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# Charting Thailand's Economy, 1H 2016

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## **About This Report**

This country-report presentation is designed to chart out the economic outlook of Thailand on a quarterly basis. It is ideal for strategic management and corporate planning functions in companies operating or looking to get into the second largest economy in ASEAN.

# 2016 RELEASE SCHEDULE

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Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
India 1H16	Australia 1H16			Brunei 2H16	India 2H16
China 1H16	New Zealand 1H16			Myanmar 2H16	Indonesia 2H16
South Korea 1H16	Brazil 1H16			Cambodia 2H16	Thailand 2H16
Hong Kong 1H16	Canada 1H16			Laos 2H16	Malaysia 2H16
Taiwan 1H16	Mexico 1H16				Singapore 2H16
	Russia 1H16				Philippines 2H16
	Turkey 1H16				Vietnam 2H16
					China 2H16
					South Korea 2H16
					Hong Kong 2H16
					Taiwan 2H16
Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Australia 2H16				Brunei 1H17	India 1H17
New Zealand 2H16				Myanmar 1H17	Indonesia 1H17
Brazil 2H16				Cambodia 1H17	Thailand 1H17
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Mexico 2H16					Singapore 1H17
Russia 2H16					Philippines 1H17
Turkey 2H16					Vietnam 1H17
Argentina 2H16					China 1H17
South Africa 2H16					South Korea 1H17
Peru 2H16					Hong Kong 1H17
Chile 2H16					Taiwan 1H17

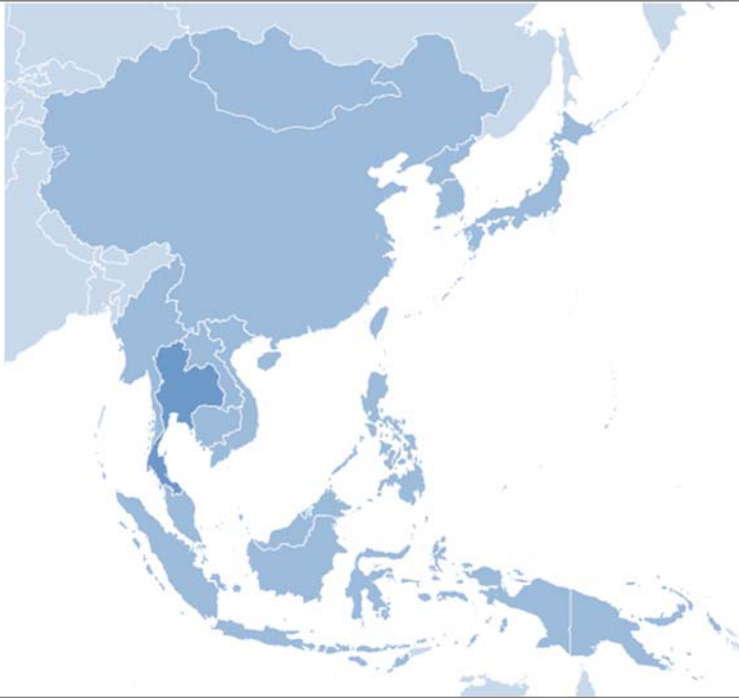


# Thailand

**Official name:** Kingdom of Thailand

**Brief history**

- A unified Thai kingdom was established in the mid-14th century. Known as Siam until 1939, Thailand is the only Southeast Asian country never to have been taken over by a European power
- A bloodless revolution in 1932 led to a constitutional monarchy
- In alliance with Japan during World War II, Thailand became a US treaty ally in 1954 after sending troops to Korea and later fighting alongside the United States in Vietnam
- Thailand since 2005 has experienced several rounds of political turmoil including a military coup in 2006 that ousted then Prime Minister THAKSIN Shinawatra , followed by large-scale street protests by competing political factions in 2008, 2009, and 2010



Geography	Population and society	Government
<p>Area: 513,120 sq km (#51 in the world)</p> <p>Land boundaries:</p> <ul style="list-style-type: none"><li>• Burma 1,800 km</li><li>• Cambodia 803 km</li><li>• Laos 1,754 km</li><li>• Malaysia 506 km</li><li>• Coastline 4,675 km</li></ul> <p>Land use:</p> <ul style="list-style-type: none"><li>• arable land: 30.71%</li><li>• permanent crops: 8.77%</li><li>• other: 60.52%</li></ul> <p>Irrigated land: 64,150 sq km</p> <p>Freshwater withdrawal per capita: 438.6 cu m/yr</p> <p>Natural resources: tin, rubber, natural gas, tungsten, tantalum, timber, lead, fish, gypsum, lignite, fluorite, arable land</p>	<p><u>Population:</u> 67,976,405 (July 2015 est., #21 in the world)</p> <p><u>Ethnic group (2010 est.):</u> Thai 97.9%, Burmese 2%, other 1.3%, unspecified 0.9%</p> <p><u>Language (2010 est.):</u> Thai (official) 90.7%, Burmese 1.3%, other 8% English is a secondary language of the elite</p> <p><u>Religions (2010 est.):</u> Buddhist (official) 93.6%, Muslim 4.9%, Christian 1.2%, other 0.2%, none 0.1%</p> <p>Working age population (15-64 yr): 72.7%</p> <p>Population growth rate: 0.34% (2015 est.)</p>	<p><u>Government type:</u> Constitutional monarchy</p> <p><u>Capital:</u> Bangkok <u>Currency:</u> Baht (THB)</p> <p><u>Chief of state:</u> King BHUMIBOL Adulyadej</p> <p><u>Head of government:</u> Interim Prime Minister Gen. PRAYUT Chan-ocha (since 25 August 2014) Note: YINGLUCK Shinawatra, was removed from office on 7 May 2014 after the Constitutional Court ruled she illegally transferred a government official; Thai army declared martial law on 20 May 2014 and a coup on 22 May 2014</p> <p><u>Cabinet:</u> Cabinet appointed by the prime minister with consent of the king</p> <p><u>Election:</u></p> <ul style="list-style-type: none"><li>• elections for a permanent legislative body are currently unscheduled and may not occur until February 2017</li></ul>

**General Information**

This section provides a snap shot and acts as a country fact sheet. Readers will find brief history as well as information on geography, population, society and government.

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# CONTENT SUMMARY

## ECONOMIC PROFILE

Structure

Competitiveness

Development

- Thailand is the second largest economy in ASEAN with USD 405 billion GDP in 2014
- Thailand is the forth most populous country in ASEAN but the projected growth rate is the lowest
- Unfavorable demographic structure with fast decreasing portion of working age group
- Since 1997 crisis, Thailand's economy has relied more on manufacturing for export at the expense of investment and service
- Along with majority of ASEAN economies, Thailand is quite 'open' and relies quite heavily on external trade
- Service accounts for more than half of Thailand's GDP but Manufacturing is still by far the largest sub-sector

## ECONOMIC OUTLOOK

Growth

Stability

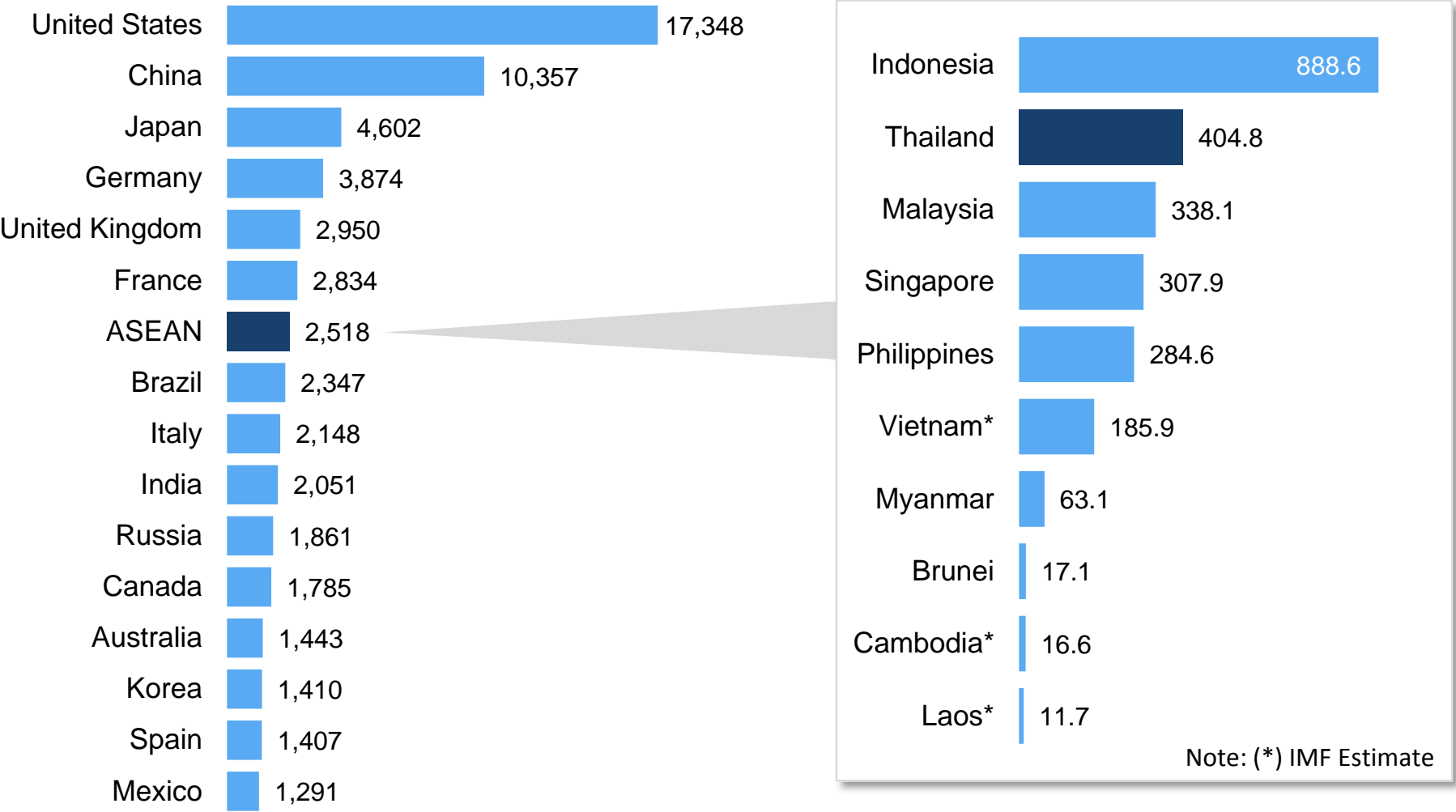
### Economic Structure

Part of the country's economic profile, economic structure section gives readers useful views to understand economic fundamental and determine what matters for the country's economy.

# Thailand is the second largest economy in ASEAN with USD 405 billion GDP in 2014

## 2014 GDP

USD billion, Market Exchange Rate



### Measuring the size of an economy

Size of any economy is usually measured by calculating its Gross Domestic Product (GDP) which is the market value of all officially recognized final goods and services produced within a country in a given period of time. To compare GDP internationally, there is a need to convert value in local currencies to one main currency, normally USD. There are two popular exchange rate to be used. The first one is the official exchange rate for that particular period. The second one is the so called “Purchasing Power Parity” exchange rate, which takes into account the difference in living expenses between countries. The first method is more popular in comparing the size of each economy.

### Size of Thailand's economy

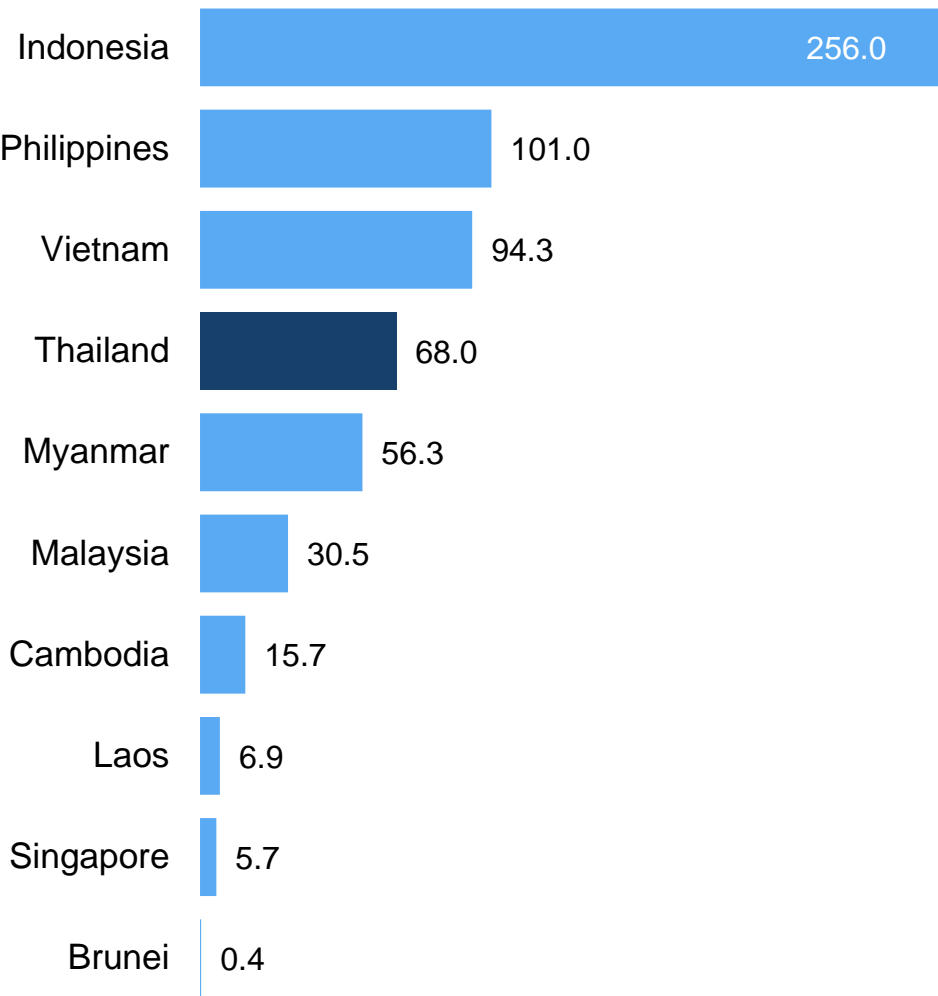
Using the market exchange rate method, Thailand's GDP is around USD 405 billion in 2014, the second largest economy in ASEAN behind Indonesia.



# Thailand is the forth most populous country in ASEAN but the projected growth rate is the lowest

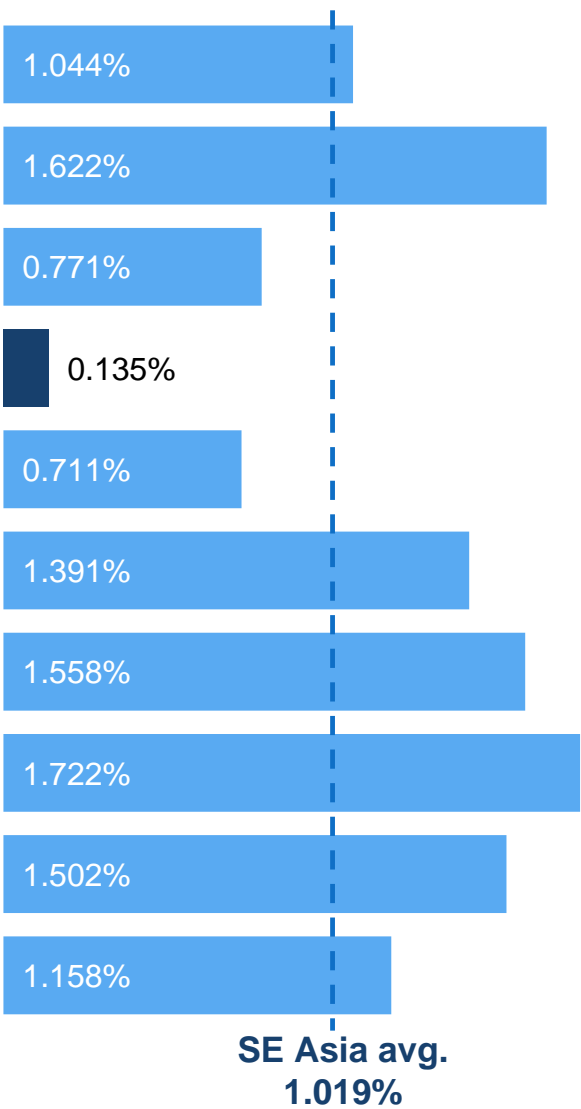
## Population

Million, July 2015 est.



## Population Growth

Avg. Annual Rate of Change, Medium fertility, 2015-2020



## Population

Population compares estimates from the US Bureau of the Census based on statistics from population censuses, vital statistics registration systems, or sample surveys pertaining to the recent past and on assumptions about future trends.

## Population growth projection

Projected by UN's Population Division in World Population Prospects: 2012 Revision. There are many sets of assumptions in the projections and we show here the medium fertility scenario as a base case.

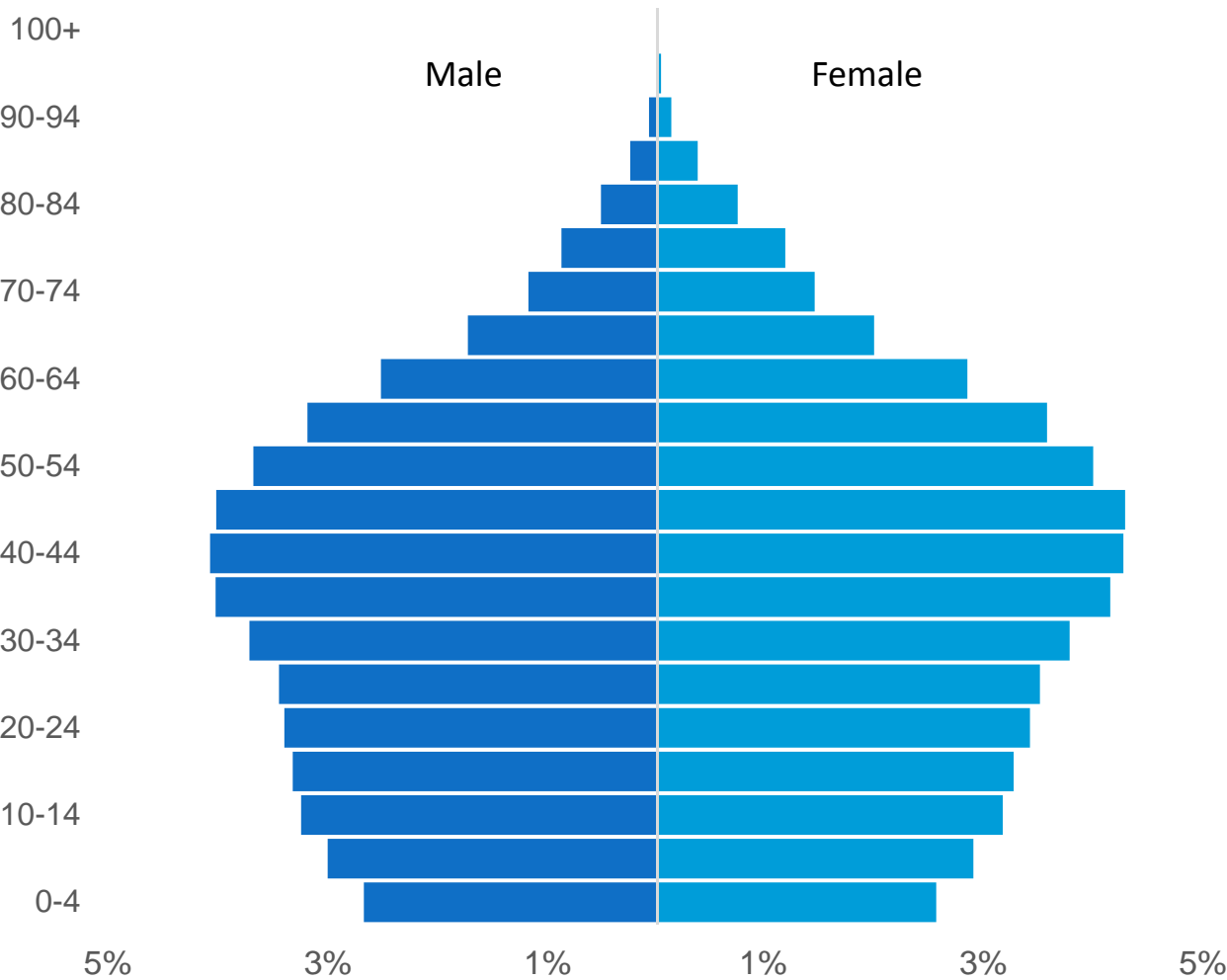
## Thailand's population

Thailand is the fourth most populous country in ASEAN with 68 million people. The population growth, however, is projected to be lowest in ASEAN in the next 5 years with only 0.135% annual growth.

# Unfavorable demographic structure for Thailand with reducing portion of working age group

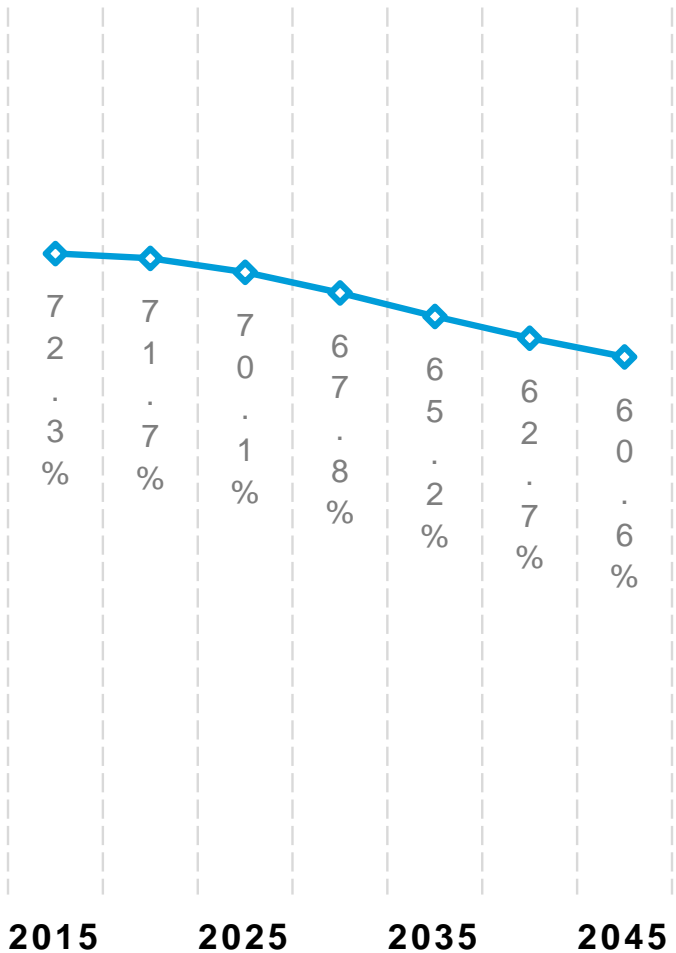
## Demographic Structure

2015, % of total population, Medium Fertility



## Working age

15-64 Years, % of total population, Medium Fertility



### Demographic structure

Total population (both sexes combined) by five-year age group.

### Demographic projection

Projected by UN's Population Division in World Population Prospects: 2012 Revision. There are many sets of assumptions in the projections and we show here the medium fertility scenario as a base case.

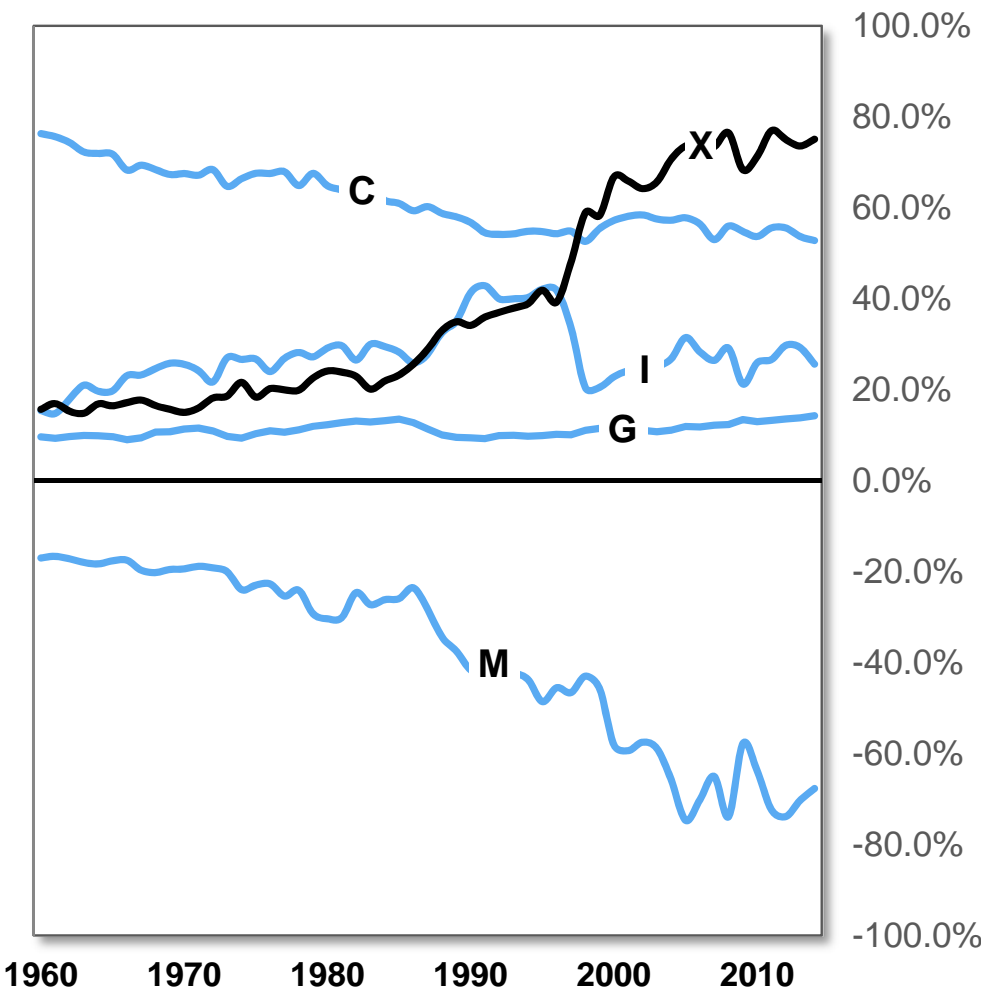
### Thailand's demographic structure

Thailand has a unfavorable demographic structure with relatively old population. The working age group (15-64) will reduce significantly from 72.3% to just over 60% of the total population over the next 30 years.

# Since 1997 crisis, Thailand's economy has relied more on manufacturing for export at the expense of investment and service

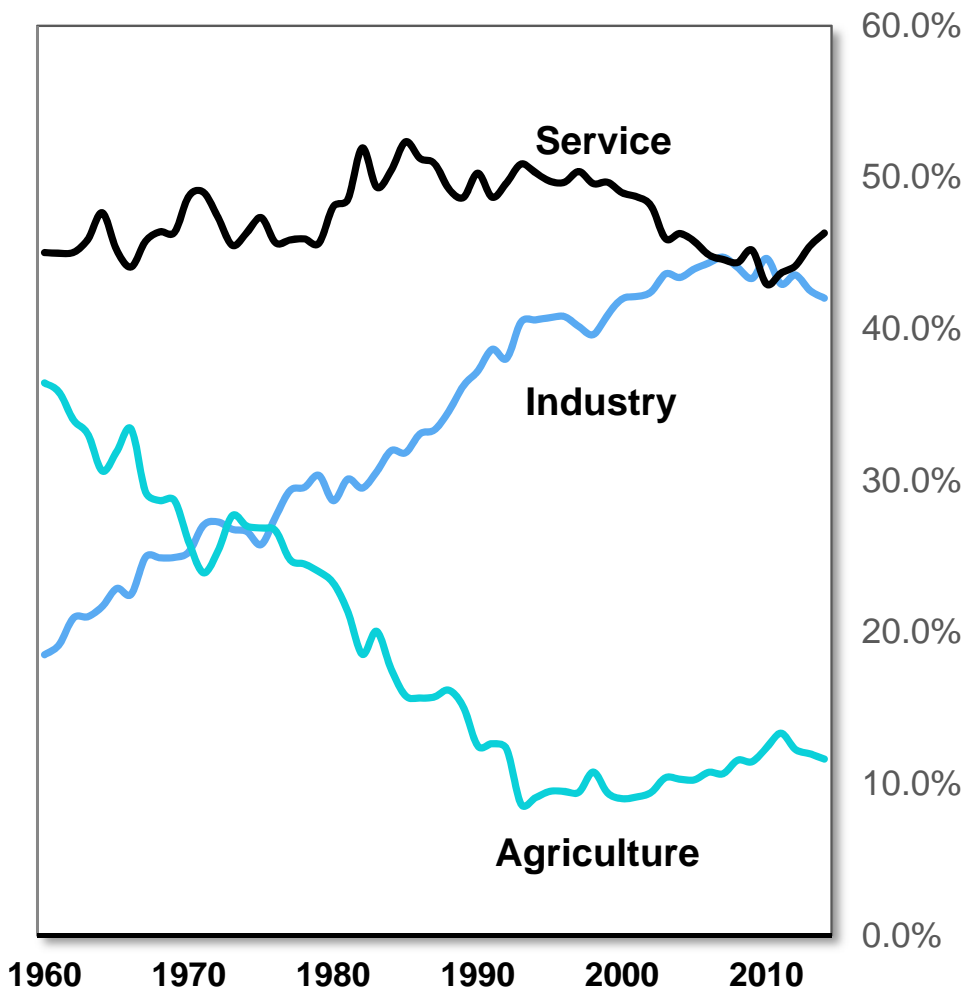
## GDP COMPOSITION – EXPENDITURE\*

1960-2014, % of total



## GDP COMPOSITION – PRODUCTION

1960-2014, % of total



### GDP composition

GDP can be determined in three ways, all of which should, in principle, give the same result. They are the product (or output) approach, the income approach, and the expenditure approach. The expenditure approach is summarized in the formula:  $GDP = C$  (private consumption) +  $I$  (Investment) +  $G$  (public consumption) +  $X$  (export of goods and services) –  $M$  (import of goods and services). The production approach measures market value of all final goods and services calculated during the period. It sums up value add of each production process to avoid double counting. The income approach sums total of incomes of individuals living in a country during the period. For analyzing GDP composition, the first two approaches are more popular.

