



Kingdom of the Netherlands

2021 H1 Economic Review THAILAND

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NL ASEAN Business Network

Thailand's Economic Development in Brief



First Half 2021

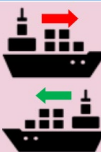


The economy expanded 2.0% y-o-y, supported by exports and government spending.

- The so far biggest round of COVID-19 outbreak (starting April) suppressed income and consumption.
- Tourism related services continued to suffer.
- Labour market became more fragile as the number of under-employed increased significantly.

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

NL-TH merchandise trade up 9.3% to EUR 2.3 billion.



NL exported to TH up 2.2% to EUR 517 million.

NL imported from TH up 11.6% to EUR 1.8 billion.

NL



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

Outlook

Projected to grow 0.7-1.3% in 2021.

The recovery will be slow and uneven – slow as it heavily relies on tourism, and uneven as service sector is lagging behind the export (and industrial) sector.



Risks and constraints

- prolonged outbreak
- slow progress on vaccination
- higher uncertainties on export prospects
 - trading partners' new infections
 - container shortage and rising freight costs
 - shortage of labour due to containment measures and infections spreading into the industrial sector
- domestic political unrest





Thai Economy

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Thailand's Economy: Country Overview

GDP composition by end use

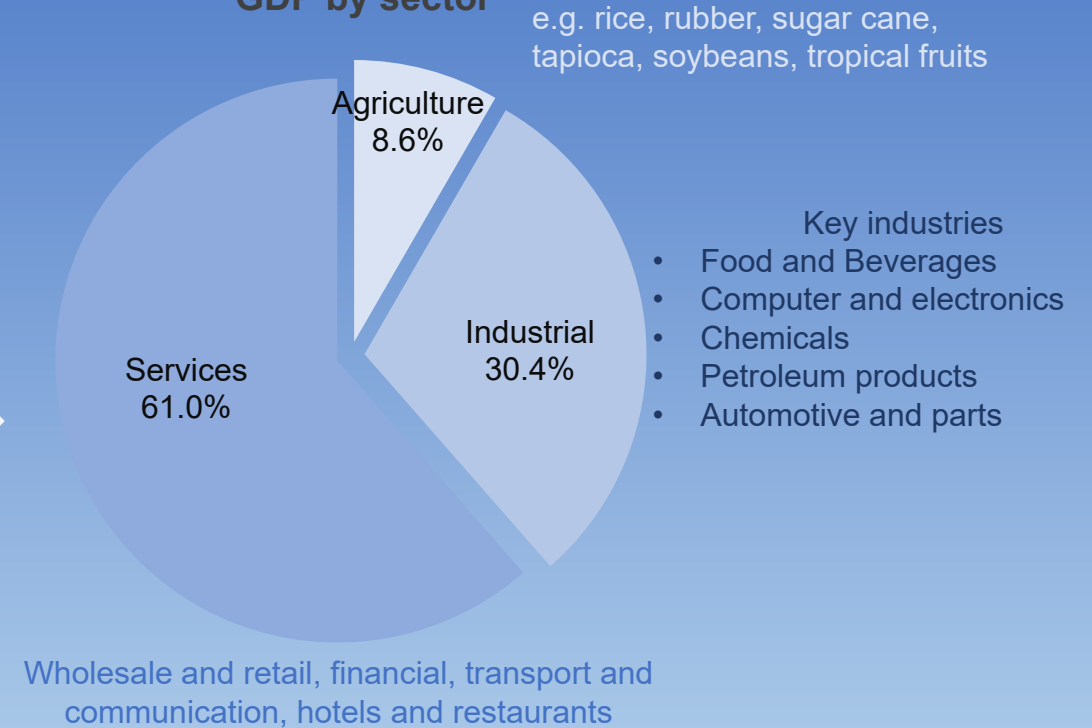
53.2% Household consumption	17.8% Government consumption
23.2% Investment in fixed capital	0.8 Investment in inventories
51.8% Exports of goods (45.4%) and services (6.3%)	-46.8% Imports of goods (37.4%) and services (9.4%)



GDP: US\$501.8 bn (2020)

