The Potentials of the Indochina Economic Zone

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1 The Potentials of Indochina Economic Zone

2 Thailand's Perspectives and Roles

3 Thailand and CLM as a Bloc? How to Position Strategically

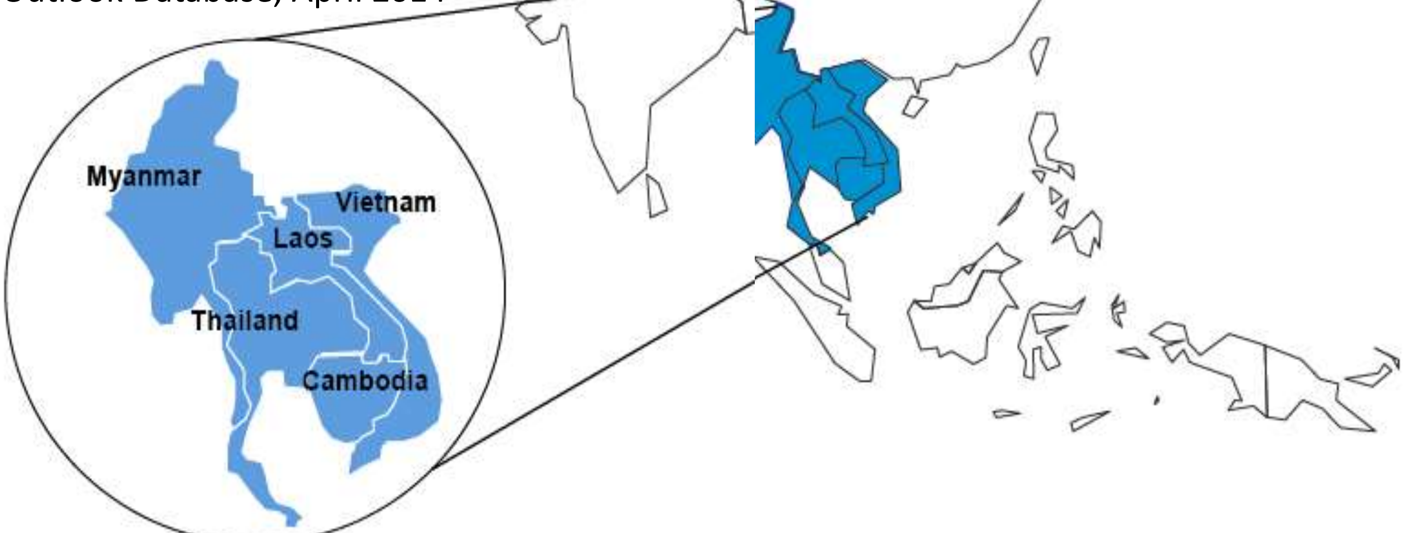
4 Japan's Roles in Indochina Economic Zone

5 Future of Indochina Economic Zone: challenges

Snapshot of CLMV and Thailand:
relatively small in the regional and the world context in terms of economic and population sizes

2013 Data	CLM	V	Thailand	CLM+Th	ASEAN	IMT-GT
GDP size (PPP, Bil USD)	420.2	113.0	673.7	786.7	3,852.3	2,492.2
GDP per capita (USD)	1,120.7	1,901.7	5,674.4	3,397.5	12,250.4	4,144.7
Share of total GDP (%)	0.20	0.41	0.77	0.97	4.4	2.9
Trade value (Bil USD)	50.9	264.1	276.1	327.0	2,519.2	1,284.2
Population (Mil)	87.1	89.7	68.2	155.3	629.4	348.2

Source: IMF, World Economic Outlook Database, April 2014



GDP of CLM and Thailand: only around 1% of the world economy but its trend has been rising suggesting high dynamism

GDP at current market prices (Purchasing-power-parity, Billion USD)

	2007	2008	2009	2010	2011	2012	2013
Cambodia	26.0	28.3	28.5	30.7	33.5	36.5	39.7
Lao P.D.R.	12.0	13.2	14.3	15.6	17.2	18.9	20.8
Myanmar	73.6	77.7	82.4	87.8	94.8	103.5	113.0
Vietnam	235.2	253.3	269.1	289.8	314.0	336.2	359.8
CLM	111.6	119.2	125.2	134.1	145.5	158.9	173.5
Thailand	520.0	543.4	534.8	583.5	595.4	645.2	673.7
CLM+Th	631.6	662.6	660.0	717.6	740.9	804.1	847.2
World	67,465.9	70,557.5	70,626.8	75,099.4	79,381.1	83,258.4	86,995.1

Share of GDP to the World (Purchasing-power-parity, Billion USD)

	2007	2008	2009	2010	2011	2012	2013
Cambodia	0.04	0.04	0.04	0.04	0.04	0.04	0.05
Lao P.D.R.	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Myanmar	0.11	0.11	0.12	0.12	0.12	0.12	0.13
Vietnam	0.35	0.36	0.38	0.39	0.40	0.40	0.41
CLM	0.17	0.17	0.18	0.18	0.18	0.19	0.20
Thailand	0.77	0.77	0.76	0.78	0.75	0.77	0.77
CLM+Th	0.94	0.94	0.93	0.96	0.93	0.97	0.97
World	100	100	100	100	100	100	100

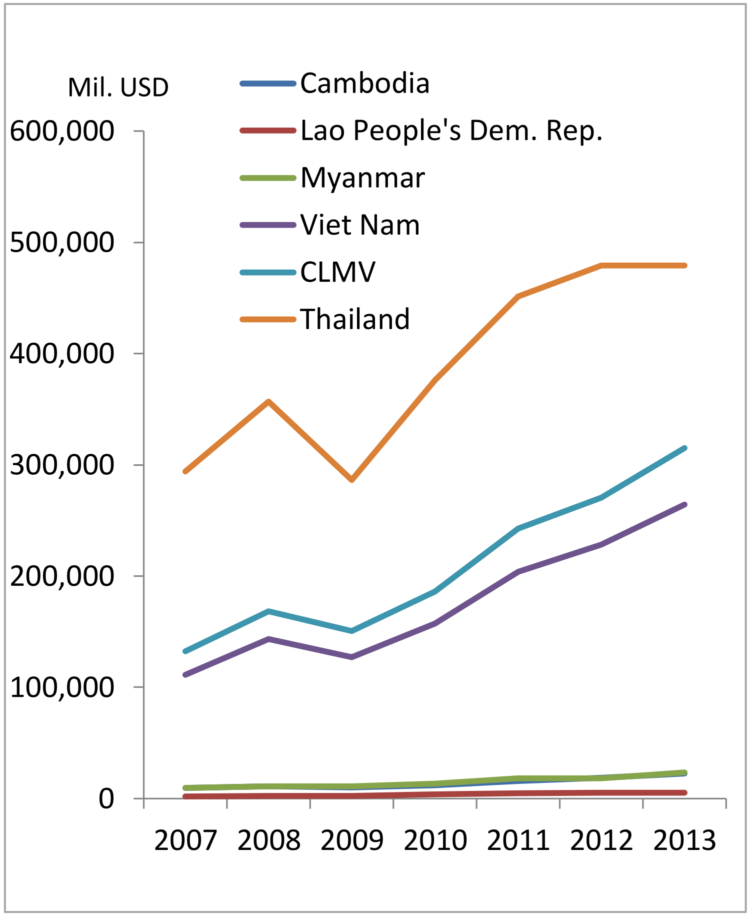
Source: IMF, World Economic Outlook Database, April 2014

Trade value of CLM + Thailand = 2% of the world trade

Value of merchandise trade of CLMV and Thailand (Bil USD)

	2007	2008	2009	2010	2011	2012	2013
Cambodia	9.5	11.2	10.0	11.9	16.0	18.8	22.3
Lao P.D.R.	1.9	2.5	2.5	3.8	4.6	5.3	5.3
Myanmar	9.6	11.2	11.0	13.4	18.3	18.1	23.3
Viet Nam	111.2	143.4	127.0	157.1	203.7	228.3	264.1
CLMV	132.4	168.3	150.6	186.2	242.5	270.5	314.9
Thailand	293.8	357.0	286.1	376.2	451.4	479.2	479.3
World	28,248.9	32,614.9	25,244.0	30,720.6	36,745.0	36,932.0	37,615.5

Trade value (Mil USD)



Source: UNCTAD

Share of merchandise trade of CLMV and Thailand

Share of merchandise trade of CLMV and Thailand to the world's trade

	2007	2008	2009	2010	2011	2012	2013
Cambodia	0.03	0.03	0.04	0.04	0.04	0.05	0.06
Lao P.D.R.	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Myanmar	0.03	0.03	0.04	0.04	0.05	0.05	0.06
Viet Nam	0.39	0.44	0.50	0.51	0.55	0.62	0.70
CLMV	0.47	0.52	0.60	0.61	0.66	0.73	0.84
Thailand	1.04	1.09	1.13	1.22	1.23	1.30	1.27
World	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: UNCTAD

Population in CLMV and Thailand: about 2% of the world pop. But CLM's demographic structure is relatively young

Number of population in CLMV and Thailand

	2007	2008	2009	2010	2011	2012	2013
Cambodia	14.3	14.6	14.8	15.0	15.1	15.3	15.4
Lao P.D.R.	6.0	6.1	6.3	6.4	6.5	6.6	6.8
Myanmar	57.6	58.8	60.0	61.2	62.4	63.7	64.9
Vietnam	84.2	85.1	86.0	86.9	87.8	88.8	89.7
CLM	77.9	79.5	81.1	82.6	84	85.6	87.1
Thailand	65.7	66.3	66.9	67.3	67.6	67.9	68.2
CLM+Th	143.6	145.8	148	149.9	151.6	153.5	155.3
World	6,646.9	6,726.0	6,805.2	6,885.2	6,966.4	7,043.9	n.a.

Source: IMF, World Economic Outlook Database, April 2014

Share of population to the world

	2007	2008	2009	2010	2011	2012
Cambodia	0.2	0.2	0.2	0.2	0.2	0.2
Lao P.D.R.	0.1	0.1	0.1	0.1	0.1	0.1
Myanmar	0.9	0.9	0.9	0.9	0.9	0.9
Vietnam	1.3	1.3	1.3	1.3	1.3	1.3
CLM	1.2	1.2	1.2	1.2	1.2	1.2
Thailand	1.0	1.0	1.0	1.0	1.0	1.0
CLM+Th	2.2	2.2	2.2	2.2	2.2	2.2
World	100.0	100.0	100.0	100.0	100.0	100.0

Source: IMF, World Economic Outlook Database, April 2014 calculated by NESDB

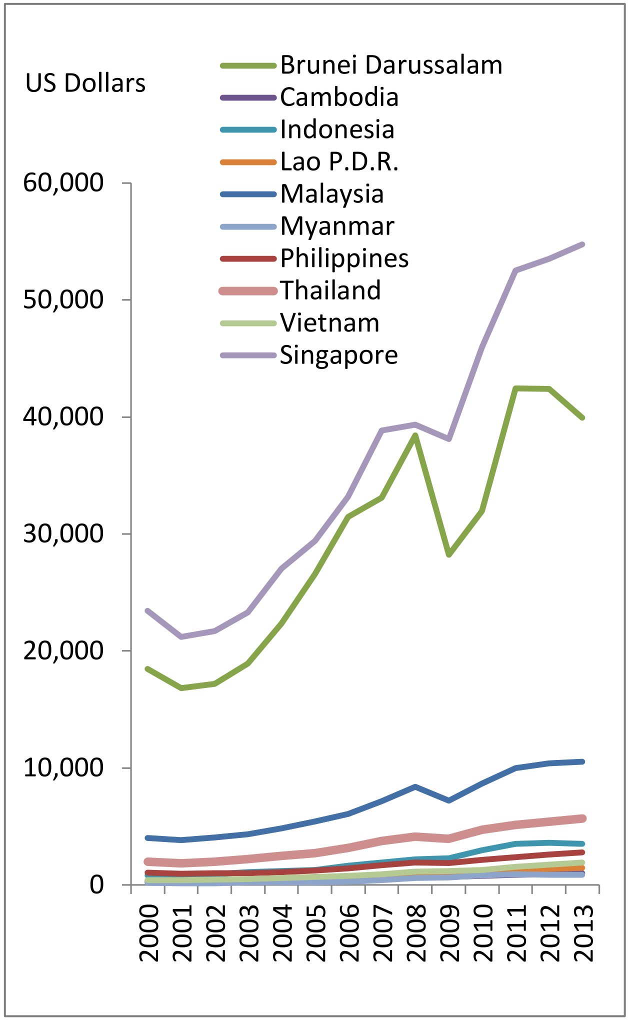
GDP per capita of CLM + Thailand: lower than ASEAN average

GDP Per Capita (USD)

