



Kingdom of the Netherlands

# 2022H1 Economic Review THAILAND

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# Thailand's Economic Development in Brief



## First Half 2022



The economy expanded 2.4% y-o-y, supported by goods exports, private consumption and recovering tourism.

- The easing of COVID-19 control measures enabled the economic activities and spending to return to normal level.
- The country's reopening to foreign visitors since Nov 2021 and relaxation of international travel restrictions in several key countries contributed favourably to the services sector.
- Overall investment dropped slightly due to a decline from the government, effecting also the construction sector.

Economic fundamentals remained sound: high reserves, low external debts and reasonable public debt.

NL-TH merchandise trade up 4.5% to EUR 2.4 billion.



NL exported to TH up 13.7% to EUR 588 million.



NL imported from TH up 1.8% to EUR 1.8 billion.

NL



EU's source of foreign direct investment in Thailand & EU's destination for Thai direct investment abroad

## Outlook

Projected to grow 2.7-3.2% in 2022.



Supported by continual expansion of export of goods, the recovery of tourism sector, and the improvement in domestic demand.

However, a lot of uncertainties remain both domestic and external factors.



### Risks and constraints

- Geopolitical conflicts – prolonged war in Ukraine and tensions between the US and China (re: Taiwan)
- Volatilities in global economy and financial system
- Slowdown in the Chinese economy
- High inflation derived from soaring energy
- Relatively hefty household debt and increasing liabilities of companies
- Uncertainties in COVID-19 and Monkeypox situation
- Domestic political disturbance
- Flooding





# Thai Economy

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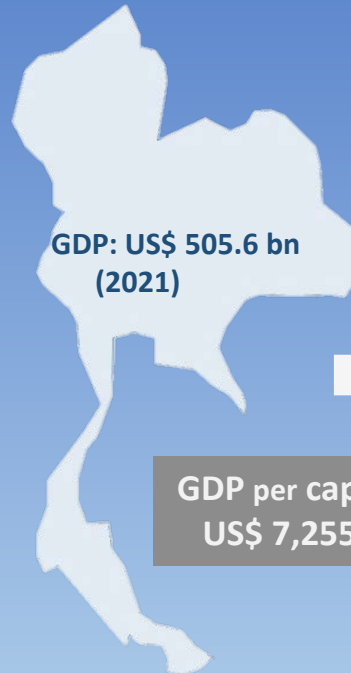
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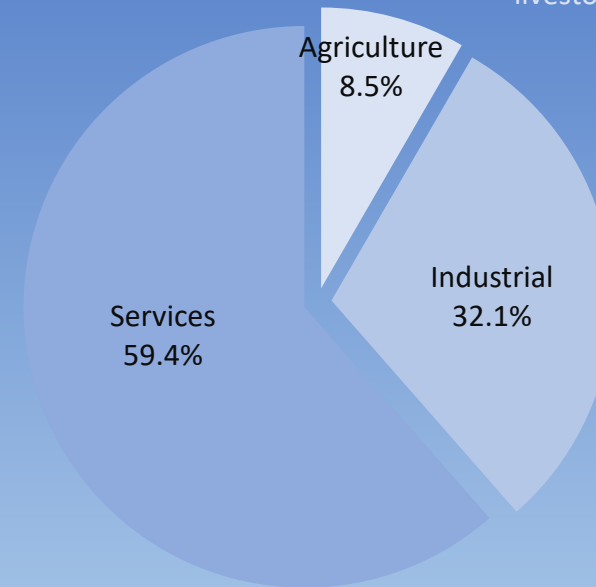
# Thailand's Economy: Country Overview

## GDP composition by end use

52.5% Household consumption	18.3% Government consumption
23.8% Investment in fixed capital	5.6 Investment in inventories
58.8% Exports of goods (53.8%) and services (4.9%)	-59.0% Imports of goods (45.9%) and services (13.1%)



## GDP by sector



Principal products: paddy, rubber, sugar cane, oil palm, tapioca, and tropical fruits, livestock, fisheries and aquaculture

### Key manufacturing industries

- Food and Beverages
- Computer and electronics
- Chemicals
- Petroleum products
- Automotive and parts

Financial & Insurance, Wholesale & Retail, Transport & Storage, Construction Information & Communication, Accommodation & Food Service

<b>Area:</b>	514,000 km <sup>2</sup> (15 times > The Netherlands) Coastline 3,219 km
<b>Population:</b>	66.2 million (2021)
<b>Labour force:</b>	38.7 million, unemployment 1.9% (2021) (33.24% Ag, 15.4% Industrial, 51.36% Services)

<b>Ease of Doing Business:</b> (discontinued)	21/190 (2020), 27/190 (2019), 26/190 (2018)
<b>WEF Global Competitiveness Index:</b>	40/141 (2019), 38*/140 (2018), 32/137 (2017-18)
<b>IMD World Competitiveness:</b>	28/64 (2021), 29/63 (2020), 25/63 (2019)
<b>IMD World Digital Competitiveness:</b>	38/64 (2021), 39/63 (2020), 40/63 (2019)
<b>Corruption Perceptions Index:</b>	Rank 110/180, score 35/100 (2021)

\* The 2018 edition introduces new Index 4.0 incl. a set of drivers of productivity and long-term growth. TH's rank of 38 reflects an increase of 2 places.

