

THAILAND

Table 1 2023

Population, million	71.8
GDP, current US\$ billion	514.9
GDP per capita, current US\$	7171.8
Upper middle-income poverty rate (\$6.85) ^a	12.2
Gini index ^a	35.1
School enrollment, primary (% gross) ^b	101.6
Life expectancy at birth, years ^b	78.7
Total GHG emissions (mtCO2e)	480.2

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2021), 2017 PPPs.
b/ WDI for School enrollment (2022); Life expectancy (2021).

Thailand's economic recovery lagged further behind ASEAN peers as growth disappointed at 1.9 percent in 2023. Growth was hampered by a weak external sector and delayed budget approval. Inflation remained negative for the third consecutive month due to falling energy and food prices as well as energy subsidies. While private consumption and tourism are expected to support the recovery, the outlook for 2024 is weaker than previously projected due to dimmer export and public investment prospects.

Key conditions and challenges

Thailand's recovery diverged further from peers such as Malaysia and the Philippines due to external and internal challenges. Weak external demand weighed on manufacturing while the delayed budget caused public investment to slow. The economy is expected to pick up in 2024, bolstered by private consumption and tourism recovery, with upside risks to domestic demand if the Digital Wallet program (THB 10,000 or USD 286 transfer to 50 million Thais) is rolled out. The measure has the potential to boost growth but will increase the public debt.

Fiscal responses to high energy prices have slightly slowed the path toward consolidation but supported the recovery. Headline inflation remained the lowest in ASEAN in part due to continued energy subsidies and lower global energy prices.

In the medium term, the country is facing the challenge of addressing the rising spending needs associated with aging, environmental degradation, climate change, and the need to rebuild the policy buffers to prepare for future shocks. substantial potential lies in implementing structural reforms and mobilizing private financing for low-carbon growth. The escalating impact of climate events on low-income households remain a significant obstacle to poverty reduction.

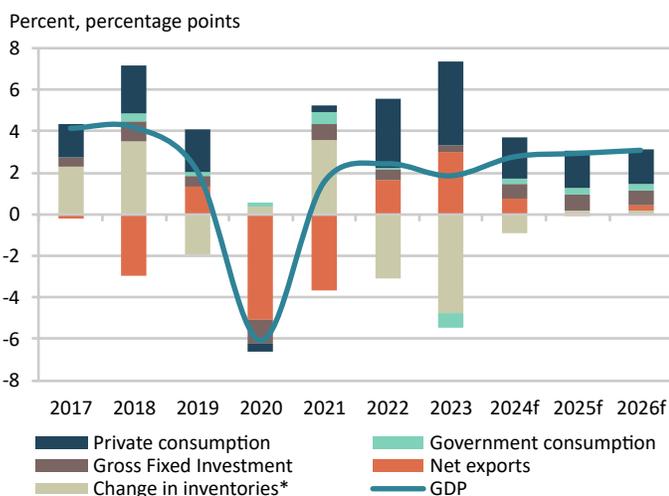
Recent developments

Thailand's recovery trajectory slowed compared to its ASEAN peers due to weak manufacturing and public investment despite robust private consumption. Overall, for 2023, the economy grew by 1.9 percent, down from 2.5 percent the previous year. Thailand's output recovery from pre-pandemic levels further lagged behind peers by 14 percent.

Good export contracted, albeit less than ASEAN peers. In 2023, goods exports contracted 1.7 percent (year-on-year), declining from the previous 5.4 percent. This contraction was driven by declines in exports of manufacturing, including agro-manufacturing, hard disk drives, plastics, and metal and steel, while exports of agricultural and automotive products expanded.

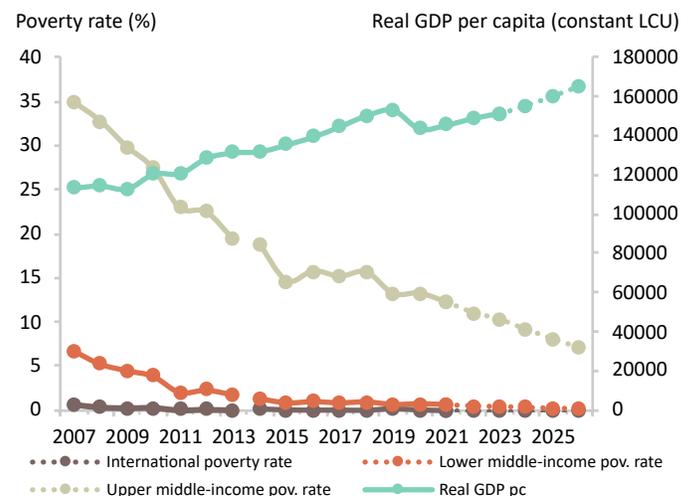
The Thai baht remained stable as the current account shifted to surplus, despite ongoing capital outflows. In December, the current account turned positive, reaching 5 percent of GDP, with Q4 recording a surplus of 1.2 percent of GDP. This improvement was driven by a surplus in goods trade, attributed to a decrease in the import bill. Additionally, deficits in services, primary, and secondary income narrowed, supported by increased tourism receipts and income transfers. In January, the Nominal Effective Exchange Rate (NEER) remained stable, in contrast to the depreciation of other major ASEAN currencies. This stability was linked to anticipated improvements in the current account balance

FIGURE 1 Thailand / Real GDP growth and contributions to real GDP growth



Sources: World Bank staff calculations and NESDC.
Note: *Includes statistical discrepancy.

