INTERNATIONAL MONETARY FUND

IMF Country Report No. 26/41

THAILAND

February 2026

2025 ARTICLE IV CONSULTATION—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR THAILAND

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of the 2025 Article IV consultation with Thailand, the following documents have been released and are included in this package:

- A **Press Release** summarizing the views of the Executive Board as expressed during its February 12, 2026 consideration of the staff report that concluded the Article IV consultation with Thailand.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on February 12, 2026, following discussions that ended on November 13, 2025, with the officials of Thailand on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on January 26, 2026.
- An **Informational Annex** prepared by the IMF staff.
- A **Statement by the Executive Director** for Thailand.

The documents listed below have been or will be separately released.

Selected Issues

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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International Monetary Fund
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IMF Executive Board Concludes 2025 Article IV Consultation with Thailand

FOR IMMEDIATE RELEASE

- Thailand's GDP growth is estimated to have slowed from 2.5 percent in 2024 to 2.1 percent in 2025 and expected to decline further to 1.6 percent in 2026 as external headwinds intensify. Inflation is projected to remain subdued at 0.4 percent in 2026 before gradually rising thereafter.

- A carefully calibrated policy mix—comprising targeted fiscal support anchored on a credible medium-term consolidation strategy, additional monetary loosening, and financial policies to facilitate orderly household debt deleveraging and to address the impaired credit channel—would help support the recovery.

- To reverse the trend of slowing growth, structural reforms should be accelerated to boost productivity and competitiveness, which would also support external rebalancing.

Washington, DC – **February 13, 2026**: On February 12, 2026, the Executive Board of the International Monetary Fund (IMF) completed the Article IV Consultation for Thailand.[1] The authorities have consented to the publication of the Staff Report prepared for this consultation.

Thailand's economic growth is estimated to have slowed from 2.5 percent in 2024 to 2.1 percent in 2025, as increasing external and domestic headwinds—including trade policy uncertainty, constrained credit growth, and a slower rebound in foreign tourist arrivals—continued to weigh on activity. Inflation remained subdued, mainly due to supply-side factors such as lower energy and raw food prices, and partly reflecting soft demand. Credit growth is constrained, and financial conditions remain tight. Nonetheless, Thailand's external stability remains robust, supported by ample international reserves and moderate levels of external debt.

The authorities have responded actively to the rising challenges to mitigate their impact. Actions include targeted fiscal measures to support vulnerable groups and bolster consumption, additional monetary policy easing, initiatives to facilitate household debt

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[1] Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

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restructuring, liquidity support for small and medium-sized enterprises, and renewed efforts to strengthen fiscal discipline.

Looking ahead, growth is expected to moderate further to 1.6 percent in 2026, as external headwinds persist and domestic demand remains constrained. Risks to the outlook remain elevated and tilted to the downside. Prolonged trade policy uncertainty, global financial market volatility, and domestic political developments could further weigh on growth and inflation. However, a swift resolution of trade tensions or easing domestic uncertainty could support a recovery in growth.

Executive Board Assessment[2]

Executive Directors noted that Thailand's economy has shown resilience in an uncertain global environment but is now facing increasing headwinds. In the context of limited policy space, Directors underscored the importance of a carefully calibrated policy mix, building on the recent reform momentum, to support the recovery while safeguarding stability, alongside accelerated structural reforms to lift medium-term growth and facilitate external rebalancing.

Directors emphasized that given the narrowing fiscal space, fiscal support should remain targeted and parsimonious, anchored in a credible medium-term consolidation strategy. They welcomed the authorities' commitment to fiscal prudence as reflected in the Medium-Term Fiscal Framework and stressed that effective implementation remains key. Directors agreed on the need to raise revenues to rebuild buffers and create space for growth-enhancing spending and strengthened social protection. They also agreed that strengthening the fiscal rules framework and public financial and debt management would enhance policy credibility and effectiveness.

Directors welcomed the accommodative monetary policy stance to support domestic demand and mitigate downside risks to inflation. They generally saw scope for additional data-dependent monetary easing, supported by continued efforts to strengthen policy transmission, including measures to address elevated household debt. Directors stressed the importance of continued monetary-fiscal policy coordination, while safeguarding central bank independence. They reiterated that the exchange rate should continue to serve as a key shock absorber, with foreign exchange intervention limited to restoring orderly market conditions under non-fundamental shocks.

Directors noted that systemic risks in the financial sector remain contained but stressed the need for continued close monitoring amid tight financial conditions and elevated credit risks. They called for further efforts to strengthen regulation and supervision, including of savings cooperatives; facilitate orderly household debt restructuring and

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[2] At the conclusion of the discussion, the Managing Director, as Chair of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summings up can be found here: http://www.IMF.org/external/np/sec/misc/qualifiers.htm.

support SMEs, while maintaining strong governance and mitigating moral hazard; and continue strengthening the AML/CFT framework.

Directors agreed that a deteriorating external environment underscores the need for decisive actions to accelerate structural reforms. Priorities include deepening trade and financial integration, improving labor productivity by reinvigorating structural transformation, reducing informality, advancing export sophistication, strengthening social safety nets, enhancing the business environment and governance, and advancing Thailand's climate agenda.

Table 1. Thailand: Selected Economic Indicators, 2020–26

Per capita GDP (2024): US$7,347
Exchange Rate (2024): 35.29 Baht/USD
Unemployment rate (2024): 1 percent
Poverty headcount ratio at national poverty line (2022): 5.4 percent
Net FDI (2024): US$ 6.95 billion
Population (2024): 71.67 million

						Projections	
	2020	2021	2022	2023	2024	2025	2026
Real GDP growth (y/y percent change) 1/	-6.1	1.5	2.6	2.0	2.5	2.1	1.6
Consumption	-0.3	1.3	4.8	4.3	4.0	2.0	1.7
Gross fixed investment	-4.8	3.1	2.2	1.2	-0.1	2.7	0.9
Inflation (y/y percent change)							
Headline CPI (end of period)	-0.3	2.2	5.9	-0.8	1.2	-0.3	0.8
Headline CPI (period average)	-0.8	1.2	6.1	1.2	0.4	-0.1	0.4
Core CPI (end of period)	0.2	0.3	3.2	0.6	0.8	0.6	1.1
Core CPI (period average)	0.3	0.2	2.5	1.3	0.6	0.8	0.9
Saving and investment (percent of GDP)							
Gross domestic investment	23.8	28.7	27.9	22.5	21.6	18.3	20.6
Private	16.8	17.0	17.3	17.3	16.5	16.4	16.4
Public	6.4	6.5	6.1	5.7	5.7	6.0	6.1
Change in stocks	0.5	5.2	4.5	-0.5	-0.7	-4.2	-1.9
Gross national saving	27.9	26.5	24.4	24.1	23.8	20.6	20.2
Private, including statistical discrepancy	28.2	27.6	23.1	20.5	20.3	17.7	17.3
Public	-0.3	-1.1	1.3	3.6	3.5	2.9	2.9
Foreign saving	-4.1	2.1	3.4	-1.6	-2.2	-2.3	-1.6
Fiscal accounts (percent of GDP) 2/							
General government balance 3/	-4.5	-6.7	-4.6	-1.9	-1.3	-2.2	-2.3
SOEs balance	-1.1	-0.4	-0.6	0.4	0.2	-0.3	-0.2
Public sector balance 4/	-5.6	-7.1	-5.2	-1.6	-1.1	-2.5	-2.5
Public sector debt (end of period) 4/	49.4	58.3	60.5	62.3	63.2	64.8	66.8
Monetary accounts (end of period, y/y percent change)							
Broad money growth	10.2	4.8	3.9	1.9	3.4	3.0	3.2
Narrow money growth	14.2	14.0	3.1	4.2	4.7	5.0	4.8
Credit to the private sector (by other depository corporations)	4.5	4.5	2.5	1.5	-0.8	-0.4	0.3
Balance of payments (billions of U.S. dollars)							
Current account balance	20.7	-10.8	-17.0	8.5	11.6	13.5	9.1
(In percent of GDP)	4.1	-2.1	-3.4	1.6	2.2	2.3	1.6
Exports of goods, f.o.b.	227.0	270.6	285.2	280.7	297.3	324.9	317.6
Growth rate (dollar terms)	-6.5	19.2	5.4	-1.5	5.9	9.3	-2.2
Growth rate (volume terms)	-5.8	15.4	1.2	-2.7	4.4	9.4	-1.9
Imports of goods, f.o.b.	186.6	238.6	271.6	261.6	275.9	303.7	303.6
Growth rate (dollar terms)	-13.6	27.9	13.8	-3.7	5.5	10.1	0.0
Growth rate (volume terms)	-10.4	18.0	1.0	-4.1	4.7	9.0	-0.7
Capital and financial account balance 5/	-2.4	3.7	6.8	-5.9	0.8	0.2	-9.1
Overall balance	18.4	-7.1	-10.2	2.6	12.4	13.7	0.0
Gross official reserves (billions of U.S. dollars)	258.1	246.0	216.6	224.5	237.0	281.9	281.9
(Months of following year's imports)	13.0	10.9	9.9	9.8	9.4	11.1	10.8
(Percent of short-term debt) 6/	284.1	256.6	208.2	216.8	215.0	242.4	239.3
(Percent of ARA metric)	250.9	232.1	195.9	205.9	213.0	236.5	238.7
Exchange rate (baht/U.S. dollar)	31.3	32.0	35.1	34.8	35.3	32.9	...
NEER appreciation (annual average)	-0.3	-4.5	-1.8	3.9	1.6	...	...
REER appreciation (annual average)	-2.6	-5.7	-8.2	8.4	-0.1	...	...
External debt							
(In percent of GDP)	38.0	38.9	40.6	38.1	37.1	36.5	37.4
(In billions of U.S. dollars)	190.1	196.9	201.4	196.5	195.4	210.8	216.0
Public sector 7/	37.2	41.5	41.2	35.8	33.9	37.8	41.2
Private sector	152.9	155.4	160.3	160.7	161.5	173.0	174.8
Medium- and long-term	79.4	82.3	82.3	80.3	75.3	80.6	81.2
Short-term (including portfolio flows)	73.5	73.1	78.0	80.4	86.3	92.3	93.5
Debt service ratio 8/	7.5	6.3	7.3	7.8	7.1	7.1	7.3
Memorandum items:							
Nominal GDP (billions of baht)	15661.3	16186.6	17378.0	17954.7	18582.7	18963.6	19341.2
(In billions of U.S. dollars)	500.5	506.2	495.6	515.9	526.5	576.7	577.3
Output Gap (in percent of potential output)	-4.2	-4.1	-2.0	-1.5	-0.7	-0.8	-0.5

Sources: Thai authorities; CEIC Data Co. Ltd.; and IMF staff estimates and projections.

1/ This series reflects the new GDP data based on the chain volume measure methodology, introduced by the Thai authorities in May 2015.
2/ On a fiscal year basis. The fiscal year ends on September 30.
3/ Includes budgetary central government, extrabudgetary funds, local governments, and the Social Security Fund.
4/ Includes general government and SOEs. Public debt includes debt of the central government, non-financial SOEs, and guaranteed debt of financial SOEs.
5/ Includes errors and omissions.
6/ With remaining maturity of one year or less.
7/ Excludes debt of state enterprises.
8/ Percent of exports of goods and services.

THAILAND

STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION

January 26, 2026

KEY ISSUES

Context. Thailand's economy has been resilient in an uncertain global economic environment. However, it faces salient structural challenges, cyclical headwinds and political uncertainty. GDP growth is projected to slow from 2.1 percent in 2025 to 1.6 percent in 2026, and inflation average -0.1 percent in 2025 and 0.4 percent in 2026.

Policies. Handling these challenges with limited policy space will require a carefully calibrated policy mix building on the recent reform momentum. Targeted fiscal support anchored on a credible medium-term consolidation strategy, additional monetary support, coupled with financial policies to facilitate orderly household debt deleveraging and address the impaired credit channel will help facilitate the recovery. At the same time, structural reforms must accelerate to reverse the trend of slowing growth.

- *Fiscal*. Given the narrowing fiscal space, support measures should remain targeted and parsimonious. As the recovery takes place, a revenue-driven fiscal consolidation is needed over the medium-term to reduce public debt and allow fiscal space for growth-enhancing spending.
- *Monetary*. Macroeconomic conditions suggest some room for additional monetary easing to bolster the recovery in demand, while preserving adequate policy space against potential future shocks. Continued coordination between monetary and fiscal policies will help ensure an effective policy mix, alongside safeguarding central bank independence and preserving exchange rate flexibility as a key shock absorber.
- *Financial*. Policies should continue to facilitate orderly household debt reduction and restore the functioning of credit channels to support economic recovery. Continued coordination in systemic risk monitoring and policy harmonization across supervisors and regulators is necessary to ensure financial stability. Expanding financial services to SMEs and other underserved groups is an important step towards increasing financial intermediation and supporting economic growth.
- *Structural*. The deteriorating external environment underscores the increasing need to improve productivity and competitiveness. Priorities include deepening trade and financial integration, facilitating structural transformation and improving investment efficiency, and advancing export sophistication—alongside efforts to enhance social protection, governance, and climate resilience.

Approved By
Rupa Duttagupta (APD) and Tokhir Mirzoev (SPR)

Discussions took place in Bangkok during October 30 – November 13, 2025. The team comprised P. Breuer (Head), S. Kim, E. Kitsios, N. M. A. Purwanto, and Y. Xu (all APD). The mission met with the Deputy Prime Minister and Minister of Finance Ekniti Nitithanprapas, Bank of Thailand Governor Vitai Ratanakorn, senior government officials, private sector representatives, civil service organizations, and development partners. Mr. Hakim (ED) joined the concluding meeting. Mr. Sumawong (alternate ED) and Ms. Taksinawong (OED) accompanied the mission. Ms. Behboodi (APD) provided analytical inputs. Ms. Tanseco (APD) coordinated the production of the report.

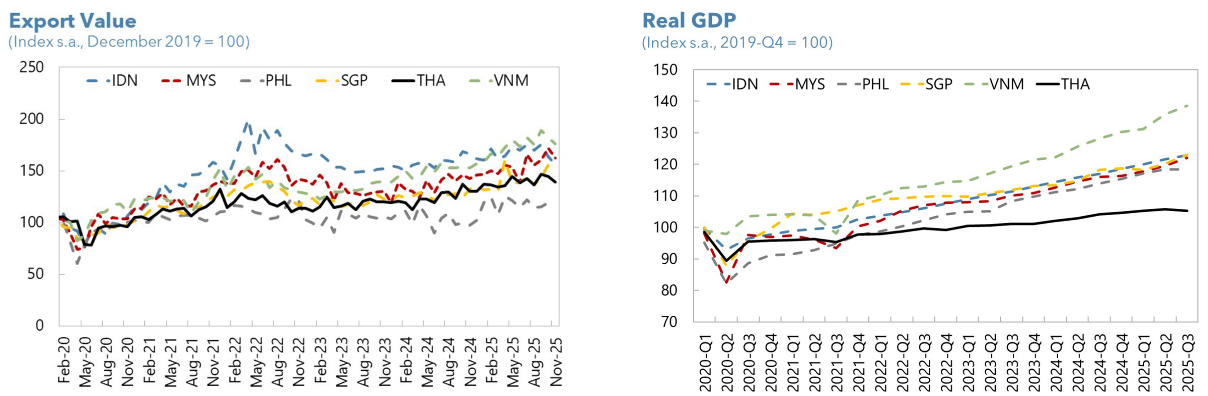
CONTENTS

ANNEXES

CONTEXT

1. Thailand's economy is facing mounting challenges. Long-standing structural weaknesses—including low investment, sluggish productivity growth, and demographic aging—continue to weigh on growth. Pandemic scars, particularly the surge in household debt, have further eroded economic resilience, leading to a protracted recovery that lags regional peers (Text Figure 1). These vulnerabilities are now compounded by renewed headwinds. U.S. tariffs, although reduced from the initially announced 36 percent to 19 percent, are expected to dampen exports. Foreign tourist arrivals, a key growth driver, have declined and political uncertainty has increased, with parliament dissolved three months after the new government took office, triggering fresh elections. Meanwhile, the ongoing border conflict with Cambodia and floods have disrupted economic activity in affected regions. Against this backdrop, this year's consultation focused on policies to strengthen economic resilience and accelerate reforms for stronger medium-term growth.

Text Figure 1. Thailand: Recovery from the Pandemic in Comparison with Peers



Sources: Haver Analytics; IMF staff calculations.

Sources: Haver Analytics; IMF staff calculations.

2. The authorities have launched notable policy initiatives to address these challenges. Since taking office in September 2025, the Thai government has introduced several measures under the "Quick Big Wins" agenda, some in close collaboration with the Bank of Thailand (BOT) to support the economy and address long-standing challenges. These include providing short-term consumption support, mechanisms to facilitate household debt restructuring, liquidity support for SMEs, and steps to restore fiscal discipline. Political developments, however, have constrained additional policy responses.

3. A critical economic policy agenda lies ahead. Rising economic challenges require additional measures to provide support and mitigate potential socio-economic strains, while heightened uncertainty underscores the need to preserve policy space against further downside shocks. The deteriorating external environment, combined with existing structural headwinds, adds urgency to advancing structural reforms to boost productivity and competitiveness. The upcoming formation of a new government will provide an opportunity to build consensus and accelerate concerted efforts to address both cyclical challenges and structural weaknesses.

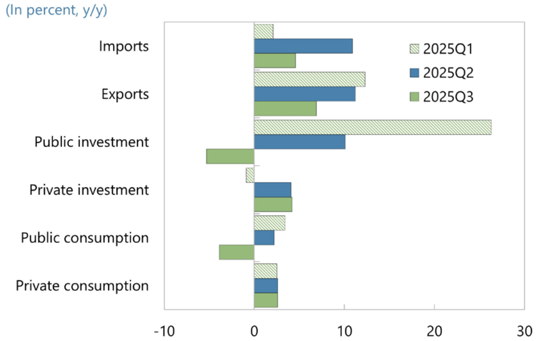
RECENT DEVELOPMENTS

4. **The economy has slowed after a stronger-than-expected outturn in the first half**. GDP growth decelerated from 3.0 percent y/y in the first half to 1.2 percent y/y in Q3, bringing overall growth to 2.4 percent y/y over the first three quarters of 2025. The slowdown was broad-based across both domestic demand and the external sector. Goods exports, which were robust in the first half—driven by accelerated shipments ahead of anticipated U.S. tariff hikes and strong demand for electronics—lost momentum in Q3, while tourism-related services softened amid slower growth in international tourism receipts. Private consumption remained sluggish throughout the first nine months, while private investment expanded modestly following a rebound in Q2. Meanwhile, public consumption and investment weakened and contracted in Q3 primarily due to the base effect from delayed budget approval in 2024.

Text Figure 2. Thailand: Growth Decomposition

Expenditure Growth

(In percent, y/y)



Sources: : Haver Analytics; and IMF staff calculations.

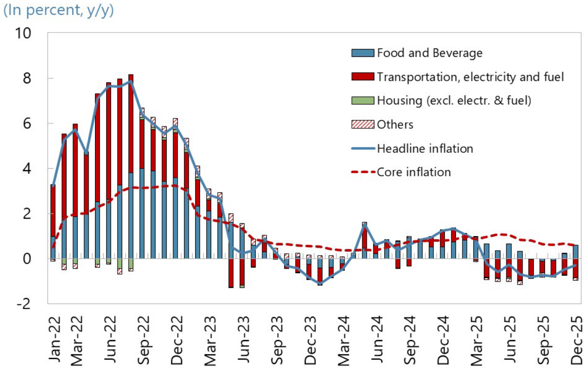
5. **Headline inflation declined below the BOT's target range, remaining negative for nine consecutive months**. Lower global energy prices, a decline in fresh food prices due to favorable weather, administrative measures affecting a wide range of products and services, and subdued labor income (reflecting subdued demand) contributed to the downward pressure on headline inflation, which averaged -0.1 percent in 2025 (-0.3 percent in December). Core inflation also declined gradually, averaging 0.8 percent in 2025, while core-core inflation (i.e., core inflation excluding prepared food) has hovered near or below zero since March 2025.

Text Figure 3. Thailand: Inflation Dynamics

Broad-based deflationary pressures have resulted in…

Contributions to Headline Inflation

(In percent, y/y)

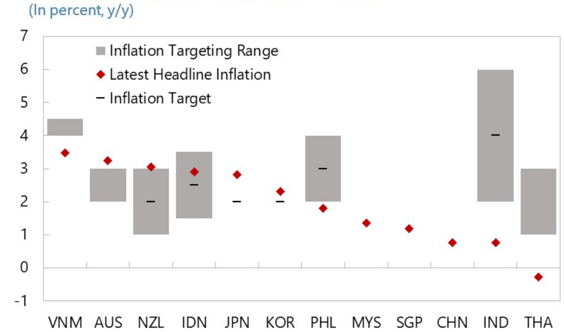


Sources: Thai authorities; and IMF staff calculations.

… the lowest inflation rate among peers.

Headline Inflation: Target and Latest

(In percent, y/y)



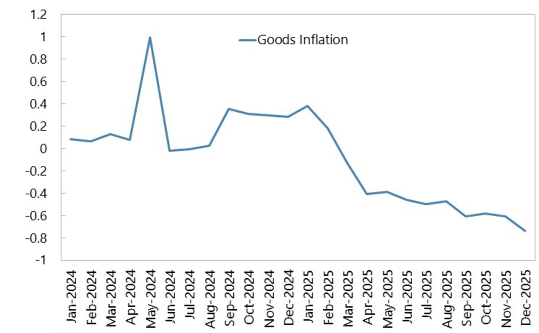
Source: Haver Analytics and IMF staff calculations

Note: Data as of January 7th, 2026.

Text Figure 3. Thailand: Inflation Dynamics (Concluded)

Goods inflation contracted further.

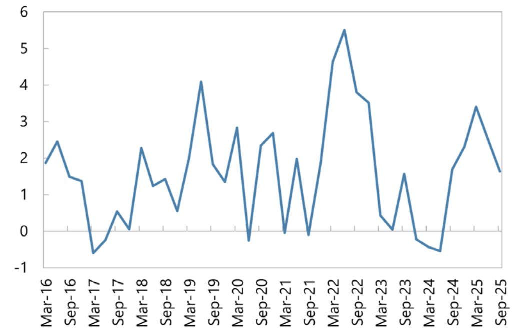
Goods Inflation
(In percent change, y/y)



Sources: Haver Analytics and IMF staff calculations.

Wage growth has been declining since March.

Average Quarterly Wage Growth
(In percent change, y/y)

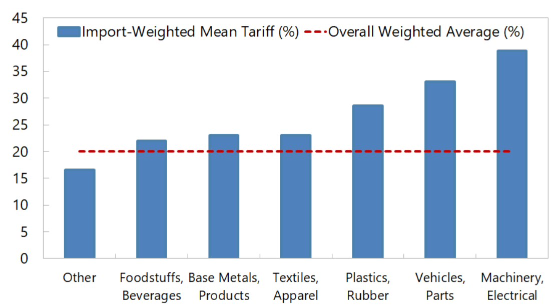


Sources: Haver Analytics and IMF staff calculations.

6. **Thailand's external position strengthened through September, driven by a wider goods trade surplus and a smaller services and income deficit, but narrowed subsequently.** These gains were supported by robust exports earlier in the year and a gradual recovery in tourism. The trade balance widened through September, supported by export frontloading, but narrowed in October and November as imports surged and exports moderated. An October 26 Joint Statement on a framework for a reciprocal trade agreement reaffirmed the general U.S. tariff of 19 percent, although effective tariffs are estimated at 20 percent, given higher duties on a number of products (Text Figure 4). The package includes commitments to increase imports of U.S. liquefied natural gas and aircraft, with the aim of narrowing Thailand's bilateral trade surplus. However, negotiations are ongoing and details including the list of goods to be exempted still need to be finalized. Financial flows were mixed, as non-residents rotated out of Thai equities into local bonds on expectations of BOT rate cuts and a softer dollar. The Thai baht was relatively stable before strengthening mid-year as trade tensions eased and foreign investor sentiment improved (Text Figure 5).

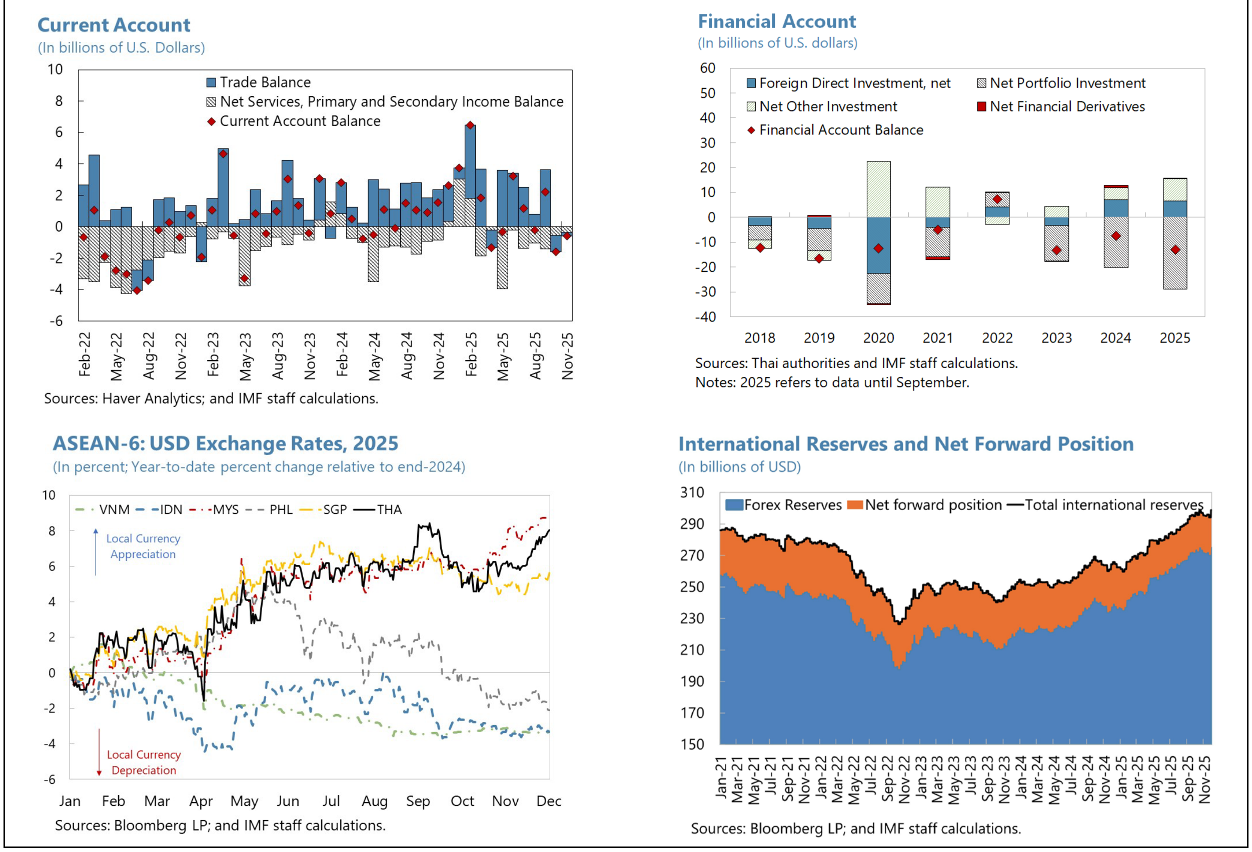
Text Figure 4. Thailand: Effective U.S. Tariff Rate

Import-Weighted U.S. Tariff Rates by Sector
(In percent, using 2024 import values as weights)



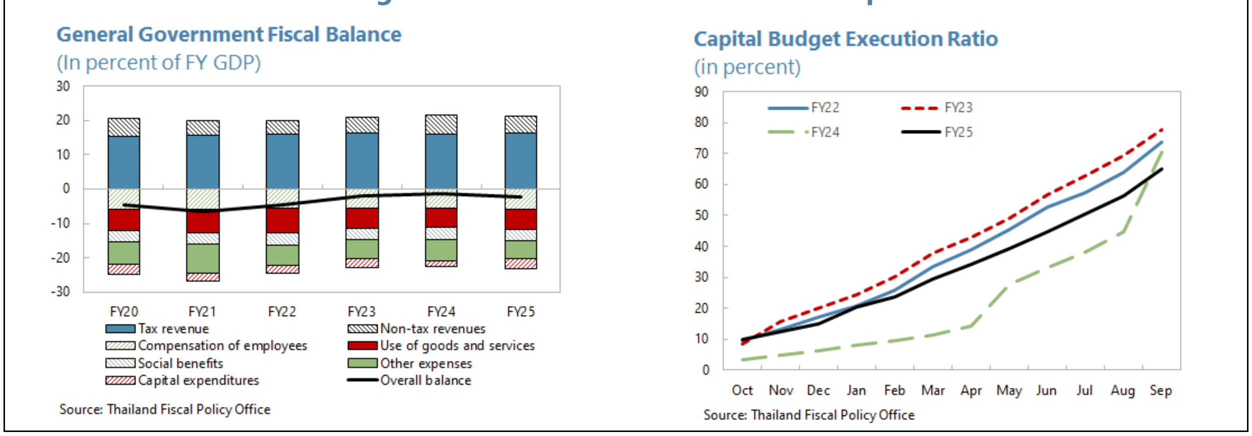
Sources: Global Trade Alert; IMF Staff Calculations.
Notes: Calculated using HS 8-digit level data.

Text Figure 5. Thailand: External Sector Developments



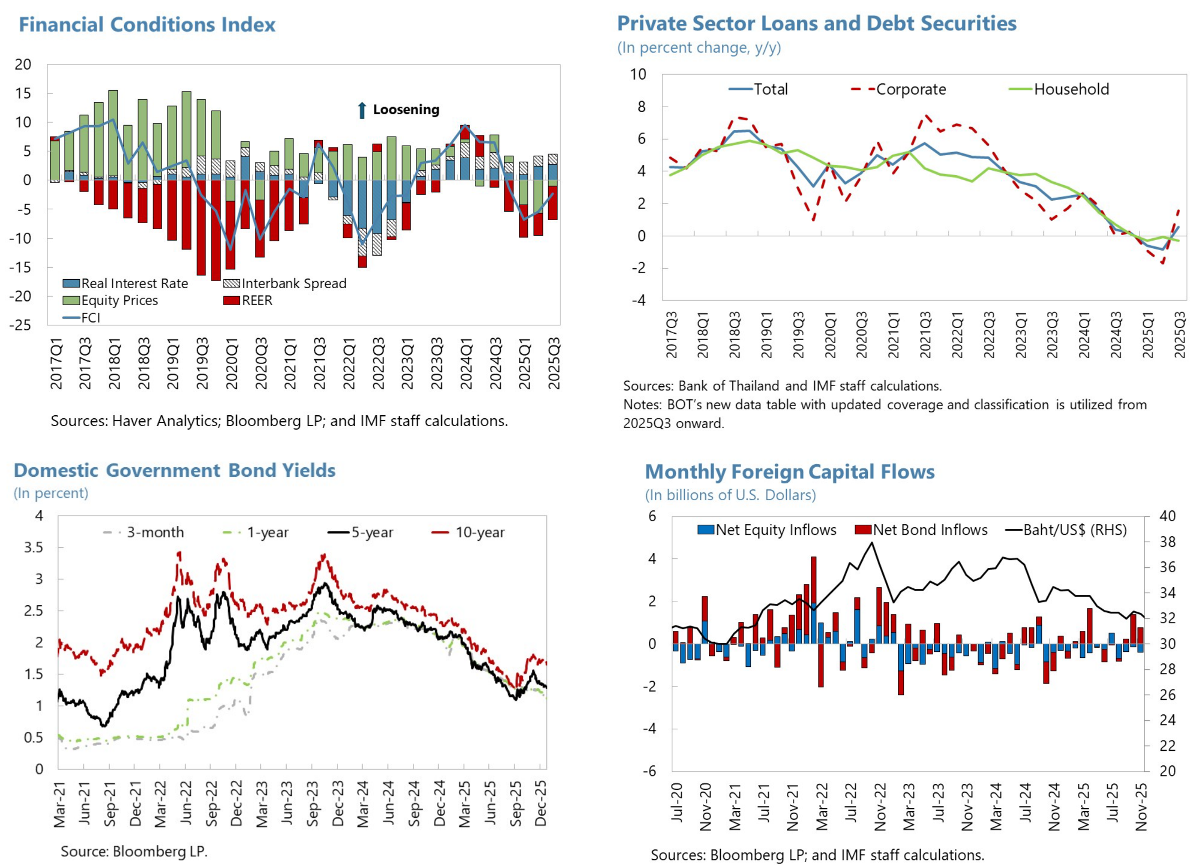
7. **The fiscal balance was tighter than expected due to slower budget execution**. The FY24 general government fiscal deficit was 1.3 percent of GDP, reflecting the delay in budget approval and subsequent under-execution. While implementation has accelerated in FY25, capital spending fell short of the authorities' target (65 percent of the budget vs. 80 percent target)—partly reflecting the reallocation of THB 157 billion (0.8 percent of GDP) originally earmarked for Digital Wallet cash transfers toward additional public investment projects. As a result, the FY25 general government deficit is estimated at 2.2 percent of GDP. Public debt has reached 64.8 percent of GDP by end-FY25.

