Thailand's Economic Factsheet

Economic Figures

2019 GDP Growth Forecast

- NESDC: 3.9%
- Bank of Thailand: 3.3%
- Fiscal Policy Office: 3.8%
- ADB: 3.9%
- World Bank: 3.5%
- IMF: 3.5%

GDP Growth Q2/2019 2.3%
2018 Nominal GDP 505.0 bil. USD
2018 GDP Growth 4.1%

Inflation 1.1% (Q2/2019)

Foreign Reserves bil. USD 215.8 (Jan. 2019)

Unemployment Rate 1.0% (Q2/2019)

Public Debt Per GDP 40.5% (Jun. 2019)

Policy Interest Rate 1.75% (Q2/2019)

Tourism

Top Tourists (Jan. - Jul. 2019)

3. India 1.14 mil.
4. South Korea 1.07 mil.
5. Laos 1.05 mil.
6. Japan 0.99 mil.


Trade Statistics (bil. USD)

- Export Value
  - Q2/2019: 248.1
  - Q1/2019: 257.7
  - 2018: 252.2
  - 2017: 235.3

- Import Value
  - Q2/2019: 225.1
  - Q1/2019: 237.9
  - 2018: 229.8
  - 2017: 201.1

- Trade Balance
  - Q2/2019: +23.0
  - Q1/2019: +19.9
  - 2018: +22.3
  - 2017: +34.2

Exports

Top 10 Exports Destinations (Jan. - Jul. 2019)

1. China
2. United States
3. Japan
4. South Korea
5. Malaysia

Total Exports (Jan. - Jul. 2019) 144.18 bil. USD


1. Auto Parts & Accessories
2. Computer, Equipment, & Parts
3. Precious Stones & Accessories
4. Rubber Products
5. Plastic Pellets
6. Chemical Products
7. Refined Fuels
8. Electronic Integrated Circuits
9. Machinery & Parts
10. Air conditioner & Parts

Imports


1. China
2. Japan
3. South Korea
4. United States
5. Malaysia


1. Crude Oil
2. Machinery & Parts
3. Electrical Machinery & Parts
4. Chemical Products
5. Iron, Steel, & Products
6. Auto Parts & Accessories
7. Electrical Integrated Circuits
8. Jewelry
9. Other Metal Ores
10. Computer Equipment & Parts

Department of International Economic Affairs
August 2019
THAILAND'S Eastern Economic Corridor

Core areas-Investment projects

Infrastructure Projects
- High speed rail connecting 3 airports
- U-Tapao airport and aircraft maintenance
- Laem Chabang port phase #3
- Map Ta Phut port phase #3
- Sattahip commercial seaport
- Double-track railway
- Highways and motorway

Industrial Promotion Zones
- Chachoengsao: 1 estate
- TFD 2
- Chonburi: 12 estates
- Amata City 1-2
- Phetchaburi 1-2
- Hemaraj Chonburi 1-2
- Hemaraj Eastern Sea 2-3
- Rayong: 8 estates
- Smart Park
- Hemaraj Eastern Sea 1-4
- Hemaraj West (Map Ta Phut)
- Eastern Sea Board (Rayong)
- Hemaraj Rayong 36
- Amata City
- CP Rayong

12 Targeted Industries

First S-Curve
- Next Generation Automotive
- Smart Electronics
- Affluent, Medical and Wellness Tourism
- Agriculture and Biotechnology
- Food for the Future

New S-Curve
- Robotics
- Aviation and Logistics
- Biofuels and Biochemicals
- Medical Hub
- Digital

Incentives for investment in targeted industries
- Connect Indian Ocean with Pacific Ocean, CLMV, South China via multi-modal linkages and Free Trade Areas (FTAs)

EEC Act

- (Entered into force on 15 May 2018)
- Permanent Administration
- Clear Working Process
- EEC Inclusivity

Investment Incentives
- Maximum incentives for qualified investment projects
- Exemption of corporate income tax for up to 13 years
- Exemption of import duties on machinery/raw or essential materials imported for use in production for export/R&D
- Matching Grants for investment/R&D/innovation/human resources development in targeted industries.
- Permission to own land for 30 years
- Rights to lease land for 50 years renewable upon approval for a further 40 years
- 17% personal income tax rate, the lowest rate in ASEAN for foreign executives working for regional headquarters or international trading companies
- One-stop service center to facilitate foreign investors provide useful information, and issue permits for trading, export and import, all in one location.

Strategic Target Center (STC)
- to attract investors, experts and scientists from around the world.