FIGURE 2 Thailand / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

as tourist arrivals surged. However, net foreign portfolio outflows surged to THB 37 billion, marking the largest outflows in four months, primarily due to outflows from the equity market.

Headline inflation declined the fastest in ASEAN and remained negative for four consecutive months at -1.1 percent (yoy) in January due to the ongoing energy subsidies, falling global energy prices and domestic fresh food prices, and a slow recovery. Core inflation remained stable at 0.5 percent. The Bank of Thailand maintained a neutral stance with its policy rate at 2.5 percent due to lowered inflation pressure and continued strong domestic demand. In January, the Thai baht was stable linked to the expected improved current account balance as tourist arrivals surged, while capital outflows continued.

Per capita household consumption surged by 8.1 percent between 2021 and 2022, with the bottom 40 percent experiencing even faster growth. The national poverty rate dropped from 6.3 percent to 5.3 percent during the same period. However, this decline varied across regions; the northeast saw the largest drop by 2.4 percentage

points, while Bangkok experienced an increase in poverty. Household debt remained high at 90.6 percent of GDP, the highest in ASEAN in 2023Q1.

Outlook

Growth is projected to accelerate from 1.9 percent in 2023 to 2.8 percent in 2024. The outlook for 2024 is weaker than previously projected due to dimmer export and public investment prospects. Tourism and private consumption will be key drivers. Goods exports are expected to grow due to favorable global trade despite the slowing Chinese economy. Tourism recovery is projected to return to pre-pandemic levels in mid-2025. Tourist arrivals are projected to reach 90 percent of pre-pandemic levels in 2024, with Chinese visitors expected to reach 62 percent of pre-pandemic levels. Public investment will be hampered by prolonged delay in budget approval for FY2024. Public debt is projected to remain slightly above 60 percent of GDP. While the planned Digital Wallet is not included in the baseline, it

could boost near-term growth by approximately 1 percent.

Headline inflation will slow to a regional low of 1 percent in 2024 due to energy subsidies and falling global energy prices, while food prices and core inflation are expected to remain positive. Core inflation is expected to be supported by strong domestic consumption and the closing output gap. The current account surplus will remain at 1.3 percent of GDP in 2024, driven by both goods and services trade as well as reduced oil import bills.

Risks to outlook are more balanced, with upside risks to domestic demand if the Digital Wallet is rolled out. However, risks persist due to heightened geopolitical conflict and high oil prices, which could trigger another inflationary surge given the country's dependency on energy imports and increase inequality while eroding fiscal space unless social assistance is better targeted.

The poverty headcount, measured at the upper-middle-income poverty line of \$6.85 in 2017 PPP, was estimated at 12.2 percent in 2021 and is anticipated to decline to 10.3 percent in 2023 and maintain a downward trajectory throughout 2024 and 2025.

TABLE 2 Thailand / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	1.6	2.5	1.9	2.8	3.0	3.1
Private consumption	0.6	6.2	7.1	3.4	3.0	2.8
Government consumption	3.7	0.1	-4.6	1.7	2.5	2.0
Gross fixed capital investment	3.1	2.3	1.2	2.7	3.1	3.1
Exports, goods and services	11.1	6.1	2.1	5.0	3.7	3.6
Imports, goods and services	17.8	3.6	-2.2	4.1	4.1	3.4
Real GDP growth, at constant factor prices	1.9	3.2	1.9	2.8	2.9	3.1
Agriculture	2.5	1.4	1.9	1.6	2.2	2.0
Industry	6.0	3.6	-2.3	1.2	2.7	2.7
Services	-0.3	3.1	4.3	3.8	3.2	3.5
Inflation (consumer price index)	1.2	6.1	1.2	1.0	1.8	1.1
Current account balance (% of GDP)	-2.0	-3.2	1.3	1.3	3.0	4.2
Net foreign direct investment inflow (% of GDP)	-0.8	0.8	-0.4	-1.0	-1.1	-1.0
Fiscal balance (% of GDP)	-6.7	-4.4	-2.3	-1.9	-2.3	-2.1
Revenues (% of GDP)	19.8	19.8	20.8	21.1	22.3	22.3
Debt (% of GDP)	57.7	59.7	62.1	62.6	61.8	61.0
Primary balance (% of GDP)	-5.4	-3.1	-1.1	0.2	-0.3	-0.3
International poverty rate (\$2.15 in 2017 PPP)^{a,b}	0.0	0.0	0.0	0.0	0.0	0.0
Lower middle-income poverty rate (\$3.65 in 2017 PPP)^{a,b}	0.6	0.5	0.4	0.3	0.2	0.2
Upper middle-income poverty rate (\$6.85 in 2017 PPP)^{a,b}	12.2	11.0	10.3	9.1	8.1	7.1
GHG emissions growth (mtCO₂e)	2.7	1.6	1.9	1.3	2.7	3.1
Energy related GHG emissions (% of total)	53.7	53.0	52.5	51.4	50.5	49.6

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

Notes: e = estimate, f = forecast.

a/ Calculations based on EAPPOV harmonization, using 2014-SES, 2020-SES, and 2021-SES. Actual data: 2021. Nowcast: 2022-2023. Forecasts are from 2024 to 2026.

b/ Projection using annualized elasticity (2014-2020) with pass-through = 1 based on GDP per capita in constant LCU.