Current Economic Situation in Thailand and 2016 Projection

Kobsak Pootrakool

Vice Minister, Prime Minister Office

21 April 2016

Main Question for Investors and Businesses

- **Why should we continue investing in Thailand?**
- **What will be the economic outlook for 2016?**

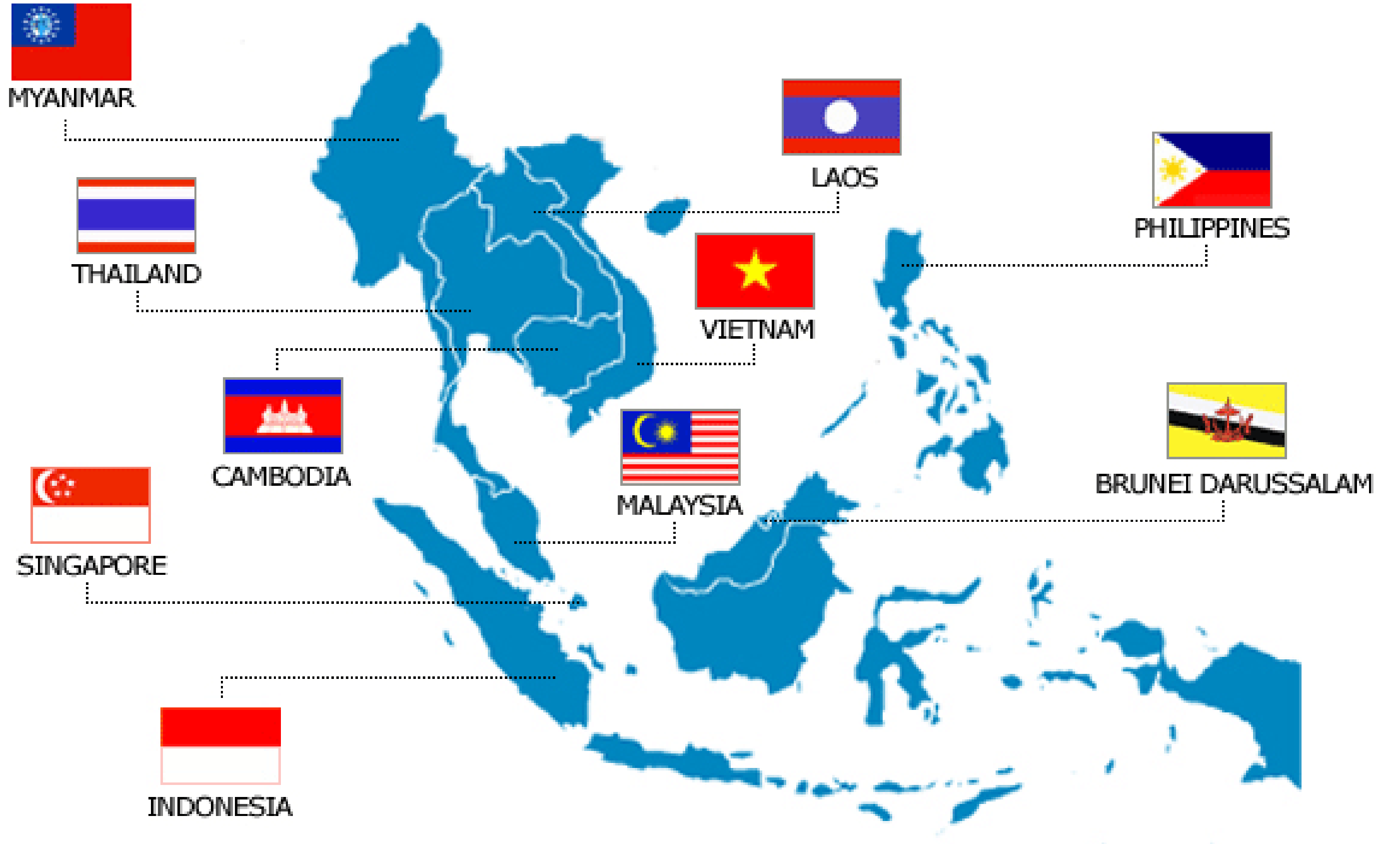
Agenda

- New Economic Policy of Thailand
  - Connectivity
  - Competitiveness
  - Greater reliance on domestic growth
- Economic Outlook for 2016 and beyond