- EEC Corridor of Innovation (EEC-CI)
- Digital Park Thai (EED)
- EEC Aeropolis (EED-A)
- MRO Center
- Duty Free Zone
- Training Center
- Upgraded U-Tapao Airport.
**Thailand's Investment Factsheet**

**Foreign Direct Investment (FDI)**  
**Apr. - Jun. 2019**  

**Value**  
139.28 bil. Baht

**Foreign Direct Investment (FDI)**  

2018  
547  

2017  
288  

2016  
103  

(bil. Baht)  
Source: Bank of Thailand (BOT)

**Top 10 FDI by Economies**  
**Apr. - Jun. 2019**  

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Value (bil. Baht)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Singapore</td>
<td>55.37</td>
</tr>
<tr>
<td>2</td>
<td>China</td>
<td>14.59</td>
</tr>
<tr>
<td>3</td>
<td>United States</td>
<td>11.89</td>
</tr>
<tr>
<td>4</td>
<td>Hong Kong</td>
<td>11.22</td>
</tr>
<tr>
<td>5</td>
<td>Japan</td>
<td>7.35</td>
</tr>
<tr>
<td>6</td>
<td>The Netherlands</td>
<td>5.18</td>
</tr>
<tr>
<td>7</td>
<td>Germany</td>
<td>4.31</td>
</tr>
<tr>
<td>8</td>
<td>United Kingdom</td>
<td>3.92</td>
</tr>
<tr>
<td>9</td>
<td>Australia</td>
<td>2.71</td>
</tr>
<tr>
<td>10</td>
<td>Ireland</td>
<td>1.5</td>
</tr>
</tbody>
</table>

**Top 10 FDI by Industries**  
**Apr. - Jun. 2019**  

<table>
<thead>
<tr>
<th>Industry</th>
<th>Value (bil. Baht)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>36.17</td>
</tr>
<tr>
<td>Wholesale and Retail Trade</td>
<td>13.87</td>
</tr>
<tr>
<td>Mining and Quarrying</td>
<td>9.92</td>
</tr>
<tr>
<td>Accommodation and Food Service Activities</td>
<td>4.14</td>
</tr>
<tr>
<td>Real Estate Activities</td>
<td>2.76</td>
</tr>
<tr>
<td>Financial and Insurance Activities</td>
<td>1.96</td>
</tr>
<tr>
<td>Electricity, Gas, Steam and Air Conditioning Supply</td>
<td>1.47</td>
</tr>
<tr>
<td>Construction</td>
<td>1.23</td>
</tr>
<tr>
<td>Transportation and Storage</td>
<td>0.56</td>
</tr>
<tr>
<td>Agriculture, Forestry and Fishing</td>
<td>0.02</td>
</tr>
</tbody>
</table>

**Total Applications Submitted to BOI**  
**Jan. - Jun. 2019**  

**Total Applications**  
468 Projects

**Total Investment value**  
147.17 billion Baht

252 applications (54%) are in the 10 targeted industries. The projects value is 85.9 billion Baht in total.

**Applications in EEC**

**Applications**  
179 projects  
Value (bil. Baht)  
88.18

**Approved**  
127 projects  
Value (bil. Baht)  
64.01

Source: The Board of Investment of Thailand: BOI

**Department of International Economic Affairs**  
August 2019
Thai Direct Investment Abroad

Total TDI Value

2019 (Q2) Total TDI Value 75 bil. Baht

TDI Top 10 destinations in 2019 (Q2) (bil. Baht)
1. Singapore 18.26
2. Vietnam 11.65
3. Japan 11.29
4. The Netherlands 9.07
5. Indonesia 8.22
6. United States 6.77
7. Hong Kong 6.42
8. United Kingdom 5.26
9. British Virgin Islands 3.50
10. Switzerland 3.28

TDI Top 10 sectors in 2019 (Q2) (bil. Baht)
1. Manufacturing 36.17
2. Wholesale, retail trade and Automotive Repair 13.87
3. Mining and quarrying 9.92
4. Accommodation and food service activities 4.14
5. Real estate activities 2.76
6. Financial and insurance activities 1.96
7. Electricity, gas, steam and air conditioning supply 1.47
8. Construction 1.23
9. Transportation and storage 0.56
10. Agriculture, forestry and fishing 0.02

Top TDI value by countries (bil. Baht)

<table>
<thead>
<tr>
<th>Country</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>123.7</td>
<td>118.4</td>
</tr>
<tr>
<td>Singapore</td>
<td>98.4</td>
<td>92.8</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>80.7</td>
<td>64</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>74.2</td>
<td>61.1</td>
</tr>
<tr>
<td>United States</td>
<td>56.1</td>
<td>51.2</td>
</tr>
<tr>
<td>Vietnam</td>
<td>46.9</td>
<td>39.1</td>
</tr>
<tr>
<td>Cayman Islands</td>
<td>24.4</td>
<td>14.9</td>
</tr>
<tr>
<td>Laos</td>
<td>16.7</td>
<td>13.4</td>
</tr>
<tr>
<td>Myanmar</td>
<td>16.2</td>
<td>12.1</td>
</tr>
<tr>
<td>Australia</td>
<td>13.9</td>
<td></td>
</tr>
</tbody>
</table>

