



The Recent Regional Strategic Plan Framework for the Border City Development



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March 23, 2016
Northern Logistic Forum 2016, Dusit Island Resort, Chiangrai

Outline :

1 Development in GMS and the Role of Thailand

2 Development strategy for region, urban, and economic area under the 12th National Plan

3 Border City and Special Economic Zone Development

4 Chiangrai : Opportunity for Linking with Countries in the Region

Development in GMS and The Role of Thailand





"Committed to Inclusive and Sustainable Development in the GMS"



Operationalize

New GMS Strategic Framework (SF) 2012-2022

- Corridor development through spatial and thematic approaches
- Multi-sector investment and cross-sectoral linkages
- More local stakeholders' involvement

Prioritize

Regional Investment Framework (RIF) 2013-2022

- Transformation of transport corridors into economic corridors
- Promoting inclusive, sustainable, and balanced development
- Facilitating sub-regional integration

Implement and Monitor

RIF Implementation Plan (RIF-IP) 2014-2018

- High priority projects prepared and endorsed by GMS Ministers
- Based on sub-regional impact and benefits, and economic and social viability
- Attracting financing from development partners and the private sector



GMS Economic Corridors

Economic Corridor Development :

- EC is still Major strategy for GMS development
- Focus is on developing Transport Corridor toward Economic Corridor

CBTA Progress :

- GMS countries ratified all annexes and protocols in 2015
- The initial implementation of CBTA (II-CBTA) emphasis of the exchange of traffic rights between and among GMS countries :

- ✓ **Thailand-LaoPDR.-Vietnam** (via Mukdahan-Savannakhet) : permission for vehicle to access (via designated route) to capital cities/ports in each countries. (Thailand will commence SSI at Mukdahan-Savannakhet CCA by the middle of 2016)
- ✓ **Thailand-Cambodia** (via Aranyaprathet-Poipet) : Permission for 40 permits/country and will increase to 500 permits/country. Negotiation is in process.
- ✓ **Thailand-LaoPDR.-China** (via Chiang Khong – Huay Sai) : Negotiation is in process. Expected 100 permits/country will be allowed in the 1st year.
- ✓ **Thailand-Myanmar** : Draft MOU is under consideration by Myanmar



Thailand's Role linking with Countries in the Region

Economic Linkage between Thailand-ASEAN

- Thailand is located at the strategic area of the region.
- 30% of international Tourist visiting Thailand are from ASEAN
- 20% of FDI to Thailand are from ASEAN
- ASEAN has remained at the 1st rank of Thailand's export market since 2002.
- ASEAN is the 2nd largest import market of Thai product.
- Thailand has gained trade surplus with ASEAN since 1993.



GMS

Thailand promotes the development of Economic Corridors and the facilitation of cross-border economic activities; therefore, increasing opportunities for border areas to link with neighboring countries in terms of trade, investment, and tourism.

GMS

Thailand closely cooperates with neighboring countries toward economic, social, and environmental development.



ESB is known as a major production base of the region, and a regional gateway to the World market. Border SEZs will become Thailand's new production bases connecting with the region.

Development Strategy for Region, Urban, and Economic Area under The 12th National Plan



