



Kingdom of the Netherlands

# 2021 Economic Review THAILAND

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# Thailand's Economic Development in Brief



## Year 2021



The economy expanded 1.6% y-o-y, supported by strong exports and recovering domestic spending.

- The big round of COVID-19 outbreak (starting April) suppressed income and consumption in Q2-Q3.
- The country's reopening to foreign visitors on 1 Nov and relaxation of Covid measures helped spur growth in Q4.
- The recovery was uneven. Tourism related services remained contracted.

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

NL-TH merchandise trade up 14.1% to EUR 4.7 billion.



NL exported to TH up 9.4% to EUR 1.0 billion.



NL imported from TH up 15.5% to EUR 3.7 billion.

NL



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

## Outlook

Projected to grow 3.5-4.5%\* in 2022.

\*Before Russia's invasion of Ukraine.



Supported by continual expansion of export of goods, regaining domestic demand and public investment.

However, the recovery will be uneven as services sector particularly those related to tourism is lagging.



### Risks and constraints

- Uncertainties in Covid-19 situation
- High inflation derived from soaring energy and commodity prices
- Relatively hefty household debt and increasing liabilities of companies
- Domestic political disturbance
- Volatilities in global economy and financial system
- Escalating war in Ukraine





# Thai Economy

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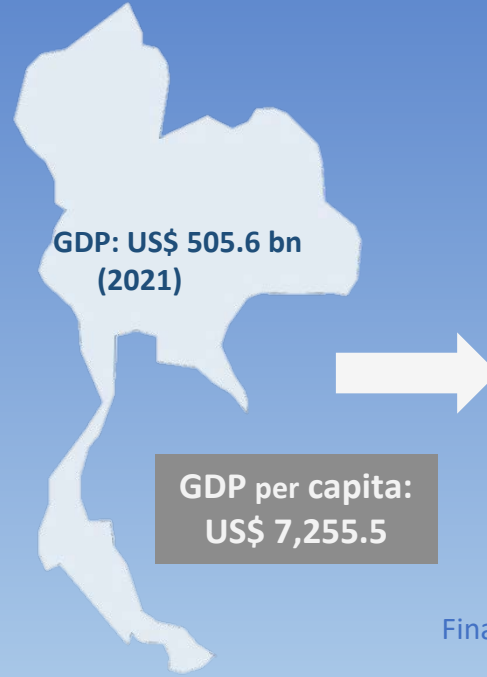
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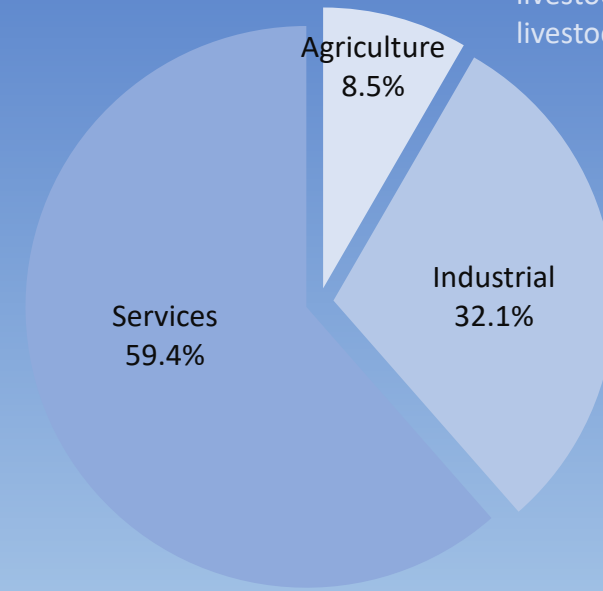
# Thailand's Economy: Country Overview

## 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 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: (discontinued)</b>	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)

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# Thailand's Economy: GDP growth



Source: The Office of National Economic and Social Development Council



- The Thai economy in Q4/2021 expanded by 1.9% y-o-y, recovering from a contraction of 0.2% in the previous quarter. After seasonal adjustment, the economy increased by 1.8% from the third quarter.
- **In 2021, the economy grew by 1.6%**, recovering from a decline of 6.2% in 2020. The main contributor was export of goods. Private consumption and investment also returned to growth, while export of services remained negative.
- The economy is projected to expand in the range of 3.5-4.5% in 2022, supported by the regaining in domestic demand, the recovery of domestic tourism, the continual expansion of export of goods, and the support from public investment.

