



Thailand's SEZ Development along the Border Areas



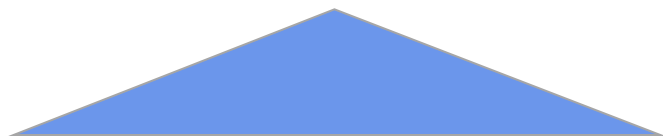
Spatial Development Planning and Strategy Office
Office of the National Economic and Social Development Board (NESDB)

- Frameworks and Rationale
- Designated Areas
- Incentives and Privileges
- Mechanism for SEZ Development

Thailand's SEZ Development Framework



Increase competitiveness + Lower disparities
+ Strengthen National Security



SEZ

The 1st phase SEZs are located in the border areas.



Designated
Area



Incentive &
Privilege



Migrant
Labor



OSS



Infrastructure
& Customs
Checkpoint



Agricultural
produce Center

Target area for SEZ Development... "Areas along GMS Economic Corridors"

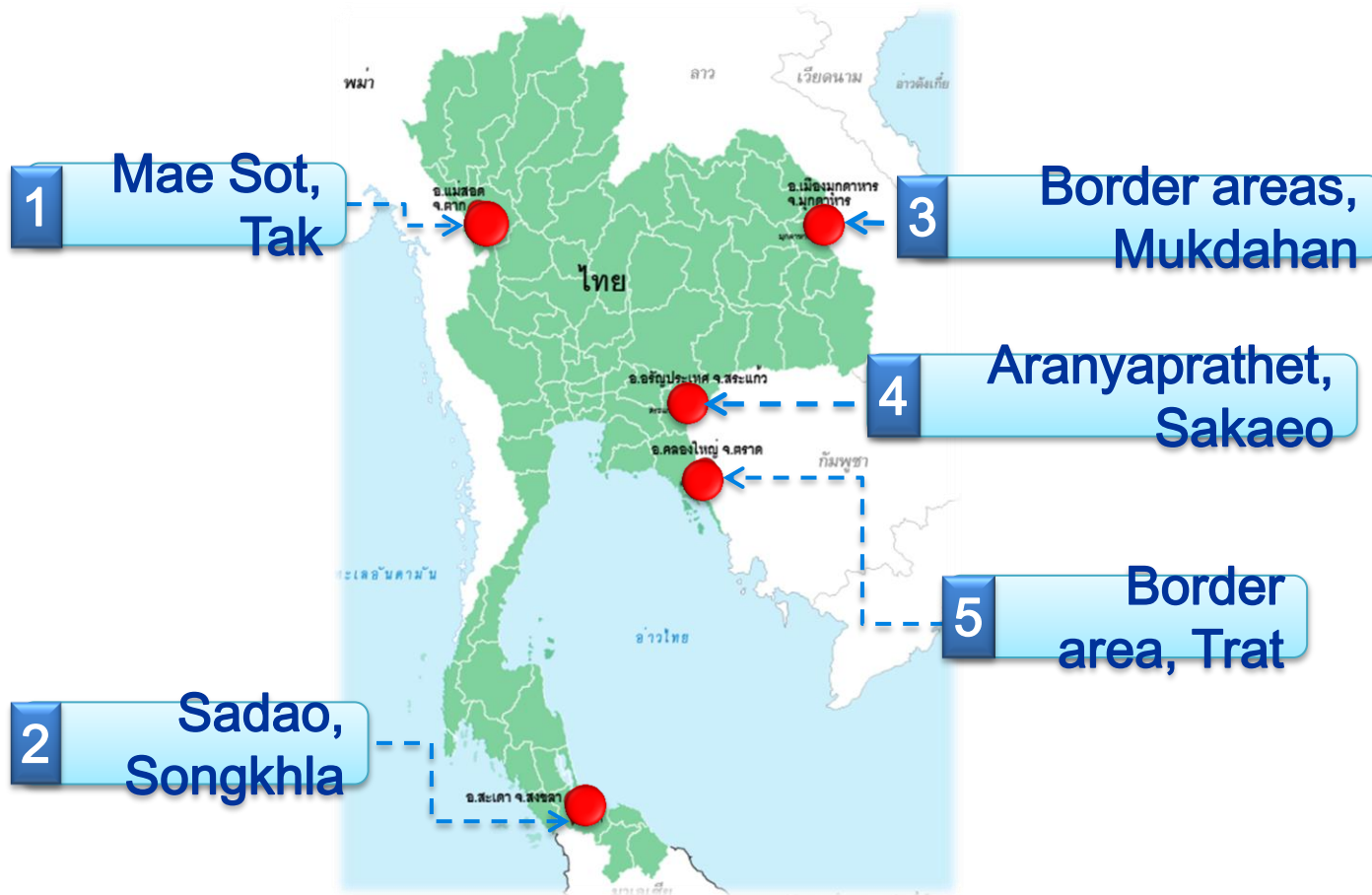
10 target areas under the 1st and 2nd phase SEZ development are located along the GMS Economic Corridors

