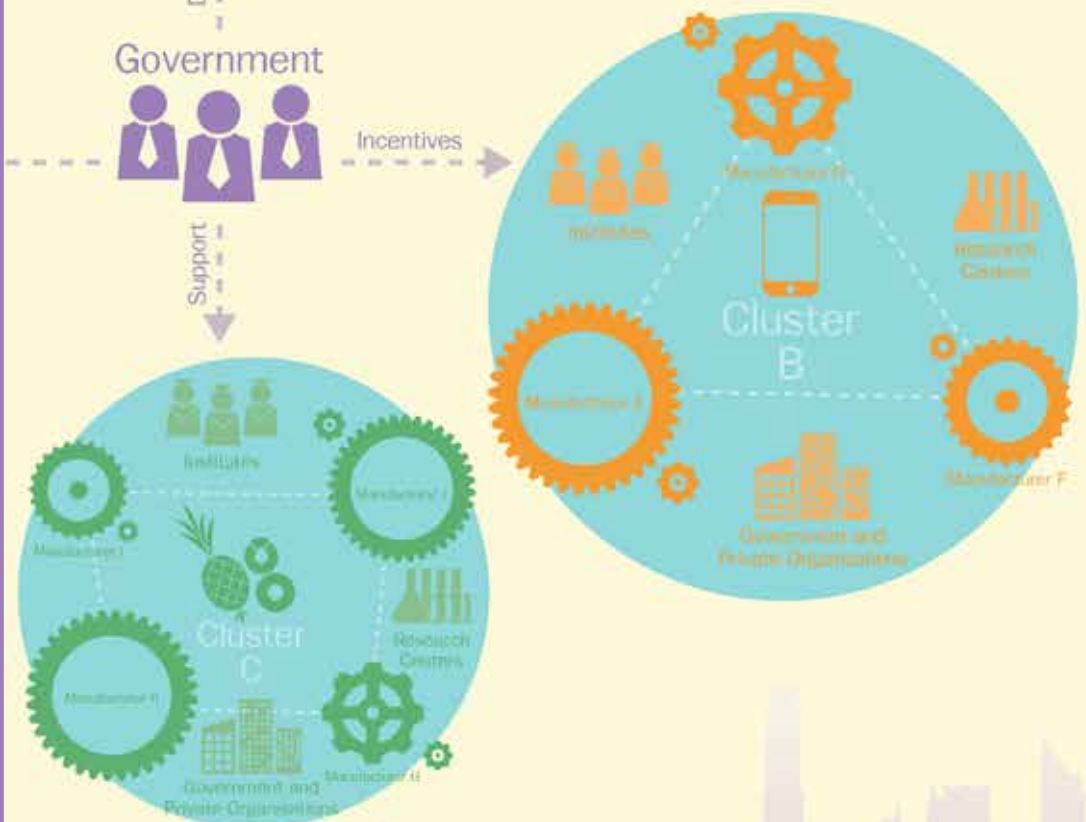
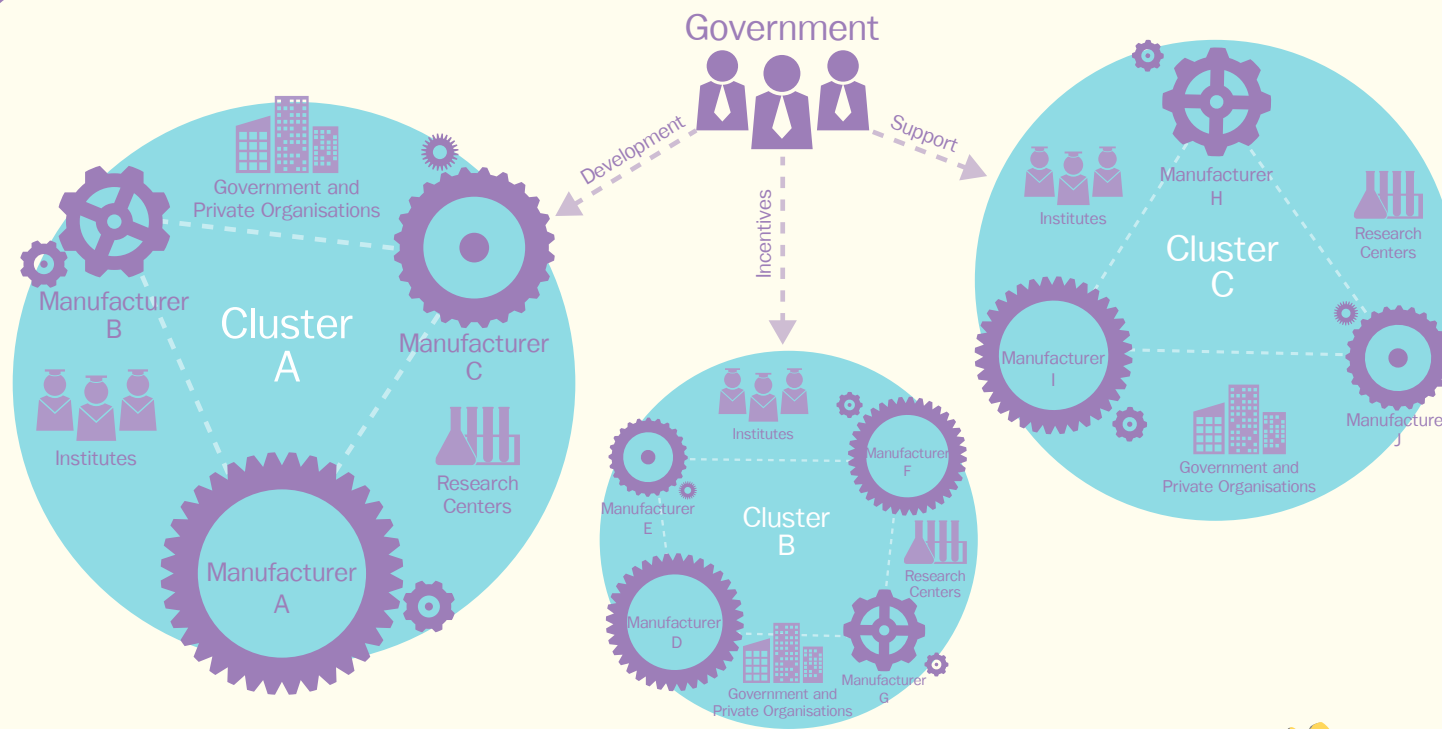


