Transformation – ASEAN’s Future

Thailand Chapter

Somboon Earterasarun
Partner
Outward investment into ASEAN by China grew from 1.8 billion USD and 71.6 billion USD from 2006 to 2016. USD 13 billion invest into Southeast Asia’s startups since 2015 by Chinese companies.

9 billion USD of the 13 billion USD came from ASEAN Unicorns.

East Ventures, an early stage venture fund with 4 unicorns in its portfolio, has offices in Jakarta, Tokyo and San Francisco but has invested in Singapore, Indonesia and Thailand as well.
Thailand

Foreign direct investment inflows

<table>
<thead>
<tr>
<th>Year</th>
<th>USD Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>70,322.6</td>
</tr>
<tr>
<td>2013</td>
<td>91,568.3</td>
</tr>
<tr>
<td>2014</td>
<td>69,858.7</td>
</tr>
<tr>
<td>2015</td>
<td>55,435.3</td>
</tr>
<tr>
<td>2016</td>
<td>57,435.2</td>
</tr>
</tbody>
</table>

Source: Bank of Thailand
Thailand

Main FDI investors

- Japan
  - USD 10.4 bil
- China
  - USD 9.0 bil
- Hong Kong
  - USD 5.0 bil
- Singapore
  - USD 3.7 bil
- Germany
  - USD 3.4 bil

Thailand: 4.0 and more

Thailand is moving towards becoming a service-based economy with the aid of technology.

- Regulatory Reform
- Better IP Rights
- Sustained Growth
- Digital economy – 5 key industries
- Lower unemployment rates
- Tax incentives
- Trade Agreements – bilateral and regional
Thailand: Emerging Industries and future focus

**5 First S-Curve**
- Agricultural and Biotechnology
- Smart Electronics
- Affluent Medical and Wellness Tourism
- Next-Generation Automotive
- Food for The Future

**5 New S-Curve**
- Biofuels and Biochemical
- Digital Economy
- Medical Hub
- Automation and Robotics
- Aviation and Logistics
Thailand: Legal Impacts

BOI Investment Incentive Scheme

**Activity-based**
- Bio Industries
- Creative & Digital Industries
- High Value Business & Service
- Advanced Manufacturing
- Basic & Supporting Industries

**Technology-based**
- Biotechnology
- Nanotechnology
- Advanced Material Technology
- Digital Technology

**Area-based**
- EEC 3 provinces
- SEZ 10 provinces
- Southern Border (4 provinces, 4 districts)
- 20 Provinces with the Lowest per Capita Income
- Industrial Estates/Zones
- Science and Technology Parks (Science Park, Food Innopolis, Space Krenovation Park: SKP)

**Merit-based**
- Research & Development (R&D)
- Support academic/research institutes, or technology and human resource development funds
- IP licensing fee
- Advanced technology training
- Development of Local suppliers
- Product and packaging design

**Agenda-based**
- Productivity Enhancement
- MAI Listing Support
- SMEs Promotion
- Support to Small and Community Enterprises
Thailand 4.0 + EEC

- Designed to allow for the Special Economic Zones to offer more attractive incentives and further 4.0 plans.
**Thailand 4.0 + EEC**

**New Investment Promotion Measures in the EEC**
- starting January 1, 2018

- Applications must be submitted by the end of 2019
- Must have cooperation with academic institution / research institution / Center of Excellence to develop human resource and improve the level of technology

<table>
<thead>
<tr>
<th>Area-based</th>
<th>Condition</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Promoted Zones for Specific Industries</td>
<td>No. of apprentices:</td>
</tr>
<tr>
<td>(EECi, EECd, EEC Aerotropolis)</td>
<td>10% of all employees hired or at least 50</td>
</tr>
<tr>
<td>2. Promoted Zones for Specific Targeted industries</td>
<td>No. of apprentices:</td>
</tr>
<tr>
<td></td>
<td>≥ 5% of all employees hired or at least 25</td>
</tr>
<tr>
<td>3. Other Industrial Estates/ Industrial Parks in EEC</td>
<td></td>
</tr>
</tbody>
</table>

Note: Projects applied for this measure shall not receive additional incentive under merit on Industrial Area Development.
Thailand Digital Market Landscape

