Investment Climate Statement
Thailand

July 2026

Mizuho Bank, Ltd.
Global Strategic Advisory Department
Mizuho Research Institute - Research Department
Mizuho Research Institute is the name of an internal organization of Mizuho Bank, Ltd

I. Country Profile

I-1. Key Economic Indicators for Asia

Country/Region	Thailand	Vietnam	Indonesia	Philippines	Malaysia	Singapore
Population (millions)	*71.6*	*102.3*	284.4	114.1	33.9	6.1
Nominal GDP (USD 100 million)	5,770	4,940	14,456	4,872	4,722	6,039
Real GDP growth rate (y-o-y, %)	2.4	8.0	5.1	4.4	5.2	5.0
GDP per capita	*8,057*	*4,829*	5,082	4,270	13,949	99,365
Estimated GDP growth rate (2026, %)	*1.5*	*7.1*	*5.0*	*4.1*	*4.7*	*3.5*
Credit rating (S&P) as of Mar. 2026	BBB+	BB+	BBB	BBB+	A-	AAA
Country/Region	**Japan**	**China**	**South Korea**	**Cambodia**	**Laos**	**Myanmar**
Population (millions)	123.3	1,405.1	51.7	*17.8*	*7.8*	*54.9*
Nominal GDP (USD 100 million)	44,352	196,262	18,724	*493*	178	*824*
Real GDP growth rate (y-o-y, %)	1.2	5.0	1.0	*5.0*	4.8	*– 2.0*
GDP per capita	35,973	13,968	36,227	*2,762*	*2,288*	*1,502*
Estimated GDP growth rate (2026, %)	*0.7*	*4.4*	*1.9*	*4.0*	*4.0*	*3.0*
Credit rating (S&P) as of Mar. 2026	A+	A+	AA	n.a.	n.a.	n.a.

Note 1: Data are for 2025 estimates; estimated GDP growth rates for 2026 are IMF estimates.
2: S&P rating criteria:
A : An obligor rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.
BBB : An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.
BB : An obligor rated 'BB' is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions, which could lead to the obligor's inadequate capacity to meet its financial commitments

Source: Compiled by the Global Strategic Advisory Dept. of Mizuho Bank, Ltd., (MHBK) based on IMF's World Economic Outlook Database March 2026 Edition

I-2. Basic Data and Overview

Basic Data

Population	71.6 million (approx. 56% of Japan's, FY2025, IMF estimate)
Square area	513,000 km^2 approx. (1.4 times Japan's size)
Capital	Bangkok (Population: 10.35 million, 2021,UN)
Language	Thai
Ethnicities	Thai (Chinese, Malay, etc.)
Religions	Buddhist 94%, Muslim 5%, Other 1%
Currency	Thai Baht (THB)
Politics	Constitutional monarchy Head of State: King Vajiralongkorn (Rama X); Legislature: Bicameral
GDP	Nominal GDP: USD 577.0 billion; Per capita GDP: USD 8,057 (FY2025, IMF estimate)
Real GDP growth rate	1.5% (FY2026, IMF estimate)
Major industries	Agriculture (rice, cassava, sugarcane, natural rubber) and manufacturing (automobiles, ICs, electrical products, food, textiles, clothing, etc.)

Overview

- Located in the central part of the Indochinese Peninsula, the Kingdom of Thailand is one of the most industrialized countries in Southeast Asia.
- Since 1980, successful industrialization has been achieved through the introduction of foreign capital, notably including that from Japan.
- The Asian currency crisis that began in Thailand in 1997 had a serious impact on society, including neighboring countries, but the Thai economy recovered with support from the international community.
- Growth was low in 2014 due to anti-government protests, etc., but the GDP growth rate gradually recovered from 2015 onward. While the country's economy has recovered from the impact of the COVID-19 pandemic since 2023, growth remains moderate due to persistent high household debt levels and weak private consumption.
- Since around May 2025, clashes have occurred on several occasions along the border with neighboring Cambodia. Although a temporary ceasefire has been reached, root causes of the conflict such as the dispute over control of a temple remain unresolved, and the risk of the conflict recurring persists.
- In August 2025, then-Prime Minister Paetongtarn Shinawatra was forced to resign following her remarks about the border dispute with Cambodia. Anutin Charnvirakul of the Bhumjaithai Party then assumed the office of prime minister, leading a minority government.
- The Bhumjaithai Party, led by Anutin, won the general election held in February 2026.
- To reduce the accumulated household debt, which has become a long-standing problem, the government has introduced measures, such as forgiving loan interest to assist indebted people and providing digital grants.

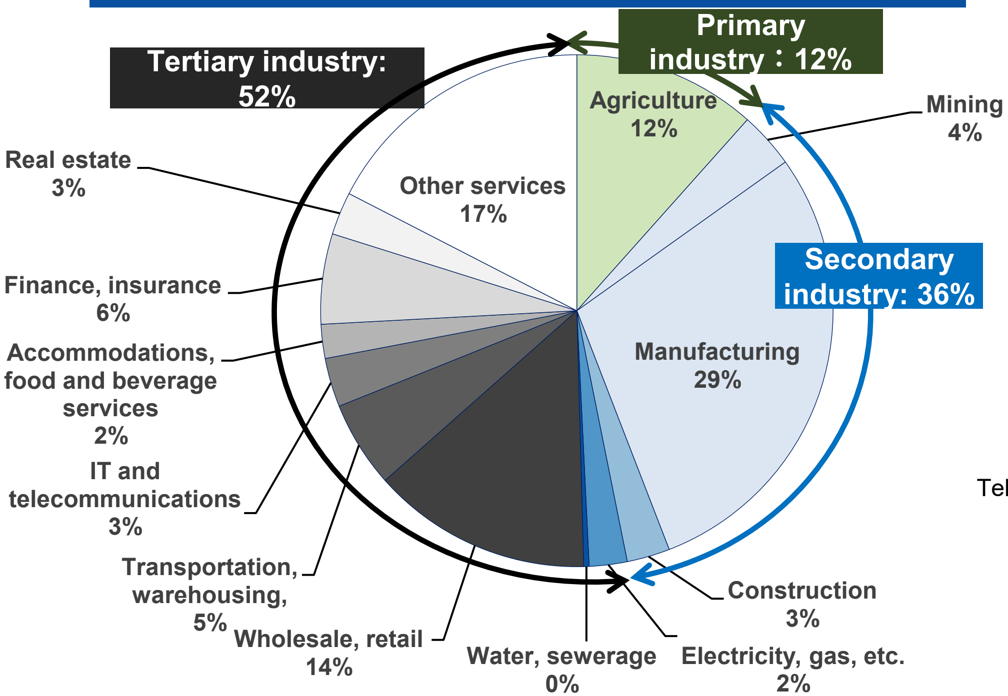
Source: Compiled by Mizuho Research Dept. (MRI) and the Global Strategic Advisory Dept. of MHBK based on public information

I-3. Economic Structure (Industry/Trade) (1): Industrial Structure

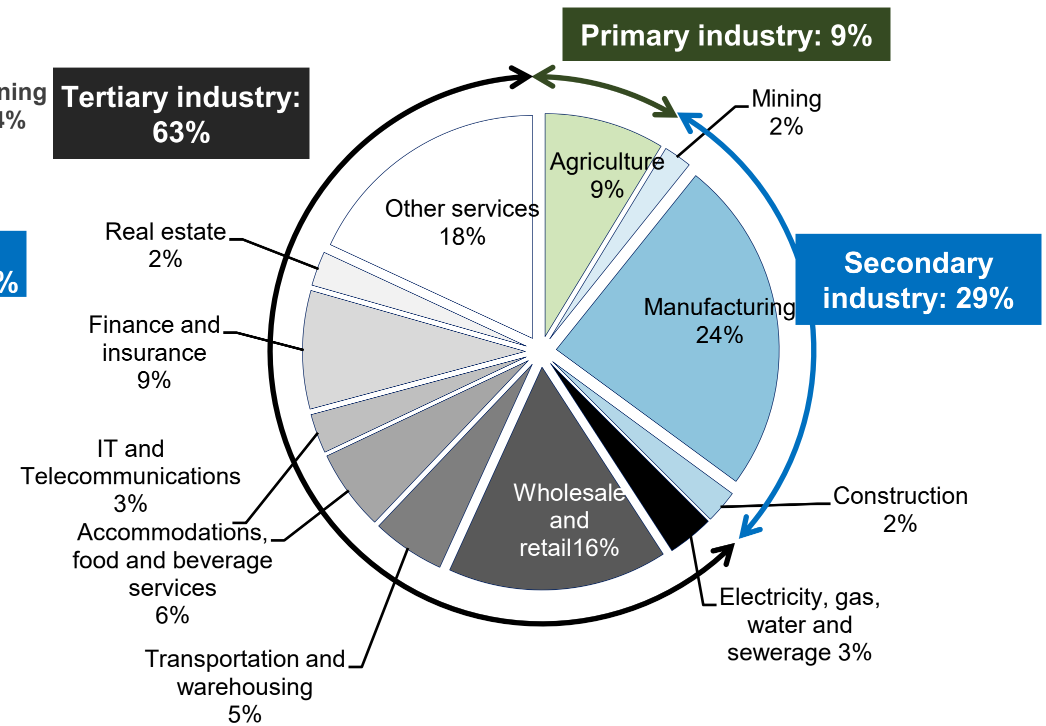
- In the 1980s, a rush of Japanese companies into Thailand led to development of the country's manufacturing industry, mainly in the automobile and electrical machinery sectors, and this drove Thailand's economic growth for a long time.
- The forms of business expansion have shifted from the traditional export-oriented type to the local market-oriented type and the cross-border supply chain.
- Reflecting the maturity of the economy, tertiary industry accounts for more than half of Thailand's GDP. In 2024, compared to 2011, the share of tertiary industry in the GDP has increased by 10%, while the share of secondary and primary industry has decreased.

GDP composition by industry (comparison of 2011 and 2024)

2011



2024



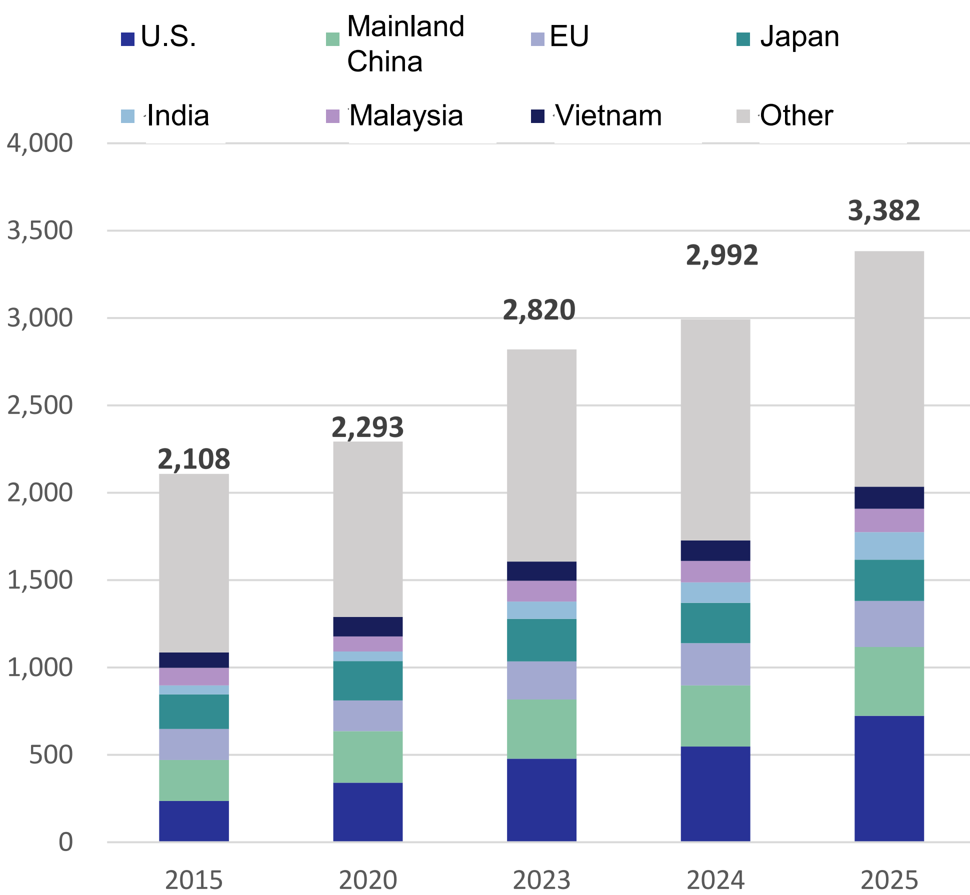
Source: Compiled by the Research Dept. of MRI and the Global Strategic Advisory Dept. of MHBK based on materials from CEIC Data

I-3. Economic Structure (Industry/Trade) (2): Trend of Export Values

- By country/region, the U.S., China, Europe, and Japan together accounted for over 40% of Thailand's exports. Although concerns were raised about the impact of U.S. tariffs in 2025, the country's exports of electronic products remained strong, supported by the global boom in AI and advanced technologies.
- In terms of export items, a significant portion of the export value was contributed by industrial products, including machinery, precision instruments, electrical machinery, chemical products, and transportation equipment, mainly automobiles, as well as by agriculture, forestry, and fishery products.

