More Info



- Activities
- Conditions
- Incentives
- Divisions in charge

BOI Incentives for the Agri-food Industry

1 Manufacture of Medical Food and Food Supplements




8-year CIT Exemption A2

4 Seed Industry and Improvement of Plant, Animal or Microorganism Breeding Using Biotechnology




8-year CIT Exemption A2

7 Adoption of Smart Farming Systems such as the use of sensors, drones, or greenhouses




5-year CIT Exemption A3

2 Adoption of Advanced Technology such as fruit ripeness sensor, radio frequency pest control and nuclear magnetic resonance in grading, packaging and storage of plants, vegetables, fruits or flowers




8-year CIT Exemption A2

5 Manufacture of Oil or Fat From Plants or Animals (Except Soybean)



5-year CIT Exemption A3

8 Investment in Plant Factories



5-year CIT Exemption A3

3 Manufacture of Biomolecule And Bioactive Substance Using Microorganism, Plant Cells or Animal Cells



8-year CIT Exemption A2

6 Manufacture of Food, Beverage and Seasoning Ingredients excluding alcoholic beverages, caffeinated drinks, bakery products and candies




5-year CIT Exemption A3

9 Manufacture of Animal Feeds Which Comply with Food Safety Standards such as Iso 22000



5-year CIT Exemption A3

Investment Incentives and Conditions for Smart Farming

Activities	Group	CIT Exemption	Exemption of import duties on machinery	Exemption of import duties on raw materials used in production for export	Non-tax incentives
<p>1.23 Manufacture of modern agricultural products or services related to modern agriculture e.g. detection or tracking systems, resource regulation systems (such as water, fertilizers, medicines) and smart greenhouse systems</p>					
<p>Conditions</p> <ul style="list-style-type: none"> Project must have expenses on salary for IT development and engineering personnel of at least 1,500,000 baht per year, or investment size (excluding land cost and working capital) of at least 1,000,000 baht. In case project <u>designs</u> its own systems and software > Project must design its own systems and software for related resource management. The resource management software and systems must be integrated and capable of collecting, interpreting, and analyzing data. In case project <u>does not</u> design its own systems and software > Project must have expenses on system and software development or platform by local developer, especially by start-ups, of <u>at least 10 million baht</u> before the end of operation starting period. The expenses shall be accounted for corporate income tax exemption. 	<p>A3 with no cap</p> <p>A3 with cap</p>	<p>5 years*</p> <p>5 years</p>	<p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p>

*No designated maximum exemptible CIT

Investment Incentives and Conditions for Plant Factory

Activities	Group	CIT Exemption	Exemption of import duties on machinery	Exemption of import duties on raw materials used in production for export	Non-tax incentives
1.24 Plant Factory Conditions	A3 with cap	5 years	✓	✓	✓

- Project must grow plants inside the buildings specifically designed in a closed system.
- Project must install the environment control system for planting; both physical environment, such as light intensity, temperature, humidity, quantity of carbon dioxide, various minerals; and biological environment, such as pathogen and insect contamination from water, air, and workers, etc.
- Project must have traceability system.



Remark

- According to the Foreign Business Act (FBA) of the Department of Business Development (DBD) of the Ministry of Commerce, companies with a foreign capital ratio of 50% or more are not allowed to operate plant factory business in Thailand due to special reasons (List 1).
- However, a plant factory business which sells only seeds for R&D and plant breeding is designated as a business which Thai nationals are not yet ready to compete with foreigners (List 3), so that the foreign companies must apply for and obtain a Foreign Business License (FBL) prior to commencing the activity.

AGENDA



01

Introduction to
Board of Investment (BOI)

02

Overview of the Agri-food
Industry

03

Incentives for Smart
Farming and Plant Factory

04

BOI Services

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!*



18th Floor, Chamchuri Square Building, 319 Phayathai Road, Pathumwan Bangkok 10330, Thailand

Tel: 66(0)2 209 1100
Fax: 66(0)2 209 1199
Email: osos@boi.go.th

BOI E-Services

E-Submission

This service aims to temporarily facilitate documents submission during the spread of Covid-19.



E-Investment Promotion

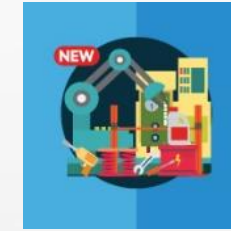
(BOI Application)

Business operators can submit their investment promotion applications via the e-Investment Promotion System.



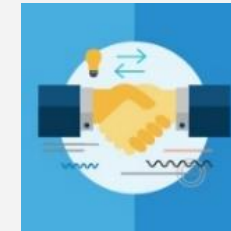
Helpdesk

Due to the Covid-19 situation, BOI are offering online meeting services apart from our regular e-services, emails, calls, and BOI NEWS Facebook Page.



Promotion Certification System

Service aims to facilitate business operators who apply for BOI investment promotion.



Single Window Visa and Work Permit System

Permission for foreign nationals to enter the Kingdom must be conducted through the Single Window for Visa and Work Permit System.

Smart Visa

SMART Visa is offered to foreign experts, executives, entrepreneurs and investors who wish to work or to invest in Thailand's targeted industries.

Electronic Machine Tracking (EMT)

Business operator can use this service on web application without any document submission requirement.

Sourcing and Joint Venture Form

Business operator can register this form for company matching service.



Thailand (Head Office)

555 Vibhavadi-Rangsit Road
Chatuchak, Bangkok 10900, Thailand

Tel. +66 2553 8111
Email. head@boi.go.th

<https://www.boi.go.th>