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## Thailand's Economy: GDP production side

Growth (% in real term)	2019	2020	2021	2020				2021			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Agriculture	-0.6	-3.5	1.4	-8.3	-3.5	-1.6	-0.2	1.0	2.1	2.2	0.7
Non-agriculture	2.5	-6.5	1.6	-1.7	-13.0	-6.7	-4.7	-2.6	8.3	-0.3	1.9
- Manufacturing	0.0	-5.6	4.9	-2.7	-14.5	-5.0	-0.4	1.1	17.0	-0.9	3.8
- Services	3.9	-6.7	0.7	1.5	-12.5	-7.2	-5.9	-3.8	5.3	0.3	1.6
<b>GDP</b>	<b>2.3</b>	<b>-6.2</b>	<b>1.6</b>	<b>-2.2</b>	<b>-12.3</b>	<b>-6.4</b>	<b>-4.2</b>	<b>-2.4</b>	<b>7.7</b>	<b>-0.2</b>	<b>1.9</b>

Source: The Office of National Economic and Social Development Council

- Agriculture sector slowed down in Q4/2021, following declines in livestock (esp. swine), fisheries (white shrimp) and paddy production. Major products with production expansion included sugarcane, oil palm and fruits.
- Manufacturing grew favourably in corresponding to the continual growth of exports of good and the recovery of household expenditure. The average capacity utilization rate for the whole 2021 was at 63.7%. Main products with strong growth included electronic components and boards, refined petroleum products, fertilizers and nitrogen compounds.
- Overall, the service sector improved supported by the expansion of information & communication, financial & insurance activities and wholesale & retail trade. Transportation & storage also gained traction, but construction dropped in the second half of the year. Accommodation and food services remained negative (except in Q2/2022 due to very low base effect).

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## Thailand's Economy: GDP Expenditure side

Growth (% in real terms)	2019	2020	2021	2020				2021			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Private Consumption	4.0	-1.0	0.3	2.7	-6.6	-0.6	0.8	-0.3	4.7	-3.2	0.3
Government Consumption	1.7	1.4	3.2	-2.4	1.5	3.7	2.4	2.2	1.0	1.5	8.1
Investment	2.0	-4.8	3.4	-6.4	-7.7	-2.6	-2.5	7.3	7.4	-0.4	-0.2
- Private	2.7	-8.2	3.2	-5.2	-14.4	-10.4	-3.2	3.1	9.2	2.6	-0.9
- Public	0.1	5.1	3.8	-9.6	12.0	17.0	0.0	19.8	3.4	-6.2	1.7
Exports of goods and services	-3.0	-19.7	10.4	-5.9	-28.0	-23.5	-21.7	-10.3	28.4	12.3	17.7
- Goods	-3.7	-5.8	14.9	1.9	-16.0	-7.4	-1.4	2.9	30.8	12.0	16.6
- Services	-0.5	-61.3	-22.8	-27.7	-69.4	-74.4	-76.2	-62.3	4.8	14.7	30.5
Imports of goods and services	-5.2	-14.1	17.9	-3.4	-23.6	-20.8	-8.4	1.0	28.7	29.5	16.6
- Goods	-5.8	-10.6	18.3	-1.0	-19.7	-17.4	-3.8	4.6	29.9	28.0	14.0
- Services	-2.7	-27.8	16.2	-12.4	-38.2	-34.6	-26.4	-13.4	23.6	37.1	28.8

Source: The Office of National Economic and Social Development Council

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## Thailand's Economy: Economic stability

Indicators	2019	2020	2021	2020				2021			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Internal Stability</b>											
Headline inflation (% y-o-y)	0.7	-0.9	1.2	0.4	-2.7	-0.7	-0.4	-0.5	2.4	0.7	2.4
Core inflation (%y-o-y)	0.5	0.3	0.2	0.5	0.1	0.3	0.2	0.1	0.4	0.1	0.3
Unemployment rate (%)	1.0	1.7	1.9	1.0	2.0	1.9	1.9	2.0	1.9	2.3	1.6
Public debt to GDP (%)	41.2	51.8	59.6	41.7	45.8	49.4	51.8	54.3	55.2	58.2	59.6
<b>External Stability</b>											
Current account balance (billion \$)	38.0	21.2	-10.9	11.2	1.5	8.0	0.4	-1.2	-2.5	-5.1	-2.1
International reserves (billion \$)	224.3	258.1	246.0	226.5	241.6	251.1	258.1	245.5	246.5	244.7	246.0
International reserves/short-term external debt (%)	306.8	298.0	N/A	310.5	324.1	340.3	298.0	283.7	292.4	283.6	N/A