Top TDI value by sectors (mil. Baht)

<table>
<thead>
<tr>
<th>Sector</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>256</td>
<td>268.8</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>85.3</td>
<td>81.4</td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>43.9</td>
<td>51.2</td>
</tr>
<tr>
<td>Real estate activities</td>
<td>30.1</td>
<td>35.9</td>
</tr>
<tr>
<td>Accommodation and food service activities</td>
<td>29.1</td>
<td>28.9</td>
</tr>
<tr>
<td>Electricity, gas, steam and air conditioning supply</td>
<td>26.7</td>
<td>8.6</td>
</tr>
<tr>
<td>Financial and insurance activities</td>
<td>12.7</td>
<td>5.7</td>
</tr>
<tr>
<td>Transportation and storage</td>
<td>6.8</td>
<td>4.0</td>
</tr>
<tr>
<td>Agriculture, forestry and fishing</td>
<td>4.2</td>
<td>1.6</td>
</tr>
<tr>
<td>Construction</td>
<td>3.3</td>
<td>-0.5</td>
</tr>
</tbody>
</table>

Source: Bank of Thailand
Department of International Economic Affairs
As of August 2019
INVESTMENT POLICIES

**WHY Thailand?**

1. Strategic Location & Connectivity
2. Strong Economic Fundamentals
4. Excellent Infrastructure
5. Attractive Incentives

---

Revised Investment Promotion Act (effective as of 25 Jan 2017)
- Exemption of CIT up to 10 years for R&D, advance technology and innovation
- 50% reduction of CIT up to 10 years
- Investment Tax Allowance
- Special packages for targeted core technology
- 100-300% tax deduction for R&D expenses and technology and workforce development

Competitiveness Enhancement Act (effective as of 14 Feb 2017)
- Exemption of CIT up to 15 years
- 10,000 million Baht matching fund for targeted industries
- Import duty exemption
- All other privileges under old and revised IPA

The EEC Act (enters into force on as of 15 May 2018)
- Exemption from corporate income tax for up to 12 years and 17% personal income tax which is the lowest in ASEAN
- Matching grants for investment, R&D, innovation, human resource development for targeted industries
- Smart Visa issuance for Talents, Foreign Executives and Startups
- International university establishment in high technology field

---

**Incentives (BOI)**

- **Merit-based**
  - Grant additional incentives to encourage investment that benefit the country or overall industry
  - Competitiveness Enhancement
  - Decentralization
  - Industrial Area Development

- **Activity-based**

---

**Special Economic Zones (SEZ)**

**SEZ's border provinces**

- Chiang Rai
- Tak
- Kanchanaburi
- Nong Khai
- Nakhon Phanom
- Mukdahan
- Sa Kaeo
- Trat
- Song Khla
- Narathiwat

**2019 Thailand Investment Year**

**Special Investment Measures**

- Objectives:
  - To stimulate investments in targeted industries that will drive economic transformation.

- **Additional Incentives**
  - **CIT reduction**
    - 50% for 3 years

- **Criteria**
  1. Total investment value (excluding land and working capital) ≥ 1 Billion THB
  2. Activities in categories entitled to 5 to 8 years of CIT exemption (Group A1-A3)
  3. Located outside Bangkok

---

**Super Clusters**

- Food Innopolis
- Digital Parks
- Automotive and Parts
- Eco-friendly Petrochemicals and Chemicals
- Medical
- Electrical Appliances, Electronics and Telecommunication Equipment

**Other Clusters**

- 1. Agricultural, fishery and targeted industries
- 2. Ceramic products
- 3. Textile, garment, and leather industries
- 4. Manufacture of furniture
- 5. Gems and jewelry
- 6. Medical equipment
- 7. Automotive, machinery and parts
- 8. Electrical appliances and electronics
- 9. Plastics
- 10. Medicine
- 11. Logistics
- 12. Industrial estates/zones
- 13. Tourism related industry

---

Department of International Economic Affairs (May 2019)
# THAILAND'S INTERNATIONAL RANKING

## Organisations
- World Bank Group
- IMD World Competitiveness Center
- World Economic Forum
- World Economic Forum
- Bloomberg
- World Economic Forum
- United Nations
- US News
- OECD
- Transparency International
- Cornell University, INSEAD and the World Intellectual Property Organization (WIPO)
- Corporate Knights
- The Telecommunication Development Sector (ITU-D)
- US News
- World Bank Group