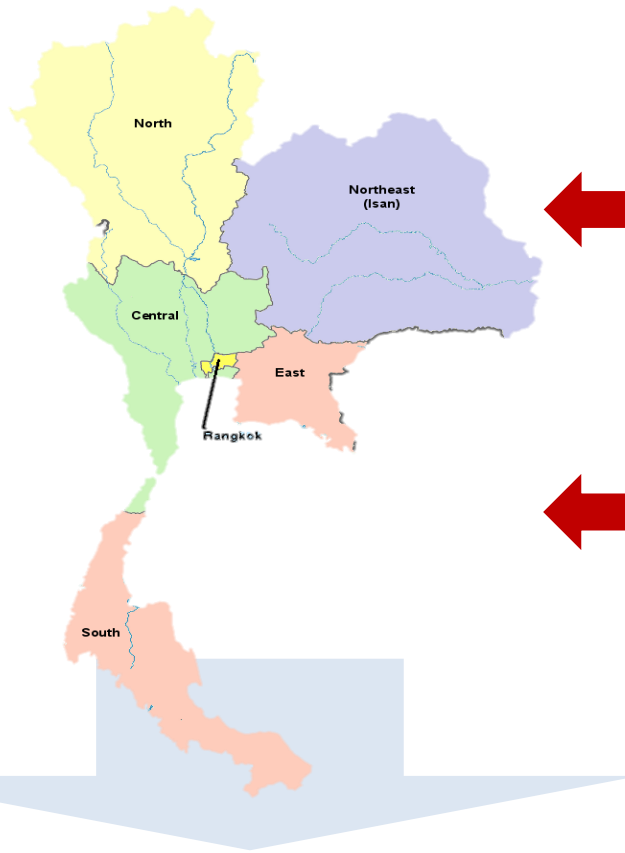
External Factors

Regional, Sub-Regional and AEC cooperation

Climate Change

Emerging products and tourism trends

Technological advancement



Internal Factors

Centralized Development

Transformation to Aging Society

Deterioration of natural resources

Rapid City Development in every region

Investment in Logistics Infrastructure

Inefficient provincial development mechanism and governance mechanism including law and regulation



SEZ becomes more important

Frequent and harsh natural disaster

Changing production and trading pattern. Rising opportunities in market expansion

Regional income distribution gap

Preparation for aging cities

Conserve, regenerate, and safeguard environment

Revise regulations of all ministries to be integrated

Objectives

1

To contribute prosperity to the region so as to thoroughly enhance income level and career opportunities, which lead to the improvement of quality of life and the lessening of regional inequalities.

2

To develop provincial's central cities to be livable and safe, standardize environmental management process as well as improve public transportation system in the city.

3

To sustainably develop new economic zone as an economic base which will leads to the improvement of Thailand's competitiveness.

4

To encourage the balanced expansion of the core economic base and ensure the acceptance by the community.

Development Guideline

Regional Development

Northern Thailand To be (1) a Nature and Culture Tourism Center, Health Care and Educational Business Center in sub - regional area (2) an organic and chemical - free farming production base, linked to the value – added agro processing industry

City Development

Principal Guideline Improve city's surroundings to be livable and safe. Encourage city's environmental management. Improve public transport system. Retain city's identities and enhance governance efficiency.

Major City Development Guideline Bangkok Metropolitan Region, Chiangmai/Phitsanulok, Phuket/HatYai, Khonkaen/Korat and new emerging cities along Railway Junction and nearby Special Border Economic Zone

Economic Zone Development

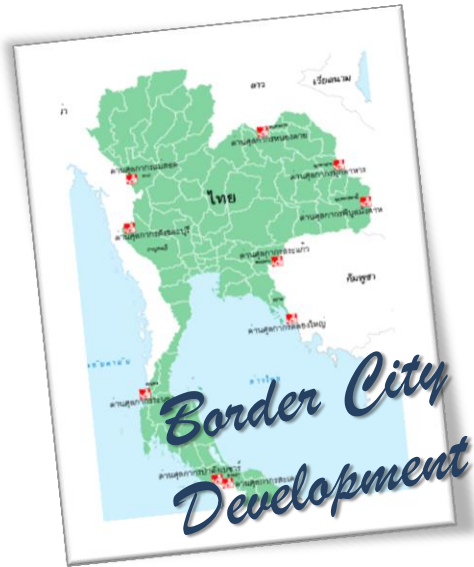
Main Economic Base Develop and recover main economic base for its sustainable growth

Border Economic Base Form 10 Special Economic Zones as new border economic bases

Border City and Special Economic Zone Development



Spatial and Border Development Goal and Concept



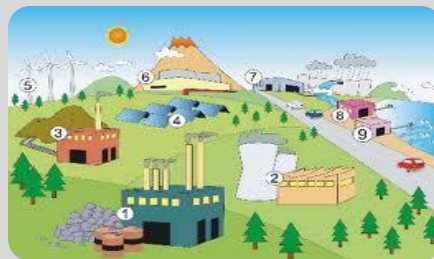
Border City plays important roles in logistics and cross-border trade which linked with the country's central production base. However, main production base in border city is not yet available.

Border City's location advantages as the regional linkages the development for value-added activities should be reinforced. City should take advantage of the upcoming AEC without losing any logistics opportunities, along with the reassurance of disperse development and the improvement of income level.

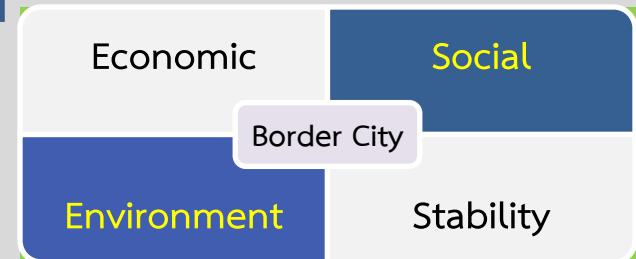
Local Link - Global Reach



Smart & Green City



Inclusive Development



Border Special Economic Zone (SEZ)'s Policy



NC-SEZ announcement



SEZ is the important strategic of the 11st and 12nd National Economic and Social Development Plans and the main policy of the Royal Thai Government based on the connecting with ASEAN countries.

