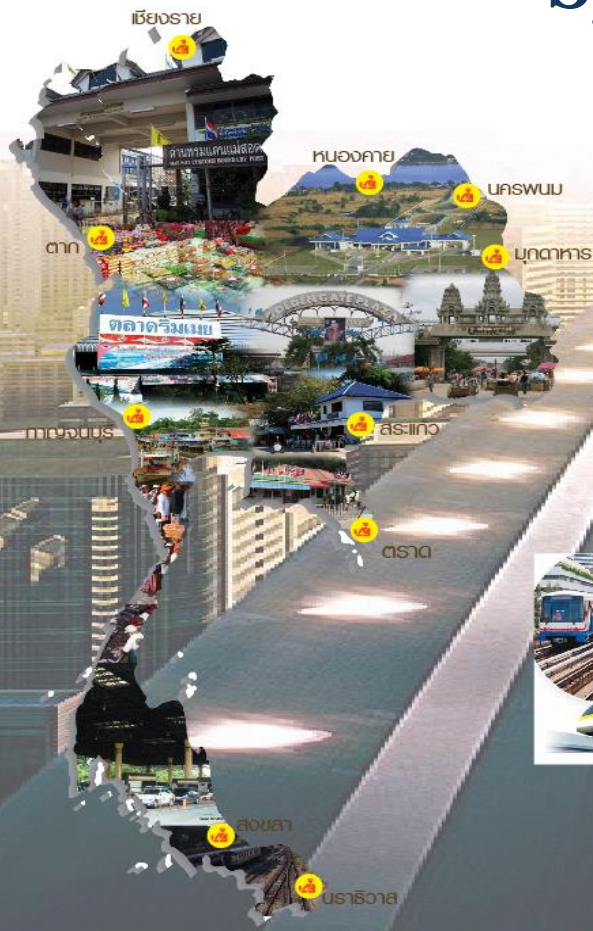




Special Economic Zones (SEZs) Development Progress



November 2021

Office of the National Economic and
Social Development Council (NESDC)

Linkage between SEZ Development and the 20-Year National Strategy and the 12th National Economic and Social Development Plan



2nd Strategy : Competitiveness enhancement

4th Issue : Developing high quality infrastructure to connect Thailand with the world



9th Master Plan : Special Economic Zones

Plan : Special Economic Zone development

9th Strategy : Regional, Urban and Economic Zone Development

3rd Development guideline/ 2nd Issue : Special Economic Zones

SEZ

SEZ Development Policy



Special economic zones will become economic gateways connecting with the neighboring countries, and the people will have better quality of life.

1. Prosperity contribution to border areas 2. Increase in and improvement of quality of life 3. Solving of security problems

Decision-Making Mechanism



Risk

- Public acceptance
- Budget allocation
- Security impact
- International relations



Principles

- ✓ Implement projects under existing laws
- ✓ Determine the role of government in granting incentives, providing necessary infrastructure, facilitating investment, and encouraging private sectors in investment and people in participation
- ✓ Have no negative impacts on environment, natural resources, society, security, and relationships with the neighboring countries
- ✓ Be flexible & adjustable according to circumstances
- ✓ Designate the land boundaries of SEZs according to administrative boundaries



Approaches

- Promote and facilitate investment
- Develop economic activities in accordance with potential of each area
- Provide economic & social infrastructure: transportation/cross-border facilities/electricity/water/safety/public health/labor/environment
- Encourage the people & other development partners in development participation
- Strengthen the efficiency of doing business of community enterprises and private sectors in SEZs
- Protect natural resources and environment in SEZs



Implementation Plan

Work Plan

- Incentives
- Infrastructures and customs checkpoints
- Labor management
- Improvement of health services for border residents and health insurance for migrant labor
- State owned land for rent in for doing industrial or service activities
- Security
- Natural resources and environmental management
- Marketing and public relations