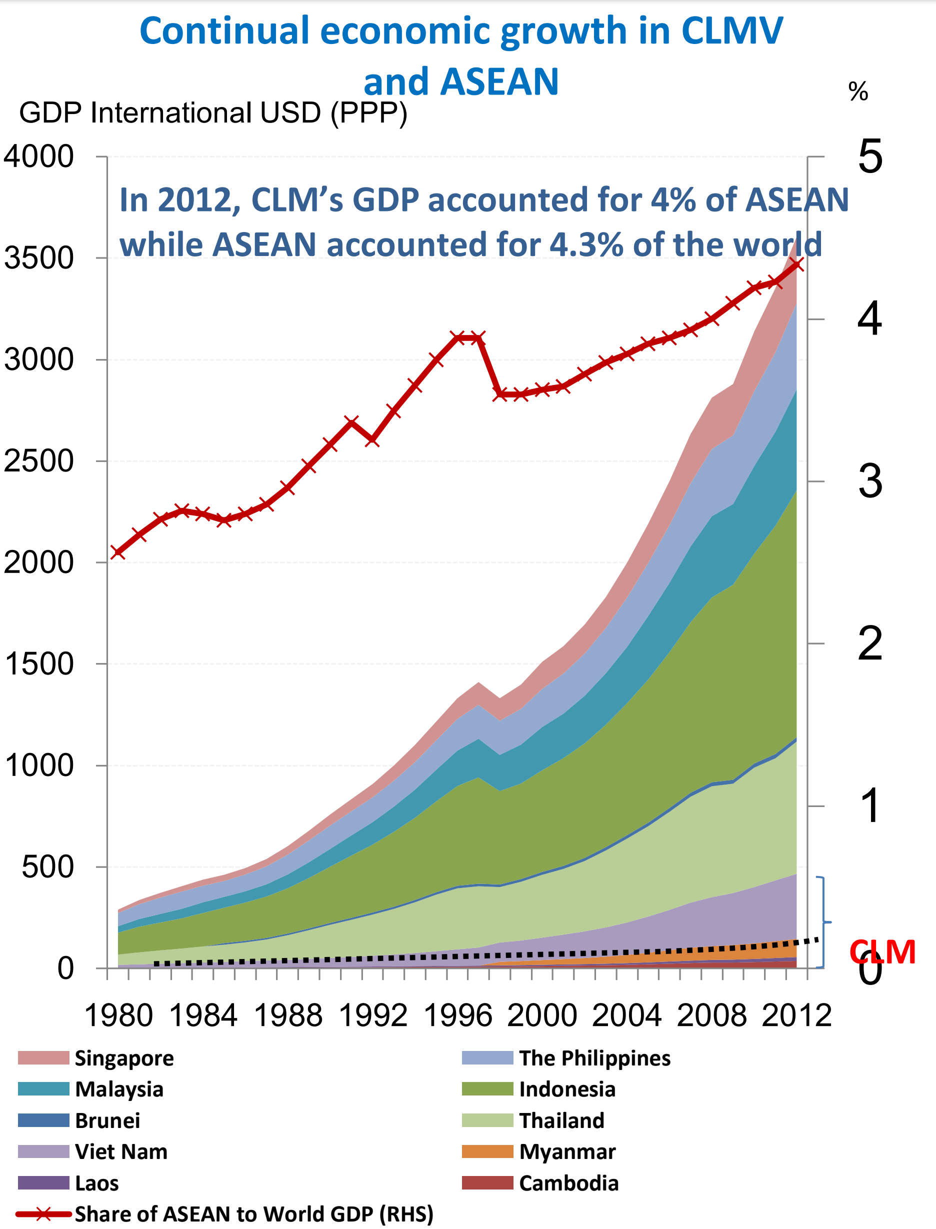
	2007	2008	2009	2010	2011	2012	2013
Cambodia	603.1	710.9	703.4	752.7	853.5	925.5	1,016.4
Lao P.D.R.	702.7	862.2	893.0	1,071.8	1,251.7	1,379.7	1,476.9
Myanmar	404.1	587.6	634.6	811.1	900.0	875.9	868.7
Vietnam	920.5	1,154.5	1,181.4	1,297.2	1,532.3	1,752.6	1,901.7
Thailand	3,756.9	4,110.0	3,943.1	4,740.3	5,114.7	5,390.4	5,674.4
Brunei	33,101.8	38,444.9	28,237.5	31,981.9	42,436.0	42,402.4	39,942.5
Indonesia	1,897.9	2,209.9	2,298.8	2,984.9	3,508.2	3,590.7	3,509.8
Malaysia	7,144.4	8,372.2	7,203.3	8,658.7	9,979.4	10,387.2	10,548.0
Philippines	1,683.7	1,918.3	1,851.5	2,155.4	2,378.9	2,611.5	2,790.4
Singapore	38,848.3	39,326.8	38,127.4	45,953.5	52,533.1	53,516.0	54,775.5

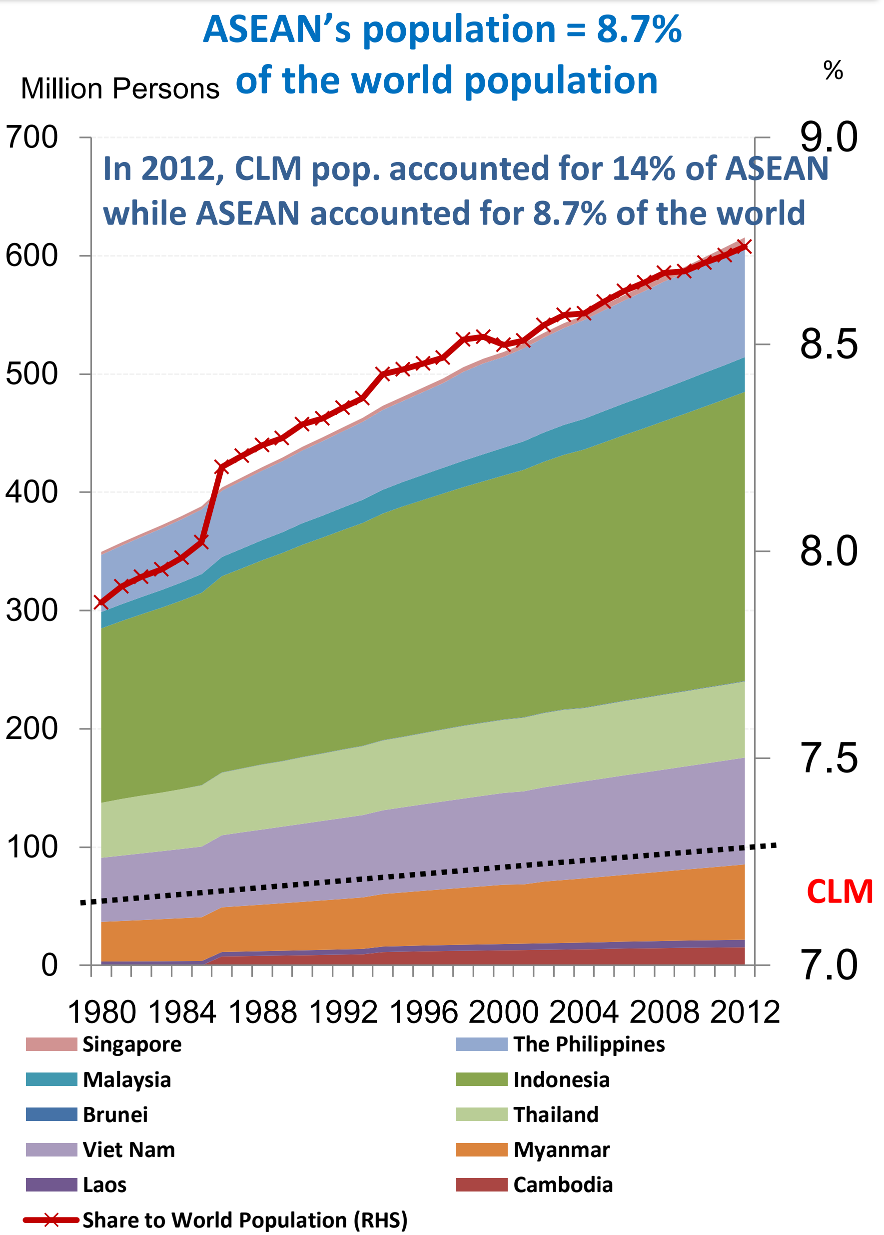
Source: IMF, World Economic Outlook Database, April 2014

GDP per capita
(current price ,USD)



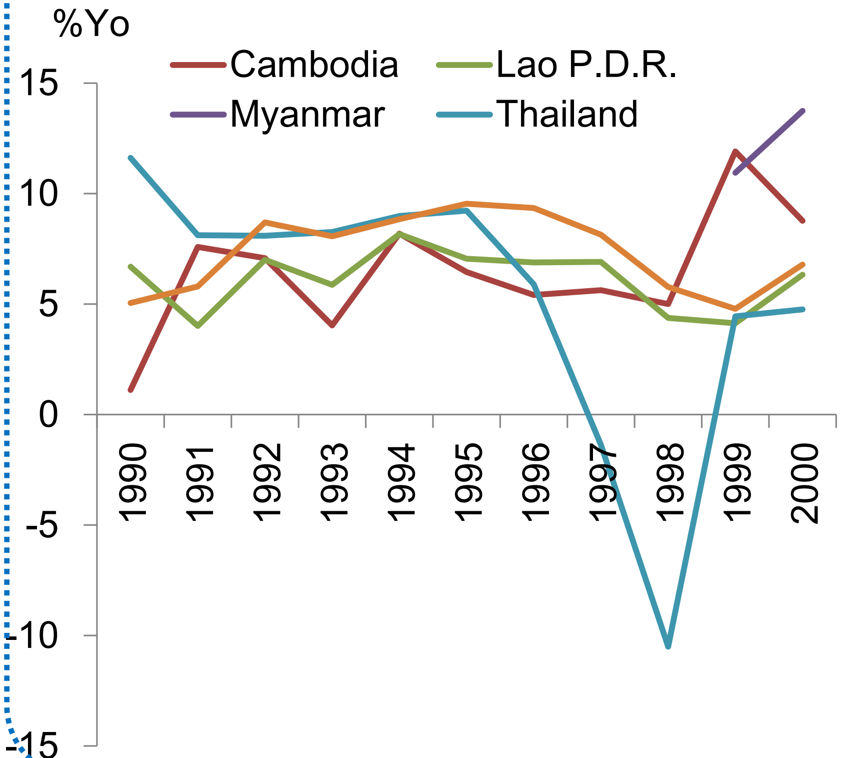
Indochina's Significance: increasingly important





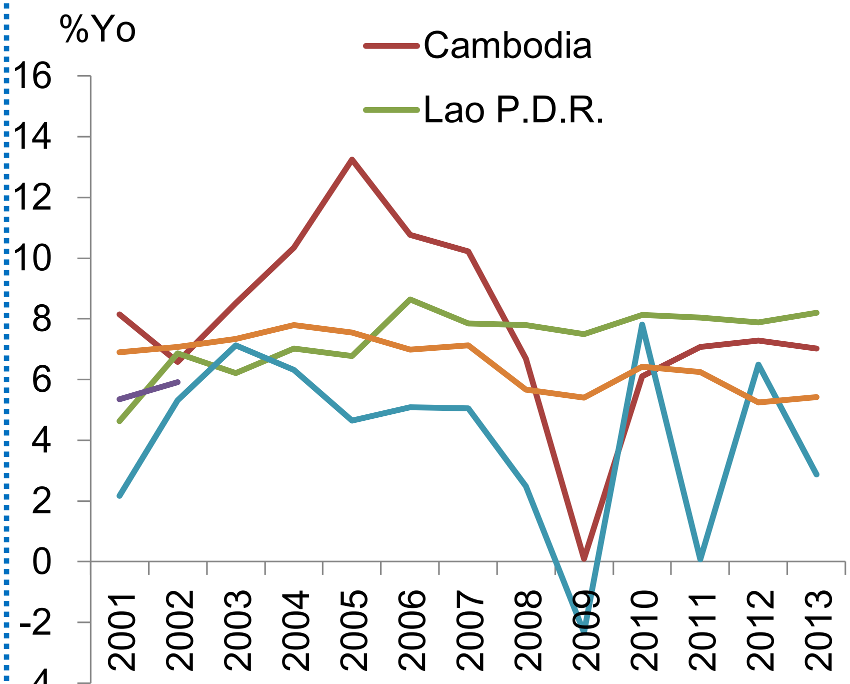
But economic growth of CLMV and Thailand have been relatively high— to some extents suggesting high dynamism and broadened economic bases

Annual Growth Rate: 1990-2000
CLMV: annual average = 8.1 %YoY
TH: annual average = 5.2 %YoY



Source: IMF, World Economic Outlook Database, April 2014

Annual Growth Rate : 2001-2013
CLMV: annual average = 7.8 %YoY
TH: annual average = 4.1 %YoY



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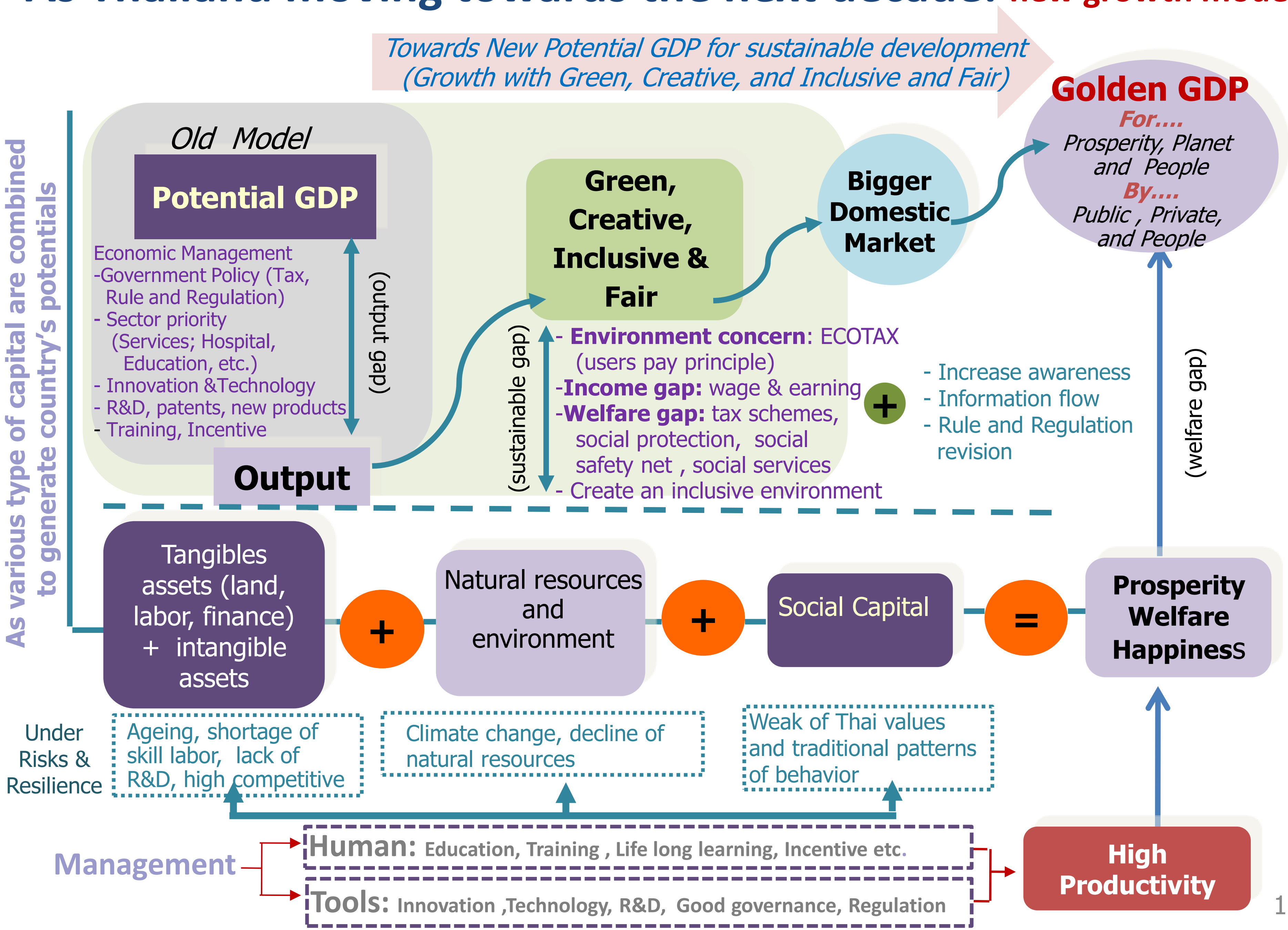
As Thailand moving towards the next decade: new growth model



