OECD ECONOMIC SURVEY OF
THAILAND

Pursuing a strong and inclusive green recovery

Bangkok
7 December 2023
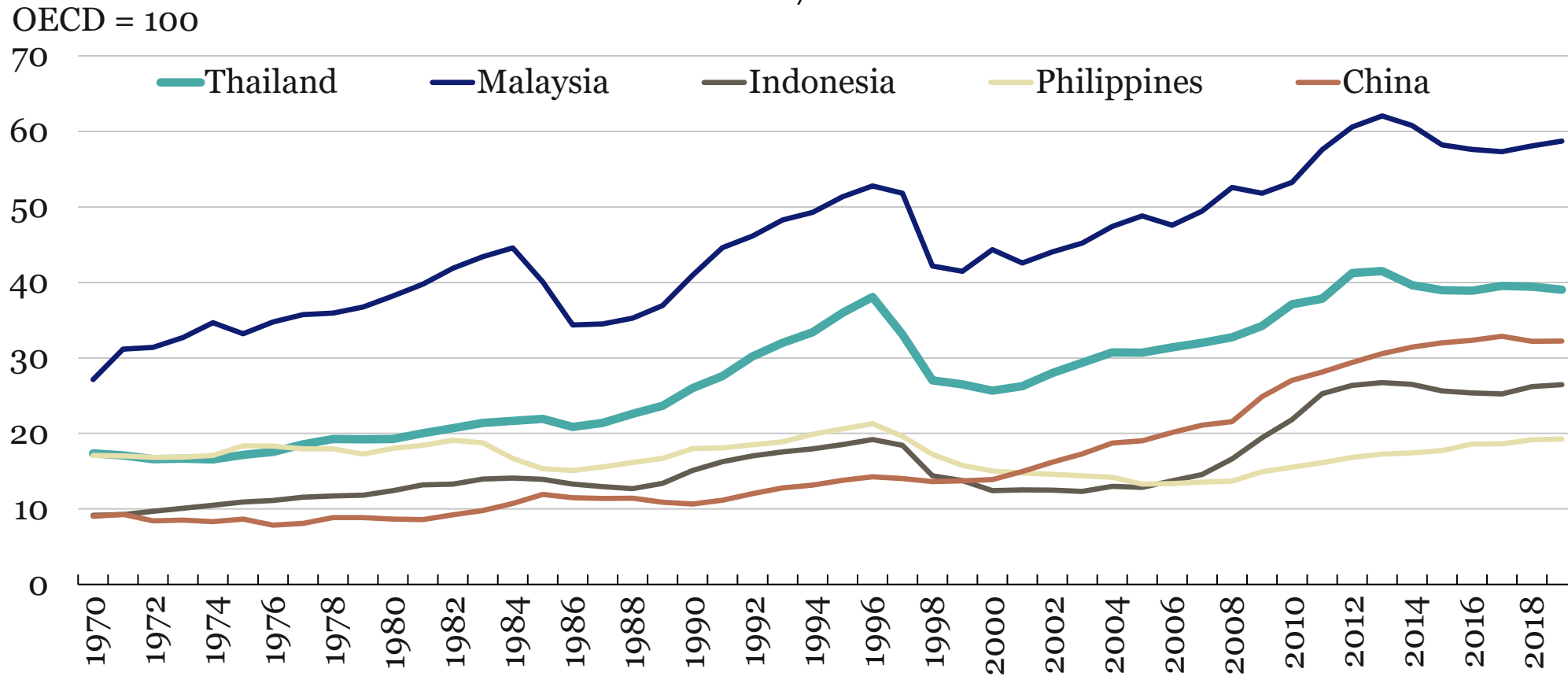
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@OECDeconomy
@OECD

Convergence with higher-income countries needs to resume

GDP per capita relative to the OECD average
in 2017 PPP USD

OECD = 100

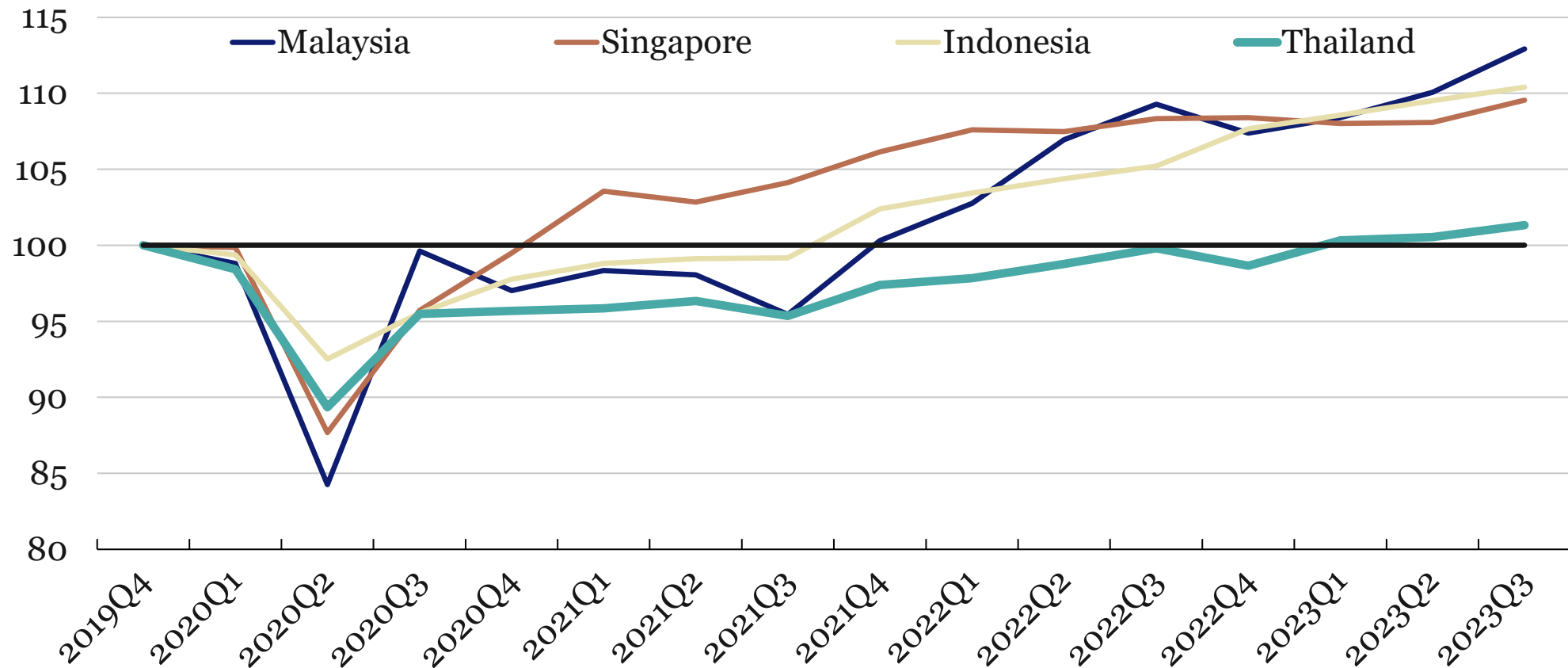Legend: Thailand | Malaysia | Indonesia | Philippines | China

Note: Calculations based on output-side real GDP at chained PPPs.
Source: Penn World Tables; and OECD calculations.

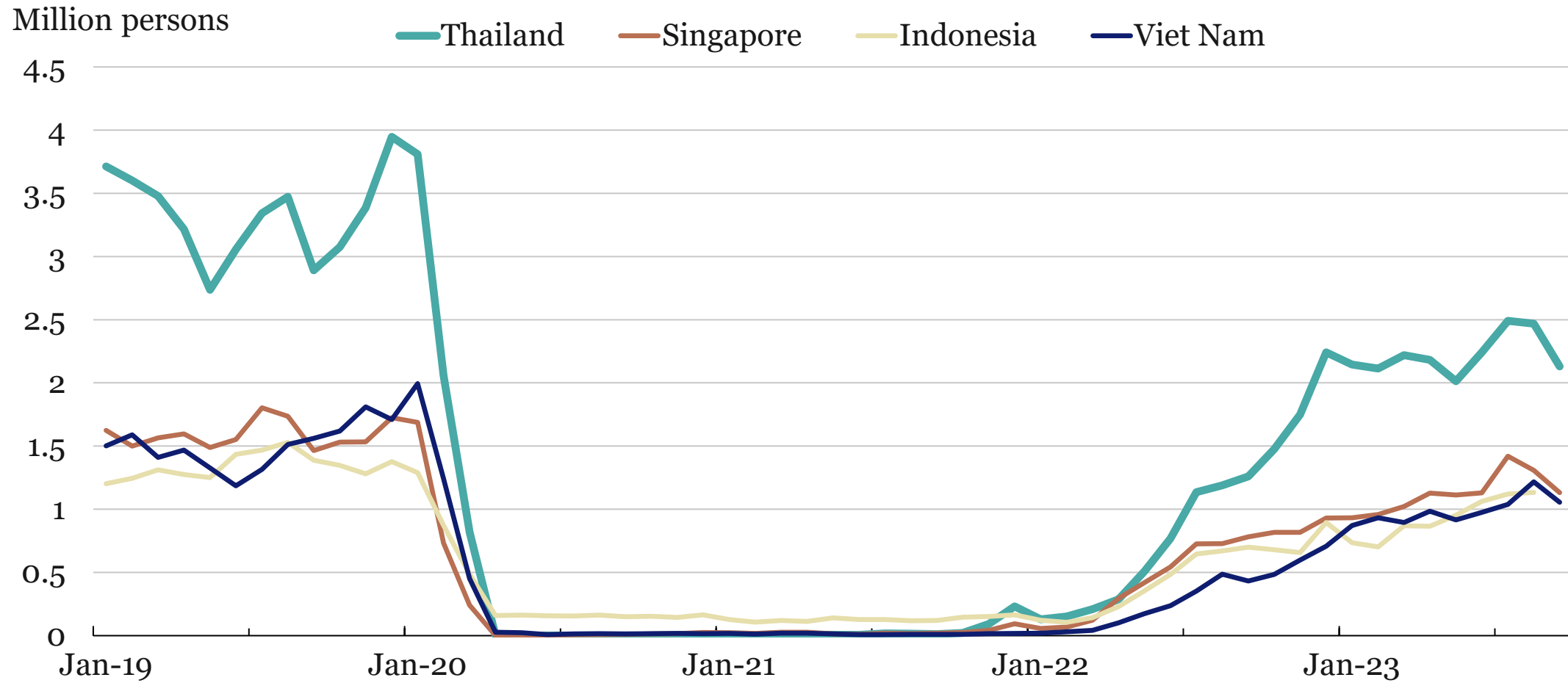# The recovery has been slower than in peer economies