GDP per capita: US\$7,219.2

GDP by sector



Area:	514,000 km ² (15 times > The Netherlands) Coastline 3,219 km
Population:	66.6 million (2020)
Labour force:	38.5 million, unemployment 1.7% (2020) (31.3% Ag, 15.9% Manufacturing, 52.8% Services)

Ease of Doing Business:	21/190 (2020), 27/190 (2019), 26/190 (2018)
WEF Global Competitiveness Index:	40/141 (2019), 38*/140 (2018), 32/137 (2017-18)
IMD World Competitiveness:	29/63 (2020), 25/63 (2019), 30/63 (2018)
Corruption Perceptions Index:	Rank 104/180, score 36/100 (2020)
Logistics Performance Index:	32/160 (2018), 45/160 (2016), 35/160 (2014)

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Thailand's Economy: GDP growth



Source: The Office of National Economic and Social Development Council



- The Thai economy in Q2/2021 expanded by 7.5% y-o-y, improving from a contraction of 2.6% in the previous quarter. After seasonal adjustment, the economy increased by 0.4% from the first quarter.
- **For the first half of 2021, the economy grew 2.0%** contributed by strong export of goods. Private investment and consumption also returned to growth, while public investment and government expenditure decelerated. Export of services remained negative.
- The economy is projected to slow down in the latter half with growth forecast for 2021 being cut to 0.7-1.2% as increasing Covid-19 cases and tougher containment measures will suppress economic activities amid the country's slow vaccination rollout.





Thailand's Economy: GDP production side

Growth (% in real term)	2019	2020	2020					2021		
			H1	Q1	Q2	Q3	Q4	H1	Q1	Q2
Agriculture	-0.6	-3.6	-6.8	-9.9	-3.1	-1.1	0.4	1.7	1.3	2.0
Non-agriculture	2.5	-6.3	-6.9	-1.3	-12.9	-6.7	-4.7	2.0	-3.0	8.1
- Manufacturing	0.0	-5.7	-8.3	-2.4	-14.7	-5.3	-0.7	8.2	1.0	16.8
- Services	3.9	-6.5	-6.5	-1.2	-12.1	-7.2	-5.9	-0.1	-4.3	5.0
GDP	2.3	-6.1	-6.9	-2.1	-12.1	-6.4	-4.2	2.0	-2.6	7.5

Source: The Office of National Economic and Social Development Council

- Agriculture sector continued to expand due to accommodative weather conditions and sufficient water supply. The production of major crops i.e. paddy, rubber, and cassava increased. Livestock continued to grow, but fishery products declined.
- Manufacturing grew favourably thanks to the acceleration of exports and gradually improving domestic demand. The low base effect also contributed to the expansion. The increase was recorded by all types of industry particularly vehicles, rubber and plastic products, chemicals, pharmaceutical products, electrical equipment, and computer related.
- Services improved in Q2 as some activities gained traction such as utilities, ICT, transport, finance and insurance. Accommodation and food services also rebounded partly due to the low base effect and domestic travel during April and May. The number of foreign visitors remained very low.





Thailand's Economy: GDP Expenditure side

Growth (% in real terms)	2019	2020		2020				2021		
			H1	Q1	Q2	Q3	Q4	H1	Q1	Q2
Private Consumption	4.0	-1.0	-2.1	2.7	-6.7	-0.6	0.9	2.1	-0.3	4.6
Government Consumption	1.7	0.9	-0.7	-2.5	1.0	2.5	2.2	1.6	2.1	1.1
Investment	2.0	-4.8	-7.1	-6.3	-7.9	-2.6	-2.5	7.6	7.3	8.1
- Private	2.7	-8.4	-10.1	-5.3	-14.9	-10.6	-3.3	5.9	3.0	9.2
- Public	0.1	5.7	1.3	-9.1	12.6	17.6	0.6	12.1	19.6	5.6
Exports of goods and services	-3.0	-19.4	-16.4	-5.8	-27.5	-23.3	-21.5	5.6	-10.5	27.5
- Goods	-3.7	-5.8	-7.1	1.7	-15.8	-7.5	-1.5	15.7	3.2	30.7
- Services	-0.5	-60.1	-45.0	-26.8	-67.7	-73.1	-75.2	-47.4	-63.6	-1.9
Imports of goods and services	-5.2	-13.3	-13.3	-3.0	-23.6	-19.3	-7.0	14.8	1.7	31.4
- Goods	-5.8	-11.2	-11.8	-2.2	-21.2	-18.1	-3.1	18.0	6.4	32.2
- Services	-2.7	-21.1	-19.3	-6.2	-32.4	-23.9	-22.1	2.8	-15.5	28.2