Text Figure 6. Thailand: Fiscal Sector Developments



8. Credit growth is still constrained, and financial conditions remain tight. After contracting in the first half of 2025, private credit posted limited growth of 0.4 percent (y/y) as of November 2025, driven mainly by large corporations amid weak overall credit demand and ongoing loan repayments.[1] Outstanding corporate debt securities grew 4.1 percent (y/y) as of November 2025, after contracting 2.3 percent (y/y) at end-June 2025 (Figure 3). Weak investor confidence and flight-to-quality behavior led to higher borrowing costs and increased rollover risks for corporates with lower credit ratings or operating in slow-recovering sectors. Household debt relative to GDP has declined but remains elevated at 86.8 percent as of end-September 2025, down from 88.4 percent at end-2024. This decline was primarily driven by a 2.3 percent (y/y) reduction in outstanding household loans by commercial banks.[2] Credit risks of household and SME loans remain elevated, with a notable deterioration in housing loan quality, which has prompted banks to adopt more cautious lending practices and tighter lending standards.

Text Figure 7. Thailand: Financial Conditions



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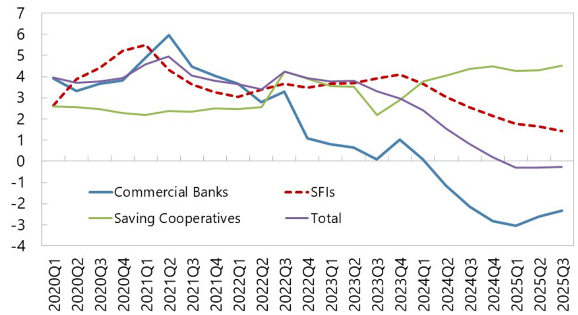
[1] Private credit includes loans and debt securities.

[2] Commercial banks hold 37 percent of household loans, SFIs 28 percent, saving cooperatives 15 percent, and credit card, leasing, and personal loan companies 12 percent.

Text Figure 8. Thailand: Household and SME Loans

Commercial banks significantly reduced their household loans

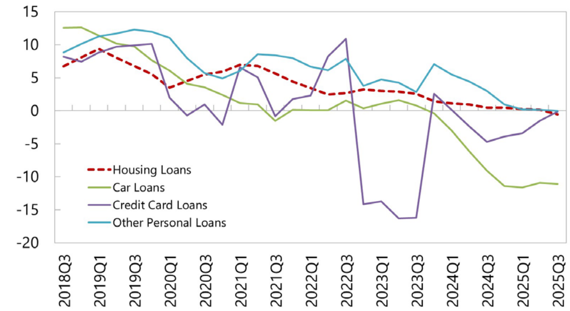
Household Loans by Financial Institutions
(In percent change, y/y)



Source: Bank of Thailand
Note: BOT's new data table with updated coverage and classification is utilized from 2025Q3 onward.

... across all categories, particularly in car loans

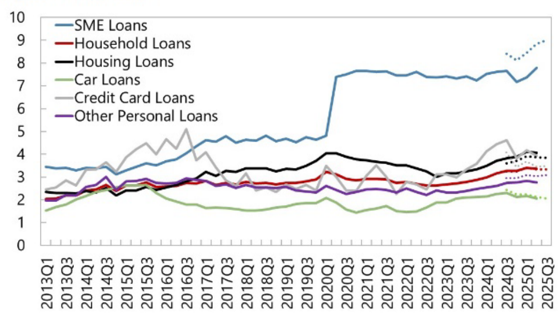
Commercial Bank's Household Loans
(In percent change, y/y)



Sources: Bank of Thailand and IMF staff calculations.
Note: BOT's new data table with updated coverage and classification is utilized from 2025Q3 onward.

The credit risk of household and SME loans remains elevated, as reflected in the high NPL rates for SME, housing and credit card loans...

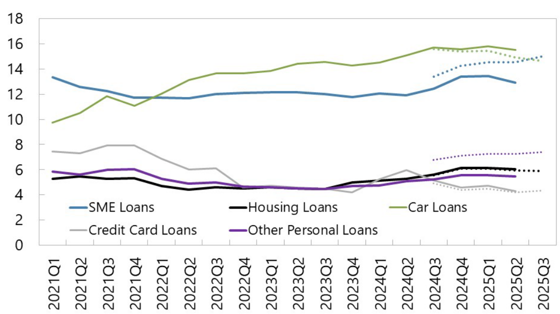
Commercial Banks' NPL of Household and SME Loans
(In percent of total loans)



Sources: BOT and IMF staff calculations.
Note: The dotted lines are based on the stage 3 loans from BOT's new data table with updated data coverage and classification.

... as well as significantly high special mention rates for car and SME loans.

Commercial Banks' Special Mention Household Loans
(In percent of total loans)



Sources: BOT and IMF staff calculations.
Note: The dotted lines are based on the stage 2 loans from BOT's new data table with updated data coverage and classification.

OUTLOOK

9. Growth is expected to slow in Q4 and further in 2026. Exports are expected to weaken due to reversal of earlier frontloading, softer U.S. demand, and the impact of higher tariffs. Higher U.S. tariffs are expected to hurt growth through several channels—including direct export losses, supply-chain disruptions, and weaker investment sentiment—given the economy's high trade openness, and significant exposure to U.S. demand, with exports to the U.S. accounting for roughly 18 percent of total exports. Additionally, tight financial conditions and elevated household debt are expected to weigh on private consumption and investment—partly offset by the short-term stimulus measures introduced in 2025 Q4 (see fiscal policy discussions). As a result, GDP growth is projected at 2.1 percent in 2025 and 1.6 percent in 2026. The negative output gap is expected to widen in 2025, before gradually narrowing and closing by 2028, as trade policy uncertainty and associated delays in investments weigh on potential growth in the near term but recede as supply chains are reconfigured.

10. Inflation is expected to remain subdued and the decline in the price level could become broad-based and sustained. Several factors underpin this outlook. Weak domestic and external demand and the resulting economic slack continues to exert downward pressure on core inflation. The expected decline in global oil prices, combined with continued government measures such as reduced electricity tariffs and a lower diesel price cap, will contribute to lower energy prices. Additional government initiatives to ease the cost-of-living and lower the prices of consumer goods, medicines, and tourism services will further dampen inflation. As a result, given the narrowing output gap and low base in 2025, inflation is expected to recover gradually in 2026, with headline and core inflation averaging around 0.4 and 0.9 percent.

11. The external position in 2025 is preliminarily estimated to be moderately stronger than warranted by fundamentals and desirable policy settings. The current account surplus is projected to modestly increase in 2025 before narrowing in 2026, but the composition of this increase points to domestic demand weakness rather than underlying external competitiveness gains.[3] Several factors constrained the momentum of stronger exports earlier in 2025 and are expected to weigh on the surplus this year. First, the impact of higher U.S. tariffs on export growth, which became more pronounced in the last quarter of 2025. Second, tourist arrivals plateaued below pre-pandemic levels, limiting the rebound in services receipts. Third, real exchange rate appreciation estimated by staff at about 3 percent as of November eroded price competitiveness. These factors contributed to a moderation in the trade surplus toward year-end, as slower export growth coincided with a rebound in imports—already evident in October and the trade balance turned negative.

12. Uncertainty remains high, with risks tilted to the downside for both growth and inflation. Prolonged trade policy uncertainty and stronger negative trade diversion effects from differential U.S. tariffs in the region could further weigh on Thailand's growth and aggravate deflationary pressures.[4] Greater global financial market volatility—arising from stretched risk asset valuations, elevated debt levels, or other potential risks associated with AI-related investments—could exacerbate domestic financial vulnerabilities. Escalating geopolitical tensions or an extended border conflict could dampen investor sentiment and tourism flows, while domestic political volatility could further undermine confidence. Relatedly, weaker output growth would further depress inflation, which in turn could risk lowering inflation expectations and increase the likelihood of deflationary pressures. On the upside, a swift resolution of global trade tensions, stronger-than-expected growth in trading partners, an extended robust demand for electronics, and a prompt easing of domestic political uncertainty could strengthen growth and inflation outlook.

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[3] From a saving–investment perspective, the key driver of the higher current account balance estimate in 2025 is a decline in private investment against a backdrop of subdued private and public saving.

[4] See also the Fall 2025 IMF Asia and Pacific Regional Economic Outlook on discussions of spillovers from weaker demand and disinflation in the Chinese mainland to other countries in the region, including Thailand.

Authorities' Views

13. **The authorities broadly agreed with staff's assessment of the economic outlook and highlighted that deflation risks remain contained**. The authorities' near-term growth projections were broadly in line with staff's estimates, while their medium-term outlook was slightly more optimistic. On inflation, the authorities stressed that the recent decline in prices was mainly driven by supply-side factors and noted that medium- and long-term inflation expectations remain well anchored within the target range, limiting the risk of a sustained and broad-based decline in prices. They expect inflation to rise gradually, returning to the bottom of the target range in 2027. The authorities also shared staff's views on key risks, including softening global demand amid rising trade tensions, and weak domestic demand due to elevated private debt, while adding the potential impact of delays in the 2026 budgetary process.

14. **The authorities broadly concurred with the external sector assessment**. They reiterated concerns about the EBA methodology, emphasizing that structural and fundamental factors have a greater influence on the medium-term current account than exchange rate movements. In this context, they concurred with staff that measures to boost investment, liberalize services, and limit tax incentives and subsidies would support external rebalancing.

Text Table 1. Thailand: Selected Economic Indicators, 2020-31

	Actual					Projections 1/						
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Output												
Real GDP growth (%)	-6.1	1.5	2.6	2.0	2.5	2.1	1.6	2.2	2.3	2.5	2.5	2.5
Output Gap (in percent of potential output) 2/	-4.2	-4.1	-2.0	-1.5	-0.7	-0.8	-0.5	-0.1	0.0	0.0	0.0	0.0
Employment												
Unemployment (%)	1.7	1.9	1.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Prices												
Headline inflation (%)	-0.8	1.2	6.1	1.2	0.4	-0.1	0.4	1.0	1.2	1.4	1.5	1.8
Core inflation (%)	0.3	0.2	2.5	1.3	0.6	0.8	0.9	1.1	1.3	1.4	1.5	1.8
Government finances												
General government fiscal balance (% GDP)	-4.5	-6.7	-4.6	-1.9	-1.3	-2.2	-2.3	-2.0	-2.1	-2.2	-2.3	-2.3
Public debt (% GDP)	49.4	58.3	60.5	62.3	63.2	64.8	66.8	67.8	68.5	69.1	69.5	69.6
Balance of payments												
Current account (% GDP)	4.1	-2.1	-3.4	1.6	2.2	2.3	1.6	1.9	2.2	2.5	2.7	2.8
FDI (% GDP)	4.5	0.8	-0.9	0.7	-1.3	-1.0	-0.5	-0.2	-0.2	-0.2	-0.2	-0.1

Source: IMF staff estimates.
1/ 2025 inflation figures are actual.
2/ Based on multivariate filter.

POLICY DISCUSSIONS

A. Overview of the Policy Mix

15. **Limited policy space calls for a carefully calibrated policy mix building on the recent reform momentum**. With fiscal space narrowing as public debt approaches its ceiling, fiscal support should remain targeted and parsimonious, anchored on a credible medium-term consolidation

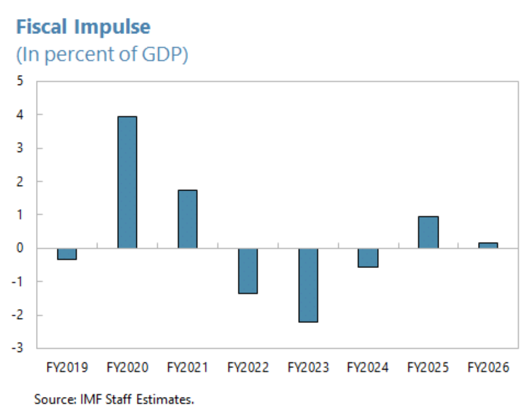
strategy. Meanwhile, additional monetary easing could help support demand and mitigate downside risks to inflation. Given the impaired credit channel from elevated household debt and deteriorating asset quality, efforts to facilitate orderly household debt deleveraging should proceed in parallel to ensuring effective monetary policy transmission.

16. Advancing structural reforms will be critical to reversing the trend of slowing growth. While the recommended macroeconomic policies can help support the cyclical recovery, they may only yield a modest outcome. Structural headwinds that have been weighing on growth will continue to erode economic resilience and complicate efforts to rebuild policy space. Recent shocks risk further dampening potential growth by delaying productive investment and disrupting established trade linkages, underscoring the urgency of advancing reforms to boost productivity and competitiveness, strengthen the social safety, and expand opportunities for private investment. These reforms would raise more durably the contribution of domestic demand in growth, as well as help narrow external imbalances by increasing private investment.

B. Fiscal Policy: Targeted Support Anchored on a Credible Medium-Term Strategy

17. Fiscal policy is expected to provide a modest positive impulse in FY26. The FY26 budget targets a deficit of THB 860 billion (4.5 percent of GDP), corresponding to a GFS central government deficit of around 3.1 percent of GDP (Text Table 2).[5] The GFS general government overall deficit is projected at 2.3 percent of GDP, resulting in a fiscal impulse of 0.2 percent of GDP (Text Figure 9). Within this envelope, the government has been stepping up efforts to provide support for the economy, including a top-up for State Welfare Card holders (THB 22 billion, 0.1 percent of GDP) and the "Khon La Khrueng Plus" ("Half-Half Plus") program providing copayment subsidies to a broad population (THB 44 billion, 0.2 percent of GDP). Additional measures include liquidity support for SMEs through THB 267 billion soft loans from state-owned financial institutions, THB 50 billion credit guarantees, and expedited tax refunds of THB 60 billion.

Text Figure 9. Thailand: Near-Term Fiscal Stance



18. Thailand's fiscal space is narrowing. Thailand's overall risk of sovereign debt stress is assessed as moderate (Annex VII). Ample liquidity and strong demand for government bonds have kept yields compressed. In addition, the Social Security Fund (SSF) holds a sizable share of

[5] The authorities' budget is converted to GFS central government balance by adjusting for spending carryovers, GFSM-based revenue and expenditure reclassifications, and extra-budgetary transactions. As information on these items is not available ex ante, the GFS projections are subject to revisions. The authorities have started sharing backward-looking reconciliation data, which helps improve forecasting (see Annex VIII).

government and SOE bonds (around 12 percent of total public debt), implying that public debt would be lower on a net basis. However, the continued increase in public debt toward the ceiling—raised during the pandemic—could undermine the fiscal anchor, which combined with elevated uncertainty heightens the risk of adverse shocks. Moreover, population aging is expected to erode the SSF surplus over time, eventually reversing the net lending position and further constraining Thailand's fiscal space in the longer term.

Text Table 2. Thailand: Fiscal Balance—Budgetary Framework vs. GFS

Fiscal Balance (in percent of GDP)	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Authorities' budget balance (central government)	-3.0	-3.8	-4.1	-3.9	-4.4	-4.6	-4.5
Authorities' budgetary cash balance (central government)	-5.2	-4.7	-3.5	-3.3	-4.1	-4.8	-5.0
GFS central government overall balance	-5.3	-7.6	-5.2	-2.9	-2.4	-2.9	-3.1
GFS general government overall balance	-4.5	-6.7	-4.6	-1.9	-1.3	-2.2	-2.3

Source: Fiscal Policy Office

Notes: Authorities' cash balance reflects fiscal outturn including carryovers (FY26 is staff estimate). GFS figures reflect additional adjustments in line with GFSM (FY25-26 are are staff estimates and projections).

19. Enhancing the quality and targeting of spending could amplify the impact of fiscal support. Given the narrowing of the fiscal space, available fiscal resources should be directed toward growth-enhancing activities, remain well-targeted, and be efficiently implemented to maximize impact. In this context, the reallocation of the Digital Wallet budget toward investment projects and the State Welfare Card top-up for the poorest households are welcome developments. While the copayment scheme should stimulate consumption to some extent by leveraging private spending, its universal nature suggests that prioritizing resources for more vulnerable households would deliver greater impact.

20. The expected gradual economic recovery provides an opportunity to implement fiscal consolidation to rebuild buffers and improve fiscal composition to allow for stronger private-sector led growth. The authorities' commitments to fiscal consolidation and VAT increase are welcome steps in the right direction. The new Medium-Term Fiscal Framework (MTFF) envisages a budget deficit of THB 788 billion in FY27 (4 percent of GDP). A significant fiscal consolidation is planned from FY28 onward, driven by robust revenue growth reflecting increases in the value-added tax (VAT) rate from the current 7 percent to 8.5 percent in FY28 and to 10 percent by FY30, which if implemented following the elections, and assuming continued economic recovery, would provide an additional boost to revenues.[6,7] These reforms, alongside other revenue mobilization efforts, would

[6] Thailand's VAT rate was lowered from the original statutory rate of 10 percent to 7 percent in 1997 as an emergency economic measure and the current rate has been renewed repeatedly by successive governments. Given upcoming elections, staff's baseline projections reflect the MTFF through FY27, with no further policy changes thereafter, under which public debt is projected to rise closer to the ceiling (Table 3b)

[7] The debt perimeter has been revised to exclude the Social Security Fund (SSF) and local governments to better align with the authorities' debt management practices. This results in higher public debt projections, as the SSF surplus projected over the medium term is not reflected, and SSF holdings of the government/SOE bonds do not need to be netted out. See Annex VII for detailed coverage of debt.

create additional fiscal space for growth-enhancing spending while reducing public debt (Text Table 3). Specific policy recommendations include:

- Revenue: Raising the VAT rate starting in FY27 would allow a more gradual phase in, generating an estimated annual revenue of about 1.8 percent of GDP over the medium term. Rationalizing tax allowances under the personal income tax (PIT) could yield an additional revenue of 0.5 percent of GDP,[8] while adopting the Global Minimum Tax under Pillar II of the OECD framework would provide an opportunity to streamline costly tax incentives for the corporate income tax (CIT). Broadening the tax base and strengthening tax compliance would further enhance revenue over time.

- Expenditure: Additional fiscal space from revenue growth should be used for growth-enhancing expenditure. These include increasing spending on education and training programs to reskill and upskill Thailand's labor force; expanding digital and physical infrastructure to boost productivity and enhance export sophistication; and scaling up climate mitigation and adaptation initiatives to strengthen resilience. Social protection should also be improved by strengthening basic social assistance schemes such as the Old Age Allowance (OAA- enhancing the targeting of the State Welfare Card to better support the most vulnerable, including to mitigate the distributional impact of the proposed VAT rate increase.[9]

Text Table 3. Thailand: Recommended Fiscal Path

	FY25	FY26	FY27	FY28	FY29	FY30	FY31
Baseline Scenario							
GFS Central Government Overall balance (% of GDP)	-2.9	-3.1	-2.8	-2.9	-3.0	-3.0	-3.0
Public debt (% of GDP)	64.8	66.8	67.8	68.5	69.1	69.5	69.6
Recommended Fiscal Path							
GFS Central Government Revenue (% of GDP)	18.9	18.9	20.0	20.7	21.5	21.6	21.7
Base	18.9	18.9	19.0	19.0	19.0	19.0	19.0
Policy			1.1	1.7	2.5	2.6	2.7
VAT rate increase			0.6	1.2	1.8	1.8	1.8
Rationalizing tax exemptions (CIT, PIT)			0.3	0.3	0.5	0.5	0.5
Base broadening and other administrative measures			0.2	0.2	0.2	0.3	0.4
GFS Central Government Expenditure (% of GDP)	21.8	22.0	22.3	22.4	22.5	22.5	22.5
Base	21.8	22.0	21.8	21.9	22.0	22.0	22.0
Policy			0.5	0.5	0.5	0.5	0.5
Human capital			0.2	0.2	0.2	0.2	0.2
Infrastructure			0.2	0.2	0.2	0.2	0.2
Social protection			0.1	0.1	0.1	0.1	0.1
GFS Central Government Overall balance (% of GDP)	-2.9	-3.1	-2.2	-1.7	-1.0	-0.9	-0.8
Public debt (% of GDP)	64.8	66.8	67.3	66.9	65.7	64.2	62.3

Note: Fiscal multipliers for the recommended revenue and expenditure measures are assumed as 0.3 and 0.7 respectively. The projections do not assume changes in inflation or incorporate the impact of other policy recommendations. As a result, GDP is estimated to be 0.5 percent lower by the end of the projection period (FY31) in the absence of other policies.

[8] Streamlining PIT allowances while keeping standard allowances (e.g., personal spending and dependent allowances) and maintaining exemption threshold at THB 150,000 could yield around 0.5 percent of GDP. Strengthening compliance could yield additional 0.3 percent of GDP (World Bank 2023). Adjusting the exemption threshold and restructuring the rate schedule could potentially increase the PIT further as noted in the 2018 IMF TA.

[9] See IMF CR 25/45 for further discussion on Thailand's social protection system.

21. Elevated public debt highlights the importance of prudent debt management. Strong demand for government bonds—partly reflecting subdued private sector credit—has helped mitigate refinancing risks. However, given the sizable gross financing needs projected at around 12 percent of GDP over the medium term, the authorities should continue prudent debt management practices, including lengthening maturities and diversifying instruments, in line with the medium-term debt strategy.

22. Fiscal rules can be further strengthened to better support fiscal policy objectives. Thailand has a comprehensive set of fiscal rules (Text Table 4). However, an extensive number of fiscal rules with different purposes makes the framework overly complex, reducing policy flexibility and creating challenges for sound public financial management (PFM)—for example, overbudgeting capital expenditure to meet the minimum requirement. Additionally, the deficit rule is defined as a share of total expenditures, which obscures its link to the debt ceiling expressed as a share of GDP. Staff recommend introducing a clearly defined deficit rule aligned with the debt ceiling, removing or enhancing flexibility for the capital expenditure floor, and streamlining overlapping rules (e.g., on debt service). Strengthening the enforcement mechanism or improving oversight of rule enforcement, such as through the establishment of a fiscal council, could further bolster credibility.

Text Table 4. Thailand: Fiscal Rules

Fiscal Indicator	Ratio/Threshold
Public debt	Not to exceed 70 percent of GDP
Government debt service	Not to exceed 50 percent of the annual revenue
Foreign currency public debt	Not to exceed 10 percent of the total public debt
Foreign currency public debt service	Not to exceed 5 percent of the exports of goods and services
Deficit borrowing	Not to exceed 20 percent of the expenditure budget and 80 percent of the budget for principal repayments
Capital expenditure	Not less than 20 percent of the annual budget and not less than the fiscal year budget deficit
Central Contingency Fund	Not to exceed 2-3 percent of the total budget
Principal Repayments	Not less than 4 percent of the total budget
New multi-year commitment	Not to exceed 10 percent of total budget
Stock of fiscal liability from quasi-fiscal activities	Not to exceed 32 percent of total budget

Note: The thresholds and fiscal variables used to compute the ratios are based on the authorities' budget framework and may not fully correspond to those derived from the GFS data.

23. There is scope to strengthen the public financial management. Thailand's budget framework allows carryovers of unspent budget for up to 12 months into the next fiscal year, weakening the control between annual budget and its intended impact. Limiting the carryover period would help reduce carryovers and strengthen fiscal discipline. Disclosure of the budget implementation data can be strengthened by providing a detailed breakdown in line with the approved budget. Additionally, the GFS presentation of the annual budget can be improved to have a closer linkage with the GFS-based fiscal outturn data. Finally, enhancing the use of classification of the Functions of Government within the budget framework will further support effective expenditure tracking and policy analysis.

Authorities' Views

24. The authorities reaffirmed their strong commitment to fiscal prudence. They confirmed that the current debt ceiling will not be raised and emphasized that the new MTFF reflects the government's commitment to fiscal consolidation, targeting a reduction in the budget deficit to around 3 percent of GDP by FY29. To strengthen policy credibility, the authorities noted that a comprehensive tax reform plan has been integrated into the MTFF, including measures to broaden the tax base, improve revenue efficiency, and rationalize tax incentives. They also indicated that adjustments to certain fiscal rules will be introduced to reinforce fiscal discipline.

25. The authorities also underscored their continued focus on prudent debt management. They noted that refinancing risks remain well contained. Thailand's public debt has an average maturity of around nine years, with approximately 90 percent classified as long-term. Moreover, the majority of public debt is held domestically, supported by ample liquidity and strong investor demand. The authorities emphasized their commitment to prudent debt management practices, including lengthening portfolio duration, in line with the medium-term debt management strategy.

C. Monetary Policy: Bringing Back Inflation to the Target Range

26. The BOT's recent policy rate reductions are welcome to help support the recovery. The policy rate (1.25 percent) is at its lowest level since January 2023, following five reductions since October 2024. Despite this, inflation is well below the BOT's target range and financial conditions remain tight. While monetary policy shifts should remain data dependent, staff sees scope for further monetary easing, as the real interest rate remains elevated despite the policy rate cuts (Text Figure 10). A further reduction in the policy rate would also help alleviate the financial burden on vulnerable households and support the recovery in domestic demand, with limited risk of additional leverage given tightened lending standards.[10]

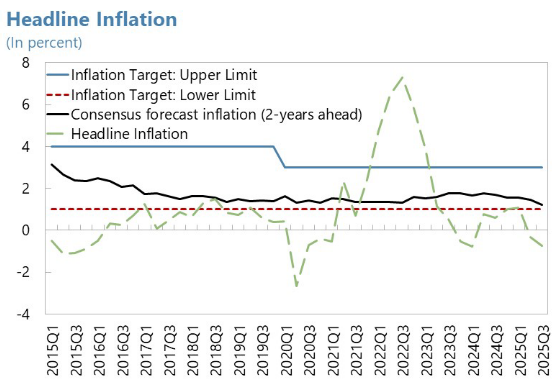
27. For monetary policy accommodation to be effective, efforts to enhance its transmission need to continue. Following the BOT's recent rate cuts, money market rates have adjusted accordingly. However, the pass-through to retail lending and deposit rates has been sluggish, while inflation expectations trend downward (Text Figure 10). Notably, both credit demand and supply remain subdued, with overall credit contracting amid elevated borrower risk. Recent joint measures by the BOT and MOF—such as debt restructuring programs, SME liquidity support, and plans to amend the Bankruptcy Act—can help strengthen monetary transmission and reduce financial vulnerabilities. Building on these initiatives, continued collaboration to accelerate

[10] The baseline framework projections assume that the policy rate remains unchanged at 1.25 percent throughout the projection period.

household and SME debt restructuring, expand financial inclusion, and improve credit risk assessments will further improve policy effectiveness through the bank lending channel and reinforce economic resilience.

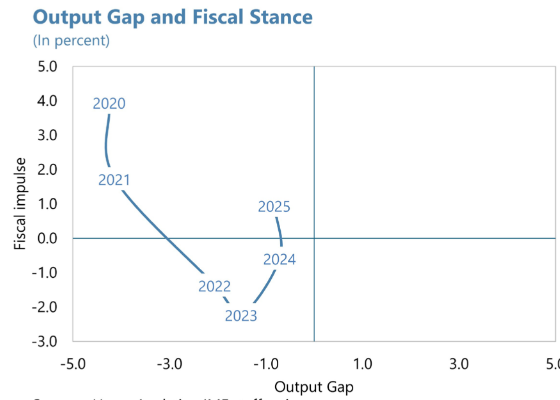
Text Figure 10. Thailand: Monetary Stance and Policy Transmission

Persistent undershooting of the inflation target has weighed on inflation expectations



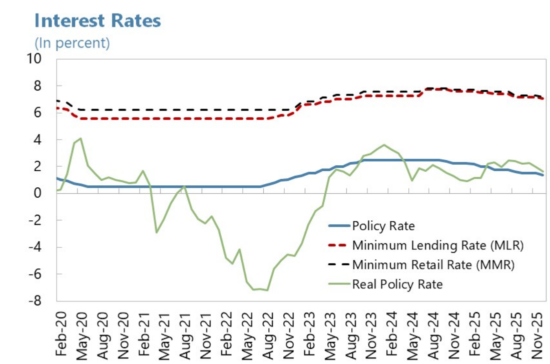
Sources: Haver Analytics; Consensus Forecast; IMF Staff calculations.

Fiscal policy has shifted to a mildly expansionary stance amid a protracted negative output gap.



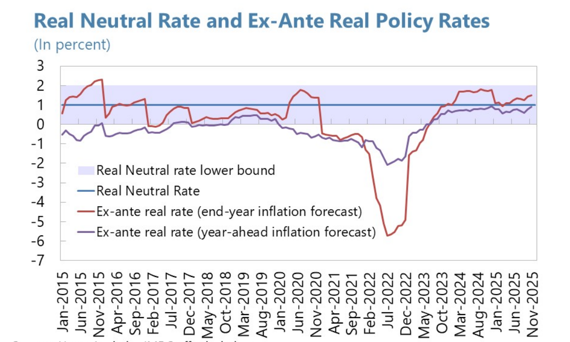
Sources: Haver Analytics; IMF staff estimates.

Despite recent easing, lending rates have adjusted only partially, pointing to transmission constraints…



Sources: Haver Analytics; IMF Staff calculations.
Note: Real policy rate is based on headline year-on-year inflation.

…while persistently high real interest rates suggest monetary policy could be eased further.



Sources: Haver Analytics; IMF Staff calculations.
Note: Ex-ante real policy rates based on expected inflation (end-year and year-ahead forecasts). Real neutral rate estimates rely on a state-space model where the natural rate is a state variable that follows a random walk. The trend of the real neutral rate is obtained via a Hamilton filter. The estimation relies on money market rates, and the average annual core and headling CPI.

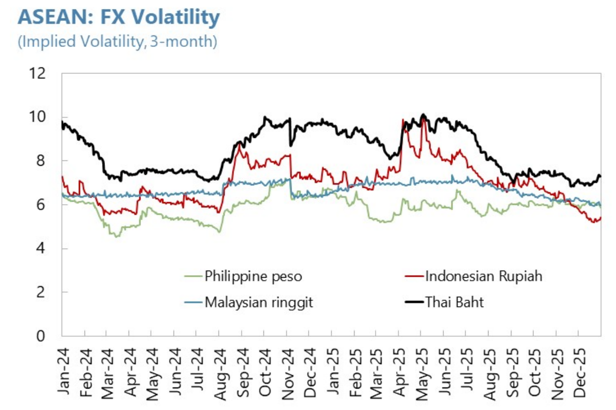
28. **Ongoing efforts to enhance monetary-fiscal policy coordination should continue, while safeguarding central bank independence**. Under the adverse scenario—with weaker output growth and rising deflationary pressures—close policy coordination would become even more critical to effectively leverage the remaining policy space (Annex VI). At the same time, preserving central bank independence remains critical for maintaining policy credibility, anchoring inflation expectations, and ensuring effective monetary transmission.

29. **Maintaining the current inflation target range, while enhancing communication, will help preserve credibility and anchor expectations**. Thailand's inflation target (1–3 percent) has been in place since 2020 and is reviewed annually by the BOT and the MOF. While the framework has generally anchored expectations, the recent decline in inflation has prompted a renewed debate

over the appropriateness of the band. Staff recommend maintaining the existing range while clearly explaining the reasons for deviations, with the expected timeframe for inflation to return to target, and the strategy for preserving price stability. Lowering the lower bound to include zero or widening the band would risk signaling tolerance for deflation, weakening credibility for the framework and increasing the likelihood of hitting the effective lower bound in future downturns.

30. Preserving exchange rate flexibility and deepening FX markets will bolster resilience to external shocks. The exchange rate should continue to serve as the first line of defense against external shocks. Foreign Exchange Intervention (FXI), consistent with IPF principles, can help alleviate policy trade-offs by smoothing destabilizing premia when FX markets are disrupted by large non-fundamental shocks. FXI appears to have been broadly two-sided, aimed at smoothing excessive exchange rate volatility. Effective December 2025, access to Thai baht liquidity for non-resident non-financial corporates with trade and investment in Thailand will be streamlined by allowing them to hold Thai baht deposits in Non-Resident Baht Accounts (NRBAs) and Non-Resident Baht Accounts for Securities (NRBSs) without end-of-day limits. In addition, the authorities have relaxed FX outflow regulations for residents by permitting additional purposes without prior BOT approval and by raising the annual limit for transfers of grants abroad. Continued FX ecosystem liberalization—including the phase-out of remaining Capital Flow Management measures (CFMs) on nonresident baht accounts—would reduce reliance on FXI and enhance market depth. Initiatives to promote local currency payment settlement, including through bilateral and multilateral linkages, and supported with strong regulatory and governance frameworks can help mitigate FX risks and strengthen financial resilience amid periods of heightened exchange rate fluctuations (see Selected Issues Paper (SIP)).

Text Figure 11. ASEAN: FX Volatility



Sources: Bloomberg; IMF Staff calculations.