Real GDP
Index, 2019Q4 = 100

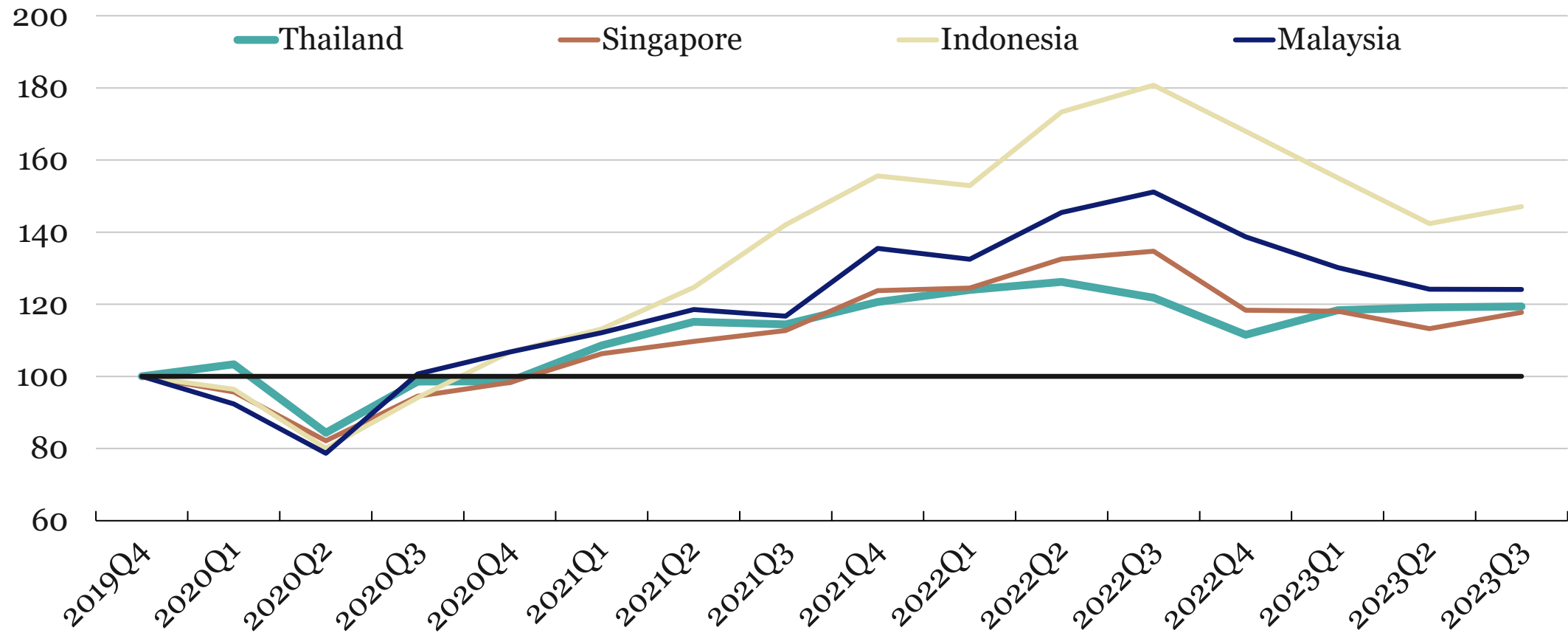Source: CEIC.

Inbound tourism is recovering well

Foreign visitors per month
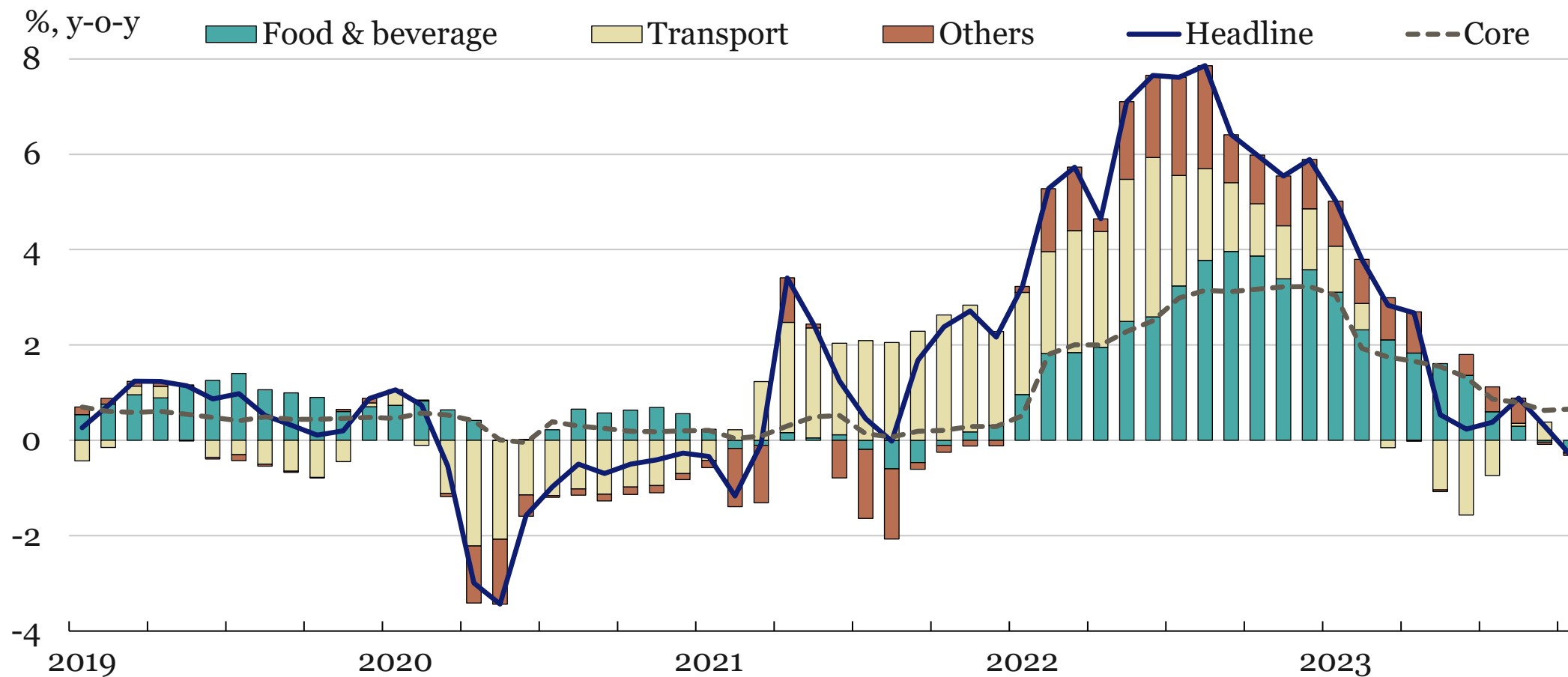

Source: CEIC.

Exports are recovering slowly

Exports of goods
Index, 2019Q4 = 100

Source: CEIC; and OECD calculations.

Tight monetary policy will be needed

Contribution to consumer price inflation

%, y-o-y

Food & beverage · Transport · Others · Headline · Core

Source: CEIC; Bureau of Trade and Economic Indices.

Growth is projected to pick up

	2022	2023	2024	2025
Real GDP growth (%)	2.6	2.7	3.6	3.2
Consumer price index (%)	6.1	1.6	2.2	2.0
Government budget balance (% of GDP)	-3.9	-3.9	-3.1	-2.9
Public debt (% of GDP)	60.5	62.1	62.5	62.6

Source: OECD calculations.

Strengthening public finances

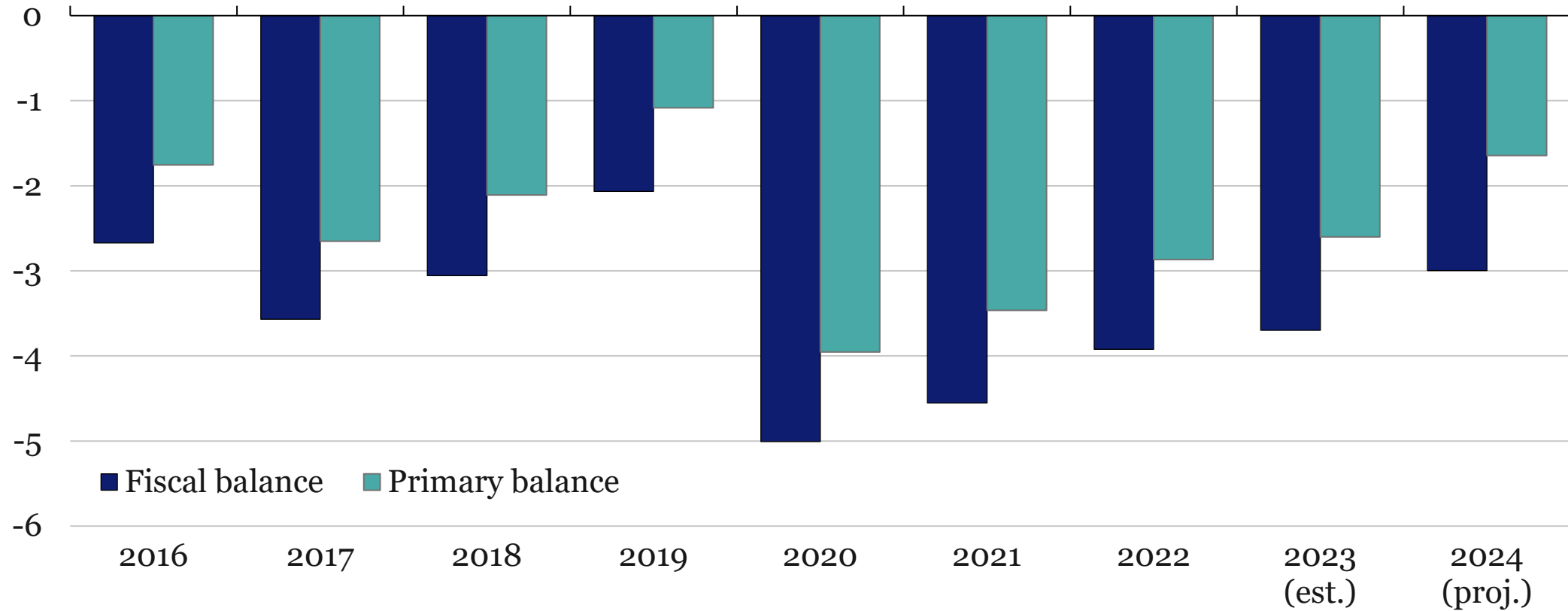# Fiscal consolidation should continue

General government budget balance
% of GDP

Legend: ■ Fiscal balance ■ Primary balance

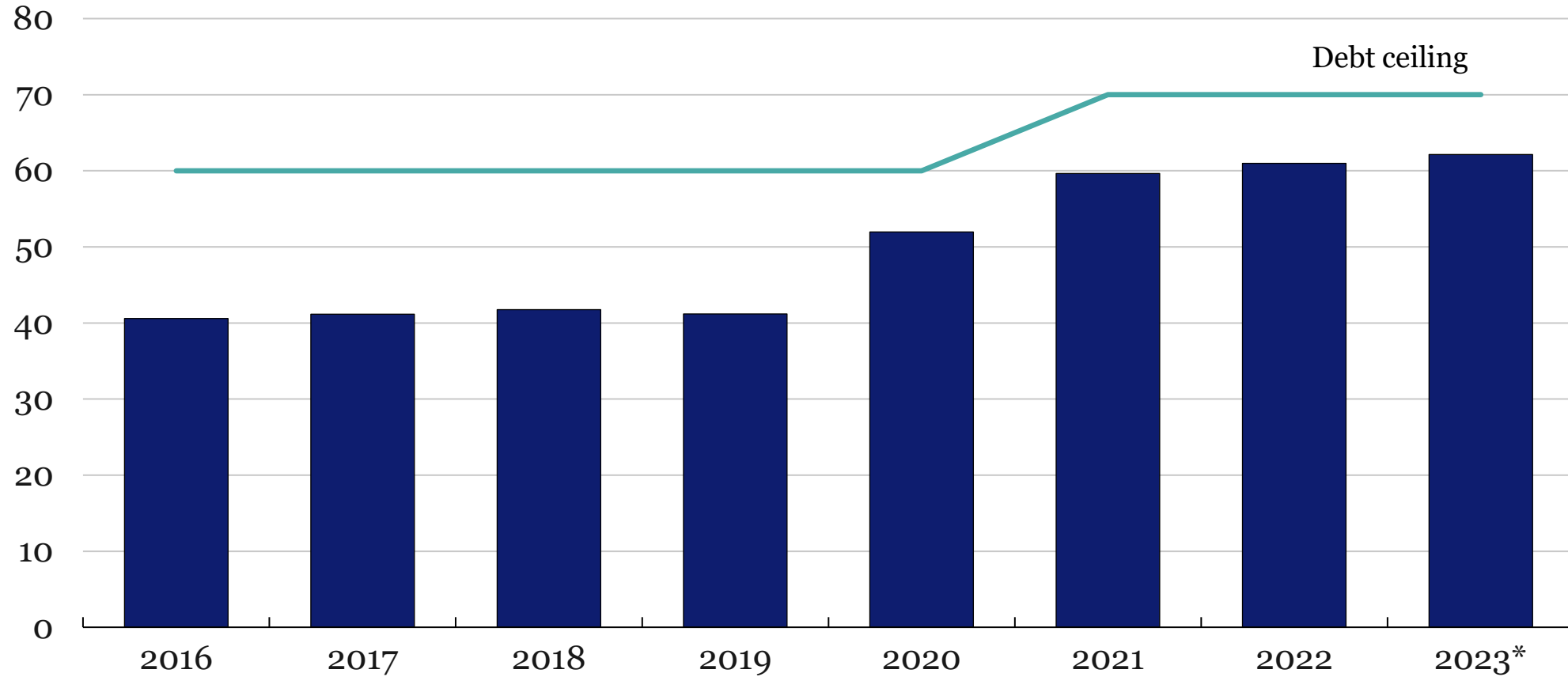X-axis: 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023 (est.), 2024 (proj.)

