Accelerating Growth in ASEAN

A snapshot of the automotive industry in Indonesia, Malaysia, Thailand and Vietnam

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Editorial Foreword

Dear Reader,

Despite global challenges, the automotive industry in ASEAN is showing continuous growth, driven by robust economic development, rising consumer demand, and favorable government policies. Indonesia, Malaysia, Thailand and Vietnam each present unique opportunities and challenges for investors, local manufacturers, and stakeholders in the automotive sector. With strong government backing and the rise of electric vehicles, these markets are set for continued expansion and innovation in the years to come.

On the manufacturing side, ASEAN presents unique opportunities and challenges. Indonesia, with its significant nickel reserves, is emerging as a key player in battery production, essential for EV manufacturing. Malaysia's strong manufacturing base and strategic initiatives are advancing EV adoption and smart mobility solutions. Thailand, often referred to as the „Detroit of Asia" continues to lead with its well-established automotive ecosystem and commitment to innovation and sustainability. Vietnam's impressive economic growth and proximity to China is attracting substantial FDI inflow in the automotive production and assembly.

Regarding the domestic markets within ASEAN, we are witnessing a significant shift in the competitive landscape, as new regional players from China, such as BYD, and Vietnam, such as VinFast, enter the automotive markets across the region, challenging legacy manufacturers to rethink and redevelop their long-term strategies. In general, ASEAN is characterized by a young demographic driving rising consumer demand across various industries. This, combined with favorable government policies, tax incentives, and evolving customer preferences, is further accelerating the growth of the EV ecosystem in ASEAN.

This brochure highlights the latest market trends, regulatory frameworks, and investment prospects in Indonesia, Malaysia, Thailand, and Vietnam. It offers insights into the opportunities and complexities of each market. Whether you are considering market entry, expansion, or simply seeking to stay informed about the latest developments, we hope you find this information useful.

With our established presence in ASEAN, Luther is well-equipped to support and advise on any business ventures in the region. Our local teams are dedicated to providing tailor-made legal and tax advise for each market.

Sincerely,




Philipp Kersting
Parter, Indonesia

Pascal Brinkmann
Parter, Malaysia

Fabian Lorenz
Partner, Thailand

Thi Thuy Trang Phan
Partner, Vietnam

Industry Report: Automotive Industry in Indonesia

I. Introduction

Indonesia is the fourth largest economy in Asia and the 16th largest economy in the world. Its gross domestic product ("GDP") amounted to around USD 1.0 trillion in 2020. It is rich in natural resources such as oil, natural gas, coal, gold, silver and copper.

The Indonesian economy is characterised by its extensive production of raw materials and a strong agricultural sector. Key export commodities include palm oil, rubber, coffe, and tea, which play a pivotal role in the country's trade dynamics. Additionally, the service sector, particularly tourism, makes a substantial contribution to the national economy, reflecting Indonesia's diverse cultural heritage and natural beauty.

As a member of the G20, Indonesia has demonstrated a commitment to economic progression and stability. Recent years have seen the Indonesian government undertake a series of reforms aimed at economic liberalisation and enhancing the country's attractiveness to foreign investors, signaling a strategic shift towards fostering sustainable economic growth and development.

Investment climate in Indonesia

Indonesia presents a favourable investment climate characterised by robust economic growth and a youthful population. In recent years, the government has undertaken significant reforms to liberalise the economy and enhance its attractiveness to foreign investors.

In October 2020, Indonesian lawmakers enacted the Omnibus Law on Job Creation, part of the government's comprehensive economic reform package designed to stimulate investment and enhance global competitiveness. This legislation introduced several key reforms aimed at attracting foreign investment, including:

- The corporate income tax rate was lowered from 25% to 22% in 2020, to bolster business investment and align Indonesia with international tax competitiveness.
- Investment regulations have been revised to simplify the approval procedures. A significant development is the introduction of the Online Single Submission System (OSS), which consolidates and accelerates the process for obtaining necessary permits and licenses for business operations.

- Deregulation in numerous sectors, allowing greater foreign ownership and participation. This initiative has opened up previously restricted sectors, such as digital and telecommunications, healthcare and energy, to foreign investors, aiming to drive sectoral growth and innovation.

Automotive industry in Indonesia

The automotive industry has become a vital component of Indonesia's manufacturing sector, with numerous prominent global car companies establishing or expanding their manufacturing plants in the Association of South East Asian Nations ("ASEAN") largest economy. Indonesia has undergone a significant transformation, evolving from primarily an export-oriented car production hub, particularly for the ASEAN market, to a substantial domestic car sales market, driven by an increasing per capita GDP.

Indonesia is the second largest automotive producer in ASEAN. The market is growing steadily and is expected to expand further in the coming years. In 2023, the Indonesian automobile manufactures association (GAIKINDO) reported a total 1,395,717.000 vehicles were produced in Indonesia, which shows that the automotive sector recovered well from its COVID-related plunge in 2020.

In terms of market size, Indonesia is the biggest car market in Southeast Asia and ASEAN. Indonesia accounts for about one-third of total annual car sales in ASEAN, followed by Thailand on second position. Indonesia not only has a large population (258 million inhabitants), but is also characterised by having a rapidly expanding middle class. Together, these two factors create a powerful consumer force.

Attracted by low per capita-car ownership, low labour costs and a rapidly expanding middle class, various global carmakers (including Toyota and Nissan) decided to invest heavily into expanding production capacity in Indonesia and possibly making it their future production hub. Others, such as General Motors (GM) have come back to Indonesia (after GM had shut down local operations years earlier) to tap this lucrative market. However, Japanese car manufacturers remain the dominant players in Indonesia's car manufacturing industry, particularly the Toyota brand.

More than half of total domestic car sales involve Toyota cars. It is a very difficult challenge for western brands to compete with their Japanese counterparts in Indonesia, known as the backyard of Japanese car manufacturers.

II. Regulatory framework for foreign direct investment in Indonesia

Indonesia offers various options for foreign investors to engage in business activities.

Incorporation of a subsidiary in Indonesia

In Indonesia, PT (Perseroan Terbatas) is the only body corporate open to FDI. PT is a limited liability company with a two-tier board structure (management provided by the Board of Directors, while the Board of Commissioners is a supervisory office). PT requires a minimum of two shareholders for incorporation and will lose its limited liability status if and for as long as at any time during its existence it has less than two shareholders for more than six consecutive months. PT with FDI is locally called PT PMA (*Perseroan Terbatas Penanaman Modal Asing*).

The Indonesian Capital Investment Coordinating Board (*Badan Koordinasi Penanaman Modal, or "BKPM"*) is the government agency empowered to approve the establishment of PT PMA through the Online Single Services ("OSS") system. Prior to incorporating PT PMA, it is required to review the following:

- The investment limitation, to determine whether a business field can be wholly-foreign owned or only partially-foreign owned. As a general rule, all business fields are open to investment, except for those which are otherwise stipulated in the Presidential Regulation No. 10 of 2021 (as amended by the Presidential Regulation No. 49 of 2021) on Investment Business Fields.
- The investment value and capitalisation. Currently, the investment value for FDI shall be more than IDR 10,000,000,000 (ten billion Indonesian Rupiah), excluding land and buildings, per business field and project location. Meanwhile, the minimum paid up capital shall be IDR 10,000,000,000, provided that no shareholder is allowed to pay up a capital less than IDR 10,000,000. However, this capital participation can be repatriated back to the shareholders when closing their investment in Indonesia.
- The founding shareholders must also arrange for the name of PT PMA to be reserved at the Ministry of Law and Human Rights ("MOLHR"). This reservation is in practice usually handled by a public notary in Indonesia.