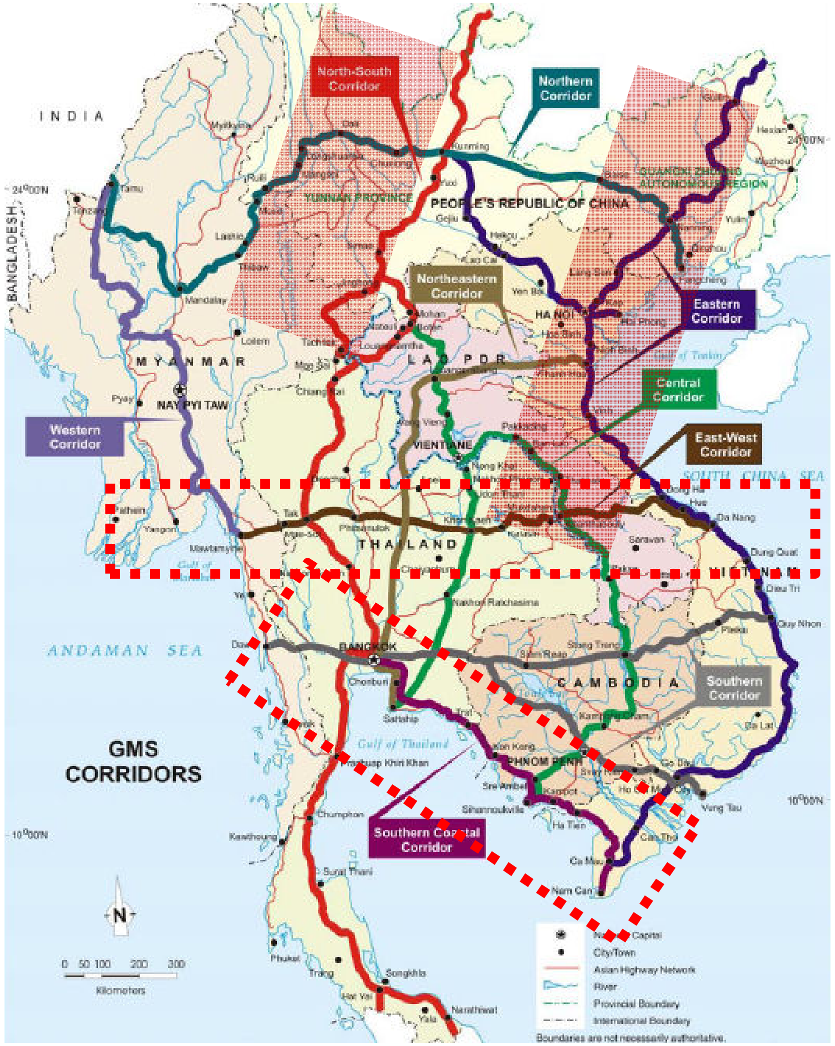
Two Favorites from the Past

600 Million People (No.3 in the World) GDP $2.2 Trillion (No. 11 of the World) GDP Growth> 5%

Thailand’s Natural Position as a Hub of AEC



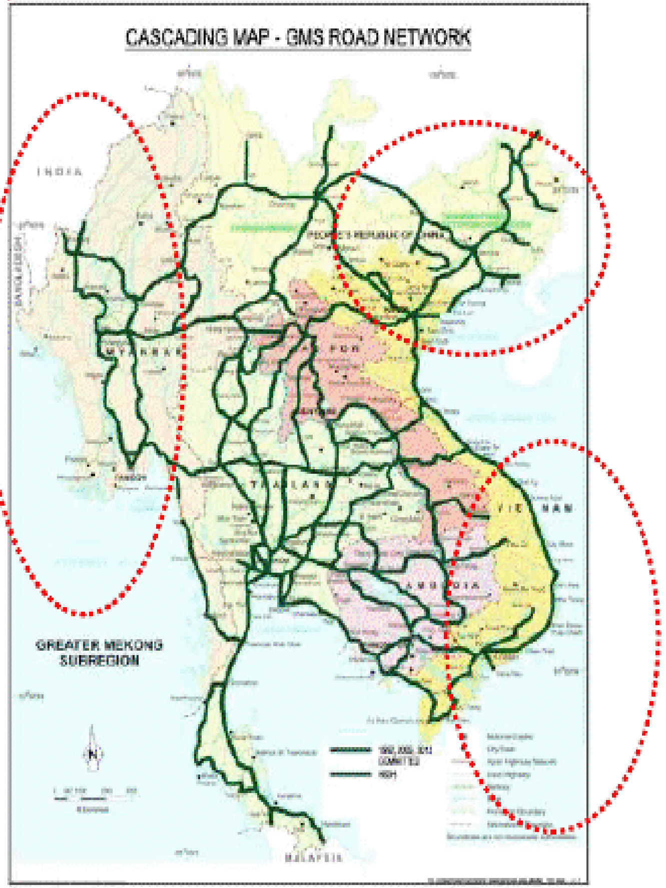
New Land Bridges for ASEAN



Integration of Road and Motorways

2005

2015



Strong Growth in CLMV

IMF Forecast

	2012	2013	2014	2015	2016
ASEAN	**6.0**	**5.2**	**4.6**	**4.6**	**5.0**
Brunei Darussalam	0.9	-2.1	-2.3	-1.2	3.2
Cambodia	7.3	7.4	7.0	7.0	7.2
Indonesia	6.0	5.6	5.0	4.7	5.1
Lao P.D.R.	7.9	8.0	7.4	7.5	8.0
Malaysia	5.5	4.7	6.0	4.7	4.5
Myanmar	7.3	8.4	8.5	8.5	8.4
Philippines	6.7	7.1	6.1	6.0	6.3
Singapore	3.4	4.4	2.9	2.2	2.9
Thailand	7.3	2.8	0.9	2.5	3.2
Vietnam	5.2	5.4	6.0	6.5	6.4