Note: Data since 2023 are targets set under the Medium-Term Fiscal Framework.
Source: Ministry of Finance; NESDC; and OECD calculations.

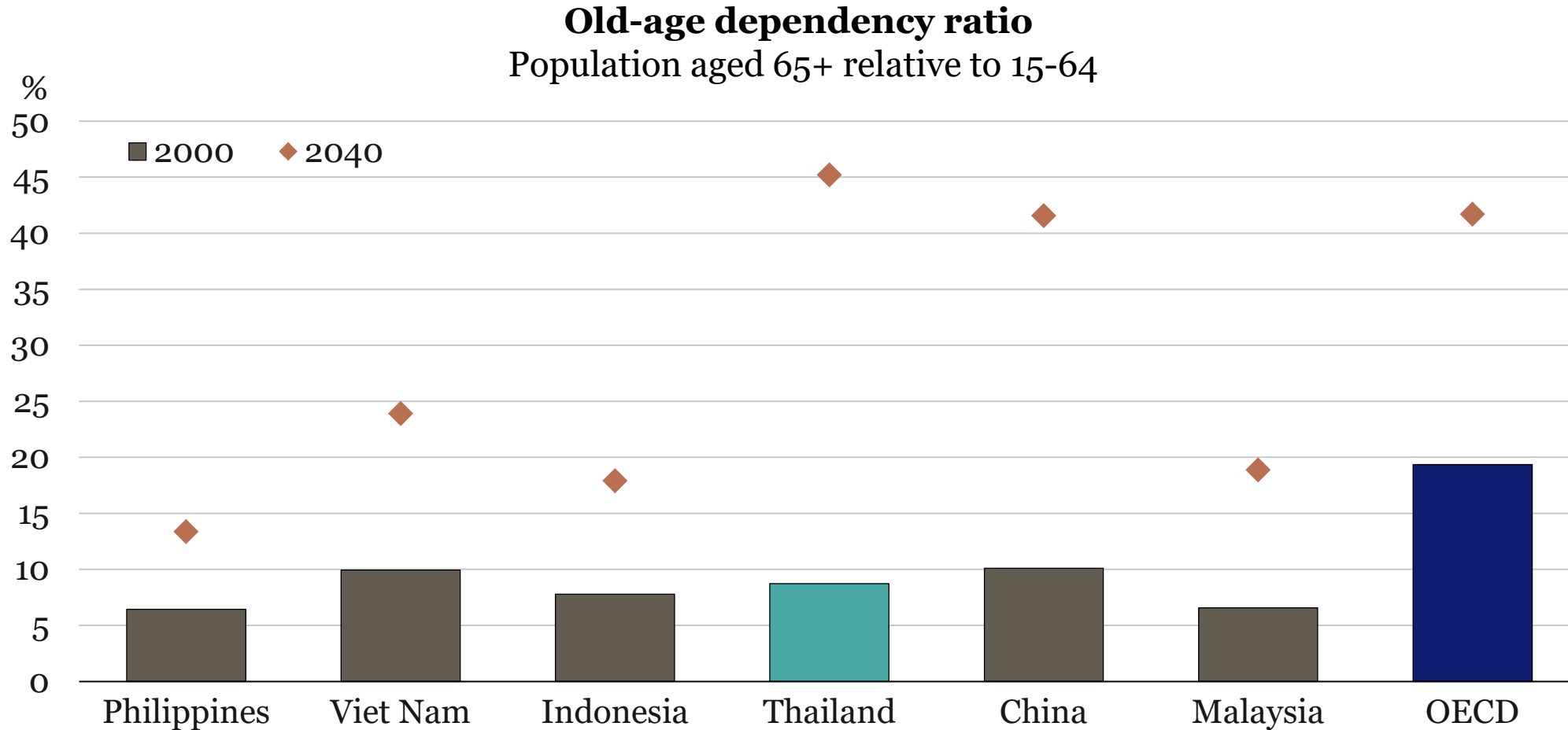# Public debt needs to come down

**Gross public debt**
% of GDP

Debt ceiling

Note: * denotes the latest data as of September 2023.
Source: Ministry of Finance; NESDC.

Population ageing will increase spending pressures

Old-age dependency ratio
Population aged 65+ relative to 15-64

Source: United Nations, Department of Economic and Social Affairs, Population Division (2022). World Population Prospects 2022, Online Edition.

Stronger revenues would improve debt sustainability

Gross public debt
% of GDP
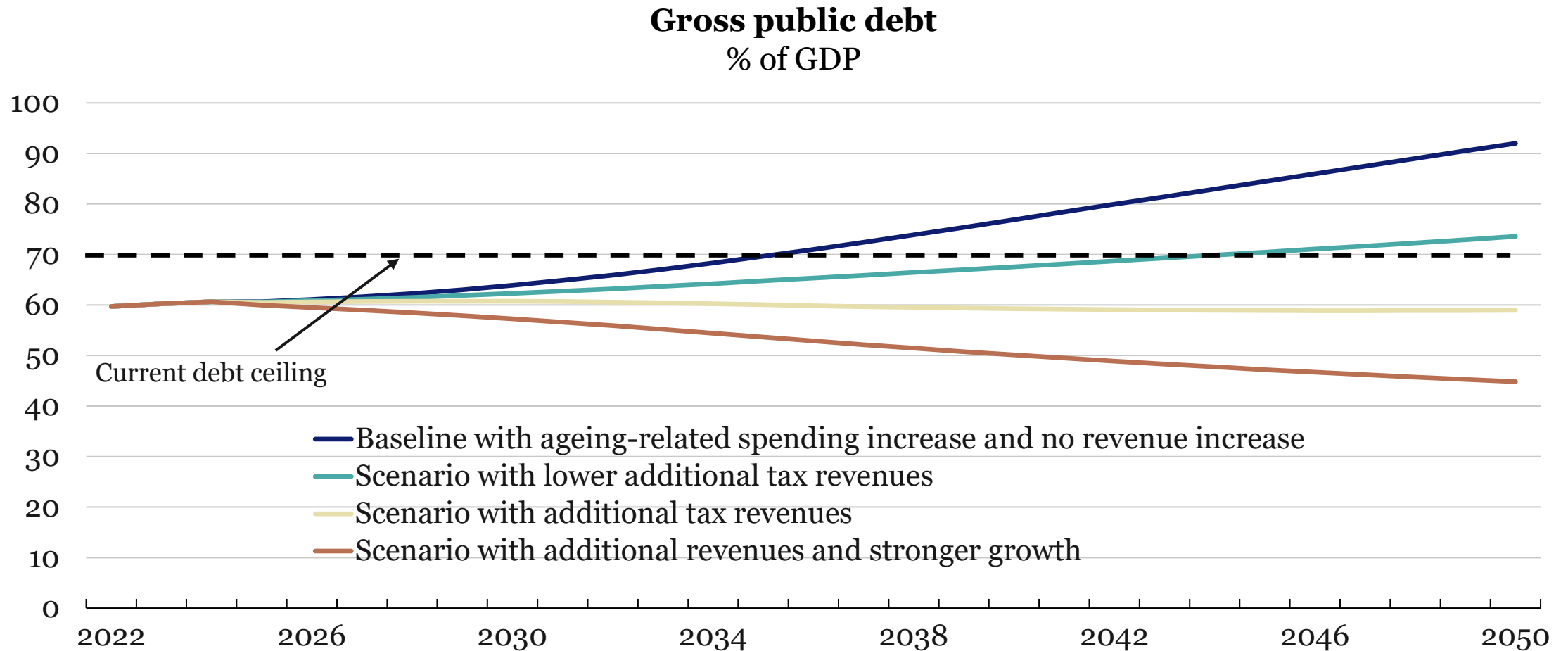
Note: The baseline scenario includes an ageing-related spending increase in social and health spending of 1 and 1.4 percentage points of GDP by 2035 and 2050, respectively, under the assumption of constant government spending per elderly person throughout the estimation periods. The baseline assumes that no additional revenue measures will be taken. The scenario with additional tax revenues assumes that primary balance will be maintained at -1% of GDP from 2035, financed through higher tax revenues. The additional tax revenues and high growth scenario assumes real GDP growth of 4% on top of the scenario with additional tax revenues. The scenario with lower additional tax revenues assumes that only half of these additional revenue measures will be implemented by 2035, implying a primary balance of -1.9% from 2035.
Source: OECD calculations.

