

Thailand's Economic Updates

(as of 11 July 2010)

Economic Projections*	2008	2009	2010 ^F
GDP (billions US\$)	273.4	263.5	299.3
GDP growth (%)	2.5	-2.3	3.5 – 4.5
GDP per capita (US\$ per year)	4,080.6	3,921.3	4,433.6
Exports (billions US\$)	175.2	150.9	174.3
Exports growth (%)	15.9	-13.9	15.5
Imports (billions US\$)	175.1	131.5	163.0
Imports growth (%)	26.5	-24.9	24.0
Trade balance (billions US\$)	0.1	19.4	11.3
Current Account balance (billions US\$)	1.6	20.3	12.2
Current Account balance to GDP (%)	0.5	7.7	4.1
Inflation - CPI (%)	5.5	-0.9	3.0– 4.0
Unemployment rate (%)	1.4	1.5	1.4
* Source: NESDB (28/04/2010)			
GDP forecasts from other agencies: 2009 2010 ^F (Time of forecast)			
Fiscal Policy Office	-2.8%	4.5%	(29/05/2010)
Bank of Thailand	-2.7%	4.8% – 5.3%	(29/04/2010)
ADB	-3.2%	4.0%	(29/04/2010)
IMF	-3.0%	5.4%	(22/04/2010)
World Bank	-2.7%	6.2%	(24/04/2010)
HSBC	-	6.1%	(08/06/2010)

Despite the global economic crisis that severely hit many economies over the last year, Thai economy has successfully recovered with the impressive economic growth of 12 percent in the first quarter of 2010, the highest growth in Thailand in fifteen year and one of the highest growth rates in the world.

While certain risks remain in the economy internationally and domestically, various agencies have estimated the annual economic growth of the country at 4.5 to 5.5 percent. Moreover, the government is confident that, with the strong economic fundamentals and sustainable government investment, the country's economic growth will reach at 6 percent, with the GDP maintaining at 300 billion US dollars and GDP per capita at 4,433.6 US dollars per year

International Reserves as of 27 May 2010 143.4 billion USD + 13 billion USD net forward position equivalent to 10-month import / 4.8 times the short -term foreign debt approx.
Financial Conditions (04/2010 unless otherwise specified)
<ul style="list-style-type: none"> - Inflation (05/2010) Core inflation 1.2% (y-o-y); headline inflation 3.5% (y-o-y) - Stock market On 08/06/2010, SET index closed at 757.41 points, increased by 3.1% from the beginning of the year. - Liquidity Excess liquidity in commercial banking system accelerated from 1.32 trillion THB at the end of Q4/2009 to 1.45 trillion THB at the end of Q1/2010. - Interest rates Average R/P: 1.25%; average MLR: 5.86%; average 12-m deposit rate: 0.68 - NPL 2.5% total debt - Deposits increased by 4.4% (y-o-y), decreased by 23 billions THB (m-o-m) - Credits increased by 5.9% (y-o-y), increased by 19 billions THB (m-o-m)

On fiscal side, the country's International reserves stand at 144 billion US dollars, approximately 4.7 times our short-term external debt. What is more remarkable is that despite the stimulus packages that we have put in, the fiscal position has no risk of being unsustainable. The projected deficit for this fiscal year is unlikely to turn out to be what was going to be one of the biggest year in terms of fiscal deficit. Instead, after about half a year we discovered that our revenues were now exceeding targets by almost 200 billion baht, and we'll actually exceed that by the end of the year. In the end, the fiscal position is almost balanced rather than experiencing a big deficit. Moreover, with the expected extra revenue and strong growth, we are now able to cut the amount we plan to borrow by a half (from 800 billion baht to 400 billion baht).

- The index of the Stock Exchange of Thailand has increased by 5.04 percent over the last three months and increased by 12.36 percent over the last 6 months.
- This momentum had been sustained in the second quarter of this year, despite the political events that occurred in April and May. Some of the latest economic indicators confirm that the Thai economy continues to expand strongly.
 - Private consumption, as measured by revenues from the real value-added taxes, increased by 18.1 percent from last year.
 - Capital-goods import volume showed high growth of 40.3 percent per year, improving from the previous month expansion--- this is for May--- of 39.4 percent per year.
 - Manufacturing production expanding by 22.8 percent. This year we anticipate that auto manufacturing will increase to its highest level in 50 years, affirming Thailand's current ranking as the 13th largest auto manufacturing country in the world.
- On the investment front, investment applications for the BOI promotion that were received during the first 5 months of 2010 had increased by 7.3 percent in value, and nearly 50 percent in terms of the number of projects. The Royal Thai Government has initiated several programs to promote private investments, especially by facilitating investors.