Following the above stages, the founding shareholders should incorporate a PT PMA by way of executing the Deed of

Incorporation containing the Articles of Association which must be signed before a public notary and filed with the MOLHR.

The filing will be undertaken by the notary and will be done electronically. The notary will complete the electronic form prescribed by the MOLHR with the required information and supporting documents and submit them to the MOLHR at the latest 60 days after the date the Deed of Incorporation is executed.

If the information contained in the electronic form and supporting documents are in line with the prevailing laws and regulations, the MOLHR will issue a no-objection statement to the application. Within 30 days of the issuance of the statement, the founding shareholders or the notary as their proxy must deliver to the MOLHR the original, hard copy application letter together with the supporting documents. 14 days after the completed application and supporting documents are received by the MOLHR or sooner, the MOLHR will electronically issue a signed decision to approve the newly-founded PT PMA as a legal entity.

Relationship with the European Union

EU-Indonesia trade relations have significantly deepened, especially since the launch of negotiations for an EU-Indonesia Free Trade Agreement ("FTA") on 18 July 2016, with 16 rounds of talks held to date. The ongoing FTA negotiations aim to address a broad spectrum of issues, including tariffs, non-tariff barriers, public procurement, competition and intellectual property rights, with the overarching goal of facilitating trade and investments.

The FTA aims at developing a key aspect of the overall relationship between the EU and Indonesia, which is framed by the Partnership and Cooperation Agreement. This agreement entered into force on 1 May 2014.

In 2020, bilateral trade in goods was valued at EUR 20.6 billion, with EU imports from Indonesia at EUR 13.3 billion, setting Indonesia as the EU's fifth-largest trading partner within ASEAN.

III. Challenges

Although Indonesia offers numerous opportunities for foreign investors, certain challenges exist that can impact the viability and profitability of their business ventures in Indonesia. This may include the following:

Regulatory barriers

Investors may find navigating the regulatory environment in Indonesia challenging, due to multiple layers of bureaucracy, which can potentially cause delays in obtaining necessary permits and approvals.

Rapid policy changes and the implementation of new regulations without adequate notice can complicate long-term planning. Additionally, regulatory guidance may appear unclear, resulting in businesses having to consult local experts, which can increase the time and costs to start operations.

Quality of infrastructure

The quality of infrastructure is still a concern, especially considering that Indonesia is an archipelago. Indonesia consists of more than 17,000 islands, and around 6,000 of them are inhabited. The nature of these islands poses logistical challenges, especially in the areas of transportation and connectivity.

Even though big cities such as Jakarta and Surabaya have experienced infrastructure development, many other areas are lagging behind. Inadequate road networks, limited port facilities and inconsistent electricity supplies can hinder operations, especially for industries that depend on strong infrastructure.

Corruption and political risks

The risk of terrorism and high levels of corruption can be a deterrent for foreign investors. Despite efforts to eradicate corruption, it is still a big concern in Indonesia. Businesses often face requests for unauthorised payments or encounter systems where corruption can impact decision making at various levels.

Although Indonesia is relatively stable politically, occasional flare-ups related to regional or religious tensions can pose risks. In addition, the threat of terrorism, although it can be overcome with strong anti-terrorism measures, remains a concern for foreign parties.

Outlook

Regardless of the challenges described above, Indonesia remains a promising market for the automotive industry and automotive-related industries. This is exemplified by recent investment plans of the Volkswagen group in Indonesia. Volkswagen, through its subsidiary PowerCo, intends to invest in Indonesia's electric battery industry to supply electric battery products to automotive brands under the Volkswagen Group.

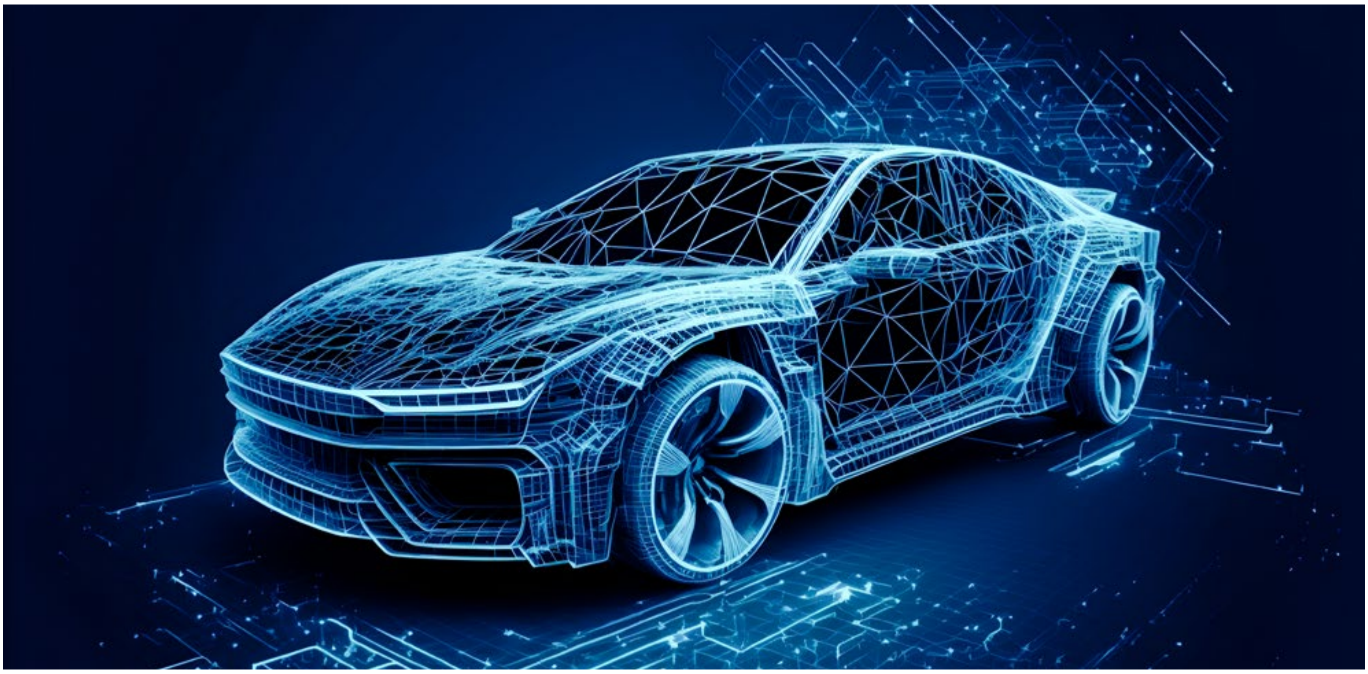
PowerCo is targeted to supply 80% of electric battery products to a number of automotive brands under the Volkswagen Group. It has also expressed its intention to collaborate with various companies that have secured nickel concessions in Indonesia.

Your contact persons in Indonesia

Philipp Kersting
Partner
T +62 2139 11191
**philipp.kersting@
luther-services.com**

Johannes Pieper, LL.M.
Counsel
T +62 8111379834
**johannes.pieper@
luther-services.com**

The Automotive Industry of Malaysia – A hidden champion and lucrative investment location



Malaysia is a country of cars. Against the stereotype of chaotic, overcrowded roads in Southeast Asian countries, traffic flows smoothly through Malaysia's extensive and ever-expanding highway system, making the car the preferred mode of transport for most Malaysians and resulting in one of the highest car ownership rates in the region.

Not only does the car play an important role in people's daily lives, it is also central to the Malaysian economy. The automotive sector generates around 4% of the country's GDP and employs some 700,000 people.

