Transition of Thailand's Foreign Direct Investment (FDI):

Navigating Investment Trends, Opportunities, and Strategic National Goals

山田コンサルティンググループ株式会社

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Summary

FDI has played a vital role in Thailand's economic expansion. Foreign investors are attracted by Thailand's strategic location in Southeast Asia, competitive labor costs, robust supply chains, and attractive investment incentives.

Currently, Thailand is undergoing a structural shift toward high-value sectors, with a surge in FDI into data centers and cloud services, EVs, and advanced electronics, including semiconductors and PCB manufacturing. This momentum is driven by global supply-chain reconfiguration, the green energy transition, and digital transformation. As investment trends shift and national strategy prioritizes high-value industries, Thailand's FDI profile is moving from traditional manufacturing toward higher-value sectors.

These transitions present significant opportunities for foreign investors, including data-center development; renewable-energy and energy-efficiency solutions; participation across the EV value chain, from battery cells to services; and high-tech electronic investments that support AI and high-performance computing.

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Thailand Macroeconomic Snapshot

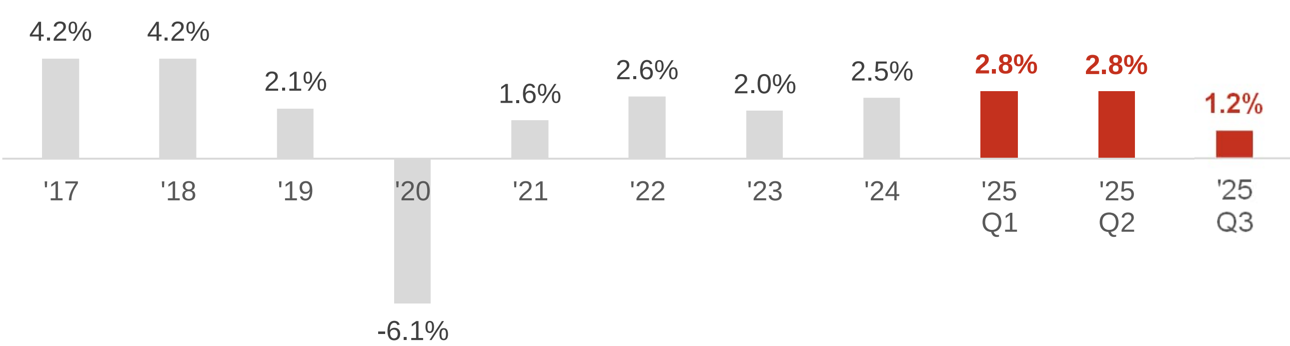
2026 GDP forecast
2.2% (range: 2.0%–2.5%)
(as of 17 Dec 2025)

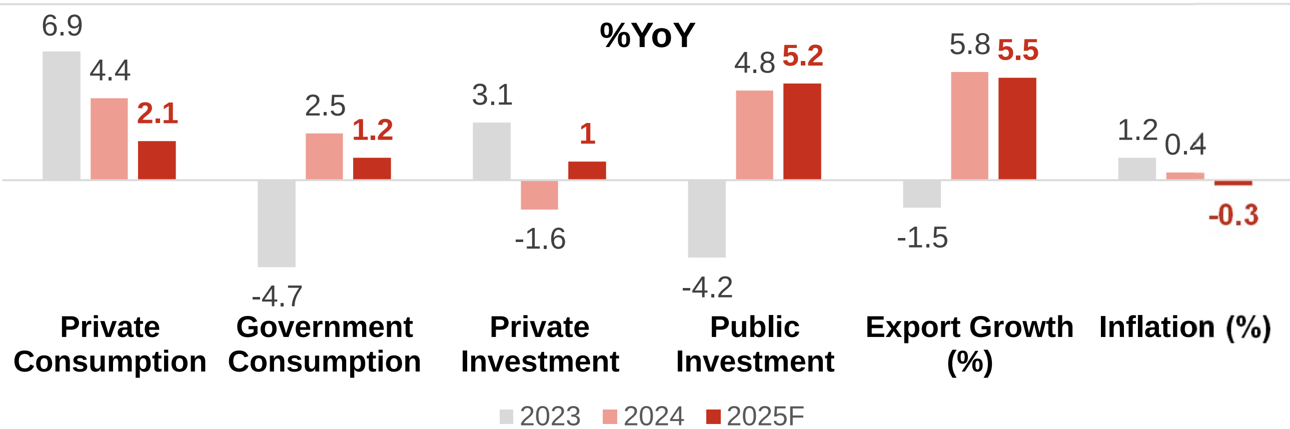
GDP (2024)
18.58 trillion THB

Thai policy rate
1.25%
(as of 17 Dec 2025)

Household debt
16.31 trillion THB
(86.8% of GDP, as of Q2 2025)

Real GDP Growth (%YoY)





Thailand Basic Information

Total population
65.93 million
(2025)

Total area
513,120 sq. km

Capital
Bangkok

Total labor force
40.23 million
(as of August 2025)

Minimum wage
THB 337–400
(effective 1 July 2025)

Source: Office of the National Economic and Social Development Council (NESDC), Monetary Policy Committee (MPC), Thailand Board of Investment (BOI)

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Thailand's Strategic Advantages for Attracting FDI

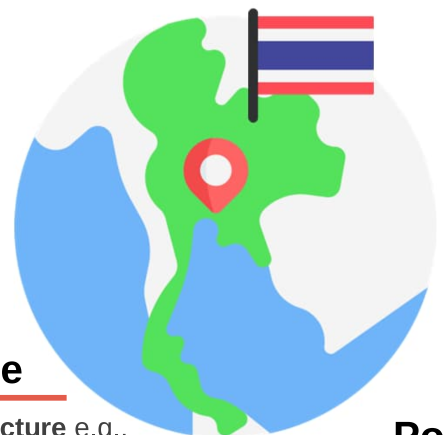
- A well-developed supply chain, robust infrastructure, and a competitive workforce enable investors to establish businesses in Thailand effectively, supported by investment promotion initiatives.
- Moreover, Thailand's strategic location and its network of active FTAs strengthen its international trade partnerships and position the country as a pivotal trade hub connecting it with other markets.

Strategic location

- Located at the **center of mainland Southeast Asia** and positioned as a trade hub for the ASEAN market
- Strong connectivity to China and India.

Investment promotion

- **Tax and non-tax incentives** (e.g., corporate income tax exemptions, land ownership rights, facilitated visa and work-permit processes).
- Additional incentives for target industries and locations.



Well-established supply chains

- Robust supply chains across various industries, especially **automotive and Electrical Appliances & Electronics (E&E).**

Skilled workforce and competitive labor market

- Large pool of semi-skilled and skilled workers
- Competitive labor costs
- Programs to upskill workers.

Developed infrastructure

- Well-developed **transportation infrastructure** e.g., modern highways, deep-sea ports, airports
- **Digital infrastructure**: widespread 4G and 5G coverage supporting business connectivity.
- High-tech industrial zone: **the Eastern Economic Corridor (EEC).**

Positive business environment

- Thailand maintains **16 free trade agreements (FTAs) with 23 countries/economic zones** (e.g., AEC, AJCEP, ACGTA, EFTA). These FTAs increase competitiveness for Thai exporters and attract foreign trade and investment.

