Eastern Thailand and Its Role of Innovative Industrial Centre and Greater Mekong Sub Region Hub: The Reviews of Thai State’s Proposal on Development

ภาคตะวันออกเฉียงเหนือกลุ่มอุตสาหกรรมนวัตกรรมและการเชื่อมโยงอนุภูมิภาคสู่แนวยิ่ง: บทสรุปของเสนอการทำพันธมิตรระหว่างไทย

Jirayoot Seemung
วิจารณ์ธ์ ซีมุง

Lecturer, Department of Political Science, Faculty of Political Science and Law, Burapha University, Thailand.

Ph.D student, VNU, Hanoi - University of Social Sciences and Humanities, Vietnam.

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1 บทความชิ้นนี้เป็นส่วนหนึ่งของทุนผู้ใหญ่ระดับปริญญาเอกสาขาวิชาเทคโนโลยีการศึกษา คณะวิทยาศาสตร์ มหาวิทยาลัยสังคมศาสตร์และมนุษยศาสตร์ มหาวิทยาลัยแห่งชาติเวียดนาม – ฮานอย, ประเทศเวียดนาม
ABSTRACT

This article is a review of the Thai’s state proposal on Eastern development which was proposed in the previous government of General Prayut Chan-o-cha. The result shows that the Eastern area is still significantly concerned by the Thai state on its role of economic development under the national economic growth strategy, Trickle-down Economics. By this proposal, Thai state will perform as a promoter who promote the innovative industries and develop the Eastern region’s infrastructure so that these could be able to link with other Greater Mekong Sub region countries. This national proposal has its 2 objectives including; 1) to increase the national economic growth2) to resolve some national economic problems namely; middle income trap, lacking of unskilled labour. These problems are being resolved by improving domestic industrial technologies and exporting intensive labour industry to the Special Economic Zone’s borders and neighbouring countries. Moreover, this proposal mentions also on connective logistics development with neighbouring countries which is favorable in decreasing cost of transportation and promoting this area as the regional hub.

Keywords: Development Strategy, Eastern Region, Economic Corridor, Regional links, Political Economy
บทความชิ้นนี้เป็นการสำรวจข้อเสนอการพัฒนาพื้นที่ภาคตะวันออกที่ถูกเสนอโดยรัฐในสมัยของรัฐบาลพลเอกประยุทธ์ จันทร์โอชาซึ่งจากการสำรวจข้อเสนอของรัฐพบว่าพื้นที่ภาคตะวันออกยังคงอยู่ในบทบาทสำคัญในการพัฒนาเศรษฐกิจเช่นเดิมภายใต้ยุทธศาสตร์เติบโตทางเศรษฐกิจแบบไหลรินโครงการดังกล่าวรัฐไทยมีบทบาทสำคัญคือเป็นผู้ผลักดันยุทธศาสตร์นวัตกรรมและพัฒนาโครงสร้างพื้นฐานในพื้นที่ภาคตะวันออกให้เชื่อมโยงกับประเทศต่างๆ และมีวัตถุประสงค์หลัก 2 ประการได้แก่ 1) สร้างการเจริญเติบโตทางเศรษฐกิจและ 2) การแก้ไขปัญหาทางเศรษฐกิจ ได้แก่การติดกับดักรายได้ปานกลาง ปัญหาการขาดแคลนแรงงานไร้ทักษะ วิธีการแก้ไขปัญหาดังกล่าวคือการยกระดับเทคโนโลยีอุตสาหกรรมภายในประเทศและส่งเสริมอุตสาหกรรมที่ใช้แรงงานเข้มข้นไปสู่พื้นที่เขตเศรษฐกิจพิเศษชายแดนและประเทศเพื่อนบ้าน นอกจากนี้ข้อเสนอการพัฒนายังให้ความสำคัญกับการพัฒนาการขนส่งให้เชื่อมโยงกับประเทศเพื่อนบ้านเพื่อลดต้นทุนการขนส่งสินค้าและผลักดันให้พื้นที่ภาคตะวันออกเป็นศูนย์กลางการเชื่อมโยงภูมิภาคยุโรปด้วย

คำสำคัญ: ยุทธศาสตร์การพัฒนา/ ภาคตะวันออก/ ระเบียงเศรษฐกิจ/ การเชื่อมโยงภูมิภาค/ เศรษฐศาสตร์การเมือง
INTRODUCTION

Eastern Thailand is considered an economic driving force in the economic development of Thailand. Beginning in the 1980s, this region is a place to focus on developing important industries from the implementation of “Eastern Seaboard Development Program (ESB)”. On the total area of 1,328,000 hectares, mainly in the three eastern provinces including; Chonburi, Rayong and Chachoengsao. This program focuses on developing the region to become a modern industrial park which meets international quality standards. Chonburi province develops light industrial park and Laem Chabang international deep-water port. Meanwhile, Rayong province focuses on strongly developing heavy industry, petrochemical industry and Maptaput international deep-water port, and Chachoengsao province promotes the development of key industries according to the field of light industrial and agricultural-industrial production. Besides, Eastern Thailand is also an important land border gate connecting with Cambodia and Vietnam. This border gate has become a key economic gateway from the policy of “turning Indochina from a battlefield into a marketplace” of former Prime Minister Chatichai Choonhavan to serve export of goods and import of production materials for domestic industries of Thailand (The National Assembly of Thailand, 2017).