I. Malaysia's primary automotive industry

Malaysia's automotive industry is led by its two national car brands, Proton and Perodua, making it the only country in Southeast Asia to design, engineer, and manufacture cars from the ground up. But Malaysia is also a manufacturing and assembly hub for many more foreign brands. With a total of 27 car brands operating in the country and over 700,000 cars and commercial vehicles sold annually, Malaysia has the third largest automotive industry in Southeast Asia and the 20th largest in the world. Foreign companies such as BMW, Mercedes, Volkswagen, Toyota, Ford, Kia, Mazda, Mitsubishi, Nissan, Renault, Peugeot, and Subaru maintain long-established production activities through trusted contract manufacturers or joint ventures.

Other brands, such as Volvo or Honda, own and operate their own assembly lines in Malaysia as wholly foreign-owned companies and were allowed to directly manufacture passenger cars with engine capacities of less than 1,800 cubic centimetres (cc) from the beginning of 2014. Foreign manufacturers can further obtain production licences for pick-up trucks, hybrid and electric vehicles, and motorcycles with an engine capacity of more than 200 cc.

II. Strong component and supporting industry

Malaysia is not only host to many automotive manufacturers, but also has a strong and sizable component and supporting industry. Over 640 component manufacturers operate in Malaysia, including global brands such as Robert Bosch GmbH, ZF Friedrichshafen AG, Delphi Technologies PLC, Continental AG, Nippon Kayaku, PD Kawamura, Akashi Kikai Industry Co Ltd and Denso Corporation, catering to both local and regional demand.

Original equipment manufacturers and their suppliers can also rely on Malaysia's export-oriented and engineering heavy industries for support. In particular, Malaysia's globally significant electrical and electronics (E&E) industry (including a large and rapidly expanding semiconductor industry) and strong engineering support industries (including mould and die, machining, metal stamping and casting, surface engineering, heat treatment and forging) provide immediate supply and support to the automotive industry via short delivery routes.

III. Global connectivity

Malaysia's various industrial hubs and designated economic zones are well connected to each other and to the world through a modern and efficient highway network, several international and local airports and two major ports along the world's busiest shipping lanes.

Its central location between the South China Sea and the Indian Ocean, and a relative proximity to Australia and the Pacific Ocean, has fostered long and reliable trading relationships with all the major economic regions of the world.

These relationships have materialised in a dense network of free trade and investment agreements such as the ASEAN Free Trade Agreement (AFTA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP). As a member of the Association of Southeast Asian Nations (ASEAN), Malaysian companies enjoy largely tariff-free and partially harmonised access to its population-rich and fast-growing neighbouring economies.

Malaysia generally maintains good relations with most countries in the world and holds a neutral position between rivalling powers such as the US, China, Russia, and India. This strategic political neutrality, coupled with its own political stability and established trade links, makes Malaysia an ideal location for supply chain diversification and alternative manufacturing hubs in line with supply chain de-risking strategies.

With the fastest median 5G speed in Southeast Asia, seamless and stable data exchange with all parts of the world is guaranteed, enabling remote access tools, advanced infotainment programmes and cloud computing solutions. Data protection regulations are loosely based on EU law and are generally fairly liberal, with no general mandatory data localisation requirements.

The digital industry has also been identified by the Malaysian government as a key industry for the overall development of the country's economy, and is supported by numerous incentives. This is particularly true for the automotive industry, where the government is focusing on research and development of Next Generation Vehicles (NxGV) and Mobility as a Service (MaaS) solutions. The use of Industry 4.0-related technology applications such as artificial intelligence, big data and the Internet of Things in the automotive industry is particularly encouraged and liberally regulated.

IV. Research and development, training, and workforce

The Malaysian government aims to further establish Malaysia as an automotive research and development (R&D) hub and offers several incentives, including special investment vehicles, grants, investment tax incentives and special visa types for R&D facilities.

Malaysia is home to several internationally recognised universities and research institutes with a focus on engineering. Collaboration between industry and universities is common and encouraged by the government. Active collaboration with local universities in exchange for easier access or grants can be part of individual investment agreements between investors and government authorities.

Malaysia's Technical Vocational Education and Training (TVET) system, which combines theoretical education with practical on-the-job training in industry, and special apprenticeship programmes of car manufacturers provides a steady supply of quality skilled workers and technical experts to the automotive industry and other sectors.

University and vocational graduates usually speak English at a professional level, have international and intercultural experience and can easily adapt to the corporate culture of investors. Despite these facts, the overall cost of labour is comparatively low, making Malaysia particularly attractive for investments that require a large number of skilled labour.

However, due to the high demand for engineers in the booming E&E industry, finding qualified staff can be a challenge in certain sectors and areas. Recognising this shortage and potential, the government is actively promoting engineering subjects and training programmes. As graduates and experienced professionals often favour foreign employers over local competitors, foreign investors are less affected by this partial shortage.

In addition, Malaysia does not only offer a strong, multicultural, and multilingual local workforce, but is also an attractive location for international talent. Its modern infrastructure and high standard of living, coupled with a comparatively low cost of living (and a cheap housing market), is a strong incentive for expatriates. Malaysia actively seeks to attract foreign talents with a sophisticated, liberal, and fully digitised immigration system that sets relatively low barriers to work permits for skilled foreigners.

Special visas are offered for investors and even freelancers in the IT and manufacturing (including automotive) industries.

V. Reliable investment climate

The strength of the Malaysian economy and automotive sector is also based on an open and liberal investment regime.

1. No general differentiation between foreign and local businesses, but sector-specific limitations exist

In general, Malaysia does not differentiate between foreign and local companies. No sector is completely closed to foreign investment and there is no general approval process for foreign investments.

Foreigners can easily set up a local company as an investment vehicle (usually a private limited company – a Sendirian Berhad) and are free to hold 100% of the shares.

However, certain restrictions on foreign ownership are imposed through licences and approvals required for specific business activities in order to protect particular parts of the industry, to encourage the participation of the local population (particularly the so-called Bumiputera – ethnic Malays and indigenous tribes) and to steer economic development.

Most activities in the automotive sector, including in particular the manufacturing of components and parts and related services, are not restricted and allow 100% foreign ownership.

However, for example, the import of Completely Built-Up (CBU) cars requires a special licence, which requires full or majority Bumiputera ownership (depending on the type of licence) and is further restricted by import and excise duties. The import of Completely Knocked-Down (CKD) vehicles is also subject to protective measures in the form of duties and some licensing requirements – although the assembly of foreign CKD vehicles was largely liberalised in 2014.

Major direct investment in restricted areas and direct imports at reduced or even no tariffs are still possible and can be negotiated with the relevant authorities. Malaysian investment agencies are supportive of foreign investors and can often broker investment agreements.

The government has announced that it will continue to liberalise the automotive sector and gradually remove the remaining protectionist measures to increase the competitiveness of the local industry and attract foreign investment.

2. Legal System

This liberal investment climate is backed by Malaysia's robust common law system, based on English law, which continues to have a strong influence on Malaysian law. English case law is often directly referred to and imported by the Malaysian courts. Malaysia's written laws are usually bilingual, with official English versions readily available.

Technical regulations for the automotive industry are frequently based on EU or UN law and follow international standards and norms.

The Malaysian judiciary is professional, independent, and generally not biased against foreign investors.

3. Full and unrestricted land ownership

Another significant advantage of Malaysia as a manufacturing location for foreign investors is the possibility for foreigners to obtain full and unrestricted ownership of land and buildings. Industrial land can generally be freely purchased and leased by foreign investors, with only certain areas of land reserved for Bumiputera enterprises.

In addition, comparatively low property prices, readily available land in industrial parks and a modern infrastructure are often a decisive factor for investors in land-intensive industries to choose Malaysia over other regional peers.

