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Thought Leadership | Foreign Direct Investment

Investing in the Future: Thailand's Eastern Economic Corridor (EEC)

The Eastern Economic Corridor (EEC) Development Plan is a long-term economic development plan for the Eastern Seaboard region of Thailand, which includes three provinces: Rayong, Chonburi and Chachoengsao. This plan focuses on various S-curve industries such as automotive, biotechnology, Artificial Intelligence (“AI”), robotics, automation, and aerospace, and has already attracted significant investment from countries like China and Singapore.

Even before the onset of the pandemic, the Thai government put in place [a wide variety of investment incentives](#) to help develop this region. These incentive packages included extended tax exemptions, looser work visa requirements and other measures to increase the ease of doing business in this industry-focused region.

Implemented by Thailand's Board of Investment (the “BOI”), these policies are aimed at advancing the country's development toward an Industry 4.0 standard, where smart factories use modern technology and infrastructure to operate at the highest level of efficiency.

Although the Thailand 4.0 vision has seen its share of delays – mainly in order to set up the necessary transportation and communications infrastructure, while also dealing with the pandemic – current projections indicate a significant increase in business and investment activity over the next few years, as part of a wider push to re-center Asian manufacturing within ASEAN.

As we will see, new investments in this area stand an excellent chance of turning a profit, provided the right preparations are made.

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New directions for growth

According to Thai government estimates, private investment in the Eastern Economic Corridor will increase quickly after mass vaccination puts a lid on the pandemic, reaching up to 2.5 trillion baht in 2027. The type of investment growth will, in large part, mirror the stated priorities of the government for its Thailand 4.0 initiative, which are [identified](#) as follows:

- Economic prosperity
- Social well-being
- Raising human values
- Environmental protection

Some industries, such as automotive, are especially well suited to fit these aims. The environmental benefit of electric cars is well known, and their cleanliness also brings direct public benefits by reducing pollution and improving the overall transportation experience.

Moreover, Thailand has already announced a [highly ambitious plan](#) to ensure that all car sales nationwide are electric by 2035. The timetable for this transition includes numerous checkpoints along the way, including a target of 50% of all car sales being electric by 2030. The country's automotive industry already employs over 800,000 workers and represents 10% of the entire economy, and so future development of this industry within the EEC scheme is widely expected.

The ongoing trade war between the US and China is expected to accelerate the involvement of foreign investors, as businesses relocate their production bases to countries like Thailand. Chinese investors are already investing in electric vehicle production, while US investors have thus far put a larger focus on battery manufacturing.

On top of all this, the Thai government is fast-tracking infrastructure development for electric vehicles as part of the EEC plan. They aim to build 100 charging stations within this year, with another 100 planned for next year.

Besides electric vehicles, other key drivers for the next six years will include 5G investment, medicine, and healthcare, as well as the bio-, circular, and green economy (BCG). These and other tech-based industries are [on track to grow quickly](#) in Thailand; even before mass



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COVID vaccination began, the EEC attracted 117 investment projects in Q1 of this year alone. These projects have a combined value of 64.4 billion baht – a resounding 39% value increase from the same period in 2020.

Factoring in both public and private investment, the EEC has brought in a total of 1.6 trillion baht in investment in the first half of this year, with further growth expected moving forward.

Although the pandemic has slowed Thailand's economy considerably, the worst-hit sectors are unrelated to manufacturing. Travel and tourism have taken a big hit, but many other industries have been able to carry on with only a temporary interruption. Moreover, Thailand's embrace of masks and vaccines bodes well for growth in the coming months and years, putting the country in an optimistic position as vaccine distribution accelerates.

For its part, the government remains committed to developing the EEC as the new economic powerhouse of the country. The region's growth and development this decade is all but assured, with many international businesses already setting up factories to capitalize on advantageous conditions.

Turning ideas into action

With adequate preparation, international investors can benefit greatly from these opportunities in Thailand's Eastern Economic Corridor. Success is not guaranteed, however – even for businesses with extensive experience elsewhere. Approval for the BOI's incentive packages requires precise documentation as well as a familiarity with the application process; delays, refusals and other headaches commonly result from preventable administrative errors.

Businesses must also understand the nuances of the local market, from supply chain considerations to talent acquisition, to a deeper understanding of the tax and regulatory systems that shape economic growth. Special rules apply in the unique business environment of the EEC, and the potential for further policy adjustments (and infrastructure developments) in the near future means that it is essential to pay close attention to developments in the area.

Making the most of this investment opportunity means recognizing key opportunities and challenges as early as possible. Local

About Us

Foreign Direct Investment Practice Group

We are commercially-minded and solutions-oriented legal advisors whose every move is made with your objectives in mind. We act as trusted legal and business advisors to leading international private and public corporations, start-ups, private equity funds, and foreign individuals on all aspects of their foreign direct investment (FDI) transactions in Thailand.

Our team has extensive experience in providing legal services to international clients on every aspect of investing in or expanding their business in Thailand. We help foreign clients navigate Thailand's foreign ownership laws to ensure that their businesses are structured and are carried on in compliance with legal requirements. We also regularly work with US clients on obtaining benefits under the Thai-US Treaty of Amity and Economic Relations.

conditions play an important role in determining optimal business strategy, which in turn can influence which set of BOI incentives to pursue.

Success also depends on other factors, such as selecting the right market niche, setting up long-term partnerships with dependable businesses on the ground, establishing a positive presence within the community, and more. Expert guidance can help greatly in these and other matters, making the road forward far smoother and easier to navigate.

Getting started

The right partner on the ground can guide investors through these initial steps, while also enabling swift progress during business setup and later operations. Our experience in automotive and other S-curve industries, alongside our knowledge of both the EEC region and the nuances of the BOI application process, make Kudun & Partners an excellent choice for foreign investors.

We will help you navigate the complex Thai legal system and make the right investments in the EEC. Our advisory center can help with BOI applications, foreign ownership restrictions, and investment structuring, among other essential issues. Contact us today to find out more.

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