Higher and more progressive tax revenues are needed

Tax revenue
2021 or latest year available
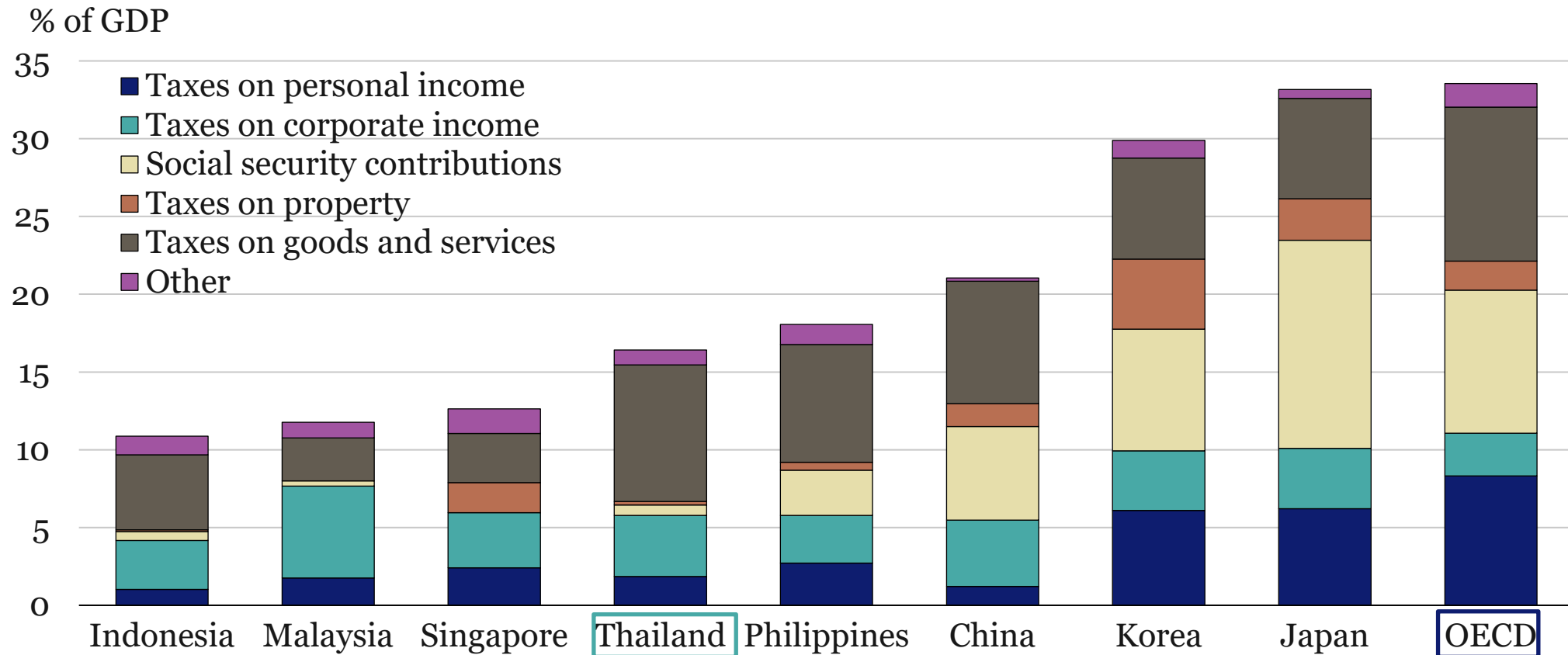
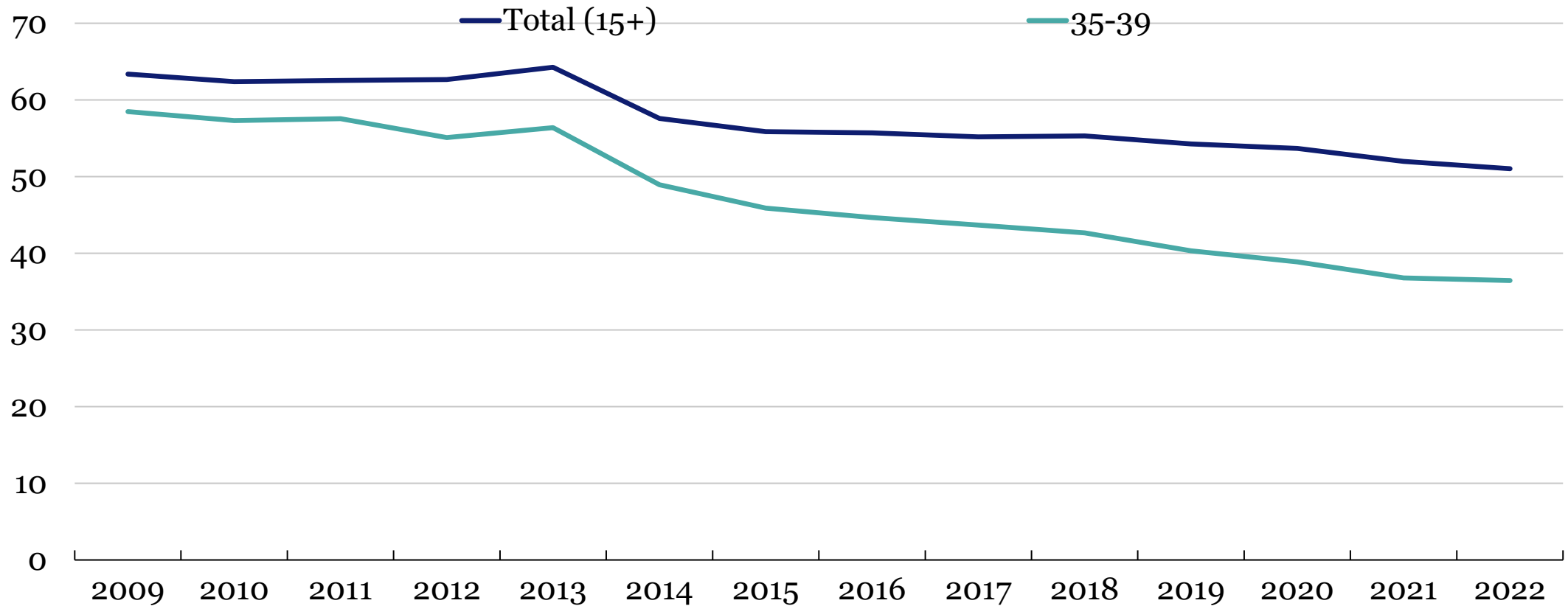Source: OECD, Tax Revenue database; OECD calculations.
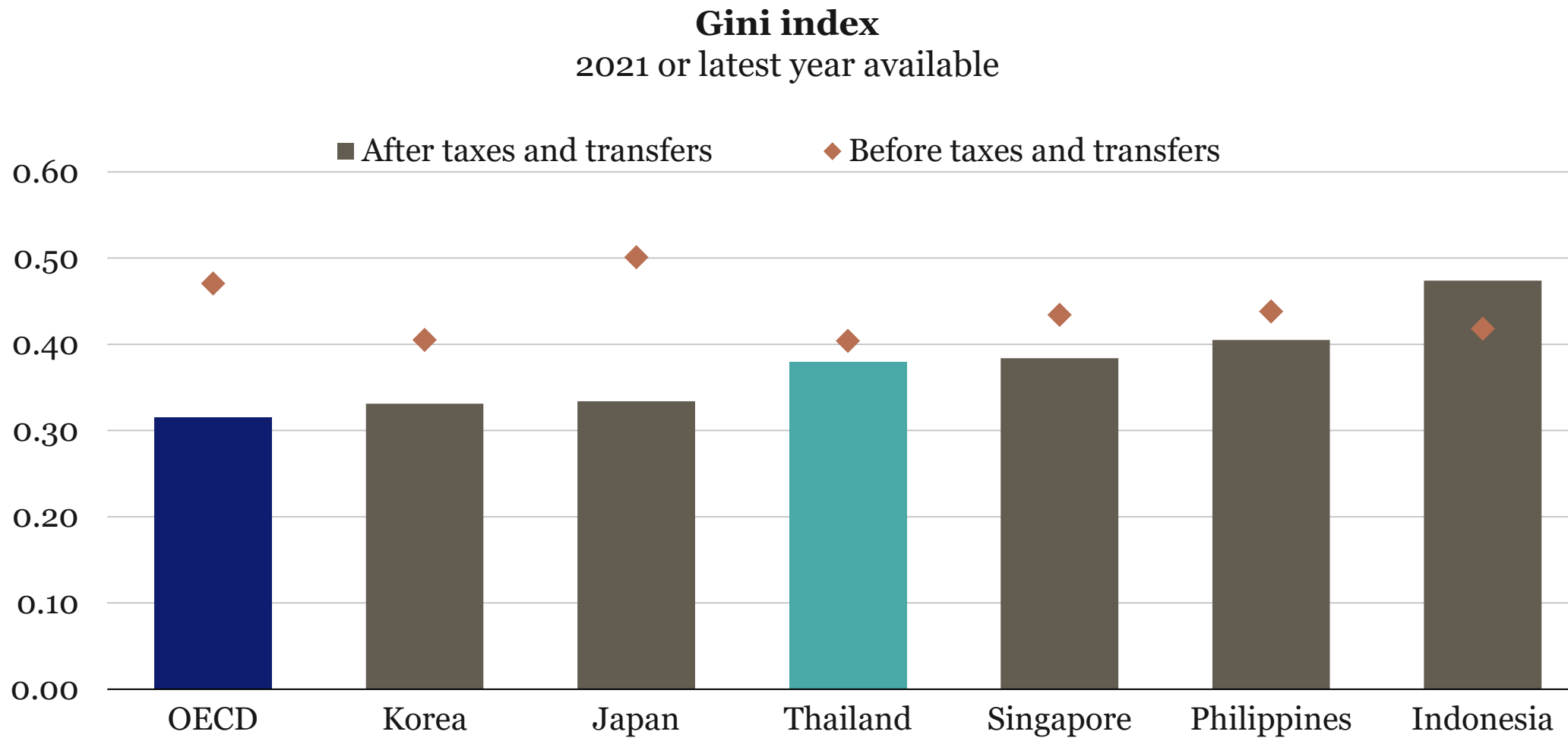
Enhancing social protection

Labour informality has declined

Informal employment
% of total employment

Note: Informal workers are those who are not protected or have no social security from work. Data cover only private sector workers.
Source: National Statistics Office, Informal Employment Survey.

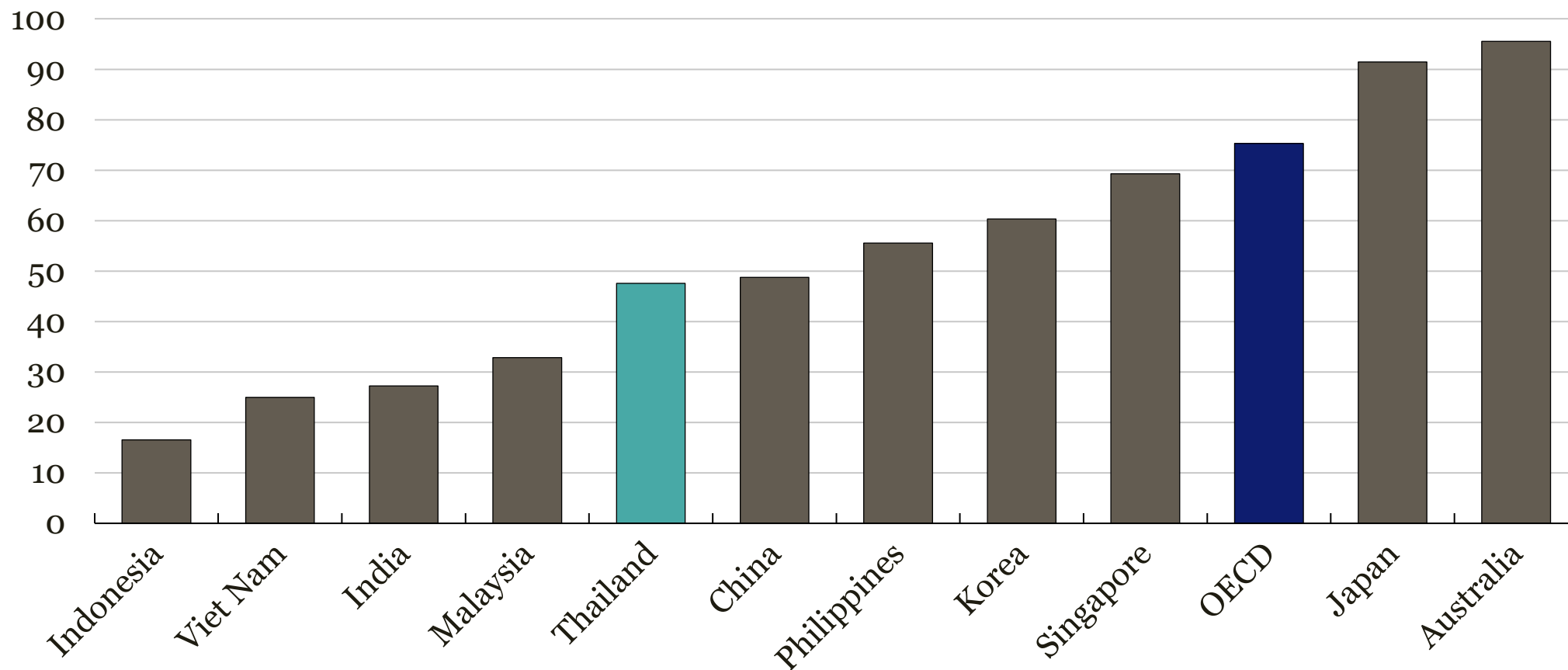# Taxes and transfers could do more to reduce income inequality

Gini index
2021 or latest year available

■ After taxes and transfers   ◆ Before taxes and transfers

Social security coverage should be broadened

Social security contributors
% of population aged 15-64, 2021 or latest available year

