



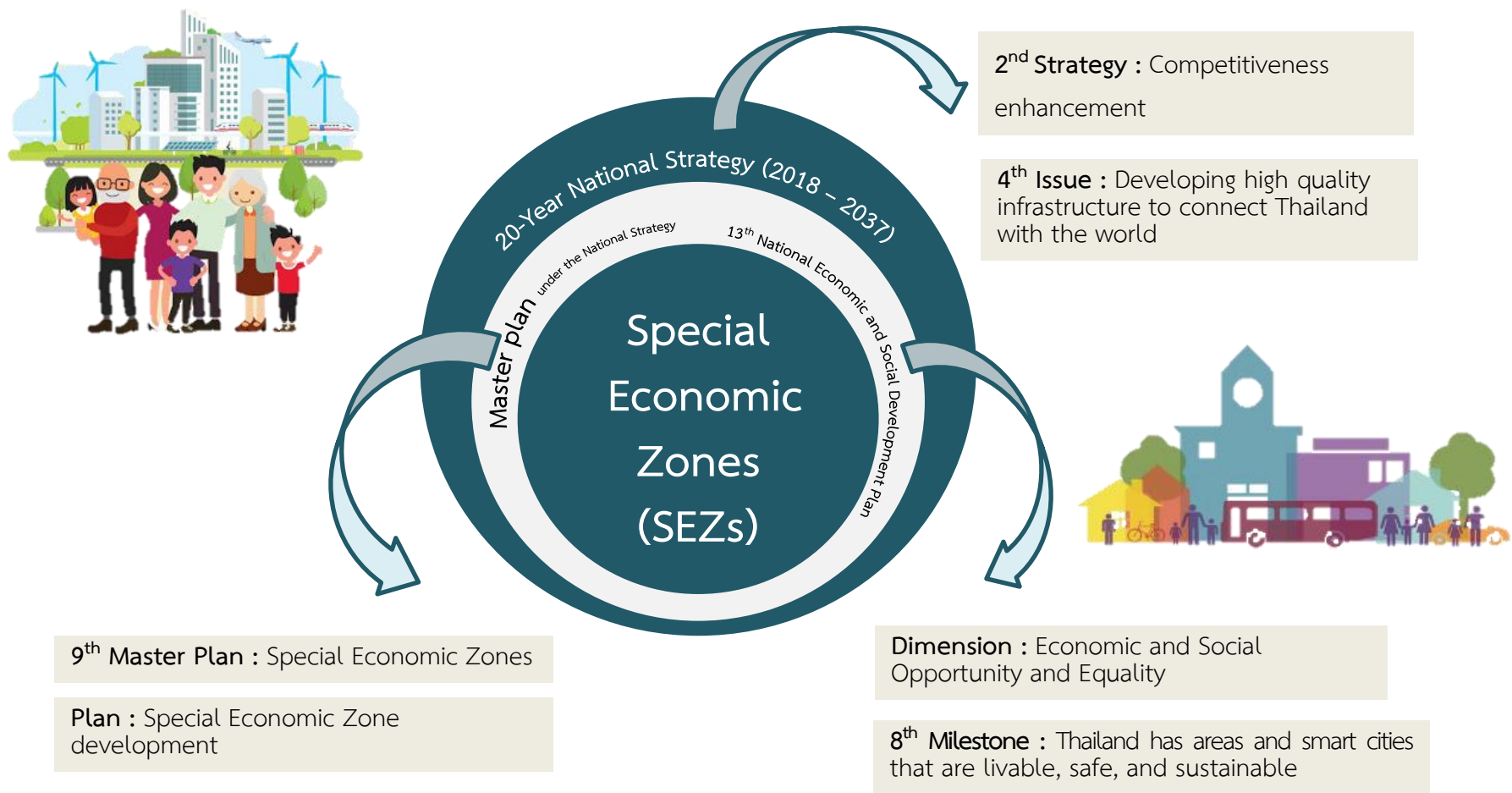
Special Economic Zones (SEZs) Development Progress



FEBRUARY 2023

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

Linkage between SEZ Development and the 20-Year National Strategy and the 13th National Economic and Social Development Plan