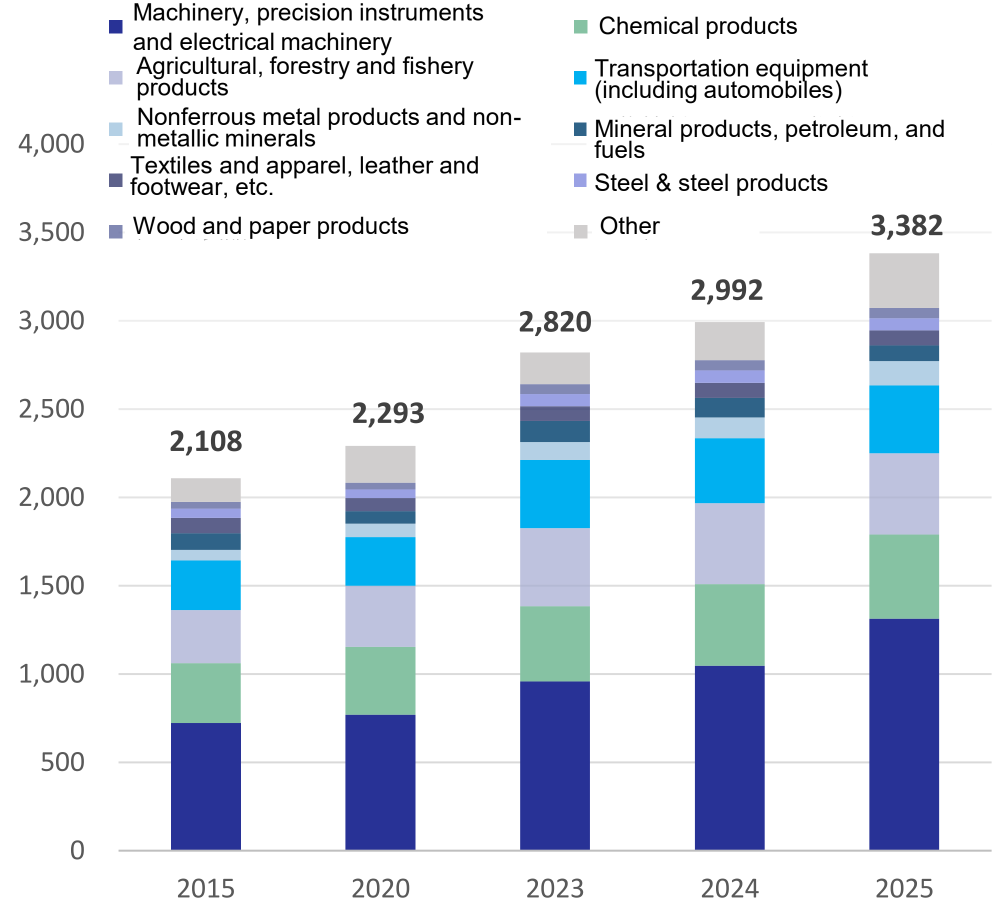
Trend of export value by county and region

(USD 100 million)



Trend of export value by product category

(USD 100 million)



Source: Compiled by the Research Dept. of MRI and the Global Strategic Advisory Dept. of MHBK based on materials from UN Comtrade

I-3. Economic Structure (Industry/Trade) (3): Breakdown of Export Values (by Country/Region and Export Item Category)

■ **The largest export destinations for Thailand's most significant exports, which include machinery, precision instruments, and electrical machinery, is the U.S. For other major export items such as chemical products and agricultural, forestry, and fishery products, Mainland China is the primary export destination.**

Export value breakdown (by country/region and export item category): 2025

(USD 100 million)

	Agricultural, forestry and fishery products	Mineral products, petroleum, and fuel	Chemical products	Wood and paper products	Fibers & textiles, clothing, leather, footwear, etc.	Steel and steel products	Non-ferrous metal products and non-metallic minerals	Machinery, precision instruments, electrical machinery	Transportation equipment (including automobiles)	Other	Country/ region total
U.S.	50.8 (11%)	0.3 (0.3%)	77.9 (16.3%)	6.3 (11%)	18.9 (22.5%)	15.4 (22.2%)	21.4 (15.6%)	461.1 (35.1%)	26.0 (6.8%)	45.2 (14.6%)	**723**
Mainland China	101.7 (22.1%)	5.0 (5.6%)	102.1 (21.4%)	20.3 (35.6%)	7.6 (9%)	3.3 (4.8%)	32.7 (23.8%)	108.1 (8.2%)	10.2 (2.7%)	2.9 (0.9%)	**394**
EU	27.3 (5.9%)	0.3 (0.3%)	30.3 (6.3%)	1.3 (2.3%)	8.3 (9.9%)	5.0 (7.2%)	6.1 (4.4%)	146.6 (11.2%)	19.6 (5.1%)	19.2 (6.2%)	**264**
Japan	42.7 (9.3%)	0.8 (0.9%)	41.1 (8.6%)	2.3 (4%)	8.0 (9.5%)	6.0 (8.6%)	17.1 (12.5%)	89.0 (6.8%)	20.2 (5.3%)	7.9 (2.6%)	**235**
India	16.4 (3.6%)	1.6 (1.8%)	34.6 (7.2%)	2.1 (3.6%)	2.9 (3.4%)	5.6 (8%)	8.7 (6.4%)	35.3 (2.7%)	4.9 (1.3%)	45.9 (14.8%)	**158**
Malaysia	19.7 (4.3%)	13.0 (14.5%)	19.6 (4.1%)	2.5 (4.3%)	1.1 (1.3%)	3.5 (5%)	3.5 (2.5%)	46.4 (3.5%)	22.8 (5.9%)	1.8 (0.6%)	**134**
Vietnam	16.1 (3.5%)	6.0 (6.7%)	26.4 (5.5%)	3.8 (6.6%)	7.2 (8.6%)	2.4 (3.5%)	12.1 (8.8%)	32.9 (2.5%)	18.9 (4.9%)	1.6 (0.5%)	**127**
Other	185.5 (40.3%)	63.0 (70%)	146.1 (30.6%)	18.6 (32.6%)	30.2 (35.8%)	28.3 (40.7%)	35.8 (26%)	393.1 (30%)	260.2 (68%)	185.6 (59.9%)	**1,347**
Export items total	**460**	**90**	**478**	**57**	**84**	**70**	**137**	**1,312**	**383**	**310**	**3,382**

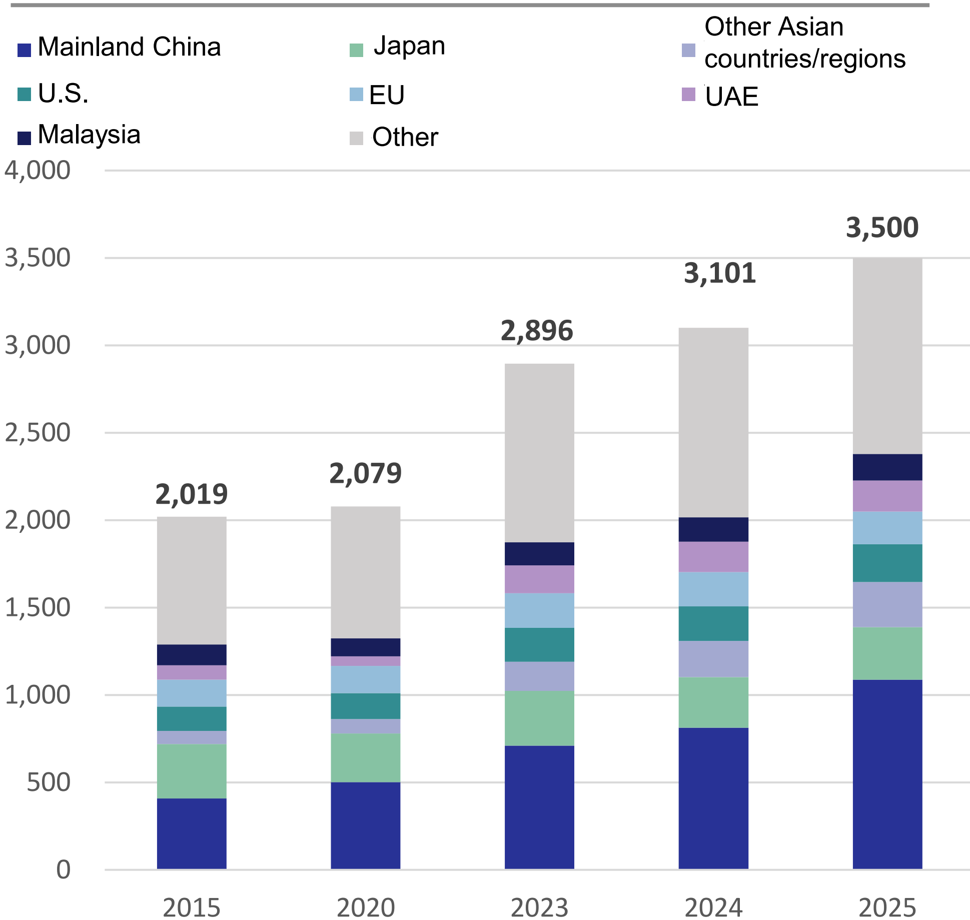
Note 1: Percentage of each export item category by export destination country and region; the cells with the highest percentage are shown in blue.
Note 2: "Other" represents the total trade value of countries/regions that are not separately aggregated in the source data, including Taiwan.
Export item classification is based on the two-digit HS code classification.

Source: Compiled by the Research Dept. of MRI and the Global Strategic Advisory Dept. of MHBK based on materials from UN Comtrade

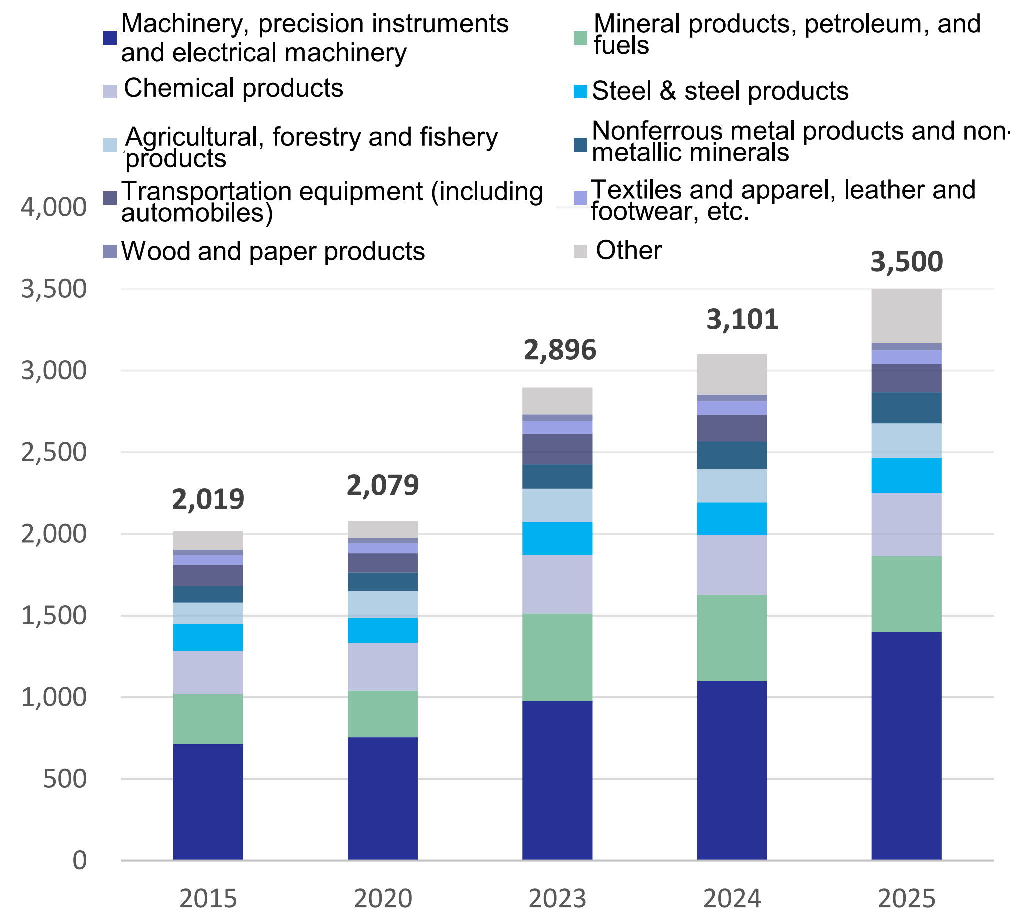
I-3. Economic Structure (Industry/Trade) (4): Trend of Import Values

- The largest source of imports shifted from Japan to Mainland China in 2014, with Mainland China maintaining that position since then.
- While imports from Japan have remained stable, those from Mainland China have shown a continuous increase.
- In terms of import categories, machinery, precision instruments, and electrical machinery used in manufacturing, along with mineral products, petroleum, and fuel, have consistently accounted for about 50% of the total imports each year.

Trend of import value by county and region (USD 100 million)



Trend of import value by product category (USD 100 million)



 Source: Compiled by the Research Dept. of MRI and the Global Strategic Advisory Dept. of MHBK based on materials from UN Comtrade

I-3. Economic Structure (Industry/Trade) (5): Breakdown of Import Values (by Country/region and Import Item Category)

- **Imports from Mainland China are dominant for most items. In the transportation equipment sector, where Japan once held the largest share of exports to Thailand, Mainland China has surpassed Japan to become the leading exporter.**
- **The United Arab Emirates (UAE) is the main exporter of mineral products, petroleum, and fuels.**

Import value breakdown (by country/region and import item category): 2025

(USD 100 million)

	Agricultural, forestry and fishery products	Mineral products, petroleum, and fuel	Chemical products	Wood and paper products	Fibers & textiles, clothing, leather, footwear, etc.	Steel and steel products	Non-ferrous metal products and non-metallic minerals	Machinery, precision instruments, electrical machinery	Transportation equipment (including automobiles)	Other	Country/ region total
Mainland China	32.2 (15.2%)	3.1 (0.7%)	126.8 (32.8%)	15.8 (35.1%)	39.6 (46.1%)	94.1 (44%)	70.4 (37%)	572.3 (40.9%)	63.5 (37.1%)	70.0 (21.2%)	**1,088**
Japan	4.9 (2.3%)	1.1 (0.2%)	40.8 (10.6%)	2.8 (6.2%)	4.0 (4.7%)	50.2 (23.5%)	26.0 (13.6%)	129.6 (9.3%)	32.3 (18.9%)	8.1 (2.5%)	**300**
Other Asian countries/regions	3.1 (1.5%)	0.2 (0%)	10.8 (2.8%)	0.5 (1%)	2.6 (3%)	7.8 (3.6%)	4.5 (2.3%)	226.8 (16.2%)	0.9 (0.5%)	0.9 (0.3%)	**258**
U.S.	14.2 (6.7%)	58.9 (12.7%)	25.8 (6.7%)	6.2 (13.7%)	3.4 (4%)	6.6 (3.1%)	8.2 (4.3%)	61.6 (4.4%)	24.2 (14.1%)	6.9 (2.1%)	**216**
EU	14.4 (6.8%)	1.1 (0.2%)	46.4 (12%)	4.5 (10.1%)	11.4 (13.3%)	6.3 (3%)	8.3 (4.4%)	68.6 (4.9%)	15.5 (9.1%)	11.2 (3.4%)	**188**
UAE	0.3 (0.1%)	130.9 (28.2%)	0.7 (0.2%)	0.0 (0.1%)	0.0 (0%)	0.2 (0.1%)	3.3 (1.7%)	0.2 (0%)	0.1 (0%)	41.3 (12.5%)	**177**
Malaysia	8.1 (3.8%)	29.7 (6.4%)	20.5 (5.3%)	2.3 (5.1%)	0.6 (0.7%)	5.1 (2.4%)	6.9 (3.6%)	70.8 (5.1%)	4.0 (2.3%)	3.6 (1.1%)	**152**
Other	135.3 (63.7%)	239.3 (51.5%)	114.5 (29.6%)	12.9 (28.7%)	24.1 (28.1%)	43.6 (20.4%)	62.9 (33%)	270.3 (19.3%)	30.7 (17.9%)	188.2 (57%)	**1,122**
Import items total	**213**	**464**	**386**	**45**	**86**	**214**	**190**	**1,400**	**171**	**330**	**3,500**

Note 1: Percentage of each import item category by partner country and region; the cells with the highest percentage are shown in blue.
Note 2: "Other" represents the total trade value of countries/regions that are not separately aggregated in the source data. “Other Asian countries/regions” includes Taiwan.
Import item classification is based on the two-digit HS code classification.