So far, the Thai State still continues to promote and develop the economy towards industrial deepening to solve economic problems such as low economic growth rate and middle income trap. In particular, Eastern Thailand has always been the main region selected for promoting the country’s economic development. This can be seen when the Thai State announced the policy of 10 special economic zones, including 2 special economic zones located in Eastern Thailand in 2014. In addition, in 2016, Thailand announced “Eastern Economic Corridor Project” (EEC). This is the main project to serve the economic development of Thailand and the Eastern region continues to play the leading role in the economic development of the country. Among them, the State focuses on investing and developing infrastructure, improving science and technology, and developing industries in the region. Therefore, it can be seen that the “Eastern Economic Corridor Project” has pushed
Eastern Thailand to become a logistics center, linking Southeast Asia and Greater Mekong Sub region countries (The Office of the Eastern Economic Corridor Policy Committee (EEOC), 2018, pp.1-10, 1-11).

In this paper, the author will survey and collect important documents and information on the content of Thai State’s proposal related to the economic development of the Eastern region in the fields of industry, science and technology innovation, and the role of a regional logistics center of this region. Moreover, the author will analyze a Thai State’s proposal from the perspective of the international political economy. To accomplish the aforementioned goal, in this paper, the author concentrates three main contents including the context of Eastern Thailand, the role of central innovative industry and regional hub of Eastern Thailand in the period of 2014 - 2018, and finally analysis from the perspective of international political economy.

CONTEXT OF EASTERN THAILAND

The Eastern Region is considered to be the focus of developing important industries from industrialization policy with “Eastern Seaboard Development Program” (ESB). Beginning in 1981, this project has been a key part of the “fifth national socio-economic development plan for the period of 1982 - 1986”. This was an important project for economic development during the ruling period of former Prime Minister Prem Tinsulanonda with the main objective of promoting Thailand to become the Newly Industrialized Country (NIC) in 1991. In particular, the Thai State has played an important role in the development of infrastructure and energy industry while private enterprises have played an important role in industrial investment and development. In the first phase, the project was implemented in three provinces including Chonburi, Rayong and Chachoengsao, in the direction of developing specialized industries as follows (Office of the National Economic and Social Development Board, 1982; Office of the National Economic and Social Development Council, 2017):

1. Laem Chabang area of Chonburi province is the place focusing on developing manufacturing industrial parks in light industries such as textile industry, automotive assembly
factory, etc. Besides, Laem Chabang international deep-water port is developed to transport goods by container and can receive ships with a tonnage of 50,000 - 80,000 DWT, including 4 commercial piers, 2 piers for agricultural products and 1 seaboard pier. In addition, other infrastructures such as warehouses, office buildings, roads, railways, power plants, water purification plants, etc... are also developed.

2. Map Ta Phut area of Rayong province is developed to become an industrial park with the area of 1,111.84 hectares, in which the development of heavy industries such as cement factory, energy industry, petrochemical industry, etc... is concentrated. This area also has a commercial industrial park with the area of 257.44 hectares and Map Ta Phut industrial deep-water port which can receive ships with a tonnage of 60,000 DWT.

3. Chachoengsao City focuses on developing the industry and agriculture using high-tech manufacturing techniques.

After the operation of the “Eastern Seaboard Development Program (ESB)”, up to now there are 32 industrial parks, more than 5,000 factories and attracting investment of more than 50 billion USD into Thailand. This result has made Thailand become the center of manufacturing cars, automotive spare parts and components in the region as called “Detroit of the East”, and at the same time turned the Eastern region into the 5th largest manufacturing center of the energy industry and petrochemical industry in Asia. This not only helps the eastern provinces increase their Gross Provincial Product (GPP) but also helps Thailand increase the Gross Domestic Product (GDP), making Thailand transform from an agricultural country to a newly industrialized country (NIC) (Office of the National Economic and Social Development Board, 2015, pp 7, 30).

THE ROLE OF CENTRAL INNOVATIVE INDUSTRY AND GREATER MEKONG SUBREGION HUB OF EASTERN THAILAND IN THE PERIOD OF 2014 – 2018

After the coup on 22 May 2014, economics was the problem that Thai’s Government under the Prayut Chan-o-cha administration wanted to resolve as soon as possible. Therefore, this state proposal on economic development was considered as
the “must accomplish plan” of the government. By this force, the plan was divided into 2 parts. The first part focused on the establishing of the plan of Special Economic Zone (SEZ) in Thai’s border areas. The second part focused on the Eastern Economic Corridor (EEC).