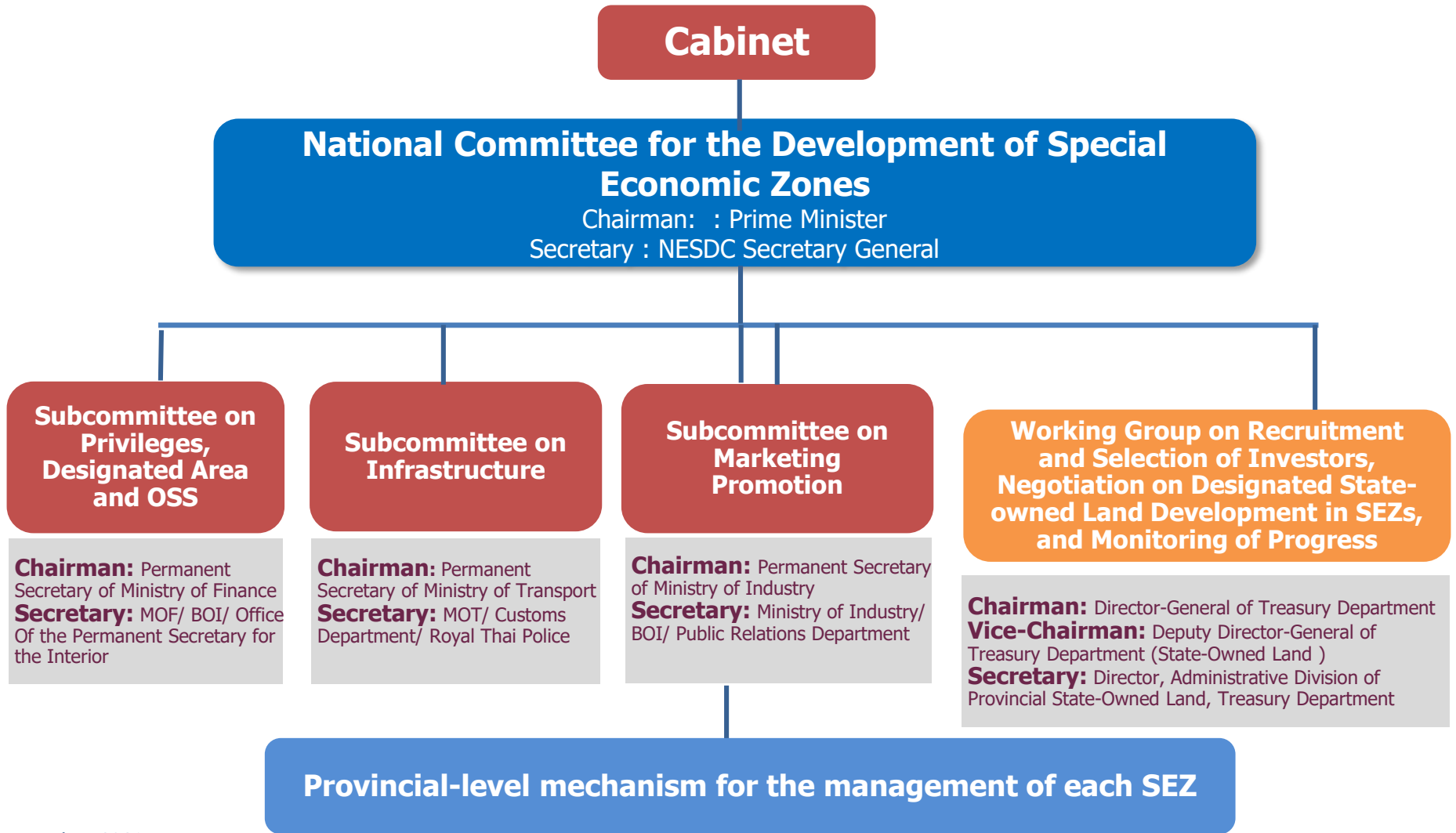
Financial Plan

- **2015 Central Fund**
Total budget of 2,377.75 MB
- **Integrated Budget Plan**
2016: Total budget of 6,168.91 MB.
2017: Total Budget of 10,267.52 MB.
2018: Total Budget of 9,883.50 MB
2019: Total Budget of 8,757.98 MB
2020: Total Budget of 6,393.90 MB
2021: Total Budget of 5,751.64 MB

HR Plan

Relevant government agencies responsible for the implementation of the HR plan

Management Mechanism for SEZ Development :



Progress : Promulgation of Establishing SEZs

In 2015, Thailand commenced the establishment of 10 special economic zones (SEZs) (90 sub-districts of 23 districts of 10 provinces)

namely Tak, Mukdahan, Sakaeo, Trat, Songkhla, Nong Khai, Narathiwat, Chiang Rai, Nakhon Phanom, and Kanchanaburi SEZs.



Special Economic Zones	Areas	
	Sq.km.	Rai
Total of 10 SEZs	6,220.05	3,886,507.21
Tak (14 Sub-districts in 3 districts)	1,419.00	886,875.00
Mukdahan (11 Sub-districts in 3 districts)	578.50	361,542.50
Sakaeo (4 Sub-districts in 2 districts)	332.00	207,500.00
Trat (3 Sub-districts in Khlong Yai district)	50.20	31,375.00
Songkhla (4 Sub-districts in Sadao district)	552.30	345,187.50
Nong Khai (13 Sub-districts in 2 districts)	473.67	296,042.00
Narathiwat (5 Sub-districts in 5 districts)	235.17	146,981.25
Chiang Rai (21 Sub-districts in 3 districts)	1,523.63	952,266.46
Nakhon Phanom (13 Sub-district in 2 districts)	794.79	495,743.75
Kanchanaburi (2 Sub-districts in Mueang district)	260.79	162,993.75

Progress : Incentives Scheme



The private sector can currently submit investment project application. BOI has announced investment promotion for SEZ, highest incentives are granted to targeted activities, and easing investment conditions are offered to SMEs. Moreover, Non-BOI promoted projects can apply for the reduction of corporate income tax of company or juristic partnership located in the SEZ, and conditions for ease of the bonded warehouse establishment are stipulated.

