



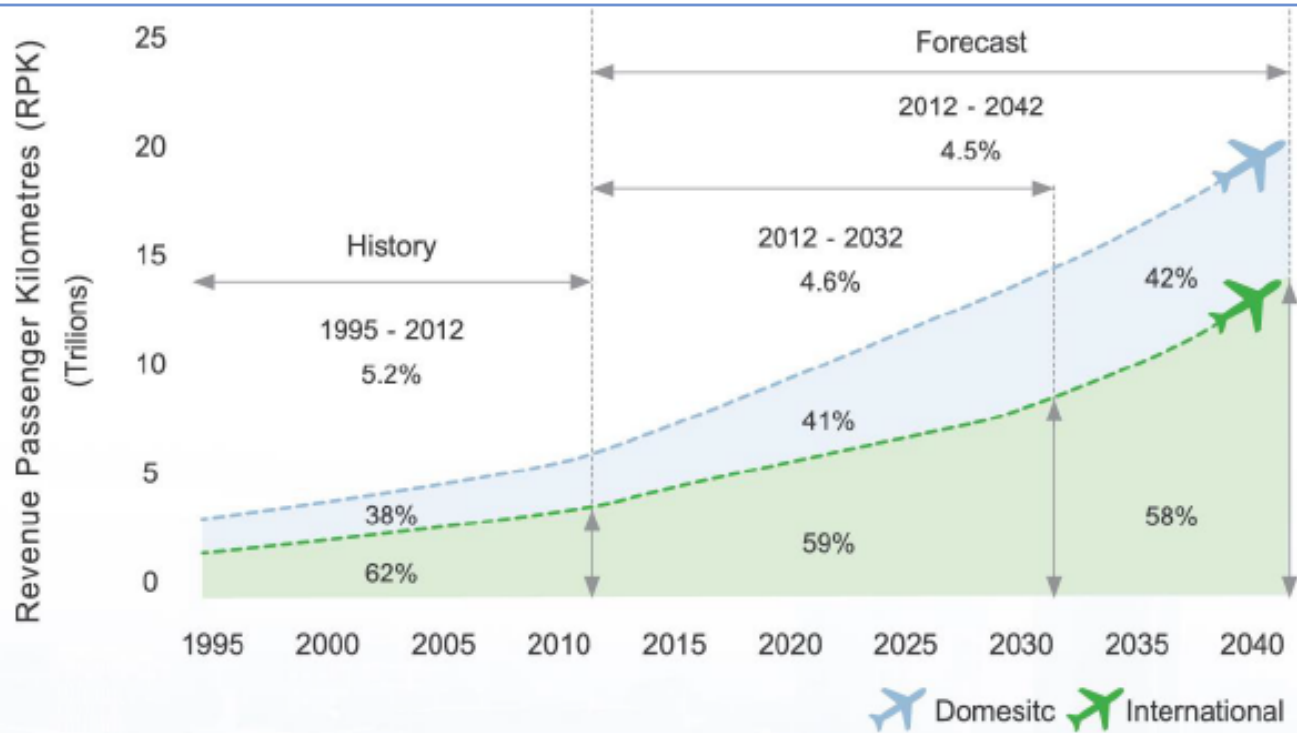
Efforts for vitalizing the Aircraft Industry in Asia



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Vice Minister for Industry,
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Delivered at “Asia Aircraft Supply Chain Forum”
November 2018, 13.15 a.m.
Tokyo, Japan