Objectives:

To distribute prosperity to local areas, decrease disparity, increase people's quality of life and solve security problem

Principles:

- 1 Implementation of projects under existing laws and regulations
- 2 Role of Stakeholders
Government - granting incentives, providing necessary infrastructure and improving laws and regulations
Private Sector - Investment
People - Participation and gain benefit from SEZ development
- 3 SEZ development must not have negative impacts on environment, natural resources, society and security.
- 4 Being flexible and adjustable according to circumstances
- 5 SEZ areas are designated by administration boundary for ease of management.

1st phase SEZ

Total SEZ areas is 36 sub-districts of 10 districts in Tak, Sakaeo, Trat, Mukdahan and Songkhla.

2nd phase SEZ

Total SEZ areas is 54 sub-districts of 13 districts in Nong Khai, Kanchanaburi , Chiang Rai, Nakhon Phanom and Narathiwat.

Progress : Incentives Scheme



The private sector can currently submit investment project application. BOI has announced investment promotion for SEZ, highest incentives are granted to target 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, easing establishment condition of bonded warehouse, and supporting financial facilities for investment.

BOI's Incentives



1) General activities under the BOI's list of eligible activities

2) 13 Target activities as designated by the National Committee on SEZ Development (NC-SEZ):

- 8 year corporate income tax exemption,
- an additional 50% reduction on corporate income tax for 5 years
- submission of investment project application by 31 Dec 2017

Incentives set apart from BOI's Investment Promotion List



Revenue Department

- (1) Reduction of corporate income tax from 20% to 10% in 10 accounting periods
- (2) Submission investment project application by 31 Dec 2017

Customs Department

- (1) Reduction of registered capital for bonded warehouses from 10 to 5 million baht
- (2) Free zone's registered capital must value at 10 million baht or higher

Easing Condition for SMEs



- Minimum project investment of five hundred thousand baht
- Allow to use the used machinery in the promoted project, but not exceeding 10 million baht

Financing Facility for Investment Projects



- **EXIM Bank** provides financing facilities for investment projects in SEZ.
- Long-term credit with a repayment period of 15 years with special interest rate at prime rate -2.50% in 1st year, -1.50% in 2nd-8th year and -1.00% in 9th-15th year
- Additional short-term revolving credit

Progress : Target Activities for SEZ

13 Target Activities Approved by NC-SEZ

1	Agro-industry, fishery industry, and related activities
2	Ceramic products manufacturing
3	Textile and garment industries, and manufacture of leather products
4	Manufacture of furniture or parts
5	Manufacture of gems and jewelry or parts
6	Manufacture of medical devices or parts
7	Manufacture of engine and vehicle parts, and manufacture of machinery, equipment, and parts
8	Electronics and electrical appliances industries
9	Manufacture of plastic products
10	Manufacture of Medicine
11	Logistics
12	Industrial zones / industrial estates
13	Tourism promotion service and activities to support tourism

10 Additional Target Activities Announcement

Activities eligible for promotion:

1. Crop drying and silo facilities
2. Manufacture of products from agricultural by-products or agricultural waste (except for those with uncomplicated production processes, e.g. drying, dehydration)
3. Metal Fabrication industry
4. Production of printed matter

Revocation of investment promotions, but eligible for promotion in SEZs

1. Manufacture of animal feed or mixes for animal feed
2. Manufacture of construction materials and manufacture of high-pressure concrete for public utilities work (except manufacture of ceramic roof tiles, ceramics and quarry/wall tiles)
3. Manufacture of body care products, e.g. soap, shampoo, toothpaste (except manufacture of cosmetics)
4. Manufacture of plastic or plastic coated products
 - 4.1 Consumer products
 - 4.2 Parts or components for industrial goods
5. Manufacture of pulp or paper articles, e.g. boxes
6. Factory development for industrial plants and/or warehouse



Progress : Labor Management and One Stop Service Center

1



Investment OSS

- OSS center opens in 10 SEZ areas.
- OSOS Center at Chamchuri Square opened on 9 July 2015 and links with OSS at each SEZs.



Labor OSS

- Located in 10 SEZ areas
- OSS for labor opens in Sakaeo and Trat for migrant workers.