Easing Condition for SMEs



- Minimum project investment of five hundred thousand baht
- Allow to use the used machinery in promoted projects, but not exceeding 10 million baht

BOI's Incentives



- 1) General activities under the BOI's list of eligible activities
- 2) 13 groups of targeted activities as designated by the National Committee on the Development of SEZ (NC-SEZ):
 - 8 years corporate income tax exemption,
 - an additional 50% reduction on corporate income tax for 5 years
 - submission of investment project application by 30 Dec 2022

Incentives set apart from BOI's Investment Promotion List



Revenue Department

Reduction of corporate income tax from 20% to 10% in 10 of accounting periods

Customs Department

- 1) Reduction of registered capital for the establishment of a bonded warehouse from 10 to 5 million baht
- 2) Reduction of minimum registered capital for the establishment of a free zone from 60 to 10 million baht

Progress : Targeted Activities for SEZ

13 Groups of Targeted Activities Approved by NC-SEZ

- | | |
|----|---|
| 1 | Agro-industry, fishery industry, and related activities |
| 2 | Ceramic products manufacturing |
| 3 | Textile and garment industries, and manufacture of leather products |
| 4 | Manufacture of furniture or parts |
| 5 | Manufacture of gems and jewelry or parts |
| 6 | Manufacture of medical devices or parts |
| 7 | Manufacture of engine and vehicle parts, and manufacture of machinery, equipment, and parts |
| 8 | Electronics and electrical appliances industries |
| 9 | Manufacture of plastic products |
| 10 | Manufacture of Medicine |
| 11 | Logistics |
| 12 | Industrial zones / industrial estates |
| 13 | Tourism promotion service and activities to support tourism |

10 Additional Targeted Activities Announcement

1. Crop drying and silo facilities
2. Manufacture of products from agricultural by-products or agricultural waste (except for those with uncomplicated production processes, e.g. drying, dehydration)
3. Metal Fabrication industry
4. Production of printed matter
5. Manufacture of animal feed or mixes for animal feed
6. Manufacture of construction materials and manufacture of high-pressure concrete for public utilities work
7. Manufacture of body care products, e.g. soap, shampoo, toothpaste, cosmetic products
8. Manufacture of plastic products for consumer goods
9. Manufacture of pulp or paper articles
10. Factory development of industrial plants and/ or warehouses

Remark: For targeted activities no.5-10, the incentives are granted for only investment in SEZs.

Progress : Land Acquisition and Management

1 Pieces of state-owned land, pilot development areas, have been designated for rental/development

1. Sakaeo (Aranyaprathet district, total area of 1,186-3-23 rai)

-Area 1, total area of 525-3-0 rai : The construction of Pa Rai CIQ was completed in 2020.

-Area 2, total area of 660-2-23 rai : The construction of an industrial estate was completed by Industrial Estate Authority of Thailand (IEAT) in 2019 and 8 businesses have already operated.

2. Trat (Klong Yai district, total area of 888-2-72 rai)

The Property Perfect Public Company Limited leased state-owned land from the Treasury Department in November 2016 and in the process of adjusting plan for investment.

3. Kanchanaburi (Mueng district, total area of 8,193 rai)

Prompreangchai construction Company Limited leased state-owned land (2,979-0-72 rai) from the Treasury Department on 13 November 2018. At present, it is in the process of preparing for construction.

4. Tak (Mae Sot district, total area of 2,182-3-64 rai) for private to rent 1,067-2-27.7 rai, and 671-2-05 rai for IEAT to rent.

Area 1: Treasury Department is in the process of preparation for investment selection.

Area 2: IEAT has already finished detailed design and EIA of an industrial estate that will be constructed in 2022.

5. Songkla (Sadao district, total area of 1,069-2-08.7 rai)

-Area 1: The construction of an industrial estate was completed by IEAT in March 2021 and 2 businesses have already operated.

-Area 2: IEAT has already finished detailed design of an industrial estate and EIA. At present, Songkla Province is in the process of state-owned land acquisition, and after that Treasury Department will allow IEAT to rent. Samnak Kham sub-district municipality is permitted to use an area of 19-3-28.3 rai to construct a road linking Songkhla Industrial Estate and the 2nd Sadao Customs House.

