



# Economic Cooperation and Strategy in GMS

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# 11<sup>th</sup> National Economic and Social Development Plan (2012 – 2016)

**Vision: “A happy society with equity, fairness and resilience.”**



## 6 Development Strategies

### Targets

- **Thai society will become a better place, characterized by harmony and the well-being of its people.**
- **All citizens will acquire lifelong learning and better health.**
- **The Thai economy will achieve inclusive growth** at a moderate pace based on its potential:
  - Focus on upgrading total factor productivity (TFP) to be higher than 3 percent per annum
  - Improve Thailand’s competitiveness rank
  - Increase the contribution of SME’s to at least 40 percent of GDP
- **Environmental quality will be improved to meet international standards.**

### **Create Human and Social Quality**

1. Create a just society
2. Develop knowledge-based society

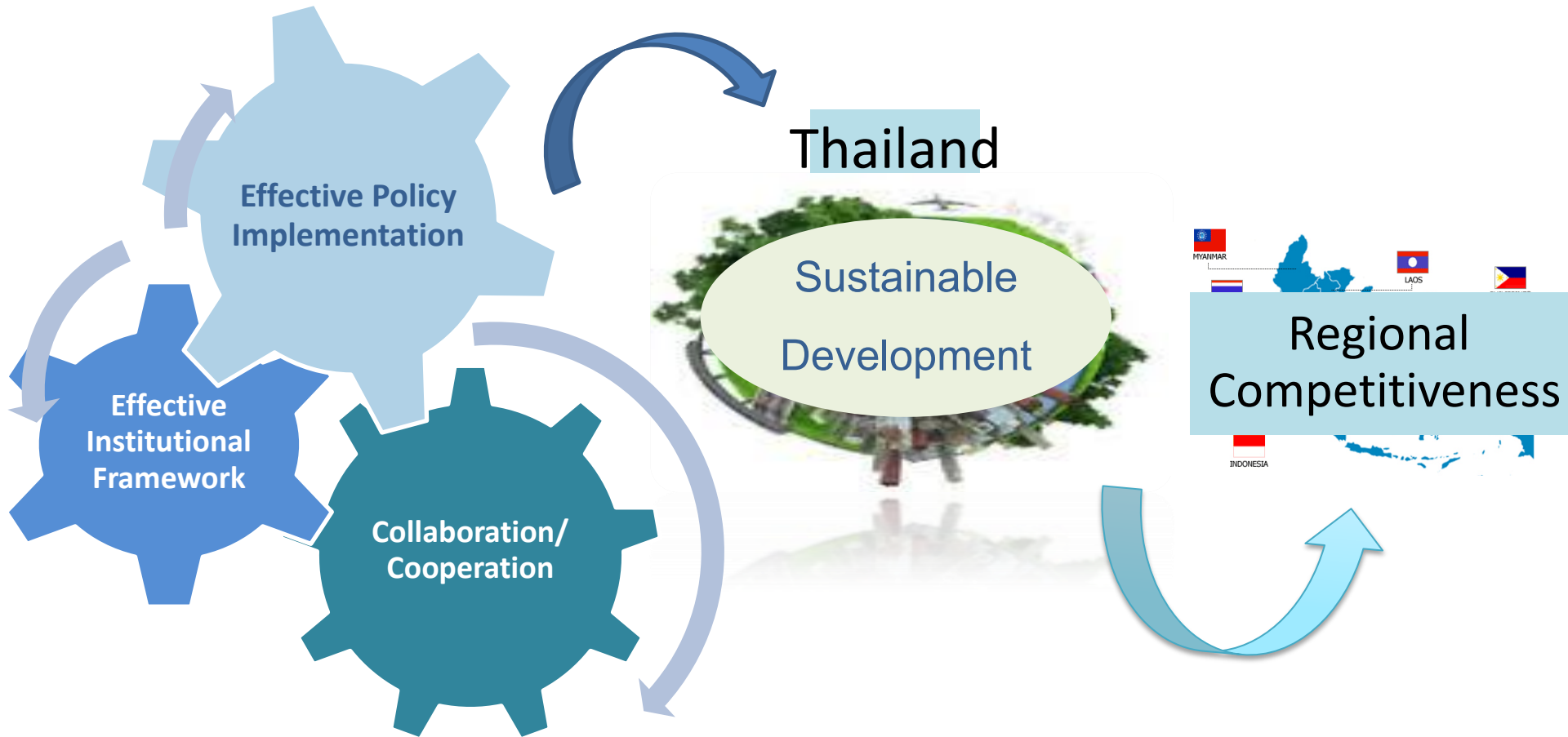
### **Restructuring the Economy**

3. Strengthening the agricultural sector as well as food and security
4. Restructure the economy toward more balanced and sustainability
5. **Create regional connectivity for social and economic stability**