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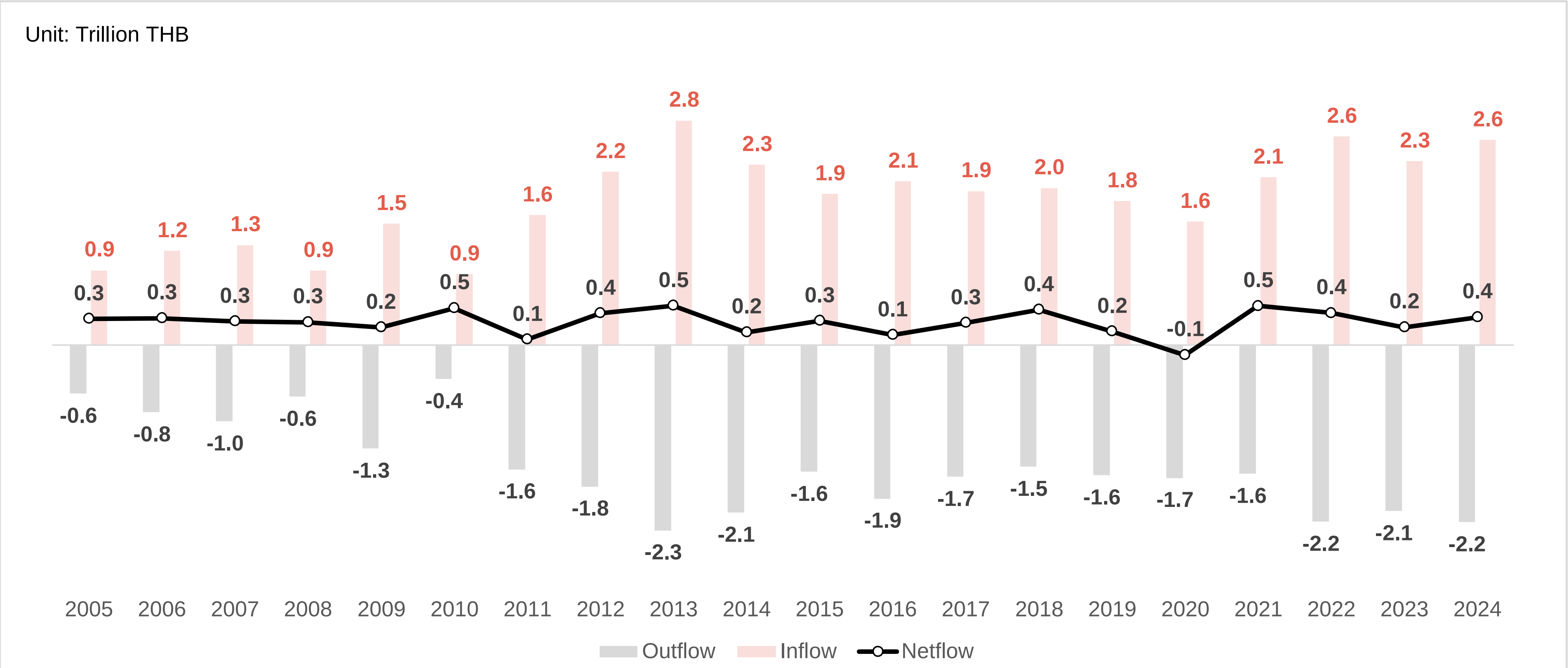
FDI Overview: Historical Net FDI Flows

- Thailand has remained attractive to foreign investors, with positive net FDI flows for most of 2005–2024. The only exception was a temporary dip during the COVID-19 pandemic, after which Thailand quickly regained investment to pre-COVID levels.

Thailand's FDI* – Inflow, Outflow, and Netflow** (2005 – 2024)



Note: * Foreign direct investment (FDI) reflects the lasting interests of nonresidents of an economy in a resident entity. A direct investor may invest in equity capital, lending to affiliates, reinvested earnings, debt securities and trade credit among affiliates. Investment in equity is treated as a direct investment when the direct investors own 10 percent or more of the voting shares for an enterprise or the equivalent for an unincorporated enterprise.
** FDI net flow is calculated as inflows minus outflows.

Source: Bank of Thailand (BOT)

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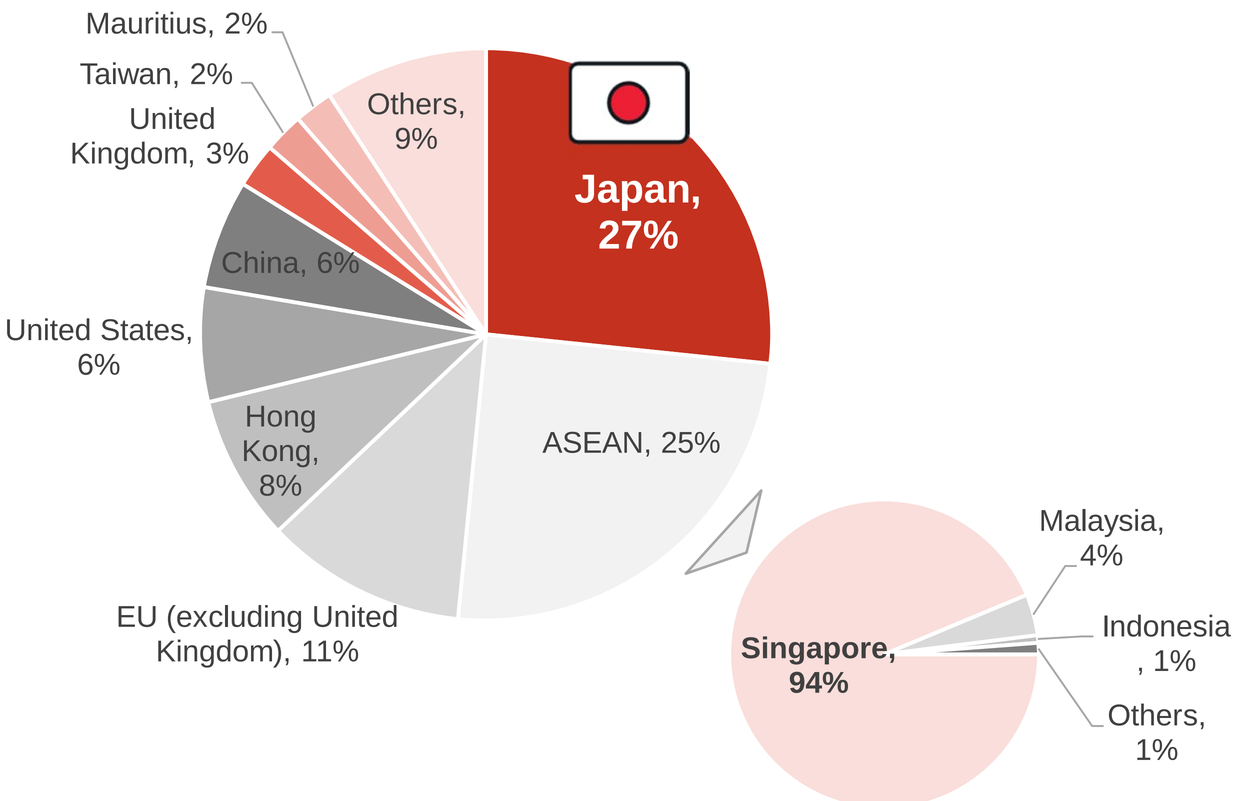
FDI Overview: FDI Position (Outstanding Investment)

- As of Q3 2025, Japan is the largest cumulative investor in Thailand's history, accounting for about 27% of Thailand's inward FDI stock. Japan remains a major contributor to Thailand's economic development, traditionally in industries such as automotive and parts and E&E, and more recently in high-tech and future industries**.