Strategies of the 11th National Economic and Social Development Plan

6 Development Strategies

Creation of quality Human capital and Society

1. Creation of Justice in Society
2. Creation of Learning Society

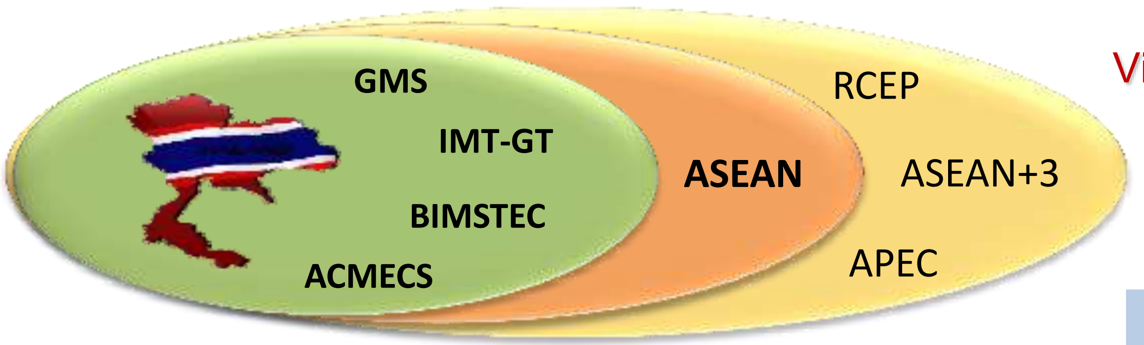
Economic Restructuring

3. Strengthening of Agriculture sector and food & energy security
4. Restructuring of the economy towards quality growth and sustainability
5. Regional Connectivity

Management of Natural Resources

6. Preparation for effects of Climate Change and Transfer to low-carbon & environmentally friendly society

Thailand's Regional Perspective



Vision: Building Economic Partnership within the Region

Goal:

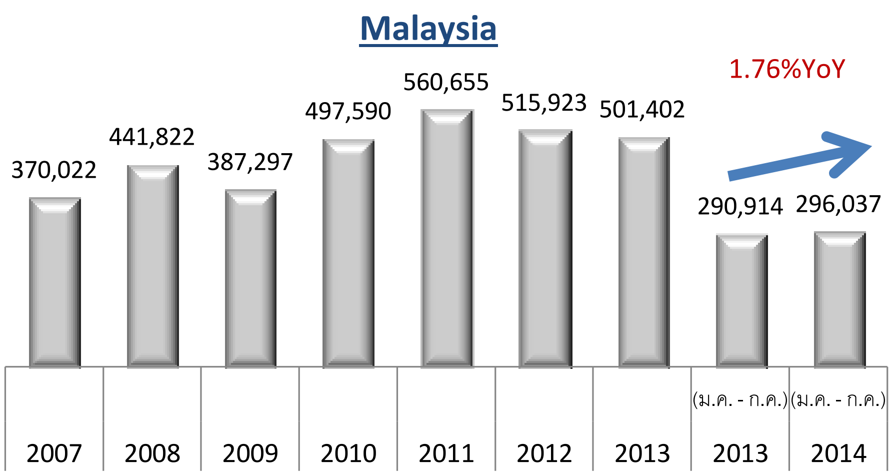
1. Strengthening role of Thailand in regional trade and investment
2. Increasing cross border trade and investment from Thailand to neighboring countries up to 15% (Trade) and 10% (Investment) per year
3. Creating supply chain linkages with the region
4. Decreasing domestic and international transaction cost and improve its standard

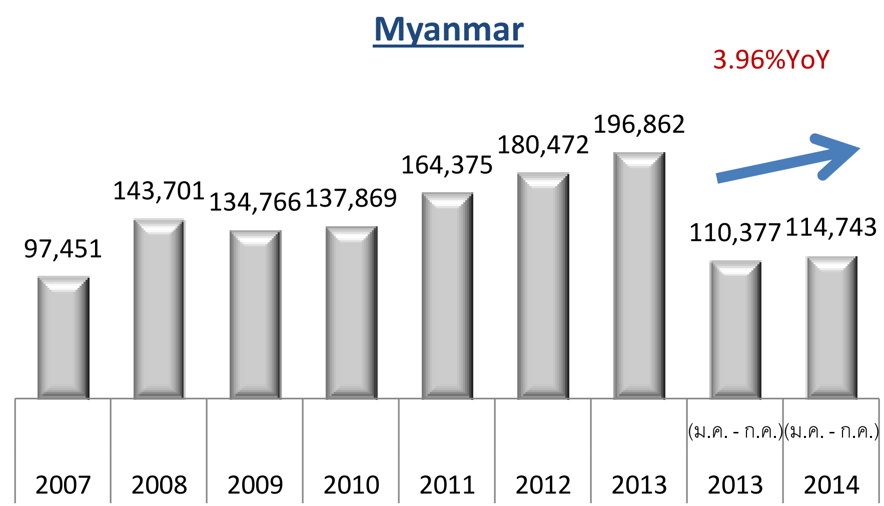
Strategy:

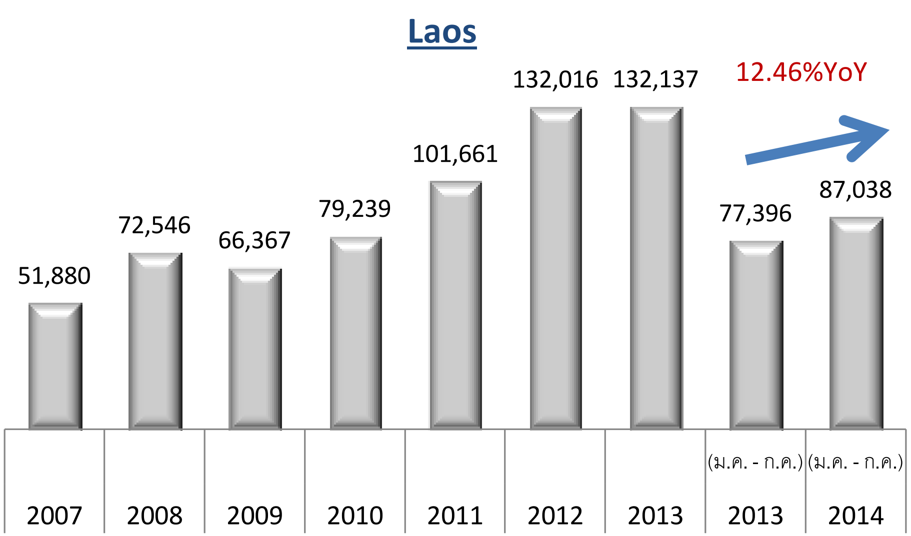
1. To promote Transport and Logistics linkages at subregional level
2. To create Investment and production bases
3. To prepare for ASEAN Community
4. To build economic partnership within the region in HRD and labor movement
5. To Jointly cooperate on preventing of drugs protection, communicable diseases control, terrorism and natural disasters.
6. To promote environmental friendly cooperation activities

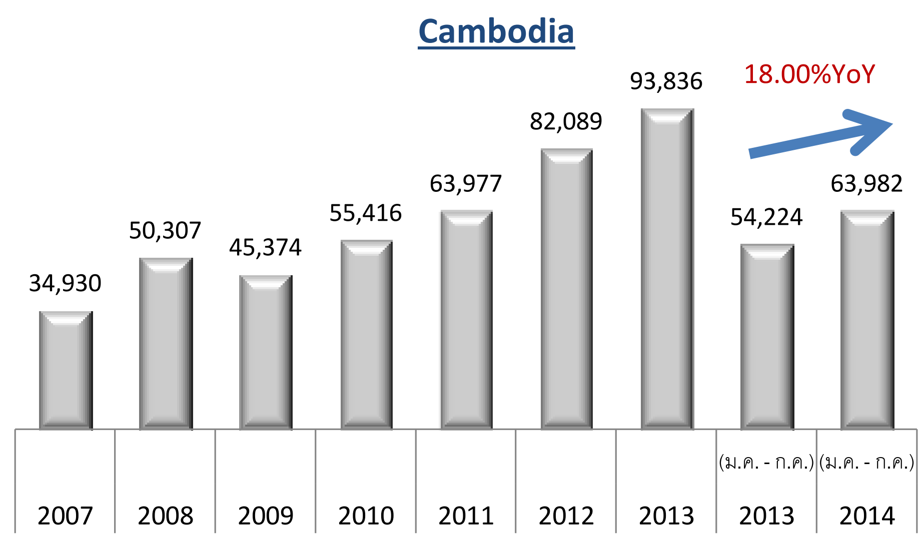
Despite the fact that trade values between Thailand and Myanmar, Laos and Cambodia are small compared to those with Malaysia, their growth were strikingly high in recent years.

Trade Value between Thailand and neighboring countries. Unit: Million Baht

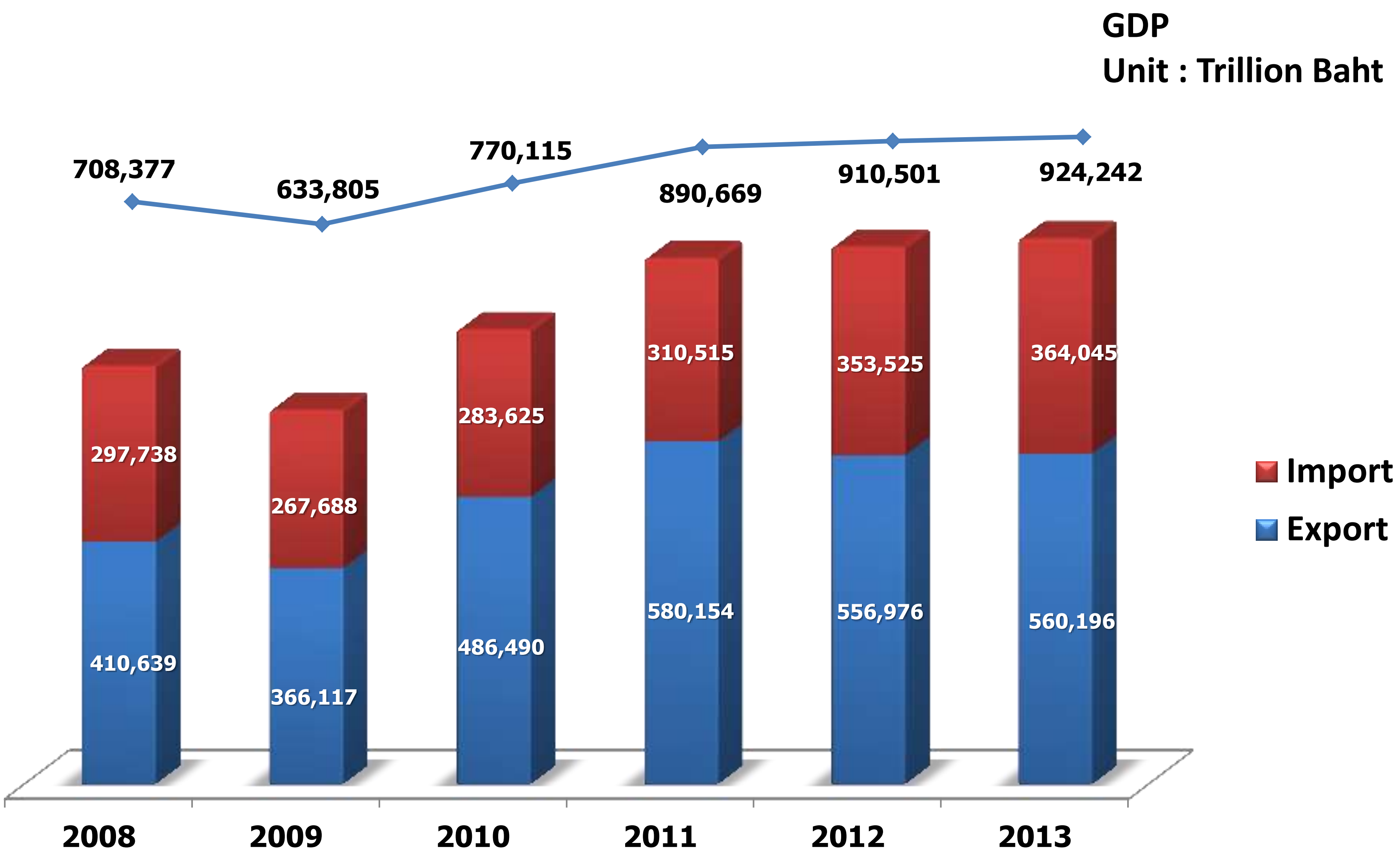








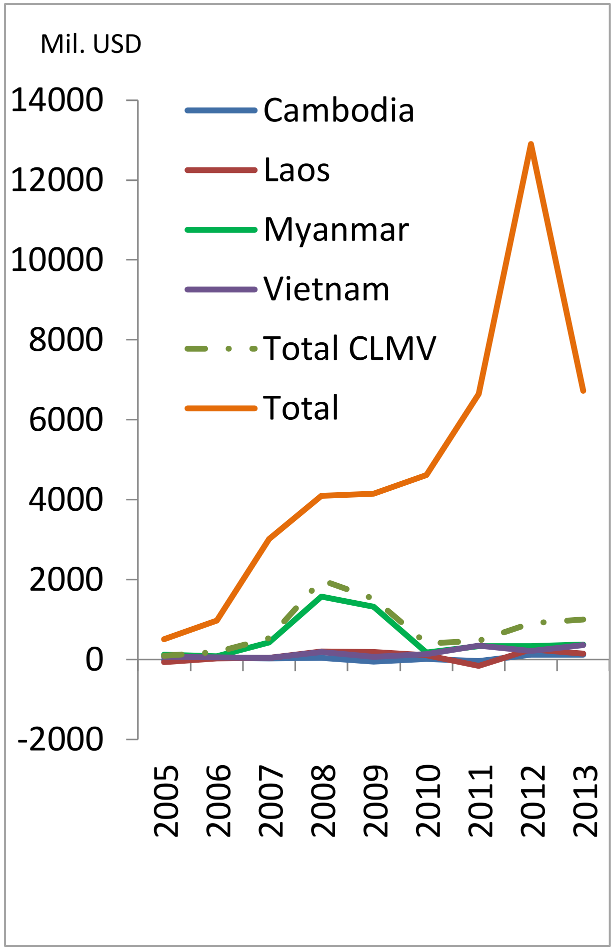
Thailand Border Trade with Neighboring Countries



