

Keynote Speech

H.E. Mr. Arkhom Termpittayapaisith, Minister of Transport
At the 7th Asian Logistics and Maritime Conference
23 – 24 November 2017, Hong Kong

Chief Executive Honorable Mrs. Carrie Lam Hong Kong Special
Administration Region (of the PRC)

Excellencies,

Distinguished Guests and Participants,

Ladies and Gentlemen,

It is my pleasure and honor to be here with you today at the 7th Asian Logistics and Maritime Conference organized by the Hong Kong Special Administrative Region Government and the Hong Kong Trade Development Council.

At the outset, let me thank the Office of the Secretary for Transport and Housing Government Secretariat for a very warm and generous introduction for inviting me to give this year's conference keynote address.

We meet today to exchange our insights on the latest market trend, best practices, policy experience and innovation, and explore new business opportunities. This will be a chance for me to share the experience of Thailand's works and insight on logistics and transport infrastructure development especially on rail and maritime development.

I would also like to thank the Hong Kong Special Administrative Region Government and HKTDC for such a quick move right after the recent large mission to Thailand to meet with our Prime Minister and Deputy Prime Minister to establish an economic and trade relationship between Hong Kong and Thailand. Specifically, Hong Kong has already decided to set up the Economic and Trade Office for the first time in Thailand. This will pave the way for both of us to

work more closely on many aspects. I think most of economic relationship would focus on how to create a better trade and logistics in which, my Ministry would play, no less than the others, a greater role in how we together promote cross border infrastructure that would enable greater connectivity in all modes of transportation, i.e. water and maritime transport, air linkage, land and rail connectivity.

Since Thailand is strategically located in mainland Southeast Asia, we recognized the vital role of transport and logistics in such a globalized and dynamic world today. More importantly, logistics is one of competitive tools in the global market, where currently, Thailand's logistics costs is approximately 14% of GDP out of which 7.5% being transport costs. Such a number of the cost, it reflects the need at the right time that we have taken and unquestionably more works to be done.

Despite a little bit high cost of logistics, but our ranking of Ease of Doing Business in Thailand climbed up by 20 ranks this year, according to the World Bank. It is a good news indeed for all of us in the Government that our efforts over the past three years was not wasteful. This gives us more energy to continue to work tirelessly so as to make sure that we would be able to maintain our quality of work for long-term sustainable goals.

We visualize ourselves as a logistic hub for trade, service, and investment of ASEAN including sub-regional economic area of greater Mekong river basin. It is therefore important for Thailand to set a long-term vision and strategy for the next 20 years and implement it for each five-year period.

For logistics, we set a clear guideline on how we improve our logistic system not only within the country, but how to integrate our logistic with neighboring countries. The third five-year plan of logistic (2017-2021) clearly define the need for the country to create more efficient supply chain management, to enhance our trade facilitation, to build

our high quality of human resources, and to make more use of big data and digitalization. All of these require big move on rebuilding our hardware infrastructure in the country and connect with all ASEAN countries and our biggest trading partner in mainland China.

Ladies and gentlemen,

On the transport infrastructure, we have set big challenges for investment in the next eight years (2015-2022). The investment plan of 110 projects, with 80% focusing on rail and water transport, would be totaling approximately fifty-five thousand million US dollars (55,000 million USD).

At present, the Ministry of Transport, is working continually toward promoting modal shift and integrated intermodal transport from road to rail and waterway. During the last two years, 39 investment projects have been approved by the Cabinet and 29 projects out of which have already begun their construction phase and more than five thousand six hundred million US dollars (5,600 million USD) had been invested.

Highlighted investment project includes the first High Speed Rail Projects connecting Bangkok – Kunming via Lao PDR in which commencement of construction would be in the middle of December this year. In the future, we would be able to travel directly non-stop from Kunming to Bangkok within 13.30 hours with the total distance of 1619 kilometers, minimum speed of 160 km./hr. and maximum speed 250 km./hr. Both passengers as well as freight cargo could benefit from this railway line.