### **Natural Resources Management**

6. Manage natural resources and the environment towards sustainability

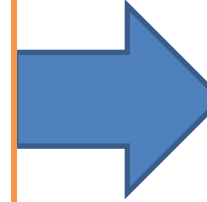
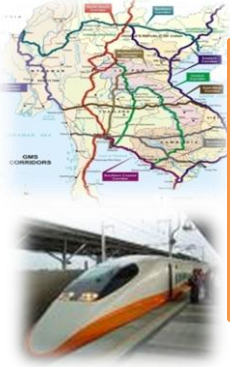
# Thailand's Development Strategy: Challenges



# The GMS Role in the Subregion

## Connectivity

The major strategic program towards achievement of regional connectivity especially Economic Corridor development, railway lines, double tracks rail, ports and seaports, and the establishment of regional railway and energy coordination centres.



## Production Bases

Development of Dawei SEZ as the new regional production base, connected via the Southern Economic Corridor (SEC) and other investment bases along economic corridors to create production chain linkages.



## Inclusive Growth

Reduction of development gaps through human resource development, capacity building and labor skill development, social, environmental and quality of life development.



## Cross-border Transport and Trade

Accelerate Cross-Border Transport Agreement implementation to facilitate trade and transport, beginning with pilot projects to exchange traffic rights, while legislation relating to Single Stop Inspections is being drafted.



# Economic Corridors Development in the GMS

## Key Strategies of GMS

- Conceptualised since 1998 following the Asian Economic Crisis
- As outlined in the New GMS Strategic Framework (2012-2022)
- Focuses on integrated, multi-sectoral development and spatial development

## ASEAN Framework

- The key element in promoting connectivity in accordance with the Master Plan on ASEAN Connectivity (MPAC)

Present Development

Transport Corridor

Trade & Transport Facilitation Corridor

Logistics Corridor

Urban Development Corridor

Economic Corridor



- Investment under the GMS Framework has been made in 55 infrastructure projects, with the **total investment capital of 420 Billion Baht** covering significant projects such as roads, airports, railways, hydropower and tourism infrastructure.
- At present, the GMS **Regional Investment Framework: RIF** had been drawn up and was completed in Q3 2013.

# Cross Border Transport Facilitation in the GMS

## Regulatory Improvement



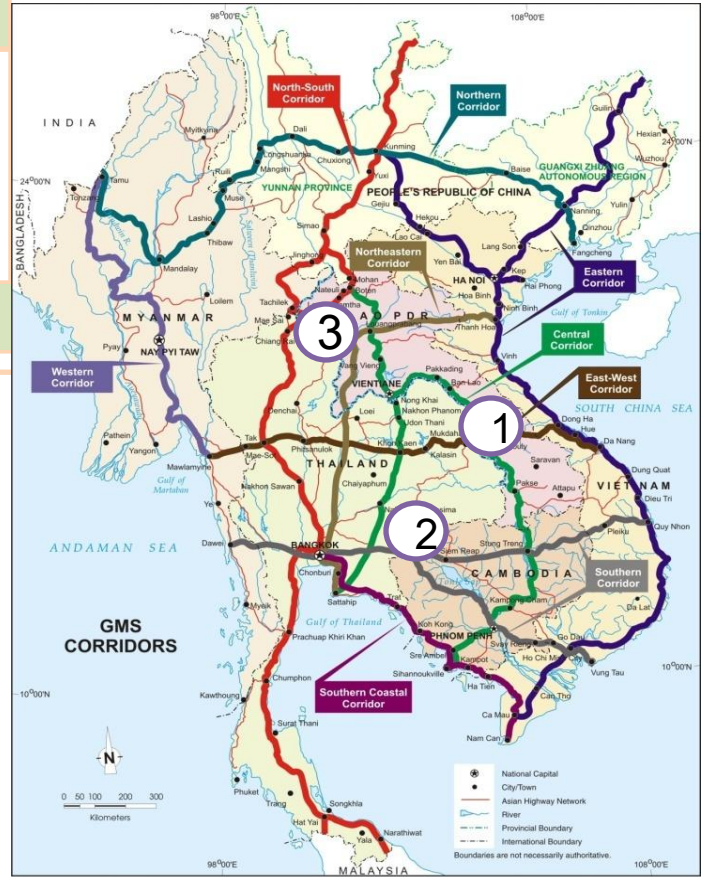
## Ratification of CBTA Protocols and Annexes

- The remaining countries to ratify all annexes and protocols are Thailand and Myanmar.
- **Thailand** will complete the full ratification by December 2014.