Thailand Board of Investment
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Thailand Moving Ahead with Cluster Development





Targeted Clusters in the Initial Stage

In the initial stage of the Cluster Policy, the government has targeted to develop 2 types of clusters: Super Cluster and other targeted clusters.

1. **Super Cluster** includes clusters of businesses using advanced technology, and future industry, e.g. Automotive and Parts Cluster, Electrical Appliances, Electronics and Telecommunication Equipment Cluster, Eco-friendly Petrochemicals and Chemicals Cluster, Digital-based Cluster, Food Innopolis and Medical Hub.
2. **Other targeted clusters**, e.g. Agro-processing Products Cluster, Textiles and Garment Cluster.

What is the Cluster Policy?

A cluster is concentration of interconnected businesses and related institutions that operate within the same geographic areas. The aim of promoting business clusters is to boost the level of support and cooperation in all facets of the business, both vertical and horizontal, in order to strengthen the industrial value chain, enhancing Thailand's investment potentials and competitiveness, and expand socioeconomic development to regional and local levels.

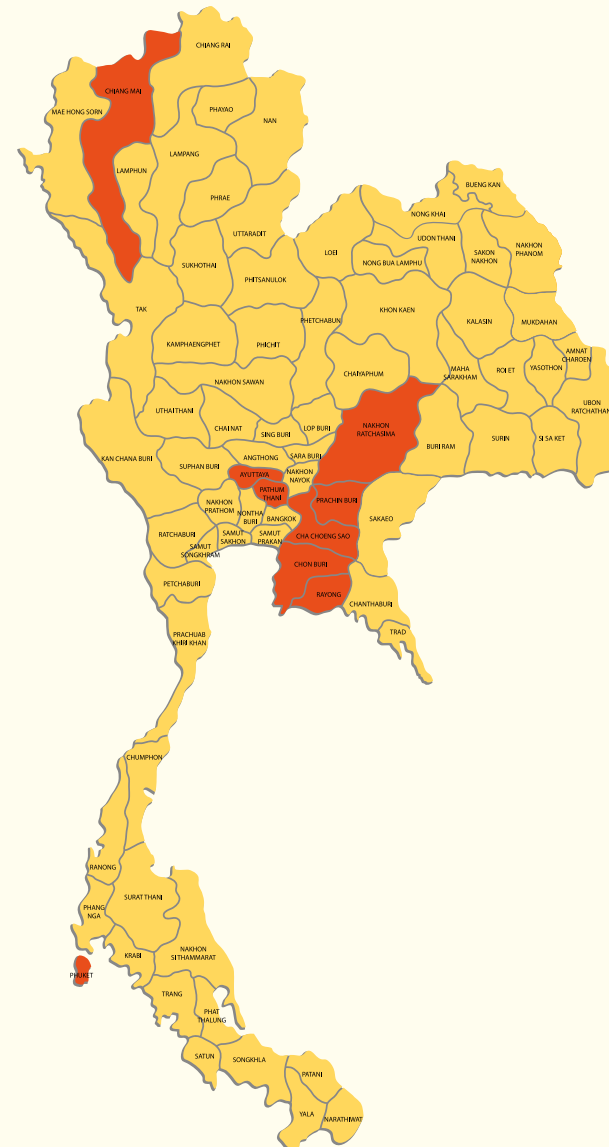
The government of Thailand has perceived the significance of cluster in the development of the nation's economy. The cabinet and the Thailand Board of Investment, therefore, proposed the Cluster-based Special Economic Development Zones Policy, or the Cluster Policy in short, which came into effect on September 16, 2015.

How the Cluster Policy Support the Investor?

The cluster development policy aims at increasing industrial competitiveness in areas with high potentials for targeted manufacture bases using advanced technology

Clusters are crucial in linking manufacturers, suppliers, supporting industries, research and academic institutions, and public and private organizations within the cluster areas. Strategic development is supported by government agencies in wide-ranging aspects, including human resources and technological developments, infrastructure development and logistics system, tax incentives and non-tax incentives, financial support, and amendments of rules and regulations to facilitate investment.

These measures not only support the cluster development and its competency in the international arena, but also give strategic advantage to investment projects in the cluster areas.



Super Cluster

Cluster for activities using advance technology and future industry e.g.