4. Administration

The legal framework is administered and implemented by a rapidly professionalising and digitising bureaucracy. In particular, the authorities responsible for economic hubs and foreign investment, as well as federal agencies and trade-

related authorities, work efficiently and quickly. However, administrative processes in rural and less developed regions can be slower and less predictable.

In many cases, applications can be submitted and processed entirely online within set processing times. However, there are also cases where regulations or guidelines are deliberately opaque, or where authorities have wide discretionary powers, leading to uncertainty.

The most relevant authorities for the automotive industry are the Ministry of Investment, Trade and Industry (MITI), which oversees many general and technical approvals, and its subordinate Malaysian Investment Development Authority (MIDA) as the main investment agency; the Royal Customs Department (RCD), which oversees the importation of all goods and the administration of Malaysia's Sales and Service Tax (which may be due on importation); the Road Transport Department (RTD), which is responsible for, among other things, technical regulations and the homologation process, and the Department of Environment (DoE), which oversees environmental regulations, including emissions, but is also responsible for Malaysia's Low Carbon Mobility Blueprint 2021-2030, which, for example, provides incentives for electric vehicles.

Malaysia's government agencies tend to be interlinked, and redundancies are increasingly being eliminated in an effort to further streamline administration. For example, the importation of most goods can be fully managed through the Dagang Net portal. Applications for permits or import approvals, submission of customs declarations or manifests, applications for certificates of origin and payments to various authorities can all be handled through the same online platform using a single pre-registered account.

VI. The National Automotive Policy 2020

Malaysia's overall strategy for its automotive industry is set out in the National Automotive Policy (NAP). The current NAP 2020 serves as the general policy framework for the development of the sector until 2030. The NAP and its subordinate policies, strategies and roadmaps are regularly updated and amended to adapt to new technological developments and market trends.

The NAP 2020 formulates five key objectives of the automotive industry to be achieved by 2030:

- The establishment of Malaysia as a regional hub for the development and manufacturing of Next Generation Vehicles (NxGV);
- The expansion of the local automotive industry into the Mobility-as-a-Service (MaaS) industry;
- The promotion of the adoption of Industry 4.0 by the automotive industry;
- Ensuring that the entire ecosystem, including the industry and the population, benefits from the implementation of technological advancements; and
- The reduction of carbon emissions.

To achieve these objectives, the government is focusing on attracting foreign investment, local development of critical components and technologies for NxGVs, expanding the export sector for components and related services, increasing the competitiveness of the sector, strengthening the local skilled workforce, and promoting new environmentally friendly technologies.

The currently ongoing review of NAP 2020 will focus particularly on technological advances in the realm of energy efficient vehicles and electric vehicles.

VII. Incentives

To support the NAP and the general development of the automotive industry, Malaysia offers several incentives to local companies and investors.

Specific promoted activities[1] are supported by the so-called Pioneer Status, offering companies a partial exemption from the payment of income tax over five years, and by an Investment Tax Allowance, entitling companies to off-set a percentage of their qualifying capital expenditure incurred within five years from the investment against their statutory corporate income tax.

Additionally, grants for training and research and development activities and other individual incentives are available for the automotive industry.

Special incentives are also given for investments in specific areas such as Malaysia's Automotive Hi-Tech Valley in Tanjung Malim and for electric vehicles.

VIII. Electric vehicles and alternative fuels

As part of Malaysia's ambitious ESG (Environmental, Social, Governance) strategy, Malaysia has committed to becoming carbon neutral by 2050.

One of the key initiatives to achieve this goal is to develop and support the electric vehicle industry.

The government has therefore set up the Malaysian Electric Vehicle Task Force to facilitate policies and provide incentives for the electric vehicle industry.

These incentives include, for example, the full exemption of imported electric vehicles from excise, sales and import taxes until the end of 2025, while locally assembled electric vehicles and their components will be exempted until 31 December 2027.

The purchase and maintenance of electric vehicles by individuals is incentivised by full road tax exemption of electric vehicles until the end of 2025. From 2026, a new road tax regime for electrical vehicles will be rolled out with rates significantly lower than for traditional vehicles with combustion engines. Another tax relief is offered for the installation of charging facilities at home.

Special tax incentives are also provided for the development of battery management systems, on-board charging systems, charging infrastructure, battery swapping technology and artificial intelligence. These include, for example, a full tax exemption for Malaysia-based manufacturers of electric vehicle chargers until 2032 and a full investment tax allowance for five years.

The government has also announced plans to install 10,000 charging stations across the country by 2025, as well as significant investment in clean energy to ensure a green power supply for large-scale electric vehicle use and industry growth.

In October 2023, the Malaysian government has announced its new Hydrogen Economy & Technology Roadmap as another element of its ESG strategy and as a first framework for the development of a hydrogen industry in Malaysia banking in the county's existing oil & gas infrastructure. In particular, Malaysia's "oil state" Sarawak in East Malaysia plans to commence large-scale production and export of hydrogen from as early as 2027. The initiative underlines Malaysia's interest in new technologies and offers opportunities for early investors to support the built-up of a Malaysian hydrogen industry and the utilisation of hydrogen as an alternative fuel.

IX. Summary

Despite strong regional and global competition, Malaysia offers a lucrative location for automotive investment, supply chain diversification and as a regional distribution and manufacturing hub.

Malaysia's liberal investment climate, strong support industries, established trade links, skilled workforce, low labour costs, availability of land and government support are strong advantages that make Malaysia stand out.

Although some restrictions remain to protect the local automotive industry, the country continues to liberalise its investment regime and is strongly committed to attracting investors, in particular, in all stages of the electric vehicle supply chain.

[1] Including the manufacturing of, inter alia, rubber tyres, petrochemical products, specialised machinery and equipment, semiconductors and related tools and services, ICT, infotainment products, energy equipment, batteries, and engineering plastic products, and industrial design services, research and development and other services.

While not the largest or most populous country in the region, Malaysia has direct and largely unrestricted access to all ASEAN economies and liberalised access to even more key markets through its dense network of free trade agreements.

Malaysia's mature automotive industry, progressive investment policies and world-class connectivity, should definitely put it on the map for investors in the automotive industry.

Your contact persons in Malaysia

Pascal Brinkmann,
LL.M. (Stellenbosch)
Partner
T +60 3 2166 0085
pascal.brinkmann@luther-services.com

Lukas Kirchhof,
LL.M. (Hong Kong)
Senior Legal Counsel
T +60 3 2166 0085
lukas.kirchhof@luther-services.com

Accelerating Growth: Advantages and challenges of foreign direct investments in Thailand's automotive sector

I. Introduction

Thailand

Thailand is one of the ten members of the Association of South East Asian Nations ("**ASEAN**"), the second largest economy in the region in terms of GDP and the European Union's ("**EU**") fourth largest trading partner in ASEAN.

Strategically located at the heart of the ASEAN region, Thailand is renowned for its vibrant and diverse economy, of which the automotive sector is a cornerstone. The country's economic stability, coupled with a business-friendly environment and dynamic market sectors, makes it an attractive destination for foreign (direct) investments.

Automotive industry in Thailand

Thailand is currently the 12th largest automotive producer in the world and the largest in ASEAN. The automotive industry is a major contributor to Thailand's economy, accounting for approximately ten percent of Thailand's economic growth.

The country hosts some of the world's leading automakers, assemblers and component manufacturers, such as Toyota, Mitsubishi, Isuzu, Nissan, Honda, General Motors, Ford, Mercedes-Benz, BMW, Schaeffler, Bosch, and Continental, earning it the nickname "the Detroit of Asia".

Analysts predict a 3 - 4% growth in Thailand's automotive sector in 2024, largely driven by increased overseas demand and high export volumes.

