



# **The Economic and Social Restructuring in the 12<sup>th</sup> National Development Plan (2017-2021)**



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# Outline

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1

**The Economic and Social Restructuring in the 12<sup>th</sup> National Development Plan (2017-2021)**

2

**Thailand's SEZ Development along the Border Areas**



# **The Economic and Social Restructuring in the 12<sup>th</sup> National Development Plan (2017-2021)**

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1

## GDP growth rate (2504-2556)



## Economic structure

| Structure of Economic (Supply Side) | Plan 7 (2535-39)                | Plan 8 (2540-44) | Plan 9 (2545-49) | 2 Years of Plan 11 (2555-56) |
|-------------------------------------|---------------------------------|------------------|------------------|------------------------------|
| <b>Agricultural Sector</b>          | 9.8                             | 10.1             | 9.6              | 12.13                        |
| <b>Non-Agricultural Sector</b>      | 90.1                            | 89.9             | 90.4             | 87.88                        |
| • <b>Industrial Sector</b>          | 33.7                            | 37.3             | 40.6             | 33.46                        |
| • <b>Service and Other</b>          | 56.4                            | 52.6             | 49.8             | 54.42                        |
| Component                           | Total Factor Productivity (TFP) |                  |                  |                              |
|                                     | Plan 9                          | Plan 10          | Plan 11          |                              |
| <b>Overall</b>                      | 3.26                            | 0.18             | 2.21             |                              |
| <b>Agricultural Sector</b>          | -0.8                            | -2.92            | -0.78            |                              |
| <b>Industrial Sector</b>            | 3.74                            | 0.32             | 0.71             |                              |

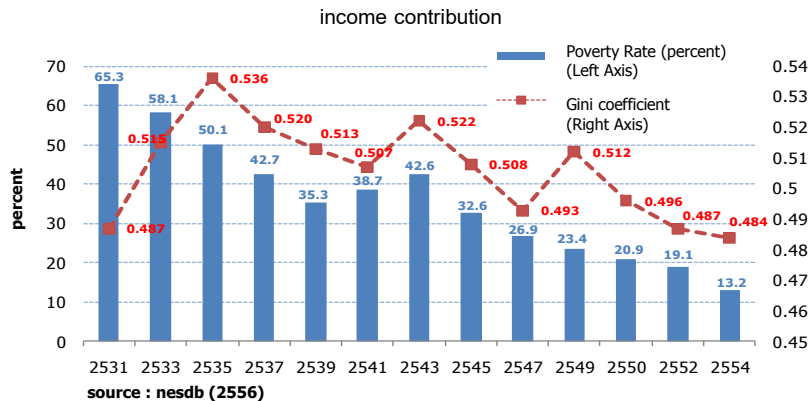
source : nesdb and BOT

Relate 1/ in the end of the Plan, Plan 11 (2 years)

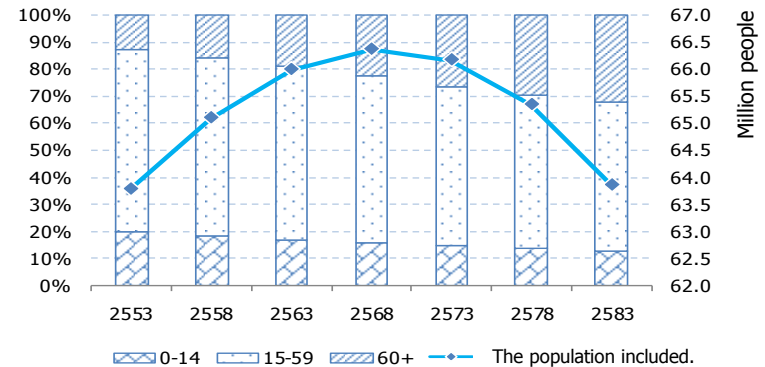
## Indicator

| Indicator                             | Growth Rate |         |         |
|---------------------------------------|-------------|---------|---------|
|                                       | Plan 9      | Plan 10 | Plan 11 |
| GDP growth Rate (%)                   | 5.7         | 2.6     | 4.7     |
| Inflation Rate (%)                    | 2.9         | 2.8     | 2.6     |
| Export USD (%)                        | 15.3        | 12.3    | 1.4     |
| Current Account (% GDP)               | 1.8         | 4.1     | -0.5    |
| Reserve (Bil USD) <sup>1</sup>        | 67.0        | 175.1   | 167.2   |
| (External Debt (Bil USD) <sup>1</sup> | 70.0        | 104.6   | 139.8   |
| (Per GDP)                             | 33.8        | 30.3    | 36.1    |
| Government Debt per GDP <sup>1</sup>  | 41.2        | 42.2    | 45.6    |
| Employee (Thousands people)           | 49,122      | 52,646  | 54,769  |
| Employment Rate                       | 2.0         | 1.2     | 0.7     |

# Social Development

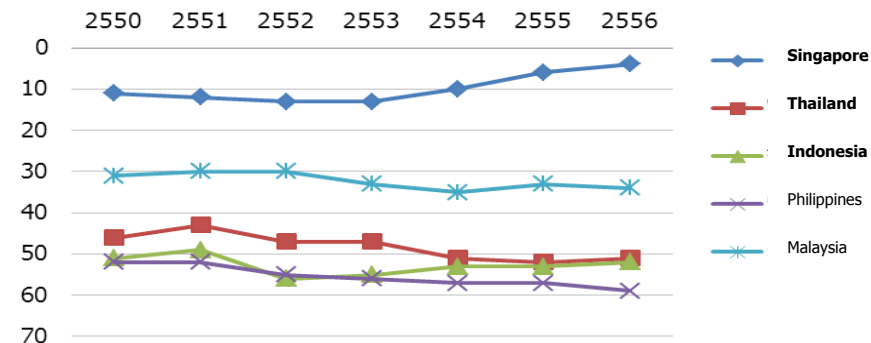


- Poverty reduction continues. But the inequality remains high. The difference between the super rich and the poor as far away as 25.1
- Thailand is related to average of education, labor productivity, corruption and distribution in the allocation of education and health.