Thailand Foreign Direct Investment to CLMV

Thailand's Outward Foreign direct investment (Million US$)

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Cambodia	-11.85	33.03	25.49	39.22	-51.92	5.53	-43.21	111.56	122.96
Laos P.D.R.	-66.99	20.06	39.22	192.40	180.64	99.16	-166.80	254.91	150.40
Myanmar	111.96	82.86	423.85	1,574.12	1,324.39	164.69	336.41	325.97	377.03
Vietnam	61.94	53.52	38.52	183.64	64.42	133.38	340.59	213.20	352.26
CLMV	95.06	189.47	527.08	1989.38	1517.53	402.76	466.99	905.64	1002.65
Total	503.04	972.50	3,017.43	4,097.89	4,152.77	4,616.26	6,637.67	12,898.12	6,729.30
Share of CLMV to Total (%)	18.9	19.5	17.5	48.5	36.5	8.7	7.0	7.0	14.9



Source : BOT

Note: Positive figures reflects that the volume of transactions associated with the increase in investment is higher than those with the decrease in investment

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 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

Infrastructure Development to Connect with Neighboring Countries


Trilateral Exchange in Traffic Right between Thailand – Laos PDR – China and 4th Mekong River Crossover Bridge

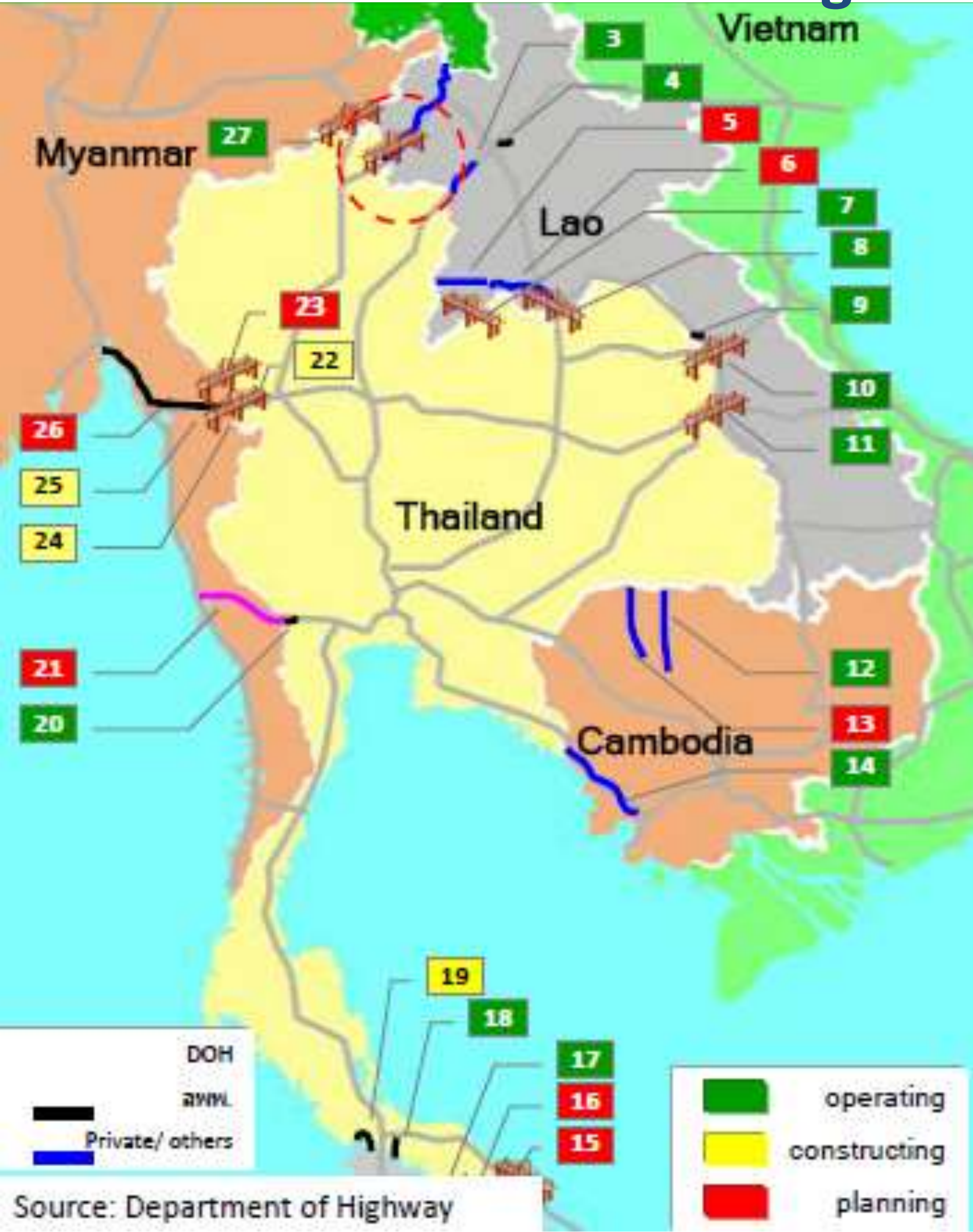

Border Economy Development


Deep Sea Port and Dawei Industrial Estate Development


- Thai – Laos – China High-speed Train
- Train connecting sub- region Singapore - Kunming


Hat Yai – Sadao Motorway

Thailand's Assistances to Neighboring Countries



Source: Department of Highway

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 Panom-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

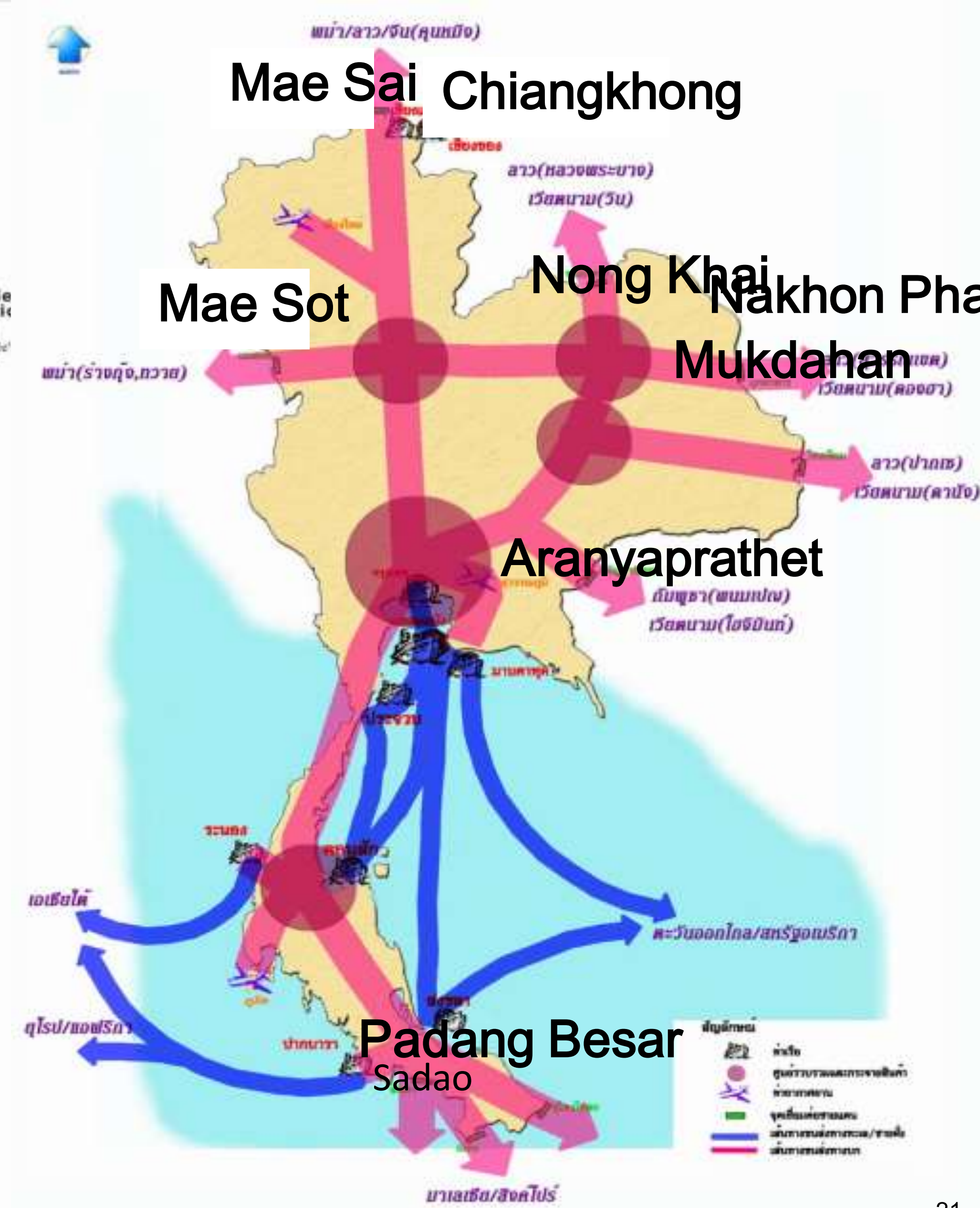
Thailand - Malaysia (5 projects)

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)

Improve Connectivity of Border Nodes



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Strategic Position of Indochina in the regional and the world context

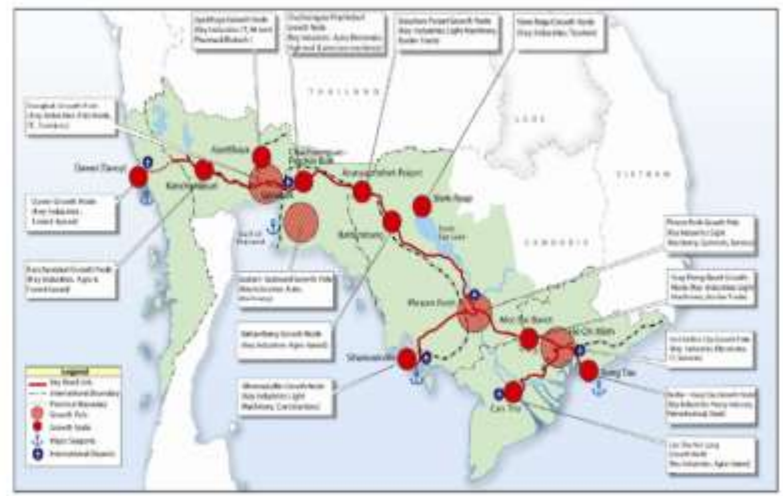
- Strategic trust: what Indochina should be known for (based on its comparative and competitive advantages) ?
- Strategic pillars: What direction should Indochina move and with what guidelines ?
- Strategic foundations: What Indochina should have in order to move towards its goals?

ASEAN Physical Connectivity : A Better Connected Region

Road Network

Rail Network

Maritime and Port



Dawei Project

Greater Mekong Sub-region Economic Cooperation (GMS): promote integration and springboard for ASEAN

Objective: To support economic and social development through economic linkage in the subregion

9 Sectors of Cooperation:
① Transport ② Energy ③ ICT ④ Tourism ⑤ Environment ⑥ HRD
⑦ Trade Facilitation ⑧ Investment
⑨ Agriculture

Highlight of Achievement Since 1992

- GDP growth by 9%
- Closer economic linkage between member countries
- Made a progress of Hardware and Software development as to support economic activities
- Support "South-South" cooperation and Thailand and China are seen as "Emerging Donors"

The GMS Role in the Subregion

Connectivity

The major program towards achievement of connectivity under MPAC, especially Economic Corridor development, railway lines, high-speed rail, ports, 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

- Conceptualized 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)

- 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.
- The GMS **Regional Investment Framework: RIF** has been drawn up since 2013.

Present Development

Transport Corridor → Trade & Transport Facilitation Corridor → Logistics Corridor → Urban Development Corridor → Economic Corridor

Cross Border Transport Facilitation in the GMS

Regulatory Improvement

Ratification of CBTA Protocols and Annexes

- **Thailand has ratified 14 out of 20**
- **Five pieces of legislation are being drafted**, of these, three Bills are in the Parliamentary process and two drafts are being considered by the Council of State

Pilot Cooperation in the GMS

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

Infrastructure Development

Transport	Energy	Telecom	Border Town Development

Land Transport Network Development Connecting Main Economic Zones & Cities in the Region and GMS

Efficiency + Shift Mode + Tackle Impact from Flood

- ❖ Motorway and highway
- ❖ Linking with EWEC , NSEC, SEC for economic expansion and AEC

- ❖ Railways Development Master Plan 2010-2015 (176,808 mil. baht)
- ❖ Intermodal facility and NSW
- ❖ High speed Train linking GMS (742,000 mil. baht)

- ❖ Develop Mass Transit Networks within the capital perimeter

Infrastructure Development: Airport and Port Projects

Transport	Energy	Telecom	Border Town Development

Air Transport :

"Suvanabhumi Airport to become a key airport of the region."