Source: Compiled by the Research Dept. of MRI and the Global Strategic Advisory Dept. of MHBK based on materials from UN Comtrade

I-4. Economic and Industry Characteristics

- **In manufacturing, the automotive and electrical/electronic industries have a strong presence.**
- **Recently, Thailand has continued to actively attract investment to foster advanced industries under the economic vision laid out in Thailand 4.0.***
- **The agriculture, forestry, fisheries, and service industries are also important means of earning foreign currency.**

*** While Thailand's growth process has focused on agriculture (stage 1), light industry (stage 2), and heavy industry (stage 3), the national strategy is to move to the fourth stage of development where high value-added goods and services are created continuously through innovation and productivity improvement.**

Characteristics and trends of major industries

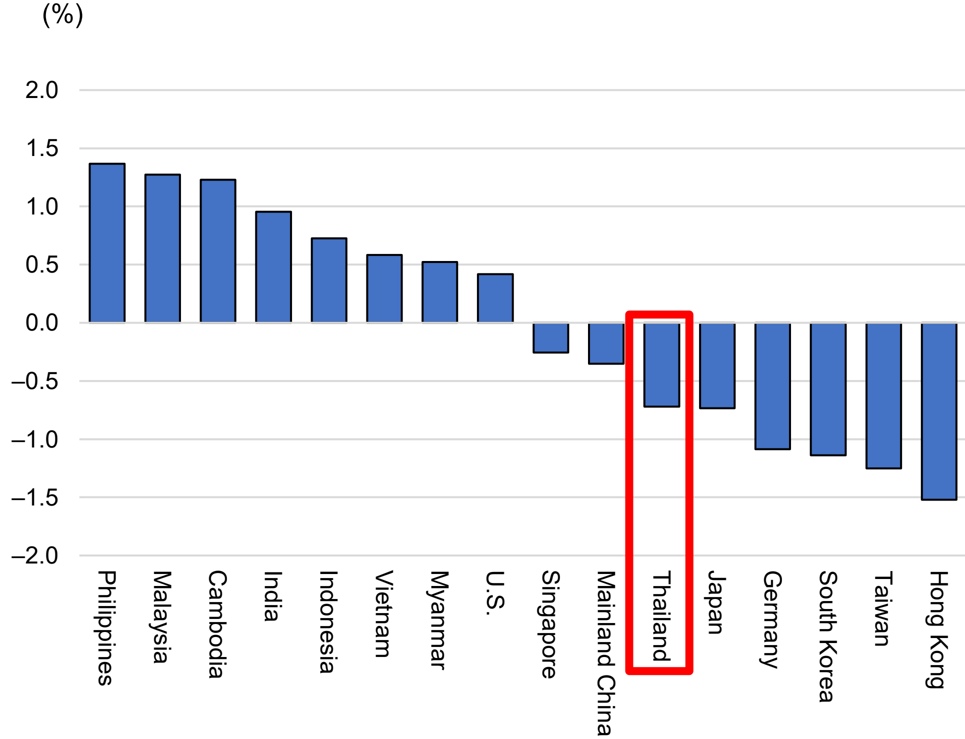
	Manufacturing	Agriculture, forestry, and fisheries	Service
Characteristics	✓ Functions as the core base for auto production in Asia (the Detroit of Asia). Japanese manufacturers are unrivalled (90% of auto production). ✓ The main exports are consumer appliances, HDDs, integrated circuits, and semiconductors. Among ASEAN members, Thailand has an advantage in its consumer appliance sector's well-developed parts industry.	✓ Even in recent years, this industry remains a major employer, accounting for just under 10% of nominal GDP and about 30% of the working population. ✓ Major export crops are rice, cassava, sugar cane, and natural rubber.	✓ The service industry is subject to foreign investment restrictions with some exceptions. Entry with a majority of foreign capital is prohibited, in principle. However, entry with 100% foreign capital is possible for retailers and wholesalers with a minimum capital exceeding a certain amount. ✓ The tourism industry is one of the country's major industries and focuses on measures to attract tourists.
Recent trends	✓ In 2026, exports have remained strong against the backdrop of robust global demand for electronic products. ✓ Thailand's Office of Industrial Economics (OIE) has identified promising manufacturing sectors for 2026: 1) Electronic components, 2) Automotive (EV) related, 3) Computers and hard disk drives, 4) Food, and 5) Animal feed and pet food	✓ In rice production, Thailand remained sixth in the world from 2018 to 2024. ✓ Cassava, sugarcane, and other crops are gaining attention as biofuels. ✓ The Thai government is supporting the advancement of agriculture using ICT and promoting "smart agriculture."	✓ The number of foreign tourists in 2025 was 32.97 million, down 7.2% from the previous year. This was driven by a significant decline in Chinese tourists due to safety concerns. International tourism income also fell by 1.3% year-on-year to THB 2.7 trillion. ✓ Recent developments include rising airfares due to the situation in the Middle East, raising concerns about a decline in tourism demand. In the medium-to-long term, the country aims to promote high-consumption sectors such as medical tourism to bolster international tourism income.

Source: Compiled by the Global Strategic Advisory Dept. of MHBK based on public information

I-5. Issues in Economic Development

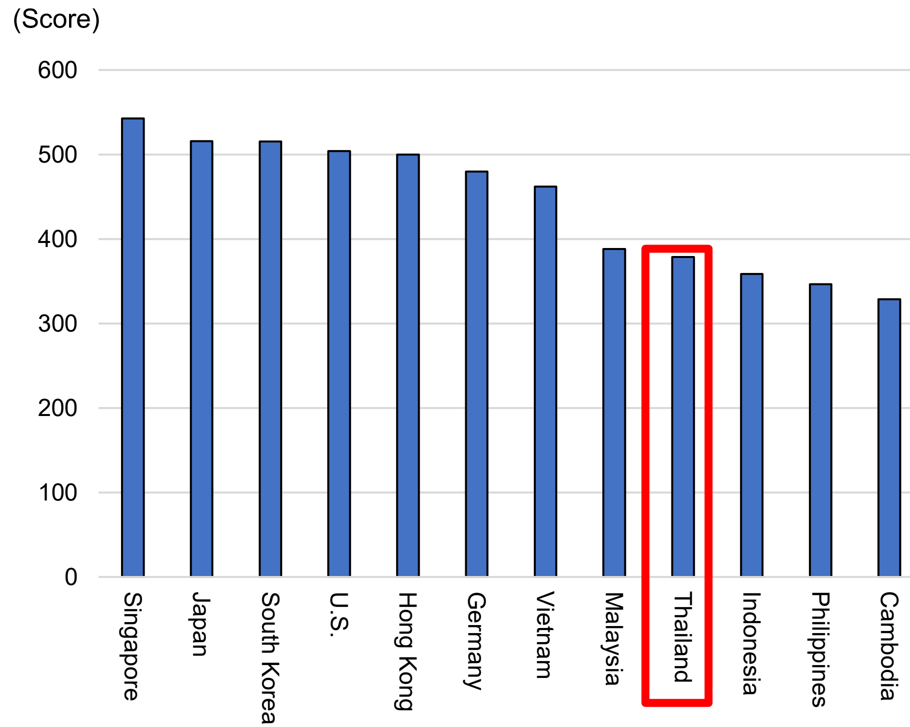
- According to United Nations statistics, the working-age population is projected to decline by an average of 0.7% over the next 10 years. This is one of the factors that could lead to negative economic growth.
- The World Bank assesses that Thailand lags behind other countries, such as Vietnam and Malaysia, in terms of human capital development, which is a foundation for economic growth. In response, the government has designated the education sector as a priority industry and has introduced measures, including providing tax incentives to companies that offer advanced skill training and courses.
- In the capital, Bangkok, traffic congestion has become a social problem. Although improvements to transportation infrastructure, including expanding the railway network, are underway, there is still a long way to go.

Increase in the working-age population (expected average from 2024 through 2033)



Note: Working-age population refers to people aged 15 to 64.
Source: Compiled by the Global Strategic Advisory Dept. of MHBK based on materials from the UN

Average reading literacy score of PISA* (2022)

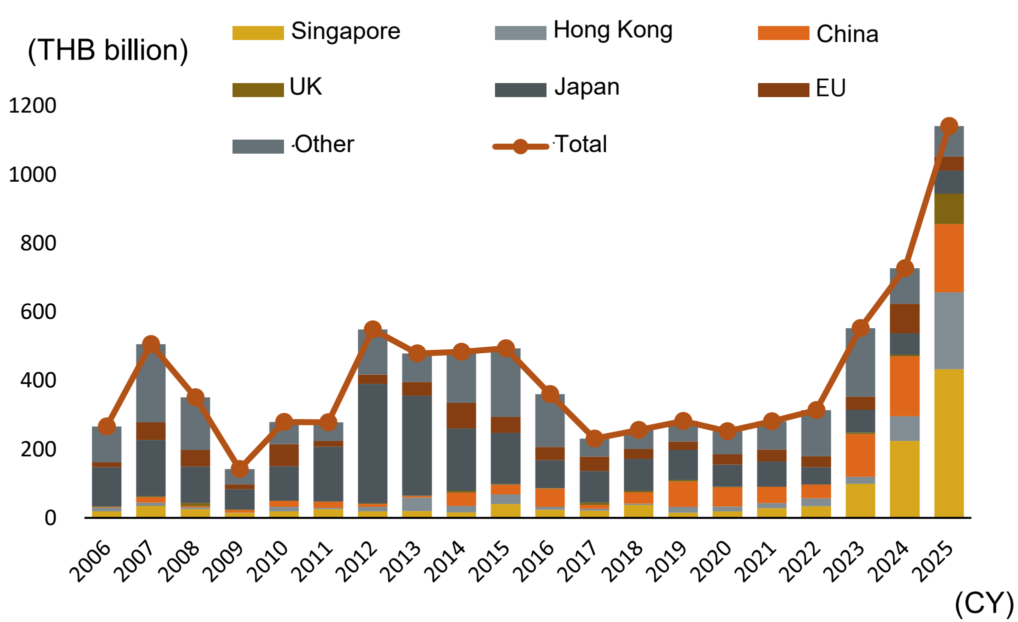


* Programme for International Student Assessment (PISA) by OECD
Source: Compiled by the Global Strategic Advisory Dept. of MHBK based on materials from the UN

I-6. Foreign Direct Investment (FDI) (1): Inward Investment

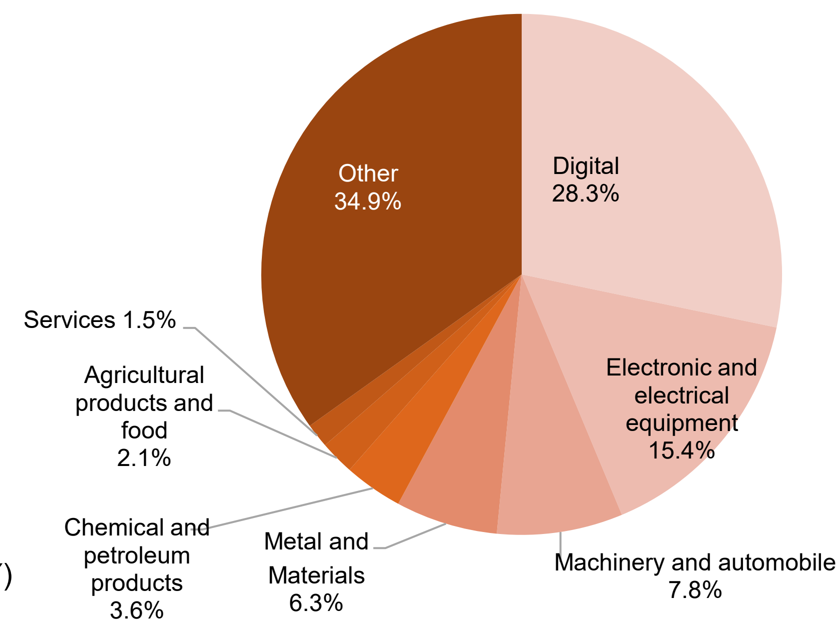
- **The amount of approved investment from foreign countries rose significantly in 2025, marking the third consecutive year of growth since 2022. According to data published by the Thailand Board of Investment (BOI), the amount of approved foreign investment in 2025 increased by 57% from the previous year to approximately THB 1.14 trillion, which is the highest level since 2014.**
- **By country, Singapore ranked first, with approximately THB 433.0 billion, a 98% increase from the previous year. By industry, the amount of investment applications in the digital sector, including data centers and cloud services, saw significant growth.**
- **In October 2024, the Thai government established the National Semiconductor and Advanced Electronics Policy Committee and formulated a comprehensive roadmap focusing on preferential investment treatment, the development of skilled workers, and supply chain enhancement. Investment in the digital and electronics sectors has increased significantly recently, making up more than 40% of the total.**
- **Since 2023, amid slower economic growth and overproduction in China, companies that target the ASEAN market have aggressively pursued large-scale investments in Thailand. In addition, in order to adapt to changing supply chains triggered by U.S.-China relations and to avoid geopolitical risks, there has been a trend of relocating production sites for certain products to be exported to the U.S. to Thailand. As a result, the amounts of investments from China have increased.**

FDI flow trends by country/region



Note: The amounts are based on approved investments.

FDI by industry (2025)

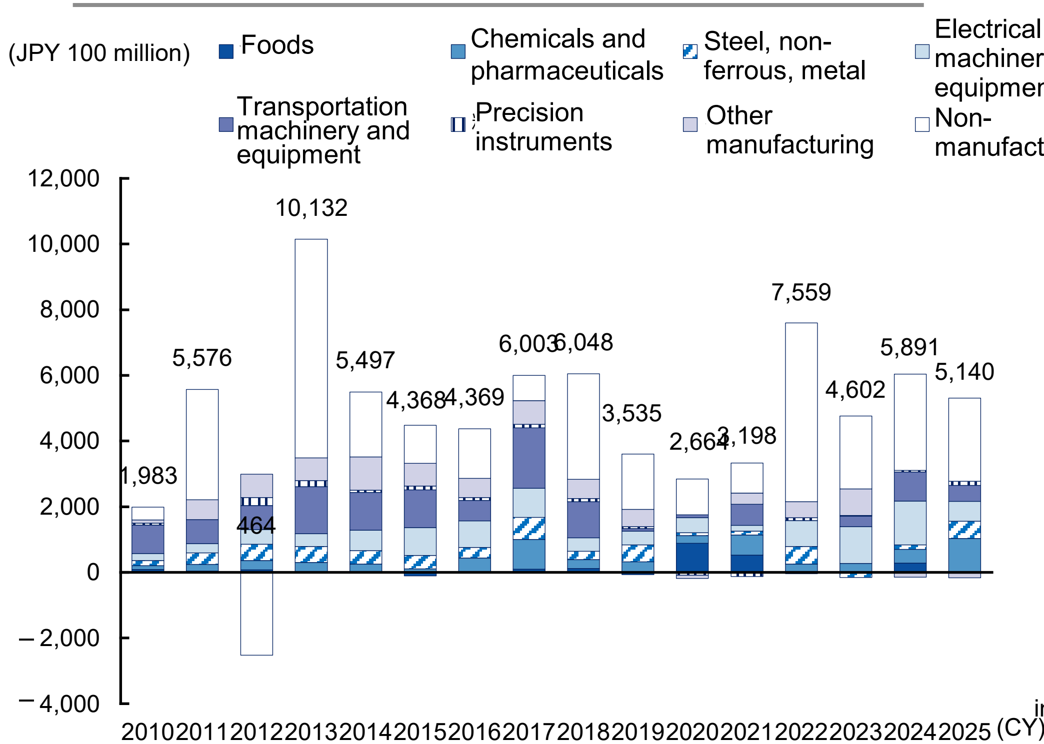


Source: Compiled by the Research Dept. of MRI and the Global Strategic Advisory Dept. of MHBK based on materials from BOI