## Exchanges of Traffic Rights

- **Thailand – Lao PDR – Viet Nam** began in June 2009 along the EWEC with preparations for extending the route to link Bangkok, Vientiane, Hanoi and the Eastern Seaboard
- **Thailand - Cambodia** commenced 14 June 2012 at Aranyaprathet - Poipet border crossing, piloting with 40 vehicles/country
- **Thailand – Lao PDR – PRC** MOU being submitted to Cabinet and Parliament to commence traffic along NSEC starting with 100 vehicles/country
- **Thailand – Myanmar** pilot project concepts being considered by Myanmar Government

## Pilot Cooperation in the GMS

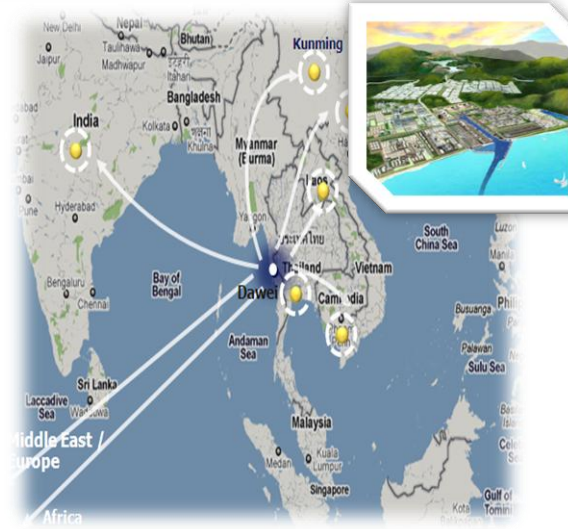


# Thailand's Key Activities to support Regional Integration



## Corridor Network

- Thailand acts as active development partner (470 million USD assistance)
- Fulfill missing links along corridors, especially in Myanmar
- Upgrade road standard to ASEAN class
- Promote road safety
- Cooperate with Mekong countries, aiming to achieve the first GMS railway link within 2020
- Establish Greater Mekong Railway Association (GMRA) in Thailand



## Cross Border Facilitation

- Implement Cross Border Transport Agreement with Mekong Countries including exchange of traffic rights and single stop inspection.
- Upgrade border crossing points and facilities
- Modernize and streamline cross border procedures i.e. National Single Window, E-Customs
- Improve laws and regulations to facilitate cross border trade and transport.

## Regional Supply Chain and Production Base

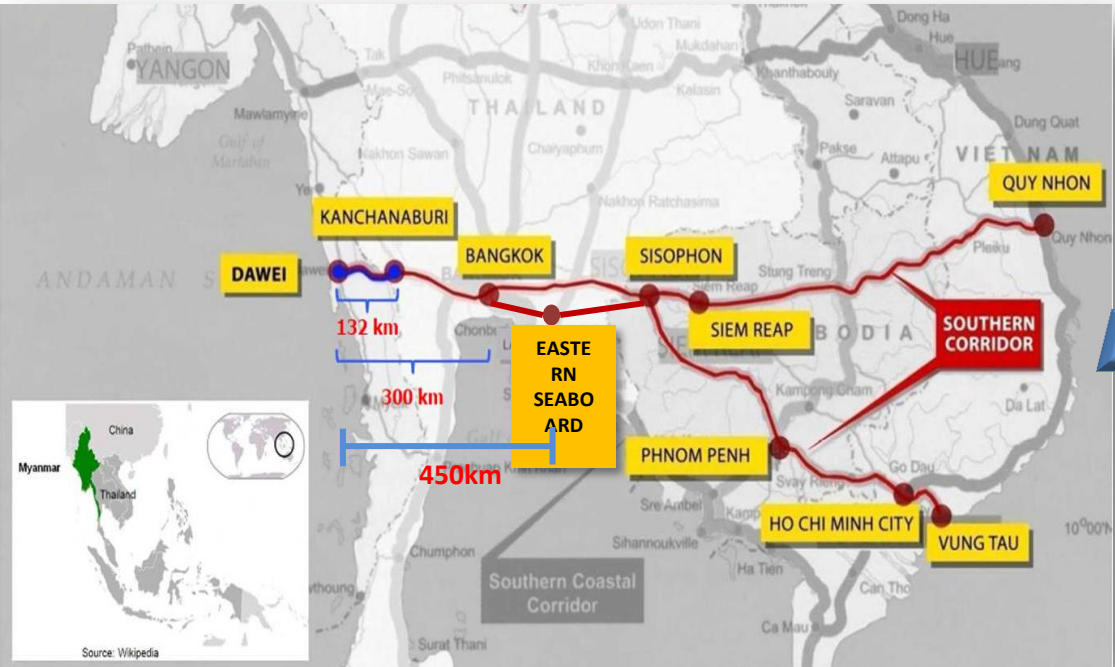
- Jointly develop Dawei SEZ with Myanmar
- Conduct border development plan with Cambodia
- Review a Master Plan Study for establishment of Special Economic zones in Key border towns in Thailand