- ❖ Improve capacity and quality services to handle a volume traffic of 65 million people/year.
- ❖ Utilize information and communication technology to enhance to international standard.

Maritime Transport :

"Laem Chabang port to be one of major ports in ASEAN."

- ❖ Modernize management of Laem Chabang Port
- ❖ Information technology system to be upgraded to "E-Port" with connection with other international ports

Infrastructure Development : Energy

Transport	**Energy**	Telecom	Border Town Development

❖ A search for **new energy sources** both domestic and aboard.

❖ **Renewable Energy Technology** shall be developed.

Cooperation with potential neighboring countries

= **Link with Dawei**

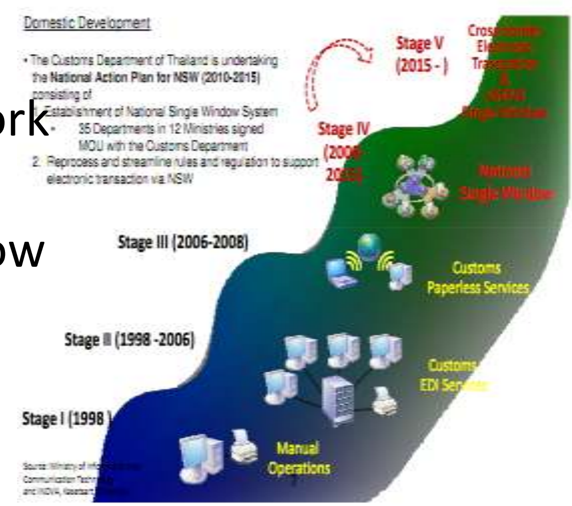
Energy Security for Thailand

Infrastructure Development : Telecommunications

Transport	Energy	**Telecom**	Border Town Development

- Telecommunications Infrastructure Development
- ICT System

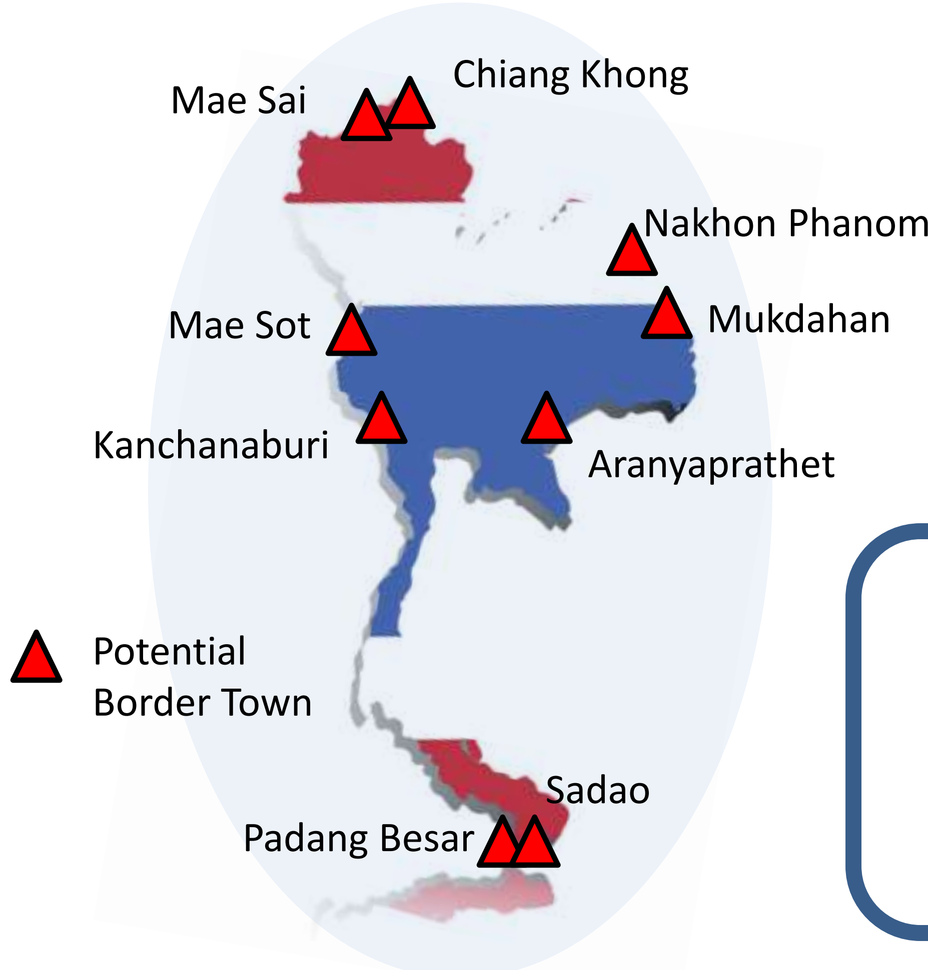
- High speed internet and broadband network
- National Single Window
- ICT supporting trade logistics



Infrastructure Development

Transport	Energy	Telecom	Border Town Development

- Urban Infrastructure
- Special Border Economic Zone
- Cross Border Facilities




Urban Utilities


SBEZ


Facilities & CCA

Major Border Checkpoints

<u>The major border checkpoints consist of</u>
<u>12 targeted areas;</u>

The First Phase

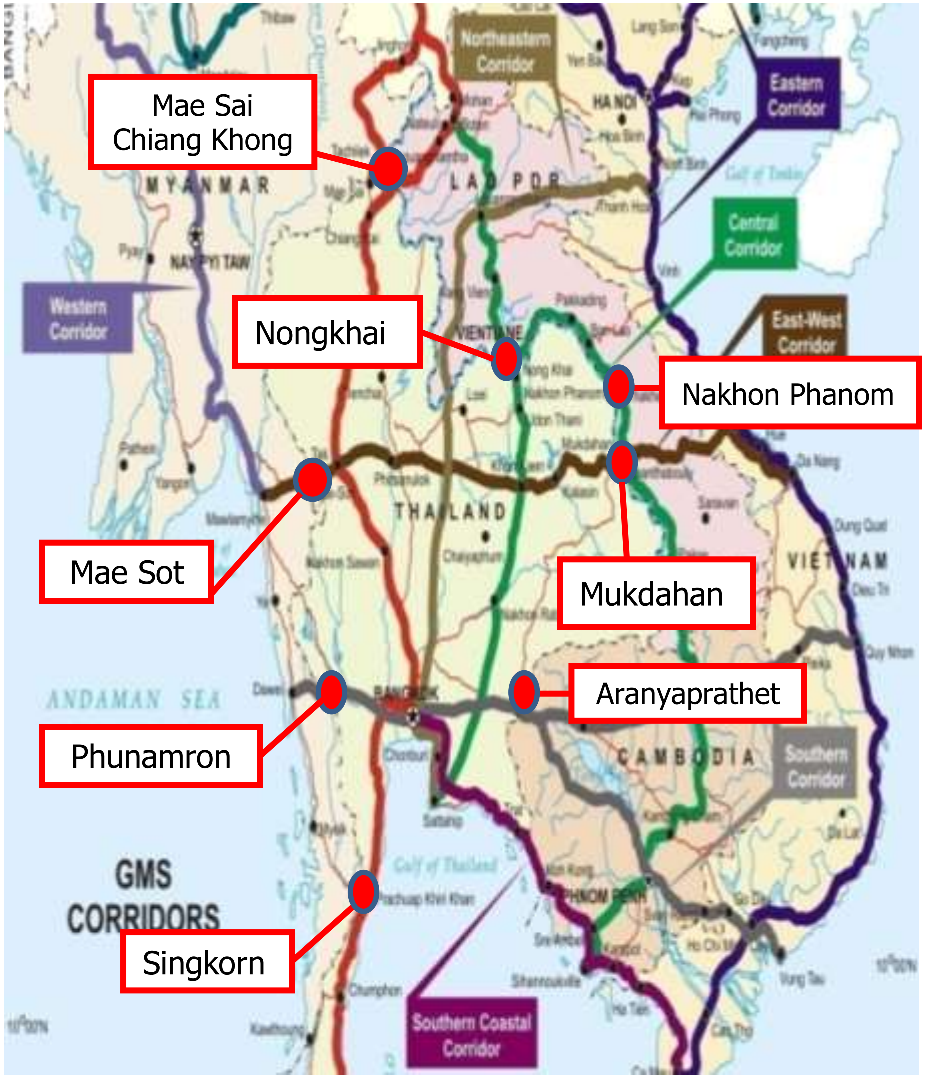
- Mae Sot, Tak
- Aranyaprathet, Sa-Kaeo
- Trat
- Mae Sai, Chiang Rai
- Mukdahan
- Sadao, Songkhla
- Padang Besar, Songkhla

The Next Phase

- Chiang Khong, Chiang Rai
- Chiang Saen, Chiang Rai
- Nakhon Phanom
- Phunamron, Kanchanaburi
- Nongkhai

Upgrade the border checkpoints

e.g. Aranyaprathet, Phunamron, Singkorn



<u>Enhance Customs capacity in Thailand, covering 40 houses</u>

e.g. Sadao, Aranyaprathet, Phunamron, and Nakhon Phanom etc.

<u>Office hour expansion in border checkpoints</u>

e.g. Thailand-Cambodia from 08.00-20.00 to 06.00-22.00 to facilitate the business activities between two countries

Potential areas to establish SEZ in next stage

Potential areas to establish as SEZ in next stage

Considering based on *readiness* of Individual Area

2 Border areas in Chiang Rai Province

1 Border areas in Kanchanaburi Province

3 Border areas in Nongkhai Province

4 Border areas in Nakhon Phanom Province

5 Border areas in Naratiwat Province

Targeted Area

Results of the National Committee on Special Economic Zone Policy Development: The 1st Meeting in 2014.

Approval of potential areas suitable for the establishment of special economic zone development in the 1st phase including 5 border areas.

(1) Mae Sot, Tak Province
(2) Aranyaprathet, Sa-Kaeo Province
(3) Trat border area
(4) Border area Mukdahan Province
(5) Sadao, Songkhla Province (Sadao and Padang Besar border checkpoint).

Criteria for Consideration

- **Geographical advantage** (for transportation, border crossing, access to resources and markets).
- **Potential area and ready for development.** (Outstanding production base, possibility to expand, the availability of infrastructure / financial resource / labor force, absent on severe disasters and no security threat.
- **Require urgent development.** (Due to international agreements or to solve the constraint).
- **Support from public and stakeholders.**

1) Tak Province (Northern)

Logistics, labor-intensive industry

6) Padang Besar Customs House (South),

Logistics, service continuity, Halal food Industrial and rubber industries.

5) Sadao Customs House (South)

the rubber industry, seafood and finished products

2) Border Mukdahan Province (North-East)

trade and multimodal transport. Electronic and warehouse

3) Aranyaprathet Sa-Kaeo Province

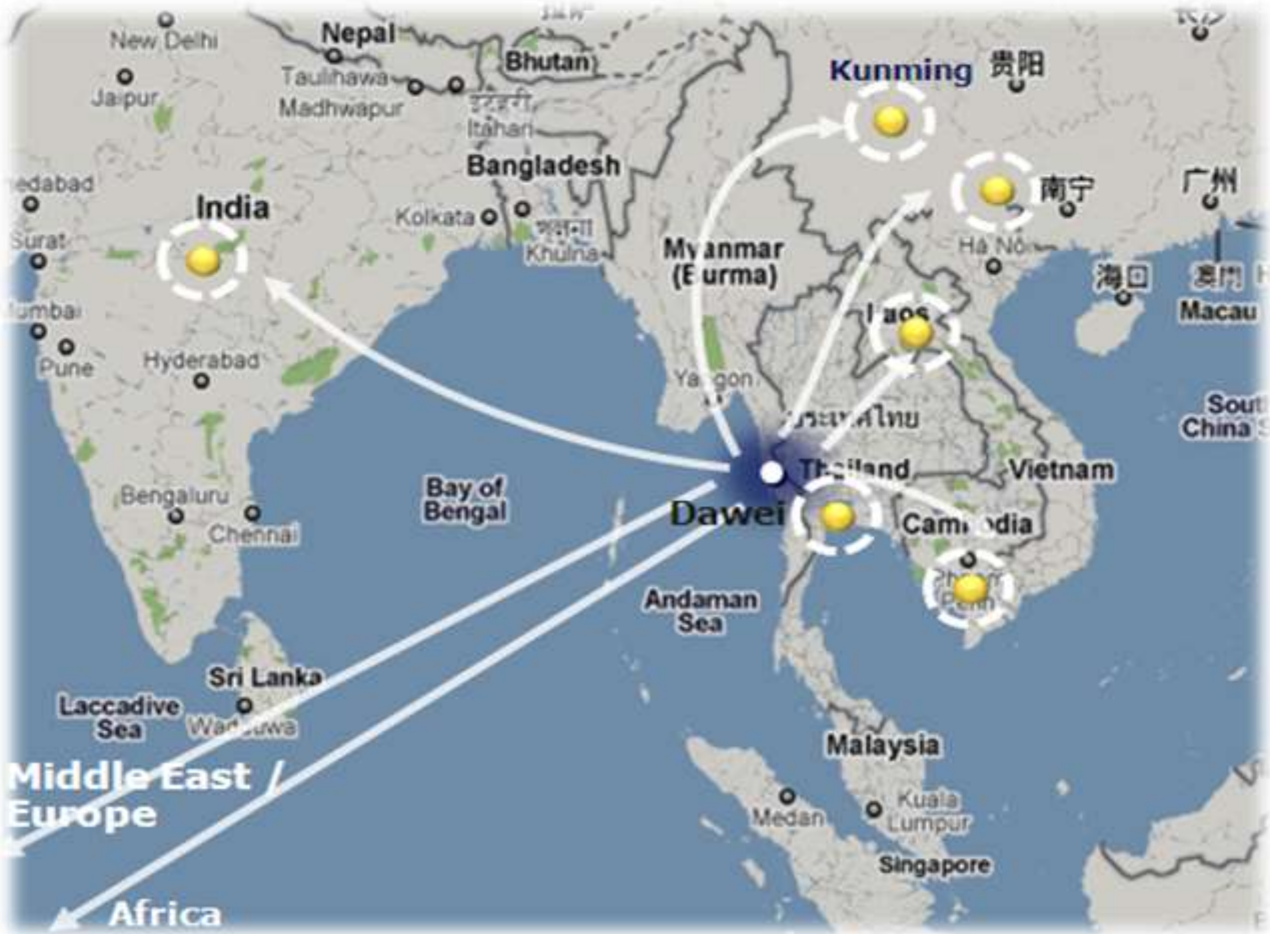
Agricultural processing industry, Multimodal transport and Area wholesalers - retailers internationally.