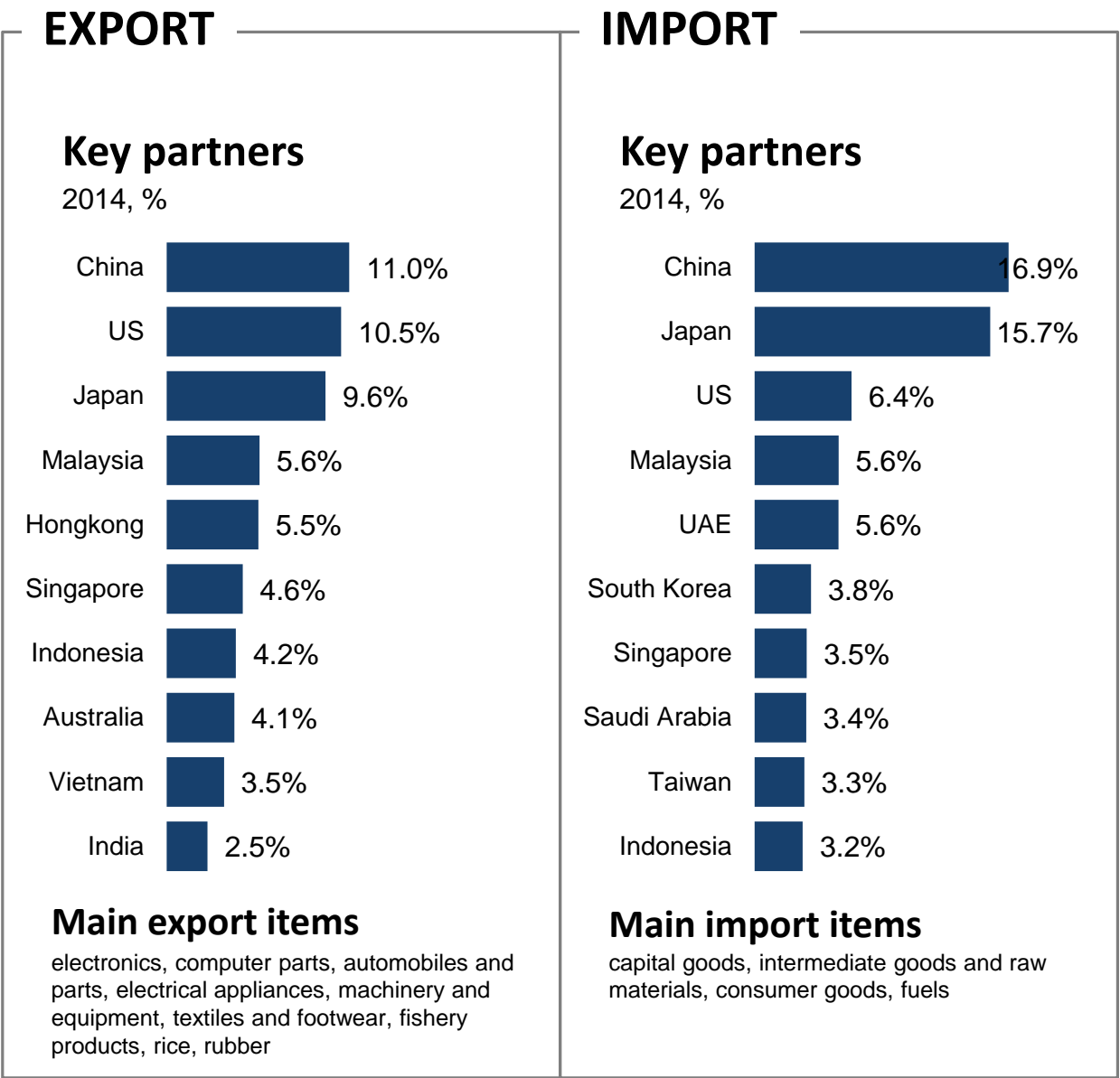
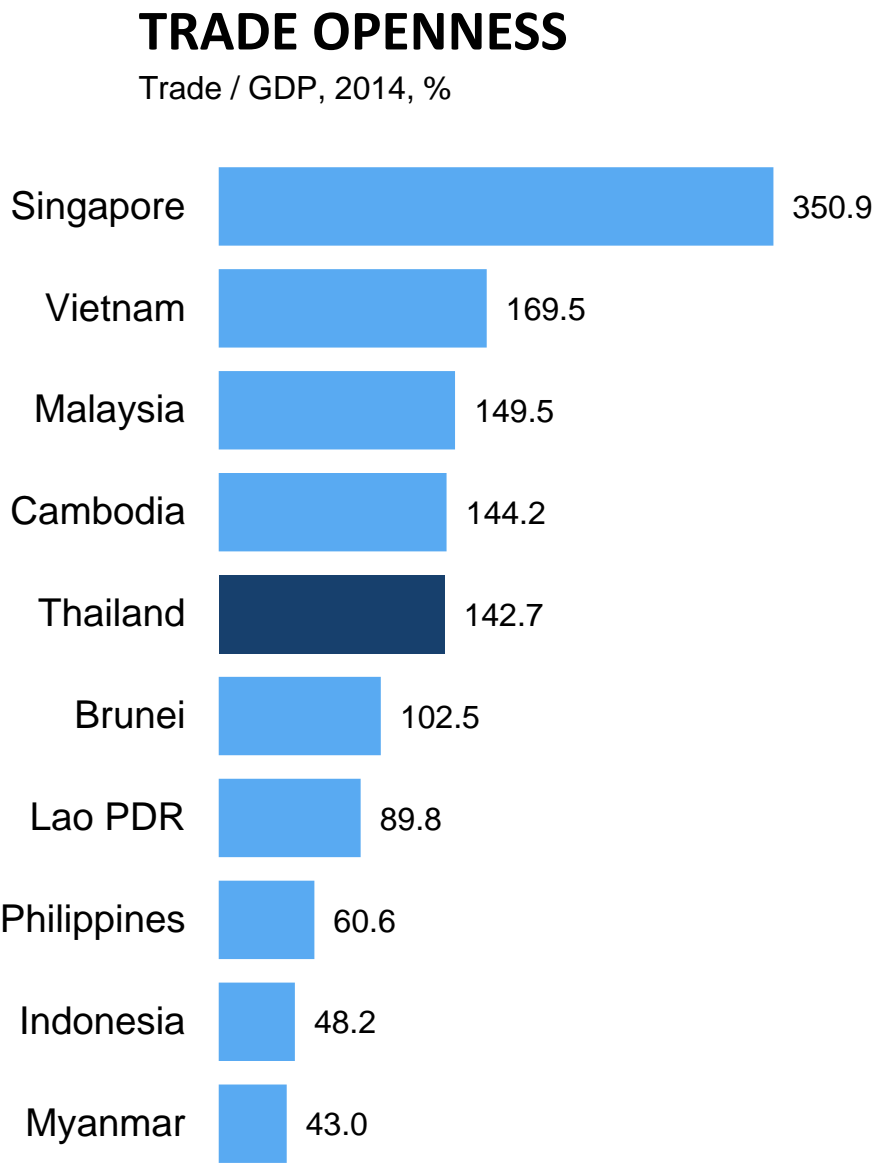
### Thailand's GDP composition

Since 1997 crisis, Thailand's economy has relied more on  $X$  (export of goods and services) and less of  $I$  (investment). As with other Asian economies, Thailand followed the so called export-led growth model of economic development, which had worked quite well until the recent global economic slowdown. On the production side, Industry (mainly Manufacturing) has gained more share of GDP at the expense of Services.

Note: (\*) C = Private Consumption, I = Investment including: I (capital) = Capital formation and I (inventory) = change in inventory  
G = Public consumption, X = Export of goods and services, M = Import of goods and services



# Along with majority of ASEAN economies, Thailand is quite ‘open’ and relies quite heavily on external trade



### Trade openness

The trade-to-GDP ratio is frequently used to measure the importance of international transactions relative to domestic transactions. This indicator is calculated for each country as the simple average (i.e. the mean) of total trade (i.e. the sum of exports and imports of goods and services) relative to GDP. This ratio is often called the trade openness ratio.

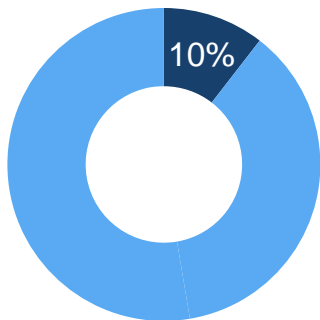
### Trade openness level for Thailand

Thailand, along with most ASEAN economies, relies a lot on international transactions relative to its domestic ones. Thailand's trade openness degree is 5th highest in ASEAN, behind Singapore, Vietnam and Malaysia. China, US and Japan are Thailand's main trade partners, representing 35% of total trade value in 2014.

# Service accounts for more than half of Thailand's GDP but Manufacturing is still by far the largest sub-sector

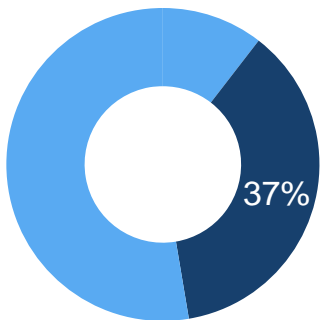
## KEY PRODUCTION SECTORS

% of 2014 GDP (current price)  
100% = 13,148,601 Million Baht



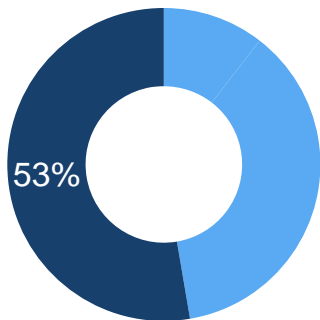
### AGRICULTURE

Agriculture and forestry	9.7%
Fishing	0.8%



### INDUSTRY

Manufacture	27.7%
Mining	3.8%
Utilities	2.8%
Construction	2.6%



### SERVICE

Trading	13.9%
Transport	7.1%
Financial	7.0%
RealEstate	6.9%
PublicAdmin	6.2%
Education	4.3%
Hotel&Res	3.7%
Other social	1.8%
Health&Social	1.6%
Private HH	0.2%

### GDP composition, production side

The production approach measures market value of all final goods and services calculated during the period. It sums up value add of each production process to avoid double counting. Main production sectors are Agriculture, Industry and Service. Within Industry, there are manufacturing, mining, utilities and construction. Within Service, there are trading, transport, hotel and restaurant, financial, public administration, education, real estate, health and social, other social and private household.

### Key production sectors for Thailand

Service accounts for more than half of Thailand's 2014 GDP, but it consists of many small sub-sectors. Manufacturing, within Industry, is still the largest sub-sector accounting for 27.7% of GDP.

# CONTENT SUMMARY

## ECONOMIC PROFILE

Structure

Competitiveness

Development

## ECONOMIC OUTLOOK

Growth

Stability

- Along with China and Indonesia, Thailand is in stage 2 of development or “efficiency-driven”
- Wages in Thailand is another step from countries like India, Philippines, Vietnam and Indonesia
- Despite lower growth rate, Thailand’s current labor productivity is still higher than those in China, Indonesia and Philippines
- Thailand’s economy is ranked 32nd in the world in the latest global competitiveness rankings, down one place from last year
- Macroeconomic environment and Market size are strong competitive factors for Thailand
- Thailand is one of the countries that are easy to do business, and it’s getting better
- The most problematic factors for doing business in Thailand have a lot to do with its politics and public sector
- FDI into Thailand has recovered from the bottom in 2011, but is still no where near the pre-2006 level

### Nation Competitiveness

Part of the country’s economic profile, this section explores the country’s competitiveness in the global level. It also covers the country’s attractiveness to foreign direct investment.



# Along with China and Indonesia, Thailand is in stage 2 of development, competing by increasing efficiency

## STAGES OF DEVELOPMENT



<b>Characteristics</b>	<ul style="list-style-type: none"><li>• Mainly factor-driven</li><li>• Compete based on primarily low-skilled labor and natural resources</li><li>• Low productivity reflected in low wages</li></ul>	<ul style="list-style-type: none"><li>• Becomes more competitive</li><li>• Productivity will increase and wages will rise</li><li>• Compete by increasing efficiency in production process</li></ul>	<ul style="list-style-type: none"><li>• Wages will have risen by so much</li><li>• Must compete by producing new and different goods through new technologies or business models</li></ul>
<b>Key Factors</b>	<ol style="list-style-type: none"><li>1. Public and Private institutions</li><li>2. Infrastructure</li><li>3. Macroeconomic environment</li><li>4. Health and primary education</li></ol>	<ol style="list-style-type: none"><li>5. Higher education and training</li><li>6. Goods market efficiency</li><li>7. Labor market efficiency</li><li>8. Financial market development</li><li>9. Technological readiness</li><li>10. Market size</li></ol>	<ol style="list-style-type: none"><li>11. Business sophistication</li><li>12. Innovation</li></ol>
<b>Examples</b>	<ul style="list-style-type: none"><li>• Cambodia</li><li>• India</li><li>• Laos</li><li>• Myanmar</li><li>• Pakistan</li></ul>	<ul style="list-style-type: none"><li>• Bhutan</li><li>• Philippines</li><li>• Saudi Arabia</li><li>• Vietnam</li></ul>	<ul style="list-style-type: none"><li>• China</li><li>• Indonesia</li><li>• South Africa</li><li>• <u>Thailand</u></li><li>• Ukraine</li></ul>
		<ul style="list-style-type: none"><li>• Brazil</li><li>• Malaysia</li><li>• Mexico</li><li>• Turkey</li></ul>	<ul style="list-style-type: none"><li>• Japan</li><li>• South Korea</li><li>• Singapore</li><li>• Taiwan</li><li>• UK</li><li>• US</li></ul>

### Stages of development

According to an economic theory, there are three stages of development for any economy to compete in the global market. In the first stage, an economy mainly compete based on low-skilled labor and natural resources. This stage is called “Factor-driven”. In the second stage, the economy becomes more competitive, productivity will increase and wages will rise. It can compete by increasing efficiency in production process. This stage is called “Efficiency-driven”. In the last stage, wages will have risen by so much that the economy must compete by producing new and different goods through new technologies or business models. This stage is called “Innovation-driven”. Countries/economies are grouped into these stages of development in the Global Competitiveness report by the World Economic Forum.

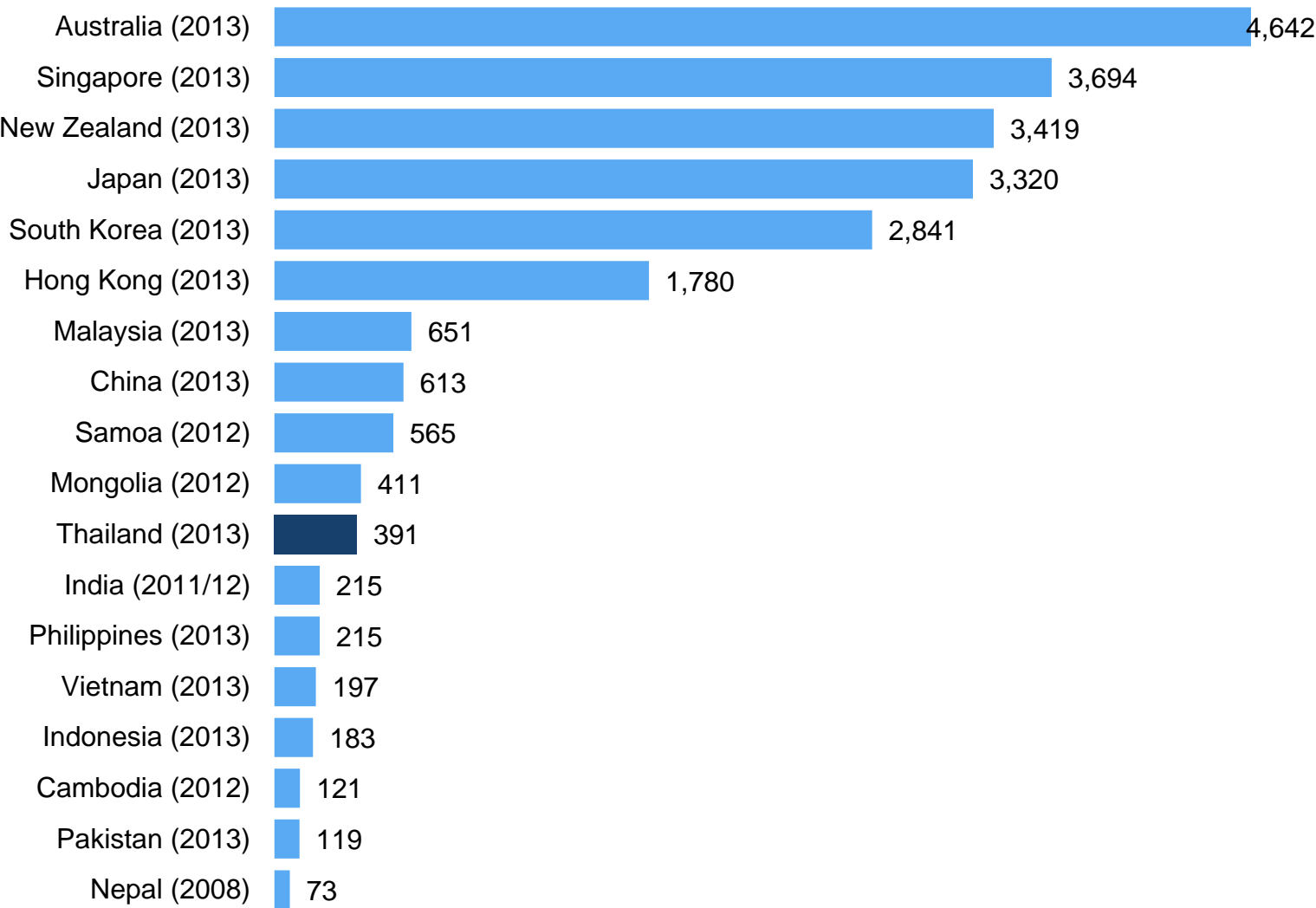
### Stage of development for Thailand’s economy

Along with China and Indonesia, Thailand is in stage 2 of development, competing by increasing efficiency.

# Wages in Thailand is another step from countries like India, Philippines, Vietnam and Indonesia

## Average monthly wages in Asia and the Pacific

2013 or latest available year (US\$)



### International Wage Comparison

Due to differences in definitions and coverage, comparing average wages across countries is not always straightforward. The chart presents information on wage levels for countries with broadly comparable data, compiled by International Labor Organization from comprehensive National Labor Force Surveys.

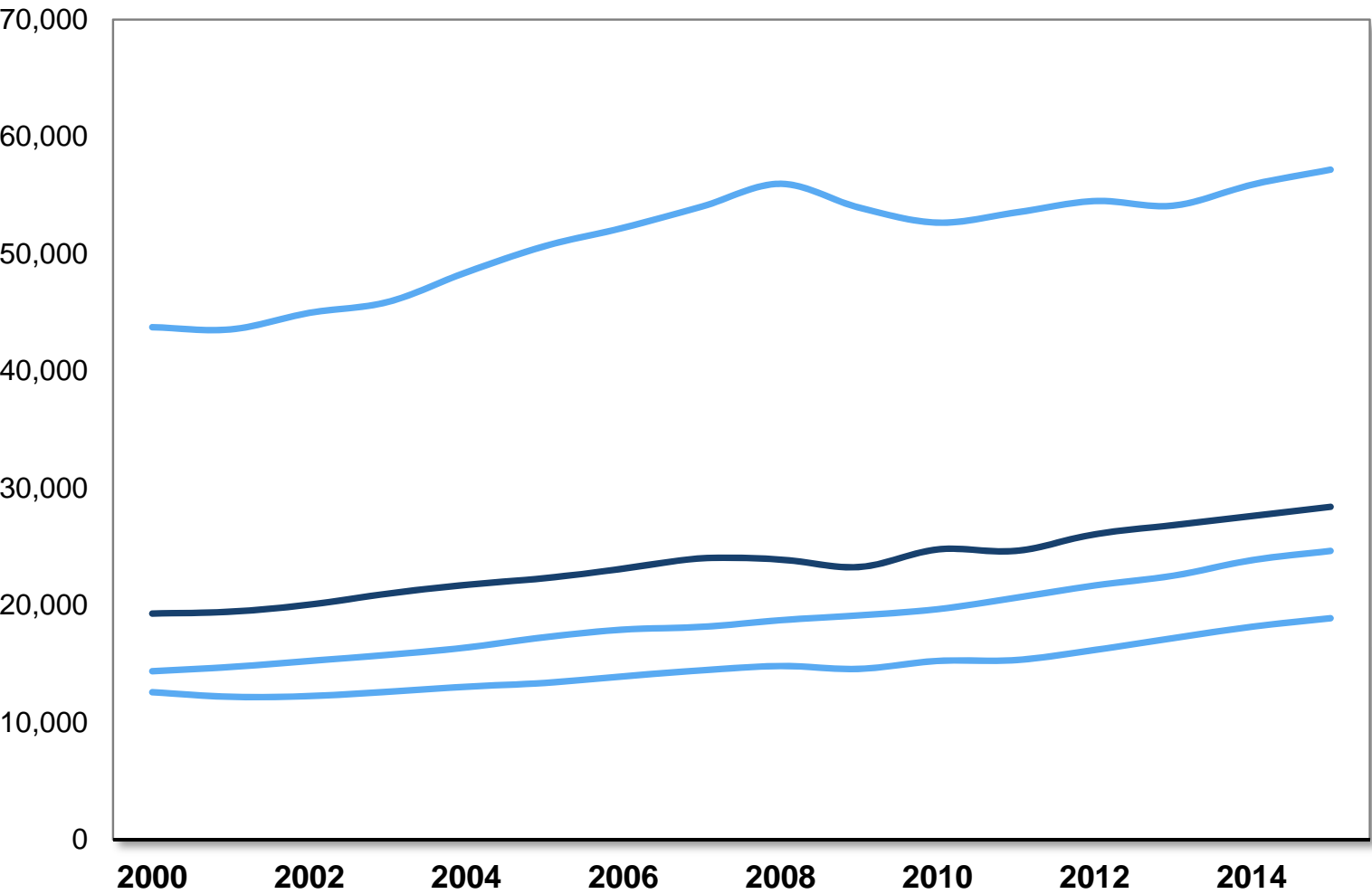
### Wages in Thailand

Average monthly wages in Thailand in 2013 was around USD 391. Despite being a lot lower than wages in China, wages in Thailand is another step from countries like India, Philippines, Vietnam and Indonesia.

# Despite lower growth rate, Thailand's current labor productivity is still higher than those in China, Indonesia and Philippines

## Labor productivity

Per person employed in 2014 US\$ (converted to 2014 price level with updated 2011 PPPs)



Cumulative  
Annual Growth  
Rate, 2000-2015

Malaysia (1.8%)

Thailand (2.6%)

Indonesia (3.7%)

Philippines (2.8%)

### Labor Productivity

Labor productivity per person employed in 2014 US\$ (converted to 2014 price level with updated 2011 EKS PPPs). Compiled and computed by The Conference Board from macro economic indicators in each country. This indicates labor productivity of the whole economy and is useful for analyzing the macro trend.

### Labor Productivity in Thailand

Labor Productivity in Thailand grew 2.6% annually between 2000-2015. Despite lower growth rate, Thailand's current labor productivity is still higher than those in China, Indonesia and Philippines.