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

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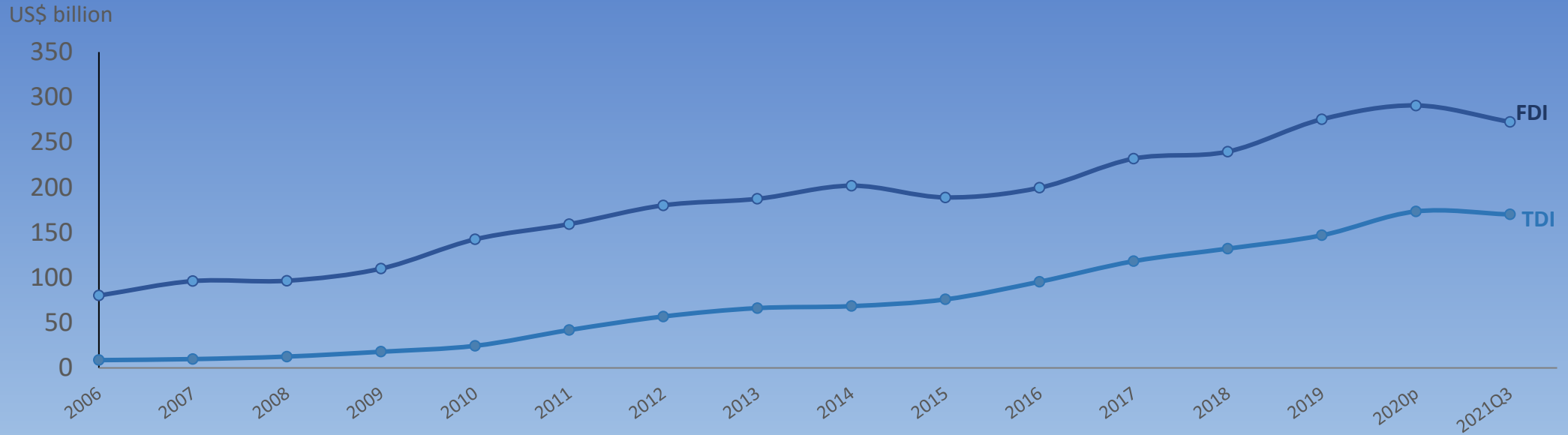


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# Thailand's Economy: International Investment Position



Source: The Bank of Thailand, updated December 2021

- **Accumulated Foreign Direct Investment in Thailand was US\$272.6 billion at the end of Q3/2021**, declining from US\$290.8 billion at the end of 2020.
  - The Netherlands is the biggest EU source of FDI in Thailand (US\$ 14.1 billion) and currently no. 5 globally (following Japan, Singapore, Hong Kong, and the U.S).
- **Accumulated Thai Direct Investment Overseas was US\$171.1 billion at the end of Q3/2021**, declining from US\$173.4 billion at the end of 2020.
  - The Netherlands remains no.1 EU destination for TDI (US\$ 12.5 billion) and 3<sup>rd</sup> globally (after HK and Singapore).