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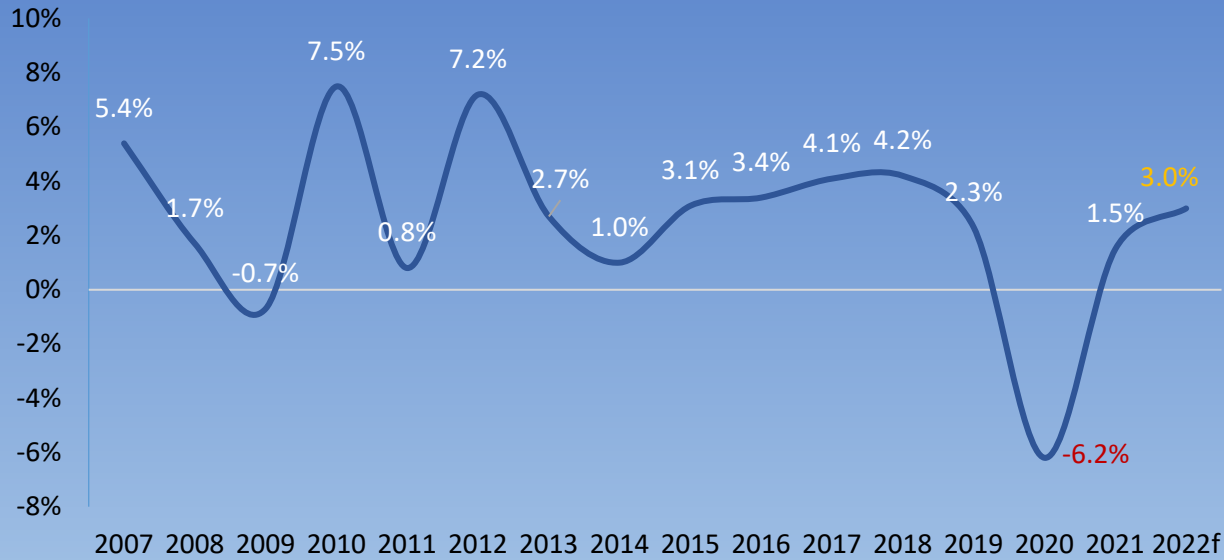
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# Thailand's Economy: GDP growth



Source: The Office of National Economic and Social Development Council



- The Thai economy in Q2/2022 expanded by 2.5% y-o-y, accelerating from a 2.3% growth in the previous quarter. After seasonal adjustment, the economy increased by 0.7% from the first quarter.
- **For the first half of 2022, the economy grew by 2.4%** contributed by strong export of goods, accelerating private consumption and recovering tourism sector. However, investment particularly from the government declined.
- The economy is projected to expand in the range of 2.7-3.2% in 2022, supported by the improvement in domestic demand, the recovery of tourism sector, and the continual expansion of export of goods.

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## Thailand's Economy: GDP production side

Growth (% in real term)	2020	2021	2021					2022		
			H1	Q1	Q2	Q3	Q4	H1	Q1	Q2
Agriculture	-3.5	1.4	1.5	1.0	2.1	2.2	-0.6	4.6	4.7	4.4
Non-agriculture	-6.5	1.6	2.3	-2.6	8.3	-0.3	2.0	2.2	2.1	2.3
- Manufacturing	-5.6	4.9	8.3	1.1	17.0	-0.9	3.8	0.7	2.0	-0.5
- Services	-6.7	0.7	0.3	-3.8	5.3	0.3	1.7	3.7	2.9	4.6
GDP	-6.2	1.6	2.3	-2.4	7.7	-0.2	1.9	2.4	2.3	2.5

Source: The Office of National Economic and Social Development Council

- Agriculture sector expanded due to favorable weather conditions and sufficient water supply. The higher yields of crops included paddy, sugarcane, soybean, maize and fruits. Livestock production declined while fisheries continued to increase.
- Manufacturing contracted by 0.5% in Q2 due to a slowdown in the capital and technology industry, light industry, as well as raw material production such as chemicals, metal, minerals, rubber, paper and plastics. The decline was mainly from external demand.
- Services accelerated in almost all areas, thanks to the ease of COVID-19 restrictions. Accommodation and food services strongly rebounded propelled by significant increase in the number of foreign tourist arrivals in Q2.