# Thailand's economy is ranked 32<sup>nd</sup> in the world in the latest global competitiveness rankings, down one place from last year



Interactive chart for this page is available online to provide you with more perspectives

## The Global Competitiveness rankings

#3 among 9 ASEAN economies

Country/Economy	GCI 2015-2016		GCI 2014-2015
	Rank (out of 140)	Score	Rank (out of 144)
Singapore	2	5.68	2
Malaysia	18	5.23	20
Thailand	32	4.64	31
Indonesia	37	4.52	34
Philippines	47	4.39	52
Vietnam	56	4.30	68
Lao PDR	83	4.00	93
Cambodia	90	3.94	95
Myanmar	131	3.32	134

Country/Economy	GCI 2015-2016	
	Rank (out of 140)	Score
Singapore	2	5.68
Japan	6	5.47
Hong Kong SAR	7	5.46
Qatar	14	5.30
Taiwan, China	15	5.28
Malaysia	18	5.23
Saudi Arabia	25	5.07
Korea, Rep.	26	4.99
China	28	4.89
Thailand	32	4.64
Kuwait	34	4.59
Indonesia	37	4.52
Bahrain	39	4.52
Kazakhstan	42	4.48
Philippines	47	4.39
India	55	4.31
Vietnam	56	4.30
Oman	62	4.25
Jordan	64	4.23
Sri Lanka	68	4.21
Iran, Islamic Rep.	74	4.09
Lao PDR	83	4.00
Cambodia	90	3.94
Nepal	100	3.85
Mongolia	104	3.81
Bhutan	105	3.80
Bangladesh	107	3.76
Pakistan	126	3.45
Myanmar	131	3.32

#10 among 29 Asian economies

Country/Economy	GCI 2015-2016	
	Rank (out of 140)	Score
Singapore	2	5.68
Japan	6	5.47
Hong Kong SAR	7	5.46
Qatar	14	5.30
Taiwan, China	15	5.28
Malaysia	18	5.23
Saudi Arabia	25	5.07
Korea, Rep.	26	4.99
China	28	4.89
Thailand	32	4.64
Kuwait	34	4.59
Indonesia	37	4.52
Bahrain	39	4.52
Kazakhstan	42	4.48
Philippines	47	4.39
India	55	4.31
Vietnam	56	4.30
Oman	62	4.25
Jordan	64	4.23
Sri Lanka	68	4.21
Iran, Islamic Rep.	74	4.09
Lao PDR	83	4.00
Cambodia	90	3.94
Nepal	100	3.85
Mongolia	104	3.81
Bhutan	105	3.80
Bangladesh	107	3.76
Pakistan	126	3.45
Myanmar	131	3.32

#32 among all 140 Economies

## Global Competitiveness

World Economic Forum, who publishes annual Global Competitiveness Report, defines competitiveness as the set of institutions, policies, and factors that determine the level of productivity of a country. Since 2005, the World Economic Forum has based its competitiveness analysis on the Global Competitiveness Index (GCI), a comprehensive tool that measures the microeconomic and macroeconomic foundations of national competitiveness. More information on the report can be found on its website <http://www.weforum.org/issues/global-competitiveness>

## Thailand in the Global Competitiveness Rankings

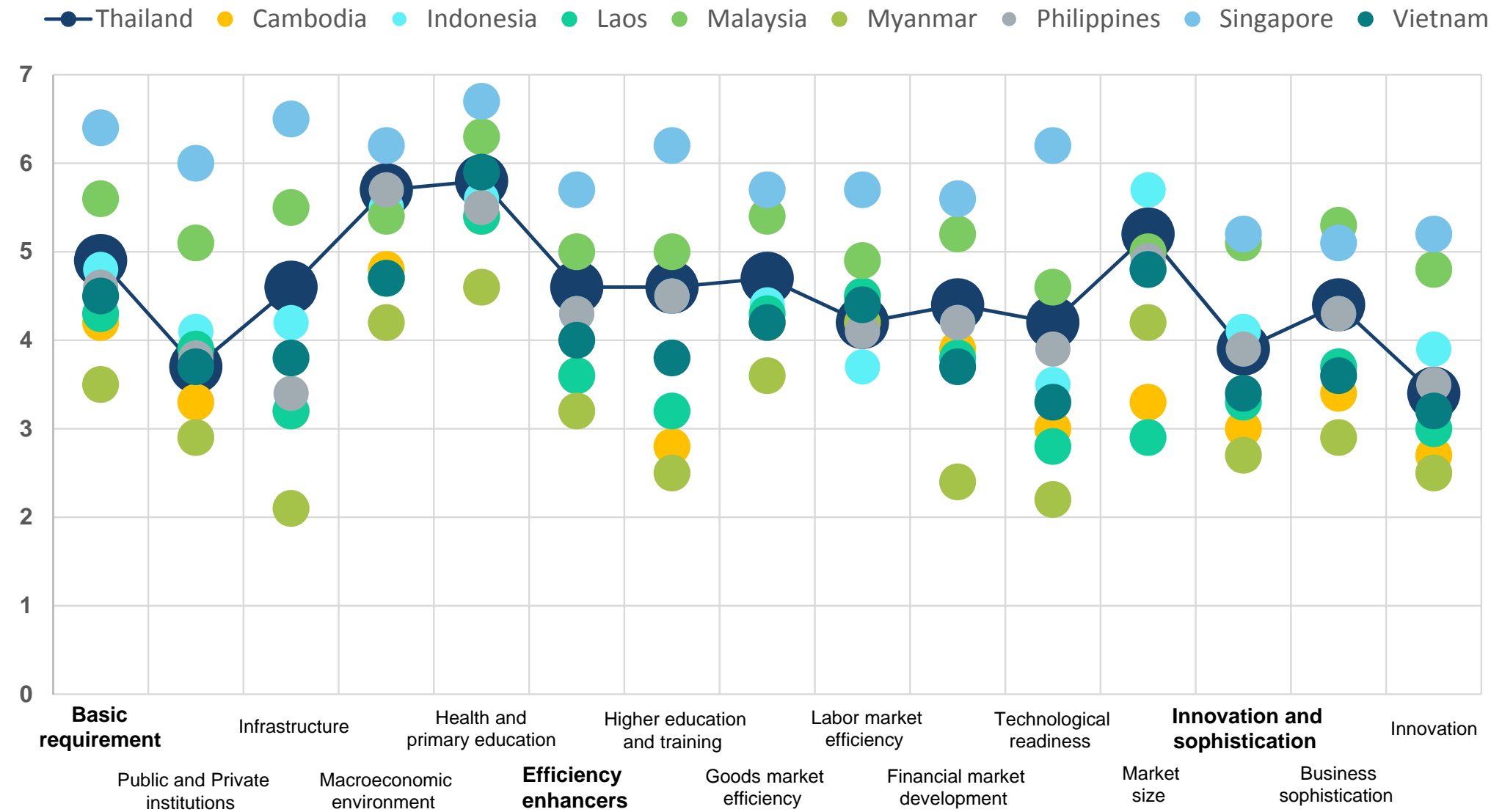
Thailand's economy is ranked 32nd in the world in the latest global competitiveness rankings, down one place from last year. Among ASEAN members, Thailand is ranked 3rd behind Singapore and Malaysia.

# Macroeconomic environment and Market size are strong competitive factors for Thailand's economy



Interactive chart for this page is available online to provide you with more perspectives

The Global Competitiveness Index  
2015-2016, ASEAN, score = 0-7



## The Global Competitiveness Index

The Global Competitiveness Index framework divides competitiveness factors into three groups. The first group is Basic requirements, which includes Public and Private institutions, Infrastructure, Macroeconomic environment and Health and primary education. The second group is Efficiency enhancers, including Higher education and training, goods market efficiency, labor market efficiency, financial market development, technology readiness and market size. The last group is Innovation and sophistication, including business sophistication and innovation.

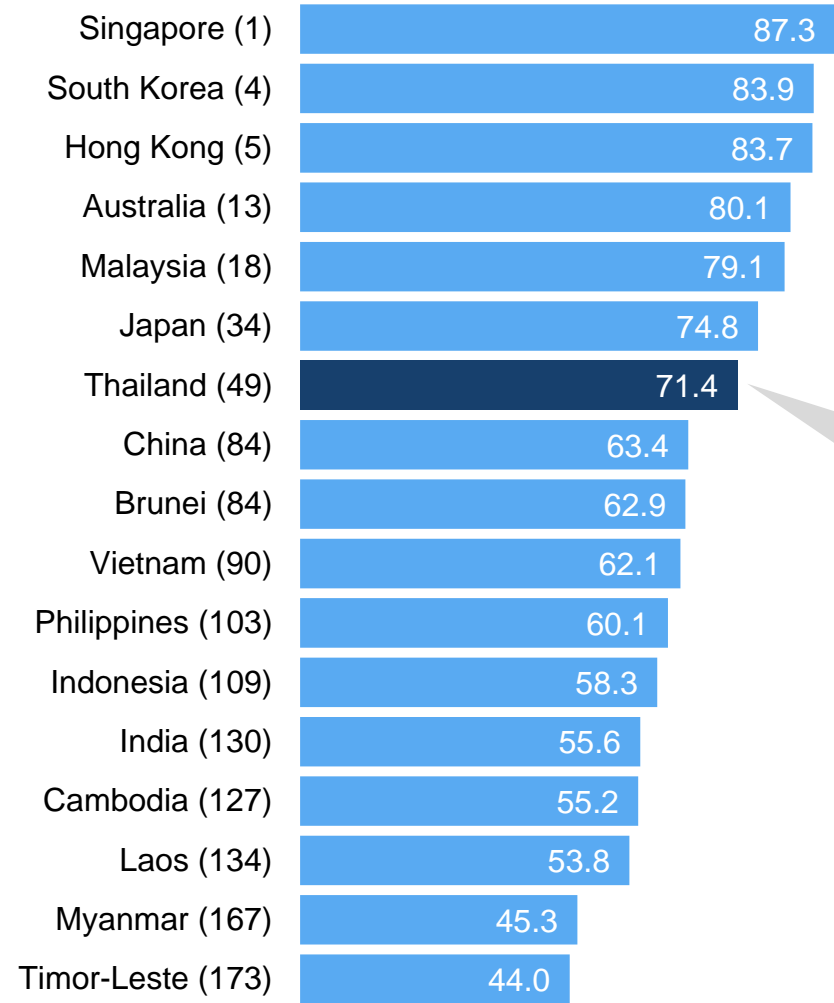
## Global Competitiveness Index: Thailand

Macroeconomic environment and Market size are strong competitive factors for Thailand's economy.

# Thailand is one of the countries that are easy to do business, and it's getting better

## Ease of Doing Business Ranking

Selected economies, ( ) = 2016 rank, DTF\* score



## Thailand's DTF\* score

2016 vs 2015

TOPICS	DB 2016	DB 2015	Change
Starting a Business	85.1	85.0	↑
Dealing with Construction Permits	75.6	74.6	↑
Getting Electricity	90.5	90.5	→
Registering Property	71.3	71.3	→
Getting Credit	45.0	45.0	→
Protecting Minority Investors	63.3	63.3	→
Paying Taxes	77.7	78.1	↓
Trading Across Borders	84.1	84.1	→
Enforcing Contracts	62.7	62.7	→
Resolving Insolvency	58.8	58.7	↑

## Ease of Doing Business

Doing Business sheds light on how easy or difficult it is for a local entrepreneur to open and run a small to medium-size business when complying with relevant regulations. It measures and tracks changes in regulations affecting 11 areas in the life cycle of a business: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency and labor market regulation.

## Doing Business in Thailand

Thailand's economy is ranked as high as 49<sup>th</sup> in the world on the World Bank's Ease of Doing Business 2016 ranking. It's rank is only lower than Singapore and Malaysia among ASEAN countries. It has improved on 3 out of 10 key factors of doing business. However, pay taxes got more difficult over the last year.

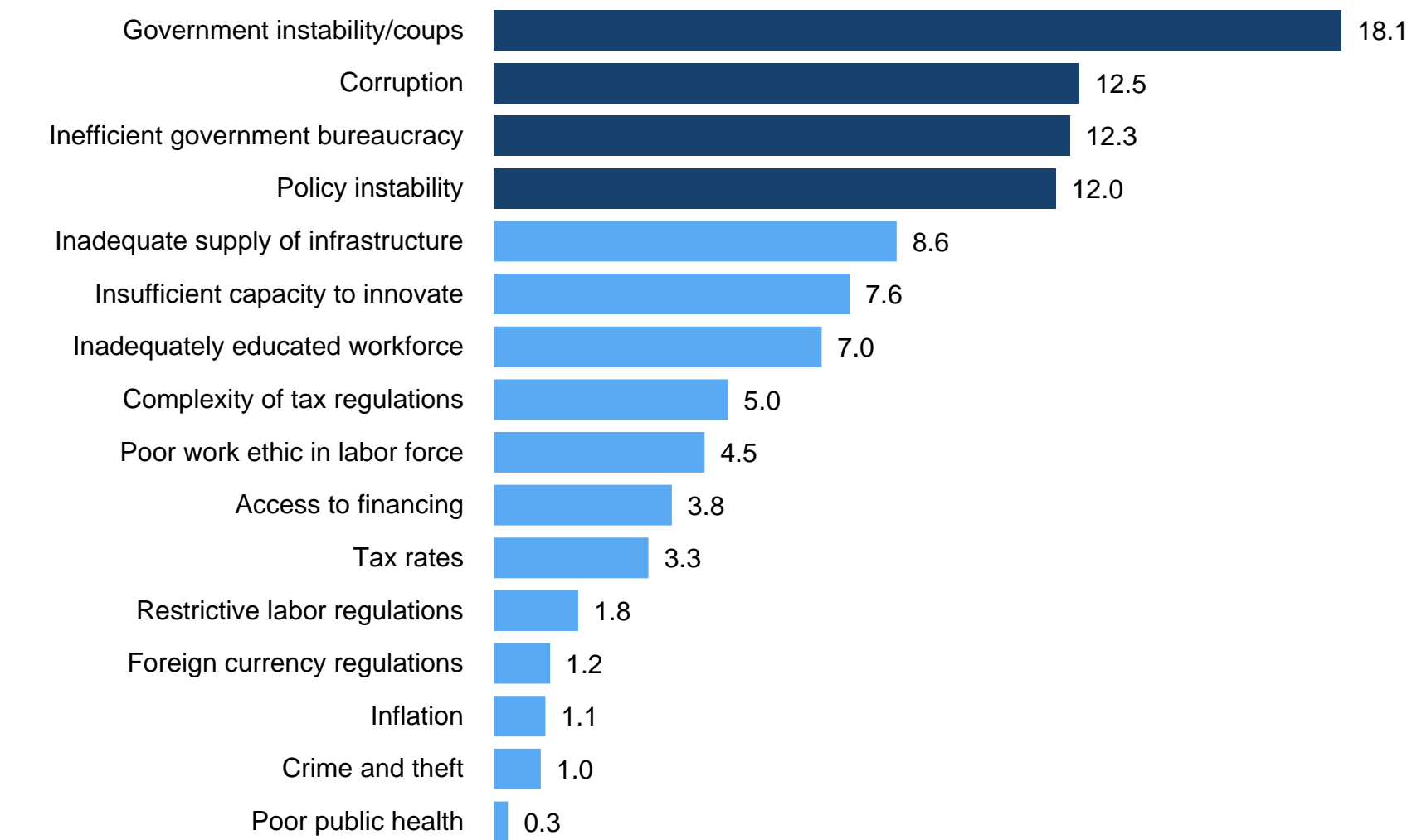
Note: (\*) An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier



# The most problematic factors for doing business in Thailand have a lot to do with its politics and public sector

## The most problematic factors for doing business in Thailand

% of responses\*



Note: (\*) From the list of factors above, respondents were asked to select the five most problematic for doing business in their country and to rank them between 1 (most problematic) and 5. The bars in the figure show the responses weighted according to their rankings

Source: The Global Competitiveness Report 2015-2016, World Economic Forum

www.ChartingEconomy.com

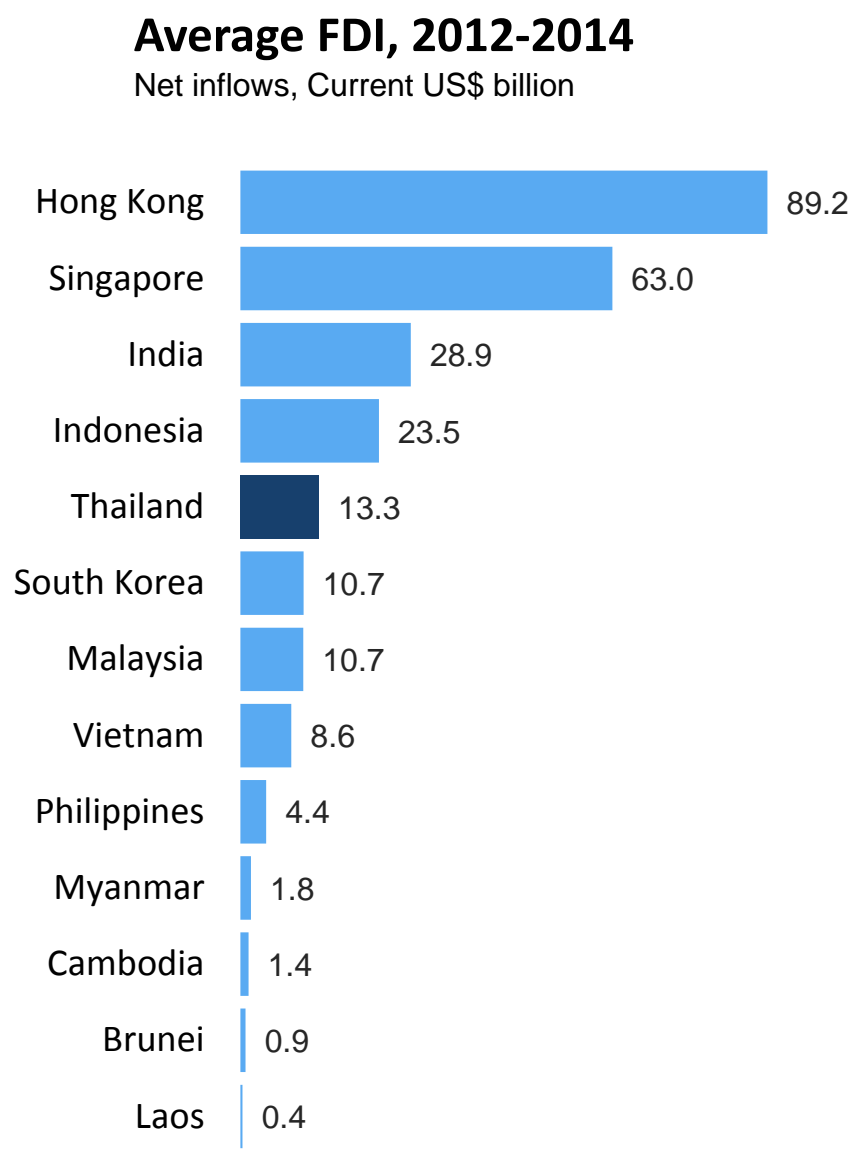
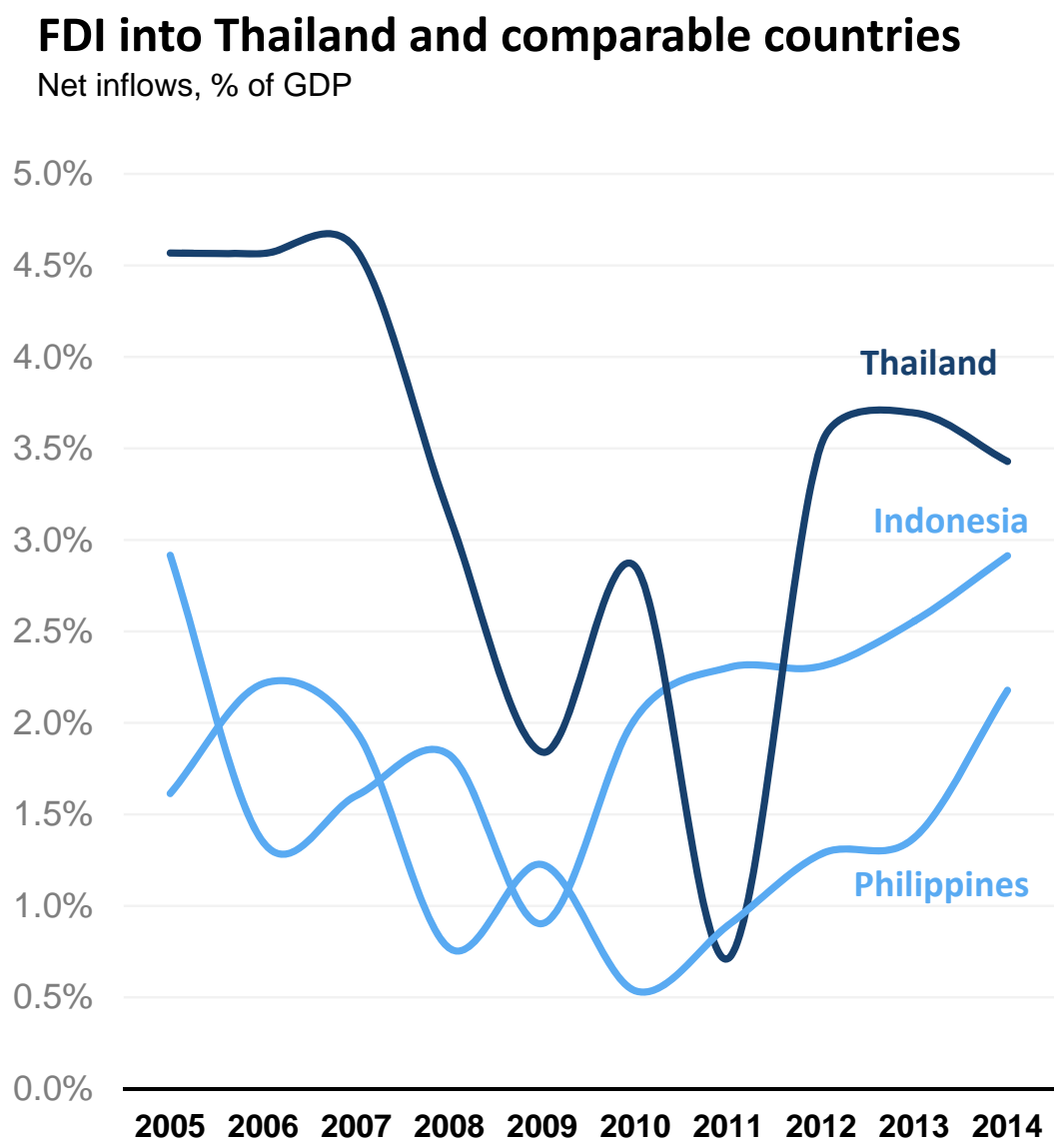
### The most problematic factors for doing business

As part of its Global Competitiveness Report, World Economic Forum also conducts its annual executive opinion survey which in 2015 involves over 14,000 respondents from around the world. Part of the survey is the issue of problematic factors for doing business in a given country. From the given list of factors, respondents were asked to select the five most problematic for doing business in their country and to rank them between 1 (most problematic) and 5. The bars in the figure show the responses weighted according to their rankings.

### The most problematic factors for doing business in Thailand

The most problematic factors for doing business in Thailand have a lot to do with its politics and public sector.

# FDI into Thailand has recovered from the bottom in 2011, but is still no where near the pre-2006 level



**Foreign direct investment, net inflows (BoP, current US\$)**

Foreign direct investment are the net inflows of investment to acquire a lasting management interest (10 percent or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. This series shows net inflows (new investment inflows less disinvestment) in the reporting economy from foreign investors. Data are in current U.S. dollars.

**Foreign direct investment, net inflows (% of GDP)**

This series shows net inflows (new investment inflows less disinvestment) in the reporting economy from foreign investors, and is divided by GDP.

**Foreign direct investment into Thailand**

In absolute term, FDI into Thailand has been behind Singapore and Indonesia, averaging USD 13.3 billion annually over the last 3 years. As percentage of GDP, FDI into Thailand has recovered from the bottom in 2011, but is still no where near the pre-2006 level.

# CONTENT SUMMARY

## ECONOMIC PROFILE

Structure

Competitiveness

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## ECONOMIC OUTLOOK

Growth

Stability

- Thailand's real per capita income grew on average 3.2% a year since 1990 but is still a long way behind Malaysia's
- Poverty reduction effort in Thailand has been quite successful with the rapid decrease in poverty rate over the past three decades
- Unemployment rate in Thailand has been declining and is lowest among major economies
- Income distribution in Thailand is around the middle compared to other ASEAN countries
- Thailand's Human Development Index has improved over the past three decades and is now ranked 89th in the world, 4th among ASEAN countries
- Quality of life Thailand has improved beyond developing economies level with higher life expectancy and almost complete access to life basic facilities

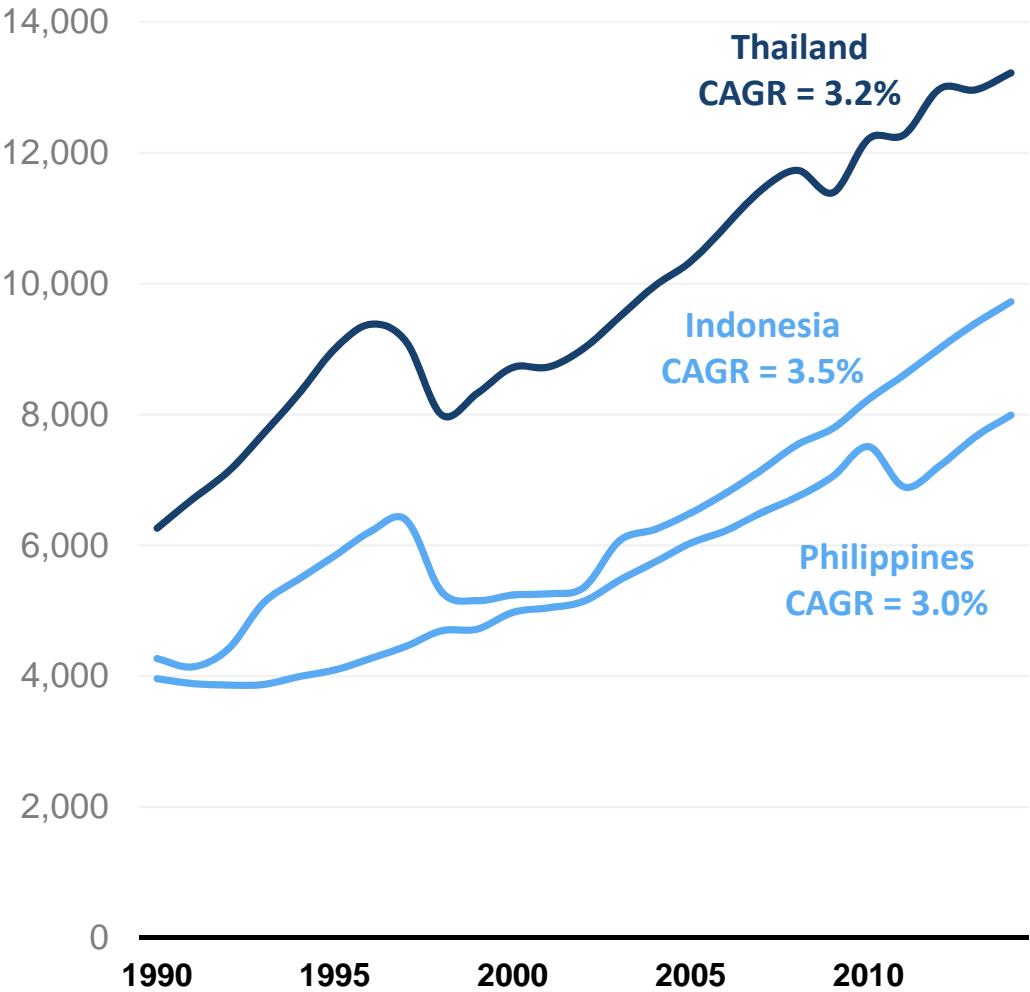
### Economic Development

Part of the country's economic profile, this section explores the country's economic development, average income and its distribution, poverty as well as other development indicators.

# Thailand's real per capita income grew on average 3.2% a year since 1990 but is still a long way behind Malaysia's

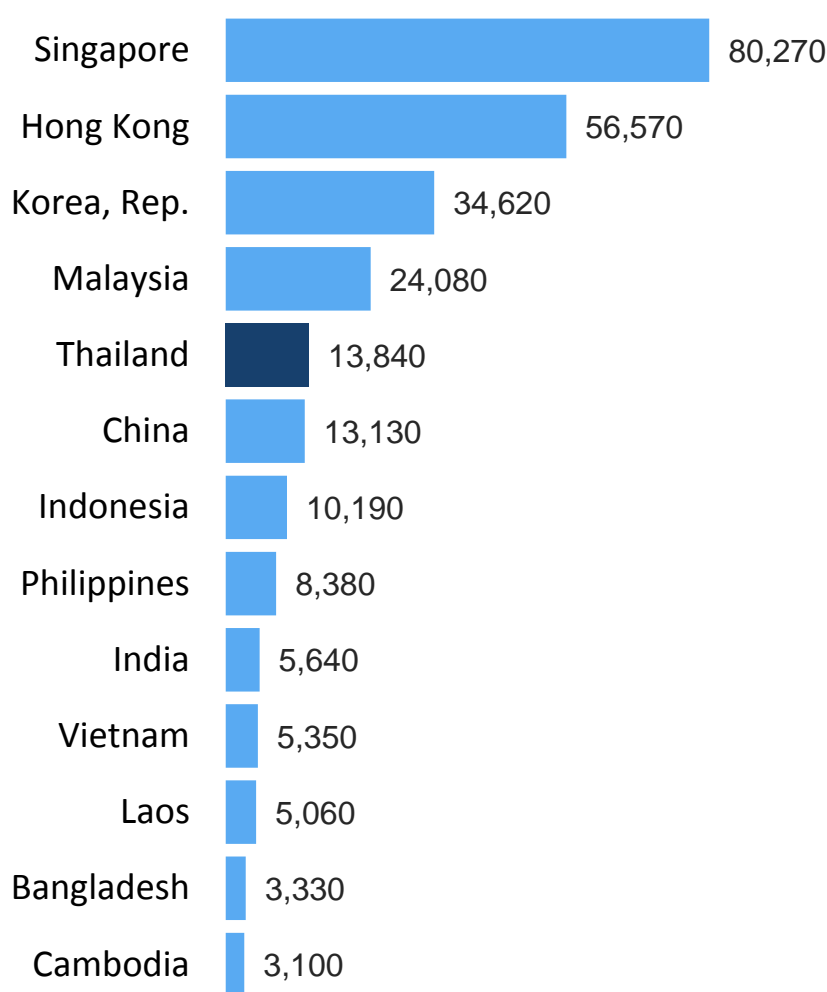
## GNI per capita

1990-2014, Purchasing Power Parity in 2011 international dollars



## GNI per capita comparison

2014, Purchasing Power Parity in current international dollars



## GNI per capita, PPP

GNI per capita based on purchasing power parity (PPP). PPP GNI is gross national income (GNI) converted to international dollars using purchasing power parity rates. An international dollar has the same purchasing power over GNI as a U.S. dollar has in the United States. GNI is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad. The constant 2011 international dollars version is useful to calculate real growth while the current international dollars version is useful to compare per capita income level across countries.

## Thailand's per capita income

Thailand's real per capita income grew on average 3.2% a year since 1990. In 2014, Thailand's per capita income was at USD 13,840, slightly higher than China's but still a long way behind Malaysia's.