Factors for determining target areas are as follows:

1. Potential and Competitiveness
2. Opportunities
3. Infrastructure availability
4. Production factors in areas
5. Border trade value
6. Development policies of the neighboring countries
7. Problems/Constraints



Target SEZ Areas under the First Phase Development



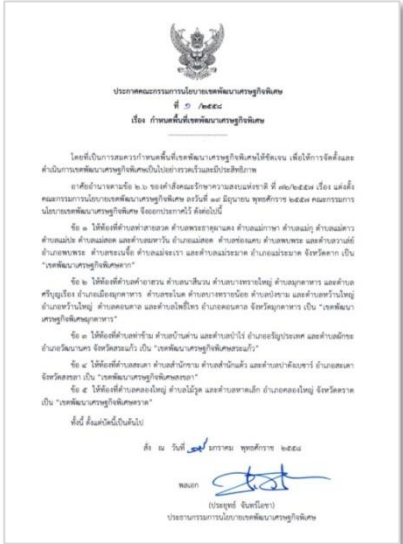
The 1st Phase SEZ :

- The Development has commenced since the fiscal year 2014 through the adjustment of the plans of relevant agencies.
- Relevant agencies formulate their 2015-SEZ plans.
- The development of SEZ shall achieve tangible results within 2015.

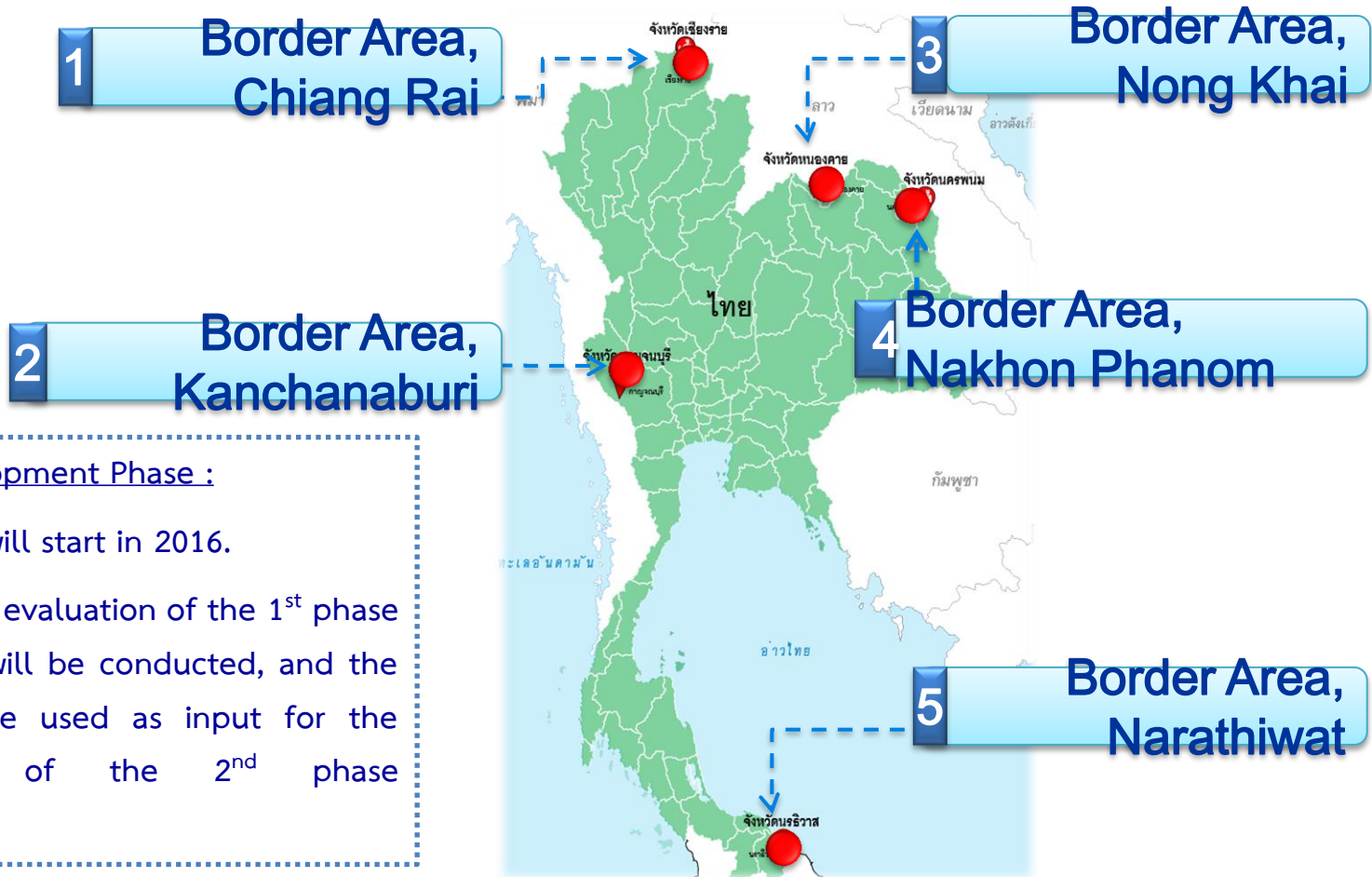
Designated SEZ Areas : NC-SEZ Announcement No. 1/2015 as of 19 Jan 15