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## Thailand's Economy: GDP Expenditure side

Growth (% in real terms)	2020	2021	2021					2022		
			H1	Q1	Q2	Q3	Q4	H1	Q1	Q2
Private Consumption	-1.0	0.3	2.1	-0.3	4.7	-3.2	0.4	3.5	3.5	6.9
Government Consumption	1.4	3.2	1.6	2.2	1.0	1.5	8.1	7.2	7.2	2.4
Investment	-4.8	3.4	7.4	7.3	7.4	-0.4	-0.2	-0.1	0.8	-1.0
- Private	-8.2	3.2	5.9	3.1	9.2	2.6	-0.9	2.6	2.9	2.3
- Public	5.1	3.8	11.0	19.8	3.4	-6.2	1.7	-6.8	-4.7	-9.0
Exports of goods and services	-19.7	10.4	6.0	-10.3	28.4	12.3	17.6	10.2	12.1	8.5
- Goods	-5.8	14.9	15.6	2.9	30.8	12.0	16.6	7.3	10.2	4.6
- Services	-61.3	-23.1	-45.2	-62.3	4.8	14.7	28.8	43.2	32.5	54.3
Imports of goods and services	-14.1	17.9	13.3	1.0	28.7	29.5	16.4	7.6	6.2	9.1
- Goods	-10.6	18.3	16.0	4.6	29.9	28.0	14.0	5.7	4.2	7.1
- Services	-27.8	16.0	1.9	-13.4	23.6	37.1	28.1	15.2	13.7	16.8

Source: The Office of National Economic and Social Development Council

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## Thailand's Economy: Economic stability

Indicators	2020	2021	2021				2022	
			Q1	Q2	Q3	Q4	Q1	Q2
<b>Internal Stability</b>								
Headline inflation (% y-o-y)	-0.9	1.2	-0.5	2.4	0.7	2.4	4.7	6.5
Core inflation (%y-o-y)	0.3	0.2	0.1	0.4	0.1	0.3	1.4	2.3
Unemployment rate (%)	1.7	1.9	2.0	1.9	2.3	1.6	1.5	1.4
Public debt to GDP (%)	51.8	59.6	54.5	55.5	58.4	59.6	60.6	60.9
<b>External Stability</b>								
Current account balance (billion \$)	21.2	-10.6	-1.2	-2.5	-5.2	-1.7	-1.6	-7.1
International reserves (billion \$)	258.1	246.0	245.5	246.5	244.7	246.0	242.4	222.3
International reserves to short-term external debt (%)	298.0	274.8	283.7	292.4	284.7	274.8	268.3	N/A

Source: Ministry of Finance, The Bank of Thailand, Office of National Economic and Social Development Council

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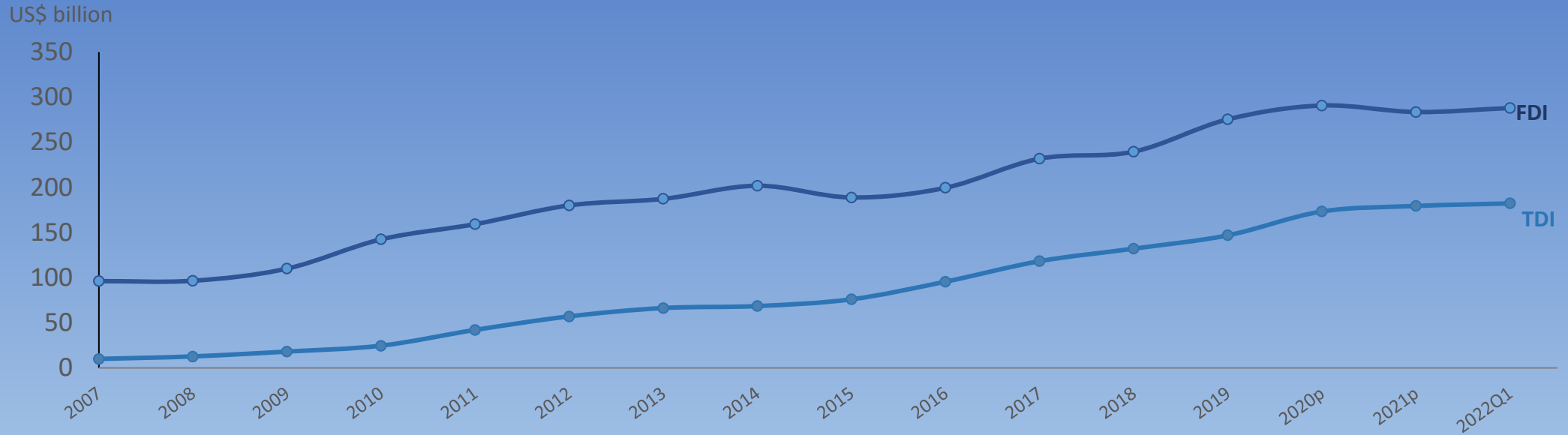


