Thailand is strategically located in Southeast Asia and is the second largest ASEAN economy, with a GDP of 505.2 billion US dollar in 2018. Its economy is highly integrated in global trade and is expected to grow by 3.5-4.0 percent in 2019. Furthermore, the Kingdom boasts a stable currency and low inflation. The country also has a relatively skilled labor force, combined with significantly lower business and living costs compared with established startup hubs like Singapore or Hong Kong.

Comprising nearly 50 percent of GDP, Thailand has a rapidly developing consumer market. In 2018, Thai households consumed more than 220 billion US dollar. Furthermore, the nearly 70 million strong emerging market is highly digitalized. At 82 percent, internet penetration in Thailand is considerably higher than the average of Southeast Asia, which stands at 58 percent. Moreover, Thailand boasts 124.8 million mobile subscriptions (180% of population) and 8.2 million broadband fixed subscriptions, or 12 per 100 inhabitants. Last but not least, on average, Thai consumers spend 9 hours and 38 minutes a day on the internet, the highest in the world.

**Thailand 4.0**

Thailand is in transition from an industrial and export-oriented economy to a service and knowledge-based economy. To successfully achieve this transition, the Thai government has rolled out its ambitious Thailand 4.0 strategy. In this strategy, the Thai government tries to spur development in future growth industries ranging from biotechnology to digital by supporting SMEs, developing a highly skilled labor force, investing in infrastructure for the 21st century and promoting innovation.

Thailand 4.0 consists of two major developments to attract more Foreign Direct Investment (FDI) and companies to the Kingdom, the development of the Eastern Economic Corridor (EEC) and a comprehensive push for digitalization.

**EEC**

Thailand aims to develop the EEC, which covers the provinces of Rayong, Chonburi and Chacheongsao, into an economic catalyst for the promotion of 12 S-curve target industries through large public and private investments. To lure more private investment to the EEC, Investors will be eligible to receive both tax and non-tax privileges from investing in promoted zones for specific industries. The Eastern Economic Corridor of Innovation (EECi), one of the promoted zones, will be central in the effort to create an innovation ecosystem. The EECi will be equipped with pilot plants, demonstration plants, production testing plants, testbeds, testing and analysis centers and specialized laboratories. Public and private organizations, knowledge institutes and local and international organizations can take advantage of this R&D infrastructure and will also be able to enjoy financial and regulatory incentives.
Thailand’s future growth industries

<table>
<thead>
<tr>
<th>First S-Curve</th>
<th>New S-Curve</th>
</tr>
</thead>
<tbody>
<tr>
<td>Next-Generation Automotive</td>
<td>Automation and Robotics</td>
</tr>
<tr>
<td>Smart Electronics</td>
<td>Aviation and Logistics</td>
</tr>
<tr>
<td>Agriculture and Biotechnology</td>
<td>Medical and Healthcare</td>
</tr>
<tr>
<td>Food for the Future</td>
<td>Biofuels and Bio-chemicals</td>
</tr>
<tr>
<td>Affluent Medical and Wellness</td>
<td>Digital</td>
</tr>
<tr>
<td>Tourism</td>
<td>Education and Human</td>
</tr>
<tr>
<td></td>
<td>Resource Development</td>
</tr>
</tbody>
</table>

Digitalization

Thailand aims to be a global leader in digital technology and innovation through its 20-year National Digital Economy Masterplan. This plan includes measures ranging from building the necessary ‘hard’ digital infrastructure to provide every Thai citizen 30Mbps broadband service, to providing a vibrant digital business ecosystem that supports SME’s and entrepreneurship in the digital economy. A flagship project is the planned development of the EEC, Digital Park in Chonburi’s Sri Racha district through a joint effort by the Digital Economy Promotion Agency and CAT Telecom, aiming to be the future destination for digital global players and digital biz innovators to explore, develop, and acquire original digital technology for thriving digital business. It will consist out of a world-class data center, a digital innovation testbed and IoT institutes which will be equipped with high-tech facilities.

