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Thailand's EEC: a global gateway to Asia services

The Thai government in conjunction with the Board of Investment recently announced the new Thailand 4.0 economic model, known as the Eastern Economic Corridor (EEC), which is the enhancement programme for three provinces on Thailand's eastern seaboard.

Manufacturing development in the past 30 years within these three provinces of Chachoengsao, Chonburi and Rayong has served as a pilot for an economic gateway to Asia.

Under the EEC, these provinces will be developed to support 10 industries promoted by Thailand's Board of Investment, which include: next-generation automotive; smart electronics; affluent medical and wellness tourism; agriculture; biotechnology; food; robotics; aviation and logistics; biofuels and biochemical; digital; and a medical hub.

With approximately US\$43 billion in committed investment in the next five 5 years, the EEC region aims to shift the traditionally known "industrial towns" along the eastern seaboard into a modern global hub for trade with a focus on expansion towards a progressive digital era.

The accompanying land development for regional transportation and logistics, with a refocus on aviation, innovative supply chains and new expanded ports, is predicted to increase property values, providing an excellent opportunity for long-term investors. With the new emerging market economy, international investors are aware of the country's robust growth rates, rapidly expanding population and accession to a digital economy.

The government has launched measures to support and accelerate economic growth in the EEC as a crucial driving force for the development of a world class economic zone and leader in innovative manufacturing.

The EEC will focus on the following core areas of development:

AIR TRANSPORTATION

U-Tapao Airport will be upgraded to an international airport that will accommodate more than 30 million passengers per year and support the EEC's logistics industry. The airport will be equipped with an aviation maintenance centre using smart technology to provides services with the most modern and eco-friendly technologies. Facilities will also be included for other related airline industries.

SEA PORTS

The EEC will see the development of Laem Chabang deep-sea port, which is the main sea port for containers and transportation of passenger cars. Map Ta Phut deep-sea port, which is mainly used to transport liquids and natural gas for energy production, will also be developed. This will support the national petrochemical industry and supply the main fuels for electricity production.

LAND TRANSPORTATION

The construction of high-speed train services will connect the EEC's three international airports. Donmuang, Suvarnabhumi and U-Tapao have been approved by the

Thai government and construction is already underway. In addition, the motorway extension project from Bangkok to Rayong will ease transportation among the three provinces.

INCENTIVES DRAFTED

To facilitate and attract investors to the EEC, the Thai government has drafted the New Investment Promotion Act and the Competitive Enhancement Act, which aims to promote and provide incentives to technology-based investments that are in line with the Thailand 4.0 model. The incentives include:

- Corporate income tax exemption up to 15 years;
- Exemption of import duty on machinery, raw and essential materials used for export products, and products used for research and development (R&D). The Thai National Innovation Agency offers up to 90% of R&D expenses for supported Thai companies and provides interest-free loans to certain start-ups. This also includes matching grants for innovation and human resource development for targeted industries. Thailand's Competitiveness Enhancement Fund allows a 15-year waiver plus grants for strategic projects;
- Maximum potential of 17% personal income tax rate for management, investors and expert companies.
- Permits to own land used for EEC promoted projects and the issuance of five-year work visas to attract investors, experts and scientists from around the world. Personal income tax rate is allowed at 15%, which is the lowest rate in ASEAN.
- Investors can get rights to state's land lease for 50 years, renewable upon approval for a further 49 years.

Industries recognized by Thailand initiatives in the EEC will also receive government support in the form of the Competitiveness Enhancement Fund.

This significant development and transformation will lead Thailand's economic growth and sustainability. The government has strongly committed to the development of the EEC, and the prosperity of Thailand.

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