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# Thailand's Economy: International Investment Position



Source: The Bank of Thailand, updated June 2022

- **Accumulated Foreign Direct Investment in Thailand was US\$288.0 billion at the end of Q1/2022**, increasing from US\$283.6 billion at the end of 2021.
  - The Netherlands is the biggest EU source of FDI in Thailand (US\$ 17.0 billion) and currently no. 5 globally (following Japan, Singapore, Hong Kong, and the U.S).
- **Accumulated Thai Direct Investment Overseas was US\$182.4 billion at the end of Q1/2022**, increasing from US\$179.6 billion at the end of 2021.
  - The Netherlands remains no.1 EU destination for TDI (US\$ 17.2 billion) and 3<sup>rd</sup> globally (after HK and Singapore).

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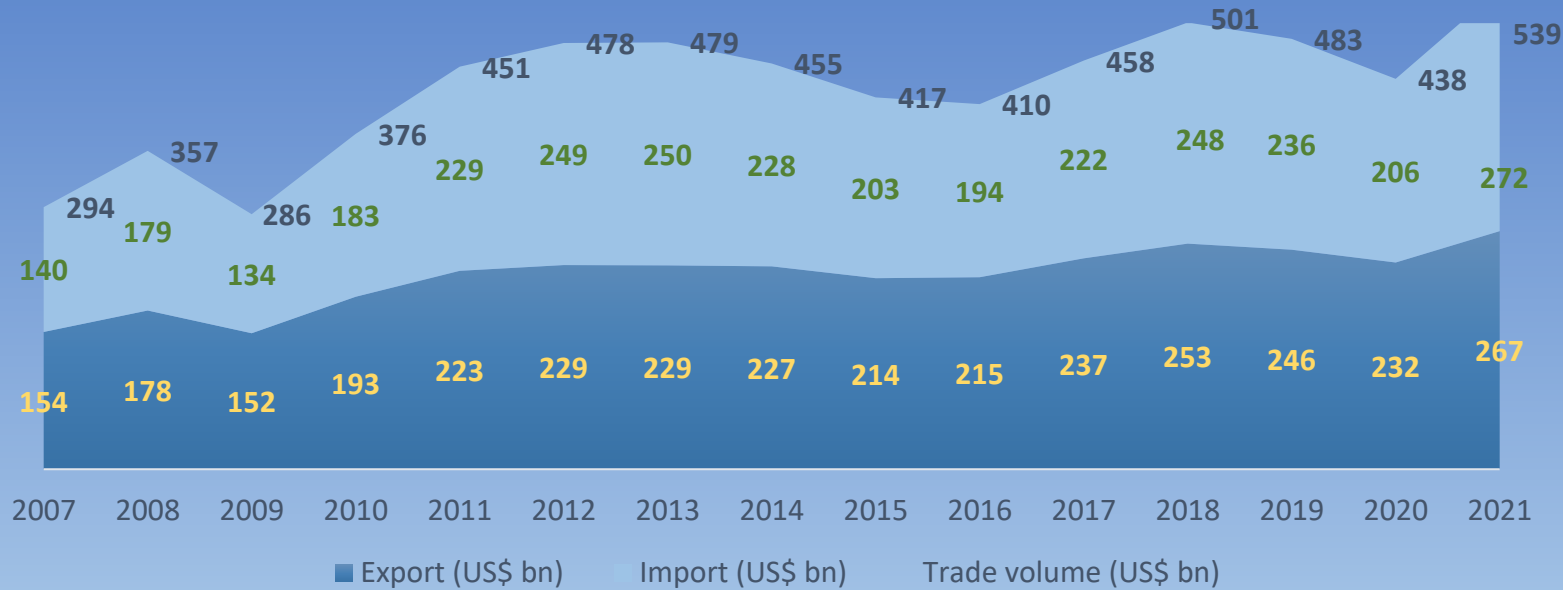
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# Thailand's Economy: Merchandise Trade



Source: Ministry of Commerce (Customs basis)

Value	2020			2021			2022		
	(US\$ bn)	H1	Q1	Q2	H1	Q1	Q2	H1	Q1
<b>Export</b>	<b>114.5</b>	62.8	51.7	<b>132.4</b>	64.1	68.2	<b>149.2</b>	73.6	75.6
<b>Import</b>	<b>103.0</b>	58.2	44.8	<b>128.5</b>	63.0	65.6	<b>155.4</b>	74.6	80.9
<b>Trade</b>	<b>217.5</b>	121.0	96.5	<b>260.9</b>	127.1	133.8	<b>304.6</b>	148.1	156.5

Thailand's merchandise trade in the first half of 2022 grew by 16.8% in US\$ terms from the same period of 2021.