Source: The Office of National Economic and Social Development Council



Thailand's Economy: Economic stability

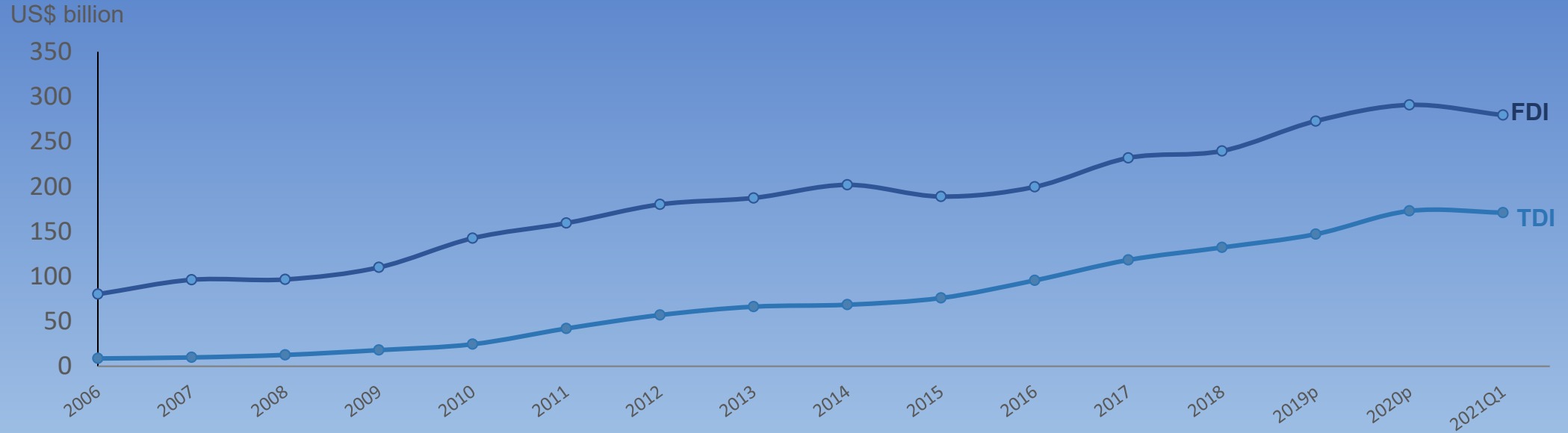
Indicators	2019	2020	2020				2021	
			Q1	Q2	Q3	Q4	Q1	Q2
Internal Stability								
Headline inflation (% y-o-y)	0.7	-0.8	0.4	-2.7	-0.7	-0.4	-0.5	2.4
Core inflation (%y-o-y)	0.5	0.3	0.5	0.1	0.3	0.2	0.1	0.4
Unemployment rate (%)	1.0	1.6	1.1	2.0	1.3	1.9	2.0	1.9
Public debt to GDP (%)	41.2	51.8	41.7	45.8	49.4	51.8	54.3	56.1
External Stability								
Current account balance (billion \$)	38.2	17.6	9.9	1.2	7.2	-0.8	-3.4	-2.6
International reserves (billion \$)	224.3	258.1	226.5	241.6	251.1	258.1	253.9	246.5
International reserves to short-term external debt (%)	3.8	3.0	3.1	3.2	3.4	3.0	2.8	N/A

