



# The Eastern Economic Corridor

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The Eastern Economic Corridor (EEC) is a large scale development project where the Thai government expects USD 50 bn worth of investments in the provinces Rayong, Chonburi, and Chachoengsao in the next 5 years. The EEC is designed to attract new industries while also upgrading existing clusters such as automotive, electronics, and petrochemicals. Additionally, five major infrastructural projects are planned to make the corridor more attractive for investments and to improve the connectivity with the ASEAN hinterland.

Due to its strategic location within Southeast Asia, the new to be developed Eastern Economic Corridor is being presented as the prime gateway to the region. Ongoing investments in the area offer opportunities for Dutch companies to expand their business to Thailand and the ASEAN region. Even though the developments in the EEC are still in the early stages, the Embassy of the Kingdom of the Netherlands monitors the developments in the Eastern Economic Corridor to inform Dutch companies on potential upcoming business opportunities.

## Thailand 4.0

In 2016, the Thai government presented its “Thailand 4.0” strategy: an economic model based on creativity, innovation, new technology and high-quality services. The strategy has been put in place to overcome the current challenges Thailand faces, including the middle-income trap. In order to do so, the Thai government aims to improve economic prosperity and social well-being.

## Industries and Clusters

In line with the Thailand 4.0 development plan, the EEC targets 10 industries that can be divided into two segments: First S-Curve and New S-Curve. The so-called First S-Curve sectors aim to boost competitiveness in the existing areas of strengths through

technology and innovation. The New S-Curve sectors comprise of new industries for the Thai industrial base (see table 1).

## Infrastructural Projects

Although the development of the EEC is still in its initial phase, five major infrastructural projects have already been approved by the government. These five projects consist of the further development of Laem Chabang port and Map Ta Phut port, the development of a high-speed rail route and a double-track railway through the eastern provinces, the expansion of U-Tapao International Airport, and the creation of a Maintenance, Repair and Overhaul (MRO) centre for aircrafts. Table 2 provides an overview of timelines of the major infrastructure projects in the EEC area.

Table 1. First and New S-Curve sectors

First S-Curve	New S-Curve
Next-Generation Automotive	Automation and Robotics
Smart Electronics	Aviation and Logistics
Agriculture and Biotechnology	Medical and Healthcare
Food for the Future	Biofuels and Bio-chemicals
Affluent Medical and Wellness Tourism	Digital

For companies interested in investing in, or working on, these projects, market soundings are being organised and information is available on the website of the [Board of Investment Thailand](#) (BOI) and the [EEC](#). The purpose of these market soundings is to open up a dialogue between the potential investors and the developers of the projects. Please see the websites in table 2 for further information on the projects or contact the Netherlands Embassy for the latest information on the market soundings and the status of the TORs.

## Eastern Economic Corridor Act

Many of the investments are being done under the Eastern Economic Corridor Act, which sets out the rules and procedures for promoting, facilitating and granting certain special privileges to businesses in the EEC area. Tax and non-tax incentives under the EEC Act include: the rights for foreigners to own land for business operation; land leasing for a period of 50 years plus a renewal for up to 49 years; special visa schemes for skilled labourers, executives and specialists including their family members; exemptions or reductions of taxes and duties; and financial support for R&D investments. These incentives depend on the type of investment and the S-Curve or project involved.

## Opportunities for Dutch Businesses

The S-Curve sectors and infrastructural projects targeted by the Thai government can provide interesting opportunities for Dutch businesses that are looking to do business or expand in the ASEAN region. In this regard, the current stream of investments in the EEC could benefit from Dutch expertise and knowhow in the S-Curve sectors. Many of the targeted S-Curve sectors match the Dutch 'Top Sector' approach and the industries linked to it. Additionally, Dutch companies specialized in developing infrastructural projects can benefit from the large investments from governments and the private sector in the EEC's infrastructure.