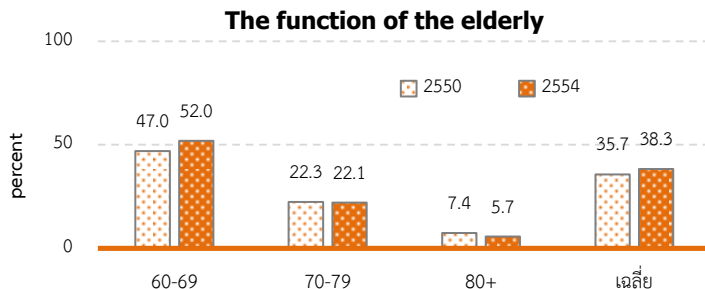


- Increase of older persons and a decrease in the younger population and workforce.
- Productivity rate increase over the last 10 year 2.3 percent per year. That is lower than many countries in Asian.

## Competitive ability in international education.



- Each age group has not been developed to its full potential because of the risk factors and limitations have development of quality such as quality childcare, health risk behaviors in adolescents and the dependency of the elderly.



- The elderly tend to have a job, up from 35.7 percent in 2550 to 38.3 percent in the year 2554. The working group 60-69 years are likely to increase. But groups such as self-help groups that have the potential to work well and are still unemployed, more than 48 percent.

# Development of natural resources and environmental

- **An abundance of natural resources and biodiversity in 2012.**

- Conservation area to total area ratio of 22.22 percent.
- Proportional to the area of forest is 31.57 percent.
- Performed only 1,797 hectares of mangrove forest.

- **Creating a better environment.**

- The proportion of water quality and the main river was important since fair degree 77% in 2556
- The proportion of the water quality was very poor. The coast were 1% in 2555.
- Garbage removal rate is the main community sanitary 27% in 2556.
- The recycling reuse 19 % in 2556.

- **Water management system.**

- Increase the irrigated area of 230,000 hectares per year.
- Village water ratio 3.17%.
- Ratio of 71.22% at the flood victims.

- **Capacity to adapt to the impact of climate change and disasters.**

- Master plan for climate change. (2556-2593)
- Mapping of disaster-prone areas
- Forecasting and warning system and management plan encounters in particular areas.
- An organization responsible for policy formulation and water management and flood in the center.

- **Effective reduction of greenhouse gas.**

- The proportion of greenhouse gas emissions per GDP, particularly in the energy sector. Can not demonstrate the changing trends, efficiency, reducing greenhouse gas emissions much.

