



Belt and Road Initiative (BRI) Opportunities in Thailand and the Importance of Laws and Policies to Regulate Collaborations

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Outline:

- **BRI and Thailand**
- **Pathway for Opportunities**
- **Role of Law and Policies in Regulating Collaborations**

BRI: Major Driver of Economic Development

60

More Than 60
Countries Across
Several Regions

1/3

1/3 or 30%
of Global GDP

2/3

2/3 or 62%
of Global
Population

75%

75%
of Global Energy
Reserve

900

900 billion USD
Planned
Investment

01

'Silk Road Economic Belt'
& '21 Century Maritime
Silk Road' aim to expand
trade and investment
through infrastructure
connectivity

02

BRI has potential to
close investment gap
for infrastructure which
Asian Development
Bank (ADB) estimated
26 trillion USD

03

BRI can potentially
reduce trade and
investment costs
through infrastructure
projects, lower trade
impediments, and
domestic policy reform

04

Beyond trade,
BRI can support
attainment of
17 SDGs

BRI and Thailand

Source: Eurasia Review



(1) China – Mongolia – Russia Economic Corridor (CMREC)

(2) China – Pakistan Economic Corridor (CPEC)

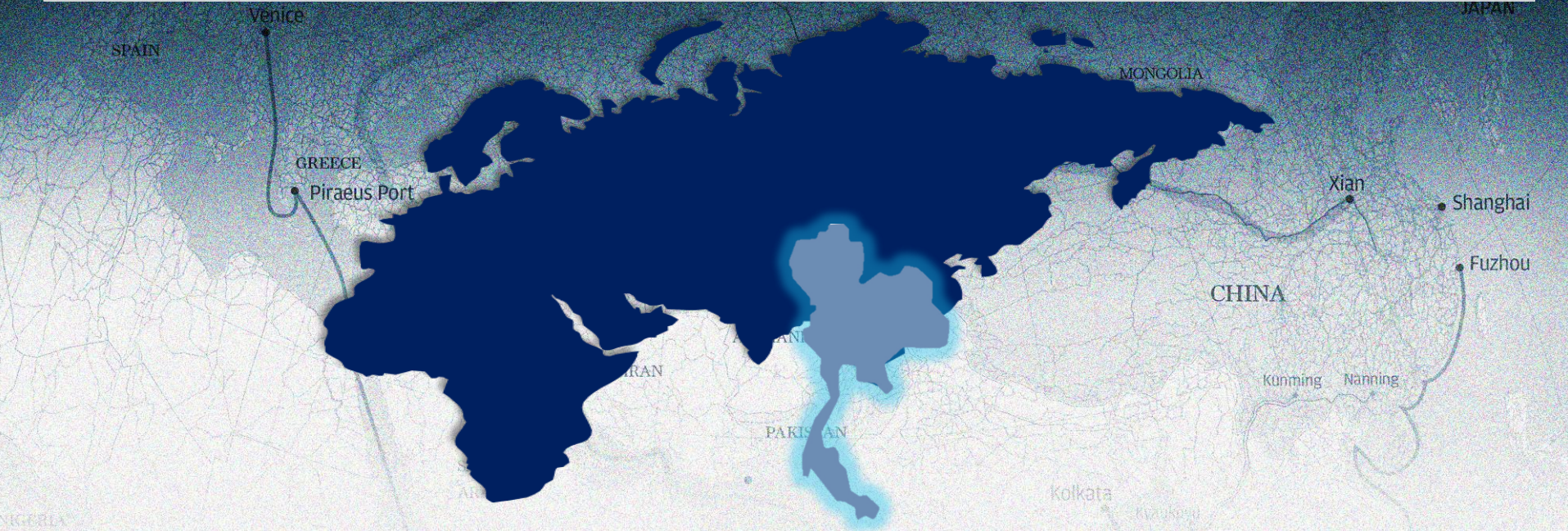
(3) Bangladesh – China – India – Myanmar Economic Corridor (BCIMEC)

(4) China – Indochina Peninsula Economic Corridor (CMREC)

(5) China – Central and West Asia Economic Corridor (CCWAEC)

(6) New Eurasian Land Bridge (NELB)

BRI and Thailand



Why is Thailand important for BRI ?

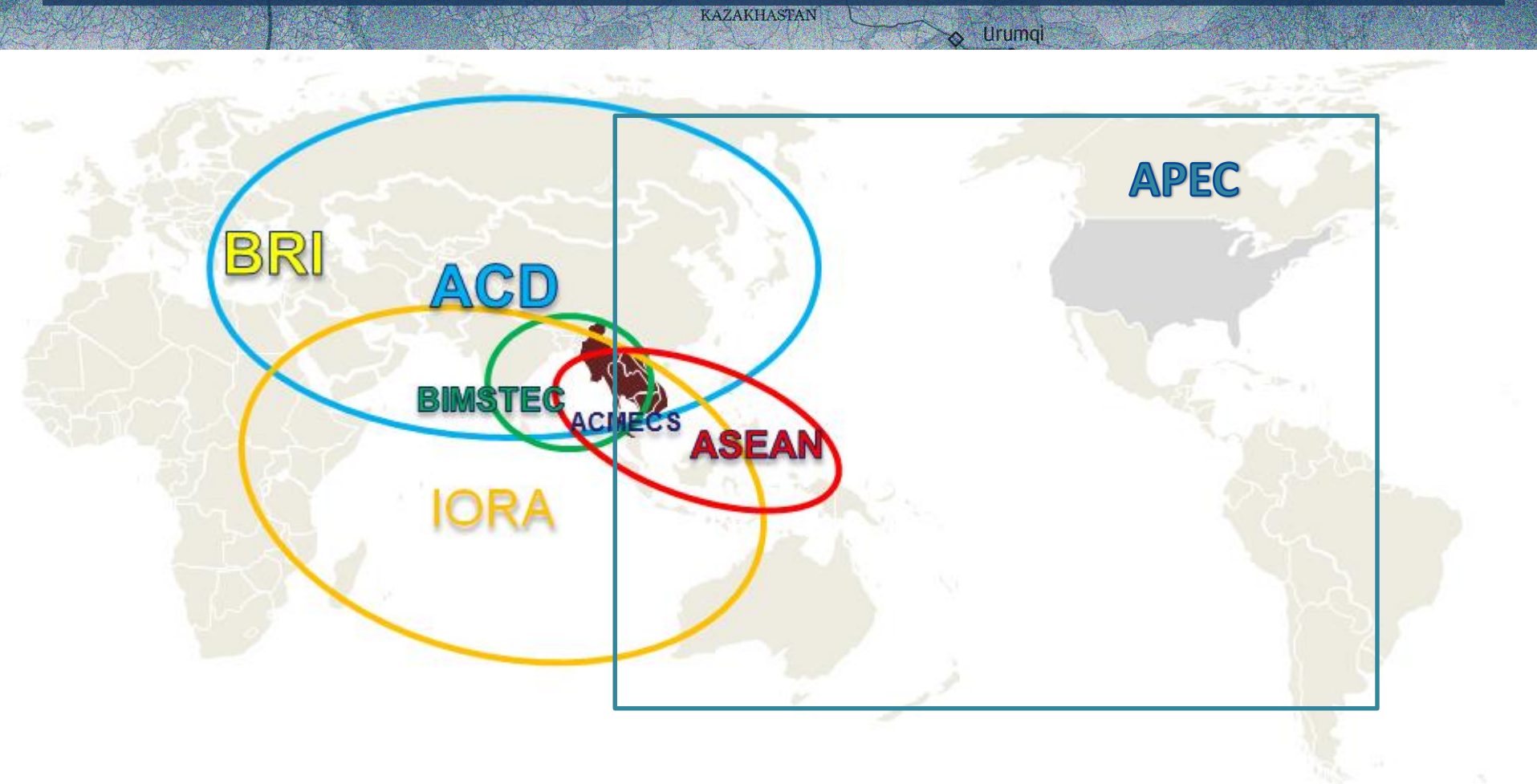
- Thailand's strategic location at the heart of Asia
- Thailand serves as a gateway for sub-regions and regions including ASEAN
- Thailand's strength in infrastructure connectivity: more than 465,000 kilometers of road, expansive highway network and more than 4,000 kilometers of railway lines, two major ports, Laem Chabang and Bangkok, and the world's 20th busiest airport, Suvarnabhumi.