- Export value expanded by 12.7% attributed by the global economic recovery in key trading partners and a depreciating baht.
- Imports increased more by 21.0% as demand for raw materials & intermediate goods grew in line with exports and gradually improving domestic demand.

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## Thailand's Economy: Top Export Destinations & Items

### Top 5 export destinations – H1/2022 (US\$ billion)

No.	Country	Amount (share/growth)
1	ASEAN (9)	31.7 (23.9% / 11.2%)
2	USA	24.0 (16.1% / 40.8%)
3	China	18.5 (12.4% / 1.4%)
4	Japan	12.7 (8.5% / 1.7%)
5	<b>EU (excl. UK)</b>	<b>10.8 (7.7% / 6.2%)</b>

### Top 5 export items – H1/2022 (US\$ billion)

No.	Product	Amount (share/growth)
1	Cars, parts and accessories	13.6 (0.1% / -8.9%)
2	Computers and parts	10.5 (7.1% / 0.6%)
3	Precious stones and jewelry	8.7 (5.9% / 94.5%)
4	Rubber products	7.3 (4.9% / -4.4%)
5	Polymers in primary forms	6.0 (4.0% / 11.7%)

Source: Ministry of Commerce

Bilaterally, NL is Thailand's 14<sup>th</sup> largest export destination in the world (1.9% of TH total exports) and no.1 in Europe.

Thai major exports to the EU are computers & parts (growth -15.5%), precious stones & jewelry (29.2%), air conditioning & parts (-9.9%), rubber products (-12.2%), and electronic integrated circuits (26.1%).

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## Thailand's Economy: Top Import Suppliers & Items

### Top 5 import supplier – H1/2022 (US\$ billion)

No.	Country	Amount (share/growth)
1	China	36.0 (23.2% / 45.2%)
2	ASEAN	27.5 (17.7% / 46.6%)
3	Japan	17.8 (11.4% / 1.7%)
4	<b>EU (excl. UK)</b>	<b>9.3 (6.0% / 5.6%)</b>
5	USA	8.8 (5.7% / 17.3%)

### Top 5 import items – H1/2022 (US\$ billion)

No.	Product	Amount (share/growth)
1	Crude oil	20.8 (13.4%, 101.9%)
2	Chemicals	11.0 (7.1%, 10.7%)
3	Machinery and parts	10.6 (6.8%, 2.5%)
4	Electrical machinery and parts	10.1 (6.5%, 8.5%)
5	Electronic integrated circuits	9.3 (6.0%, 31.8%)

Source: Ministry of Commerce

Bilaterally, NL ranked 36<sup>th</sup> in the world as a supplier to Thailand, accounting for 0.4% of TH total imports.

Thai principal imports from the EU are machinery & parts (growth -1.9%), medicinal & pharmaceutical products (61.3%), chemicals (0.1%), electrical machinery & parts (3.3%), and car parts (-35.5%).

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# Bilateral Trade & Investment

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## The Netherlands' Trade with ASEAN (million euro)

Country	Brunei	Cambodia	Indonesia	Laos	Malaysia (3)	Myanmar	Philippines	Singapore (1)	Thailand (4)	Vietnam (2)
2020	36	401	3,194	22	8,302	272	1,867	6,834	4,143	7,028
2021*	37	373	4,079	29	7,780	255	2,516	7,368	4,726	7,116
2021H1*	25	155	1,884	9	3,730	93	1,163	3,407	2,304	3,617
2022H1*	11	253	2,343	18	3,188	158	1,509	3,509	2,407	3,293
% change 2021H1-22H1	-56.0	63.2	24.4	100.0	-14.5	69.9	29.8	3.0	4.5	-9.0

Source: CBS, \*provisional figures

- Thailand is the Netherlands' 4<sup>th</sup> largest trading partner in ASEAN, replacing Indonesia since 2017.
- In the first half of 2022, total trade (export + import) between the Netherlands and Thailand was 2.4 billion euros, increasing 4.5% from the same period of 2021.