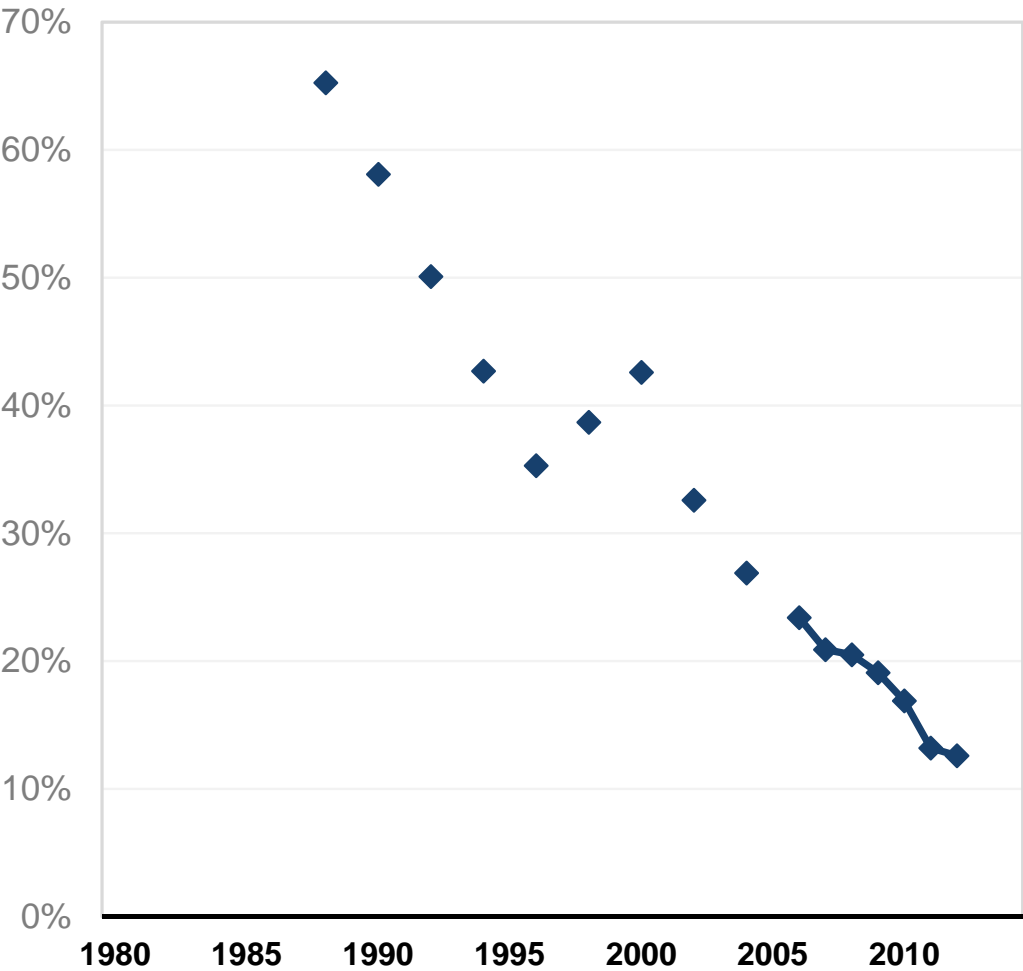
# Poverty reduction effort in Thailand has been quite successful with the rapid decrease in poverty rate over the past three decades



Interactive chart for this page is available online to provide you with more perspectives

## Thailand's Poverty Headcount

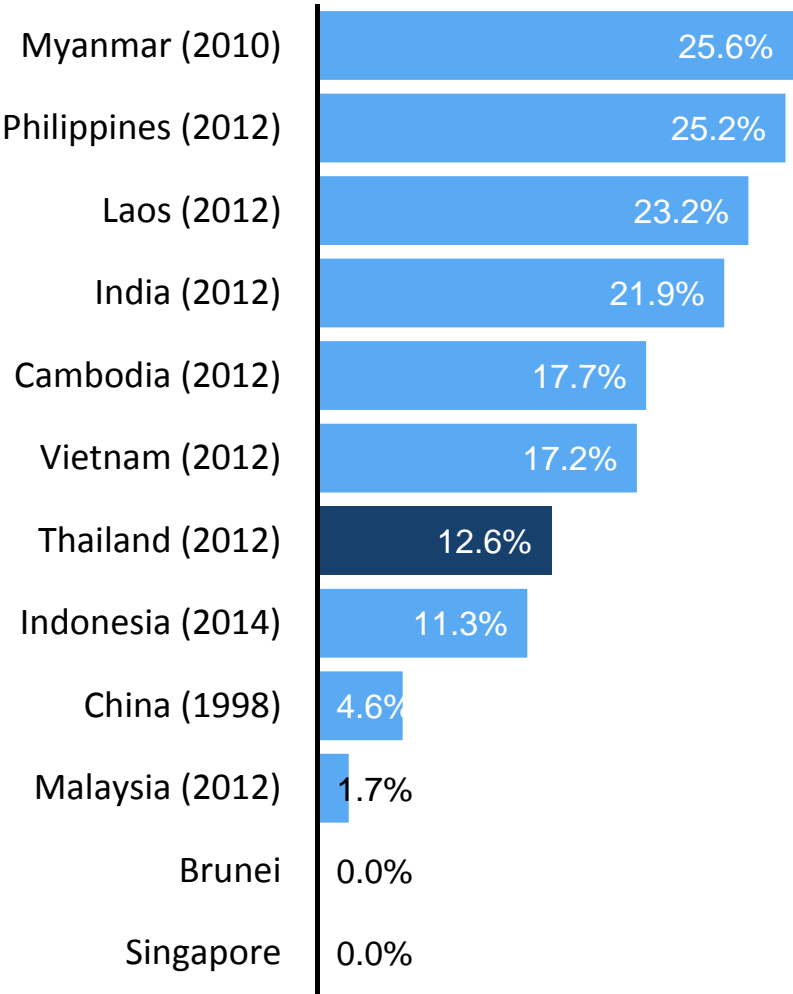
% of population living below the national poverty line



Note: (\*) There can be various definitions of poverty, we use National poverty rate, the percentage of the population living below the national poverty line. National estimates are based on population-weighted subgroup estimates from household surveys.

## ASEAN Poverty Headcount

% of population living below the national poverty line



### Poverty headcount

National poverty rate is the percentage of the population living below the national poverty line. National estimates are based on population-weighted subgroup estimates from household surveys.

### Thailand's poverty headcount

Poverty reduction effort in Thailand has been quite successful with the rapid decrease in poverty rate over the past three decades, from almost 70% in 1988 to 12.6% in 2012. However, the current poverty rate in Thailand is still higher than comparable economies such as Malaysia and Indonesia.

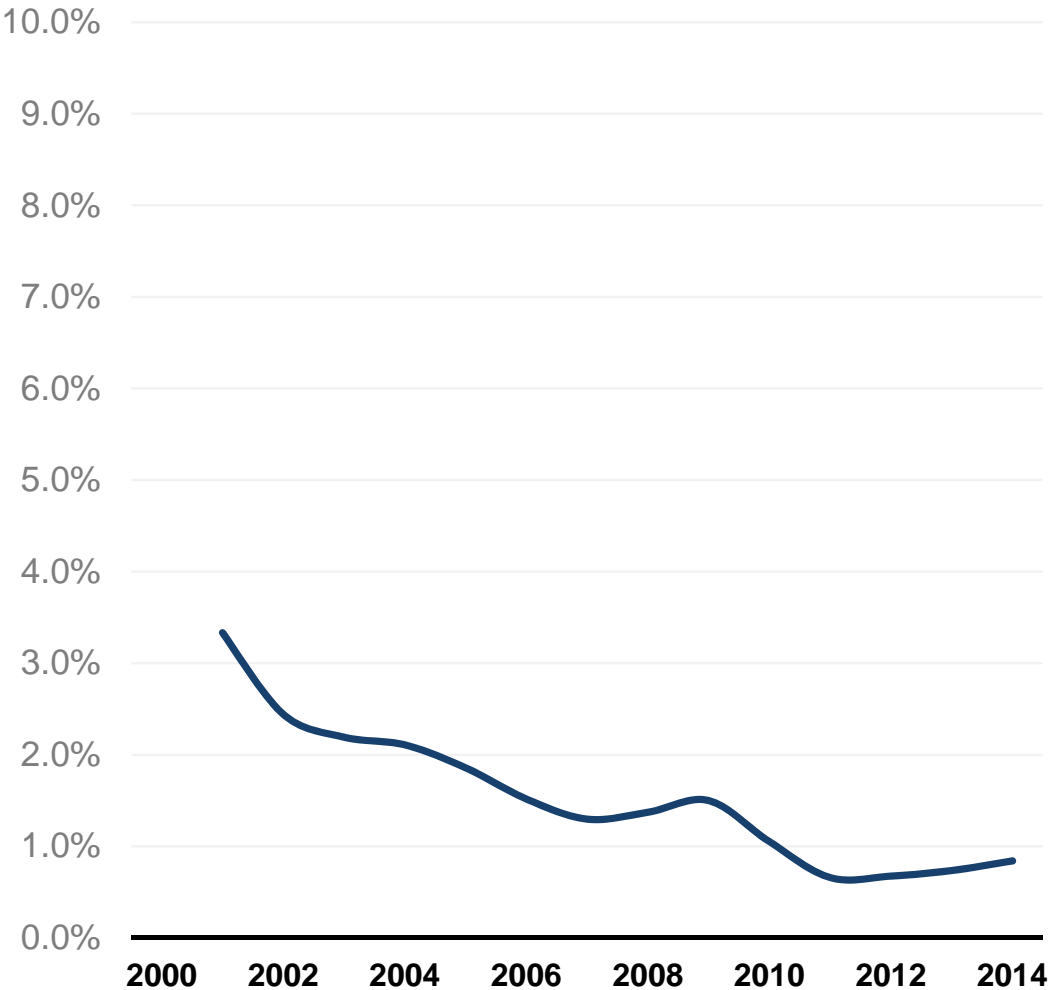
# Unemployment rate in Thailand has been declining over the past decade and is lowest among major economies



Interactive chart for this page is available online to provide you with more perspectives

## Thailand's Unemployment rate

% of total labor force

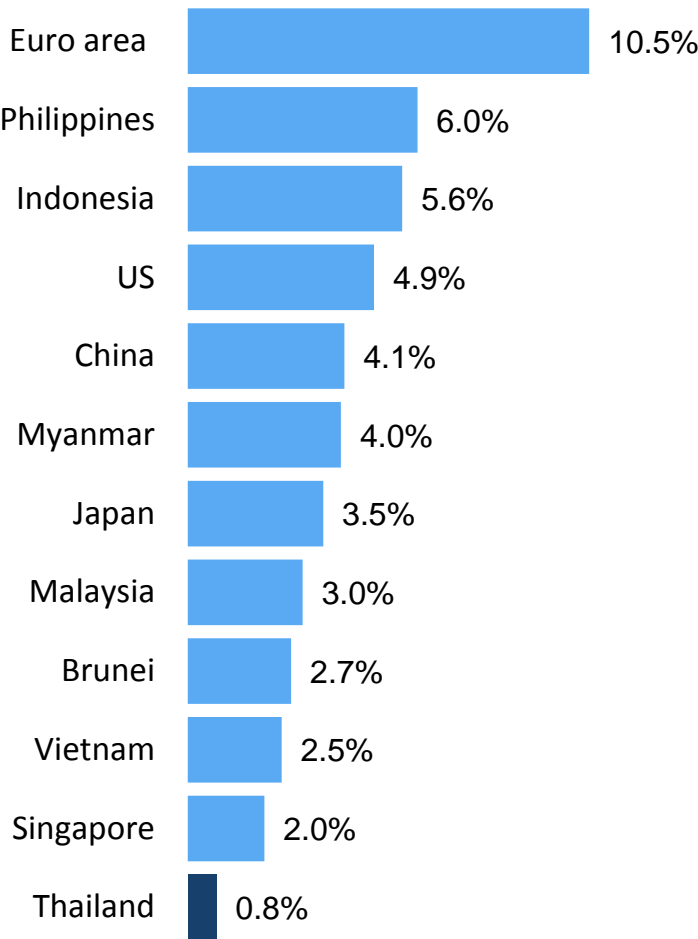


Note: (\*) Forecasted by IMF in World Economic Outlook report, October 2015

Source: IMF

## Projected Unemployment rate\*

2016, % of total labor force



## Unemployment rate

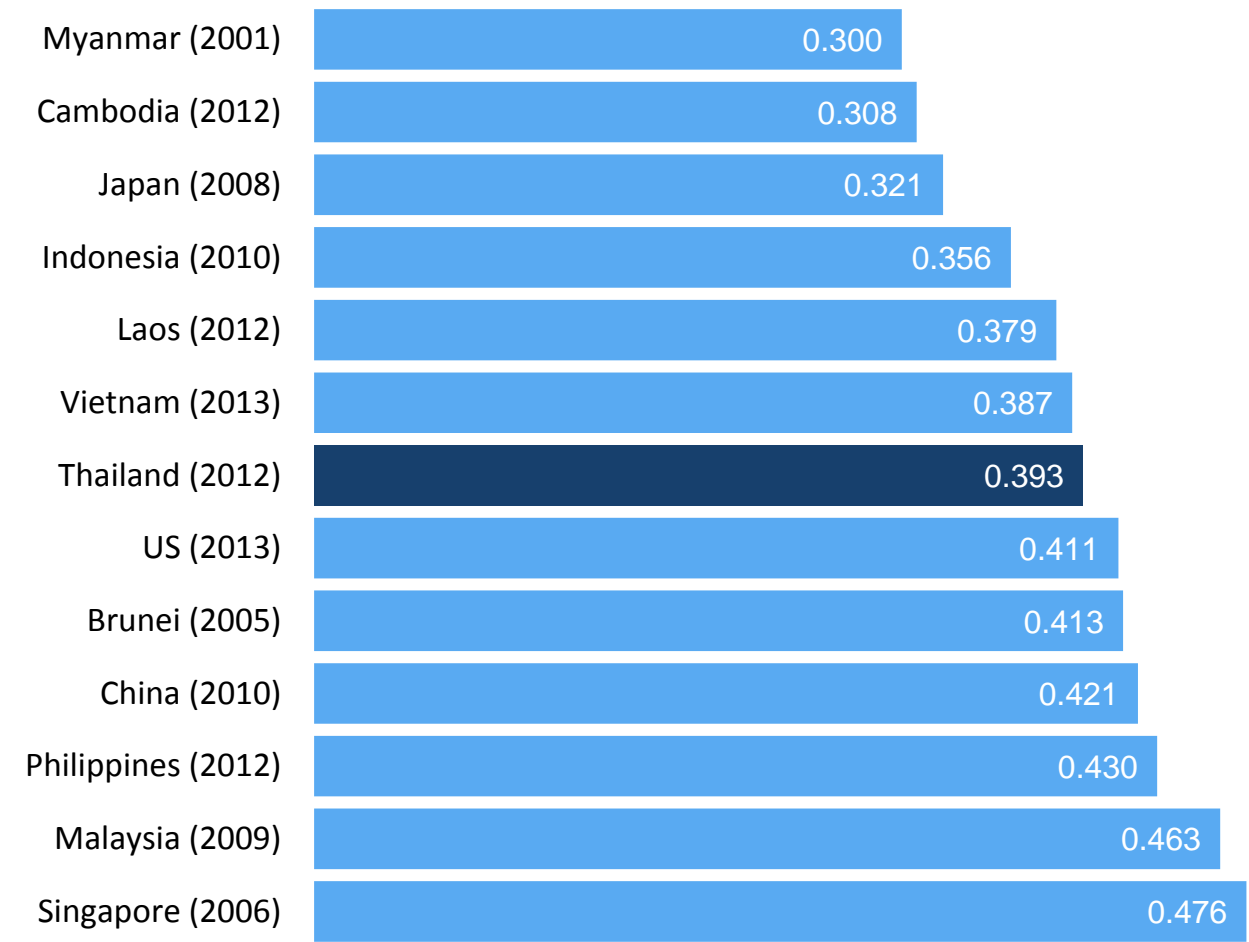
Unemployment rate equals unemployed persons divided by total labor force. Unemployed persons is defined as persons with the age of 15 years and over who during the week in which the survey is conducted, do not work, have no job, business enterprise or farm of their own. Persons in this category include those who are looking for a job, applying for a job or waiting to be called to work during the past 30 days prior to the interview date and those who are not looking for work during the past 30 days prior to the interview date, but are otherwise available for work during the 7 days prior to the interview date. Total labor force comprises current labor force and seasonally inactive labor force.

## Unemployment rate in Thailand

Unemployment rate in Thailand has been declining over the past decade and the current rate of 0.8% is the lowest among major economies.

# Income distribution in Thailand is around the middle compared to other ASEAN countries

## GINI Coefficient



- The Gini coefficient is a measure of inequality of a distribution of income
- It is defined as a ratio with values between 0 and 1
- Here, 0 corresponds to perfect income equality (i.e. everyone has the same income)
- 1 corresponds to perfect income inequality (i.e. one person has all the income, while everyone else has zero income)
- Therefore, the lower the ratio the better the income distribution.

### GINI coefficient

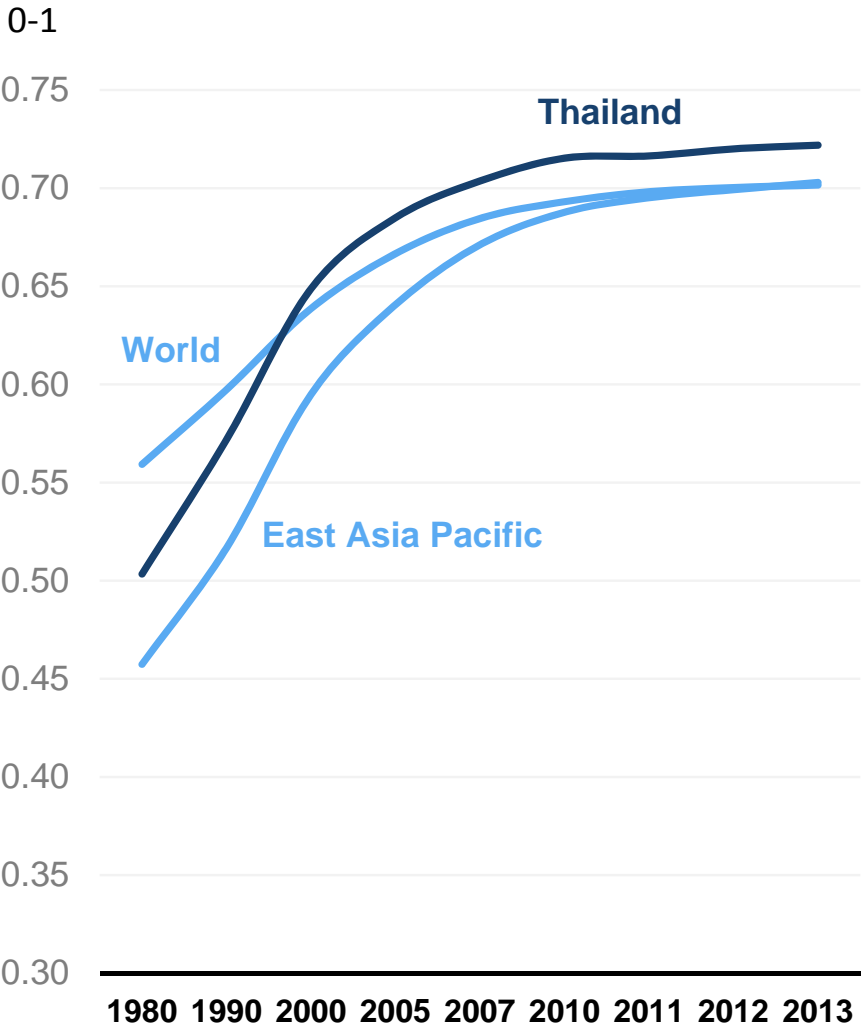
The Gini coefficient measures the inequality among values of a frequency distribution (for example levels of income). A Gini coefficient of zero expresses perfect equality where all values are the same (for example, where everyone has an exactly equal income). A Gini coefficient of one (100 on the percentile scale) expresses maximal inequality among values (for example where only one person has all the income)

### Income distribution in Thailand

Income distribution in Thailand is around the middle compared to other ASEAN countries.

# Thailand's Human Development Index has improved over the past three decades and is now ranked 89<sup>th</sup> in the world, 4<sup>th</sup> among ASEAN countries

## HUMAN DEVELOPMENT INDEX\*



Note: (\*) Human Development Index (HDI): A composite index measuring average achievement in three basic dimensions of human development—a long and healthy life, knowledge and a decent standard of living. HDI is calculated every year by UNDP

Source: UNDP's Human Development Report 2014

## HDI AND HDI RANK

2013, selected countries

Very high human development	
1 Norway	0.9436
3 Switzerland	0.9174
5 United States	0.9137
6 Germany	0.9114
9 Singapore	0.9013
15 Hong Kong	0.8911
15 South Korea	0.8907
17 Japan	0.8901
30 Brunei	0.8518
34 Saudi Arabia	0.8355

High human development	
50 Uruguay	0.7897
57 Russia	0.7783
62 Malaysia	0.7729
71 Mexico	0.7558
73 Sri Lanka	0.7497
79 Brazil	0.7436
89 Thailand	0.7219
91 China	0.7191
96 Jamaica	0.7153
98 Colombia	0.7107

Medium human development	
108 Indonesia	0.6843
117 Philippines	0.6595
118 South Africa	0.6578
121 Viet Nam	0.6380
128 Timor-Leste	0.6202
135 India	0.5857
136 Bhutan	0.5841
136 Cambodia	0.5840
139 Laos	0.5694
142 Bangladesh	0.5579

Low human development	
145 Nepal	0.5396
146 Pakistan	0.5365
150 Myanmar	0.5235
152 Nigeria	0.5036
156 Zimbabwe	0.4920
157 Papua New Guinea	0.4915
169 Afghanistan	0.4679
175 Liberia	0.4118
184 Chad	0.3724
187 Niger	0.3370

## Human Development Index

Human Development Index (HDI): A composite index measuring average achievement in three basic dimensions of human development—a long and healthy life, knowledge and a decent standard of living. HDI is calculated every year by UNDP.

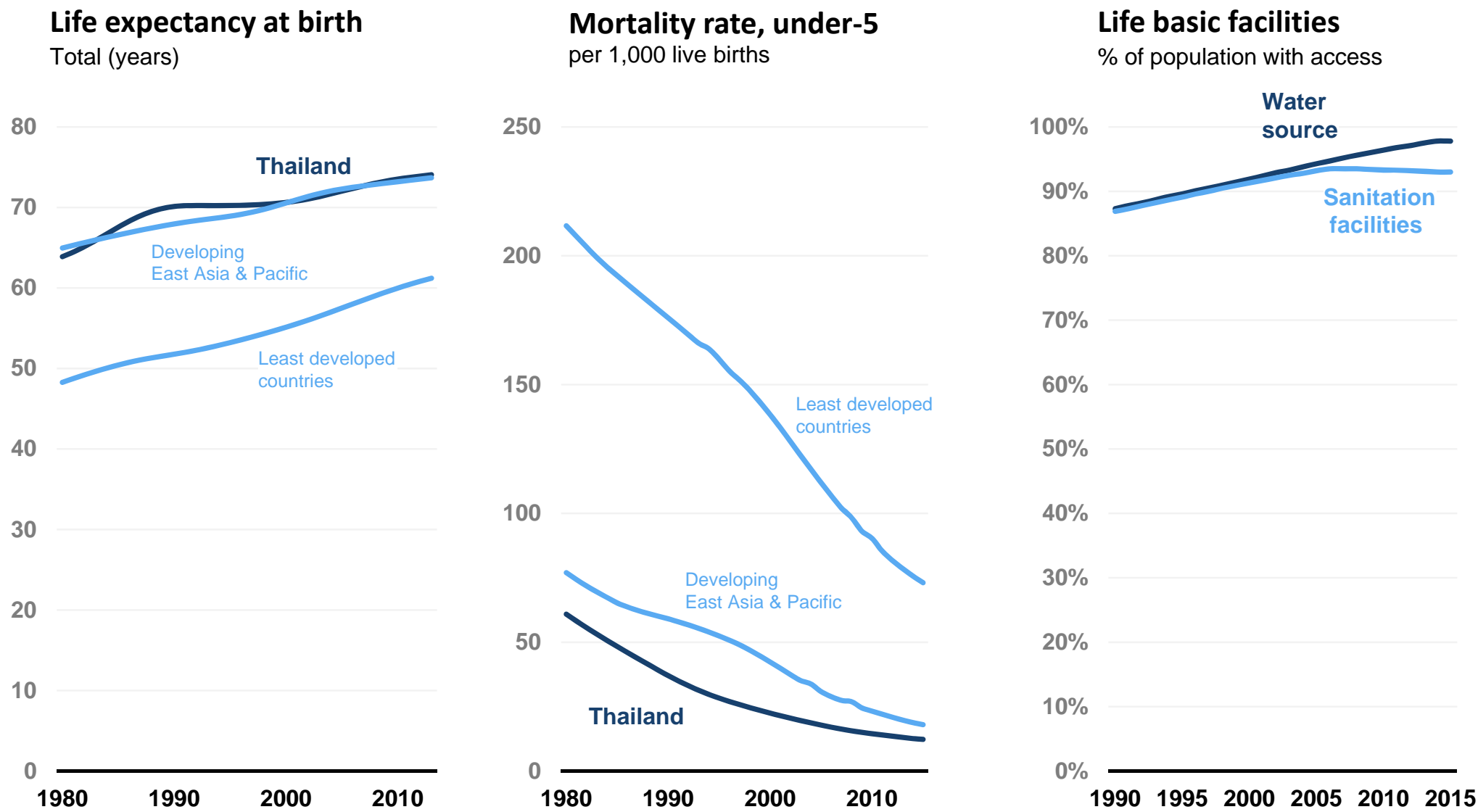
## Thailand's HDI and ranking

Thailand's Human Development Index has improved over the past three decades and is now in the High human development group, just like Thailand. In term of ranking, Thailand is ranked 89th in the world, 4th among ASEAN countries behind Singapore, Brunei and Malaysia.

# Quality of life Thailand has improved beyond developing economies level with higher life expectancy and almost complete access to life basic facilities



Interactive chart for this page is available online to provide you with more perspectives



### Life expectancy at birth

Life expectancy at birth indicates the number of years a newborn infant would live if prevailing patterns of mortality at the time of its birth were to stay the same throughout its life.

### Mortality rate under 5 per 1000 live births

Under-five mortality rate is the probability per 1,000 that a newborn baby will die before reaching age five, if subject to current age-specific mortality rates.

### Water source access

Access to an improved water source refers to the percentage of the population with reasonable access to an adequate amount of water from an improved source.

### Sanitation facilities access

Access to improved sanitation facilities refers to the percentage of the population with at least adequate access to excreta disposal facilities that can effectively prevent human, animal, and insect contact with excreta.

### Quality of life in Thailand

Quality of life in Thailand has improved beyond developing economies level with higher life expectancy, school enrollment and almost complete access to life basic facilities.



# CONTENT SUMMARY

## ECONOMIC PROFILE

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## ECONOMIC OUTLOOK

Growth

Stability

- Over the last 10 years, Thai economy has grown on average 3.5% per year, lower than China, India, CLMV, ASEAN5 but still higher than developed economies
- Thailand's GDP barely grew in 2014 with lower inventory level the main drag
- In 3Q15, Thailand's economy continued to grow at its 'new normal' level of around 3%
- Tourism has been a key driver for Thailand's growth over the past 4 quarters
- Tourism was negatively affected by the Bangkok bomb while Export recovered thanks to weaker THB
- Among ASEAN economies, Thailand's growth rate is one of the lowest
- Growth expectation for Thailand's economy in 2015 and 2016 has deteriorated slightly during the last 4 months

### Economic Growth

Part of the country's economic outlook, this section explores the country's recent economic growth, its key drivers and well as the growth outlook for the coming years.