Thailand's interests in BRI

- Thailand's commitment to promote free and fair trade and investment through economic integration
- Thailand's priority on 'connectivity' to encourage flow of knowledge, economic activities, technologies and social development of the people
- BRI's complementarity with key national policies including Thailand 4.0

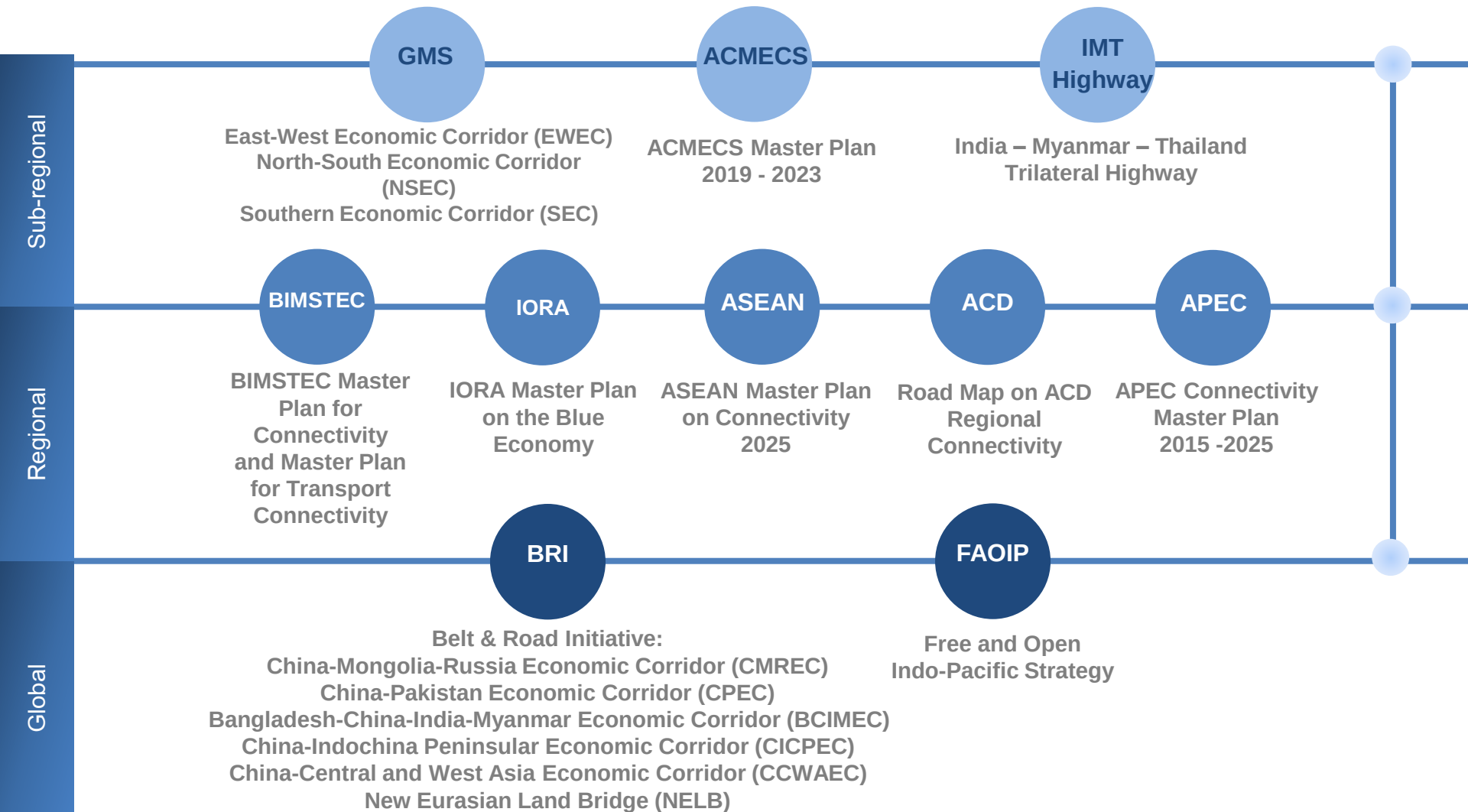
Pathway for Opportunities

Potential Opportunities: Connecting Connectivities



Pathway for Opportunities

Potential Opportunities: Connecting Connectivities



Pathway for Opportunities

Potential Opportunities: Vast Areas of Cooperation



Source: MOU between Government of Thailand and the Government of the People's Republic of China on Cooperation within the Framework of the Silk Road Economic Belt and the 21st Century Maritime Silk Road Initiative