Key Infrastructure Projects to Increase Connectivity

1 Inter-city rail network
Baht 494 billion

- Development of double-track rail
- Improved equipment and infrastructure

2 Transportation in Bangkok & its vicinity
Baht 745 billion

- 10 electric train routes
- Buy 3,183 NGV buses and improve parking places
- Development of road networks and bridges in Bangkok and its vicinity

3 Highway network
Baht 522 billion

- Improved access to agricultural and tourism areas
- Network to production bases, link cities and international transportation
- Improved road facilities to connect multi-channel transportation systems

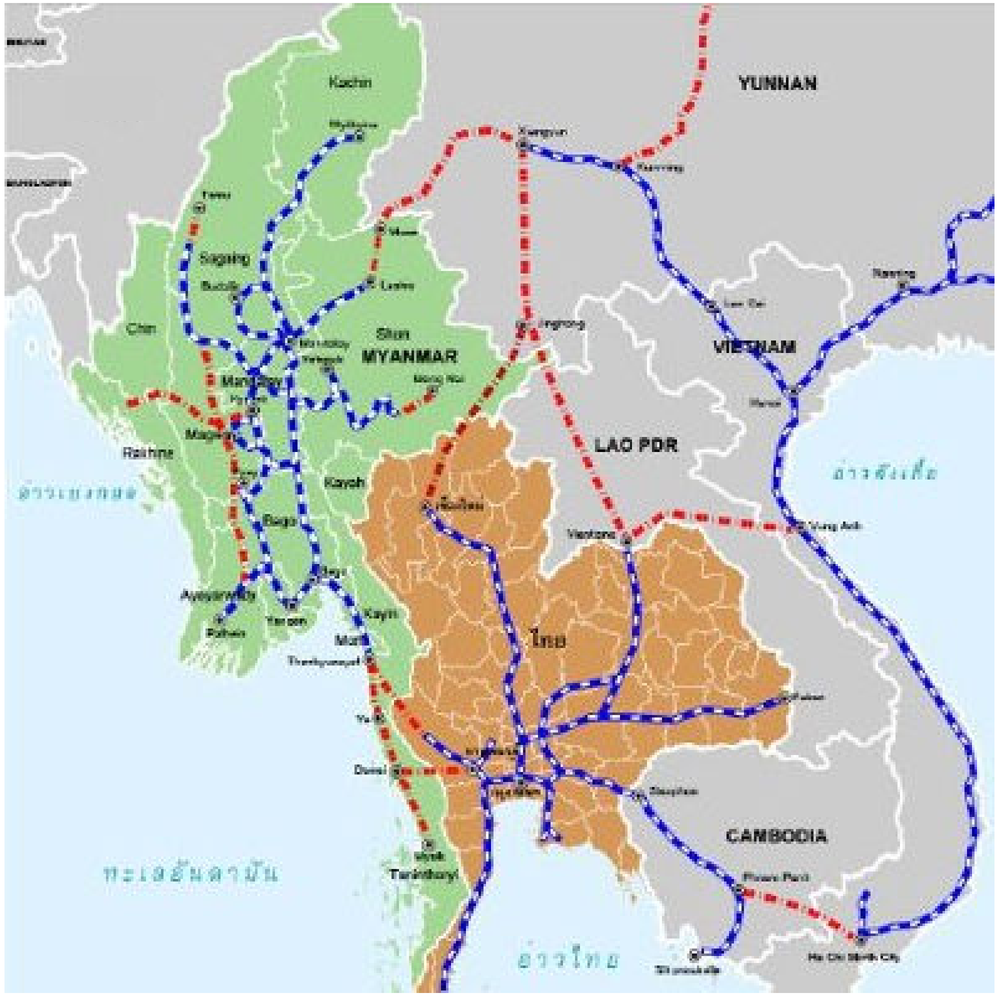
4 Water transportation
Baht 101 billion

- Development of ports
- Improved efficiency of water transportation and maintained river banks