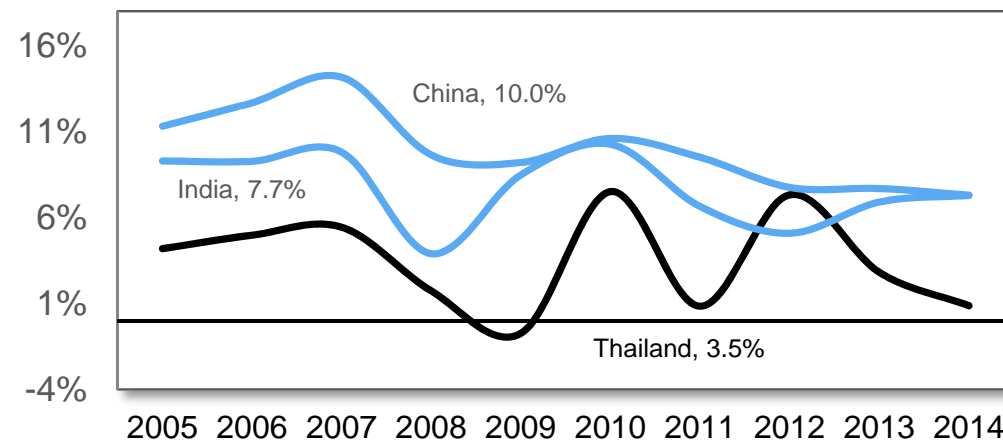
# Over the last 10 years, Thai economy has grown on average 3.5% per year, lower than China, India, CLMV, ASEAN5 but still higher than developed economies



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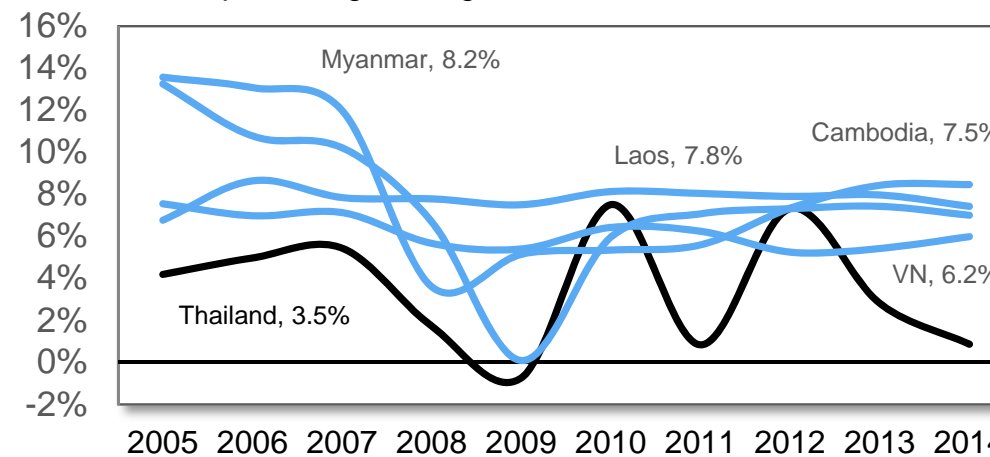
## Real GDP growth vs China and India

Annual percentage change



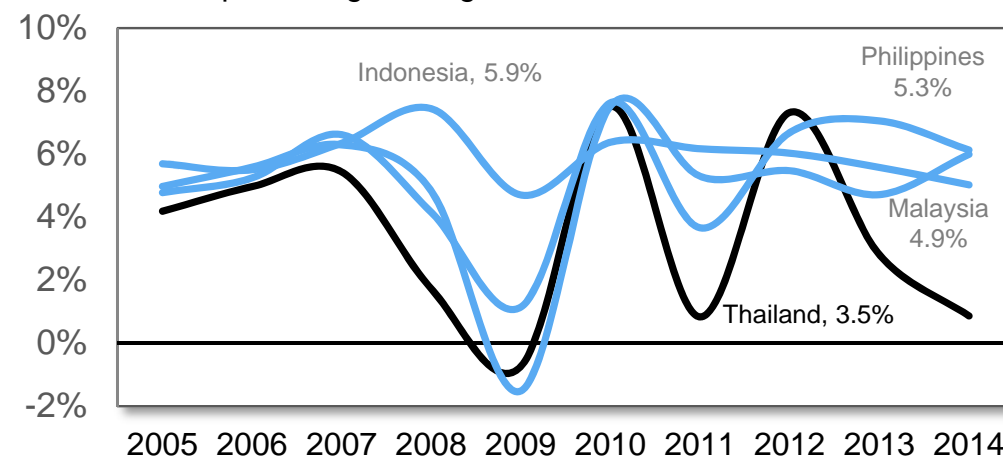
## Real GDP growth vs CLMV

Annual percentage change



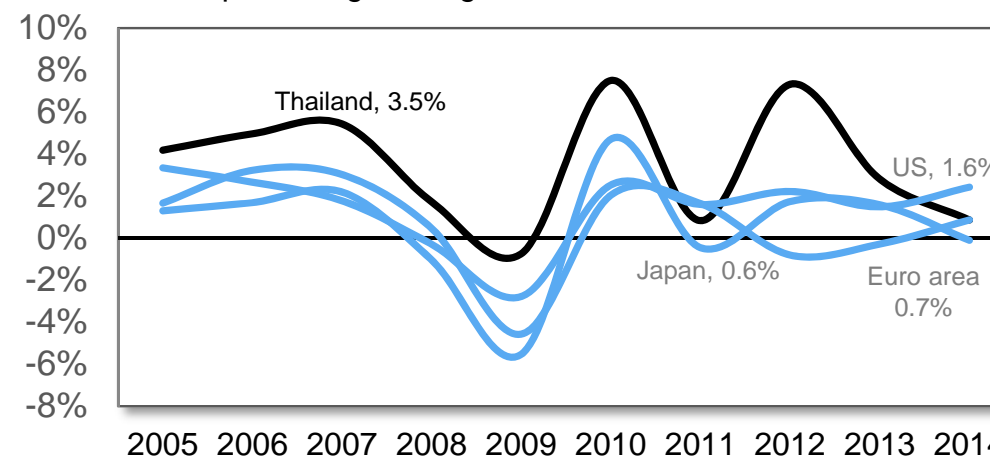
## Real GDP growth vs Comparable ASEAN

Annual percentage change



## Real GDP growth vs Developed economies

Annual percentage change



## Economic growth

Economic growth is the increase in the amount of the goods and services produced by an economy over time. It is conventionally measured as the percent rate of increase in real gross domestic product, or real GDP. Growth is usually calculated in real terms – i.e., inflation-adjusted terms – to eliminate the distorting effect of inflation on the price of goods produced.

## Historical growth for Thailand's economy

Over the last 10 years, Thai economy has grown on average 3.5% per year, lower than China, India, CLMV, ASEAN5 but still higher than developed economies.

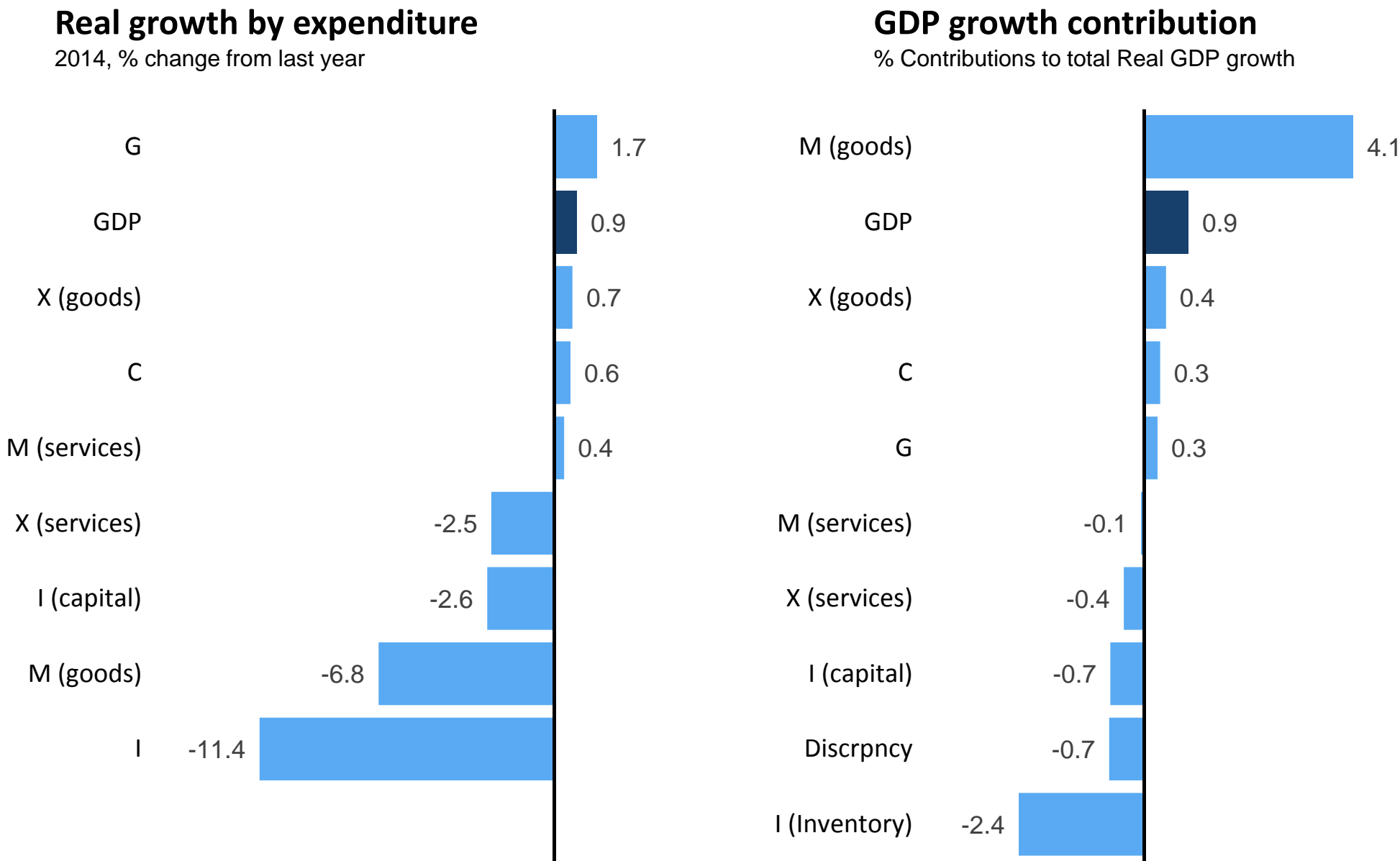
Note: (\*) Labels denote countries and their cumulative annual growth rate between 2005-2014

Source: IMF

www.ChartingEconomy.com

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# In 2014, Thailand's GDP barely grew with lower inventory level the main drag



Note: (\*) C = Private Consumption, I = Investment including: I (capital) = Capital formation and I (inventory) = change in inventory  
G = Public consumption, X = Export of goods and services, M = Import of goods and services

Source: NESDB; Charting Economy analysis

www.ChartingEconomy.com

## Real growth by expenditure

Real GDP growth and the growth in each of its composition on the expenditure side which are C = Private Consumption, I = Investment including: I (capital) = Capital formation and I (inventory) = change in inventory G = Public consumption, X = Export of goods and services, M = Import of goods and services

## GDP growth contribution

Growth contribution shows portions of the total growth from each composition. They must add up to the total growth. Import is a deduction to GDP and the growth in Import contributes negatively to the overall GDP growth.

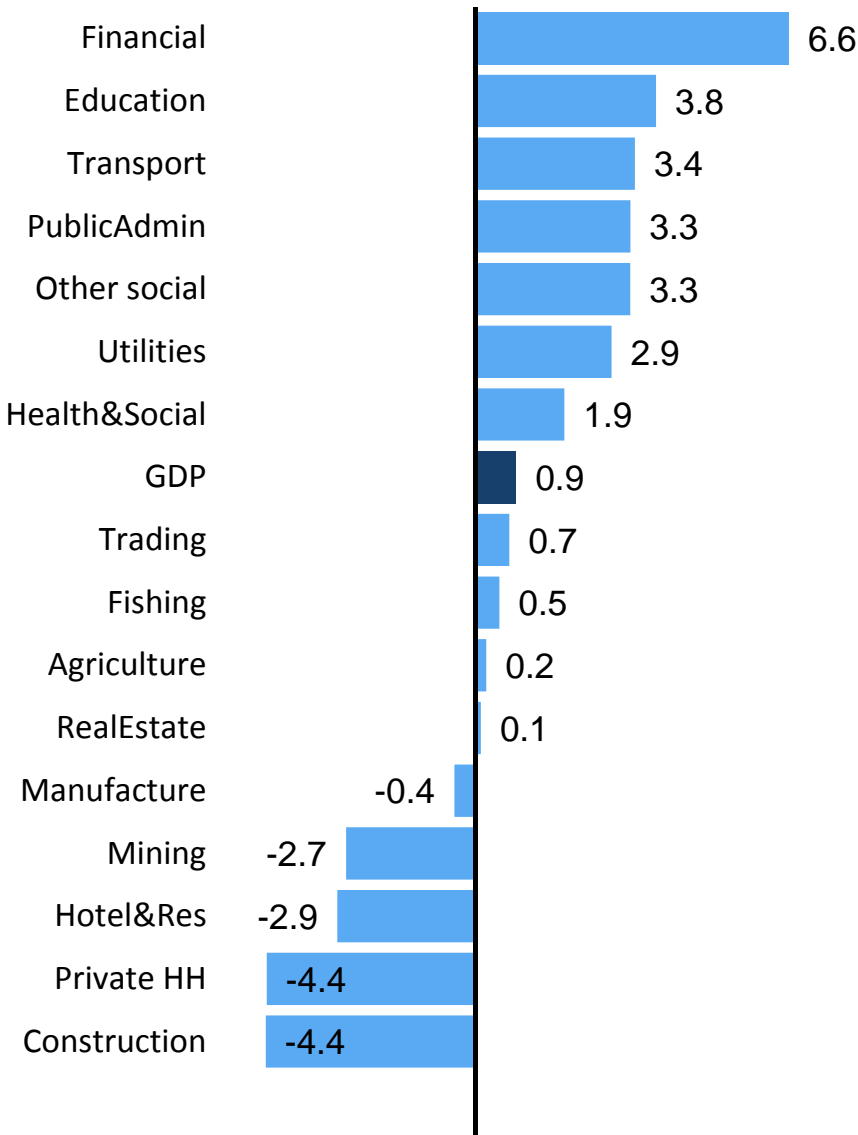
## Growth drivers for Thailand's economy in 2014

In 2014, Thailand's GDP grew only 0.7%. Lower level of inventory, a sign of lower production and subsequently export, was the main drag to the total growth. driven mainly by an increase in tourism (Export of services) (+3.0%) , an increase in inventory (+1.0%), an increase in government consumption (+0.5%), an increase in export of goods (+0.1%) and an increase in consumption (+0.1%). The increase in Import as well as the decrease in Investment contributed negatively to the overall GDP growth.

# On the production side, the main growth engines were mainly from Service sector

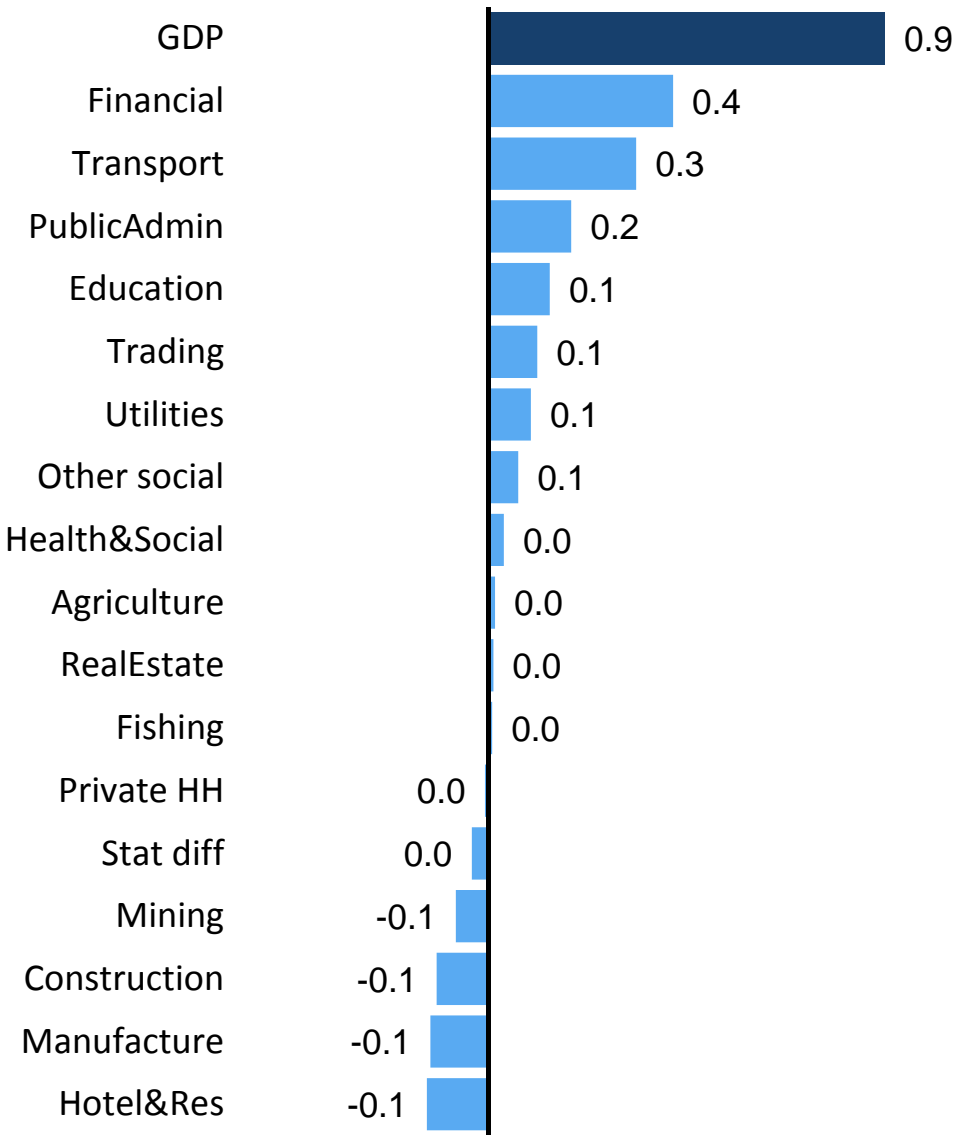
## Real growth by production sectors

2014, % change of value added from last year



## Source of Growth

% Contributions to total Real GDP growth



## Real GDP growth by production sectors

It shows the real growth rate of value add from each production sector.

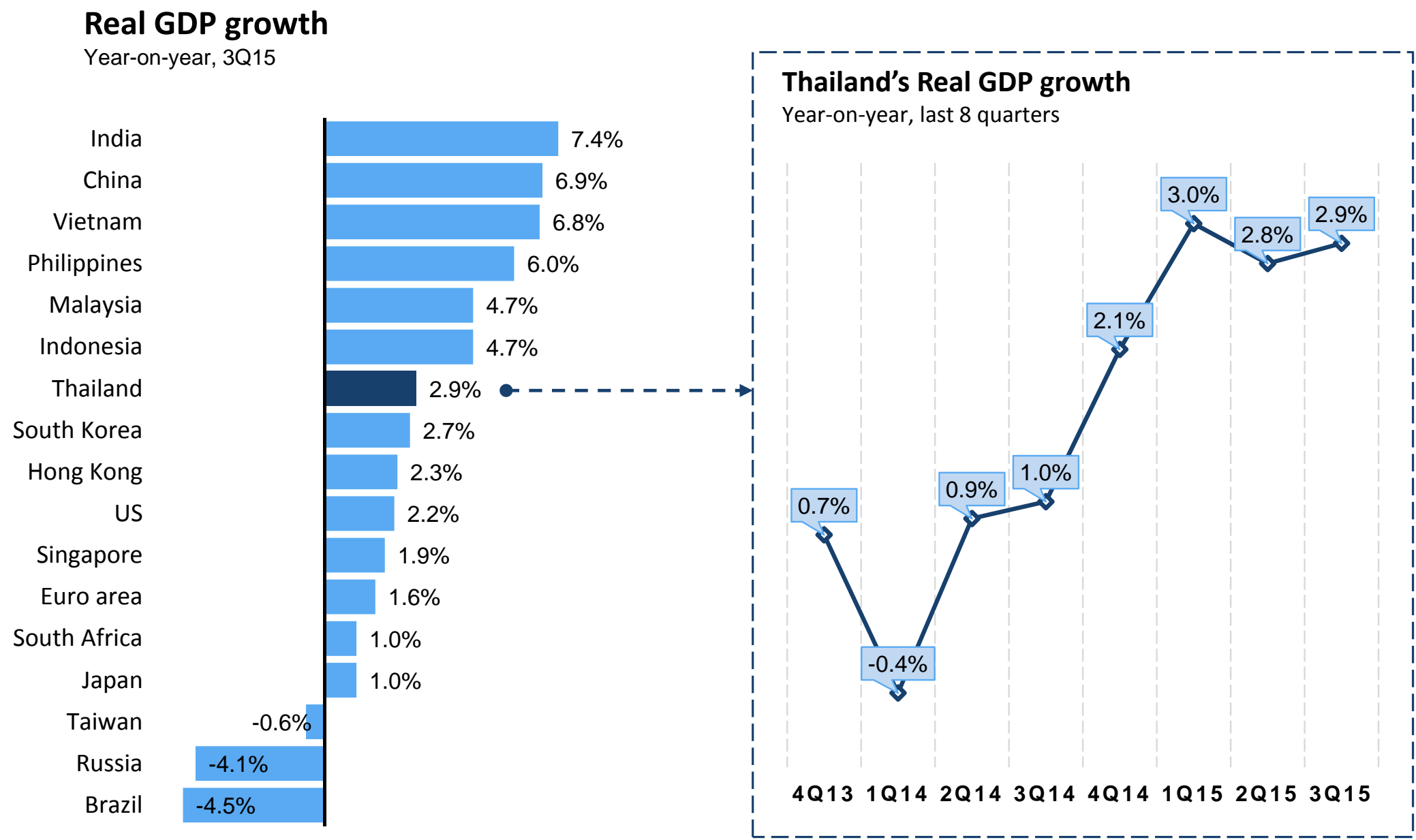
## GDP growth contribution from production sectors

GDP growth contribution from production sectors shows each sector's contribution to the total GDP growth. The contribution from each sector must add up to the total GDP growth

## Most contributing sectors for Thailand's economy in 2014

In 2014, Service sectors such as Transport and Financial were the main drivers for the overall GDP growth.

# In 3Q15, Thailand's economy continued to grow at its 'new normal' level of around 3%



## GDP growth in the latest quarter

Real GDP growth in the latest quarter from major economies in the world sorted from highest to lowest.

## GDP growth for Thailand's economy in 3Q15

Thailand's economy grew 2.9% at an annualized rate in 3Q15, a mid-level growth compared to other major economies. However, looking at the recent trend, the growth rate has stabilized around the 'new normal' of 3%.



# Tourism has been a key driver for Thailand’s growth over the past 4 quarters but how would it perform after the Bangkok bomb?

## Source of Real GDP growth

Growth contribution by Expenditure

	3Q14	4Q14	1Q15	2Q15	3Q15
C	1.3%	1.0%	1.2%	0.9%	0.9%
I	2.2%	-2.5%	1.9%	0.3%	-1.0%
I (capital)	0.7%	0.7%	2.3%	0.7%	-0.3%
I (inventory)	1.4%	-3.2%	-0.4%	-0.4%	-0.7%
G	-0.3%	0.5%	0.5%	0.6%	0.2%
X (goods)	-1.1%	1.5%	-1.5%	-2.5%	-1.2%
X (services)	-2.0%	1.9%	2.3%	3.3%	2.6%
M (goods)	0.2%	0.4%	-2.0%	0.1%	1.9%
M (services)	0.1%	0.2%	0.5%	0.1%	-0.1%
Discrepancy	0.6%	-0.8%	0.7%	0.1%	-0.5%
GDP	1.0%	2.1%	3.0%	2.8%	2.9%

Note: (\*) C = Private Consumption, I = Investment including: I (capital) = Capital formation and I (inventory) = change in inventory  
G = Public consumption, X = Export of goods and services, M = Import of goods and services

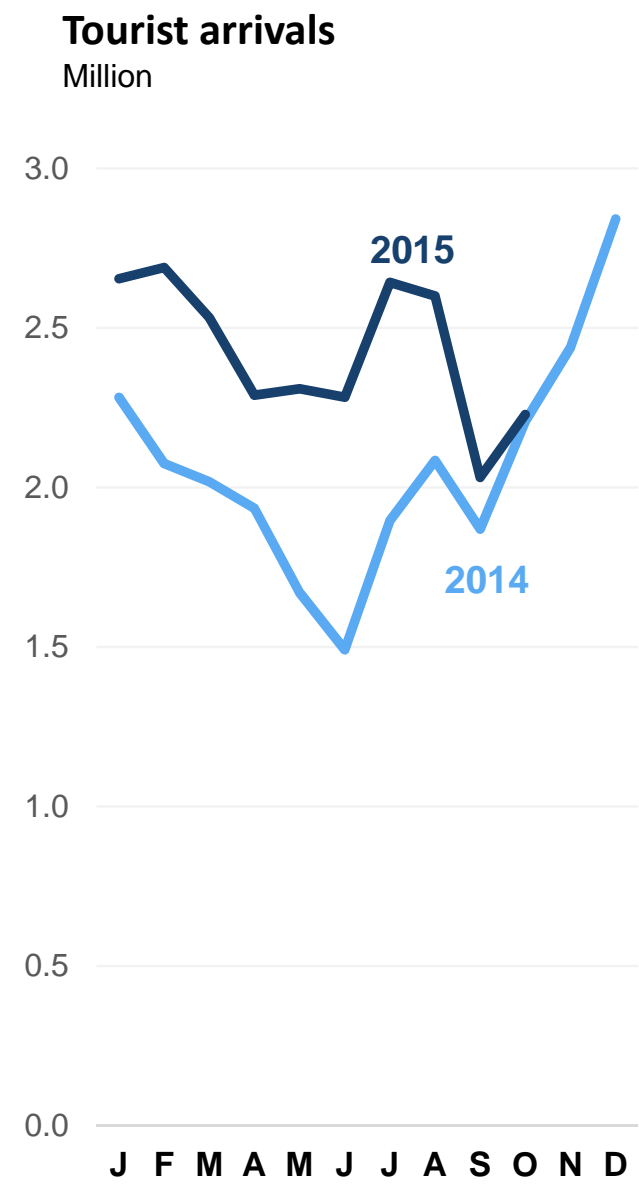
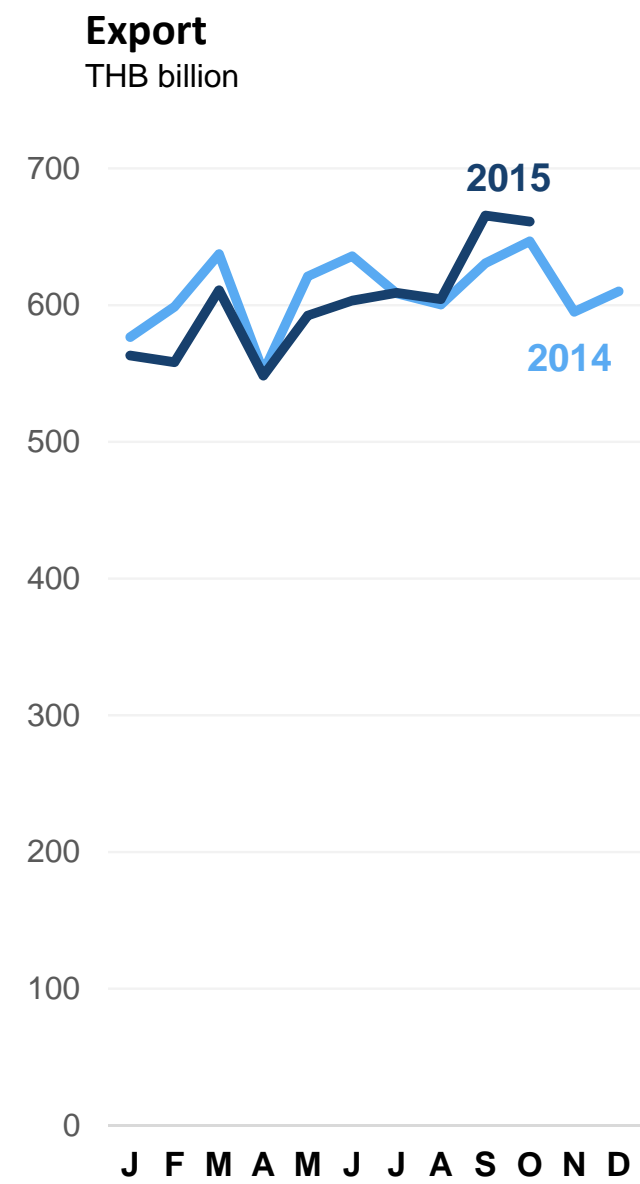
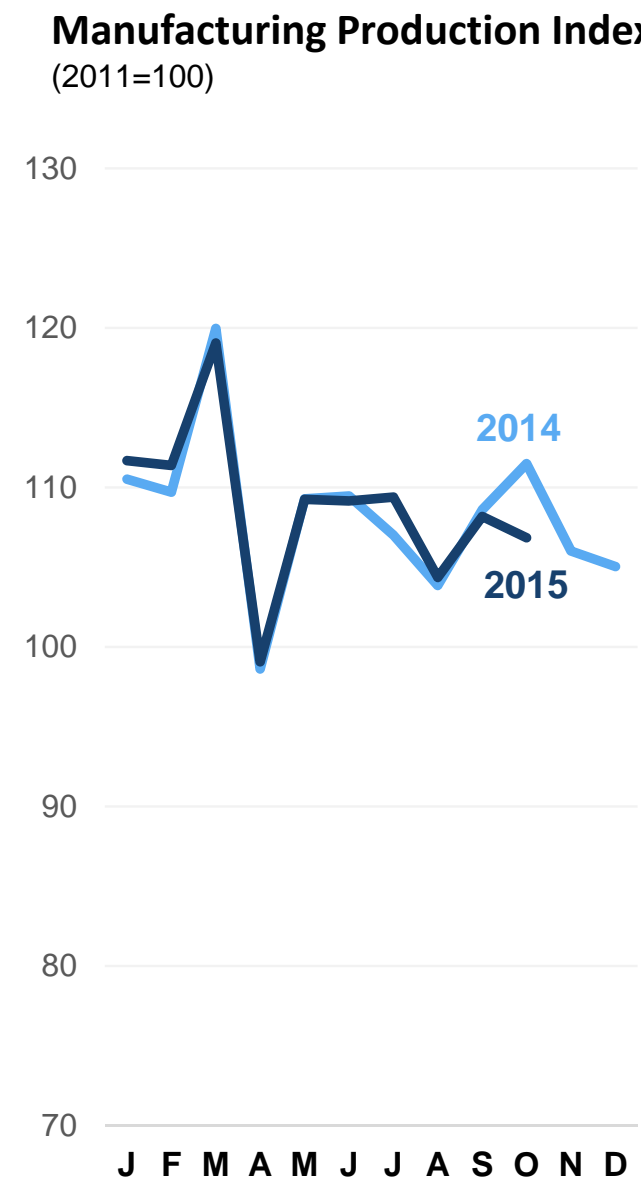
### Source of Growth

Growth contribution shows portions of the total growth from each composition. They must add up to the total growth. Import is a deduction to GDP and the growth in Import contributes negatively to the overall GDP growth.

