

## THAILAND MOVING AHEAD WITH CLUSTER PRIVILEGE FOR CLUSTER INVESTMENT

“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 16<sup>th</sup> September 2015.

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.

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

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

2. **Other Targeted Clusters** e.g. Agro-processing Products Cluster, Textiles and Garment Cluster.

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 (sugarcane, pineapple, rubber)
  - Eastern Region (fruits, rubber)
  - Southern Region (palm, seafood, rubber)
- **Textiles and Garment**
  - West Coast: connected to manufacturing source in Myanmar
  - East Coast: 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"> <li>8-year corporate income tax exemption and an additional 5-year 50% reduction</li> <li>Import duty exemption on machinery</li> </ul>	<ul style="list-style-type: none"> <li>3– 8 year corporate income tax exemption and an additional 5-year 50% reduction</li> <li>Import duty exemption on machinery</li> </ul>
	Ministry of Finance (Details are to be announced) <ul style="list-style-type: none"> <li>For Future industries with significant importance, the Ministry of Finance will consider granting 10-15 years corporate income tax exemption</li> <li>Personal income tax exemption for international specialists to work in the specified area, both Thai and foreign</li> </ul>	
Non-Tax	<ul style="list-style-type: none"> <li>Consideration of granting Permanent Residence to the leading specialist</li> <li>Permission for foreigners to own land to implement the promoted activities</li> </ul>	Same as Super Cluster

### CONDITION FOR CLUSTER INCENTIVE

1. 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, or cooperation in development of human resource or technology as approved by the Board of Investment.
2. Applications must be submitted by end of 2016 and production must be started by end of 2017 (extension may be possible if deemed appropriate).