# Strategic Location of Dawei Project: The Most Attractive Regional Connectivity

**New Economic Corridors:** DSEZ establishment completes the regional connectivity and creates the most attractive economic corridor whereby

- Passing through major cities in Thailand, Cambodia and Vietnam
- Supply chain linkage between locators in the Dawei project and parts and components manufacturers in Thailand, Cambodia and Vietnam
- Inducing all manufacturing, investment, and trading activities along the complete corridor



## New Production Base

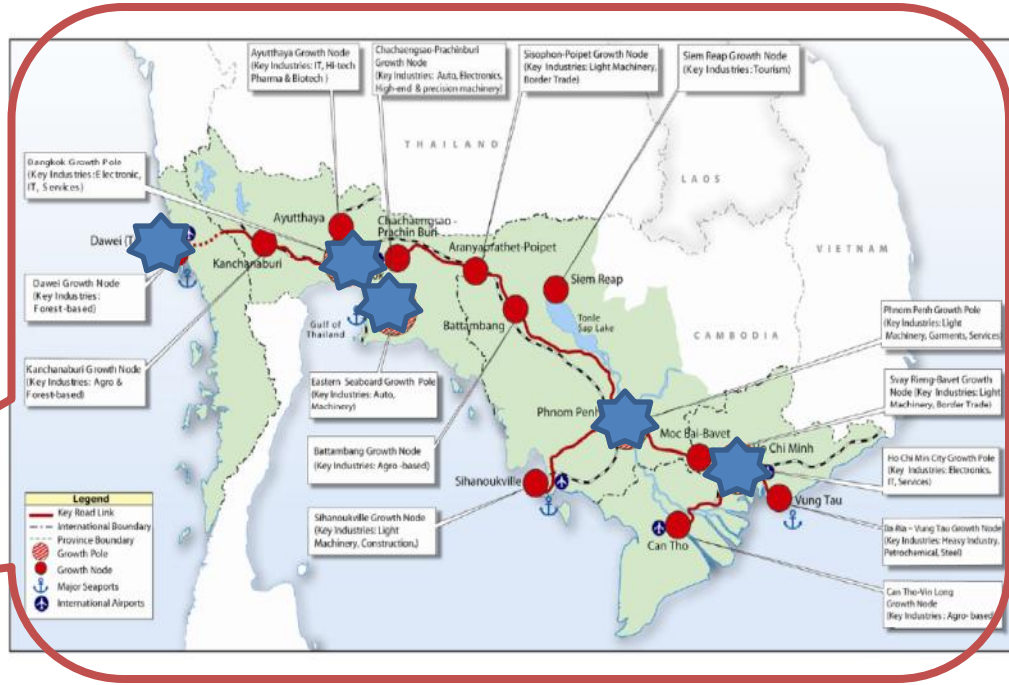
- Area for industrial expansion in the region
- Establishing co-manufacturing linkages especially with the Eastern Seaboard in Thailand and inducing the economic activities along the corridor
- Encouraging Foreign Direct Investment to Myanmar
- New production base leading to generation of the regions' trade volume