- **Automotive and Parts Cluster** (7 Provinces: Ayutthaya, Pathum Thani, Chonburi, Rayong, Chachoengsao, Prachinburi, Nakhon Ratchasima)
- **Electrical Appliances, Electronics and Telecommunication Equipment Cluster** (7 Provinces: Ayutthaya, Pathum Thani, Chonburi, Rayong, Chachoengsao, Prachinburi, Nakhon Ratchasima)
- **Eco-friendly Petrochemicals and Chemicals** (2 Provinces: Chonburi and Rayong)
- **Digital-based Cluster** (2 Provinces: Chiang Mai and Phuket)
- **Food Innopolis** (Details are to be announced)
- **Medical Hub** (Details are to be announced)

Other Targeted Clusters

Other industrial clusters with competencies e.g.

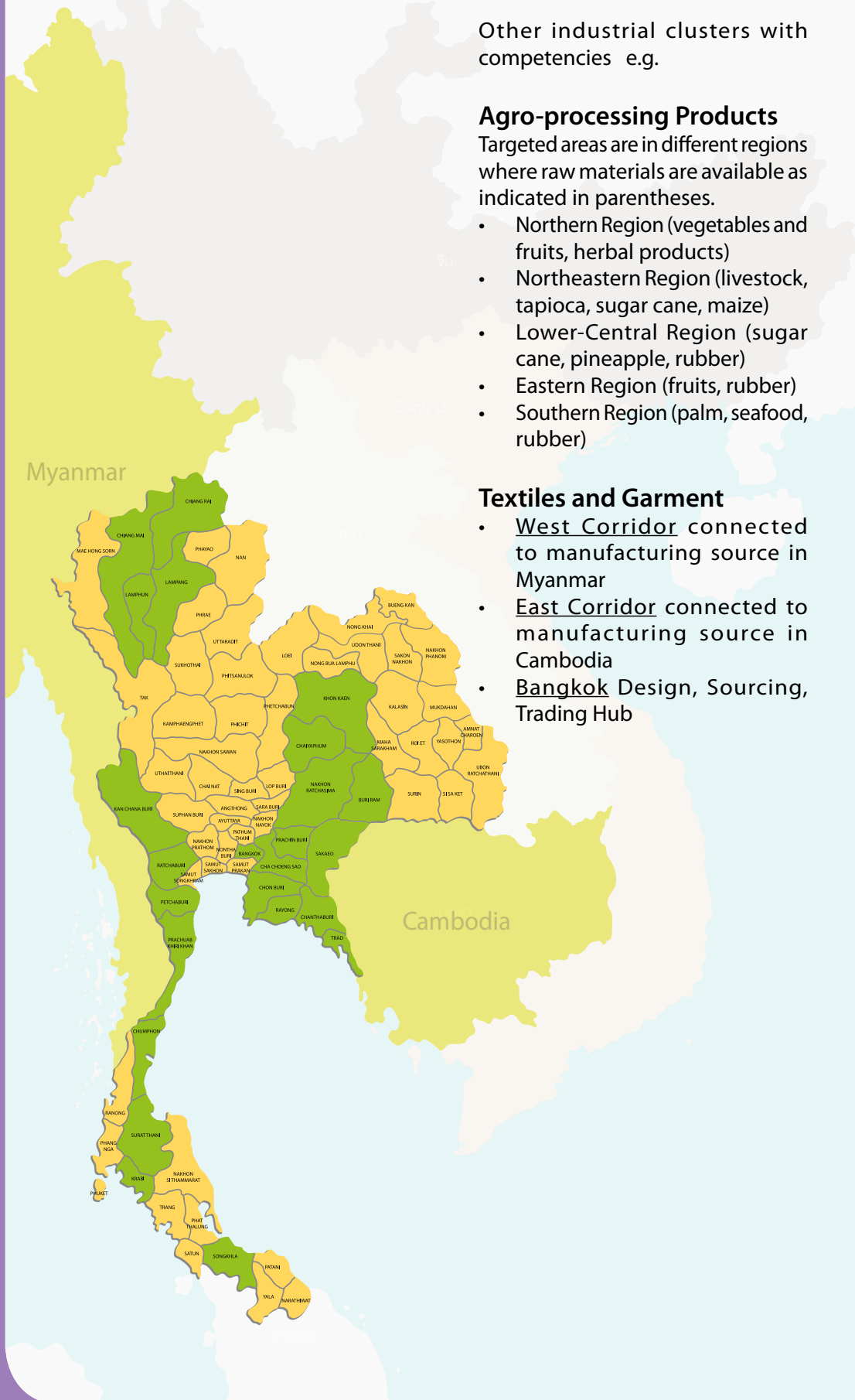
Agro-processing Products

Targeted areas are in different regions where raw materials are available as indicated in parentheses.

- Northern Region (vegetables and fruits, herbal products)
- Northeastern Region (livestock, tapioca, sugar cane, maize)
- Lower-Central Region (sugar cane, pineapple, rubber)
- Eastern Region (fruits, rubber)
- Southern Region (palm, seafood, rubber)

Textiles and Garment

- West Corridor connected to manufacturing source in Myanmar
- East Corridor connected to manufacturing source in Cambodia
- Bangkok Design, Sourcing, Trading Hub