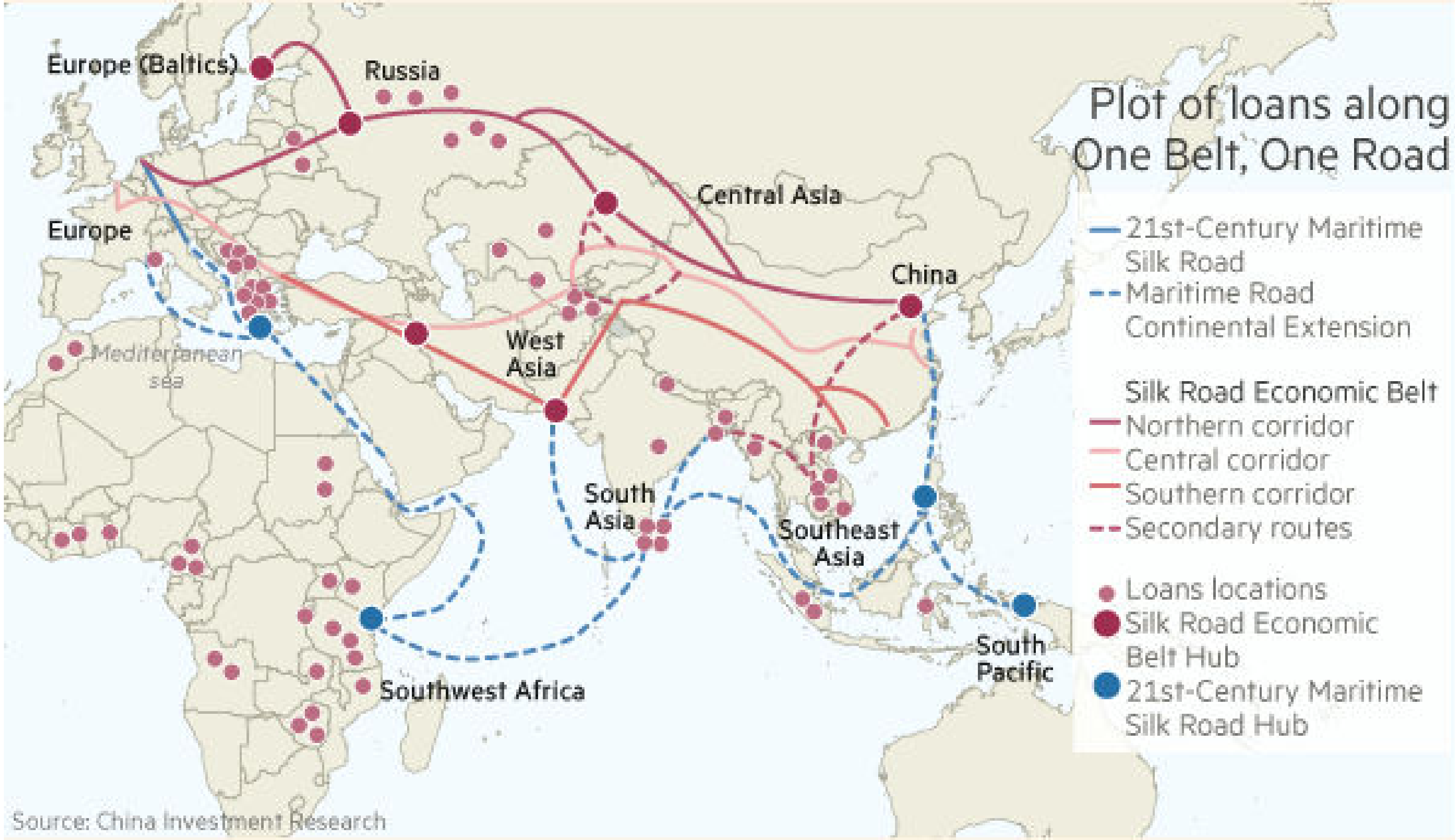
5 Air transport
Baht 50 billion

- Improved efficiency of airports, air fleet, and air traffic to meet international standards
- Establishment of aircraft industrial estates
- Construction of buildings for civil aviation