-Area 3: Songkla Provincial Administrative Organization has already prepared the area for logistic center construction and made an investment plan. The construction will start in 2022.

6. Mukdahan (Mueng district, total area of 1,081-0-23.1 rai)

7. Nong Khai (Sakhrai district, total area of 718-0-46 rai)

Mukdahan and Nong Khai: Investment promotion measures to be considered by the national committee.

8. Nakhon Phanom (Mueng district, total area of 1,363-2-17.1 rai)

JCK International Company Limited leased state-owned land from the Treasury Department on 15 July 2019. At present, it's in the process of land use preparation.

Narathiwat: Southern Border Provinces Administrative Centre, Narathiwat Province and concerned agencies are in the process of preparing additional document to request for budget allocation to purchase a piece of land in Narathiwat.

Remarks : **Chiang Rai** SEZ is promoted through the existing investment promotion measures, labor management and city planning without state-owned land acquisition.

Progress : Land Acquisition and Management (2)

2

❖ Announce land rental rate and land rental fee of state-owned land in SEZ



Provinces	Land rental rate/rai/year (baht/ 1st year)	Land rental fee /rai/50 years (baht)	Note
Tak	36,000	250,000	<ul style="list-style-type: none"> Rental period of 50 years and another 50 years extension Land rental rate/rai/year (increase 15% in every 5 years) Land rental fee (5 years installment with payment in 6th-10th year)
Sakaeo	32,000	225,000	
Trat	24,000	160,000	
Songkla	40,000	300,000	
Nakhon Phanom	8,400	140,000	<ul style="list-style-type: none"> Rental period of 50 years and another 50 years extension Land rental rate/rai/year (increase 9% in every 3 years) Land rental fee (5 years installment with payment in 6th-10th year)
Nong Khai	2,100	35,000	
Mukdahan	1,800	30,000	
Kanchanaburi	1,200	20,000	

Progress : Labor Management and One Stop Service Center

1



OSS for Investment

- OSS center opens in 10 SEZ areas
- OSOS Center at Chamchuri Square opened on 9 July 2015 and links with OSS at each SEZ



OSS for Labor, Public Health and Security in ... Province

- Located in 10 SEZ areas
- OSS provides registration service in Sakaeo, Trat, Tak, Chiang Rai, and Kanchanaburi for migrant workers working on a temporary basis

2

Labor

In accordance with foreigners' working management on a temporary basis during the prescribed periods or seasons provided according to Section 64 of Foreigners' Working Management Emergency Decree, B.E. 2560 (2017) (Formerly Section 14 of Alien Working Act, B.E. 2551 (2008)), relevant agencies were assigned as follows:

- [The entering of alien workers](#) to work in the Kingdom on a temporary basis during the prescribed periods.
 - 1) Ministry of labor has announced the regulation of the office of prime minister on stipulated location, nationalities, type of work and labor condition to allow the legal permission.
 - 2) Ministry of Interior has announced the exception of alien labor from Myanmar, Lao PDR and Cambodia to work in Thailand.
 - 3) Ministry of Foreign Affairs has signed Agreement on Border Crossing with neighboring countries with Cambodia and Myanmar successfully. The Agreement with Lao PDR is under consideration of Lao PDR.

[Foreign workers from Cambodia and Myanmar are permitted to work in Thailand for 3 months \(work in a designed border area up to 30 days per visit \(90 days in total\)\).](#)



- [OSS centers on Labor in 10 SEZs](#) have been established by Ministry of labor. From October 2017 to 25 July 2021, the number of Myanmar and Cambodian workers registering on a temporary basis was 408,884.
- From October 2020 to 31 July 2021, [9,425 Thai workers participated in skill development training courses](#) organized by Ministry of Labor in accordance with the demand of the industrial sector in the SEZs.
- [Labor protection by Ministry of Labor](#) includes protection, promotion, development with no illegal labor management, labor relations management, and conflicts to watch in enterprise.
- [Ministry of Public Health](#) specifies Alien workers to apply for health insurances scheme in order to get medical checkups at least once a year and treatments.
- [An automatic fingerprint database](#) linked with the central database is developed to monitor the mobility of foreign workers (into and out of the country).