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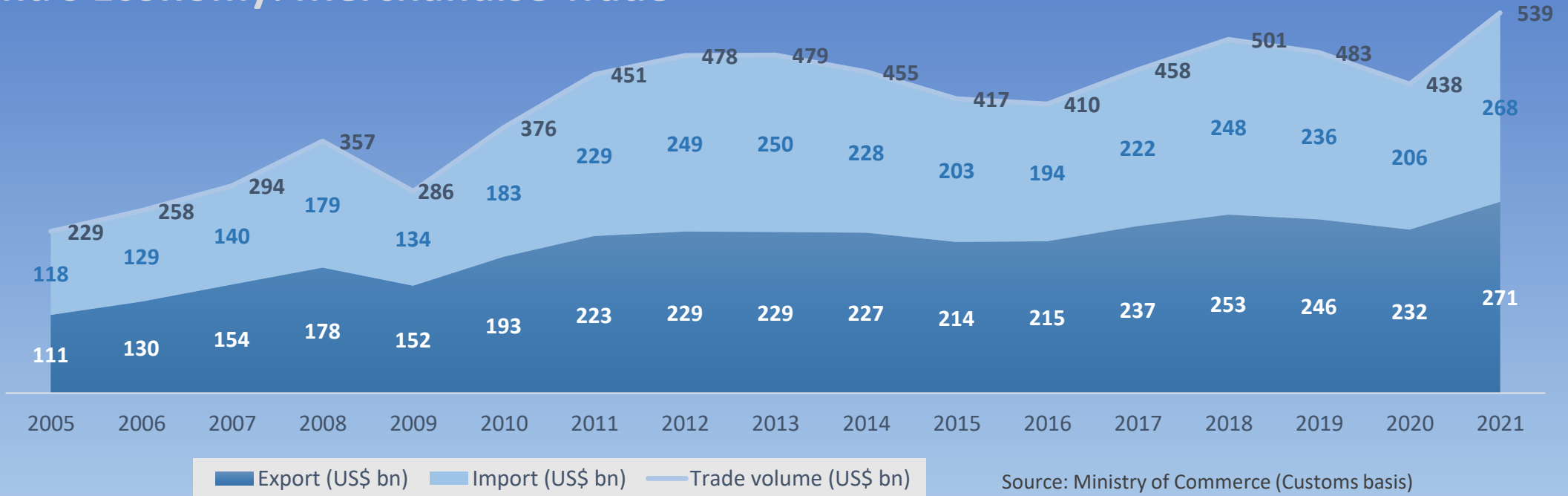
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## Thailand's Economy: Merchandise Trade



Thailand's merchandise trade in 2021 grew by 23.1% in US\$ terms and already surpassed the pre-Covid level.

- Export value expanded by 17.1% largely attributed by the global economic recovery particularly in key trading partners and a depreciating baht.
- Imports increased more by 29.8% 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 – 2021 (US\$ billion)

No.	Country	Amount (share/growth)
1	ASEAN (9)	65.0 (24.0% / 17.2%)
2	USA	41.8 (15.4% / 21.5%)
3	China	37.2 (13.7% / 24.8%)
4	Japan	25.0 (9.2% / 9.6%)
5	<b>EU (excl. UK)</b>	<b>20.7 (8.0% / 22.7%)</b>

### Top 5 export items – 2021 (US\$ billion)

No.	Product	Amount (share/growth)
1	Cars, parts and accessories	29.1 (10.7% / 36.2%)
2	Computers and parts	22.0 (8.1% / 18.0%)
3	Rubber products	14.5 (5.3% / 19.4%)
4	Polymers in primary forms	11.2 (4.2% / 41.1%)
5	Precious stones and jewelry	10.0 (3.7% / <b>-44.8%</b> )

Source: Ministry of Commerce

Bilaterally, NL is Thailand's 14<sup>th</sup> largest export destination in the world (2.0% of TH total exports) and no.1 in Europe.

Thai major exports to the EU are computers & parts (growth 15.5%), rubber products (36.3%), cars & parts (43.6%), air conditioning & parts (29.7%), and precious stones & jewelry (14.3%).

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

### Top 5 import supplier – 2021 (US\$ billion)

No.	Country	Amount (share/growth)
1	China	66.5 (24.9% / 33.6%)
2	ASEAN	45.8 (17.1% / 16.9%)
3	Japan	35.7 (13.3% / 28.9%)
4	<b>EU (excl. UK)</b>	<b>18.2 (6.8% / 17.6%)</b>
5	USA	14.4 (5.4% / -2.6%)

### Top 5 import items – 2021 (US\$ billion)

No.	Product	Amount (share/growth)
1	Crude oil	24.1 (9.0%, 49.7%)
2	Machinery and parts	21.0 (7.8%, 15.6%)
3	Chemicals	20.6 (7.7%, 43.1%)
4	Electrical machinery and parts	19.3 (7.2%, 14.8%)
5	Iron, steel and products	16.4 (6.1%, 60.6%)

Source: Ministry of Commerce

Bilaterally, NL ranked 31<sup>st</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 5.4%), medicinal & pharmaceutical products (28.0%), chemicals (22.2%), electrical machinery & parts (10.1%), and car parts (27.2%).