**Thai state’s proposal on the special economic zone (SEZ) in border areas**

The special economic zone in border areas has been a Thai State’s choice for promoting economy and attracting foreign investment; at the same time, this policy was also consistent with regional economic integration of the ASEAN Economic Community and the Greater Mekong Sub-region Cooperation (GMS) (Siriwan Monataraphadung, 2014). The establishment of special economic zones in Thai borders began with the support of the Asian Development Bank (ADB) in accordance with the strategy of promoting the use of the economic corridor project in 1998. The plan has been to develop the region’s special economic zones with the aim of promoting development from Transport Corridors to become Economic Corridors. In order to implement this plan, on 31 March 2013, Thailand’s Cabinet Resolution assigned to the Office of the National Economic and Social Development Board (NESDB) to study to assess the region’s suitability for establishment of special economic zones to meet the policy of developing special economic zones as a part of the plan to join the ASEAN community (International Institute for Trade and Development, 2015, pp 1-3).

Until 07 January 2014, to serve the transportation of goods across borders, the Thai State announced the extension of the border gate opening and closing time from 7.00 - 20.00 to 6.00 - 22.00 every day at 5 border gates. Among them, 4 border gates announced in the Eastern region include (Announcement of the Ministry of the Interior respecting Schedule of opening and closing Thailand - Cambodia permanent crossing point in Chanthaburi Province, Trat Province, Sa Kaeo Province and Surin Province, 2014, 7 January):

1. Border gate of Ban Laem ward, Pong Nam Ron district, Chanthaburi province opposite Ban Tuang ward, Krom Riang district, Bambang province, Cambodia.
2. Border gate of Ban Pakkad ward, Pong Nam Ron
district, Chanthaburi province, opposite Ban Phrom ward, Sala Krau district, Pailin province, Cambodia.

3. Border gate of Ban Haad Lek ward, Khlong Yai district, Trat province opposite Ban Cham Yiam ward, Mondol Seima district, Koh Kong province, Cambodia.

4. Border gate of Ban Khlong Luek ward, Aranyaprathet district, Sa Kaeo province opposite Poipet ward, O Thok district, Banteay Meanchey province, Cambodia.

After the coup in 2014, in order to serve the development of the border special economic zones, the Thai State adopted the Order No. 72/2014 of the National Council for Peace and Order to establish Special Development Zone Policy Committee on 19 June 2014 (Appointment of Special Economic Development Zone on 19 June 2014) (Order of the National Council for Peace and Order at 72/2014 Appointment of Special Economic Development Policy Committee, 2014, 27 June ,pp.11- 12). Then, on 19 January 2015, the Special Development Zone Policy Committee announced the special economic zone policy with the desire to solve three problems including distributing development for remote areas, improving income and quality of life for people in the region, and solving border security issues according to the Notice No. 1/2015 of Special Development Zone Policy Committee dated 19 January 2015 (Special Development Zone Policy Committee, 2015, 19 January). In particular, establishing and developing 10 special economic zones divided into 2 phases were given. The first phase built and developed five special economic zones of Tak, Mukdahan, Sa Kaeo, Trat, and Songkhla provinces in 2015. After 2015, in the second phase, five special economic zones were developed in Nong Khai, Narathiwat, Chiang Rai, Nakhon Phanom and Kanchanaburi provinces, according to the declaration No.2/2015 of the Special Development Zone Policy Committee dated 24 April 2015 (Special Development Zone Policy Committee, 2015, 24 April).

Geographically, it can be seen that Thailand’s special economic zones are all on the route linking between Thailand and its neighboring countries of Greater Mekong Sub-region Economic Corridor. Among them, the North-South Economic Corridor (NSEC) has Chiang Rai, Songkhla and Narathiwat special economic zones. The East-West Economic Corridor
(EWEC) has Tak and Mukdahan special economic zones; and Trat and Sa Kaeo special economic zones are located in the Southern Economic Corridor (SEC). The establishment of the Thai government’s special economic zones not only aims to promote the transportation of goods to other countries in the corridors but also supports the transportation of domestic materials and goods through the roads of economic corridors.

According to the notice of the Special Development Zone Policy Committee, 2 out of 10 special economic zones located in the Eastern region are Sakaeo province’s special economic zone and Trat province’s special economic zone, as follow (International Institute for Trade and Development (Public Organization), 2015):

- **First**, Sakaeo Special Economic Zone with a total area of 332 km² is located in Aranyaprathet and Watthana Nakhon districts. While Aranyaprathet district develops special economic zones in three sub-districts including Ban Dan, Pa Rai and Tha Kham, Watthana Nakhon district concentrates special economic zones in Phak Kha sub-district. Sakaeo Special Economic Zone focuses on developing 12 industries, including (1) agriculture and processed food; (2) textiles and leather products; (3) furniture; (4) gems and jewelry; (5) medical equipment; (6) automobiles, machines and spare parts; (7) electrical and electronic equipment; (8) plastic products; (9) pharmaceutical products; (10) logistics service business; (11) industrial area or industrial park; and (12) tourism support business (Industrial Estate Authority of Thailand, 2015).