## Economic and Social Development

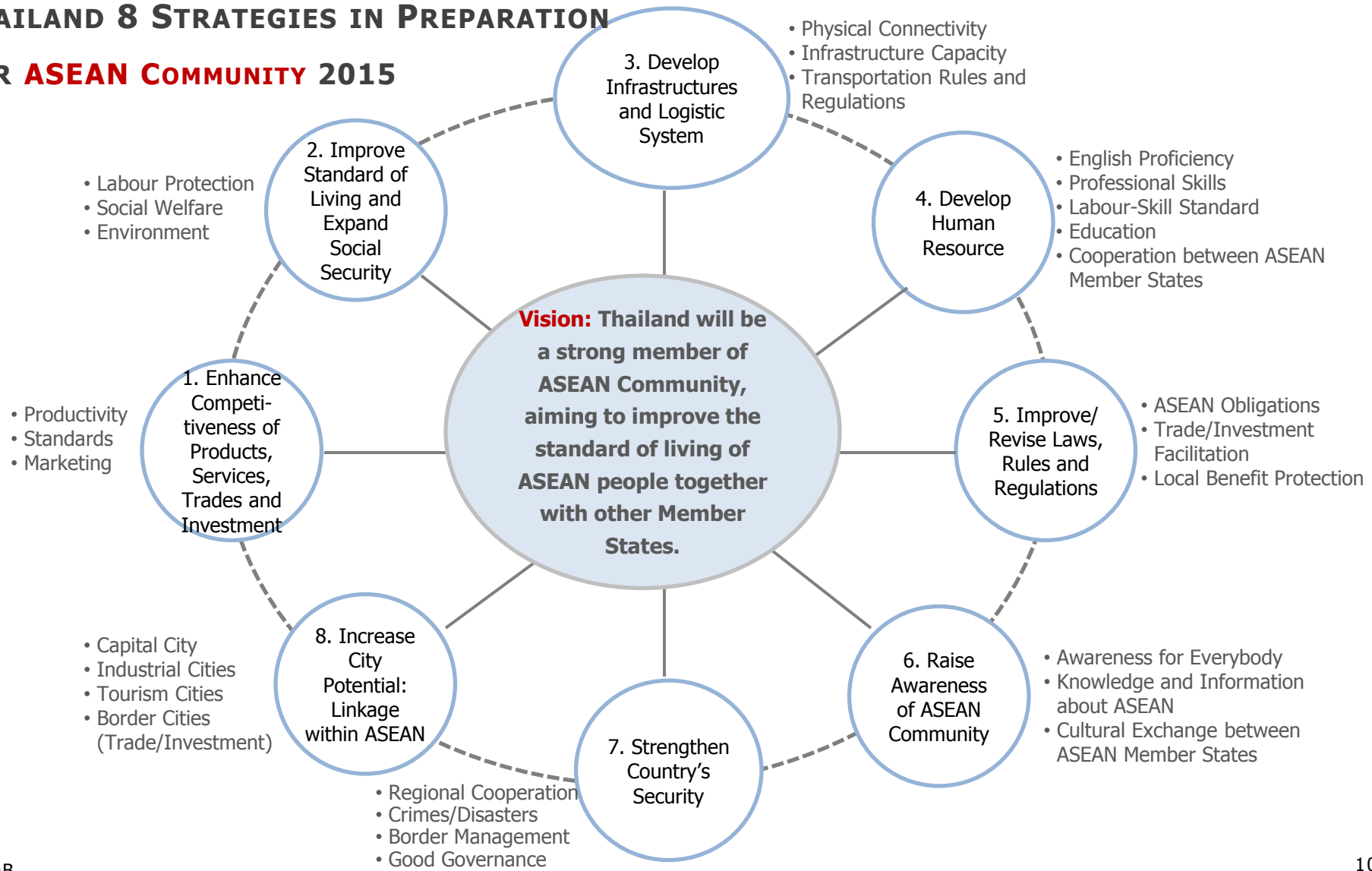
- Improvement of basic infrastructures
- Creating employments from the manufacturing and service activities
- Development of more skilled labors
- Enhancing people's livelihood with safety and high standard of living