Another initiative is True Digital Park, which is a public-private collaboration between the National Innovation Agency (NIA) and Thai telecom conglomerate True Corporation. This 200,000 square meter Digital Park, considered the largest startup park in Southeast Asia, will serve as a center for digital innovation and support the next-generation workforce that is connected and in tune with more digital lifestyles.

Government incentives

In addition to making Thailand an attractive destination for foreign direct investment in general, the Thai government is rolling out numerous measures to create a vibrant startup ecosystem in particular. NIA, the coordinator of Startup Thailand, aims to propel Thailand into The World’s Top 20 Startup Nations by 2021. In the same period, startups must constitute 5% of GDP. Moreover, NIA targets to boost the scale of startup investment to 10-100 million USD per deal and increase the government market for startups 30 billion baht (around 850 million USD) per year.

Thailand aims to become an established startup hub for Southeast Asia through four broad measures. Firstly, Thailand is creating an accommodative legislative environment by rolling out three key laws: the Startup Act to facilitate the founding of local and international startups through tax incentives and foreign shareholders; the Regulatory Sandbox Act to allow pilot innovative ideas, and the Byah-Dole Act to stimulate innovation by allowing the

Cyber Tech District in True Digital Park to jumpstart an entire startup ecosystem and ensure a complete platform under the concept of open innovation, which supports multinational tech companies, startups and entrepreneurs, universities, venture capital firms, investors, and public agencies. Thirdly, the Thai government offers various financial support through different agencies, covering grooming, granting and growth schemes. Startups in Thailand’s preferred S-Curve sectors can enjoy measures including discounts or even full exemption of corporate income tax for a limited period. This special visa requires no work permit if one works for an endorsed company/project and grants direct family permission to stay in Thailand, where spouse can also work in non-prohibited job in Thailand without a work permit.

Startup ecosystem

Thailand’s rapidly developing startup ecosystem has resulted in a dramatic growth of successful deals and amount of funds raised. Since 2011, Thai startups have cumulatively attracted 337 million USD, 61 million USD of which was raised in 2018. Moreover, 167 deals were made between Thai startups and investors since 2011, 35 of which were finished in 2018.

Number of deals and investments

<table>
<thead>
<tr>
<th>Type</th>
<th>2012</th>
<th>2015</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deals</td>
<td>2</td>
<td>27</td>
<td>31</td>
<td>35</td>
</tr>
<tr>
<td>Investments per year</td>
<td>31M</td>
<td>36.3M</td>
<td>106.1M</td>
<td>61.3M</td>
</tr>
<tr>
<td>Total investments</td>
<td>4.1M</td>
<td>92.9M</td>
<td>277.1M</td>
<td>337.4M</td>
</tr>
</tbody>
</table>

Investors & accelerators in Thailand

<table>
<thead>
<tr>
<th>Type</th>
<th>2012</th>
<th>2015</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>VC/CVC</td>
<td>1</td>
<td>56</td>
<td>96</td>
</tr>
<tr>
<td>Angel Investors</td>
<td>2</td>
<td>30</td>
<td>44</td>
</tr>
<tr>
<td>Accelerators</td>
<td>1</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Biggest investment</td>
<td>2M</td>
<td>10.7M</td>
<td>65M</td>
</tr>
</tbody>
</table>

- There are approximately 50 Angel Investors in Thailand in 2018, 43 percent is local and 57 percent is foreign. Angel Investors mostly focus their investments in the Seed Stage.
- There are approximately more than 110 Venture Capital organizations (VC)/Corporate Venture Capital organizations (CVC) active in Thailand in 2018. VCs tend to be foreign while CVCs are Thai. The focus of VCs and CVCs goes to Series A or B.
- CVC funding mainly comes from Thai banks (Krungsri Innovate, Bualuang Ventures), telecommunication corporations (True Incube, dtac Accelerate) and other corporates like PTT Group and AddVentures by Siam Cement Group.

