The Eastern Economic Corridor (EEC) Development Plan, under the scheme of Thailand 4.0, aims to revitalize and enhance the well-known Eastern Seaboard Development Program – Thailand’s powerhouse of industrial production for over 30 years.

10 targeted industries in EEC

<table>
<thead>
<tr>
<th>5 First Curve</th>
<th>5 New Curve</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive for the future</td>
<td>Robotics &amp; automations</td>
</tr>
<tr>
<td>Smart electronics</td>
<td>Aviation &amp; logistics</td>
</tr>
<tr>
<td>Agriculture &amp; bio technology</td>
<td>Bio energy &amp; bio chemicals</td>
</tr>
<tr>
<td>Food for the future</td>
<td>Medical &amp; health industry</td>
</tr>
<tr>
<td>World-class tourism</td>
<td>Digital industry</td>
</tr>
</tbody>
</table>

By 2020, EEC is expected to generate:

- 5% GDP
- 100,000 jobs a year
- Tax revenue of up to THB 100 billion per year
- 1.5 times more travelers
- Lower logistics cost by THB 400 billion
- 1.8 times higher tourism income

21 industrial promotion zones from a total of 31 industrial estates (investment value of THB 1.314 trillion over 10 years)

- Yamato
- Amata 1-2
- Pinthong 1-5
- Hemaraj Chonburi Industrial Estate (HCIE) 1-2
- Hemaraj Eastern Seaboard Industrial Estate (HESIE) 2-3
- Thai Factory Development (TFD) 2
- Smart Park
- HESIE 1, 4
- Hemaraj Eastern Industrial Estate (HEIE)
- Eastern Seaboard Industrial Estate (ESIE)
- Hemaraj Rayong 36 Industrial Estate (RY36)
- Amata City
- CP
- Pinthong 1-5
- Hemaraj Chonburi Industrial Estate (HCIE) 1-2
- Hemaraj Eastern Seaboard Industrial Estate (HESIE) 2-3
- U-Tapao Airport
- Map Ta Phut Port Phase 3
- Laem Chabang Port Phase 3
- High Speed Rail
- New Cities
- Tourism
- Industry
- Motorway
- Dual-Track Railway

EEC Major Infrastructure Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Budget (THB million)</th>
<th>Expected to start (year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>U-Tapao airport</td>
<td>200,000</td>
<td>2023</td>
</tr>
<tr>
<td>TG MRO Campus</td>
<td>11,000</td>
<td>2021</td>
</tr>
<tr>
<td>High-speed rail linking three airports</td>
<td>200,000</td>
<td>2023</td>
</tr>
<tr>
<td>Laem Chabang port phase 3</td>
<td>150,000</td>
<td>2025</td>
</tr>
<tr>
<td>Map Ta Phut port phase 3</td>
<td>11,100</td>
<td>2024</td>
</tr>
<tr>
<td>Double-track railway</td>
<td>64,300</td>
<td>2021</td>
</tr>
</tbody>
</table>

Source: Eastern Economic Corridor Office (as of March 2018)

“**The Eastern Economic Corridor (EEC) project has been initiated to continue the success of Thailand’s Eastern Seaboard and support the digital economy. The EEC project will definitely create significant investments in infrastructure, industrial projects, and social projects, which will in turn strengthen the economic and social development of not only Thailand, but also other countries through interconnectivity. With unmatched opportunities and benefits provided by the Thai Government, it is an interesting opportunity for businesses, whether through direct investments or investing and participation in a Public-Private Partnership (PPP) scheme.”**

**Tanate Kasemsarn**
Head of Infrastructure, Government, Healthcare and Hotel
KPMG in Thailand

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New investment incentives in the EEC – starting 1 January 2018

- Applications must be submitted by the end of 2019.
- Investors are required to cooperate with an academic institution, research institution, or Center of Excellence to develop human resources and improve the level of technology.

<table>
<thead>
<tr>
<th>Area-based</th>
<th>Conditions</th>
<th>BOI Incentives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Promoted Zone for <strong>Specific Industries</strong> (EECi, EECd, EEC-A)</td>
<td><em>No. of apprentices:</em> &gt; 10% of all employees hired or at least 50, whichever is lower.</td>
<td>&lt; 8 years of CIT exemption plus additional 2 and 5 years for 50% reduction of CIT rate after the CIT exemption period.</td>
</tr>
<tr>
<td>2. Promoted Zones for <strong>Targeted industries</strong></td>
<td><em>No. of apprentices:</em> &gt; 10% of all employees hired or at least 50, whichever is lower.</td>
<td>&lt; 8 years of CIT exemption plus additional 5 years for 50% reduction of CIT rate after the CIT exemption period.</td>
</tr>
<tr>
<td>3. Other <strong>Industrial Estates/Industrial Parks</strong> in EEC</td>
<td><em>No. of apprentices:</em> &gt; 5% of all employees hired or at least 25, whichever is lower.</td>
<td>&lt; 8 years of CIT exemption plus additional 3 years for 50% reduction of CIT rate after the CIT exemption period.</td>
</tr>
</tbody>
</table>

