



# Thailand Economic Monitor

## Restoring Incomes; Recovering Jobs

January 2021

# Outline

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- **Part 1: Recent Economic Developments, Outlook and Risks:  
The Long Road to Recovery**
- **Part 2: Thailand's Labor Market: Challenges and Policy  
Responses to Drive a Jobs Recovery from COVID-19**
- **Part 3: Q&A**



**PART 1:**

**RECENT ECONOMIC DEVELOPMENTS,  
OUTLOOK AND RISKS:  
THE LONG ROAD TO RECOVERY**

# RECENT ECONOMIC DEVELOPMENTS

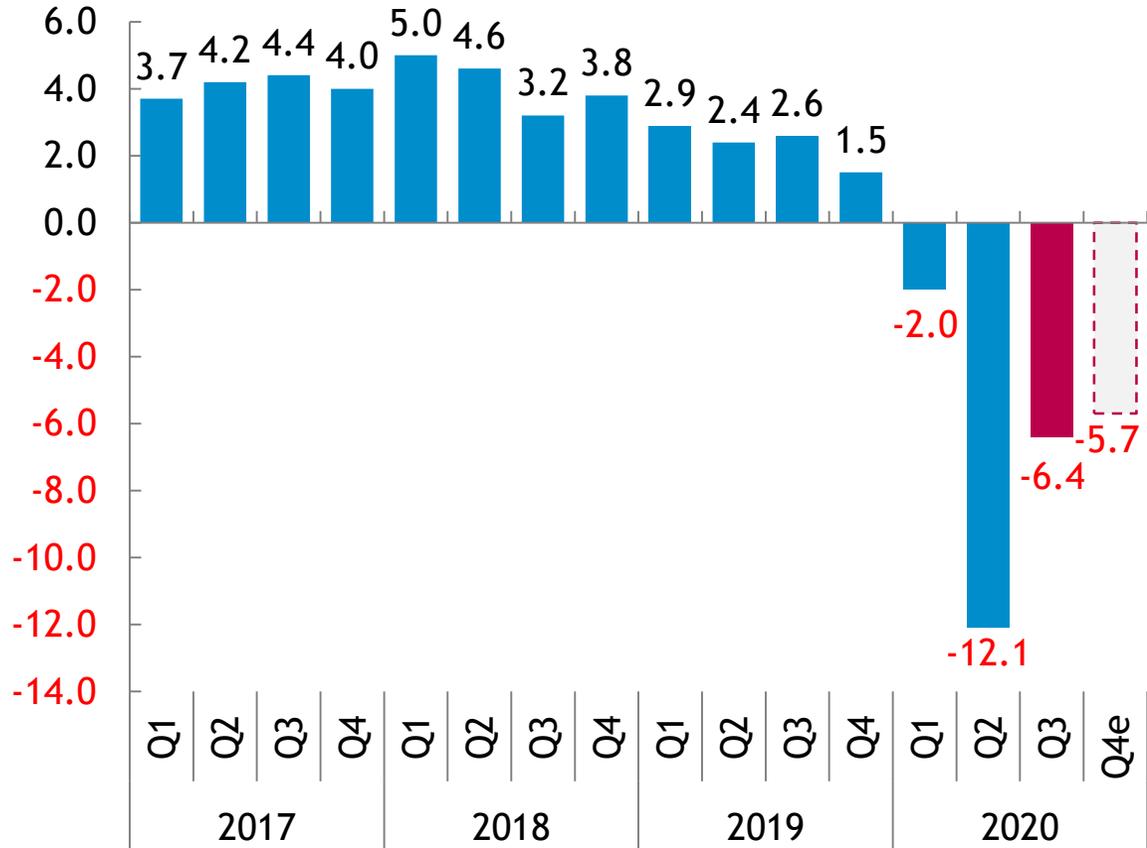
- ▶ **COVID-19 HAS SEVERELY AFFECTED THE THAI ECONOMY. GROWTH IS EXPECTED TO HAVE CONTRACTED BY 6.5 PERCENT IN 2020. THIS IS A SMALLER CONTRACTION THAN PREVIOUSLY FORECAST, DUE TO A STRONGER-THAN-EXPECTED Q3.**
- ▶ **WHILE SIGNS OF IMPROVEMENT HAVE EMERGED IN THE MORE RECENT ECONOMIC DATA, THE SECOND SURGE IN COVID-19 MAY CONSTRAIN THE RECOVERY IN THE NEAR-TERM, THOUGH THE IMPACT IS EXPECTED TO BE RELATIVELY MINOR**
- ▶ **PROGRESS HAS BEEN MADE IN IMPLEMENTING FISCAL MEASURES TO SUPPORT THE MOST VULNERABLE; THAILAND HAS PERFORMED RELATIVELY WELL COMPARED TO ITS PEERS IN THE REGION IN TERMS OF THE SCALE, SPEED, AND TARGETING OF ITS RESPONSE.**