Opportunities

Opportunities in Thailand’s rapidly developing startup ecosystem can be clustered in four sectors: E-Commerce, Fintech, LogisticsTech and E-Payment.
E-Commerce
In 2017, 27 percent of the funded startups were in the E-Commerce sector. The kingdom's E-commerce market is driven by Thailand's 57 million active internet users and was valued at 3.5 billion USD in 2018. The booming market is expected to grow by 13.2 percent annually, reaching 5.8 billion USD by 2022. A notable successful example is Pomelo, a Thai online fashion marketplace company which established physical retail stores and is rapidly expanding throughout Southeast Asia.

FinTech
FinTech started to attract attention from investors in 2015. In 2018, 12.5 percent of all funded startups were in FinTech. Thailand lists 128 FinTech companies, with firms covering insurance to firms focused on investing and the stock market. The focus in this sector mainly lies on the domestic Thai market. Notable examples include Claim Di (insurance), Finnomena (investment advice) and StockRadars (stock analysis trading platform).

LogisticsTech
Around 8 percent of all funded startups in 2017 were in LogisticsTech. This sector is highly concentrated and firms mainly focus on the Thai domestic market. Notable examples are aCommerce (the biggest player) and GIZTX. GIZTX, an online marketplace for logistics and shipping services for Southeast Asia, is a perfect example of the rise of a Thai startup. The logistics firm secured Series A funding from CVC AddVentures, part of Siam Cement Group, while also being a ‘graduate’ from dtac Accelerator.

E-Payment
The E-Payment sector, closely correlated to FinTech, E-Commerce and the governments push for digitalization in general and plans to turn Thailand into a cashless society in particular, contained 8 percent of all funded startups in 2017. The market is dominated by 2C2P and Omise, both of which are the only startups in this sector to have reached the Series C stage in Thailand. The E-payment sector is not limited to Thailand but focused on the wider Southeast Asian region.

Challenges
In comparison to more established startup environments in the region, such as Singapore or Hong Kong, fund sizes in Thailand tend to be smaller and highly dependent on a personal network. In particular, crossing from Seed to Series A remains difficult because Thai CVCs are primarily interested in established business concepts which will improve profitability in their respective sectors. VCs, which are historically responsible for the funding at that stage, are limited in scale and scope in Thailand. Crossing from Series A to Series B funding, primarily funded by Thai CVCs, requires an upscale to the wider region to be beneficial to CVCs. While professionalism and expertise within Thai CVCs is rising, the majority of CVCs remain risk averse. Furthermore, Thailand is a highly distinct market, meaning profitable solutions for foreign markets might not be applicable in the Thai market.

Adapting corporate and funding strategies to see Thailand as a hub within ASEAN have shown to lead to success. Dutch entrepreneurs looking to secure funding for their startup in Thailand can embrace the ‘glocalized’ funding model: raise funds in established markets like Hong Kong and Singapore, in addition to raising funds in Thailand. While this would entail establishing a business entity in more than one country, it can be used to overcome the classic startup-dilemma of scarcity of funds in the early stages. Moreover, investing in human capital, local staff accustomed to the market and regulations, can be the decisive factor in winning over local investors and the key to business success in Thailand.

We Support Your Business
The Netherlands Embassy in Bangkok offers active support to Dutch companies already present in Thailand and Dutch companies interested in doing business there. Our main services include:
- Providing information on sectors and rules and regulations.
- Finding potential business partners.
- Support trade missions and visiting programs to Thailand.
- Organizing meetings with relevant authorities at local, provincial or government level.
- Monitor business opportunities.
- Troubleshooting and advice on resolving disputes.
- Advising on available instruments and services.
- Promoting Dutch business in Thailand.

Relevant Contacts
- Board of Investment Thailand
- Eastern Economic Corridor office
- National Science and Technology Development Agency
- StartupDelta
- National Innovation Agency (NIA)
- Netherlands Enterprise Agency (RVO)
- The Netherlands – Thai Chamber of Commerce (NTCC)
- MKB Thailand

Events and Trade Fairs
- Techsauce
- Startup Thailand
- Bangkok Startup
- Hubba Stadium
- Traders Fair 2019 (FinTech)
- TILOG LogistiX (logistics)
- Supply Chain Asia Zone Expo (Logistics, E-Commerce)
- Internet Retailing Expo ASEAN (E-Commerce)
- Material Handling Equipment Expo (E-commerce)