- Sa Kaeo Special Economic Zone Project is located along the Northern Subcorridor in the Southern Economic Corridor (SEC) project, which is long 1,150 km, also known as R1 road. Besides, the Thai government is stepping up to connect two railway systems: The first one starts from Dawei deep-sea port (Myanmar) through Kanchanaburi - Bangkok - Chachoengsao to Aranyaprathet (Thailand), and to Cambodia. In addition, the second railway is Chachoengsao-Laem Chabang. Thanks to the support of the Asian Development

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2. Northern Subcorridor is long 1,150 km, linking from Bangkok (Thailand) – Aranyaprathet (Thailand) – Poi Pet (Cambodia) – Siem Reap (Cambodia) – Stung Treng (Cambodia) – Ratanakiri (Cambodia) – O Yadov (Cambodia) – Pleiku (Vietnam) – Quy Nhon (Vietnam)
Bank (ADB), the Cambodian government has started improving domestic railways since 2016 to link with the railway of Sa kaeo province (Thailand). After completed, this railway will become an arterial route to transport materials and goods to Phnom Penh and Southern Vietnam. Moreover, Sa Kaeo Special Economic Zone may link with three Cambodian special economic zones, including (1) Poipet-Oniang special economic zone, (2) Sanco-Poipet (Sano-Poipet) special economic zone, and (3) Sisophon special economic zone (Thairath, 2017; Thailand Development Research Institute Foundation, 2016, pp. s–8–s–9).

In addition, the Thai State plans to solve the congestion problem at Ban Khlong Luek – Poipet border gate, an important trade border gate. The Thai and Cambodian governments have discussed the opening of an additional border gate in Ban Nong Ian, Tha Kham sub-district, Aranyaprathet district, Sa Kaeo province. This is the area opposite Satung Bot, Ou Chrov district, Banteay Meanchey province, Cambodia, about 10 km from Ban Khlong Luek border gate. In this construction project, a new customs house with an area of about 240 hectares will be built with the aim of facilitating the transportation of goods and solving the congestion problem at Ban Khlong Luek border gate, a main border gate of Sakaeo province. (Thailand Development Research Institute Foundation, 2016, pp. 5 – 2)

Second, Trat province’s special economic zone only has an area of 50.2 km². This is the special economic zone with the smallest area compared to other special economic zones. This special economic zone is located in 3 districts including Khlong Yai, Hat Lek and Mai Rut; and runs along the Southern Coastal Economic Corridor in the Southern Economic Corridor (SEC) Project. It starts from Bangkok through Khlong Yai district, Trat province, through Koh Kong province, Cambodia; and passes through Koh Kong special economic zone to Sihanoukville special economic zone and deep-water port, and to Southern Vietnam.

Considering the potentials of the region, it can be seen that these special economic zones help to expand the linkage between production facilities of Thailand, Cambodia and Vietnam especially one in Trat province which is not far from
Cambodia’s important economic areas namely S Kakong and Sihanoukville special economic zones. Literally, it takes only 300 km from Khlong Yai district in Trat province to Ha Tien district (a Cambodia-Vietnam border) in Vietnam.

In addition, the Special Development Zone Policy Committee issued a special notice No. 2/2015 dated 16 March 2015 about identifying the key industries with high potential for the special economic zone in Trat province including (1) industry, agriculture and food processing, (2) logistics, (3) industrial parks, (4) tourism support business. This special economic zone has the main purpose of supporting small and medium enterprises (Department of Business Development, 2019, Industrial Estate Authority of Thailand, 2015).

Regarding the rail-linkage system, Thai state has just launched a plan to construct a new railroad connecting Sriracha district in Chonburi with Rayong, and Chantaburi then terminate at Klongyai sub-district in Trad province where is the Thai’s boundary with Kor Kong province, Cambodia. Approximately, the distance of this railroad is 250 kilometers with standard double-track railway system at 1-meter rail gauge. The estimated budget of this project is about 5-6 Ten billion baht (around 1,500 –1,800 million USD). In 2019, the study of this construction is completed and reported to the ministry of finance to request budget in 2020 costing 120-150 million baht (approximately 3.7 – 4.2 million USD) for planning detail of construction. (Bangkokbiz News, 2019, June 12; Manager Online, 2019, 28 May).

In terms of its organizational structure, the Special Development Zone Policy Committee has three subcommittees, including:

1. A subcommittee of benefit, area and comprehensive services
2. A subcommittee of labor, health and security services
3. A subcommittee of infrastructure and customs

In particular, Center for Labor, Health and Security Services is established to focus on managing foreign labor security in Thailand and supporting management and control of foreign workers to work at the border in order to limit and reduce the number of foreign workers in Thailand’s major city
centers. Especially, the support to develop 10 border special economic zones allows foreigners to work in the morning and return home in the evening (Secretary-General of Special Development Zone Policy Committee, 2017).

It can be implied that the Thai State desires that 10 border special economic zones on the Greater Mekong Sub-region Economic Corridor will help investors to access markets and production materials in the country and neighboring countries. The state has focused on two main fields of special economic zones, including 1) Creating a new economic zone by taking advantage of border areas linked with neighboring countries 2) Taking advantage of border economic areas to solve the problem of lack of labor and illegal foreign labor.