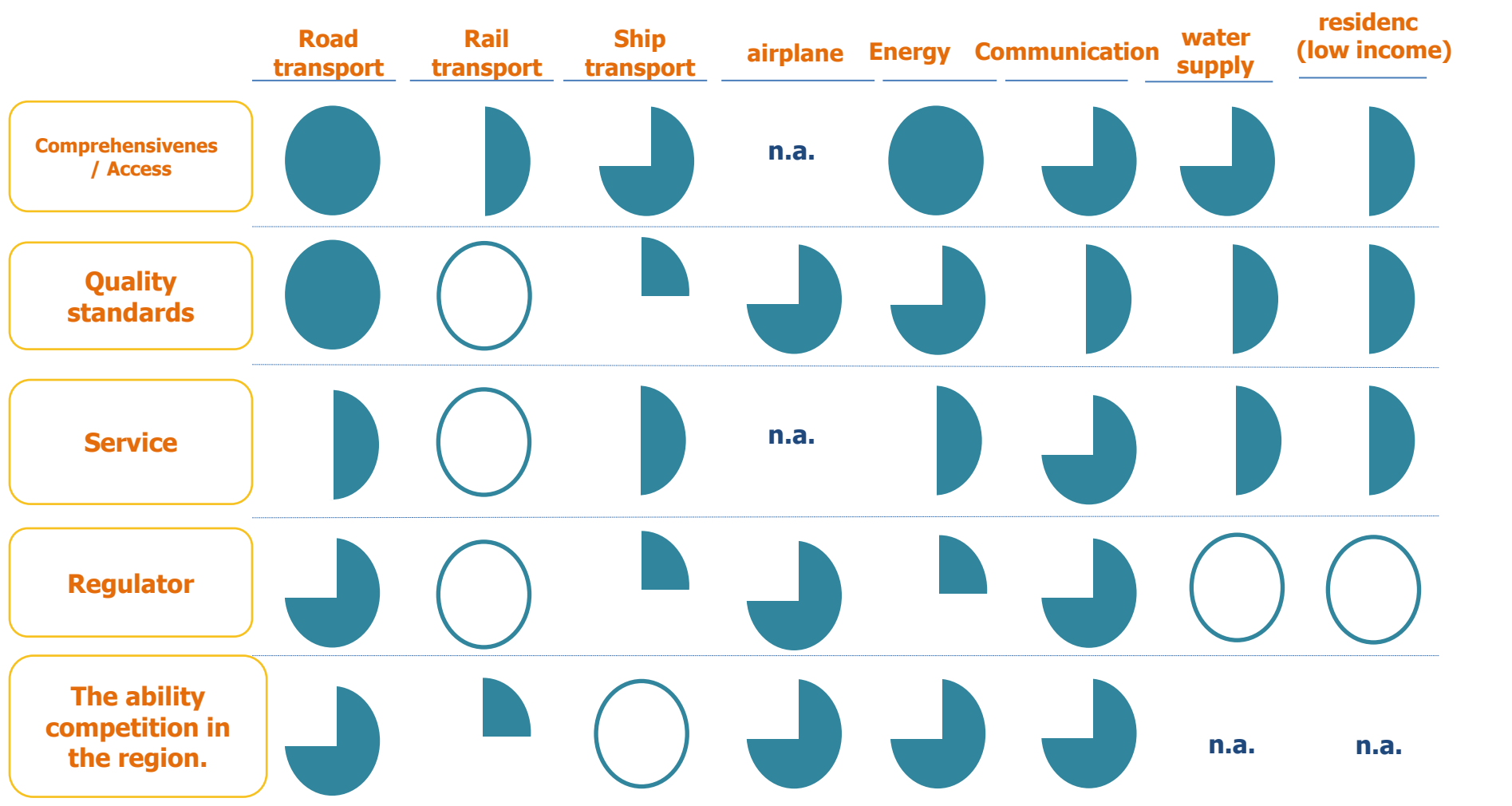


## Development of Agriculture

- The value of agricultural products and agricultural proportion decreased slightly by 11.2% of the gross domestic product in 2556.
- Non-agricultural farm income increases. While farm income fell slightly. The ratio of net cash farm income to net cash income of households in 2556 was 36.23 percent.
- Renewable energy production from energy crops increased.
  - Produce ethanol 2.5 million liters per day.
  - Produce biodiesel 2.67 million liters per day.
  - Increase electric power from biomass, biogas, Household waste and waste material from the agricultural sector, 2,196 megawatts in 2555 .



# Development of infrastructure and Logistic system



Plan 11 in 2557



**The Best**  
(90-100 percent)



**Good**  
(There are issues to be improved.)



**Medium**  
(To improve)



**Low**  
(To improve greatly)



**Problem**

# The development situation of regional development.

## Northern

Branch main production driven economy is agriculture, trade and industry.

- Soil erosion problems. The smoke and particulate matter from burning in the open and wildfire.

## Central

Branch main production driving economy, branch industry, electricity, and real estate. The production 71.3 percent of the country. The per capita income as high as possible.

- In agricultural areas of crossed, acid air pollution from industry. Hazardous waste from industry. Problems of coastal erosion tends violence increased.

## Northeastern

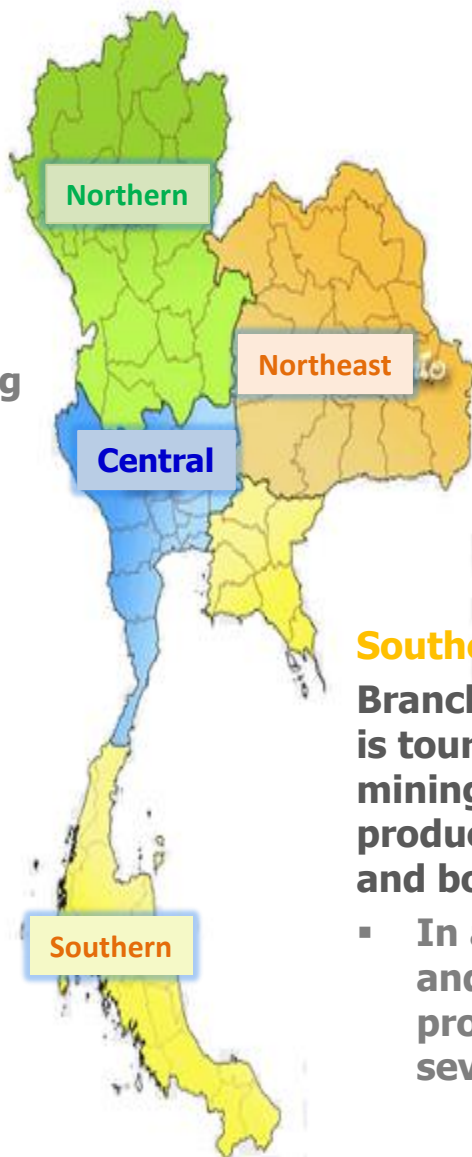
Branch main production driving economy, is the major industry, agriculture and education. The population per capita income lowest.

- Soil quality deterioration problems of chemical use, saline soil.

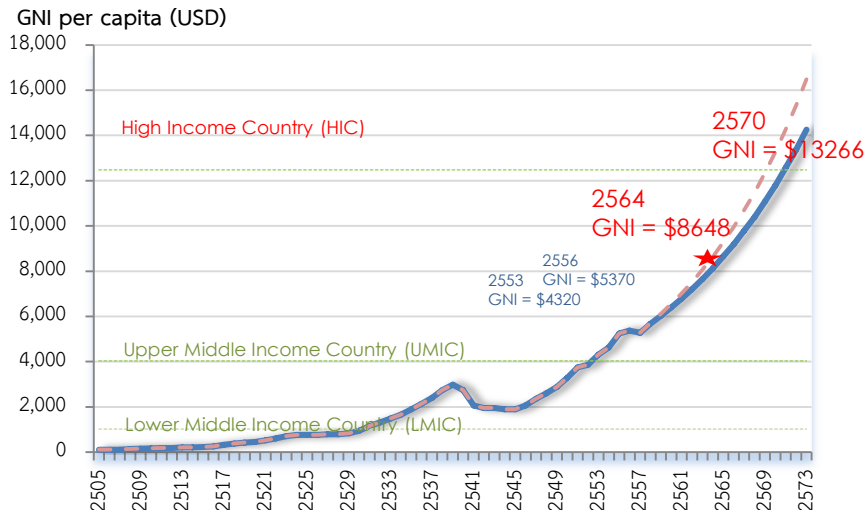
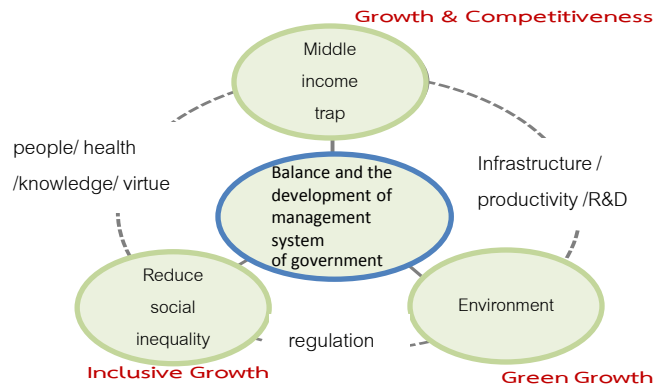
## Southern

