



19 January 2018

(18-0520)

Page: 1/12

Committee on Subsidies and Countervailing Measures

Original: English

SUBSIDIES

NEW AND FULL NOTIFICATION PURSUANT TO ARTICLE XVI:1 OF THE GATT 1994 AND ARTICLE 25 OF THE AGREEMENT ON SUBSIDIES AND COUNTERVAILING MEASURES

THAILAND

The following communication, dated 18 January 2018, is being circulated at the request of the Delegation of Thailand.

1 INVESTMENT PROMOTION INCENTIVES

1. Title of the subsidy programme

Investment Promotion Incentives.

2. Period covered by the notification

1 January 2015 – 31 December 2016.

3. Policy Objective and/or purpose of the subsidy

Due to significant changes in both domestic and international economic and investment landscape, the Board of Investment (BOI) deems it appropriate to revise the investment promotion policies and criteria to respond to the current and future situation to be in line with the direction of Thailand's development under the National Economic and Social Development Plan as well as the Seven-Year Investment Promotion Strategy (2015-2021). The BOI's investment promotion scheme has been revised since 1 January 2015 in order to grant incentive package based on investment activities.

The main objectives of the BOI's investment promotion scheme are to promote investment to enhance Thailand's competitiveness and to achieve sustainable growth in accordance with the sufficiency economy philosophy.

The details of this new scheme can be found at the Announcement of the Board of Investment No.2/2557 (2014).¹

4. Background and authority for the subsidy

The legal basis of the investment promotion incentives is the Investment Promotion Act (1977) amended in 1991, and 2001. The responsible authority is the Office of the Board of Investment.

¹ See link:

http://www.boi.go.th/upload/content/newpolicy-announcement%20as%20of%2020_3_58_23499.pdf

5. Form of the subsidy

Tax concession such as exemption/reduction of corporate income tax, exemption of import duties on machinery, exemption of import duties on raw and essential materials used for export products (similar to duty drawback scheme), and special deduction of certain expenditures.

6. To whom and how the subsidy is provided

The investment incentives programme is generally available to all investment projects that meet the criteria as prescribed by the BOI. All foreign and local investors can enjoy the benefits on an equal basis.

A wide range of investment activities covering various sectors are eligible for investment promotion incentives and the investors can freely choose where to locate their investments in Thailand. Also, the BOI does not take into consideration the export performance of the projects as a criterion to grant investment promotion. The BOI scheme is not contingent upon location or export performance.

Apart from the main scheme, the BOI also offers other measures as follows:

- Special Economic Development Zones (SEZs)
- Cluster Development Policy
- Investment promotion policy for industrial development in border provinces in Southern Thailand (Narathiwat, Yala, Satun, and four districts of Songkhla).
- 20 provinces with low per capita income (Kalasin, Chaiyaphum, Nakhon Phanom, Nan, Bueng Kan, Buri Ram, Phrae, Maha Sarakham, Mukdahan, Mae Hong Son, Yasothon, Roi Et, Si Sa Ket, Sakon Nakhon, Sa Kaew, Sukhothai, Surin, Nong Bua Lamphu, Ubon Ratchatani, and Amnatcharoen).

7. Amount of the subsidy

There is no specific budget earmarked for investment promotion incentives. The information on the subsidy per unit is therefore cannot be provided. No statistics on corporate income tax and import duties exemption/reduction are available.

8. Duration of the subsidy and/or anytime attached to it

The duration of the investment promotion incentives programme is indeterminate. However, the incentives granted to each investment project are subject to certain time limits.

2 INDUSTRIAL ESTATE AUTHORITY OF THAILAND (I-EA-T)

1. Title of the subsidy program

I-EA-T Investment Privileges.

2. Period covered by the notification

1 January 2015 – 31 December 2016.

3. Policy objective and/or purpose of the subsidy

I-EA-T Investment Privileges aim to promote the establishment of industrial plants and industrial related activities in privilege areas in industrial estates in Thailand to accelerate industrialization process of the country and create more value products. Meanwhile, the growth of industries is made in a harmony with environmental management and quality of life in order to guarantee balanced development of economy, environment, and society.

4. Authority for the subsidy

The legal basis of the I-EA-T Investment Privileges is specified in Industrial Estate Authority of Thailand Act B.E. 1979 amended in 1991, 1996, and 2007. The authorized organization is I-EA-T.

The current I-EA-T Act (No.4) B.E. 2007 was approved by the Parliament in 2007.