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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 (2)	Thailand (4)	Vietnam (3)
2019	44	452	3,547	19	8,323	266	1,912	8,116	4,602	6,42
2020	36	401	3,194	22	8,302	272	1,867	6,834	4,143	7,028
2021*	37	372	4,096	29	7,784	255	2,500	7,369	4,727	7,078
% change 2020-2021	2.8	-7.2	28.2	31.8	-6.2	-6.3	33.9	7.8	14.1	0.7

Source: CBS, \*provisional figures

- Thailand is the Netherlands' fourth largest trading partner in ASEAN, replacing Indonesia since 2017.
- In 2021, total trade (export + import) between the Netherlands and Thailand was 4.7 billion euros, increasing 14.1% from 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 (2)	Vietnam (4)
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
2021*	32	37	884	9	1,008	31	654	3,116	1,041	953
% change 2020-2021	21.6	19.8	27.8	44.8	-3.8	-48.1	24.1	15.7	9.4	0.3

Source: CBS, \*provisional figures

- Thailand overtook Malaysia to be the 2<sup>nd</sup> largest destination of Dutch exports to ASEAN in 2021.
- In 2021, Export value from the Netherlands to Thailand was 1.0 million euros, increasing 9.4% from 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	2,503	16	7,254	213	1,340	4,141	3,191	6,078
2021*	5	335	3,212	20	6,776	224	1,846	4,253	3,686	6,125
% change 2020-2021	-54.5	-9.5	28.4	19.9	-6.6	5.0	37.7	2.7	15.5	0.8

Source: CBS, \*provisional figures

- Thailand is the Netherlands' 4<sup>th</sup> largest import source in ASEAN.
- In 2021, import value from Thailand into the Netherlands was 3.7 billion euros, increasing 15.5% from 2020.

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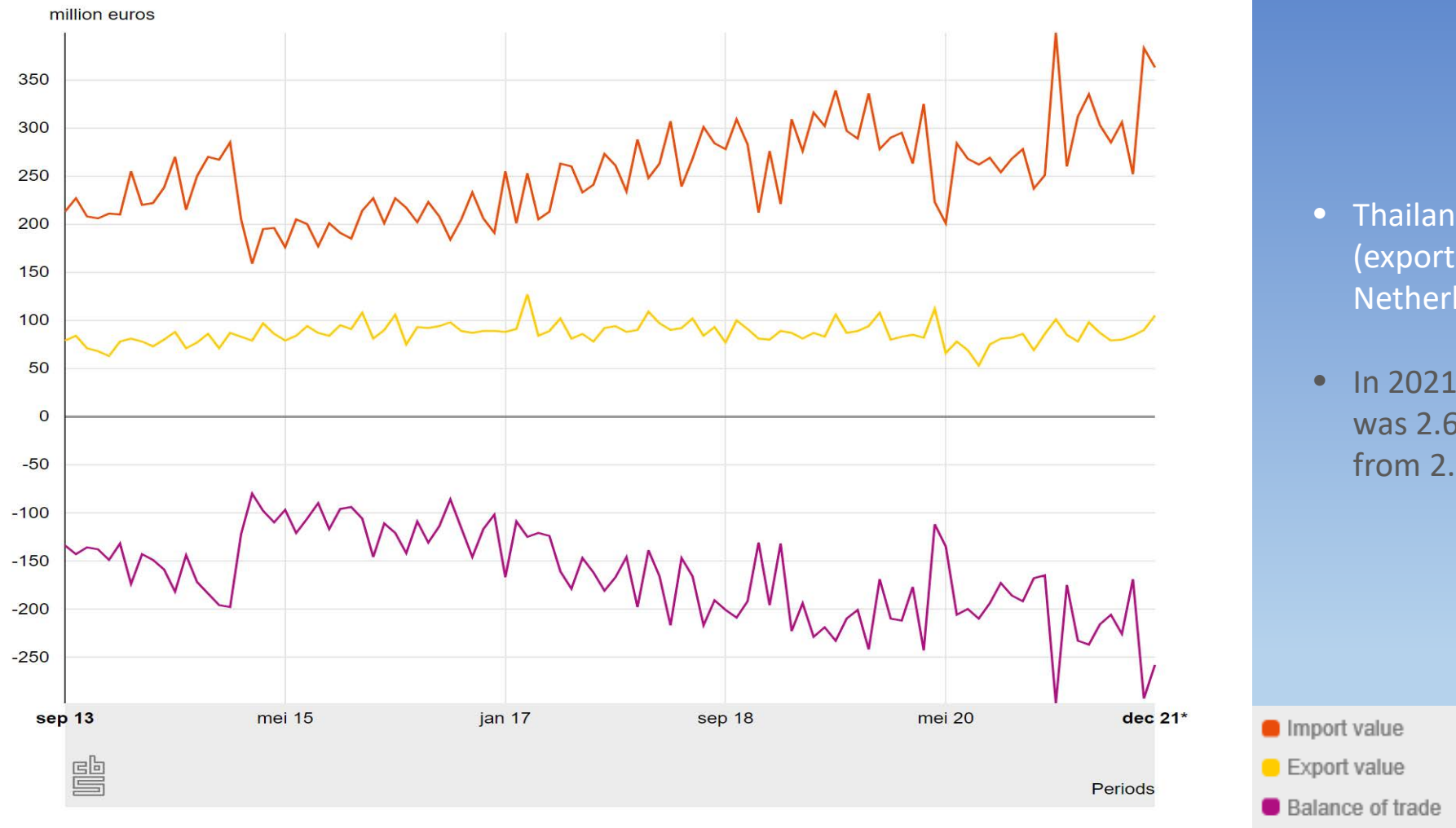


