Thailand's Economic Factsheet

2018 GDP growth 4.1%
2018 GDP per capita 7,445.4 USD
2018 Nominal GDP 505.0 bil. USD
Inflation 0.7% (Q2/2019)
Foreign Reserves 212.2 bil. USD (Mar. 2019)
Unemployment Rate 0.9% (Q1/2019)
Public Debt Per GDP 40.3% (Mar. 2019)
Policy Interest Rate 1.75% (Q1/2019)

Economic Figures

2019 GDP Growth Forecast
- NESDC: 3.3 - 3.8
- Bank of Thailand: 3.6
- Fiscal Policy Office: 3.8
- ADB: 3.9
- World Bank: 3.8
- IMF: 3.5

Trade Statistics (bil. USD)
- Export Value: 2018 252.2, 2017 235.3
- Import Value: 2018 229.8, 2017 201.1
- Trade Balance: 2018 +22.3, 2017 +34.2
- Q1/2019 Export Value: 257.7, Import Value: 237.9, Trade Balance: +19.9

Tourism
- Top Tourists (Jan. - Mar. 2019)
  1. China (4.01 mil.)
  2. Malaysia (1.24 mil.)
  3. Russia (0.72 mil.)
  4. South Korea (0.65 mil.)
  5. Japan (0.62 mil.)
  5. India (0.61 mil.)

Foreign Tourists (Jan. - Mar. 2019)

Imports
- Top 10 Imports (Jan. - Apr. 2019)
  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

Exports
- Top 10 Exports Destinations (Jan. - Apr. 2019)
  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. Machinry & Parts
  10. Air conditioner & Parts

Department of International Economic Affairs
May 2019
**THAILAND'S Eastern Economic Corridor**

**Core areas-Investment projects**

**Infrastructure Projects**
- High speed rail connecting 3 airports: Chiang Mai, Chonburi, and Rayong
- U-Tapao airport and aircraft Maintenance
- Laem Chabang port phase #3
- Map Ta Phut port phase #5
- Sattahip commercial seaport
- Double-track railway
- Highways and motorway

**Industrial Promotion Zones**
- Chachoengsao: 1 estate
- Chonburi: 12 estates
- Rayong: 8 estates
- Samut Prakan: 1 estate
- Samut Sakhon: 1 estate
- Rayong: Eastern sea board
- Rayong: Eastern sea board
- Rayong: Eastern sea board
- Rayong: Eastern sea board

**Strategic Location**
- Thailand's flagship special economic zone, located in Chachengsao, Chonburi, and Rayong
- Excellent infrastructure linkage (200 km from Bangkok through motorway, Laem Chabang commercial port, Map Ta Phut industrial port, U-Tapao international airport)
- Connects to Pacific Ocean, CLMV, South China via multi-modal linkages and Free Trade Areas (FTAs)

**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
- Biotechnology and Pharmaceuticals
- Medical Hub
- National Defense
- Human Resources Development and Education

**Incentives for Investment in Targeted Industries**
- Exemption of corporate income tax for up to 13 years
- Exemption of import duties on machinery or essential materials imported for use in production for export/REPD
- Matching Grants for investment/REPD/innovation/human resources development in targeted industries
- Permission to own land for BOI-promoted projects
- Rights to lease land for 50 years renewable upon approval for a further 49 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 Act**
- Policy Committee (28 persons) chaired by PM includes 14 Ministers, Budget Bureau, NESDB, BOI, Board of Trade, FTI, TBA, and external experts
- Secretary-General and EEC Office
- One-stop Service (OSS), EIA, PPP, Urban Planning, etc.
- Special Economic Promotion Zone
- Incentives (tax, visa/work permit, etc.)