II. Foreign direct investment

In order to conduct business in Thailand, foreign investors can choose between several types of legal structures, namely the establishment of a subsidiary in the form of a private limited company or the registration of an overseas company in the form of a branch, representative office or regional office. In general, foreign investors tend to establish a private limited company for their business activities in Thailand, which can carry on any legal business activity in accordance with the laws of Thailand and its registered business objectives.

Under Thai law, a limited company must have at least two shareholders. The Thai Civil and Commercial Code B.E. 2535 (1992) does not distinguish between shareholders from Thailand and shareholders from outside Thailand. However, under the Foreign Business Act B.E. 2542 (1999), some business activities are prohibited or restricted for foreign investors. Foreign ownership in a company is therefore generally limited to 49% of the total shares of a company. The remaining 51% of the shares must be held by Thai nationals or a majority Thai owned company.

However, there are ways to achieve majority or even 100% foreign ownership of a company in Thailand, for example by obtaining a Foreign Business License or by applying to the Board of Investment ("BOI"), a government agency that helps in promoting direct investment in Thailand, and obtaining a Foreign Business Certificate.

Given the above restrictions, some foreign investors resolve to setting up a joint venture structure with a Thai partner.

Board of Investment

The BOI offers several tax and non-tax incentives (see below) to encourage foreign direct investment, as well as the possibility to own 100% of the shares in a private limited company.

In addition, the BOI permits foreign investors to bring in skilled workers and experts, to own land, and to take out or remit money in foreign currency.

Eastern Economic Corridor

The Thai government's commitment to attracting eco-friendly and electric automobile production through initiatives like the

$45 billion Eastern Economic Corridor ("**EEC**") initiative make Thailand an attractive investment destination.

The EEC, encompassing the key industrial regions of Rayong, Chonburi, and Chachoengsao, is envisioned to transform these areas into a leading ASEAN economic zone focusing on technological and innovative industries. One of its aims is to extend the automotive value chain, with a particular focus on surface integration design and prototyping. The Thai government also plans to expand and improve the manufacturing process for electronic accessories and automotive parts.

Free Trade Agreements

Foreign investors in Thailand can benefit greatly from the country's Free Trade Agreements ("**FTA**") with Australia, China, India, New Zealand, and the ASEAN member states, i.e., Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, and Vietnam.

Negotiations for an EU-Thailand FTA were launched in March 2013 and suspended in 2014 following the military takeover in the country. Since then, Thailand and the EU have negotiated a Partnership and Cooperation Agreement ("PCA"), which provides a comprehensive framework for EU- Thailand relations and opportunities to develop cooperation. The PCA was signed in December 2022.

To further deepen engagements, Thailand and the EU have announced the resumption of negotiations for a comprehensive FTA in March 2023.

III. Advantages

Incentives for the automotive industry

For the automotive industry, the BOI currently offers support for 17 types of business activities, from the manufacturing of automobiles and engines, equipment, or parts, over manufacturing of battery electric vehicles ("**BEV**"), plug-in hybrid electric vehicles, hybrid electric vehicles, and BEV platforms to manufacture of fuel cells or parts.

The applicable tax incentives include exemption from corporate income tax for a period of eight years, exemption from import duties on machinery, exemption from import duties for raw or essential materials, exemption from import duties on materials for research and development ("R&D") purposes, exemption from import duties on raw or essential materials for production/export purposes, etc.

Companies setting up in one of the supercluster automotive zones in Pathum Thani, Ayutthaya, Nakhon Ratchasima, Prachin Buri, Chachoengsao, Chonburi, and Rayong can enjoy additional benefits, such as an additional corporate income tax reduction of 50% for five years.

In the EEC, investors can even enjoy exemption from corporate income tax for up to 15 years, exemption from import duties on machinery and raw materials imported for production for

export and for R&D purposes, a R&D development investment fund, permission to own land, and a reduced personal income tax of 17% flat rate for expatriates.

Growing hub for BEVs

Thailand's automotive sector is currently transitioning to electric vehicles in line with global trends and market demands. The government has targeted 1.2 million electric vehicles and 690 charging stations in place by 2036 and showing commitment to keeping manufacturing within the country through no or low import tariffs and incentives for international investors.

As evidenced by the incentives offered by the BOI, the Thai government aims to attract foreign manufacturers to use Thailand as a base for the production of BEVs in the region. In 2016, the Thai government created a roadmap for the general popularisation of BEVs and approved a tax incentive scheme for BEV production in the country.

In 2018, the Japanese startup Fomm became the first car manufacturer to produce battery-powered electric vehicles in Thailand. In 2021, Great Wall Motor, a Chinese automobile manufacturer, opened a factory in Rayong. In the same year, Tesla entered the market to sell electric passenger cars. BYD opened its factory in July 2024, located in the EEC in Rayong, with an annual production capacity of 150,000 BEVs. Other companies such as SAIC Motor-CP (the producer of MG vehicles), and Foxconn have also signed contracts to produce electric vehicles in Thailand.

In 2024, the market for BEVs in Thailand picked up rapidly, with more than 44,000 new registrations in the first six months of the year.

Access to regional and global markets

Thailand's strategic location, modern ports and airports, and FTAs facilitate exporting and access to regional and global markets, with automakers paying no or very low taxes when exporting vehicles within the ASEAN region and beyond, such as China and India.

They offer investors the opportunity to extend their supply chain and gain competitive advantages in importing machinery and raw materials by eliminating or reducing import duties. Some FTAs further harmonize customs codes and product standards, which helps to speed up trade flows.

Infrastructure and logistics development

Domestic manufacturing and procurement of a wide range of car parts and the presence of approx. 1,500 Tier 1-3 suppliers eliminate the need for imports, making exporting a breeze and contributing to the seamless operation of automotive companies.

Technological advancement and innovations

The government of Thailand is actively fostering innovation through its "Thailand 4.0" policy, aiming to transition the country into a high-income nation by emphasizing investments in innovation and digitalization.

This policy marks the evolution from agriculture-centric (Thailand 1.0) to light and heavy industry-focused (Thailand 2.0 and 3.0) approaches, culminating in a modern, innovation-driven economy.

Within this framework, the modern automotive industry is identified as a priority sector, receiving special promotion and support. This focus on the automotive sector is particularly advantageous for investors as it ensures a conducive environment for investments, characterized by a commitment to technological advancements and adaptability to global market demands.

IV. Challenges

Restrictions for foreign investors

The Thai market imposes a wide range of regulations on foreign investors, governed by the Foreign Business Act B.E. 2542 (1999), which sets out the business activities that are restricted or prohibited to foreigners (i.e., companies with 50% or more foreign shareholding).

Exemptions from the Foreign Business Act B.E. 2542 (1999) are available under certain conditions, allowing foreign investors more flexibility and opportunities in conducting business in Thailand. These exemptions, coupled with the availability of numerous government subsidies and incentives, can make investing in Thailand attractive, despite the regulatory constraints.

A profound understanding of the investment laws and the available exemptions is imperative to navigate the market effectively and align one's company with the most advantageous access points.

Bureaucratic obstacles and regulatory complexity

Investors may encounter bureaucratic challenges and complex regulations compared to other jurisdictions, necessitating careful navigation and compliance to avoid legal repercussions, especially with the country's import tariffs and restrictions on foreign investments.

Cultural and linguistic barriers

Adapting to the local culture and language is crucial for effective communication and relationship-building with local stakeholders and navigating through the nation's unique business landscape.

V. Practical consideration

Successful direct investments

The successful establishment and significant investments by automakers like General Motors, Ford, Mercedes-Benz, and BMW illustrate the industry's potential and sustainable growth opportunities.