4) border Trat (central)

ecotourism, Multimodal transport (land - sea) and duty free border.

Focus on achieving the economic and social development and country's security, stimulating economic growth at the border areas, creating well-being for the people, solving illegal workforce, preventing agricultural goods smuggling and reducing congestion at border checkpoints.

Competitiveness of Dawei Port & Industrial Estate



"Regional Economic Driver"

- ✓ Open gateway of the region to maximize benefit created from connectivity and international trade with East Asia and Western market

New "Logistics Short Cut" of the Region

- ✓ Provide new option for transport other than the Strait of Malacca.
- ✓ The duration of Bangkok-Chennai transport would take only 3 days (compare to 6 days when transport through Singapore)

"Production Base & Distribution Center"

- ✓ Dawei deep seaport will become one of the largest ports in the region.
- ✓ Dawei will connect Pan-Asia network and secure future energy sustainability in Southeast Asia.
- ✓ Dawei will provide better connectivity to the existing economic and industrial cluster surrounding Bangkok.

Sectoral strength in Indochina Countries

Thailand

- **Agriculture (resource-based)**
  - Paddy
  - Rubber
  - Oil palm
  - Sugar cane
- **High-tech Manufacturing**
  - Electronic,
  - Auto
  - Petro-chemical, etc
- **Tourism attraction**
- **Services**: Financial, Health care, Hotel, etc.
- **Good Infrastructure**

Cambodia

- **Agriculture/ resource-based**
  - Paddy
  - Fishery
  - Forestry
  - Natural gas
  - Petroleum
- **Light Manufacturing** : Garment Textile
- **Cultural Tourism**
- **Low wage**

Laos

- **Agriculture/resource-based**
  - Paddy
  - Mineral
  - Forestry,
  - Coal,
  - Hydro power
- **Light Manufacturing**
- **Cultural Tourism**
- **Low wage**
- **Abundant resources:**

Mynmar

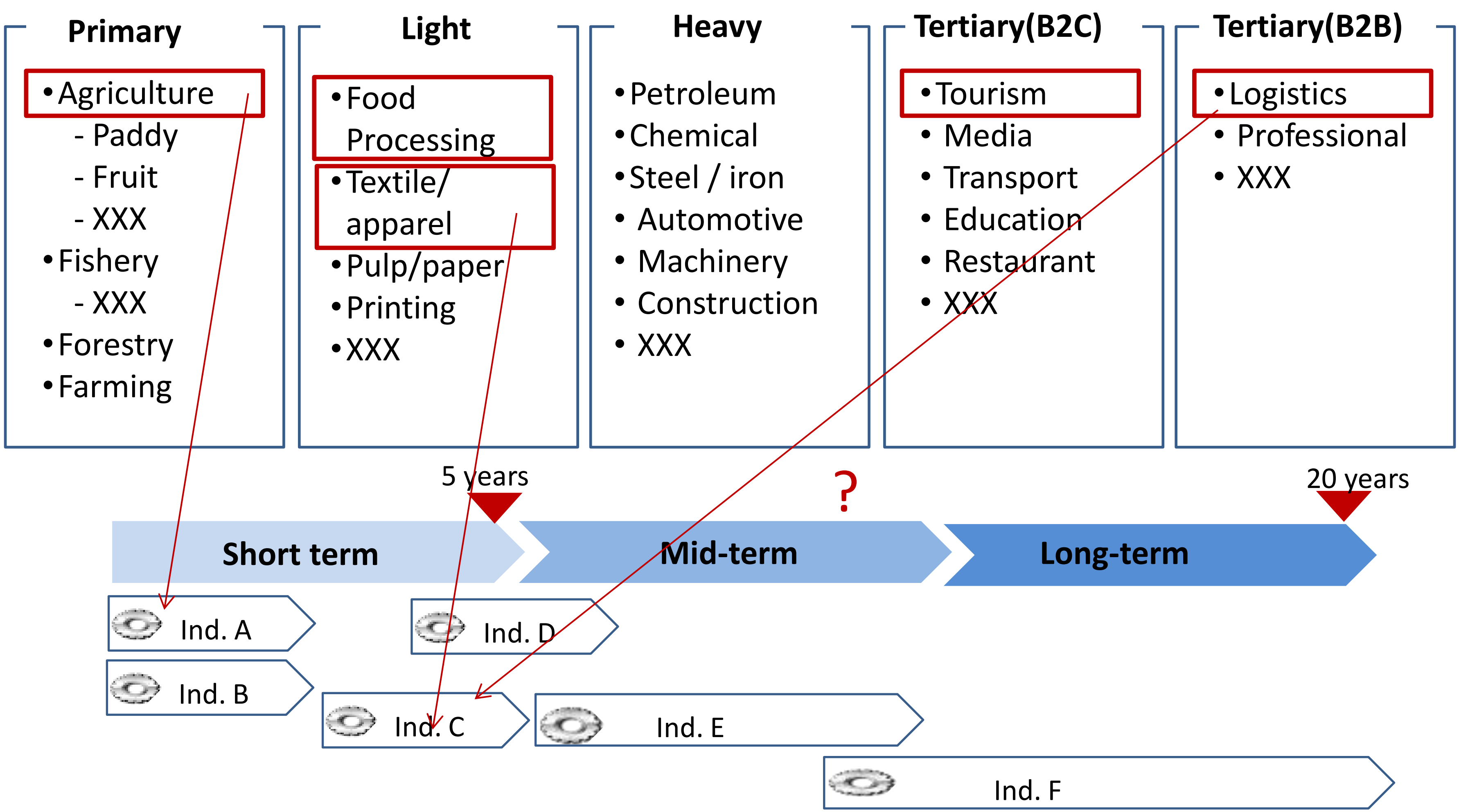
- **Agriculture/resource base**
  - Paddy
  - Natural Gas
- **Light Manufacturing**
- **Cultural Tourism**
- **Low wage**
- **Abundant resources:** Forestry,

Viet nam

- **Agriculture/Abundant resources:**
  - Forestry,
  - Crude Oil
  - Paddy
- **Light and High-tech Manufacturing** : Garment Electronic,,
- **Good location for Tourism**
- **Low wage**

Kitchen of the World and Energy Security

Industrial Prospect of Indochina



- **Identifying prioritized industry**
- **Hypothetical timeframe of industry development**
- **Key activities to reinforce targeted industries**

1 The Potentials on Indochina Economic ZOne

2 Thailand's Perspectives and Roles

3 Thailand and CLM as a Bloc? How to Position Strategically

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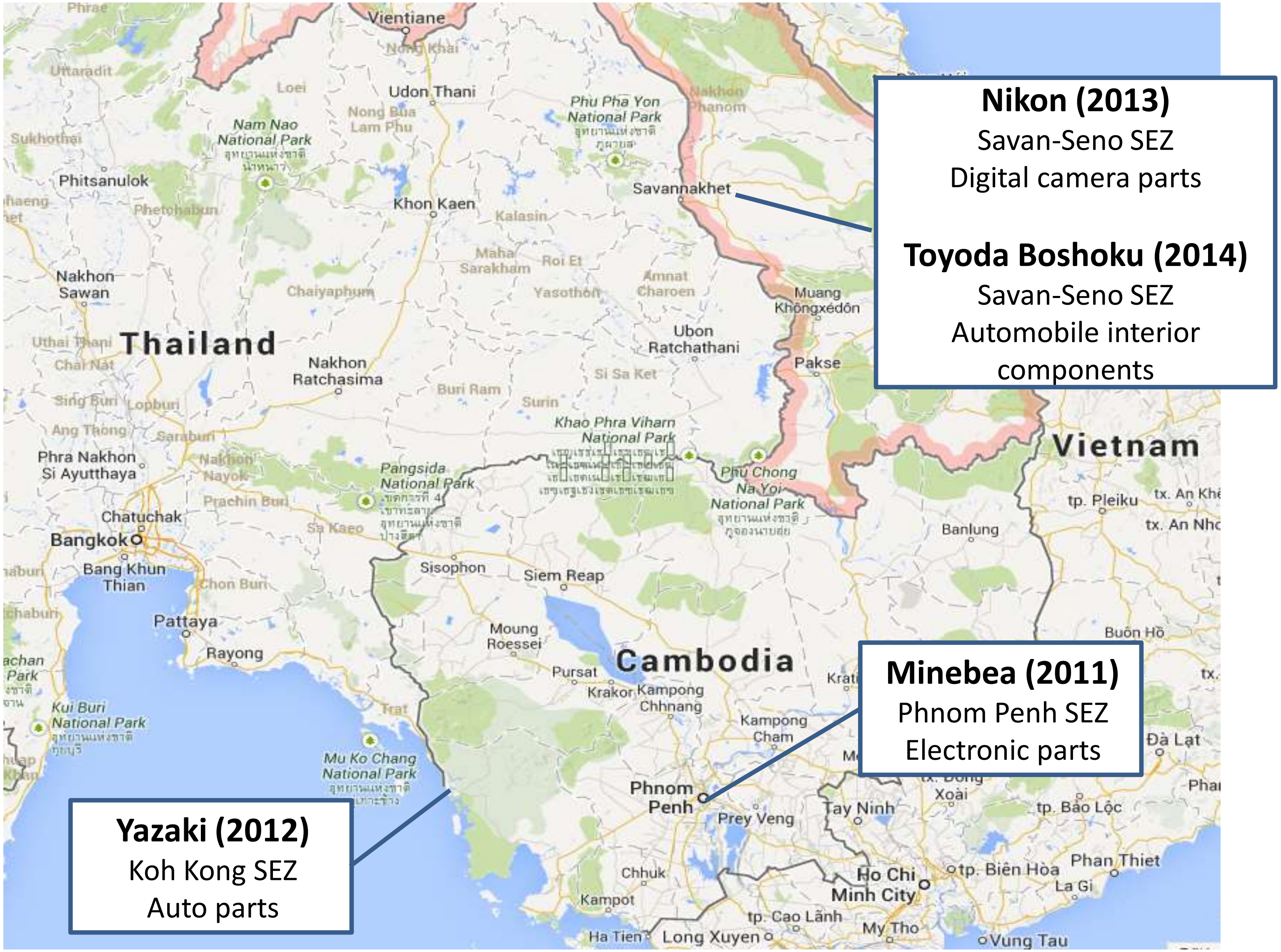
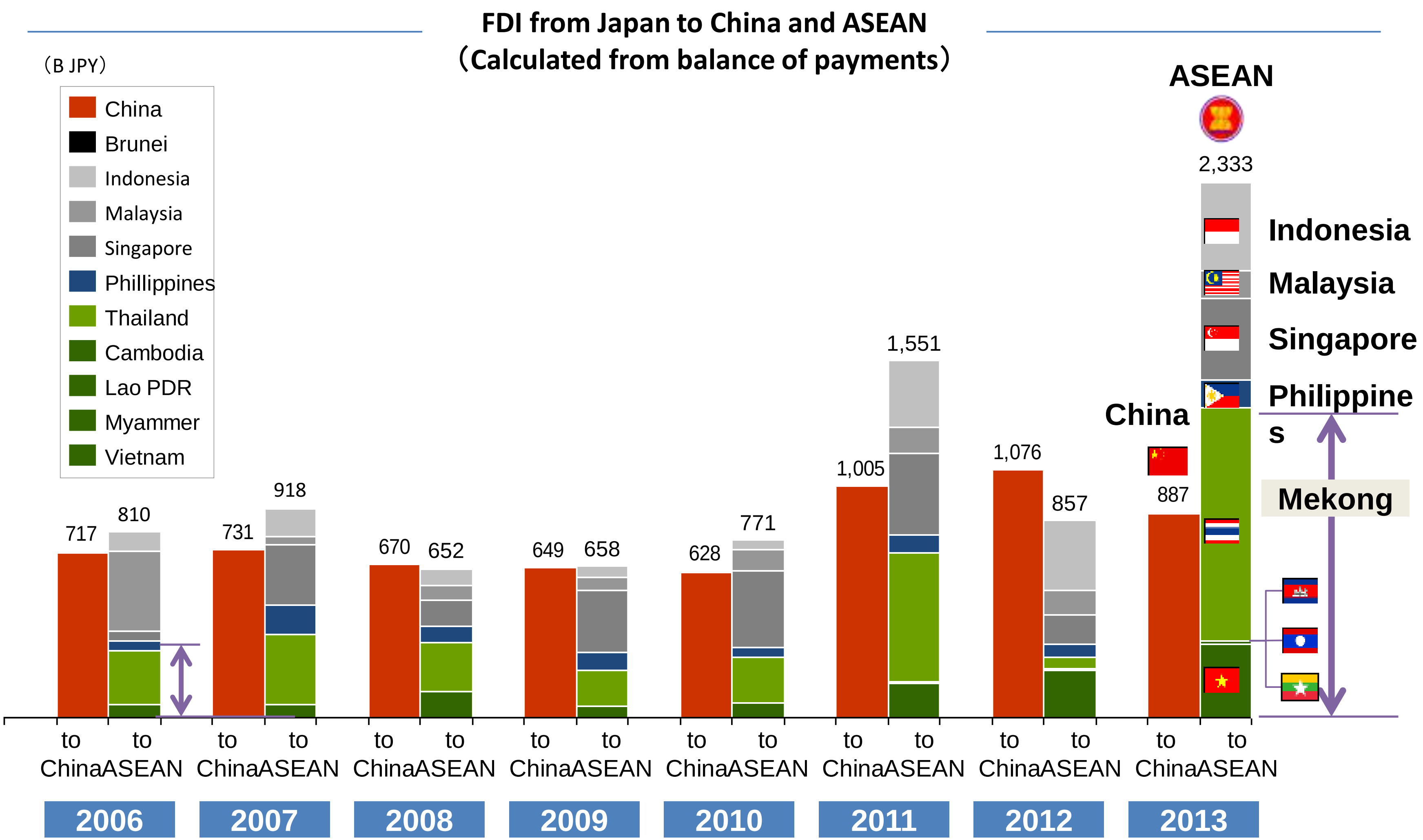
Recent Japanese FDIs in the Sub-region



