

SEZ

Border SEZ Development Policy



- Emerging economic gateway connecting neighboring countries and better people's quality of life
- Promote concrete & balance development for emerging border economic areas, improve quality of life and solve security problems
- 1. Prosperity contribution to the region 2. Income and quality of life improvement 3. Security solving

Decision-Making Mechanism



Risk

- People's acceptance
- Budget allocation
- Environment & Natural Resources
- Public health issue at borders
- Security
- Human trafficking and illegal migrant workers
- Collaboration with neighboring countries



Principles

- ✓ Implement projects under current law using inclusive approach
- ✓ Specify the role of government to grant incentives, provide necessary infrastructure and facilitate investment , encourage private sector investment and people's participation and benefits
- ✓ SEZ development must not have negative impacts on environment, natural resources, society, security, and relationship with neighboring countries
- ✓ Being flexible & adjustable according to circumstances
- ✓ SEZ areas are designated by administrative boundary



Operational Guideline

- Encourage and facilitate investment
- Promote economic activities in accordance with each area's potential
- Provide economic & social infrastructure : transportation/border-crossing/electricity/water/safety/public health/labor/environment
- Enhance participation of people & other development partners
- Strengthen efficiency of community enterprise and private sector in SEZ
- Manage natural resources and environment in SEZ



Operational Plan

Work Plan

- Incentives
- Infrastructure and customs checkpoints
- Labor management
- Improvement of health services for border residents, including health insurance for migrant labor
- Government land for rent in industrial or service activities
- Security
- Natural resources and environmental management