2

Labor

On 18 February 2015, Cabinet endorsed foreign workers from Myanmar, Laos PDR and Cambodia to work in the Kingdom on a temporary basis during the prescribed periods or seasons provided according to Section 14, Alien Working Act, B.E. 2551 (2008). Relevant agencies were assigned as follows:

- **Ministry of Interior** has to announce the exception of alien labor from Myanmar, Laos PDR and Cambodia to work in Thailand.
- **Ministry of labor** has to announce the regulation of the office of prime minister on stipulated location, religion, type of work and labor condition to allow the legal permission regarding Section 14, provide a guidance to work permit, and establish labor OSS at each SEZ site.
- **Ministry of Foreign Affairs** has to revise Agreement on Border Crossing with neighboring countries (Myanmar, Laos PDR and Cambodia).
- **Immigration Bureau** provides automatic fingerprints database to link Alien Workers mobility information to the central office.

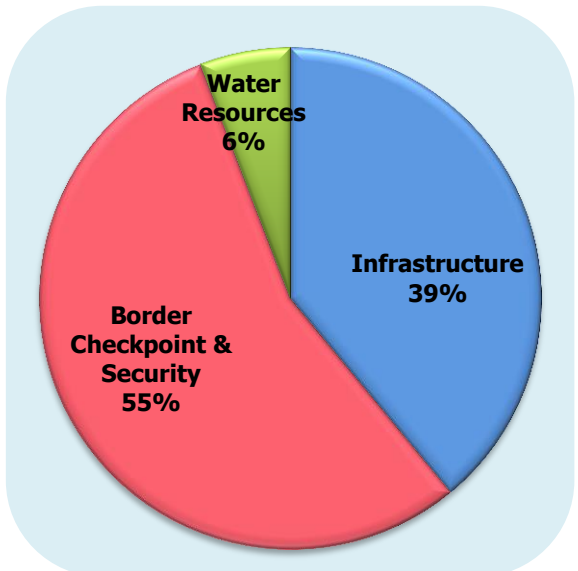


At present, Cambodian workers can work in Sakaeo and Trat SEZs on a temporary basis for 30 days.

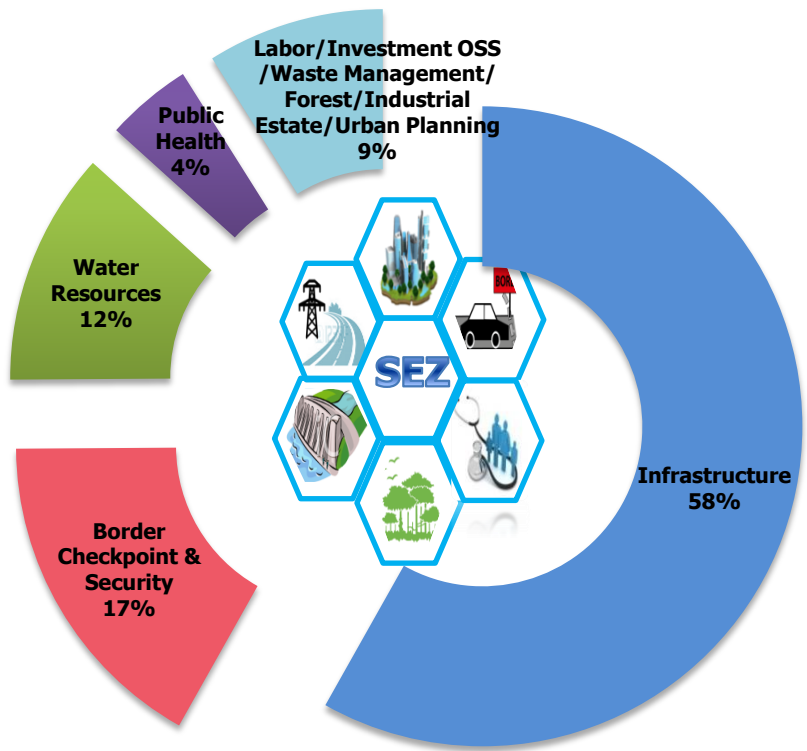
Progress : Budget Allocation

1 2015
 The government has invested in initiative project in SEZ areas with the budget of **2,050 MB.**

- ❖ Border Check Point 1,131 MB. & Security
- ❖ Infrastructure 800 MB.
- ❖ Water Resources 119 MB.