**EEC Inclusivity**
- Integrated Plan, Budget, and Fund for local development

**Eastern Economic Corridor of Innovation (EEC)**
- Biopolis (for biotech research)
- Artopolis (for automation, robotic research)
- Space Innopolis (for aircraft, aerospace research)

**Digital Park Thailand (EEC)**
- Data Center/Big Data Analytics
- IoT Institute
- Satellite Station
- Submarine Cable Station
- Startup Incubation/acceleration
- Geo-Informatics and Space Technology Development Agency (GISTDA)

**EEC Aeropolis (EEC-A)**
- MRO Center
- Duty Free Zone
- Training Center
- Upgraded U-Tapao Airport
Thai Direct Investment Abroad

**2019 (Q1)**

**Total TDI Value**

128.25 bil. Baht

**TDI Top 10 destinations in 2019 (Q1) (bil. Baht)**

1. ASEAN 58.47
2. Singapore 47.1
3. Vietnam 5.63
4. The Netherlands 5.6
5. China 2.5
6. Cayman Islands 2
7. Germany 1.62
8. Myanmar 1.59
9. Laos 1.58
10. Australia 1.56

**TDI Top 10 sectors in 2019 (Q1) (bil. Baht)**

1. Manufacturing 5.08
2. Accommodation and food service activities 0.50
3. Wholesale and retail trade 0.33
4. Financial and insurance activities 0.23
5. Mining and quarrying 0.19
6. Electricity, gas, steam and air conditioning supply 0.04
7. Real estate activities 0.04
8. Transportation and storage 0.03
9. Construction 0.01
10. Agriculture, forestry and fishing

**Top TDI value by countries (bil. Baht)**

<table>
<thead>
<tr>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>123.7</td>
</tr>
<tr>
<td>Singapore</td>
<td>98.4</td>
</tr>
<tr>
<td>Netherlands</td>
<td>80.7</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>74.2</td>
</tr>
<tr>
<td>Vietnam</td>
<td>56.1</td>
</tr>
<tr>
<td>Cayman Islands</td>
<td>46.9</td>
</tr>
<tr>
<td>Laos</td>
<td>24.4</td>
</tr>
<tr>
<td>Myanmar</td>
<td>16.7</td>
</tr>
<tr>
<td>Australia</td>
<td>16.2</td>
</tr>
</tbody>
</table>

**Top TDI value by sectors (mil. Baht)**

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

Source: Bank of Thailand

Department of International Economic Affairs
As of May 2019
### Thailand's Investment Factsheet

#### Foreign Direct Investment (FDI) (Jan. - Dec. 2018)

- **Value:** 401 bil. Baht

#### Top 10 FDI by Economies (Jan. - Dec. 2018)

1. Japan - $143 bill. Baht
2. Singapore - $58 bill. Baht
3. Hong Kong - $53 bill. Baht
5. China - $20 bill. Baht
6. Germany - $17 bill. Baht
7. Denmark - $12 bill. Baht
8. Mauritius - $8.8 bill. Baht
10. United Kingdom - $5.2 bill. Baht

#### Top 10 FDI by Industries (Jan. - Dec. 2018)

1. Manufacturing - $101.08 bill. Baht
2. Financial and Insurance activities - $60.9 bill. Baht
4. Wholesale and Retail trade - $19.05 bill. Baht
5. Mining and Quarrying - $2.26 bill. Baht
6. Electricity, Gas, Steam and Air conditioning supply - $2.19 bill. Baht
7. Transportation and Storage - $2.14 bill. Baht
8. Accommodation and Food service activities - $1.81 bill. Baht
10. Agriculture, Forestry and Fishing - $0.15 bill. Baht

### Total Applications Submitted to BOI (Jan - Mar 2019)

- **Total Applications:** 387
- **Total Investment value:** 128.9 billion Baht
  - 199 applications (51%) are in the 18 targeted industries. The projects value is 53.8 billion Baht in total.

#### Applications in EEC

- **Applications:** 116
- **Value:** 75.05 bil. Baht
  - 105 projects
- **Approved Projects:** 105
- **Value:** 93.94 bil. Baht
  - Project of the Board of Investment of Thailand: BOI

**Source:** The Board of Investment of Thailand: BOI

**Department of International Economic Affairs**

May 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 13 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 (enter into force on as of 15 May 2018)
- Exemption from corporate income tax for up to 13 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 Investors, 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
  - 1. Competitiveness Enhancement
  - 2. Decentralization
  - 3. Industrial Area Development