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

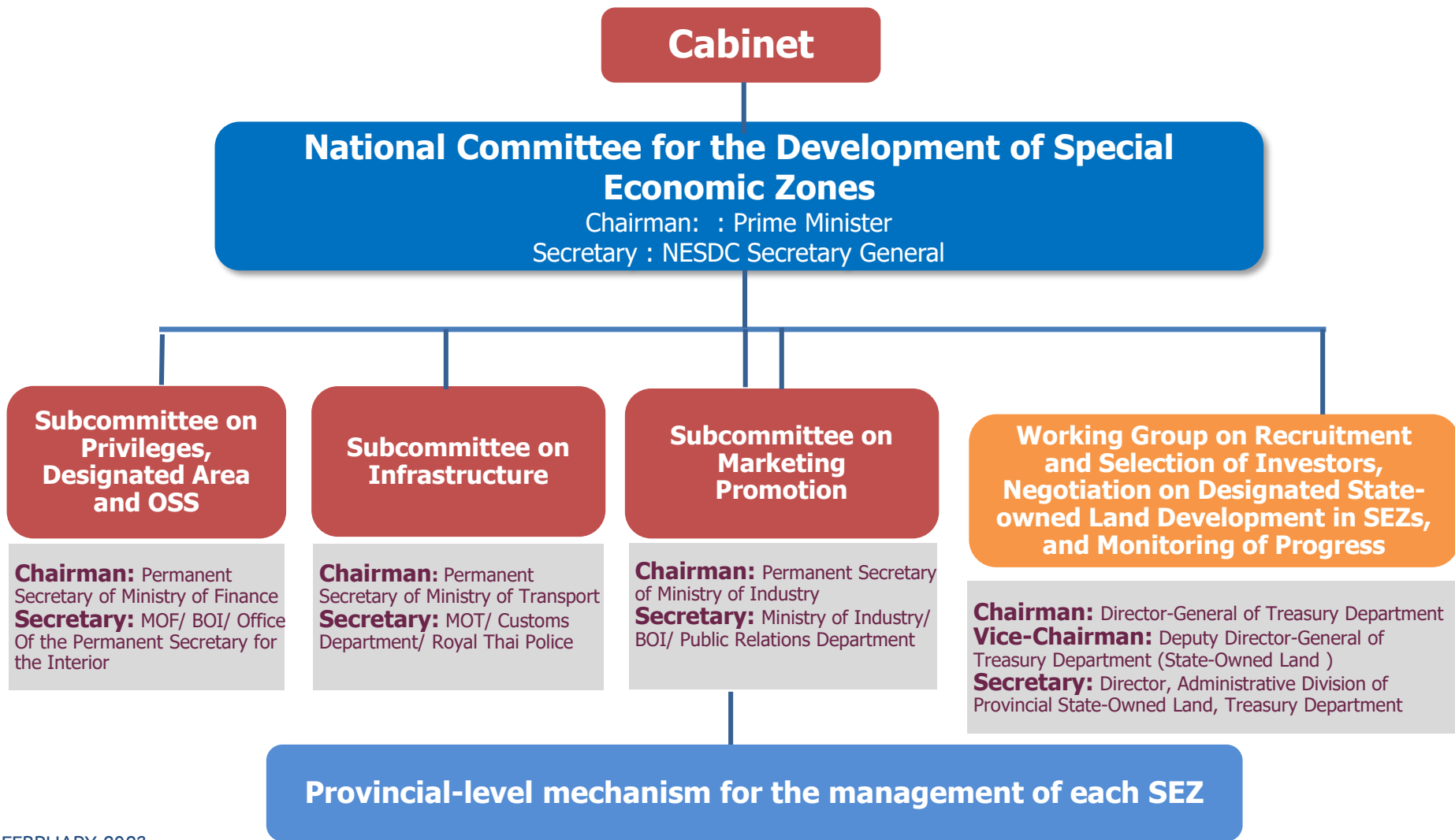
Financial Plan

- 2015 Central Fund
Total budget of 2,377.75 MB
- Integrated Budget Plan for SEZ Development
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
- Strategy plan for SEZ development
2022: Total Budget of 7,185.17 MB
2023: Total Budget of 7,204.70 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.

BOI's Incentives



- 1) General activities under the BOI's list of eligible activities
- 2) 13 groups of targeted activities (89 Type of 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
- 3) The incentives are effective for investment project applications submitted from January 3, 2023 onwards.