THE GLOBAL TREND OF AVIATION INDUSTRY

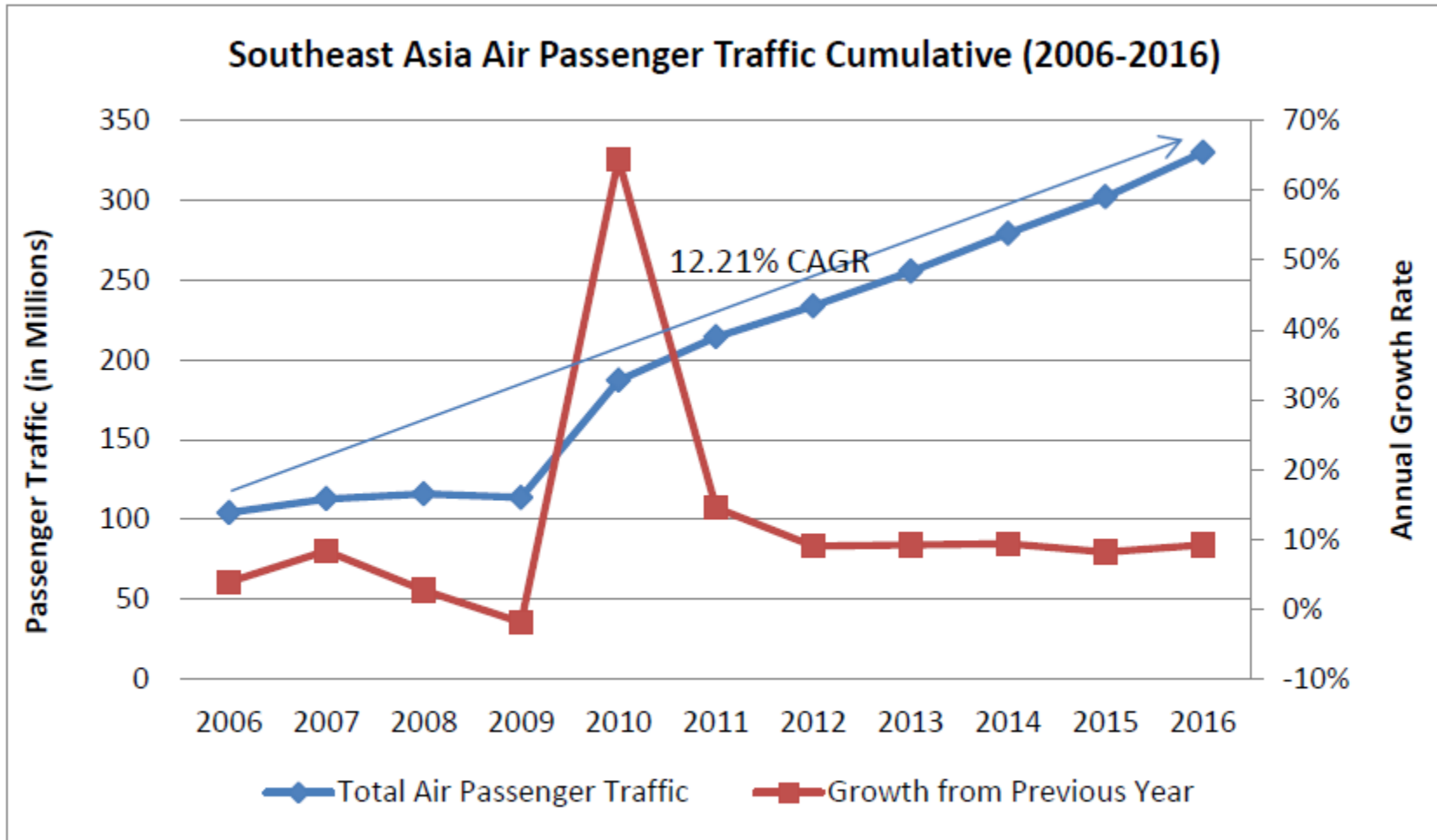


ICAO forecasts the doubling growth of air passenger in the next 20 years

Boeing and Airbus have projected that the Asia – Pacific region RPK will increase at 5.7% and 6% per year, which is higher than the global RPK growth rate

- Source: 1. ICAO, "ICAO Long-Term Traffic Forecasts", July 2016
 2. Boeing, "Commercial Market Outlook 2018-2037".
 3. Airbus, "Global networks, Global Citizens 2018-2037".