Activity-based
- Classified incentives based on importance of activities
- Including...
  - 0-8 years of CIT Exemption
  - 30% Tax deduction on R&D investment
  - Smart Visa for Investors/Startups
  - Exemption of import duties on machinery

Special Economic Zones (SEZ)

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

Targeted Industries
- Each zone with different targeted activities depending on competencies
  - 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

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%
  - 3 years
- Criteria
  - Total investment value (excluding land and working capital) ≥ 1 Billion THB
  - Activities in categories entitled to 5 to 8 years of CIT exemption (Group A1-A3)
  - Located outside Bangkok
  - Application submitted during 19 Nov 2018 - 30 Dec 2019

Department of International Economic Affairs (May 2019)
เศรษฐกิจโลก ไตรมาส 1 ปี 2562

所示增长预测为 3.2%

- GDP Growth Forecast
- IMF 3.3%
- WB 2.9%
- OECD 3.2%

เศรษฐกิจโลก ไตรมาส 1 ปี 2562

- เศรษฐกิจโลกในไตรมาสที่ 1 ปี 2562 ขยายตัว 3.2% ตามคาดการณ์ที่ IMD 3.3%
- ธนาคารโลกคาดการณ์ว่าจะมีการขยายตัว 2.9%
- สำนักงานเศรษฐกิจอุตสาหกรรมคาดการณ์ว่าจะมีการขยายตัว 3.2%

USA

- Q1/2562 เศรษฐกิจขยายตัว 3.2%
- ไตรมาสมัคร 15 ประเภท
- ขยายตัวทั่วโลก 41 ประเทศ
- ขยายตัวทั่วโลก 49 ประเทศ

EURZONE

- Q1/2562 ขยายตัว 1.2% เทียบกับไตรมาสที่ 4/2561
- ขยายตัวทั่วโลก 15 ประเทศ
- ขยายตัวทั่วโลก 25 ประเทศ
- ขยายตัวทั่วโลก 49 ประเทศ

CHINA

- Q1/2562 ขยายตัว 6.4% เทียบกับไตรมาสที่ 4/2561
- ขยายตัวทั่วโลก 5 ประเทศ
- ขยายตัวทั่วโลก 10 ประเทศ
- ขยายตัวทั่วโลก 49 ประเทศ

JAPAN

- Q1/2562 เศรษฐกิจขยายตัว 3.1% ผ่านการตรวจสอบของกรมการคลัง
- ขยายตัวทั่วโลก 5 ประเทศ
- ขยายตัวทั่วโลก 10 ประเทศ
- ขยายตัวทั่วโลก 49 ประเทศ

ASEAN

- ไตรมาสที่ 1/2562 เศรษฐกิจขยายตัว 3.1% ผ่านการตรวจสอบของกรมการคลัง
- ขยายตัวทั่วโลก 5 ประเทศ
- ขยายตัวทั่วโลก 10 ประเทศ
- ขยายตัวทั่วโลก 49 ประเทศ

Growth in Q1/2019 (%YoY)

<table>
<thead>
<tr>
<th>Country</th>
<th>Export</th>
<th>Import</th>
<th>GDP</th>
<th>GP</th>
<th>Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>1.4</td>
<td>3.2</td>
<td>1.6</td>
<td></td>
<td>NA</td>
</tr>
<tr>
<td>Eurozone</td>
<td>-4.1</td>
<td>1.2</td>
<td>1.4</td>
<td></td>
<td>NA</td>
</tr>
<tr>
<td>Japan</td>
<td>5.7</td>
<td>-0.3</td>
<td>0.3</td>
<td></td>
<td>NA</td>
</tr>
<tr>
<td>China</td>
<td>1.3</td>
<td>6.4</td>
<td>1.8</td>
<td></td>
<td>NA</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>-2.6</td>
<td>0.6</td>
<td>2.2</td>
<td></td>
<td>NA</td>
</tr>
<tr>
<td>India</td>
<td>6.0</td>
<td>-0.0</td>
<td>6.0</td>
<td></td>
<td>NA</td>
</tr>
<tr>
<td>Indonesia</td>
<td>-8.3</td>
<td>5.1</td>
<td>2.6</td>
<td></td>
<td>NA</td>
</tr>
<tr>
<td>South Korea</td>
<td>-8.5</td>
<td>1.8</td>
<td>0.5</td>
<td></td>
<td>NA</td>
</tr>
<tr>
<td>Malaysia</td>
<td>-4.8</td>
<td>4.5</td>
<td>-0.3</td>
<td></td>
<td>NA</td>
</tr>
<tr>
<td>Philippines</td>
<td>-3.1</td>
<td>5.6</td>
<td>3.8</td>
<td></td>
<td>NA</td>
</tr>
<tr>
<td>Singapore</td>
<td>-2.7</td>
<td>1.3</td>
<td>0.5</td>
<td></td>
<td>NA</td>
</tr>
<tr>
<td>Chinese Taipei</td>
<td>-4.2</td>
<td>1.7</td>
<td>0.3</td>
<td></td>
<td>NA</td>
</tr>
<tr>
<td>Thailand</td>
<td>-3.6</td>
<td>2.8</td>
<td>0.7</td>
<td></td>
<td>NA</td>
</tr>
<tr>
<td>Vietnam</td>
<td>5.1</td>
<td>6.8</td>
<td>2.6</td>
<td></td>
<td>NA</td>
</tr>
</tbody>
</table>