Public education spending should be raised

Public education expenditures
% of GDP
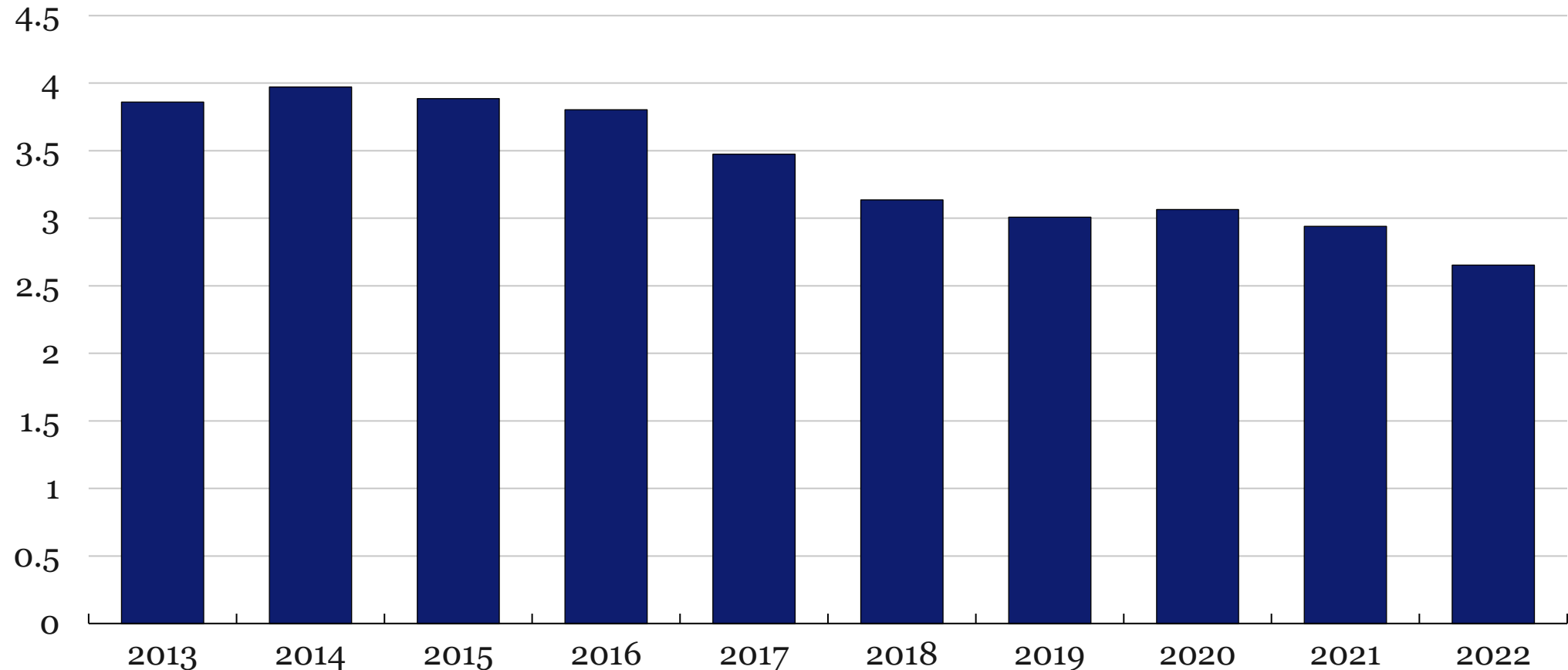
Source: Government Fiscal Management Information System; World Bank World Development Indicators; and OECD calculations.
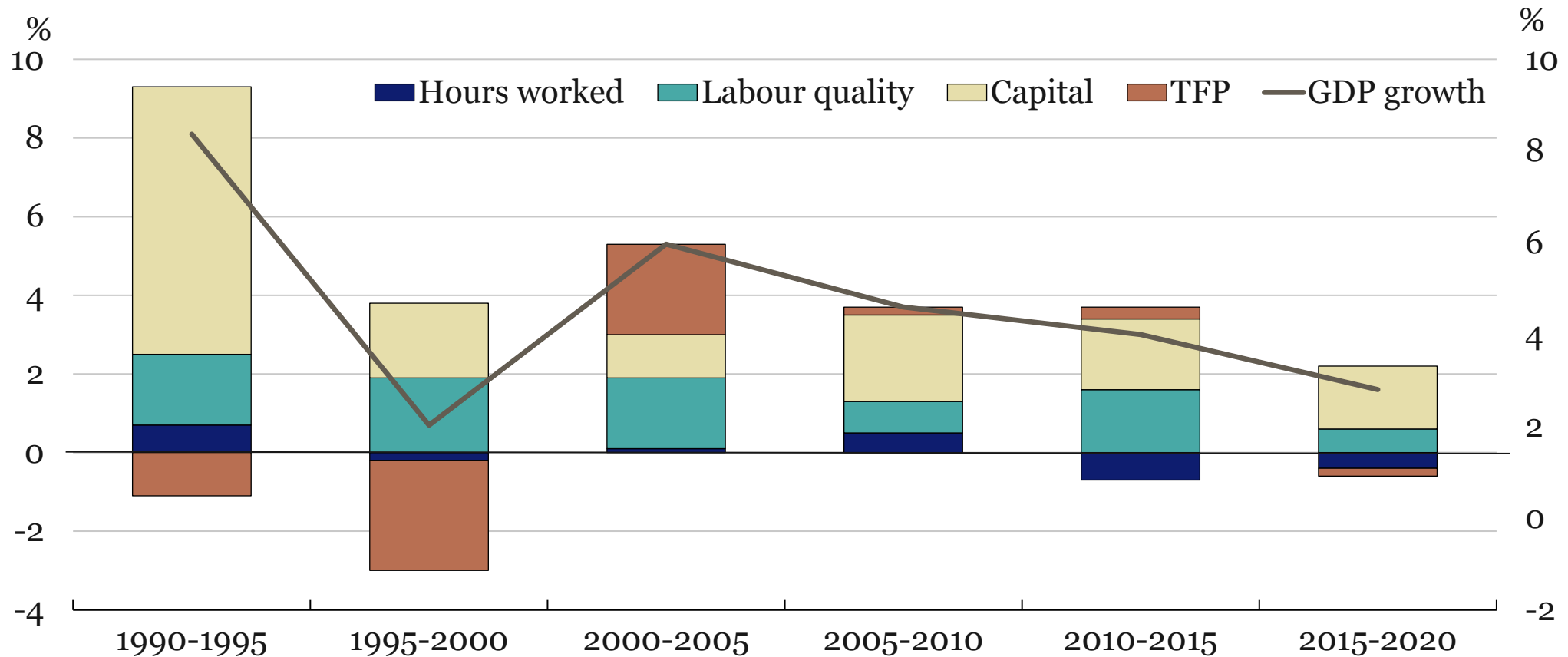
Improving the business climate

Boosting productivity is a high priority

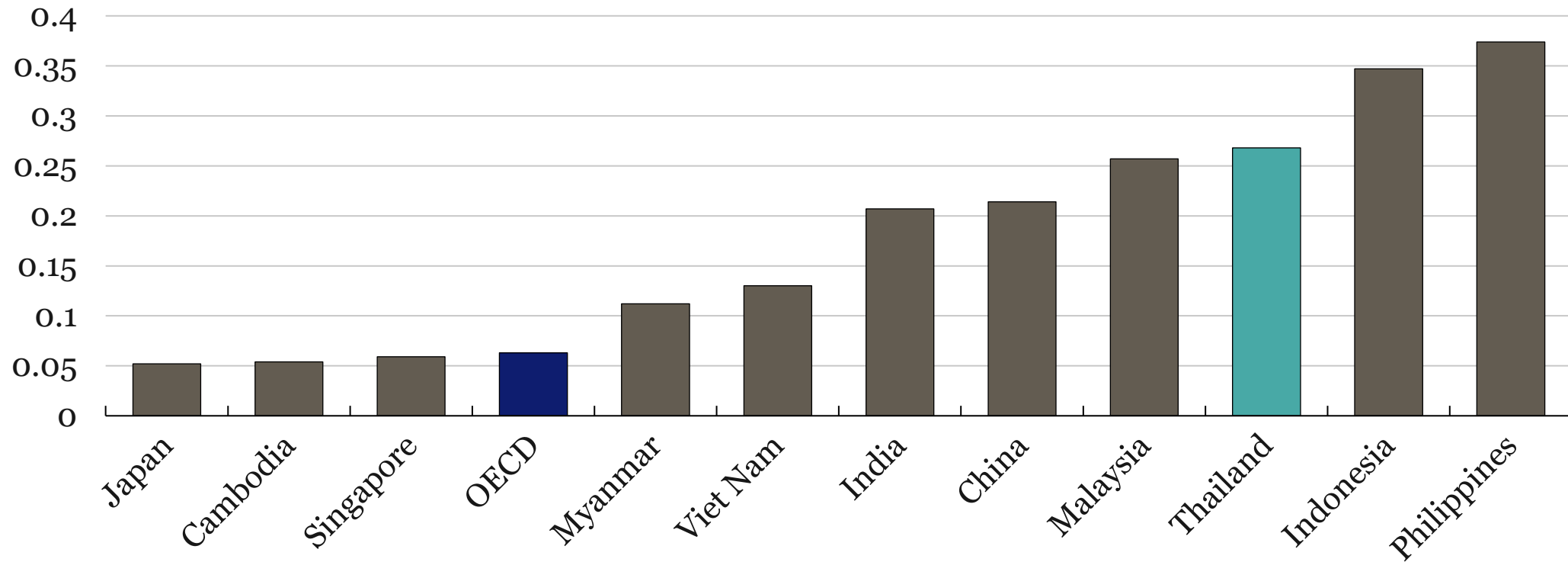**Factors contributing to GDP growth**

Note: TFP refers to total factor productivity.
Source: Asian Productivity Organisation, APO Productivity database 2022.

Restrictions on foreign direct investment could be streamlined further

OECD FDI Regulatory Restrictiveness index
Scale from 0 (open) to 1 (closed), 2022

Note: The OECD FDI Regulatory Restrictiveness Index covers only statutory measures discriminating against foreign investors (e.g. foreign equity limits, screening & approval procedures, restriction on key foreign personnel, and other operational measures). Other important aspects of an investment climate (e.g. the implementation of regulations and state monopolies, preferential treatment for export-oriented investors and special economic zones regimes among other) are not considered. See Kalinova et al. (2010) for further information on the methodology.

Source: OECD FDI Regulatory Restrictiveness Index database, http://www.oecd.org/investment/fdiindex.htm.