Investment Incentives for Cluster-based SEZs

Incentives	Super Cluster	Other Clusters
Tax	BOI <ul style="list-style-type: none"> • 8-year corporate income tax exemption and an additional 5-year 50% reduction • Import duty exemption on machinery 	<ul style="list-style-type: none"> • 3–8 year corporate income tax exemption and an additional 5-year 50% reduction • Import duty exemption on machinery
	Ministry of Finance (Details are to be announced) <ul style="list-style-type: none"> • For Future industries with significant importance, the Ministry of Finance will consider granting 10-15 years corporate income tax exemption • Personal income tax exemption for international specialists to work in the specified area, both Thai and foreign 	
Non-Tax	<ul style="list-style-type: none"> • Consideration of granting Permanent Residence to the leading specialist • Permission for foreigners to own land to implement the promoted activities 	Same as Super Cluster

Approval Criteria for BOI Cluster Incentive Package

- Activity classified under eligible BOI categories
- Located in the designated provinces for each relevant cluster
- Have cooperation with academic institutions / research institutions / centers of excellence in the designated areas e.g.
 - » Talent Mobility / Work-integrated Learning / Co-operative Education / Dual systems
 - » Cooperation in development of human resource or technology as approved by the Board of Investment
- Applications to be submitted by end of 2016 and production to be started by end of 2017 (Extension may be possible if deemed appropriate.)

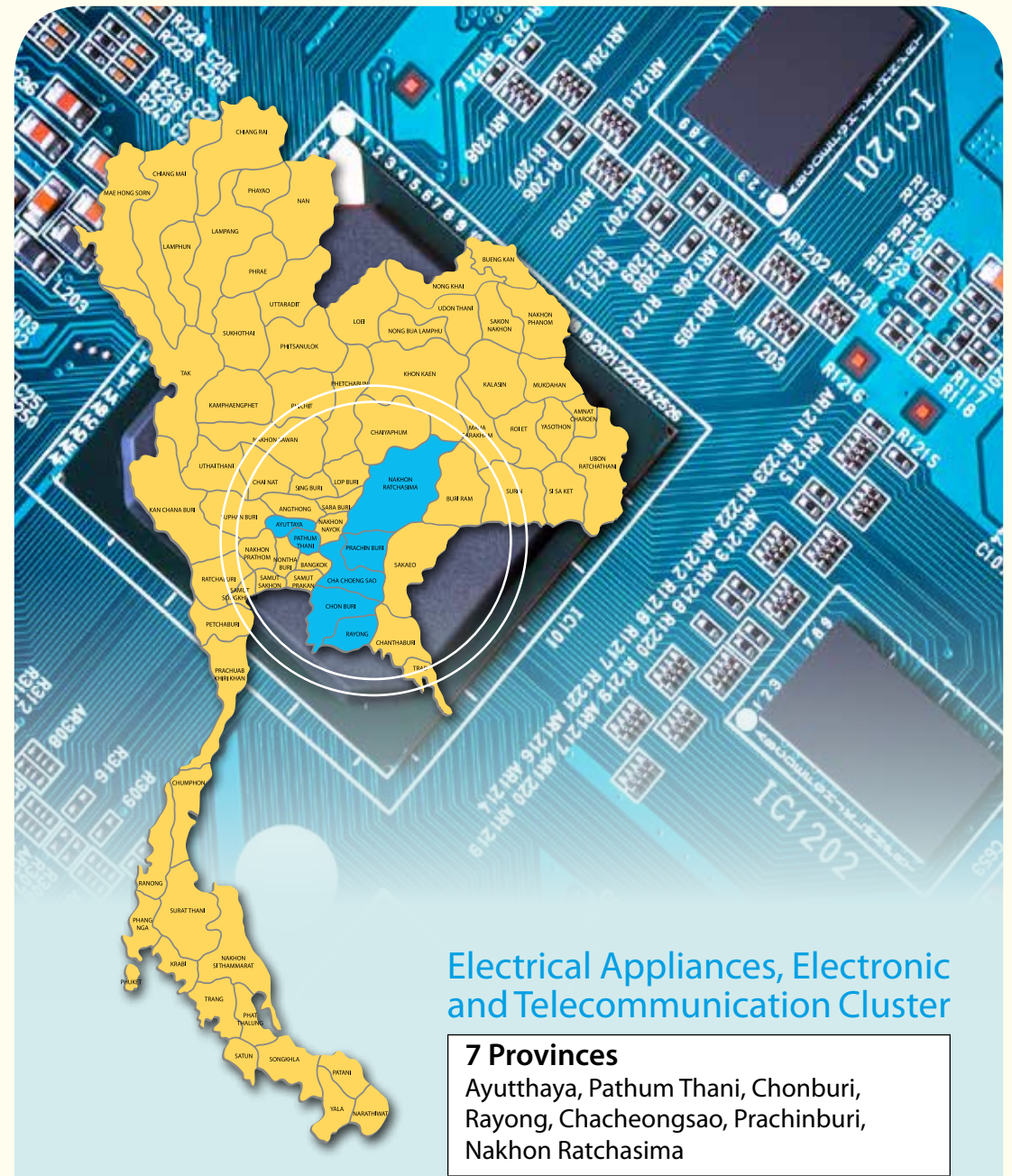
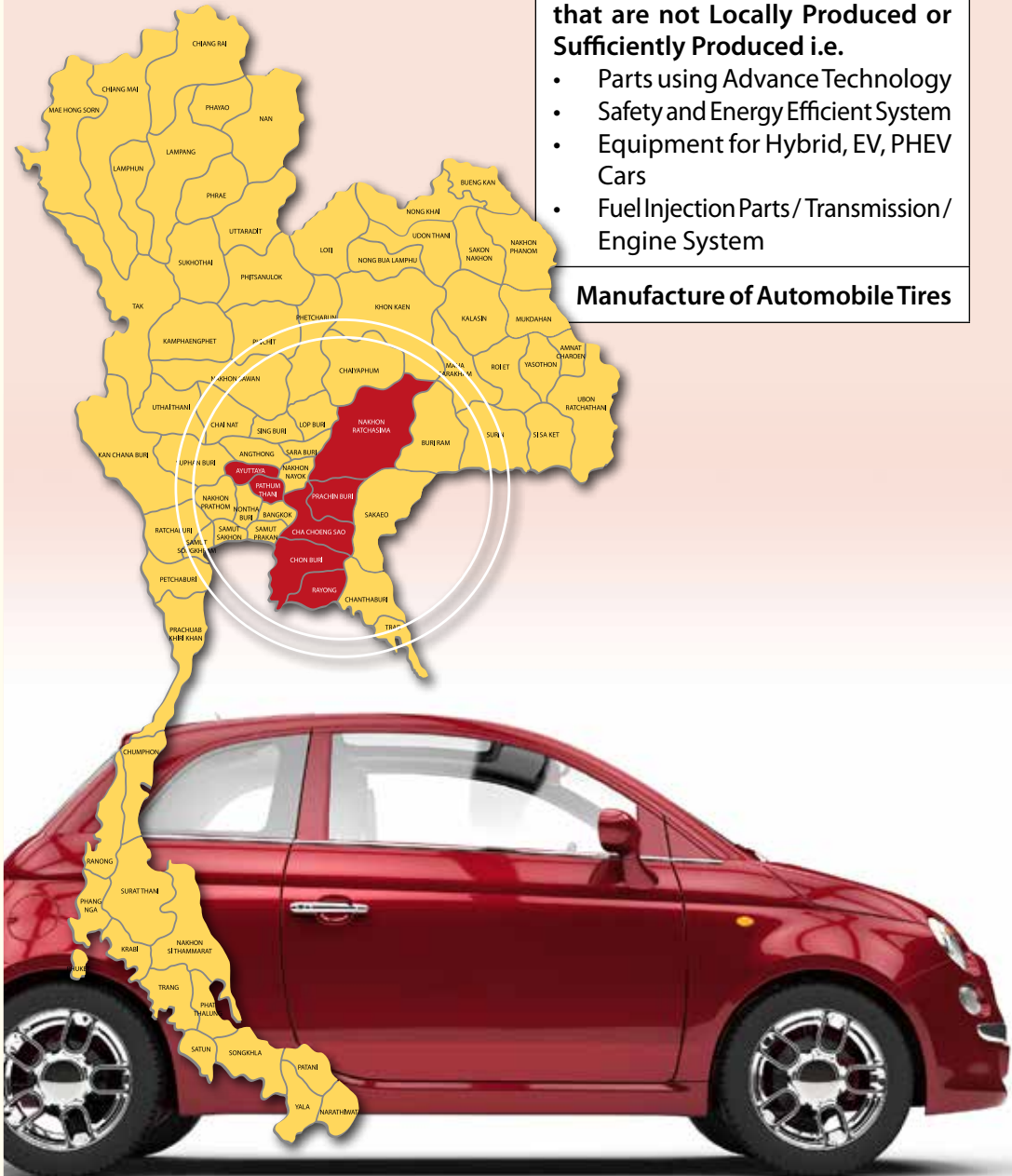
Areas and Targeted Activities in Each Cluster