5. Form of Subsidy

I-EA-T Investment Privileges cover the exemption of payment of surcharge under the law on promotion of investment, import duty, value added tax on machinery, equipment, tools and supplies, including the component there of which are essential for the production of goods, as the case may be, and on materials to be used for the construction, assembly or installation of factory or building and goods imported and taken into privilege areas by industrial operators and traders for used in the production of goods.

6. To whom and how the subsidy is provided

Privileges are provided to the industrial operators who are permitted to engage in industrial operation in privilege areas in industrial estates.

7. Amount of the subsidy

No specific budget provided.

8. Duration of the subsidy and/or any time limit attached to it

Upon operation period.

9. Statistical data permitting an assessment of the trade effects of the subsidy

Not applicable.

3 IMPROVING FARMING CONSTRUCTION FOR RECOVERING SHRIMP PRODUCTION AND INCREASING THAI'S MARINE SHRIMP INDUSTRY COMPETITIVENESS ON SUSTAINABLE BASIS PROGRAM

1. Title of the subsidy program

Improving Farming Construction for Recovering Shrimp Production and Increasing Thai's Marine Shrimp Industry Competitiveness on Sustainable Basis Program.

2. Period covered by the notification

From 1 January 2015 to 31 December 2016.

3. Policy objective and/or purpose of the subsidy

The objective of the program was to resolve the decreasing of domestic marine shrimp production due to Early Mortality Syndrome (EMS) shrimp disease.

4. Background and authority for the subsidy

Under the program, the Bank for Agriculture and Agricultural Cooperatives provided soft loans for marine shrimp farmers which the government compensated the farmers for the interests at 3% per year for a period not more than 3 years. The loans should be used for improving marine farming construction such as fish ponds, sedimentation ponds, and wastewater treatment ponds in compliance with the environment policy to increase production capacity. The responsible authority is the Department of Fisheries.

5. Form of the subsidy

Soft loans.

6. To whom and how the subsidy is provided

The recipients were marine shrimp farmers which were registered to the Department of Fisheries (DoF) and their farm should be certified by DoF. Moreover they should be met other criteria required by the program. The recipients were not more than 1,000 farmers and could get soft loans not more than 1 million Baht per farmer.

7. The amount of the subsidy

Under this program, the Bank for Agriculture and Agricultural Cooperatives provided total soft loans worth 38,987,000 Baht for 76 marine shrimp farmers.

8. Duration of the subsidy is provided

The duration of the program is from April 2016 to September 2019. The closing date for approving the soft loans for marine shrimp farmers was 31 December 2016.

4 SOFT LOAN PROGRAM FOR FISHERMEN AND FISHING OPERATORS

1. Title of the subsidy program

Soft Loan Program for fishermen and fishing operators.

2. Period covered by the notification

From 1 January 2015 to 31 December 2016.

3. Policy objective and/or purpose of the subsidy

The objective was to help fishermen or fishing operators, affected by the government's combating illegal, unreported, and unregulated (IUU) fishing measures for improving fishing vessel and/or changing fishing gears.

4. Background and authority for the subsidy

The government provided soft loans for fishermen or fishing operators affected by the government's combating illegal, unreported, and unregulated (IUU) fishing measures. The loans should be used for improving fishing vessels and/or changing fishing gears including fishing equipments in compliance with the new fisheries law. The responsible authority is the Department of Fisheries.

5. Form of the subsidy

Soft loans.

6. To whom and how the subsidy is provided

- Recipients: fishermen and fishing operators affected by the government's combating IUU fishing program.
- Loan interest: 1st year at 0% per year, 2nd year to 7th year at 4.00% per year.
- Repayment term: at maximum 7 years with an obligation within a grace period for up to 12 months.

7. The amount of the subsidy

The government provided total soft loans worth 148 million Baht for 129 fishermen or fishing operators.

8. Duration of the subsidy is provided

From 8 September 2015 to 31 December 2016.

5 FISHING VESSEL BUYING PROGRAM

5.1 Fishing Vessel Buying Program

1. Title of the subsidy program

Fishing Vessel Buying Program.

2. Period covered by the notification

From 1 January 2015 to 31 December 2016.

3. Policy objective and/or purpose of the subsidy

The objective was to help fishing vessel owners or fishing operators who affected from the government's combating IUU measures. The government wanted to decrease the numbers of fishing vessels for sustainability purposes.