Note:
- Projects applied for this EEC incentive measure shall not receive additional incentives under merit on Industrial Area Development (under the BOI announcement no. 2/2557). Moreover, certain targeted industries may be granted more tax exemption incentives (i.e. strategic) for up to 15 years (under the announcement no. 1/2560 of the Empowering Competition of Thailand in Target Industries Act B.E.2560 (ECTTI)).
- EEC of Innovation (EECi) is a new economic area focused on research and development, and innovation, including government and private-sector laboratories, field laboratories, leading testing and analysis centers, pilot plants and demonstration plants. These consist of Biopolis, Arpolis, Space Krenovapolis.
- EEC of Digital Park (EECd) is a new economic cluster, strategically located in the EEC, aiming to be the destination for digital global players and digital biz innovators to Invest-Work-Learn-Play together in the park, where digital lifestyle meets digital business.
- EEC Aerotropolis (EEC-A) is a new urban model in which cities are built around airports, speedily connecting time-sensitive suppliers, manufacturers, distributors, and business people to distant customers, clients, and marketplaces.

**Comparison of the incentives provided by EEC and those provided by other ASEAN nations**

Based on the table below, EEC in Thailand offers a highly competitive incentive package ranging from Corporate Income Tax (CIT) and Personal Income Tax (PIT) benefits to favorable duration of land lease.

<table>
<thead>
<tr>
<th>Country</th>
<th>CIT</th>
<th>CIT exemption (For pioneer firms)</th>
<th>PIT</th>
<th>Land Lease (Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand</td>
<td>20%</td>
<td>15 years (strategic), 9-13 years (technology-based), &lt; 8 years (sector-based)</td>
<td>35% (17% for expats)</td>
<td>50+49</td>
</tr>
<tr>
<td>Singapore</td>
<td>17%</td>
<td>&lt; 15 years Plus 5-40 years for CIT reduction rate at 5% or 10%</td>
<td>22%</td>
<td>30 (initial lease) plus more years (subject to a business plan and government policy)</td>
</tr>
<tr>
<td>Indonesia</td>
<td>25%</td>
<td>5-15 years plus two subsequent years for a 50% reduction in CIT</td>
<td>30%</td>
<td>30+20 (under the right-to-build title)</td>
</tr>
<tr>
<td>Malaysia</td>
<td>24%</td>
<td>5 years (high technology) 10 years (strategic, selected industries) 5 years (partial (70%) exemption in CIT) (general)</td>
<td>28% (28% for non-resident expats)</td>
<td>50</td>
</tr>
<tr>
<td>Philippines</td>
<td>30%</td>
<td>6 years and maximum 8 years</td>
<td>32%</td>
<td>50</td>
</tr>
<tr>
<td>Vietnam</td>
<td>20%</td>
<td>4 years plus 9 years for a 50% reduction rate and 10% CIT rate for 15 years</td>
<td>35%</td>
<td>50 (general) / 70 (special case)</td>
</tr>
</tbody>
</table>

Source: SCB EIC Analysis, KPMG Tax & Legal database

“Evidently, the Eastern Economic Corridor (EEC) is one of the mega projects initiated by the Government to attract investments in advanced technology in the targeted new wave industries. EEC will create plenty of opportunities for investors to participate in, for instance, the Public-Private Partnership (PPP) to develop utilities, infrastructure and public transportation to connect areas over the greater three provinces and beyond. In order to achieve the ultimate benefits from EEC conditions under the BOI and EEC law, Revenue Code, and the ‘Empowering the Competition of the Country in Targeted Industry Act B.E.2560’, investors should be aware and be well-prepared as well as have the appropriate corporate structure and a good understanding of the requirements from the beginning.”

Auaychai Sukawong
Director, Tax and Legal
KPMG in Thailand

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Emerging Trends in Infrastructure 2018
There are a number of trends in this year’s report that could be seen as a continuation of previous evolutions. At the same time, this year’s edition also highlights topics that are only now emerging and, we believe, will continue to shape infrastructure markets for years to come.

Collaborating along the Belt and Road
China’s Belt and Road Initiative (the Initiative or BRI) presents significant opportunities to promote economic cooperation and connectivity between countries, companies and people across the globe. In addition to infrastructure development, the Initiative is expected to lead to significant opportunities for a wide range of other business sectors, such as real estate, consumer markets and financial services, to name a few.

Connecting Hong Kong
This survey explored two areas. First, it asked the respondents about their overall perceptions of Hong Kong’s smart city’s strengths and weaknesses. Then it looked in more detail at six key sectors for Hong Kong’s smart city development: transportation and mobility, finance, education, environment, healthcare, and energy and resources.

Infrastructure Risks 2018
Emergence of fast-evolving digital technologies, increased regulatory pressure and global economic uncertainty are key factors in the current risks landscape. KPMG Risk Consulting assists clients to develop robust risk mitigation methods by interpreting the underlying drivers of global risks.

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