Thailand's FDI – FDI Position* (Outstanding Investment) by Major Country/ Economic Territory (as of Q3 2025)



Unit: Million USD

Major Country/ Economic Territory	Q3/2025
Japan	**100,629**
ASEAN	94,048
EU (excluding United Kingdom)	43,032
Hong Kong	31,067
United States	24,383
China	23,365
United Kingdom	9,447
Taiwan	8,548
Mauritius	8,271
Others	34,828
Total	377,620

Note: * FDI position is an investment outstanding (financial claims) that nonresident investors have with resident enterprises, consisting of:
1. Equity capital which refers to nonresidents' investment in equity of a resident entity that entitles the investor to 10 percent or more of the voting power
2. Borrowings (loan, debt securities, or trade credits) from affiliates (including fellow enterprises) or direct investor
3. Reinvestment of earnings
** High-tech/future industries such as data centers and cloud services, semiconductors and advanced electronics, and EV parts and components.

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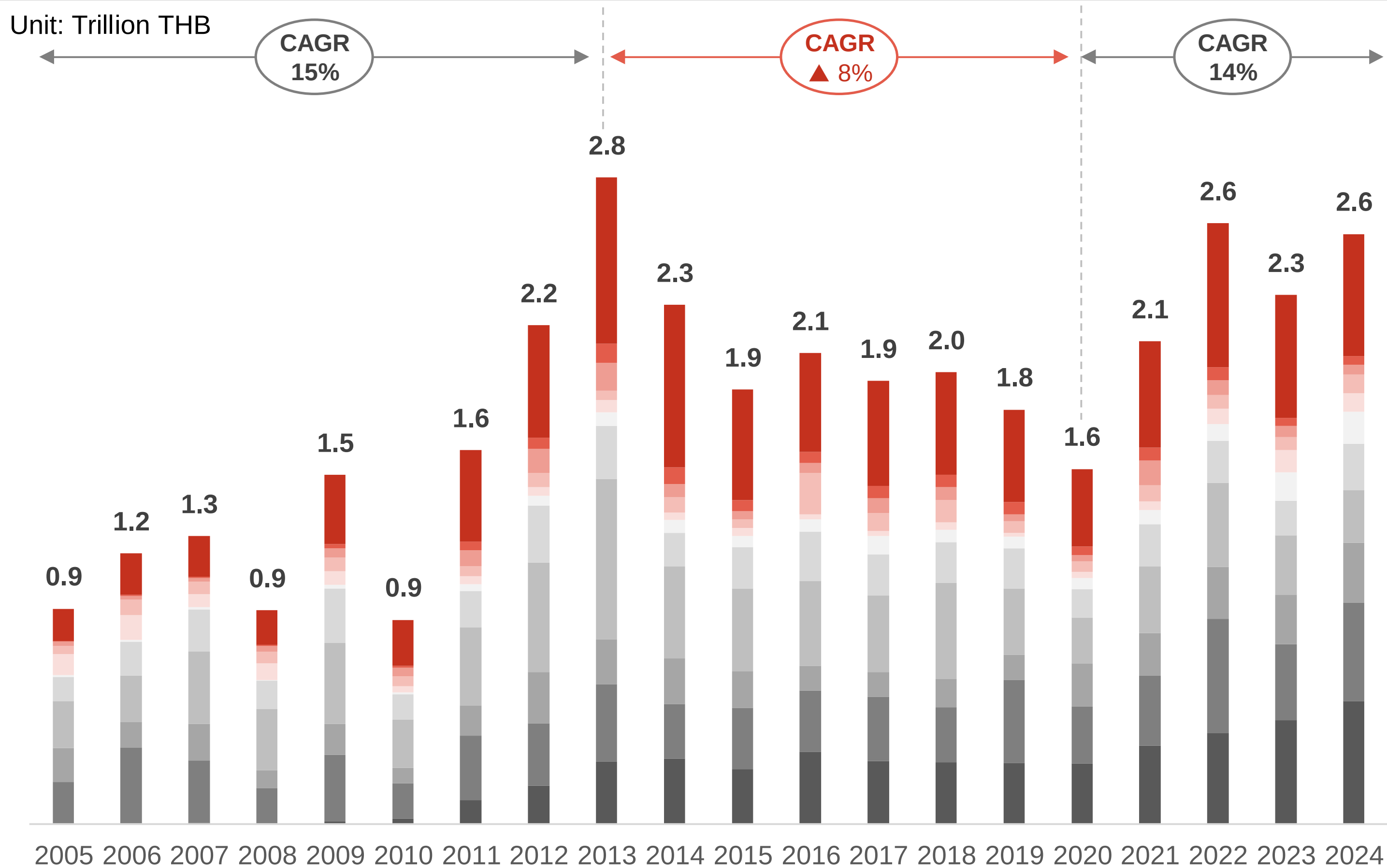
FDI Overview: Historical Annual FDI Inflows

- Thailand’s FDI inflows showed rapid growth from 2005, peaking in 2013 primarily because of economic growth and global supply-chain expansion. Subsequently, Thailand faced political instability, rising wages, and increasing global competition.
- After 2020, strong growth was driven by global supply-chain relocation, government incentives (e.g., those offered in the Eastern Economic Corridor, EEC), and the promotion of strategic industries (e.g., EVs and E&E).

Thailand’s FDI – Inflow by Major Countries (2005 – 2024)



CAGR 2005 – 2024

Thailand’s FDI Inflow:5%

	% Share 2024	CAGR ’05-’24
Others	21%	7%
South Korea	1%	11%
Switzerland	2%	5%
Hong Kong	3%	4%
United Kingdom	3%	▲ 1%
Taiwan	5%	16%
EU (excl. UK)	8%	3%
Japan	9%	1%
United States	10%	3%
ASEAN	17%	5%
China	21%	35%
FDI Inflow	**100%**	**5%**