Authorities' Views

31. The BOT assessed the current monetary policy stance as appropriately accommodative and emphasized that future decisions will remain outlook-driven, while noting the importance of timing and effectiveness given limited policy space. The authorities stressed that monetary policy transmission has been somewhat muted amid heightened uncertainty and that while recent policy rate cuts have lowered funding costs, their impact has been constrained by subdued credit demand and persistent credit risk. They stressed that monetary policy alone has not been sufficient to ease financial conditions significantly, necessitating complementary measures in collaboration with the MoF, such as soft loan programs and credit guarantee schemes. The authorities agreed on the importance of effective monetary-fiscal coordination, while reaffirming their commitment to safeguarding central bank independence. They noted that the inflation-targeting framework is subject to annual review under the Bank of Thailand Act and attributed recent inflation declines mainly to supply-side factors. Headline inflation is expected to return to the target range in 2027, and while short-term expectations have eased, medium- and long-term expectations remain well anchored.

32. **The authorities reaffirmed their commitment to a flexible exchange rate regime, allowing the baht to adjust in line with fundamentals and market forces**. They noted that FX volatility has moderated since early 2025, though external factors remain the main driver. The authorities emphasized that FX intervention is conducted solely to smooth excessive volatility and preserve the baht's role as a shock absorber. In this context, they highlighted recent steps to deepen FX markets and enhance transparency, including the relaxation of regulations on non-resident baht accounts effective December 2025 and plans to publish FX intervention data.

D. Financial Policy: Managing Systemic Risks While Addressing the Debt Overhang

33. **Systemic risk remains contained despite tight credit conditions, though continued close monitoring is needed**. Ample capital and provisions at most financial institutions serve as buffers against potential shocks (Figure 4).[11] Nevertheless, the authorities need to closely monitor financial institutions with significant exposure to sectors and borrowers with declining credit quality. The resumed publication of the Financial Stability Report and the new Financial Stability Review strengthen transparency, raise awareness to potential domestic and global shocks, and support the credibility of financial policy. The inclusion of hire purchase and leasing companies under BOT oversight strengthens the supervisory and regulatory regime. More efforts are still needed to close regulatory leakages and ensure comprehensive oversight of the financial sector. Given the significant and rising share of household debt held by savings cooperatives, further enhancements in supervision and regulation are necessary to bring them on par with other financial institutions, particularly in enforcing responsible lending practices and requiring reporting to the National Credit Bureau.

34. **The authorities' plans for continued orderly household debt deleveraging and support of SMEs are steps in the right direction, and their success will depend on final implementation**. The slow and uneven economic recovery, combined with tighter credit conditions, has constrained access to financing and created liquidity pressures for vulnerable households and SMEs, affecting their consumption and investment. The program to restructure low-value unsecured non-performing loans by reallocating unused funds from the "Khun Soo, Rao Chuay" ("You Fight, We Help") program, combined with a mechanism to consolidate borrowers' debt, and enable them to re-enter the formal credit system, is a positive step. The authorities plan to support SMEs' liquidity by providing soft

[11] NPL coverage ratio for commercial banks stood at 179.8 percent at end-September 2025 (177.2 percent at the end-2024).

loans and loan guarantees.[12] The effectiveness of these programs will depend in part on strong governance, appropriate mitigation of moral hazard and compatibility with the underlying challenges. The authorities' plans to promote joint ventures between financial institutions and asset management companies should accelerate the cleansing of financial institutions' balance sheets and restructuring of distressed debt. Plans to amend the Bankruptcy Act to address households and SMEs with prolonged debt issues are an opportunity to allow those borrowers to be granted a "fresh start", enabling them to contribute to economic activity.

35. Expanding financial services to SMEs and other underserved groups is essential for strengthening financial intermediation and supporting economic growth. The authorities' plan to overhaul the credit guarantee system would improve credit risk assessments and address information asymmetries to allow expanding financial services to businesses, especially SMEs. The "Your Data" project, the establishment of virtual banks, and various initiatives aimed at enhancing credit risk assessments will help to extend financial services to underserved potential borrowers. Continued progress with digital payment initiatives and ensuring their trustworthiness with appropriate safeguards, alongside efforts to improve financial literacy, will support SME development and financial inclusion (see SIP).

36. Strengthening the AML/CFT regime will be important to keep up with evolving criminal activities. The authorities continue to address money-laundering risks while strengthening its response to emerging cyber-enabled crime and terrorism-financing vulnerabilities. Significant progress in enhancing regulatory framework has been made, including the amendment of two emergency decrees strengthening measures and coordination in combating and preventing technological crimes, online scams, and the utilization of bank or digital asset mule accounts.[13] In addition, the amendment of the Anti-Money Laundering Act to address technical compliance gaps including those identified in the 2023 report by the Asia-Pacific Group on Money Laundering is currently awaiting parliamentary approval. The authorities must adapt to the evolving money laundering and terrorist financing risks associated with rapid technological progress by continuing the efforts to strengthen the regulatory framework, improve AML/CFT preventive measures and coordination among relevant agencies.

Authorities' Views

37. The authorities agreed that financial stability risks remain broadly contained and emphasized their proactive approach to safeguarding systemic resilience. They noted that household deleveraging accelerated in 2025, driven by tighter financial conditions and contracting household credit growth. This has limited risks from excessive leverage, but increased household liquidity concerns. To mitigate potential adverse effects on credit availability and short-term economic activity, the authorities decided to postpone the introduction of a new tightening measure

[12] The planned support package includes THB 217 billion (1.1 percent of GDP) in low-interest loans and THB 50 billion (0.3 percent of GDP) in credit guarantees.

[13] Emergency Decree on Measures for the Prevention and Suppression of Technology Crimes (No.2) B.E. 2568 (2025) and Emergency Decree on Digital Asset Business (No.2) B.E. 2568 (2025) took effect in April 2025.

and introduced low-value unsecured personal loan restructuring program and liquidity support package for SMEs. The authorities stressed that this decision reflects a balanced approach to preserving financial stability while supporting economic recovery.

38. The authorities shared staff's views on the need for close coordination in systemic risk monitoring and financial policy harmonization. BOT, in collaboration with Fiscal Policy Office (FPO) and Securities and Exchange Commission (SEC), has supported the Cooperative Promotion Department in enacting more stringent regulations governing savings cooperatives. They introduced stricter rules on deposit-taking and investment concentration, reflecting the commitment to mitigate systemic risks in this segment of the financial sector. The authorities are also committed to strengthening the AML/CFT regime. They will continue to monitor compliance and track cross-border transaction volumes to assess the effectiveness of the enhanced framework and its implementation.

E. Structural Policies: Reinvigorating Growth and Enhancing Resilience

39. Urgent structural reforms are needed to strengthen economic resilience and reverse the trend of declining growth. Previous Article IV consultations have identified several structural gaps in Thailand relative to ASEAN frontier and OECD countries, the closing of which could yield substantial growth dividends (IMF CR 25/45). Priorities include deepening trade and financial integration, facilitating structural transformation and improving investment efficiency, which would also facilitate external rebalancing, and advancing export sophistication:

- *Promoting regional and global trade and financial integration.* The evolving global trade landscape highlights the importance of Thailand's trade strategy including building resilience through greater diversification in products and export markets. Staff analysis suggests Thailand could facilitate its regional and global trade integration by: (i) enhancing e-government to streamline trade procedures and reduce regulatory burdens; (ii) investing in human capital to improve labor productivity and attract higher-value FDI; (iii) upgrading logistics performance to strengthen Thailand's role in regional supply chains—which could unlock exports gains of about 1.7 percent of GDP (Annex V). Extending bilateral and multilateral cross-border payment linkages could improve efficiency and reduce vulnerability to external shocks, while maintaining appropriate safeguards for financial stability (SIP).

- *Reinvigorating structural transformation.* Thailand's structural transformation—movement of labor from low-productivity to high-productivity sectors—has slowed in recent years. As a result, Thailand has a relatively large employment share in low value-added sectors such as agriculture and low-value-added services which undermines its overall labor productivity. Staff analysis indicates that by promoting trade openness, strengthening education, enhancing financial inclusion and access to credit, reducing informality, and improving governance, Thailand could accelerate labor movement toward higher-productivity sectors (SIP), which would also raise living standards and consumption more durably. In parallel, broadening financial access for firms and fostering a more diversified financial structure would improve capital allocation efficiency,[14] further unlocking the productivity gains needed for sustained growth, while also addressing external sector rebalancing in the medium term.

- *Enhancing export sophistication and competitiveness.* Rising external challenges highlight the need to move up the value chain. Further liberalizing trade and investment restrictions in primary and services sectors would support stronger FDI inflows and integration into higher value-added segments of global value chains. Key reforms include reducing equity restrictions and streamlining screening and approval procedures, as recommended by the OECD (2021). Additionally, expanding public R&D and accelerating investments in IT and digital infrastructure could strengthen Thailand's manufacturing base. Priority areas include transitioning the automotive industry toward electric and hybrid vehicles and developing ICT industries to reinforce linkages with manufacturing, along with integrating local suppliers, particularly SMEs to the reconfigured supply chains.

40. Stepped-up efforts are needed to strengthen social resilience. Thailand's inequality remains high relative to its income level (Figure 6). Integrating fragmented social assistance schemes and improving data sharing would allow better targeting of support to the most vulnerable groups while minimizing fiscal costs. Expanding social insurance coverage and reducing informal employment would further strengthen resilience of these groups to adverse shocks. Particularly, given the rapidly aging population, pension reforms should be accelerated to mitigate long-term fiscal pressures while ensuring adequate support. Reforms should focus on raising the retirement age and adjusting contributions and benefits to enhance equity between public and private sectors, while also strengthening the protection of those not covered by the social insurance system.[15]

41. Continued progress on Thailand's climate agenda remains a priority. In December 2025 the Cabinet approved the Climate Change Bill, establishing a legal basis for carbon pricing instruments—including an Emissions Trading System (ETS), a Carbon Border Adjustment Mechanism (CBAM), and carbon taxes—as well as a national greenhouse gas Measurement, Reporting, and Verification (MRV) system and registry, and a state Climate Fund. Thailand also updated its Nationally Determined Contributions (NDC), targeting a 47 percent reduction in emissions from 2019 levels by 2035 and advancing the net-zero target to 2050 (NDC 3.0). As the authorities work on the technical design of the ETS through secondary legislation, it will be important to ensure broad sectoral coverage, limit exemptions, and implement the system in a phased manner supported by robust MRV. Carbon pricing revenues should be utilized to support well-targeted transfers to mitigate distributional impacts and to finance green public investment. In parallel, gradually phasing

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[14] Investment efficiency declined in Thailand after the global financial crisis, similar to other economies in the region, reflected in the high and rising incremental capital–output ratio (see October 2025 Regional Economic Outlook: Asia and Pacific).

[15] Staff estimates suggest that total pension spending is estimated at around 2.5 percent of GDP in 2024. Civil service pensions, despite covering a small fraction of the old-age population, account for the bulk of spending (1.8 percent of GDP) due to their generous benefits. The Social Security Fund (SSF) scheme, which covers private-sector workers, is still maturing and represents a smaller share of expenditure (0.2 percent of GDP) but faces long-term sustainability challenges (See ILO 2024). More critically, about 40 percent of the workforce falls outside SSF coverage and relies solely on the basic OAA, which provides limited support insufficient to prevent old-age poverty.

out untargeted and costly energy subsidies would help strengthen incentives for a transition toward cleaner energy sources.

Authorities' Views

42. The authorities broadly agreed with staff's policy recommendations. They noted that the recommended policies are embedded in the 13th National Development Plan (2023-2027) and align with the upcoming 14th National Development Plan (2028–2032) which aims to address structural constraints—including aging, low investment and productivity, and informality—and strengthen new growth engines. They highlighted ongoing efforts to upgrade manufacturing through a shift toward future mobility, green energy, and smart electronics supported by stronger R&D; advance the digital economy by promoting investment in data centers and cloud services; and enhance human capital by attracting high-potential foreign workers through the Smart Visa and Long-Term Residence programs. The authorities also emphasized progress in governance and regulatory reform, including rapid digitalization of public services, the establishment of an urgent legal reform committee, and Cabinet-approved reforms to the Foreign Business Act. On social protection, they underscored the need to reform the fragmented system and simplify business processes to incentivize formal employment.

STAFF APPRAISAL

43. Thailand's economy has been resilient in an uncertain global economic environment but faces increasing challenges. In addition to long-standing structural factors, growth will be dampened by slowing exports, a decline in foreign tourist arrivals, higher US tariffs and constrained domestic demand due to elevated private debt. Inflation is projected to remain subdued and the decline in the price level could become broad-based and sustained. Risks to the outlook are tilted downwards, due to both external and domestic factors.

44. Given the limited policy space, a carefully calibrated mix of simultaneous policy actions building on the recent reform momentum is needed to address the rising economic challenges in an uncertain environment. Targeted fiscal support anchored on a credible medium-term consolidation strategy, some further monetary loosening, coupled with financial policies to facilitate orderly household debt deleveraging and to address the impaired credit channel would help facilitate the recovery. At the same time, structural reforms must accelerate to reverse the trend of slowing growth.

45. Enhancing the quality and targeting of spending is critical to maximize the benefits of near-term fiscal support. Fiscal policy is expected to provide a modest positive impulse in FY26. With private and external demand expected to weaken, government spending will play a pivotal role in sustaining activity and facilitating necessary adjustment. Available fiscal resources should be directed toward growth-enhancing activities, remain well targeted, and be implemented efficiently to maximize their impact.

46. The authorities' commitment to medium-term fiscal consolidation is welcome, but effective implementation is key. The revised MTFF envisages fiscal consolidation based on VAT rate increase beginning in FY28. Barring materialization of additional downside risks, advancing the VAT hike to FY27, alongside other revenue mobilization efforts, would create additional fiscal space to support growth and address long-term challenges while reducing public debt. Strengthening the fiscal framework—by introducing a clearly defined deficit target, streamlining the rules, and improving public financial management—would further reinforce fiscal policy credibility and effectiveness.

47. Recent monetary easing to support domestic demand is welcome and may need to be continued while at the same time ensuring its effectiveness. Staff assess that the authorities' shift to monetary easing remains appropriate, and there is scope to loosen further to mitigate downside risks to demand and inflation, while remaining data dependent and preserving adequate policy space against potential future shocks. In parallel, given elevated household debt, measures to restore the impaired credit channel—including building on recent steps taken by the authorities—should continue to ensure effective monetary policy transmission. Strengthening credit intermediation will be critical to amplify the impact of monetary easing and support the recovery in domestic demand.

48. Continued close coordination between monetary and fiscal measures is essential to reinforce the overall policy mix in response to potential adverse shocks. A balanced mix would allow monetary easing to support activity without exhausting the limited space available in a low-interest rate environment, while targeted fiscal actions can bolster demand in a sustainable way. Maintaining adequate buffers on both fronts will be key to safeguarding resilience. At the same time, central bank independence and exchange rate flexibility should remain cornerstones of macroeconomic stability. FX intervention can help restore orderly market conditions when large, non-fundamental shocks lead to excessive deviations in hedging and financing premia. Over the medium term, further FX market liberalization and gradual removal of remaining capital flow management measures would deepen market resilience and reduce reliance on intervention.

49. Orderly household deleveraging efforts need to take into account evolving macro-financial conditions. The authorities' approach to balance debt deleveraging efforts while supporting vulnerable households and SMEs amid slow and uneven economic recovery is welcome. Clear implementation plans and strong governance are essential to ensure the effectiveness of debt restructuring and SME support measures, while safeguarding financial stability and mitigating moral hazards.

50. The external position in 2025 is preliminarily estimated to be moderately stronger than warranted by fundamentals and desirable policy settings. Thailand's external sector remains resilient, with low external debt and reserves well above adequacy metrics. Policy efforts and reforms need to continue to sustain competitiveness and durably raise the contribution of domestic demand in growth, while preserving buffers. Promoting private investment along with improved efficiency of investment, steps to durably strengthen domestic demand, and advancing other structural reforms including service sector liberalization would support stronger private-led durable growth and external rebalancing.[16]

51. A deteriorating external environment highlights the need to accelerate structural reforms to boost productivity and competitiveness. Priorities include deepening trade and financial integration, improving labor productivity through structural transformation, and advancing export sophistication. At the same time, stepped-up efforts are warranted to strengthen social resilience and advance Thailand's climate agenda.

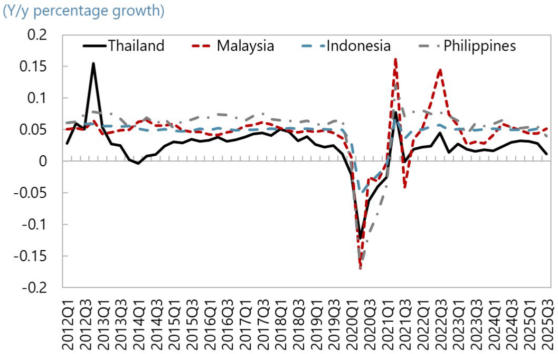
52. It is recommended that the next Article IV consultation with Thailand take place on a standard 12-month cycle.

[16] The assessment for 2025 is based on the preliminary staff estimates.

Figure 1. Thailand: Real Sector Developments

Thailand's growth underperformed its peers in ASEAN.

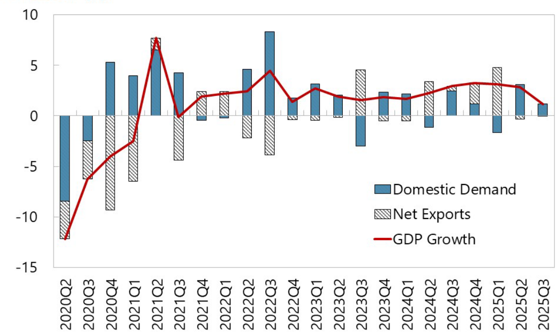
Real GDP Growth
(Y/y percentage growth)



Sources: Haver Analytics and IMF staff calculations

Growth was initially supported by net exports but then declined amid lower domestic demand.

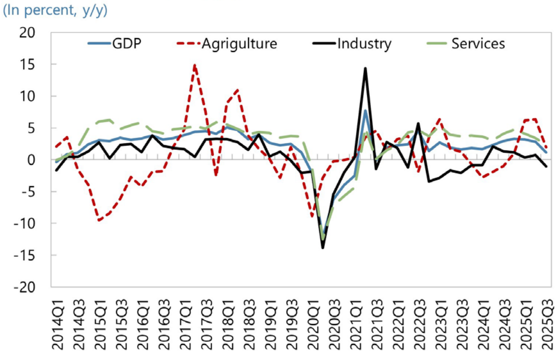
Contribution to GDP Growth, Expenditure
(In percent, y/y)



Sources: Thai authorities; and IMF staff calculations.

The agriculture sector was strong in the first three quarters, but services declined and industry was weak.

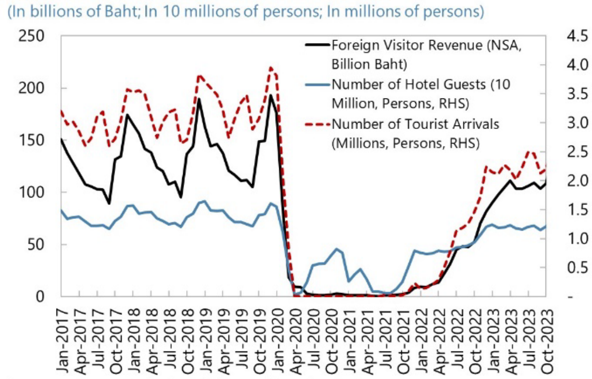
Real GDP Growth, Supply
(In percent, y/y)



Sources: Thai authorities; Haver Analytics and IMF staff calculations.

Tourist numbers dropped sharply, partly driven by safety concerns, leading to a slowdown of tourism receipts.

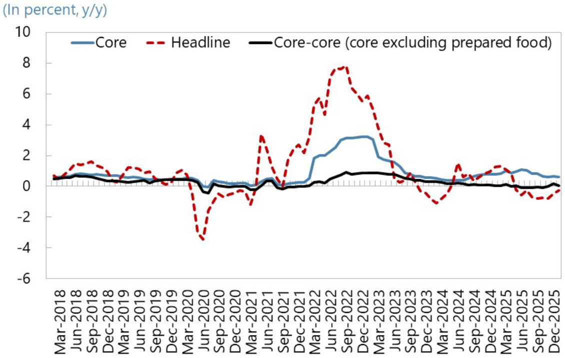
Tourist Revenue and Visitor Numbers
(In billions of Baht; In 10 millions of persons; In millions of persons)



Sources: : Haver Analytics, Ministry of Tourism & Sports.

Core-core inflation declined and has been around zero since March 2025.

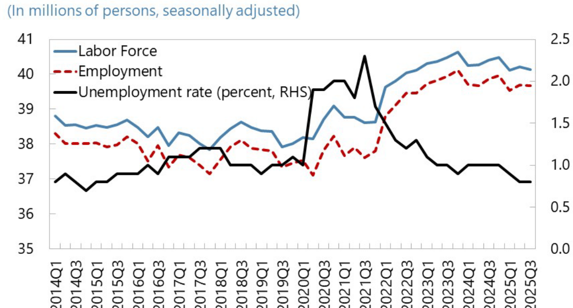
Inflation
(In percent, y/y)



Sources: Haver Analytics and IMF Staff calculations.

The labor market has been strong with unemployment declining.

Labor Market[1]
(In millions of persons, seasonally adjusted)

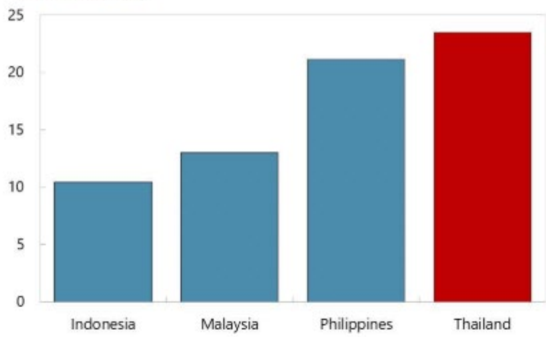


Source: Haver Analytics
[1] All series are affected by a methodological break in 2014 Q1 as the methodology for calculating the population structure was modified.

Figure 2. Thailand: Fiscal Sector Developments

Thailand has accumulated significant public debt during the pandemic, reflecting the strong fiscal response.

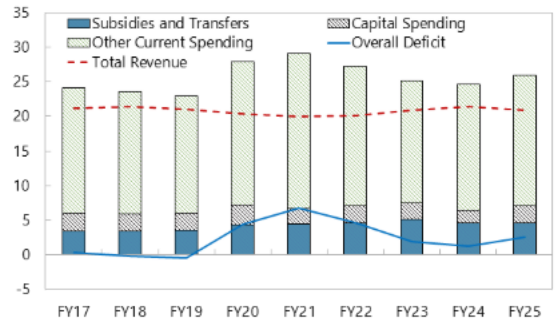
Change in Public Debt between 2019 - 2025
(In percent of GDP)



Sources: Country authorities; CEIC Data Co. Ltd.; and IMF staff calculations.

The fiscal balance has improved following the pandemic…

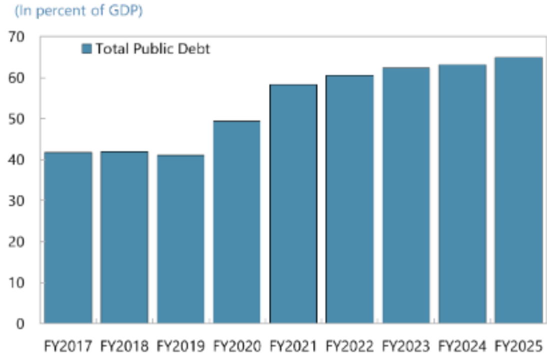
Evolution of Revenues, Expenditure and Overall Deficit
(In percent of GDP)



Sources: Thai authorities; Haver Analytics and IMF staff calculations.
Notes: Subsidies and Transfers include Social Benefits.

…but public debt remains at elevated levels, close to the authorities' debt ceiling.

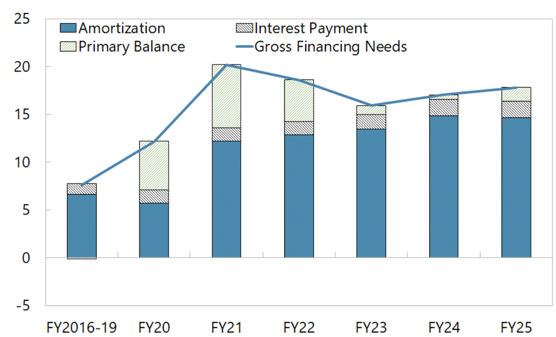
Public Debt Evolution
(In percent of GDP)



Sources: Thai authorities; and IMF staff calculations.

Gross financing needs have also risen due to increased borrowing during the pandemic.

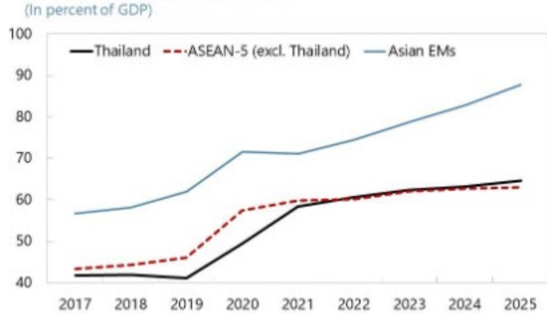
Public Gross Financing Needs
(In percent of GDP)



Sources: Thai authorities and IMF staff estimations and projections.

Nonetheless, Thailand's public debt remains on par with other ASEAN-5 countries…

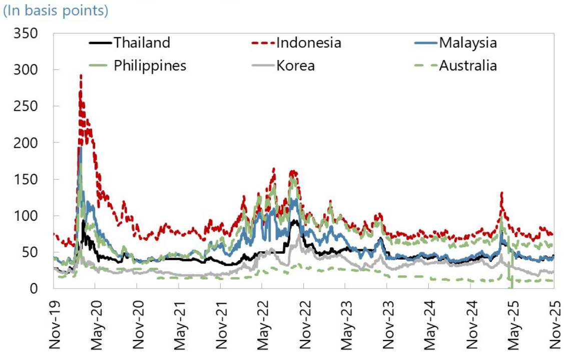
ASEAN and EMs: Public Debt
(In percent of GDP)



Sources: Country authorities; Haver analytics and IMF staff calculations.
Notes: Public Debt is GDP weighted for ASEAN-5 and Asian Emerging Markets exclude ASEAN-5 countries.

… and Thailand's sovereign spreads are also among the lowest in Asia.

5-year Sovereign CDS Spreads
(In basis points)

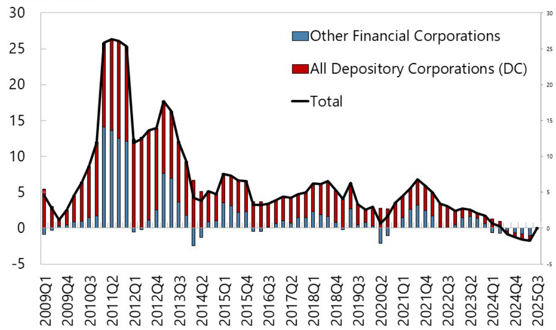


Sources: Bloomberg LP and IMF staff calculations.

Figure 3. Thailand: Financial Sector Developments

Credit growth is still constrained…

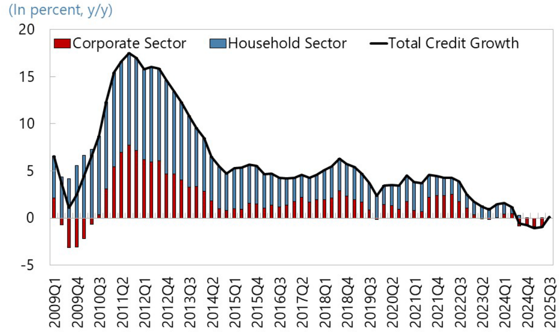
Contribution to Credit Growth
(In percent, y/y)



Sources: CEIC Data Co. Ltd; and IMF staff calculations.

…both in corporate and household sectors

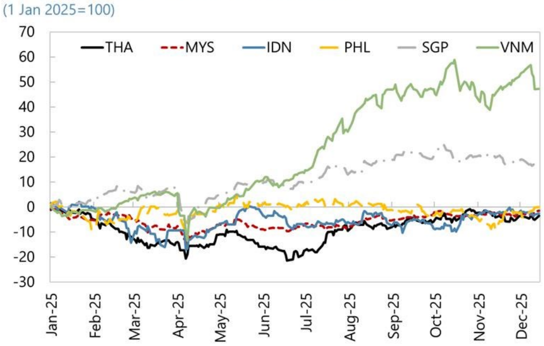
Contribution to Credit Growth - Other Depository Corporations
(In percent, y/y)



Sources: CEIC Data Co. Ltd; and IMF staff calculations.

The stock index has underperformed, relative to regional peers.

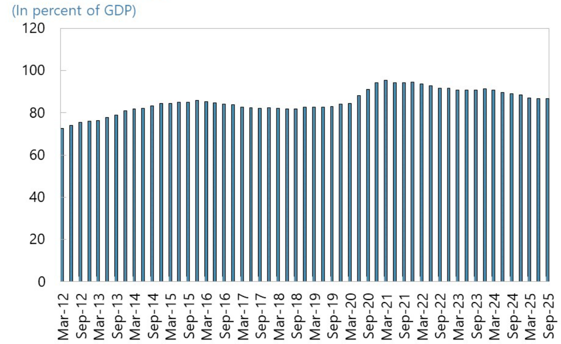
ASEAN-6 Recent Equities Performance
(1 Jan 2025=100)



Sources: Bloomberg Finance L.P. and; IMF Staff Calculations.

Household debt to GDP has declined from its pandemic peak

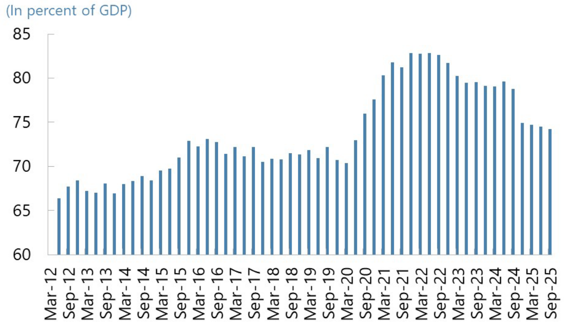
Household Debt
(In percent of GDP)



Sources:CEIC and IMF staff calculations.

Corporate leverage also shows a declining trend …

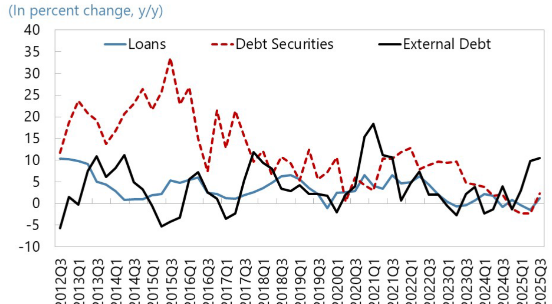
Corporate Debt
(In percent of GDP)



Sources: Bank of Thailand and IMF staff calculations.
Notes: Corporate debt refers to nonfinancial corporations excluding state-owned enterprises. BOT's new data table with updated coverage and classification is utilized from 2025Q3 onward.

… due to the low growth in loans and debt securities' issuance.

Corporate Debt
(In percent change, y/y)

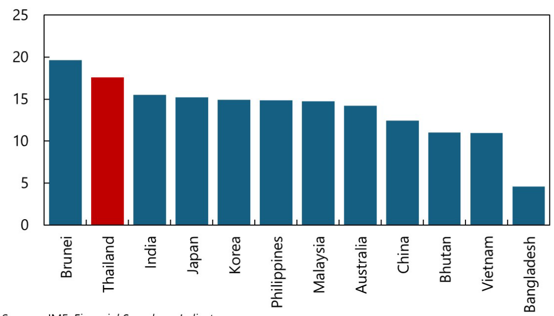


Sources: Bank of Thailand and IMF staff calculations.
Note: External debt includes debt to corporates, households and non-profit institutions. BOT's new data table with updated coverage and classification is utilized from 2025Q3 onward.

Figure 4. Thailand: Banking Sector Developments

Commercial Banks are well capitalized…

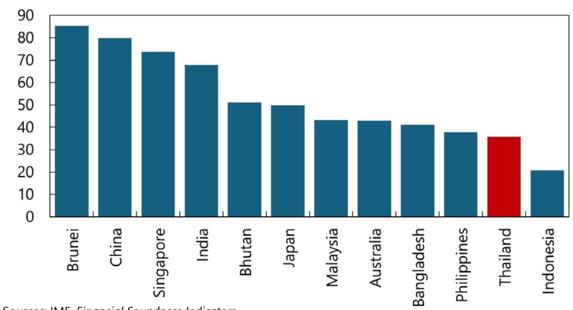
Regulatory Tier 1 Capital to Risk-Weighted Assets
(In percent, latest quarterly data[1])



Sources: IMF, *Financial Soundness Indicators*.
[1]Latest quaterly data pertains to 2025 for Australia, India, Indonesia, Malaysia, Phillipines and Thailand, 2024 for Bangladesh, Bhutan, India, Japan, South Korea, Sri Lanka, Thailand, Vietnan and 2023 for Brunei.