# การพัฒนาทางเศรษฐกิจในระยะที่ผ่านมา

- ▶ โควิด-19 ส่งผลกระทบต่อเศรษฐกิจไทย การเติบโตของเศรษฐกิจไทยในปี 2563 คาดการณ์ว่าจะหดตัวลงร้อยละ 6.5 ซึ่งเป็นการหดตัวที่น้อยกว่าการคาดการณ์ในครั้งที่แล้ว เนื่องจากการเติบโตที่แข็งแกร่งกว่าความคาดหวังในไตรมาสที่ 3 ปี 2563
- ▶ แม้ว่าภาวะการณ์ล่าสุดได้แสดงให้เห็นถึงสัญญาณการฟื้นตัว การระบาดของโควิด-19 ระลอกสอง อาจจำกัดการฟื้นตัวในระยะอันใกล้
- ▶ มาตรการทางการคลังได้ถูกนำมาใช้เพื่อช่วยเหลือกลุ่มเปราะบางมากที่สุด ซึ่งประเทศไทย ดำเนินการได้ค่อนข้างดีเมื่อเทียบกับประเทศอื่นๆ ในภูมิภาค ทั้งในด้านขนาด ความรวดเร็ว และการกำหนดเป้าหมายของมาตรการ

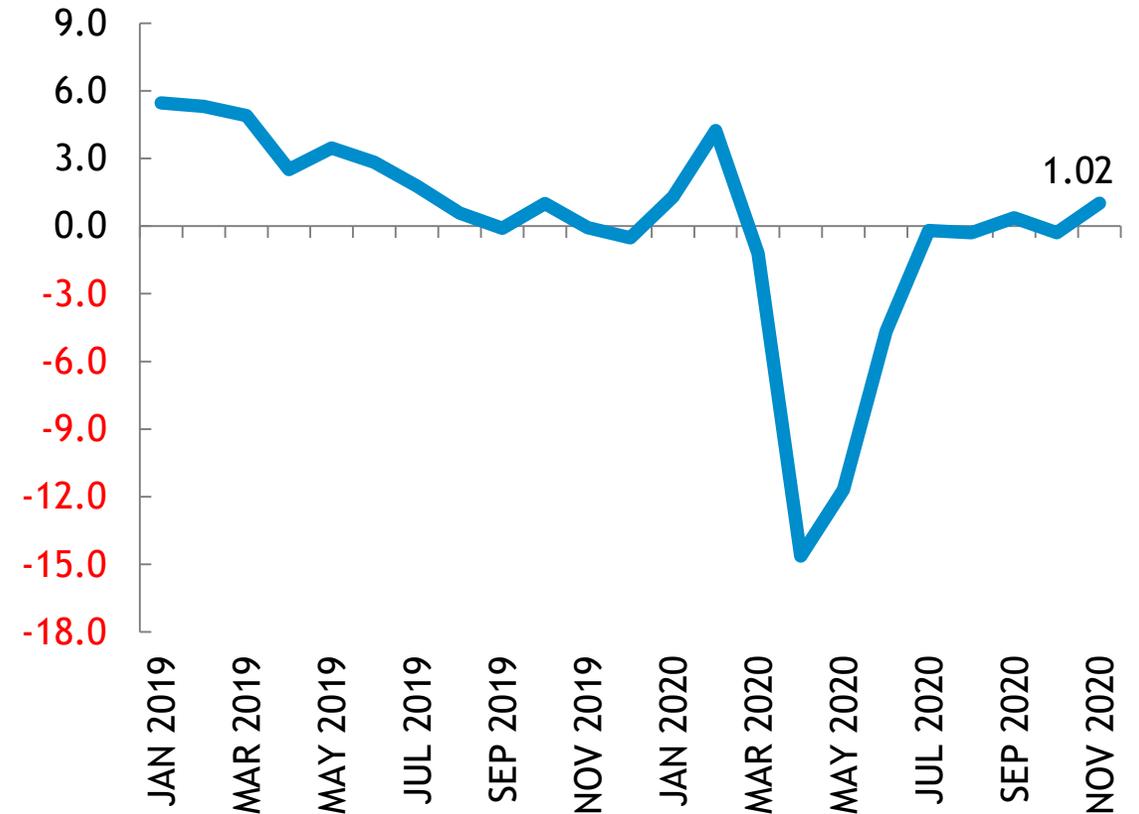
# Thailand's GDP contracted in 2020, but showed signs of improvement in the second half as containment measures eased