## Indexes

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Competitiveness Index</td>
<td>34/504</td>
<td>34/504</td>
<td>30/505</td>
<td>30/506</td>
<td>30/506</td>
<td>30/506</td>
<td>30/506</td>
<td>30/506</td>
<td>30/506</td>
<td>30/506</td>
<td>30/506</td>
<td>30/506</td>
</tr>
<tr>
<td>Maturity Index</td>
<td>60/600</td>
<td>60/600</td>
<td>59/600</td>
<td>59/600</td>
<td>59/600</td>
<td>59/600</td>
<td>59/600</td>
<td>59/600</td>
<td>59/600</td>
<td>59/600</td>
<td>59/600</td>
<td>59/600</td>
</tr>
<tr>
<td>World Economic Forum</td>
<td>77/775</td>
<td>77/775</td>
<td>77/775</td>
<td>77/775</td>
<td>77/775</td>
<td>77/775</td>
<td>77/775</td>
<td>77/775</td>
<td>77/775</td>
<td>77/775</td>
<td>77/775</td>
<td>77/775</td>
</tr>
<tr>
<td>Best Countries to Start a Business</td>
<td>77/775</td>
<td>77/775</td>
<td>77/775</td>
<td>77/775</td>
<td>77/775</td>
<td>77/775</td>
<td>77/775</td>
<td>77/775</td>
<td>77/775</td>
<td>77/775</td>
<td>77/775</td>
<td>77/775</td>
</tr>
<tr>
<td>Corruption Perceptions Index</td>
<td>88/100</td>
<td>88/100</td>
<td>88/100</td>
<td>88/100</td>
<td>88/100</td>
<td>88/100</td>
<td>88/100</td>
<td>88/100</td>
<td>88/100</td>
<td>88/100</td>
<td>88/100</td>
<td>88/100</td>
</tr>
</tbody>
</table>

## Most popular city for international tourists
- Bangkok

## Best country to start business

## Happiest economy in the world
- Phuket
เศรษฐกิจโลก ไตรมาส 2 ปี 2562

GDP GROWTH FORECAST IN JULY 2022

IMF 3.2%
WB 2.6%
OECD 3.3%

แนวโน้มเศรษฐกิจโลกปี 2562

คงที่ราคา เศรษฐกิจโลกจะขยายตัว 3.3%
ผลการวิเคราะห์ขององค์การการเงินระหว่างประเทศและธนาคารโลก
การกระทำของธนาคารกลางเดียวกันกันว่าจะลดลงในประเทศที่มีเศรษฐกิจที่น่าสงสัย
เศรษฐกิจโลกมีแนวโน้มที่จะขยายตัวอย่างเร็วขึ้น

มีปัจจัยดังนี้:

- ทิศทางของตลาดความมั่นคง สงครามในยุโรป
- ความเสี่ยงของ No-deal Brexit
- ความขัดแย้งทางการค้าฟื้นตัวในภูมิภาค
- ปัญหาภัยการค้าของเศรษฐกิจจีน

- ปัจจัยที่มีมูลค่าทางเศรษฐกิจ
- ปัญหาความขัดแย้งทางเศรษฐกิจในประเทศสหรัฐฯ
- ปัญหาความขัดแย้งทางเศรษฐกิจและการจัดทำข้อตกลงศึกษาความร่วมมือกัน

Q2/2562 เศรษฐกิจขยายตัว 2.3% ต่อภาคไตรมาสที่ 2
- ต่อการเพิ่มขึ้นของยุโรป
- ต่อการขยายตัวของจีน
- ต่อการขยายตัวของอาเซียน

Q2/2562 ขยายตัว 1.1% ซึ่งต่ำกว่าที่คาดว่าจะเป็น 22.4%
- การผลิตภาคการเงินขยายตัวลดลง 1.5%
- การขยายตัวของธุรกิจส่งออกลดลง 1.4% ที่อาจส่งผลกระทบต่อ
- การขยายตัวของกิจการในต่างประเทศ
- การขยายตัวของกิจการในประเทศอยู่ในระดับที่ต่ำที่ 20-22.5%

Q2/2562 ขยายตัว 6.2% คาดว่าจะเป็น 27 ปี
- มูลค่าเพิ่มขึ้นสูงที่สุดในรอบ 10 ปีที่ผ่านมา 1.0% เนื่องจากการดีดตัวของไทยและ
- การขยายตัวของกิจการในต่างประเทศ
- การขยายตัวของกิจการในประเทศอยู่ในระดับที่ต่ำที่ 15.6%
- ต่อการขยายตัวของจีน
- การขยายตัวของกิจการในต่างประเทศอยู่ในระดับที่ต่ำที่ 25.62

Q2/2562 เศรษฐกิจขยายตัว 5.0% คาดว่าจะเป็น 5.1%
- ต่อการขยายตัวของจีน
- ต่อการขยายตัวของกิจการในต่างประเทศ
- การขยายตัวของกิจการในประเทศอยู่ในระดับที่ต่ำที่ 25.62
- การขยายตัวของกิจการในประเทศอยู่ในระดับที่ต่ำที่ 5.6%
- การขยายตัวของกิจการในประเทศอยู่ในระดับที่ต่ำที่ 4.9% ที่มีค่าสูงที่สุดในรอบ 6 ปี

GDP SOURCE: OECD

หมายเหตุ: NESDC (2022)
Thailand’s Economic Outlook

- Thailand’s GDP expanded by 2.3% in Q2/2019, following the global trend of economic slowdown of key trading partners and escalating trade protection measures.

