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INVEST

FOREIGN DIRECT INVESTMENT

Foreign direct investment is an important element of Thailand's economic development, and the country is one of the major FDI destinations in its region. According to UNCTAD's [World Investment Report 2023](#), FDI inflows stood at USD 10 billion in 2022, down by 31.5% compared to the USD 14.6 billion recorded one year earlier but still above the three-year average before COVID. In the same period, the stock of FDI reached USD 306.1 billion, around 57.1% of the country's GDP. As per the Thailand Board of Investment (BOI) figures, applications for investment promotion in 2023 reached a five-year high of USD 24 billion in combined value, an increase of 43% from the previous year's number. In 2023, foreign investors submitted 1,394 applications for investment promotion, marking a 38% increase from the prior year, with combined investment reaching USD 18.9 billion, a 72% surge driven by numerous large-scale projects. Notably, investment applications from China led the FDI sources by value, comprising 430 projects totalling USD 7.4 billion, mainly in electronics and automotive, including EVs. Singapore followed closely with 194 projects amounting to USD 3.5 billion, driven by major initiatives in solar cells and electronics. U.S. investments ranked third with 40 projects totalling USD 2.3 billion, while Japan secured fourth place with 264 projects valued at USD 2.2 billion, reflecting a 60% rise from the preceding year. The BOI's new strategy focused on five priority sectors: BCG (Bio-Circular-Green), electric vehicles (EV), smart electronics, digital, and creative. These sectors collectively garnered 759 applications, amounting to a total investment of USD 14 billion, representing 58% of the overall investment pledges. The Eastern Economic Corridor (EEC), Thailand's premier industrial hub spanning Chonburi, Rayong, and Chachoengsao provinces, remained at the forefront of regional investment, securing USD 13.1 billion, representing 54% of total commitments. Following closely, the central region drew approximately USD 7.4 billion, constituting 31% of the overall investment. Thailand has been a consistent recipient of Chinese investment for some time, and its geostrategic position as the heart of the ASEAN free trade bloc, with free trade access also to China and India, has made it a hub for many Chinese investors. This has manifested itself primarily in the drive to digital economies and is building Thailand up both as a connectivity hub and as a key node for Asia in new tech. Plenty of money is being both raised and made via Chinese investments into various Thai-based initiatives in crypto, fintech, blockchain, and AI, as well as health care, including medical tourism. This, coupled with extensive infrastructure connectivity plans uniting Thailand to ASEAN, other export markets, and the development of numerous free trade zones on outlying islands is seeing the country take on a highly competitive global role for foreign investment into the South Asian region (ASEAN Briefing, 2023).

Thailand's strategic location in Southeast Asia, coupled with its relatively well-developed infrastructure and skilled workforce, makes it an appealing destination for FDI. The country offers various incentives through the Board of Investment (BOI) to attract investment, including tax breaks and streamlined bureaucratic procedures. However, political instability, bureaucratic red tape, corruption, labour issues, and infrastructure constraints pose challenges for investors. Several Thai statutes impose limitations on foreign ownership in specific sectors, notably in industries such as banking, insurance, and telecommunications. The Foreign Business Act (FBA) delineates the specific business activities reserved for Thai nationals, stipulating that foreign investment in these sectors must not exceed 50% of share capital, except under special permissions or exemptions. Thailand ranks 43rd among the 132 economies on the [Global Innovation Index 2023](#) and 87th out of 184 countries on the [2023 Index of Economic Freedom](#).

Foreign Direct Investment	2020	2021	2022
FDI Inward Flow <i>(million USD)</i>	-4,951	14,641	10,034
FDI Stock <i>(million USD)</i>	304,351	296,270	306,163
Number of Greenfield Investments*	72	79	91
Value of Greenfield Investments (million USD)	2,022	3,926	8,292

Source: UNCTAD - Latest available data.

Note: * Greenfield Investments are a form of Foreign Direct Investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.

Country Comparison For the Protection of Investors	Thailand	East Asia & Pacific	United States	Germany
Index of Transaction Transparency*	10.0	5.9	7.0	5.0
Index of Manager's Responsibility**	7.0	5.2	9.0	5.0
Index of Shareholders' Power***	9.0	6.7	9.0	5.0

Source: Doing Business - Latest available data.

Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action.