Source: Presentation on "CLMV's Industrial Development in the Mekong Sub-region and East Asian Economic Integration Roles of Technology Transfer from Japan and the Neighboring Countries" by Yasushi Ueki, ERIA, 28 May 2014

Direct investment from Japan to ASEAN

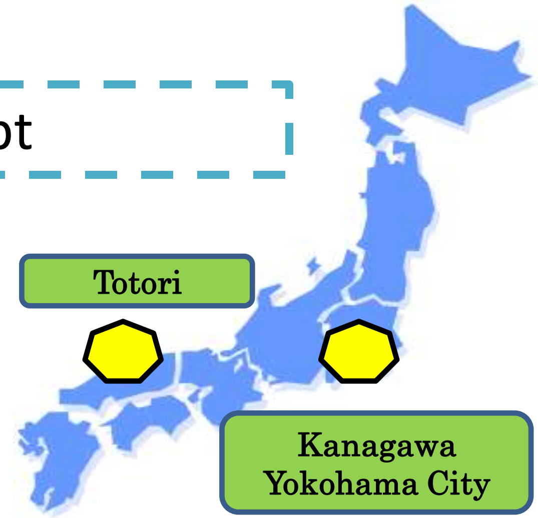


Source : BoJ statistics “balance of payments: FDI by country” edited by

Source: Presentation on “Towards “Mekong Industrial Development Vision” by Toshiyuki Sakamoto, Deputy Director General for Trade Policy, METI, Japan on July 16, 2014

Best Practice

OTAGAI Business Continuity Concept



Dawei SEZ Development

Eco Industrial Town

Dawei Special Economic Zone Development

- **On July 23rd, 2012**, the Government of the Kingdom of Thailand and the Government of the Republic of the Union of Myanmar signed an MOU on the Comprehensive Development of the Dawei Special Economic Zone and its related project areas in order to further enhance the two government's support and cooperation of the Dawei Project.

- **On Nov 12nd, 2012** , The Thai cabinet was acknowledged the results of the 1st JHC and JCC meetings on Nov 7th, 2012 and the 8 priority projects; namely (1) toll road (2) Dawei deep seaport, (3) industrial estate, (4) power plant, (5) water supply and waste water system, (6) telecommunication, (7) community development and relocation, and (8) railway. The cabinet also agreed on the components and direction of the 6 Joint sub-committees.

- **On Jan 15th, 2013,** The Thai cabinet was acknowledged the results of the 2nd JCC meeting on Dec. 14th at Nay Pyi Taw, Myanmar as follows;
  - The proposal of Myanmar on the need to draft a new Framework Agreement of Dawei Project and the new status of ITD.
  - The new version of Myanmar SEZ law which will be enforced for all special economic zones in Myanmar and will replace the existing Dawei SEZ law
  - Acknowledged the working progress of the 6 joint sub-comittees.

- **On Jan 21st, 2013,** The Thai cabinet was acknowledged the Dawei site visit of Thai Prime Minister and assigned responsible government agencies to monitor the tasks identified in the table made by NESDB.

LOCATION	• Located in Taninthary Region 160 km. from Thai-Myanmar border 230 km. from Kanchanaburi province, Thailand 317 km. from Bangkok and 427 km. from ESB
AREA	• 204.5 sq.km.
COST	• Total Infrastructure cost is 250,000 M. THB. For the 1st phase, the cost is 150,000 M. THB consisting of road link to Thailand, deep seaport, industrial estate, public facilities and utilities.
CONCESSION	• 60 year + possible extension up to to 75 year
THE DEEP SEAPORT CAPACITY	• 200 MT/year or 14 M.TEU in 2037 • 100,000 DWT vessel • Birth depth: 25-40 meter

Source: ITD, 2012

Way Forward

Next Step for Dawei SEZ

- ❑ To conclude the Shareholder Agreement and set up the SPV in Thailand as soon as possible between the relevant agencies of Myanmar and Thailand.
- ❑ To recruit an independent internationally recognized consulting firm(s) to conduct the due diligence assessment as soon as possible in order to assess the investments that have been contributed by the ITD.
- ❑ To discuss with Japan and other interested countries for their possible involvement in the SPV.
- ❑ To conclude the concession agreement between the Dawei SEZ Management Committee and the SPV.
- ❑ To conclude the Sectoral agreements among the Dawei SEZ Management Committee, the SPV and SPCs.

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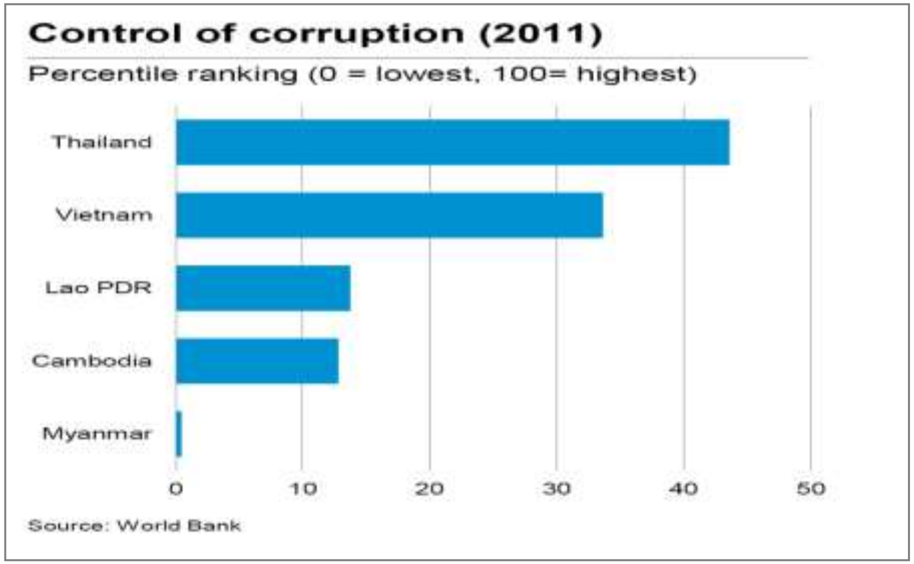
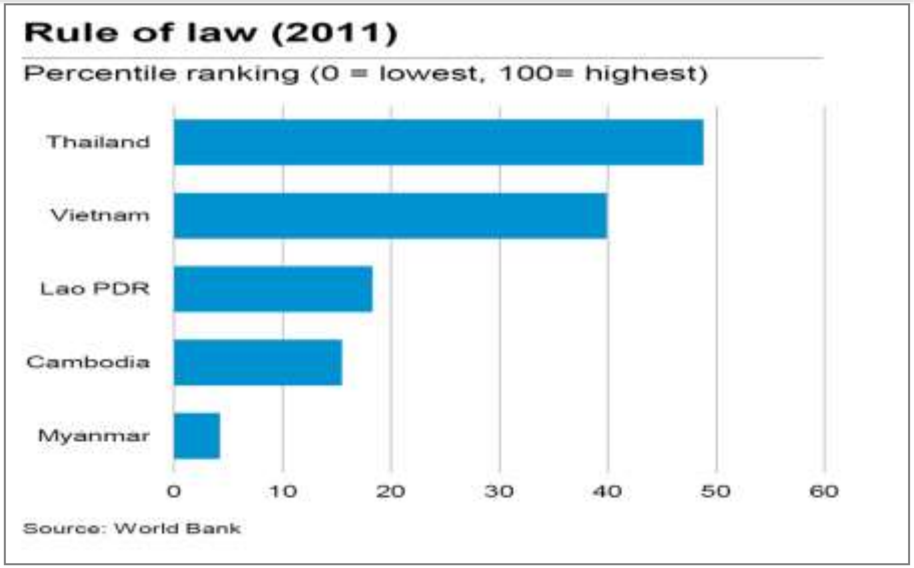
Challenges of Indochina Economic Zone: disparity within and between country implies different priorities

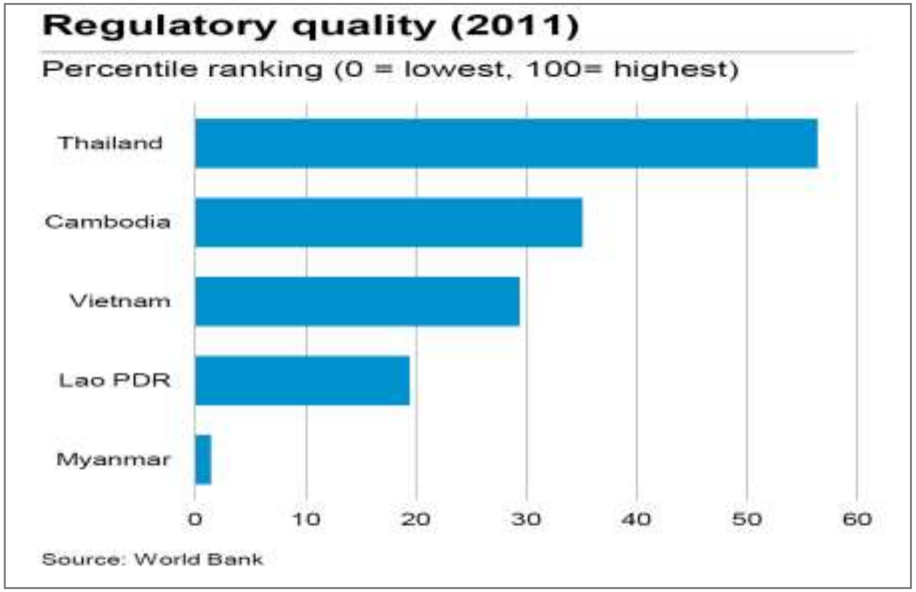
	Life expectancy	Infant mortality	Adult literacy rate	Gross tertiary school enrollment
	2010/2015		**2007-2011**	**2006-2012**
Lao PDR	69.4/66.4	36.8	73	74.0/81.7
Cambodia	65.1/62.2	52.8	74	81.1/86.0
Myanmar	67.9/64.1	44.8	92	86.4/84.5
Thailand	77.8/71.1	11.4	94	84.6/81.8
Vietnam	77.4/73.4	18.3	93	88.7/86.9

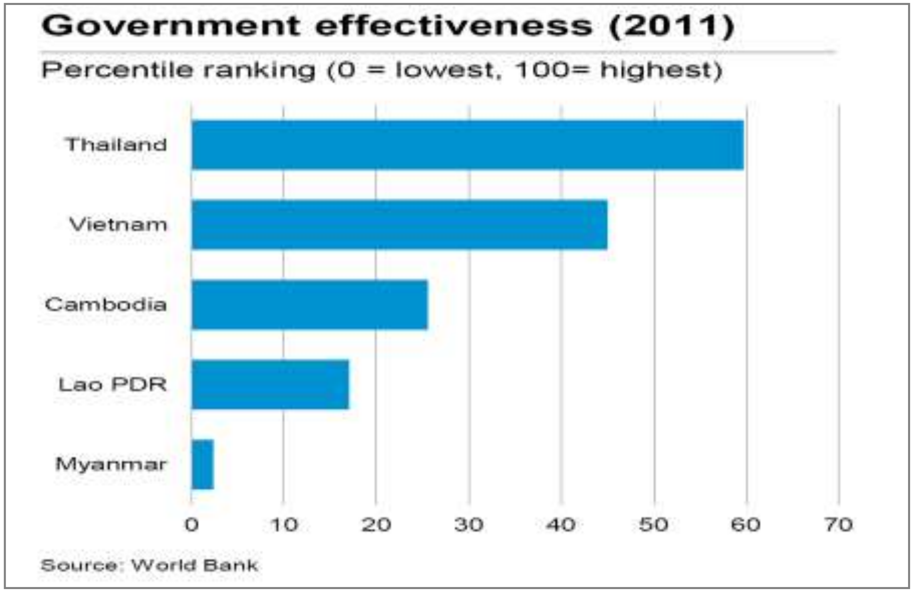
Source: World Statistics Pocketbook | United Nations Statistics Division

Governance Indicators: big difference implies different standard and hard to harmonize









Source: DB Research

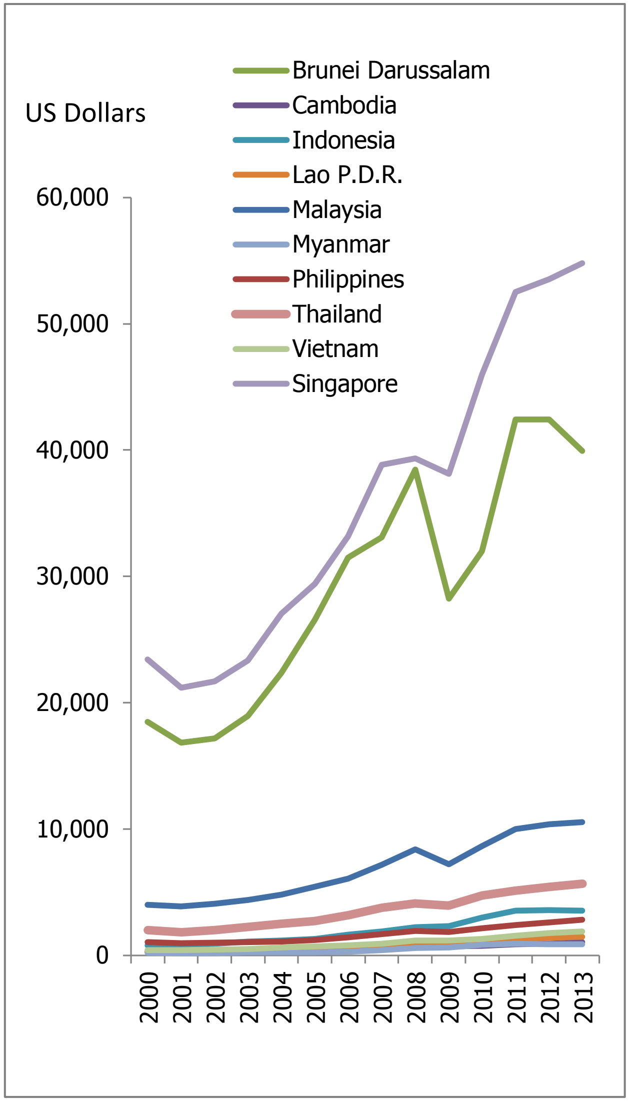
GDP per capita of ASEAN countries

GDP Per Capita (USD)