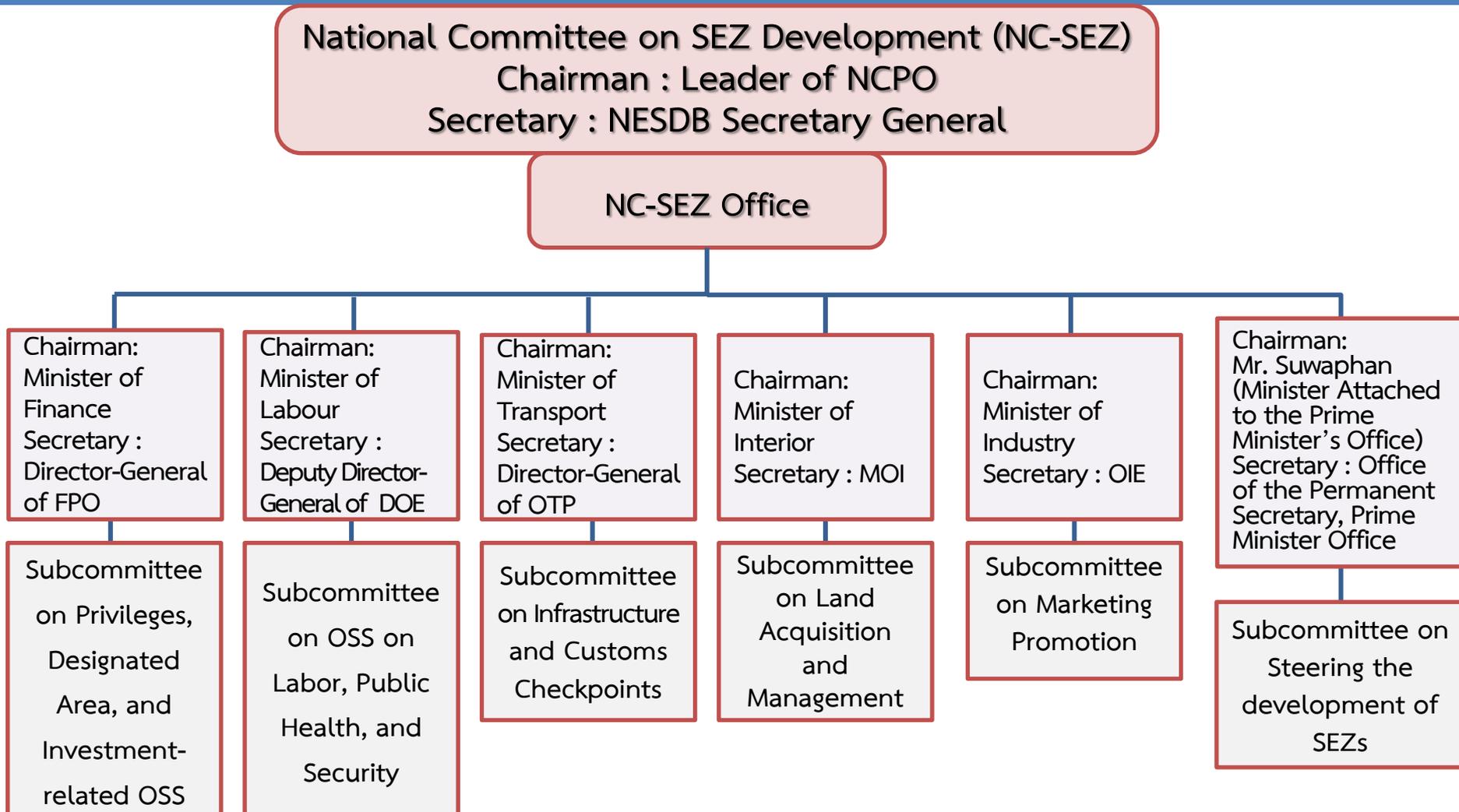
Budget Plan

- 2015 Central Fund
Total budget of 2,377.7575 Mb
- Integrated Budget Plan
2016: Total budget of 6,168.9142 Mb.
2017: Total Budget of 3,305.9245 Mb.
2018: Total Budget of 9,883.4978 Mb.
- Infrastructure and customs checkpoints Budget Plan

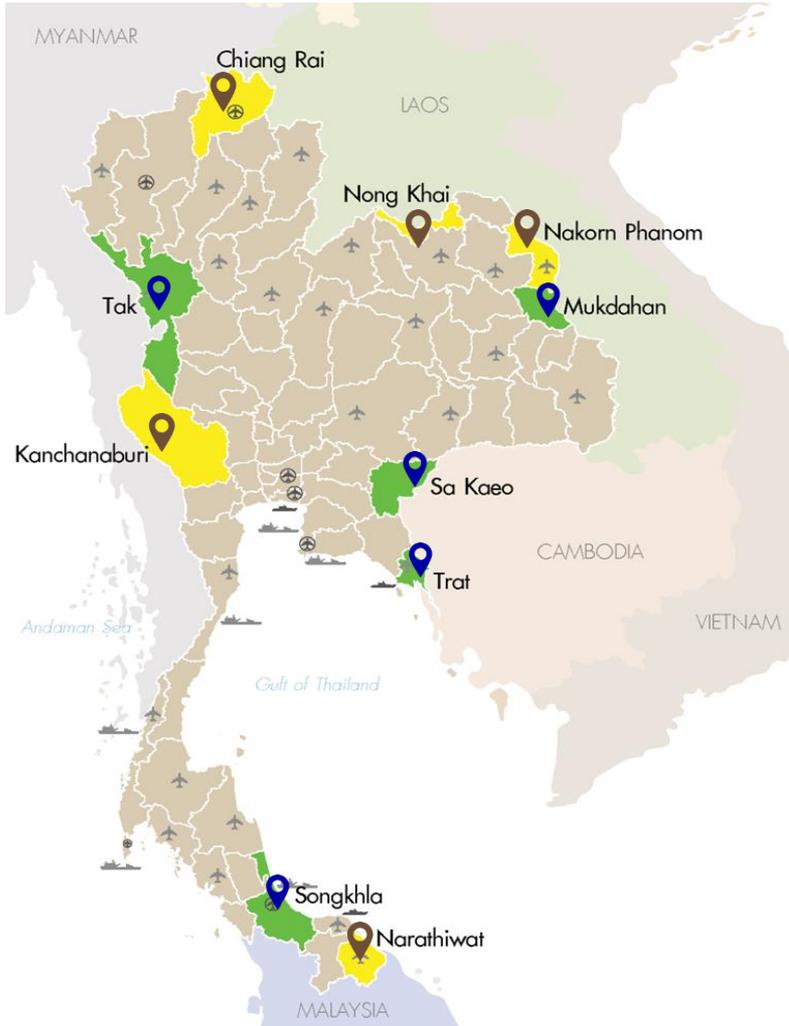
HR Plan

Responsible agencies working under 6 sub-committees of the NC-SEZ

Management Mechanism for SEZ Development



Progress : Announcement of Establishing SEZ Areas



In 2015, Thailand commenced the establishment of special economic zones (SEZs) in 10 provinces.