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

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

Exim Bank

soft loans for investment in SEZ

Progress : Targeted Activities for SEZs

13 Groups of Targeted Activities (89 Type of Activities)



1) Agro-industry, fishery industry, and related activities



2) Manufacture of ceramics, Metal products and Materials



3) Textile and garment industries, and manufacture of leather products



4) Manufacture of furniture



5) Manufacture of gems and jewelry or parts



6) Manufacture of engine and vehicle parts, and manufacture of machinery, equipment, and parts

Note : Investment in 13 Groups of targeted activities in the SEZs receive high incentives and privileges according to Measures to promote investment in SEZ areas (Announcement of the Board of Investment No. 19/2022), effective from January 3, 2023 onwards

10 Special Economic Zones (SEZs)

- Tak
- Songkhla
- Sakaeo
- Trat
- Nong Khai
- Nakhon Phanom
- Mukdahan
- Kanchanaburi
- Chiang Rai
- Narathiwat



7) Electronics and electrical appliances industries



8) Production of plastic and pulp products



9) Manufacturing of medical products and services



10) Service business



11) Utilities



12) Industrial zones / industrial estates



13) Tourism promotion service and activities to support tourism

Progress : Land Acquisition and Management

1

Pieces of state-owned land, pilot development areas, have been designated for rental/development in 8 SEZs

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 39% 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 prepares for submission of management options of state-owned land to the National Committee for consideration.

Area 2: IEAT has already finished detailed design and EIA of an industrial estate that will be constructed in 2023.

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 69% 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 2023.

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

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

Mukdahan and Nong Khai : Treasury Department is in the preparatory process of investment selection.

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.

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 January 2023, the number of Myanmar and Cambodian workers registering on a temporary basis was 474,974.
- 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) 2024 : The 2 nd Mae Sot customs checkpoint / Tak Industrial Estate (Mae Sot) |
| Sa Kaeo | 2024 | 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) 2024 : 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 / 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) 2024 : Road MH.3019 intersection Highway 212-Muang, Mukdahan (section 1) |
| 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 / 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 | 2026 | Completion : Improvement of Su Ngai Kolok customs checkpoint/ Expansion of Buketa customs checkpoint (Phase 3) 2026 : Highway 4056 (Khao Kong - Su-ngai Kolok) |

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 | ✓ | ✓ | ✓ | 2024 | ✓ | ✓ | ✓ | 3/8 |
| Trat | ✓ | ✓ | ✓ | 2022 | ✓ | ✓ | ✓ | 7/8 |
| Mukdahan | ✓ | ✓ | ✓ | 2024 | ✓ | ✓ | | 3/8 |
| Songkhla | ✓ | ✓ | ✓ | 2023 | ✓ | ✓ | ✓ | 8/8 |
| Nong Khai | ✓ | ✓ | ✓ | 2023 | ✓ | ✓ | | 3/8 |
| Nakhon Phanom | ✓ | ✓ | ✓ | 2024 | ✓ | ✓ | | 3/8 |
| Chiang Rai | ✓ | ✓ | ✓ | 2023 | ✓ | - | ✓ | 3/8 |
| Kanchanaburi | ✓ | ✓ | ✓ | 2023 | ✓ | ✓ | ✓ | 7/8 |
| Narathiwat | ✓ | ✓ | ✓ | 2026 | ✓ | | ✓ | 2/8 |

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)

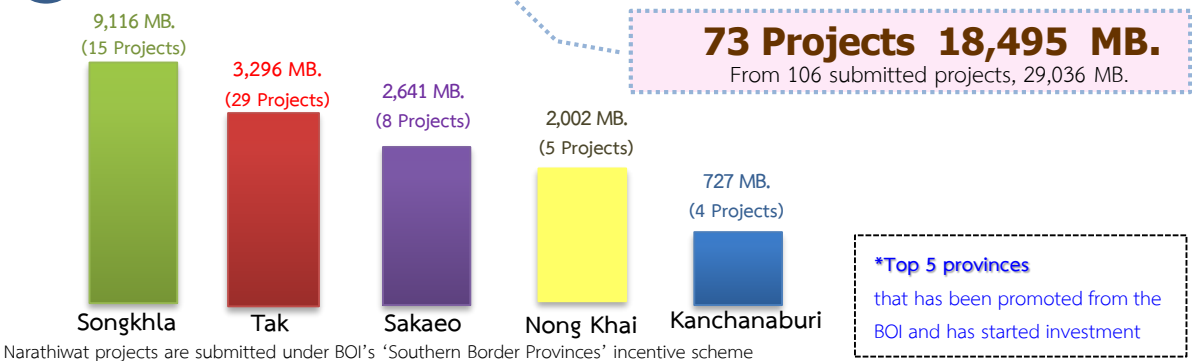
Completed

In progress

With issues

Investment in SEZ: 39,401.17 MB

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



* Narathiwat projects are submitted under BOI's 'Southern Border Provinces' incentive scheme

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

Songkhla: Virgin Coconut oil/ Ceramic Dipping Former/ Rubber Gloves/ Plastic Strip/ Block Rubber

Sakaeo: 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 9 countries have been interested in investing in SEZs and requested for investment promotion for 31 projects valued at 4,776 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 Sakaeo and Songkhla IEs, and the investment value of business operated in the IEs.)