2 2016
 The government has invested in projects in SEZ areas with total budget of 7,131 MB.
Infrastructure 58 % Border Checkpoint and Security 17 %



	2016 Integrated Budget (MB)
❖ Infrastructure	4,147.5
❖ Border Checkpoint and Security	1,193.5
❖ Water resources	842
❖ Public health	310
❖ Labor/Investment OSS /Waste Management/ Forest/Industrial Estate/Urban Planning	638
Total	7,131

** Cabinet endorsed projects in 2015 with the central budget of 2011 and 2013-15.

The government has announced the SEZ area, incentives have been granted to support the investment. The investment OSS has opened and Infrastructure and Customs Checkpoints Development Plan has been prepared. **At present, private sector can submit investment project application.**

Provision	Completed	In process	Next phase
1. SEZ area announcement	√		
2. Investment promotion	√		<ul style="list-style-type: none"> The investment OSS has opened and prepared to link with OSOS Center.
3. Labour management		√	<ul style="list-style-type: none"> Negotiation of the Cross-border Agreement with Myanmar/ Laos PDR to allow the labour to work in the Kingdom on a temporary basis during the prescribed periods or seasons provided in SEZ The labour OSS has opened.
4. Development of Infrastructure/ Border Checkpoint	√		<ul style="list-style-type: none"> Infrastructure/Customs Checkpoints Development Plan is in the process of implementation. 2016 Budget (SEZ Integrated Budget - Infrastructure) is allocated for design of freight station/ ownership of cross dock warehouse with the amount of 624 MB.
5. Providing government land for private sector to rent		√	<ul style="list-style-type: none"> In the process of providing government land for utilizing in SEZ

Chiangrai : Opportunity for Linking with Countries in the Region



Strengths

1. Located in the central of GMS connectivity with convenient water, road and air transportations.
2. Rich in Natural Resources and Biodiversity
3. Natural, Historical, Cultural, Ecological and Health Tourisms in connection with GMS
4. Providing all levels of public schools and population can access educational opportunities.

Weakness

1. Low capacity of water resources management.
2. Most of the population has low average income per capita and no certificate of land title deed.
3. Retailers are lack of business plan and international linkages.
4. Lack of unskilled labour
5. Environmental problems in urban area

Opportunities

1. Located in North-South Economic Corridor of GMS
2. The government enhances infrastructure investment, transportation and water resources management.
3. The government supports core value, historical and local culture.
4. Consumer trends on healthy food

Threats

1. The import of goods from neighbouring countries restricts local retailers.
2. Social and security problems e.g. drugs, human trafficking and transnational crime
3. Differentiation of GMS trade and logistics regulations
4. Environmental problems, global warming, natural disasters e.g. drought and earthquake

CHIANGRAI

- **GPP:** 95,995 mb. (2014) accounted for 53 % of upper northern provincial group 2
- **Income per capita per year:** 82,899 Baht
- **Ranked 4th in Northern Region**
- **Ranked 26th in Thailand**
- **Population:** 1.158 million
- **Economic expansion:** 4.5% per year (2553-2557)

Agricultural sector: dominated by rice and has diversity of vegetation, fruit, maize and rubber. Focus on enhancing production efficiency.

Industrial sector: Most of them are first stage of processing. Value added product should be developed.

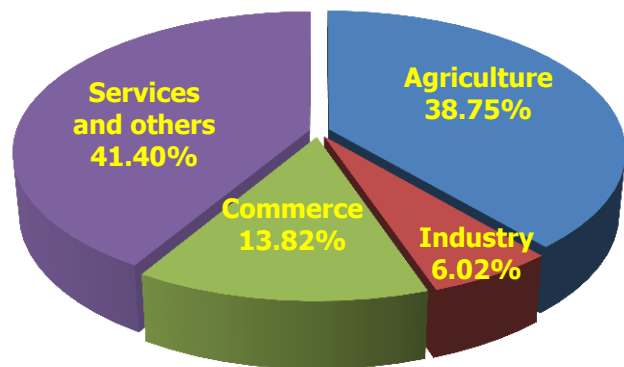
OTOP : Various raw materials can be built on.

2012	Mb.	%
Rice	13,442	43.6
Corn	1,609	5.2
Rubber	1,140	3.7
Cassava	136	0.4
Shallot	172	0.6
Fruit	5,564	18.0
Vegetable	5,299	17.2
Cattle	532	1.7
Swine	656	2.1
Poultry	318	1.0
Fishery	828	2.7
Others	1,165	3.8
Total	30,861	100.0

2012	Mb.	%
Food and Beverage products	3,970	79.0
Product from non-Metallic Minerals	430	8.6
Plastic and Rubber product	151	3.0
Chemical and Chemical product	135	2.7
Total	5,028	100.0
OTOP 2012		Mb.
Food		92
Beverage		270
Cloths and Apparel		34
Utensil, Ornament and Souvenir		52
Non-food herbal		2
Total		451