Outlook

The political landscape in Thailand has been marked by dynamic developments following the establishment of the new government under Prime Minister Srettha Thavisin in August 2023, who was subsequently removed from office by the Constitutional Court in August 2024. A new government under Prime Minister Paetongtarn Shinawatra is being formed, and it remains to be seen whether this administration will bring political consistency.

However, despite the political and economic challenges of recent decades, the Thai baht has demonstrated stability, supported by beneficial fiscal policies and a generally consistent trade surplus.

In addition, the country continues to recover economically from the global pandemic, with a focus on innovative industries such as renewable energy, digital services and high-tech sectors, including the automotive industry. Key infrastructure projects to expand the railway network, roads, ports and airports are progressing well and are having a positive impact on the country's development.

Your contact persons in Thailand

Fabian Lorenz, M.A.
Location Head, Partner
T + 66 61 420 4049
fabian.lorenz@luther-lawfirm.com

Lukas Baumgärtner, Mag. Iur, LL.M.
Senior Associate
T + 66 61 420 4049
lukas.baumgaertner@
luther-lawfirm.com

Driving Forward: Advantages and challenges for foreign direct investments in Vietnam's automotive sector

I. Introduction

Investment climate in Vietnam

Vietnam stands out as one of the fastest-growing economies in the Association of South East Asian Nations ("**ASEAN**").

Driven by a dynamic business environment, strategic location, and abundant workforce, Vietnam offers favourable conditions for market entry and business development. These advantages, coupled with the government's proactive economic initiatives in recent years, have positioned Vietnam as an attractive market for foreign direct investments ("**FDI**") and helped the country emerge as a prominent manufacturing and production hub alongside other critical players in Southeast Asia.

Automotive industry in Vietnam

After annual car sales in Vietnam reached 500,000 units in 2022, global inflationary pressures in 2023 led many Vietnamese families to cut back on expenses. This shift caused a significant slump in the country's automobile production and sales, which fell to 301,989 vehicles, marking a 25% decrease as compared to the previous year. As the market entered 2024, it continued to struggle despite efforts by businesses to stimulate demand through discounts and promotional offers.

According to the Vietnam Automobile Manufacturers Association ("**VAMA**"), sales from member units across the market continued declining in early 2024. The cumulative sales for the first five months reached only 108,309 vehicles, a 5% decrease compared to last year. Of these, sales of locally assembled vehicles dropped by 14%, while imported cars saw an 8% increase.

Furthermore, the market remains dominated by foreign car manufacturers, particularly Japanese brands, with Mitsubishi, Hyundai, and Toyota among the top-selling models in 2023. Local brands like VinFast and Truong Hai Auto (THACO), however, have steadily increased their market share.

Therefore, to stimulate domestic consumption and support the recovery of production and business activities for domestic automobile manufacturers and assemblers amidst ongoing economic challenges, the Government is required to implement precise measures and provide appropriate support. Most recently, on 15 August 2024, the Government Office issued Notice no. 384/TB-VPCP, which detailed the conclusions of the Government Standing Committee's meeting on the feedback and explanations from government members regarding the Draft Decree on the registration fee rates for domestically manufactured and assembled automobiles. Accordingly, the Government agreed to reduce the registration fee by 50% for domestically produced and assembled vehicles for three months. The Government is currently in the process of drafting documents to implement this policy shortly.

In addition to the assembly and finishing of complete vehicles, automotive suppliers have settled and followed to flow into the country's production hubs in the northern, central and southern industrial parks, usually under the lead of one or two manufacturers.

II. Regulatory Framework for Foreign Direct Investment in Vietnam

Vietnam offers various options for foreign investors to engage in business activities. Of the variety of options we generally see one of the two main investment routes being taken by foreign investors:

Incorporation of a subsidiary in Vietnam

An investor or group of investors may establish a – in principle, fully owned – subsidiary in the form of a limited liability company or joint stock company. Each company type has distinct legal requirements, rights and obligations imposed on the investor, and each of them constitutes a separate legal entity able to engage in business activities in its own name and generally provide a liability shield.

Contribution or acquisition of shares/capital in a domestic company

An investor or group of investors may elect to contribute or acquire shares or capital in an already-established Vietnamese automotive company. This manner allows the foreign investor to benefit from the existing business infrastructure, business network, capacities, and market experience of the target company.

The foreign-owned legal entity in Vietnam has to be registered for the particular business lines in which it aims to operate and be additionally subject to operational license requirements depending on the specific case. While Vietnam does, in principle, allow investors to establish a wholly foreign-owned company, specific business lines may be subject to minimum ownership requirements and other restrictions.

Hence, where such restrictions apply, a local automotive company may, at the instance of becoming (partly) foreign-owned, be subject to restrictions in the scope of permitted business lines, or be required to obtain additional licenses in order to proceed with its previous business operations.

Free Trade Agreements with the EU ("EVFTA")

Vietnam has entered into a large number of free trade agreements. The European Union Vietnam Free Trade Agreement ("**EVFTA**") in particular promotes increased business activities between Vietnam and its trading partners in the EU.

EVFTA creates new opportunities for trade and investment, reduces trade barriers, and aims to provide a stable framework for businesses to operate. The implementation of EVFTA has already positively affected the automotive sector in Vietnam since it came into effect in August 2020, as it facilitates trade and increases market access for automotive companies by decreasing the restrictions mentioned before, benefiting both European and Vietnamese automotive manufacturers.

EVFTA aims to strengthen economic ties among member countries by promoting preferential tariffs and reducing trade barriers. The automotive industry is one of the key sectors that will benefit from reducing customs duties. This reduction lowers the price of imported cars and allows local businesses to import production components at lower prices.

Under the EVFTA, Vietnam committed to open its market to cars imported from the EU with a preferential tariff rate of 0%. With a gradual tax reduction schedule each year starting from the effectiveness of EVFTA in 2020, the import tax on fully assembled cars from the EU to Vietnam will decrease by more than 7% annually, leading to a gradual reduction in car prices. In 2024, the import tariff on cars from the EU to Vietnam will be reduced to approximately 37% - 42.5%.

III. Advantages

Incentives for the automotive industry

Investment projects in the automotive industry may be eligible for incentives if such investments fulfill certain criteria. Those may relate to the investment capital value, the number of jobs created, or the project location in areas with (especially) difficult socio-economic conditions. Incentives are currently granted in the forms of tax incentives, waiver or reduction of land use fees and rent, fast depreciations and increased expense deductions for a certain limited period from commencement of operations.

For example, (foreign-invested) companies may enjoy a generous corporate income tax reduction followed by preferential tax rates. Furthermore, certain automotive components and parts may be subject to a preferential import tax rate of 0% in specific cases. Eligibility for incentives and privileges can only be estimated by category, however, each privilege must be applied for by the local entity, hence certainty will only be available after establishment.

Vietnam's special consumption tax for electric vehicles is significantly lower than for fossil fuel operated vehicles, with rates for hybrids in between. As a targeted policy this is likely to encourage investments in the electric vehicle industry of Vietnam even further.

Strategic location and access to global markets

Vietnam's strategic location on the Southeast Asian Peninsula with its 3,260 kilometres of coastline with its ports allow Vietnam access to the world's most important trade routes, facilitating the flow of goods, services, and investments in regional and global markets.

Furthermore, the various free trade agreements Vietnam has entered into allow Vietnam to integrate in the global supply chain and facilitate exports of automotive products produced in Vietnam. This enables automotive manufacturers operating in Vietnam to tap into a large customer base and expand their market reach in the region.

Electric vehicles on the rise

Vietnam's automotive industry has seen remarkable growth and advancement in recent years. Despite its development has been starting later than neighbouring nations like Thailand, Indonesia, and Malaysia, Vietnam shows significant promise. According to the VAMA, the ownership rate of electric vehicles (EVs) in Vietnam is predicted to reach one million units by 2028 and 3.5 million units by 2040.