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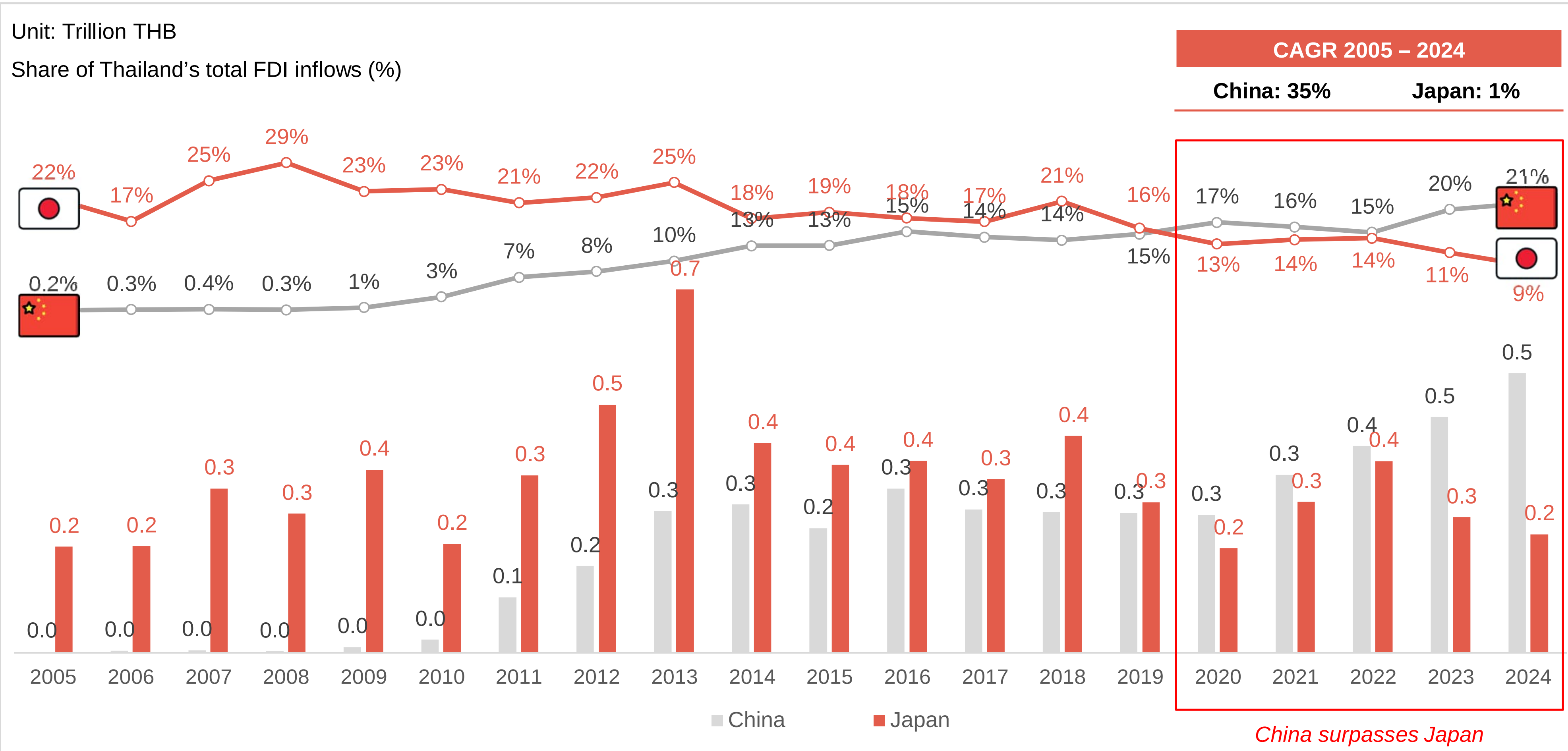
FDI Overview: Japan and China Trends

- Japan was Thailand's largest FDI source until Chinese FDI grew rapidly. Since 2020, China has become the largest investor in Thailand, with its FDI surpassing Japan's. This shift reflects changing regional supply-chain dynamics amid persistent U.S.–China trade frictions and the global transition to high-tech industries, particularly the EV sector.

Thailand's FDI – Inflow from China and Japan (2005 – 2024)



Foreign Investment Landscape

- The Foreign Business Act (FBA) generally restricts majority foreign ownership (commonly capping foreign shareholding at 49% in many sectors) and requires a Foreign Business License (FBL) for certain activities.
- Foreign investors can apply for BOI promotion; if approved, they may receive a Foreign Business Certificate (FBC), which permits up to 100% foreign ownership and grants access to substantial tax and non-tax incentives.

Foreign Investment Landscape

Foreign Investment in Thailand

Route	Structure	Requirement
Direct Company Establishment	**Joint Venture** (Thai nationals ≥ 51%, foreigners ≤ 49%)	Generally, **no Foreign Business License (FBL) needed**; can operate in most sectors.
	Foreign-majority (foreigners > 49%)	FBL **FBL required if activity falls under FBA Lists* 2 or 3** *The requirement for an FBL is determined by whether the specific industry falls into one of the FBA's three restrictive lists (List 1 is prohibited).
Holding shares in a local company	**Public company**	Subject to the company's **foreign ownership cap (commonly 49%)**
	Private company	FBL **Up to 49%** foreign ownership; **Holding majority of shares (≥ 50%),** requiring an **FBL if in a restricted sector**
BOI Promotion	FBC TAX	• **Benefit:** Once a project is approved for BOI promotion, the investor can apply for the ***Foreign Business Certificate (FBC)***, which **permits up to 100% foreign ownership** and **operate in restricted activities without needing a separate FBL.** • Moreover, the BOI offers a comprehensive package of **tax and non-tax incentives** to attract investment in targeted sectors. • **Conditions:** BOI promotion has **strict eligibility requirements** and typically requires significant minimum investment and a detailed business plan, demonstrating benefits to the Thai economy.

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Source: Thailand Board of Investment (BOI), Department of Business Development (DBD)

BOI-Approved Foreign Investment: Overview

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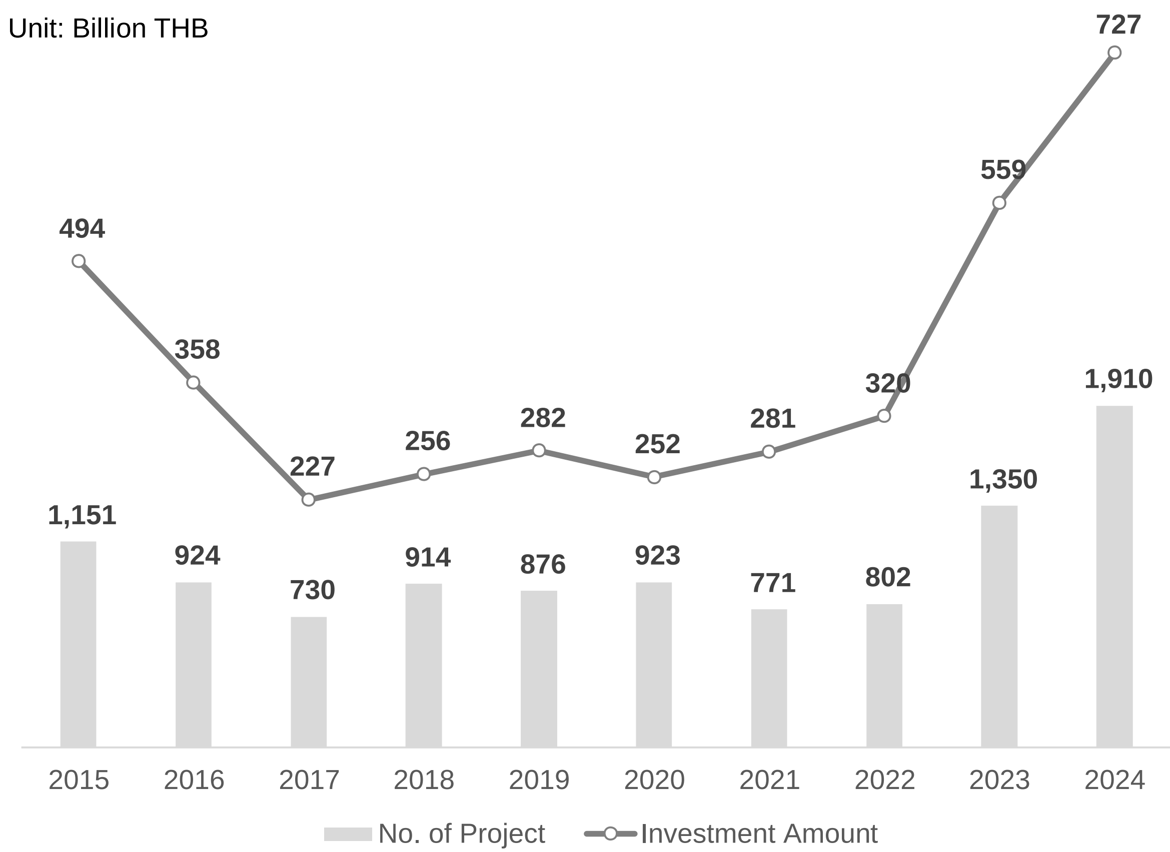
- BOI-approved investment fluctuated prior to the COVID-19 period. However, from 2021 onwards, it recovered strongly due to the economic rebound and new industry incentives, particularly in the E&E, EV, and digital sectors.
- In 2024, both the number of approved projects and the total investment amounts reached their highest levels since 2015, with 1,910 projects totaling 727 billion THB. Growth was driven by investment in data centers, cloud services, semiconductors, and advanced electronics manufacturing.

