THAILAND

<table>
<thead>
<tr>
<th>GDP (current US$, billions):</th>
<th>$404.82</th>
<th>Population (thousands):</th>
<th>67,726</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of GDP in developing Asia-Pacific:</td>
<td>2.3%</td>
<td>GDP per capita (current US$):</td>
<td>$5,977.38</td>
</tr>
<tr>
<td>Share of GDP in South-East Asia:</td>
<td>18.7%</td>
<td>Average inflation (2015):</td>
<td>-0.9%</td>
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</tbody>
</table>

- Thailand’s economy experienced a mild recovery in 2015 with growth rising to 2.8% from a low base of 0.8% in 2014.

- Consumer spending on non-durables expanded moderately, benefiting from two interest rate cuts in the first half of 2015 and soft loans for farmers and small-scale entrepreneurs. Purchases of durable goods remained low, however, in part due to high household debt and weak rural incomes.

- Private investment continued to contract partly owing to large excess capacity in the manufacturing sector. New investments were limited to some sectors, such as telecommunications and alternative energy. Public investment showed signs of improvement, growing by an estimated 22% in 2015 after having contracted in the previous two years.

- Exports remained weak as shipments of agricultural commodities, electronics and petrochemicals were disappointing. Trade in services was a bright spot, however, with tourism revenues reaching nearly a tenth of GDP, despite the bombing incident that occurred in Bangkok in August 2015.

- Economic growth is projected to increase gradually to 3.2% in 2016 and 3.5% in 2017.

- Consumer spending is expected to recover further, benefiting from relatively mild inflation, low interest rates and stimulus measures introduced in late 2015, although high household debt and weak rural incomes will continue to act as a drag on spending on durable goods. Private investment is set to return to positive growth in 2016 on the back of economic stimulus programmes and strong public investment.

- The Government announced measures to support small and medium-sized enterprises and the real estate sector, a number of tax incentives and initiatives to expedite investment promoted by the Board of Investment.

- Several public infrastructure projects were recently begun, and the Government plans to spend $83 billion over seven years on new railways, roads and customs ports. A $3.5 billion fund was also approved as part of an effort to attract more private participation in infrastructure.

- One immediate policy challenge is to tackle high household indebtedness. The household debt-to-GDP ratio has almost doubled in the past decade to about 80% in 2015, with a higher debt service ratio among low-income groups. Given that the debt problem is linked to poverty and inequality issues, efforts are needed to strengthen rural incomes which have been affected by drought and lower agricultural commodity prices.

- Social protection could also be strengthened. A positive step was the launch of the National Savings Fund in August 2015, which will provide social insurance for the self-employed, such as farmers, vendors, taxi drivers and daily wage earners. The fund will be co-financed by the Government.

- To increase its fiscal resources, the Government reduced fuel subsidies and implemented new inheritance and gift taxes.