Pathway for Opportunities

Thailand's Enabling Environment: National Policies

BRI

**13th Five-Year Plan
(2016 - 2020)**

**Twenty-Year National
Strategy
(2017 - 2036)**

**12th Economic and Social
Development Plan
(2017 - 2021)**

Thailand 4.0 Model

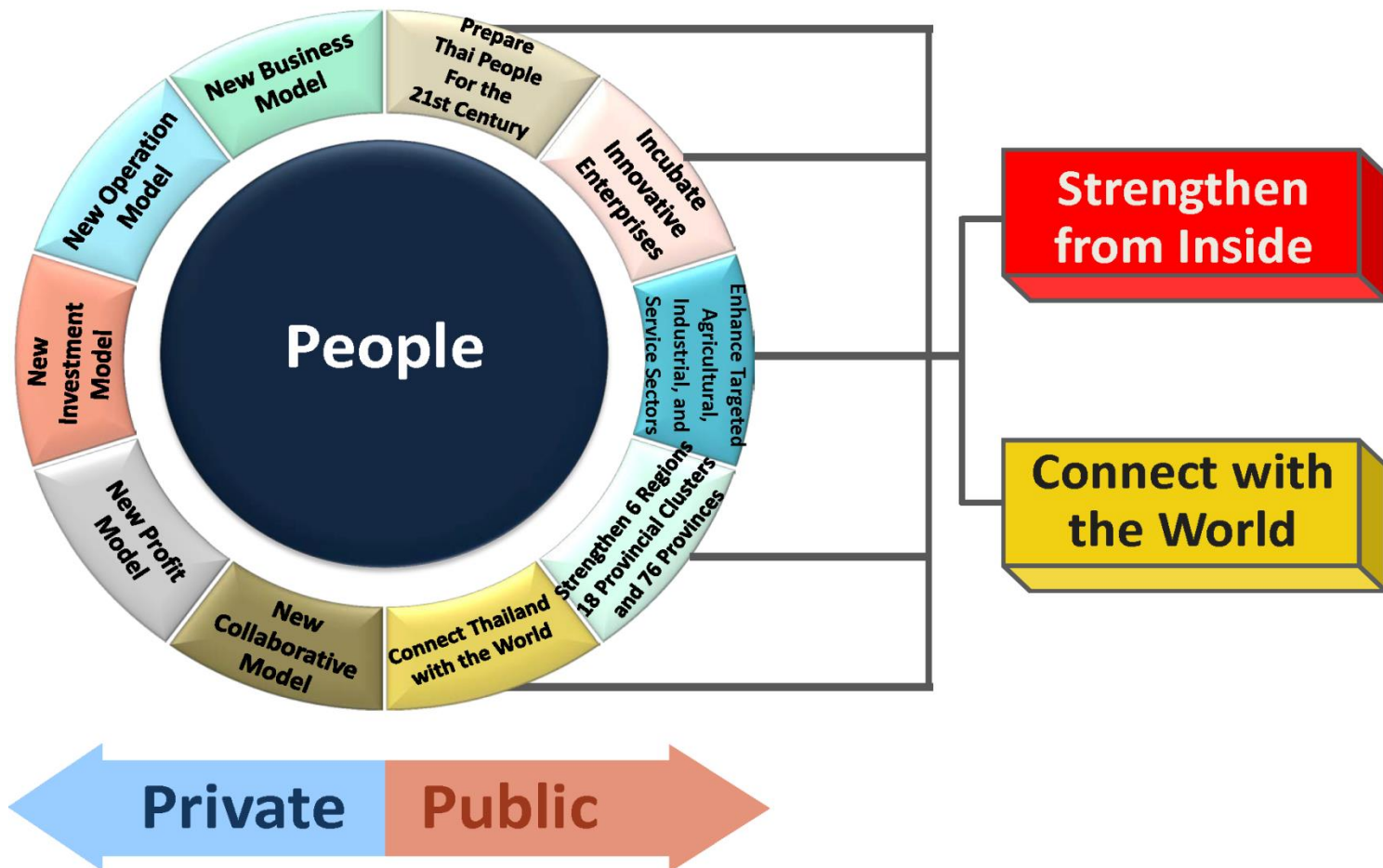
**Eastern Economic Corridor
(EEC)**

**Sustainable
Development
Goals (SDGs)
2030**

Pathway for Opportunities

Thailand's Enabling Environment: Thailand 4.0

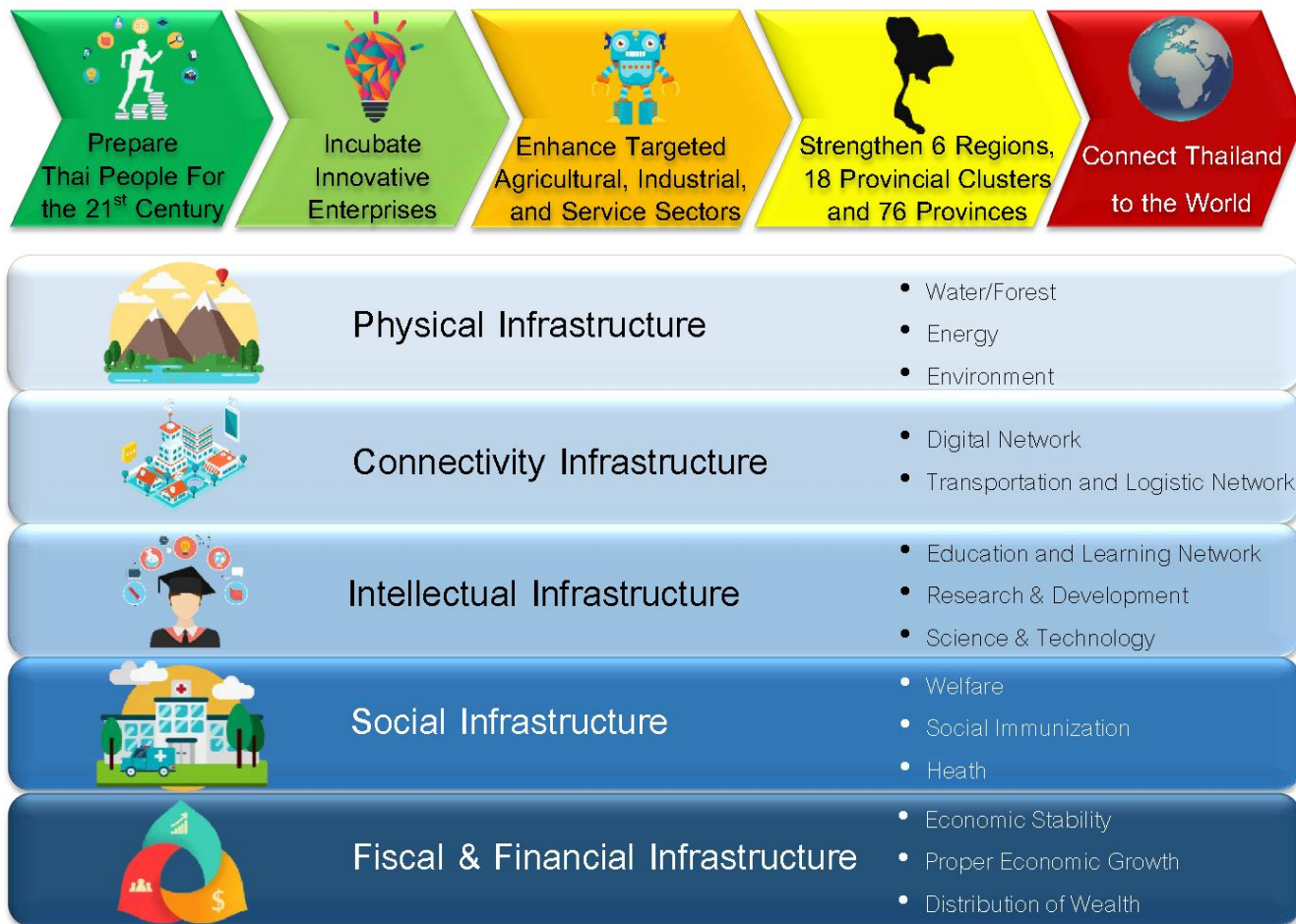
Thailand 4.0



Pathway for Opportunities

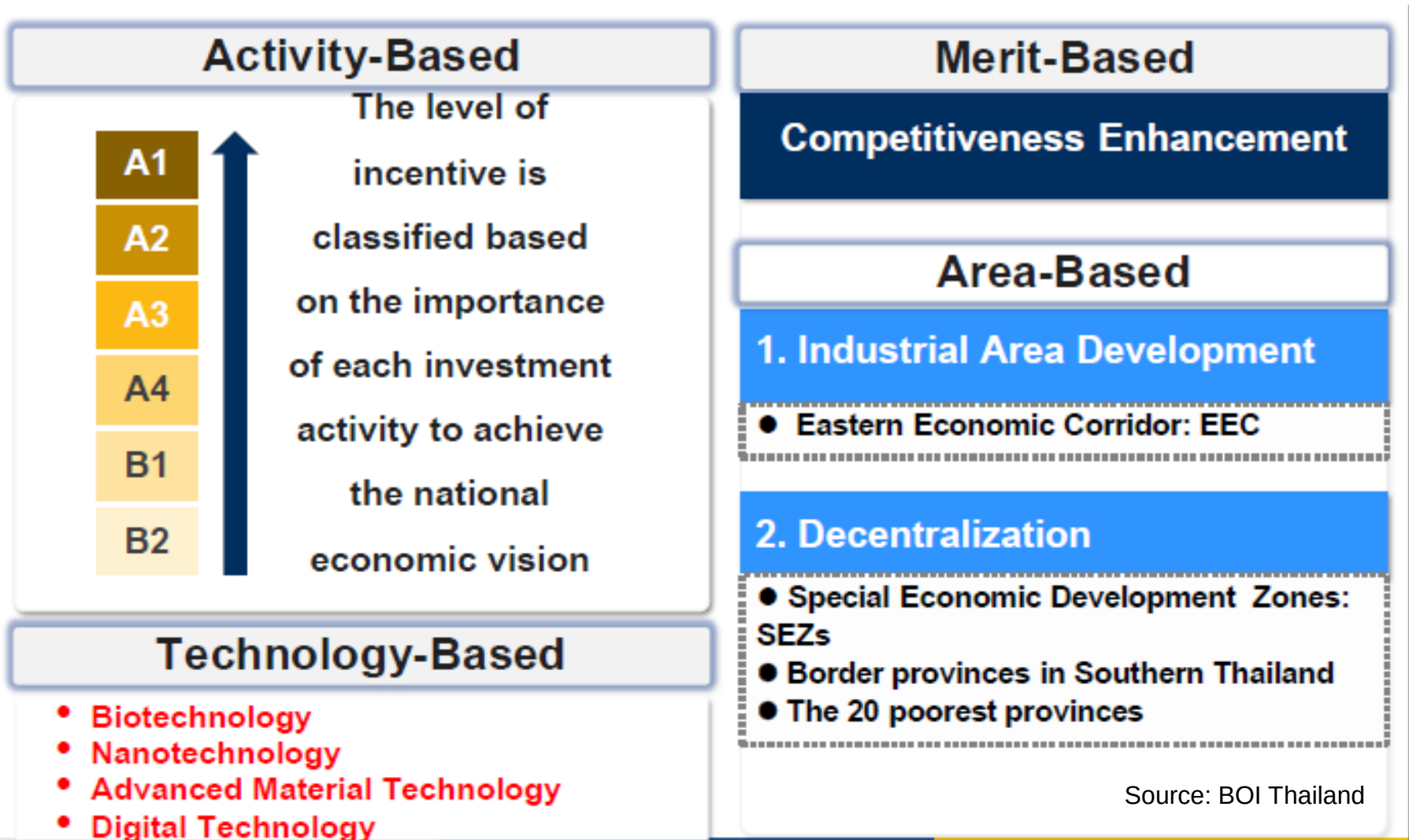
Thailand's Enabling Environment: Thailand 4.0

Thailand 4.0 : Action Agenda



Pathway for Opportunities

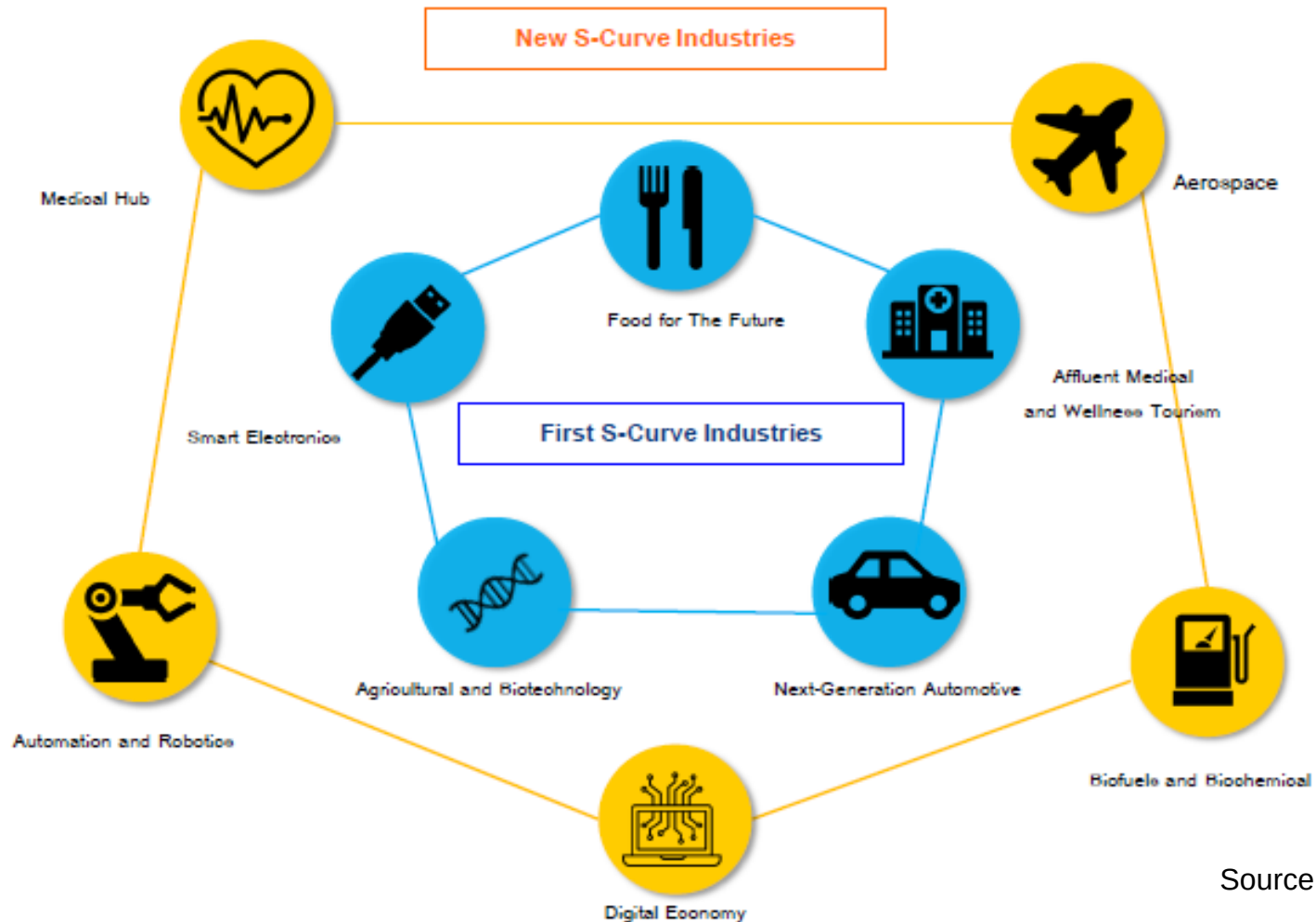
Thailand's Enabling Environment: Attractive Incentives



Pathway for Opportunities

Thailand's Enabling Environment: Attractive Incentives

10 Targeted S-Curve Industries



Pathway for Opportunities

Thailand's Enabling Environment: Attractive Incentives

Key Tax Incentives under the Revised Investment Promotion Act

Exemption of import duties on

- machinery
- raw or essential materials imported for use in production for export
- **Materials for R&D activities**

Corporate income tax exemption up to **13** years

Maximum 50% CIT reduction for up to 10 years (in case of no CIT exemption)

50% CIT reduction for up to 5 years in case of investments located in the designated areas

Deduction up to 70% of the invested capital from net profits derived within 10 years (ITA- Investment Tax Allowance)