Progress : Infrastructure and Customs Checkpoint Development in SEZ

Area	Completion Date	Prominent Infrastructure and Checkpoint Projects in SEZ
Tak	2024	Completion: The road linking to the 2 nd Thailand – Myanmar Friendship Bridge/ Highway 12 (Tak – Mae Sot: section 1,2,3 and 4/ Mae Sot Airport (New Passenger Building, taxi-way, apron, and runway improvement and extension) 2023: The 2 nd Mae Sot customs checkpoint 2024: Tak Industrial Estate (Mae Sot)
Sa Kaeo	2022	Completion: Sa Kaeo Industrial Estate / Railway linking Kaeng Khoi - Khlong Sip Kao - end of Khlong Luek Bridge / Highway linking Aranyaprathet-Border of Thailand-Cambodia (Ban Nong Ian)/ Improvement of Khlong Luek customs checkpoint/ Aranyaprathet customs checkpoint (Ban Pa Rai) 2022: Aranyaprathet customs checkpoint (Ban Nong Ian)
Songkhla	2023	Completion: Padang Besar customs checkpoint Improvement (Phase 2)/ Road 1027 Padang Besar/ New Sadao customs checkpoint/ Songkhla Industrial Estate (Sadao) Phase 1 2023: Road from Highway 4 to New Sadao customs checkpoint
Trat	2022	Completion: Khlong Yai Seaport/ Road to Khlong Yai Seaport/ Highway 3 (Trat– Hat Lek): section 2-3 2022: Highway 3 (Trat – Hat Lek): road from T. Mairood-Ban Klong Jag
Mukdahan	2024	Completion: Highway 12 (Kalasin – Ban Na Krai): section 1 and 2/ Highway 212 (Wan Yai – That Phanom)/ Mukdahan customs checkpoint facilities/ Highway 12 (Ban Na Krai – Khamcha-I) 2023: Road MH.3019 intersection Highway 212-Muang, Mukdahan (section 1) 2024: Road MH.3019 intersection Highway 212-Bangsaiyai, Muang, Mukdahan (section 2)
Nong Khai	2023	Completion: Highway 212 (Nong Khai-Phon Phisai)/ Highway 212 (Phon Phisai – Bueng Kan): section 1 /New Nong Khai border checkpoint/ Road from Highway 2 to Highway 211 2022: Highway 211: intersection of Highway 2 (Nong Song Hong) - Tha Bo - Si Chiang Mai (section 2) 2023: Nong Khai Bypass (east side)
Kanchana buri	2023	Completion: Highway 367 and Kanchanaburi Bypass / Highway 3229 to intersection Highway 323-Kwai Noi/ Phu Nam Ron customs checkpoint 2023: Highway 81 Bangyai-Ban Pong-Kanchanaburi
Chiang Rai	2023	Completion: Facilities at Mae Sai customs checkpoint/ Highway 1290 (Chiang Saen– Chiang Khong): section 3/ Chiang Rai Bypass on the west/ New Chiang Saen customs checkpoint/ Chiang Khong Intermodal Facilities Center 2023: Highway 1021 (Thoeng-Dok Khamtai: Chiang Kham-Thoeng section)
Nakhon Phanom	2024	Completion: New Nakhon Phanom customs checkpoint/ Highway 22 (Sakon Nakhon-Nakhon Phanom): section 1/ Highway 212 (Nakhon Phanom – Tha U Then) 2024: Nakhon Phanom border logistic center
Narathiwat	2023	Completion: Improvement of Su Ngai Kolok customs checkpoint/ Expansion of Buketa customs checkpoint (Phase 3)

Current Status of SEZs

10 SEZs	Announcement of Designated Areas to be SEZ	Incentives, Targeted Activities and Investment	OSS for Investment	Infrastructure and Border Checkpoints ¹	Social, Natural Resources and Environmental Development	Land Acquisition ²	Labor, Public Health and Security Management ³	Urban planning ⁴ (process)
Tak	✓	✓	✓	2024	✓	✓	✓	4/8
Sakaeo	✓	✓	✓	2022	✓	✓	✓	4/8
Trat	✓	✓	✓	2022	✓	✓	✓	7/8
Mukdahan	✓	✓	✓	2024	✓	✓		4/8
Songkhla	✓	✓	✓	2023	✓	✓	✓	7/8
Nong Khai	✓	✓	✓	2023	✓	✓		4/8
Nakhon Phanom	✓	✓	✓	2024	✓	✓		4/8
Chiang Rai	✓	✓	✓	2023	✓	-	✓	4/8
Kanchanaburi	✓	✓	✓	2023	✓	✓	✓	7/8
Narathiwat	✓	✓	✓	2023	✓		✓	1/8

1. Some of them have been completed, and the others are under construction.

2. Songkhla: There are 2 stated-owned areas. One state-owned area of 629 rai has been transferred to the IEAT for rent, the other is in the process of resolving conflict over the occupation of the land. / The Narathiwat: Southern Border Provinces Administrative Centre will request budget for the purchase of land. / Chiang Rai: Chiang Rai SEZ is promoted through the existing investment promotion measures, labor management and city planning without state-owned land acquisition.