**GDP growth rate** (% change, year-on-year)



Source: NESDC  
Note: e for estimates

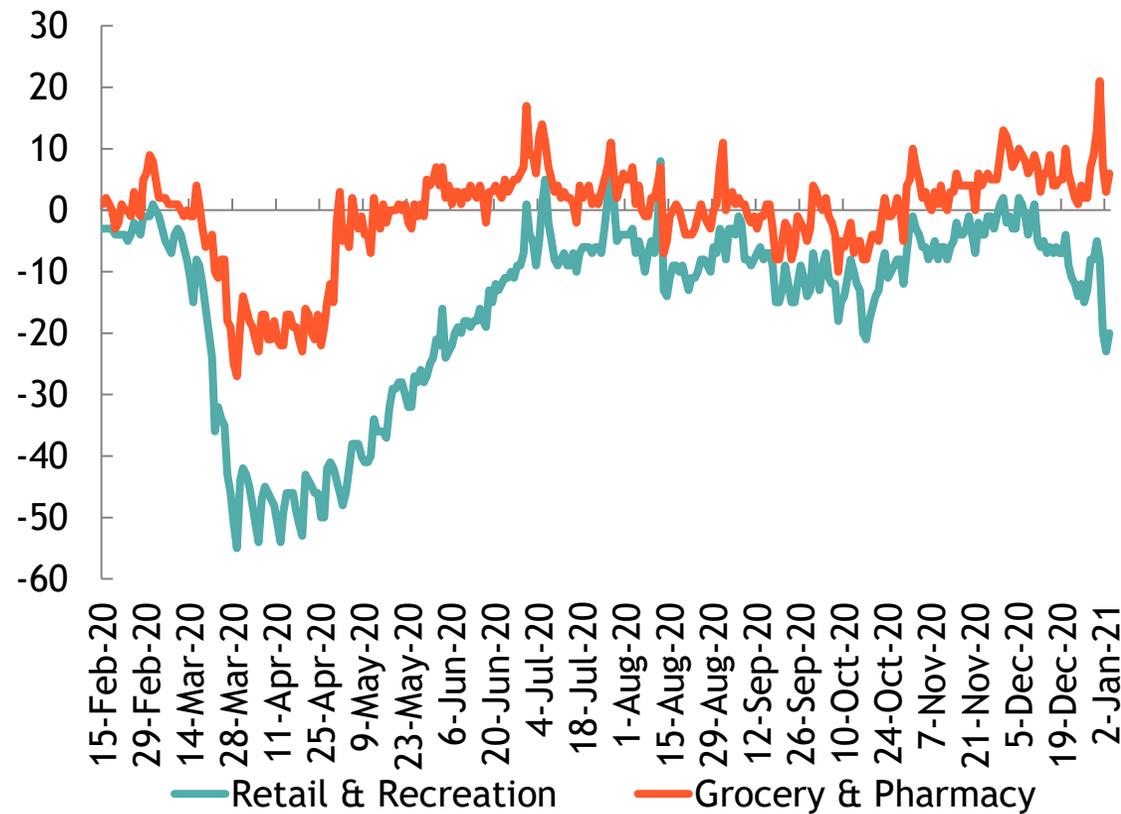
**Private Consumption Index** (% change, year-on-year)



Source: Bank of Thailand

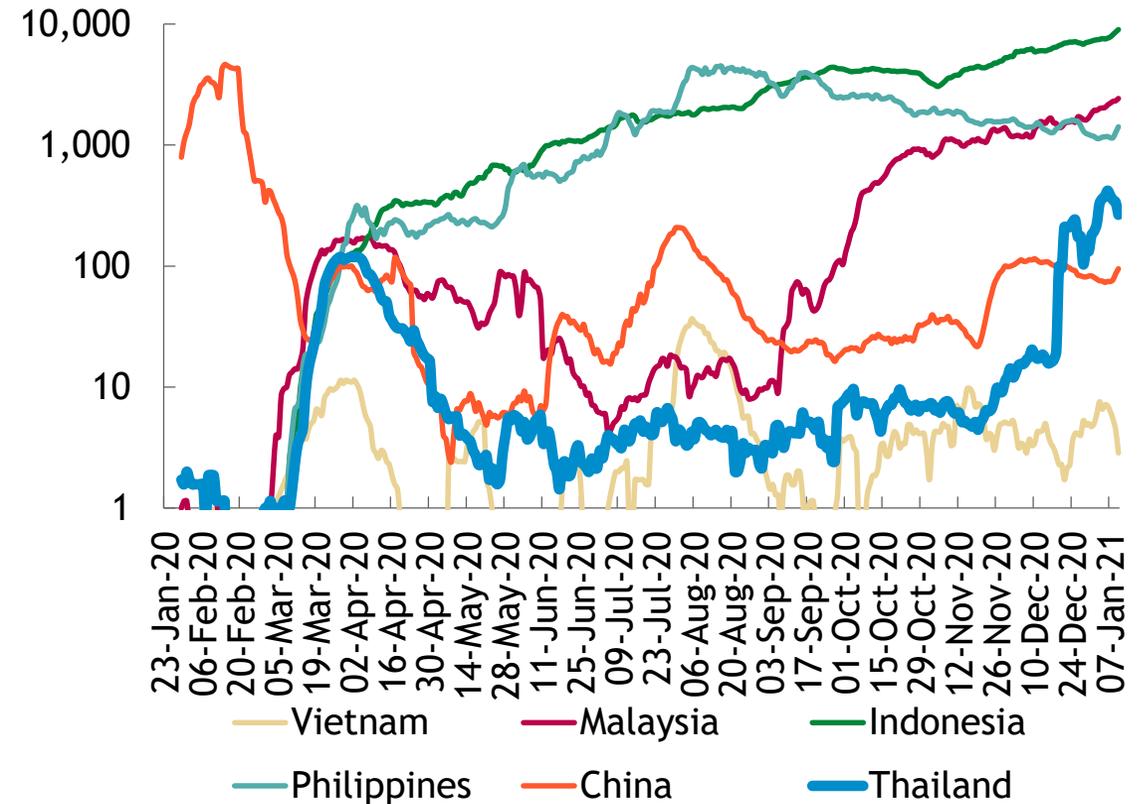
# The second wave of COVID-19 and renewal of restrictions is likely to have had a negative impact on consumer spending in late 2020, which will continue into 2021