Branch main production driving economy is tourism, hotel, transportation and mining company, as well as the production base of agricultural and border trade, most of the country.

- In acid soil, saline soil, organic soil, and soil erosion as well as the problems of coastal erosion is likely severity increased.



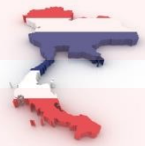
Thailand's New Growth Model  
economic growth in ethical and sustainable



Source: NESDB, World Bank

### Target

- 1) Economic growth rate 5 percent per year and income per capita increase to 12,400 USD per year in 15 years ( in the end of 12 th Plan (2564) income per capita increase to 8,648 USD per year)
- 2) Improve structure of economic, social, environment and regulation To prepare to HIC
- 3) Thailand is HIC in the end of 13 th Plan.

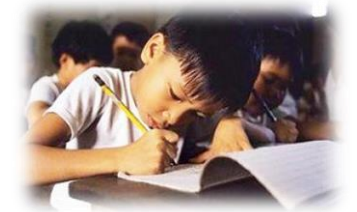


### Risk

- 1) Change in competitiveness between region and risk of economic
- 2) Improve technology is relatively low in the Agricultural Sector, Industrial Sector and Service Sector.
- 3) Infrastructure development and economic area, as the economic driving force for short. Optimize the economic system and a Growth Engine after the plan 12 also delayed and not enough
- 4) The adjustment of CLMV also is delayed.
- 5) Problems of corruption, discipline and enforcement of rules also hinder the optimization economic system.

### The economic development

1. To accelerate infrastructure development.
2. High performance economy
3. Use market mechanism to Transform structure of the economic system.
4. Adjustment of industrial structure and Service to the 3<sup>rd</sup> Generation.  
(Innovation)
5. SMEs champions in what goods and services
6. Special Economic Zone in all regions./spatial development
7. Regional partnership program
8. The goals 21st century skills ,adjusting the education system.
9. Multiyear budgeting full and fiscal decentralization



Economic development with balanced society.

growth potential

To enhance competitiveness.

The productivity increases.

The development of innovation.

infrastructure

-Quality education / public health  
- Labor productivity.  
- Potential of the elderly.  
- Cultivating the core values.

Social network

Social sector

- Corporate social responsibility (CSR)
- Social enterprise
- Creating shared value

business sector

- Enterprises in the manufacturing and services sectors.
- SME

balance

Suppressing the corruption

The business that produces the social development.

Child

work-force age

elder

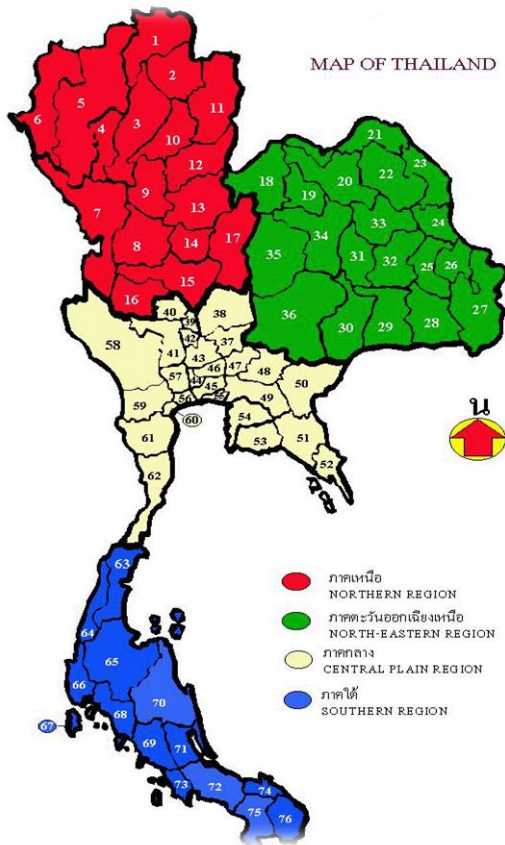
The quality of human capital

### target

- Economic and social development are balanced with natural resources and environment.
- Increase the ability to propel economic development to environment friendly.
- There is justice in the management of natural resources and environment.
- Immune to the risks arising from climate change and natural disasters.
- Has the capability to cooperate with ASEAN and the world community in the management of natural resources and the environment.

### The direction of development

- Manage the natural base for balanced and fair.
- Propel the country to economic, social and environment friendly.
- Environmental management to improve the quality of life of the people.
- Deal with climate change and natural disasters. The potential to reduce greenhouse gas emissions.
- Increase efficiency and good governance in the management of natural resources and environment.



### The development that matters

The structure and model of spatial development of each region appropriately. And support the distribution of social and economic activities between regions can balance.