Air traffic in Southeast Asia



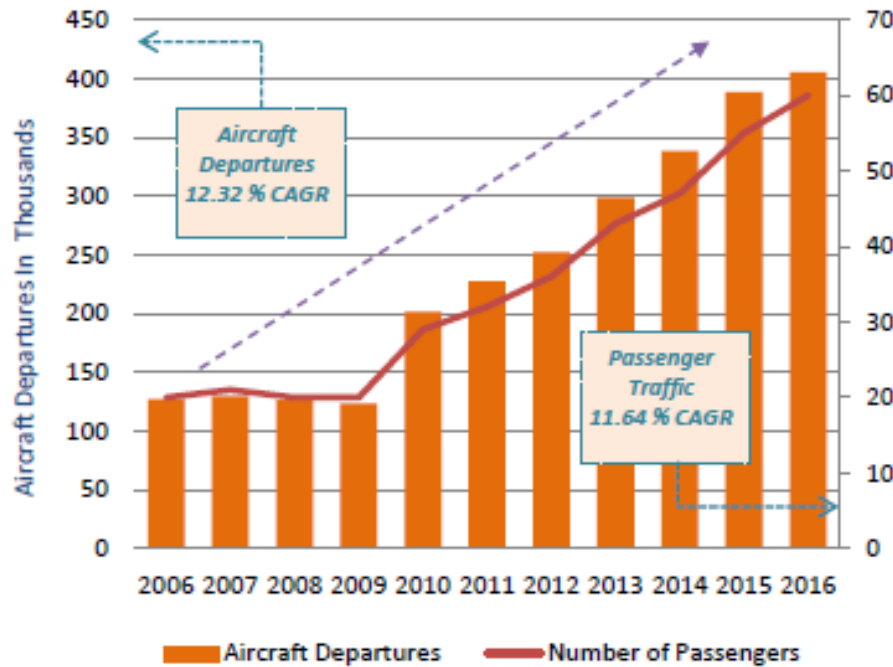
Source: World Bank

Source.: CAAT, Suranaree University of Technology, and Frost & Sullivan , "Study and Develop Initiatives for Original Equipment Manufacturer (OEM) and Maintenance Repair and Overhaul (MRO) Industry in Thailand", Jan 2018.

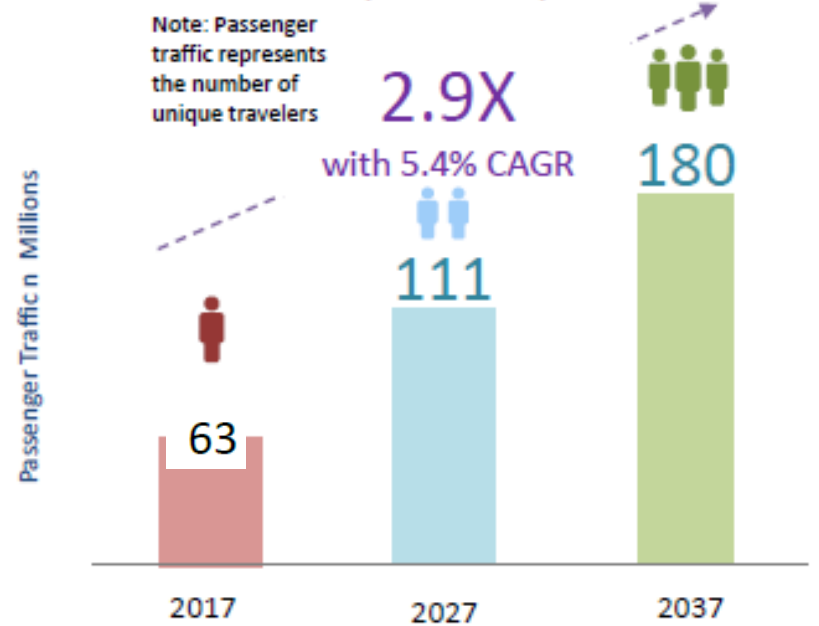
Air Traffic in Thailand

- Thailand's air passenger traffic grew threefold in the past 10 years from 2006 to 2016. The growth, which was modest until 2010, took off in 2010 and has been going up at pace since then.

Aircraft Departures & Passenger Traffic (2006 – 16)



Thailand Passenger Traffic in Mn (2017 – 2037)



Source: World Bank, Frost & Sullivan Analysis

- The growth in aircraft movements of 12.32% is almost 4 times the global CAGR of 3.33% from 2006 to 2016 whereas Passenger Traffic has grown at 11.64% CAGR in the same period.