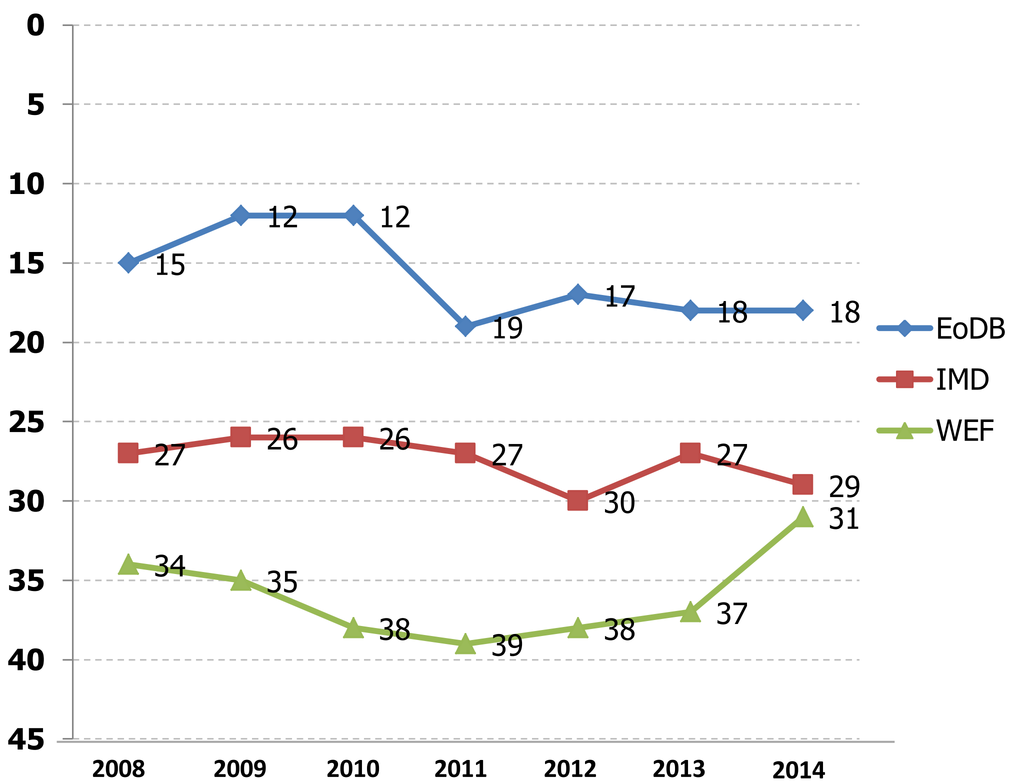
	2007	2008	2009	2010	2011	2012	2013
Cambodia	603.1	710.9	703.4	752.7	853.5	925.5	1,016.4
Lao P.D.R.	702.7	862.2	893.0	1,071.8	1,251.7	1,379.7	1,476.9
Myanmar	404.1	587.6	634.6	811.1	900.0	875.9	868.7
Vietnam	920.5	1,154.5	1,181.4	1,297.2	1,532.3	1,752.6	1,901.7
Thailand	3,756.9	4,110.0	3,943.1	4,740.3	5,114.7	5,390.4	5,674.4
Brunei	33,101.8	38,444.9	28,237.5	31,981.9	42,436.0	42,402.4	39,942.5
Indonesia	1,897.9	2,209.9	2,298.8	2,984.9	3,508.2	3,590.7	3,509.8
Malaysia	7,144.4	8,372.2	7,203.3	8,658.7	9,979.4	10,387.2	10,548.0
Philippines	1,683.7	1,918.3	1,851.5	2,155.4	2,378.9	2,611.5	2,790.4
Singapore	38,848.3	39,326.8	38,127.4	45,953.5	52,533.1	53,516.0	54,775.5

Source: IMF, World Economic Outlook Database, April 2014

GDP per capita (current price ,USD)

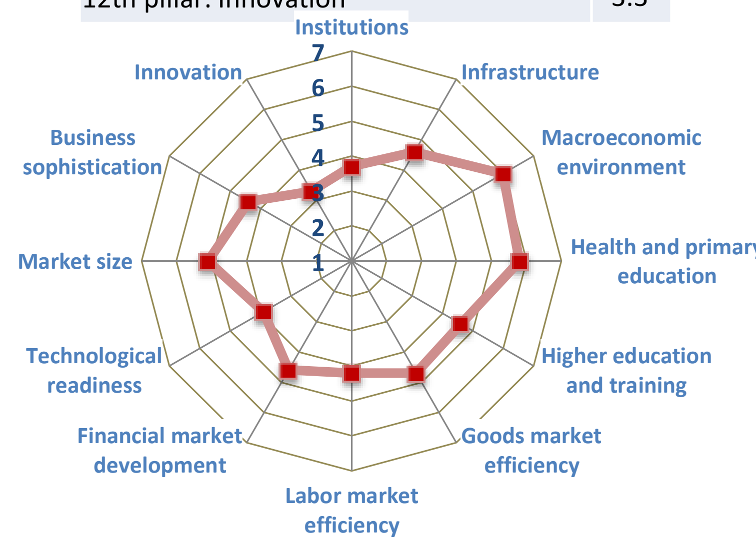


Thailand's Competitiveness and Ease of Doing business 2008-2014



Source: Doing Business (EoDB) by World bank
Global Competitiveness Report by World Economic Forum
World Competitiveness Yearbook by IMD

Thailand	
1st pillar: Institutions	3.7
2nd pillar: Infrastructure	4.6
3rd pillar: Macroeconomic environment	6.0
4th pillar: Health and primary education	5.8
5th pillar: Higher education and training	4.6
6th pillar: Goods market efficiency	4.7
7th pillar: Labor market efficiency	4.2
8th pillar: Financial market development	4.6
9th pillar: Technological readiness	3.9
10th pillar: Market size	5.1
11th pillar: Business sophistication	4.4
12th pillar: Innovation	3.3



The Ease of Doing Business Ranking 2014:

Indochina is not in good position

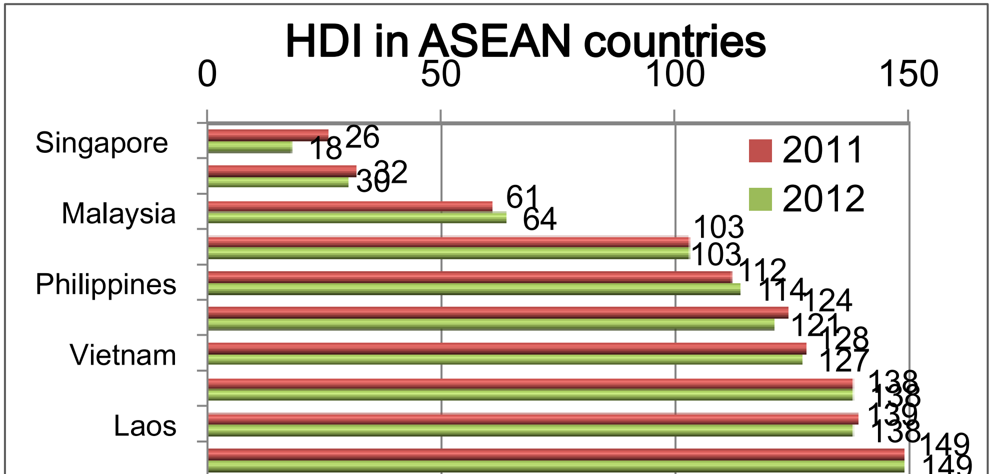
	EoDB	Starting a business	Dealing with construction permits	Getting electricity	Registering property	Getting credit	Protecting investors	Paying taxes	Trading across borders	Enforcing contracts	Resolving insolvency
Singapore	1■	3▲	3▼	6▼	28▲	3▲	2■	5■	1■	12■	4▼
Thailand	**18■**	**91▼**	**14**	**12▼**	**29▼**	**73▼**	**12▼**	**70▲**	**24▼**	**22▲**	**58■**
Malaysia	6	16	43	21	35	1	4	36	5	30	42
Brunei	59	137	46	29	116	55	115	20	39	161	48
Vietnam	99■	109▼	29▼	156▲	51▼	42▲	157▲	149▼	65▲	46▲	149■
Indonesia	120▲	175▼	88▼	121▲	101▼	86▲	52▼	137▼	54▼	147▼	144▲
Philippines	108	170	99	33	121	86	128	131	42	114	100
Cambodia	137	184	161	134	118	42	80	65	114	162	163
Lao PDR	159	85	96	140	76	159	187	119	161	104	189
Myanmar	182	189	150	126	154	170	182	107	113	188	155
ROK	7	34	18	2	75	13	52	25	3	2	15
Japan	27▲	120▼	91▼	26▼	66▼	28▼	16▲	140▼	23▼	36▼	1■
China	96▼	158▼	185▼	119▼	48▼	73▼	98▲	120▲	74	19■	78▲
India	134	179	182	111	92	28	34	158	132	186	121

Source : DOING BUSINESS 2014

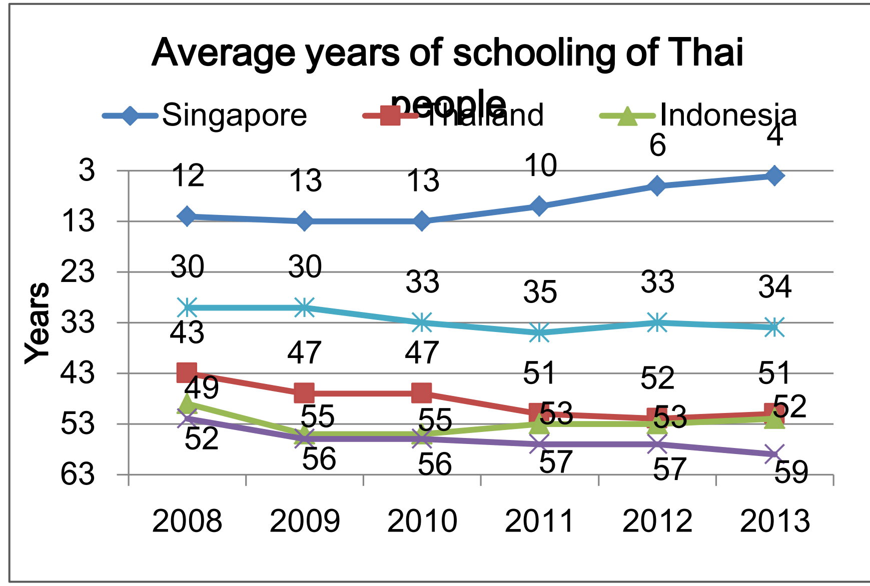
Potential of Thai Labor

Education quality and Labor Productivity

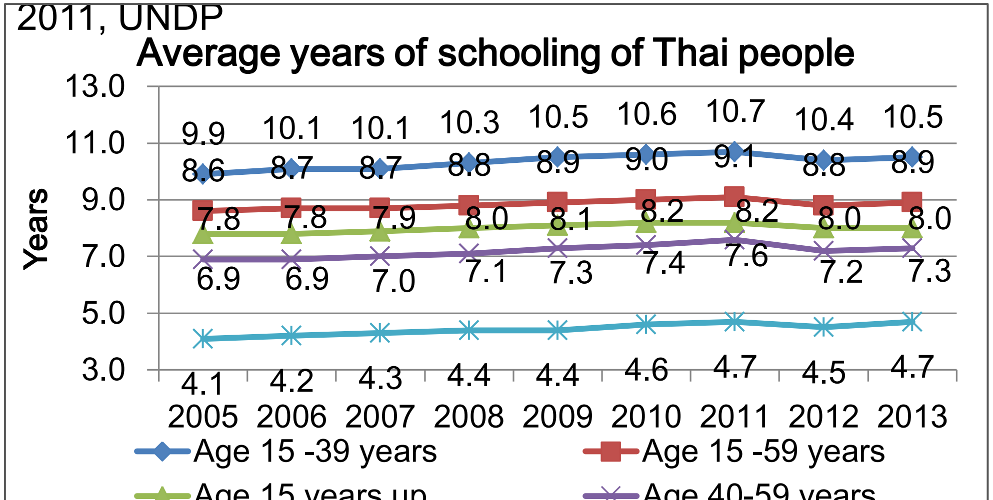
Human Development index (HDI): Thailand was ranked 103 of 187 countries in 211 and 2012 in the same region and vice ASEAN countries , including Japan , Korea , Hong Kong and Singapore, Brunei and Malaysia. However, it was better than Philippines, Indonesia, and Viet nam



Source: Human Development Report 2011, UNDP



Education of capabilities . Thailand was low ranked 51 of 60 countries in 2013 , from ever being ranked 47 in 2009, which ranked above Indonesia (ranked No. 52) and the Philippines (59th), but rather poorer than Singapore (ranked No. 4).



Source: Office of the Education Council, Ministry of Education

Source : International Labour Organization (2011), Key Indicators of the Labour Market (KILM)

Challenges of Indochina Economic Zone

Cross Border Movement

Management and facilitation of cross border trade and investment

✓ **Cross Border Transport Agreement**

Private Sector

Public-Private Risk sharing

✓ **Public and Private Partnership (PPP)**

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

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