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





Thailand's Economy: International Investment Position

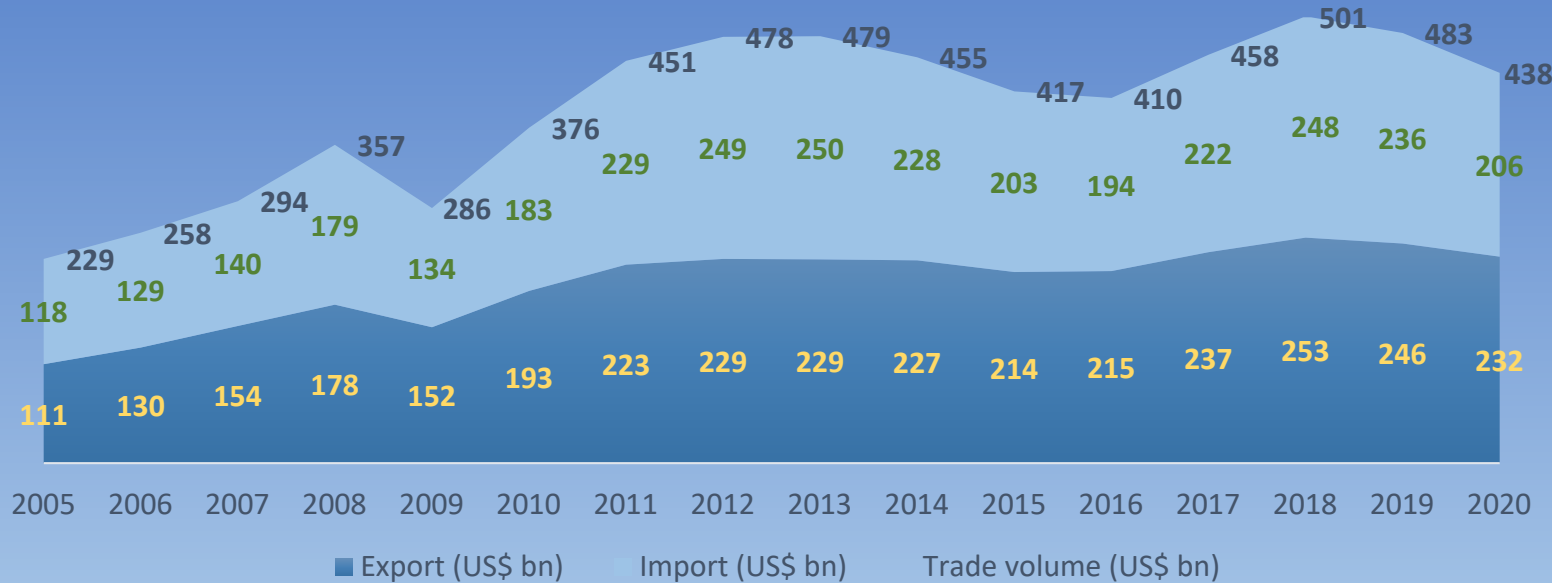


Source: The Bank of Thailand, updated July 2021

- **Accumulated Foreign Direct Investment in Thailand was US\$279.5 billion at the end of Q1/2021**, declining from US\$290.9 billion at the end of 2020.
 - The Netherlands is the biggest EU source of FDI in Thailand (US\$ 13.3 billion) and currently no. 5 globally (following Japan, Singapore, Hong Kong, and the U.S).
- **Accumulated Thai Direct Investment Overseas was US\$171.0 billion at the end of Q1/2021**, declining from US\$172.9 billion at the end of 2020.
 - The Netherlands remains no.1 EU destination for TDI (US\$ 12.9 billion) and 3rd globally (after HK and Singapore).



Thailand's Economy: Merchandise Trade



Source: Ministry of Commerce (Customs basis)

Value	2019			2020			2021		
(US\$ bn)	H1	Q1	Q2	H1	Q1	Q2	H1	Q1	Q2
Export	123.1	62.1	61.0	114.5	62.8	51.7	132.3	64.1	68.2
Import	118.5	59.8	58.7	103.0	58.2	44.8	129.9	63.6	66.3
Trade	241.6	121.9	119.7	217.5	121.0	96.5	262.2	127.7	134.5

Thailand's merchandise trade in the first half of 2021 grew by 20.6% in US\$ terms from the same period of 2020 and already surpassed that in 2019.

- Export value expanded by 15.5% largely attributed by the global economic recovery particularly in key trading partners as well as a depreciating baht.
- Imports increased more by 26.2% as demand for raw materials & intermediate goods grew in line with exports and gradually improving domestic demand.