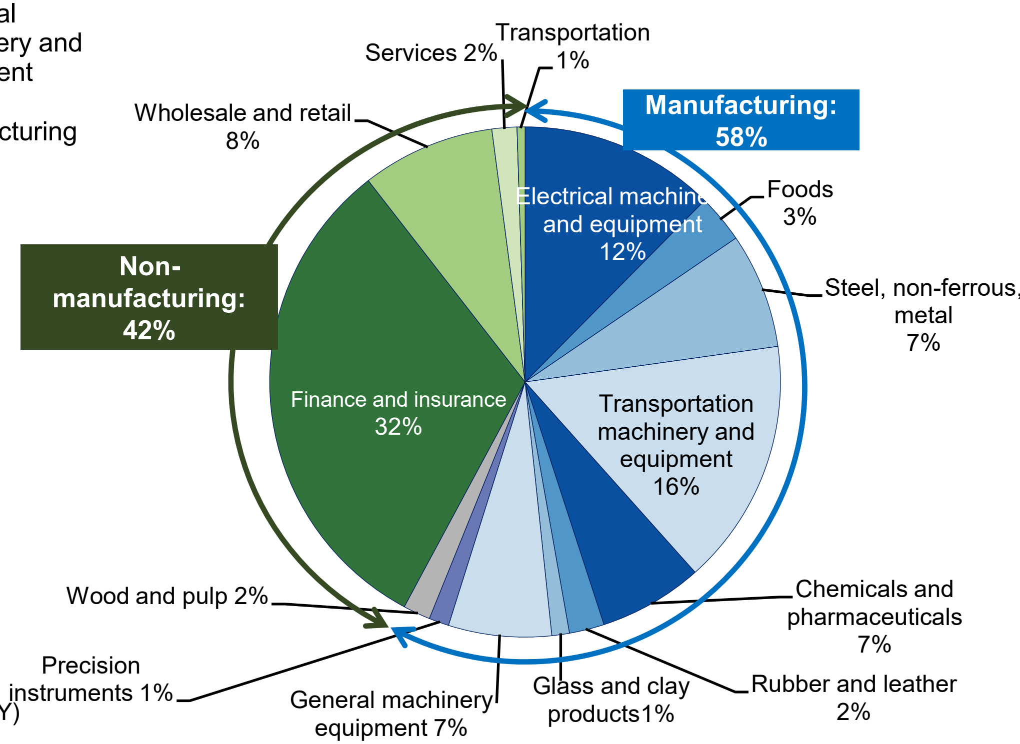
I-7. Foreign Direct Investment (FDI) (2): Investment from Japan

- The amount of investment from Japan has rebounded since 2021, following a temporarily downturn caused by the spread of COVID-19.
- In terms of balance by industry, the majority of investments has been made by manufacturers of transportation equipment, mainly automobiles, as well as electrical machinery and other devices.
- In November 2020, Thailand signed the Regional Comprehensive Economic Partnership (RCEP), which came into effect on January 1, 2022. To bolster trade policies that have fallen behind those of Vietnam, the government is promoting the signing of new FTAs, including exploring membership in the TPP-11.

FDI flow trends from Japan to Thailand



Balance of Japan's investments in Thailand (2024)



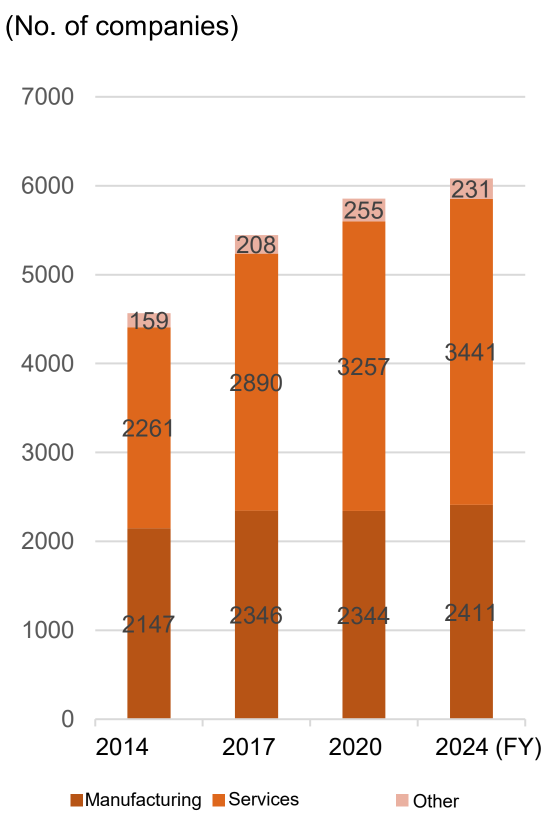
Note 1: Data before 2013 and data from 2014 onward are not directly comparable due to a change in the standard for Balance of Payments (BOP) statistics.
Note 2: The amounts are based on investments actually made.

Source: Compiled by the Research Dept. of MRI and the Global Strategic Advisory Dept. of MHBK based on the Bank of Japan's standard for Balance of Payments (BOP) statistics

I-8. Foreign Direct Investment (FDI) (3): Trends Involving Japanese Companies Operating in Thailand

- The number of Japanese companies in Thailand continues to increase steadily. According to JETRO's survey in December 2024, 6,083 Japanese companies were operating in Thailand.
- JBIC's FY2025 questionnaire about promising countries showed that expectations for the Thai market have faded amid intensifying competition with companies backed by Chinese capital, and the vote share hit an all-time low.
- As the number of Japanese companies planning expansion is smaller compared with other countries, Japanese companies need to review their future business strategies.

Changes in the number of Japanese companies operating in Thailand (2024)



Breakdown of service industry	3,441
Wholesale	1,583
Professional services	329
Transport and postal service	190
Information and communications	238
Technical service	200
Restaurant	240
Other	669

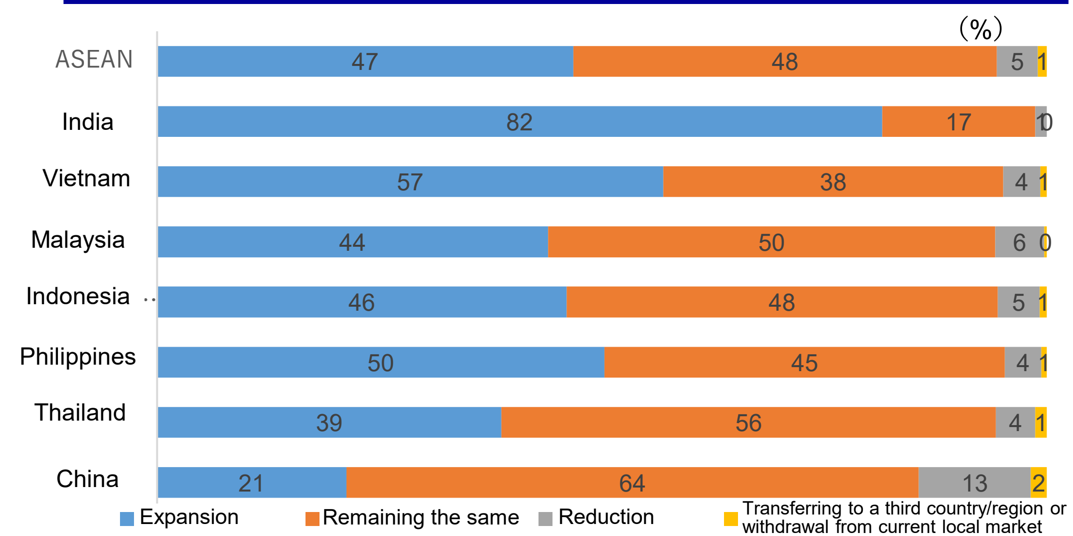
Breakdown of manufacturing industry	2,411
Foods	125
Beverages, tobacco, and feed	10
Textiles	85
Wood and wood products	3
Furniture and fixtures	18
Pulp, paper and paper products	38
Printing and related industry	34
Chemical industry	137
Petroleum and coal products	19
Plastic products	205
Rubber products	73
Ceramic and clay products	50
Metal manufacturing and processing	590
General machinery	251
Electrical machinery	187
Information and communication electronics equipment	26
Transportation machinery and equipment	457
Other	103

Note: "Japanese companies" refer to Japanese companies or companies with a 10% or more investment share from Japanese investors.

Questionnaire about promising counties/regions

FY2020 survey		FY2021 survey		FY2022 survey		FY2023 survey		FY2024 survey	
Share	(%)	Share	(%)	Share	(%)	Share	(%)	Share	(%)
China	47	China	47	India	40	India	49	India	599
India	46	India	38	China	37	Vietnam	30	Vietnam	31
Vietnam	37	U.S.	33	U.S.	32	China	28	U.S.	26
Thailand	31	Vietnam	30	Vietnam	29	U.S.	27	Indonesia	25
U.S.	28	Thailand	22	Thailand	23	Indonesia	25	Thailand	19
Indonesia	27	Indonesia	19	Indonesia	21	Thailand	22	China	17
Philippines	10	Philippines	9	Malaysia	8	Mexico	11	Mexico	11
Malaysia	10	Mexico	9	Philippines	8	Philippines	9	Malaysia	7
Mexico	9	Malaysia	8	Mexico	7	Malaysia	7	Philippines	7
Myanmar	7	Taiwan	6	Taiwan	6	Germany	5	Germany	6

Business development plan for coming years (2025)



Source: Compiled by the Global Strategic Advisory Dept. of MHBK based on JETRO materials (results of questionnaires in December 2024 and February 2025)

I-9. Potential as an Investment Destination

- Thailand offers attractions such as enhanced infrastructure, a geographical advantage as the center of the Mekong region, and clusters of supporting industries.
- For priority industries designated by the government, investment incentive systems have been strengthened.
- Thailand faces issues of a declining birthrate and aging population, rising labor costs, and a shortage of skilled workers. The government has introduced initiatives to address these challenges.
- Factors that could affect government administration, such as recent regime changes, coalition realignments, and the border dispute with Cambodia, require close attention.
- Participation of Chinese companies in the Thai market may intensify competition, while there are risks, such as the possibility of the border dispute with Cambodia disrupting supply chains.

Investment attractions / growing industries

- Cluster of supporting industries
- Investment incentive programs, primarily through the BOI
- Export and logistics hub for business with ASEAN countries
- High consumer purchasing power
- Geographical advantage

Points to note for investment (issues)

- Rising labor costs
- Lingering risk of recurrence of demonstrations and coups
- Development of skilled workers
- Buildup of household debt
- Competition intensified by Chinese companies' market participation
- Risk of supply chain disruption due to the border dispute with Cambodia

Sources: Compiled by the Research Dept. of MRI and the Global Strategic Advisory Dept. of MHBK based on various reports

II. Investment-related Information

II-1. Labor-related Information (1): Visas and Employment Regulations

- **Foreign nationals need to obtain a "B" visa (i.e., a non-immigrant business visa) and a work permit to work in Thailand. In principle, at least four Thais nationals need to be employed to extend one foreigner's visa.**
- **In February 2018, the Smart Visa began to be issued to foreign nationals. It exempts visa recipients from the obligation of acquiring a work permit and the requirement to submit a residence report every 90 days, if certain conditions are fulfilled (e.g., being an advanced technical specialist or an investor). In June 2022, a long-term resident (LTR) visa system was introduced for the purpose of attracting wealthy foreigners and investors to Thailand. As a result, it is now possible to apply for a visa that is valid for 10 years if certain requirements are met.**
- **In March 2025, the** Thailand Investment and Expat Service Center (TIESC) was established. Foreign nationals who meet certain requirements, such as being a foreign employee of a company authorized by the BOI, can apply for both a visa and a work permit simultaneously through the TIESC.

Acquisition of a visa, etc., and points to note

Work visa and work permit

- ✓ Foreign nationals need to obtain both a "B" visa and a work permit to work in Thailand. A "B" visa is required to enter Thailand, while a work permit is required to work in Thailand.
  1. "B" visa
     Based on the *Immigrant Act* of Thailand, foreign nationals need to obtain a visa from the Thai Immigration Bureau as according to purpose of entry.
  2. Work permit
     Based on Thailand's *Alien Work Permit Act*, foreign nationals must obtain a work permit from the Ministry of Labour (Employment Bureau).
- ✓ These are issued by different authorities but are institutionally paired. A "B" visa can be renewed only when a work permit is renewed.

General acquisition flow

1. Obtain a "B" visa at a Thai embassy or consulate abroad.
2. → Obtain a 90-day residence permit at immigration clearance.
3. → Apply for a work permit during the residence permit period.
4. → Usually, a work permit is granted within the 90-day residence permit period.
5. → Apply for a visa extension during the visa and work permit period, and then obtain a residence permit for one year from the date of entry.
6. → After visa extension is granted, apply for a work permit extension to extend the permit along with visa extension.

Employment/dismissal regulations in Thailand

- ✓ In the case of dismissal for company reasons, the employer must pay dismissal allowance depending on the length of service.
- ✓ Companies employing 10 or more employees are obliged by law to prepare work regulations in Thai. The *Labour Protection Act* of Thailand specifies the minimum work regulations as follows:

Article 108, Paragraph 1 of the *Labour Protection Act*: Employers (companies) employing 10 or more employees must establish work regulations in Thai. The work regulations must contain at least the following details.

(1) Work days, normal work hours, and break time
(2) Principles on leave and granting leave
(3) Principles on overtime work and holiday work
(4) Day and place of payment of wages, overtime allowance, holiday allowance, and holiday overtime allowance
(5) Principles regarding vacation and granting vacation
(6) Discipline and sanctions for discipline violations
(7) Petitioning
(8) Dismissal, dismissal allowance, and special dismissal allowance(

- ✓ In October 2025, following a revision to the *Labour Protection Act*, in order to protect workers, companies employing 10 or more employees will be obliged to either join a labor welfare fund or establish a provident fund.