3. OSS centers for labor, public health and security in Mukdahan, Nong Khai and Nakhon Phanom SEZs have already been established and the permission for foreign workers from Lao PDR to work in these three SEZs is in the process of negotiation and will be effective after signing Agreement on Border Crossing with Lao PDR.

4. In the process of Urban planning and SEZ Master Plan preparation (8 steps)

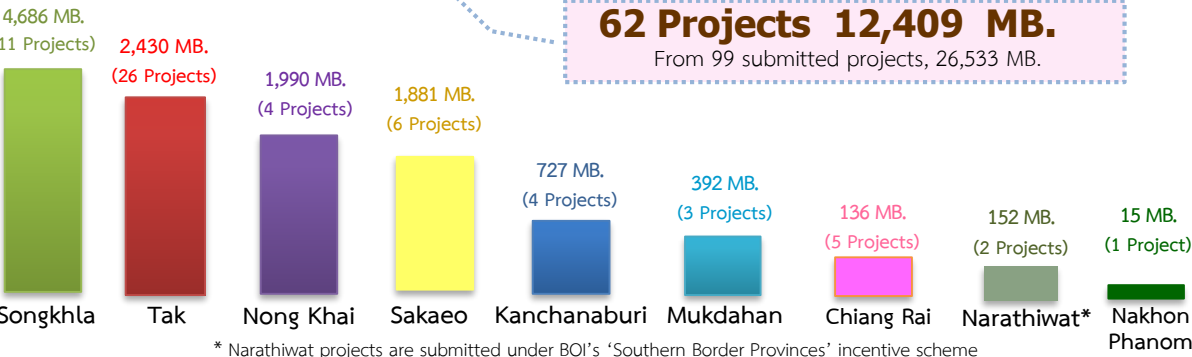
Completed

In progress

With issues

Investment in SEZ: 30,585 MB

1 Projects that have been approved for investment promotion from BOI and have started investment



Tak : Ready-to-wear clothes/Plastic product/ Automotive & parts/ Electronics
Songkhla: Virgin Coconut oil/ Ceramic Dipping Former/ Rubber Gloves/ Plastic Strip/ Block Rubber
Sakaao: Plastic package/ Animal Feed/ Metal Parts/Layer Cake
Mukdahan: Plastic product/Instant preserved food/Construction tools
Kanchanaburi: Animal Feed/ Cosmetic/ Dietary supplement
Nong Khai: Block Rubber/ Solar power/ Refuse Derived Fuel: RDF
Chiang Rai: Crepe rubber/Hospital/ Oil massage/ Solar power
Nakhon Phanom: Solar power
Narathiwat: Power plant/ Hospital

Investor's Nationality: Investors from 8 countries have been interested in investing in SEZs and requested for investment promotion for 22 projects valued at 3,593 MB. Which are Japan and Joint Thai-Japan, Malaysia, India, Taiwan, China and Joint Thai-China, Australia, Netherlands, South Korea, and Singapore

3 Investment in industrial estates in the SEZs

(Consist of IEAT's budget for the development of Sakaao and Songkhla IEs, and the investment value of business operated in the IEs.)

IE in Sakaao SEZ 775 MB.
IE in Songkhla SEZ 1,339 MB.

2,735.55 MB.

5 Application for Investment Promotion Customs Department

Business	Registered Capital	SEZ
Bonded warehouse (Duty-free shop)	60 MB.	Songkhla
Free Zone (Industrial and Commerce)	80 MB.	Tak

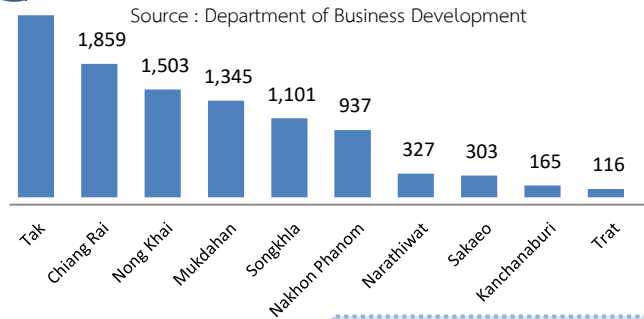
2 Projects 140 MB.