Thailand's Economy: Top Export Destinations & Items

Top 5 export destinations – H1/2021 (US\$ billion)		
No.	Country	Amount (share/growth)
1	ASEAN (9)	31.7 (23.9% / 11.2%)
2	USA	19.9 (15.0% / 21.0%)
3	China	18.3 (13.8% / 24.9%)
4	Japan	12.6 (9.5% / 12.6%)
5	EU (excl. UK)	10.8 (8.2% / 26.6%)

Top 5 export items – H1/2021 (US\$ billion)		
No.	Product	Amount (share/growth)
1	Cars, parts and accessories	14.9 (11.3% / 55.5%)
2	Computers and parts	10.5 (7.9% / 19.1%)
3	Rubber products	7.6 (5.8% / 39.8%)
4	Polymers in primary forms	5.3 (4.0% / 40.7%)
5	Chemical products	4.6 (3.4% / 39.7%)

Source: Ministry of Commerce

Bilaterally, NL is Thailand's 14th largest export destination in the world (1.7% of TH total exports) and no.1 in Europe.

Thai major exports to the EU are computers & parts (growth 40.6%), rubber products (73.8%), air conditioning & parts (42.7%), cars & parts (51.0%), and precious stones & jewelry (6.3%).

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Thailand's Economy: Top Import Suppliers & Items

**Top 5 import supplier – H1/2021
(US\$ billion)**

No.	Country	Amount (share/growth)
1	China	31.5 (24.2% / 31.8%)
2	ASEAN	23.1 (17.8% / 21.4%)
3	Japan	17.6 (13.6% / 28.2%)
4	EU (excl. UK)	8.8 (6.8% / 13.8%)
5	USA	7.2 (5.5% / -21.1%)

**Top 5 import items – H1/2021
(US\$ billion)**

No.	Product	Amount (share/growth)
1	Crude oil	11.6 (8.9%, 31.7%)
2	Machinery and parts	10.4 (8.0%, 15.8%)
3	Chemicals	10.0 (7.7%, 33.9%)
4	Electrical machinery and parts	9.4 (7.2%, 15.9%)
5	Iron, steel and products	7.9 (6.1%, 52.6%)

Source: Ministry of Commerce

Bilaterally, NL ranked 32nd 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 13.2%), chemicals (9.2%), medicinal & pharmaceutical products (2.6%), electrical machinery & parts (4.8%), and car parts (32.2%).

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Bilateral Trade & Investment

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The Netherlands' Trade with ASEAN (million euro)

Country	Brunei	Cambodia	Indonesia	Laos	Malaysia (1)	Myanmar	Philippines	Singapore (3)	Thailand (4)	Vietnam (2)
2019	44	452	3,547	19	8,323	266	1,912	8,116	4,602	6,742
2020*	36	401	3,193	22	8,319	272	1,864	6,833	4,178	7,017
2020H1*	17	184	1,722	10	4,316	129	875	3,756	2,097	3,425
2021H1*	26	156	1,879	9	3,781	93	1,162	3,407	2,293	3,536
% change 2020H1-21H1	52.9	-15.2	9.1	-10.0	-12.4	-27.9	32.8	-9.3	9.3	3.2

Source: CBS, *provisional figures

- Thailand is the Netherlands' fourth largest trading partner in ASEAN, replacing Indonesia since 2017.
- In the first half of 2021, total trade (export + import) between the Netherlands and Thailand was 2.3 billion euros, increasing 9.3% from the same period of 2020.

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Exports from the Netherlands to ASEAN (million euro)

Country	Brunei	Cambodia	Indonesia	Laos	Malaysia (3)	Myanmar	Philippines	Singapore (1)	Thailand (4)	Vietnam (2)
2019	43	27	815	4	1,116	45	555	3,632	1,072	1,022
2020*	26	31	691	6	1,048	59	527	2,693	952	950
2020H1*	17	16	351	2	607	35	262	1,455	506	483
2021H1*	23	15	370	2	532	18	298	1564	517	540
% change 2020H1-21H1	35.3	-6.3	5.4	0.0	-12.4	-48.6	13.7	7.5	2.2	11.8

Source: CBS, *provisional figures

- Thailand is the 4th largest destination of Dutch exports to ASEAN (dropping from 3rd in 2020).
- Export value from the Netherlands to Thailand was 517 million euros in the first half of 2021, increasing 2.2% from the same period of 2020.