## Dutch Top Sectors in the EEC

### *Agri & Food and Horticulture*

The Thai agriculture industry makes up the largest part of the Thai GDP (8.4%) and provides work for 40% of its population. Due to a relatively low labour productivity, the Thai government has decided to emphasize upgrading small and medium sized enterprises and smart farming. This offers various opportunities for Dutch businesses that are specialized in advanced agricultural

technologies (e.g. usage of sensors, advanced datalytics, and automated systems), investments and research in biotechnology (e.g. plant and animal breeding), businesses which make use of advanced technologies in quality assurance, storing, and maintaining vegetables, fruits or flowers (e.g. sensor system which analyse fruit quality), and natural rubber production facilities. Furthermore, part of the agricultural projects in the EEC is the Eastern Fruit Corridor – including the first fruit auction market in Thailand.

### *Life Sciences & Health*

Healthcare is a priority sector of the government and developments in Life Sciences & Health in the EEC are closely linked to the creation of an international hospital and medical hub, and the establishment of new cities. Both offer economic prospects for Dutch companies in medical and healthcare segments, particularly hospital build, medical devices, mobility & vitality, eHealth and biopharmaceuticals. Also, an increase in environmental awareness widens Dutch business prospects in providing sustainable solutions for management services including efficient work processes, logistics, and waste & energy efficiency management.

### *Logistics and Maritime*

As there is a strong demand for greater cost efficiency in Thai logistics systems, Dutch expertise in smart logistics could be utilized to realize effective and integrated modality options. Retailers and manufacturers often tend to outsource logistics services such as transportation, inventory management, distribution, warehousing services, customs and kitting to third-party logistics companies. In this regard, the rising demand for value-added logistics services could benefit from Dutch knowhow. Opportunities for Dutch companies involve technical and management expertise on synchromodal transport, customs clearance and warehousing. Additionally, the creation of a maintenance and repair centre for aircrafts and the development of two ports in the EEC area offer further opportunities for Dutch businesses active in MRO-activities, land reclamation and maritime undertakings.

### *High Tech Systems & Materials*

The Dutch HTSM sector is one that covers many of the Thai S-Curve industries. Smart Electronics, Food for the Future, [Automation and Robotics](#), Next-Gen Automotive, and Medical

Table 2. Major infrastructural projects in the EEC area

Master timeline of major infrastructure as of May 2018	Terms of Reference (TOR)	Winner announced	Contracted awarded	Start operation
<a href="#">High Speed Rail linked 3 airports</a>	Beginning of April 2018	End-September 2018	End-December 2018	2023
<a href="#">MRO Centre</a>	Beginning of June 2018	End-July 2018	End-September 2018	2021
<a href="#">Map Ta Phut Port Phase 3</a>	End June 2018	End-September 2018	End-December 2018	2024
<a href="#">U-Tapao International Airport</a>	Mid-August 2018	Mid-November 2018	End-December 2018	2023
<a href="#">Laem Chabang Port Phase 3</a>	Mid-August 2018	End-November 2018	End-December 2018	2025

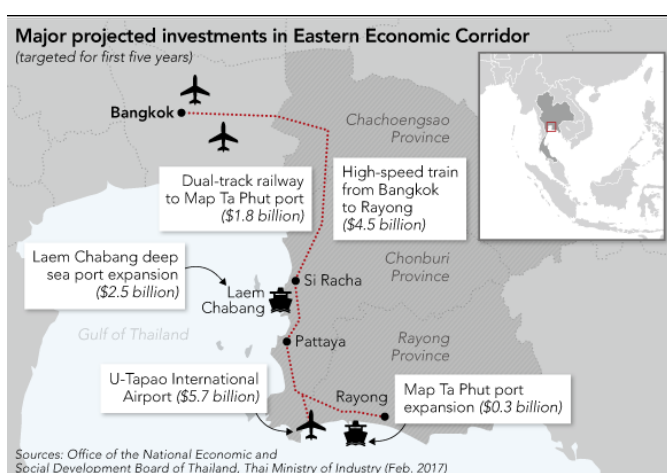


and Healthcare are typical examples of sectors that are likely to trigger a rising demand for automated systems and robotics in the coming years. The demand for automation and robotics is edging up and is expected to grow continuously as manufacturers and service providers increasingly look to automation solutions to achieve greater production efficiencies amid labour shortage and increasing competition. There is a growing demand for parts and components, as well as high-tech robots.