- The first phase SEZs are located in 5 provinces, namely Tak, Mukdahan, Sa Kaeo, Trat, and Songkhla.
- The second phase SEZs are located in 5 provinces, namely Nong Khai, Narathiwat, Chiang Rai, Nakhon Phanom, and Kanchanaburi.

Special Economic Zones	Area	
	Sq.kms.	Rai
10 SEZs	6,220.05	3,887,507.21
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	496,743.75
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 target 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, easing establishment condition of bonded warehouse, and supporting financial facilities for investment.

BOI's Incentives



- 1) General activities under the BOI's list of eligible activities
- 2) **13 Target activities** as designated by the National Committee on SEZ Development (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 31 Dec 2018

Incentives set apart from BOI's Investment Promotion List



Revenue Department

- (1) Reduction of corporate income tax from 20% to 10% in 10 accounting periods
- (2) Submission investment project application by 31 Dec 2017

Customs Department

- (1) Reduction of registered capital for bonded warehouses from 10 to 5 million baht
- (2) Free zone's registered capital must value at 10 million baht or higher

Easing Condition for SMEs



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

Financing Facility for Investment Projects



- **EXIM Bank** provides financing facilities for investment projects in SEZ.
- Long-term credit with a repayment period of 15 years with special interest rate at prime rate -2.50% in 1st year, -1.50% in 2nd-8th year and -1.00% in 9th-15th year
- Additional short-term revolving credit

Progress : Target Activities for SEZ

13 Target 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

Additional Target Activities Announcement

Activities eligible for promotion:

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

Target activities not on the list of BOI's Investment Promotion activities, but receiving incentives for investment in SEZs:

1. Manufacture of animal feed or mixes for animal feed
2. Manufacture of construction materials and manufacture of high-pressure concrete for public utilities work
3. Manufacture of body care products, e.g. soap, shampoo, toothpaste, cosmetic products
4. Manufacture of plastic products for consumer goods
5. Manufacture of pulp or paper articles
6. Factory development of industrial plants and/ or warehouses

Progress : Land Acquisition and Management

1 State-owned land has been designated for rental/development in 9 SEZs

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

- Area 1 , total area 525-3- 0 rai : CIQ is in the process of construction and expected to be finished by 2019.
- Area 2 , total area 660-2-23 rai : Industrial Estate Authority of Thailand (IEAT) had already finished the Industrial Estate (IE Phase 1) and opened on 22 March 2018. IE Phase 2 is in the process of construction and expected to be finished by 2019.

2. Trat (Klong Yai district, total area 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 in 2019.

3. Tak (Mae Sot district, total area 2,182-3-64 rai) for private to rent 1,055-2-81 rai and 671-2-05 rai for IEAT.

4. Nakhon Phanom (Mueng district, total area 1,408-0-05 rai) for private to rent 1,363-2-17.1 rai

5. Kanchanaburi (Mueng district, total area 8,193 rai) for private to rent 2,979-0-72 rai ,

Private sector has already submitted project proposals for investment in Tak and Kanchanaburi. The Treasury Department is in the process of land developers selection and will propose to NC-SEZ for approval later.

6. Songkla (Sadao district, total area 1,069-2-08.7 rai) IEAT has a plan to establish the Industrial Estate in 927-3-70 rai of state-owned land area as follows;

- Area 1 ,total area 629-1-70 rai : IEAT is in the process of proposing the IE investment project approved by NESDB Board to the Cabinet for approval. The construction is expected to be started by 2019 and finished by 2020.
- Area 2 ,total area 298-2-00 rai : In the process of required state-owned land acquisition.