**Google Mobility** (Change in visits relative to yearly baseline)



Source: Google Community Report

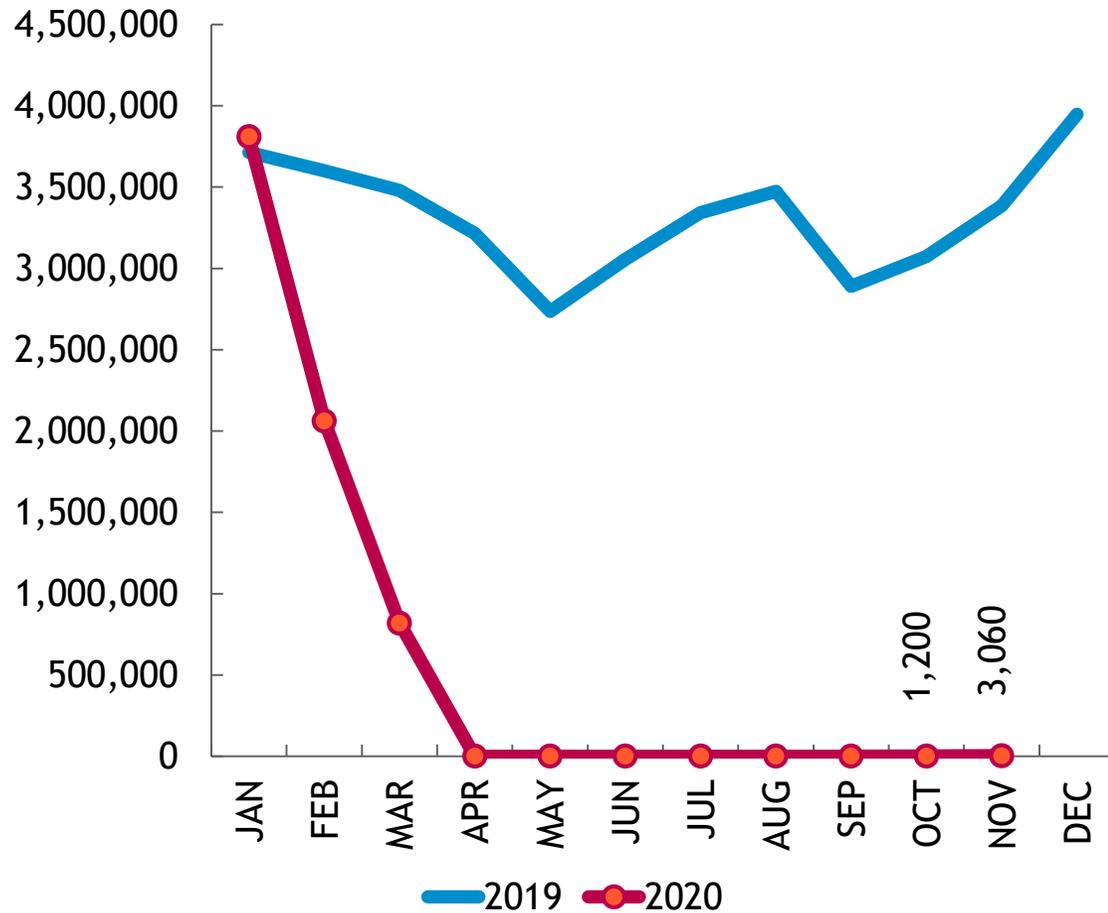
**New COVID-19 cases** (7 days moving average, Log scale)



