



Full steam ahead for Thai infrastructure development in tandem with fast-progressing Thailand 4.0 initiatives: The way forward to becoming a regional economic hub

Thailand's strategically important geographic location gives it ample advantage to become a primary **regional economic hub**, not only in trade, investment and tourism, but also in communication and transportation networks that connect to other regions around the world. And the government has in recent years made investment in domestic infrastructure its top priority.

The Thailand infrastructure action plan for 2017 is worth US\$25.2 billion and includes 36 projects, covering rail, roads, air transport and ports around the country. The government plans to begin selling Thailand Future Fund investment units in October as an infrastructure investment alternative. It's a way of raising liquidity from the public for the construction of massive state infrastructure projects. The unit sales are expected to reap \$1.1 billion.

The Industry Ministry recently revealed that Thailand's emerging Eastern Economic Corridor (EEC) is expected to see investment in infrastructure projects reach \$43 billion in the next five years – for airport expansion, new railways and cities, port development and spurring modern industry.

An integrated local and cross-border transportation network

Fast-paced development of a comprehensive network of interconnecting transport routes across the country will accommodate rapidly surging demand for both domestic and cross-border transportation. Government agencies are expediting efforts to call for bids on several new mass-transit routes and an expressway system throughout Greater Bangkok, and motorway, double-track rail and high-speed train projects across the nation.

Prime Minister Prayut Chan-o-cha has made a personal appeal for public support for the Thai-Chinese high-speed railway planned to link Bangkok to the northeastern province of Nakhon Ratchasima. The same railway is envisioned as connecting with Chinese high-speed trains in Laos traveling to China, as part of a joint Chinese-Thai effort which forms part of Beijing's vast infrastructure drive known as the "One Belt, One Road" initiative.

Another high-speed train project, the 193.5-kilometre Bangkok-Rayong route, which will link the Eastern Economic Corridor to Suvarnabhumi, Don Mueang and U-tapao international airports, is in now undergoing a feasibility study and preparations for a public private partnership (PPP).

Elsewhere in Thailand, a Bangkok-Hua Hin high-speed railway and a mass-transit rapid monorail system for Phuket are currently being assessed for feasibility.

Emerging digital hub to address innovation-driven industry development

Thailand's ambition to become the digital hub of Southeast Asia is meanwhile also getting off the ground, with the country continuing to establish robust fundamentals to nurture an innovation-driven economy. CAT Telecom PCL and the government are working closely together on projects



proposed for the EEC. These include Digital Park Thailand in Sri Racha, Chon Buri, intended as a hub of research and development in digital innovations, with the aim of adding value to Thai businesses and industries. The park will attract digital innovators from around the world to share their experiences and knowledge using CAT's telecommunications infrastructure.

A unique logistics gateway to Southeast Asia

As well as making it the gateway to Southeast Asia, Thailand's central location provides it the edge to become a key intra-regional and inter-regional logistics center. To turn the country into a regional logistics hub in line with the Thailand 4.0 goal, the government has drafted the Manufacturing Logistics Master Plan 2017-2021 with the objective of reducing logistics costs to every industry by least 20% and optimizing supply-chain management by at least 10% by 2021. The plan focuses on areas such as developing supply-chain and digital supply-chain logistics, and logistics to support economic zones like the EEC and special economic zones.

Thailand Post, the national shipment service provider, is keen to serve as a logistics enabler for the government's EEC scheme with its recent system modernization. Seeking to capitalize on the fast-growing e-commerce market, it is investing 3 billion baht a year from 2016-2018 on upgrading its core automation systems and distribution centers. The company also plans to expand its logistics service capacity in eastern Chon Buri province to serve heavy traffic in the EEC.

Current fast-paced infrastructure development efforts aim to facilitate 10 targeted growth-engine industries under the Thailand 4.0 policy, which include the country's existing five industries – the "First S-Curve" – and five new industries, termed the "New S-Curve". The First S-Curve industries are biofuels and biochemicals, smart electronics, next-generation automotive components, medical and wellness tourism for the affluent, and food for the future. The New S-Curve industries are the digital economy, an emerging medical hub, aerospace production, automation and robotics, agricultural and biotechnology.

Helping ensure the success of its infrastructure development, the government will provide full support, including eliminating barriers, rules and regulations in order to generate real, high-value investments, as well as a one-stop service to facilitate investment in the EEC. The Board of Investment of Thailand (BOI) in turn offers enticing and competitive privileges, including a corporate tax holiday for up to 15 years, exemption from import duties on machinery and raw materials, 17% personal income tax credits for executives, experts and researchers working in designated zones, grants to support investments in R&D, innovation and human resource development, permission to own land for promoted activities, and one-stop service to facilitate business operations.

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