The EEC seeks to promote the development of electronic subindustries by enriching the integrated circuits industry, automotive electronic systems industry, and the electronic accessories industries which make use of advanced forms of technology. This offers opportunities for Dutch companies in communication devices, smart appliances, IoT, wearable electronics, electronics design, microelectronics, and embedded systems design. Dutch producers of safety components, transmission system parts, vehicle engines, and many various engine components could benefit from the EEC following the global trend in the production of electrical vehicles.

### Energy

The Thai government is set to increase its import of Liquefied Natural Gas (LNG) by 2030. Also, guidelines have been approved for the full liberalization of liquefied petroleum gas (LPG) and for promoting competition in the natural gas business in the whole system. The objective is to prepare for the full liberalization of the natural gas business in the future. These goals are closely linked to the expansion of the LNG terminal's capacity at Map Ta Phut which could provide opportunities for Dutch companies with expertise in terminal operations and supported industries for liquefied gas.



## Challenges for the EEC

As Thailand currently lacks the domestic capacity to move forward with many of the targeted industries, the success of the S-Curves will heavily depend on the country's ability to attract FDI. However, although new waves of investment will boost manufacturing and high-value added services sectors, are they not capable of resolving the more deeply rooted structural

problems in the economy like domestic demand, investments, and labour availability.

In this light, the government predicts the creation of 100,000 jobs a year in the manufacturing and service industry by 2020 through the EEC. The Thailand 4.0 strategy aims to turn the Thai labour force into 'knowledge workers' across the S-Curve sectors within 20 years. As the workforce is facing a severe shortage of the required skills for today's jobs and those of the future, one of the focus areas is to bolster vocational trainings and to upgrade workforce skills to support new innovation. However, the private sector remains concerned about the plans to create a skilled labour force that meets the demands of the EEC and several firms have already stated that Thai managers need to improve their English proficiency in order to succeed.

## Stakeholders per S-Curve

### First S-Curve

- Next-Generation Automotive - Thai Automotive, Industry Association – TAIA, Thailand Automotive Institute – TAI, Electric Vehicle Association of Thailand - EVAT
- Smart Electronics - Electrical and Electronics Institute – EEI NSTDA's Nectec, Mtec
- Agriculture and Biotechnology – NSTDA's Biotec, Nanotec,
- Food for the Future - Food Innopolis, National Food Institute (see also NFI's Intelligence Center), National Science and Technology and Innovation Policy Office (STI), National Innovation Agency (NIA)
- Affluent Medical and Wellness Tourism - Tourism Authority of Thailand, Thailand Center of Excellence for Life Science (TCELS), TCEB

### New S-Curve

- Automation and Robotics – NSTDA's Nectec, Thai Automation and Robotics Association (TARA),
- Aviation and Logistics – Thai Federation on Logistics (ThaiLog), CAAT, AEROTHAI, AOT,
- Medical and Healthcare - Thai Medical Device Technology Industry Association (THAIMED), Science and Technology Trade Association (STTA)
- Biofuels and Bio-chemicals – Energy Policy and Planning Office (EPPO), Ministry of Energy (MoE), Dept of Alternative Energy Development and Efficiency (DEDE), Thai Bioplastics Industry Association (TBIA)
- Digital - EECd, Ministry of Digital Economy (MDE), Digital Economy Promotion Agency (SIPA)

Published by:

Embassy of the Kingdom of the Netherlands in Bangkok

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