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# Bilateral NL-Thai Trade



- Thailand always has a trade surplus (exports > imports) over the Netherlands.
- In 2021, Thailand's trade surplus was 2.6 billion euros, increasing from 2.2 billion euro in 2020.

Source: CBS, provisional figures

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

No.	Products	Value (M US\$)	Share (%)	Growth (%)
1	Electronics integrated circuits	166.0	16.2	49.0
2	Machinery and parts	154.6	15.1	52.3
3	Chemicals	141.2	13.8	20.5
4	Medicinal and pharmaceutical products	85.8	8.4	6.3
5	Other metal ores, waste, scrap	43.2	4.2	0.7
6	Scientific, medical, testing appliances and instruments	40.0	3.9	33.4
7	Other food products	35.1	3.4	-9.1
8	Milk and dairy products	29.8	2.9	22.7
9	Electrical machinery and parts	29.5	2.9	13.5
10	Animals & animal products	22.0	2.2	-20.5

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

No.	Products	Value (M US\$)	Share (%)	Growth (%)
1	Computers & parts	1,637.3	30.7	10.6
2	Other electrical equipment and parts	249.4	4.7	-4.1
3	Rubber products	237.2	4.5	38.6
4	Electrical transformers and parts	229.7	4.3	75.0
5	Lenses	221.2	4.2	19.8
6	Machinery and parts	219.4	4.1	74.8
7	Electronic integrated circuits	176.9	3.3	41.0
8	Motorcycles and parts	142.0	2.7	34.7
9	Prepared poultry	141.6	2.7	23.9
10	Teleprinters, telephone sets and parts	181.9	3.4	21.4

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\$14.1 billion (or 5.2% of total FDI in Thailand) at the end of Q3/2021, representing over half (51.0%) from the EU (excluding the UK) and no. 5 globally (after Japan, Singapore, Hong Kong, and the U.S).

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## Dutch companies and investors Thailand



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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\$12.5 billion at the end of Q3/2021, accounting for 7.3% of total TDI abroad and 65.6% of TDI to the EU (excluding the UK).

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# Embassy Business Support Services