Note: GDP growth data is sourced from the World Bank.
**Suggested Talking Points**

**Thailand’s Economic Outlook**

- Despite the global economic slowdown and the escalating US – China trade tension which has weakened exports, the Thai economy has managed to expand by 2.8 percent in the first quarter of 2019 due to continual expansion of private consumption, private investment, and the speed up of government expenditure.

- Thai exports contracted, for the first time in 11 quarters, by 3.6 percent with value recorded at 60.2 billion USD. This was due to the economic slowdown in key trading partners, the escalating trade protection measures, coupled with the uncertainty of the US – China trade negotiation, and the high base effect.

- On tourism, the number of tourists has grown at 3.3 percent, year – on – year, with increased visitors from ASEAN, India, Japan and Europe, while the number of Chinese tourists is still in decline.

- **In 2019, the Thai economy is projected to grow in the range of 3.3 – 3.8%**, driven by (1) a favourable growth momentum of domestic demand including private consumption, private investment, government spending, and public investment; (2) a gradual improvement of export conditions during the latter half of the year; (3) a recovery of tourism sector; and (4) low base effect in the second half of the year.

- It is expected that export will grow by 2.2 percent, private expenditure and total investment will expand by 4.2 and 4.5 percent respectively.

- Thailand’s **international ranking** has been consistently improved:
  - 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.
  - Thailand is the **least miserable economy in the world for 5 consecutive years during 2015 - 2019**, according to the Bloomberg’s Misery Index.
  - 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.
  - 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.
- The 2018 Global Innovation Index ranks Thailand at 44th place, up from 51st in 2017 and 52nd in 2016.
- In the annual Doing Business 2019 report, the World Bank ranks Thailand’s Ease of Doing Business at 27th place.
- According to the World Bank’s Logistics Performance Index 2018, Thailand rose to 32nd from 45th in 2016. Thailand’s ranking was second only to Singapore in ASEAN, overtaking Malaysia, and was 7th in Asia.
- MasterCard ranks Bangkok the 1st in its Global Destination Cities Index 2018.

**Updates on Thailand’s Key Economic Policies**

- A number of stimulus measures have been undertaken to boost our economic performance including the improvement of laws and regulations to enhance the country’s Ease of Doing Business. Strengthening the capacity and competitiveness of our SMEs and encouraging Startup businesses are also among the country’s top agendas.

- On 6 April 2018, national reform plans have been announced on 11 designated reform areas. The economic reform plan focuses on 3 issues, namely (1) enhancement of national competitiveness, (2) equitable and inclusive growth, and (3) reform of economic institutions and procedures. The reform aims to support the implementation of the 20-year National Strategy in order to ensure continuity of policy direction and smooth implementation of the next four Social and Economic Development Plans (12th – 15th NESDC Plan) through Pracharat mechanism (public – private – people partnership).

- On 8 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.