Total SEZ area is 2,932 sq.kms., or 36 subdistricts of 10 districts

- ◆ **Tak** : 14 subdistricts, 1,419 sq.kms.
in Mae Sot, Phop Phra, and Mae Ramat districts
- ◆ **Mukdahan** : 11 subdistricts, 578.5 sq.kms.
in Mueng, Wanyai, and Dontan districts.
- ◆ **Songkla** : 4 subdistricts, 552.3 sq.kms.
in Sadao district.
- ◆ **Sakaeo** : 4 subdistricts, 332.0 sq.kms.
in Aranyaprathet and Wattananakhon Districts.
- ◆ **Trat** : 3 subdistricts, 50.2 sq.kms., or the whole
Klong yai district.



Target SEZ Areas under the Second Phase Development



The 2nd SEZ Development Phase :

- Development will start in 2016.
- Monitoring and evaluation of the 1st phase development will be conducted, and the findings will be used as input for the improvement of the 2nd phase development.

Privileges 1: Investment Promotion

Announcement of the Board of Investment No. 4/2557 : Investment Promotion in SEZ

There are 2 cases.

❖ In the case of general activities entitled to receive investment promotion, projects located in a SEZ will be entitled to receive the following incentives:

1. Additional corporate income tax exemptions of 3 years with a corporate income tax cap not exceeding 100 percent of investment (excluding cost of land and working capital), but not exceeding 8 years in total.
2. If the activities are in Group A1 or A2, which are entitled to 8 years corporate income tax exemption, then a 50 percent reduction of corporate income tax for a period of 5 years will be permitted.
3. Permission to double deduct costs of transportation, electricity and water supply for a period of 10 years.
4. Permission to deduct 25 percent of investment costs on the installation or construction of facilities.
5. Exemption of import duty for machinery.
6. Exemption of import duty for raw materials and essentials used in the production of products for export for a period of 5 years.
7. Permission to employ foreign unskilled workers for promoted projects (according to conditions determined by the Board.)
8. Non-tax incentives.

Privileges 1: Investment Promotion (2)

- ❖ In the case of target activities, as designated by **the National Committee on SEZ Development (NC-SEZ)**, the following incentives will be available:
 1. Exemption of corporate income tax for a period of 8 years, with a corporate income cap not exceeding 100 percent of investment (excluding cost of land and working capital).
 2. A 50 percent reduction of the normal rate of juristic person income tax on the net profit deriving from the promoted activity for a period of 5 years starting from the expiry date of the corporate income tax exemption.
 3. Permission to double deduct costs of transportation, electricity and water supply for a period of 10 years starting in the date in which revenue is generated.
 4. Permission to deduct 25 percent of investment costs on the installation or construction of facilities used starting in the date in which revenue is generated.
 5. Exemption of import duty for machinery.
 6. Exemption of import duty for raw materials and essentials used in the production of products for export for a period of 5 years.
 7. Permission to employ foreign unskilled workers for promoted projects, according to the conditions determined by the Board.
 8. Non-tax incentives.