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The Netherlands' imports from ASEAN (million euro)

Country	Brunei	Cambodia	Indonesia	Laos	Malaysia (1)	Myanmar	Philippines	Singapore (3)	Thailand (4)	Vietnam (2)
2019	1	425	2,732	15	7,207	221	1,357	4,484	3,530	5,720
2020*	10	370	2,647	16	7,206	213	1,337	4,157	3,189	6,065
2020H1*	0	168	1,371	8	3,709	94	613	2,301	1,591	2,942
2021H1*	3	141	1,509	7	3,249	75	864	1,843	1,776	2,996
% change 2020H1-21H1	N/A	-16.1	10.1	-12.5	-12.4	-20.2	40.9	-19.9	11.6	1.8

Source: CBS, *provisional figures

- Thailand is the Netherlands' fourth largest import source in ASEAN.
- Import value from Thailand into the Netherlands was 1.8 billion euros in the first half of 2021, increasing 11.6% from the same period of 2020.

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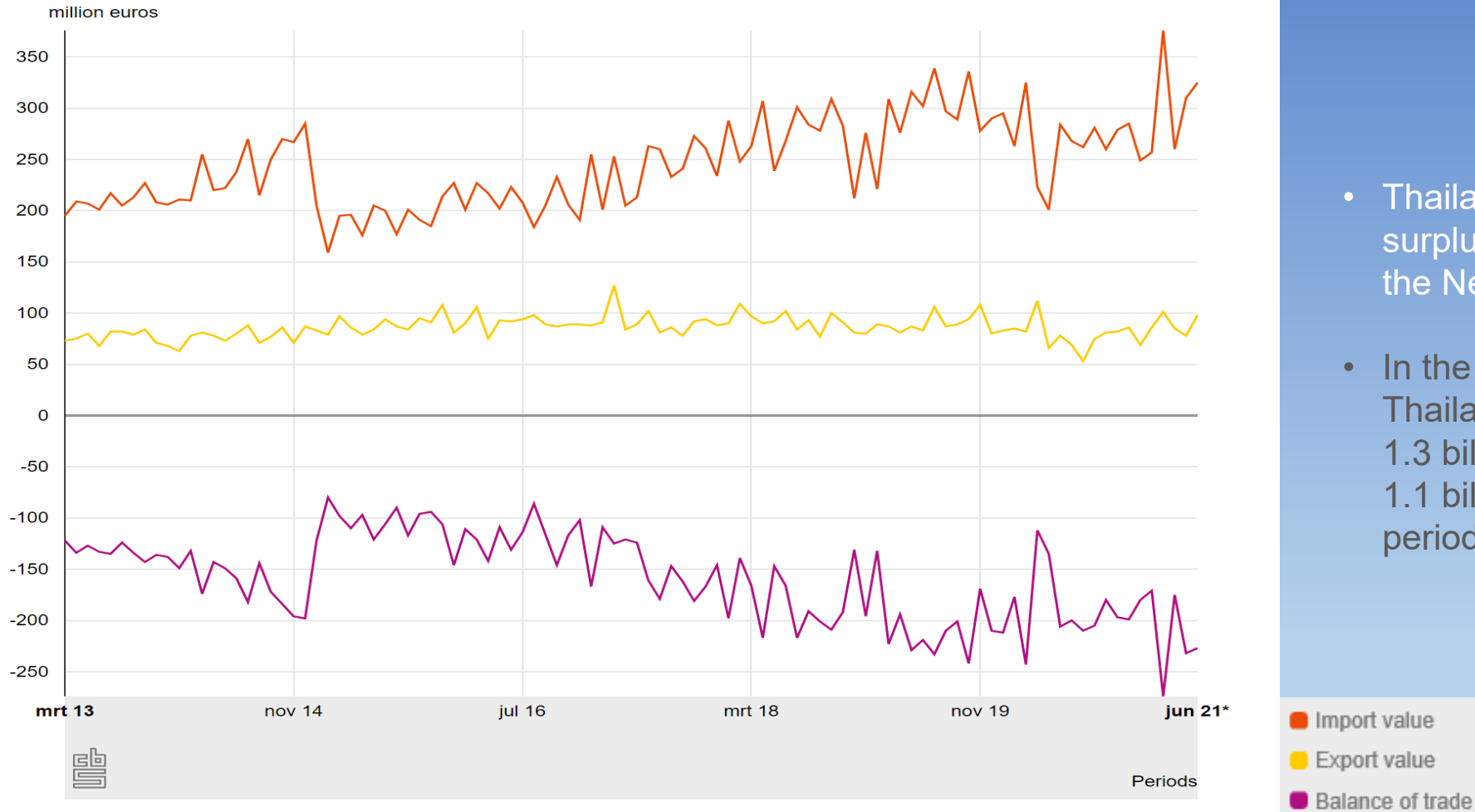
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Bilateral NL-Thai Trade