Barriers to services trade could be reduced, especially in telecommunications

Services Trade Restrictiveness Index in telecommunications
Scale from 0 (open) to 1 (closed), 2022
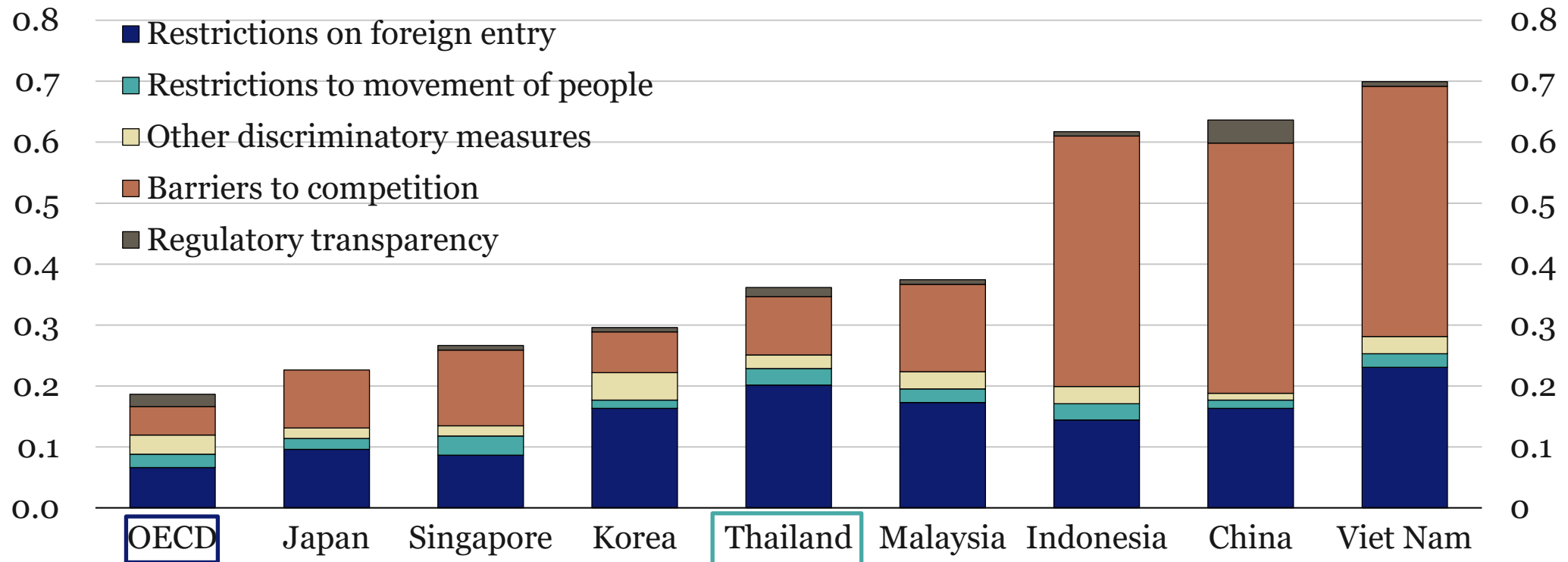
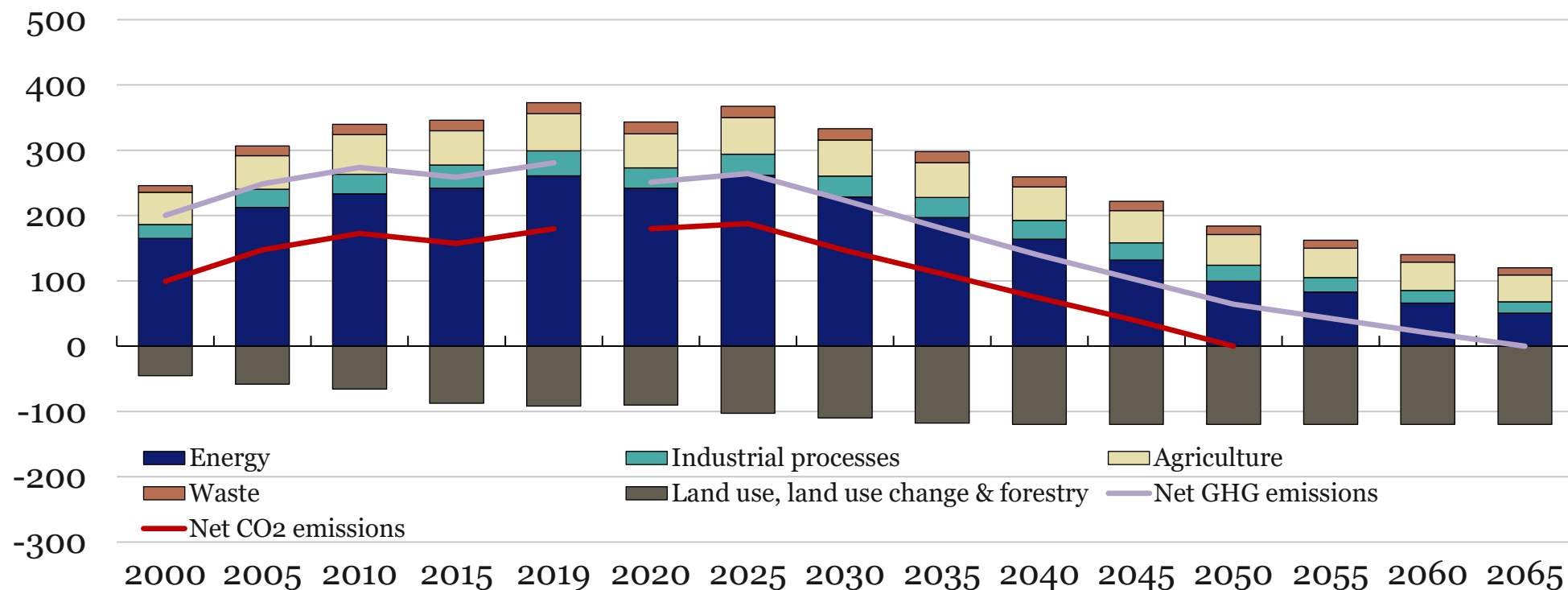Source: OECD, Services Trade Restrictiveness Index database.

Achieving the green transition

Thailand has pledged net zero emissions by 2065

Greenhouse gas emissions by source and net CO2 emissions
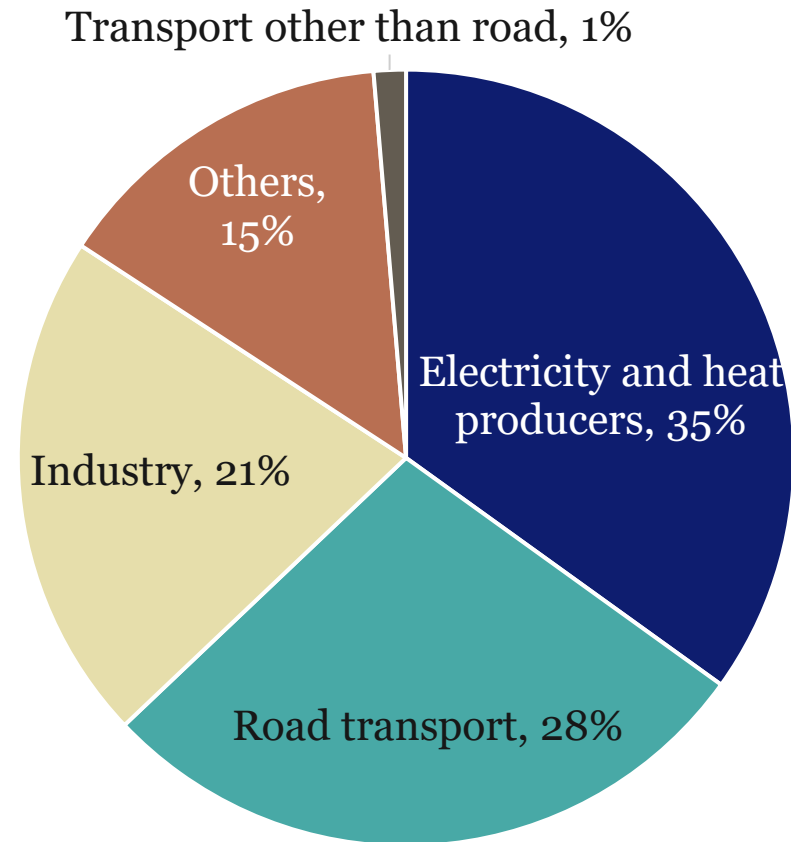### Mt CO_2 equivalents per year

Note: Data for 2000-2019 are from the Fourth National Communication, and those from 2020 are from the Long-term Low Greenhouse Gas Emission Development Strategy.
Source: Ministry of Natural Resources and Environment, Fourth National Communication and Long-term Low Greenhouse Gas Emission Development Strategy.
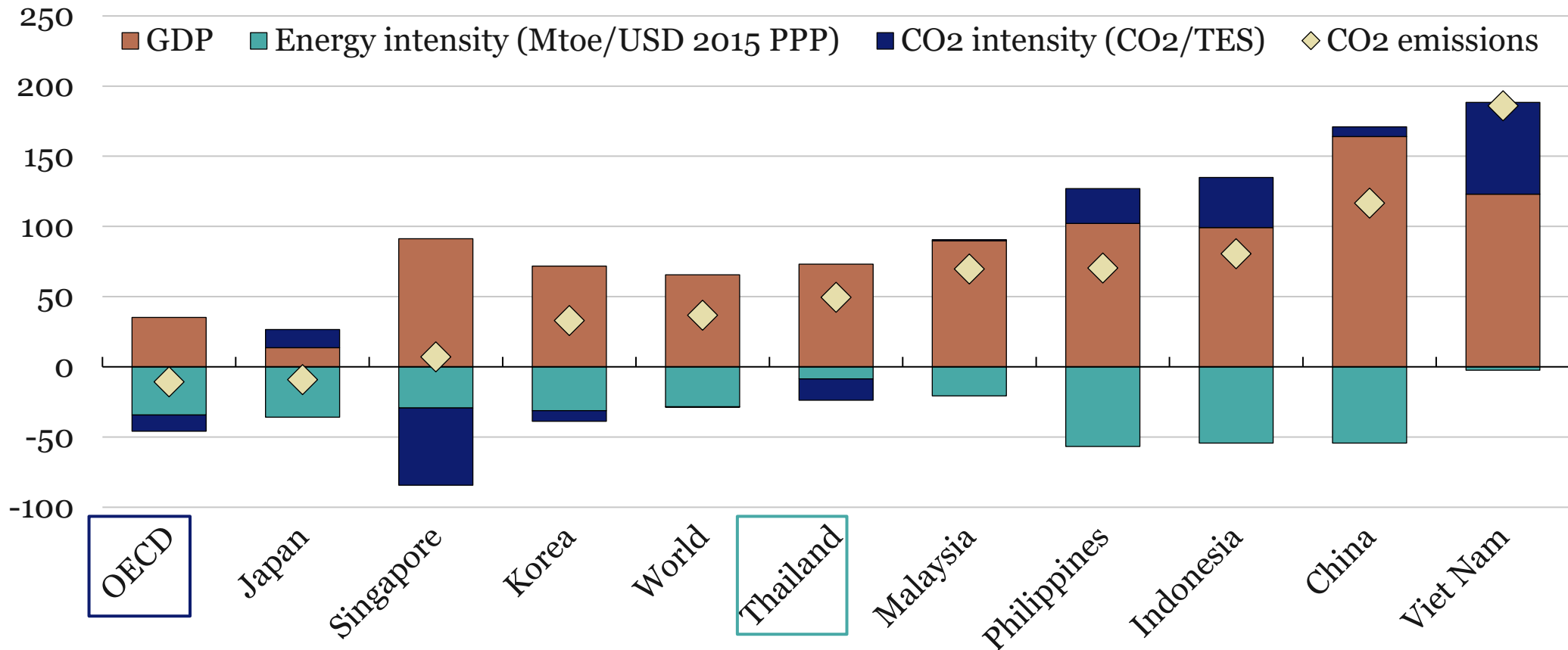
Energy and transport emissions need to decline

CO2 emissions from fuel combustion by sector, 2019

Transport other than road, 1%

Others, 15%

Electricity and heat producers, 35%

Industry, 21%

Road transport, 28%

Source: IEA Greenhouse Gas Emissions from Energy.

Energy intensity and CO$_2$ intensity have fallen

**CO2 emissions and contributions from different factors**
2000-2019, % change

Legend: GDP · Energy intensity (Mtoe/USD 2015 PPP) · CO2 intensity (CO2/TES) · CO2 emissions

Categories (left to right): OECD, Japan, Singapore, Korea, World, Thailand, Malaysia, Philippines, Indonesia, China, Viet Nam

Source: World Bank World Development Indicators; OECD Green Growth Indicators.