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## Exports from the Netherlands to ASEAN (million euro)

Country	Brunei	Cambodia	Indonesia (4)	Laos	Malaysia (3)	Myanmar	Philippines	Singapore (1)	Thailand (2)	Vietnam
2020	26	31	691	6	1,048	59	527	2,693	952	950
2021	32	37	861	9	1,008	31	653	3,110	1,041	953
2021H1*	23	15	370	2	532	18	298	1,564	517	540
2022H1*	8	23	452	5	530	11	332	1,590	588	398
% change 2021H1-22H1	-65.2	53.3	22.2	150.0	-0.4	-38.9	11.4	1.7	13.7	-26.3

Source: CBS, \*provisional figures

- Thailand is the 2<sup>nd</sup> largest destination of Dutch exports to ASEAN, overtaking Malaysia in 2021.
- In the first half of 2022, export value from the Netherlands to Thailand was 588 million euros, increasing 13.7% from the same period of 2021.

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## The Netherlands' imports from ASEAN (million euro)

Country	Brunei	Cambodia	Indonesia	Laos	Malaysia (2)	Myanmar	Philippines	Singapore (3)	Thailand (4)	Vietnam (1)
2020	10	370	2,503	16	7,254	213	1,340	4,141	3,191	6,078
2021*	5	336	3,218	20	6,772	224	1,843	4,258	3,685	6,163
2021H1*	2	140	1,514	7	3,198	75	865	1,843	1,787	3,077
2022H1*	3	230	1,891	13	2,658	147	1,177	1,919	1,819	2,895
% change 2021H1-22H1	50.0	64.3	24.9	85.7	-16.9	96.0	36.1	4.1	1.8	-5.9

Source: CBS, \*provisional figures

- Thailand is the Netherlands' 4<sup>th</sup> largest import source in ASEAN.
- In the first half of 2022, import value from Thailand into the Netherlands was 1.8 billion euros, increasing 1.8% from the same period of 2021.

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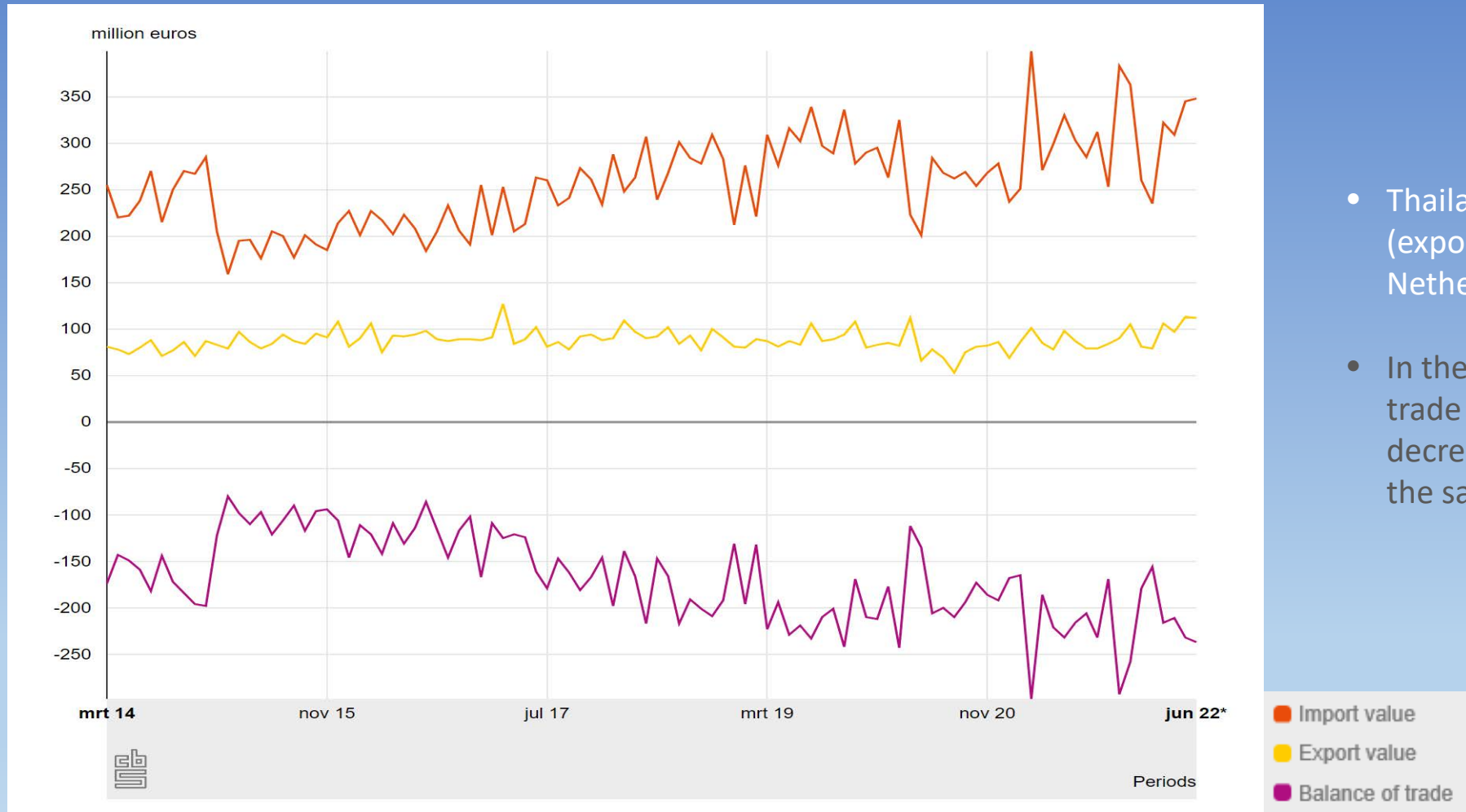