- Thailand always has a trade surplus (exports > imports) over the Netherlands.
- In the first half of 2021, Thailand's trade surplus was 1.3 billion euros, increasing from 1.1 billion euro in the same period of 2020.





Thailand's top import items from the Netherlands

No.	Products	Value (M US\$)	Share (%)	Growth (%)
1	Machinery and parts	85.9	16.7	48.5
2	Electronics integrated circuits	78.2	15.2	46.7
3	Chemicals	67.6	13.1	10.2
4	Medicinal and pharmaceutical products	44.0	8.6	-11.1
5	Other metal ores, waste, scrap	29.8	5.8	77.3
6	Other food products	18.4	3.6	4.9
7	Scientific, medical, testing appliances and instruments	15.7	3.1	7.6
8	Electrical machinery and parts	15.3	3.0	56.3
9	Milk and dairy products	14.2	2.8	-0.4
10	Animals & animal products	11.7	2.3	-23.7

Thailand's top export items to the Netherlands

No.	Products	Value (M US\$)	Share (%)	Growth (%)
1	Computers & parts	793.2	31.0	34.1
2	Other electrical equipment and parts	133.1	5.2	27.2
3	Rubber products	127.0	5.0	73.7
4	Electrical transformers and parts	125.8	4.9	222.5
5	Lenses	108.1	4.2	50.6
6	Machinery and parts	94.2	3.7	53.6
7	Electronic integrated circuits	84.1	3.3	66.5
8	Motorcycles and parts	73.0	2.9	18.8
9	Prepared poultry	72.3	2.8	22.4
10	Teleprinters, telephone sets and parts	65.2	2.6	59.5

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\$13.3 billion (or 4.8% of total FDI in Thailand) at the end of Q1/2021, representing almost half (49.8%) from the EU (excluding the UK) and no. 5 globally (after Japan, Singapore, Hong Kong, and the U.S).





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\$12.9 billion at the end of Q1/2021 (accounting for 7.5% of total TDI abroad and 65.5% of TDI to the EU excluding the UK).