# GMS Economic Corridors



# THAILAND 8 STRATEGIES IN PREPARATION FOR ASEAN COMMUNITY 2015



# ASEAN Physical Connectivity : A Better Connected Region



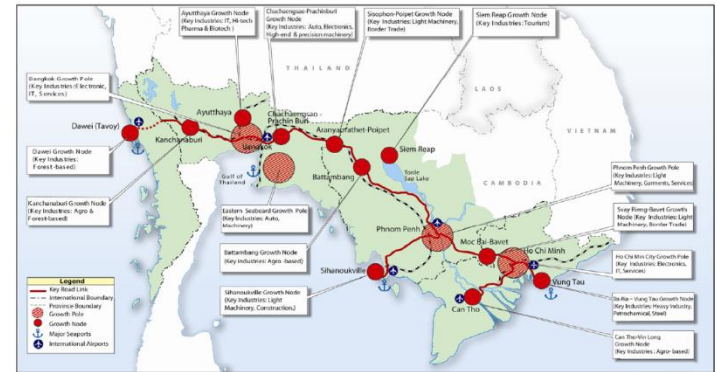
Road Network



Rail Network

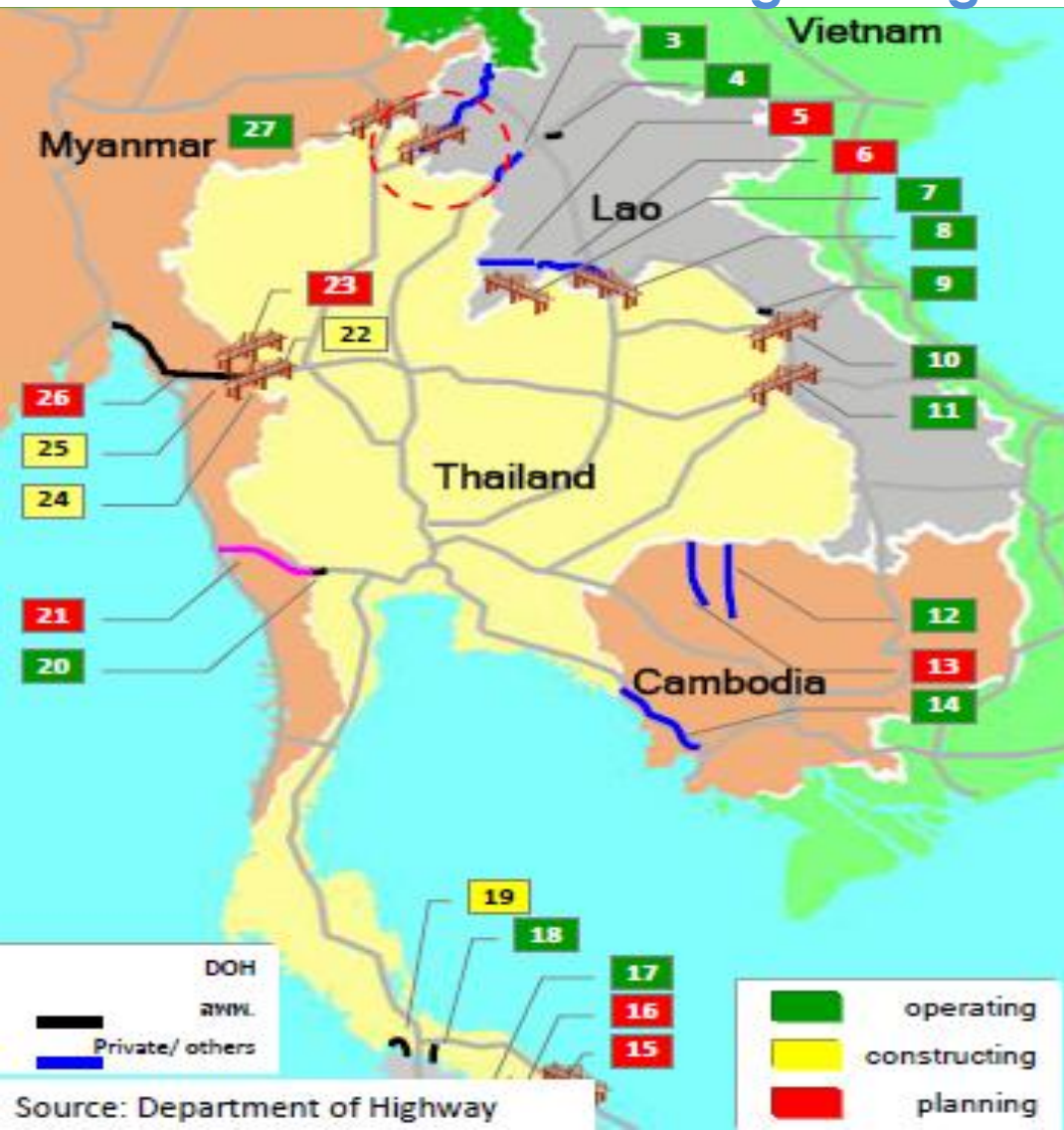


Maritime and Port



Dawei Project

# Thailand's Assistances to Neighboring Countries



## ASEAN Connectivity

### Thailand - Lao PDR (11 projects)

1. Friendship Bridge 4 (Chiang Khong-Huay Sai)
2. R3A in Laos
3. Huay Kon - Pak Beng
4. Hinhway No.13 North - Sang Kha Lok
5. Phu Du - Pak Lai
6. Highway No. 11 Lao PDR
7. Bridge across Huang River, Tha Li, Loei
8. Friendship Bridge 1 (Nong Khai-Thanaleng)
9. Road access Ban Woen Tai Pier
10. Friendship Bridge 3 (Nakhon Phanom-Kham Mouane)
11. Friendship Bridge 2 (Mukdahan-Savannakhet)

### Thailand - Cambodia (3 projects)

12. Road No. 67 Chong Sa Ngam - Siem Reap
13. Road No. 68 Chong Chom - Kralanh
14. Road No. 48 Ko Kong - Sre Ambel

### Thailand - Malaysia (5 projects)

15. Bridge across Kolok River, Tak Bai
16. Bridge across Ko Lok River 2, Sungai Kolok
17. Bridge across Ko Lok River 3, Bu Ke Ta
18. Nathawi-Ban Pra Kop
19. Kuan Sa Taw-Wang Pra Chan

### Thailand - Myanmar (8 projects)

20. Phu Nam Ron - Thailand-Myanmar border
21. Kanchanaburi - Dawei
22. Friendship Bridge (Mae Sot)
23. Friendship Bridge 2(Mae Sot)
24. Myawaddy - Dawna Foothill
25. Dwana foot print - Kawkareik
26. Kawkareik - Thaton