BOI-Approved Foreign Investment – No. of Projects and Investment Values (2015 – 2024)



2024 BOI-Approved Foreign Investment

1,910 Projects
727 billion THB

Top-3 Countries by Investment Values (2024)

Singapore	China	Hong Kong
THB **224** billion	THB **174** billion	THB **71** billion

Top-3 Industries by Investment Values (2024)

E&E	Machinery and Vehicles	Digital
THB **256** billion	THB **129** billion	THB **95** billion

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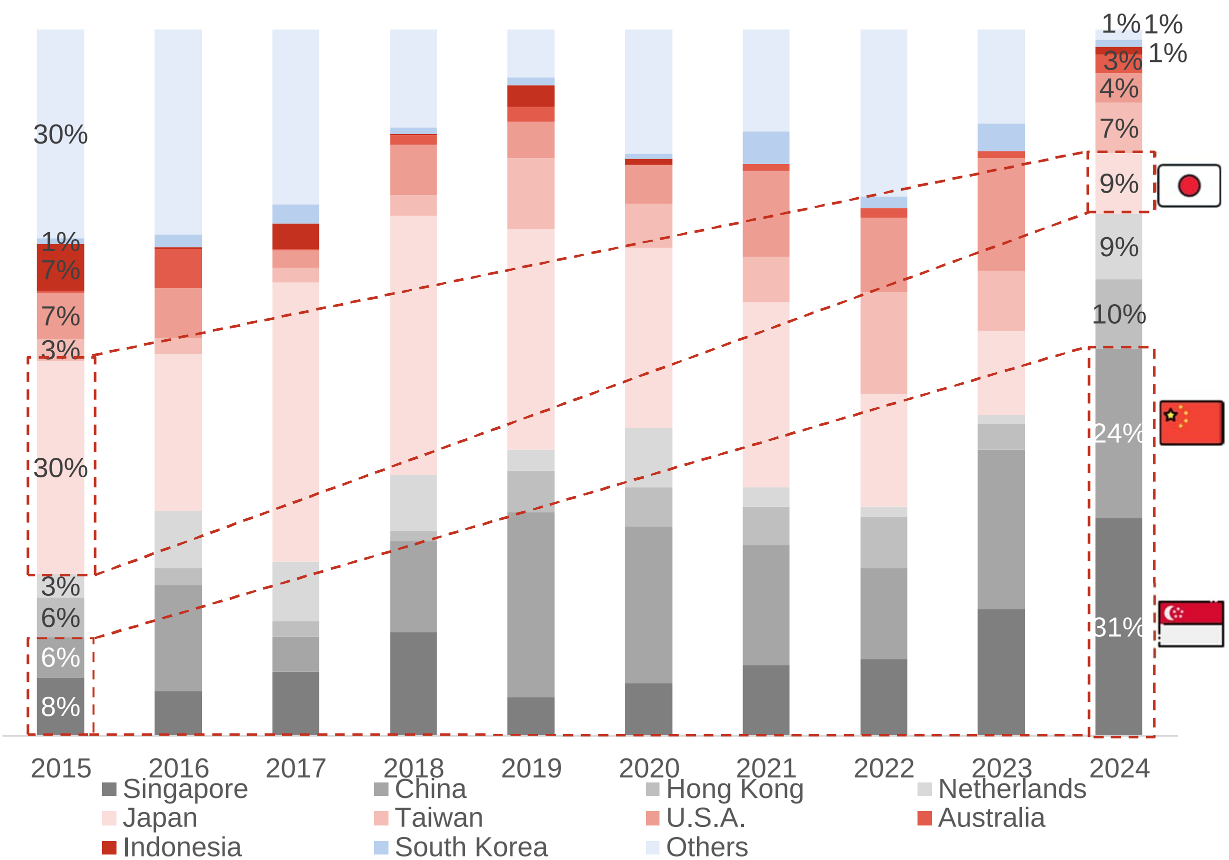
BOI-Approved Foreign Investment: Investment by Source Country

- Japan was the largest source of BOI-approved investment in 2015, but Japanese investment has gradually declined due to the global automotive industry's shift to EVs, Thailand's structural challenges, and the relocation of some investments to other markets.
- Over the past decade, Singapore (as an investment hub) and China have become major investors, increasingly expanding into high-growth industries such as data centers and cloud services, EVs, and E&E.

BOI-Approved Foreign Investment Value by Major Countries (2015 – 2024)



Top-10 Countries by Investment Value (2024)

No.	Country	Investment (billion THB)	CAGR ('15 – '24)
1	Singapore*	224	21%
2	China	174	22%
3	Hong Kong	71	11%
4	Netherlands	67	17%
5	Japan	62	▲ 9%
6	Taiwan	52	14%
7	U.S.A.	31	▲ 1%
8	Australia	19	37%
9	Indonesia	8	▲ 15%
10	South Korea	7	7%

Note: * Singapore often serves as an investment hub and regional headquarters (RHQ) for multinational companies from China, Japan, and the US, centralizing finance and managing strategic investments across ASEAN.