- In 2019, the Thai economy is projected to grow in the range of 2.7 – 3.2% driven by a favorable growth momentum of domestic demand including public and private investment, especially in the EEC area, and the government’s economic stimulus plan.

- Thailand’s international ranking has been consistently improved:
  
  o The International Institute for Management Development (IMD) ranks Thailand at the 25th place in its global competitiveness report 2019, 5 spots higher than the ranking in 2018.
  
  o Thailand is the “least miserable economy” in the world for 5 consecutive years during 2015 - 2019, according to Bloomberg’s Misery Index.
  
  o In October 2018, the World Economic Forum (WEF) places Thailand at 38th in the new Global Competitiveness Index 4.0 2018, 2 spots higher than the ranking in 2017.
  
  o In 2018, U.S. News ranks Thailand as the best country to start a new business for the second consecutive year. U.S. News also places Thailand as the 8th Best Country to Invest In.
  
  o The 2018 Global Innovation Index ranks Thailand at 43rd with strength in business sophistication in which gross expenditure on R&D is financed by businesses. Thailand is ranked among the top 5 innovation economies in the upper-middle income group.
  
  o In the annual Doing Business 2019 report, the World Bank ranks Thailand’s Ease of Doing Business at 27th place.
  
  o According to the World Bank’s Logistics Performance Index 2018, Thailand rose to 32nd place from 45th in 2016. Thailand’s ranking was second only to Singapore in ASEAN, overtaking Malaysia, and was 7th in Asia.
  
  o MasterCard ranks Bangkok the 1st in its Global Destination Cities Index 2019.

Updates on Thailand’s Key Economic Policies

- In July 2019, the newly elected Government’s policy statement outlined 12 key areas of development to build up Thailand’s resilience in the face of global economic uncertainty while creating sustainable and equitable economic growth to move Thailand out of middle - income trap and towards a developed country in the 21st century.
• The government’s priorities are to boost economic growth, enhance Thailand’s competitiveness and ensure wealth distribution to the country’s regions.

• In August 2019, the cabinet has endorsed a 10 billion USD economic stimulus package, aiming to boost the country's economic growth by 0.5 – 0.6 percentage points this year. This stimulus package includes the provision of additional welfare for low-income earners, the elderly, and families with children through “Welfare Card” between August – September 2019. To assist farmers, debt interest will be lowered and debt repayment period will be extended. SMEs will have access to additional funds and cost-reducing measures.

• As part of the broader national agenda, the Thai government is developing “Thailand 4.0” and “Digital Thailand” strategies to transform the Thai economy into a digital economy, while promoting Fintech to ensure financial inclusion. By adopting modern technology and expanding its digital infrastructure and financial services, Thailand will improve the standard of living of its people, increase economic inclusiveness for marginalized groups, reduce the economic disparity, as well as enhancing digital skills and economic competitiveness. The policies will strengthen transnational trade, empower e-commerce sector and allow MSMEs and startups to access the global value chain.

• To support the “Thailand 4.0” strategy, which aims at transforming Thailand towards a value-based, innovative, and technology-driven economy, the Thai government has established a new “Ministry of Higher Education, Science, Research and Innovation (MHESI). The new ministry merges the Ministry of Science and Technology, the Office of the Higher Education Commission, the National Research Council and the Office of Thailand Research Fund, with a mandate to upgrade the country’s manpower, equipping Thai people with skills and capabilities in response to future needs, promoting research, and developing innovation on a full-cycle basis.

• The Government has recently announced a new economic model, called “BCG” (Bio – Circular – Green) Economy:
  o The concept of bio economy focuses on the country’s strength in biodiversity with addition of advanced technologies and innovations to create more values.
  o Circular economy will develop the “highest” value out of natural resources while keeping waste at a minimum or zero waste.
  o Green economy is an economic development that involves mitigating global environmental issues.

• The BCG Model will be implemented along with the King Rama IX’s Sufficiency Economy Philosophy – striving for a progressive economy without leaving anyone behind, and help the country achieve the sustainable development goals of the United Nations. Targeted sectors include food and agriculture, energy and materials, health and medicine as well as tourism where appropriate technologies will be applied to uplift people’s quality of life and ensure sustainability of the country’s development.
On October 2018, the 20-year National Strategy (2017-2036) came into effect after being published in the Royal Gazette. The vision of the National Strategy is “to be a secured, prosperous, and sustainable nation, and to become a developed country through development under the philosophy of sufficiency economy.” The strategy will provide a legal framework for Thailand’s economic and social reform, to ensure sustainable development and favorable trade and investment environment in the next 20 years.

