

Thailand: Brief Profile

March 2009

Domestic Economy

- Real GDP growth rate decreased to an estimated 3.0% in 2008 as compared to 4.9% in 2007, due to weakening of private consumption demand.
- In absolute terms, GDP amounted to an estimated US\$ 278 bn in 2008, while the GDP per capita was US\$ 4,149.
- Consumer price inflation increased to 5.5% in 2008, as compared to 2.2% in 2007, mainly on account of higher food and oil prices prevailed during the first half of 2008.
- The services sector dominates the economy, contributing 46% of GDP in 2007 (as per latest data available). Industry was the other major sector contributing 45% to GDP in the same year, while Agriculture accounted for 9.0% of GDP in the same year.
- Thailand's leading industries are food processing, textiles & garments, computers & electronics, footwear, plastic products, toy making and the automotive sector.

Trade and External Sector

- Thailand's exports amounted to an estimated US\$ 175.1 bn in 2008, an increase of 167% over the previous year's total of US\$ 150 bn. Exports growth was mainly led by impressive growth in exports of high technology manufactures, and textiles & garments.
- Imports stood at an estimated US\$ 157.4 bn in 2008, recording an increase of 26.4% over the previous year's US\$ 124.5 bn. This was

primarily due to higher prices of crude oil during the first half of 2008.

- Thailand's trade surplus decreased in 2008 to an estimated US\$ 17.7 bn as compared to US\$ 25.5 bn in 2007, due to higher growth in imports.
- Thailand's principal exports in 2007 (as per the latest data available) were machinery & mechanical appliances (US\$ 23.5 bn), electrical apparatus for circuits (US\$ 15.7 bn), electrical appliances (US\$ 11.4 bn) and vehicle parts & accessories (US\$ 12.8 bn).
- Fuel & lubricants dominated imports in 2007 (as per the latest data available) accounting for 18% of total imports in the year at US\$ 25.5 bn. Other major imports in 2007 were mineral & metal products (US\$ 20.2 bn), and electronic parts (US\$ 15.8 bn).
- The US was the major destination of exports, accounting for 12.6% of Thailand's total exports in 2007 (as per the latest data available). Other important destinations of exports in the same year were Japan (11.9%), China (9.7%) and Singapore (6.3%). In recent years, ASEAN, Australia, New Zealand, China and the EU are growing as significant export destinations for Thailand.
- Japan was the main origin of Thailand's imports, accounting for 20.3% of total imports in 2007 (as per the latest data available). Other important origins of imports in the same year were China (11.6%), the US (6.8%) and Malaysia (6.2%). Middle East is the main source of Thailand's fuel imports, while Myanmar is a major source of natural gas.

- Current account surplus decreased sharply to an estimated US\$ 0.2 bn in 2008 from US\$ 15.8 bn in the previous year, mainly due to increase in services deficit and decrease in trade surplus.

Currency, Foreign Exchange Reserves & External Debt

- Total international reserves increased to an estimated US\$ 111 bn in 2008 from US\$ 87.4 bn in 2007. Reserves represented an import cover of 8.5 months in the same year.
- External debt increased to an estimated US\$ 60.4 bn in 2008 from US\$ 56.1 bn in 2007.
- The currency of Thailand is the Baht. The exchange rate was appreciated to an estimated Bt 33.30: US\$1 in 2008 from Bt 34.50: US\$ 1 in 2007. The appreciation in Baht is attributed mainly to high levels of capital flowing into the country.

Country Risk Ratings

- *Euromoney*, in its September 2008 risk rankings of 186 countries, placed Thailand at 61, which is a fall of four places compared to its previous ranking of March 2008. India was placed at 56.
- *Institutional Investor's* ranking of 177 countries in September 2008 placed Thailand at 57th position, which is a fall of three places from its previous ranking in March 2008. India was placed at 54.
- *Export Credit Guarantee Corporation of India Ltd. (ECGC)*, rates countries according to an increasing order of risk in seven groups, A1, A2, B1, B2, C1, C2 and D. In its December 2008 ratings, it placed Thailand in Group B1.

Bilateral Trade Relations with India

- India's exports to Thailand stood at US\$ 1.8 bn in 2007-08, which is an increase of 28.6% over the previous year's US\$ 1.4 bn.
- India's imports from Thailand increased by 35.3% from US\$ 1.7 bn in 2006-07 to US\$ 2.3 bn in 2007-08. This was on account of a substantial rise in imports of electronic goods, non-electrical machinery, and iron & steel.
- India's trade deficit with Thailand of US\$ 301 mn in 2006-07 widened to US\$ 494.2 mn in 2007-08.
- India's main exports to Thailand during 2007-08 were gems and jewellery (US\$ 390.5 mn), non-ferrous metals (US\$ 199.3 mn), petroleum products (US\$ 171.7 mn), oil meals (US\$ 152.9 mn), primary & semi-finished iron & steel (US\$ 131.9 mn), machinery & instruments (US\$ 109.8 mn) and pharmaceutical products (US\$ 85.1 mn).
- India's main imports from Thailand during 2007-08 were electronic goods (US\$ 376.2 mn), non-electrical machinery (US\$ 367.9 mn), iron and steel (US\$ 249.1 mn), artificial resins & plastic (US\$ 229.1 mn), non-ferrous metal (US\$ 122.4 mn), natural rubber (US\$ 77.9 mn) and electrical machinery (US\$ 77.7 mn).

Macroeconomic Outlook

- Owing to the dismal outlook for the world economy, Thailand's economy is expected to contract by 1.8% in 2009. However, a modest pick-up is expected in 2010, with GDP growth reaching 2.2%.

- Based on the expected contraction in economy and fall in global prices for crude oil and non-oil commodities, inflation in Thailand is expected to experience mild deflation in 2009.
- The baht is expected to remain on a downward trend against the dollar this year and next, falling to an annual average of Bt 36.5: US\$ 1 in 2009 and Bt 37.1: US\$ 1 in 2010. This reflects the contracting economy, the persistent current-account deficit, net outflows of portfolio investment funds and a general lack of confidence owing to the unstable political situation.
- The current account is expected to remain in deficit during 2009-10 as merchandise trade surpluses are offset by deficits on the services and income accounts.

Thailand: Economic Structure

Economic Indicators	2004	2005	2006	2007	2008^b
GDP (US\$ bn)	161.3	176.4	207.0	246.1	278.0
GDP at market prices (Bt bn)	6,489	7,093	7,841	8,493	9,256
Real GDP growth (%)	6.3	4.6	5.2	4.9	3.0
Consumer price inflation (avg %)	2.8	4.5	4.6	2.2	5.5
Population (mn)	65.1	65.5	66.0	66.5	67.0
Merchandise exports fob (US\$ bn)	95.0	109.4	127.9	150.0	175.1
Merchandise imports fob (US\$ bn)	84.2	106.0	114.1	124.5	157.4
Current-account balance (US\$ bn)	2.7	7.6	2.1	15.8	0.2
Total international reserves (US\$ bn)	49.8	52.1	67.0	87.4	111.0
Total external debt (US\$ bn)	51.3	51.6	55.2	56.1	60.4
Average exchange rate Bt : US\$ Currency of Thailand is Baht (Bt)	40.22	40.22	37.87	34.50	33.30

^b Estimates

Source: EIU Country Reports.