2 Land developer selected by The Treasury

Department to develop state-owned land in SEZ
Trat: Develop state-owned land in Trat SEZ to be a city of international tourism center, food safety and international trade system services
Kanchanaburi: Develop state-owned land in Kanchanaburi SEZ to be Industrial zone, commercial and logistics center
Nakhon Phanom: Develop state-owned land in Nakhon Phanom SEZ to be cultural city, convention center, industrial zone, commercial and logistics center

4 New Business Registration in SEZ

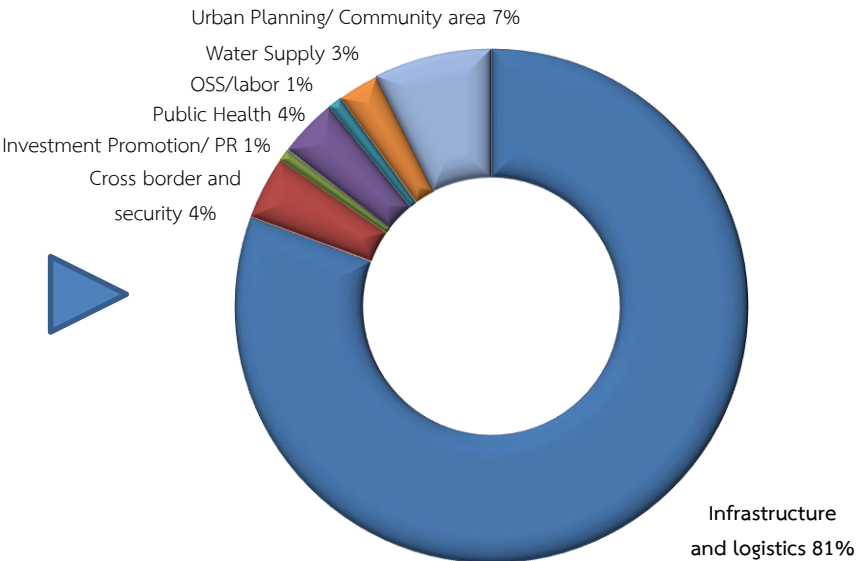
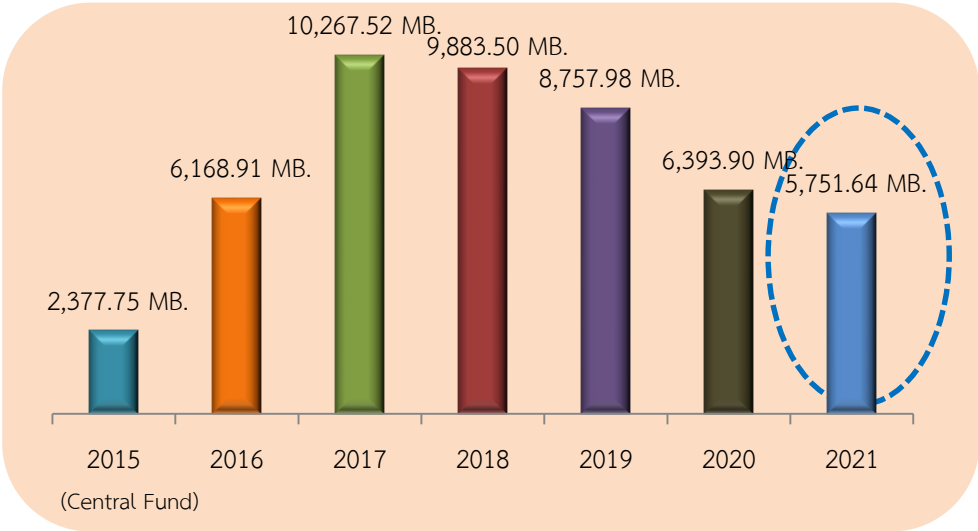
Source : Department of Business Development



10,195 MB.

From 2014 to June 2021, **5,193** companies registered for business establishment in 10 SEZs

Budget Allocation for SEZ Development



Major Projects :

- Construction of transport infrastructure such as road, airport, seaport and bridge etc.
- Construction of border checkpoint
- Improvement of provincial waterworks construction
- Preparation of land use planning
- Setting emerging disease and disease prevention and control system, health care system and labor health insurance
- Establishment of investment OSS, training and building network for entrepreneur
- Establishment of labor OSS and granting work permit
- Expand border trade and investment

Major Projects according to SEZ Integrated Budget Plan in 2021



Operational guidelines in the next phase

▶ The National Committee for the Development of Special Economic Zones has endorsed a SEZ development policy proposed by the NESDC conducting according to the article 9 of regulations of the Prime Minister's Office on the development of Special Economic Zones A.D. 2021, and has assigned relevant agencies to implement the policy as a framework for further SEZ development. ◀◀

(The cabinet endorsed the meeting resolution of the SEZ development policy proposed by the National Committee for the Development of SEZs on 20 July 2021, and assigned the relevant agencies to implement the policy in accordance with the meeting resolutions.)