27. Friendship Bridge (Mae Sai)

# Regional Connectivity Challenges



# Physical Connectivity

- **Main Challenge: Financial Resources**
- **Other challenges;**
  - How to maximize the use of developing infrastructure to enhance regional competitiveness.
  - How to bring private sectors into the development plans especially in newly emerged economic areas; Pilot project?
  - How to maintain the existing physical linkages in good conditions; local, national or regional ownership?
  - How to prioritize the future development projects.

# Institutional Connectivity

- Synchronizing rules, laws and regulations
  - Regional commitments VS domestic orientations
- Transport and Trade facilitation
  - Customs
  - Free flow on products, persons, capitals and resources
- Harmonization of Standards
- The progress on ASEAN Single Window; national single window in each country need to be put forward



# Regional Connectivity Implementation



- Role of Subregional Cooperation
- Reducing Development Gaps



## **NESDB's Vision :**

“Being the core planning agency responsible for strategy formulation towards balanced and sustainable development, upholding national interests, up-to-date with the latest changes and working with the highest efficiency”



# **Thank You**

[www.nesdb.go.th](http://www.nesdb.go.th)



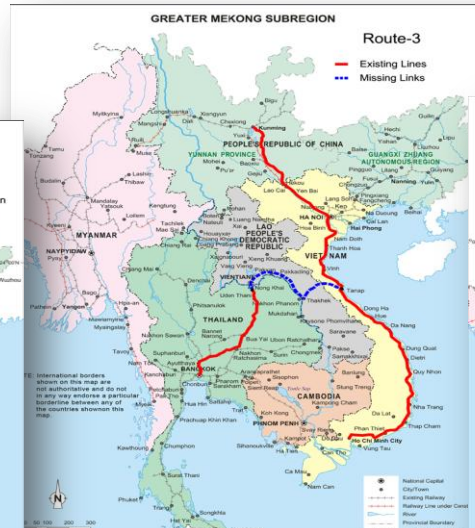
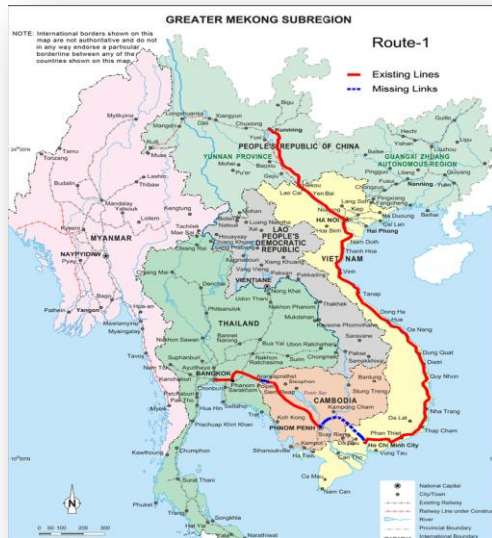
# Prioritized Railway Routes in the GMS