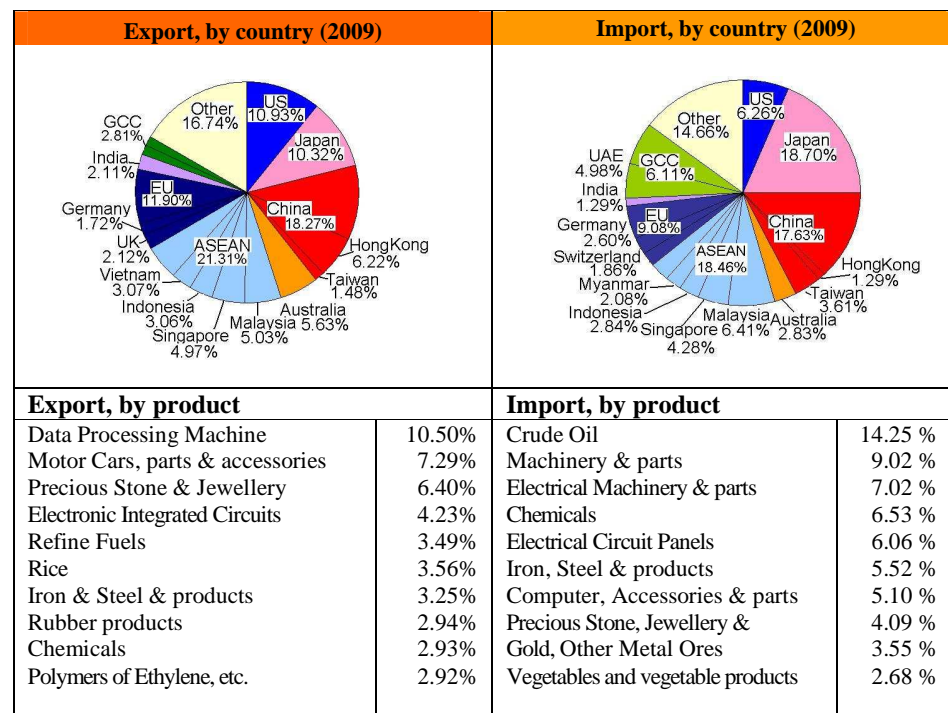
On November, 2009, the **One Start One Stop Investment Centre, or OSOS**, was opened. The OSOS, which operates as part of the Board of Investment, consolidates staff from numerous investment-related agencies under one roof. The Centre offers investors a wide range of investment-related services For businessmen — Thai or foreign; big or small; BOI-promoted or not — interested in investing in Thailand. The services range from a registration of company to a request for permission to use land for industrial operations, and etc.



Recently, the **“Single Point” business registration service** is inaugurated. The service serves as a one stop point where entrepreneur can acquire registration number, tax identification number, and employer account number by using a single form and single document.

The Royal Thai Government is confident that these improvements will provide entrepreneurs with a more convenient and faster way in doing business, and time and money will be saved. With the reduction of bureaucratic process, the Government aims that Thailand's rank in the World Bank's Ease of Doing Business Index, will be increased to 9th, from 12th.

- Exports also showed continued signs of strong improvement. As the world economy started to recover, Thailand's export made a quick turn around. The export value for the months of January to May 2010 stands at USD 75 billion – a very high growth of nearly 35 percent from the same period of last year. The value of export in May alone grew at 42.1 percent per year, and it is likely to exceed our annual target for export growth as well.



- On the tourism side, with the assurance from the Prime Minister to resolve the political situation nationwide, a tourists-friendly environment has been restored in the country. The quick return to normalcy has made Thailand once again a safe and pleasant tourist destination, in terms of quality and value-for-money. Recently, Thailand is voted as the world's second best-value destination by the Lonely Planet's 'Best in Travel 2010' guide, and Bangkok is voted as the ninth best nightlife city in the world by the users of the popular travel advice website, tripadvisor.com. These achievements reflect not only the success of the government promotional measures, but also an active participation by the private sector, especially by equipping Thai tourist sector with a wide range of accommodations and services.
- To build on this quality, the Thai authorities has implement various measures, such as the free travel insurance for foreign tourists and the waiver of tourist visa fees. The private tour operators and hotels throughout the country also join this effort by offering various promotional packages. The Government is certain that, with the integrated efforts of all government agencies and the full engagement of the private sectors and other related stakeholders, Thai tourism will flourish once more.

- With the consistent and constructive participation by the private sector, the fundamentals of the Thai economy have always been very strong. Despite various challenges, Thai economy remains very competitive and is getting even better. Recently, we received high recommendations for low cost of living, overall tax burden and also for the good infrastructure. The Airport Rail-Link will soon be opened and the Skytrain Network is continuing to expand. The major investments in transport and communications network, roads, rails, and so on, are in pipeline for the next five years.

For more information, please visit the Royal Thai Embassy, Manila's website at www.thaiembassy.mn.l.ph.

Royal Thai Embassy, Manila
11 July 2010