**Thai state’s proposal on eastern economic corridor (EEC) development**

After submitting the SEZ plan, in 2016, the Thai State announced an important economic development plan, “Eastern Economic Corridor” (EEC). This is the project updated from the “Eastern Seaboard Development Program” approved by the National Economic and Social Development Board (NESDB) and the Cabinet of Thailand on 28 June 2016. Then, in 2018, after planning, the State adopted and issued the “Eastern Economic Corridor Act 2018” (EEC Act), and put this plan into “The 20-year strategic plan in the period of 2019 – 2038” of the country (Office of the National Economic and Social Development Council, 2015; Order of the National Council for Peace and Order No.2/2017, Subject The Development of Eastern Economic Corridor, pp 30-36).

With a total investment of 49,900 million USD for the “Eastern Economic Corridor”, an investment plan from the model of Public Private Partnership during the first 5-year period (2017-2021) still considers the Eastern region playing a leading role in economic development and growth target to become “New Engine of Growth”. According to the development plan of the Thai State, the “Eastern Economic Corridor” not only contributes to improve science and technology, industrial development in the region but also continues to promote infrastructure development and investment plans, helping Eastern Thailand become the center of economic, scientific, technological and cultural integration of
Southeast Asia (The Office of the Eastern Economic Corridor Policy Committee (EECO), 2018, pp. 1-10, 1-11; Cabinet resolution, 2016, June 28; Kanit Sangsubhan, 2018). “Eastern Economic Corridor” focuses on development in the cities in Chonburi, Rayong and Chachoengsao provinces. The Thai State develops these three provinces by promoting the development of infrastructure and high-tech industry such as:

1. Industrial park for industrial development is an area of 13,880.8 hectares to support industries, with the goal of 10 industries: (The Office of the Eastern Economic Corridor Policy Committee (EECO), 2018, pp. 10-12)

  1.1 Thailand’s industry specialized in manufacturing called “1st S curve” has 5 industries including:

   1.1.1 Next-Generation Automotive to develop into an industrial park for manufacturing electric cars.

   1.1.2 Intelligent Electronics specializes in manufacturing electronic components and systems for use in automobiles and telecommunications equipment. This industry also specializes in smart housing designs that connect to the Internet.

   1.1.3 Advance Agriculture and Biotechnology use advanced biotechnology, data analysis, biotechnological research to improve and support breeding and agricultural production.

   1.1.4 Food Processing focuses on researching and producing healthy foods, processed foods, and using alternative proteins.

   1.1.5 High-income Tourism and Medical Tourism promote various activities based on major tourist destinations, support and develop nursing and rehabilitation hospitals, and develop international exhibitions.

  1.2. New industry: the Thai government calls it the “New S curve”, with the aim of promoting five industries:

   1.2.1 Advance Robotics develops specialized robots such as diving robots and medical robots.

   1.2.2 Aviation and Logistics develop the centers for aviation training and aircraft repair to make Eastern Thailand become an aviation center of Asia.

   1.2.3 Medical Hub develops modern
hospitals, and invests in pharmaceuticals, medical devices and remote therapy via the Internet and smart phones.

1.2.4 Biofuels and Biochemical Industry are based on the largest potential and source of agricultural output in ASEAN to develop into the biochemical industry, such as the use of bio-plastics for export packaging.

1.2.5 Digital Industries such as E-commerce, Digital Content, Data Center, Cloud Computing.

After that, the Thai State additionally announced two industries including 1) Defense-related industry and 2) Industry related to human development and education, based on 12 key industries. (Thansettakij, 2018, 9 November).

Regarding the industry related to human development and education, the annual human resource development and education projects with the goal and orientation of human resource development, education, research and technology, focus on the issues such as 1) Focus on developing human resources and creating knowledge according to market demand for high income employment. 2) Focus on cooperation among universities, colleges and businessmen to create academic programs with the help of government agencies. 3) Cooperate with world-leading educational institutions and technology centers; in particular, invite experts to work with Thai educational institutions, especially Chinese private colleges and universities such as Dali University, Tianjin University, Hunan University of Technology. 4) Focus on foreign businessmen to develop programs in aviation, automation and robotics, tourism and health.

2. The special economic project support areas include 4 areas to support the development of innovative industries as follows:

2.1 Eastern Economic Corridor of Innovation (EECi) towards the innovation to create new and high-tech industries, including 6 industries: Modern Agriculture and Biotechnology, Bio-fuel & Bio-chemicals, High Performance Battery and Modern Transports, Automation, Robotics, and

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4 For more detail about Eastern Economic Corridor of Innovation” or EECi please see https://www.eeci.or.th/en/about-eeci/
Intelligent Electronics, Aviation and Space, Medical Devices. EECi area is located in Wangchan valley, Rayong province with an area of about 480 hectares (National Science and Technology Development Agency, 2017).

2.2 Eastern Economic Corridor of Digital (EECd) or Digital Park Thailand has been initiated under the cooperation of CAT Telecom Public Company Limited directly under the Ministry of Digital Economy and Society and the Industrial Estate Authority of Thailand (IEAT). With an area of about 132.64 hectares, this economic corridor located in Si Racha district, Chonburi province is oriented to develop Thailand to become the digital innovation hub of Southeast Asia.