Railway Integration in Indochina



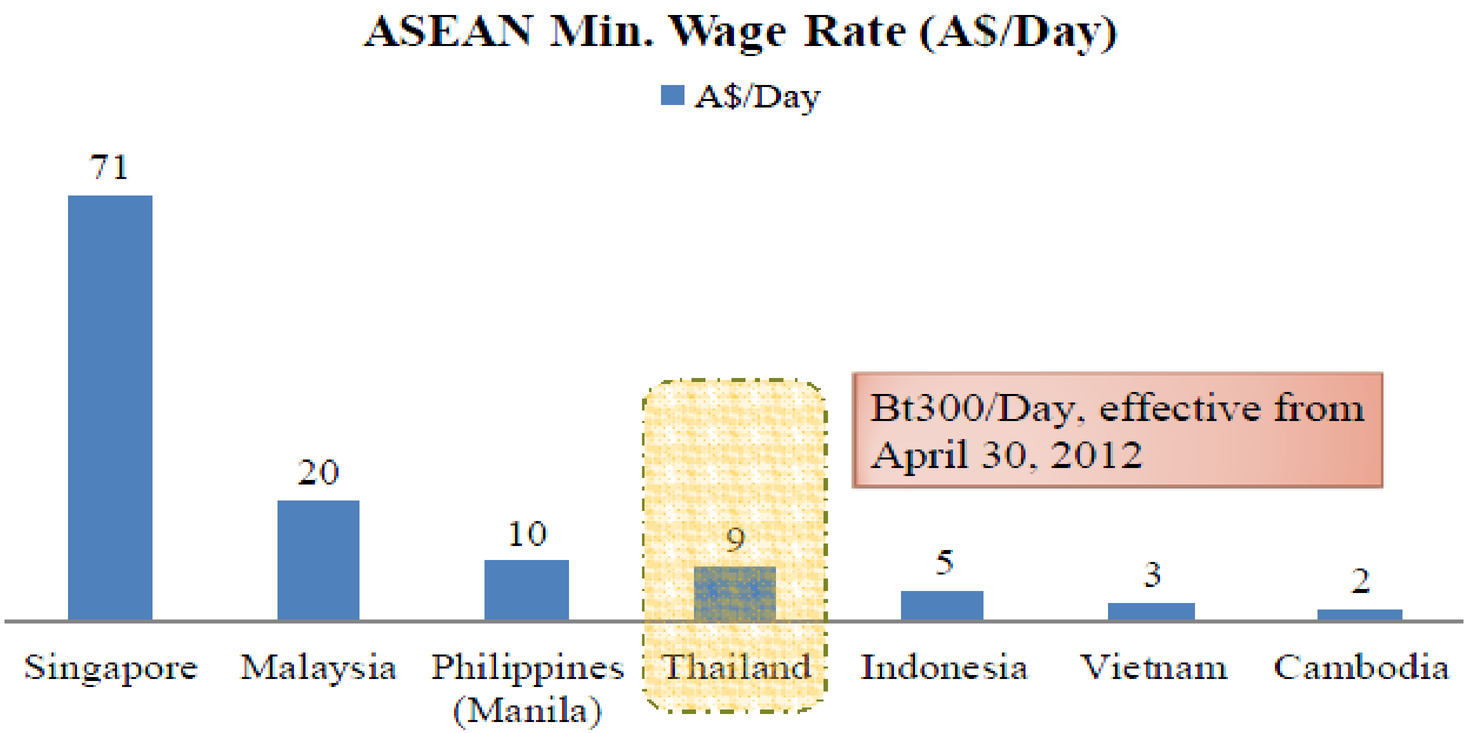
New Silk Road and Chinese Outward Investment



