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Integration of Thailand's EEC and China's Belt Road Initiative

The Eastern Economic Corridor (“EEC”) is Thailand’s flagship policy to accelerate business activities and infrastructures, as well as to attract investments in 3 of its main eastern provinces namely Chonburi, Rayong, and Chachoengsao. Combining a total area of 13,258 square kilometres, the EEC will be the largest investment project in ASEAN in terms of area. The origins of the EEC can be traced back to the well-known 1982’s Eastern Seaboard. The EEC is the enhancement of the former Eastern Seaboard; this is to promote the next-generation industries under the Thailand 4.0 scheme.

The Eastern Economic Corridor Act B.E. 2561 (2018 AD) (the “EEC Act”) was published in the Thai Government Gazette and became effective on 15 May 2018. According to the EEC Act, there will be various tax and non-tax incentives provided to investors in the EEC area, such as:-

1. an exemption or a reduction of corporate income tax and customs duty, subject to limits under the Investment Promotion Act B.E. 2520 (1997 AD), as amended (the “BOI Act”) and the National Competitiveness Enhancement for Target Industries Act B.E. 2560 (2017 AD) (the “Competitiveness Enhancement Act”);
2. the right to own land and to operate business in the Special Economic Promotion Zone within the EEC (“SEPZ”);
3. the right to lease land and real estate in the SEPZ for up to 50 years, with a one-time renewal for not more than 49 years;
4. the right to bring foreign professionals and skilled workers into Thailand to work in the SEPZ;
5. an exemption from the customs law, partly or wholly, in imports and/or exports; and
6. an exemption from the Thai exchange control law and a permission to use foreign currency for payments of goods and services between business operators in the EEC.

The Thai Government expects that the EEC will help increase Thailand’s GDP by 5% a year and will attract USD50 billion foreign direct investments during its first 5 years. Besides the super-generous incentives discussed above, investment facilitation is another strategy to be implemented by the Thai Government. With regards to the legal perspective, we expect that a number of Thai laws and regulations will be amended or suspended in order to promote the ease of doing business to facilitate foreign investment in the EEC.

From our point of view, Thailand’s EEC will be heavily impacted by China’s Belt Road Initiative (“BRI”). We believe that the incentives and facilitations provided by the EEC Act will create the privileged investment environment in the EEC that can be utilised by general foreign investors as well as Chinese BRI investors. Therefore, EEC will be a brand new bridge to investment in Thailand for Chinese investors and Thailand can be used by Chinese investors as an entry point for the BRI in the ASEAN region. On the other hand, Thailand will benefit from the BRI as the BRI will drive investment in the EEC. As investments in the EEC must be in compliance with numerous legislations, including but not limited to the EEC Act, the Revenue Code, the BOI Act, the Competitiveness Enhancement Act, and the Customs Act B.E. 2560 (2017 AD), we suggest investors interested in investing in the EEC to have a well-prepared and a good understanding of the requirements under all relevant laws.

If you have any questions or require any additional information, please contact [Threenuch Bunruangthaworn](#), [Amnart Khongsakda](#) or the ZICO Law partner you usually deal with.

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