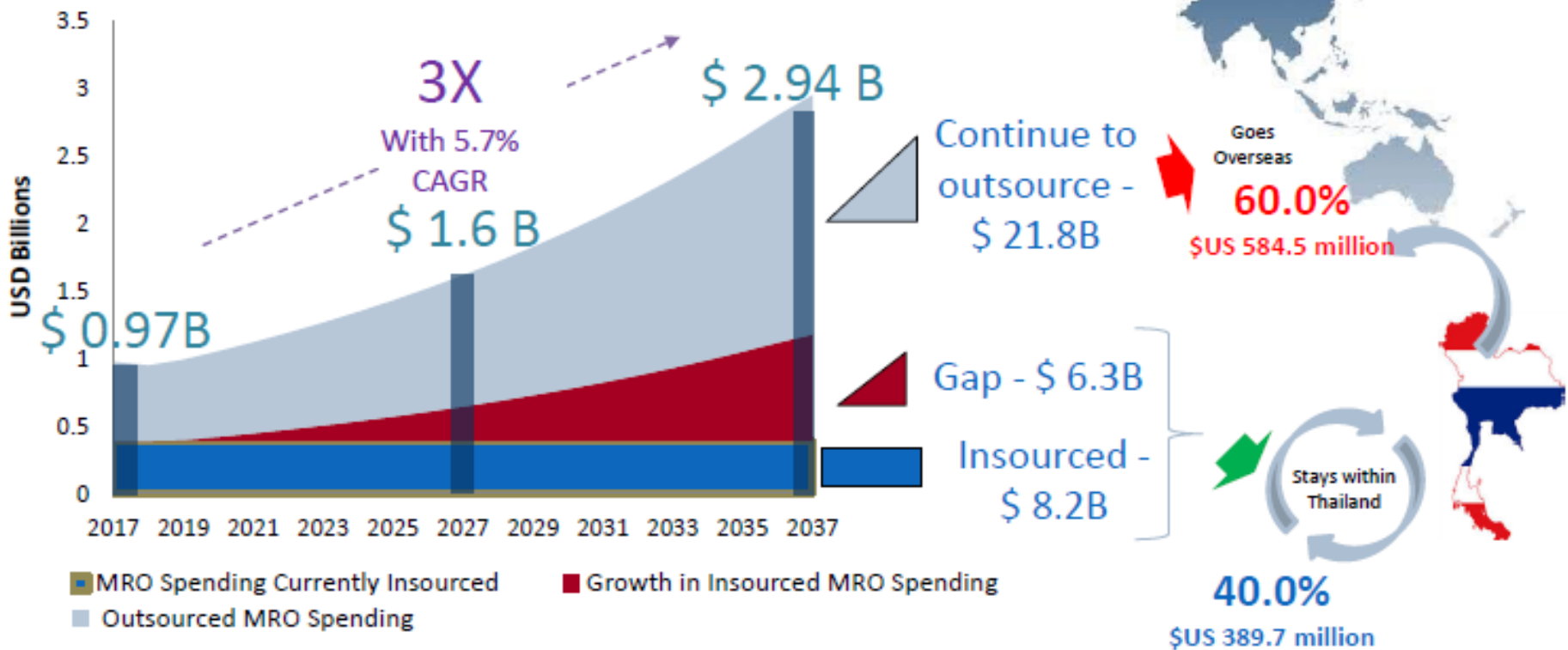
- Thailand passenger traffic is estimated to grow at 5.4% CAGR over the period of 2017 – 2037
- It is forecasted to grow to 2.9 times the passenger traffic in 20 years time

Thailand MRO Spending

- Major chunk of engine MRO & component MRO business goes overseas to Malaysia, Singapore, Philippines etc.
- Close to 60% of Thailand's MRO spending goes overseas, while the remaining 40% stays within Thailand

2017 Scenario

Thailand MRO Spending Growth (2017-2037)