Automotive and Parts Cluster

7 Provinces

Ayutthaya, Pathum Thani, Chonburi, Rayong, Chacheongsao, Prachinburi, Nakhon Ratchasima

Eligible Activities
<p>Manufacture of Motorcycle with Engine Size \geq 248 CC. (only for projects with forming of engine parts)</p>
<p>Manufacture of Automobile Engines</p>
<p>Manufacture of Important Parts that are not Locally Produced or Sufficiently Produced i.e.</p> <ul style="list-style-type: none"> • Parts using Advance Technology • Safety and Energy Efficient System • Equipment for Hybrid, EV, PHEV Cars • Fuel Injection Parts/ Transmission/ Engine System
<p>Manufacture of Automobile Tires</p>

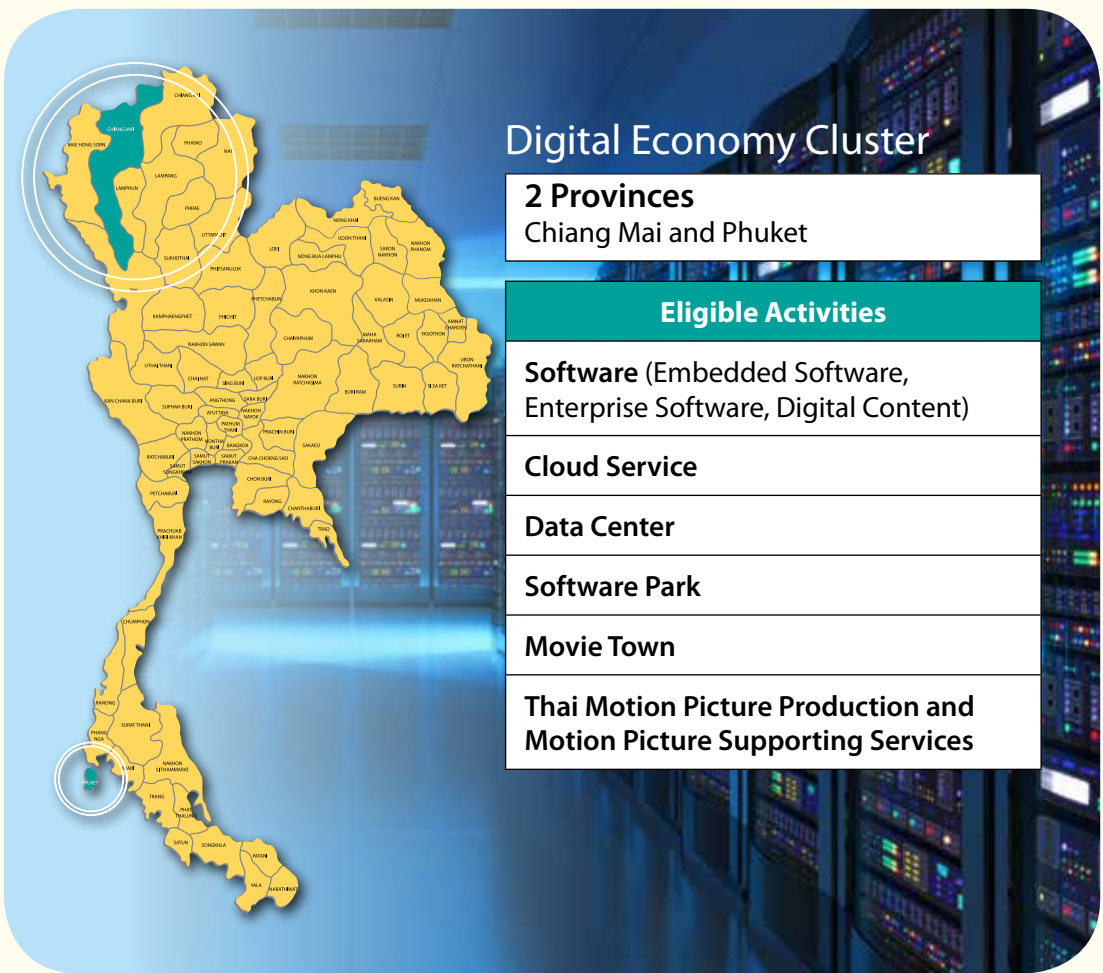


Electrical Appliances, Electronic and Telecommunication Cluster

7 Provinces

Ayutthaya, Pathum Thani, Chonburi, Rayong, Chacheongsao, Prachinburi, Nakhon Ratchasima

Eligible Activities
<p>Electronic Design e.g. Microelectronics Design and Embedded System Design</p>
<p>Electronic Products and Parts using Advance technology e.g. Telecommunication Equipment, Electronic Parts for Medical Devices / Automotive / Industrial Works, Hard Disk Drive, Solid State Drive</p>
<p>Materials for Microelectronics e.g. Wafers, Materials Based on Thin-film Technology</p>
<p>Advanced Technology Electrical Appliances e.g. Internet of Things</p>



Digital Economy Cluster

2 Provinces
Chiang Mai and Phuket

Eligible Activities

- Software (Embedded Software, Enterprise Software, Digital Content)
- Cloud Service
- Data Center
- Software Park
- Movie Town
- Thai Motion Picture Production and Motion Picture Supporting Services