7. Mukdahan (Mueng district, total area 1,085-2-57 rai)

8. Nong Khai (Sakhray district, total area 718-0-35 rai)

The Treasury Department is preparing to select land developers in Mukdahan and Nong Khai.

9. Chiang Rai (Mae Sai district, Chiang Saen district and Chiang Khong district, total area 1,902 rai) In the process of required state-owned land acquisition.

IEAT is considering to purchase land in Narathiwat.



Progress : Land Acquisition and Management (2)

2

❖ Define investor criteria

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



Provinces	Land rental rate/rai/year (baht/ 1 st 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	
Mukdahan	24,000	160,000	
Nong Khai	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)
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

On 18 February 2015, Cabinet endorsed foreign workers from Myanmar, Laos PDR and Cambodia to work in the Kingdom on a temporary basis during the prescribed periods or seasons provided according to Section 14, 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, religion, type of work and labor condition to allow the legal permission regarding Section 14, provide a guidance to work permit.
- (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.

- [OSS centers on Labor in 10 SEZ areas](#) have been established by Ministry of labor. Between October 2017 and June 2018, 107,583 workers from Myanmar and Cambodia have worked in Thailand on a temporary basis.
- [5,054 Thai workers](#) has participated in skill development training courses organized by Ministry of Labor in accordance with the demand of industrial sector in SEZs.
- [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.
- [The automatic fingerprints database](#) has been set up by Immigration Bureau to link Alien Workers mobility information to the central office.



Progress : Infrastructure and Customs Checkpoint Development in SEZ

Area	Completion Date	Prominent Infrastructure and Checkpoint Project in SEZ
Tak	2020	2019 : The road linking to the 2 nd Thailand – Myanmar Friendship Bridge / Highways No.12 (Tak – Mae Sot, Section 1,2 and 3 were completed and Section 4 is under construction) / 2020 : Tak Industrial Estate (Mae Sot) / The 2 nd Mae Sot customs checkpoint (In the process of revising the detailed design) / Mae Sot Airport
Sa Kaeo	2019	2018 : Sa Kaeo Industrial Estate / Railway linking Kaeng Khoi - Khlong Sip Kao - end of Khlong Luek Bridge (Thai side was completed and 1 Km. construction in Cambodia is needed) / 2019 : Highways linking Aranyaprathet - Border of Thailand -Cambodia (Ban Nong Ian-Stung Bot)/ and Aranyaprathet customs checkpoint
Song Khla	2019	2019 : New Sadao customs checkpoint/ Song Khla Industrial Estate (Sadao)
Trat	2019	2018 : 4 lane road linking to Khlong Yai Seaport 2019 : Highways No.3 Trat – Hat Lek (Section 2 – 4) / Khlong Yai Seaport
Mukdahan	2019	2018 : Mukdahan customs checkpoint facilities 2019 : Highways No.12 Kalasin – Ban Na Krai – Khamcha-i/ Highways No.212 Wan Yai – That Phanom
Nong Khai	2018	2017 : Highways No.212 Phon Phisai – Bueng Kan Section 1 (Completed) 2018 : New Nong Khai border checkpoint
Kanchanaburi	2019	2017 : Highways No. 367 and Bypass (Completed) 2019 : Phu Nam Ron customs checkpoint/ Bang Yai – Kanchanaburi Motorway
Chiang Rai	2019	2018 : Chiang Rai Bypass on the west/ Highways No.1290 Chiang Saen– Chiang Khong Section 3/ and other facilities at Mae Sai customs checkpoint / 2019 : New Chiang Saen customs checkpoint
Nakhon Phanom	2020	2018 : New Nakhon Phanom customs checkpoint 2019 : Highways No.212 (Nakhon Phanom – Tha U Then) 2020 : Nakhon Phanom border logistic centre (In the process of land ownership management)
Narathiwat	2020	2018 : Improvement of Su Ngai Kolok customs checkpoint (Completed) / Expansion of Buketa customs Checkpoint (Phase 3) 2020 : Narathiwat Industrial Estate