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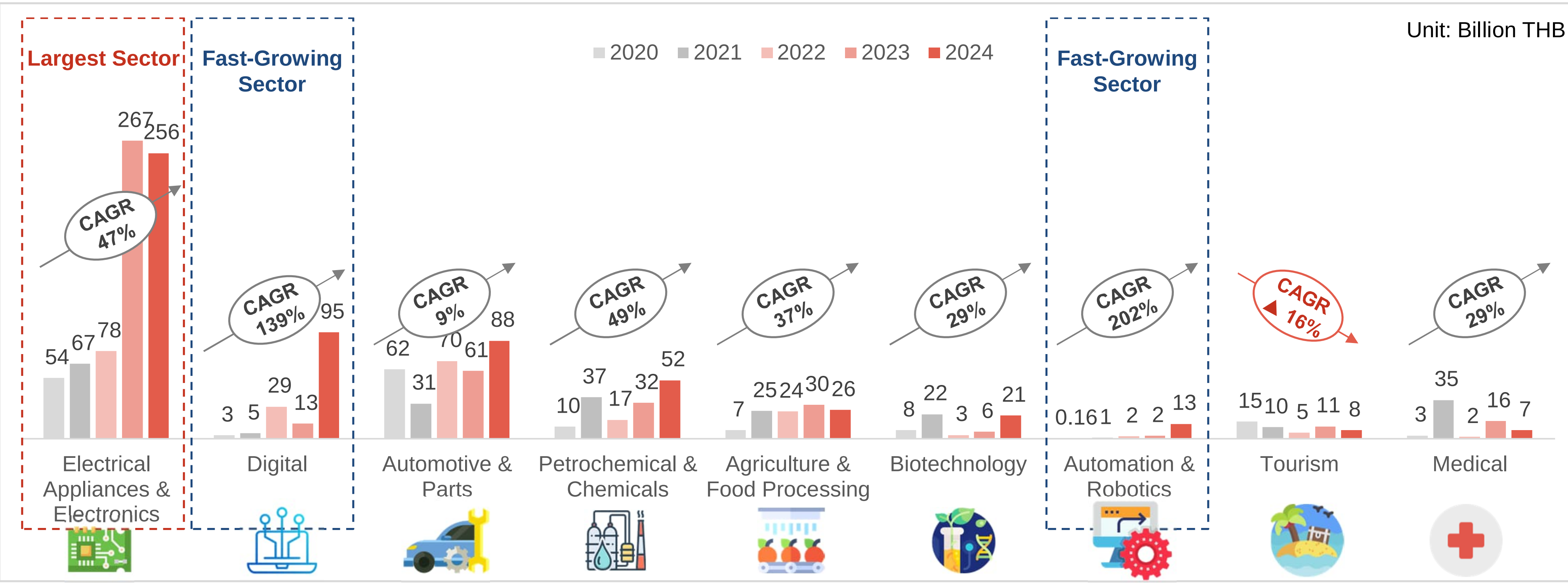
BOI-Approved Foreign Investment: Investment by Target Industry

- E&E remains the largest BOI-approved sector, supported by Thailand's well-developed manufacturing ecosystem.
- Digital and automation & robotics are the fastest-growing sectors, driven by Thailand's ongoing digital transformation.

Approved BOI Investment Value by Major Target Industries (2020 – 2024)



- **E&E** has attracted the **highest investment value** as has attracted the highest investment value because Thailand is a top exporter with a sophisticated manufacturing ecosystem and a robust supply chain for high-value components, including hard disk drives (HDDs), printed circuit boards (PCBs), and integrated circuits (ICs).
- **High-growth sectors** include the **digital industry and automation and robotics**. The digital sector recorded a large absolute increase in approvals, while automation and robotics achieved the highest CAGR from 2020 to 2024, reflecting strong demand for digital transformation, Industry 4.0 adoption, and increased automation across manufacturing and services.

BOI-Approved Foreign Investment: Recent Investment in 2025

- As of Q3 2025, total approved projects reached 1,227, with capital investment of THB 737 billion.
- The sector with the highest number of projects was E&E, while the digital sector attracted the largest investment value.

Approved BOI Investment – No. of Projects and Investment Values by Target Industry (Jan – Sep 2025)

by Target Industry Type (Jan – Sep 2025)

Industry	No. of Projects	Investment (billion THB)
Digital	**88**	**340**
Electrical Appliances & Electronics	**304**	**177**
Automotive & Parts	**202**	**67**
Agriculture & Food Processing	244	61
Petrochemical & Chemicals	237	41
Medical	74	20
Tourism	19	17
Automation & Robotics	24	7
Biotechnology	26	6
Aerospace	8	2
Education	1	0
Total	**1,227**	**737**

Top 3 Target Industries (Jan – Sep 2025)

As of September 2025, the top three target industry groups by investment value were:

(1) Digital industry: Investments in data centers and cloud services, software development, digital platforms, and digital content.

- Major announced investments include **Zenith Data Center and Cloud Services, Galaxy Data Center (GDC), and K2 Strategic.**

(2) E&E industry: High-value activities include PCB production, chip fabrication (wafers), IC design, semiconductor assembly and testing, and smart electrical appliances.

- Major announced investments include **Zhen Ding Technology, Gold Circuit Electronics, and Sunwoda.**

(3) Automotive and parts: Includes EV and ICE vehicle and parts production.

- Major announced investments include **Isuzu Motors, Triumph Motorcycles**

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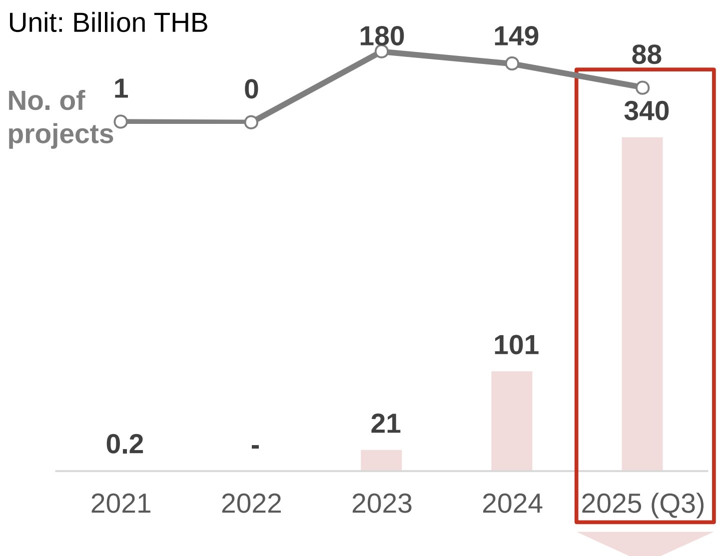
Thailand's Shifting Investment Landscape: Digital Industry (1/2)

- Thailand is an attractive investment destination in ASEAN and is undergoing a significant digital economic transition, strengthening its status as a regional hub for data center investment and cloud services.

Investment Snapshot

Digital Industry: Approved BOI Investment – No. of Projects and Investment Values (2021 – 2025 (Q3))



Businesses	No. of Projects	Investment (billion THB)
Data center	**11**	**209**
Data hosting	1	127
Cloud service	3	3
Others	73	0.8
Total	**88**	**340**

Investment Snapshot

- **Global investment commitments:** In recent years, leading tech companies have heavily invested in the digital industry, particularly in data centers. For example, Amazon Web Services (AWS) has announced a long-term investment plan of over 200 billion THB, alongside Google, Microsoft, ByteDance (TikTok), Equinix, NextDC, and other leading firms.
- **Massive investment influx:** As of January 2026, the BOI approved seven major data-center projects totaling over 96 billion THB. This follows a record-breaking 2025, when applications for digital projects reached approximately 728 billion THB, signaling an upward trend.
- **Rising strategic investment:** Strategic partnerships that pair Thai firms' local knowledge and resources with global tech expertise are accelerating large data-center projects and ensuring global standards (e.g., CP–GIP/BlackRock; BGRIM–Digital Edge).

Key Factors Attracting Investment:

Factors	Highlights
Geographic advantage	Central ASEAN hub; regional market access; low-latency connectivity
Robust infrastructure	Stable power; high internet penetration; extensive 5G coverage
Cost competitiveness	Lower construction and operating costs vs. regional hubs (e.g., Singapore)
Market demand	High internet penetration (89.5%); growth in e-commerce, fintech, healthcare; rising AI adoption
Government support	Thailand 4.0; Cloud First strategy; BOI incentives; national strategic digital commitments

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Source: Thailand Board of Investment (BOI), efinanceThai

Thailand's Shifting Investment Landscape: Digital Industry (2/2)

- Major opportunities include data-center development, renewable energy and energy-efficiency solutions to power these facilities, and a growing market for digital services such as cybersecurity, AI, cloud-based applications, and managed services.