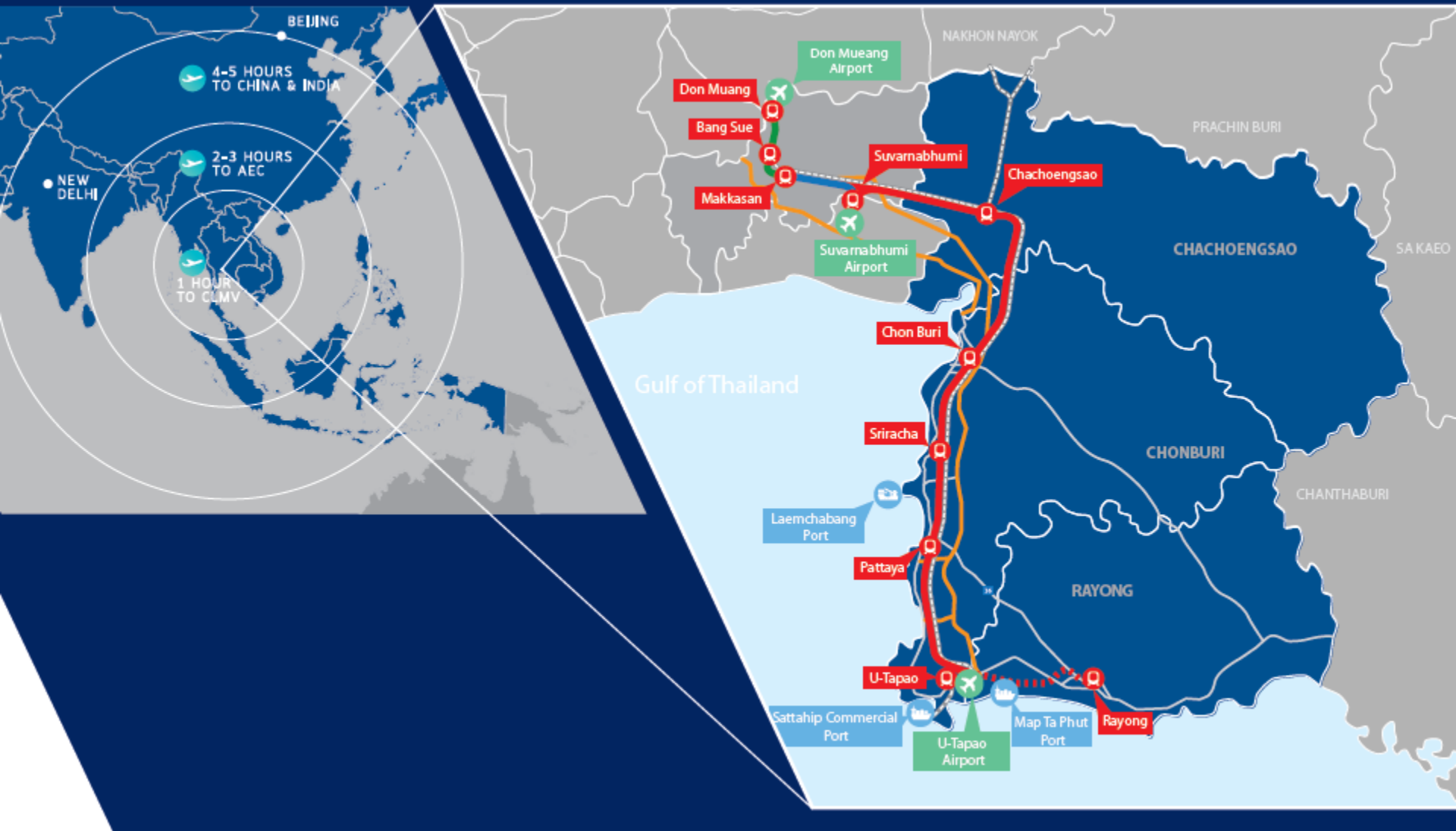


- In 2017, Thailand's total spend MRO spend is expected to be close to US\$974 million
- The MRO market in Thailand is forecasted to grow at a CAGR of 5.7% over the next 20 years

Source: Frost & Sullivan Analysis

Note: The forecast is based on the assumption that 60% of the MRO spending will continue to be outsourced in the future years

Essential action in Thailand, EEC



Upgrading U-Tapao International Airport to become “Eastern Airport City” (EEC-A)



Eastern Airport City

Area for Special EEC zone
“Eastern Airport City”

1st Phase

10.4 Sq.Km.* or 6,500 Rai*

- Include area for 2nd runway and all spare area for develop in the future

Source: EEC.

Investment Promotion for Aircraft Industry



Group	対象事業 Eligible Activities	恩典 Incentives	
		法人所得税免除 CIT Exemption	輸入税免除 Exemption of Import Duty*
A1	4.11.1 航空機の機体、部品などの製造 Manufacture of Aircraft or Aircraft Parts 4.11.5 宇宙関連機器や器具の製造 Manufacture of Aerospace Devices and Equipment 4.11.6 宇宙関連オペレーティングシステム Aerospace Operating Systems 7.19.1 職業訓練学校 Vocational Training Centers	8年間 (上限なし) 8 years without cap	✓
A2	4.11.3 航空機およびその備品・部品の修理 Repair of Aircraft or Aircraft Parts	8年間 8 years	✓
A3	4.11.2 機内の機器や器具の製造(消耗品および再利用可能な機内用品を除く) Manufacture of Onboard Devices and Equipment (except disposable and reusable aircraft utilities and supplies) 7.3.4 航空輸送 Air Transportation Services 7.9.1.7 航空又は宇宙工業団地又は工業区 Aircraft or Aerospace Industrial Zone or Industrial Estate	5年間 5 years	✓
A4	4.11.4 機内の機器や器具の修理(消耗品および再利用可能な機内用品を除く) Repair of Onboard Devices and Equipment (except disposable and reusable aircraft utilities and supplies)	3年間 3 years	✓