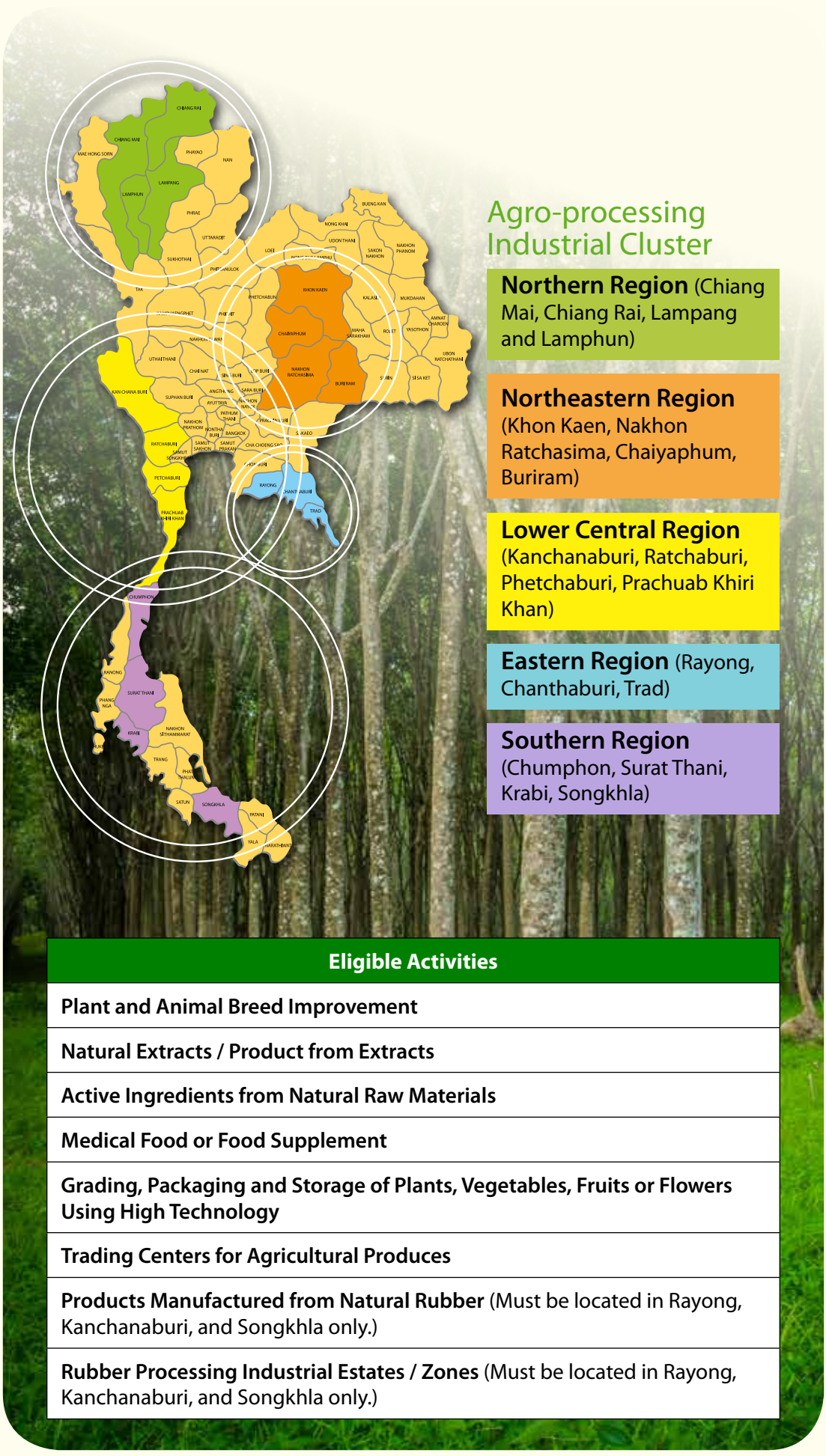


Eco-friendly Petrochemicals and Chemical Product Cluster

2 Provinces
Chonburi and Rayong

Eligible Activities

- Eco-friendly Chemicals or Polymers; or Products Made from Eco-friendly Polymers
- Specialty Polymers or Specialty Chemicals
- Bioplastic-coated Paper Packaging



Agro-processing Industrial Cluster

Northern Region (Chiang Mai, Chiang Rai, Lamphun and Lamphun)

Northeastern Region (Khon Kaen, Nakhon Ratchasima, Chaiyaphum, Buriram)