- 1. Strategy formulation for regional development.  
Covering both the dimension of economy society and resources.**
- 2. The role of spatial development regional**
- 3. The development of the city and the new economic zone**
- 4. The network development of the important infrastructure sector**



### The development that matters

1. management in an integrated manner
2. Develop a support system to transfer the mission
3. Promote decentralization of fiscal policy
4. Encourage the participation of the people
5. Development and supervision
6. Policy of decentralization
7. System evaluation at the area





### The development that matters

1. Strengthen the unity and performance at all levels of government to fix the southern border provinces.
2. The system management of the border area
3. Development and safeguard the interests of national sea covered in all dimensions.
4. Encourage all the parties to give priority to development to enhance national preparedness ,effective reforms.
5. Solving the problem of migration into the city
6. Strengthen international cooperation network

# The overall of context change in the future.

Aging society  
quickly

Asia is critical to the  
global economy

Lifestyle is urban and  
imitate the West.

Advanced technology  
quickly / new technology  
and innovation

Global warming  
escalated into violence

Environment worsen

**AGING SOCIETY**

**URBANIZATION**

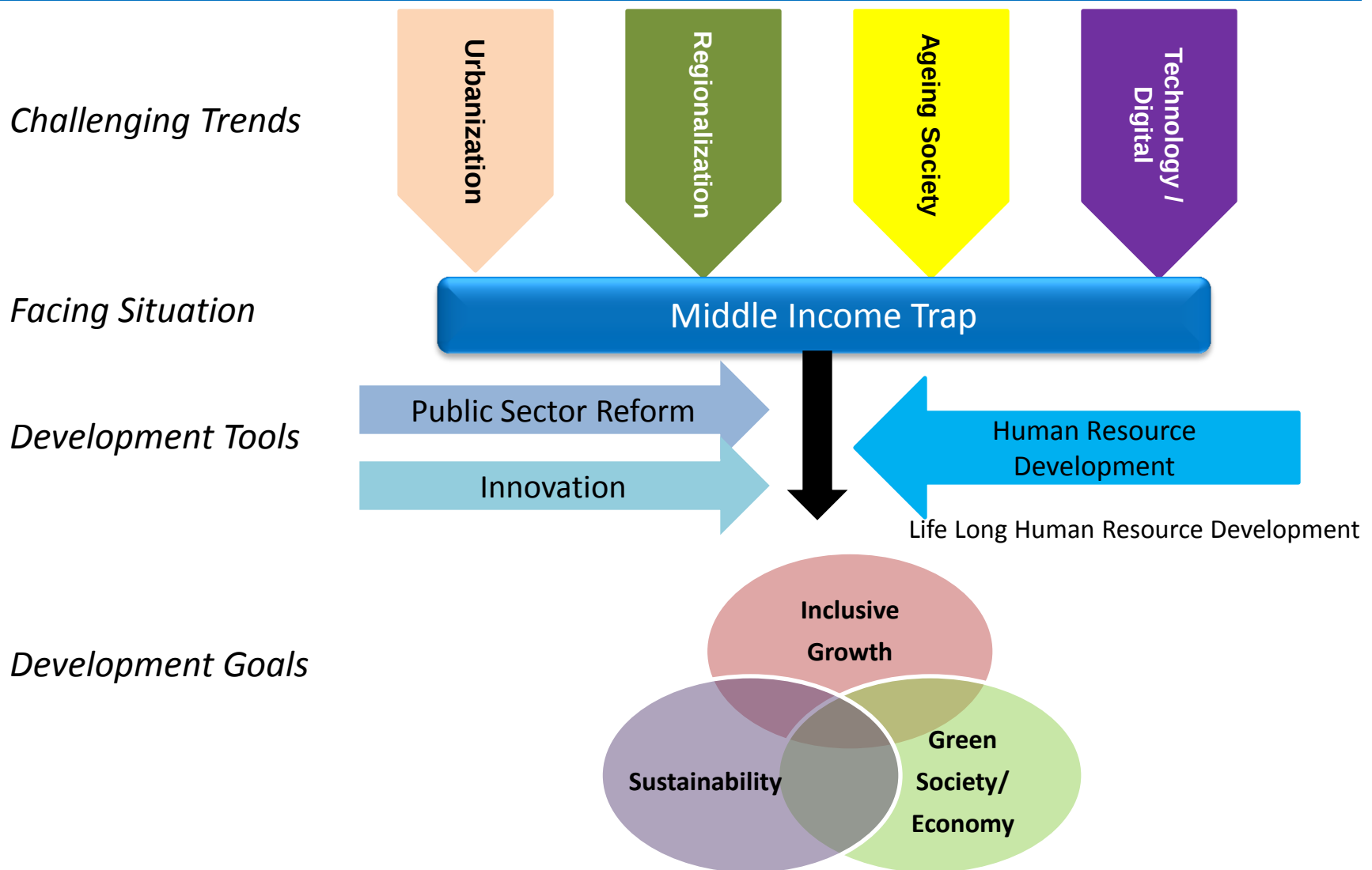
**MULTI-CULTURAL SOCIETY**

**TECHNOLOGY &  
INNOVATION**

**INDIVIDUALISM**



## The proposal development issues in plan 12



## Thailand's SEZ Development along the Border Areas

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2

# Outline

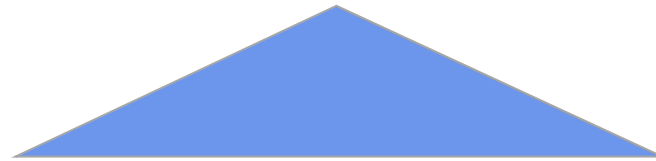
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- ☐ Frameworks and Rationale
- ☐ Designated Areas
- ☐ Incentives and Privileges
- ☐ Mechanism for SEZ Development