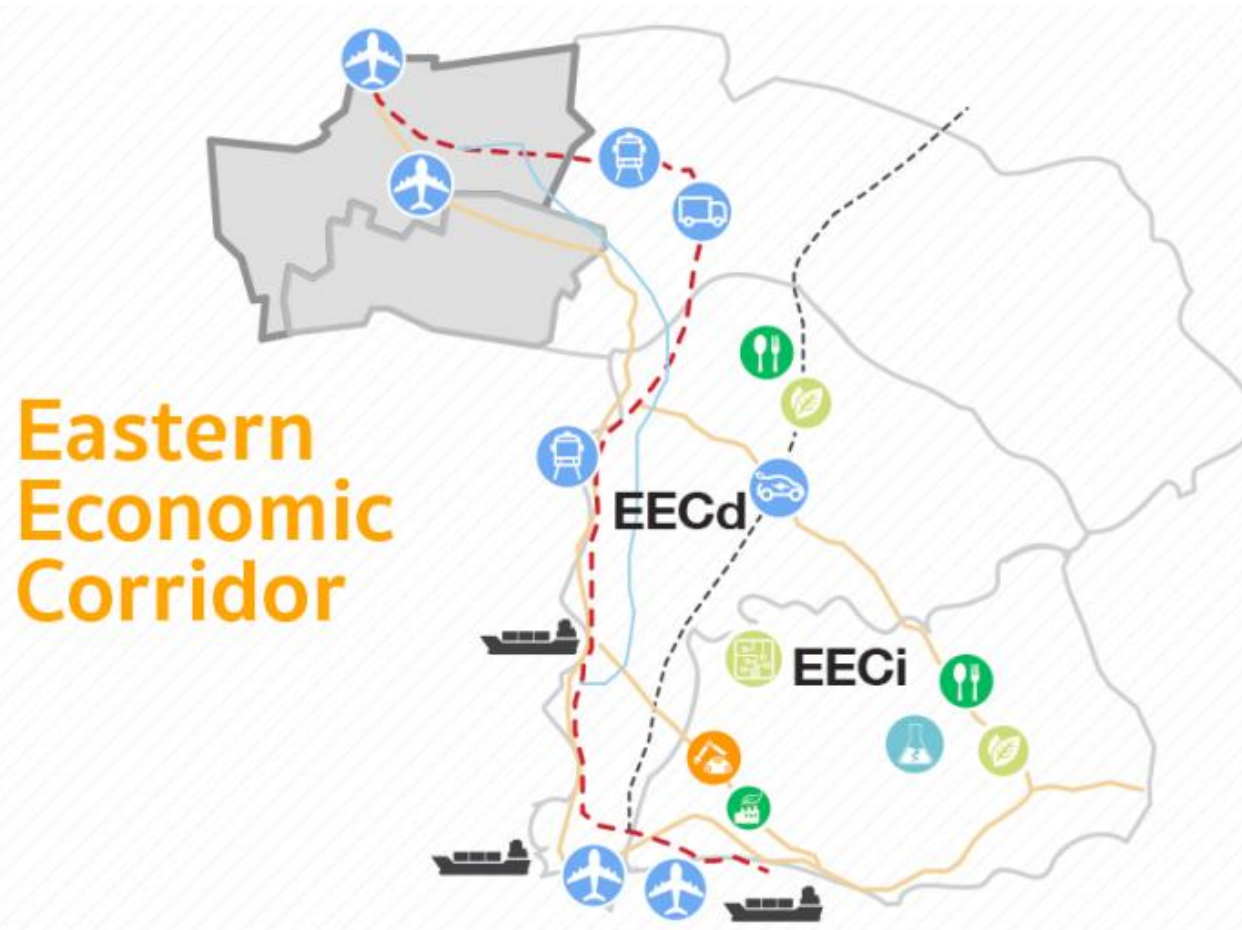
Double deduction of public utilities costs (for investments located in the designated areas)

25% additional deduction of infrastructure construction and installation (for investments located in the designated areas)

Source:
BOI Thailand

Pathway for Opportunities

Thailand's Enabling Environment: Eastern Economic Corridor (EEC)



Source: EEC Thailand

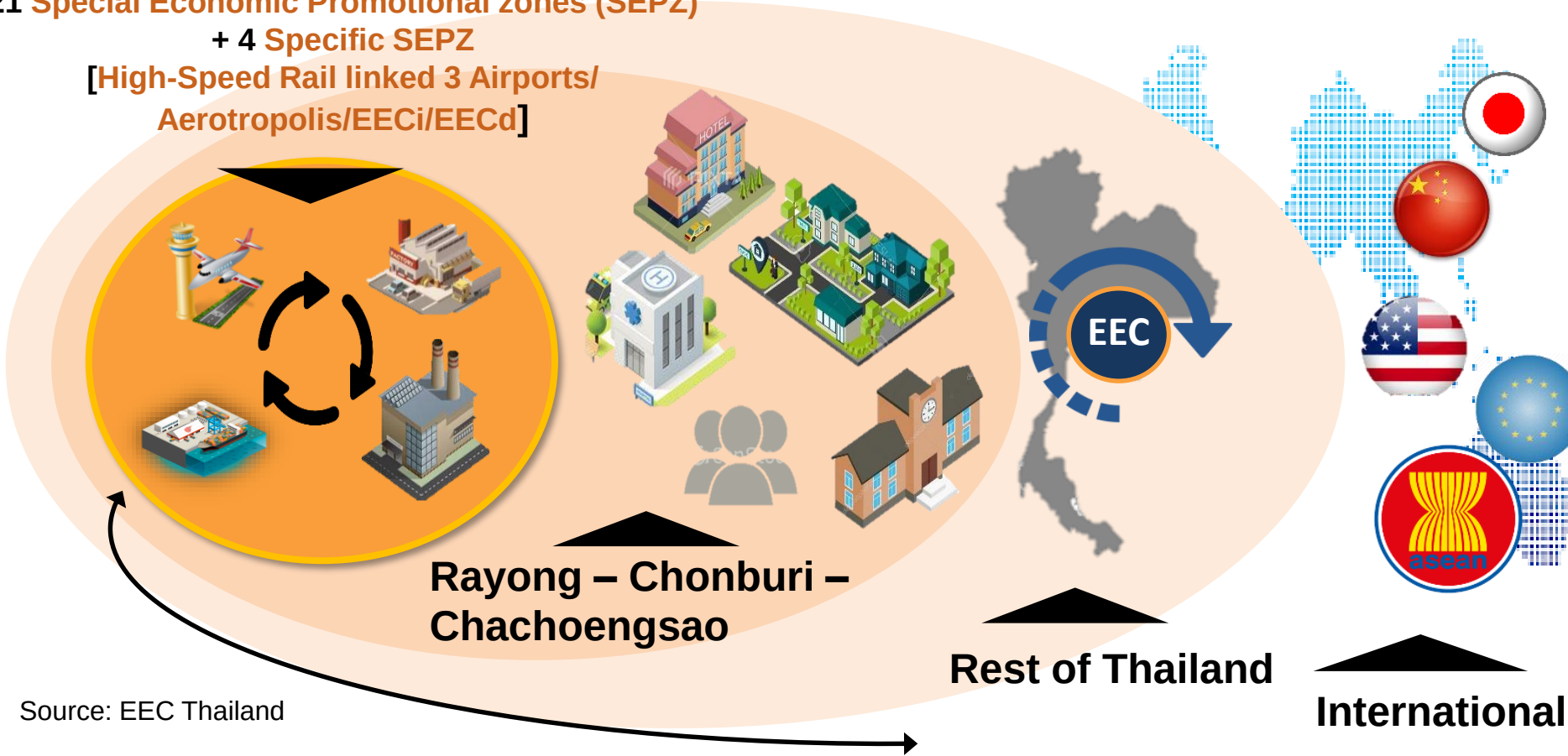
EASTERN ECONOMIC CORRIDOR ACT B.E. 2561 of Thailand

As an area-based development, EEC ensures intra- and inter-connectivity

Special Economic Promotional Zone Establishment of SEPZ (Section 39-42)

21 Special Economic Promotional zones (SEPZ)
+ 4 Specific SEPZ

[High-Speed Rail linked 3 Airports/
Aerotropolis/EECi/EECd]



EASTERN ECONOMIC CORRIDOR ACT B.E. 2561 of Thailand

The EEC provides among the most generous incentives in the region...