Current Status of SEZs

10 SEZs	Announcement of Designated Areas to be SEZ	Incentive, Target Activities and Investment	OSS for Investment	Basic Infrastructure and Border Checkpoints ¹	Develop social, natural resources and environment	Land Acquisition ²	OSS for Labor, Public Health and Security in ... Province ³	Urban planning ⁴ (process)
Tak	✓	✓	✓	✓	✓	✓	✓	1/18
Sakaeo	✓	✓	✓	✓	✓	✓	✓	4/18
Trat	✓	✓	✓	✓	✓	✓	✓	5/18
Mukdahan	✓	✓	✓	✓	✓	✓		4/18
Songkhla	✓	✓	✓	✓	✓	✓	✓	5/18
Nong Khai	✓	✓	✓	✓	✓	✓		2/18
Nakhon Phanom	✓	✓	✓	✓	✓	✓		3/18
Chiang Rai	✓	✓	✓	✓	✓		✓	2/18
Kanchanaburi	✓	✓	✓	✓	✓	✓	✓	5/18
Narathiwat	✓	✓	✓	✓	✓		✓	2/18

¹ Budget for basic infrastructure and border checkpoints are allocated in 2015, 2016 and 2017 and now under construction.

² Songkhla has already provided area 629 rai to IEAT for rent and there are some areas that is in the process of resolving state-owned land's problem with local people/ Chiang Rai SEZ is in the process of negotiation with the Thailand Tobacco Monopoly for required state-owned land.

³ OSS for labor, public health and security in Mukdahan, Nong Khai and Nakhon Phanom SEZ 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.

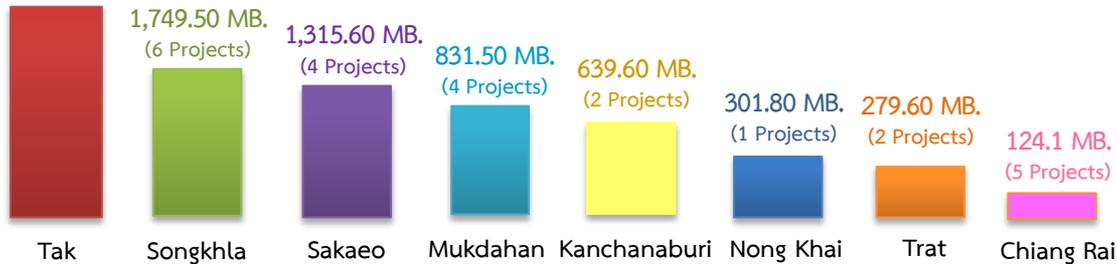
⁴ In the process of Urban planning and SEZ Master Plan preparation

■ Completed
■ In progress
■ With issues

Investment in SEZ

Application for Investment Promotion from BOI (2015-present)

3,817.30 MB.
(28 Projects)



Tak : Ready-to-wear clothes/Plastic product/ Automotive, machine & parts

Songkhla : Virgin Coconut oil/ Ceramic Dipping Former/ Natural rubber gloves

Sakaeo : Plastic package/ Animal Feed/ Metal Parts

Mukdahan : Construction equipment & tool/Plastic product/
Instant preserved food

Kanchanaburi : Animal Feed

Nong Khai : Container/ Pallet

Trat : Animal Feed/Plastic package

Chiang Rai : Crepe rubber/Crop drying
and silo facilities/Animal Feed/Hospital

52 Projects 9,059 MB.

* 49 Projects have already been approved.

Investment activities in SEZ



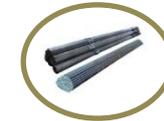
1 Plastic product



2 Clothes



3 Animal Feed



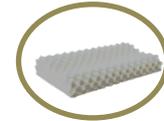
4 Construction materials



5 Oil & Fat
(Vegetable & Animal)



6 Medical instruments



7 Natural rubber product



8 Ceramic



9 Automotive, machine and parts



10 Agricultural processing



11 Hospital



12 Distribution Center

Investor's Nationality

	Thailand	36	Projects		Taiwan	2	Projects
	Malaysia	4	Projects		India	1	Projects
	China	2	Projects		South Korea	1	Projects
	Japan	2	Projects		Thailand-China Joint Venture	1	Projects
	Australia	2	Projects		Thailand-Japan Joint Venture	1	Projects

Investment in SEZ (2)



3,001 MB

Land developer selection procedure for state-owned land in Trat SEZ by The Treasury Department

Land developer is Property Perfect Public Co., Ltd.