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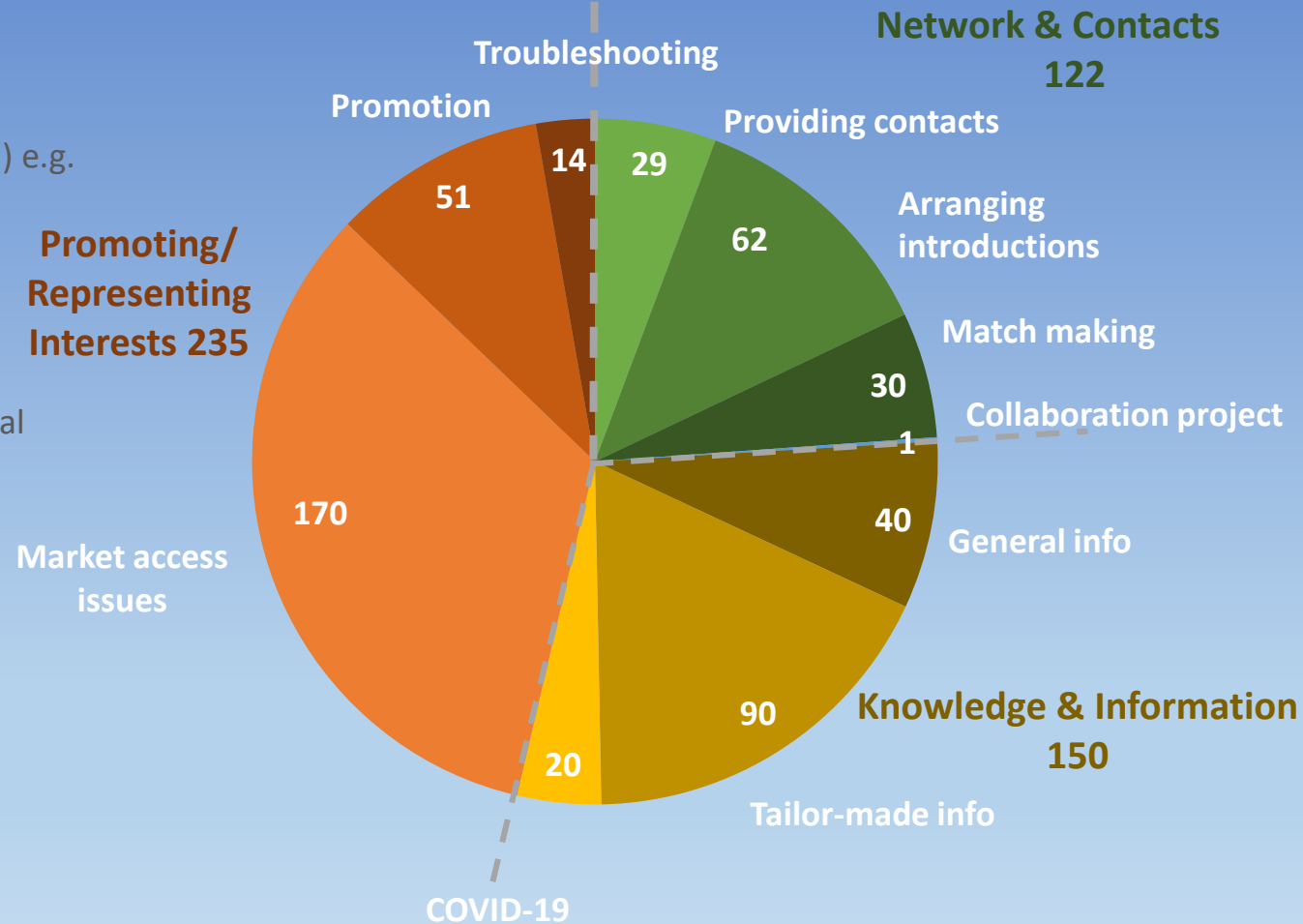


# Business Support Services by the Embassy: 2021

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

- **Completed 507 trade requests**
- **Organized/Co-organized 39 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, NL session at Horti Asia, Water Dialogue (urban water management, salt intrusion, industrial water), Maritime, Room for rivers, NL-TH Business Forum, Green Finance and Investment, EVAT Tech Forum, and Garments suppliers (Cambodia)
  - ❖ Signing ceremony: MoU Water, Agreement on Environmental Management, Circular Design Hub, 24/7 REC Pilot Project.
- **Publication/Intelligence include:**
  - ❖ Thailand Economic Review 1H2021
  - ❖ Factsheet Water Sector in Thailand
  - ❖ Articles in NTCC Commerce Magazine and Directory

## Trade requests by service types



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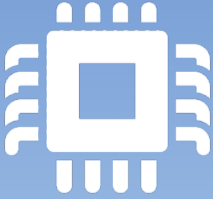


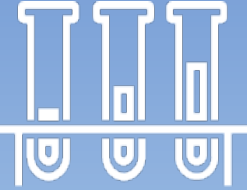






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## Business Support Services by the Embassy: Trade requests by topsectors

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

\*Others such as Environment (12), construction (1), Education (3), Garment and textiles (2), Services sector (7), wholesale –retail and trading (2), consumer and household (1), and tourism and sport (1).

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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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