Land ownership



- Rights to **own land** (for operating business) and **condominium**
- **Lease up to 50 years** + possible **renewal** for **another 49 years**

Section 48-51

Immigration



- Rights to enter and remain in Thailand for the **period specified / approved by EEC Office** (even if longer than Immigration Law)

Section 54-55

Tax incentives



- Exemption / reduction of **Corp. Income Tax**
- Exemption of **import duties**
- Special **Personal Income Tax** rate
- Funding

Section 56-57

Foreign currency



- Rights to **use foreign currency** for payment in the zone

Section 58

Others



- **Other rights and benefits** under **investment promotion & competitiveness enhancement laws** (e.g., exemption from Thai nationality requirement)

Section 59

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The EEC provides among the most generous incentives in the region...



กระทรวงการคลัง
Ministry of Finance

- Exemption of **Corporate Income Tax** at the maximum of **15 years** (for certain activities) with **50% Tax Reduction** for additional **5 years**
- Exemption of **import duties on machinery**
- Exemption of **import duties on raw materials** used in (1) production for exports and (2) R&D
- **Costs incurred by certain research & development activities** can be **deducted as expenses** (100 - 300 %)
- **Targeted Technological Development Fund** according to the Competitiveness Enhancement Act

- Special rate for **Personal Income Tax** at **17%** for **foreign workers** in the Promotional Zones (including their parents, spouse, and children)
- Special rate for **Personal Income Tax** at **15%** for **foreign executives** working in the headquarter offices or international trade offices located in the EEC

EASTERN ECONOMIC CORRIDOR ACT B.E. 2561 of Thailand

Major Infrastructure Projects

High speed trains to link 3 main airports (Don Muang, Suvarnabhumi & U-Tapao) for greater convenience, reduced travel time and saving costs



High Speed Rail Linked 3 Airports

International airport to accommodate 15-30-60 million passengers p.a.



U-Tapao International Airport

Double-track rail will connect industrial zones nationwide to the 3 main ports



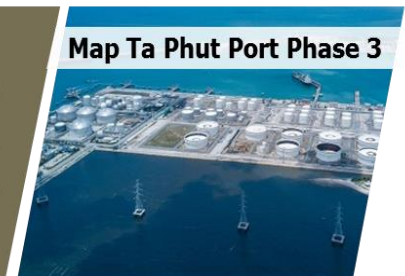
Double-Track Railway

Raising capacity to handle 18 million TEU containers p.a. & 3 million cars p.a.



Laem Chabang Port Phase 3

Raising capacity to handle more liquid materials & natural gas.



Map Ta Phut Port Phase 3



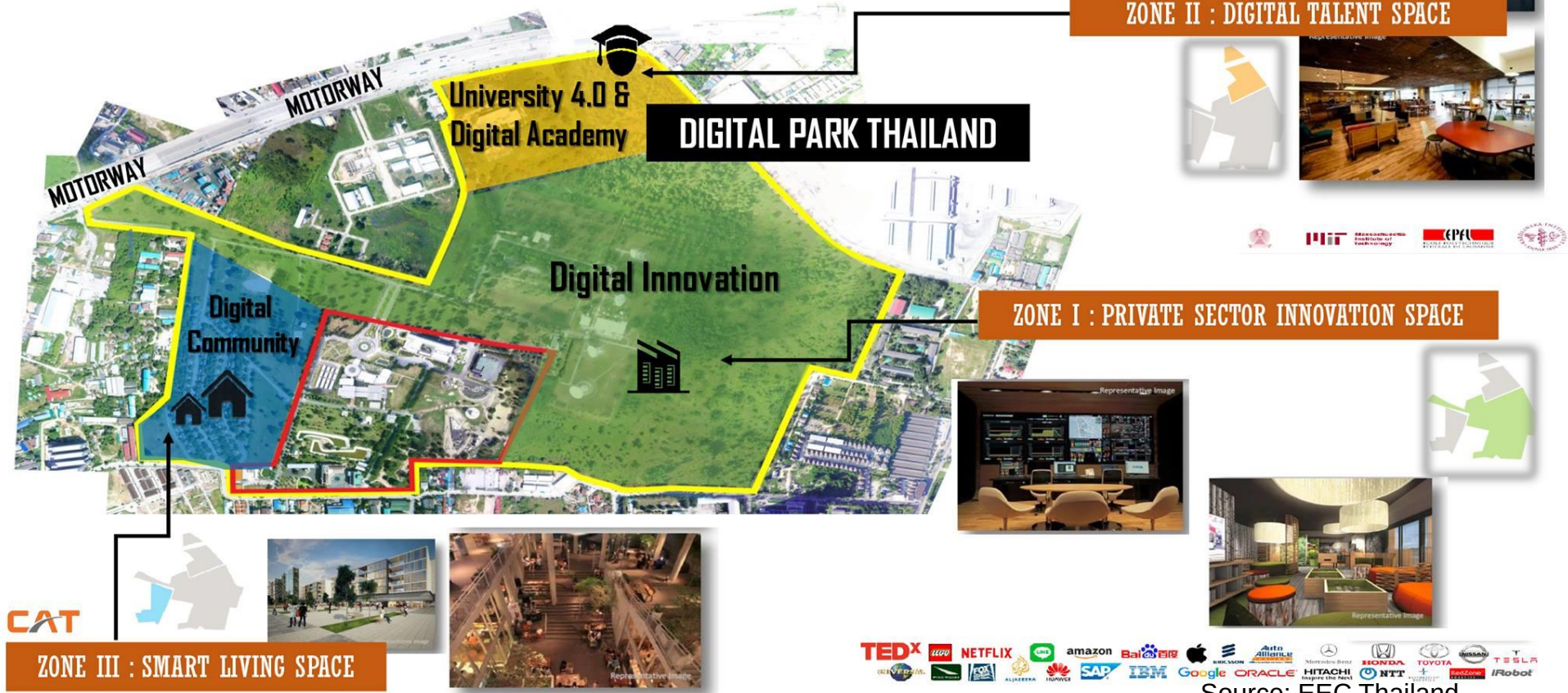
The state-of-the-art hub for aircraft maintenance, repair and overhaul. This is set to become the most advanced MRO centre in the region

EASTERN ECONOMIC CORRIDOR ACT B.E. 2561 of Thailand

EEC Digital Park (EECd)