Sources: Compiled by the Global Strategic Advisory Dept. of MHBK based on JETRO materials, the *Labour Protection Act*, and other materials

II-1. Labor-related Information (2): Labor Cost

(USD/month)

	Country/region	Japan	China		Hong Kong	Taiwan	South Korea	Singapore	Malaysia	Thailand
	City	Tokyo	Shanghai	Shenzhen	Hong Kong	Taipei	Seoul	Singapore	Kuala Lumpur	Bangkok
Manufacturing	Workers' wages (general worker)	2,151	957	535	2,722	1,341	2,075	2,195	490	437
Manufacturing	Engineers	2,611	1,294	1,001	3,928	1,704	2,778	3,108	917	781
Manufacturing	Managers	3,587	2,052	1,988	4,767	2,709	3,688	4,909	1,773	1,622
Non-manufacturing	Staffs' wages (general level)	2,126	1,527	1,496	2,743	1,648	2,407	3,094	1,023	844
Non-manufacturing	Managers' wages	3,760	2,841	2,180	4,596	2,726	3,822	5,585	2,179	1,709
Non-manufacturing	Shop staffs' wages (Apparel)	2,849	—	1,656	1,904	1,184	2,990	1,638	754	386
Non-manufacturing	Shop staffs' wages (Food)	2,266	—	891	2,189	1,121	1,978	1,404	530	386
	Legal minimum wage	8.33/hour	385/month	355/month	5.42/hour	933/month (or 6. 2/hour)	1,547/month	—	408/month	10.16 – 11.40/day
	Bonus payments (fixed bonus + variable bonus)	4.85 months' base salary	2.3 months' base salary	2.6 months' base salary	1.96 months' base salary	3.41 months' base salary	2.73 months' base salary	2.32 months' base salary	2.08 months' base salary	2.68 months' base salary
	Social security burden ratio (Employer's burden ratio)	13.11% – 25.16%	30.7 – 34.4%	24 – 36.7%	(1) 5% Less than 30,000 HKD monthly salary (2) 1,500 HKD 30,000 HKD and more monthly salary	14.3%	10.15% – 28.75%	17%	14.45 – 14.95%	5%
	Nominal wage increase rate	2.1% (2025)	1.03% (2024)	6.0% (2023)	3.5% (2024)	4.42% (2024)	2.9% (2024)	5.2% (2023)	Management: 5.88% Non-management: 5.56% (2023	0.45% (2023)

	Country/region	Indonesia	Philippines	Vietnam		Cambodia	Laos	Myanmar	India	
	City	Jakarta	Manila	Hanoi	Ho Chi Minh	Phnom Penh	Vientiane	Yangon	New Delhi	Mumbai
Manufacturing	Workers' wages (general worker)	475	314	278	329	115	243	148	448	337
Manufacturing	Engineers	600	478	520	619	203	453	351	673	543
Manufacturing	Managers	1,295	1,042	1,121	1,215	672	1,049	713	1,359	1,490
Non-manufacturing	Staffs' wages (general level)	545	567	797	759	336	656	508	735	696
Non-manufacturing	Managers' wages	1,289	1,472	1,688	1,537	751	1,398	1,381	1,850	1,777
Non-manufacturing	Shop staffs' wages (Apparel)	296 – 395	324	—	249 – 322	128	250 – 350	86 – 119	178 – 262	—
Non-manufacturing	Shop staffs' wages (Food)	296 – 460	324	—	237 – 249	91	250 – 500	86 – 110 (meals and a dorm provided) 119 – 143 (commutable employees)	178 – 297	190.3 – 297.3
	Legal minimum wage	333/month	10.66 – 11.31/day	206/month (or 0.99/hour)	206/month (or 0.99/hour)	73.1/month	204/month	2.29/day	Unskilled:215/month Semi-skilled: 237/month Skilled: 261/month	Unskilled: 183/month Semi-skilled: 169/month Skilled: 156/month
	Bonus payments (fixed bonus + variable bonus)	2.26 months' base salary	1.84 months' base salary	1.6 months' base salary	1.6 months' base salary	1.01 months' base salary	1.08 months' base salary	1.44 months' base salary	1.08 months' base salary	1.35 months' base salary
	Social security burden ratio (Employer's burden ratio)	10.24 – 11.74%	9.5%	21.5%(social insurance premiums) 17.5%(foreign workers)	21.5%(social insurance premiums) 17.5%(foreign workers)	6% (monthly salary 4.5 million LAK or less) 270,000 LAK (monthly salary over 4.5 million LAK)		Age 60 or under: 7% Over age 60: 7.5%	13%	13%
	Nominal wage increase rate	3.38% (2024)	5.74 – 6.11% (2024)	—	—	—		—	8.0% (2023)	25.0% (2023)

Survey period: September 2025 for Mainland China, Hong Kong, Taiwan and South Korea; August to September 2025 for Tokyo; October to November 2024 for other countries

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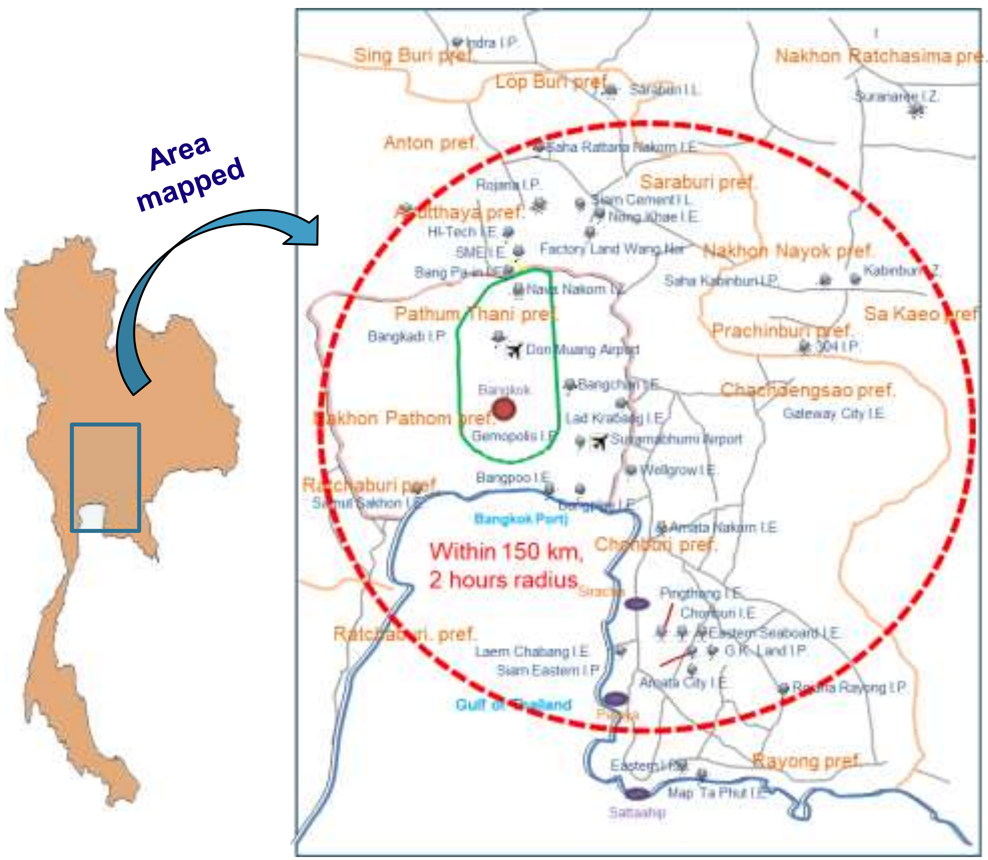
Source: Compiled by the Global Strategic Advisory Dept. of MHBK based on JETRO materials

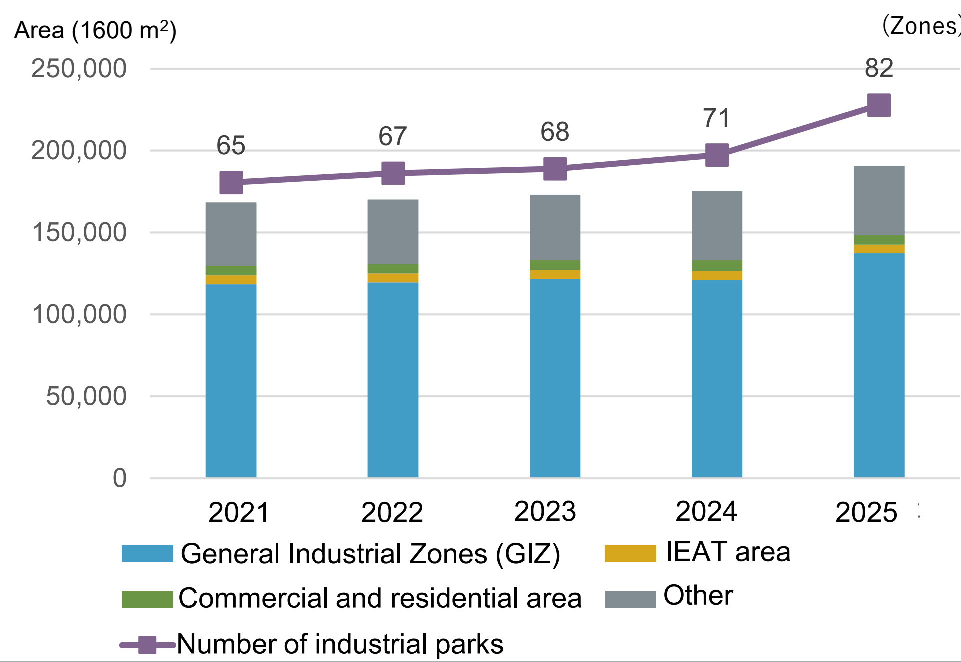
II-2. Key Industrial Parks

- Since 1980, the demand for industrial land has increased rapidly mainly in the Bangkok metropolitan area, and industrial parks have been actively created and developed mainly by the private sector. There are 89 industrial parks as of 2023, providing plenty of options.
- Foreign-affiliated companies can also purchase land through the use of the investment promotion system,* and there is no regulation requiring the land to be returned after a certain period of time.
- The manufacturing industry is concentrated in the suburbs of the Bangkok metropolitan area which has good access to ports (including many river ports and deep-sea ports), and this shortens domestic transportation and delivery distances, contributing to lower logistics costs.



*In principle, foreigners (including corporations) are not allowed to acquire land. However, companies receiving BOI promotion and companies located in industrial parks approved by the Industrial Estate Authority of Thailand (IEAT) may acquire land, regardless of the percentage of foreign investment.

Changes in the cumulative area of industrial parks and the number of industrial parks (as of April 2026)



Sources: Compiled by the Global Strategic Advisory Dept. of MHBK based on materials from MHCB Consulting (Thailand) and public information

III. Establishing a Local Subsidiary

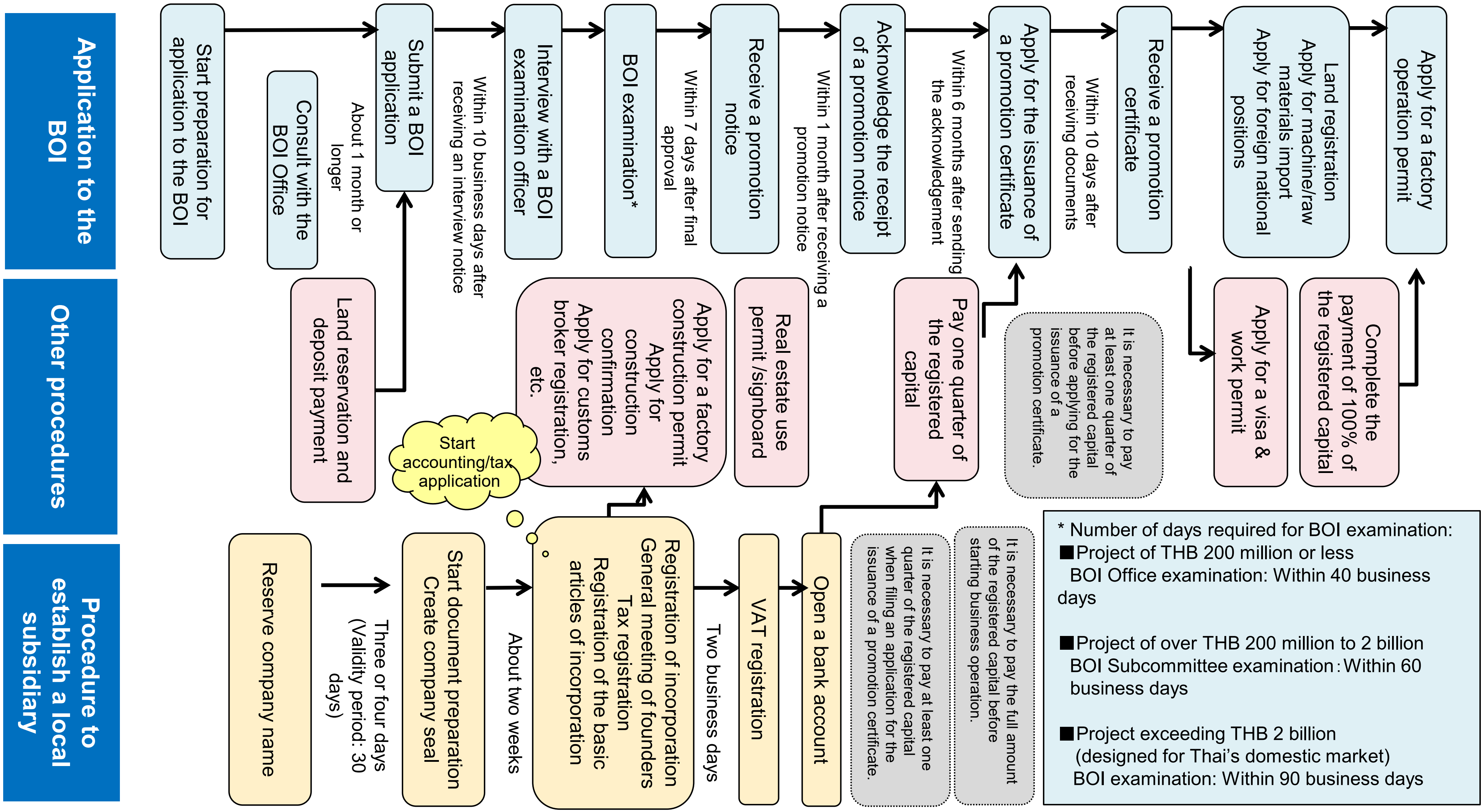
III-1. Business Models

	1. Subsidiary	2. Branch	3. Representative office	4. Regional office
Summary	✓ Subsidiaries are established in compliance with Thai laws. They have a separate corporate status from their Japanese head offices and have independence as a business operator. ✓ There are restrictions on the investment ratio in industries subject to foreign capital regulations.	✓ Branch offices are established so that the Japanese head office can engage in business activities, etc., in Thailand. Their corporate status is dependent on the head office. ✓ In general, except for industries such as financial institutions, expansion into Thailand using branches is not allowed.	✓ Representative offices are the bases of foreign corporations established for collecting information on the Japanese head office's goods and services in Thailand and for inspecting items exported to Japan.	✓ Regional offices are offices established by a foreign corporation. They control branches or affiliated companies located in Thailand and its surrounding area.
Sales activities	**Possible** (Subsidiaries have independence as a business operator.)	**Possible** (A branch office of a foreign corporation is established for the purpose of conducting business that produces operating income.)	**Impossible** (Business activities with the aim of receiving operating profit are not permitted.)	**Impossible** (Regional offices are not permitted to derive income from their activities.)
Foreign Business License (FBL)	**Necessary** (If the industry is subject to foreign capital regulations) (Permission of the director-general of the Department of Business Development at the Ministry of Commerce might be required depending on the type of business, the investment structure, and whether or not investment incentives are applicable, etc.)	**Necessary** (Because this entity is subordinate to the head office, it is subject to foreign capital regulations, and the permission of the director-general of the Department of Business Development at the Ministry of Commerce is required. The valid period is five years, at maximum.)	**Unnecessary** (However, in order to satisfy the requirements for the preparation and submission of accounting documents under accounting law, a representative office must obtain a registration number and notify the Thai authorities of the business offices in Thailand in accordance with the notifications of the Department of Business Development at the Ministry of Commerce.)	**Unnecessary** (However, in order to satisfy the requirements for the preparation and submission of accounting documents under accounting law, a representative office must obtain a registration number and notify the Thai authorities of the business offices in Thailand in accordance with the notifications of the Department of Business Development at the Ministry of Commerce.)
Taxes	**Ordinarily, corporate tax of 20%**	**Ordinarily, corporate tax of 20%**	**No corporate tax** (Tax declarations [showing no taxable income] must be filed even though there is no corporate tax levied because there is no corporate income.)	**No corporate tax** (No corporate tax is levied, as regional offices are not permitted to derive income from their activities.)
Initially required remittance amount	Foreign-owned companies must have a minimum capital of THB 2 million or more (capital transfer of THB 2 million per foreign national required as a prerequisite for issuing a work permit). However, companies that have acquired a Foreign Business License (FBL) in a regulated industry under the *Foreign Business Act* are required to have THB 3 million or more. The BOI regulates the minimum capital depending on the type of business. Company registration is possible with paid-in capital of 25% or more. However, in the case of the BOI, paid-in capital of 100% is required to start operations.	Branches are obligated to bring foreign currency equivalent to THB 3 million or more.	Remittance of capital equivalent to THB 2 million is required	Remittance of capital equivalent to THB 3 million is required
Period for establishment	1 to 1.5 months if the data and documents that should be prepared are submitted smoothly; about 200 days if BOI application is required (For details, see following page.)	About 200 days	About 1 month	About 1 month