2.3 Eastern Economic Corridor of Aerotropolis (EECa). With a desire to promote the aviation industry, Thailand has focused on developing an aviation city with an area of 1,040 hectares in U-Tapao Airport, Rayong province. U-Tapao Airport was oriented to become the main international airport of the Eastern Economic Corridor, linking with Donmung International Airport and Suvarnabhumi International Airport with high-speed rail. Moreover, the project has developed an aircraft maintenance center, aviation human resources training center, air cargo warehouse, and free trade zone to support aviation business. U-Tapao Airport development plan is supported with an investment budget of US$ 6,100 million with the goal of supporting U-Tapao area to become an airline hub for connecting flights, increasing air transport capacity and promoting the airline industry to become one of 12 key industries of the government.

2.4 Eastern Economic Corridor of Medical Devices (EECmd) The Office of the Eastern Economic Corridor Policy Committee agreed to announce the area of Thammasat University Pattaya campus in Pong sub-district, Banglamung District, Chonburi Province as “Eastern Economic Corridor Medical Hub – EECmd - Thammasat Pattaya” specifically at km. 12 since there are 2 entrances including the entrance from

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5 For more detail about Digital Park Thailand please see http://digitalparkthailand.org/witp-2/
6 For more detail about Aerospace Industry –Taking off to New Heights please see https://www.boi.go.th/upload/content/BOI_brochure_aerospace.pdf
Sukhumwit road and highway No. 36 and with its size of 90.56 hectares. This area will be invested for Medical Hub, continuous industries and also Lakeside Premier Complex known as Senior Complex. The budget which will be invested in this first period costs approximately 500 million baht (around 15 million USD) (Thansettakij, 2019, 27 Mar; The Office of the Eastern Economic Corridor Policy Committee (EECO), 2019).²

2.5 Eastern Economic Corridor of high-speed rail project linking three airports (EECh). This project links three airports including Don Mueang - Suvarnabhumi - U Tapao, which will build a route starting from Donmuang Airport, through Bang Sue Central Station, Makkasan Station, Lat Krabang Station, Suvarnabhumi Station, Chachoengsao Station, Chonburi Station, Pattaya Station, and ending at the 3rd passenger terminal of Utapao airport, with 10 stations within 220 km. The route from Phayathai to Suvarnabhumi will use the structures and rails of Bangkok Airport Rail Link – Suvarnabhumi Airport with a maximum speed of 160 km/h in the city, and a maximum speed of 250 km/h in the suburban area; the project from Don Mueang Airport to U-Tapao Airport has a total area of about 1,213.28 hectares (The Office of the Eastern Economic Corridor Policy Committee (EECO), 2018, pp. 13 -15)

In addition, the logistics infrastructure development project is also available in road projects such as inter-provincial highway construction project which is worth 1 million USD; or waterway projects. A waterway project belongs to the project of construction and development of Laem Chabang port (3rd phase) to meet 18 million containers/ year, and to support means of transport through the port with 2.95 million vehicles/ year, and an investment of 4.2 million USD. Besides, with an investment of 0.3 million USD, the project of construction and development of Map Ta Phut port (3rd phase) is expected to be implemented in 2021 to serve the transportation of liquefied gas products, etc...

² For more detail about Eastern Economic Corridor of Medical Devices please see https://www.eeco.or.th/pr/news/EECmdThammasatPattayaAgingSocietyHealthcare
In general, the remarkable thing was the statement of Thai Prime Minister, Prayut Chan-o-cha, on 31 March 2018 at the 6th Greater Mekong Sub-region (GMS) Summit held in Hanoi. He expected that the Eastern Economic Corridor (EEC) would support the linkage of industrial production with neighboring countries in the region and in the world. Through the development of infrastructure and utility system in the form of Multi Model Transport, he also wished to link the systems of road, railway, waterway, airline and logistics between inside and outside of the country. Thus, it can be seen that the project area of the Eastern Economic Corridor is focused on the cities located in or close to the localities participating in GMS economic corridor projects. Therefore, through the Eastern Economic Corridor, the Thai State has promoted Chachoengsao Province to become the center of linking economic corridors on the area of about 240 hectares to support the multi-ward and

Figure 1: Eastern Economic Corridor (EEC) of Thailand
Source: Kanit Sangsubhan, 2018
multi-line linkage between Eastern Economic Corridor of Thailand and North-South Economics Corridor, East-West Economics Corridor, and Southern Economics Corridor of GMS. Since then, the Myanmar-Thailand-Cambodia-Vietnam route is connected to create the Land Bridge, by considering Southeast Asian countries as a connection point between the West and the East (Jirayoot Seemung, 2017, 224 – 230; The Office of the Eastern Economic Corridor Policy Committee (EECO), 2018, p 10 – 12; Permanent Secretary for Interior, 2011). In addition, the Thai State has also promoted direct investment attraction from China and Japan into the Eastern Economic Corridor, by adjusting the project to match the “Greater Mekong Sub-Region Project” (GMS) co-sponsored by the Asian Development Bank and Japan. Among them, the North-South Economics Corridor Project is concerned by Chinese leaders because it brings benefits in the direction of solving the Land Lock problem of South China.