To develop a city of international tourism center, food safety and international trade system services



Financial facilitation for SEZ investment projects in Special Economic Development Zones By EXIM Bank

3 investors were approved.

Tak : cassava by products

Songkla : services

Nong Khai : plastic product



Applicant under the measure of Thai Customs Department

Two investors have applied for benefit from

Thai Customs Department (Bonded warehouses business in Nong Kom Ko Sub-district, Mueang district, Nong Khai and Free Zone for Commercial Business in Mi Chai Sub-district, Mueang district, Nong Khai.)



Applicant under the measure of the Revenue Department

An investor has applied for benefit from the Revenue Department. (wood processing business in Pho Chai Sub-district, Mueang district, Nong Khai.)



Source : Department of Business Development

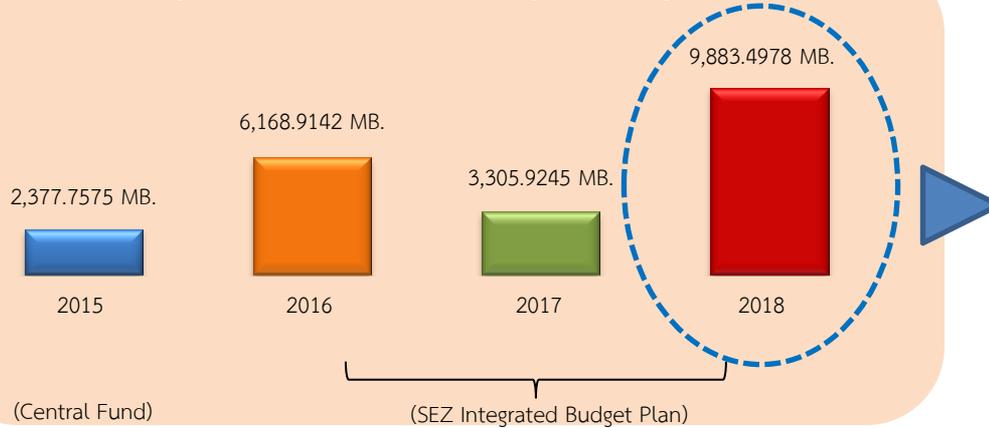


New Business Registration in SEZ

Between 2015-2018 (January - March 2018), 2,627 companies registered for business establishment in 10 Special Economic Zones.

Budget Allocation for SEZ Development

Budget Allocation under SEZ Integrated Budget Plan

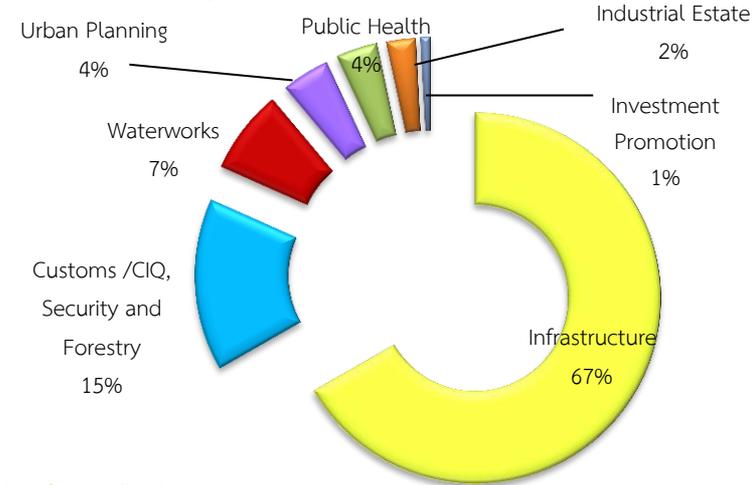


Overview of Budget Allocation for SEZ Development

(SEZ Integrated Budget Plan and other related budget plan)