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# Bilateral NL-Thai Trade



- Thailand always has a trade surplus (exports > imports) over the Netherlands.
- In the first half of 2022, Thailand's trade surplus was 1.2 billion euros, decreasing from 1.3 billion euros in the same period of 2021.

Source: CBS, provisional figures

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### Thailand's top import items from the Netherlands

No.	Products	Value (M US\$)	Share (%)	Growth (%)
1	Machinery and parts	109.33	19.5	27.3
2	Electronic integrated circuits	102.14	18.2	30.7
3	Chemicals	85.36	15.2	26.4
4	Medicinal and pharmaceutical products	43.22	7.7	-1.7
5	Scientific, medical, testing appliances and instruments	20.50	3.7	30.9
6	Animals and animal products	20.49	3.7	75.0
7	Electrical machinery and parts	16.14	2.9	5.5
8	Other metal ores, metal waste scrap, and products	14.63	2.6	-50.9
9	Other raw materials and semifinished products	14.13	2.5	-17.8
10	Other food products	13.98	2.5	-24.1

### Thailand's top export items to the Netherlands

No.	Products	Value (M US\$)	Share (%)	Growth (%)
1	Automatic data processing machines and parts	768.49	27.0	-3.1
2	Teleprinters, telephone sets and parts	177.00	6.2	171.6
3	Electronic integrated circuits	158.33	5.6	88.2
4	Other electrical equipment and parts	138.86	4.9	4.3
5	Prepared poultry	113.77	4.0	57.2
6	Lenses	111.97	3.9	3.6
7	Chemical products	93.95	3.3	99.1
8	Electrical transformers and parts	93.30	3.3	-25.8
9	Machinery and parts	92.27	3.2	-1.7
10	Rubber products	86.72	3.0	-31.7

Source: Ministry of Commerce

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## Dutch companies and investors Thailand



- Based on the Bank of Thailand's statistics, accumulated direct investment from the Netherlands in Thailand stood at US\$17.1 billion (or 5.9% of total FDI in Thailand) at the end of Q1/2022, representing over half (55.1%) from the EU (excluding the UK) and no. 5 globally (after Japan, Singapore, Hong Kong, and the U.S).

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## Thai investors in the Netherlands



- Based on the Bank of Thailand's statistics, the Netherlands is no.1 EU destination and no.3 globally for Thai Direct Investment (TDI) abroad (after Hong Kong and Singapore), with accumulated investment of US\$17.2 billion at the end of Q1/2022, accounting for 9.4% of total TDI abroad and 71.0% of TDI to the EU (excluding the UK).

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# Embassy Business Support Services