Sources: Compiled by the Global Strategic Advisory Dept. of MHBK based on materials from MHCB Consulting (Thailand) and various reports

III-2. Procedure to Establish a Local Subsidiary

■ **Procedure for establishing a Japanese company's local subsidiary (application to the BOI and the subsidiary establishment schedule)**



* Number of days required for BOI examination:

■Project of THB 200 million or less
BOI Office examination: Within 40 business days

■Project of over THB 200 million to 2 billion
BOI Subcommittee examination : Within 60 business days

■Project exceeding THB 2 billion (designed for Thai's domestic market)
BOI examination: Within 90 business days

Source: Compiled by the Global Strategic Advisory Dept. of MHBK based on materials from MHCB Consulting (Thailand)

III-3. Local Expenses

Item	Monthly cost	Remarks
Office rent	(1) Times Square: 20 (Asok area, 230 m^2 or more） (2) Exchange Tower: 37 (Asok area, 250 m^2 or more	▪ Management fees included for both buildings
Service apartment	(1) Serviced apartments: 1,017–1,787 (Phrom Phong area, 54–96 m^2, including management fees) (2) Apartments: 2,618–3,697 (Phrom Phong area, 170–210 m^2, including management fees)	▪ There is no need to pay brokerage fees to real estate companies. ▪ Corporate contracts are limited because apartment owners' tax processing is complicated. ▪ There are many service apartments thanks to the construction boom. Rents vary by area, distance to the main street, space, building age, etc.
Commercial electricity charge	▪ Basic monthly charge: USD 9.6 ▪ Charge per 1 kWh: (1) USD 0.16 (2) USD 0.08	▪ 12 to 24 kV ▪ Charges vary depending on the usage time zone. (1) Peak time (09:00–22:00 on Monday to Friday) (2) Off-peak time (22:00–09:00 on Monday to Friday and on Saturday/Sunday/national holiday)
Residential electricity charge	▪ Basic monthly charge: USD 0.76 ▪ Charge per 1 kWh： (1) USD 0.10 (2) USD 0.13 (3) USD 0.14	▪ Charges vary depending on the amount of use. (1) 1–150 kWh/month (2) 151–400 kWh/month (3) 401 kWh or more/month
Commercial water charge	▪ Basic monthly charge: USD 2.77 ▪ Charge per 1 m^3: USD 0.29–0.49	▪ Charges vary depending on the amount of use.
Residential water charge	▪ Basic monthly charge: USD 1.39 ▪ Charge per 1 m^3: USD 0.26–0.45	▪ Charges vary depending on the amount of use.

Source: Compiled by the Global Strategic Advisory Dept. of MHBK based on JETRO materials (survey conducted from Oct. 1, 2024 to Nov. 30, 2024)

IV. Regulations, Incentives, Reference Information

IV-1. Regulations for Foreign Investors (1)

- **The entry of foreign-owned companies (with more than 50% foreign capital) is regulated in 43 industries divided into the three categories shown below on the right-hand side.**

Restrictions on foreign investment

Foreign Business Act

- ✓ The manufacturing industry is basically exempt from foreign investment restrictions.
- ✓ In some industries, there are restrictions on majority investment by foreign companies.

Land Ownership

- ✓ In principle, foreigners are not allowed to acquire land.
- ✓ However, companies receiving BOI promotion and companies located in industrial parks approved by the Industrial Estate Authority of Thailand (IEAT) may acquire land, regardless of the percentage of foreign investment.
- ✓ Under the *Land Code Amendment Act* amended in May 1999, it is possible to acquire a land area of 1 rai (1,600 m^2) or less for residential use if certain conditions, such as investment of THB 40 million or more, are met.

Regulated industries

1. Foreign businesses prohibited from entry (9 industries): The Press, radio broadcasting station or radio and television station business, etc.

- ✓ Businesses that foreigners are not allowed to operate for special reasons

2. Foreign businesses prohibited in principle but allowed with the permission of the Minister of Commerce after approval by the Cabinet (13 industries)

- ✓ Businesses related to national security: Aircraft, domestic land transportation, marine air transportation, etc.
- ✓ Businesses related to the protection of culture and crafts: Thai arts, and arts and crafts trade, etc.
- ✓ Businesses related to the protection of environmental resources: Sugar production from sugarcane, etc.

3. Business areas where local companies cannot compete with foreign companies (21 industries)

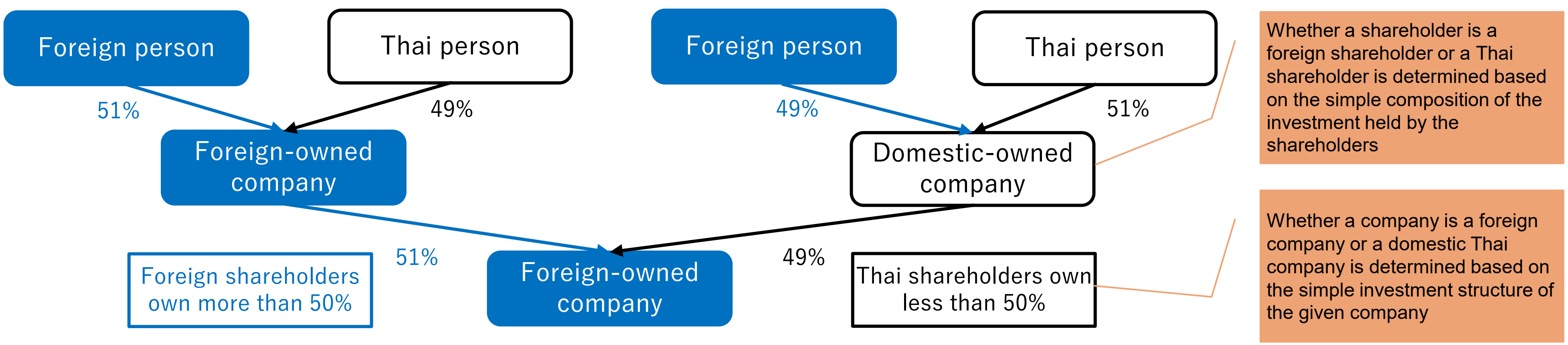
(However, entry is allowed if approved by the director-general of the Department of Business Development of the Ministry of Commerce with the approval of the Foreign Business Committee)

- ✓ Retail businesses and legal or accounting services, etc., with capital of less than THB 100 million or capital of less than THB 20 million per store

Source: Compiled by the Global Strategic Advisory Dept. of MHBK based on materials from MHCB Consulting (Thailand)

IV-1. Regulations for Foreign Investors (2)

- **The definition of a foreigner is as follows.**
  1. **A natural person who is not a Thai national (i.e., is a foreign national), or**
  2. **A legal entity that is not registered in Thailand (i.e., is a foreign corporation), or**
  3. **A legal entity which is registered in Thailand (Thai corporation), and**
     (1) at least 50% of its capital stock is held by a foreign national or a foreign corporation
     (2) the legal entity is a limited partnership or registered ordinary partnership in which a foreign national is the manager or co-manager, or
  4. **A legal entity that is registered in Thailand (Thai corporation) with at least 50% of its capital stock held by a foreign national under 1, 2, and/or 3 above.**



Source: Compiled by the Global Strategic Advisory Dept. of MHBK based on materials from MHCB Consulting (Thailand)

IV-1. Regulations for Foreign Investors (3)

Regulated industries	Type of business
List 1 Industries	(1) Newspaper publishing, television or radio broadcasting, (2) rice farming, field work, and landscaping, (3) animal husbandry, (4) forestry and wood processing from natural forests, (5) fishing in territorial waters of Thailand and its economic zones, (6) extraction of Thai herbs, (7) trading and auctioning of Thai antiques and antiquities, (8) business of making and casting Buddhist statues and making monks' bowls, and (9) land transactions
List 2 Industries	**Category 1: Businesses related to national security** (1) Businesses manufacturing, selling, or maintaining the following goods: (a) firearms, ammunition, gunpowder, or explosives, (b) parts of firearms, ammunition, or explosives, (c) weapons, military ships, aircraft, or vehicles, (d) all accessories or components of military equipment (2) Domestic land, sea, or air transportation, including domestic air transportation **Category 2: Businesses affecting arts, culture, traditional customs, and handicrafts** (1) Trade in antiques associated with Thai industrial arts or handcrafts, (2) manufacture of wood carvings, (3) business of sericulture, Thai silk paper making, Thai silk bedding, or Thai silk textile printing, (4) manufacture of musical instruments for Thai music, (5) manufacture of gold, silver, metalwork inlay, bronze, or lacquer ware, (6) manufacture of crockery or pottery associated with the cultural arts of Thailand **Category 3: Businesses that affect natural resources or the environment** (1) Sugar manufacturing using sugarcane as a raw material, (2) salt field businesses, including salt fields using underground saltwater, (3) rock salt mining businesses, (4) mining industry, including blasting and crushed stone, (5) carpentry businesses for the purpose of making furniture or household goods
List 3 Industries	(1) Rice polishing, grinding of rice and other grains, (2) aquaculture, (3) forestry, (4) manufacture of plywood, veneer, chipboard and hardboard, (5) manufacture of lime, (6) accounting, (7) legal services, (8) architectural design, (9) engineering, (10) construction (excluding construction of public facilities and telecommunication facilities for the development of social infrastructure requiring the use of special machinery, technology, and expertise with a minimum capitalization of at least THB 500 million from foreign nationals), (11) brokerages and agencies (excluding (i) brokerages and agencies of securities; futures trading of agricultural products or financial securities, (ii) trading necessary for manufacturing; brokerages or agencies for product discovery; and services necessary for manufacturing and technical services within the same company, (iii) brokerages, agencies, domestic or foreign market development and sales for the sale and purchase of Thai domestic and imported products with a minimum capital of THB 100 million, (12) auction businesses (excluding auctions via international bidding), (13) domestic trade of local agricultural products or agriculture-related products for which there is not yet any governing law (excluding agricultural futures trading on the Thai agricultural futures market where no delivery of agricultural products occurs in Thailand), (14) retail trade (<u>minimum capital of less than THB 100 million, or minimum capital of less than THB 20 million per outlet</u>), (15) wholesale trade (<u>minimum capital of less than THB 100 million per outlet</u>), (16) advertising, (17) hotel businesses, excluding hotel management, (18) travel agencies, (19) food and beverage sales, (20) plant seed, seedling, and breeding businesses, and (21) other service businesses. However, those specified by ministerial regulation are excluded.*

* The following finance-related businesses and businesses to which special laws and certain back-office operations apply are exempted from foreign investment restrictions according to ministerial regulations.

Finance-related businesses: (1) Securities and other businesses under the *Securities and Exchange Act*, (2) derivatives business under the *Derivatives Act*, (3) trustee business under the *Trust for Transactions in the Capital Market Act*, (4) commercial banking business, (5) representative office of a foreign bank, (6) life insurance business, (7) non-life insurance business, (8) provision of Islamic banking services, (9) banking agent, (10) provision of escrow account services and escrow agency services, (11) management of private equity repurchase transactions, (12) acceptance of insurance applications and collection of insurance premiums, export deposits, and loan guarantees, (13) provision of financial services to financial institutions, companies in financial groups, the Bank of Thailand, or Thai government agencies, (14) leasing of real estate, (15) purchase or transfer of debt through financing transactions, (16) provision of cash management services, (17) provision of document preparation services related to customers' businesses, (18) receipt of, or handling applications for, payments, and (19) management of purchases on installment plans or leasing operations.

Businesses covered by special laws: (1) Asset management businesses to which laws on asset management companies apply, (2) foreign corporations' representative office service businesses related to international trade operations according to the *Regulations of the Office of the Prime Minister Governing Establishment of Visa and Work Permit Service Centre B.E. 2540* (1997), (3) foreign corporations' regional office service businesses related to international trade operations according to the *Regulations of the Office of the Prime Minister Governing Establishment of Visa and Work Permit Service Centre B.E. 2540* (1997), (4) service providers contracted by government agencies under the *Budgetary Procedures Act*, and (5) service providers contracted by state-owned enterprises under the *Budgetary Procedures Act*.

Certain back-office services: (1) Monetary loans to affiliates and group companies in Thailand, (2) leasing of office space to affiliates and group companies (including incidental utility services), and (3) advisory services to affiliates and group companies in the areas of business management, marketing, human resources, and information technology.

* On May 12, 2026, a proposal by Thailand's Ministry of Commerce, stipulating the service industries for which foreign business license applications will no longer be required under Thailand's *Foreign Business Act* (FBA), was approved. As a result, the following nine industry types are outside the scope of the FBA's restricted list: (1) Telecommunications services (under Thailand's *Telecommunications Business Act*); (2) Financial center services (under Thailand's *Exchange Control Act*); (3) Domestic guarantee services (under Thailand's *Securities and Exchange Act* and *Derivatives Act*); (4) Agents, dealers, and consultant services (including fund managers) for futures contracts whose underlying assets or variables are not in scope of Thailand's *Derivatives Act* (2003); (5) Agricultural futures trading business (including the delivery and receipt of agricultural products at futures exchange-designated warehouses), (6) Management, human resources, and information technology management services (for affiliate companies within the group); (7) Services offering domestic debt guarantees (for affiliate companies within the group); (8) Services that lease a certain portion of space as locations for vending machines, cash dispensers, and other automated equipment to improve employee convenience (primarily operated for the benefit of employees); and (9) Oil drilling services (for concession contracts only)

Sources: Compiled by the Global Strategic Advisory Dept. of MHBK based on materials from MHCB Consulting (Thailand) and public information

IV-1. Regulations for Foreign Investors (4)

Exemption system

(1) Foreigners who operate businesses with permission from the Thai government

(2) Foreigners who operate businesses based on trade treaties, etc. Example: *Thai-US Treaty of Amity and Economic Relations* (concluded in 1966)

U.S. companies can engage in businesses where foreign capital is regulated without being subject to the *Foreign Business Act*, even if they are majority-owned by U.S. capital, except in some industries (i.e., the six sectors of telecommunications, transportation, management of resources for others, banks handling deposits, pursuit of profits from land and natural resources, and domestic trading of Thai agricultural products).