IE in Sakaeo SEZ 775 MB.

IE in Songkhla SEZ 1,339 MB.

2,735.55 MB.

5 Application for Investment Promotion Customs Department

| Business | Registered Capital | Number of Projects | SEZ |
|------------------|--------------------|--------------------|---|
| Bonded warehouse | 146 MB. | 6 Projects | Tak, Mukdahan, Songkhla Nong Khai and Chiang Rai |
| Free Zone | 364 MB. | 7 Projects | Tak, Nong Khai and Songkhla |

13 Projects 510 MB.

2 Land developer selected by The Treasury Department to develop state-owned land in SEZ

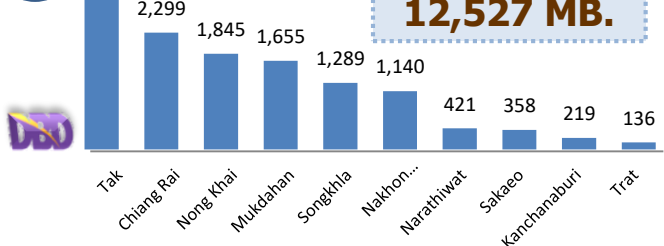
5,106.02 MB.

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

From 2015 to January 2023, **6,541** companies registered for business establishment in 10 SEZs

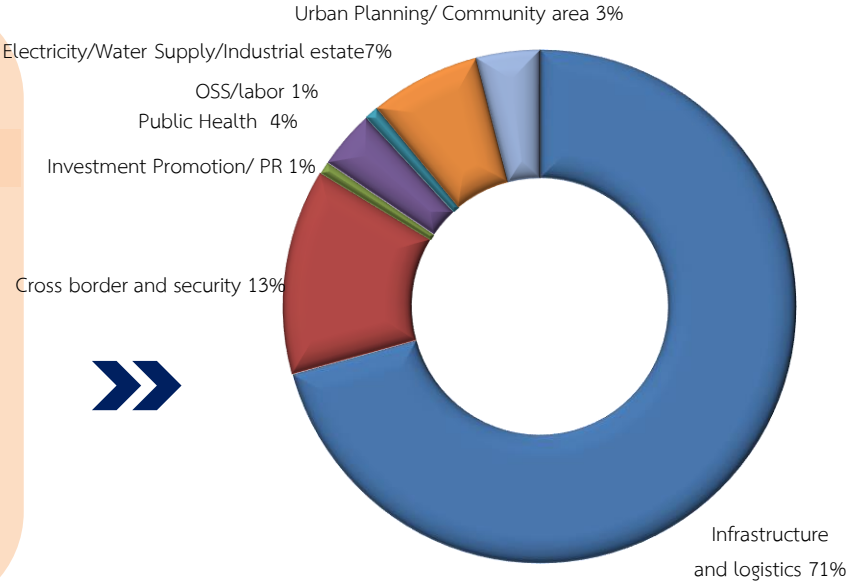
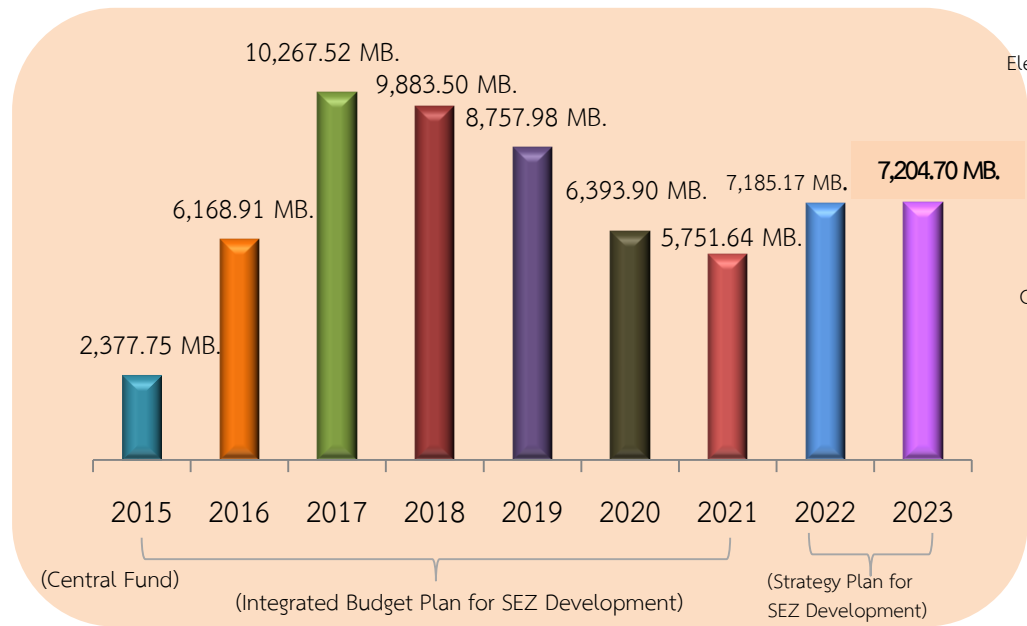
6 Soft land from Exim Bank for investment in SEZ