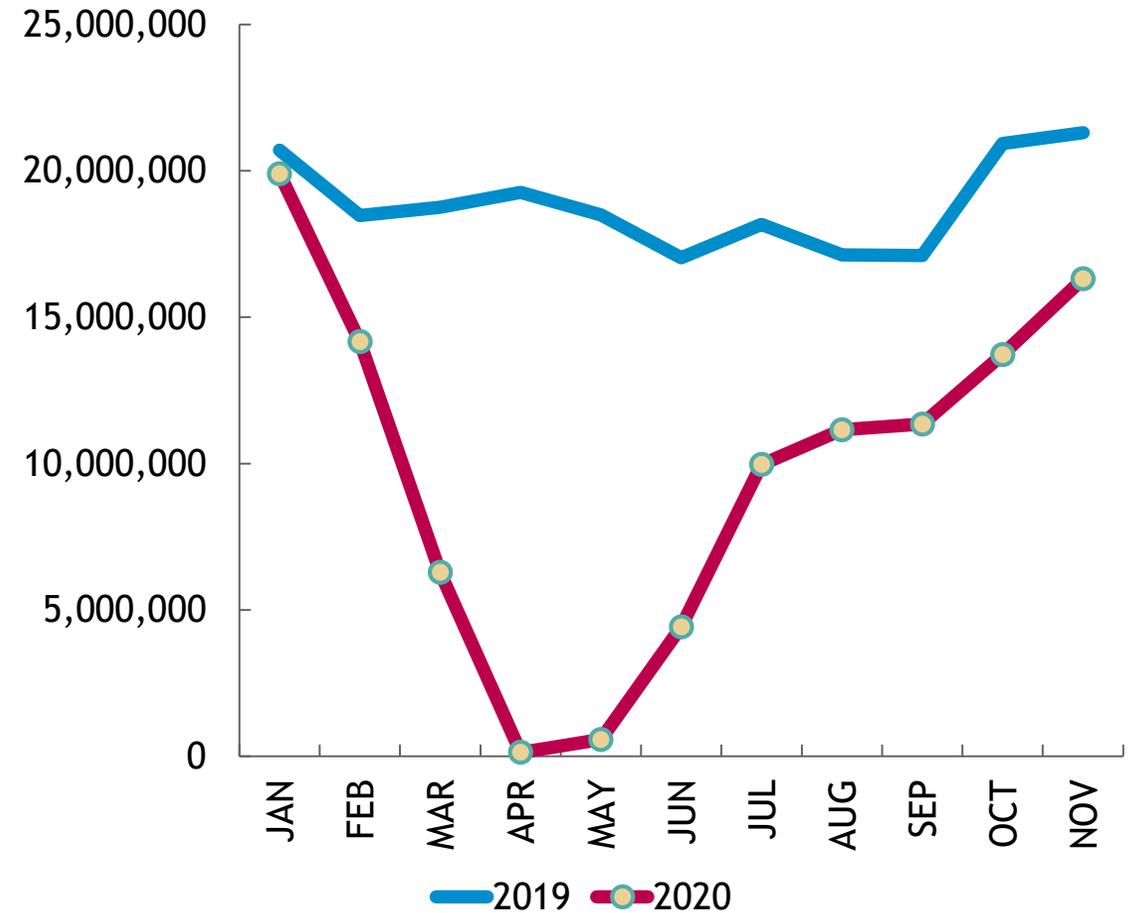
Source: [ourworldindata.org/coronavirus](https://ourworldindata.org/coronavirus)

# As a tourism-dependent economy, Thailand remains exposed to the impacts of the pandemic

*International tourist arrivals (number of persons)*



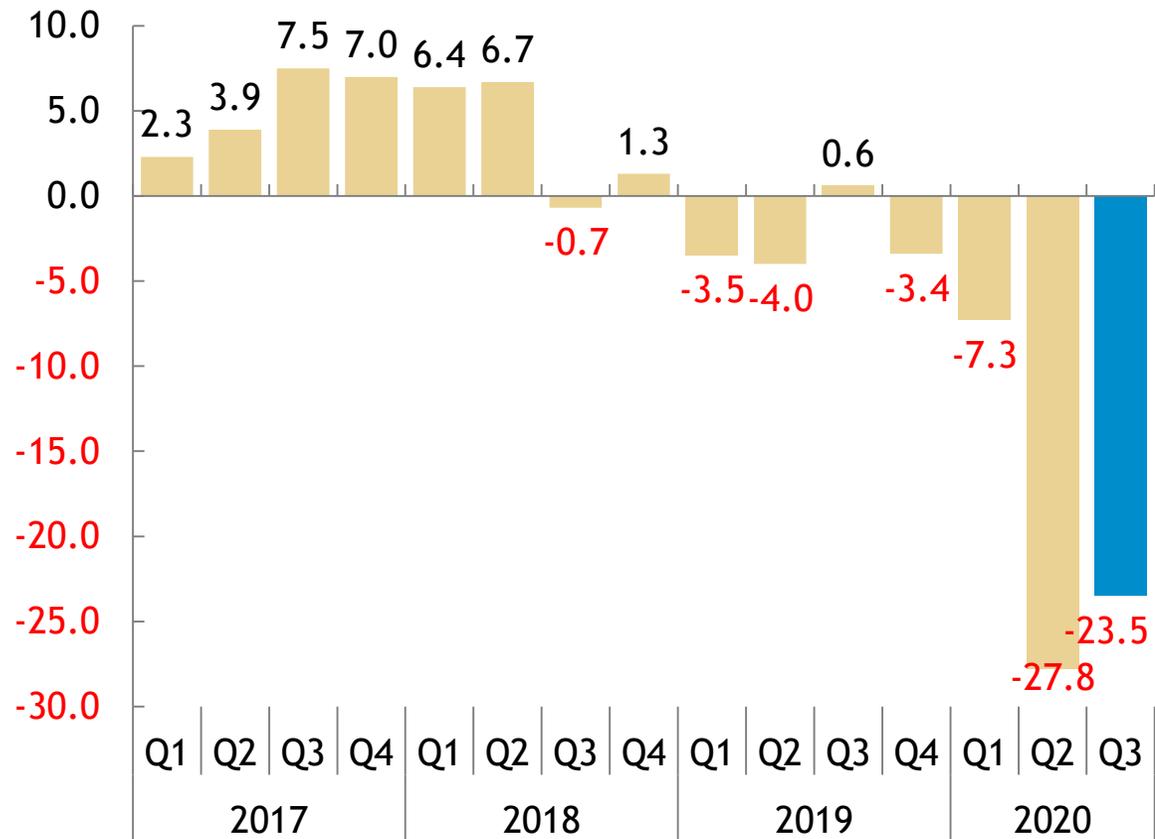
*Domestic travelers (number of persons)*