Privileges 2: Activities that are not included in BOI's Investment Promotion List

Corporate
Income Tax

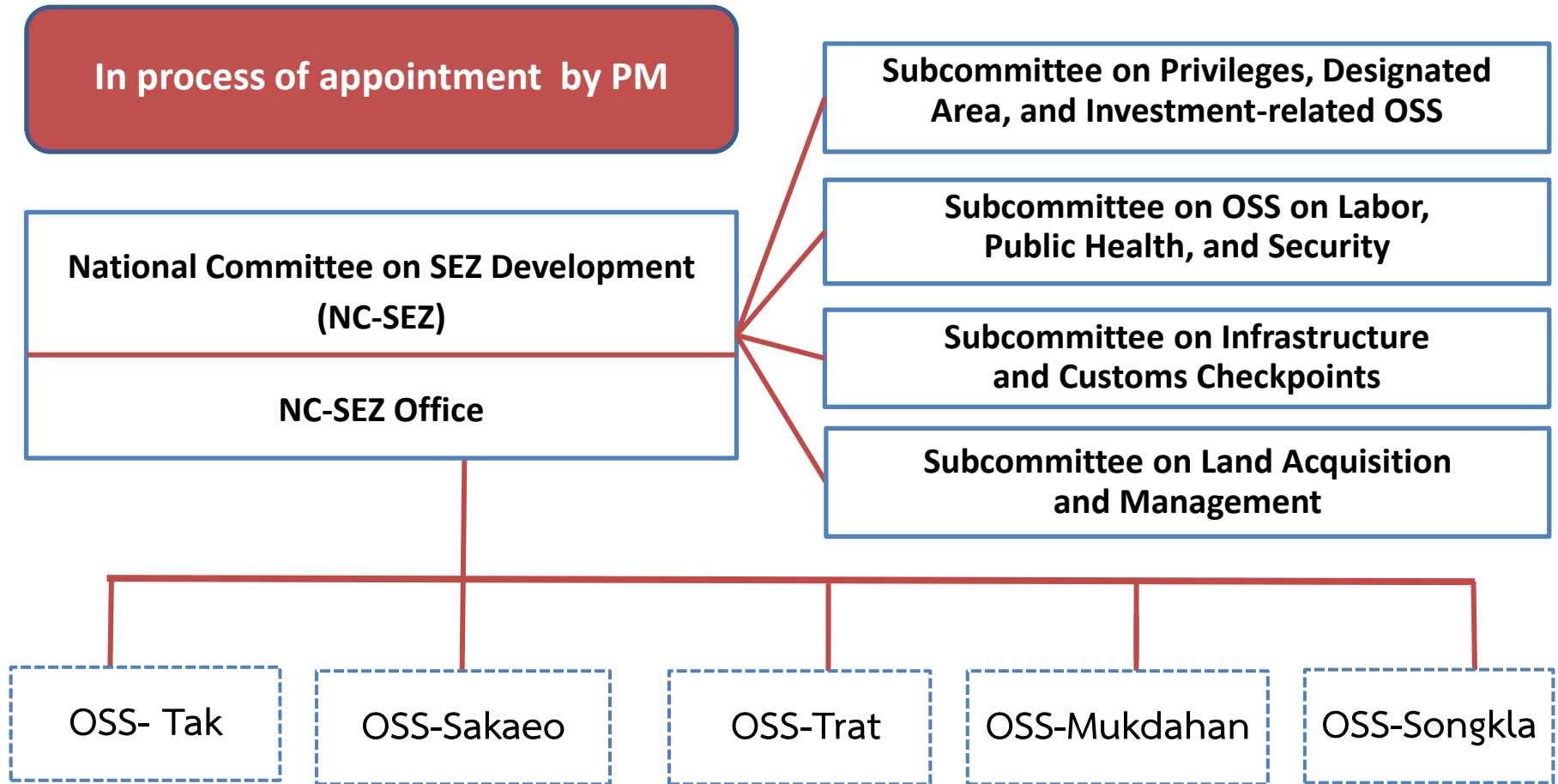
Reduce from 20% to 10% for 10 **accounting periods**

Loan

Soft loan (1-20 million baht/investor)



