

Opportunities and incentives

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For over 400 years, the United Kingdom and Thailand have enjoyed an enduring partnership built on tight-knit friendships and trust, on investment in each other's economic future, and on our fundamental shared values. Dating back to the early 17th century when the British East India Company ship The Globe arrived at the Kingdom of Siam, bearing a letter from King James I, to the subsequent Thai voyage to visit the court of King Charles II, the fruitful exchange has continued ever since.

The most evident sign of our lasting cooperation is in trade: Thailand continues to be one of the UK's largest trading partners in ASEAN, as bilateral trade exceeded GBP 5 billion in 2017. But the partnership transcends just commerce – it also promotes the free exchange of technology and best business practices through two-way investments in the private sector. British companies, such as Tesco and Unilever, have played a significant part in the Thai economy for decades, employing over tens of thousands of Thais. Major Thai corporations such as CP Foods, Thai Bev, and Sahaviriya Steel also employ over a thousand people in the UK.

The British and the Thais share many cultural passions, including in sports and food. While the Thais' enthusiasm for Premier League football extends to club ownership, such as Leicester City and Sheffield Wednesday, Thai cuisine has long been among the most favourite dishes for the Brits.

Not limited to goods and cultural enjoyment, the UK and Thailand also enjoy the free exchange of ideas through strong education ties – Thai students are now among the top-10 largest student populations in the UK. The strong ties between the UK and Thailand are, indeed, a deep-rooted partnership that transcends boundaries.

Thailand's current issues and the EEC

Thailand is Southeast Asia's second-largest economy, but growth has been stagnant for decades. Critics

attribute this to the fact that Thailand has been relying upon competitive wages and natural resources for too long – while failing to promote technology and human resources development.

The Royal Thai Government of Prime Minister Prayuth Chan-o-cha has laid out a 20-year strategy for Thailand to achieve high-income status by 2036. The strategy includes a wide range of top-down initiatives, especially in infrastructure and people development, to transform Thailand into a nation that can compete against wealthier, more knowledge-based economies.

The government calls the strategy "*Thailand 4.0*", taking a cue from Germany's "*Industry 4.0*". aimed at transforming the country into an innovative, value-based industry, with an emphasis on 10 fields including robotics, medicine, aviation, bioenergy and biochemicals, and digital.

The Eastern Economic Corridor (EEC) development lies at the heart of *Thailand 4.0* scheme.

The government is gearing up to rejuvenate and enhance the Eastern Seaboard development programme that successfully modernised Thailand's ports and roads back in the 1980s,

giving Thailand an infrastructure edge on neighbours like Indonesia and Vietnam.

While the Eastern Seaboard development made Thailand an industrial powerhouse for over 30 years, its power has subsided, and the government now wants the EEC to revitalise and make Thailand the powerhouse of innovation and the future industries.

The EEC is an area-based development focusing on the three eastern provinces of Chachoengsao, Chonburi and Rayong – all within a few hours drive from Bangkok. It includes several major infrastructure projects to support the prospective economic opportunities in the area: the development of a high-speed rail linking three airports (Suvarnabhumi, Don Muang, and U-Tapao), a double-track rail linking



three seaports (Laem Chabang, Map Ta Phut, and Sattahip), the expansion of the Laem Chabang and Map Ta Phut deep-sea ports themselves, the transformation of U-Tapao airport into an “Eastern Airport City” (including a Maintenance, Repair, and Overhaul “MRO” hub) that will gradually develop into an “Aerotropolis”, new highways and motorways, and the development of leading edge digital infrastructure – the EEC innovation clusters (EECi) and the Digital Park (EECd).

The plans call for a combination of public and private funding of about USD 50 billion in the first 5 years, which includes new “Smart Cities”, industrial (Special Economic Promotional Zone) and tourism development on top of the aforementioned infrastructure plans. To ensure speedy progress given the sheer project size and large number of entities involved, the EEC development is being personally monitored by the Prime Minister, who sits on its Policy Committee, and driven by the EEC Office that reports directly to the Prime Minister.

Apart from the momentous impact on the country’s GDP and employment opportunities, the EEC will significantly improve both intra- and inter-connectivity. As potentially one of the most crucial pieces of the jigsaw, the EEC will enhance regional connectivity between CLMV (Cambodia, Lao PDR, Myanmar and Vietnam), ASEAN countries, and integrate into China’s One Belt One Road (OBOR) initiative that will connect markets in Asia to Africa, the Middle East and Europe. Through a high-speed rail connecting Bangkok to Nakhon Ratchasima and Nong Khai in Thailand, Vientiane in Lao PDR, and Kunming in China, EEC will truly become an international gateway providing seamless connectivity between regions.

The opportunities for the UK

Thailand’s Deputy Prime Minister Somkid Jatusripitak (Vice-chairman of the EEC Policy Committee) recently met with the British International Trade Secretary Liam Fox, the first trade minister to visit Thailand in 15 years, in April. After the meeting, the Deputy Prime Minister announced that both sides look forward to working together to support the implementation of the EEC and *Thailand 4.0*. It was also mentioned that the UK welcomes the opportunities that this presents and will work closely with British companies to highlight the area for investment, especially in the 3 sectors where both countries share potential

and mutual interests, namely, Aerospace, FinTech, and Science, Technology and Innovation (STI). The UK is keen to forge closer economic and trade collaboration with more countries beyond the European trade bloc that it is leaving, and Thailand is particularly attractive as the center of the ASEAN region.

Essentially, British companies investing in the targeted industries will benefit from a number of incentives which include, among others:

- The right to lease land for up to 50 years for residential development, and up to 99 years for commercial and industrial areas (50 years initially and 49 years on one-time renewal);
- Exemption from foreign land ownership restrictions for Board of Investment (BOI) promoted projects;
- The rights to enter and remain in Thailand for the period approved by the EEC Office (even if longer than Immigration Law)
- Exemption of Corporate Income Tax for maximum of 15 years, and 50 per cent reduction for additional 5 years
- Exemption of import duties on machinery and raw materials (that are used in production for exports or R&D)
- Special Personal Income Tax rate of 15 per cent for foreign executives and 17 per cent for foreign workers

In terms of operations, British companies will be able to enjoy services provided by the One-Stop Service (OSS) to facilitate investment in the area, including provision of comprehensive information and services such as licences application (e.g., trade, import, and export licences), issuance of work permit and visas, among others.

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Chachoengsao, Chonburi and Rayong Provinces have been designated for the development of the Eastern Economic Corridor (EEC), an initiative for the economic development of Thailand’s Eastern Seaboard