**Investment Promotion Measures**

- Thailand’s remains an attractive destination for investment due to its macroeconomic stability, a friendly business environment, quality infrastructure, competitive labor force and strong government support.

- Thailand is strategically located at the heart of Southeast Asia, and is a dynamic gateway to Asia’s fast growing market of 3.5 billion population and 32% of global GDP.

- The Board of Investment has made 2019 “Thailand Investment Year”, and launched a package of special incentive measures to further boost investment in targeted industries. Special incentive measures are put in place to propel economic growth and move Thailand towards Thailand 4.0 through 2 development aspects:
  - Competitiveness Enhancement Measures: by (1) development of targeted areas, namely the EEC and Smart Cities; (2) technology and innovation promotion; (3) human resources development, namely Smart Visa; (4) capital market development, namely promotion for company listing on SET; and (5) improvement of production efficiency, namely the use of renewable energy, digital technology and automation, and R&D in the agricultural sectors.
  - Narrowing Development Gap: through (1) investment promotion in 10 Special Economic Zones (SEZs); (2) industrial development in border provinces in Southern Thailand; (3) development in 20 provinces with lowest per capita income; (4) SMEs; and (5) grass root economy development.

- Among others, the new measures are:
  - 50% reduction of corporate income tax (CIT) for additional 3 years for those activities in categories entitled to 5-8 years of CIT exemption.
  - Increase CIT exemption ceiling to 200% of actual investment to encourage company listing on SET (Securities Exchange of Thailand)/MAI (Market for Alternative Investment)
  - 3-year CIT exemption for productivity enhancement projects including production line upgrade, R&D spending, replacing and upgrading machinery for energy conservation.
5 - 8 years of CIT exemption for smart city development, with additional 50% CIT reduction for 5 years for those in the EEC.

In addition, there are investment promotion incentives to enhance startup ecosystem, knowledge-based activities (eg. creative product design, software development), the International Business Center, Special Economic Zones (SEZ), SMEs, and grass root economy development.

- In June 2019, UNCTAD has released a World Investment Report (WIR) on Thailand’ investment environment, showing that Thailand’s FDI value has increased by 62% in 2019, the highest increase rate in ASEAN, fueled by investment from mostly Asian countries as well as reinvestments by multinational companies. Thailand also ranks in the top 10 countries with the most SEZs and ranks 5th in Asia. Thailand is an exemplar in regional integration and development of SEZs along the border.

### Eastern Economic Corridor (EEC)

**General**

- The development of the Eastern Economic Corridor (EEC), which covers 3 provinces, namely Chachoeongsao, Chonburi, and Rayong, is an area-based management project, placed at the heart of “Thailand 4.0” initiative which is an economic development model for the whole country. Given our economic structure, it is both natural and inevitable that Thailand moves toward a value-based and innovation-driven economy.

- The area, formally known as Thailand’s Eastern Seaboard, has long been a prime location for the world’s top companies wishing to expand their investments in Southeast Asia and home to Thailand’s largest energy and fundamental industries, as well as modern industrial estates.

- The development of EEC will build upon existing and well-equipped infrastructures and industrial estates of the Eastern Seaboard, and further develop multi-modal linkages to facilitate greater flows of trade and investment.

- Furthermore, the government plans to setup the Eastern Economic Corridor of Innovation (EECi), which is located in Wang Chan Valley of Rayong province, as an innovation city with supporting ecosystem for integrated and translational R&D and innovation.

- The EECi will be developed in tandem with Aerotropolis (EEC-A) or the Eastern Airport City and Digital Park Thailand (EECd), which will serve as an aviation hub and a digital hub of the EEC.
EEC and the region

- Under the vision of ACMECS Master Plan (2019 - 2023) and the Master Plan on ASEAN Connectivity 2025 to realize a seamless and comprehensive connectivity in the region, EEC will be one of the key engines that drive growth within the country as well as in ASEAN.

- Beyond the sub-region, the EEC also serves as a gateway, connecting China through Belt and Road Initiative, India through BIMSTEC and IORA framework, and other parts of the world through numbers of connectivity initiatives and trade agreements.