Energy subsidies are small

Energy subsidies, % of GDP
Average 2015-2019
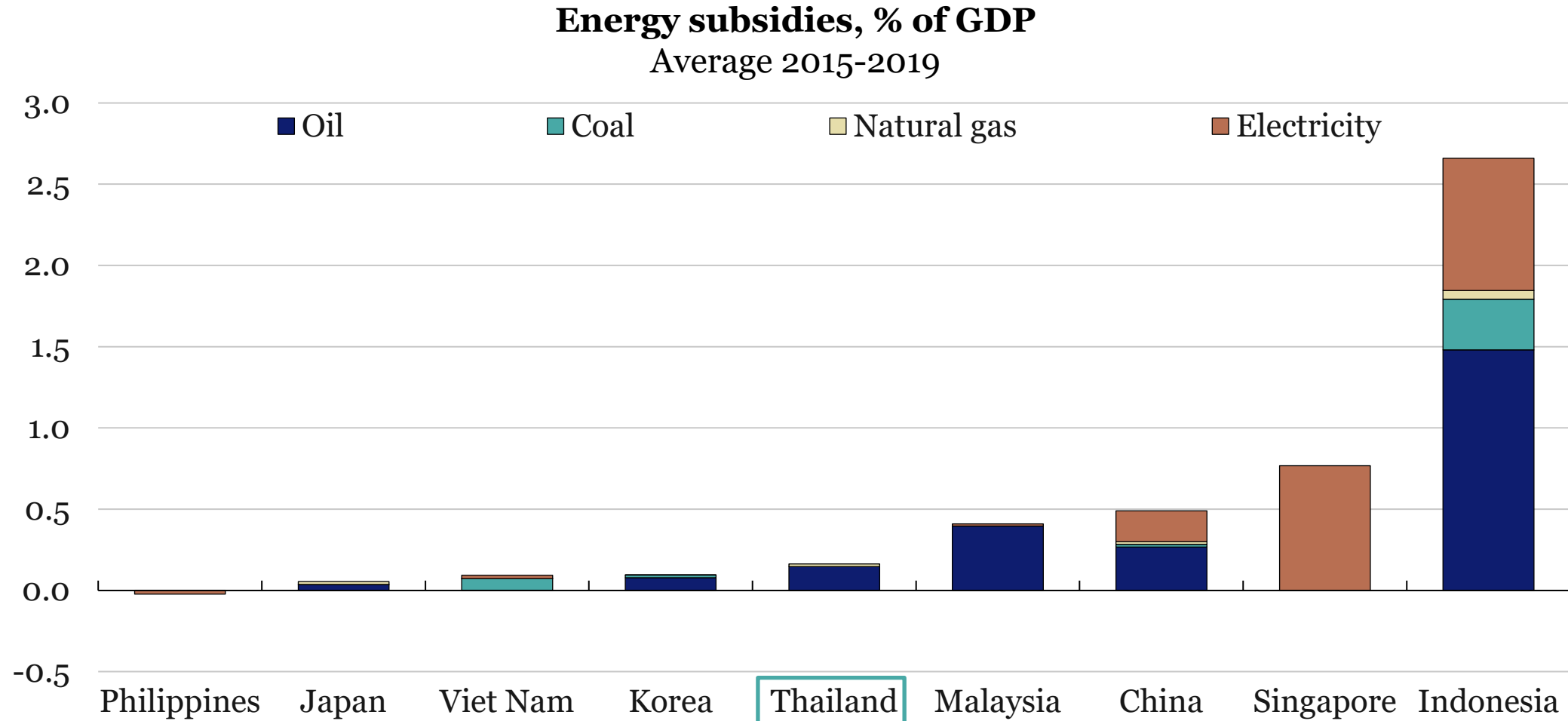
Source: International Institute for Sustainable Development and OECD; FossilFuelSubsidyTracker.org.

An effective carbon pricing mechanism is needed

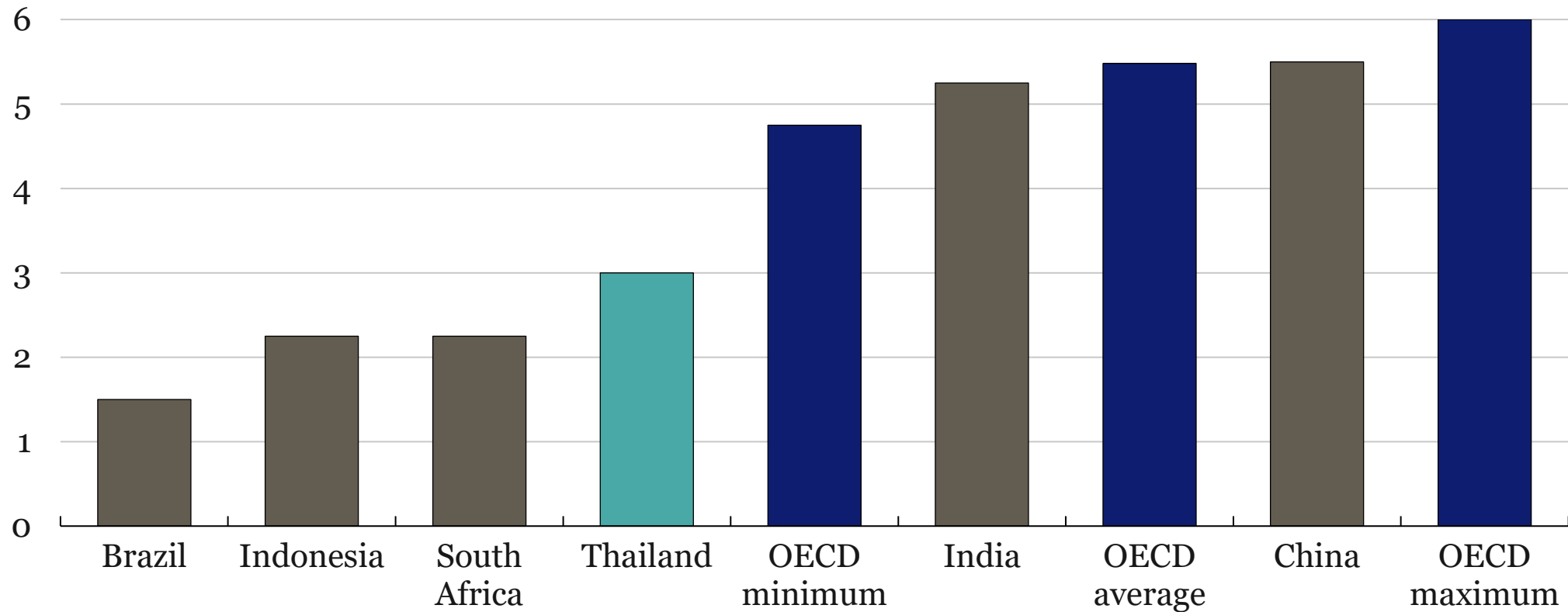**ETS carbon prices**
USD/tCO$_2$e
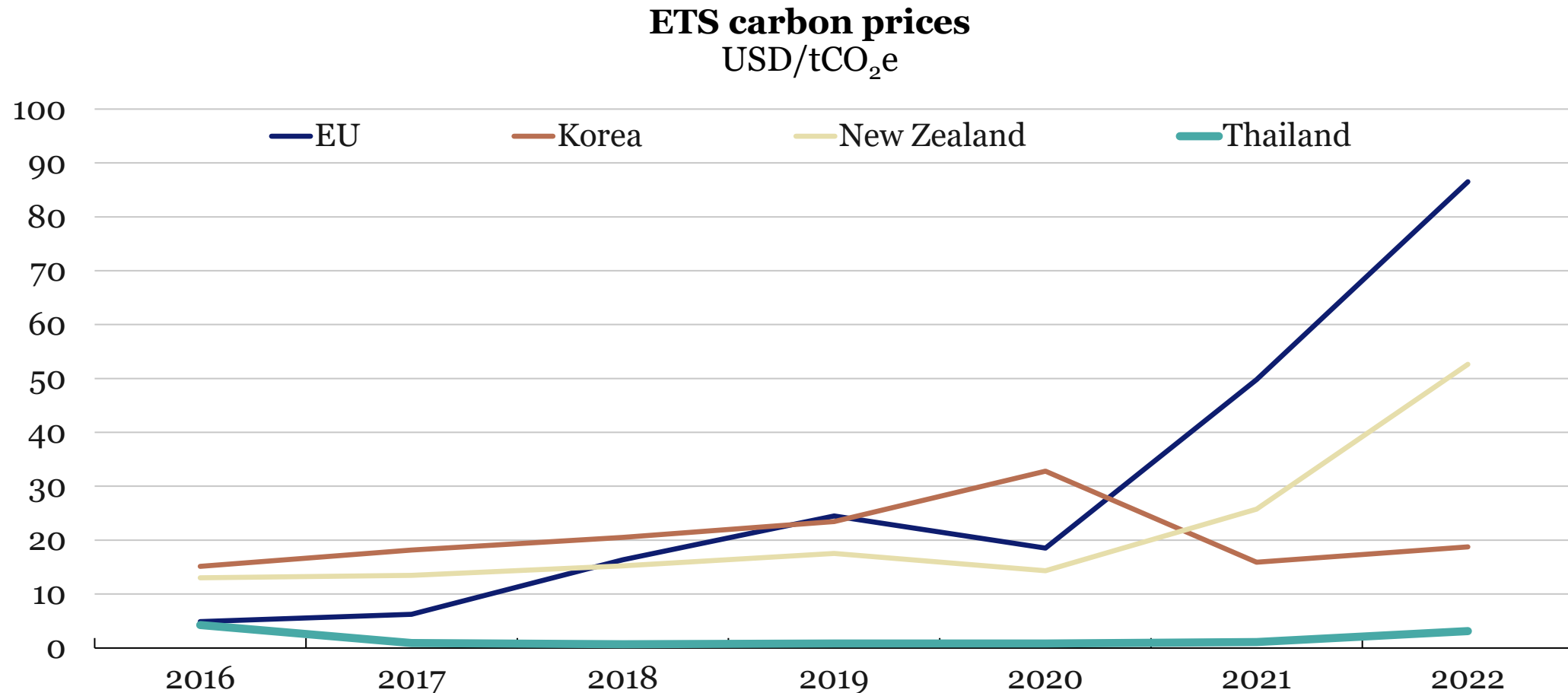
Source: World Bank Carbon Pricing Dashboard; Thailand Greenhouse Gas Management Organisation, Carbon Market information.

# Environmental regulations should be made more stringent

Environmental Policy Stringency (EPS) Index, non-market based policies
Scale from 0 (least stringent) to 6 (most stringent), 2020

Note: OECD minimum refers to the member country with the lowest index score, and OECD maximum refers to the member country with the highest index score.
Source: OECD, OECD Environmental Policy Stringency Index; OECD calculations.

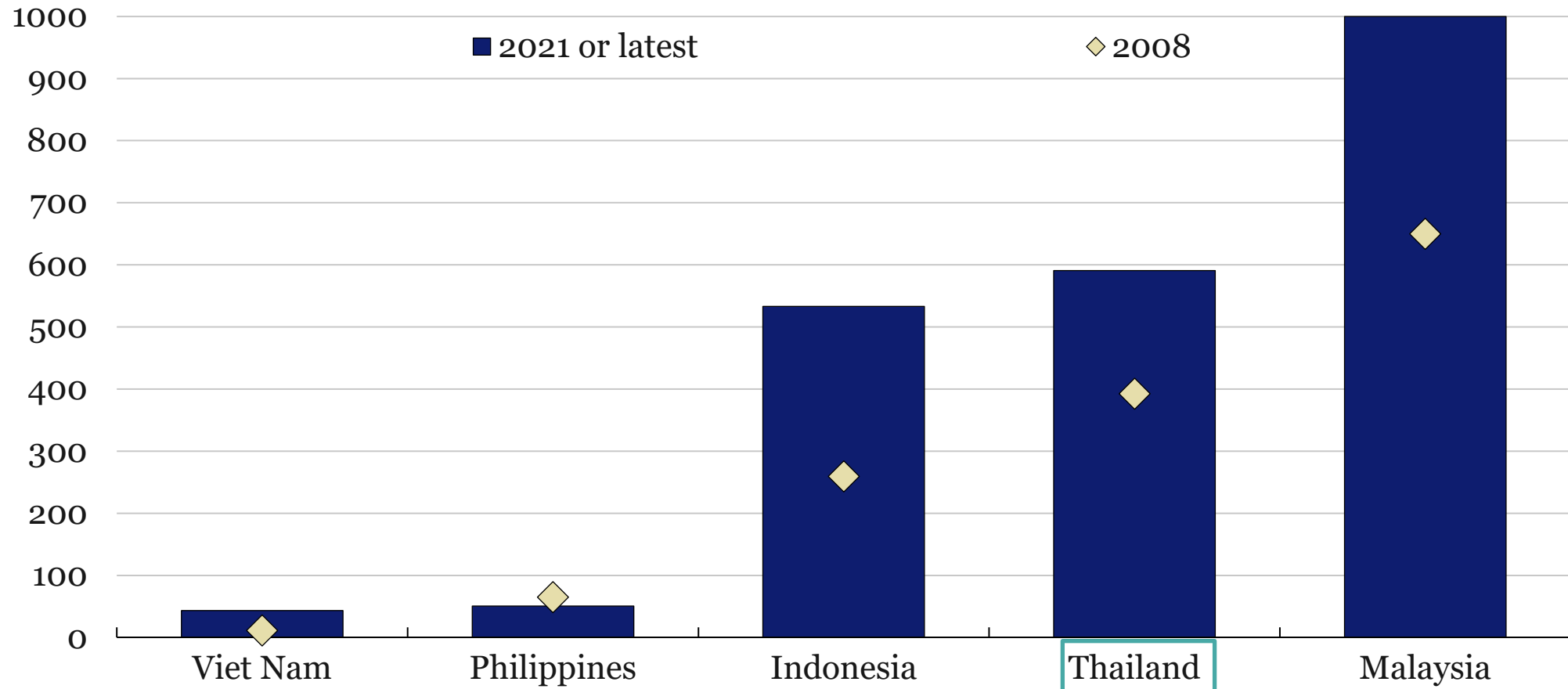# Renewable energy sources should expand further