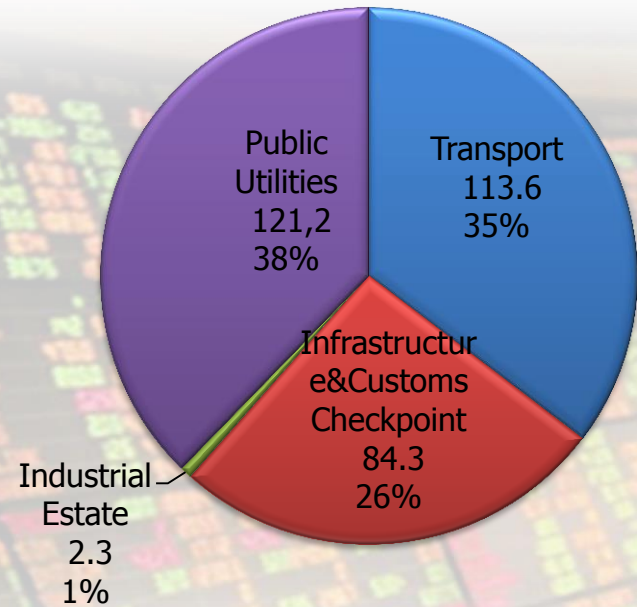
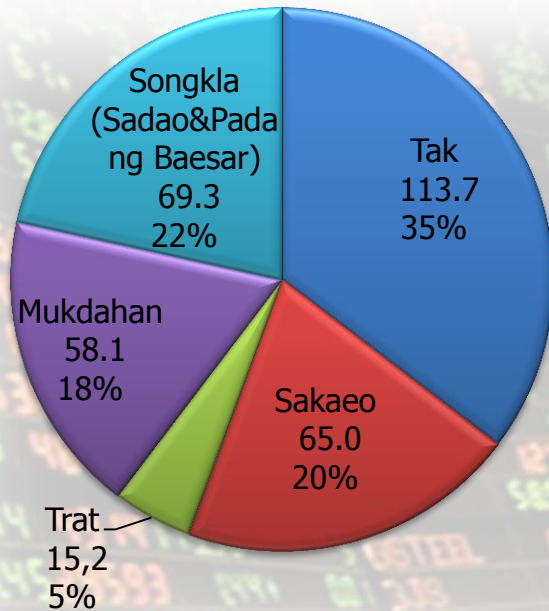
Mechanism for SEZ Development



Initial Investment on Infrastructure and Customs Checkpoints

Resolutions at 1/2015 NC-SEZ Meeting

Initial Investment during 2015-2016 = 321.3 million US\$





..THANK YOU..

Potential

Tak Special Economic Zone

- 426 km. from Bangkok (via HW. No. 1 and Asian HW. No.32) and 17.35 km. from an industrial estate in Mywaddy.
- Available transport modes including an airport, and road linking with Myanmar (Road no. 85)
- Access Yangon within 560 km. and link onwards to India and the South of China
- Border trade value between Thailand-Myanmar through Mae Sot cross-border checkpoint is highest (not count import of natural gas at Sangklaburi border crossing checkpoint)
- Myanmar and Thail Governments have a plan to construct the second friendship bridge in a border area of Myawaddy and Mae Sot, and open a new border crossing checkpoint.

Possible Activities

- Agricultural & fishery Processing industries, alternative energy-related industry, cold storage, trading center for agricultural goods, manufacturing/processing of food & beverages ,
- Manufacture of ceramic products,
- Garment Industry, manufacture of leather products, manufacture of toys&sports equipment/parts, manufacture of furniture or parts, manufacture of gems & jewelry or parts
- Manufacture of vehicle parts, equipment, and manufacture of machinery, equipment, and parts
- Electronics and electrical appliances industry,
- Chemicals and plastic forming industry,
- Industrial zone/industrial estate, logistics, public utilities and basic services , recycling and reuse of waste materials



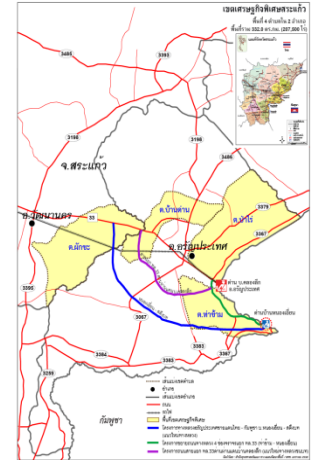
Sakaeo Special Economic Zone

Potential

- 260 km. from Bangkok (via HW no. 304) and 250 km. from the Laem Chabang port
- Access Phnom Penh by road no. 5 and 6
- Among Thailand –Cambodia cross-border checkpoints, border trade value through Aranyaprathet checkpoint is highest.
- Cambodia and Thailand Governments have a plan to open new border crossing point in the border of Banteay Meanchey and Aranyaprathet.
- Linkage with 3 SEZs in Cambodia; (1) Poipet-Oneang SEZ (2) Sanco-poipet SEZ (3) Sisophon SEZ

Possible Activities

- Agricultural & fishery processing industries, alternative energy-related industry,
- Garment Industry, manufacture of furniture or parts, manufacture of vehicle parts ,
- Equipment, and manufacture of machinery, equipment, and parts,
- Electronics and electrical appliances Industry,
- Industrial zone, logistics, public utilities and basic services, recycling and reuse of waste materials, tourism promotion service and activities to support tourism.