# Thailand's SEZ Development Framework



Increase competitiveness + Lower disparities  
+ Strengthen National Security



## SEZ

**The 1<sup>st</sup> phase SEZs are located in the border areas.**



**Designated  
Area**



**Incentive &  
Privilege**



**Migrant  
Labor**



**OSS**



**Infrastructure  
& Customs  
Checkpoint**



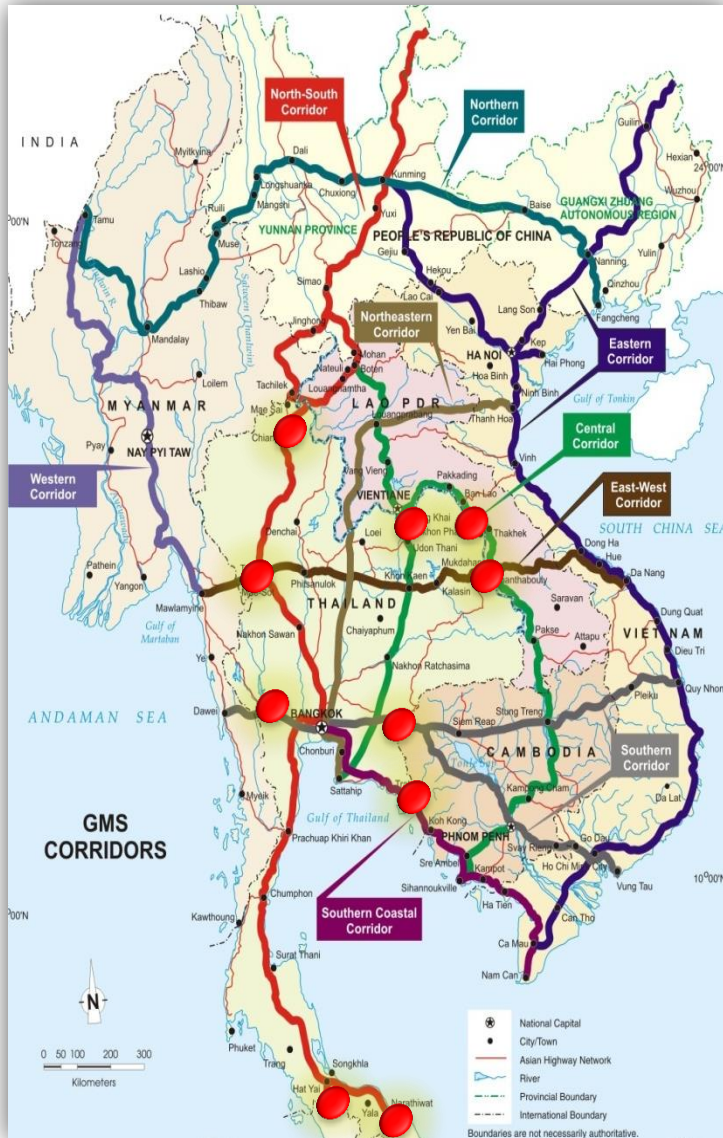
**Agricultural  
produce Center**

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

**10 target areas under the 1<sup>st</sup> and 2<sup>nd</sup> 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.

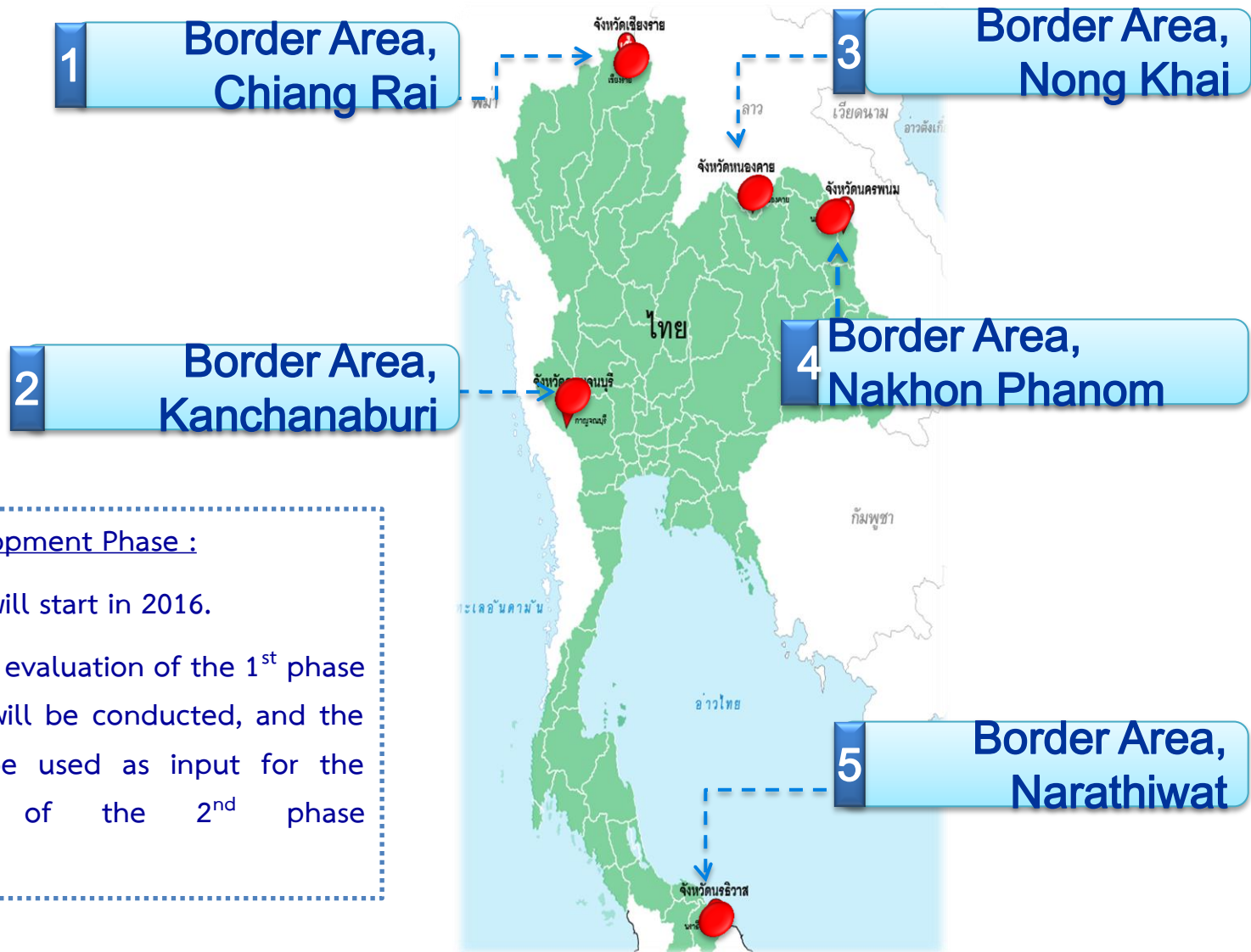
## Designated SEZ Areas : NC-SEZ Announcement No. 1/2015 as of 19 Jan 15