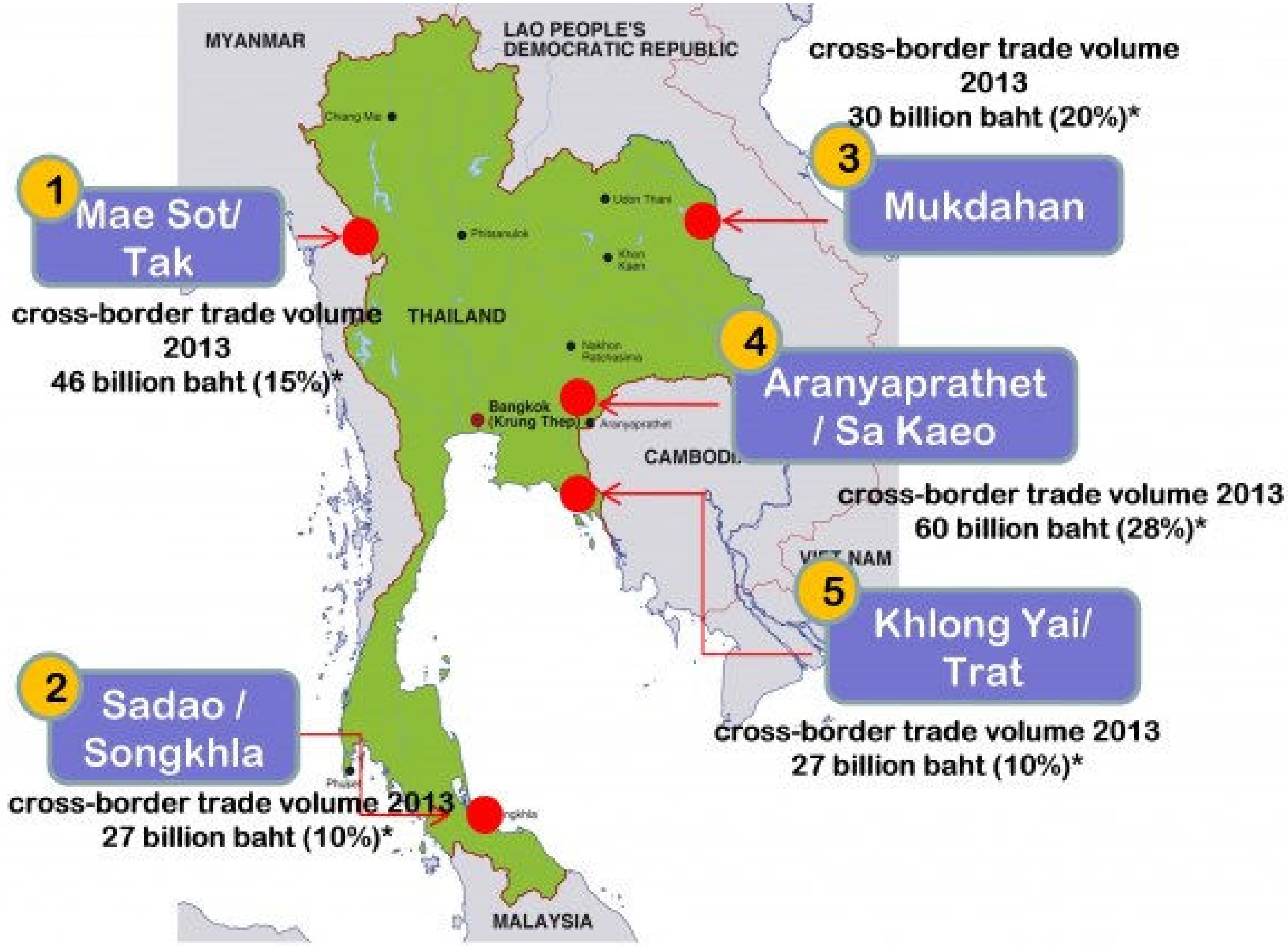
Other Supporting Policies

- PPP Fast Track
- Thailand Future Fund

Lower Wages in the Region



New Special Economic Zones at the Border



Minibea Cambodia

New Investment Promotion Policy
International HQ and Trading Center

For a period of 15 years

- Income tax exemption for out-out transaction
- Income tax reduction for domestic transaction from 20% to 10%
- Personal Income tax reduction from 35% to 15%

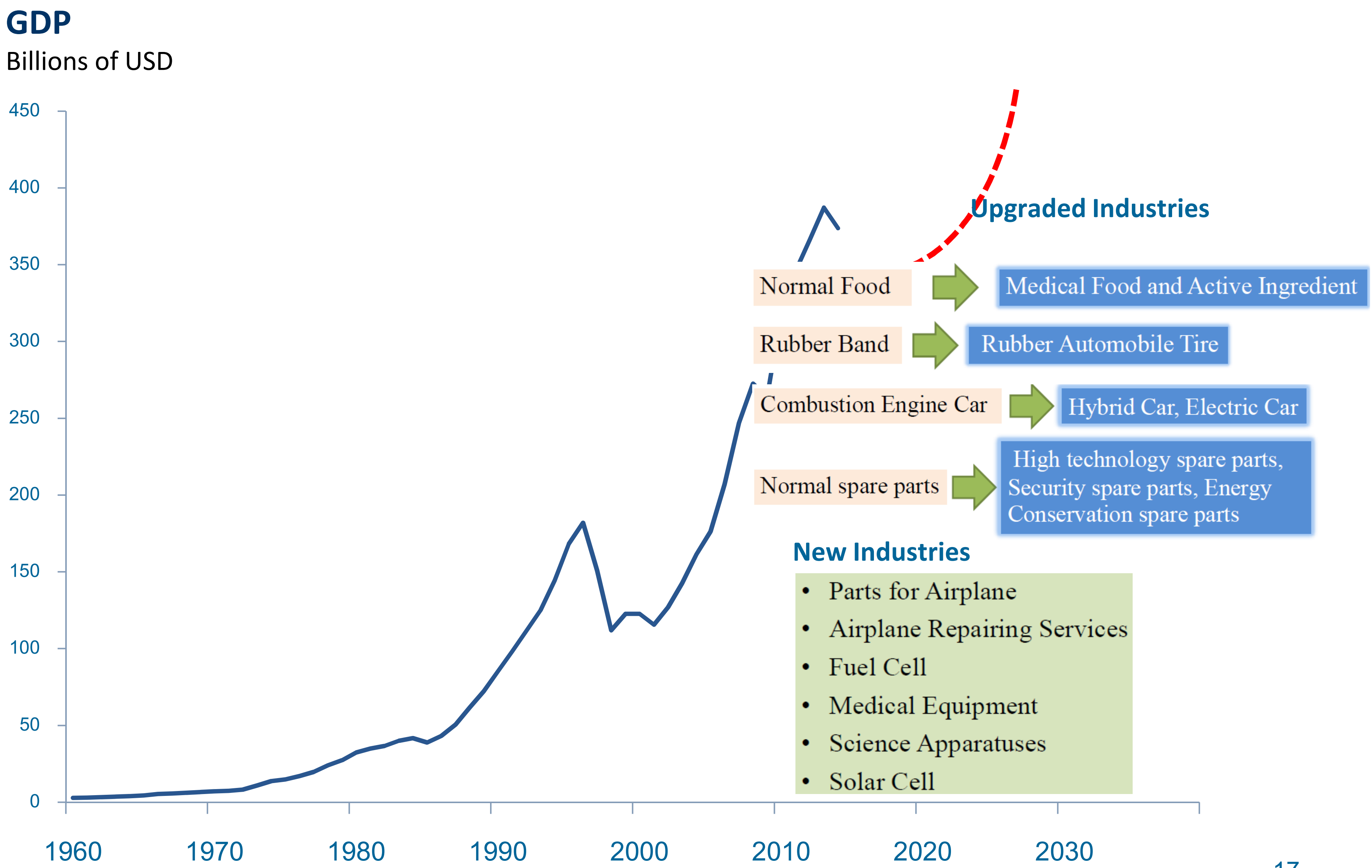
Additional incentives for the establishment of International Trading Center in Thailand

