

Update: Bill on Development of the Eastern Economic Corridor

14 March 2018

After lengthy consideration of the Bill on the development of the Eastern Economic Corridor (“**Bill**”), the National Legislative Assembly approved the Bill on 8 February 2018. The approval was ratified on 14 February 2018, and the Bill is now in line for publication in the Government Gazette in order to become effective.

Once the Bill comes into force, three Eastern provinces, namely Rayong, Chonburi, and Chachoengsao, will be recognized as the Eastern Economic Corridor (“**EEC**”). The Bill provides authority to the EEC Policy Committee (“**EEC Committee**”) to prescribe rules and regulations for use within the EEC area. The EEC Committee may also propose the Bill to the Cabinet for consideration to amend, improve, or issue laws or regulations which would further facilitate development of the EEC.

The EEC Committee has the authority to prescribe rules and procedures for processing private sector participation in investment, or public-private investment (“**PPP**”) in the EEC under the Bill. Preparation, proposal and private party selection of public-private partnership projects in the EEC area should take approximately 8-10 months (EEC track). This is an improvement when compared to the typical PPP track under the Private Investments in State Undertakings Act, which can involve 40 months. There are currently six major EEC PPP projects approved by the EEC Committee comprising, (i) U-Tapao International Airport and Eastern Aerotropolis, (ii) a high-speed train connecting three airports, (iii) development of Map Ta Phut Port Phase 3, (iv) development of Laem Chabang Port 3, (v) U-Tapao Maintenance, Repair and Overhaul Center (MRO Center), and (vi) Innovation and Digital Parks.

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Further, a special expert committee is to be appointed by the National Environment Board to consider and provide opinions on, or approval of, an impact assessment report on the environment and the public health of communities, as affected by projects or activities in the EEC area. This review process is required to be completed within 120 days from the date of receipt of an accurate impact assessment report, containing complete information.

It is also anticipated that the EEC Committee may announce that a certain area within the EEC area will become a Special Economic Promotion Zone (“SEZ”) in which operations of Thailand’s ten targeted “S-Curve” industries will enjoy additional privileges. The ten targeted industries, as of the date of this article, comprise: (i) next-generation automotive, (ii) smart electronics, (iii) affluent medical and wellness tourism, (iv) agriculture and biotechnology, (v) food processing, (vi) robotics, (vii) aviation and logistics, (viii) biofuels and biochemicals, (ix) digital services, and (x) intensive medical and wellness services.

These additional privileges (of which rules and conditions are to be later determined) include:

- 1) certain exemption or reduction of taxes for the business operators within the SEZs;
- 2) a right to bring in experts in certain fields to be determined by the EEC Committee; to include, executives, spouses and dependents subject to Thailand’s immigration laws;
- 3) a 50-year land lease (as well as land sub-lease) right with a renewal period not exceeding 49 years;
- 4) a right to own land and condominium(s) for the purpose of operating the businesses;¹
- 5) an exemption from any or all of the exchange control

¹i.e., a business operator in the SEZ who is a juristic person and a foreigner under the Land Code shall be entitled to hold title in the land within the SEZ for operating the permitted business without a requirement to obtain permission under the Land Code. In addition, a business operator in the SEZ who is a juristic person and a foreigner under the law on condominium(s) shall also be entitled to hold title in the condominium unit for which the exemption of the restriction of foreigner’s right under the law on condominium(s) is obtained.

regulations, and the right to use foreign currency for payment of goods or services among the business operators within the SEZs; and

- 6) an exemption for importers or exporters who operate businesses in the SEZs from all or any part of the customs law compliance.

A one stop service for the granting of consent, permit, license or approval under various laws, e.g., law on buildings control, factories, land allocation and public health will also be established to facilitate the businesses and business operators in the SEZs.

Nevertheless, there still remain at least 24 regulations to be prescribed under this Bill in order to implement the above-mentioned privileges and plans.

This publication is intended to highlight an overview of key issues for ease of understanding, and not for the provision of legal advice. If you have any questions about this publication, please contact your regular contact person(s) at Mori Hamada & Matsumoto or Chandler MHM Limited, or any of the Key Contacts listed in the far-right column.