Outlook and Opportunities

Future Outlook

*Thailand aims to become **ASEAN's digital hub for digital industries**, especially **data centers and cloud services**.*

2027 Target	
	1) Increase the digital economy's share of GDP to **30%**. 2) Place Thailand in the top 30 of the WDCR rankings*.

- With the digital economy projected to contribute significantly to national GDP, backed by strategic policies and a surge in foreign investment, the country has become an attractive location for **regional cloud and data-center infrastructure.**
- Consequently, digital transformation will continuously drive demand for scalable computing, accelerate AI development, **and create vast opportunities for businesses in the digital economy**.

Challenges

- **Skilled talent gap:** Investors may face higher labor costs and difficulty securing specialists such as cloud engineers, cybersecurity experts, and data-center managers.
- **Sustainable energy demands:** High power consumption of data centers requires investment in clean and renewable energy infrastructure and long-term PPAs to meet global ESG standards, which can raise upfront costs and extend development timelines.
- **Complex regulatory environment:** Thailand's permitting, land-zoning, and utility-connection processes can delay projects; strong local partnerships or specialized advisers are often needed to mitigate risks and accelerate deployment.

Business Opportunities

Businesses	Highlights
Direct investment in data centers	• Investing in building and expanding hyperscale and co-location data centers in strategic areas. For examples, Telehouse (KDDI subsidiary) and NTT are already invested.
Supply Chain & Technology Provision	• Suppliers of high-quality infrastructure components to meet the demand e.g. electrical infrastructure, mechanical and cooling systems, IT infrastructure
Renewable Energy Solutions	• Renewable energy development and energy-efficient technologies/ solution
Digital service provision	• Growing demand for related services, including cybersecurity, data management, and AI solution.

Note: * The WDCR Rankings (World Digital Competitiveness Ranking) evaluate the capacity and readiness of economies to adopt and explore digital technologies. Thailand is currently ranked 38th globally (2025).

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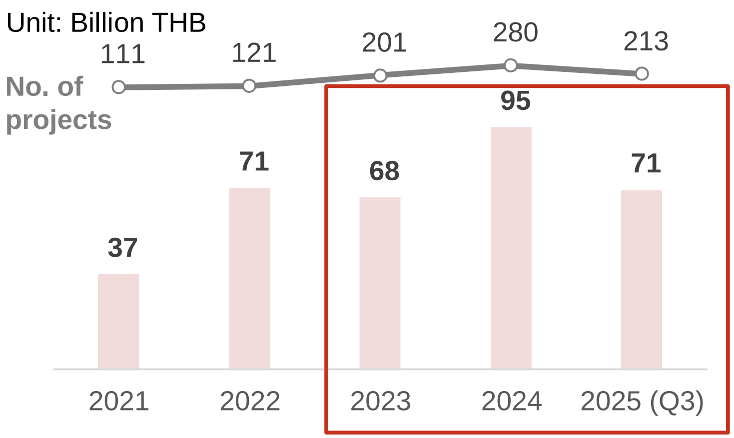
Thailand's Shifting Investment Landscape: Automotive & Parts (1/2)

- Thailand has emerged as an attractive investment destination for EV investment, drawing both established global OEMs and new entrants, led by Chinese brands, to produce EV and batteries. This reflects a strategic shift towards a comprehensive EV ecosystem, fueled by robust government support and Thailand's well-established automotive industry.

Investment Snapshot

Automotive & Parts Industry: Approved BOI Investment – No. of Projects and Investment Values (2021 – 2025 (Q3))



Top 5 Activities by Investment Values (2023 – 2025 (Q3))

Manufacturing Business	No. of Projects	Investment (billion THB)
Other vehicle parts and components	373	75
Vehicle tires	23	61
Batteries	18	15
EVs (BEV, PHEV, HEV, and BEV platforms)	7	14
Transmission system parts	19	6

Investment Snapshot

- **Dominance of Chinese EV investment:** Recently, there has been a significant surge of investment from major Chinese manufacturers, including BYD, Great Wall Motor (GWM), Changan, and SAIC (MG), which have established large-scale local assembly lines. This shift indicates that Thailand is transitioning from an import-dependent market toward becoming a major regional manufacturing hub.
- **Strategic battery investment:** Investment is moving beyond simple assembly into core technologies such as lithium-ion battery cell production to meet local-content rules. These rules require manufacturers to source key components locally, such as electric motors and inverters, to qualify for government subsidies.
- **Evolution of non-Chinese players:** Traditional and premium OEMs are also transitioning to EVs. For example, Japan's Isuzu Motors is planning local production of EV pickup trucks in Thailand.

Key Factors Attracting Investment:

Factors	Highlights
Integrated supply chain	Established automotive ecosystem; OEM cluster; tier-1/tier-2 suppliers; tooling; logistics
Government incentives	BOI incentives; EV subsidies; import duty exemptions
Strategic regional hub	Largest ASEAN manufacturer; export gateway
Evolving workforce	Transition from assembly labor to high-tech expertise through EV Workforce Development (EV-HRD)
Growing domestic demand & Infrastructure	Rising EV adoption; charging & battery swapping stations

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Source: Thailand Board of Investment (BOI), Deloitte, Public news

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Thailand's Shifting Investment Landscape: Automotive & Parts (2/2)

● Thailand’s EV transition presents significant investment opportunities across the entire value chain.

Outlook and Opportunities

Future Outlook

*Thailand is pursuing its goal to become ASEAN’s **electric vehicle (EV)** production hub.*

30@30 Policy

By 2030, 30% of all vehicles produced in Thailand will be zero-emission vehicles (ZEVs).

- Supported by robust government incentives and a surge in foreign direct investment, especially in vehicle parts and components, batteries, and EVs, the country has become an attractive location for regional automotive manufacturing and parts supply.
- As a result, the EV transition will continuously drive demand for **localized component production, advanced battery and power-electronics capacity, and new services** across the vehicle lifecycle, creating substantial opportunities for businesses that invest in Thailand's EV ecosystem.

Challenges

- **Intense competition from Chinese players:** Chinese brands have rapidly gained market share in Thailand through aggressive pricing and immediate EV availability. Their local assembly bases create strong competition and significant margin pressure for traditional Japanese automakers.
- **Supply chain disruption:** The EV transition is disrupting the established ICE-centric supply chain. Chinese manufacturers often use vertically integrated networks, forcing investors to face high transition costs and intense competition from lower-cost, specialized EV parts suppliers.
- **Workforce skill mismatches:** While Thai workers are strong in ICE assembly, EV production requires expertise in batteries, power electronics, and software integration. Investors may face higher retraining costs and delays in localizing high-tech components.