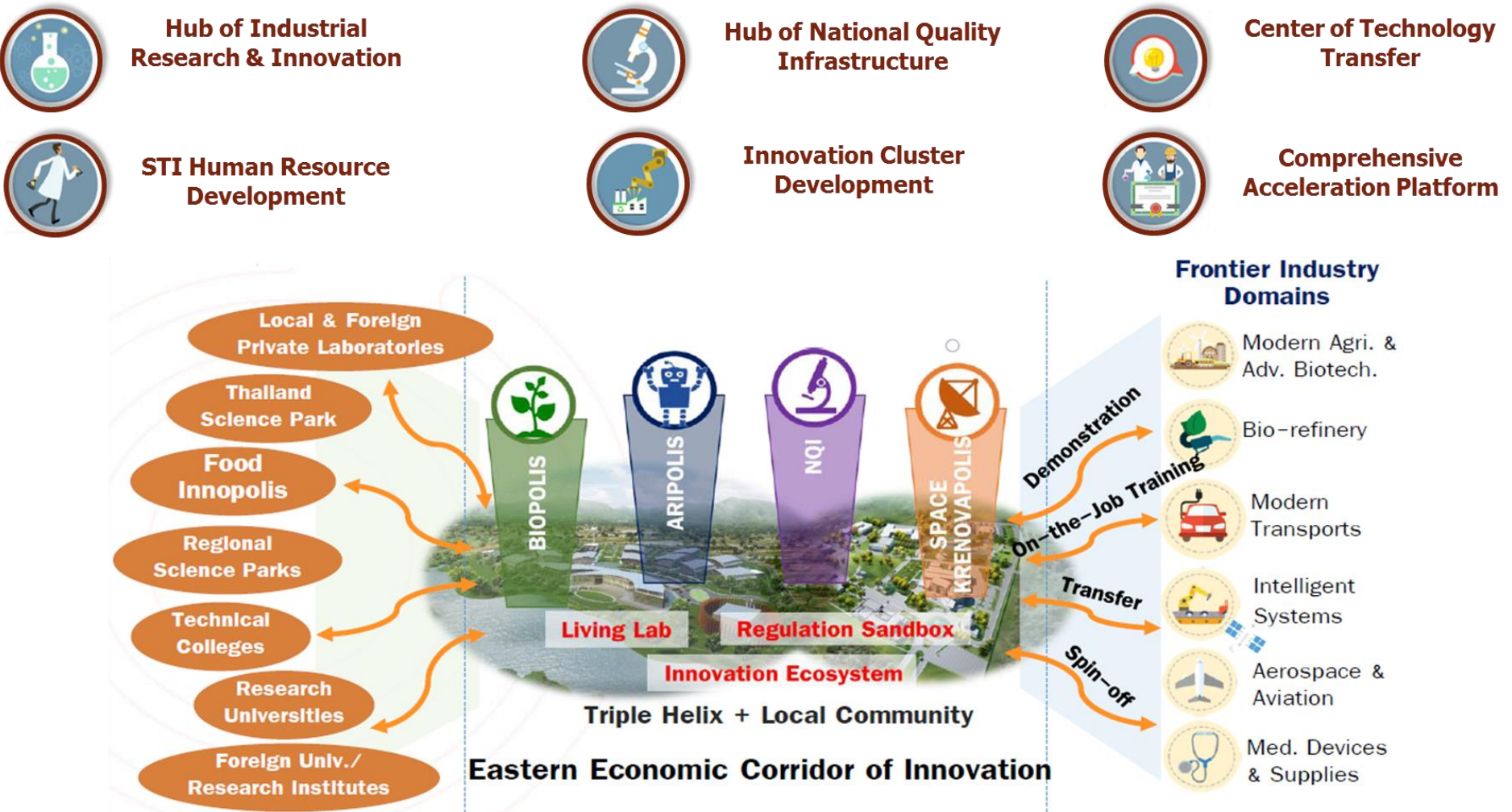
WHAT'S IN THE PARK

"Digital Park Thailand is the destination for global players and world-class digital nomads to **Invest-Work-Learn-Play**"



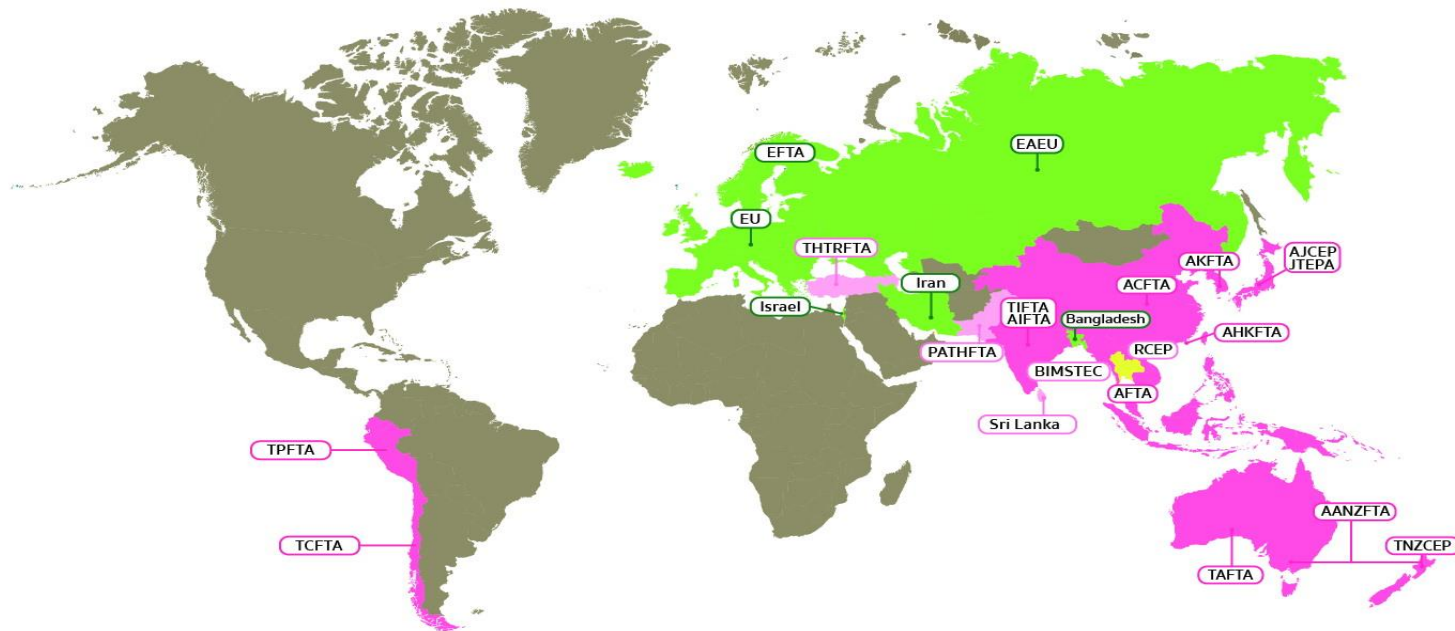
EASTERN ECONOMIC CORRIDOR ACT B.E. 2561 of Thailand

EEC of Innovation (EECi)



Pathway for Opportunities

Thailand's Enabling Environment: Free Trade Agreements



Free Trade Area (FTA)

Already in force		Ongoing negotiation	Future Negotiation
TAFTA = Thailand - Australia	ACFTA = ASEAN - China	PATHFTA = Thailand - Pakistan	Thailand - Eurasian Economic Union (EAEU)
TNZCEP = Thailand - New Zealand	AIFTA = ASEAN - India	THTRFTA = Thailand - Turkey	ASEAN - European Union (EU)
JTEPA = Thailand - Japan	AJCEP = ASEAN - Japan	RCEP = ASEAN + 6	Thailand - European Union (EU)
TIFTA = Thailand - India	AKFTA = ASEAN - Korea	SLTFTA = Thailand - Sri Lanka	Thailand - European Free Trade Association (EFTA)
TPFTA = Thailand - Peru	AANZFTA = ASEAN - Australia - New Zealand	BIMSTEC	Thailand - Bangladesh
TCFTA = Thailand - Chile			Thailand - Israel
AFTA = ASEAN	AHKFTA = ASEAN - Hong Kong (under the ratification process)		Thailand - Iran

Pathway for Opportunities

Thailand's Enabling Environment: Bilateral Investment Treaties



Roles of Laws and Policies in Cooperation

Why are laws and policies important to cooperation?