Guidelines of Operations

1. Development of infrastructure including public utilities and customs checkpoints

Continued development of main infrastructure supporting economic activities to grow in the areas, especially infrastructure linking with the neighboring countries and the main economic areas of the country

2. Development of production and service bases, and linkages with major economic areas of the country

The development of particular linkages between the special economic development zones and the Eastern Economic Corridor (EEC) and 4 special economic corridors, namely NEC, NeEC, CWEC, and SEC in the regions of the country

Focused issues for SEZ development



Development consistent with the potential of the areas, and changing circumstances



Links with major economic areas in the countries and the neighboring countries



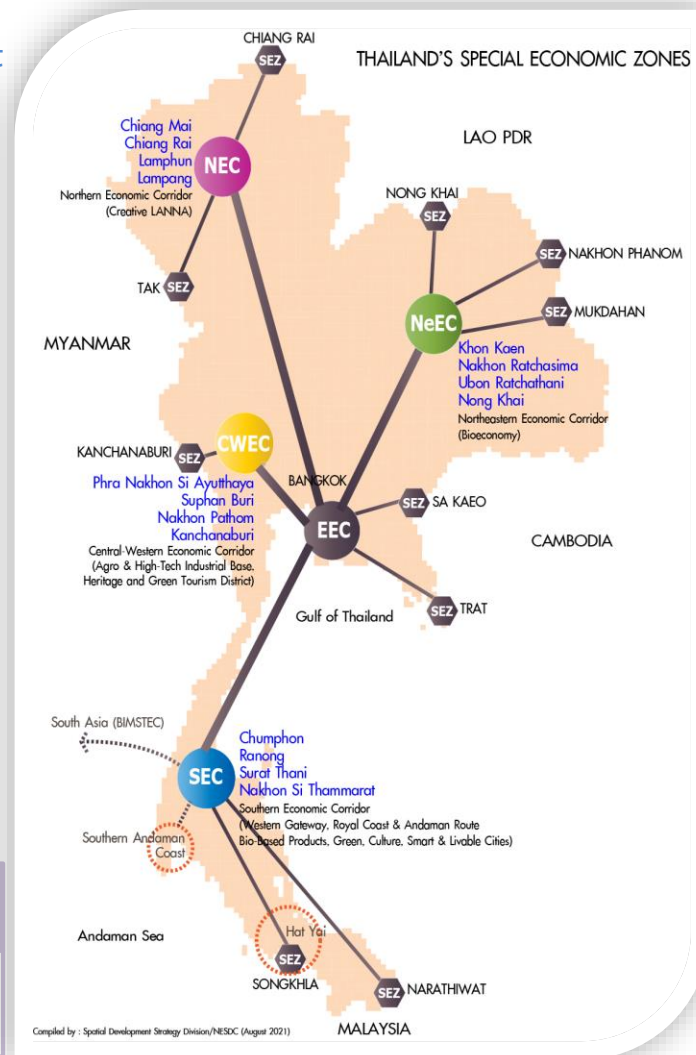
Maintaining a balance between development and ways of life/culture



Participation of development partners



Prevention of Impacts on natural resources and environment



3. Motivation for continued investment

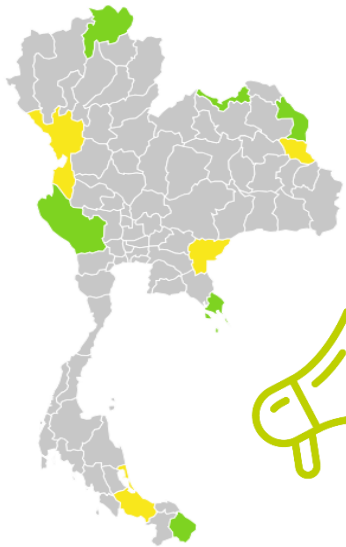


- 1) Determine incentives for promoting investment through revising and adding targeted activities, improving existing incentives so that the incentives will be consistent with changing development circumstances, and stipulating incentives to attract investment
- 2) Increase opportunities for SMEs, Micro SMEs including startups in agricultural, industrial and service sectors to access funds and innovations and
- 3) Promote investment in the pilot development areas, the pieces of state-owned land, through the development of infrastructure linking the pilot development areas with the surrounding core networks to attract investment



4. Increase in Efficiency of OSS

Attach importance to the utilization of modern-technology linkages to increase efficiency of online services, reduce service protocols, and stipulate a definite and short period of service and definite agencies to be responsible for the management of OSS centers



5. Management of Labor and Entrepreneurs

- 1) Appropriate management of foreign workers under current circumstances for security and order through the improvement of health services, the prevention and surveillance of an epidemic, and the extension of a period of stay in Thailand, the stipulation of health insurance covering a period of working in Thailand and health check for at least once a year, and the development of an automatic fingerprint database system to examine foreign workers entering and exiting Thailand
- 2) Upgrading of entrepreneurs through the incubation of local entrepreneurs, upgrading of service providers, and encouragement to transfer technology and innovation

6. Marketing Promotion

Proactive marketing to be attractive to investors through an implementation mechanism consisting of central and regional public and private agencies