### Growth drivers for Thailand’s economy

The biggest source of growth in 3Q15 was Tourism, X (services), contributing 2.6% to the total growth of 2.9%. Reduction in Import of goods also contributed positively to the total growth. Export of goods, on the other hand, remained a drag over the last few quarters.

# Tourism was negatively affected by the Bangkok bomb while Export recovered thanks to weaker THB



## Manufacturing Production Index (MPI)

Manufacturing Production Index is a composite index that includes all industries and weighted by their value added. The year 2011 is used as the base year and the figure is released monthly. For industrialized economies, change in MPI is a good leading indicator for GDP growth.

## Export

Export value (custom basis) shows the true commercial picture of the country export, which accounts for around 70% of GDP. It is also a good leading indicator to GDP growth.

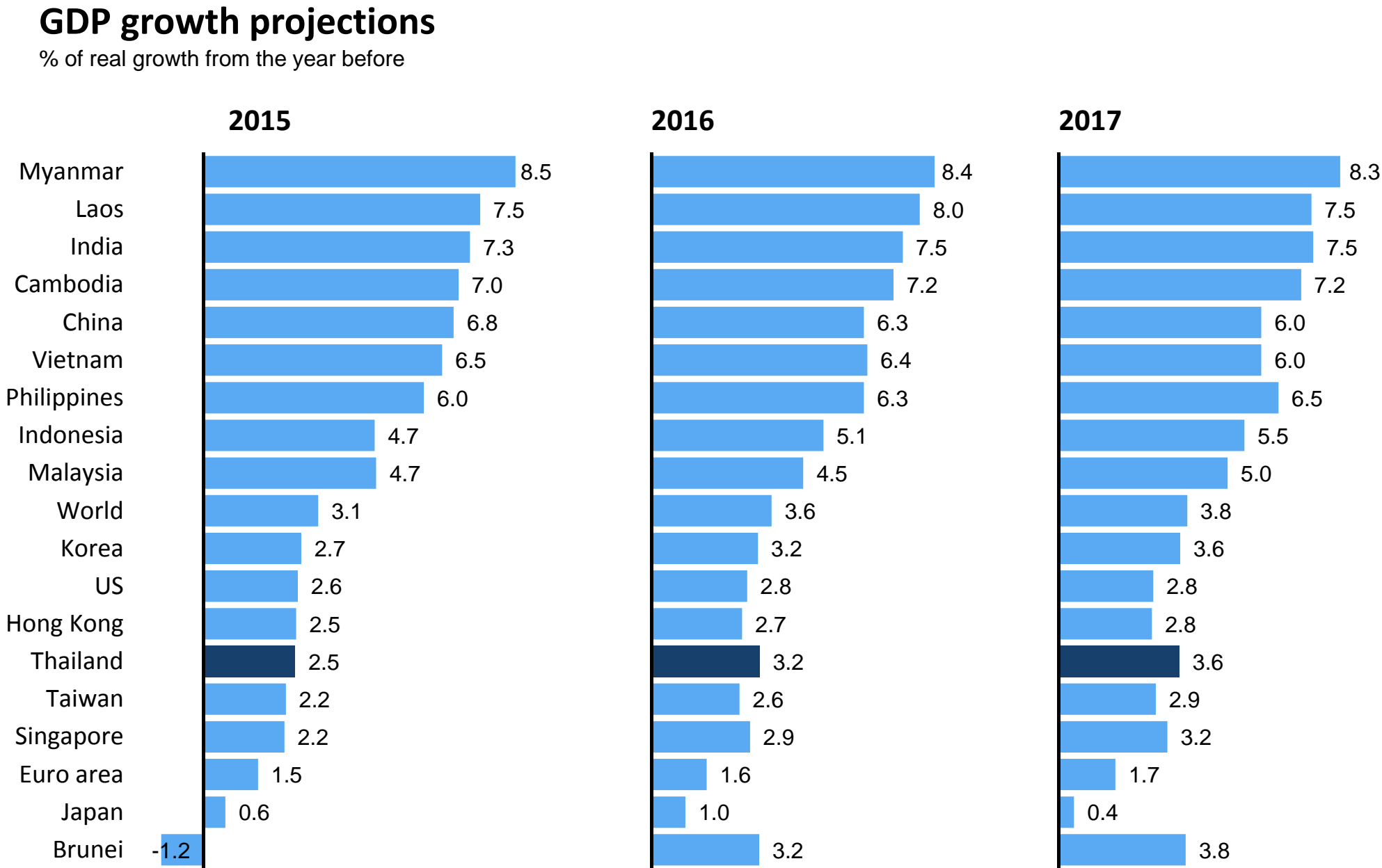
## Tourist arrivals

Number of the international tourist arrivals into Thailand. Prepared by Department of Tourism using data from Immigration Bureau, Police Department.

## Latest development

Tourism was negatively affected by the Bangkok bomb while Export recovered thanks to weaker THB.

# Among ASEAN economies, Thailand's growth rate is one of the lowest



Source: IMF World Economic Outlook Oct 2015

www.ChartingEconomy.com

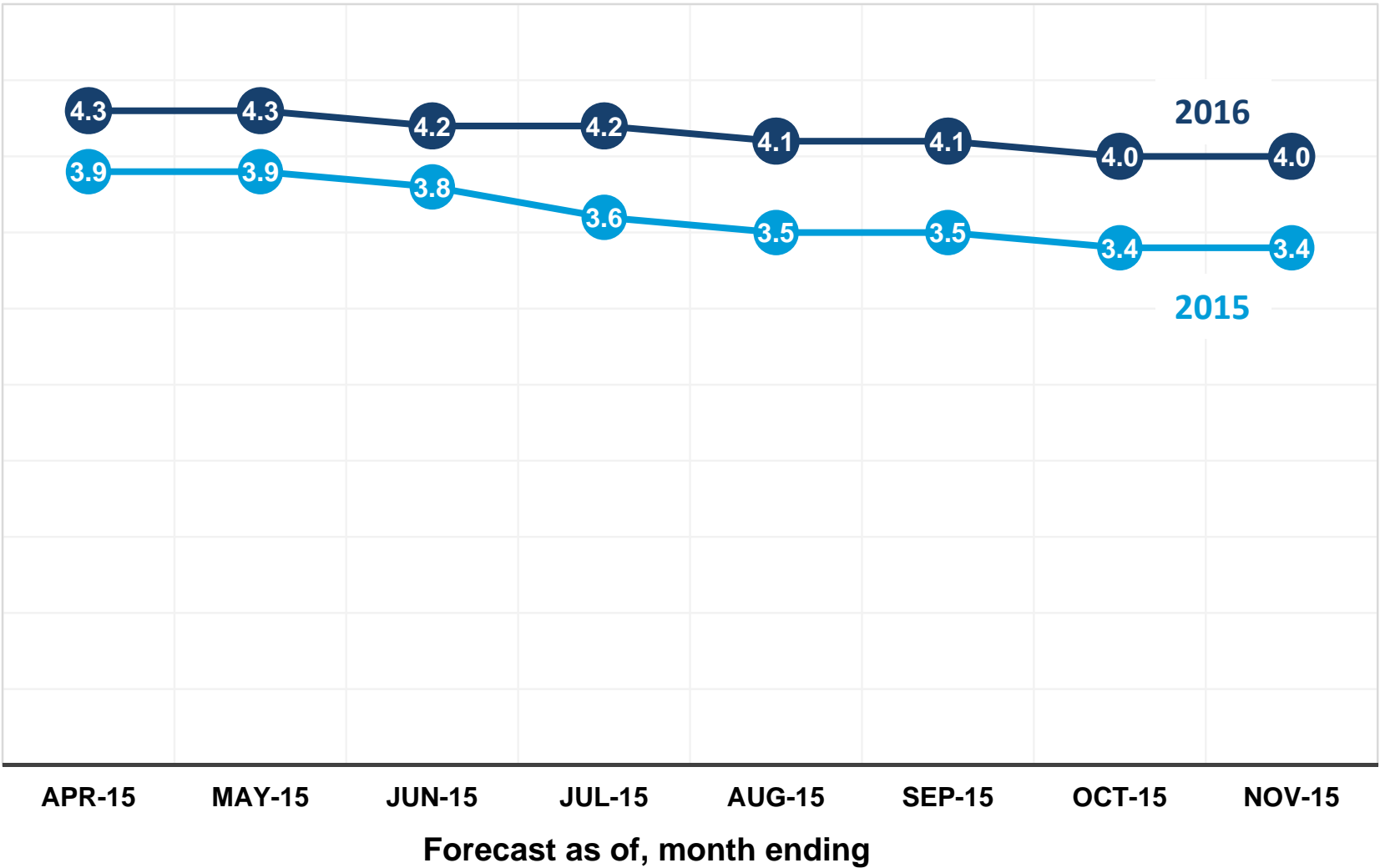
**GDP growth projections**  
GDP growth projection is an exercise done by various parties, international and domestic. We use the projections by International Monetary Fund which releases in its World Economic Outlook report in April and October of every year.

**Growth Prospect for Thailand's economy**  
According to latest IMF projection, Thailand's economy is projected to grow 2.5% in 2015, 3.2% in 2016 and 3.6% in 2017. Among ASEAN economies, Thailand's growth rate is one of the lowest.

# Growth expectation for Thailand's economy in 2015 and 2016 has deteriorated slightly during the last 4 months

## Consensus GDP growth projections

Annual Percentage Change, as of month ending



### Change in consensus GDP growth projections

Tracking the change in consensus GDP growth projections is useful to gauge the mood and expectation from the market. We use figures published weekly in The Economist magazine who surveys from market economists/participants.

### Expectation for Thailand's economy

Growth expectation for Thailand's economy in 2015 and 2016 has deteriorated slightly during the last 4 months.

# CONTENT SUMMARY

## ECONOMIC PROFILE

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## ECONOMIC OUTLOOK

Growth

Stability

- In 2015, it has been the case of deflation for Thailand
- Bank of Thailand has maintained its policy interest rate at 1.5% to accommodate the country's fragile recovery
- Thailand's SET Index has underperformed most markets, losing 9.2%, so far this year
- Banking sector is healthy, after turning around from 1997 crisis, with high capital and low NPL
- Thailand's fiscal balance is quite healthy with small deficits and relatively low public debt level
- Current account surplus is expected to continue in the medium term
- Despite recent fall, Thailand's International reserves can cover both external debt and import
- Thai Baht depreciated heavily after two successive policy interest rate cut in March and April and has lost more than 8% against USD in the first 11 months

### Economic Stability

Part of the country's economic outlook, this section explores the country's macro economic risks, including inflation, financial sector, budget deficit as well as balance of payment and exchange rate.



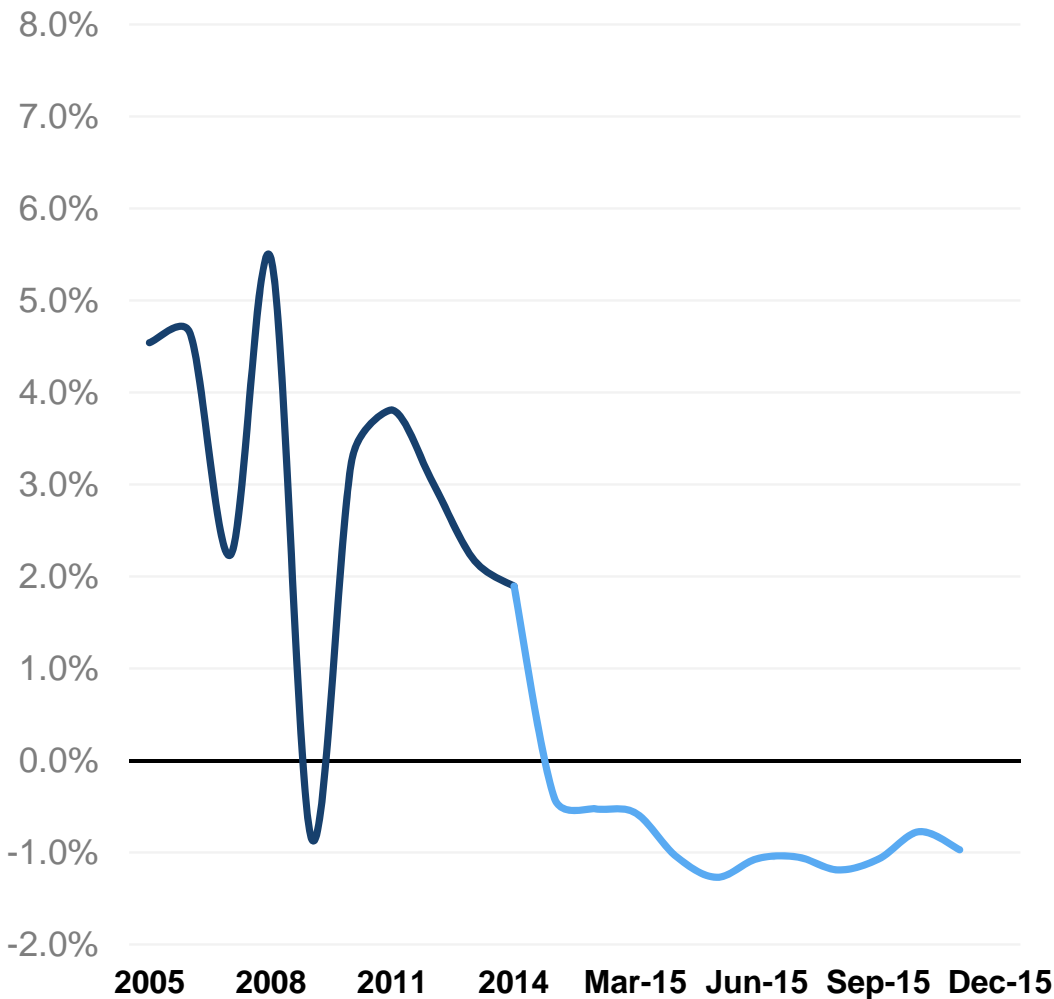
# In 2015, it has been the case of deflation for Thailand



Interactive chart for this page is available online to provide you with more perspectives

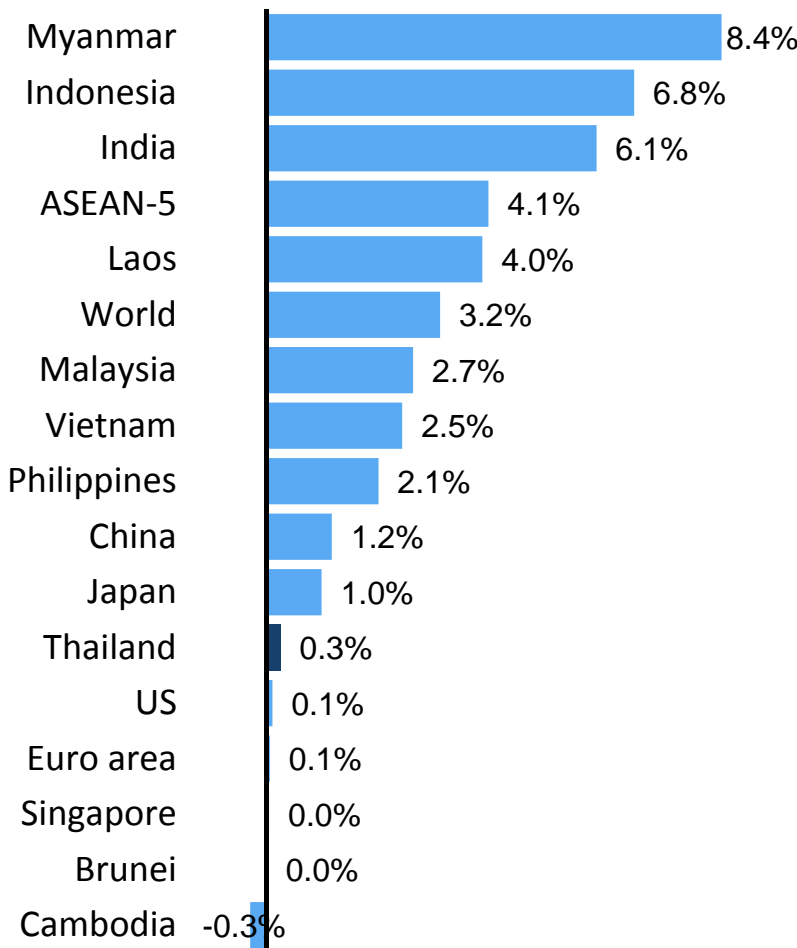
## Thailand's Inflation

Annual percentage change in consumer price index



## Projected Inflation\*

2016, annual percentage change in CPI



## Inflation

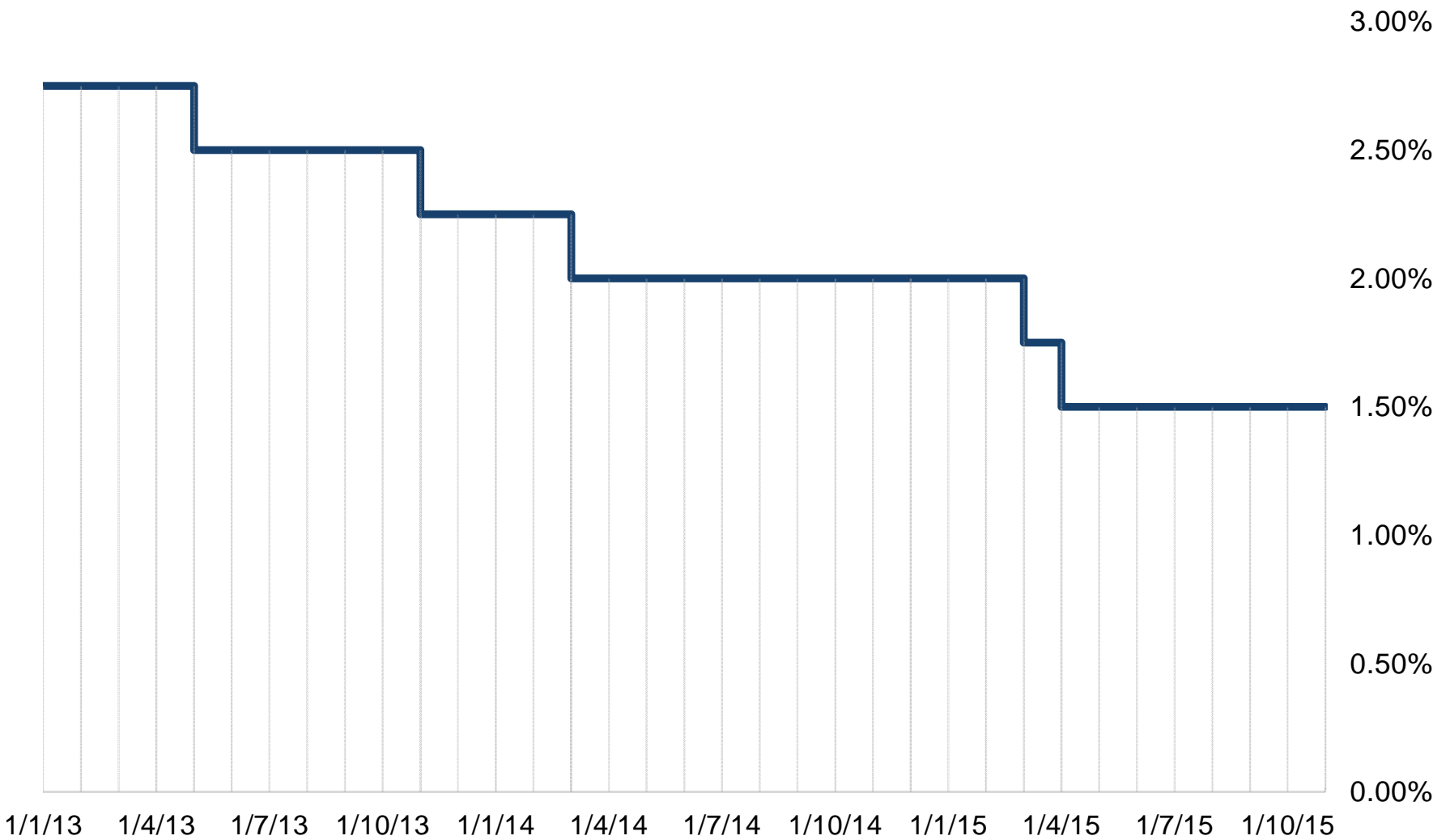
Inflation is normally calculated from the change in the Consumer Price Index (CPI). CPI is the general price level of goods and services purchased by consumers.

## Inflation in Thailand

Price level in Thailand has been quite stable with inflation tamed to lower than 6% over the past 10 years. In 2015, it has been the case of deflation, another kind of problem which could be more serious than inflation. Inflation in Thailand for the full year 2016 is expected to be around 0.3%.

# Bank of Thailand has maintained its policy interest rate at 1.5% to accommodate the country's fragile recovery

Bank of Thailand's Policy Rate  
Percent



### Policy Interest rate

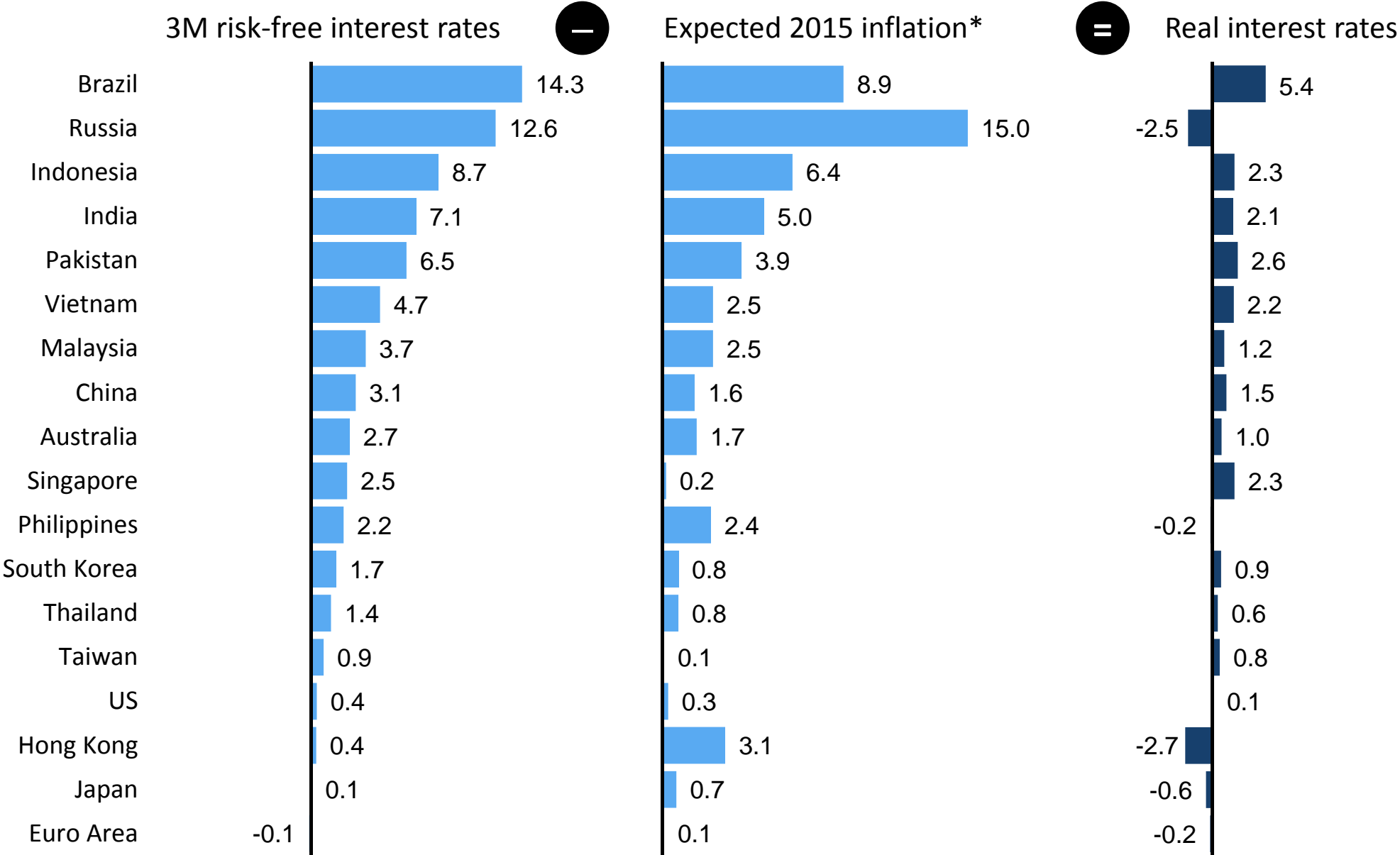
Bank of Thailand, the central bank, is responsible for the country's monetary policy which is currently using inflation targeting framework. BOT bilateral 1-day repurchase rate is the policy interest rate and the key tool for Bank of Thailand to achieve its monetary objective.

### Latest development

BOT cut its policy rate by 25 basis points in March and another 25 basis points in April. The main reason cited was to accommodate slower-than-expected growth. It has maintained the rate at 1.5% ever since.

# Thailand's real interest rate is almost zero

**Real interest rates**  
Percent, as of Nov 27<sup>st</sup> 2015



**Real interest rates**  
Chart shows one way to calculate real interest rates across different currencies and economies in the world. Today's Real interest rates = Nominal interest rates (represented here by 3-month risk free interest rates) – expected inflation.