4. Background and authority for the subsidy

The program would buy fishing vessels from fishing vessel owners or fishing operators in order to reduce the numbers of fishing vessels. The government would pay 50% of the fishing vessels middle price for fishing vessel owners or fishing operators. The vessels which were bought would be sunk for the purpose of creating artificial reefs. The responsible authority is the Department of Fisheries.

5. Form of the subsidy

Grants.

6. To whom and how the subsidy is provided

Fishing vessel owners or fishing operators who wished to sell their vessels to the government had got the vessel permits from the Marine Department and the fishing gear licenses from the Department of Fisheries.

7. The amount of the subsidy

The government already bought 51 push net vessels for 105,779,220.40 Baht.

8. Duration of the subsidy is provided

From April to May 2016.

5.2 Encouraging the transformation of plastic waste into fuel oil

1. Title of the subsidy programme

Encouraging the transformation of plastic waste into fuel oil.

2. Period covered by the notification

3 years.

3. Policy objective/Purpose of the subsidy

To promote energy security and the use of alternative energy in order to decrease the country's dependency on oil imports as well as solve the problem of waste disposal.

4. Background/Authority of the subsidy

- Committee on Energy Policy Administration (CEPA) on August 3rd, 2015 approved the principle on calculating rate of subsidy for refineries that purchase fuel oil from plastic waste.

- By virtue of clause 4 and 5 of the order of the Prime Minister no.4/2547 (2004) on measures to solve and prevent oil shortage dated 23 December 2004 with clause 1 of the order of the Prime Minister no.1/2553 (2010) on measures to solve and prevent oil shortage dated 2 March 2010, CEPA announced the rate of subsidy for refineries that purchase fuel oil from plastic waste

5. Form of subsidy

Financial support.

6. To whom and how the subsidy is provided

- The subsidy is provided to refineries that purchase fuel oil produced from plastic waste. Energy Policy and Planning Office (EPPO) will announce the rate of subsidy every month and report the quantity of waste and fuel oil as well as the amount of subsidy back to CEPA.

- Refineries that purchase fuel oil produced from plastic waste have to inform the Excise Department and submit their request for subsidy. The Excise Department will check the received quantity and submit the request document to Energy Fund Administration Institute (EFAI). EFAI then give out subsidy from the Oil Fund to the Excise Department who will give it to refineries.

7. Subsidy per unit

- Calculation methodology:

$$\text{Rate of subsidy} = 14.50 - \text{Crude oil price.}$$

Explanation:

- Rate of subsidy = Rate of fuel oil price subsidy to refineries that purchase fuel oil from plastic waste (baht/litre)

- Crude oil = FOB price of Dubai crude oil from the previous month (baht/litre)

- Exchange rate = Average exchange rates from the previous month announced by the Bank of Thailand (baht/US dollar)

However, if Dubai crude oil price is higher than 14.50 baht/litre, there will be no subsidy for the cost of producing oil from plastic waste.

- EPPO was assigned to review the cost of producing oil from plastic waste every year.

8. Duration of the subsidy

3 years (4 August 2015 – 3 August 2018).

9. Statistical data

Statistical data can be requested from Energy Fund Administration Institute (EFAI).

5.3 Energy Efficiency Revolving Fund (EERF)

1. Name of measure

Energy Efficiency Revolving Fund (EERF).

2. Period covered

Fiscal year 2016 (1 October 2015 – 30 September 2016)

3. Purpose of measure

- a. To promote energy efficiency in factories and buildings by providing low-interest loan.
- b. To allow financial institution to become more experienced with energy efficiency investment.

4. Background and authority

The program is under the supervision of Department of Alternative Energy Development and Efficiency (DEDE), Ministry of Energy of Royal Thai Government.

5. Form of subsidy

Loan.

6. Target and how the subsidy is provided

Target: Factories and buildings

How: Promoting energy efficiency investment via low-interest (3.5%) loan for factories and buildings. The proposed projects must have a payback period of no more than 7 years, with maximum amount of loan available per project of 50 million Baht.

The applicants must apply for the loan through participating banks who will consider the financial feasibility. The technical feasibility will be considered by expert committee under DEDE.

7. Subsidy per unit/Total subsidy

1,489 million Baht

8. Result

82 projects with value of investment of 1,289 million Baht (1,220 million Baht via the program), resulting in estimated energy saving of 7.3 ktoe.

5.4 Low Interest Loan/ESCO Revolving Fund

1. Name of measure

Low Interest Loan/ESCO Revolving Fund.