Key infrastructure development projects

- Carried out under public - private partnership (PPP) investment scheme, key infrastructure development projects within the EEC includes the (1) High-Speed Rail Linking 3 Airports, a 220 km high -- speed railway line that connects 3 major airports namely, Suvarnabumi Airport, Donmuang International Airport and U-Tapao International Airport, (2) 3rd phase development of Laem Cha Bang Sea Port in Chonburi province, which will expand the port's capacity with the construction of a deep seaport and single rail transfer operator (SRTO). Once completed, the port will act as linkage between external ports and transport systems with a view to receive an increased volume to shipping vessels, (3) 3rd phase expansion of Map Ta Phut Industrial Port, to enhance existing infrastructure in order to better facilitate shipment of natural gas and raw fluid material for the petrochemical industry in Rayong Province, and (4) U-Tapao international airport and Eastern Airport City, to develop the airport into the 3rd full-scaled commercial airport of Thailand, with better equipped infrastructures including passenger terminals, business and trade centers, cargo terminals, aviation training center, and free trade zone, and (5) Thai Airways’ MRO facility.

- It is planned that all contracts be signed by 2019. Since these projects are implemented under EEC PPP track, the approval process has been shortened to expedite investment.

- On May 2019, the cabinet has endorsed the CPH consortium (CP Group Holding, Ch Karnchang Plc., Bangkok Expressway and Metro Plc., China Railway Construction Corp Ltd. and Italian-Thai Development Plc.) as the winning bidder of the High – Speed Rail Linking 3 Airports project. It is expected that the contract can be signed by September 2019.

- The bidding of High – Speed Rail Linking 3 Airports project is the first EEC Project List to be endorsed by the cabinet, paving the way for other projects which are in the pipeline for cabinet’s approval.

- This 7 – billion USD project also showcases the “Japan – China Cooperation in Third Country” policy which Thailand, specifically the EEC, is the key strategic area and a pivotal part of this trilateral partnership. The momentum this project generates will bring further investment into the EEC as well as boost confidence for further trilateral cooperation.
**Investment in targeted industries**

- The EEC project aims to become a flagship Special Economic Zone of ASEAN which accelerates future growth of Thailand and the region through foreign direct investment (FDI) in 12 targeted industries. It will also strengthen Thailand’s positioning as a hub for technological manufacturing and services with strong connectivity to its ASEAN neighbors by land, sea and air.

- Based upon Thailand’s strong and potential sectors, the 12 Targeted industries of the EEC identified as the ‘New Engines of Growth’ under the Thailand 4.0 model are:
  
  - The first 5 S-curve, namely; (1) next-generation automotive, (2) smart electronics, (3) medical and wellness tourism, (4) agriculture and biotechnology, and (5) food for the future,
  
  - The new 5 S-curve, namely; (1) robotics, (2) aviation and logistics, (3) biofuels and biochemical, (4) digital, and (5) medical hub, and
  
  - Two additional industries (1) defense and (2) human resources development and education.

- These industries will also place special focus on human resource development and development of new technologies, thus providing a more sustainable vision of Thailand 4.0.

- Since the launch of the project, the investment value in the EEC has continuously multiplied, from 6.5 billion USD in 2016, to 10 billion USD in 2017, and 22 billion USD in 2018. The total planned investment in the EEC from 2019 to 2023 is set at around 50 billion USD.

**Specialized area – based development**

- Within the EEC, the government has setup the Eastern Economic Corridor of Innovation (EECi) as an innovation city with supporting ecosystem for integrated R&D and innovation incubation. Key components of the EECi will include ARIPOLIS (for automation, robotic and intelligent system researches), BIOPOLIS (for biotech research), and SPACE INNOPOLIS (for space and geoinformatic researches).

- The EECi will be developed in tandem with Aerotropolis or Eastern Airport City (EEC-A) and Digital Park Thailand (EECd), which will serve as an aviation hub and a digital hub of the EEC.

**Incentives**

- Investors in the EEC will receive notable privileges, including
  
  **(1) Tax incentives**

  - Exemption from corporate income tax for up to 15 years, making Thailand’s corporate tax rate among the lowest in Southeast Asia
- Lowest personal income tax rate of 17% in ASEAN for qualified executives, specialists and researchers.

(2) Non-Tax incentives

- Land ownership for BOI promoted projects and rights to state’s land lease for 50 years, renewable upon approval for a further 49 years,
- Trade in foreign currencies,
- Matching grants for investment, R&D, innovation, human resource development for targeted industries

- In addition, under the EEC Act, which entered into force on 15 May 2019, the EEC is equipped to render additional facilities for targeted industries.
- Investors will enjoy the well-equipped facilities and business privileges as well as logistics access into the CLMV region, ASEAN, and the rest of the world.

Special Economic Zone (SEZ)

- Since 2015, the Royal Thai Government has pushed forward the policy to develop 10 Special Economic Zones (SEZs) in Tak, Sa Kaeo, Trat, Mukdahan, Songkhla, Chiang Rai, Nhon Khai, Nakhon Phanom, Kanchanaburi, and Narathiwat provinces, located along the borders with Cambodia, Laos, Myanmar and Malaysia.