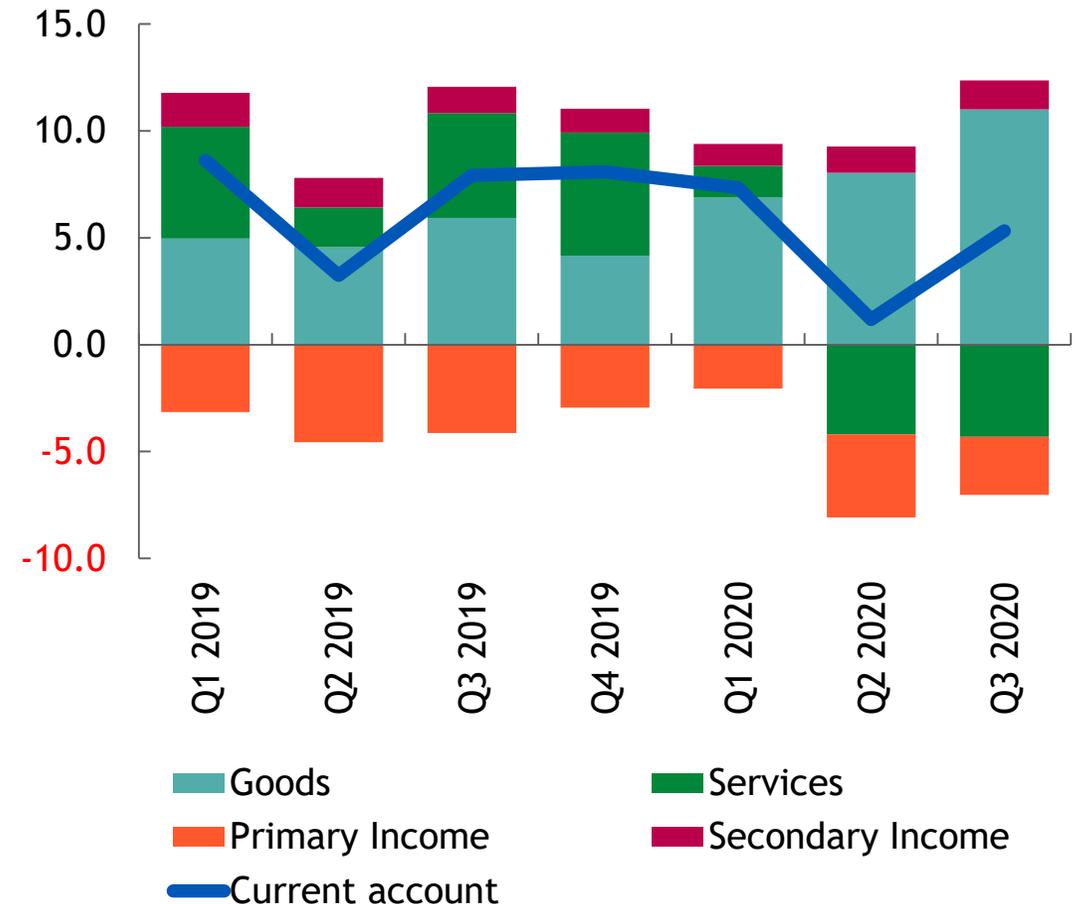
Source: Ministry of Tourism and Sports

# Despite the sharp drop in exports, Thailand continues to post a current account surplus

**Exports of goods and services (% change, year-on-year)**