Trat Special Economic Zone

Potential

- 420 km. from Bangkok (via Motorway no. 7 Bangkok-Chonburi, HW no. 344, 3, 31)
- 340 km. from Laem Chabang Port in Thailand, and 250 km. from Sihanoukville port in Cambodia
- Airport is available, and flights are operated by Bangkok Airways
- The permanent cross-border checkpoint at Ban Had Lek connecting with the checkpoint at Ban Cham Yeam, Koh Kong , in Cambodia
- Linkage with Koh Kong Industrial Estate and Special Economic Zone in Cambodia

Possible Activities

- Agricultural & fishery processing industries
- Cold storage and cold storage transportation
- Logistics
- Tourism promotion service and activities to support tourism,
- Recycling and reuse of waste materials



Mukdahan Special Economic Zone

Potential

- 642 km. from Bangkok (via HW no. 2, 207, 202, 2169, and 212)
- Access Lao PDR through the 2nd friendship bridge and access Danang port in Vietnam within 520 km., and link onwards to the south of China and Japan, Korea, and Taiwan.
- Among Cambodia-Thailand cross-border checkpoints, the border trade value of Mukdahan cross-border checkpoint is the second to that of Nakhon Phanom.
- Linkage with Savanh-Seno Special Economic Zone in Savannakhet, Lao PDR.

Possible Activities

- Agricultural & fishery processing industries, alternative energy industry
- Rubber and rubber product industry
- Electronics and electrical appliances Industry
- Industrial zone, logistics, public utilities and basic services , tourism promotion service and activities to support tourism, recycling and reuse of waste materials



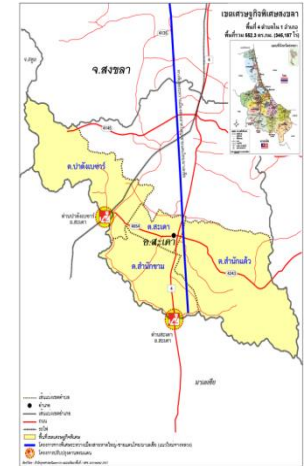
Songkhla Special Economic Zone

Potential

- 950 km. from Bangkok (via HW no. 4, Asian HW. No. 2)
- Access Songkhla deep-sea port in Thailand, and Penang and Klang ports in Malaysia.
- Airport available in Had Yai district, and road and rail network linking to Malaysia via Padang Besar and further connect to Singapore.
- Among all the cross-border checkpoints in Thailand, the border trade value through Sadao cross-border checkpoint is highest, and the value through Padang Besar cross-border checkpoint is the second.
- Development of industrial zones, and roads and rails in Malaysia, linking with roads and rails .

Possible Activities

- Rubber and rubber product industry, agricultural & fishery processing industries
- Garment industry, manufacture of furniture or parts
- Electronics and electrical appliances Industry
- Industrial zone, logistics, public utilities and basic services , recycling and reuse of waste materials



Special Economic Zone

Rational

- A Special Economic Zone is an area identified by NC-SEZ, where the government will provide necessary infrastructure, investment incentives, management of cross-border migrant workers, one stop service center for investment, and other related activities.

Objectives

- To attract FDI / To increase Thailand's competitiveness / To distribute prosperity to local areas / To decrease disparity / To increase people's quality of life and To solve security problem.

Strategies

- In the first phase, establish new economic zones in border areas through linkages with the neighboring countries.
- Support Thai SMEs investment and Thai investment in the neighboring countries.
- Manage border economic zones so as to solve problems of illegal migrant workers and agricultural produce smuggling.

Principles

1 Implementation of projects under existing laws and regulations

2 Government - Granting incentives / Provide necessary infrastructure / Improve laws and regulations
Private Sector - Investment
People – Participation and gain benefit from the development

3 The development must not have negative impacts on environment, natural resources, society and security

4 Flexible; that is, adjustable to changing circumstances

5 Areas are indentified by administration boundary for ease of management.