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 2<sup>nd</sup> SEZ Development Phase :

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

# Privileges 1: Investment Promotion

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## 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)

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- ❖ 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

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Corporate  
Income Tax

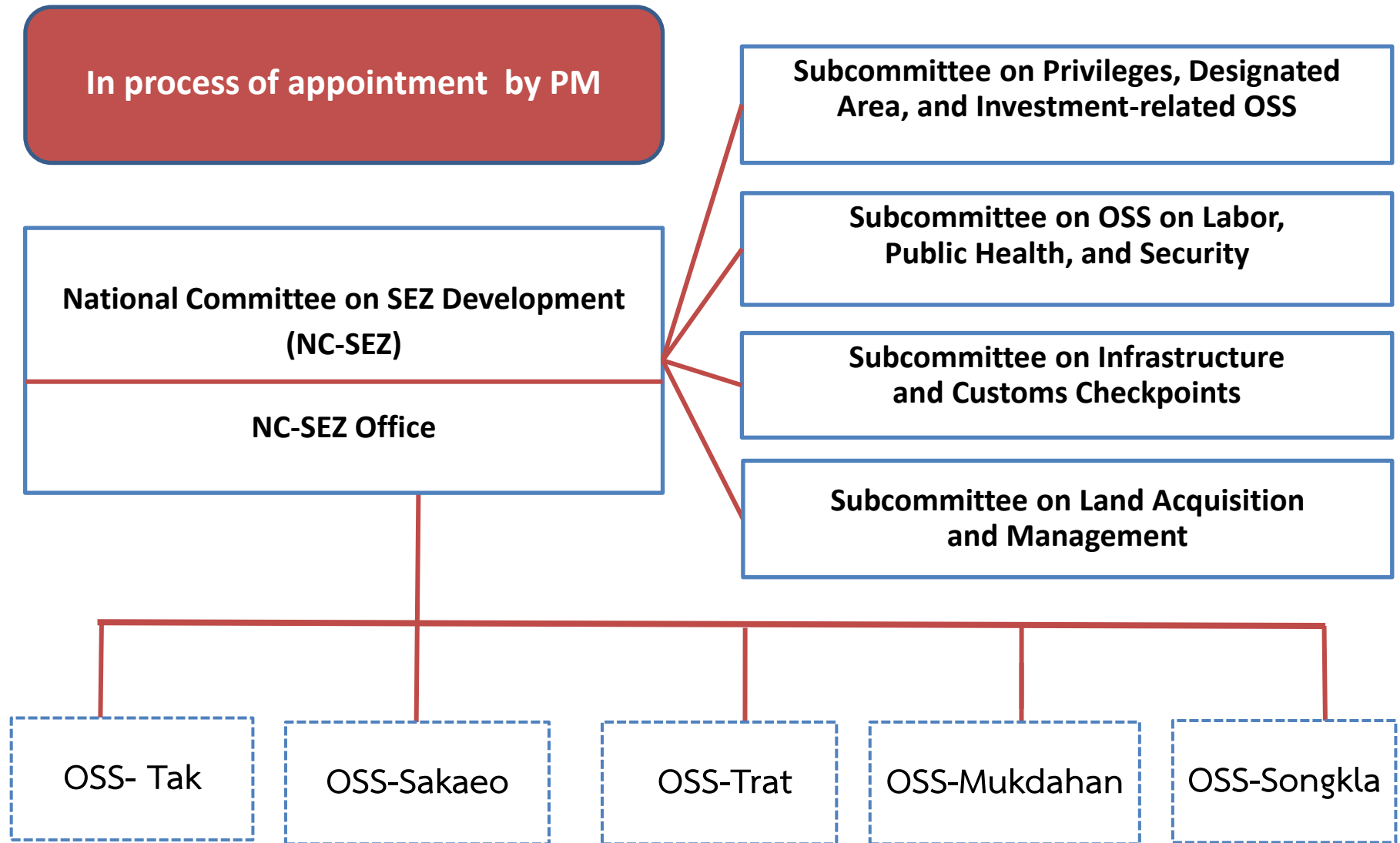
Reduce from 20% to 10% for 10 **accounting periods**

Loan

Soft loan (1-20 million baht/investor)