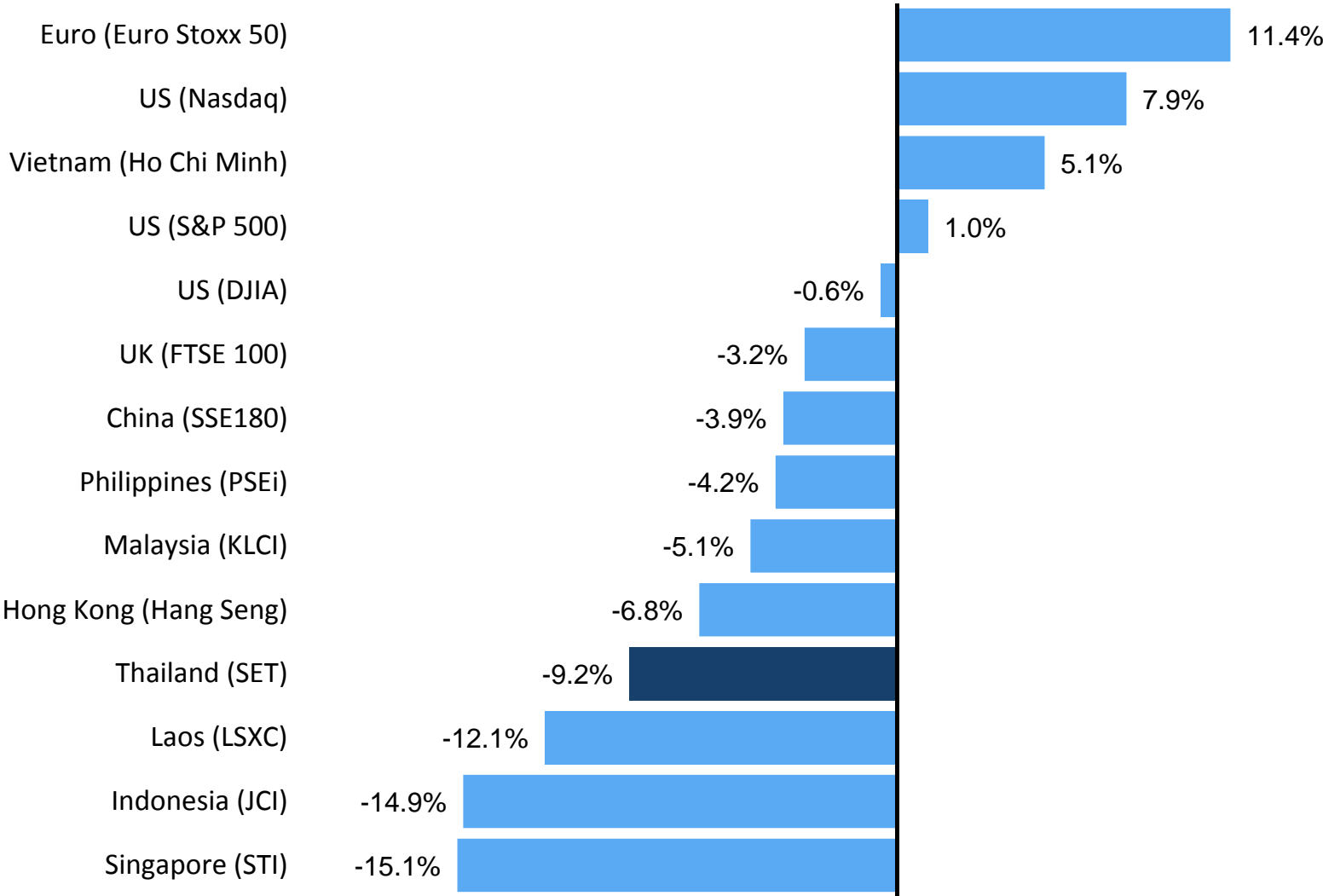
**Real interest rate in Thailand**  
3-month risk-free interest rates (from Thai Baht denominated government bond) is offering 1.4% a year while expected inflation in Thailand is at 0.8%. This led to estimated real interest of 0.6%.

Note: (\*) The Economist Poll  
Source: The Economist; Charting Economy analysis

# Thailand's SET Index has underperformed most markets so far this year

## Stock Market Performance

Year-to-date percentage change, as of Nov 30<sup>th</sup> 2015



### Stock market performance

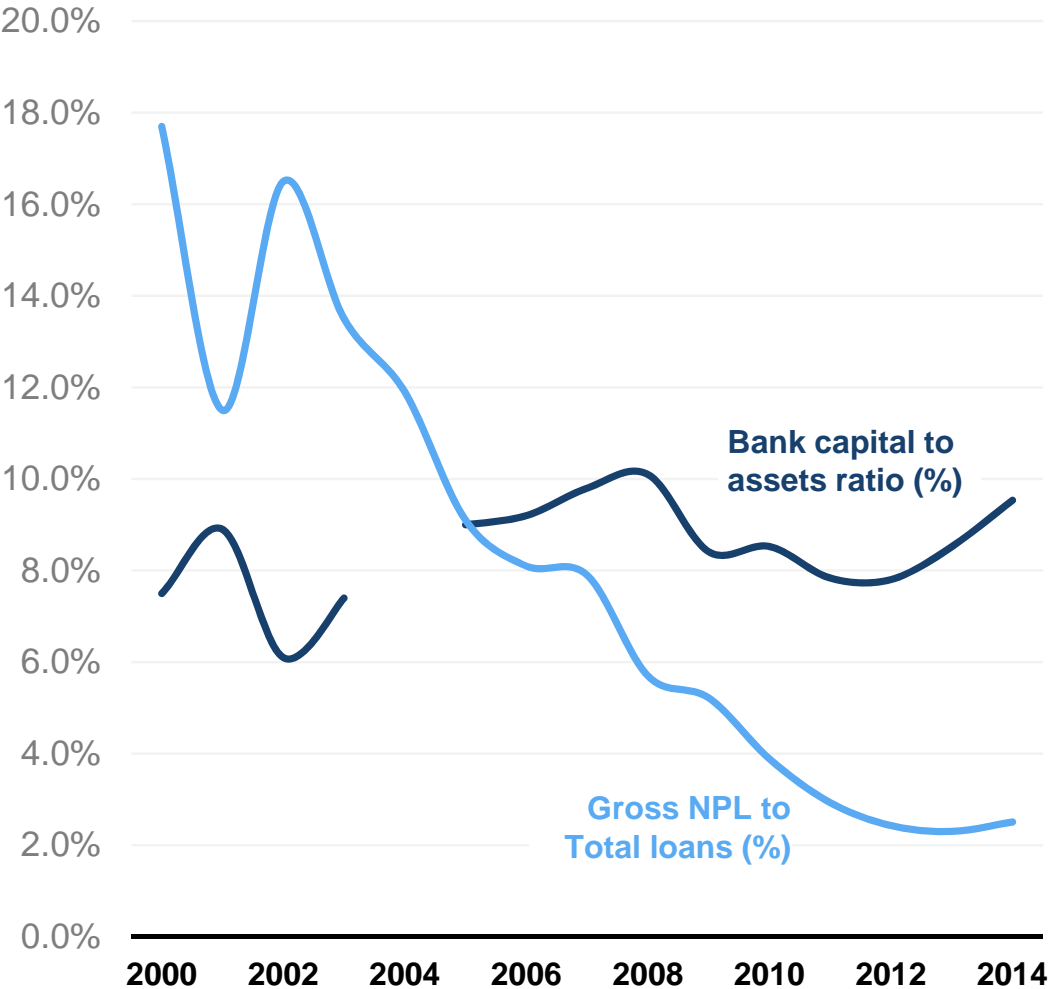
Year-to-date performance of ASEAN stock markets and global benchmark indices.

### Latest development

Thailand's SET Index has lost 9.2% in the year to November 30<sup>th</sup> 2015. It has underperformed most markets so far this year.

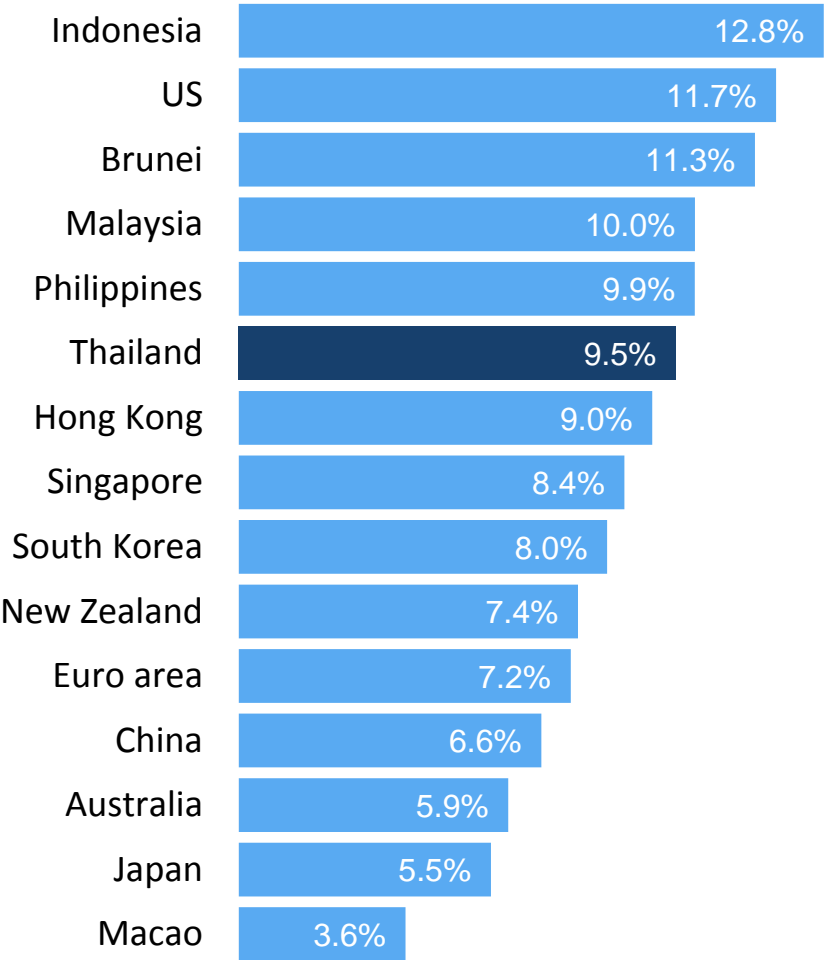
# Thailand's banking sector is healthy, after turning around from 1997 crisis, with high capital ratio and low NPL

Thailand's Banking sector



Bank Capital ratio

2014, % of assets



## Bank Capital

Bank capital to assets is the ratio of bank capital and reserves to total assets. Capital and reserves include funds contributed by owners, retained earnings, general and special reserves, provisions, and valuation adjustments. Capital includes tier 1 capital (paid-up shares and common stock), which is a common feature in all countries' banking systems, and total regulatory capital, which includes several specified types of subordinated debt instruments that need not be repaid if the funds are required to maintain minimum capital levels (these comprise tier 2 and tier 3 capital). Total assets include all nonfinancial and financial assets.

## Thailand's banking sector

Thailand's banking sector is healthy, after turning around from 1997 crisis, with high capital ratio and low NPL.

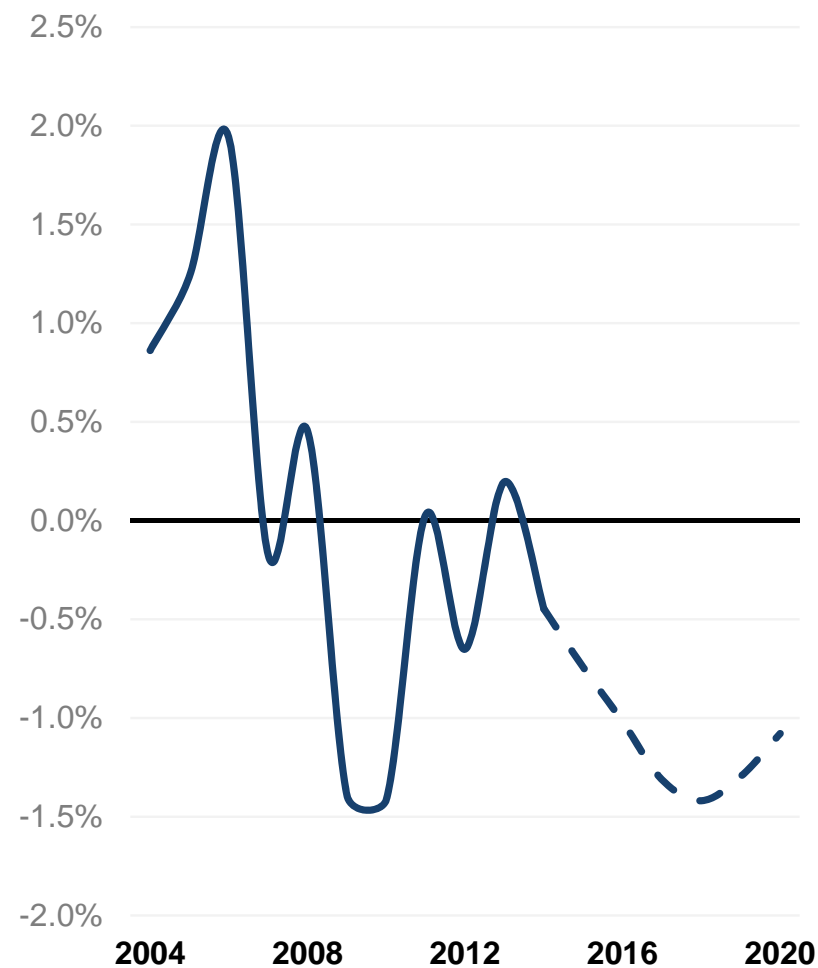


# Thailand's fiscal balance is quite healthy with small deficits and relatively low public debt level



Interactive chart for this page is available online to provide you with more perspectives

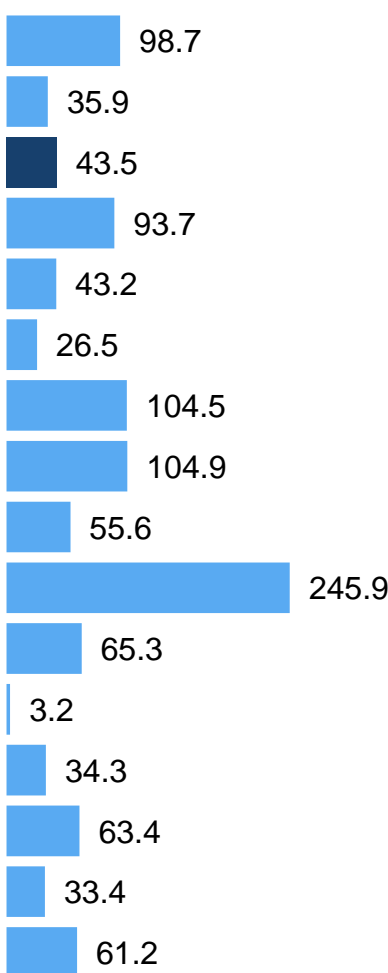
Thailand's General government structural balance\*  
% of GDP



Projected General government structural balance\*\*  
2015, % of GDP



Projected General government debt\*\*  
2015, % of GDP



## Fiscal or Government budget balance

Budget balances are the government revenues net of the government expenditures. When compared across countries, it is commonly standardized in the form of percentage of GDP.

## Public debt

Public debt includes direct government debt, debt of State Enterprises and others. When compared across countries, it is commonly standardized in the form of percentage of GDP.

## Thailand's fiscal situation

Thailand's fiscal balance is quite healthy with small deficits and relatively low public debt level. Fiscal balance for Thailand has been quite good with surpluses and deficits. Deficits, however, were quite low especially in the past 10 years. Public debt level in Thailand, along with other ASEAN economies, is also low compared to other major economies.

Note: (\*) Excluding cyclical and extraordinary income/expenses  
(\*\*) Forecasted by IMF in World Economic Outlook report, Oct 2015

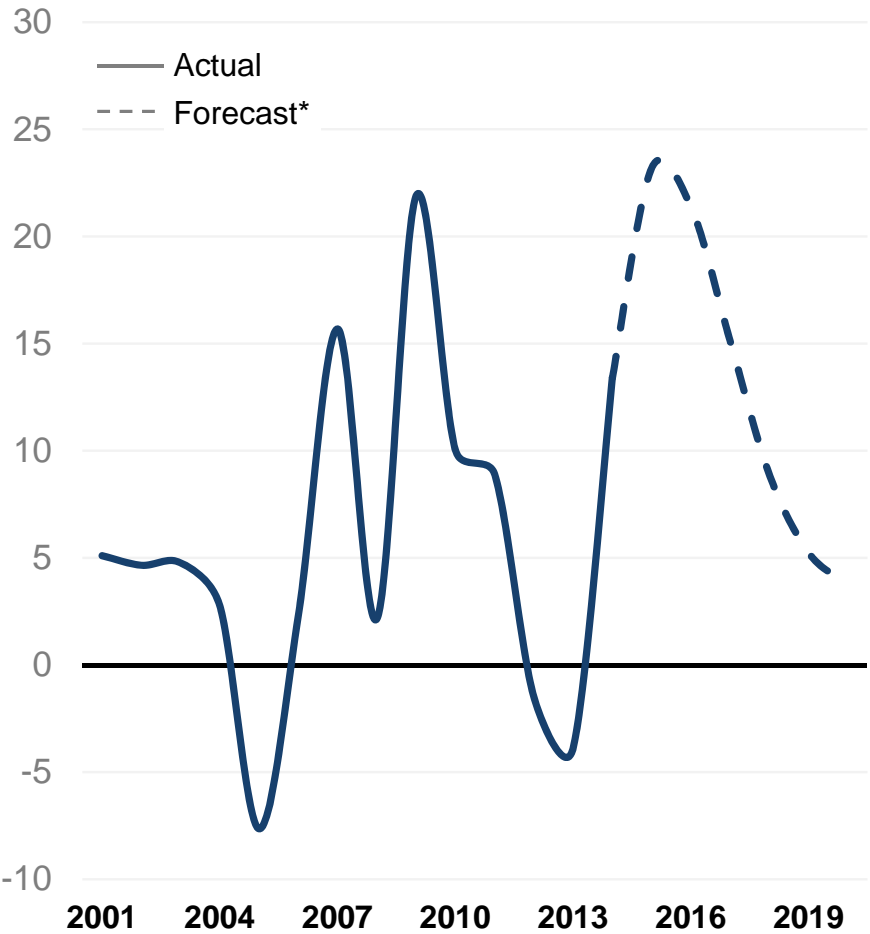
# Thailand's current account surplus is expected to continue in the medium term



Interactive chart for this page is available online to provide you with more perspectives

## Thailand's Current Account balance

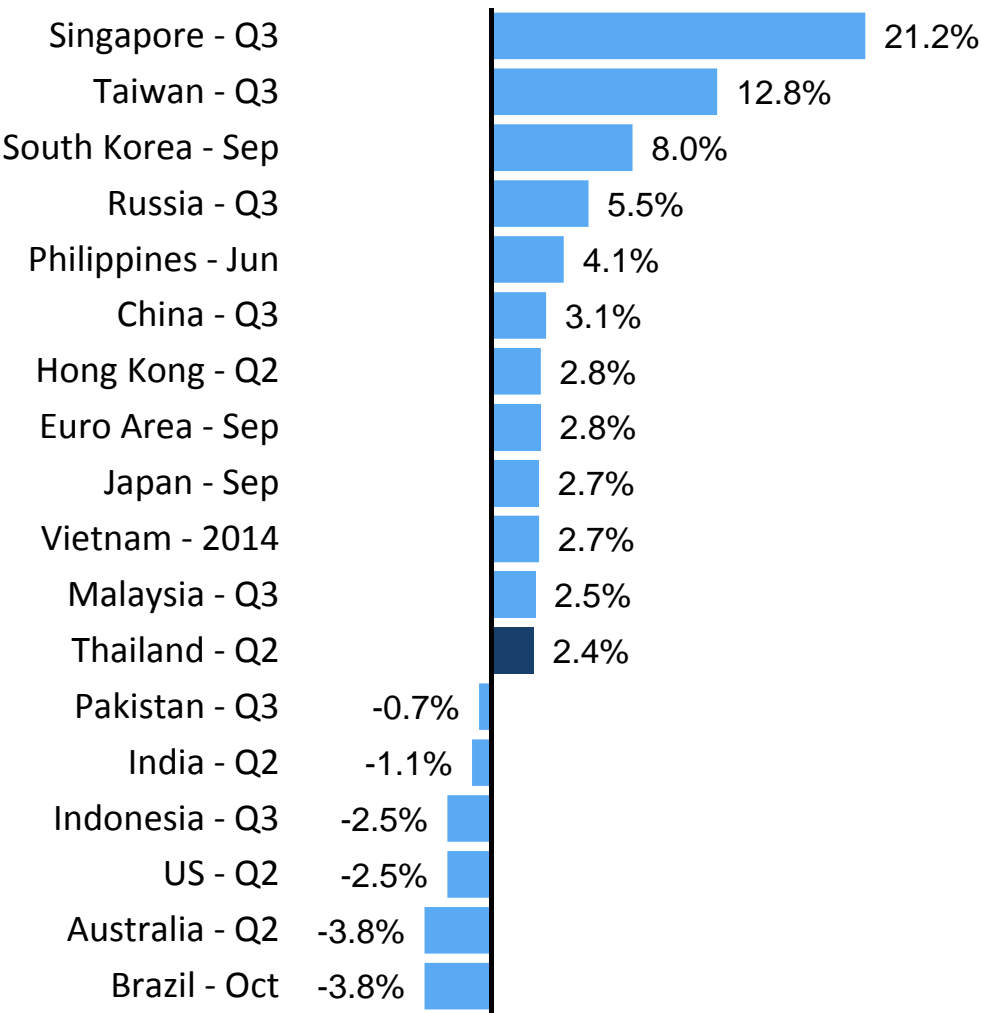
USD billion



Note: (\*) Forecasted by IMF in World Economic Outlook report, Oct 2015  
(\*\*) Current Account = Trade balance + service income  
(\*\*\*) Forecasted by the Economist Poll

## Current Account balance

As % of 2015 GDP\*\*\*



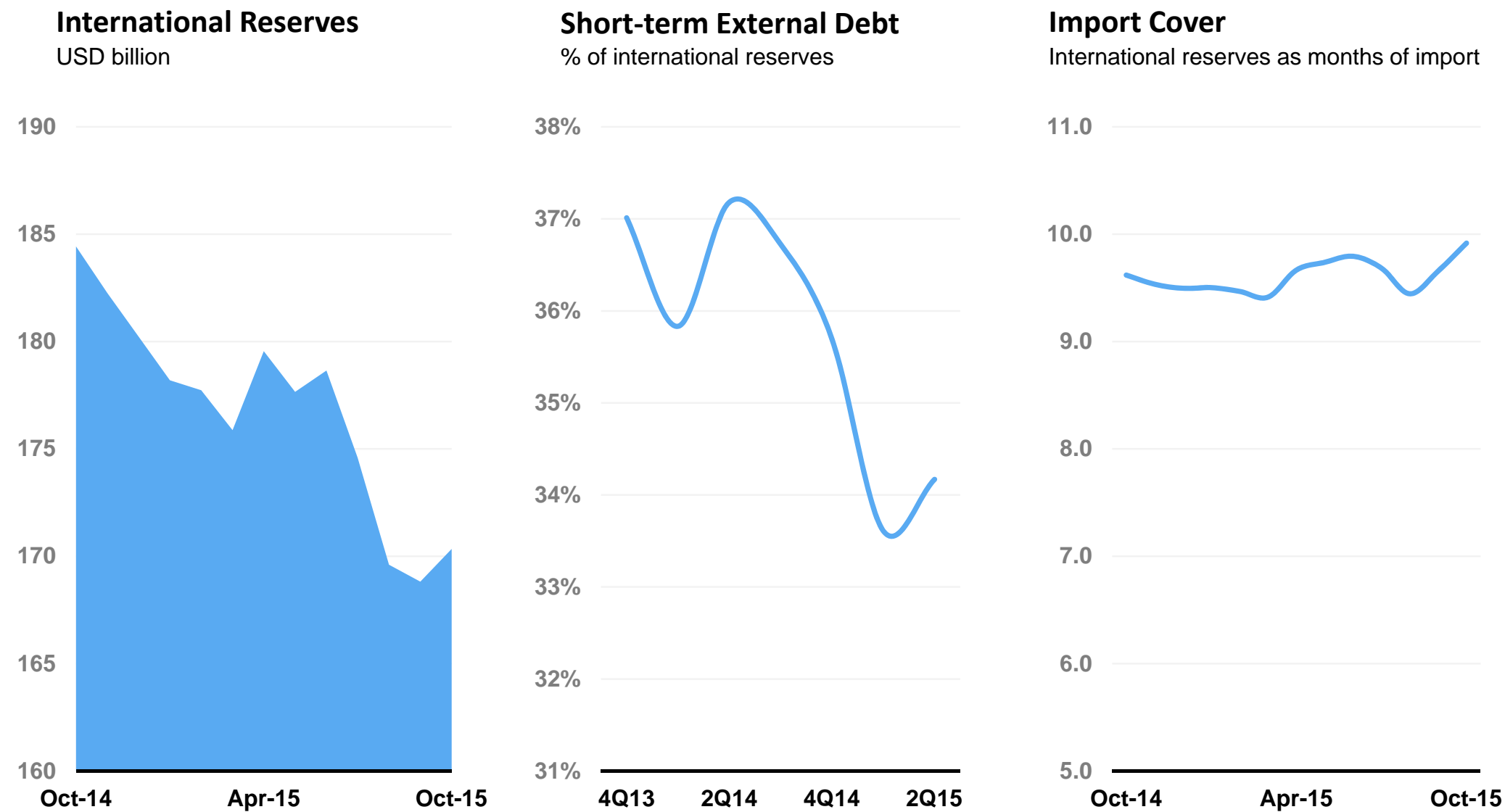
### Current Account balance

Current Account balance equals Trade balance plus Net Services. Trade balance refers to net export (export less import) of goods. Net Services are the net result of foreign trade related to services, defined as the net export (export less import) of services. Income consists of compensation of employees, investment income, and donation and grant. Current Account balance reflects the capability of a country to obtain foreign exchange through commercial means.

### Thailand's Current Account

Thailand's current account surplus is expected to continue in the medium term.

# Despite recent fall, Thailand's International reserves can cover both external debt and import



## International reserves

International reserve assets refer to external assets that are held or controlled by central bank and are readily available for immediate uses, for instance, in financing payment imbalances or in implementing exchange rate policy

## External debt

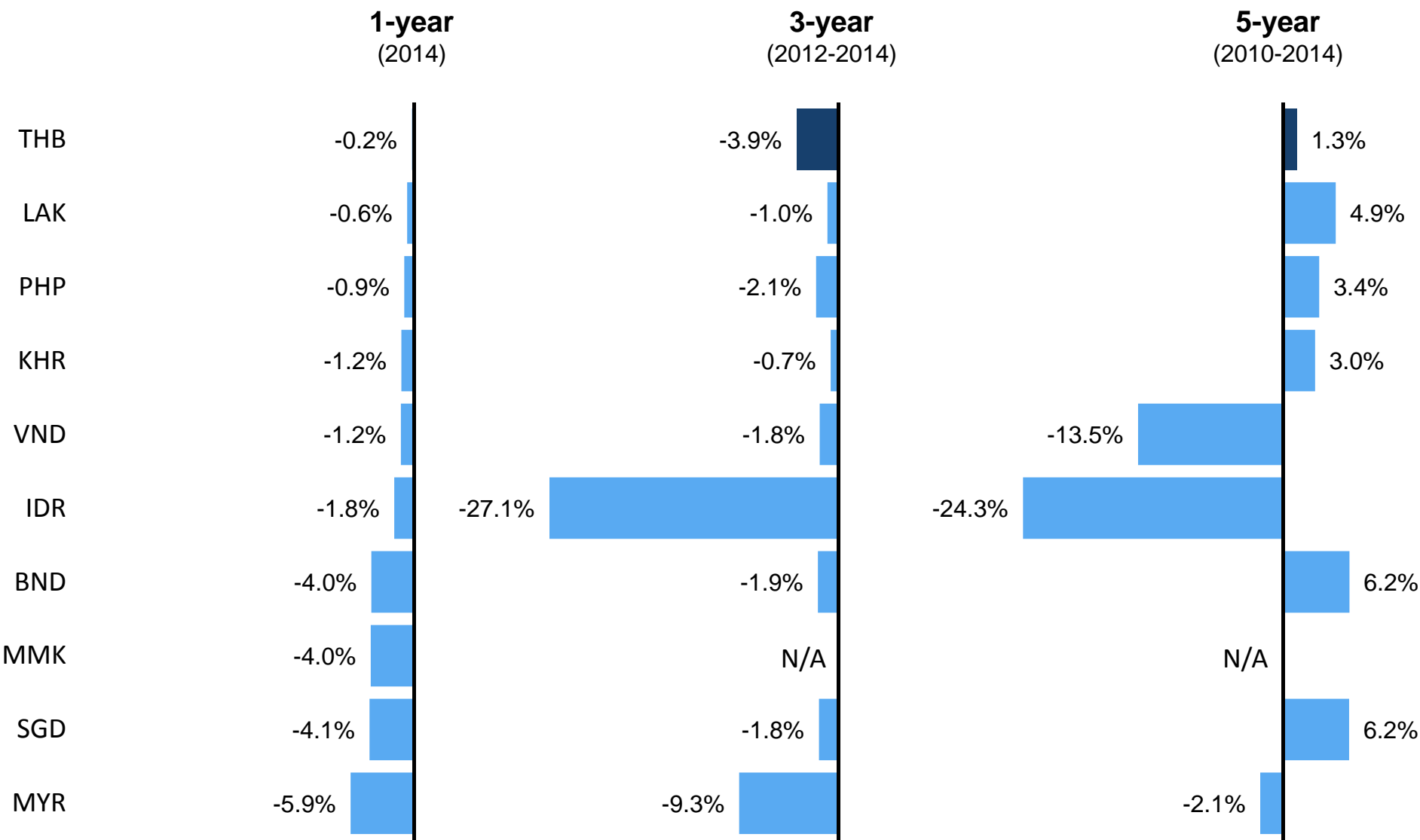
External debt refers to the remaining outstanding portion of liabilities (excluding equity) which residents have over nonresidents of an economy.