Embassy Business Support Services

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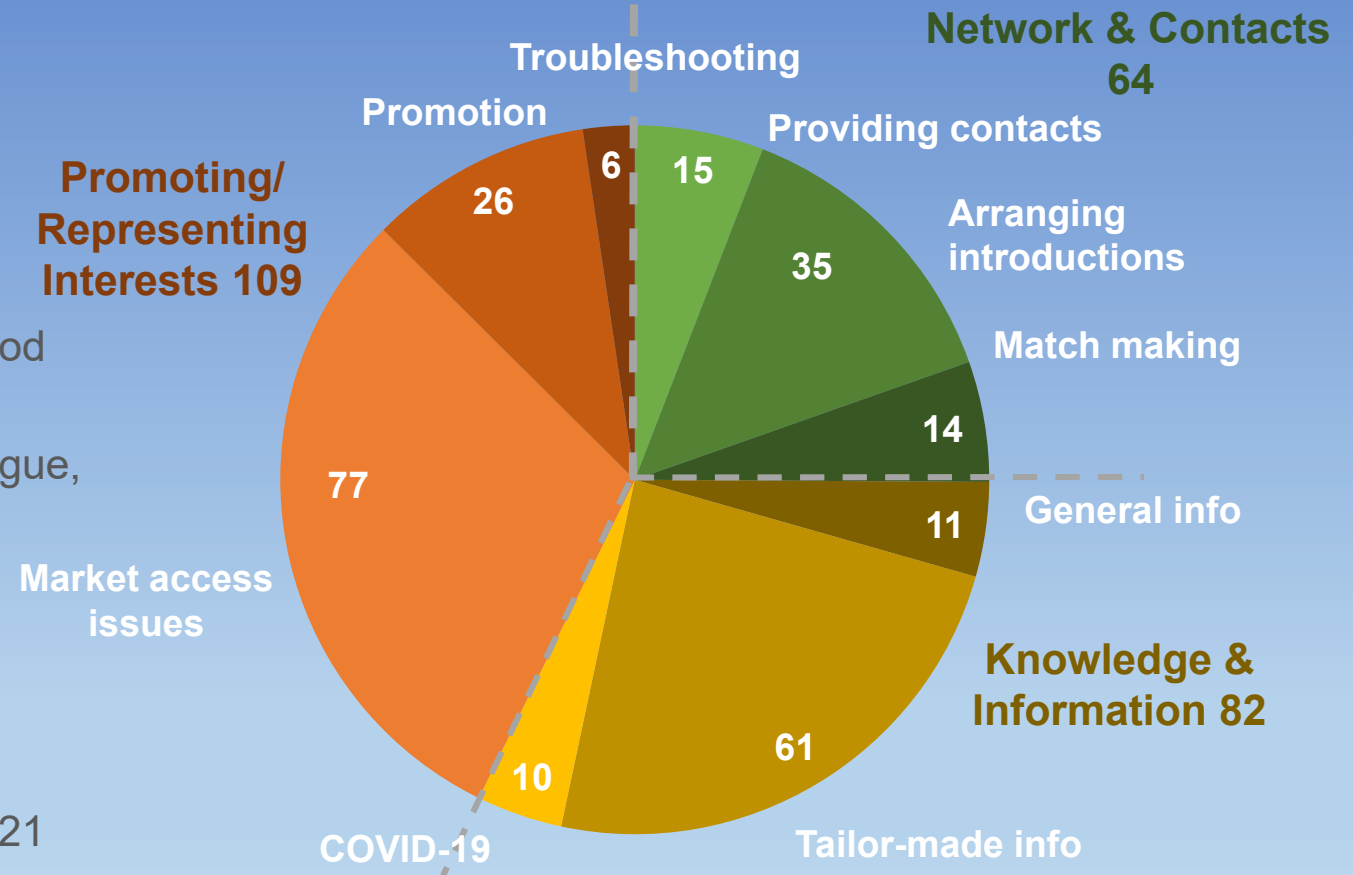


Business Support Services by the Embassy: H1/2021

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

- **Completed 255 trade requests**
- **Organized/Co-organized 14 events** (physical, hybrid, virtual) e.g.
 - ❖ Virtual trade mission: Life Science & Health
 - ❖ Climate Adaptation Conference (focused on Agri-Food and Nature-based solutions for coastal erosion)
 - ❖ Webinar: Animal feed safety, Livestock, Water Dialogue, Maritime, Room for rivers, NL-TH Business Forum, Garments suppliers (Cambodia)
 - ❖ Signing ceremony: MoU Water, Agreement on Environmental Management, Circular Design Hub
- **Publication/Intelligence include:**
 - ❖ Thailand Economic Review 2020 and outlook for 2021
 - ❖ Factsheet LSH in Thailand
 - ❖ Articles in Commerce Magazine (RCEP, Digitisation)

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*
2020	418	196	10	37	9	27	5	10	18	11	95
2020H1	252	115	1	25	10	19	7	5	5	2	63
2021H1	255	120	3	28	6	13	10	6	11	7	51

*Others such as ICT (3), construction (3), Education (3), Environment (6), Government (9), Services sector (17), wholesale –retail and trading (2), and individuals (8).



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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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