2. Period covered

Fiscal year 2016 (1 October 2015 – 30 September 2016).

3. Purpose of measure

- a. To help fund projects with good potential but lack sufficient funding/no collateral for loans.

b. To promote the use of Energy Service Company (ESCO), which provides energy saving solutions for their clients by serving as consultants or helping with design and implementation of energy saving projects.

4. Background and authority

The program is under the supervision of Department of Alternative Energy Development and Efficiency (DEDE), Ministry of Energy of Royal Thai Government.

5. Form of subsidy

Loan.

6. Target and how the subsidy is provided

Target: Factories and buildings utilizing ESCO.

How: Promoting energy efficiency investment or renewable energy via equipment leasing (maximum of 20 million Baht per project with payback period off no more than 7 years) or equity investment (maximum of 50 million Baht per project with payback period of no more than 7 years). The projects must utilize ESCO.

7. Subsidy per unit/Total subsidy

500 million Baht.

8. Result

23 projects with value of investment of 163.4 million Baht (123 million Baht via the program), resulting in estimated energy saving of 1.84 ktoe.

6 INVESTMENT PROMOTION IN SOLAR HOT WATER FOR THREE SECTORS ; SERVICE, INDUSTRY AND RESIDENCE.

1. Title of the subsidy program

Investment promotion in solar hot water for three sectors ; Service, Industry and Residence.

2. Period covered by the notification

This project has annually funded private enterprises in the sectors from 2008 to 2015.

3. Policy objective and/or purpose of the subsidy

1) Partly financial support the sectors to encourage using solar hot water instead of electricity from grid, LPG, diesel and fuel oil.

2) Promote renewable energy to meet the target of Alternative Energy Development Plan (AEDP 2015).

4. Authority for the subsidy

The subsidy is supported by the Energy Conservation Promotion Fund (ENCON Fund) which supports all the energy conservation related programs and activities, such as energy efficiency improvement, renewable research and development projects and campaigns.

5. Form of the subsidy

With the aim is to promote installation of solar collector system to combine with waste heat reuse from the machines that burn fuels to release heat. So the ultimate goal proposes an energy-saving option for their own business. ENCON Fund will support an initial investment which are partly support for private enterprises.

6. To whom and how the subsidy is provided

For example in three sectors that we focus on are:

- 1) Service - hotel resort spa hospital
- 2) Industry – food and beverage medical product
- 3) Residence – apartment condominium

DEDE cooperate with operators to provide the application form and announce to the public.

7. Amount of the subsidy

Only 20% of an initial investment of preparation, installation and operation.

8. Duration of the subsidy and/or any other time limits attached to it

The fiscal duration of the project is around 18 months

- 1) Publicize the entrepreneur who attend and want to join the project.
- 2) Operation in preparation, installation of solar collector system and its components.
- 3) Monitoring and evaluation, including solving the problems that may occur

9. Statistical data permitting an assessment of the trade effects of the subsidy

Not applicable.

7 INVESTMENT PROMOTION IN SOLAR GREENHOUSE DRYER IN AGRICULTURAL PRODUCTS

1. Title of the subsidy program

Investment promotion in solar greenhouse dryer in agricultural products.

2. Period covered by the notification

In general open sun drying the products are affected by external calamities such as rain, insects and animals. So this project has developed since 2011 to now for removing the moisture content from the fruit, herb and vegetable products in solar greenhouse dryer. The fund has annually allocated to farmer in direct.

3. Policy objective and/or purpose of the subsidy

- 1) Partly subsidize in the agricultural sector for using solar drying technology to build value added in its products towards into a market.
- 2) Promote renewable energy to meet the target of Alternative Energy Development Plan (AEDP 2015).

4. Authority for the subsidy

Granted by the Energy Conservation Promotion Fund (ENCON Fund) which supports all the energy conservation related programs and activities, such as energy efficiency improvement, renewable research and development projects and campaigns.

5. Form of the subsidy

Due to high investment cost, so DEDE offer some subsidies of initial investment to farmers for encouraging the use of solar drying technology. The goal of this project is a greenhouse type solar dryer for small-scale dried food products was developed and disseminated. And the products can move forward to a commercial market in the future.

6. To whom and how the subsidy is provided

Both of institutions and non-profit organizations as operators can obtain the subsidy from the ENCON Fund to construct the solar greenhouse dryer for various agricultural products which have potential and can be used in reality. ENCON Fund will support up to 40-45% of initial investment.