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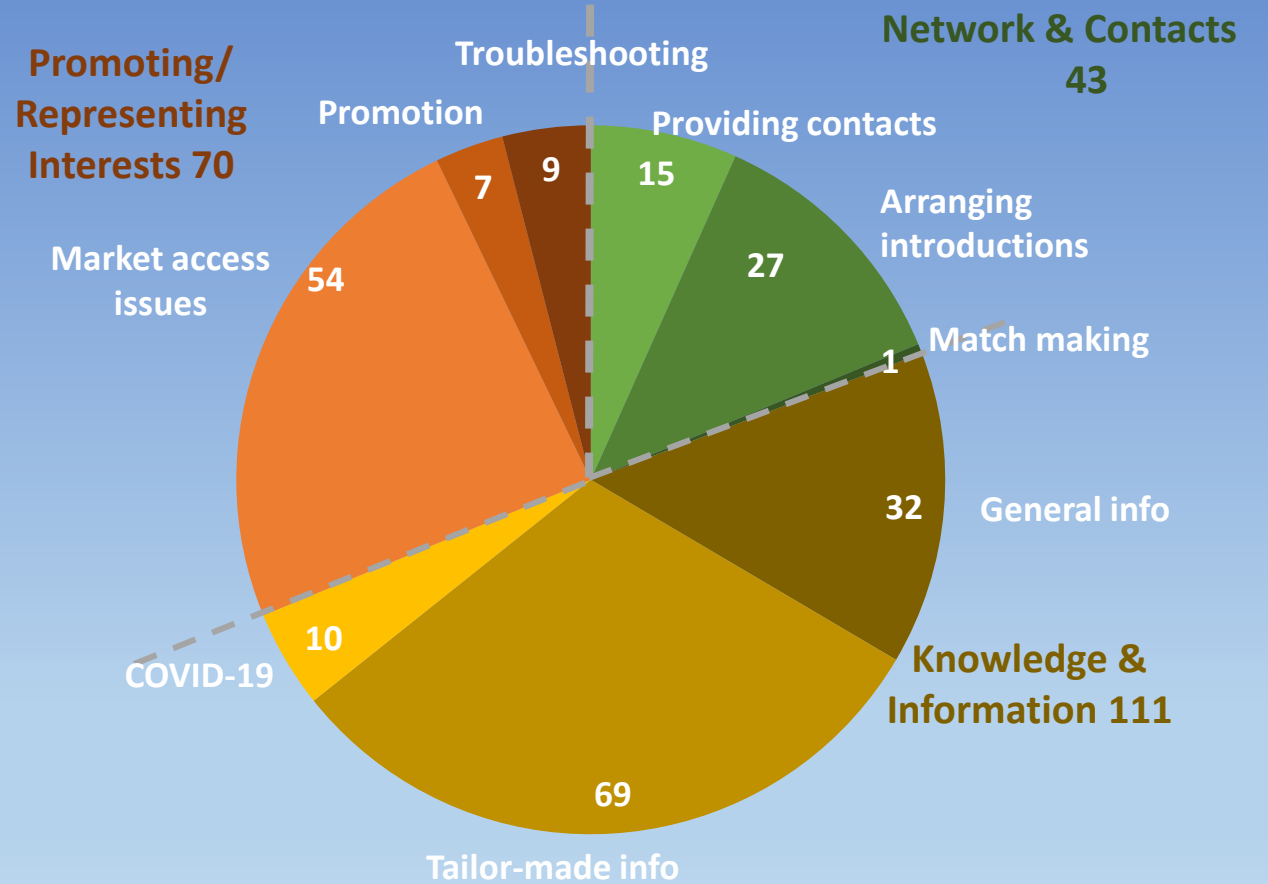


## Business Support Services by the Embassy: H1/2022

Despite the COVID-19 pandemic, the embassy continued providing business support:



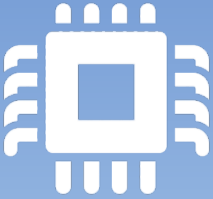


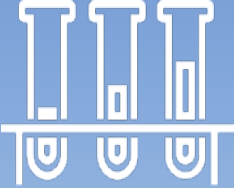




- **Completed 224 trade requests**
- **Organized/Co-organized 15 events**  
(physical, hybrid, virtual) such as
  - ❖ Fighting Plastic Pollution in Thailand (hybrid)
  - ❖ Signing ceremony: MoU on Ship design and Ship building
  - ❖ TH-NL Future Food Forum
  - ❖ NL Pavilion & Sessions at Horti Asia & Agritechnica
  - ❖ Webinar on animal-based protein
  - ❖ Incoming mission: NFIA Roadshow Thailand
- **Publication/Intelligence include:**
  - ❖ Thailand Economic Review 2021 and outlook for 2022
  - ❖ Articles in NTCC Commerce Magazine

Trade requests by service types





## Business Support Services by the Embassy: Trade requests by topsectors

Period	Total	Agri-Food 	Horticulture 	HTSM 	Creative 	LSH 	Chemistry 	Energy 	Water & Maritime 	Logistics 	Others* 
2019	725	320	22	48	33	50	20	19	29	15	169
2020	418	196	10	37	9	27	5	10	18	11	95
2021	507	262	40	66	10	23	10	7	51	9	29
2022H1	224	85	5	10	4	8	10	11	25	2	64*

\*Others such as Environment (17), Services (14), Government (7), ICT (6), Consumer goods (6), Tourism and sport (5), Construction & Infrastructure (3), Others (3), Wholesales & Retails (2), and Forestry and Wood (1).

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## Contact us

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Sources: The Office of the National Economic and Social Development Council (NESDC), The Bank of Thailand (BOT), Ministry of Finance (MOF), Ministry of Commerce (MOC), Centraal Bureau voor de Statistiek (CBS)

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