OTOP Product Champion: Tea beverage, Mulberry wine, Processed fruits, Decorating Products and Ready-to-Wear Clothes

Source: Chiangrai GPP



Source: Department of National Accounts (NESDB)

Upper northern provincial group 2

(Chiangrai-Phayao-Phrae-Nan)

- Production base of vegetables, fruits and grains, and agricultural processing industry

Emerging City on R3A

- The strategy point connecting along North-South Economic Corridor (R3A - R3B)
- Industrial estate development e.g. Chiangkhong industrial estate



Trade, Investment and Logistics Hubs

- Agricultural industry, fishery and related industries, textile, garment and leather industries, and logistics
- Connecting with GMS countries by the 1st and 2nd Thai – Myanmar Friendship Bridge, the 4th Thai – Laos Friendship Bridge (Chiangkhong-Huaysai) and so on.



Golden Triangle Economic Zone

Located near Laos Golden Triangle Economic Zone (in Chiangsan's Golden Triangle area)



Tourism Center

Linking Natural, Ecological, Health, Historical and Cultural Tourisms across GMS countries using geological advantages and the readiness of infrastructure

Agro-processing & Food Processing



Existing industries in Chiang Rai should be supported such as agro-processing, dried plant and seed, dried fruits, as well as related industries such as cold storage

Jewelry and Accessories



This industry enjoys high export value. Local expertise in Chiang Rai can be an advantage.

Textile



Production of down-stream textile with high standard should be promoted.

Medicine & Herbal Cosmetic



Demand for these products has increased in Chinese market

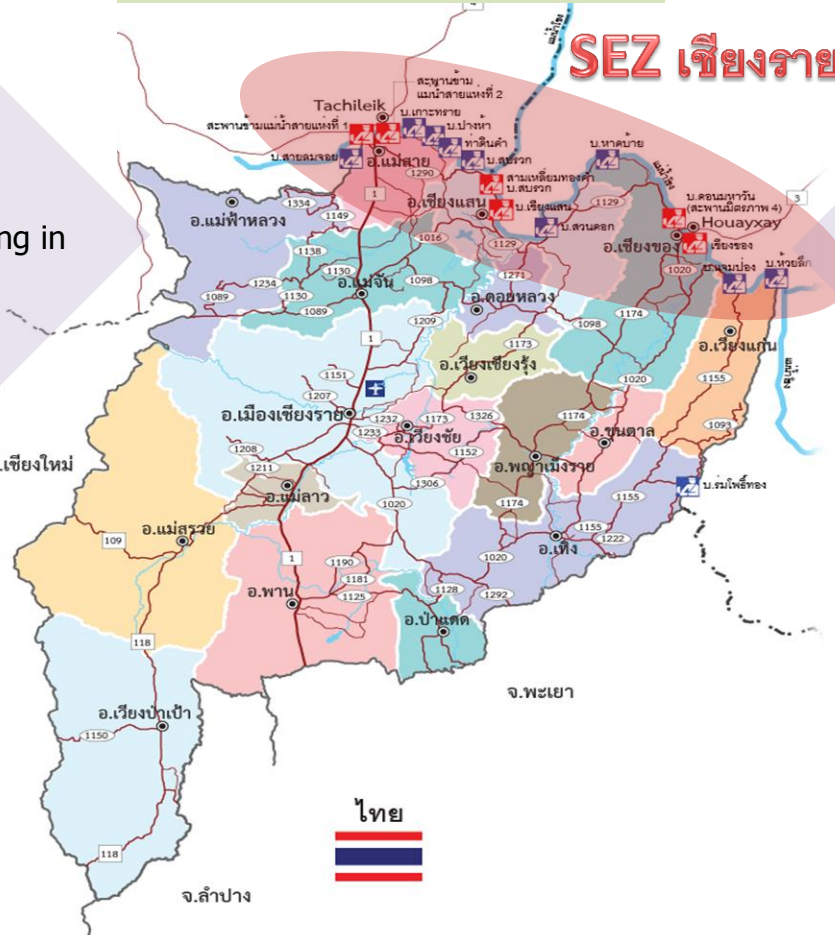
Strategy for Chiang Rai :

- **Produce high value products/plants.**
- **Join in both domestic and international supply chains.**
- **Apply advanced technology to upgrade product's standard.**
- **Promote R&D to add value and standardize product.**
- **Conduct pro-active marketing approach.**
- **Create product's uniqueness/story/branding.**

Agriculture

Perform as production areas to support raw material for processing in the SEZ .