…although relatively more reliant to short-term liabilities than peers

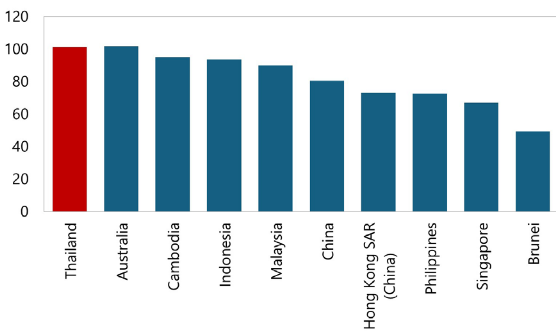
Liquid Assets to Short-Term Liabilities
(In percent, latest quarterly data[1])



Sources: IMF, *Financial Soundness Indicators*.
[1]Latest quaterly data pertains to 2025 for Australia, India, Indonesia, Malaysia, Phillipines and Thailand, 2024 for Bangladesh, Bhutan, India, Japan, South Korea, Sri Lanka, Thailand, Vietnam, 2023 for Brunei and 2019 for Singapore.

Loans-to-Deposits Ratio (LDR) remained high…

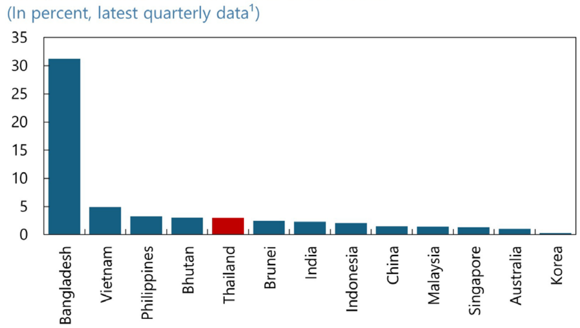
Loans to Deposits
(In percent, latest quarterly data, 2025)



Sources: CEIC Data Co. Ltd.; and IMF staff calculations.

…and NPL is relatively low, although the risk of deteriorating asset quality is still high.

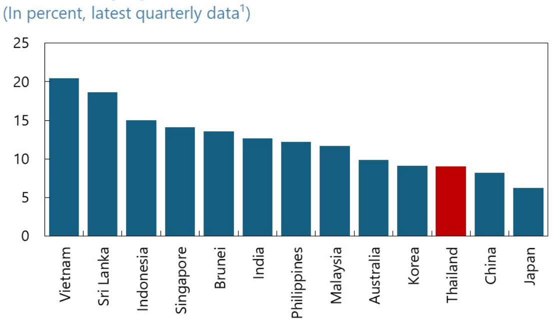
Nonperforming Loans to Total Gross Loans
(In percent, latest quarterly data[1])



Sources: IMF, *Financial Soundness Indicators*.
[1]Latest quaterly data pertains to 2025 for Australia, India, Indonesia, Malaysia, Phillipines and Thailand, 2024 for Bangladesh, Bhutan, India, Japan, South Korea, Sri Lanka, Thailand, Vietnam, 2023 for Brunei and 2019 for Singapore.

Profitability has remained sound…

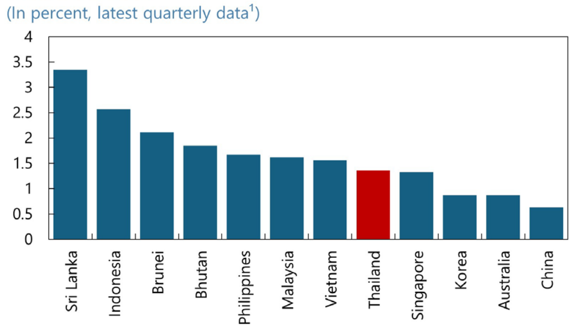
Return on Equity
(In percent, latest quarterly data[1])



Sources: IMF, *Financial Soundness Indicators*.
[1]Latest quaterly data pertains to 2025 for Australia, India, Indonesia, Malaysia, Phillipines and Thailand, 2024 for Bangladesh, Bhutan, India, Japan, South Korea, Sri Lanka, Thailand, Vietnam, 2023 for Brunei and 2019 for Singapore.

…although consistently low in regional comparisons

Return on Assets
(In percent, latest quarterly data[1])

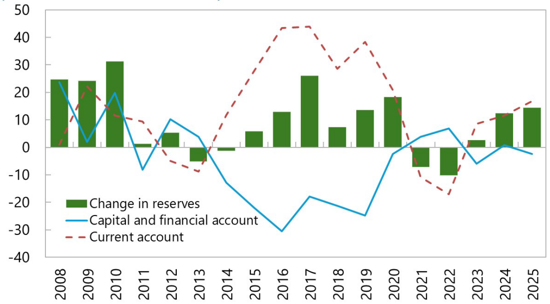


Sources: IMF, *Financial Soundness Indicators*.
[1]Latest quaterly data pertains to 2025 for Australia, India, Indonesia, Malaysia, Phillipines and Thailand, 2024 for Bangladesh, Bhutan, India, Japan, South Korea, Sri Lanka, Thailand, Vietnam, 2023 for Brunei and 2019 for Singapore.

Figure 5. Thailand: External Sector Developments

The current account has strengthened over the past two years, supported by a rebound in tourism and exports.

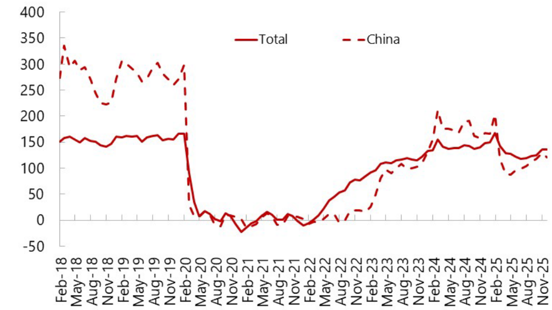
Current, Capital and Financial Account, and Reserves
(In billions of U.S. Dollars)



Sources: CEIC; and IMF staff calculations.
Notes: Capital and financial account balance includes errors and omissions. 2025 refers to data until September.

However, tourist arrivals have plateaued below pre-pandemic levels, with Chinese inflows remaining subdued.

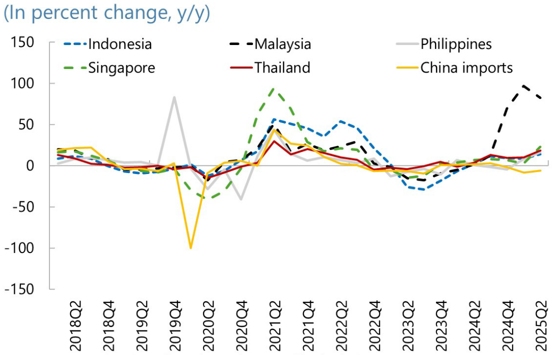
Tourist Arrivals in Thailand
(Index sa, Jan-2013=100)



Sources: Haver Analytics; and IMF staff calculations.

Export growth has been strong and outperforming peers more recently…

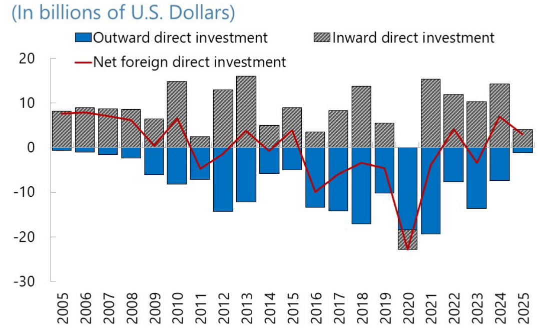
ASEAN-5 Export Growth and China's Imports
(In percent change, y/y)



Sources: IMF, *Direction of Trade*; and IMF staff calculations.

…while inward FDI continued to outpace outward flows.

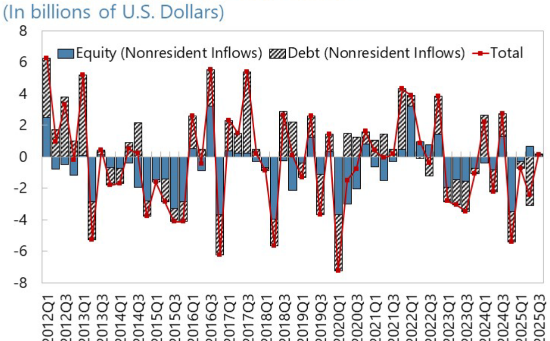
Inward and Outward Direct Investment
(In billions of U.S. Dollars)



Sources: Haver Analytics; and IMF staff calculations.
Notes: 2025 refers to data until September.

Despite non-resident portfolio outflows…

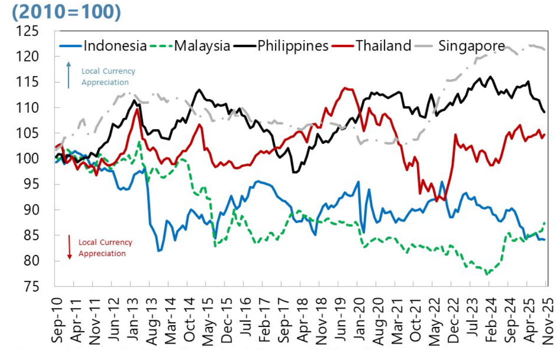
Nonresident Equity and Bonds Inflows
(In billions of U.S. Dollars)



Sources: Bank of Thailand; Haver Analytics; and IMF staff calculations.

… current account increases contributed to an appreciation of the real effective exchange rate (REER) in recent months.

ASEAN-5: Real Effective Exchange Rate (2010=100)

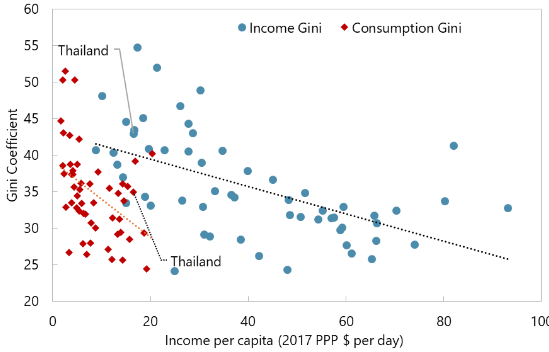


Source: Thai authorities; Haver Analytics; and IMF staff calculations.

Figure 6. Thailand: Socio-Economic and Structural Developments

Thailand has relatively high level of inequality considering its income level.

Income and Consumption Gini Indices

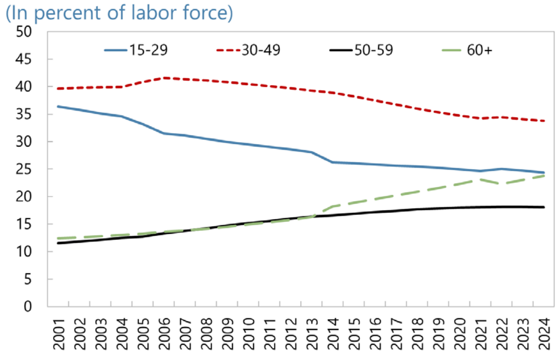


Sources: World Bank Poverty and Inequality Platform; and IMF staff calculation.

Its population continues to age rapidly…

Composition of Labor Force, by Age

(In percent of labor force)

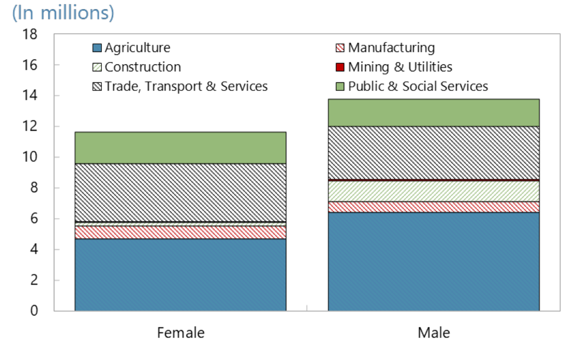


Sources: Thai authorities, Haver Analytics, and IMF staff calculations.

…with large informal sector employment, concentrated in the agricultural sector.

Informal Workers by Industry Sector

(In millions)

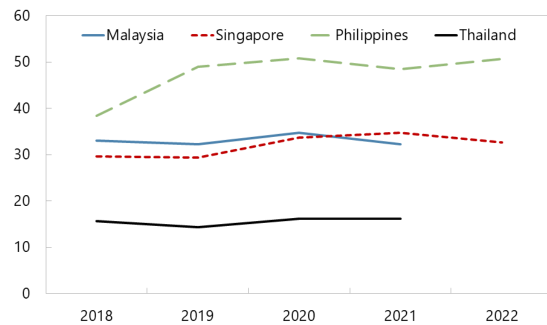


Sources: ILO Statistics.
Note: Categories follow the ILO Economic Activity (Aggregates) classification.

Thailand lags behind its peers in export sophistication…

Selected ASEAN: ICT Goods Exports

(As a percentage of total goods exports)

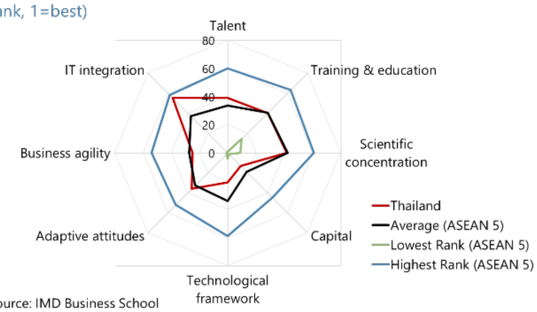


Source: World Bank World Development Indicators.

…highlighting the need to improve competitiveness…

IMD World Digital Competitiveness, 2024

(Rank, 1=best)

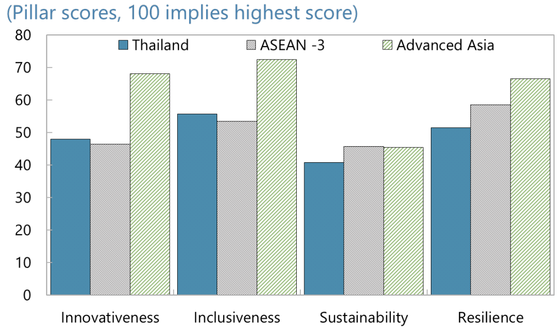


Source: IMD Business School
Note: Numbers indicate rankings received by countries and measure the relative capacity of economies to adopt digital technologies to drive economic transformation. Rankings are based on data from authorities, international organizations, and surveys of business executives and government officials.

…by bridging the structural gaps on multiple fronts.

World Economic Forum Future of Growth Report, 2024

(Pillar scores, 100 implies highest score)



Sources: World Economic Forum Future of Growth Report and IMF Staff Calculations
Notes: Advanced Asia includes Australia, New Zealand, Singapore, Korea and Japan.
ASEAN-3 includes Malaysia, Indonesia and Philippines.

Table 1. Thailand: Selected Economic Indicators, 2020–2031

	Actual					Projections						
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Real GDP growth (y/y percent change) 1/	-6.1	1.5	2.6	2.0	2.5	2.1	1.6	2.2	2.3	2.5	2.5	2.5
Consumption	-0.3	1.3	4.8	4.3	4.0	2.0	1.7	2.2	2.1	2.1	2.1	2.1
Gross fixed investment	-4.8	3.1	2.2	1.2	-0.1	2.7	0.9	1.0	1.2	1.6	1.6	1.8
Inflation (y/y percent change)												
Headline CPI (end of period)	-0.3	2.2	5.9	-0.8	1.2	-0.3	0.8	1.1	1.7	1.7	1.8	2.0
Headline CPI (period average)	-0.8	1.2	6.1	1.2	0.4	-0.1	0.4	1.0	1.2	1.4	1.5	1.8
Core CPI (end of period)	0.2	0.3	3.2	0.6	0.8	0.6	1.1	1.1	1.4	1.4	1.6	1.8
Core CPI (period average)	0.3	0.2	2.5	1.3	0.6	0.8	0.9	1.1	1.3	1.4	1.5	1.8
Saving and investment (percent of GDP)												
Gross domestic investment	23.8	28.7	27.9	22.5	21.6	18.3	20.6	21.3	21.5	21.8	21.6	21.4
Private	16.8	17.0	17.3	17.3	16.5	16.4	16.4	16.2	16.0	15.8	15.7	15.5
Public	6.4	6.5	6.1	5.7	5.7	6.0	6.1	6.1	6.1	6.0	6.0	5.9
Change in stocks	0.5	5.2	4.5	-0.5	-0.7	-4.2	-1.9	-0.9	-0.5	0.0	0.0	0.0
Gross national saving	27.9	26.5	24.4	24.1	23.8	20.6	20.2	22.3	23.3	24.4	24.3	24.2
Private, including statistical discrepancy	28.2	27.6	23.1	20.5	20.3	17.7	17.3	19.3	20.3	21.5	21.4	21.2
Public	-0.3	-1.1	1.3	3.6	3.5	2.9	2.9	3.1	3.0	2.9	2.9	2.9
Foreign saving	-4.1	2.1	3.4	-1.6	-2.2	-2.3	-1.6	-1.9	-2.2	-2.5	-2.7	-2.8
Fiscal accounts (percent of GDP) 2/												
General government balance 3/	-4.5	-6.7	-4.6	-1.9	-1.3	-2.2	-2.3	-2.0	-2.1	-2.2	-2.3	-2.3
SOEs balance	-1.1	-0.4	-0.6	0.4	0.2	-0.3	-0.2	-0.1	-0.1	0.0	0.0	0.0
Public sector balance 4/	-5.6	-7.1	-5.2	-1.6	-1.1	-2.5	-2.5	-2.1	-2.2	-2.3	-2.3	-2.2
Public sector debt (end of period) 4/	49.4	58.3	60.5	62.3	63.2	64.8	66.8	67.8	68.5	69.1	69.5	69.6
Monetary accounts (end of period, y/y percent change)												
Broad money growth	10.2	4.8	3.9	1.9	3.4	3.0	3.2	3.3	3.5	3.9	4.0	4.4
Narrow money growth	14.2	14.0	3.1	4.2	4.7	5.0	4.8	4.5	4.2	4.0	4.0	4.0
Credit to the private sector (by other depository corporations)	4.5	4.5	2.5	1.5	-0.8	-0.4	0.3	1.1	1.3	1.7	2.0	2.5
Balance of payments (billions of U.S. dollars)												
Current account balance	20.7	-10.8	-17.0	8.5	11.6	13.5	9.1	11.1	13.3	15.8	17.2	18.7
(In percent of GDP)	4.1	-2.1	-3.4	1.6	2.2	2.3	1.6	1.9	2.2	2.5	2.7	2.8
Exports of goods, f.o.b.	227.0	270.6	285.2	280.7	297.3	324.9	317.6	328.5	341.0	354.0	367.6	382.5
Growth rate (dollar terms)	-6.5	19.2	5.4	-1.5	5.9	9.3	-2.2	3.4	3.8	3.8	3.9	4.1
Growth rate (volume terms)	-5.8	15.4	1.2	-2.7	4.4	9.4	-1.9	3.1	3.4	3.0	2.7	2.9
Imports of goods, f.o.b.	186.6	238.6	271.6	261.6	275.9	303.7	303.6	314.1	326.2	338.5	351.6	365.7
Growth rate (dollar terms)	-13.6	27.9	13.8	-3.7	5.5	10.1	0.0	3.5	3.8	3.8	3.9	4.0
Growth rate (volume terms)	-10.4	18.0	1.0	-4.1	4.7	9.0	-0.7	2.6	3.1	2.8	2.8	3.0
Capital and financial account balance 5/	-2.4	3.7	6.8	-5.9	0.8	0.2	-9.1	-11.1	-13.3	-15.8	-17.2	-18.7
Overall balance	18.4	-7.1	-10.2	2.6	12.4	13.7	0.0	0.0	0.0	0.0	0.0	0.0
Gross official reserves (billions of U.S. dollars)	258.1	246.0	216.6	224.5	237.0	281.9	281.9	281.9	281.9	281.9	281.9	281.9
(Months of following year's imports)	13.0	10.9	9.9	9.8	9.4	11.1	10.8	10.4	10.0	9.6	9.2	8.9
(Percent of short-term debt) 6/	284.1	256.6	208.2	216.8	215.0	242.4	239.3	234.6	227.6	217.6	267.6	258.0
(Percent of ARA metric)	250.9	232.1	195.9	205.9	213.0	238.0	240.2	235.7	229.2	222.1	222.8	216.7
Exchange rate (baht/U.S. dollar)	31.3	32.0	35.1	34.8	35.3	32.9	...	...	...	...	...	...
NEER appreciation (annual average)	-0.3	-4.5	-1.8	3.9	1.6	...	...	...	...	...	...	...
REER appreciation (annual average)	-2.6	-5.7	-8.2	8.4	-0.1	...	...	...	...	...	...	...
External debt												
(In percent of GDP)	38.0	38.9	40.6	38.1	37.1	36.5	37.4	38.0	38.4	38.6	38.8	39.0
(In billions of U.S. dollars)	190.1	196.9	201.4	196.5	195.4	210.8	216.0	221.2	229.6	239.7	250.5	262.4
Public sector 7/	37.2	41.5	41.2	35.8	33.9	37.8	41.2	44.5	47.9	51.6	55.5	59.6
Private sector	152.9	155.4	160.3	160.7	161.5	173.0	174.8	176.7	181.7	188.1	195.0	202.8
Medium- and long-term	79.4	82.3	82.3	80.3	75.3	80.6	81.2	81.5	83.7	86.5	89.8	93.6
Short-term (including portfolio flows)	73.5	73.1	78.0	80.4	86.3	92.3	93.5	95.3	98.0	101.6	105.3	109.2
Debt service ratio 8/	7.5	6.3	7.3	7.8	7.1	7.1	7.3	7.1	7.0	7.0	6.7	6.8
Memorandum items:												
Nominal GDP (billions of baht)	15661.3	16186.6	17378.0	17954.7	18582.7	18963.6	19341.2	19972.0	20670.3	21463.0	22319.0	23303.0
(In billions of U.S. dollars)	500.5	506.2	495.6	515.9	526.5	576.7	577.3	582.3	597.4	620.3	645.1	673.5
Output Gap (in percent of potential output)	-4.2	-4.1	-2.0	-1.5	-0.7	-0.8	-0.5	-0.1	0.0	0.0	0.0	0.0

Sources: Thai authorities; CEIC Data Co. Ltd.; and IMF staff estimates and projections.

1/ This series reflects the new GDP data based on the chain volume measure methodology, introduced by the Thai authorities in May 2015.
2/ On a fiscal year basis. The fiscal year ends on September 30.
3/ Includes budgetary central government, extrabudgetary funds, local governments, and the Social Security Fund.
4/ Includes general government and SOEs. Public debt includes debt of the central government, non-financial SOEs, and guaranteed debt of financial SOEs.
5/ Includes errors and omissions.
6/ With remaining maturity of one year or less.
7/ Excludes debt of state enterprises.
8/ Percent of exports of goods and services.

Table 2. Thailand: Balance of Payments, 2020–2031 1/

	Actual					Projections						
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
						(In billions of U.S. dollars)						
Current account balance	**20.7**	**-10.8**	**-17.0**	**8.5**	**11.6**	**13.5**	**9.1**	**11.1**	**13.3**	**15.8**	**17.2**	**18.7**
Trade balance	40.4	31.9	13.5	19.2	21.4	21.2	14.0	14.4	14.9	15.5	16.1	16.8
Exports, f.o.b.	227.0	270.6	285.2	280.7	297.3	324.9	317.6	328.5	341.0	354.0	367.6	382.5
Imports, f.o.b.	186.6	238.6	271.6	261.6	275.9	303.7	303.6	314.1	326.2	338.5	351.6	365.7
Services balance	-15.3	-33.3	-24.0	-7.9	-2.0	-0.6	0.6	1.3	2.0	3.3	4.1	5.1
Of which: tourism receipts	12.5	4.4	14.7	30.7	42.3	43.8	45.0	45.4	46.6	48.7	51.0	53.2
Primary Income balance	-9.8	-16.6	-15.3	-12.8	-16.8	-17.3	-15.6	-14.9	-14.2	-14.1	-14.8	-15.3
Secondary Income balance	5.5	7.2	8.8	9.9	9.1	10.2	10.1	10.3	10.7	11.1	11.9	12.1
Capital and financial account balance	**-12.6**	**-5.0**	**7.9**	**-11.2**	**-6.6**	**0.2**	**-9.1**	**-11.1**	**-13.3**	**-15.8**	**-17.2**	**-18.7**
Foreign direct investment	-22.7	-3.9	4.2	-3.4	6.9	5.6	3.1	1.1	1.2	1.3	1.3	1.0
Abroad	-18.5	-19.3	-7.6	-13.7	-7.4	-7.7	-7.9	-8.2	-8.6	-8.9	-9.2	-9.5
In reporting economy	-4.3	15.4	11.9	10.3	14.3	13.2	11.1	9.4	9.8	10.1	10.5	10.5
Portfolio investment	-11.9	-12.0	5.8	-14.1	-20.1	-11.5	-11.0	-9.3	-8.9	-9.1	-10.0	-11.5
Financial derivatives	-0.4	-1.2	0.3	-0.1	0.8	0.5	0.9	0.8	0.6	0.6	0.8	0.7
Other investment	22.5	12.1	-2.9	4.4	5.0	5.7	-2.1	-3.8	-6.3	-8.5	-9.3	-9.0
Errors and omissions	10.2	8.7	-1.1	5.3	7.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Changes in official reserves (increase -)	**-18.4**	**7.1**	**10.2**	**-2.6**	**-12.4**	**-13.7**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
						(In percent of GDP)						
Current account balance	**4.1**	**-2.1**	**-3.4**	**1.6**	**2.2**	**2.3**	**1.6**	**1.9**	**2.2**	**2.5**	**2.7**	**2.8**
Trade balance	8.1	6.3	2.7	3.7	4.1	3.7	2.4	2.5	2.5	2.5	2.5	2.5
Exports, f.o.b.	45.4	53.5	57.5	54.4	56.5	56.3	55.0	56.4	57.1	57.1	57.0	56.8
Imports, f.o.b.	37.3	47.1	54.8	50.7	52.4	52.7	52.6	53.9	54.6	54.6	54.5	54.3
Services balance	-3.1	-6.6	-4.9	-1.5	-0.4	-0.1	0.1	0.2	0.3	0.5	0.6	0.8
Of which: tourism receipts	2.5	0.9	3.0	5.9	8.0	7.6	7.8	7.8	7.8	7.9	7.9	7.9
Primary Income balance	-2.0	-3.3	-3.1	-2.5	-3.2	-3.0	-2.7	-2.6	-2.4	-2.3	-2.3	-2.3
Secondary Income balance	1.1	1.4	1.8	1.9	1.7	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Capital and financial account balance	**-2.5**	**-1.0**	**1.6**	**-2.2**	**-1.2**	**0.0**	**-1.6**	**-1.9**	**-2.2**	**-2.5**	**-2.7**	**-2.8**
Foreign direct investment	-4.5	-0.8	0.9	-0.7	1.3	1.0	0.5	0.2	0.2	0.2	0.2	0.1
Abroad	-3.7	-3.8	-1.5	-2.7	-1.4	-1.3	-1.4	-1.4	-1.4	-1.4	-1.4	-1.4
In reporting economy	-0.9	3.0	2.4	2.0	2.7	2.3	1.9	1.6	1.6	1.6	1.6	1.6
Portfolio investment	-2.4	-2.4	1.2	-2.7	-3.8	-2.0	-1.9	-1.6	-1.5	-1.5	-1.6	-1.7
Financial derivatives	-0.1	-0.2	0.1	0.0	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.1
Other investment	4.5	2.4	-0.6	0.8	1.0	1.0	-0.4	-0.7	-1.1	-1.4	-1.4	-1.3
Errors and omissions	2.0	1.7	-0.2	1.0	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Changes in official reserves (increase -)	**-3.7**	**1.4**	**2.1**	**-0.5**	**-2.4**	**-2.4**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Memorandum items												
Gross official reserves (In billions of U.S. dollars)	258	246	217	224	237	282	282	282	282	282	282	282
(Percent of GDP)	51.6	48.6	43.7	43.5	45.0	48.9	48.8	48.4	47.2	45.4	43.7	41.9
(Months of following year's imports)	13.0	10.9	9.9	9.8	9.4	11.1	10.8	10.4	10.0	9.6	9.2	8.9
(In percent of short-term debt)	284.1	256.6	208.2	216.8	215.0	242.4	239.3	234.6	227.6	217.6	267.6	258.0
Forward/swap position of BOT (In billions of U.S. dollars)	-28	-33	-29	-30	-25	-24	-24	-24	-24	-24	-24	-24
Export growth (y/y percent change)	-6.5	19.2	5.4	-1.5	5.9	9.3	-2.2	3.4	3.8	3.8	3.9	4.1
Export volume growth	-5.8	15.4	1.2	-2.7	4.4	9.4	-1.9	3.1	3.4	3.0	2.7	2.9
Export unit value growth	-0.7	3.3	4.2	1.2	1.4	-0.1	-0.4	0.3	0.4	0.7	1.1	1.1
Import growth (y/y percent change)	-13.6	27.9	13.8	-3.7	5.5	10.1	0.0	3.5	3.8	3.8	3.9	4.0
Import volume growth	-10.4	18.1	1.0	-4.0	4.7	9.0	-0.7	2.6	3.1	2.8	2.8	3.0
Import unit value growth	-3.6	8.3	12.7	0.4	0.8	1.0	0.7	0.8	0.8	0.9	1.0	1.0
External debt (percent of GDP)	38.0	38.9	40.6	38.1	37.1	36.5	37.4	38.0	38.4	38.6	38.8	39.0
(Billions of U.S. dollars)	190	197	201	197	195	211	216	221	230	240	251	262
Debt service ratio (percent) 2/	7.5	6.3	7.3	7.8	7.1	7.1	7.3	7.1	7.0	7.0	7.0	7.0
GDP (billions of U.S. dollars)	500	506	496	516	527	577	577	582	597	620	645	673

Sources: Thai authorities; CEIC Data Co. Ltd.; and IMF staff estimations and projections.

1/ Includes financing facilities arranged by AsDB and IBRD and disbursements under the Miyazawa Plan.

2/ Percent of exports of goods and services.