WHAT TO CONSIDER IF YOU INVEST IN THAILAND

Strong Points

Advantages for FDI:

- The Thai economy's strengths lie primarily in its diversity: agriculture (40% of world production of natural rubber but also rice, sugarcane, and fruits), industry (automotive, food processing electronics), services and tourism are highly developed.
- The workforce is inexpensive, skilled and above all diversified.
- The country's location in the heart of Asia makes it a gateway to Southeast Asia and the Greater Mekong Basin region, where new emerging markets have great economic potential.
- Government policy is generally in favour of investment and encourages free trade: there are, for example, no restrictions in the manufacturing sector or export conditions, just as there are many government agencies helping foreign and domestic investors.

Weak Points

Weaknesses in the Thai economy:

- Lack of infrastructure and innovation
- Political uncertainty
- Strong collusion between economic and political circles and conflicts of interest
- High household debt

Government Measures to Motivate or Restrict FDI

Thailand, the second largest economy in the Association of Southeast Asian Nations (ASEAN), is an upper middle-income country with pro-investment policies. The Thai **Board of Investment (BOI)** grants both tax and non-tax incentives to qualifying investment projects in Thailand, available equally to both Thai and foreign investors. The incentives include a corporate income tax holiday, machinery and raw materials import duty incentives, and other non-tax incentives.

- Eight years of corporate income tax exemption (with or without a maximum cap),
- Five years of corporate income tax exemption,
- Three years of corporate income tax exemption.

Other incentives also include:

- Withholding tax exemption for dividend distribution during the tax holiday.
- 100% foreign ownership in certain businesses reserved under the FBA.
- Customs duty exemption or reduction for imported raw materials and machinery.
- Land ownership for foreign companies.
- Withdrawing or remitting money abroad in foreign currency.
- Visa and work permit privileges for expatriates.

Other incentives are available for expenditure in these sectors: R&D in technology and innovation, intellectual property acquisition/licensing fees for commercialising technology developed in Thailand, advanced technology training, development of local suppliers with Thai shareholder(s) holding at least 51% of the total shares, product and packaging designs in Thailand, both in-house and outsourced.

Additional area-based incentives for corporate income tax exemptions are provided to qualified investors in the specific areas that fall under the following categories:

- Decentralisation (activities based in the 20 provinces with the lowest per capita income).
- Industrial area development (for qualified projects based in industrial estates).
- Science and technology parks.
- Eastern Economic Corridor areas.
- Four provinces on the Southern border and the four districts in Songkhla.

In support of its “Thailand 4.0” strategy, the government offers incentives for investments in twelve targeted industries: next-generation automotive; intelligent electronics; advanced agriculture and biotechnology; food processing; tourism; advanced robotics and automation; digital technology; integrated aviation; medical hub and total healthcare services; biofuels/biochemical; defense manufacturing; and human resource development.

The Thai government in 2019 passed new laws and regulations on cybersecurity and personal data protection that have raised concerns given to Thai authorities regarding confidential and sensitive information, introducing new uncertainties in the technology sector.

INVESTMENT OPPORTUNITIES

The Key Sectors of the National Economy

Automotive, agriculture (rubber, seafood, rice, cane sugar, fruit), electronic components, computers, organic chemistry, tourism.

High Potential Sectors

All sectors related to rail, road, airport and electrical infrastructure are offering great business opportunities for foreign investors.

Privatization Programmes

None.

Tenders, Projects and Public Procurement

[Tenders Info](#), [Tenders in Thailand](#)

[Asian Development Bank](#), [Procurement Plans in Asia](#)

[DgMarket](#), [Tenders Worldwide](#)

Sectors Where Investment Opportunities Are Fewer

Monopolistic Sectors

Thailand's government influences prices in the local market through its control of state monopoly suppliers of products and services, such as in the oil and gas industry sectors (US Department of State)

Sectors in Decline

Labor-intensive sectors, such as food and textiles.

Finding Assistance For Further Information

Investment Aid Agency

[The Board of Investment Promotion in Thailand](#)

[Department for Business Development - Thailand's Ministry of Commerce](#)

Other Useful Resources

[Siam Legal](#)

Doing Business Guides

[Doing Business in Thailand - World Bank](#)

[Doing Business in Thailand - Deloitte](#)

[Doing Business in Thailand - Baker McKenzie](#)