Electricity production by source
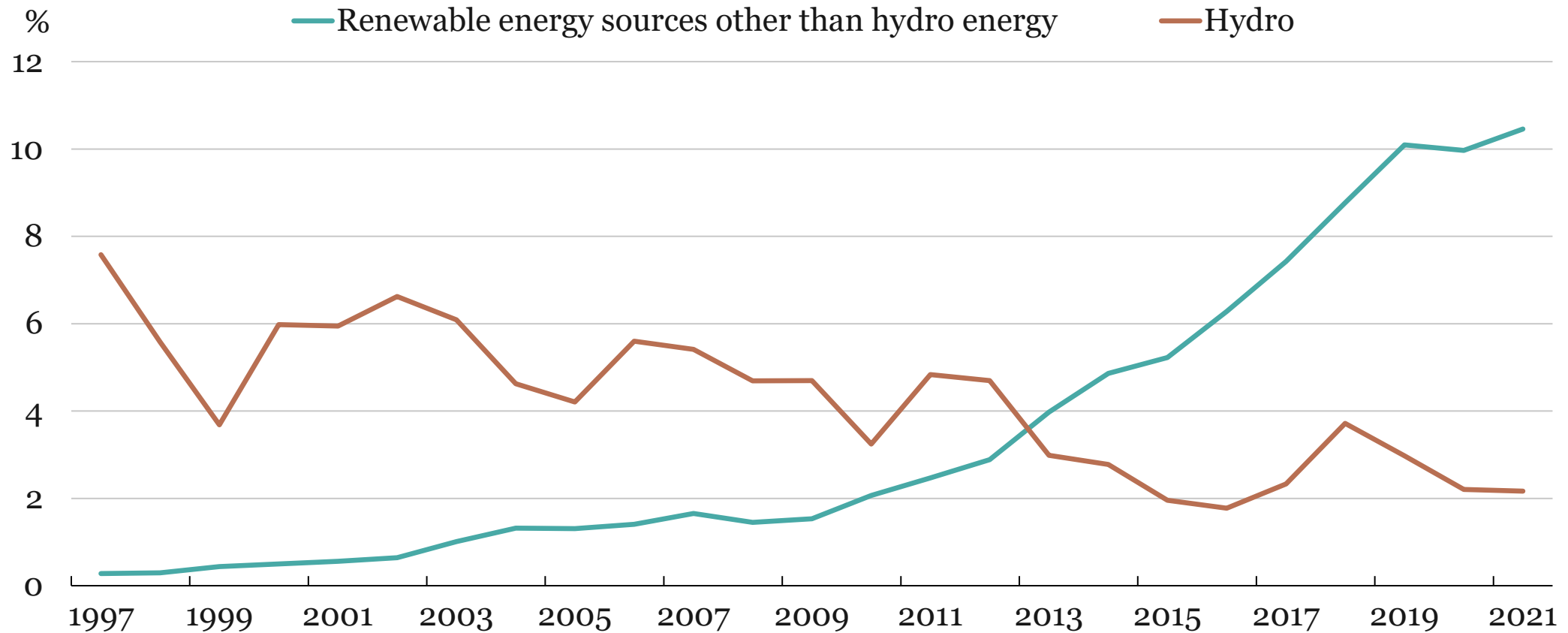
Source: Ministry of Energy, Energy Statistics of Thailand.
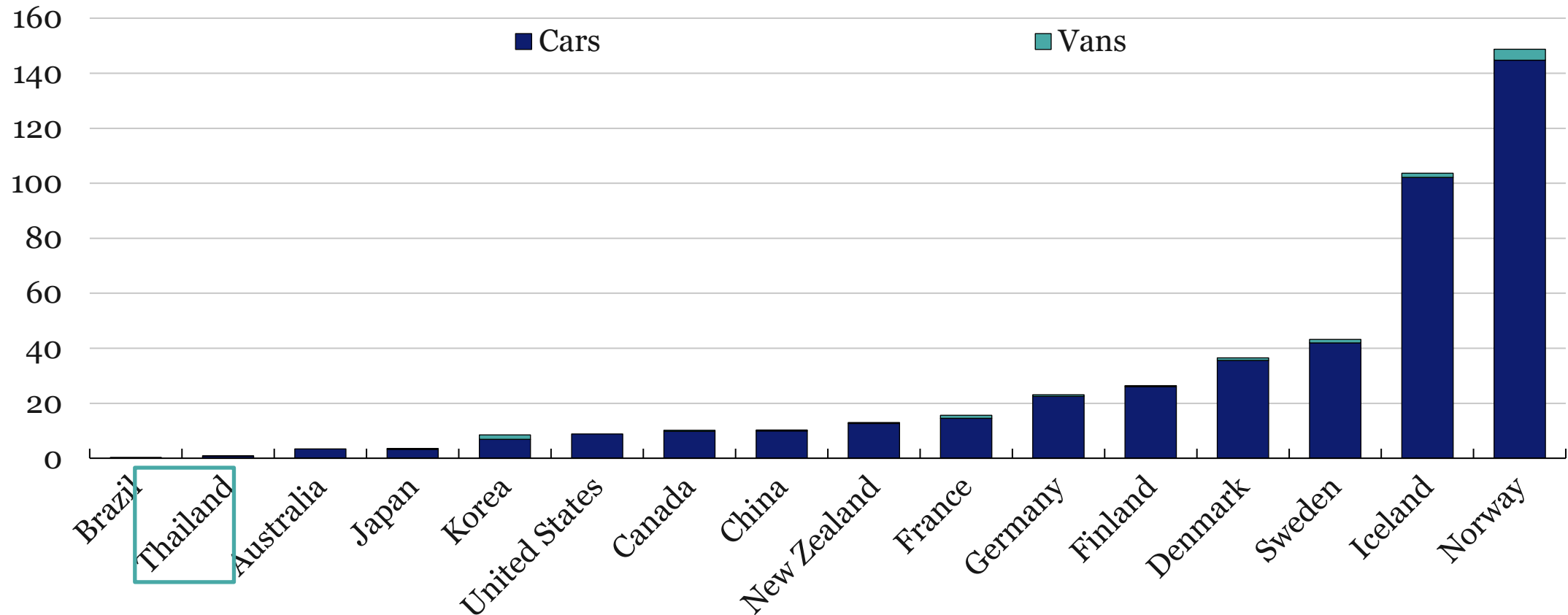
The vehicle fleet is expanding rapidly

Registered road motor vehicles
Per thousand of population

Note: Motor vehicles include motorcycles.
Source: ASEAN, ASEANStatDataPortal.

The electric vehicles market is still incipient

Electric vehicles stock
Per thousand of population, 2022

Note: Electric vehicles include battery electric vehicles and plug-in hybrid electric vehicles. For Thailand, vans are defined as microbuses, passenger vans, other vans and pick up cars. Cars are defied as vehicles under the Motor Vehicle Act, excluding vans and motorcycles. As of end 2022, there were 56 636 cars and 78 vans in Thailand. For the other countries, vans are defined as light commercial vehicles with gross vehicle weight below 3.5t.
Source: IEA, Global EV Outlook 2023; World Bank, World Development Indicators; Department of Land Transport, Vehicle Registration Information.

More freight could travel by rail

Inland freight transport by transportation mode as a share of total transport in %, 2019
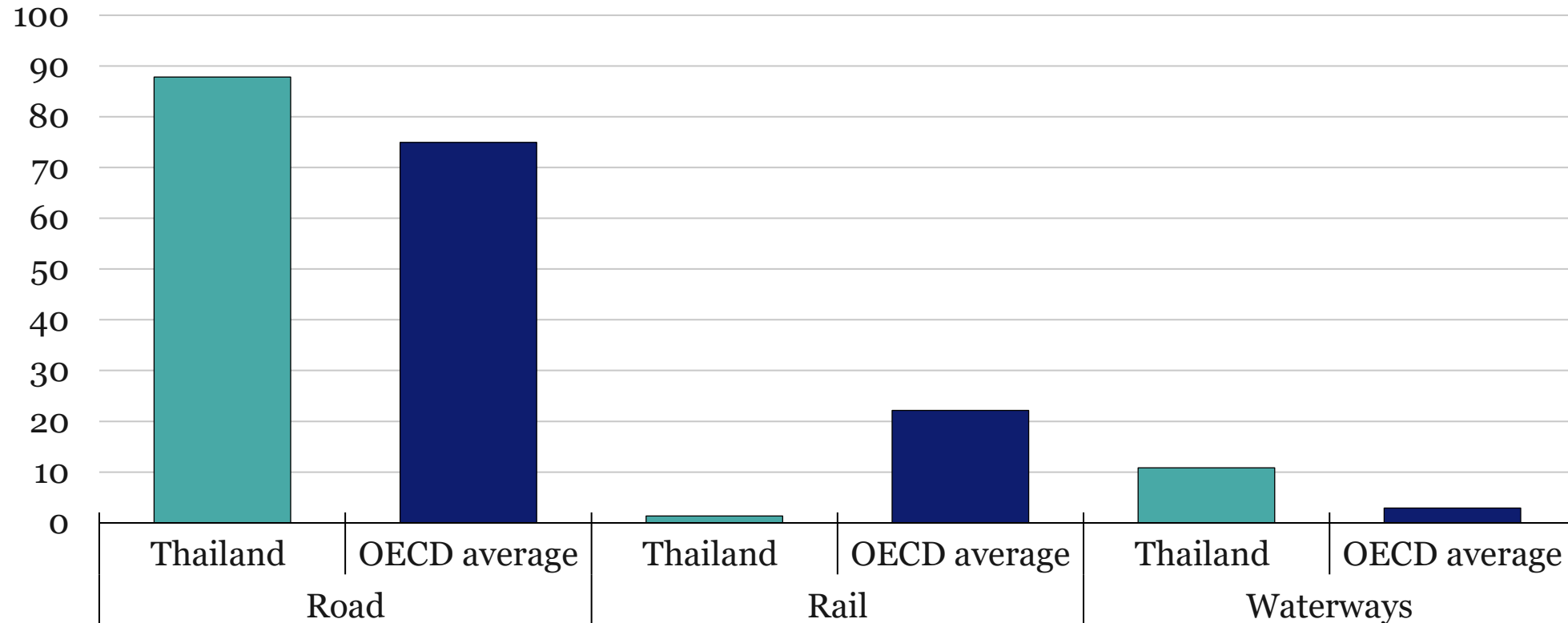
Note: Calculations are based on tonne-kilometre data. The OECD average is calculated as an average of 26 members where data are available. Air and pipeline transport is not included.
Source: ASEAN Railways, Data & Statistics; ITF Transport Statistics.

For more information

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