7. Amount of the subsidy

Around 40-45% of an initial investment of preparation, construction and operation was given as subsidy.

8. Duration of the subsidy and/or any other time limits attached to it

The fiscal duration of the project is around 18 months

- 1) Publicize the entrepreneur who attend and want to join the project.
- 2) Operation in preparation, installation of solar greenhouse dryer and all facilities.
- 3) Monitoring and evaluation, including solving the problems that may occur

9. Statistical data permitting an assessment of the trade effects of the subsidy

Not applicable.

8 FINANCIAL SUBSIDY FOR INDUSTRIAL BOILERS FROM CHANGING STEAM BURNER TO BIOMASS FUEL BURNER

1. Title of the subsidy program

Financial subsidy for industrial boilers from steam burner to biomass fuel burner.

2. Period covered by the notification

1 February 2016 – 31 July 2017

3. Policy objective and/or purpose of the subsidy

- 1) Partly financial support manufacturing to utilize biomass fuel instead of using fossil fuel.
- 2) Promote renewable energy to meet the target of Alternative Energy Development Plan (AEDP 2015).

4. Authority for the subsidy

This project is supported by the Energy Conservation Promotion Fund (ENCON Fund) which supports all the energy conservation related programs and activities, such as energy efficiency improvement, renewable research and development projects and campaigns.

5. Form of the subsidy

DEDE has aimed to change steam burner to biomass fuel burner for boiler. The operators (Institutions and non-profit organizations) obtain the subsidy from the ENCON Fund to cooperate the factory owners to change the equipment from steam burner to biomass fuel burner and test run on well-operation with high efficiency. ENCON Fund will support 30% of investment which are not more than 2,000,000 Baht per factory.

6. To whom and how the subsidy is provided

This project is provided to the factory owners who want to change the fuel in boilers. DEDE cooperate with operators to provide the application form and announce to the public.

7. Amount of the subsidy

30 % of investment but not more than 2,000,000 Baht

8. Duration of the subsidy and/or any other time limits attached to it

The duration of the project is 18 months:

- 1) Provide the factory owners who interest in and want to join the projects. (6 months)
- 2) Operation in preparation and changing the burners and their components. (6 months)
- 3) Monitoring and maintenance, including solving the problems that may occur (6 months)

9. Statistical data permitting an assessment of the trade effects of the subsidy

Not applicable.

9 COMPRESSED BIO-METHANE GAS (CBG) PROMOTION SCHEME IN BIOGAS PLANT

1. Title of the subsidy program

Compressed Bio-Methane Gas (CBG) Promotion in Biogas Plant

2. Period covered by the notification

12 months (1 July 2016 – 30 June 2017)

3. Policy objective and/or purpose of the subsidy

- 1) Partly financial support to biogas system manufacturing having capacity at least 6,000 cubic meters per day and/or having the potential to produce CBG at least 3 tons per day.
- 2) Promote of using CBG to substitute Liquefied Petroleum Gas (LPG) and Natural as for Vehicle (NGV) in the form of heat/fuel for vehicles. This would support the target of Alternative Energy Development Plan (AEDP 2015) on promoting biogas as one of renewable energy types.

4. Authority for the subsidy

This project is supported by the Energy Conservation Promotion Fund (ENCON Fund) which supports all the energy conservation related programs and activities, such as energy efficiency improvement, renewable research and development projects and campaigns.

5. Form of the subsidy

The total support for the whole scheme values 75 Million Baht. The supporting an investment of in gas quality improvement and Biomethane containment system of CBG projects comprise of three categories:

- 1) The project ranges from 3,000-5,999 kilograms per day shall not exceed 9 million Baht.
- 2) The project ranges from 6,000-11,999 kilograms per day shall not exceed 12 million Baht.
- 3) The project ranges from 12,000 kilograms per day shall not exceed 12 million Baht.

6. To whom and how the subsidy is provided

This project is provided to biogas factory owners who want to improve gas quality from biogas to CBG. DEDE will announce to download the application and cooperate with the applicants for document preparation and the financial support.

7. Amount of the subsidy

As mentioned in no 5. Form of the subsidy

8. Duration of the subsidy and/or any other time limits attached to it

The duration of the project is 9 months. (1 October 2016 – 30 June 2017)

9. Statistical data permitting an assessment of the trade effects of the subsidy

Not applicable.