In order to encourage the sale of EVs and promote a national sustainable economy, the Government has issued several regulations to encourage the purchase of electric vehicles and promote a sustainable national economy. Specifically, the initial registration fee for battery EVs will be reduced to 0% from 1 March 2022 to 30 April 2025. During the following two years (from 1 March 2025 to March 2027), the initial registration fee will be 50% of the fee applied to gasoline and diesel vehicles with the same seating capacity.

Recently, VinFast officially broke ground on its first integrated electric vehicle factory in Tamil Nadu, India, creating job opportunities for approximately 3,500 local workers. The establishment of this factory in the world's third-largest automobile market also underscores VinFast's potential and strong commitment to its global green transportation strategy.

The rise of EVs offers Vietnam new opportunities to establish itself as a regional, or possibly global, leader in the EV industry.

Improved logistics performance

During the past few years, Vietnam has prominently integrated itself into the global supply chain whilst becoming a preferred destination for international companies seeking to diversify or even relocate their manufacturing operations in the region. Recognizing the growing demand to develop the logistics sector, Vietnam has been implementing measures following a plan to expand and upgrade the logistics infrastructure nation-wide. These measures correlate to the regional hubs and interconnectivity between them. They further target to develop more remote areas of the country that have not yet been utilized as production areas.

Further, Vietnam has had an active cross-border exchange for years with China in the north, and other neighbours in the region. Export routes to Europe and the US are well-established. In-land infrastructure is increasingly catering towards technology and high-tech industry standards, strongly incentivized throughout the country.

Strong manufacturing capability

Historically, Vietnam has been a top destination for production, especially in the textile sector. In 2023, the manufacturing sector in Vietnam has been a key driver of economic growth, accounting for over USD 23.5 billion, covering 64.2% of the total registered foreign direct investment in Vietnam.

In recent years, there has been a great increase in the manufacturing of more advanced items, including automotive components, industrial machines and semiconductors. With a well-developed factory infrastructure, relatively low employment costs, and ample workforce, Vietnam has become a strong base for the manufacturing sector and has attracted many new FDI projects across industries. Vietnam's northern region is well-known for its heavy manufacturing, oil and gas industry, and high-tech businesses, including vehicle (components) product.

Moving forward, we expect extended establishments catering specifically to the high-technology and automotive industries. We further see certain prospects for changes in relevant regulations targeted to ease the growth of this sector for years to come.

IV. Challenges

Restrictions for foreign investors

Vietnam, in principle, allows investors to establish a wholly foreign-owned company to conduct certain business activities also in the automotive sector.

Based on the communicated government's vision to 2035, the strategy to develop the nation's automotive sector prioritizes connecting and cooperating with major global automotive conglomerates and creating policies to attract foreign capital. Therefore, investors may expect Vietnam's business environment, specifically the automotive sector, to become increasingly open.

As if now, still, prevailing regulation requires investors to in general to obtain the appropriate operating licenses prior to commencement of manufacturing in the automotive industry. Conditions and requirements vary greatly subject to the specifics of each project, however, in principle, a holistic observation of obligation pertaining to land use rights, facilities, assembly lines, automotive testing lanes and others must be met. This often requires investors to allocate significant resources to the expansion to Vietnam prior to market entry and to prepare and plan well-ahead in order to avoid common pitfalls.

Given this situation, investors have often chosen to outsource their production to licensed Vietnamese manufacturers to reduce the risks of losing their initial investments or to meet licensing requirements. This approach has been used by some European car manufacturers and relies on finding a trustworthy local partner. If, after careful evaluation, outsourcing proves to be the best option for entering the market, it is crucial to invest time and effort into thoroughly assessing potential partners and their backgrounds to protect your own interests.

Bureaucratic obstacles and regulatory complexity

Even with ongoing reforms, prevailing regulations for the automotive sector still contain ambiguities and are subject to differing interpretations by the authorities. In practice, foreign investors may encounter setbacks such as prolonged processing times, contradictory guidance, and non-statutory requirements set by authorities during the licensing process. Successful navigation through the complexity of Vietnamese laws demands clear insights into local practices and the opinions of local authorities.

Overall, having a well-prepared plan, capital resources and a profound understanding of the legal framework and its interpretation by authorities is essential for successful investments in Vietnam.

V. Practical considerations

Success Stories

The first-mover automakers Toyota, Hyundai, and Mitsubishi have invested hundreds of millions into local production facilities over the past decade and today provide the top three best-selling auto brands to the local market in Vietnam. Recognizing the potential, the German luxury segment has also successfully tapped into Vietnam's dynamic consumer market of their own kind, with an overall positive outlook. From these success stories we would deduct that it may take time and (financial) commitment initially, however, the growth potential of the local consumer market is open.

Bilateral trade activities were significantly impacted in 2023 due to regional economic challenges and a slowdown in Vietnam's investment and export activities. However, the import-export situation between Vietnam and the EU showed signs of improvement towards the end of the year. According to statistics from the General Department of Customs, in the first 11 months of 2023, two-way trade turnover between Vietnam and the EU reached USD 53.7 billion, a decrease of 6.5% compared to the same period in 2022, which is significantly better than the 11% decline seen in the first quarter of 2023. The Ministry of Industry and Trade predicts that Vietnam's goods exports to the EU market will recover significantly in the second half of 2024.

Outlook

Vietnam is emerging as a rising star in terms of GDP growth in South East Asia making it a potential automobile consumption market. Further the Vietnamese Government decisively set the target to promote automobile production and exports through various proactive policies and initiatives. The electric vehicles sector is expected to be the priority segment in the industry.

While there are still challenges that need to be addressed, the industry has significant opportunities for growth and development in the coming years.

Your contact person in Vietnam

Thi Thuy Trang Phan, LL.M
Attorney-at-law (Germany)
Registered Foreign Lawyer
(Singapore, Vietnam)
T +65 6408 8021
trang.phan@
luther-lawfirm.com

Leif Dustin Schneider
Lawyer, Registered foreign
lawyer (Vietnam),
Counsel
T +84 7698 11602
leif.schneider@
luther-lawfirm.com

Hits the mark. Luther.

Luther Rechtsanwaltsgesellschaft mbH is one of the leading corporate law firms in Germany. With some 420 lawyers and tax advisors, we can advise you in all fields of German and international corporate law. In addition to having offices in every economic centre throughout Germany, we are also present in 10 locations abroad: in Brussels, London and Luxembourg in Europe, and in Bangkok, Delhi-Gurugram, Ho Chi Minh City, Jakarta, Kuala Lumpur, Singapore and Yangon in Asia.

Our advisory services are tailored to our clients' corporate goals. We take a creative, dedicated approach to achieving the best possible economic outcome for each of our clients. The name "Luther" stands for expertise and commitment. With a passion for our profession, we dedicate all our efforts to solving your issues, always providing the best possible solution for our clients. Not too much and not too little – we always hit the mark.

We know how crucial it is to use resources efficiently and to plan ahead. We always have an eye on the economic impact of our advice. This is true in the case of strategic consulting as well as in legal disputes. We have complex projects on our agenda every day. At Luther, experienced and highly specialised advisors cooperate closely in order to offer our clients the best possible service. Thanks to our fast and efficient communication, permanent availability and flexibility, we are there for you whenever you need us.