- Total Population: 68 Million
- Urbanization: 52%
- Smart Phone Users: 48 Million
- vs. Population: 70%
- Internet Users: 46 Million
- Penetration: 67%
- Social Media Users: 46 Million
- Penetration: 67%

National Social Media Penetration:
- Facebook: 65%
- YouTube: 64%
- LINE: 53%

Average daily use of social media: 2H 48M

Source: Thailand Board of Investment
www.boi.go.th
**Thailand: Startup scene**

**Startups in Thailand have experienced high growth in funding over the past years**

**Funding raised in Thailand Startup**

- **2012**: 3.1 MUSD
- **2013**: 9.7 MUSD
- **2014**: 42.7 MUSD
- **2015**: 33.2 MUSD
- **2016**: 86.0 MUSD
- **2017**: 105.6 MUSD

- More attention drawn to Thailand and deals worth 10+ M USD increased significantly

- The wave of funding continued in 2017 with focus on e-commerce platforms and FinTech

- Low number of deals, the highest ones are coming from Ookbee, HotelQuickly and aCommerce

- Increase driven by three large funding for Ookbee, HotelQuickly and aCommerce

- Funding spread to many different categories but there were fewer large deals

*The data doesn’t take undisclosed funding rounds into account*

- Thailand as a market has a low base of funding which explains the high growth
- Trend is clear and positive but also volatile since the increase is driven by a few number of players

**Source**: Techsauce, Tech in Asia
Thailand: Key Startup Sectors

- e-Commerce
  - TARAD.com
  - Kaidee.com
  - MOXY

- Payment
  - Omise
  - NETbay

- FinTech
  - StockRadars
  - theMarketAnyware
  - Refin
  - FINNOMENA

- Retail Investment
  - Lending & Credit
  - MEEFUND
  - asiola

- Insur Tech
  - sendit
  - aCommerce

- Crowdfunding
  - Lalamove
  - LINE MAN

- Logistics
  - Wongnai
  - Take Tour
  - BUILK

- Other
  - eatigo
  - WASHBOX
  - golfdigg

Source: Techsauce
Thailand: IP Perspectives

- S curve industries directly require IP protection.
- 20 year road map released by Department of Intellectual Property on January 26, 2017.
  - Clear backlog of patent cases – successfully improved over the past year, especially for pharmaceuticals and biotechnology.
  - Increase number of provinces with Geographical Indications.
- Thai FDA releasing new regulations to help protect cosmetic companies from parallel imports.
Thailand: Clearing patent backlog

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Examiners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design</td>
<td>24</td>
</tr>
<tr>
<td>Petty Patent Group 1 (Engineering)</td>
<td>12</td>
</tr>
<tr>
<td>Petty Patent Group 2 (Chemistry)</td>
<td>9</td>
</tr>
<tr>
<td>Invention Patent (Engineering)</td>
<td>20</td>
</tr>
<tr>
<td>Invention Patent (Electronics)</td>
<td>16</td>
</tr>
<tr>
<td>Invention Patent (Physics)</td>
<td>15</td>
</tr>
<tr>
<td>Invention Patent (Petrochemical)</td>
<td>14</td>
</tr>
<tr>
<td>Invention Patent (Technical - Chemistry)</td>
<td>13</td>
</tr>
<tr>
<td>Invention Patent (Biotechnology)</td>
<td>8</td>
</tr>
<tr>
<td>Invention Patent (Pharmaceutical)</td>
<td>12</td>
</tr>
</tbody>
</table>
### Intellectual Property Laws

<table>
<thead>
<tr>
<th>Thailand’s IP laws</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Copyright Act B.E. 2537 (1994) amended (No. 2, 3) B.E. 2558 (2015), (No. 4) B.E. 2561 (2018)</td>
<td></td>
</tr>
<tr>
<td>• Geographical Indication Protection Act B.E. 2546 (2003)</td>
<td></td>
</tr>
<tr>
<td>• Optical Disc Production Act B.E. 2548 (2005)</td>
<td>Will be revoked</td>
</tr>
</tbody>
</table>
Thailand: IP Suggestions

► Better design patent protection for GUIs (Graphical User Interfaces).
► Even more cooperation between Thai FDA and DIP to encourage protection of IP in the S curve industries.
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