Chiang Rai SEZ : 7.6 MB.

Songkhla SEZ : 20 MB.

27.6 MB.

Budget Allocation for SEZ Development



Major Projects :

- Construction of transport infrastructure such as road, bridge and airport 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 Development Policy



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



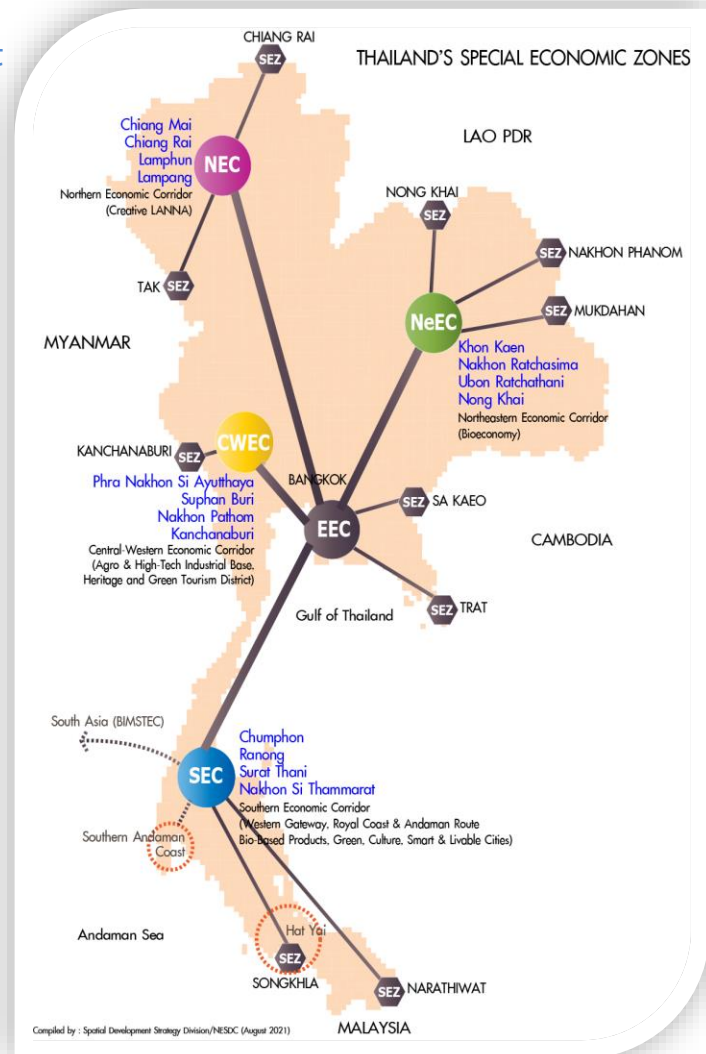
Maintaining a balance between development and ways of life/culture



Participation of development partners



Prevention of impacts on natural resources and environment



3. Motivation for continued investment

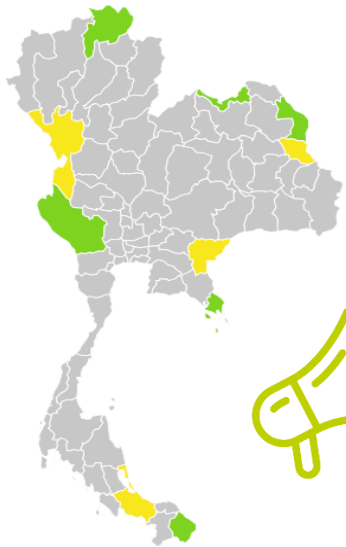


- 1) Determine incentives for promoting investment through revising and adding targeted activities, improving existing incentives so that the incentives will be consistent with changing development circumstances, and stipulating incentives to attract investment
- 2) Increase opportunities for SMEs, Micro 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