

Thailand's Recent Investment Policy Development : Some Key Points and Lessons Learned

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1. The ultimate goal of the recent investment policy is to achieve the country's economic development and sustainable development

How?

- Integrating investment policy into development strategy
- Incorporating sustainable development objectives in investment policy ;
 - Incorporating in vision and policy statement
 - Identifying **SDG-related sectors/activities eligible for investment promotion**
- Transforming from zoning-based (location-based) incentives towards merit-based(sustainability-based) incentives and impose conditions upon their development contribution
- Introducing new and more powerful measures/incentives

Vision of BOI's 7-Year Investment Promotion Policy (2015-2021)

To promote **valuable investment**, both investment in Thailand and Thai overseas investment to enhance Thailand's **competitiveness**, to overcome the “*Middle Income Trap*” and to achieve **sustainable growth** in accordance with the sufficiency economy philosophy

6 Major Points of Investment Promotion Policy (1/2)

1. **Promote investment that helps enhance national competitiveness** by encouraging R&D, innovation, value creation in the agricultural, industrial and services sectors, SMEs, fair competition and inclusive growth
2. **Promote activities that are environment-friendly**, save energy or use alternative energy to drive balanced and sustainable growth
3. **Promote clusters** to create investment concentration in accordance with regional potential and strengthen value chains

6 Major Points of Investment Promotion Policy (2/2)

4. **Promote investment in border provinces in Southern Thailand** to help develop the local economy, which will support efforts to enhance security in the area
5. **Promote special economic zones**, especially in border areas, both inside and outside industrial estates, to create economic connectivity with neighboring countries and to prepare for entry into the ASEAN Economic Community (AEC)
6. **Promote Thai overseas investment** to enhance the competitiveness of Thai businesses and Thailand's role in the global economy

SDG-related sectors that are eligible for investment promotion

**Environmental-Friendly
Activities**

**Hi-tech and Knowledge-based
Activities**

**Human Resource
Development**

**SME-related
Activities**

**Renewable Energy and
Energy Conservation**

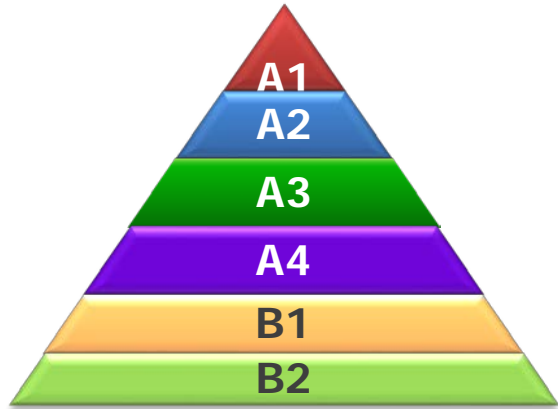
Infrastructure

**Medical and
Healthcare**

**Investment in
least Developed
Provinces**

New Approach to Granting Investment Incentives

Activity-based Incentives



Classified incentives based on the importance of activities

+

Merit-based Incentives

1. Competitiveness Enhancement
2. Decentralization
3. Industrial Area Development

Grant additional incentives to encourage more investment/expenditures that benefit the country or overall industry

New measures and incentives

- Public Fund
- New tax incentives e.g. investment allowance
- SEZ laws

2. Pay more attention to investment facilitation

What is Investment Facilitation ?

- **Making it easy for investors to establish or expand their investments, as well as to conduct day-to-day business**
- **Investment facilitation covers a wide range of areas;**
 - **Transparency**
 - **Simplicity**
 - **Predictability**
 - **Accessibility**
 - **Efficiency of Procedure**

UNCTAD's Action Menu for Investment Facilitation

1. Promoting **accessibility and transparency** in the formulation of Investment Policies
2. Enhancing **predictability and consistency** in the application of investment policies
3. Improving **efficiency and effectiveness** of investment administrative procedures
4. Building constructive **stakeholder relationships** in investment policy practice
5. Designating a lead agency or investment facilitator with mandate to
6. Establishing **monitoring and review** mechanisms for investment facilitation
7. Enhancing **international cooperation** for investment facilitation partnership
8. Strengthening investment facilitation efforts in **developing- country partners**, through support and technical assistance
9. Enhancing investment policy and proactive investment attraction in **developing- country partners**
10. Enhancing **international cooperation** for investment promotion development, including **through provisions in IIAs**

UNCTAD'S Action Menu vs BOI'S Key Actions

UNCTAD'S Action Menu

BOI'S Key Actions

1. Promoting **accessibility and transparency** in the formulation of Investment Policies

- Provide **clear and up-to-date** investment-related information, and make it available electronically through website
- Make widely available **screening guidelines** and clear definitions of **criteria for assessing** investment proposals
- Establish **enquiry points** for enquiries concerning investment policies and applications to invest

2. Enhancing **predictability and consistency** in the application of investment policies

- Give **equal treatment** in the operation of laws and regulations on investment, and **avoid discriminatory** use of bureaucratic discretion
- Establish **clear criteria/transparent procedures** for administrative decisions including with respect to investment project screening, appraisal and approval mechanism

UNCTAD'S Action Menu vs BOI'S Key Actions

UNCTAD'S Action Menu

BOI'S Key Actions

3. Improving **efficiency and effectiveness** of investment administrative procedures

- **Shorten** processing time and **simplify** procedures
- Use of **time-bound** approval process
- Keep applicants informed about status of applications
- Establish **one-stop-services center**
- Establish **online** application and approval
- Conduct **periodic reviews** of investment procedures, ensuring they are simple and transparent

4. Building constructive **stakeholder relationships** in investment policy practice

- Maintain mechanism for regular **consultation/effective dialogue** with stakeholders
- Establish mechanism to provide interested parties an **opportunity to comment** on proposed new laws, policies

UNCTAD'S Action Menu vs BOI'S Practices

UNCTAD'S Action Menu

BOI'S Key Actions

5. Designating a lead agency or investment facilitator with mandate to address suggestion or complaints by investors, provide information on relevant legislative and regulatory issues , etc.

BOI has been designated to;

- Address suggestions/complaints by investors
- Track and take action to prevent, and resolve problems
- Inform relevant government institutions about recurrent problems faced by investors

6. Establishing monitoring and review mechanisms for investment facilitation

- Adopt diagnostic tools/indicators on effectiveness/efficiency of administrative procedures for investors to identify priority areas for intervention
- Benchmark and measure performance with international best practice (World Bank's Survey on Ease of Doing Business)

UNCTAD'S Action Menu vs BOI'S Key Actions

UNCTAD'S Action Menu	BOI'S Key Actions
7. Enhancing international cooperation for investment facilitation partnership	-
8. Strengthening investment facilitation efforts in developing-country partners , through support and technical assistance	-
9. Enhancing investment policy and proactive investment attraction in developing-country partners	-
10. Enhancing international cooperation for investment promotion development, including through provisions in IIAs	- Provide outward investment support , facilitation services - Sub-committee on Enhancement of Business Environment under JTEPA

3. Some Lessons learned

1. Political coherence is very important

- Policy coherence is important to enforce policy action across government departments. But in several circumstances , this cannot be achieved without political coherence

2. A policy champion

- Policy reform requires strong and effective leadership, particularly when policy reform is controversial and result in significant tradeoffs.

3. Involve key stakeholders throughout the policy process

4. Analyze incentive structures of policy instruments

5. Anticipate barriers to policy implementation

- Capability of implementing organizations
- Reluctance/ lack of commitment to the new policy

6. Major policy reform may need redesign/restructure of organization

Thank you for your attention