01

Laws enable cooperation

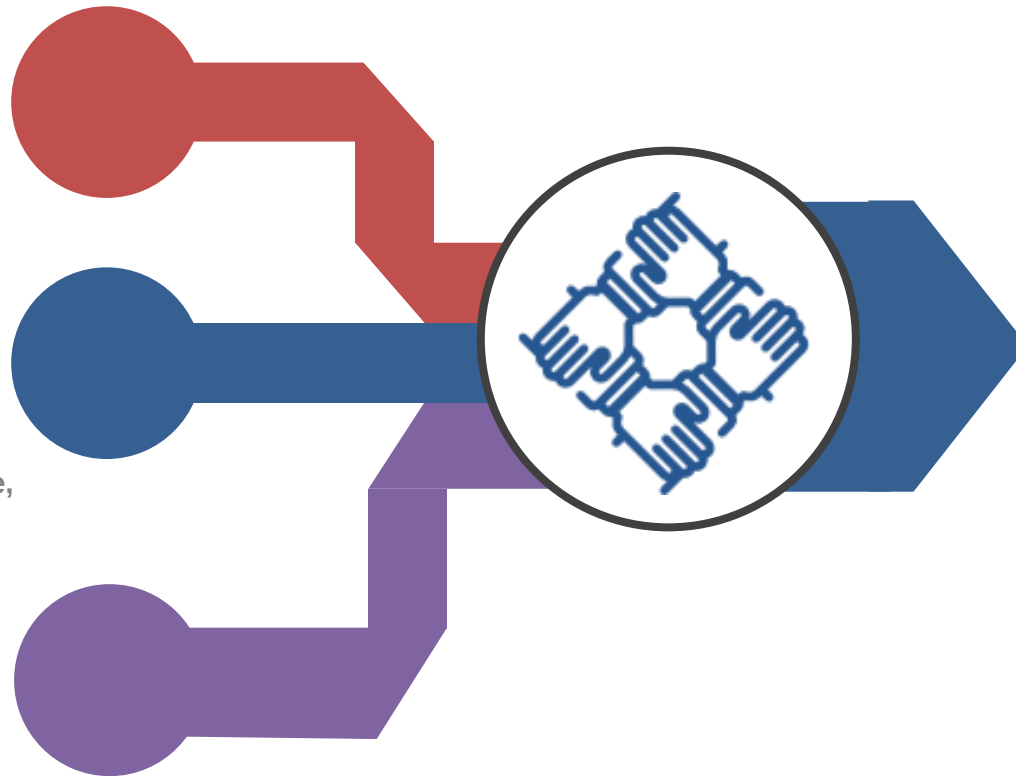
Laws provides the basis on which international economic cooperation can take place.

Laws foster cooperation

Laws foster an enabling environment for cooperation by, for example, removing obstacles for cooperation.

Laws safeguard and sustain cooperation

Laws provides means for conflict prevention and resolution.



Economic cooperation can be nurtured, promoted and sustained on the basis of **transparency, stability and predictability.**



**TRUST
PROCESS**

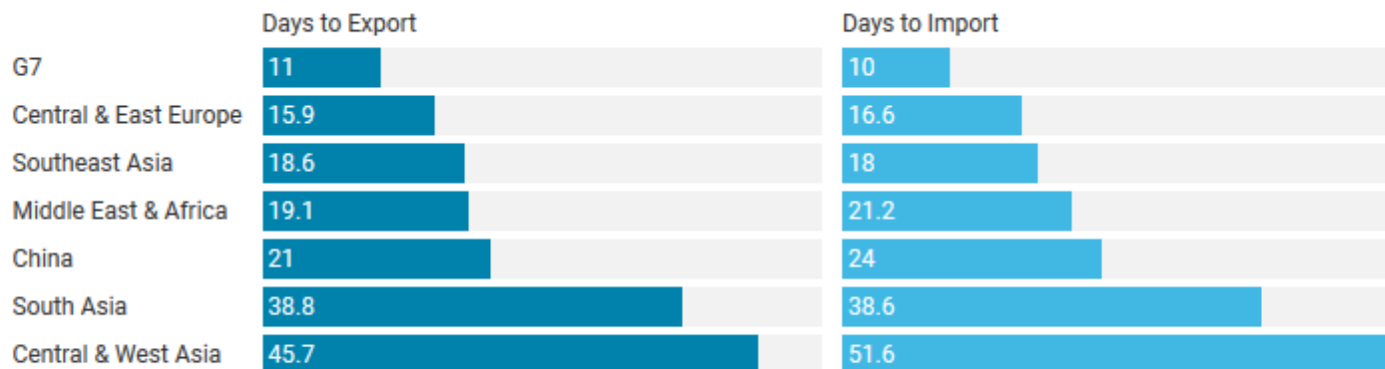
Roles of Laws and Policies in Cooperation

Why are laws and policies important to cooperation?

02

In context of BRI where countries are diverse and at various stages of developments, domestic laws, different domestic regulations and regulatory regimes can hinder progressive integration process. These regulations include, for instance, customs procedures, cross-border and e-commerce regulations, restrictions on foreign investment.

How long does it take to import or export in G7 countries and BRI countries?



Source: World Bank Group • [Get the data](#)

Source: World Bank

Roles of Laws and Policies in Cooperation

Why are laws and policies important to cooperation?

03

Potential for conflicts and disputes:

BRI places emphasis on infrastructure connectivity which requires significant level of funding through various means including foreign investment and, in most cases, these infrastructure projects are likely to be of large scale. While these expand opportunities for international and cross-sector collaborations, they can also increase the risk of potential conflicts and disputes, especially in the instances where there is no clear legal framework in place.

04

Potential environmental and social impacts:

BRI projects can have potential impacts and risks on environment as well as society. These risks include biodiversity, increased wildlife mortality, pollution. Consequently, it is important that clear policies and legal framework should be put in place so as to ensure that BRI is line with sustainability.

Roles of Laws and Policies in Cooperation

Modality for Collaboration = Enhancing Mutual Understanding

MOU between Government of Thailand and the Government of the People's Republic of China on Cooperation within the Framework of the Silk Road Economic Belt and the 21st Century Maritime Silk Road Initiative

Signed on 4 September 2017

Sets out 'principles' for collaboration:

- extensive consultation
- joint contribution and benefits
- respect for domestic laws and regulations, international obligations and commitments
- win-win progress

Areas of Cooperation:

- (1) Policy Coordination
- (2) Facilities Connectivity
- (3) Unimpeded Trade
- (4) Financial Integration
- (5) People-to-People Bond

Modes of Cooperation:

- Exchange of information/visits
- Pilot projects/joint research
- Technological exchange
- Agreement and cooperation documents

Settlement of Differences:

Friendly consultation

Roles of Laws and Policies in Cooperation

Way Forward

01

Surveying and Legal Mapping

- In parallel with surveying missing links and connectivity points for BRI, it is equally important that legal landscape of BRI is explored to identify relevant domestic, regional and international laws and regulations in place.
- This 'legal mapping' exercise is critical given diverse legal and regulatory regimes across countries and regions.



02

Harmonization

- Following 'legal mapping' exercise, legal loopholes will be identified.
- Some of these loopholes can be rectified through harmonization of domestic laws. For instance, rules of customs procedures might be amended to render the import or export of the BRI countries more consistent.
- It is also important that legal frameworks at region levels are also taken into account. For instance, synergies and harmonization should be fostered between 'ASEAN Single Window' and other regional initiatives to ensure seamless and synchronizes integration.
- To facilitate this process, conclusion of MOU among relevant countries and organizations is useful.

Roles of Laws and Policies in Cooperation

Way Forward

03

Agreements and other Cooperative Frameworks

- Where harmonization is beyond reach, relevant countries might consider the option of international agreements.
- These agreements can be on bilateral or multilateral basis.
- Chinese Foreign Minister Wang Yi: “A security network of treaties will also be built to align with the BRI’s developments”.
- The MOU between Thailand and China dated 4 September 2017 also includes the possibility of “concluding agreements or other cooperation documents”.

04

Institutional Questions

- In the same way that the Asian Infrastructure Investment Bank (AIIB) was set up to support BRI project financing, other institutions might be envisaged to enhance BRI developments.
- The consideration might include an agency/body to systematically coordinate BRI efforts as well as a possible dispute settlement mechanism to increase confidence for investors.

05

Legal Cooperation and Capacity Building

- To facilitate all of the exercises above, legal cooperation and capacity building should be enhanced especially for developing and least developed countries (LDCs).
- This is to ensure that BRI will leave no one behind.

Thank you