## Thailand's International Wealth

Thailand's International reserves is still higher than its external debt despite recent decline. At the end of October 2015, Thailand's international reserves stood at USD 170 billion. The latest data of external debt shows Short-term debt as 34.2% of total reserves. In term of import cover, the current level can finance more than 9 months of import, which is more than enough.

# Thai Baht almost unchanged against USD in 2014, making it the best performing currency in ASEAN

ASEAN Exchange rate performance  
Change in value against USD, percentage



**Exchange rate**  
A stable exchange rate is preferred in the world where most countries adopt floating rate policy. Volatile exchange rate can certainly harm international trade and investment.

**Thailand's exchange rate**  
Thai Baht almost unchanged against USD in 2014, making it the best performing currency in ASEAN. Over 5-year period, it has gained 1.3% over USD.

# Thai Baht depreciated heavily after two successive policy interest rate cut in March and April and has lost more than 8% YTD

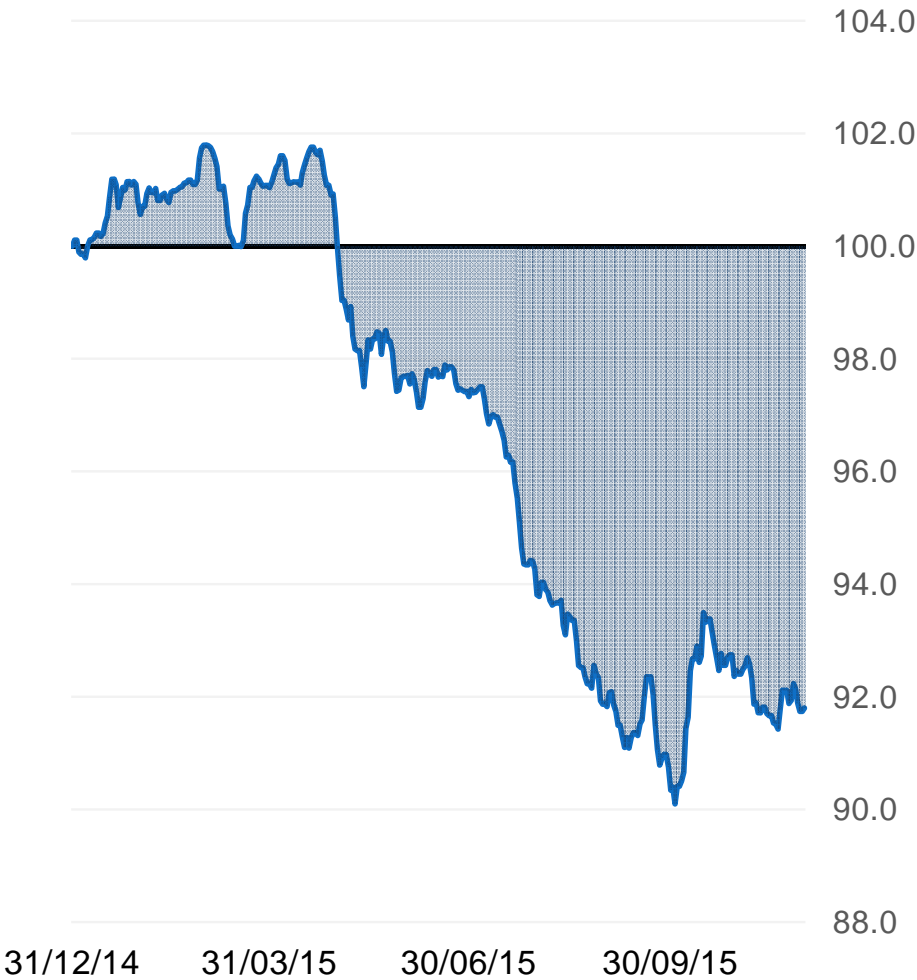
## Thai Baht Exchange Rate

Per USD, mid point



## Thai Baht Value

Indexed per USD, mid point, 31/12/14 = 100



### Exchange rate

A stable exchange rate is preferred in the world where most countries adopt floating rate policy. Volatile exchange rate can certainly harm international trade and investment.

### YTD change in Thailand's exchange rate

Thai Baht depreciated heavily against USD after two successive policy interest rate cuts in March and April. It has lost more than 8% of value against USD in the first 11 months of 2015.



APPENDIX 1:

## **KEY PROJECTIONS**

**From IMF's World Economic Outlook Report  
October 2015**

KEY PROJECTIONS:

# THAILAND'S ECONOMY

Indicators	Units	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Estimates Start After
Current account balance	Billion USD	8.9	-1.5	-3.9	13.4	23.2	21.4	15.1	8.9	5.2	3.8	2014
General government gross debt	% of GDP	39.1	41.9	42.2	43.5	43.5	42.6	42.2	42.0	42.0	41.5	2014
General government structural balance	% of potential GDP	0.03	-0.65	0.20	-0.45	-0.74	-1.02	-1.31	-1.42	-1.30	-1.08	2014
Gross domestic product per capita, current prices	USD	5,479	5,849	6,152	5,896	5,426	5,697	5,952	6,250	6,557	6,839	2014
Gross domestic product, constant prices	% change	0.8	7.3	2.8	0.9	2.5	3.2	3.6	3.4	3.3	3.2	2014
Gross domestic product, current prices	Billion USD	371	397	420	405	374	393	411	432	454	474	2014
Inflation, average consumer prices	% change	3.8	3.0	2.2	1.9	-0.9	1.5	2.2	2.2	2.2	2.2	2014
Population	Million Persons	67.6	68.0	68.3	68.7	68.8	69.0	69.1	69.2	69.3	69.3	2014
Unemployment rate	% of total labor force	0.7	0.7	0.7	0.8	0.8	0.8	0.7	0.7	0.7	0.7	2014

Source: IMF World Economic Outlook Oct 2015

www.ChartingEconomy.com

### On Projections

Economic projections change all the time, given new data available. Even best forecasters, IMF included, do not often get them right at the end. Do not take them as certainty, but a guideline to apply to your business, if you need to.

APPENDIX 2:

## **DOING BUSINESS 2016**

**Detailed rankings and scores for Thailand and  
comparable economies**

# Starting a business in Thailand requires relatively low cost but still take almost a month to complete

## Starting a business rank

Economy	Rank	DTF*	Procedures (number)	Time (days)	Cost (% of income per capita)	Paid-in min. capital (% of income per capita)
New Zealand	1	100.0	1.0	0.5	0.3	0.0
Hong Kong SAR, China	4	98.1	2.0	1.5	1.2	0.0
Singapore	10	96.5	3.0	2.5	0.6	0.0
Australia	11	96.5	3.0	2.5	0.7	0.0
Malaysia	14	95.3	3.0	4.0	6.7	0.0
Korea, Rep.	23	94.4	3.0	4.0	14.5	0.0
Brunei Darussalam	74	87.6	7.0	14.0	1.2	0.0
Japan	81	86.3	8.0	10.2	7.5	0.0
Thailand	96	85.1	6.0	27.5	6.4	0.0
Timor-Leste	104	83.6	4.0	9.0	0.3	156.6
Vietnam	119	81.3	10.0	20.0	4.9	0.0
China	136	77.5	11.0	31.4	0.7	0.0
Lao PDR	153	73.8	6.0	73.0	4.9	0.0
India	155	73.6	12.9	29.0	13.5	0.0
Myanmar	160	70.0	11.0	13.0	97.1	0.0
Philippines	165	68.6	16.0	29.0	16.1	3.3
Indonesia	173	66.0	13.0	47.8	19.9	31.0
Cambodia	180	58.1	7.0	87.0	78.7	24.1
Central African Republic	189	31.4	10.0	22.0	204.0	540.1

Note: (\*) An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier

Source: Doing Business 2016: Measuring Regulatory Quality and Efficiency

www.ChartingEconomy.com

## Starting a Business

This topic measures the paid-in minimum capital requirement, number of procedures, time and cost for a small- to medium-sized limited liability company to start up and formally operate. To make the data comparable across 189 economies, Doing Business uses a standardized business that is 100% domestically owned, has start-up capital equivalent to 10 times income per capita, engages in general industrial or commercial activities and employs between 10 and 50 people one month after the commencement of operations, all of whom are domestic nationals. The most recent round of data collection for the project was completed in June 2015.

## Starting a Business in Thailand

Starting a business in Thailand is relatively easy with relatively low cost but still take almost a month to complete.

# Getting construction permits in Thailand takes more than 3 months but with relatively low cost

## Dealing with Construction Permits rank

Economy	Rank	DTF*	Procedures (number)	Time (days)	Cost (% of warehouse value)	Building quality control index (0-15)
Singapore	1	93.0	10.0	26.0	0.3	14.0
Australia	4	86.6	10.0	112.0	0.5	14.0
Hong Kong SAR, China	7	84.8	11.0	72.0	0.7	12.0
Vietnam	12	82.2	10.0	166.0	0.8	14.0
Malaysia	15	81.1	15.0	79.0	1.4	13.0
Brunei Darussalam	21	79.1	14.0	119.0	0.2	12.0
Korea, Rep.	28	77.8	10.0	28.0	4.3	8.0
Thailand	39	75.6	17.0	103.0	0.1	11.0
Lao PDR	42	75.1	11.0	83.0	0.5	6.5
Japan	68	71.7	12.0	197.0	0.6	10.0
Myanmar	74	71.0	14.0	95.0	4.0	9.0
Philippines	99	67.7	24.0	98.0	1.1	11.0
Indonesia	107	66.7	17.0	210.2	3.8	13.0
Timor-Leste	154	57.2	16.0	207.0	0.3	4.0
China	176	48.3	22.0	244.3	7.2	9.0
Cambodia	181	38.1	20.0	652.0	6.2	6.5
India	183	32.5	33.6	191.5	26.0	11.0
Afghanistan	185	22.9	11.0	353.0	76.6	1.5

## Dealing with Construction Permits

This topic tracks the procedures, time and cost to build a warehouse—including obtaining necessary the licenses and permits, submitting all required notifications, requesting and receiving all necessary inspections and obtaining utility connections. In addition, this year Doing Business introduces a new measure, the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. The most recent round of data collection was completed in June 2015.

## Getting construction permits in Thailand

Getting construction permits in Thailand takes more than 3 months but with relatively low cost.

Note: (\*) An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier

Source: Doing Business 2016: Measuring Regulatory Quality and Efficiency

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# Getting electricity in Thailand is rather an easy task

## Getting Electricity rank

Economy	Rank	DTF*	Procedures (number)	Time (days)	Cost (% of income per capita)	Reliability of supply and transparency of tariff index (0-8)
Korea, Rep.	1	99.9	3.0	18.0	39.8	8.0
Singapore	6	94.3	4.0	31.0	25.9	8.0
Hong Kong SAR, China	9	91.6	4.0	28.0	1.3	7.0
Thailand	11	90.5	4.0	37.0	45.9	7.0
Malaysia	13	90.1	5.0	32.0	30.7	8.0
Japan	14	89.9	3.4	97.7	0.0	8.0
Philippines	19	86.9	4.0	42.0	28.7	6.0
Australia	39	82.3	5.0	75.0	8.4	7.0
Indonesia	46	80.7	5.0	79.0	383.0	7.0
Brunei Darussalam	68	74.9	5.0	56.0	40.1	4.0
India	70	74.6	5.0	90.1	442.3	5.5
China	92	68.7	5.5	143.2	413.3	6.0
Timor-Leste	95	67.9	3.0	63.0	733.4	0.0
Vietnam	108	63.3	6.0	59.0	1322.6	3.0
Cambodia	145	52.4	4.0	179.0	2336.1	2.0
Myanmar	148	50.9	6.0	77.0	1673.4	0.0
Lao PDR	158	45.2	6.0	134.0	1522.6	0.0
Bangladesh	189	15.3	9.0	428.9	3140.5	0.0

### Getting Electricity

This topic tracks the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse. In addition to assessing efficiency of connection process, new indicators were added to measure reliability of power supply and transparency of tariffs and the price of electricity. The most recent round of data collection for the project was completed in June 2015.

### Getting Electricity in Thailand

Getting electricity in Thailand takes about a month with relatively low cost.

Note: (\*) An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier

Source: Doing Business 2016: Measuring Regulatory Quality and Efficiency

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# Registering property in Thailand takes only 3 days

## Registering Property rank

Economy	Rank	DTF*	Procedures (number)	Time (days)	Cost (% of property value)	Quality of the land administration index (0-30)
New Zealand	1	94.5	2.0	1.0	0.1	26.0
Singapore	17	85.7	4.0	4.5	2.9	26.5
Malaysia	38	76.3	8.0	13.0	3.3	27.5
Korea, Rep.	40	76.2	7.0	6.5	5.1	27.5
China	43	75.0	4.0	19.5	3.4	17.0
Australia	47	74.2	5.0	4.5	5.2	20.0
Japan	48	73.9	6.0	13.0	5.8	24.5
Thailand	57	71.3	3.0	3.0	6.3	13.5
Vietnam	58	70.6	5.0	57.5	0.6	14.0
Hong Kong SAR, China	59	69.8	5.0	27.5	7.7	23.0
Lao PDR	66	68.7	4.0	53.0	1.1	9.5
Philippines	112	57.5	9.0	35.0	4.3	12.5
Cambodia	121	54.9	7.0	56.0	4.4	7.5
Indonesia	131	52.4	5.0	27.4	10.8	8.3
India	138	50.3	7.0	47.0	7.5	7.0
Myanmar	145	49.3	6.0	85.0	5.1	4.0
Brunei Darussalam	148	48.6	7.0	298.0	0.6	14.5
Bangladesh	185	27.5	8.0	244.0	7.0	4.5
Timor-Leste	189	0.0	no practice	no practice	no practice	0.0

### Registering Property

This topic examines the steps, time and cost involved in registering property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. In addition, this year Doing Business adds a new measure to the set of registering property indicators, an index of the quality of the land administration system in each economy. The quality of land administration index has four dimensions: reliability of infrastructure, transparency of information, geographic coverage and land dispute resolution. The most recent round of data collection for the project was completed in June 2015.

### Registering Property in Thailand

Registering property in Thailand takes only 3 days but the cost is relatively high.

Note: (\*) An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier

# Getting credit in Thailand is not easy with weak legal rights

## Getting Credit rank

Economy	Rank	DTF*	Strength of legal rights index (0-12)	Depth of credit information index (0-8)	Credit registry coverage (% of adults)	Credit bureau coverage (% of adults)
New Zealand	1	100.0	12.0	8.0	0.0	100.0
Australia	5	90.0	11.0	7.0	0.0	100.0
Cambodia	15	80.0	11.0	5.0	0.0	37.0
Hong Kong SAR, China	19	75.0	8.0	7.0	0.0	96.0
Singapore	19	75.0	8.0	7.0	0.0	58.6
Malaysia	28	70.0	7.0	7.0	57.0	77.1
Vietnam	28	70.0	7.0	7.0	41.5	6.9
India	42	65.0	6.0	7.0	0.0	22.0
Korea, Rep.	42	65.0	5.0	8.0	0.0	100.0
Indonesia	70	55.0	5.0	6.0	48.5	0.0
Lao PDR	70	55.0	6.0	5.0	5.1	0.0
Brunei Darussalam	79	50.0	4.0	6.0	61.2	0.0
China	79	50.0	4.0	6.0	89.5	0.0
Japan	79	50.0	4.0	6.0	0.0	100.0
Thailand	97	45.0	3.0	6.0	0.0	60.2
Philippines	109	40.0	3.0	5.0	0.0	14.0
Timor-Leste	162	20.0	0.0	4.0	5.8	0.0
Myanmar	174	10.0	2.0	0.0	0.0	0.0
Yemen, Rep.	185	0.0	0.0	0.0	1.3	0.0

Note: (\*) An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier

Source: Doing Business 2016: Measuring Regulatory Quality and Efficiency

www.ChartingEconomy.com

## Getting Credit

This topic explores two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending. The most recent round of data collection for the project was completed in June 2015.

## Getting Credit in Thailand

Getting credit in Thailand is not easy with weak legal rights and low credit bureau coverage.

# Minority investors in Thailand are treated better than those in Australia

## Protecting Minority Investors rank

Economy	Rank	DTF	Strength of minority investor protection index (0-10)	Extent of conflict of interest regulation index (0-10)	Extent of disclosure index (0-10)	Extent of director liability index (0-10)	Ease of shareholder suits index (0-10)	Extent of shareholder governance index (0-10)	Extent of shareholder rights index (0-10)	Extent of ownership and control index (0-10)	Extent of corporate transparency index (0-10)
Hong Kong SAR, China	1	83.3	8.3	9.0	10.0	8.0	9.0	7.7	9.0	7.0	7.0
New Zealand	1	83.3	8.3	9.3	10.0	9.0	9.0	7.3	8.0	7.0	7.0
Singapore	1	83.3	8.3	9.3	10.0	9.0	9.0	7.3	8.0	7.0	7.0
Malaysia	4	78.3	7.8	8.7	10.0	9.0	7.0	7.0	6.0	8.0	7.0
India	8	73.3	7.3	6.7	7.0	6.0	7.0	8.0	10.0	8.0	6.0
Korea, Rep.	8	73.3	7.3	7.0	7.0	6.0	8.0	7.7	7.0	8.0	8.0
Japan	36	63.3	6.3	7.0	7.0	6.0	8.0	5.7	8.0	4.0	5.0
Thailand	36	63.3	6.3	7.7	10.0	7.0	6.0	5.0	5.0	6.0	4.0
Australia	66	56.7	5.7	6.0	8.0	2.0	8.0	5.3	5.0	3.0	8.0
Timor-Leste	81	55.0	5.5	4.7	5.0	4.0	5.0	6.3	8.0	7.0	4.0
Indonesia	88	53.3	5.3	5.7	10.0	5.0	2.0	5.0	7.0	4.0	4.0
Cambodia	111	48.3	4.8	6.3	5.0	10.0	4.0	3.3	1.0	4.0	5.0
Vietnam	122	45.0	4.5	3.7	7.0	3.0	1.0	5.3	7.0	4.0	5.0
Brunei Darussalam	134	43.3	4.3	5.7	4.0	5.0	8.0	3.0	4.0	1.0	4.0
China	134	43.3	4.3	5.0	10.0	1.0	4.0	3.7	1.0	2.0	8.0
Philippines	155	38.3	3.8	4.0	2.0	3.0	7.0	3.7	1.0	4.0	6.0
Lao PDR	178	31.7	3.2	3.3	6.0	1.0	3.0	3.0	5.0	4.0	0.0
Myanmar	184	26.7	2.7	2.0	3.0	0.0	3.0	3.3	5.0	3.0	2.0
Afghanistan	189	10.0	1.0	1.7	1.0	1.0	3.0	0.3	0.0	0.0	1.0

Note: (\*) An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier

Source: Doing Business 2016: Measuring Regulatory Quality and Efficiency

www.ChartingEconomy.com

### Protecting Minority Investors

This topic measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse. The most recent round of data collection for the project was completed in June 2015.

### Minority Investors in Thailand

Minority investors in Thailand are treated better than those in Australia. Information disclosure is considered in line with the best.

# Total tax rate in Thailand is in line with other ASEAN economies but it still takes a lot of time to deal with

## Paying Taxes rank

Economy	Rank	DTF	Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Profit tax (% of profit)	Labor tax and contributions (% of profit)	Other taxes (% of profit)
Qatar	1	99.4	4.0	41.0	11.3	0.0	11.3	0.0
Hong Kong SAR, China	4	98.7	3.0	74.0	22.8	17.5	5.2	0.1
Singapore	5	96.6	6.0	83.5	18.4	2.0	15.3	1.1
Brunei Darussalam	16	89.6	18.0	89.0	8.7	0.8	7.9	0.0
Korea, Rep.	29	84.5	12.0	188.0	33.2	18.2	13.8	1.2
Malaysia	31	84.3	13.0	118.0	40.0	22.7	16.4	0.9
Australia	42	82.4	11.0	105.0	47.6	26.0	21.1	0.5
Timor-Leste	57	80.0	18.0	276.0	11.2	11.2	0.0	0.0
Thailand	70	77.7	22.0	264.0	27.5	19.5	5.4	2.6
Myanmar	84	74.8	31.0	188.0	31.4	25.3	0.2	5.9
Cambodia	95	73.1	40.0	173.0	21.0	19.5	0.5	1.0
Japan	121	67.2	14.0	330.0	51.3	..	..	..
Philippines	126	66.2	36.0	193.0	42.9	20.3	8.7	13.9
Lao PDR	127	66.1	35.0	362.0	25.3	16.0	5.6	3.7
China	132	64.5	9.0	261.0	67.8	..	..	..
Indonesia	148	60.5	54.0	234.0	29.7	..	..	..
India	157	56.1	33.0	243.0	60.6	..	..	..
Vietnam	168	45.4	30.0	770.0	39.4	14.5	24.8	0.1
Bolivia	189	12.2	42.0	1025.0	83.7	0.0	18.8	64.9

## Paying Taxes

This topic addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as measures the administrative burden in paying taxes. The most recent round of data collection for the project was completed on June 1, 2015 covering for the Paying Taxes indicator calendar year 2014 (January 1, 2014 – December 31, 2014).

## Paying Taxes in Thailand

Total tax rate in Thailand is in line with other ASEAN economies but it still takes a lot of time to deal with.

Note: (\*) An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier

Source: Doing Business 2016: Measuring Regulatory Quality and Efficiency

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# Trading across borders in Thailand is easier than most ASEAN economies

## Trading Across Borders rank

Economy	Rank	DTF	Time to export: Border compliance (hours)	Cost to export: Border compliance (USD)	Time to export: Documentary compliance (hours)	Cost to export: Documentary compliance (USD)	Time to import: Border compliance (hours)	Cost to import: Border compliance (USD)	Time to import: Documentary compliance (hours)	Cost to import: Documentary compliance (USD)
Austria	1	100.0	0.0	0.0	1.0	0.0	0.0	0.0	1.0	0.0
Korea, Rep.	31	92.5	14.0	185.0	1.0	11.0	6.0	315.0	1.0	27.0
Singapore	41	89.4	12.0	335.0	4.0	37.0	35.0	220.0	1.0	37.0
Hong Kong SAR, China	47	87.8	19.0	282.0	1.0	52.0	19.0	266.0	1.0	130.0
Malaysia	49	86.7	20.0	321.0	10.0	45.0	24.0	321.0	10.0	60.0
Japan	52	85.9	48.0	306.0	3.0	15.0	48.0	337.0	3.0	23.0
Thailand	56	84.1	51.0	223.0	11.0	97.0	50.0	233.0	4.0	43.0
Timor-Leste	92	70.4	96.0	350.0	33.0	100.0	96.0	410.0	44.0	100.0
Philippines	95	69.4	42.0	456.0	72.0	53.0	72.0	580.0	96.0	50.0
China	96	69.1	26.0	522.0	21.0	85.0	92.0	777.0	66.0	171.0
Cambodia	98	67.6	45.0	375.0	132.0	100.0	4.0	240.0	132.0	120.0
Vietnam	99	67.2	57.0	309.0	83.0	139.0	64.0	268.0	106.0	183.0
Indonesia	105	64.8	39.0	254.0	72.0	170.0	99.0	383.0	144.0	160.0
Lao PDR	108	64.1	3.0	73.0	216.0	235.0	5.0	153.0	216.0	115.0
Brunei Darussalam	121	60.7	72.0	340.0	168.0	90.0	48.0	395.0	144.0	50.0
India	133	56.5	109.0	413.0	41.0	102.0	287.0	574.0	63.0	145.0
Myanmar	140	55.1	144.0	432.0	144.0	140.0	120.0	367.0	48.0	115.0
Congo, Dem. Rep.	187	1.3	515.0	1323.0	698.0	2500.0	588.0	2089.0	216.0	875.0

### Trading Across Borders

Doing Business records the time and cost associated with the logistical process of exporting and importing goods. Under the new methodology introduced this year, Doing Business measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods. The most recent round of data collection for the project was completed in June 2015.

### Trading Across Borders in Thailand

Trading across borders in Thailand is easier than most ASEAN economies.

Note: (\*) An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier

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# Enforcing contracts in Thailand takes a long time with low quality of judicial processes

## Enforcing Contracts rank

Economy	Rank	DTF	Time (days)	Cost (% of claim)	Quality of judicial processes index (0-18)
Singapore	1	84.9	150.0	25.8	16
Korea, Rep.	2	84.8	230.0	10.3	14
Australia	4	79.7	395.0	21.8	16
China	7	77.6	452.8	16.2	14
Hong Kong SAR, China	22	72.6	360.0	21.2	11
Malaysia	44	66.6	425.0	37.3	12
Japan	51	65.3	360.0	23.4	8
Thailand	57	62.7	440.0	19.5	7
Vietnam	74	60.2	400.0	29.0	7
Lao PDR	92	58.1	443.0	31.6	7
Brunei Darussalam	113	54.5	540.0	36.6	7
Philippines	140	49.2	842.0	31.0	8
Indonesia	170	35.4	471.0	115.7	6
Cambodia	174	34.5	483.0	103.4	6
India	178	32.4	1420.0	39.6	8
Myanmar	187	24.5	1160.0	51.5	3
Bangladesh	188	22.2	1442.0	66.8	8
Timor-Leste	189	6.1	1285.0	163.2	3

### Enforcing Contracts

The enforcing contracts indicator measures the time and cost for resolving a commercial dispute through a local first-instance court. In addition, this year it introduces a new measure, the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the commercial court system. The most recent round of data collection was completed in June 2015.

### Enforcing Contracts in Thailand

Enforcing contracts in Thailand takes a long time with low quality of judicial processes.

# Resolving insolvency in Thailand takes a long time and less than half is recovered

## Resolving Insolvency rank

Economy	Rank	DTF	Recovery rate (cents on the dollar)	Time (years)	Cost (% of estate)	Outcome (0 as piecemeal sale and 1 as going concern)	Strength of insolvency framework index (0-16)	Commencement of proceedings index (0-3)	Management of debtor's assets index (0-6)	Reorganization proceedings index (0-3)	Creditor participation index (0-4)
Finland	1	93.8	90.1	0.9	3.5	1.0	14.5	3.0	6.0	2.5	3.0
Japan	2	93.8	92.9	0.6	3.5	..	14.0	..	..	..	..
Korea, Rep.	4	90.3	83.6	1.5	3.5	1.0	14.5	2.5	6.0	3.0	3.0
Australia	14	81.7	82.1	1.0	8.0	1.0	12.0	2.5	6.0	0.5	3.0
Hong Kong SAR	26	75.1	87.2	0.8	5.0	1.0	9.0	3.0	3.0	1.0	2.0
Singapore	27	74.8	89.7	0.8	3.0	1.0	8.5	3.0	4.0	0.5	1.0
Malaysia	45	62.5	81.3	1.0	10.0	1.0	6.0	2.0	2.0	0.0	2.0
Thailand	49	58.8	42.5	2.7	36.0	1.0	11.5	2.0	4.0	2.5	3.0
Philippines	53	56.8	21.4	2.7	32.0	0.0	14.5	3.0	5.5	3.0	3.0
China	55	55.4	36.2	1.7	22.0	..	11.5	..	..	..	..
Indonesia	77	46.5	31.2	1.9	21.6	..	9.5	..	..	..	..
Cambodia	82	45.1	8.3	6.0	28.0	0.0	13.0	3.0	4.0	3.0	3.0
Brunei Darussalam	98	41.1	47.2	2.5	3.5	0.0	5.0	2.0	2.0	0.0	1.0
Vietnam	123	35.8	20.1	5.0	14.5	0.0	8.0	3.0	3.0	2.0	0.0
India	136	32.6	25.7	4.3	9.0	..	6.0	..	..	..	..
Myanmar	162	20.4	14.7	5.0	18.0	0.0	4.0	2.0	2.0	0.0	0.0
Liberia	168	4.5	8.4	3.0	42.5	0.0	0.0	0.0	0.0	0.0	0.0
Lao PDR	189	0.0	0.0	no practice	no practice	no practice	0.0	2.0	2.0	0.5	0.0
Timor-Leste	189	0.0	0.0	no practice	no practice	no practice	0.0	2.5	6.0	1.0	2.0

### Resolving Insolvency

This topic identifies weaknesses in existing insolvency law and the main procedural and administrative bottlenecks in the insolvency process. The most recent round of data collection for the project was completed in June 2015.

### Resolving Insolvency in Thailand

Resolving insolvency in Thailand takes a long time and less than half is recovered.

Note: (\*) An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier

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