- The development of the SEZs is a part of National Strategy to spread and stimulate economic growth, foster the development of border areas in order to narrow development gap in the country, attract more foreign direct investment, and support ASEAN integration, under the “Thailand Plus One” model which aims to enhance participation from other countries to develop the Mekong sub-region while at the same time promote supply chain connectivity within the sub-region, ASEAN and beyond.

- To attract more foreign investment, the Government has put in place tax and non-tax incentives, and investment promotion privileges for 13 targeted industries, One Stop Service (OSS) centers, and facilitating measures including the support for the employment of migrant workers, as well as invested in (multi-modal transport) infrastructure for regional connectivity for the SEZs.

- Since the establishment of the SEZs until 2019, total application for BOI’s investment promotion in the SEZs has reached 335 million USD with 62 projects already approved. Over 3,203 new businesses has registered in 10 SEZs. Among others, foreign companies from China, Japan, India, Malaysia, Taiwan, South Korea, and the Netherlands, have already invested in the SEZs.
Fintech for Financial Inclusion

- Thailand is promoting the development of the Fintech sector and has adopted Fintech to increase financial productivity and inclusion through the national e-payment scheme, “Prompt Pay.”

- The Thai Fintech sector has expanded from 42 firms in 2014 to 169 firms in 2018. Fintech has been used by major commercial banks and most Fintech activities are digital payments.

- The government supports a coherent effort on financial service development that encompasses the development of physical and digital infrastructure, civil-society development, and digital economy.

- The Ministry of Finance has keen interest in leveraging the potential Fintech innovations to advance Thailand’s economic inclusion through cooperation with the World Bank in undertaking an in-depth assessment of Thailand’s Fintech situation and providing policy recommendations.

- The use of Fintech that extends to neighboring ASEAN states would strengthen intra-ASEAN trade, with the assistance of ASEAN Financial Innovation Network (AFIN) framework. ASEAN cooperation on cyber security would also contribute to safe and sustainable development of Fintech in the region.

Smart Cities

- Smart city development is a part of the national agenda as Thailand prepares for the changing environment of disruptive technologies and fosters sustainable development through the use of environmentally-friendly innovations.

- The Thai government launched a policy to develop smart cities in major provinces throughout the country. The initial development will focus on pilot projects in Bangkok, Chiang Mai, Phuket and Khon Kaen as well as the three provinces within the EEC. Smart City is designed to upgrade people’s quality of life in 7 intelligent platforms (7 Smarts); namely, efficient transport (Smart Mobility), education and social equity (Smart People), life security (Smart Living), ease of doing business (Smart Economy), efficient public services (Smart Governance), green and safe energy (Smart Energy) and clean, efficient and balanced management of resources and environment (Smart Environment). Smart Environment is set as a compulsory component for smart city development.

- Special incentives for investment in smart city development are available through the Board of Investment. These incentives include 8-year exemption of corporate income tax, and import duty exemption.

- Thailand’s “Smart City” is being developed through cooperation with ASEAN countries under ASEAN Smart Cities Network (ASCN).
Upcoming Trade and Investment Events

- **Bangkok Gems & Jewelry Fair (BGJF) 2019** (10 – 14 September 2019 @ IMPACT Exhibition & Convention Center, Bangkok) - Organized biannually by the Department of International Trade Promotion (DITP), BGJF is one of the world’s most renowned and longest-celebrated gems and jewelry trade fair in the industry where all key players in the global gems and jewelry business can achieve their purposes of sourcing, trading, networking. The event is expected to welcome over 50,000 visitors.

- **Bangkok RHVAC and Bangkok E&E 2019** (25 – 28 September 2019 @ BITEC Bangna, Bangkok) – Organized by DITP, the event will showcase a variety of electronic products, including air conditioning and refrigeration. It offers great opportunity to meet with manufacturers and experts in the industry as Thailand is the world’s second largest producer of air-conditioning units and the fourth – largest for refrigerators.

- **STYLE Bangkok** (17 – 21 October 2019 @ BITEC Bangna, Bangkok) - An international trade fair that offers all sorts of lifestyle products, including gifts, home decor, furniture to fashion and more. The fair’s theme is “Crenovative Origin,” highlighting Thailand’s creativity, innovation, and identity to respond to new lifestyle product trends.

- **Digital Thailand Big Bang 2019** (28 – 31 October 2019 @ BITEC Bangna, Bangkok) – Organized by the Digital Economy Promotion Agency (DEPA), Digital Thailand Big Bang showcases digital technologies with expected attendees from all over the world. To coincide with Thailand’s ASEAN chairmanship this year, the theme of Digital Thailand Big Bang 2019 is “ASEAN Connectivity,” highlighting ASEAN digital cooperation.

*******************************************************************************

Division of Economic Information
Department of International Economic Affairs
September 2019