Table 3a. Thailand: Statement of Government Operations, FY2020–FY2031 1/

(In billions of baht, unless otherwise stated)

	Actual					Projections						
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Central Government (GFS)												
Revenue	2936.0	2952.2	3122.7	3349.6	3523.6	3570.7	3638.5	3764.2	3894.6	4040.6	4199.1	4377.0
Tax revenue	2379.4	2441.7	2630.9	2780.6	2835.3	2923.5	2998.3	3115.1	3223.2	3344.0	3474.9	3621.7
Taxes on income	912.6	923.8	1064.1	1120.5	1130.6	1157.1	1181.8	1231.0	1276.2	1327.3	1383.2	1446.8
Personal income tax	297.3	295.3	329.9	354.5	370.3	384.7	392.4	404.0	417.9	433.6	450.7	470.1
Corporate income tax	615.4	628.5	734.2	766.0	760.4	772.4	789.4	827.0	858.3	893.7	932.6	976.7
Taxes on goods and services	1364.5	1407.1	1446.6	1523.8	1576.8	1636.0	1671.6	1735.3	1792.8	1856.6	1925.4	2001.8
o/w Value added tax	552.1	628.8	719.4	700.0	758.1	795.0	813.5	837.2	864.8	895.4	928.2	964.7
o/w Excises	632.8	619.1	588.1	638.6	629.6	646.8	660.2	694.3	717.1	742.5	769.7	799.9
Taxes on international trade	84.2	93.0	100.2	115.8	106.6	108.7	122.6	125.9	130.6	135.6	140.8	146.4
Other	18.1	17.8	19.9	20.4	21.3	21.8	22.2	22.9	23.7	24.6	25.5	26.6
Social contributions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other revenue	555.1	508.5	489.7	566.8	685.9	644.9	637.8	646.6	668.9	694.0	721.4	752.4
Total expenditure	3783.6	4171.1	4006.5	3860.8	3968.2	4112.6	4233.5	4319.0	4482.7	4678.5	4864.6	5075.1
Expense	3511.2	3986.9	3725.3	3603.8	3813.0	3830.0	3945.3	4044.0	4198.3	4383.4	4557.8	4755.1
Compensation of employees	823.5	815.7	818.2	842.8	855.3	887.3	905.1	931.8	963.8	1000.0	1039.5	1084.3
Purchase/use of goods and services	727.7	806.5	879.9	694.7	720.8	782.1	778.5	801.5	829.0	860.1	894.1	932.6
Interest	151.2	199.0	222.9	204.7	217.8	214.9	229.6	238.6	262.0	299.4	312.5	326.9
Social benefits	379.1	402.9	443.9	477.9	496.4	515.4	525.7	541.2	559.9	580.9	603.8	629.8
Expense not elsewhere classified	1429.6	1762.7	1360.3	1383.7	1522.7	1430.3	1506.3	1530.9	1583.6	1643.0	1707.9	1781.5
Subsidies	178.8	168.6	165.1	298.7	213.4	129.3	204.0	210.0	217.2	225.4	234.3	244.4
Consumption of fixed capital	182.4	209.9	229.9	240.0	265.4	276.7	277.6	285.8	295.6	306.7	318.8	332.6
Other	1068.5	1384.1	965.3	845.1	1043.9	1024.3	1024.7	1035.1	1070.7	1110.9	1154.8	1204.5
Net acquisition of nonfinancial assets	272.3	184.2	281.2	257.0	155.2	282.6	288.2	274.9	284.4	295.1	306.7	319.9
Overall fiscal balance	-847.5	-1218.9	-883.8	-511.1	-444.6	-541.9	-595.0	-554.8	-588.1	-637.9	-665.5	-698.1
Primary balance	-696.3	-1019.9	-660.8	-306.5	-226.7	-326.9	-365.4	-316.1	-326.1	-338.5	-353.0	-371.2
General Government (GFS)												
Revenue	3241.0	3207.4	3434.8	3723.8	3940.2	3981.8	4052.7	4190.6	4335.6	4498.2	4674.8	4873.2
Tax revenue	2460.8	2520.6	2745.6	2902.4	2963.5	3059.9	3132.4	3253.2	3365.9	3492.1	3628.9	3782.3
Total expenditure	3950.8	4283.2	4224.5	4065.3	4178.1	4388.0	4497.6	4592.9	4767.8	4975.8	5175.3	5400.7
Expense	3479.1	3924.0	3792.4	3652.9	3833.0	3852.5	3971.4	4073.0	4229.9	4417.8	4595.2	4795.6
Net acquisition of nonfinancial assets	471.7	359.2	432.1	412.4	345.2	535.5	526.2	520.0	537.8	558.0	580.1	605.1
Overall Balance	-709.7	-1075.8	-789.7	-341.4	-238.0	-406.2	-444.9	-402.3	-432.1	-477.6	-500.6	-527.5
Primary balance	-556.0	-873.9	-563.5	-133.6	-17.3	-188.5	-212.4	-160.7	-167.0	-175.0	-184.8	-197.1
Cyclically adjusted primary balance	-433.3	-723.7	-484.3	-82.2	25.6	-156.2	-187.4	-153.0	-166.4	-175.0	-184.8	-197.1
SOEs												
Overall fiscal balance	-178.0	-65.4	-100.4	63.3	36.7	-63.8	-31.3	-23.7	-17.2	-9.6	-1.0	9.2
Public Sector												
Overall fiscal balance 2/	-887.7	-1141.2	-890.1	-278.2	-201.2	-470.1	-476.1	-426.0	-449.3	-487.2	-501.6	-518.3
Debt 3/	7848.2	9337.5	10373.9	11131.6	11627.9	12226.3	12860.0	13440.1	14045.5	14693.0	15359.5	16048.4
Memorandum items:												
Public sector investment	908.0	876.5	987.2	907.4	874.8	1031.2	1027.2	1035.7	1071.4	1111.6	1155.5	1205.2
General government	654.0	569.2	662.0	652.4	610.6	812.2	803.9	805.8	833.5	864.8	898.9	937.6
Public enterprises	254.0	307.3	325.2	255.0	264.2	219.0	223.4	230.0	237.9	246.8	256.6	267.6
Nominal FY GDP	15880.6	16002.6	17133.7	17861.9	18398.1	18868.4	19246.8	19814.3	20495.7	21264.8	22105.0	23057.0

Sources: Thai authorities; and IMF staff estimates and projections.

1/ Fiscal year runs from October to September.

2/ Official GFS data are not available for the Public Sector. Historical data are estimated based on GFS General Government official data, and information from SEPO

3/ Includes debt of the central government, non-financial SOEs, and guaranteed debt of financial SOEs.

Table 3b. Thailand: Statement of Government Operations, FY2020–FY2031 1/

(In percent of fiscal year GDP, unless otherwise stated)

	Actual					Projections						
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Central Government (GFS)												
Revenue	18.5	18.4	18.2	18.8	19.2	18.9	18.9	19.0	19.0	19.0	19.0	19.0
Tax revenue	15.0	15.3	15.4	15.6	15.4	15.5	15.6	15.7	15.7	15.7	15.7	15.7
Taxes on income	5.7	5.8	6.2	6.3	6.1	6.1	6.1	6.2	6.2	6.2	6.3	6.3
Personal income tax	1.9	1.8	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Corporate income tax	3.9	3.9	4.3	4.3	4.1	4.1	4.1	4.2	4.2	4.2	4.2	4.2
Taxes on goods and services	8.6	8.8	8.4	8.5	8.6	8.7	8.7	8.8	8.7	8.7	8.7	8.7
o/w Value added tax	3.5	3.9	4.2	3.9	4.1	4.2	4.2	4.2	4.2	4.2	4.2	4.2
o/w Excises	4.0	3.9	3.4	3.6	3.4	3.4	3.4	3.5	3.5	3.5	3.5	3.5
Taxes on international trade	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Other	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Social contributions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other revenue	3.5	3.2	2.9	3.2	3.7	3.4	3.3	3.3	3.3	3.3	3.3	3.3
Total expenditure	23.8	26.1	23.4	21.6	21.6	21.8	22.0	21.8	21.9	22.0	22.0	22.0
Expense	22.1	24.9	21.7	20.2	20.7	20.3	20.5	20.4	20.5	20.6	20.6	20.6
Compensation of employees	5.2	5.1	4.8	4.7	4.6	4.7	4.7	4.7	4.7	4.7	4.7	4.7
Purchase/use of goods and services	4.6	5.0	5.1	3.9	3.9	4.1	4.0	4.0	4.0	4.0	4.0	4.0
Interest	1.0	1.2	1.3	1.1	1.2	1.1	1.2	1.2	1.3	1.4	1.4	1.4
Social benefits	2.4	2.5	2.6	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Expense not elsewhere classified	9.0	11.0	7.9	7.7	8.3	7.6	7.8	7.7	7.7	7.7	7.7	7.7
Net acquisition of nonfinancial assets	1.7	1.2	1.6	1.4	0.8	1.5	1.5	1.4	1.4	1.4	1.4	1.4
Overall fiscal balance	-5.3	-7.6	-5.2	-2.9	-2.4	-2.9	-3.1	-2.8	-2.9	-3.0	-3.0	-3.0
Primary balance	-4.4	-6.4	-3.9	-1.7	-1.2	-1.7	-1.9	-1.6	-1.6	-1.6	-1.6	-1.6
General Government (GFS)												
Revenue	20.4	20.0	20.0	20.8	21.4	21.1	21.1	21.1	21.2	21.2	21.1	21.1
Tax revenue	15.5	15.8	16.0	16.2	16.1	16.2	16.3	16.4	16.4	16.4	16.4	16.4
Total expenditure	24.9	26.8	24.7	22.8	22.7	23.3	23.4	23.2	23.3	23.4	23.4	23.4
Expense	21.9	24.5	22.1	20.5	20.8	20.4	20.6	20.6	20.6	20.8	20.8	20.8
Net acquisition of nonfinancial assets	3.0	2.2	2.5	2.3	1.9	2.8	2.7	2.6	2.6	2.6	2.6	2.6
Overall Balance	-4.5	-6.7	-4.6	-1.9	-1.3	-2.2	-2.3	-2.0	-2.1	-2.2	-2.3	-2.3
Primary balance	-3.5	-5.5	-3.3	-0.7	-0.1	-1.0	-1.1	-0.8	-0.8	-0.8	-0.8	-0.9
Cyclically adjusted primary balance	-2.7	-4.5	-2.8	-0.5	0.1	-0.8	-1.0	-0.8	-0.8	-0.8	-0.8	-0.9
Fiscal impulse	4.0	1.7	-1.4	-2.2	-0.6	1.0	0.2	-0.2	0.1	0.0	0.0	0.1
SOEs												
Overall fiscal balance	-1.1	-0.4	-0.6	0.4	0.2	-0.3	-0.2	-0.1	-0.1	0.0	0.0	0.0
Public Sector												
Overall fiscal balance 2/	-5.6	-7.1	-5.2	-1.6	-1.1	-2.5	-2.5	-2.1	-2.2	-2.3	-2.3	-2.2
Debt 3/	49.4	58.3	60.5	62.3	63.2	64.8	66.8	67.8	68.5	69.1	69.5	69.6
Memorandum items:												
Public sector investment	5.7	5.5	5.8	5.1	4.8	5.5	5.3	5.2	5.2	5.2	5.2	5.2
General government	4.1	3.6	3.9	3.7	3.3	4.3	4.2	4.1	4.1	4.1	4.1	4.1
Public enterprises	1.6	1.9	1.9	1.4	1.4	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Nominal FY GDP	15880.6	16002.6	17133.7	17861.9	18398.1	18868.4	19246.8	19814.3	20495.7	21264.8	22105.0	23057.0

Sources: Thai authorities; and IMF staff estimates and projections.

1/ Fiscal year runs from October to September.

2/ Official GFS data are not available for the Public Sector. Historical data are estimated based on GFS General Government official data, and information from SEPO

3/ Includes debt of the central government, non-financial SOEs, and guaranteed debt of financial SOEs.

Table 4. Thailand: Financial Soundness Indicators, 2018–2025Q3

	2018	2019	2020	2021	2022	2023	2024	2025 Q3
Commercial Banks			(In percent)					
Capital adequacy								
Regulatory capital to risk-weighted assets	17.9	19.4	19.8	19.6	18.9	19.6	20.1	21.2
Regulatory Tier 1 capital to risk-weighted assets	15.0	16.1	16.7	16.4	15.9	16.6	17.4	18.3
Asset quality								
Nonperforming loans net of provisions to capital	9.1	9.1	8.9	8.5	7.7	7.4	7.3	7.0
Nonperforming loans to total gross loans	3.1	3.1	3.2	3.1	2.8	2.8	2.8	3.0
Earnings and profitability								
Return on assets	1.3	1.7	0.8	1.0	1.2	1.2	1.4	1.4
Return on equity	9.3	11.4	5.5	6.8	8.5	8.9	9.4	9.1
Interest margin to gross income	61.6	55.0	64.8	58.0	67.7	70.9	69.5	63.7
Non-interest Expenses to Gross Income	49.2	45.1	48.2	42.3	46.4	46.7	45.9	45.9
Liquidity								
Liquid assets to total assets (liquid asset ratio)	18.9	19.7	22.2	22.9	21.5	21.7	22.2	23.1
Liquid assets to short term liabilities	30.7	33.6	34.5	34.4	32.4	34.7	35.3	36.5
Liquidity coverage ratio	183.5	184.8	178.1	187.8	191.6	202.2	202.1	203.4
Loan-deposit ratio 1/	98.3	96.3	92.2	94.2	92.0	91.0	88.4	86.9
Other Financial Corporations (OFC) 2/								
OFCs' Assets to total financial system assets	43.3	44.3	42.5	42.5	41.1	41.7	43.4	44.3
OFC's Assets to Gross Domestic Product (GDP)	83.0	88.7	96.7	97.6	89.1	89.9	93.3	96.4
Households								
Household Debt to Gross Domestic Product (GDP)	82.7	84.1	94.2	94.6	91.6	91.3	88.4	86.8
Household debt to household disposal income	142.9	143.6	158.2	160.2	162.3	155.0	155.4	154.3
Real Estate Markets								
Residential Real Estate Loans to Total Loans	15.8	16.1	15.7	15.6	15.6	15.6	15.7	16.1
Commercial Real Estate Loans to Total Loans	5.1	5.1	4.8	4.3	4.1	4.2	4.3	4.7
Single-detached house price index (y/y) 3/	3.2	1.5	3.1	2.0	4.7	1.8	2.2	1.3

Sources: Bank of Thailand; and Haver Analytics.

1/ This ratio excludes interbank data and covers all commercial banks (commercial banks registered in Thailand and foreign bank branches).

2/ OFCs' consist of insurance companies, pension funds, investment funds (including money market mutual funds), asset management companies, secondary mortgage corporations (dissolved since Sep. 2020), Thai Credit guarantee corporations and Financial Institutions Development Fund (FIDF), securities companies, credit card and personal loan companies, and pawnshops.

3/ The price is for single-detached house, including land. Percentage change is calculated based on end-of-period index.

Table 5. Thailand: Monetary Survey, 2018–2025

(In billions of baht, unless otherwise stated)

	2018	2019	2020	2021	2022	2023	2024	2025 November
Central bank survey								
Net foreign assets	6,523	6,617	7,679	7,915	7,210	7,489	7,849	8,696
Net domestic assets	-4,523	-4,546	-5,348	-5,334	-4,662	-4,851	-5,069	-5,832
Reserve money	2,001	2,071	2,332	2,580	2,548	2,638	2,781	2,863
Depository corporations survey								
Net foreign assets	6,715	6,823	7,775	7,763	7,571	7,898	8,466	9,547
Net domestic assets	13,395	14,018	15,183	16,299	17,431	17,584	17,875	17,719
Domestic credit	20,196	20,750	22,300	24,396	25,445	26,490	27,026	27,666
Net credit to central government	408	464	1,115	2,277	2,531	3,071	3,452	4,242
Credit to local government	14	12	10	9	9	9	10	14
Credit to nonfinancial public enterprises	339	373	400	455	653	801	879	880
Credit to other financial corporations	1,072	1,102	1,127	1,132	1,214	1,257	1,497	1,489
Total credit to private sector	18,364	18,799	19,647	20,524	21,038	21,352	21,186	21,041
Credit to other nonfinancial corporations	7,138	7,114	7,444	7,904	8,125	8,133	7,961	7,837
Credit to other resident sector	11,226	11,685	12,203	12,620	12,913	13,220	13,225	13,204
Other items (net)	-6,801	-6,732	-7,117	-8,098	-8,014	-8,906	-9,151	-9,948
Broad money	20,110	20,841	22,958	24,062	25,002	25,482	26,341	27,266
Narrow money	2,095	2,214	2,530	2,884	2,974	3,100	3,244	3,444
Currency in circulation	1,504	1,591	1,813	2,070	2,111	2,241	2,389	2,513
Deposits at depository corporations	591	624	717	814	863	859	856	931
Quasi-money	18,014	18,627	20,429	21,178	22,028	22,382	23,097	23,821
Memorandum items: (y/y percent change) 1/								
Broad money growth	4.7	3.6	10.2	4.8	3.9	1.9	3.4	3.5
Narrow money growth	2.8	5.7	14.2	14.0	3.1	4.2	4.7	6.2
Credit to private sector (by other depository corporations)	5.8	2.4	4.5	4.5	2.5	1.5	-0.8	-0.7
Households	5.6	4.1	4.4	3.4	2.3	2.4	0.0	-0.2
Nonfinancial corporations	6.0	-0.3	4.6	6.2	2.8	0.1	-2.1	-1.6
Contribution to broad money growth								
Net foreign assets (in percent)	1.6	0.5	4.6	-0.1	-0.8	1.3	2.2	4.1
Net domestic assets (in percent)	3.1	3.1	5.6	4.9	4.7	0.6	1.1	-0.6
Domestic credit (in percent)	4.8	2.8	7.4	9.1	4.4	4.2	2.1	2.4

Sources: CEIC Data Co. Ltd.; and IMF staff calculations.

1/ November 2025 data refer to percent change relative to December 2024.

Annex I. Implementation of the Main Policy Recommendations of the 2024 Article IV Consultation

Fund Recommendations	Policy Actions
Fiscal Policy:	
• Recalibrate the fiscal stance in FY25: a less expansive fiscal stance—aiming at a lower overall deficit (by around ½ percentage points of GDP) or targeting additional cash transfers to the most vulnerable and resources redirected toward productivity-enhancing investments in human and physical capital. • Adopt tighter fiscal stance in FY 2026: Strengthening revenue mobilization, phasing out energy subsidies, addressing gaps in social protection, and scaling up public investment. • Further strengthen fiscal rules to support debt sustainability. • Strengthen fiscal risk monitoring and improving the transparency of fiscal data	• The authorities reallocated THB 157 billion (0.8 percent of GDP) originally earmarked for Digital Wallet cash transfers, toward infrastructure projects (water management and transportation), human capital development, and tourism promotion. • The authorities have shared the adjustment items to reconcile the budget framework and GFS data.
Monetary and Exchange Rate Policies:	
• Remain ready to adjust monetary policy stance in a data and outlook-dependent manner, with the flexible exchange rate continuing to act as a shock absorber. • Consider reviewing the inflation target at longer intervals than one year, for example as a part of a regular medium-term review of the entire monetary policy framework. • Provide FXI data, with appropriate safeguards to maintain confidentiality as well as time lags. • Maintain appropriate fiscal and FX buffers to effectively address future shocks • Phase out the remaining capital flow management (CFMs) measures on nonresident baht accounts, including the 2021 tightening in the access limits for non-NQRC investors.	• The BOT has shifted its monetary policy stance from neutral to accommodative, by lowering the policy rate by 125 bps since 2024Q4. This easing, in line with the outlook-dependent approach, is consistent with a downward revision of the GDP outlook, as well as ongoing tight financial conditions which could weigh on the recovery momentum. However, the MPC also gives importance to the timing and effectiveness of monetary policy given the limited policy space. • Foreign exchange intervention has been broadly two-sided, aimed at smoothing excessive exchange rate volatility. • While desirable, reviewing the inflation target at longer intervals than a year is not feasible, as it is mandated by law that BOT reviews the inflation target with the Ministry of Finance every year. • On 1 September 2025, the BOT announced further relaxation of CFMs by allowing non-residents non-financial corporates having trade and investment in Thailand to conduct transactions without having to submit underlying documents and to maintain Thai baht deposits in NRBAs/NRBSs without end-of-day outstanding limits. This expands the NRQC scheme to be generally applicable without case-by-case approval effective from 1 December 2025 onwards.
Financial Policies:	
• Accelerate efforts to regulate hire-purchase companies and enhance the regulatory framework for savings cooperatives and credit unions. • Enhance BOT's crisis resolution framework in line with FSAP and June 2024 TA recommendations.	• In June 2025, The Royal Gazette published the Royal Decree on the Regulation of Hire Purchase and Leasing of Automobiles and Motorcycles under the Financial Institutions Business Act B.E. 2551 (2008), B.E. 2568 (2025). This decree will take effect on 2 December 2025 and grants the BOT oversight authority on market conduct of companies engaged in the businesses of hire

<table>
<tr><th>Fund Recommendations</th><th>Policy Actions</th></tr>
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Strengthen personal debt workout programs for households with prolonged debt issues.
Implement measures to prevent excessive leverage buildup that covers all financial institutions.
Further enhancing financial literacy.
Continue strengthening the AML/CFT framework (including ownership requirements in the Anti-Money Laundering Act, and improvements in the application of AML/CFT preventive controls through risk-based supervision).

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purchase and leasing of vehicles and motorcycles, with the objective of strengthening consumer protection measures.

Regulations aim at prescribing characteristics, objectives, and scope of operations for each type of cooperative as well as regulations on deposits and investment concentration have been in effect since Nov 2024
The new responsible lending guidelines were implemented in February 2025, with key revisions on tightening advertising standards and further guidance on default management and affordability assessments.
In April 2025, Royal Decrees that (i) places greater responsibility on financial institutions to implement effective fraud preventive measures and reinforcing consumer protection, and (ii) address issues related to crypto-related mule accounts, have been passed.

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<tr><td colspan="2">Structural Policies:</td></tr>
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Streamline business regulations and further liberalize FDI restrictions.
Expanding public R&D and investments in IT and digital infrastructure.
Increase public spending on education, with a strong focus on STEM-related areas.
Continue advancing the governance reform agenda and addressing weaknesses in contract enforcement and corruption.

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Authorities emphasized ongoing regulatory reforms, including accelerating digitalization of public services and establishing a legal reform committee to remove operational obstacles.
In April 2025, the government approved an initiative to reform the Foreign Business Act, aiming to reduce structural barriers and modernize FDI legislation.
To address demographic challenges and skill gaps, Thailand launched the “Upskill and Reskill for Future Industry” initiative targeting training for more than 100,000 workers in collaboration with the Board of Investment, private sector, and academia.
Complementary measures include Smart Visa and Long-term Residence Visa programs to attract high-potential foreign talent and incentivize entrepreneurs to invest in human resource development.
In March 2025, the NACC, the Public Sector Anti-Corruption Commission (PACC), and the Office of the Auditor General (OAG) signed a Memorandum of Understanding (MOU) that focuses on advancing policy-based corruption risk assessments for large-scale government projects.
In June 2025, the amendment of Organic Act on Anti-Corruption strengthens whistleblower protections by shielding informants from lawsuits, disciplinary actions, and harassment, while also enabling the NACC to provide legal and financial support.

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Annex II. Implementations of 2019 Financial Sector Assessment Program (FSAP) Key Recommendations

FSAP Recommendations	Policy Actions
Overall Regulatory and Supervisory Framework	
• Establish an overarching body to strengthen cooperation, coordination, and information sharing among regulators/supervisors, with a "comply or explain" mechanism where it makes recommendations to member agencies	• In formulating and executing regulatory and supervisory policies, coordination, cooperation, and information exchange are holistically being executed through both high-level and working-level platforms on a regular basis. At the high level, coordination is demonstrated through cross-directorship among regulatory authorities. Examples of high-level forums include the Financial Institutions Policy Committee (FIPC) Meeting —where representatives from the BOT, SEC, Office of Insurance Commission (OIC), and MOF serve as committee members—and the joint MPC-FIPC Meeting, which addresses financial stability-related issues. This high-level structure is crucial in ensuring policies are being considered in a holistic way, especially policies across regulatory bodies. At the working level, collaboration is facilitated via mechanisms such as the 3-Regulators Steering Committee Meeting and other quarterly informal meetings. These platforms enable two-way communication, ensuring stakeholder perspectives are effectively integrated into policymaking. This enhances the quality and comprehensiveness of decisions, particularly those related to financial stability.
• Improve further the accountability mechanism of the FIPC and the OIC, including by reinforcing the accountability of the FIPC to include hearings to an appropriate legislative body	• Prudent and well-established procedures are in place for the formulation of policies and regulations governing the supervision of financial institutions. Initial proposals are submitted to the FIPC for preliminary review and endorsement. Subsequently, comprehensive public hearing/consultation is conducted to gather feedback and ensure transparency. Following the consultation process, the final draft which takes into account the outcome of the hearing is resubmitted to the FIPC for final approval prior to the official promulgation of the policy or regulatory guideline.
• Strengthen further the independence of regulators including by removing representatives of other institutions from the FIPC and boards of regulatory agencies and by removing requirements for MOF approval to issue regulation to SFIs and take corrective actions.	• After the COVID-19 crisis, more emphasis has been placed on macro-financial linkages and holistic and more integrated policy implementation. Enhanced coordination among the FIPC, MOF, and regulatory agency boards can strengthen the policy decision-making and evaluation process—particularly when integrated policy responses are required. In addition, in the context of Thailand, the FIPC's policy considerations extend beyond considering regulations on financial institutions with some policies requiring fiscal support from MOF. For instance, during crisis time like COVID-19, the FIPC was responsible for determining whether to provide financial assistance to financial institutions and borrowers facing liquidity difficulties that pose significant risks to the stability of the financial system and the broader economy. Recently, FIPC had to also consider measures to help lessen household debt. • However, the formulation of policies and supervisory guidelines for SFIs are subjected to the final approval by MOF.

FSAP Recommendations	Policy Actions
Risks to the Banking Sector Stability	
• Enhance the data management system and improve capacity for liquidity risk analysis.	• The BOT is in the process of acquiring and analyzing the retail and wholesale payment data—including bank counter services, PromptPay, mobile banking, and BAHTNET transactions—to support the development of liquidity monitoring dashboards for assessing liquidity conditions in the banking system. In assessing liquidity risk in the financial market, The BOT uses data on net flows and the proportion of liquid assets held by Daily Fixed Income (DFI) funds as indicators to evaluate whether the liquidity level in the market is adequate to withstand redemption.
• Extend the risk analysis to better cover a wider range of sources of risk with potential systemic spillovers, including concentration in loan portfolio	• Under the MOU, the BOT currently obtains financial position and investment data from savings cooperatives and is expected to receive the financial data of automotive hire-purchase and leasing businesses in 2027, after the legislation granting the BOT the supervision power over these entities was passed earlier this year. This follows the placement of such businesses under the BOT's direct supervision, which will take effect on 2 December 2025. With an expanded access to comprehensive credit data, the BOT will be better equipped to monitor and assess systemic risks with greater precision and coverage. This advancement will further strengthen the BOT's capacity to implement forward-looking and preventive supervisory strategies, ensuring timely and effective oversight of financial institutions with less policy leakage. • To strengthen the supervisory framework, the BOT has established the Macro-Financial Stability Secretariat (MFiSS) and the Subcommittee on Economic and Financial Stability to oversee the alignment between macroeconomic and financial conditions that may pose systemic risks and spillovers between the economy and the financial sector. The Subcommittee also oversees the implementation of integrated policies, including the MaPP and macro-financial linkages. • Systemic risk assessment is further supported by the use of a financial stability dashboard, which has been enhanced through the integration of savings cooperatives, insurance and non-bank retail lending metrics into the existing framework, along with conducting a comprehensive review to ensure inclusive and timely risk monitoring. Besides, the BOT has also developed the Composite Indicator of Systemic Stress (CISS), which provides a comprehensive view of financial system vulnerabilities and interlinkages among key financial sectors, with the ability to forecast panic events at least 3 days in advance. In addition, the BOT collaborates closely with SEC and OIC to conduct macro stress tests, aimed at evaluating the resilience of Thailand's financial system under adverse scenarios and reinforcing the implementation of preventive supervisory measures. • Regarding the issue of concentration of the loan portfolio in the banking sector, the BOT is currently considering regulatory approaches on the Large Exposures (LEX) standard, along with a review of the Single Lending Limit (SLL) framework as tools to manage loan concentration in banks' portfolios. In addition, from a supervisory surveillance perspective, the BOT has been exploring the possibility of leveraging data obtained through supervisory processes to enhance risk monitoring in addition to the market and financial data of these large exposures. This aims to provide a more comprehensive view of potential risks of large exposure and portfolio concentration

FSAP Recommendations	Policy Actions
• Collect more granular data on SFIs to refine the stress tests on solvency and liquidity.	• SFIs in Thailand conduct their own stress tests. For solvency assessment, they use variety of data such as changes in loan stages, shifts in probability of default, as well as income and expense information. Liquidity stress testing is performed using the Liquidity Coverage Ratio (LCR). The BOT evaluates the results of these stress tests and continues to provide guidance to SFIs on enhancing their models and stress testing processes. We expect the stress tests by SFIs to be more advanced in the future, as they are in the process of complying to the Basel III standard by 2027, where their credit risk models will be implemented.
Macroprudential and Financial Stability	
• Clarify the financial stability mandate of the FIPC and the MPC	• While the MPC and the FIPC each operates under its own distinct mandates and do not have an explicit mandate for financial stability, monetary policy deliberations and decisions by the MPC inherently take financial stability into account, as it constitutes one of the three core objectives of monetary policy. Conversely, the FIPC is explicitly tasked with ensuring the stability of financial institutions, thereby playing a critical role in shaping strategic decisions and enhancing the effectiveness of the supervisory and regulatory framework. Given the interconnectedness of monetary and financial stability, macroprudential policy decisions should not rest solely with the FIPC. Instead, they should involve the MPC to ensure a comprehensive macroeconomic perspective—particularly in analyzing the impact of MaPP on the economy, macro-financial linkages and feedback loops. Such collaboration would foster greater alignment and coordination between the MPC and FIPC, which is essential for determining the appropriate tools and timing of policy implementation under IPF framework to ensure the overall stability of the financial system.
• Address potential leakages by extending BOT's macroprudential authority, including extending DTIs to personal loans granted by SFIs, TCCs, and CUs.	• See progress in Thrift and Credit Cooperatives and Credit Unions.
• Introduce a broad-based DSTI ratio	• Although the Debt Service Ratio (DSR) regulation has not yet been formally implemented, its core principles have already been incorporated into the underwriting standards of financial institutions via the Responsible Lending Guidelines. The timing of its official rollout remains under consideration and will depend on prevailing economic conditions. In preparation, the BOT has initiated the development of a data reporting system and plans to review standard and methodologies for DSR calculation in collaboration with commercial banks, SFIs, non-bank entities, and hire-purchase and leasing companies. A revised DSR calculation standard is expected to be published by mid 2026, with mandatory data reporting by financial institutions targeted for 2027. • Regarding savings cooperatives, the Cooperative Promotion Department (CPD) has issued guidelines requiring them to consider members' debt obligations to other financial institutions. The aim is to ensure that members retain at least 30 percent of their monthly income after debt repayments, thereby maintaining a sufficient standard of living.
• Amend internal guidelines on preventive and corrective action to reflect flexibility granted under FIBA.	• The BOT amended the PPA/PCA internal guideline, which enhanced the BOT's flexibility in taking PPA actions before a bank's supervisory rating of 4 (weak bank) is reached.

<table>
<tr><th>FSAP Recommendations</th><th>Policy Actions</th></tr>
<tr><td>Implement new definitions of loan restructuring and rescheduling and current practices surrounding NPL identification to meet international standards.</td><td>IFRS 9 became effective in Thailand since January 2020. The BOT revised relevant regulations and coordinated with the Federation of Accounting Profession in Thailand to support the adoption of IFRS9.</td></tr>
<tr><th colspan="2">Banking and SFIs Oversight</th></tr>
<tr><td>Continue reforms to supervise the three largest retail deposit taking SFIs under the same standards as commercial banks.</td><td>The BOT enhances regulation to supervise SFIs using a phased approach.
Phase 1-2 (effective 2017-19): The BOT issued rules and regulations as well as guidelines aiming at stability and prudence, which include standards on governance, capital requirements, liquidity reserve requirements, credit processes, single lending limits, accounting, branch services, outsourcing, KYC, IT risk management, mortgage loans, and market conduct
Phase 3 (effective 2020-1): To enhance the efficiency, security, and sustainability of SFIs in conducting the businesses relating to their mandates, the BOT issued the Regulation on Telebanking and Digital Banking Channel, the Guidelines on Operational Risk Management, the Guidelines on Internal Control, and Mobile Banking Security
For the next phase: The BOT plans to revise relevant regulations to ensure alignment with commercial banks' or the changing context, with draft regulations already prepared and submitted for approval by the Minister of Finance before proceeding to the enforcement process; for example, regulation on approval of appointment of non-ex officio directors, managers, persons with power of management, and advisors and regulation on Know Your Customer (KYC) for deposit account openings at SFIs.</td></tr>
<tr><th colspan="2">Thrift and Credit Cooperatives and Credit Unions</th></tr>
<tr><td>Define and initiate the implementation of a regulatory and supervisory regime for financial cooperatives that is proportionally equivalent to that applied to the banking system.</td><td rowspan="2">The BOT together with other regulatory bodies has actively supported the CPD in the promulgation of more stringent regulations, including pertaining to corporate governance, disclosure, and capital requirements. Currently, regulations aim at prescribing characteristics, objectives, and scope of operations for each type of cooperative as well as deposits and investments concentration prevention have been in effect since November 2024.
Furthermore, the BOT has worked closely with the CPD to promote responsible lending practices among savings cooperatives, with the objective of addressing household debt challenges.</td></tr>
<tr><td>Address a potential over-indebtedness problem including by defining maximum DTI ratios and requiring TCCs and CUs to report to the NCB.</td></tr>
<tr><th colspan="2">AML/CFT</th></tr>
<tr><td>Enhance scope and capacity for risk-based AML/CFT supervision</td><td>The Anti-Money Laundering Act is being amended to expand the coverage of reporting entities. The Counter-Terrorism and Proliferation of Weapons of Mass Destruction Financing Act has been amended and came into force to provide the mechanism for delisting request and procedures relating to false positives. The Anti-Money Laundering Act is being amended to incorporate the beneficial ownership requirements with an aim to improve transparency of legal persons, trusts, cooperatives, and NPOs. The draft Operation of Non-Profit Organizations Act is being drafted with an aim to enhance transparency of NPOs. The National Money Laundering and Counter Terrorism Financing Risk Assessment was updated.</td></tr>
</table>

FSAP Recommendations	Policy Actions
Crisis Management and Resolution	
• Review and amend bank and SFI resolution law to align with Key Attributes. • Develop bank and SFI resolution toolkit and implement bank-specific resolution planning.	• Banks. Given that the BOT Act was only amended in July 2018 to set out the current resolution framework which lays down principles and provides adequate resolution tools that are broadly aligned with Key Attributes, the authorities' focus is on the preparation to ensure effective operationalization of the framework. The BOT has developed a resolution toolkit in 2020. To enhance executability, a playbook to assist relevant committees in decision-making has also been developed in 2021. The BOT has also developed a sample resolution plan that may be applied to D-SIBs as appropriate. Bank-specific resolution planning for D-SIBs is ongoing. • SFIs. The Financial Institutions Business Act provides the statutory basis for the Minister of Finance to assign the BOT as regulator of SFIs. In the event that the condition or the operation of a SFI may cause damage to state interest, the BOT with the approval of the MoF, shall propose to the authorized person (Minister of Finance or the Cabinet) to consider giving an order for the SFI to resolve its financial position or operation, or suspend business operation entirely or partially for a temporary period within the time prescribed, or suspend managers or persons with power of management of the SFI from the performance of their duties within the time prescribed, or to decrease or increase its capital.
• Strengthen ELA and deposit insurance arrangements in line with best practice.	• To strengthen ELA arrangements, the principles and guidelines for accepting loan portfolio collaterals were approved in 2020. Key progress has been made in the assessment and pricing of loan portfolio collaterals, the review of financial haircuts, finalizing the process to set-off loans in case of default, developing the loan review system and drafting of loan documentations for Section 42 ELA.
Source: Thai authorities and IMF 2019 FSAP.	