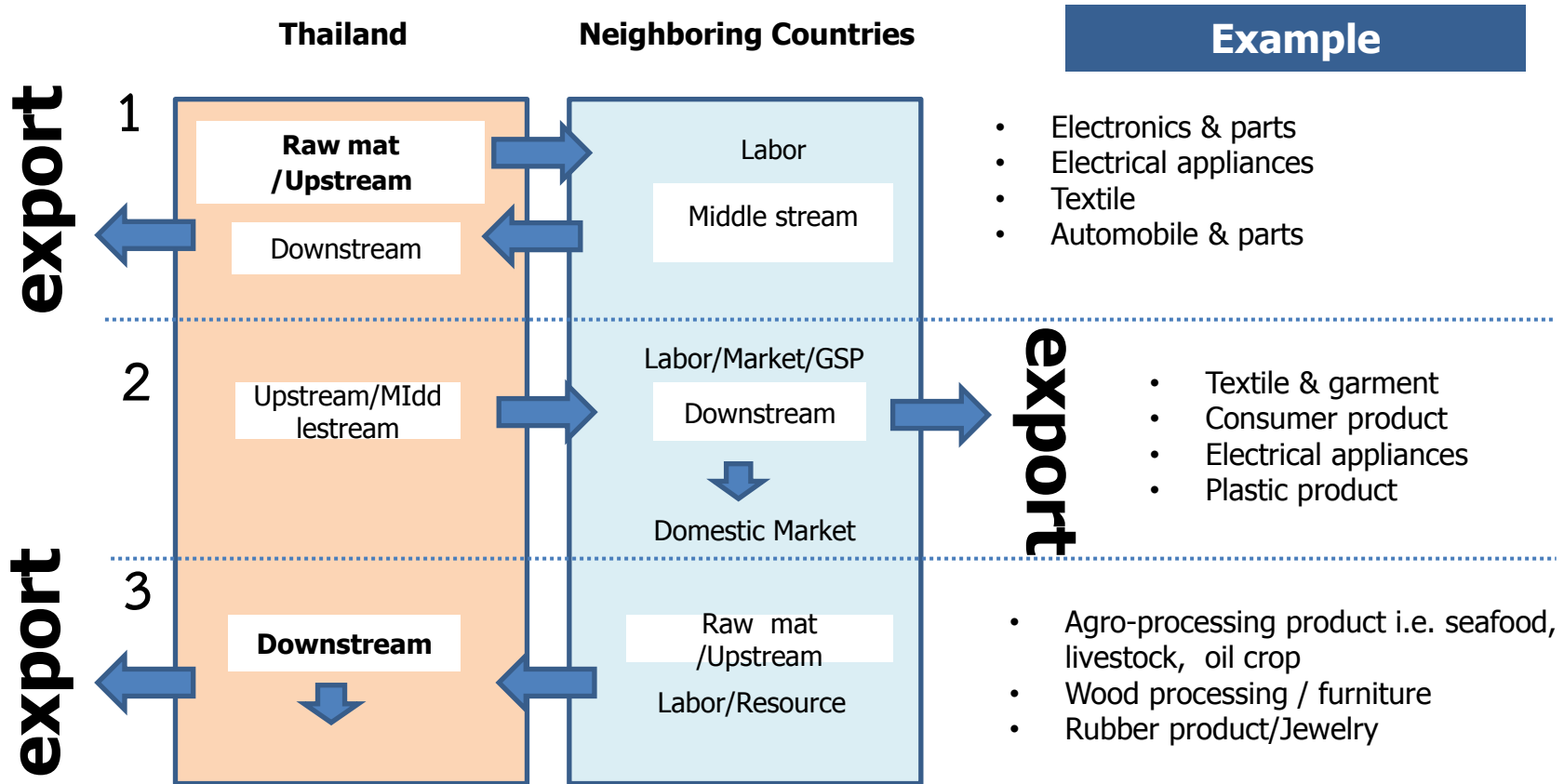
- **Tea product:** Districts of Mae Fa Luang, Mae Suai , and Wiang Pa Pao
- **Longan:** Districts of Phan, Mae Suai, Mueng Chiangrai
- **Livestock:** (beef cattle and buffalo) Districts of Phan, Mae Fa Luang, Mueng Chiangrai, and Mae Chan
- **Aquaculture (fish):** Districts of Wiang Chai



Tourism

Perform as alternative tourism routes/attractions to link with tourism activities in the SEZ.