外国人技術者・専門家の入国・労働許可
Permission to bring expatriates

土地の所有権の許可
Permission to own land

タイ国外への外貨送金の許可
Permission to take or remit on foreign
currency abroad

EECにおける投資奨励 (航空機産業) Investment Promotion Incentive for the EEC (Aviation Industry)



Group	対象事業 Eligible Activities	税制上の恩典 Tax Incentives		
		EEC Aerotropolis (Utapao)	ターゲット産業のための 指定地区 Promoted Zones for Specific Targeted industries	EEC におけるその他の 工業団地/工業地区 Other Industrial Estates/ Industrial Parks in EEC
8類 Section 8 (CIT 免除 10年間 上限なし)	技術及びイノベーションの開発 Technology and Innovation Development	13年間のCIT免除 Total 13 year of CIT exemption (no cap)	特定のターゲット産業 Specific Targeted Industries: <ul style="list-style-type: none"> 8類と支援事業Section8 & Supported Activities 12年間のCIT免除12 years of CIT exemption 	11年間のCIT免除 Total 11 year of CIT exemption (no cap)
A1 (CIT 免除 8年間 上限なし)	4.11.1 航空機の機体、部品などの製造 Manufacture of Aircraft or Aircraft Parts	12年間のCIT免除 12 years of CIT exemption	<ul style="list-style-type: none"> A1/A2 追加で5年間のCIT 50 %減税 additional 5 years of 50%CIT reduction その他のターゲット産業 Other Targeted Industries: <ul style="list-style-type: none"> 8類と支援事業Section8 & Supported Activities 11年間のCIT免除11 years of CIT exemption 	追加で3年間のCIT 50%減税 +additional 3 years of 50%CIT reduction
	4.11.5 宇宙関連機器や器具の製造 Manufacture of Aerospace Devices and Equipment			
	4.11.6 宇宙関連オペレーティングシステム Aerospace Operating Systems			
	7.19.1 職業訓練学校 Vocational Training Centers	追加で3年間のCIT 50%減税 +additional 3 years of 50%CIT reduction	<ul style="list-style-type: none"> A1/A2 追加で3年間のCIT 50 %減税 additional 3 years of 50%CIT reduction 	
A2 (CIT 免除 8年間)	4.11.3 航空機およびその備品・部品の修理 Repair of Aircraft or Aircraft Parts	12年間のCIT免除 12 years of CIT exemption	**それぞれのゾーンの特 定のターゲット産業が異な る Specific Target industries are different in Each Zone	



EECにおける投資奨励 (航空機産業) Investment Promotion Incentive for the EEC (Aviation Industry)

Group	対象事業 Eligible Activities	税制上の恩典 Tax Incentives		
		EEC Aerotropolis (Utapo)	特定のターゲット産業 のための特別ゾーン Promoted Zones for Specific Targeted industries	EEC におけるその他 の 工業団地/工業地 区 Other Industrial Estates/ Industrial Parks in EEC
A3 (CIT 免除 5 年間)	4.11.2 機内の機器や器具の製造(消耗人および再利用可能な機内用品を除く) Manufacture of Onboard Devices and Equipment (except disposable and reusable aircraft utilities and supplies)	7 年間のCIT免除+ 追加で5 年間のCIT 50%減税 7 years of CIT exemption +additional 5 years of 50%CIT reduction	特定のターゲット産業 Specific Targeted Industries: 追加で5年間のCIT 50% 減税 additional 5 years of 50%CIT reduction その他のターゲット産業 Other Targeted Industries: 追加で3年間のCIT 50%減税 additional 3 years of 50%CIT reduction	+追加で3 年間のCIT 50%減税 additional 3 years of 50%CIT reduction
	7.3.4 航空輸送 Air Transportation Services		**それぞれのゾーンの 特定のターゲット産業 が異なる Specific Target industries are different in Each Zone	
	7.9.1.7 航空又は宇宙工業団地又は工業区 Aircraft or Aerospace Industrial Zone or Industrial Estate			
A4 (CIT 免除 3 年間)	4.11.4 機内の機器や器具の修理(消耗人および再利用可能な機内用品を除く) Repair of Onboard Devices and Equipment (except disposable and reusable aircraft utilities and supplies)	A4グループの恩典 A4 group tax incentives		



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