Annex III. External Sector Assessment

<table>
<tr><td colspan="7">Overall Assessment: Preliminary staff estimates for 2025 suggest that the external position is moderately stronger than the level implied by medium-term fundamentals and desirable policies, with CA and REER gaps modestly widening.[1] The CA balance is expected to marginally increase to 2.3 percent of GDP in 2025 from 2.2 percent of GDP in 2024, primarily reflecting stronger services and primary income balances, partially offset by a decline in the trade balance. Over the medium term, the current account is projected to gradually rise to around 2.8 percent of GDP.
Potential Policy Responses: Policies aimed at promoting productive investment, liberalizing the service sector, and minimizing tax incentives and subsidies that distort competition would both, boost growth more durably, reduce internal imbalances and facilitate external rebalancing. The difficult external environment from increased trade restrictions further underscores the critical need to boost productivity. Given the likely protracted nature of the shock and remaining uncertainty, policies should focus on preserving buffers and smoothing the adjustment, if needed. Fiscal policy should be prudent and parsimonious given that public debt levels are elevated. Public expenditures should be focused on targeted social transfers to continue to support the most vulnerable, as well as infrastructure investment to support a green recovery and reorientation of affected sectors. Efforts to reform and expand social safety nets, notably fragmented pension plans, should continue, and measures to address widespread informality would support a more sustained recovery in consumption. A gradual expansion in private consumption, together with stronger private investment, would support external adjustment, while revenue-driven fiscal consolidation would help rebuild fiscal buffers.</td></tr>
<tr><td>Foreign Asset and Liability Position and Trajectory</td><td colspan="6">Background. Thailand’s NIIP is projected to increase to 13.3 percent of GDP in 2025 (from 8.5 percent in 2024). Gross assets are estimated to increase to 123.3 percent of GDP (from 122.8 percent of GDP) and gross liabilities to decline to 110 percent of GDP (from 114.3 percent of GDP), respectively. Gross assets primarily consist of gross reserve assets (48.9 percent of GDP) and direct investment (36.8 percent of GDP). Gross liabilities mainly comprise of direct (about 58 percent) and portfolio (about 21 percent) investment. Net portfolio investment assets are expected to pick up by 1.7 percent of GDP, while other investment is projected to decline by 0.5 percent of GDP, and net direct investment is expected to remain stable.
Assessment. The NIIP is projected to remain in a small creditor position over the medium term given CA surpluses. External debt is expected to decline to 36.5 percent of GDP in 2025 from 37.1 percent of GDP in 2024, of which short-term debt amounts to about 16 percent of GDP. Risks to external debt stability and liquidity are limited.</td></tr>
<tr><td>2025 (percent GDP)</td><td>NIIP: 13.3</td><td>Gross Assets: 123.3</td><td colspan="2">Debt Assets: 38.4</td><td>Gross Liab.: 110.0</td><td>Debt Liab.: 36.5</td></tr>
<tr><td>Current Account</td><td colspan="6">Background. Thailand’s CA balance registered a surplus of 2.2 percent of GDP in 2024 and is expected to increase to 2.3 percent of GDP in 2025 mainly owing to stronger services and primary income balances. The trade balance is expected to decline by 0.4 percent of GDP as imports are projected to grow faster than exports. From a saving–investment perspective, the decline in private investment is anticipated to offset lackluster private and public savings. Going forward, the CA balance is expected to increase to 2.8 percent of GDP as trade policy uncertainty abates and foreign tourist arrivals recover.
Assessment. The EBA CA model estimates a cyclically adjusted CA of 2.4 percent of GDP and a CA norm of 1.0 percent of GDP for 2025. The CA gap of 1.4 percent of GDP consists of an identified policy gap of 0.6 percent of GDP and an unexplained residual of 0.8 percent of GDP. The positive policy gap is primarily a result of the positive fiscal balance (1.1 percentage points) and change in reserves (0.3 percentage points) outweighing the negative credit policy gap (–0.9 percentage points). The former is mostly driven by looser fiscal policies adopted by the rest of the world relative to Thailand, while the latter is mainly due to tighter credit policies in other countries offsetting the positive domestic credit gap. Among domestic policy gaps (0.6 percent of GDP), the change in reserves was the largest contributor (0.5 percent of GDP), reflecting a reserve buildup driven primarily by a stronger current account surplus. The domestic policy gap of 0.2 percent of GDP in health expenditure suggests there is room to increase spending on social safety nets. Overall, IMF staff assesses the CA gap to be in the range of 0.7 to 2.1 percent of GDP, with a midpoint of 1.4 percent of GDP for 2025.</td></tr>
<tr><td>2025 (percent GDP)</td><td>CA: 2.3</td><td>Cycl. Adj. CA: 2.4</td><td>EBA Norm: 1.0</td><td>EBA Gap: 1.4</td><td>Staff Adj.: 0</td><td>Staff Gap: 1.4</td></tr>
<tr><td>Real Exchange Rate</td><td colspan="6">Background. The baht has been on a gradual real appreciation trend since the mid-2000s, despite occasional bouts of volatility. As of November 2025, the REER was 3.1 percent above its 2024 average following the strengthening of the current account balance, including from exports expanding faster than imports.</td></tr>
</table>

[1] The assessment reflects the actual data through 2025 November, and the final assessment will be included in 2026 external sector report (ESR).

	Assessment. Using an elasticity of 0.5 and based on the IMF staff CA gap, staff assesses the 2025 REER to be undervalued in the range of 1.5 to 4.1 percent, with a midpoint of 2.8 percent. The EBA index REER gap in 2025 is estimated at 8.6 percent, and the EBA level REER gap is estimated at –2.0 percent.
Capital and Financial Accounts: Flows and Policy Measures	**Background**. In 2025, the capital and financial account balance (excluding change in reserves) is expected to increase to about 0 percent of GDP from -1.2 percent of GDP in 2024. The balance increase reflects the net effect from a reduction in portfolio outflows (by 1.8 percent of GDP) a decline in net FDI inflows (by 0.4 percentage points) and a decrease in financial derivatives (by 0.1 percentage points), with other investment remaining broadly stable. **Assessment**. Thailand maintains strong external buffers and fundamentals that have helped weather episodes of volatility reflecting external financial conditions, political uncertainty, and shocks related to COVID 19 and the war in Ukraine. IMF staff welcomes the authorities' efforts to further liberalize the financial account, including the expansion of the scope of the Non-Resident Qualified Company program, which allows qualified investors better access to Thai baht liquidity without restrictions on Thai baht accounts. Staff also notes the recent measures to facilitate FX outflows—such as permitting additional purposes without prior approval and raising transfer limits—and the removal of documentation requirements for non-resident transactions. As part of the ongoing liberalization efforts, staff recommends reversing the 2021 reduction in the limit on Thai baht lending from domestic financial institution to non-residents without underlying document submission, as the surge in portfolio inflows observed in 2021 has abated. In line with past advice, the IMF team recommends phasing out CFM measures on nonresident baht accounts. A comprehensive package of macroeconomic, financial, and structural policies should be pursued to address volatile capital flows, complemented with gradual and prudent financial account liberalization.
FX Intervention and Reserves Level	**Background**. The exchange rate regime is classified as (de jure and de facto) floating. Gross international reserves are projected to increase to 48.9 percent of GDP in 2025, from 45.0 percent of GDP in 2024. This corresponds to approximately 2.4 times the short-term debt, 11 months of imports, and 242.4 percent of the IMF's standard ARA metric. The exchange rate has been allowed to adjust, with some two-sided FX interventions in periods of large volatility. **Assessment**. Reserves are higher than the range of the IMF's reserve adequacy metrics and there continues to be no need to build up reserves for precautionary purposes. The exchange rate should move flexibly to function as a shock absorber, while FX intervention could be used to address disorderly market conditions and mitigate policy trade-offs when the FX market becomes dysfunctional and deviations in hedging and financing premiums become excessive as a result of large non-fundamental shocks.

Annex IV. Risk Assessment Matrix[1]

Source of Risk	Likelihood	Impact of Risk	Policy Response
External Risks			
Geopolitical Tensions. Intensification of conflicts, coupled with the weakening of multilateralism, may trigger commodity price volatility, increase migration pressures, reignite inflation, and weigh on growth by undermining confidence, investment, tourism, trade, and supply chains.	**High**	Escalation of regional or global conflicts could disrupt trade and travel, dampen investor and consumer confidence, and weigh on growth.	Diversify trade partnerships and strengthen supply chain resilience, while liberalizing markets to attract FDI. Promote innovation through R&D to upgrade value chains and enhance competitiveness. Accelerate structural reforms, streamline regulations, and advance infrastructure development to boost productivity.
Escalating Trade Measures and Prolonged Uncertainty. Rising trade barriers and prolonged policy uncertainty could reduce trade, investment, and growth. Inflationary pressures may re-emerge—especially in countries imposing tariffs. These effects can be amplified by strategic complementarities or bottlenecks in global value chains or inventory overhang.	**High**	Heightened trade tensions and uncertainty could slow Thailand's export recovery, reduce FDI, and disrupt supply chains. Prolonged uncertainty would further weigh on domestic consumption and investment.	
Commodity Price Volatility. Shifts in supply and demand—driven by geopolitical tensions and conflicts, OPEC+ actions, or the green transition—may fuel commodity price swings, intensifying external and fiscal pressures, social unrest, and macroeconomic instability.	**High**	Higher fuel prices could slow down Thailand's economic growth and lead to higher inflation than currently projected. Higher fuel prices could also result in prolonged fuel subsidies, worsening the fiscal balance, increasing energy imports, and delaying the green transition.	Accommodate the first-round effects of the cost-push shock, given the low inflation and remaining slack in the economy. Monetary policy should be prepared to address the second-round effects if they threaten to de-anchor inflation expectations. Fiscal policy could provide demand support unless price pressures intensify. Avoid costly and regressive fuel subsidies, replacing them with more targeted support for the most vulnerable.

[1] The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path. The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly.

Source of Risk	Likelihood	Impact of Risk	Policy Response
External Risks			
Financial Market Volatility and Correction. Stretched asset valuations, easy financial conditions, and subdued volatility in key markets could be significantly affected by a sudden and disruptive shift in investor sentiment or policy stance, triggering market corrections, exchange rate turbulence, spikes in sovereign bond yields, and capital flow volatility. Elevated leverage among Non-Bank Financial Intermediaries further amplifies these risks, as forced deleveraging during periods of stress could exacerbate asset price swings and propagate shocks. Rapid growth of unregulated crypto markets could add to these vulnerabilities by increasing the risk of redemption runs and market dislocations.	**High**	Global financial market volatility could exacerbate financial sector vulnerabilities and tighten financial conditions, further weighing on private consumption and investment.	Deploy an integrated use of available policy instruments depending on the nature of the shock—involving monetary policy tightening, FXI, and fiscal support—to minimize the trade-off between stabilizing output and maintaining price stability.
Cyberthreats. Cyberattacks on physical or digital infrastructure, technical failures, or misuse of AI technologies could trigger financial and economic instability.	**High**	Cyberattacks on financial institutions or critical infrastructure could trigger financial instability and erode confidence.	Strengthen IT risk management and establish contingency plans. Provide temporary, targeted support to minimize disruptions—for example, liquidity assistance for financial institutions, rapid restoration of services for critical infrastructure operators, and support for SMEs reliant on platforms that may face severe operational challenges.
Climate Change. Extreme climate events and rising temperatures could cause loss of life, damage to infrastructure, food insecurity, supply disruptions, and heighten economic and financial instability.	**Medium**	Extreme climate events, including tropical storms, flooding, droughts, could disrupt economic activity, particularly tourism and agriculture.	Enhance climate adaptation and mitigation strategies. Provide targeted fiscal support to affected populations and sectors.

Source of Risk	Likelihood	Impact of Risk	Policy Response
Domestic Risks			
Increased social discontent and political uncertainty. Reduced growth, real income loss, persistent inequality could fuel social discontent, and stir social unrest and political uncertainty.	High	Social discontent and political uncertainty could undermine consumer and business confidence, trigger financial market volatility, and disrupt trade and investment, potentially causing significant setbacks to the economy. Political fragmentation could make it increasingly difficult for the government to push ahead with necessary reforms to address structural weaknesses.	Maintain macroeconomic stability while strengthening social support to reduce inequality. Scale up education and health expenditures to support the buildup of human capital, while strengthening social protection to shield households from life-cycle risks. Enhance governance and anti-corruption efforts to reduce corruption and strengthen the rule of law. Increase public communication on the importance of key structural reforms, supported by strong institutional framework to build public trust, to increase social acceptance of reform.
Weakening fiscal discipline. Increased social discontent and potentially withering political support could motivate the government to implement increasingly populist procyclical fiscal policies.	High	Delays in fiscal consolidation could lead to further rises in public debt, higher borrowing costs, and increased risk of sovereign bond market disruptions. These developments could also weigh on investor confidence, leading to reduced capital inflows.	Strengthen fiscal rules to ensure they remain well protected, while allowing narrowly defined exemptions to preserve flexibility in exceptional circumstances. Enhance transparency and accountability in public financial management to reinforce fiscal discipline.
Further buildup of private sector debt. Slower-than-expected recovery could lead to increased buildup of private sector debt, with deteriorating credit quality.	High	A prolonged period of household over-indebtedness and deterioration in SME loans could lead to lower private consumption and private investment which could create sizable medium-term output losses. A potential outbreak of private debt defaults with increasing non-performing loan ratios will impair bank balance sheets and increase vulnerabilities to the financial sector, which could lead to a further decrease in credit growth and thus deteriorate the growth outlook.	Implement measures to prevent excessive leverage informed by comprehensive credit information systems and provide legal and financial advice to indebted consumers. Enhance the coverage of macroprudential framework by including saving cooperatives and NBFIs to avoid regulatory arbitrage.

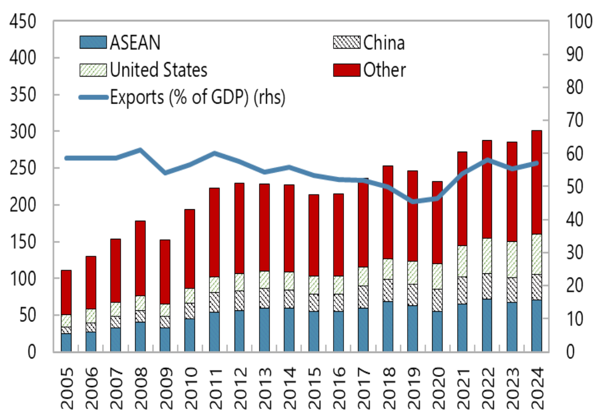
Annex V. Thailand's Integration in a Shifting Global Landscape[1]

How can Thailand further deepen its trade integration within ASEAN and globally? This annex examines Thailand's evolving trade patterns, with a focus on recent shifts in intra-ASEAN linkages, diversification toward global markets, and the policy challenges of sustaining competitiveness amid heightened global trade policy uncertainty. A gravity model analysis using global bilateral trade data highlights that enhancements in digital governance, logistics performance, and human capital development are strongly correlated with increased trade flows. Quantitative estimates suggest that coordinated improvements in these areas across ASEAN economies could yield substantial gains in intra-regional trade and facilitate deeper integration with global markets.

1. **Thailand has reaped substantial gains from decades of global integration, with exports rising steadily and the economy remaining highly open**. The country's trade profile has become increasingly outward-oriented, with extra-regional partners accounting for the bulk of recent export growth. Notably, exports to the United States now represent 18 percent of merchandise exports, while the Chinese mainland accounts for about 13 percent of services exports. In contrast, Thailand's exports to other ASEAN countries have remained relatively stable at around 24 percent of its goods exports and 16 percent of its services exports.

Figure 1. Thailand: Exports of Goods

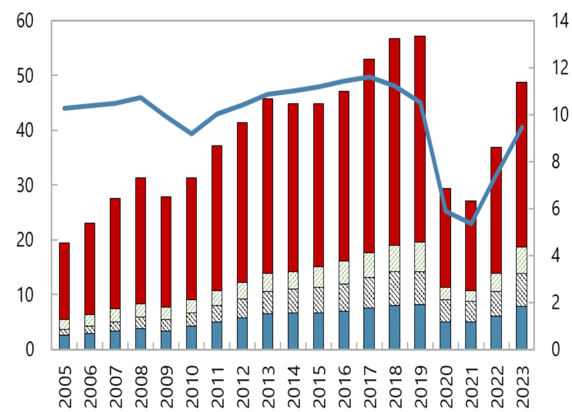
(In billions of USD; In percent of GDP)



Sources: Bank of Thailand; IMF Staff calculations

Figure 2. Thailand: Exports of Services

(In billions of USD; In percent of GDP)

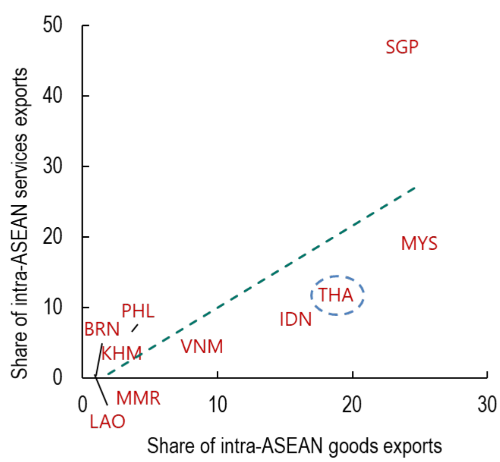


Sources: WTO-OECD BaTis; IMF Staff calculations

[1] Prepared by Emmanouil Kitsios (APD) with valuable contributions from Qinguy Chen (University of Oxford).

Figure 3. ASEAN: Intra-ASEAN Export Shares

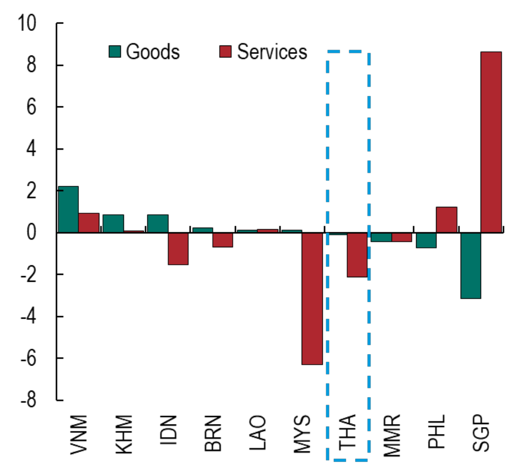
(Services vs Goods, 2023; In percent)



Sources: BACI-CEPII dataset, WTO-OECD BaTiS dataset; IMF staff calculations.

Figure 4. ASEAN: Change in Intra-ASEAN Export Shares of Goods and Services

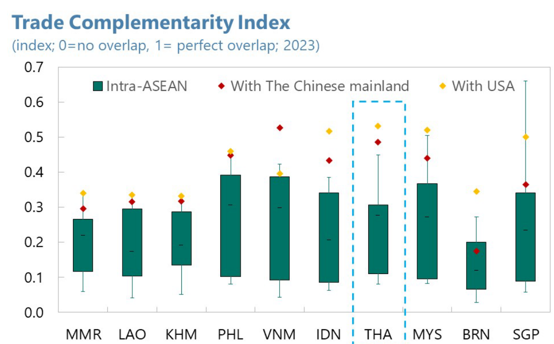
(In percentage points; 2013-2023)



Sources: BACI-CEPII dataset, WTO-OECD BaTiS dataset; IMF staff calculations.

2. **Thailand's intra-ASEAN trade share remains stronger relative to most peers, despite recent declines**. Thailand's share of intra-regional goods exports accounts for approximately 19 percent and services exports around 12 percent of total exports. Recent trends also point to a divergence in trade dynamics, with Thailand's intra-ASEAN goods trade share remaining flat while the decline in its services trade share is among the largest in the region. This contrasts with countries like Singapore, which saw a notable increase in intra-ASEAN services trade. A structural feature of ASEAN's trade landscape is the consistently higher trade complementarity with major external partners such as the United States and the Chinese mainland, compared to intra-regional linkages. This pattern is particularly pronounced for middle-income members like Thailand, underscoring the need for deeper regional integration.

Figure 5. ASEAN: Trade Complementarity Index



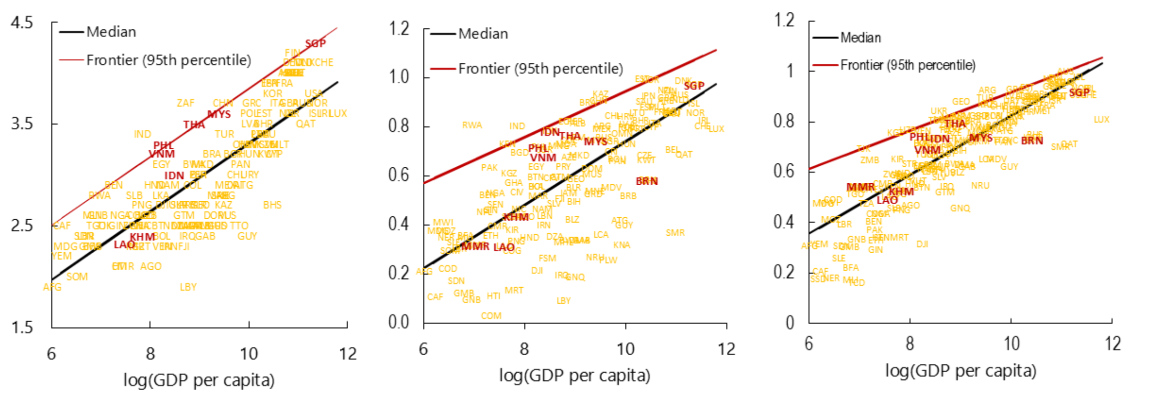
Sources: BACI-CEPII dataset; IMF staff calculations.
Note: For each country pair, the index compares the share of each HS6 product in the exporter's total exports to the share of that product in the importer's total imports.

3. **Structural factors such as digital governance, logistics performance, and human capital development play a pivotal role in shaping trade outcomes across ASEAN economies**. Our structural gravity model estimates suggest that improvements in digital governance are strongly associated with higher trade flows, particularly in services, where digital infrastructure facilitates cross-border delivery and coordination. Similarly, enhanced logistics performance—reflected in better customs efficiency, infrastructure, and shipment tracking—positively correlates with goods exports, underscoring the importance of trade facilitation. Human capital also emerges as a key

driver, with higher scores on the Human Capital Index linked to stronger export performance, especially in services sectors that rely heavily on skilled labor. A country's potential export gains reflect three factors: (i) the country's economic structure (both overall trade openness and reliance on services/merchandise exports), (ii) its distance from the frontier (defined as the calculated shortfall across the three key indicators relative to their computed benchmarks), and (iii) the underlying gravity regression estimated elasticities.[2] Therefore, the reform gains vary markedly across ASEAN members.[3] These findings suggest that coordinated investments in digital systems, logistics, and education can yield substantial gains in regional and global trade integration.

Figure 6. ASEAN: Policy Indicators – Distance from Frontiers

Logistics and GDP Per Capita (Logistics Performance Index, 2023) | **GovTech and GDP Per Capita** (Online Services Performance Index, 2023) | **Human Capital and GDP Per Capita** (Human Capital Index, 2023)



Sources: WB Logistics Performance Index, IMF World Economic Outlook database; IMF staff calculations.
Note: Scores range from 1 (low) to 5 (high), with higher scores indicating better logistics performance.

Sources: UN-EGDI Dataset, IMF World Economic Outlook database; IMF staff calculations.
Note: Scores range from 0 (low) to 1 (high), with higher scores indicating higher quality of e-government services.

Sources: UN-EGDI Dataset, IMF World Economic Outlook database; IMF staff calculations.
Note: Scores range from 0 (low) to 1 (high), with higher scores indicating greater level of human capital development.

4. **Thailand's structural trade enablers position it well within ASEAN, yet targeted improvements and regional coordination could unlock further export potential of about 1.7 percent of GDP**. Thailand stands at the frontier of logistics performance relative to its level of development, reflecting strong infrastructure and trade facilitation capacity. It also ranks above the regional median in both the Human Capital Index and the Online Services Index (GovTech proxy), though there remains scope to strengthen these areas further to support services trade. Importantly, the gravity model (see Technical Appendix) results show that not only domestic improvements but also coordinated regional efforts—particularly in enhancing the importing partner's logistics performance—can facilitate Thailand's exports. The overall exports gains are estimated at 1.2 percent of GDP from advancing GovTech, 0.3 percent of GDP from improvements in human capital, and 0.2 percent of GDP from improvements in logistics. The latter includes positive spillovers

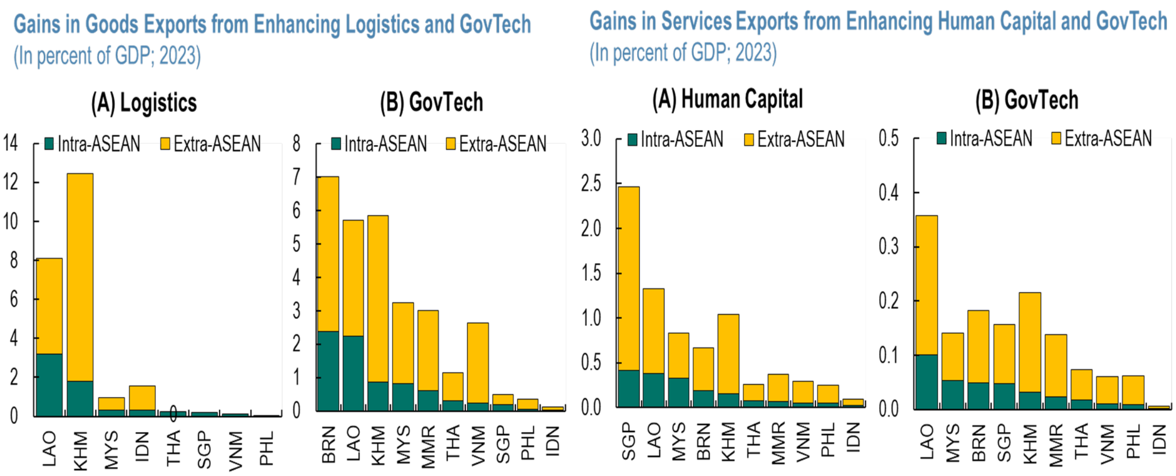
[2] The technical appendix provides the methodology underlying these estimates, including how policy gaps and gains are quantified.

[3] For example, Singapore is estimated to gain the most from human capital improvement, given the country's high reliance on services and its remaining gap to the frontier, while Lao PDR and Cambodia are expected to gain the most from upgrading logistics.

from other ASEAN members improving their logistic performance, as the respective coefficient is statistically and economically significant. These findings underscore the value of regional cooperation in digital infrastructure, education, and logistics to unlock deeper intra-ASEAN and global trade integration.

Figure 7. ASEAN: Policy Reform Simulation – Potential Export Gains

(In percent of GDP)



Sources: BACI-CEPII dataset, UN-EGDI Dataset, WB Logistics Performance Index; IMF World Economic Outlook database; IMF staff calculations.
Notes: The estimated gains are derived by applying the exporter- and importer-side statistically significant coefficients on the respective structural indicators (WB's Logistic Performance Index, UN's Online Services and Human Capital Indices) to each ASEAN member's shortfall from income consistent frontiers (95th percentiles) and simulating counterfactual 2023 bilateral export flows. *Extra-ASEAN exports* refer to ASEAN exports to non-ASEAN countries.

Technical Appendix

5. **Empirical methodology**. To assess the structural drivers of Thailand's trade integration, we estimate a gravity model of bilateral trade flows for both goods and services using panel data from the BACI-CEPII and WTO-OECD BATIS databases. The BACI dataset provides harmonized trade data at the product level, while BATIS offers bilateral trade in services data across a wide range of sectors.[4] The baseline specification is as follows:

$$\begin{aligned} Export_{ijt} = exp(\alpha + \beta_1 \log GDP_{i,t-1} + \beta_2 \log GDP_{j,t-1} + \ \beta_3 \log Pop_{i,t-1} + \beta_4 \log Pop_{j,t-1} \\ + \gamma_{11}\, GovTech_{i,t-1} + \gamma_{12}\, GovTech_{j,t-1} + \gamma_{21}\, Logistics_{i,t-1} + \gamma_{22}\, Logistics_{j,t-1} \\ + \gamma_{31}\, HC_{i,t-1} + \gamma_{32}\, HC_{j,t-1} + \eta\, Tariff_{ij,t-1} + \xi_{ij} + \delta_t\,) + \epsilon_{ij,t} \end{aligned}$$

where i and *j* denote exporter and importer countries, respectively, *t* denotes year; *GDP* and *Population* capture economic mass and market size; *GovTech* refers to the UN's Online Services Index, measuring digital governance; *Logistics* is the World Bank's Logistics Performance Index; *HC* is the Human Capital Index from the World Bank; *Tariff* represents bilateral applied tariffs.

[4] BACI (Base pour l'Analyse du Commerce International) is a detailed international trade database developed by CEPII (Centre d'Études Prospectives et d'Informations Internationales), which harmonizes and reconciles bilateral trade flows reported by countries to the UN COMTRADE database. BATIS (Bilateral Trade in Services) is a dataset developed by the OECD and WTO that provides bilateral trade in services data between countries,

All main economic variables are lagged by one year to mitigate potential endogeneity concerns and ensure that the explanatory variables reflect information available to economic agents at the time trade decisions are made. ξ_{ij} captures country-pair fixed effects, controlling for time-invariant bilateral characteristics such as geographic proximity, shared language, and colonial ties, while δ_t controls for year-specific shocks that may affect trade flows uniformly across countries and over time.

6. **The model is estimated using the Poisson Pseudo Maximum Likelihood (PPML) estimator**, which is well-suited for gravity models as it accommodates zero trade flows and heteroskedasticity in the error term. The estimated gains are obtained by applying the exporter- and importer-side statistically significant coefficients to each ASEAN member's shortfall from the policy frontier, defined as the minimum of the fitted 95th-percentile benchmark and the indicator's maximum possible value. These adjusted gaps are then used to simulate counterfactual bilateral goods and services export flows in 2023. Counterfactual trade gains are computed as the observed baseline multiplied by an exponential function of the estimated semi-elasticities and the corresponding policy gaps, with aggregate gains reported as the difference from baseline intra- and extra-ASEAN trade and expressed as percent of GDP. Thus, the differences in gains mirror the underlying gravity regression estimated elasticities, the size of each country's policy gap, and the scale of its exports relative to GDP.

7. **The results point to heterogeneity in how structural characteristics relate to goods and services trade**. Exporter-side GovTech is positively associated with both goods and services exports, consistent with the idea that improvements in digital public administration may ease documentation, licensing, and compliance processes. A modest 0.1 point increase in the GovTech index is associated with roughly 2 percent higher goods exports and about 1 percent higher services exports. Importer-side GovTech, by contrast, appears more relevant for services, which aligns with the notion that cross-border services provision often requires compliance with destination-market regulatory procedures—such as licensing, certification, data-handling rules, and online administrative processes—that depend heavily on the quality of the importing country's digital public infrastructure.

Table 1. Thailand: Gravity Model Estimates

	(1) Goods	(2) Services
GovTech (Exporter)	**0.228*** **	**0.097*** **
	(0.024)	**(0.018)**
GovTech (Importer)	0.036	**0.056*** **
	(0.023)	**(0.019)**
Logistics (Exporter)	**0.201*** **	-0.007
	(0.022)	(0.017)
Logistics (Importer)	**0.106*** **	-0.010
	(0.019)	(0.016)
Human Capital (Exporter)	**0.153* **	**0.600*** **
	(0.082)	**(0.064)**
Human Capital (Importer)	0.020	**0.255*** **
	(0.080)	**(0.064)**
Estimator	PPML	PPML
Controls	Yes	Yes
Dyad + Time FE	Yes	Yes
Pseudo-R2	0.993	0.991
Observations	257935	259021

Sources: BACI dataset, BaTiS dataset, IMF World Economic Outlook database; IMF staff calculations.

Notes: The dependent variable "Goods" refers to bilateral goods exports from the BACI dataset, while "Services" refers to bilateral services exports (excluding financial services) from the BaTiS dataset. Control variables include lagged importer and exporter GDP, population, and bilateral applied tariffs.

Annex VI. Macroeconomic Framework Under the Alternative Scenarios and Contingent Policies[1]

Given the heightened uncertainty and significant downside risks, this annex explores macroeconomic frameworks under the alternative scenarios and assesses the impact of contingency policy responses using the IMF's Quantitative Model for the Integrated Policy Framework (QIPF).