- **Natural and eco-tourism** : Districts of Thoeng, Wiang Pa Pao, Mae Chan, Phan, Wiang Kaen and Mae Suai
- **Historical and cultural tourism** : Districts of Mueng Chiangrai, Mae Fa Luang, Wiang Chai



Source : Office of Economic Industrial

Must reduce transportation and logistics costs along NS-EC



Kunming (China)



Sibsongpanna (China)

Luangnamta (Lao PDR)



Chiangrai (Thailand)

R3A – distance of 1,889 km
R3B – distance of 1,787 km

Transport Corridor

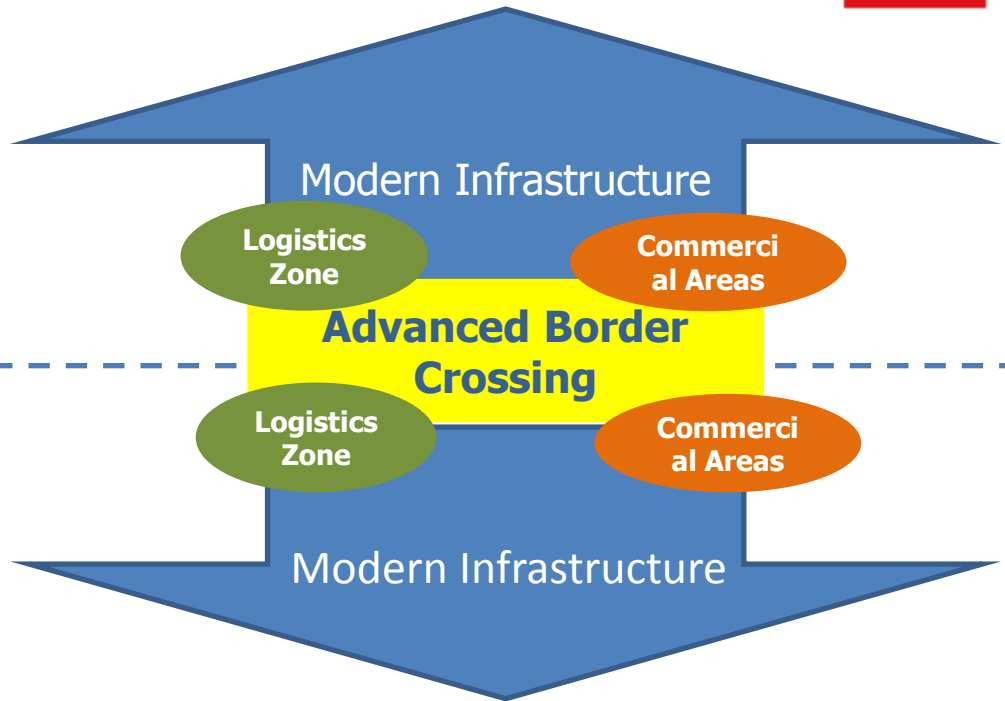
Logistics Corridor

Economic Corridor

- To expedite the negotiation between Thailand-Laos-China to open the transport via R3A route under GMS framework
- To encourage the reduction of Non-Tariff Barrier e.g. the permission to import and strict audit process
- To support the cooperation in cross-border process of people and goods between Thailand-Laos and Thailand-China
- To build a business network for the increasing of backhaul goods from China to Thailand in order to reduce logistics cost
- To design route & mode of public transportation for cross-border tourism and learn neighboring countries' languages
- To offer mechanism to promote tourism activities (e.g. trade fair)

Cross border management

+ Supporting laws and regulations



Source: Revised from Asian Development Bank

Modern Infrastructure

- Good road condition to serve the traffic
- Standard CIQ building
- Modern IT system to support E-Customs with 24 hr operation with prior notice

Advanced Border Crossing

- CIQ system with separation between people and goods customs procedures
- Common Control Area in good imported area
- Single Window/ Single Stop Inspection

Zoning and Area Management

- Area Management for commerce/travel e.g. duty free shop/border trade market/ financial service/full-services travel
- Information
- Area Management for transport and logistics e.g. warehouse and crossdocking area

Local Role's Supporting Chiangrai Special Economic Zone

- ❖ **All sectors has closely followed the progress of development from central sectors government supports.**
- ❖ **People participate in SEZ development as well as adjust themselves properly with the change when SEZ is established.**
- ❖ **The development of both labour OSS and investment OSS in SEZ have been encouraged to be efficient and complete manner.**
- ❖ **SEZ management mechanism must be agility. The monitoring and evaluating government agencies must be assigned for fast problem solving .**
- ❖ **Closely cooperate with neighboring countries to support and link the activities with Thailand's SEZ**
- ❖ **Publicizing for understanding and target investor attraction have been proceeded efficiently.**



Thank you

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