Especially, the link between Eastern Economic Corridor of Thailand and Southern Economics Corridor of GMS has brought economic benefits to Thailand, reflected in the following two points (International Institute for Trade and Development, 2014):

1. Take advantage of benefits through the transportation of goods. Cambodia is a trading partner of Thailand, and two countries have significant economic growth. In 2019, the export turnover of goods across borders is about 50.08% compared to the total trade turnover between Thailand and Cambodia (Department of Foreign Trade Ministry of Commerce, 2019 A). In particular, the goods passed through the Aranyaprathet Customs Department, Sakeo Province is calculated about 58.67% compared with the cross-border trade turnover, which is ranked first; the second rank is Khlong Yai Customs Department, Trat province with total cross-border trade turnover of 22.52% (Department of Foreign Trade Ministry of Commerce, 2019 B).

In 2012, according to the report of the Industrial Economic Agency (2012), the highest percentage of exports to Cambodia were automobiles, motorcycles, automotive spare parts, and goods; most of them were transported via the Aranyaprathet international border gate and followed the R1
road. This is the Central Subcorridor of the Southern Economics Corridor of GMS. The products which were transported by road and distributed were mainly consumer goods and cargo transported to the destinations near the Thai border like Poipet, Srisophon, Battambang. Types of products such as automobiles, motorcycles, automotive spare parts are distributed in other areas and districts in the country. However, for the large or heavy goods with the destinations in domestic areas of Cambodia and Southern Vietnam, traders often transport them by waterway to save transportation costs (Department of Foreign Trade Ministry of Commerce, 2019 C).

2. Take advantage of benefits through linking production facilities. Currently, Cambodia and Vietnam are two countries with direct investment from Thailand. Especially for Cambodia, in the period of 2005-2016, Thailand invested in this country with a total value of 8,390.94 million USD; and in 2016, the total investment value was up to 1,349.90 million USD (Department of Trade Negotiations, 2018). Currently, Cambodia is a country attracting investment by labor factor, with the growth rate of average working age of 1.7% per year, ranking second among CLMV countries with the employees’ minimum wage which is lower than that of other ASEAN countries. Investors, including Thai investors, have focused on the industries that take advantage of low-cost labor forces such as textile industry, footwear industry, electronic component industries, resource-using industries, or industries to meet the needs of Cambodian market (Department of Trade Negotiations, 2018). With investment in Vietnam, in 2018, Thailand was ranked 9th among the highest investment countries in Vietnam, with 528 projects. Among them, most of the projects were invested by major investors of Thailand, such as Thai Charoen Corporation (TCC), Central Group, SCG Group, Thai-CP Group, and industrial parks such as Amata - Bien Hoa, Dong Nai, etc… These projects focus on Southern Vietnam and invest in the industries related to manufacturing and processing, infrastructure development, retail and real estate. Thus, it can be seen that the R1 road has helped to link production facilities, transport materials, and distribute products among production facilities and from production facilities to ports between Thailand - Cambodia and Vietnam for import and export among
three countries and to other countries (Prachachat, 2018, 8 June; Bird Eyeview Network TV, 2019).

ANALYSIS OF THAI STATE’S PROPOSAL ON EASTERN THAILAND DEVELOPMENT FROM THE PERSPECTIVE OF INTERNATIONAL POLITICAL ECONOMY

Based on the proposals for developing the eastern region of Thai State, it can be seen that the Thai State still wants to promote and develop its economy and industries according to the economic growth strategy viewed as Trickle Down Economic with the aim of solving economic problems such as low economic growth rate, Middle Income Trap. Furthermore, politically, this intensive economic development is leaded by Thailand’s government in this period should seek the legitimacy from the economic aspect of the representative ruling (government) because this government originates from the coup, this is an illegal issue and does not follow democratic institutions.

Particularly, in terms of the economic aspect, Thailand’s investment growth has decreased, and there has been no growth; Investment rate has been declining for over 10 years. During the period of 2000-2005, the total investment was 9% per year but decreased to 2% per year in the period of 2006-2014. This affected economic growth rate (GDP), which decreased from 5% per year in the period of 2000-2005 to 3% per year in the period of 2006-2014 (Office of the National Economic and Social Development Council, 2019). In addition, Thailand has still faced the problem of middle income trap over 40 years, due to lack of investment in research and development of technical innovation, science and technology, as well as production of products with high value, and development of labor skills (Bank of Thailand, 2017; Nation TV 2019; Peera Charoenporn, 2018). Therefore, economic problems can affect the stability of the government; especially the government has not originated from a democratic election.

In debut of the Eastern economic development proposal which was proposed by the Thai state, the special economic zone at the boundary of Thailand was unable to solve any national economic problem until the proposal on the
Eastern Economic Corridor development plan was push with its plan on upgrading Industrial Deepening by developing Innovation Driven Economy on this such a “ready” area as the Eastern part of Thailand. Then the Thai state connected the EEC with the SEZ via logistical platform including roads and railway.