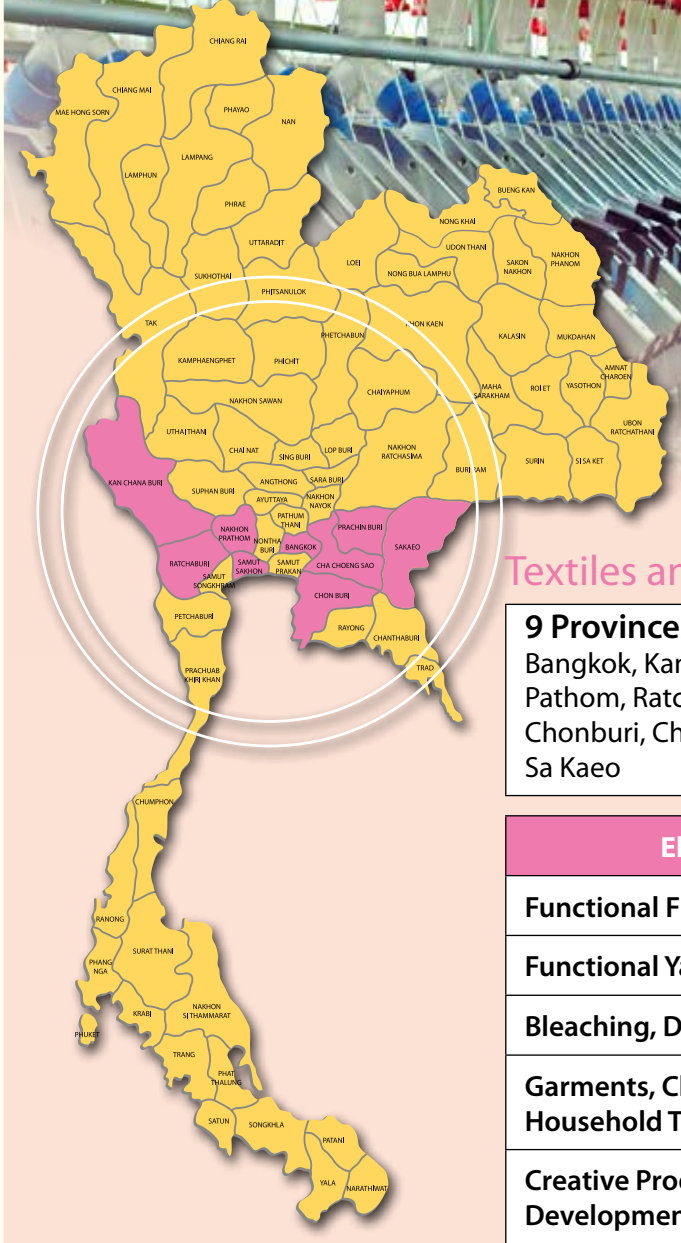
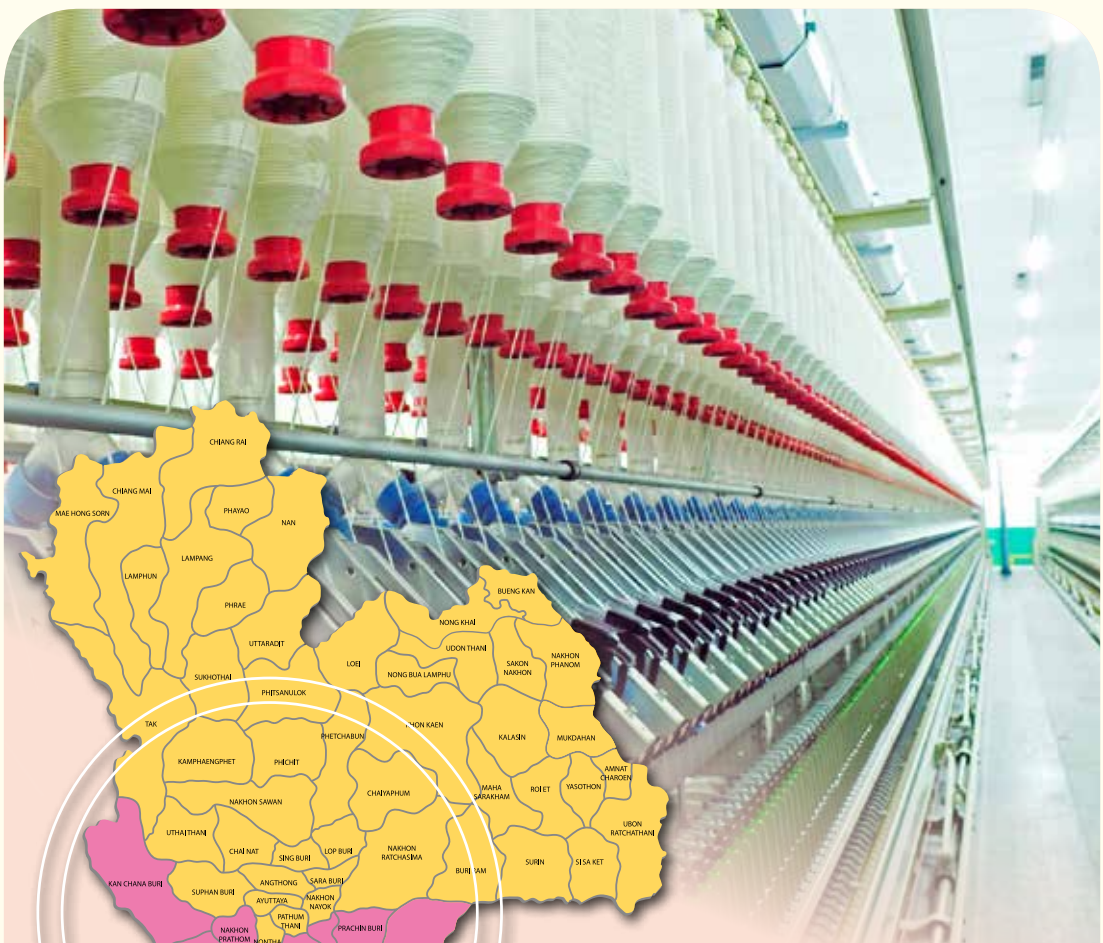
Lower Central Region (Kanchanaburi, Ratchaburi, Phetchaburi, Prachuab Khiri Khan)

Eastern Region (Rayong, Chanthaburi, Trad)

Southern Region (Chumphon, Surat Thani, Krabi, Songkhla)

Eligible Activities

- Plant and Animal Breed Improvement
- Natural Extracts / Product from Extracts
- Active Ingredients from Natural Raw Materials
- Medical Food or Food Supplement
- Grading, Packaging and Storage of Plants, Vegetables, Fruits or Flowers Using High Technology
- Trading Centers for Agricultural Produces
- Products Manufactured from Natural Rubber (Must be located in Rayong, Kanchanaburi, and Songkhla only.)
- Rubber Processing Industrial Estates / Zones (Must be located in Rayong, Kanchanaburi, and Songkhla only.)



Textiles and Garment Cluster

9 Provinces
 Bangkok, Kanchanaburi, Nakhon Pathom, Ratchaburi, Samut Sakhon, Chonburi, Chachoengsao, Prachinburi, Sa Kaeo

Eligible Activities
Functional Fiber / Recycled Fiber
Functional Yarn or Fabric
Bleaching, Dyeing and Finishing
Garments, Clothing Accessories, and Household Textiles
Creative Product Design & Development Center

Infrastructures to Support Cluster Development

Regions and areas, in which the government has selected as cluster areas, are developed and fully equipped with public utility and infrastructures crucial for investment projects. These include industrial estates, electricity, water supply, transportation and educational institutions of all levels. All of which significantly contributes to the increase in an investment competitive advantage in cluster areas, in addition to tax incentives.

Infrastructures in Cluster Areas	Quantity
Ports	3
Deep Seaports	5
Domestic Airports	7
International Airports	6
Industrial Estates	14
Electricity Generation Capacity	Approximately 37,000 MW

Support in Raw Materials	Maximum Annual Production Capacity
Plastic Resin Pallets (e.g. PP, PE, PET, PVC)	10.6 million tons
Bio-plastic Resin Pallets (e.g. PBS, PLA) *	135,000 tons
Iron	4.6 million tons

Support in human resources	Quantity
Higher Education Institutions	129
Vocational Education Institutions	215

Remarks
 * The total production capacity planned is 135,000 ton. By early 2016, the estimated maximum production capacity will be 20,000 tons.



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