2. Competitiveness

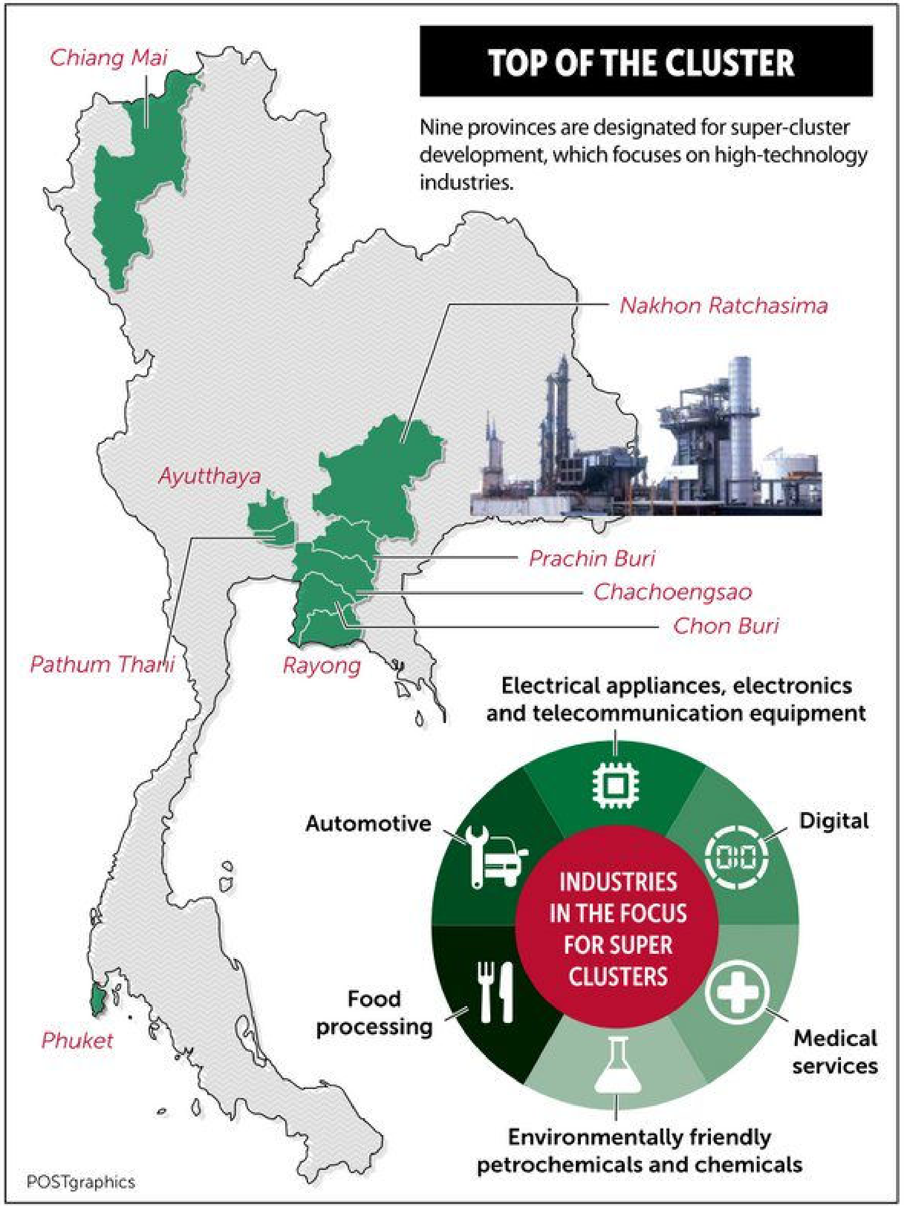
Double S-Curve policy to establish new industries for the future

- Next generation Automotive
- Smart Electronics
- Affluent, Medical and Wellness Tourism
- Agricultural and Biotechnology
- Food for the Future
- Aviation and Logistics
- Robotics
- Medical Hub
- Biofuels and Biochemical
- Digital