- To expedite the country’s development and realization of “Thailand 4.0” initiative, which aims at transforming Thailand towards a value-based, innovative, and technology – driven economy, on 2 May 2019, Ministry of Higher Education, Science, Research and Innovation has been established.
• The new Ministry, or shortened as MHESI, is a merge between the Ministry of Science and Technology, Office of the Higher Education Commission, National Research Council and the Office of Thailand Research Fund, with mandates on upgrading 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.

• Furthermore, 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.

### Investment Promotion Measures

• With economic stability, conducive business environment and facilities, quality infrastructure, competitive labor force and strong government support, Thailand is undoubtedly one of the most attractive investment destinations for foreign investors.

• Strategically located at the heart of Asia, Thailand aptly serves investors as a dynamic gateway to the region’s fast growing market.

• 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.

**Smart City Development**

- 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 equitability (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.

---

**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 from China, Japan, India, Malaysia, Taiwan, South Korea, and the Netherlands,** have already invested in the SEZs.
Eastern Economic Corridor (EEC)

General

- The development of the Eastern Economic Corridor (EEC), which covers 3 provinces, namely Chachoeongsao, Chonburi, and Rayong, is at the heart of Thailand 4.0 policy to move the country 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.
- The development of EEC will build upon existing and well-equipped infrastructures and industrial estates of the Eastern Seaboard, as well as create new networks to facilitate greater 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 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 Thailand as well as in the region.
- Beyond the sub-region, the EEC can also serve as a gateway, connecting India through BIMSTEC framework, and China through Belt and Road Initiative.

Key Infrastructure Projects

- Since November 2018, the Government has been focusing on five key infrastructure projects in the EEC (EEC Project List) namely: (1) the High-Speed Rail Linking 3 Airports project; (2) 3rd phase development of Laem Cha Bang Port; (3) 3rd phase expansion of Map Ta Phut Port; (4) U - Tapao International Airport and Eastern Airport City development project; and (5) the MRO Facility at U - Tapao Airport, all of which will be carried out under public-private partnership (PPP) investment scheme.
• It is planned that all contracts be signed by July 2019. Since these projects are implemented under EEC PPP track, the approval process has been shortened to expedite investment.

• On 27 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, which consists of 220 km high – speed railway line that connects 3 major airports namely, Suvarnabhumi Airport, Don Mueang International Airport and U – Tapao International Airport. It is expected that the contract can be signed by 15 June 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 is also the first project to showcase 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.

**Targeted Industries**

• 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.

**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 2018, 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.

**Upcoming Trade and Investment Events**

- **ASEAN Sustainable Energy Week (ASE) 2019 (5 – 8 June 2019 @ BITEC Bangna, Bangkok)** - Recognized as ASEAN’s largest and most comprehensive international exhibition and conference on energy, ASE 2019 features latest innovative energy sources along with cutting-edge machinery and equipment from over 1,500 world’s leading brands, covering areas such as renewable energy, energy efficiency, environmental technologies as well as Smart Cities, Smart Grid and E-Mobility. The event is expected to welcome more than 27,000 top buyers from 45 countries.

- **Techsauce Global Summit 2019 (19 - 20 June 2019 @ Centara Grand at CentralWorld)** - Recognized as the best and most diverse tech summit in Asia, the 2019 Techsauce Global Summit is organized under the theme “Futuristic, Mysterious, Dynamic and Abstraction” which focuses on deep tech startups and technology with world-class speakers including international and Thai startups. The event is expected to welcome over 10,000 global startups, venture capitalists, angel investors, large corporations, and tech enthusiast from around the world.

- **Startup Thailand 2019 (23 - 27 July 2019 @ True Digital Park, Bangkok)** - Organized by the National Innovation Agency, this year’s event is held under the “Startup Nation” theme, to promote Deep tech and MAR (Music, Art and Recreation) tech startup industries, and to strengthen startup ecosystem and network between startup entrepreneurs, public agencies and investors. The event is expected to welcome over 40,000 participants.
• Bangkok Gems & Jewelry Fair (BGJF) 2019 (10 – 14 September 2019 @ IMPACT Exhibition & Convention Center, Bangkok) - Organized biannually by the Department of International Trade Promotion, 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.

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Department of International Economic Affairs
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