Lawyers and tax advisors

420

Locations

20

Long-standing connections to commercial law firms worldwide

Offices in international financial centres and investment locations

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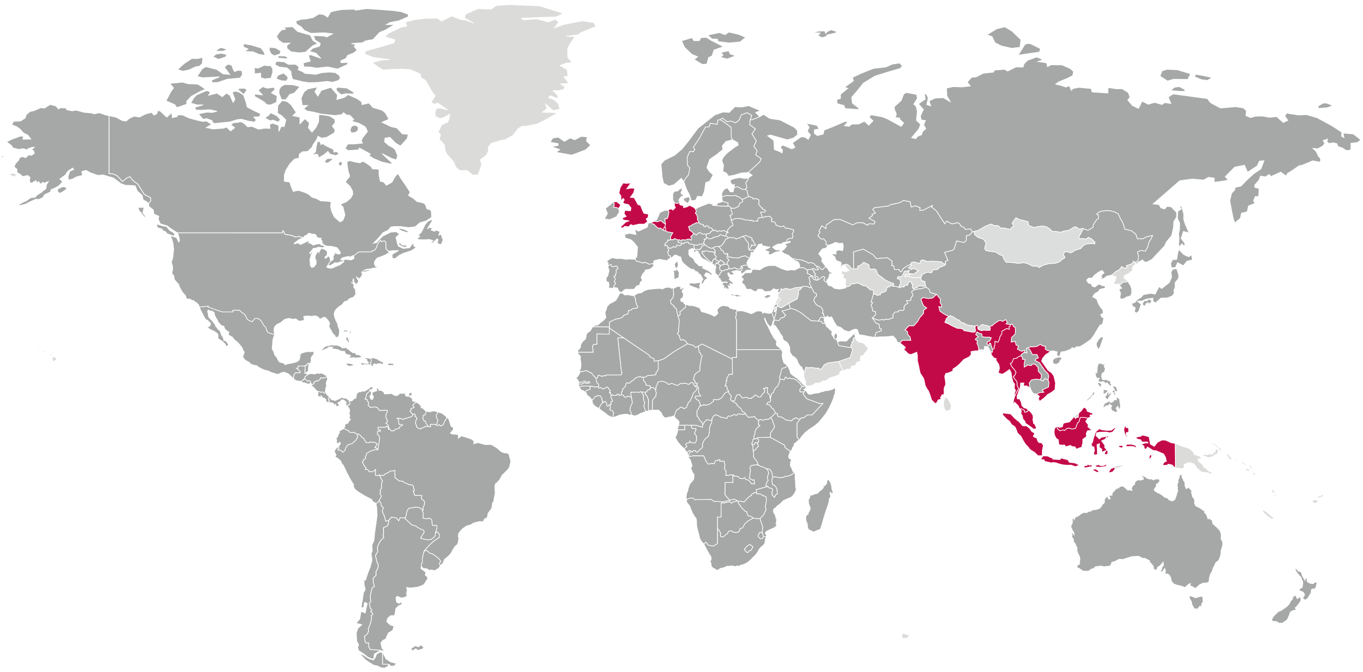
Our locations

We have a global outlook, with international offices in 10 key economic and financial centres in Europe and Asia. We also maintain close relationships with other commercial law firms in all relevant jurisdictions. Luther is a founding member of unyer (www.unyer.com), a global organisation of leading professional services firms that cooperate exclusively with each other. This way, we ensure a seamless service for our clients throughout their demanding international projects.

Our partner firms are based in Africa, Australia and New Zealand, Europe, Israel, Japan and Korea, the Middle East, Russia and the CIS, South and Central America, the US and Canada.



- Luther locations
- Best friends

Our locations

Bangkok	**Ho Chi Minh City**
Berlin	**Jakarta**
Brussels	**Kuala Lumpur**
Cologne	**Leipzig**
Delhi-Gurugram	**London**
Dusseldorf	**Luxembourg**
Essen	**Munich**
Frankfurt a.M.	**Singapore**
Hamburg	**Stuttgart**
Hanover	**Yangon**

Our practice areas

- Antitrust Law
- Capital Markets & Banking
- Commercial & Distribution Law, Product Liability/ Product Compliance
- Complex Disputes
- Compliance & Internal Investigations
- Corporate/M&A
- Data Protection Law
- Employment Law
- Energy Law
- Environment & Planning Law Regulatory
- Financial Services Investment Funds & Alternative Investments
- Insurance Law
- International Trade Law
- IP & Copyright Law
- IT Law
- Media & Entertainment
- Notarial Services
- Public Procurement Law
- Public Subsidies/ State Aid Law
- Real Estate
- Restructuring & Insolvency
- Start-ups & Venture Capital
- State, Administration, Public Undertakings
- Tax Law
- Telecommunications Law
- White-Collar Crime & Tax Offences

Our industries

We focus on advising transactions with respect to targets in five industries.

Energy

Conventional or renewable energies: We work efficiently and sustainably.

Health Care & Life Science

With our expertise, we have our finger on the pulse of time.

Information Tech & Telecommunications

We connect today with tomorrow.

Mobility & Logistics

We understand what gets you moving and can set you on the right course.

Real Estate & Infrastructure

We lay the foundation for you to build on.

Our awards

JUVE

In the JUVE Handbook of Commercial Law Firms 2023/2024, 53 lawyers were recommended by Luther, nine of whom were recognised as “Leading Advisors” and two as “Rising Star”. In total, Luther was ranked in 31 practice areas. In 2023, Luther was named “Law Firm of the Year for Procurement Law” and “Law Firm of the Year for Distribution, Trade and Logistics” by JUVE-Verlag. In addition, Luther was nominated as “Law Firm of the Year for Technology and Media”. In 2019, Luther received the highest award as “Law Firm of the Year 2019” from JUVE-Verlag.

Chambers

In 2024, Luther was recognised by Chambers Europe for 14 practice areas in Germany as well as in two practice areas in Luxembourg. In addition, 20 partners were included in the Individual Ranking. Moreover, in 2024, Luther was recognised by Chambers Global in two practice areas in Germany and in one each in Luxembourg and Myanmar, while seven partners were also included in the Individual Ranking.

The Legal 500

The Legal 500 Germany 2024 recommends Luther in 37 areas of law, with “Top Tier” rankings in two of these areas. 73 lawyers are being recommended, 16 of whom have been specially recognised as “Leading Individual” or “Next Generation Partner”. “The Legal 500 EMEA 2024” recommends Luther for seven areas of law in Luxembourg, and nine lawyers are also recommended, two of whom have been specially recognised as “Leading Individual”. “The Legal 500 Asia Pacific 2024” recommends Luther and two of its lawyers for one area of law in Myanmar.

The Legal 500 Green Guide EMEA 2024

Luther has been included in the Legal 500 Green Guide EMEA 2024 for Germany, with three lawyers being recommended. The guide provides an overview of the law firms’ engagement with sustainability and covers both corresponding activities for clients and their own best practices and initiatives.

Kanzleimonitor

Kanzleimonitor 2023/2024 recommends Luther in 20 areas of law and has also included four Luther lawyers among the recommended lawyers mentioned by name.

„Best Lawyers in Germany 2024“

For the year 2024, 99 lawyers have been recommended by Luther as “Best Lawyers in Germany 2024”, an award presented by the US publisher “Best Lawyers” in cooperation with the German Handelsblatt, including one partner as “Lawyer of the Year” for his area of law, and 19 colleagues who have received the recommendation “Best Lawyers - Ones to Watch”.

WHO’S WHO LEGAL

WHO’S WHO LEGAL lists a total of 23 lawyers in December 2023, six of whom received the highest award Thought Leader and three of whom were recognised as Future Leaders.

Luther.

Bangkok, Berlin, Brussels, Cologne, Delhi-Gurugram, Dusseldorf, Essen, Frankfurt a.M., Hamburg, Hanover, Ho Chi Minh City, Jakarta, Kuala Lumpur, Leipzig, London, Luxembourg, Munich, Singapore, Stuttgart, Yangon

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