- How to qualify for application of the *Thai-US Treaty of Amity and Economic Relations*

(1) The company must be incorporated in Thailand or in the U.S.

(2) The majority of the shares must be held by shareholders with U.S. nationality.

(3) The majority of the directors must be U.S. or Thai.

(4) If one person is given the right of representation (signing authority), he/she must be a U.S. or Thai national.

(5) If co-signers are required, the majority of the signers must be U.S. or Thai nationals.

Note: In addition to the above, certification by the U.S. Embassy in Thailand is required.

(3) Exemptions under the *Investment Promotion Act*, etc.

(i) Foreigners who have obtained approval for promotion under the *Investment Promotion Act* (BOI-approved companies)

(ii) Foreigners who have obtained an export license from the Industrial Estate Authority of Thailand (IEAT) under the *Industrial Estate Authority of Thailand Act*

(4) Japan-Thailand Economic Partnership Agreement

(i) Wholesale or retail of goods produced in Thailand by the company or its group companies: Up to 75% Japanese investment (in the case of auto-related sales companies, goods produced in Japan may also be handled)

(ii) Maintenance or repair of goods produced in Thailand by the company or its group companies: Up to 60% Japanese investment

(iii) Logistics consulting business : Japanese investment up to 51%

(iv) Advertising business: Japanese investment: up to 50%

IV-2. Investment Promotion Systems (1)

- The main investment promotion system in Thailand consists of the basic incentives given according to the type of industry and technology.
- In addition, additional incentives are granted for projects that contribute to the improvement of Thailand's competitiveness, decentralization of industry, and industrial land development.
- Providing relief to qualifying companies with the introduction of the global minimum tax in 2023

Incentive package

		Tax incentives			Non-tax incentives
		Exemption from corporate income tax	Exemption from machinery import tax	Exemption from raw materials import tax	• Acquisition of visa and work permits • Permission to own land • No limit on amount of foreign currency taken out of Thailand
A	New A1+	10–13 years (no maximum)	●	●	●
A	A1	8 years (no maximum)	●	●	●
A	A2	8 years	●	●	●
A	A3	5 years	●	●	●
A	A4	3 years	●	●	●
	B	—	●	●	●

Measures taken in connection with the introduction of the global minimum tax

✓ On March 7, 2023, Thailand approved the introduction of a global minimum tax system, which is scheduled to take effect in 2025. Under this system, any multinational group with consolidated sales exceeding 750 million euros will be subject to additional taxation in the country where the ultimate parent company resides, etc., if the effective tax rate in the country where the foreign subsidiary is located is less than 15%, until the effective tax rate reaches 15%.

✓ It has been pointed out that since the effective tax rate for companies receiving BOI benefits is below 15%, the ultimate parent company will be taxed up to 15% in the country where the ultimate parent company resides, etc. The BOI plans to implement the following relief measures to mitigate the impact on such companies.

	Existing BOI beneficiary companies	New BOI benefit applicants (on and after March 20, 2023)
Relief measures	Providing an option to convert from the current tax exemption to a 50% reduction in the regular corporate income tax rate, resulting in the application of a reduced corporate income tax rate of 10%	Providing an option to choose one of the following: i. Tax exemption with the flexibility to convert to a tax reduction scheme ii. Tax reduction
Applicable period	Twice the remaining full-year preferential period, up to a maximum of 10 years	Tax Exemption Scheme: Standard tax exemption periods applied according to the types of BOI businesses Tax Reduction Scheme: Twice the standard tax preferential period, up to a maximum of 10 years

Source: Compiled by the Global Strategic Advisory Dept. of MHBK based on BOI materials

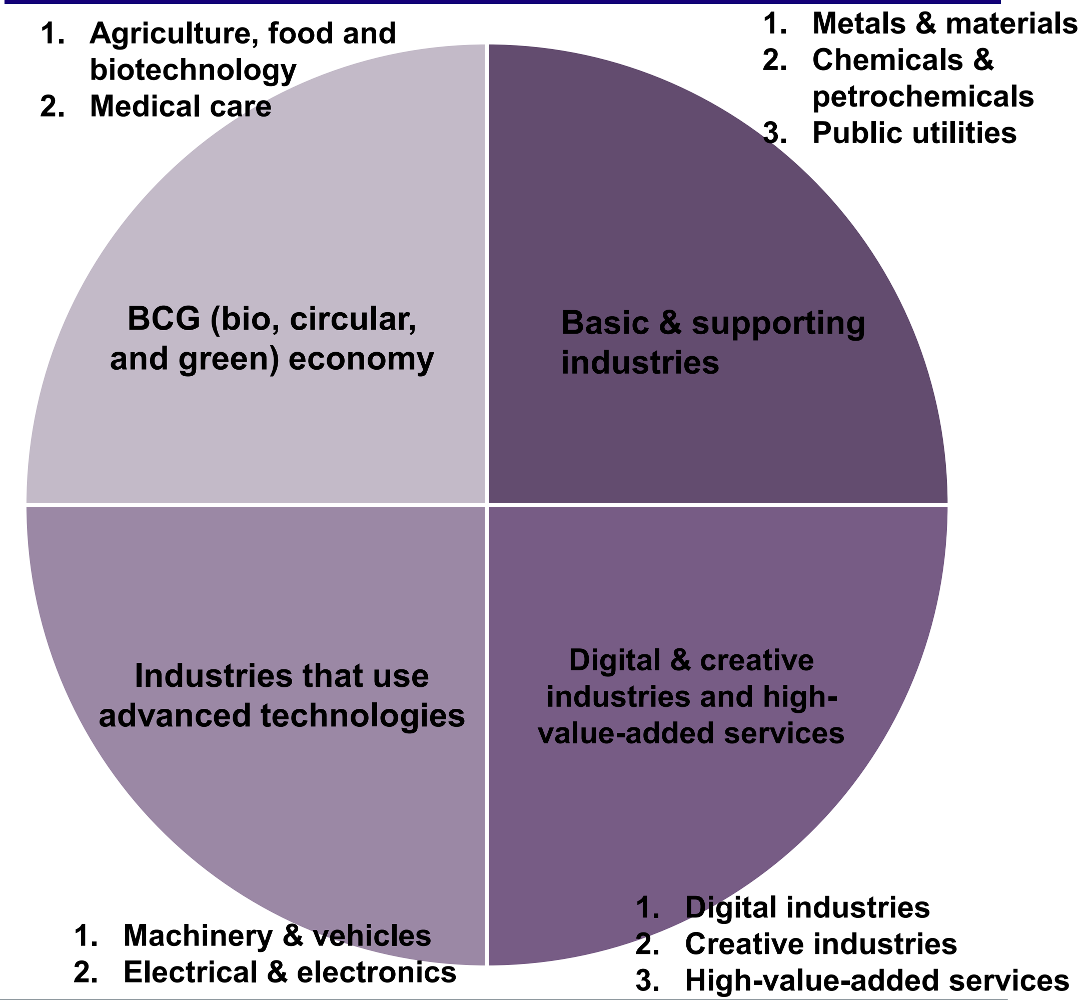
IV-2. Investment Promotion Systems (2)

- Changes to the incentive packages based on business type were announced in November 2022.
- In total, 409 business types in 10 categories are eligible for the incentive, and more may be added to the list.

Features of industries receiving the incentives

A	New A1+	Upstream industry and targeted technology development projects (biotechnology, nanotechnology, and advanced materials technology) using advanced technology and innovation acquired via technology transfer in cooperation with academic and research institutions
A	A1	Knowledge-based businesses with a primary focus on critical R&D that improves Thailand's long-term competitiveness
A	A2	Infrastructure projects that contribute to the development of Thailand, projects with little or no investment in Thailand yet, and projects that use advanced technology to create value-added
A	A3	Projects that use advanced technologies that are important for Thailand's development, although there are already a few investments in Thailand
A	A4	Businesses that add value to domestic raw materials and strengthen the supply chain, although the technology is not as advanced as A1−A3
	B	Supporting industries that do not use advanced technology but are important to the value chain

Eligible business types (as of December 8, 2022)



Source: Compiled by the Global Strategic Advisory Dept. of MHBK based on BOI materials

IV-3. Corporate Law

■ **Public companies are regulated by the *Public Limited Companies Act* and private companies by the *Civil and Commercial Code***

	Content
Capital system	✓ The minimum capital for foreign companies (with a majority of foreign capital) is at least THB 2 million. However, for industries that are regulated under the *Foreign Business Act* and are required to obtain special approval, the minimum capital is at least THB 3 million, in principle. When approval has been obtained under the *Foreign Business Act*, borrowing is limited to 7 times the capital. However, as a special temporary measure in response to COVID-19, there is an exemption (from September 18, 2020 to June 30, 2023) for financial service providers (excluding financial institutions in the *Financial Institution Business Act*) that receive financing from financial institutions or special financial institutions based on the *Financial Institution Business Act B.E. 2551* (2008) and provide credit card financing, personal loans, leasing, hire purchases (installment sales contracts with title reserved), motorcycle hire purchases, or motor vehicle registration financing services. Thai companies (with a majority of Thai capital) are not subject to minimum capital rules. ✓ Ownership of treasury stock is prohibited. ✓ In principle, capital is freely transferable. However, restrictions on transfer may be established in a company's articles of incorporation or bylaws.
Regulations on general meetings of shareholders	✓ Annual general meeting of shareholders • The first general shareholders' meeting after incorporation must be held within six months of the registration of the company's incorporation. Thereafter, it must be held once a year within four months after the end of the fiscal year. ✓ Extraordinary general meeting of shareholders • Directors are permitted to call a general meeting at their discretion if they deem it necessary. • In the event of loss of half of the company's capital, the directors are required to call an extraordinary general meeting without delay to report the loss to the shareholders.
Regulations on directors	✓ Since Thailand's *Civil and Commercial Code* does not specify the number of directors, a privately held company needs only one director at minimum. However, it should be noted that the ratio of Thai directors may be regulated depending on the type of business (e.g., transportation, warehousing, etc.). There is no obligation to establish a board of directors. ✓ A public company must have at least five directors, and at least half of them must have a place of residence in Thailand. A board of directors must be established, and a board meeting must be held at least once every three months.
Regulations on voting rights	✓ As a general rule, resolutions are passed by a show of hands. If two or more shareholders demand a resolution by a vote before a resolution is passed by a show of hands, the resolution is passed by a vote. In the case of a vote, each share has one vote, whereas in the case of a show of hands, each shareholder present has one vote.
Regulations on settlement of accounts	✓ At least once a year, a balance sheet and income statement for the fiscal year in question must be prepared. The financial statements must be audited by an auditor and submitted to the general meeting of shareholders within four months of the end of the fiscal year. The directors must submit the financial statements adopted by the general meeting of shareholders to the Ministry of Commerce within one month of the general meeting of shareholders.
Regulations on dividends	✓ In principle, dividends must be approved at a general meeting of shareholders, but if the directors determine that the company's profits are sufficient to pay dividends, they can pay dividends during the term without a resolution at a general meeting of shareholders. ✓ If a dividend resolution is passed at a general meeting of shareholders or at a meeting of the board of directors, the dividend must be paid within one month of the date of the resolution.
Capital increase, capital reductions, mergers	✓ Capital increases can be implemented only by way of shareholder allotment, in which new share subscription rights are allotted to existing shareholders in proportion to the number of shares they hold. ✓ Capital can be reduced by reducing either the face value or the number of shares, and only up to 3/4 of the registered capital can be reduced. ✓ The only method of merger is a merger into a new company. The new company's capital is equal to the total capital of the merged companies.
Regulations on legal reserve	✓ Must accumulate 1/20 of profit for each dividend until the amount reaches 1/10 or more of the registered capital ✓ Withdrawal of this reserve and capitalization are not permitted, and it cannot be used until the company is liquidated.
Capital remittance considerations	✓ While remittances to local banks are possible, it may take several days to receive the funds (same-day deposits are possible when using Mizuho Bank).

Sources: Compiled by the Global Strategic Advisory Dept. of MHBK based on materials from JETRO and MHCB Consulting (Thailand) and public information

IV-4. Foreign Exchange Controls (1)

- **Thailand's Ministry of Finance has the ultimate responsibility and supervisory authority over currency exchange rate control, while the Bank of Thailand (BOT) is entrusted by the Minister of Finance with the practical operations involved in currency exchange rate control.**

Trade transactions

Trade transactions		
Trade transactions	1. Standard settlement methods	✓ Standard settlement methods include (1) advance remittances, (2) import letters of credit, (3) bills of exchange (D/P, D/A), and (4) deferred payment settlements; the currency is not specified for payment or receipt of settlements.
	2. Opening an import letter of credit (L/C)	✓ Companies are free to open import letters of credit; to open a letter of credit, a company applies to a bank to open one by presenting invoices and other documents. ✓ If the cargo requires an import license from Thailand's Ministry of Commerce, it shall be attached.
	3. Export transactions	✓ Exporting companies must settle within 360 days from the date of export (loading date) if the value of a single export is USD 1 million or more. ✓ Companies receiving foreign currency as payment for exports must immediately deposit the received foreign currency into a baht or foreign currency account. ✓ In the case of offsetting against foreign debt, the foreign exchange bank may approve a waiver of receipt of export proceeds, in which case the exporter must report to the BOT via the foreign exchange bank in the prescribed form.
	4. Import transactions	✓ Importers are free to withdraw foreign currency from their foreign currency deposit accounts for settlement of imports. ✓ Importers are free to issue L/C's without the permission of the authorities. ✓ Importers are required to notify the foreign exchange bank of the purpose of the transaction at the time of import settlement (or at the time of opening the L/C) and submit invoices and other transaction forms and ID.