**Current account (% of GDP)**

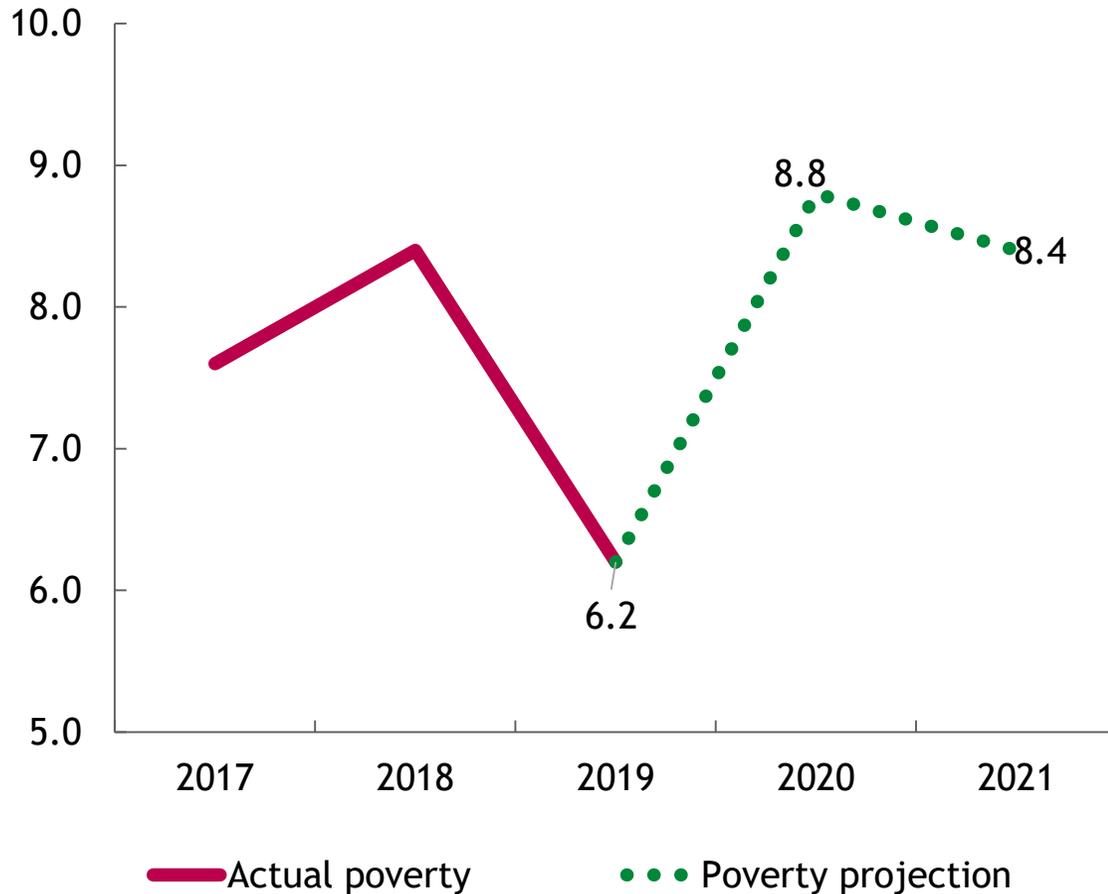


Source: NESDC; World Bank Staff calculations

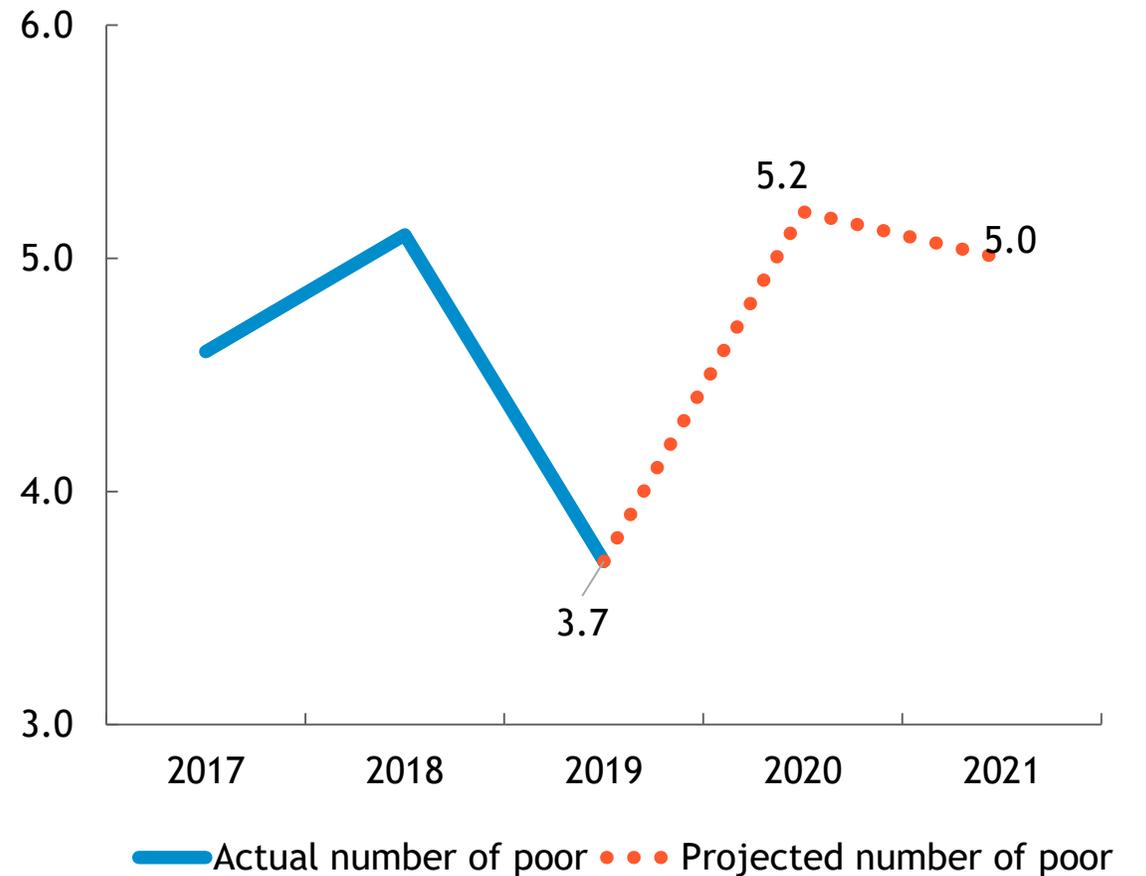
Source: Bank of Thailand; World Bank staff calculations