This is the commitment between Thailand and China to enhance and connect our railway to the Belt and Road Initiative. In the future this so-called Northeastern line will further connect to Southern Thailand and to Kuala Lumpur and Singapore finally.

Ladies and gentlemen,

Apart from the Northeastern line, we are on the process to build another three HSR lines, namely, the Northern line connecting Bangkok – Chiang Mai, the Eastern line connecting Bangkok – Rayong and U-Tapao airport, and the Southern line connecting Bangkok – Hua Hin. These three lines are now being proposed to the Cabinet for approval.

On the part of maritime Silk Road, Thailand is now preparing for the expansion of the deep seaport at Laem Chabang for the third phase aiming to transform our seaport to a world class trans-shipment port to receive cargo rail from Southern China as well as being gateway for our neighboring countries and connecting other seaports of China. The idea of connecting roads, rail and ports within the country and across country is clearly to link our hinterland to the ocean gateway. The inland waterway, by using more Chao Phraya and Pa Sak rivers, will also be improved for least cost logistic of bulk cargo mainly for the agricultural, food, construction materials and energy raw material products.

We also plan to link our three deep seaports by rail so that we can make full benefits of these seaports, namely, Laem Chabang Port, Map Ta Phut Port and Sattahip Port.

To complement its rail development, Thailand has recently invested in the development of the coastal ports and new facilities to support the seamless connection between modes of transport such as the Single Rail Transfer Operator (SRTO) at Laem Chabang Port, which is aimed to improve efficiency of transfer containers between inland facilities and the port for international trade. In addition, the country also invested on several transport and logistics facilities such as dry ports, inland container depots, container yards, and truck terminals whose locations are situated in major industrial and production areas, major regional provinces and along the key border check points.

Ladies and gentlemen,

I have mentioned how we build our rail and water transport. What about our aviation sector. We have now three international airports around Bangkok. Our plan is to turn the navy-owned airport to be full commercialized airport by expansion its capacity from 3 million passengers per annum to 30 and 60 million within ten years. The Don Meuang airport will be expanded up to 30 million. Together with the ultimate capacity of Suvarnabhumi airport of 90 million, all three airports' capacity will reach 180 million passengers per annum. And yet, another two regional airports at two famous tourist destinations, Chiang Mai and Phuket, will also be expanded and two new nearby airports are being planned right now.

With the aggressive aviation forecast of number of travelers to Asia-Pacific, the orders of new aircrafts will shift from other regions to Asia, we have already planned with the Airbus to form a joint venture to build one of the most advanced technology of MRO at U-Tapao airport that could do up to heavy maintenance work. The training center will also be established at the site as well.

All of HSR Eastern line that can connect three airports and Bangkok, deep seaports development, and airports in the eastern seaboard will form an infrastructure investment package for our Eastern Economic Corridor Development Project (EEC) covering three provinces, Chachoengsao, Chon Buri and Rayong. This area will not only serve as the port hinterland development in the Eastern region of Thailand, but also our aim to scale up our industrialization to a higher value chain. Five new S-curve industries are our target, i.e. medical and health, bio-energy and bio-chemical, robotic and automation, and logistic and aviation.

Ladies and gentlemen,

Thailand is working toward a more efficient transport and logistics systems to facilitate international trade and logistics in achieving Thailand as a regional logistics hub. This infrastructure development will not only connect the region but will certainly strengthen the connectivity between the regions. We are welcoming and encouraging foreign investors to engage in our transport infrastructure development projects. I strongly believe that good coordination will lead us to a mutual success in the near future.

Ladies and gentlemen,

My last word is to inform you that Thailand is ready to move forward to the next economic restructure to the new digital age. Thailand will provide the most efficient facilities to all of our foreign investors. I hope to work closely with you all to bring new investment, new technology, and mutual benefits to create commonly prosperity for our region.

Let me close my remark that only if we, Thailand and Hong Kong, work together as a teamwork, we will be stronger and second to none in the world and tying up our longstanding relationship between Thai and Chinese as one family.

Thank you very much.

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