Currently, the Thai State is promoting Thai industrial development in the direction of technical, scientific and technological innovation in order to make Thailand become a high-income country by taking advantage of resources and context of industrial development of the Eastern region. At the same time, the Thai government also has supportive policies to increase investment, attract investment and transfer labor-intensive production facilities to border special economic zones and neighboring countries with lower per capita income such as Cambodia and Vietnam. This shows that Thailand has applied the Flying Geese Model (Kaname Akamatsu, 1962) based on comparative advantage and international labor division.

In addition, the Eastern Economic Corridor will focus on investment in 12 high-value industries by promoting infrastructure and enhancing technical, scientific and technological innovation. This shows that Thailand’s development trend is: 1) Change from a diversified economy to a manufacturing economy in specialized fields. 2) Thailand will focus on incremental innovation by learning and improving technologies from the Front Runner, especially in the economic corridor project with China and Japan.

In terms of labor, the Thai State focuses on strengthening the development of technological knowledge by increasing cooperation with foreign colleges, universities and academies, especially universities of China in order to concentrate on developing qualified and skilled labor such as labor with associate degree and bachelor’s degree to suit the development, innovation and improvement of technology. This can be seen in the labor demand analysis of the Ministry of Labor (The Office of Permanent Secretary, Ministry of Labour, 2017 B) for the Eastern Economic Corridor during the period of 2018 - 2027. In this 10-year period, there will be an increase of 191,119 jobs, of which most are the jobs for labor with an associate degree with 83,184 people; 62,980 people have
bachelor’s degree, and people with Mathayom 3 degree (grade 9) or lower are only 29,366 people. This indicates that the Thai State finds that labor-intensive industries in the next time will not attract investment because of the higher minimum income level in neighboring countries.

In addition, the Thai State also desires these projects to solve the problem of lack of unskilled labor in the country. Currently, Thailand has the problem of industrial structure and labor structure because these two structures do not match each other. This can be seen when the labor structure has low rate of labor in the working age and low population growth rate (Naewna Newspaper, 2018, 25 June; The Office of Permanent Secretary, Ministry of Labour, 2017 A) but the industrial structure of Thailand is still mainly labor-intensive industries like in the early stage of industrial development. This makes Thailand import labor from Cambodia, Laos and Myanmar. According to the data of Ministry of Labor in February 2019 (Foreign Workers Administration office Department of Employment, 2019, pp. 1-5 ), Thailand had 1,931,906 foreign workers who were not skilled workers and up to 1,514,307 people, accounting for 78.38%, working in the central region\(^8\), Bangkok and the areas surrounding Bangkok\(^9\). Most of the foreign workers work in manufacturing industries. Therefore, the Thai government wants to improve the domestic industries and promote the transfer of labor-intensive industries into border special economic zones in order to take advantage of low-cost labor force from neighboring countries because the State hopes that the minimum wage of Thailand is higher than that of other countries will attract neighboring workers to work in the border special economic zones. At the same time, this also gradually limits the number of foreign workers entering major cities of Thailand which affects national defense, politics, security and social issue.

In terms of infrastructure, the Thai State has invested in promoting the development of infrastructure linking

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\(^8\) including the provinces: Phra Nakhon Si Ayutthaya, Ang Thong, Lopburi, Sing Buri, Chai Nat, Saraburi, Chon Buri, EEC Center, Rayong, Chanthaburi, Trat, Chachoengsao, Prachin Buri, Nakhon Nayok, Sa Kaeo, Ratchaburi, Kanchanaburi, Suphan Buri, Samut Songkhram, Phetchaburi, Prachuap Khiri Khan

\(^9\) including the provinces: Samut Prakan, Nonthaburi, Pathum Thani, Nakhon Pathom, Samut Sakhon
waterway and airline, especially road links to connect with regional countries such as GMS cooperation to facilitate and reduce the costs of transporting materials and goods. For the Eastern region, it can be seen that the Southern Economic Corridor connecting with Cambodia and Vietnam as well as the development of border special economic zones have met the linkage among countries more effectively. In particular, Thailand has taken advantage of the GMS’s road linkage to transport goods and link production facilities to serve transportation and distribution of goods and materials between Cambodia and Vietnam where Thai investors have found low-cost labor force and benefits from investment attraction measures and GSP preferential tariff policies. In addition, infrastructure development will help to expand the market and attract investment, reduce and replace main markets like the United States and the European Union to attract investment from Asia such as China; at the same time, Thailand also seeks the markets in the surrounding sub-region like GMS countries.

**Introductory remarks and recommendation**

Regarding to the Thai state proposal on Eastern Development, the plan still follows the form of “Trickle-Down Economic” with borrowing some technologies from foreign countries. This form of development is similar to the previous national development project entitled Eastern Sea Board especially the technological borrowing which has been considered as a big problem for this country since, by the concept of “borrowing”, all the knowledge regarding to that borrowed technologies have never been transferred to this country both in local and domestic level. If the Thai government kept lacking any policy or regulation on this technological borrowing, Thailand would face the same problem as faced by the Eastern Sea Board program. Also, this weakness would lead to the problem on technological dependency in national level.

Hence, the Thai state must concern about the idea of Self – Reliance with Independence Technology by finding any policy on Technological Transfer and highlighting the role of Research & Development (R & D) so that this country would be able to develop its own technology in nearly future.
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