Source: Compiled by the Global Strategic Advisory Dept. of MHBK based on materials from JETRO

IV-4. Foreign Exchange Controls (2)

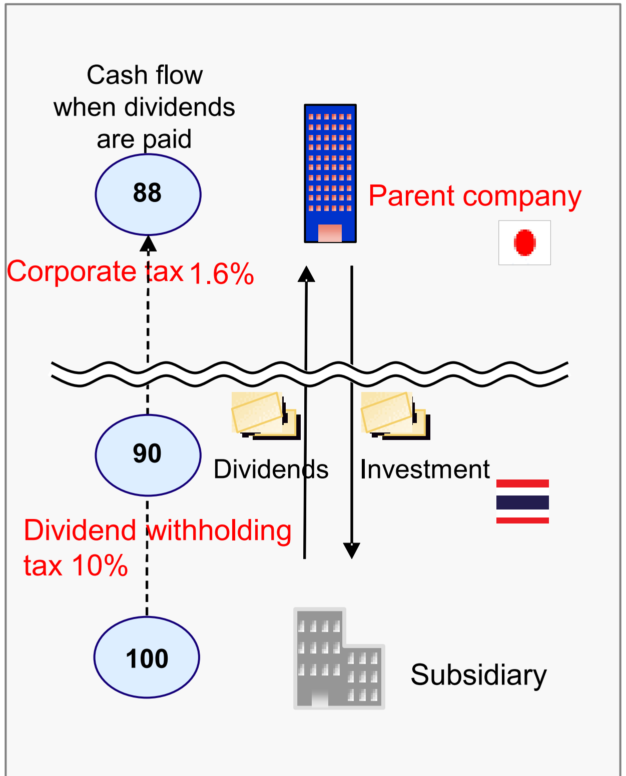
Non-trade and capital transactions

<table>
<tr><td rowspan="3">Non-trade transactions</td><td>1. Outgoing remittances</td><td>(1) Non-trade transactions (transactions related to the provision of services such as insurance and transportation) can be freely paid in baht or foreign currency, in principle. Some transactions (e.g., payments for foreign exchange transactions and futures transactions in foreign countries) require prior approval of the BOT.
(2) Prior approval of the BOT is not required for remittance of royalties and dividends, repayment of loans, return of profits, etc.
(3) Prior BOT approval is not required for remittance of loans to persons residing outside of Thailand. The amendment effective May 13, 2022, also eliminates the maximum amount per remittance. However, for remittances of USD 200,000 or more per remittance, documents showing the remitter’s ID and the purpose of the foreign exchange transaction must be submitted to the foreign exchange bank.
(4) Regarding the obligation to submit transaction forms and other documents at the time of overseas remittance, there is an exemption for corporations registered in Thailand that meet the requirements of the BOT (i.e., a clear forex risk management policy, appropriate governance and internal control system, and international transactions totaling USD 1.5 billion or more over a three-year period). Corporations that meet these requirements are called “qualified companies.” Qualified companies are not required to submit transaction forms or IDs to their banks for payment of goods, repayment of loans, remittance of profits, and purchase of overseas real estate.
(5) Investments in foreign companies or foreign affiliates in which a Thai company owns more than 10% of the shares do not require prior approval of the BOT.
(6) When remitting funds to acquire real estate abroad or lease rights to real estate abroad, or for the cost of decorating real estate abroad, the foreign exchange bank must be notified of the purpose of the transaction, and transaction forms such as invoices and ID must be submitted. In addition, under the amendment effective May 13, 2022, prior approval by the BOT is no longer required regardless of the amount of the remittance.</td></tr>
<tr><td>2. Incoming remittances</td><td>✓ No restrictions on receiving baht from abroad</td></tr>
<tr><td>3. Receipt of foreign currency</td><td>✓ A company receiving foreign currency of USD 1 million or more must deposit such foreign currency in a baht-denominated or foreign currency-denominated account within 360 days from the date of transaction; however, exemption from that provision can be requested from the BOT.</td></tr>
<tr><td colspan="2">Capital transactions</td><td>✓ Foreign investment in Thailand may be either direct investment and asset management investment; non-residents may lend foreign currency to residents without restriction.
✓ Capital and loans may be freely brought into Thailand but must be deposited into an authorized bank or foreign currency deposit account within a specified period; for foreign investment with promotion granted by the BOI, various promotion policies and special incentives are available.
✓ Remittances of investment funds to the home country and repayments of foreign currency-denominated loans from overseas can be freely remitted on the condition that documentary evidence is submitted.</td></tr>
</table>

Source: Compiled by the Global Strategic Advisory Dept. of MHBK based on materials from JETRO

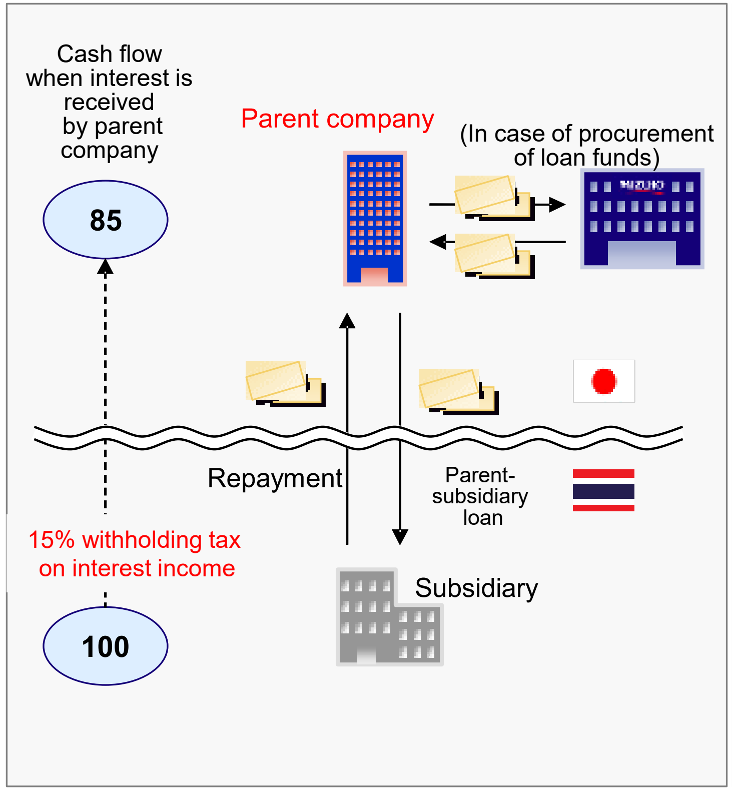
IV-5. Financing

Capital increase



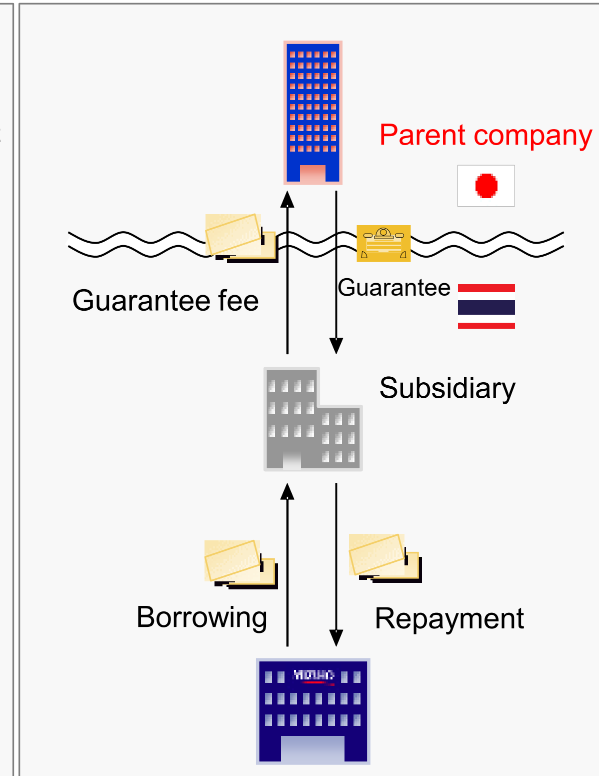
- ✓ Attention must be given to investment ratio regulations.
- ✓ A capital increase requires a special resolution at a general shareholders' meeting. It will be necessary to hold general shareholders' meetings and follow procedures for registration of changes in the shareholders' list.
- ✓ The difficulty of recovering principal in the case of company liquidation, etc., is high (excluding the sale of equity shares).
- ✓ Dividend withholding tax (10%) is imposed.
- ✓ Foreign exchange risk exists.

Parent-subsidiary loan



- ✓ There is a relatively high degree of freedom in setting interest rates, conditions, etc.
- ✓ When setting interest rates, it is necessary to consider transfer pricing taxation.
- ✓ The fact that a 15% withholding tax is imposed on interest must be considered.

Local borrowing



- ✓ Foreign exchange risk can be avoided by borrowing in local currency.
- ✓ In some cases, it is necessary to provide a guarantee from the parent company.
- ✓ Compared with other methods, procurement costs may be higher.

IV-6. Fund Management

Regulations on fund management

	Loans	Dividends	Investment
Owner of capital	✓ Subsidiary	✓ Ownership shifts from the subsidiary to the parent company. ✓ If a dividend policy has not been established, considerable effort is required to persuade the subsidiary.	✓ Ownership shifts from the subsidiary to the investee. ✓ Instead, the subsidiary holds shares in the investee.
Capital source	✓ Surplus funds	✓ Not exceeding cumulative profit ✓ In general, not exceeding the current year's profit (if a dividend policy is in place)	✓ Surplus funds
Timing	✓ Can be extended once a loan agreement is concluded	✓ A resolution on dividend payment needs to be adopted. (In general, after the end of a fiscal year; interim dividends can be paid within the limit of cumulative profit.) ✓ Dividends need to be paid within one month from the resolution.	✓ Can be made after concluding a share transfer agreement or other relevant agreement
Tax costs	✓ Corporate tax on interest income received ✓ Specific business tax: 3.3% of the interest ✓ Withholding tax on interest on the Japan side: 20.42%	✓ Withholding tax on dividends to Japan: 10% ✓ When the Japanese parent company receives dividends, a system exists to exclude dividends received from gross profit.	✓ Withholding tax rate on dividends depends on the invested country's tax system. ✓ Corporate tax on dividends received may be exempt if certain conditions are met. ✓ In a case of share transfer, tax on gains from share transfer may apply. ✓ Stamp tax may apply.
Regulations	✓ Thai companies do not need a lending license. ✓ Foreign companies require a lending license (not required for lending to affiliates in Thailand). ✓ Both Thai and foreign companies need to pay separate attention to foreign exchange control regulations.	✓ Earnings available for dividends need to be considered. ✓ Statutory capital needs to be accumulated.	✓ Attention needs to be paid to the invested country's regulations on foreign investment. ✓ For foreign companies holding 1% or more ownership, an annual report must be submitted to the Ministry of Commerce. ✓ Attention needs to be paid to foreign exchange control regulations.

Source: Compiled by the Global Strategic Advisory Dept. of MHBK based on public information

IV-7. Stricter Nominee Management

- On April 1, 2026, Thailand's Ministry of Commerce enforced stricter measures to regulate nominee arrangements where foreigners use the identities of Thai nationals (to hold shares, obtain management rights, etc.). As a new requirement, the following matters must be proved in writing.
  1. All shareholders have made legitimate investments and duly paid for their shares.
  2. There is no involvement in supporting or assisting foreign nationals as nominees.
     - Violations may result in a fine, imprisonment, or both, pursuant to Sections 137 and 267 of Thailand's *Criminal Code* *1) or Section 36 of Thailand's Foreign Business Act of 1999. *2)

  *1) The violator shall be punished with imprisonment not exceeding six months or a fine not exceeding one thousand Baht, or both, or shall be imprisoned not more of three years or fined not more than six thousand Baht, or both.

  *2) The violator shall be liable to imprisonment for a term not exceeding three years or to a fine of one hundred thousand Baht to one million Baht or to both.

- In January 2026, a directive was issued requiring the submission of shareholders' bank statements from applicants for corporate registration where foreign shareholders hold less than 50 percent of the shares of the corporation or where a foreign national serves as a director. The purpose is to confirm investment by Thai nationals.

- It should be taken into account that the foreign investment restrictions under Thailand's *Foreign Business Act* differ from those under Thailand's *Land Act*.
  - Corporations that do not fall under the definition of "foreign nationals" under Thailand's *Foreign Business Act* may be deemed "foreign nationals" under Thailand's *Land Act* and prohibited from owning land in some cases. (Officials overseeing the land in question at the Land Office may make different decisions from each other.)

Foreign investment regulations under the *Foreign Business Act*	Foreign investment regulations under the *Land Act*
■ Regulations on businesses operated by foreign nationals in Thailand ■ Governing authority: Ministry of Commerce Department of Business Development	■ Regulations on foreign ownership of land in Thailand (buildings are outside the scope of these regulations) ■ Governing authority: Land Office in charge of the land where the business is operated

Sources: Compiled by the Global Strategic Advisory Dept. of MHBK based on materials from JETRO and public information

IV-8. Recent Topics: Second Charnvirakul Administration Launched, Announces Five Main Areas

- **Anutin Charnvirakul**, the leader of Thailand's Bhumjaithai Party, which became the largest party as a result of the general election in February, **was reappointed prime minister in April, marking the launch of Charnvirakul's second administration**. He delivered a policy statement to the National Legislative Assembly and outlined his administration's policy **to govern the country around five main areas: the economy, foreign affairs and security, society, disasters and the environment, and public administration and legal reform**.
- The immediate challenge is **addressing energy price hikes and inflation** against the backdrop of the situation in the Middle East. The Charnvirakul administration has outlined a policy to reduce the negative impact on households and business activities by securing stable supplies of fuel and electricity, alleviating the burden of living expenses, undertaking reforms in the electricity market, and promoting the use of renewable energy.
- In the medium-to-long term, the vision **is to bolster growth potential and strengthen Thailand's economic competitiveness through investment promotion, industrial advancement, regulatory reform, and the digital transformation of government**. Key focus will be on how effectively the government can simultaneously manage crisis response and structural reform and successfully translate policies into actual system implementation, with plans already announced to enact the Omnibus Law*1 by the end of the year and the Super License*2 within 180 days.
  *1 Omnibus Law: A comprehensive measure to amend multiple existing acts in a single package *2 Super License: Measures to streamline the process for obtaining licenses and permits for business activities and investments

Five policy priorities of the new government of Thailand (as per the policy statement delivered on April 9, 2026)

➢ Five main areas (economy, foreign affairs and security, etc.) and 23 priority measures were announced.

Economy	• Creating equal opportunities for growth for all segments • Seeking to escape from the trappings of a middle-income country by establishing new economic engines such as **digital technology, AI, robotics, semiconductors, high-value-added processed foods, clean energy, biotechnology, next-generation automobiles, medicine, and healthcare** and by bolstering the competitiveness of existing industries • **Adjusting investment incentive programs to contribute to the development and restructuring of industries identified by the government, placing emphasis on attracting foreign investors and supporting companies that maximize benefits for Thailand's economy and society by leveraging local parts, raw materials, and labor** in such initiatives as joint ventures with Thai companies • Promoting the development of digital trading platforms to introduce stringent and transparent mechanisms for product origin verification • Creating added value throughout the supply chain in the agricultural sector while transitioning to precise, stable, and sustainable agriculture • Shifting the tourism sector away from a focus on volume toward the generation of high added value
Foreign affairs and security	• Upholding multilateral systems, particularly the United Nations framework, international law, and international principles and values, while playing a leadership role within ASEAN • **Maintaining good relations with all major countries** in the context of a multipolar world, while taking into account Thailand's interests • Driving foreign economic policy to expand opportunities for Thai people and businesses and accelerating accession to the OECD • Continuing efforts to peacefully resolve tensions between Thailand and Cambodia through existing bilateral mechanisms • Improving the national defense system, promoting research & development in Thailand's defense industry, reducing dependence on imported technology, and creating opportunities for domestic entrepreneurs • Reforming the conscription system, including by establishing a volunteer system
Society	• Creating opportunities for all Thai citizens to access free education • Improving the health insurance system
Public administration and legal reform	• Speeding up the development of a digitally interconnected government across the entire system • Accelerating the abolition of unnecessary and duplicative laws • Improving relevant laws and measures to promote digital government effectively
Disasters and the environment	• Implementing systematic water management and disaster prevention via AI • Achieving net-zero greenhouse gas emissions by 2050 • Promoting the use of clean energy; establishing national energy security and improving energy efficiency in transportation and manufacturing

Sources: Compiled by the Global Strategic Advisory Dept. of MHBK based on materials from Thai government and public information