Building the New Growth Engine for Thailand



New Supercluster



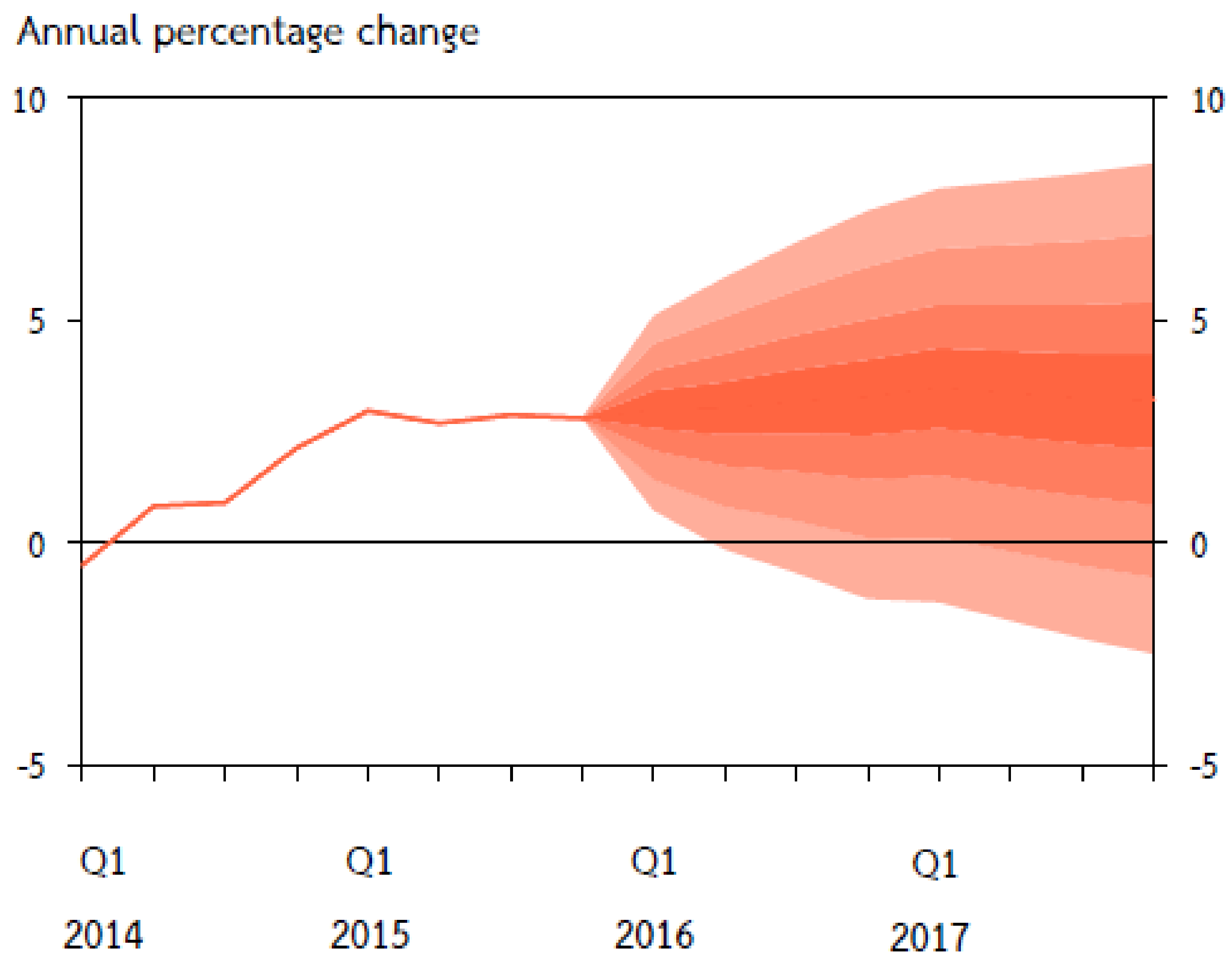
- **Super Eastern Seaboard**
- **Free Trade Zone**

3. Domestic Growth

Greater emphasis on growth from within

- Smart Farmers
- Local Tourism
- Local infrastructure
- Community Development

Economic Outlook for 2016



2015

2.8%

BOT for 2016

3.1%

Source: BOT

Economic Outlook for 2016

Forecasts in Monetary Policy Report as of March 2016

(%YoY)	2015*	2016^E	2017^E
GDP Growth	2.8	3.1	3.3
- Private Consumption	2.1	1.8	2.4
- Private Investment	-2.0	2.4	4.0
- Government Consumption	2.2	3.3	2.8
- Public Investment	29.8	10.7	4.5
- Exports of Goods and Services	0.1	1.0	1.7
- Imports of Goods and Services	-0.4	0.6	1.5
Current Account Balance (Billion USD)	34.8	34.8	32.7
- Value of merchandise exports	-5.6	-2.0	0.1
- Value of merchandise imports	-11.3	-6.1	3.6

Source: BOT