



INVESTMENT SERVICES CENTER
THE BOARD OF INVESTMENT
MINISTRY OF INDUSTRY

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Press Release

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Thailand Expanding Transportation Network

Bangkok, Thailand government is expanding its current transportation with grand plans 55 transportation projects worth 2.27 trillion baht (US\$72 billion) which expect to be finished by 2020. The amount of 2.2 trillion baht of the total budget, 64 percent will be for 31 rail projects, 24 percent for 13 road projects, 7 percent for 7 water transportation projects, and 4.75 percent is for 4 air transportation projects.

The expanding transportation projects are designed to make Thailand a crossroads for logistic network of ASEAN in which connected cities of ASEAN will gain importance and benefit from these networks of transportation as these projects are expected to improve linkage between Thailand and its ASEAN neighbors and between ASEAN members, reducing logistics costs and promote tourism within the region.

The road links are expected to boost border trade, of which for the first 3 quarters of 2012 has a valued at US\$ 22.7 billion. New investments in rail projects which are designed to reduce the logistic costs as well as to minimize time needed for the goods to reach its destinations. The links for these road and railway projects are East-West Economic Corridor (Mawlamyine-Phisanulok-Kohn Kaen-Savannakhet-Danang), North-South Economic Corridor (Kunming-Chiangrung-Houayxay-Chiangrai-Bangkok), and Southern Economic Corridor (Bangkok-Phnom Penh-Ho Chi Minh City).

Thai government will also be tendering high speed train for 4 routes. This high speed train will help commuters save their travel time, lower the cost for transporting goods, and improve the environment as it emits less pollution and less energy consumption. In

Bangkok, where new roads cannot be built, the current electric train routes will be expanded from 40 kilometers to 468.8 kilometers.

The government is planning to finance the projects through revenue from the state enterprises, 50 percent through government revenue, 32 percent through state own enterprises and loans, and 18 percent through public and private investment. Thailand Minister of Transport, Chadchart Sittipunt wants to make this national transportation expansion project a national agenda and turn it into contingency plan which will bind whoever becomes government to continue with the projects that will benefit the whole country.

The BOI has policy to support logistic and infrastructure investment project by offering tax incentives and other benefits. For taxation, the BOI is offering tax exemption or reduction for imported machines and materials, and corporate tax exemption or reduction. Incentives in other areas include permission to bring in foreign skills, permission to own land, and foreign currency cash flow. Foreign investors can also hold 100% of the shares.

Thailand Board of Investment (BOI) is aware of the importance of expanding Thailand transportation infrastructure and its impact on the development of Thailand, so it is one of the country's priorities. Projects involving transportation infrastructure which is proposed for investment support are therefore entitled to incentives and benefits.