1. Adverse scenario. The adverse scenario assumes a combination of global shocks consistent with the October 2025 WEO (Box 1.2 Scenario A) that are assumed to affect the global economy starting in 2025Q4. These shocks comprise four layers: (i) higher U.S. tariffs and temporary supply chain disruptions; (ii) higher inflation expectations; (iii) higher sovereign yields and tighter global financial conditions; and (iv) lower global demand for U.S. assets. The QIPF incorporates the GIMF-model estimated impacts from the WEO exercise on the global economy. These include a 1.6 percent decline in the U.S. output and a 0.7 percent increase in U.S. inflation in 2026 relative to the baseline, with endogenous monetary policy responses. The effect on the U.S. dollar's real effective exchange rate (REER) is muted, reflecting offsetting pressures from different shocks. Thailand's exports are projected to remain under pressure amid a prolonged shortfall in external demand, declining by about 3.4 percent in 2028. At the same time, the REER is expected to modestly depreciate broadly tracking the path for the "Other Asia" block in the WEO scenario.

2. Implications for Thailand's outlook. The adverse external shock is expected to reduce Thailand's output in 2026 by approximately 2.0 percent relative to the baseline. Weaker domestic consumption exerts additional deflationary pressures, reducing inflation by 0.3 percentage points relative to the baseline. Despite declining inflation, the real exchange rate is projected to depreciate only modestly, implying a nominal appreciation that is partly driven by reduced demand for U.S. assets. The estimated monetary policy reaction suggests that the authorities implement an additional 100 bps policy rate cut in such a scenario. The decline in GDP leads to a rise in the public debt-to-GDP ratio by 2.0 percentage points by 2027, provided no discretionary fiscal stimulus is undertaken in response to the adverse shocks.

3. Policy assumptions. Two alternative policy responses are simulated. First, *a more aggressive monetary policy response* is considered, with a more aggressive short term interest rate response to lean against the deflationary pressures and stimulate economic activity. This policy would imply a 160 bps policy rate cut instead of 100 bps.[2] Second, we consider a *combined fiscal-monetary policy response* where fiscal stimulus, equivalent to 1.5 percent of GDP, is introduced—0.5 percent of GDP in targeted transfers to vulnerable households, and 1 percent of GDP in additional government expenditures.

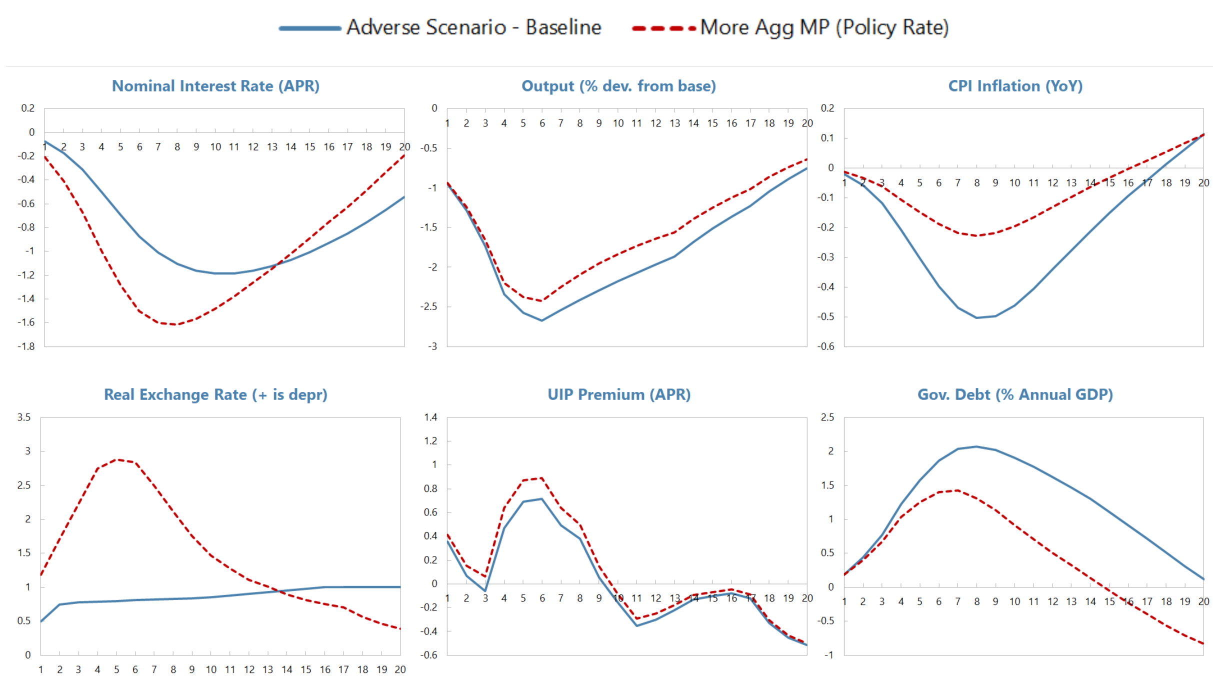
[1] Prepared by Seunghwan Kim, Emmanouil Kitsios (both APD), and Jesper Linde (MCM).

[2] This policy scenario is presented for illustrative purposes only, as such an adjustment would not be feasible under the prevailing policy rate without considering negative rates.

4. Simulation results. Under the first simulation, the results show that more aggressive monetary easing would help mitigate deflationary pressures (Figure 1). Enhanced exports driven by the depreciation of the Thai baht, support a faster recovery resulting in a more moderate output decline—although the improvement remains modest. Lower interest rates and boosted tax revenues also help contain the rise in public debt compared to the adverse scenario. The second simulation results show that fiscal support further mitigates the decline in output (Figure 2). Increased domestic demand and greater exchange rate depreciation—reflecting higher imports—help offset downward pressure on inflation. This allows for a smaller monetary policy adjustment, with rate cuts limited to around 100 bps. However, the additional fiscal spending raises the public debt-to-GDP ratio below but close to 2 percent, which remains elevated over an extended period.

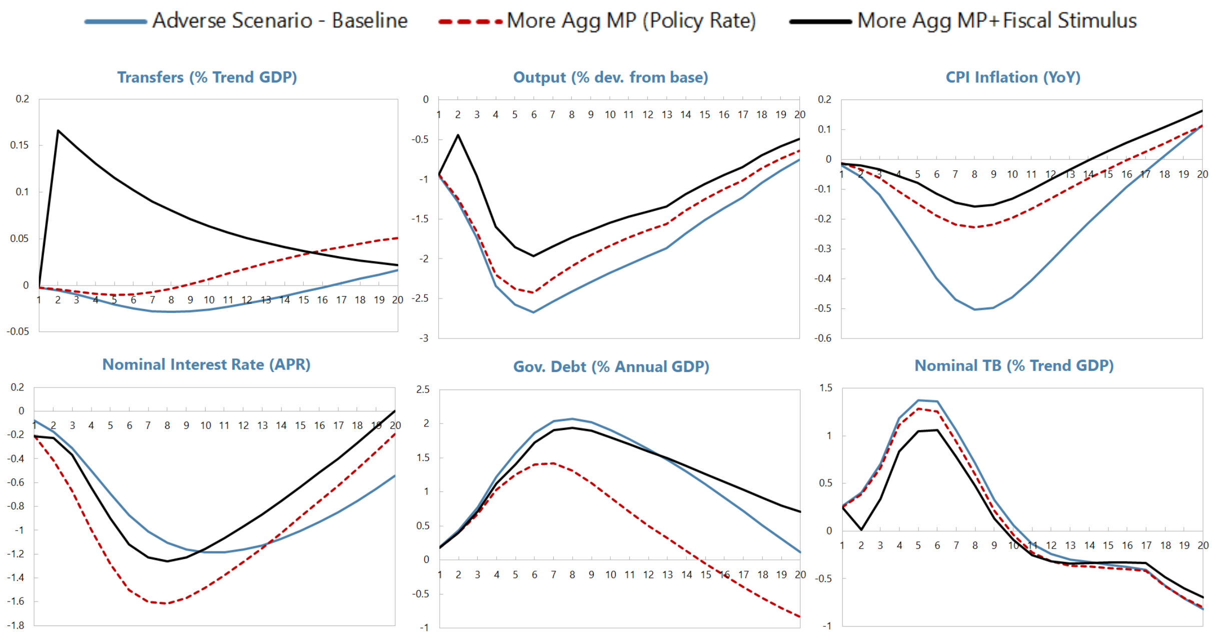
5. Conclusions and policy implications. The QIPF simulation results suggest that the adverse global scenario envisaged in the WEO could further weaken Thailand's output and inflation outlook. The policy simulations highlight the importance of effective monetary-fiscal policy coordination. While more monetary easing can mitigate deflationary pressures and support output stabilization, it would require deploying much of the remaining policy space, given the already-low-interest rate environment. In contrast, complementary fiscal measures can support inflation with a more moderate monetary adjustment, thereby preserving room for future policy responses. Nevertheless, additional fiscal support inevitably entails higher public debt. In this context, monetary easing can play a supportive role by lowering borrowing costs and helping to contain the rise in debt levels, thereby easing fiscal constraints.

Figure 1. Thailand: Simulation Results: Adverse Scenario + Monetary Policy Response



Note: The y-axes reflect units in percent, and x-axes reflect the number of quarterly periods.

Figure 2. Thailand: Simulation Results: Adverse Scenario + Monetary and Fiscal Policy Response



Note: The y-axes reflect units in percent, and x-axes reflect the number of quarterly periods.

Annex VII. Sovereign Risk and Debt Sustainability Assessment

Figure 1. Thailand: Risk of Sovereign Stress

Horizon	Mechanical signal	Final assessment	Comments
Overall	…	Moderate	Overall, Thailand's risk of sovereign stress is assessed as moderate. While the near-term risks are low, medium- and long- term modules indicate moderate risks.
Near term 1/			
Medium term	Moderate	Moderate	Medium-term risks are assessed as moderate, in line with the mechanical signals from the Fanchart and GFN modules. The assessment reflects an increase in the GFN and debt levels.
Fanchart	Moderate	…	
GFN	Moderate	…	
Stress test		…	
Long term	…	Moderate	Long-term risks are assessed as moderate, as the trajectory of the GFN- and debt-to-GDP ratios are expected to gradually decline under the baseline scenario. However, expenditures associated with population aging, climate adaptation and mitigation could increase the GFN and debt without proper policy actions.
Sustainability assessment 2/	Not required for surveillance countries	Not required for surveillance countries	N/A
Debt stabilization in the baseline			No

DSA Summary Assessment

Commentary: Thailand is at a moderate overall risk of sovereign stress. Medium-term risk is considered moderate given the increased GFN and debt levels. Debt coverage is adequate, but large stock-flow adjustments in the past indicate there's scope to improve data transparency. The realism tools suggest projections of key debt drivers are within norms. A credible medium-term fiscal consolidation is warranted to bring down public debt levels and restore the low sovereign risk assessment. Over the longer run, structural reforms are warranted to boost growth potential and address the impact of population aging and climate risks.

Source: Fund staff.

Note: The risk of sovereign stress is a broader concept than debt sustainability. Unsustainable debt can only be resolved through exceptional measures (such as debt restructuring). In contrast, a sovereign can face stress without its debt necessarily being unsustainable, and there can be various measures—that do not involve a debt restructuring—to remedy such a situation, such as fiscal adjustment and new financing.

1/ The near-term assessment is not applicable in cases where there is a disbursing IMF arrangement. In surveillance-only cases or in cases with precautionary IMF arrangements, the near-term assessment is performed but not published.

2/ A debt sustainability assessment is optional for surveillance-only cases and mandatory in cases where there is a Fund arrangement. The mechanical signal of the debt sustainability assessment is deleted before publication. In surveillance-only cases or cases with IMF arrangements with normal access, the qualifier indicating probability of sustainable debt ("with high probability"

Figure 2. Thailand: Debt Coverage and Disclosures

						Comments
1. Debt coverage in the DSA: 1/	CG	GG	NFPS	CPS	Other	
1a. If central government, are non-central government entities insignificant?					n.a.	
2. Subsectors included in the chosen coverage in (1) above:						Not applicable

CPS / NFPS / GG: expected / CG		Subsectors captured in the baseline	Inclusion
CPS, NFPS, GG: expected, CG	1	Budgetary central government	Yes
CPS, NFPS, GG: expected, CG	2	Extra budgetary funds (EBFs)	Yes
CPS, NFPS, GG: expected, CG	3	Social security funds (SSFs)	No
CPS, NFPS, GG: expected	4	State governments	No
CPS, NFPS, GG: expected	5	Local governments	No
CPS, NFPS	6	Public nonfinancial corporations	Yes
CPS	7	Central bank	No
CPS	8	Other public financial corporations	No

3. Instrument coverage:

Currency & deposits	Loans	Debt securities	Oth acct. payable 2/	IPSGSs 3/
Included	Included	Included	Missing	Missing

4. Accounting principles:

Basis of recording		Valuation of debt stock		
Non-cash basis 4/	Cash basis	Nominal value 5/	Face value 6/	Market value 7/

5. Debt consolidation across sectors: Consolidated | Non-consolidated

Color code: chosen coverage (green); Missing from recommended coverage (red); Not applicable (grey). Chosen: NFPS; Cash basis; Nominal value 5/; Non-consolidated.

Reporting on Intra-Government Debt Holdings

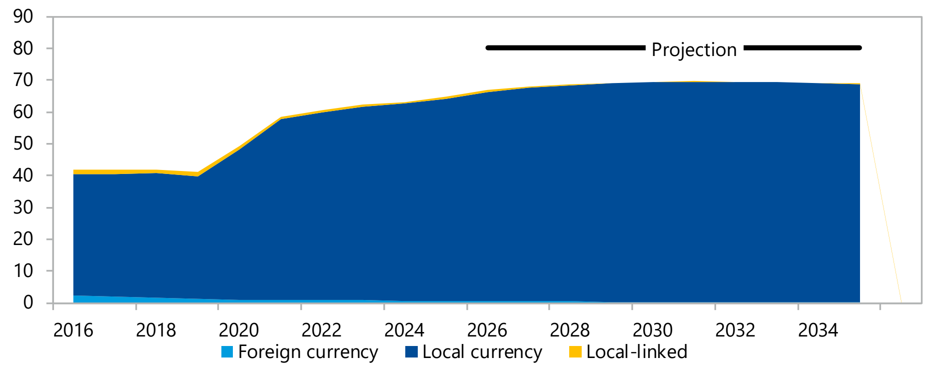
		Issuer \ Holder	Budget. central govt	Extra-budget. funds	Social security funds	State govt.	Local govt.	Nonfin. pub. corp.	Central bank	Oth. pub. fin corp	Total
CPS, NFPS, GG: expected, CG	1	Budget. central govt									0
CPS, NFPS, GG: expected, CG	2	Extra-budget. funds									0
CPS, NFPS, GG: expected, CG	3	Social security funds									0
CPS, NFPS, GG: expected	4	State govt.									0
CPS, NFPS, GG: expected	5	Local govt.									0
CPS, NFPS	6	Nonfin pub. corp.									0
CPS	7	Central bank									0
CPS	8	Oth. pub. fin. corp									0
		Total	0	0	0	0	0	0	0	0	0

1/ CG=Central government; GG=General government; NFPS=Nonfinancial public sector; PS=Public sector.
2/ Stock of arrears could be used as a proxy in the absence of accrual data on other accounts payable.
3/ Insurance, Pension, and Standardized Guarantee Schemes, typically including government employee pension liabilities.
4/ Includes accrual recording, commitment basis, due for payment, etc.
5/ Nominal value at any moment in time is the amount the debtor owes to the creditor. It reflects the value of the instrument at creation and subsequent economic flows (such as transactions, exchange rate, and other valuation changes other than market price changes, and other volume changes).
6/ The face value of a debt instrument is the undiscounted amount of principal to be paid at (or before) maturity.
7/ Market value of debt instruments is the value as if they were acquired in market transactions on the balance sheet reporting date (reference date). Only traded debt securities have observed market values.

Commentary: Public debt includes the debt of the central government, non-financial state-owned enterprises, the Financial Institutions Development Fund, government agencies, and the guaranteed debt of Special Financial Institutions. The public debt perimeter has been revised to exclude the Social Security Fund and local governments, as they are not expected to accumulate debt in the medium term. The debt coverage will need to be reassessed as the Social Security Fund begins to incur losses.

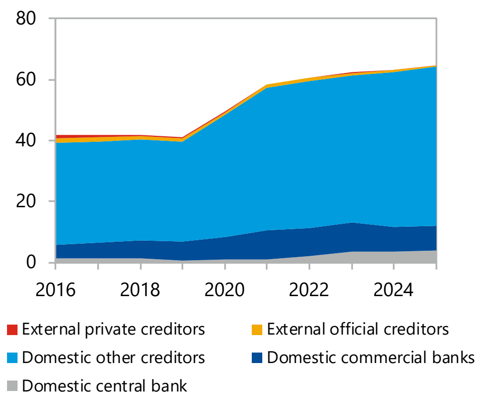
Figure 3. Thailand: Public Debt Structure Indicators

Debt by Currency (Percent of GDP)



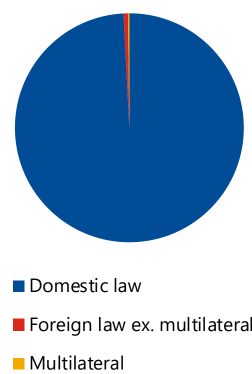
Note: The perimeter shown is nonfinancial public sector.

Public Debt by Holder (Percent of GDP)



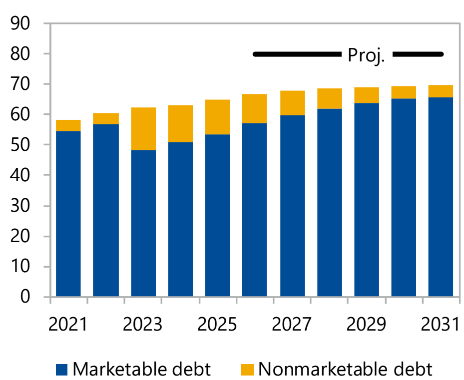
Note: The perimeter shown is nonfinancial public sector.

Public Debt by Governing Law, 2025 (percent)



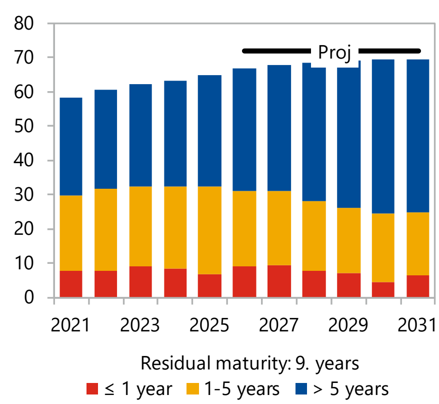
Note: The perimeter shown is nonfinancial public sector.

Debt by Instruments (Percent of GDP)



Note: The perimeter shown is nonfinancial public sector.

Public Debt by Maturity (Percent of GDP)



Note: The perimeter shown is nonfinancial public sector.

Commentary: Thailand's public debt is predominantly composed of domestic currency debt, with 99.2 percent held by domestic investors. The share of shorter maturities has risen due to increased borrowing since the pandemic, but the maturity structure is expected to gradually lengthen.

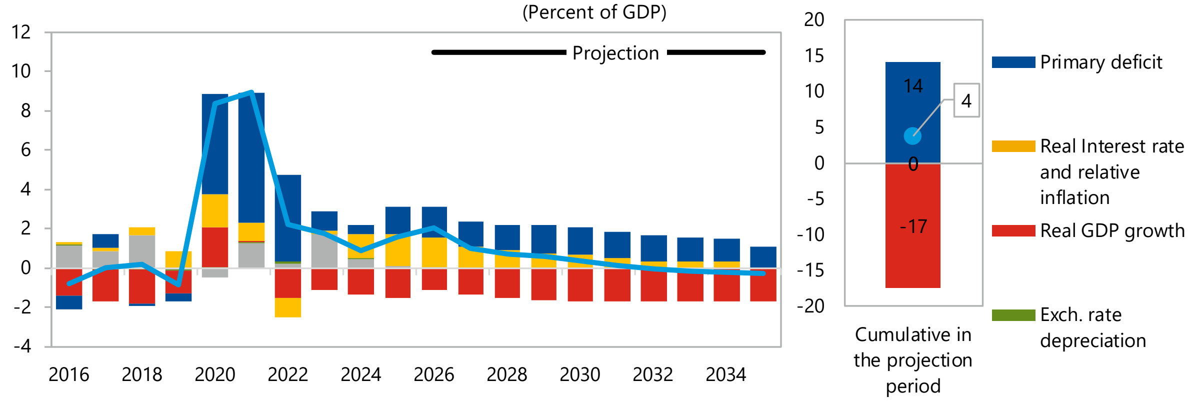
Figure 4. Thailand: Baseline Scenario

(In percent of GDP unless indicated otherwise)

	Actual	Medium-term projection						Extended projection			
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Public debt	64.8	66.8	67.8	68.5	69.1	69.5	69.6	69.5	69.4	69.2	68.9
Change in public debt	1.6	2.0	1.0	0.7	0.6	0.4	0.1	-0.1	-0.1	-0.2	-0.3
Contribution of identified flows	1.5	2.0	1.0	0.7	0.6	0.4	0.1	-0.1	-0.1	-0.2	n.a.
Primary deficit	1.4	1.6	1.3	1.3	1.4	1.4	1.3	1.3	1.2	1.2	1.1
Noninterest revenues	47.2	47.2	47.3	47.3	47.3	47.3	47.3	47.3	47.3	47.4	47.4
Noninterest expenditures	48.7	48.8	48.6	48.6	48.7	48.7	48.6	48.6	48.6	48.5	48.5
Automatic debt dynamics	0.1	0.4	-0.3	-0.6	-0.9	-1.0	-1.2	-1.4	-1.4	-1.4	n.a.
Real interest rate and relative inflatioı	1.6	1.5	1.1	0.9	0.8	0.7	0.5	0.3	0.3	0.3	n.a.
Real interest rate	1.6	1.5	1.1	0.9	0.8	0.7	0.5	0.3	0.3	0.3	0.3
Relative inflation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n.a.
Real growth rate	-1.5	-1.1	-1.3	-1.5	-1.6	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7
Real exchange rate	0.0	...	...	...	...	...	...	...	...	...	...
Other identified flows	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contingent liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(minus) Interest Revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contribution of residual	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n.a.
Gross financing needs	17.8	10.2	11.7	13.5	13.5	13.7	11.9	14.1	12.8	13.3	13.6
of which: debt service	16.4	8.6	10.4	12.2	12.0	12.3	10.6	12.8	11.6	12.1	12.5
Local currency	16.2	8.4	10.3	12.1	11.9	12.2	10.5	12.8	11.6	12.1	12.5
Foreign currency	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memo:											
Real GDP growth (percent)	2.4	1.7	2.0	2.3	2.4	2.5	2.5	2.5	2.5	2.5	2.5
Inflation (GDP deflator; percent)	0.1	0.3	0.9	1.2	1.3	1.4	1.8	1.9	2.0	2.0	2.0
Nominal GDP growth (percent)	2.6	2.0	2.9	3.4	3.8	4.0	4.3	4.5	4.5	4.5	4.5
Effective interest rate (percent)	2.8	2.6	2.5	2.5	2.5	2.4	2.5	2.5	2.4	2.4	2.4

Contribution to Change in Public Debt

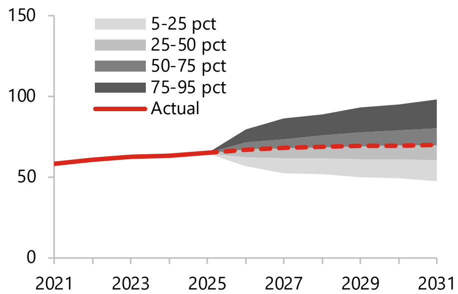
(Percent of GDP)



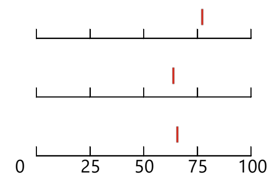
Commentary: Public debt increased sharply during the pandemic and its immediate aftermath. With a gradual fiscal consolidation and subdued growth prospects, public debt is expected to remain elevated, close to the authorities' ceiling of 70 percent of GDP over the medium term.

Figure 5. Thailand: Medium-Term Risk Assessment

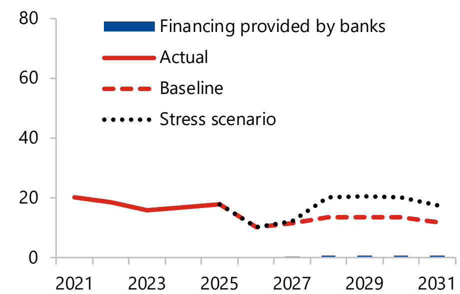
Final Fanchart (Percent of GDP)



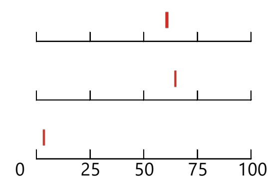
	Value	Contrib 1/	Percentile in peer group 2/
Debt fanchart module			
Fanchart width *(percent of GDP)*	50.7	0.7	
Probability of debt non-stabilizaiton *(percent)*	50.4	0.4	
Terminal debt-to-GDP x institutions index	38.4	0.8	
Debt fanchart index (DFI)		2.0	
Risk signal: 3/		**Moderate**	



Gross Financing Needs (Percent of GDP)



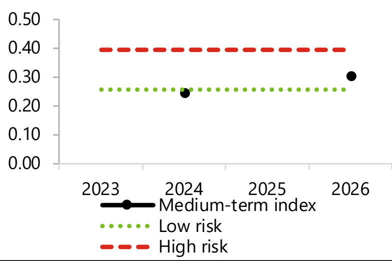
	Value	Contrib 1/	Percentile in peer group 2/
Gross financing needs (GFN) module			
Average baseline GFN *(percent of GDP)*	12.4	4.2	
Initial Banks' claims on the gen. govt *(pct bank assets)*	12.1	3.9	
Chg. In banks' claims in stress *(pct banks' assets)*	0.3	0.1	
GFN financeability index (GFI)		8.3	
Risk signal: 4/		**Moderate**	



Triggered stress tests (stress tests not activated in gray)

Banking crisis Commodity prices Exchange rate Contingent liab. Natural disaster

Medium-Term Index (Index Number)



Medium-term risk analysis

	Value	Value (normalized)	Weight	Contribution
Debt fanchart index	2.0	0.4	0.5	0.2
GFN finaceability index	8.3	0.2	0.5	0.1
Medium-term index		0.3		
Risk signal: 5/		**Moderate**		
Final assessment:		**Moderate**		

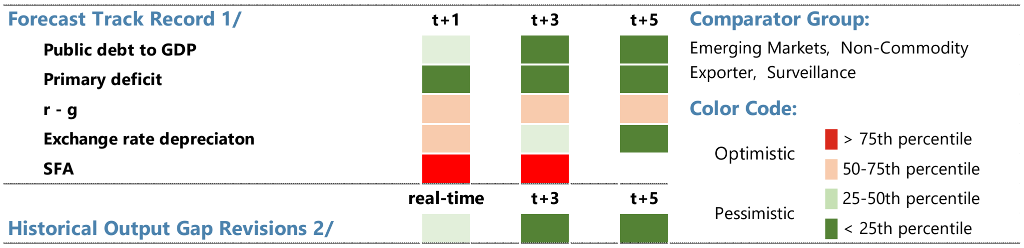
Prob. of missed crisis, 2026-2031, if stress not predicted: 18.2 pct.
Prob. of false alarms, 2026-2031, if stress predicted: 27.3 pct.

Commentary: The Debt Fanchart module points to moderate risks around the projected debt baseline, reflecting a relatively large Fanchart width. The GFN Module also indicates moderate risks due to elevated GFN in the near term, which is driven by a combination of increased primary deficit and large amortization of COVID-19 related borrowing.

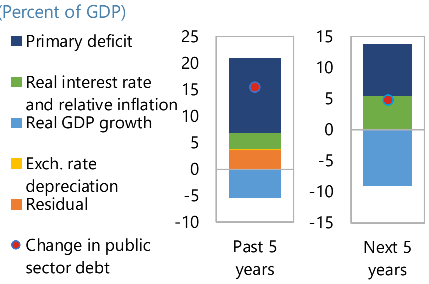
Source: IMF staff estimates and projections.

1/ See Annex IV of IMF, 2022, Staff Guidance Note on the Sovereign Risk and Debt Sustainability Framework for details on index calculation.
2/ The comparison group is emerging markets, non-commodity exporter, surveillance.
3/ The signal is low risk if the DFI is below 1.13; high risk if the DFI is above 2.08; and otherwise, it is moderate risk.
4/ The signal is low risk if the GFI is below 7.6; high risk if the DFI is above 17.9; and otherwise, it is moderate risk.
5/ The signal is low risk if the GFI is below 0.26; high risk if the DFI is above 0.40; and otherwise, it is moderate risk.

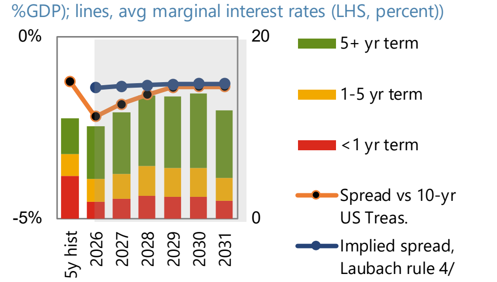
Figure 6. Thailand: Realism of Baseline Assumptions



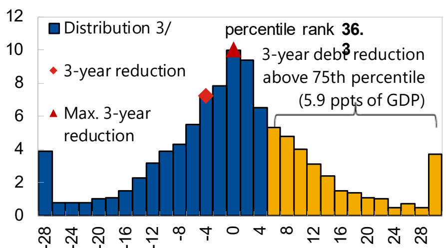
Public Debt Creating Flows
(Percent of GDP)



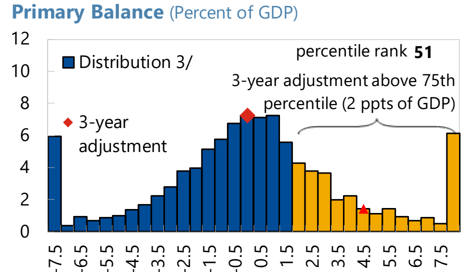
Bond Issuances (Bars, debt issuances (RHS, %GDP); lines, avg marginal interest rates (LHS, percent))



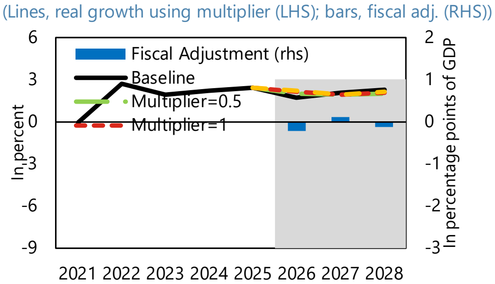
3-Year Debt Reduction
(Percent of GDP)



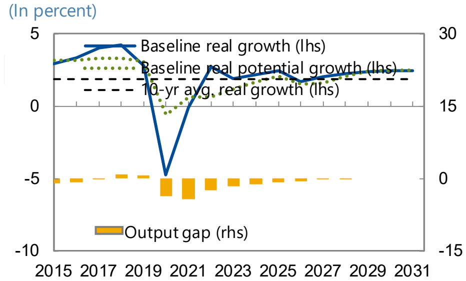
3-Year Adjustment in Cyclically-Adjusted Primary Balance (Percent of GDP)



Fiscal Adjustment and Possible Growth Paths
(Lines, real growth using multiplier (LHS); bars, fiscal adj. (RHS))



Real GDP Growth
(In percent)



Commentary: Realism assessments do not raise major concerns. However, the relatively large stock-flow adjustment in the past warrants caution, possibly reflecting limited data on state-owned enterprises' operations, or other unidentified quasi-fiscal operations. The projected interest rates incorporate the recent decline in government bond yields driven by stronger market demand, with rates expected to rise gradually as the maturity profile lengthens. The projected 3-year fiscal adjustment and debt reduction remain well within historical norms, and the real GDP growth trajectory is consistent with the assumed fiscal adjustment and potential growth.

Source : IMF Staff.

1/ Projections made in the October and April WEO vintage.

2/ Calculated as the percentile rank of the country's output gap revisions (defined as the difference between real time/period ahead estimates

3/ Data cover annual obervations from 1990 to 2019 for MAC advanced and emerging economies. Percent of sample on vertical axis.

4/ The Laubach (2009) rule is a linear rule assuming bond spreads increase by about 4 bps in response to a 1 ppt increase in the projected debt-to-GDP ratio.