Route 1: Bangkok-Phnom Penh-Ho Chi Minh City-Kunming

Route 2: Bangkok-Vientiane-Kunming (via Boten/Mohan)-Hanoi/Ho Chi Minh City

Route 3: Bangkok-Vientiane-Hanoi/Ho Chi Minh City (via Tha Khaek-Mu Gia-Vung Ang)-Kunming

Route 4: Bangkok-Kunming (via Chiang Rai-Boten-Mohan)-Hanoi/Ho Chi Minh City



# Thailand's Immediated Mission to be done within 2015



## Create ASEAN awareness

Training / using publications For each target group

## Increase proficiency in English and other ASEAN languages

## Improved quality of goods and services

Expand MRA for goods and services inspection and certification

## Education

Adjust opening and close session to Match ASEAN university calendar / and create ASEAN curriculum

## Development of border towns and border checkpoint

Expedite the opening up of Ban Phu Numron gateway and the full operation of National Single window

## Improve quality and standard of manpower

Identify standard for professional skill labor

## HRD in public sector

establish ASEAN Unit in public sector and develop communication skill and knowledge of ASEAN

## Create infrastructure network to promote trade and investment

Construct ASEAN HW in Thailand through 11 key border checkpoints / purchasing power from ASEAN/ ICT / develop disaster warning system

## Improve the efficiency and coverage of welfare

## Strengthen security within ASEAN

Justice system/ illegal migration / anti-terrorism

# CASE EXAMPLE of NTBs in ASEAN (March 2013)

Country	Commodity	Measure	Impact to Thailand
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**Meat, poultry and egg products**

Import of meat, poultry and egg products have been certified Halal products standard and Halal food certificate from the Department of Islamic Development Malaysia.

Malaysia doesn't accept Halal products standard which certified by The Central Islamic Committee of Thailand.



**Vegetables and Fresh Fruits**

Imports of fresh fruits and vegetables are limited to only four points; three ports and an airports (from former 8 points)

In addition, shipping cargo to Jakarta has to get permission from the Governor of Surabaya.


High volume of import in all three sea ports but lack of inspection system and cold storage for fresh fruit so that they can not accommodate a large number of containers. In addition, logistics route problems cost more transporting time and lead to about 30 percent higher of logistic costs.

**Jasmine Rice**

Jasmine rice is defined as special kind of rice and there must be special purposes for import such as for health / for special group consumption only. Thus imports each shipment much must be certified by Ministry of Agriculture and get permission from the Ministry of Trade.

Getting testimonials imports take more times about 6 months - 1 year and it can be sold only in restaurants and hotels.

# CASE: NTB in ASEAN (March 2013)

Country	Commodity	Measures	Impact to Thailand
	<p><b>Halal food</b></p>	<p>Brunei, all food import must be passed a rigorous inspection for standards and Halal Slaughter must be certified by the responsible authorities of Brunei. Frozen chicken can be imported from a licensed exporter from Malaysia only but not from Thailand.</p>	<p>Thailand's frozen chicken products can not be exported to Brunei, even if it has been certified Halal standard by the Central Islamic Committee of Thailand</p>
	<p><b>Timber</b></p>	<p>Cambodian export ban on timber by reason of the forest conservation.</p>	<p>Thailand investors who invest in eucalyptus plantation in Cambodia can not export them.</p>
	<p><b>Food and Agricultural products</b></p>	<p>China expanded the list of goods imported under permits automated. All document for import application must be mailed only. The officer in charge of licensing will not accept a document manually. Reply will be al so by mailed.</p>	<p>It has delayed in the permissions process. Although the process specifies that it would take 10 days, but in reality it takes longer. In case of further inquiry regarding the document, the process will be started from the beginning once again. In addition, there is risk of documents lost in which case implies that there would be risk of product spoilage.</p>