Business Opportunities

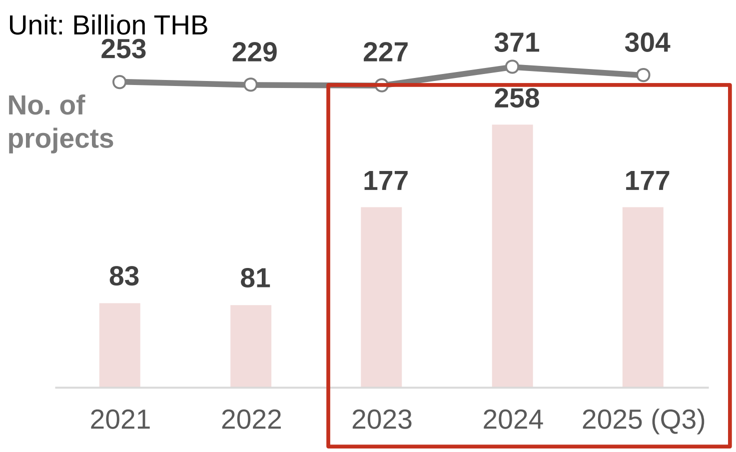
Businesses	Highlights
Upstream **Advanced component manufacturing**	• JV and technology-transfer opportunities to help and upgrade existing suppliers transition from ICE components to high-value EV parts/ system **(electric motors, inverters, power electronics, battery systems, software integration).**
Midstream **Infrastructure & services**	• **Charging stations:** Invest in establishing both fast-charge and regular charging stations in strategic locations. • **Repair and maintenance services** for electric vehicles • **Full battery-ecosystem services** for battery lifecycle solutions, including testing, repair, recycling, and disposal.
Downstream	• **Mobility and aftersales services:** EV rental/leasing platforms, specialized EV maintenance centers, EV charging platforms

Thailand's Shifting Investment Landscape: Electrical Appliances & Electronics (E&E) (1/2)

- Thailand once served primarily as a manufacturing base for appliances and automotive parts. However, it is transitioning into a key regional player in PCBs and semiconductors due to global supply-chain restructuring, supportive government policies, and growing demand from data centers, AI, and EVs.

Investment Snapshot

E&E Industry: Approved BOI Investment – No. of Projects and Investment Values (2021 – 2025 (Q3))



Top 5 Activities by Investment Values (2023 – 2025 (Q3))

- ✓ Flexible Printed Circuit Board, Multilayer Printed Circuit Board, or related parts
- ✓ Semiconductor production and testing
- ✓ Printed circuit board — High Density Interconnect (HDI)
- ✓ Smart electrical appliances and smart electronics
- ✓ High-density battery production

Investment Snapshot

- **Becoming a Global PCB Hub:** Thailand is rapidly becoming an attractive investment hub for PCBs, with 2025 seeing 94 projects* in PCB manufacturing and raw materials, totaling over 249 billion THB in investment applications*.
- **Expansion of high-tech electronics and semiconductors:** Investment in electrical and digital infrastructure, especially data centers for Cloud AI and IoT, is boosting demand for memory storage (HDDs), motherboards, power-control and power-supply components (ICs), and networking equipment.
- **AI-driven shift to advanced PCBs:** Rising AI workloads and high-performance IT equipment are accelerating adoption of High-Density Interconnect (HDI) PCBs, which support faster processing and higher signal density.
- **Growing demand for ASEAN market:** Strong ASEAN consumer demand is driving growth in smart appliances, automotive EV components, and digital transformation across industries.

Key Factors Attracting Investment:

Factors	Highlights
Leading global role	Global-leading exporter of HDDs, PCBs, ICs, semiconductors, transistors, and diodes
Well-established industry	Largest PCB production base in ASEAN with an established local supply chain
Strategic location	Advantageous export hub with access to growing ASEAN consumer markets
Government supporting policies	Incentives and facilitation from BOI and EEC (Eastern Economic Corridor)

Note: * 2025 investment promotion application figures are based on BOI public announcements

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Source: Thailand Board of Investment (BOI), efinanceThai

Thailand's Shifting Investment Landscape: Electrical Appliances & Electronics (E&E) (2/2)

● Major opportunities include data-center development, renewable energy and energy-efficiency solutions to power these facilities, and a growing market for digital services such as cybersecurity, AI, cloud-based applications, and managed services.

Outlook and Opportunities

Future Outlook

*Thailand has announced its ambition to become a Global Strategic Hub for **Electronics and Printed Circuit Boards (PCBs)**.*

National Semiconductor Board

National Semiconductor and Advanced Electronics Policy Committee

- Develop a **skilled workforce** to prepare for the wave of new FDI
- Attract **at least 500 billion THB** of investment by 2029

- Due to Thailand's ambitions and ongoing global supply-chain shifts, the country has seen a significant surge in investment, especially in semiconductors and advanced electronics, and is expected to grow further to support growing demand for advanced PCBs used in AI servers, satellite systems, and electric vehicles (EVs).
- This presents vast opportunities for both domestic and foreign investors to **establish a fully integrated electronics supply chain.**

Challenges

- **Shortage of skilled workers:** The lack of local experts in advanced hi-tech areas such as HDI PCBs and substrate manufacturing forces firms to rely on expatriate specialists. This increases operational costs and creates challenges for scaling operations efficiently.
- **Shortage of upstream PCB materials:** Thailand's PCB industry is heavily focused on downstream assembly and fabrication and relies on imported raw materials, such as laminates and specialty chemicals, particularly from China, Taiwan, and Japan. This dependence exposes the supply chain to global price volatility and logistics risks.
- **Rising competition:** From neighboring countries such as Vietnam and Malaysia, which are also targeting development as electronics and semiconductor hubs. Ongoing U.S.–China trade tensions could prompt Chinese manufacturers to increase exports of ICs and electronic devices, leading to intensified competition.

Business Opportunities

Businesses	Highlights
Upstream materials	• Production of key inputs such as laminates and specialty chemicals for PCBs.
Advanced PCB Manufacturing	• High-Density Interconnect (HDI) boards and IC substrates for high-performance applications.
EV Components & Power Electronics	• Production of power modules, battery management systems (BMS), motor control units, and lightweight electronic parts
Green electronics business	• Eco-friendly materials, e-waste recycling
Digital Infrastructure	• High-efficiency power supply units (PSUs), advanced cooling and thermal management solutions for AI servers and data centers.

Source: Thailand Board of Investment (BOI), Public news

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Challenges for FDI in Thailand

- Although Thailand remains an attractive destination, political uncertainty, regulatory complexity, and pervasive corruption are the primary structural hurdles confronting investors.
- These issues raise policy and operational risks, inflate the cost of doing business, and often paralyze decision-making for large, long-term capital investments.

Political instability

- Political instability is a major obstacle to FDI in Thailand because it creates **policy uncertainty, undermines policy continuity, and raises security risks**.
- **Impact:** Investors may delay long-term projects while waiting for clarity and government stability, undermining confidence and putting Thailand at a disadvantage compared with ASEAN competitors.

Regulatory complexity

- Multiple overlapping laws, frequent rule changes, and fragmented approval processes across several agencies create a **complex regulatory environment that is often slow, unpredictable, and difficult for businesses to navigate**.
- **Impact:** Multiple overlapping laws, frequent rule changes, and fragmented approval processes raise compliance costs, cause project delays, and increase legal and operational risk.

Corruption and bureaucratic inefficiency

- Thailand remains challenged by **deeply rooted patronage systems and a lack of transparency in large-scale government procurement**, where bribe demands can reach up to 20–30%* of project values.
- **Impact:** Corruption increases the cost of doing business, creates regulatory uncertainty and unfair competition, undermines trust in institutions, and deters investors who prioritize transparency.

Note: * Reported by Thailand Development Research Institute (TDRI)

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