Figure 7. Thailand: Long-Term Modules

Triggered Modules

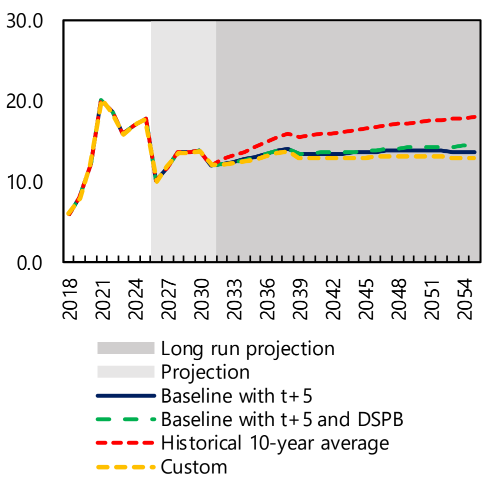
Large amortizations	**Pensions**	**Climate change: Adaptation**	Natural Resources
	Health	**Climate change: Mitigation**	

Long-Term Risk Assessment: Large Amortization Incl. Custom Scenario

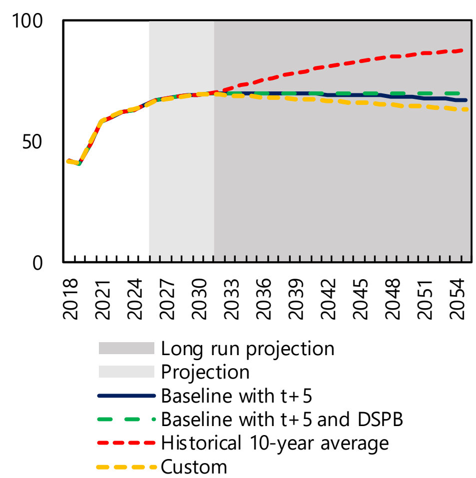
Projection	Variable	Risk Indication
Medium-term extrapolation	GFN-to-GDP ratio	
	Amortization-to-GDP ratio	
	Amortization	
Medium-term extrapolation with debt stabilizing primary balance	GFN-to-GDP ratio	
	Amortization-to-GDP ratio	
	Amortization	
Historical average assumptions	GFN-to-GDP ratio	
	Amortization-to-GDP ratio	
	Amortization	
Overall Risk Indication		

Variable	2031	2035 to 2039 average	Custom Scenario
Real GDP growth	2.5%	2.5%	2.5%
Primary Balance-to-GDP ratio	-1.3%	-1.2%	-1.2%
Real depreciation	-1.7%	-2.4%	-1.9%
Inflation (GDP deflator)	1.8%	1.9%	2.0%

GFN-to-GDP Ratio



Total Public Debt-to-GDP Ratio



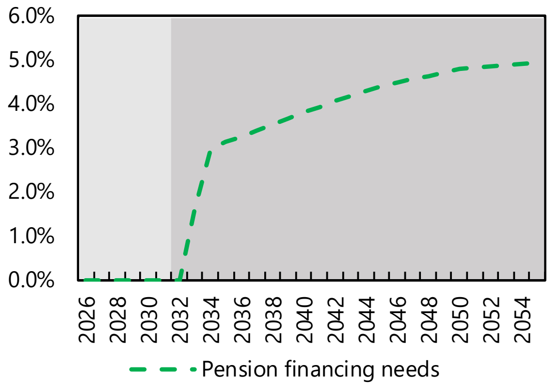
Commentary: Overall, the Large Debt Amortization Module does not signal heightened risks, but elevated level of amortization shows risk indication.

Figure 7. Thailand: Long-Term Modules (Continued)

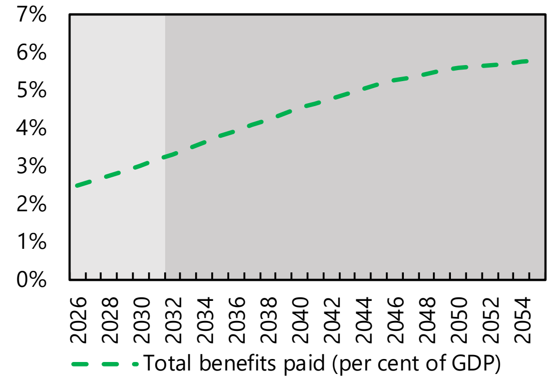
Demographics: Pensions

Permanent adjustment needed in the pension system to keep pension assets positive for:	30 years	50 years	Until 2100
(pp of GDP per year)	3.1%	4.0%	4.5%

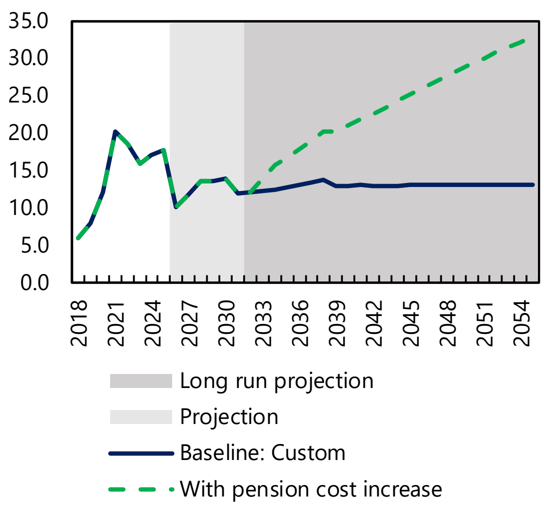
Pension Financing Needs



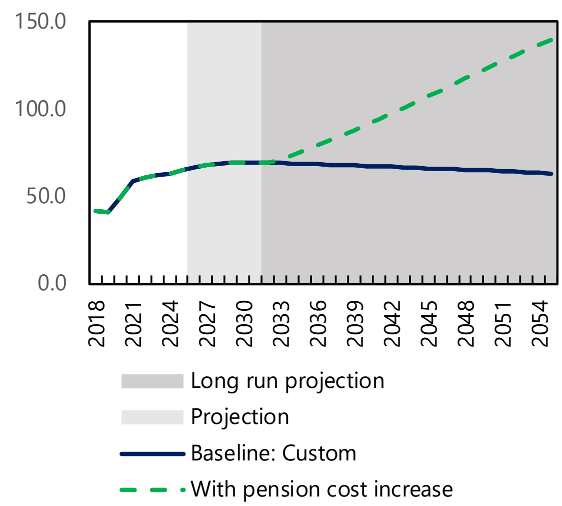
Total Benefits Paid



GFN-to-GDP Ratio



Total Public Debt-to-GDP Ratio

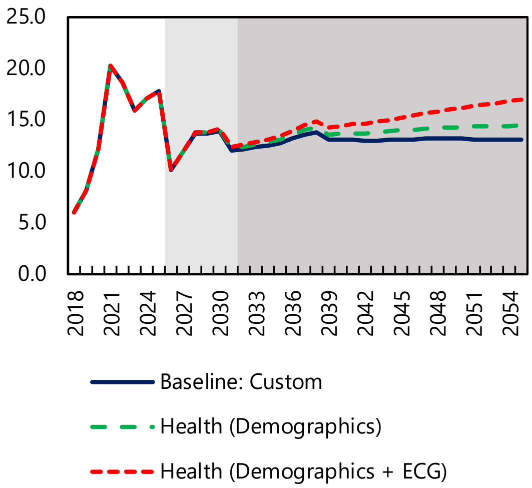


Commentary: Thailand's aging population is expected to widen the gap between pension benefits and contributions, leading to increased financing needs. The projections have been updated using data from the authorities, with total pension benefits estimated at 2.5 percent of GDP as of 2024, including for the Old-Age Allowance, Civil Service Pension, and the Social Security Fund.

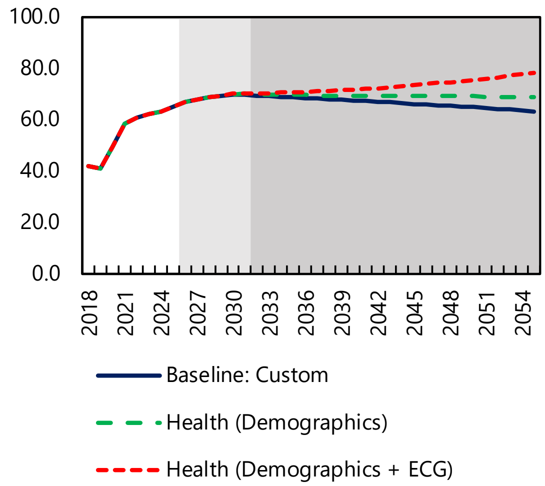
Figure 7. Thailand: Long-Term Modules (Continued)

Demographics: Health

GFN-to-GDP Ratio



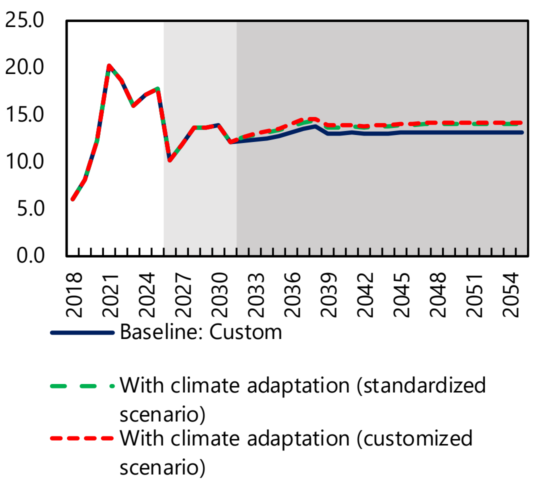
Total Public Debt-to-GDP Ratio



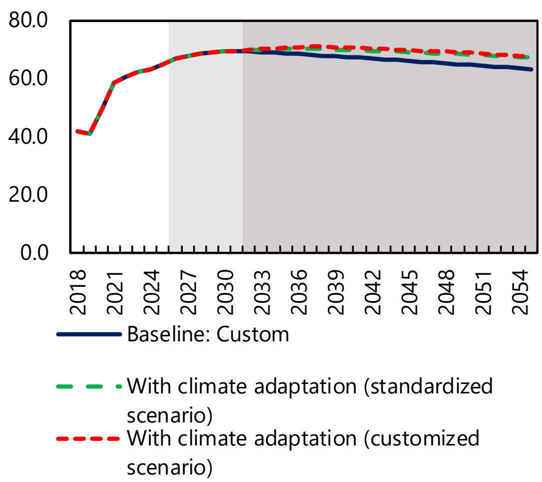
Commentary: Thailand's aging population is also expected to increase health costs. While the country needs to scale up health expenditures, these must be carefully managed to ensure spending efficiency and effectively support the buildup of human capital.

Climate Change: Adaptation

GFN-to-GDP Ratio



Total Public Debt-to-GDP Ratio

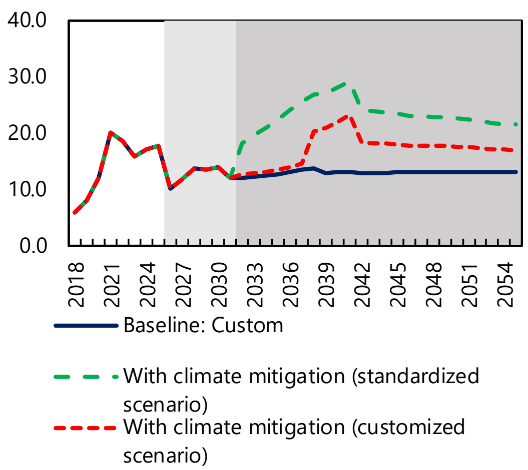


Commentary: Thailand's climate adaptation costs can be sizeable, encompassing investments in building climate-resilient infrastructure, addressing water scarcity and soil degradation, and strengthening R&D. However, these investments could also unlock opportunities for innovation and new growth drivers, mitigating the negative impact on debt dynamics—an aspect not incorporated in the analysis.

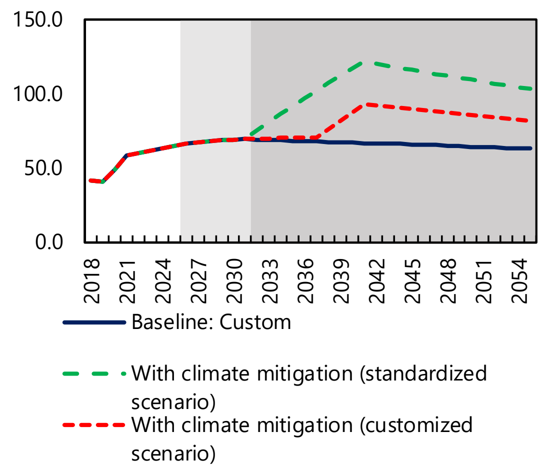
Figure 7. Thailand: Long-Term Modules (Concluded)

Climate Change: Mitigation

GFN-to-GDP Ratio



Total Public Debt-to-GDP Ratio



Commentary: Meeting Thailand's climate mitigation goals would require significant upfront investments to address carbon footprints, which could increase the debt levels. Phasing out broad-based energy subsidies and implementing effective carbon pricing mechanism are essential to finance the transition and mitigation costs. The analysis does not account for the growth effect of investment in climate change mitigation.

Annex VIII. Data Issues

Table 1. Thailand: Data Adequacy Assessment for Surveillance

Data Adequacy Assessment Rating 1/							
B							
Questionnaire Results 2/							
Assessment	National Accounts	Prices	Government Finance Statistics	External Sector Statistics	Monetary and Financial Statistics	Inter-sectoral Consistency	Median Rating
	A	A	B	A	A	B	A
Detailed Questionnaire Results							
Data Quality Characteristics							
Coverage	B	A	B	A	A		
Granularity 3/	A		A	A	A		
			A		B		
Consistency			B	B		B	
Frequency and Timeliness	A	A	B	A	A		

Note: When the questionnaire does not include a question on a specific dimension of data quality for a sector, the corresponding cell is blank.
1/ The overall data adequacy assessment is based on staff's assessment of the adequacy of the country's data for conducting analysis and formulating policy advice, and takes into consideration country-specific characteristics.
2/ The overall questionnaire assessment and the assessments for individual sectors reported in the heatmap are based on a standardized questionnaire and scoring system (see IMF *Review of the Framework for Data Adequacy Assessment for Surveillance* , January 2024, Appendix I).
3/ The top cell for "Granularity" of Government Finance Statistics shows staff's assessment of the granularity of the reported government operations data, while the bottom cell shows that of public debt statistics. The top cell for "Granularity" of Monetary and Financial Statistics shows staff's assessment of the granularity of the reported Monetary and Financial Statistics data, while the bottom cell shows that of the Financial Soundness indicators.

A	The data provided to the Fund are adequate for surveillance.
B	The data provided to the Fund have some shortcomings but are broadly adequate for surveillance.
C	The data provided to the Fund have some shortcomings that somewhat hamper surveillance.
D	The data provided to the Fund have serious shortcomings that significantly hamper surveillance.

Rationale for staff assessment. Data provision has some shortcomings but is broadly adequate for surveillance. National Accounts statistics are mostly adequate but could benefit from additional granularity in terms of activities on the production side. In the fiscal sector, the authorities publish general government operations data consistent with the GFSM 2014; however, large discrepancies with national budget figures hinder timely assessment of the fiscal position. Although the authorities have begun sharing data to reconcile the two series, further clarification is needed, including the sources of adjustment data and the operations of extra-budgetary funds. Additionally, the GFS presentation of the annual budget could be enhanced to better align with GFS-based fiscal outturns. Debt data has a broad coverage, but arrears, PPPs, and other contingent liabilities are not distinctly identified. The lack of data on SOEs' operations limits consistency between public debt and identified debt-creating flows. While monetary statistics are adequate in terms of coverage, granularity, and frequency and timeliness, financial sector statistics can be enhanced. Financial soundness indicators for the main systemically important institutions are mostly available, but the lack of data for Specialized Financial Institutions (financial institutions established by law to provide policy support), saving cooperatives, and other non-bank financial institutions may affect staff's assessment of financial sector risks. Additionally, more granular data on credit provision disaggregated by type of financial institution would ensure closer monitoring of macro-financial risks. The external sector statistics are broadly adequate, but their consistency could be improved by reducing net errors and omissions. Overall, the data adequacy rating is assessed as "B", lower than the median of the sectoral ratings ("A"), considering the importance of fiscal data and the greater weight staff assigned to its assessment. Additionally, economic data provision can be more centralized to ensure easy access and improved findability and coverage of the informal economy can be strengthened.

Changes since the last Article IV consultation. The authorities have released the GFSM 2014-based data for selected nonfinancial state-owned enterprises (SOEs). They also shared the adjustment items between the budget execution and GFS data.

Corrective actions and capacity development priorities. A Technical Assistance (TA) mission on Government Finance Statistics and Public Sector Debt Statistics was completed in October 2025, which supported improvements to the reconciliation table between budget implementation data and GFS. Additional support could focus on enhancing the mapping of the budget plan to GFS classifications to ensure greater consistency in fiscal reporting.

Use of data and/or estimates in Article IV consultations in lieu of official statistics available to staff. For nominal and effective exchange rates (NEER and REER) as well as end-period and average exchange rates, staff use Fund-internally calculated data to ensure multilateral consistency. This creates differences in USD value terms of GDP and other series.

Other data gaps.

Table 2. Thailand: Data Standard Initiatives

Thailand subscribes to the Special Data Dissemination Standard (SDDS) since August 1996 and publishes the data on its National Summary Data Page. The latest SDDS Annual Observance Report is available on the Dissemination Standards Bulletin Board (https://dsbb.imf.org/).

Table 3. Thailand: Table of Common Indicators Required for Surveillance

As of January 14, 2026

	Data Provision to the Fund				Publication under the Data Standards Initiatives through the National Summary Data Page			
	Date of Latest Observation	Date Received	Frequency of Data[6]	Frequency of Reporting[6]	Expected Frequency[6,7]	Thailand[8]	Expected Timeliness[6,7]	Thailand[8]
Exchange Rates	13-Jan-26	14-Jan-26	D	D	D	D	...	1D
International Reserve Assets and Reserve Liabilities of the Monetary Authorities[1]	Dec-25	9-Jan-26	M	M	M	M	1W	NLT 1M
Reserve/Base Money	Nov-25	Dec-25	M	M	M	M	2W	NLT 14D
Broad Money	Oct-25	Nov-25	M	M	M	M	1M	NLT 1M
Central Bank Balance Sheet	Nov-26	Dec-25	M	M	M	M	2W	NLT 14D
Consolidated Balance Sheet of the Banking System	Oct-25	Dec-25	M	M	M	M	1M	NLT 1M
Interest Rates[2]	13-Jan-25	14-Jan-26	D	D	D	D	...	1D
Consumer Price Index	Dec-25	Jan-26	M	M	M	M	1M	NLT 1W
Revenue, Expenditure, Balance and Composition of Financing[3]–General Government[4]	Jun-25	Oct-25	M	M	A	A	2Q	NLT 2Q
Revenue, Expenditure, Balance and Composition of Financing[3]–Central Government	Nov-25	Dec-25	M	M	M	M	1M	1M
Stocks of Central Government and Central Government-Guaranteed Debt[5]	Nov-25	Dec-25	M	M	Q	M	1Q	NLT 2M
External Current Account Balance	Oct-25	Nov-25	M	M	Q	Q	1Q	1Q
Exports and Imports of Goods and Services	Jun-25	Sep-25	Q	Q	M	M	8W	NLT 1M
GDP/GNP	Sep-25	Nov-25	Q	Q	Q	Q	1Q	8W
Gross External Debt	Jun-25	Oct-25	Q	Q	Q	Q	1Q	1Q
International Investment Position	Jun-25	Sep-25	Q	Q	Q	Q	1Q	1Q

[1] Includes reserve assets pledged or otherwise encumbered, as well as net derivative positions.
[2] Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.
[3] Foreign, domestic bank, and domestic nonbank financing.
[4] The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.
[5] Including currency and maturity composition.
[6] Frequency and timeliness: ("D") daily; ("W") weekly or with a lag of no more than one week after the reference date; ("M") monthly or with lag of no more than one month after the reference date; ("Q") quarterly or with lag of no more than one quarter after the reference date; ("A") annual.; ("SA") semiannual; ("I") irregular; ("NA") not available or not applicable; and ("NLT") not later than.
[7] Encouraged frequency of data and timeliness of reporting under the e-GDDS and required frequency of data and timeliness of reporting under the SDDS and SDDS Plus. Any flexibility options or transition plans used under the SDDS or SDDS Plus are not reflected. For those countries that do not participate in the IMF Data Standards Initiatives, the required frequency and timeliness under the SDDS are shown for New Zealand, and the encouraged frequency and timeliness under the e-GDDS are shown for Eritrea, Nauru, South Sudan, and Turkmenistan.
[8] Based on the information from the Summary of Observance for SDDS and SDDS Plus participants, and the Summary of Dissemination Practices for e-GDDS participants, available from the IMF Dissemination Standards Bulletin Board (https://dsbb.imf.org/). For those countries that do not participate in the Data Standards Initiatives, as well as those that do have a National Data Summary Page, the entries are shown as "..."

INTERNATIONAL MONETARY FUND

THAILAND

STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION—INFORMATIONAL ANNEX

January 26, 2026

Prepared By

Asia and Pacific Department

CONTENTS

FUND RELATIONS

(As of November 30, 2025)

Membership Status: Joined 05/03/1949; Article VIII.

Article VIII Status: Thailand has accepted the obligations under Article VIII, Sections 2, 3, and 4 of the IMF's Articles of Agreement and maintains an exchange system free of multiple currency practices and restrictions on the making of payments and transfers for current international transactions.

General Resources Account:

	SDR Million	Percent Quota
Quota	3,211.90	100.00
Fund holdings of currency	2,383.20	74.20
Reserve position in Fund	830.11	25.84
Lending to the Fund	0	
New Arrangements to Borrow	0	

SDR Department:

	SDR Million	Percent Allocation
Net cumulative allocation	4,048.73	100.00
Holdings	4,176.57	103.16

Outstanding Purchases and Loans: None

Latest Financial Arrangements:

In millions of SDR				
Type	Approval Date	Expiration Date	Amount Approved	Amount Drawn
Stand-by	8/20/97	6/19/00	2,900.00	2,500.00
Stand-by	6/14/85	12/31/86	400.00	260.00
Stand-by	11/17/82	12/31/83	271.50	271.50

Projected Obligations to Fund
(SDR million; based on existing use of resources and present holdings of SDRs):

	2025	2026	2027	2028	2029
Principal					
Charges/interest		0.02	0.02	0.02	0.02
Total		0.02	0.02	0.02	0.02

Exchange Rate Arrangement:

The de jure and de facto exchange rate arrangements are classified as floating. Under the inflation-targeting monetary policy framework, the value of the baht is allowed to be determined by market forces, reflecting demand and supply in the foreign exchange market. The Bank of Thailand (BOT) may intervene in the foreign exchange market when the resulting movements in Thai baht (THB) are deemed excessive and unjustified by fundamentals.

Last Article IV Consultation:

Thailand is on the standard 12-month Article IV consultation cycle. The previous Article IV consultation was concluded on February 11, 2025. A copy of the Staff Report can be downloaded from this link.

FSAP Participation:

The Financial Sector Assessment Program (FSAP) missions took place in November 2018 and February 2019. The main findings are presented in the published Financial System Stability Assessment (IMF Country Report No. 19/308).

Recent Technical Assistance:

ICD: In response to the request from the Fiscal Policy Office (FPO) of the Ministry of Finance of Thailand, ICD is providing a technical assistance (TA) project on developing a customized dynamic stochastic general equilibrium (DSGE) model for simulation and analysis of macroeconomic policies.

STA: In consultation with the Fiscal Policy Office, STA has provided TA and training on Government Finance Statistics (GFS) and Public Sector Debt Statistics (PSDS) with the latest mission in October 2025.

Resident Representative: None

RELATIONS WITH OTHER INTERNATIONAL FINANCIAL INSTITUTIONS

World Bank: https://www.worldbank.org/ext/en/country/thailand

Asian Development Bank: https://www.adb.org/where-we-work/thailand

Statement by Mr. Idwan Hakim, Executive Director for Thailand
Mr. Kaweevudh Sumawong, Alternate Executive Director,
Ms. Patcharida Patty Taksinawong, Advisor to Executive Director
February 12, 2026

The Thai authorities express their appreciation to the IMF mission team, led by Mr. Peter Breuer, for the constructive and insightful discussions, which focused on short-term macroeconomic policies to support growth amid rising challenges, as well as structural reforms to strengthen medium-term growth prospects. They broadly concur with staff's assessments and recommendations, while maintaining a slightly more optimistic medium-term outlook.

Recent Developments and Outlook

Thailand's economy continues to expand, albeit at a more moderate pace amid increasing challenges. Real GDP growth is projected to ease to 2.2 percent in 2025, reflecting temporary factors including declines in short-haul tourists particularly from China, production disruptions in some key industries, and the slowdown from severe flooding in the southern region. Growth is expected to soften to 1.5 percent in 2026, reflecting more cautious household spending, weaker exports affected by U.S. tariffs, and reduced government expenditure from the budget delay alongside ongoing fiscal consolidation efforts. In 2027, growth is projected to rebound to 2.3 percent, supported by improved tourism and strengthened public spending. Although the economy has recovered to its pre-pandemic level, it continues to expand at a pace below its potential growth range of 2.5–3.0 percent. This reflects persistent headwinds, including from still-moderate domestic demand and ongoing competitiveness constraints, which continue to weigh on Thailand's medium-term growth outlook.

Inflation remained subdued in 2025, driven primarily by supply-side factors. Headline inflation is expected to edge up gradually to 0.3 percent in 2026, reflecting low global energy prices amid limited demand-side pressures, before returning to the target range in early 2027. Medium-term inflation expectations remain well-anchored, keeping deflation risks contained.

The economic outlook remains subject to downside risks, particularly those stemming from heightened global economic uncertainties. Ongoing trade tensions, uncertainty surrounding global trade policy, and increased volatility in international financial markets could undermine Thailand's recovery prospects. Geopolitical developments, including potential re-emergence of border tensions, also pose potential risk to investor sentiment and tourism flows. Domestic challenges include the gradual recovery in household incomes, constrained credit conditions especially for SMEs, and elevated household debt that could weigh on domestic consumption. The authorities will continue to closely monitor these risks to support the recovery and ensure a sustainable growth trajectory.

Fiscal Policy

The authorities remain firmly committed to fiscal discipline and long-term fiscal sustainability. The FY2026 budget aims to balance near-term economic support with medium-term fiscal prudence. Budget execution is being accelerated through front-loaded spending in local infrastructure, social support, and tourism-related initiatives, while procurement systems and digital monitoring tools are being strengthened to enhance transparency, oversight, and efficiency. At the same time, the authorities continue to prioritize measures that support economic recovery and protect vulnerable groups. Public debt is projected to remain below 70 percent of GDP, underpinned by prudent budget management and transparent public expenditures.

Under the recently-approved Medium-Term Fiscal Framework (FY2026–2030), the government aims to reduce the fiscal deficit to below 3 percent of GDP and maintain public debt under 70 percent of GDP. The framework includes a comprehensive revenue mobilization plan to broaden the tax base, improve revenue efficiency, and rationalize tax incentives in line with the Fiscal Responsibility Act. Thailand's adoption of the 15-percent Global Minimum Tax under the OECD/G20 framework beginning in the 2025 tax year will further strengthen tax efficiency and streamline incentive structures.

The authorities continue to monitor rollover risks and view that Thailand's public debt profile remains favorable, with the majority of debt held domestically and characterized by long maturities. Ample domestic liquidity and strong investor demand further support effective debt management. The authorities also underscore the importance of a strong institutional framework, as already established under the Fiscal Responsibility Act, to ensure fiscal discipline and accountability. In this context, while noting staff's suggestion to establish an independent fiscal council, the authorities emphasize the importance of maintaining sufficient flexibility for fiscal policy to respond to evolving economic conditions.

Monetary and Exchange Rate Policies

The authorities consider the current monetary policy stance to be appropriately accommodative given evolving economic conditions. In response to moderating growth and subdued inflation, the policy rate was reduced by 25 basis points in December 2025. This adjustment is intended to foster more accommodative financial conditions, alleviate debt burdens and bolster the recovery, particularly for vulnerable groups and SMEs facing liquidity constraints. However, monetary policy transmission has been hindered by weak credit demand and persistent credit risk, underscoring the necessity of complementary measures in coordination with the Ministry of Finance. The authorities agree with staff on the importance of effective monetary-fiscal coordination and reaffirm their commitment to safeguarding central bank independence. Monetary policy will remain outlook-dependent, with close monitoring of risks stemming from trade tensions, global financial volatility, geopolitical developments, and domestic vulnerabilities related to the gradual recovery in household incomes and elevated indebtedness. The authorities remain committed to maintaining price and financial stability and stand ready to adjust the policy stance as warranted by evolving economic and inflation conditions.

The authorities remain committed to a flexible exchange rate regime, with foreign exchange intervention (FXI) limited to curbing excessive volatility and preventing disorderly market conditions. They emphasize the importance of complementary policy tools for small, open economies navigating an increasingly volatile global environment. In this context, the authorities welcome the Fund's Integrated Policy Framework (IPF), which acknowledges the role of FXI and capital flow management measures. Deepening foreign exchange (FX) markets and enhancing transparency remain key priorities for the Bank of Thailand (BOT), which continues to promote more balanced capital flows and expand access to FX hedging instruments. Furthermore, the recent relaxation of regulations on non-resident baht accounts aims to broaden market participation and strengthen market resilience as part of ongoing capital account liberalization.

Regarding the External Balance Assessment (EBA), the authorities reiterate their reservations about the methodology. While broadly in agreement with the overall assessment, they continue to view structural and fundamental factors as playing a more significant role in shaping the medium-term current account than exchange rate movements alone. They also underscore the need for careful communication to prevent misinterpretation or misuse of the EBA findings by third parties.

Financial Sector Policy

The authorities welcome staff's assessment that the Thai financial system remains sound and that financial stability risks are broadly contained, reflecting their proactive efforts to safeguard systemic resilience. Household deleveraging accelerated in 2025 amid tighter financial conditions and contracting household credit. While this helped mitigate risks associated with excessive borrowing, it also raised concerns regarding household liquidity. In this context, the authorities introduced targeted support, such as restructuring low-value unsecured non-performing loans and liquidity assistance to SMEs to avoid adverse effects on credit availability and near-term economic activity. In designing the measures, the authorities recognize the importance of ensuring strong governance and safeguards against moral hazard. They also reiterate their commitment to maintaining a balanced approach that preserves financial stability while supporting the economic recovery.

The authorities also underscore the importance of close coordination in systemic risk monitoring and financial policy harmonization. In collaboration with the Fiscal Policy Office and the Securities and Exchange Commission, the BOT supported the enactment of stricter regulations for savings cooperatives, including tighter rules on deposit-taking and investment concentration, to address systemic risks in this segment. They also remain committed to strengthening the AML/CFT framework, with ongoing efforts to monitor compliance and cross-border transactions to ensure the effectiveness of the enhanced framework. The scope of Politically Exposed Persons subject to enhanced due diligence requirements has also been expanded in December 2025, in line with international standards, to further mitigate risks related to corruption and money laundering.

Structural Policy

The authorities reaffirm their commitment to advancing structural reforms aimed at enhancing Thailand's productivity, competitiveness, and resilience. Central to this agenda is the transition toward an innovation-driven economy under the 13th National Development Plan (2023–2027). This strategy prioritizes the application of technology and innovation across key sectors, with several notable initiatives already underway to address structural constraints and establish the foundation for sustainable, innovation-led growth in the years ahead. Key priorities include:

- **Innovation-Driven Economic Transformation**: Thailand is restructuring its production and service sectors through targeted investments in smart agriculture, future mobility, and smart electronics. Efforts include promoting climate-resilient agriculture, advancing green energy in automotive supply chains, and supporting R&D to improve product quality and innovation, particularly among SMEs.

- **Digital and Human Capital Development**: The government is expanding digital infrastructure, including data centers and cloud services, and encouraging the adoption of AI technologies. Programs such as the "Upskill and Reskill for Future Industry" initiative aim to boost labor productivity and attract high-potential foreign talent to meet emerging industry demands.

- **Governance and Social Protection Reform**: Reforms focus on fully digitalizing all public services by 2027 and strengthening social protection systems. The authorities are working to reduce fragmentation in social safety nets and promote formal employment to enhance social resilience and inclusive growth.

The authorities are undertaking significant measures to enhance business environment. The Guillotine Unit, established under the Prime Minister's Office, has been tasked with conducting a comprehensive review of subordinate laws and administrative procedures to remove unnecessary regulatory burdens to business operations. This effort leverages existing regulatory tools, such as ministerial regulations and process streamlining, to facilitate reform without requiring new legislative amendments. In addition, the Foreign Business Act is under review to promote long-term competitiveness by easing restrictions on foreign-owned business, including potential adjustments to foreign equity limits and a more streamlined foreign business license process. Progress has also been made in facilitating foreign direct investment, including through the Board of Investment FastPass, which provides a streamlined one-stop service for starting foreign business in Thailand. Further progress in trade liberalization has been achieved through the conclusion of FTAs with Sri Lanka, the European Free Trade Association (EFTA), and Bhutan, as well as continued advancements in negotiations with the European Union.

The Thai authorities remain firmly committed to sound macroeconomic management, financial stability, and inclusive, sustainable development. They value their partnership with the Fund and look forward to further deepening engagement with AIV mission team and functional departments, particularly in the lead-up to the upcoming IMF/WBG Annual Meetings in Bangkok.