2015	Central Fund	2,377.7575	MB.
2016	SEZ Integrated Budget Plan	6,168.9142	MB.
	Water Management Integrated Budget Plan	618.4835	MB.
	Environmental and Waste Management Integrated Budget Plan	72.3548	MB.
Total		6,859.7525	
2017	SEZ Integrated Budget Plan	3,305.9245	MB.
	Infrastructure and Logistics System Development Budget Plan	6,961.5989	MB.
	Water Management Budget Plan	1,012.3215	MB.
Total		11,279.8449	
2018	SEZ Integrated Budget Plan	9,883.4978	MB.
	Water Resources Management Budget Plan	1,063.5867	MB.
	Waste Management Budget Plan	127.9680	MB.
Total		11,075.0525	
Total		31,592.4074	MB.

Significant Projects of SEZ in 2018



Significant Projects :

- Construction of transport infrastructure such as road, airport, seaport and bridge etc.
- Construction of border checkpoint, cargo and enhancement of potential agricultural checkpoint and Personal Identification and Blacklist Immigration Control System (PIBICS).
- Improvement of provincial waterworks construction.
- Preparation of land use planning and drainage planning.
- Hospital construction, disease prevention system, health care system and labor health insurance.
- Construction of industrial estate in Sa Kaeo.
- Establishment of investment OSS, training and building network for entrepreneur.
- Establishment of labor OSS, training, supply of equipment and skill standard testing.
- Natural resources management system in SEZ.

Next Chapter of SEZ Development



- ✓ Enhance trade and tourism by accelerating project/measure implementation of relevant government agencies
- ✓ Strengthen development cooperation between Thailand and neighboring countries in order to change the border to bridge
- ✓ Encourage SMEs to invest in SEZs and welcome private investment



High Potential Investment SEZ Areas,

namely **Tak** , **Songkhla**, **Sa Kaeo** and **Mukdahan**



- **Strengthen** connectivity development with neighboring countries



- **Identify additional measures** such as:

- Strengthen SMEs by providing loans (soft loan/credit guarantee)
- Enhance infrastructure connectivity and economic activities with neighboring countries
- Support co-marketing and public relations among CLMV

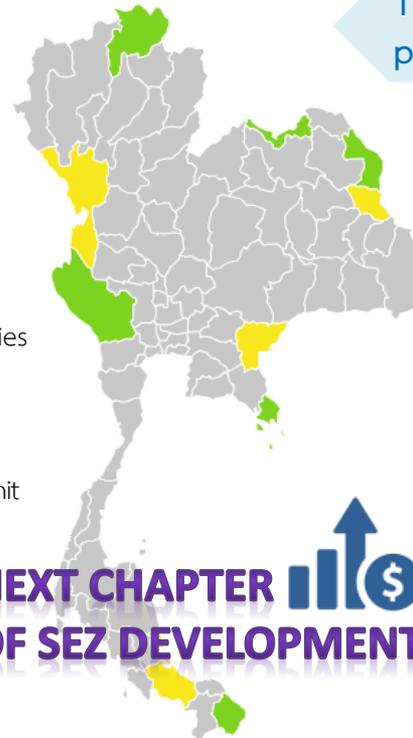


- **Welcome private investment** in SEZs. Private sector can submit projects and Government provides essential facilities/measures.



SEZ Areas for Tourism, Trade and Services Enhancement.

namely **Trat**, **Nong Khai**, **Nakhon Phanom**
Chiang Rai, **Kanchanaburi** and **Narathiwat**



**NEXT CHAPTER
OF SEZ DEVELOPMENT**

To accelerate the completion of project/measure implementation 10 SEZs



- Construction of transport infrastructure/ border checkpoint linking with neighboring countries
- CIQ efficiency increase
- Implementation of Cross-Border Transport Agreement (CBTA) in GMS with neighboring countries
- One Stop Service (OSS) efficiency enhancement
- Town planning formulation and land acquisition for SEZ development