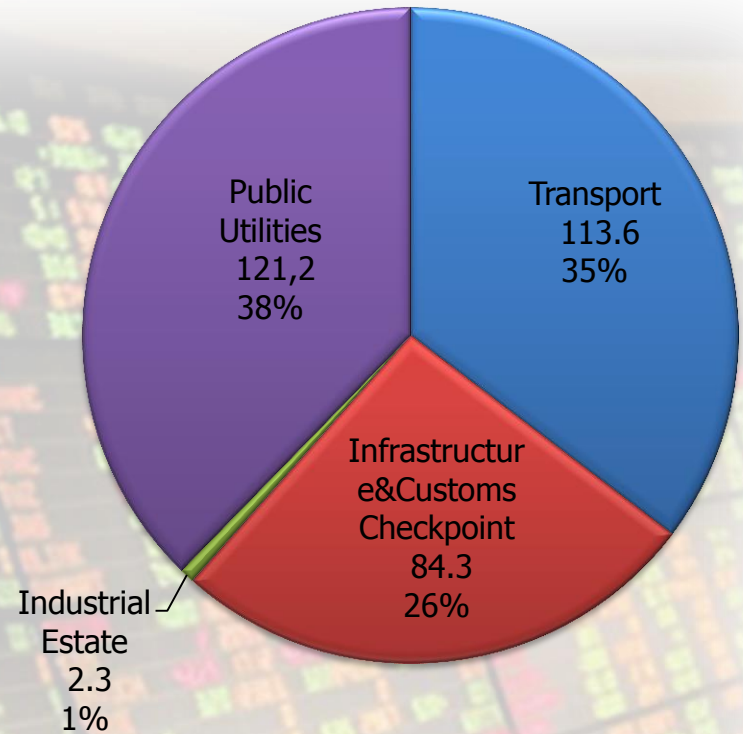
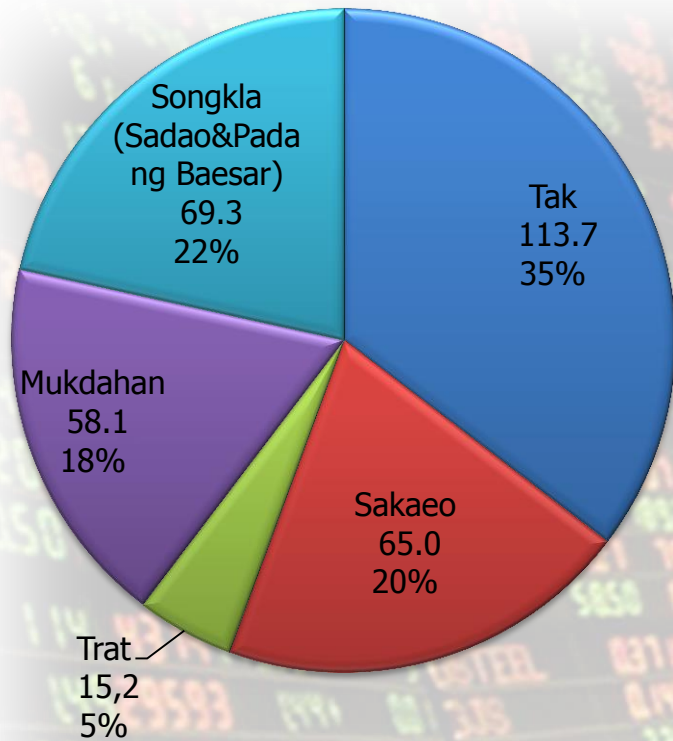
# Mechanism for SEZ Development



# Initial Investment on Infrastructure and Customs Checkpoints

Resolutions at 1/2015 NC-SEZ Meeting

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



## Work Plan for 2014-2015 Period

[illegible]



*..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



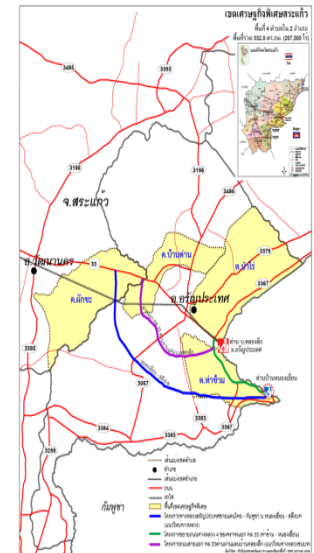
# Sakaeo Special Economic Zone

## 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



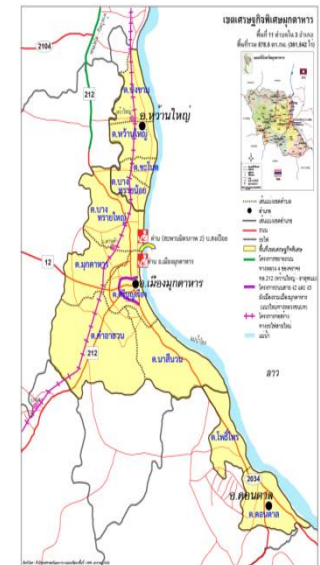
# Mukdahan Special Economic Zone

## Potential

- 642 km. from Bangkok (via HW no. 2, 207, 202, 2169, and 212)
- Access Lao PDR through the 2<sup>nd</sup> 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



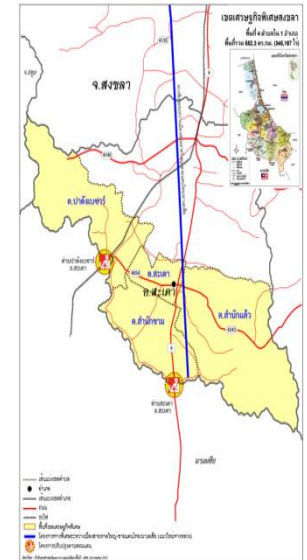
# Songkhla Special Economic Zone

## 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.