# 1.5 million more people are estimated to have entered poverty in 2020 due to the impact of COVID-19

Poverty rate projection (%)



Number of poor projections (Million)



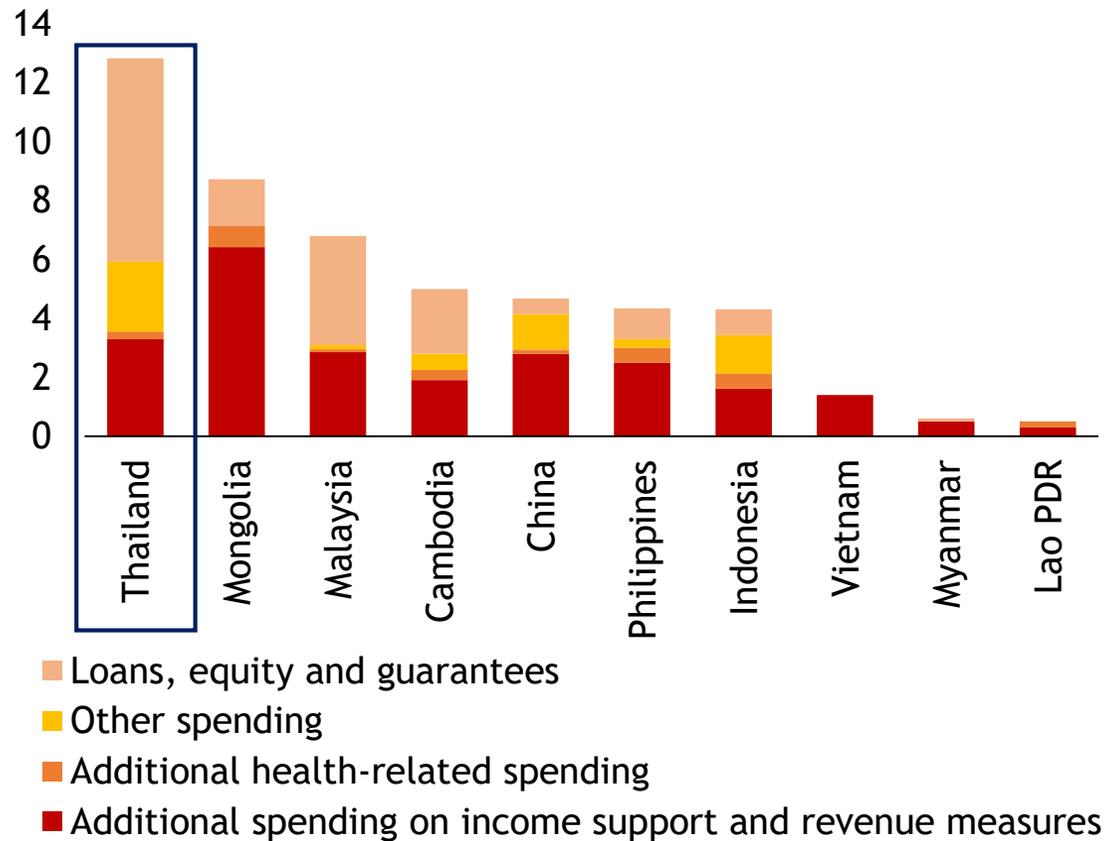
Source: Projections based on SES 2019

## Good progress has been made in implementing measures to support some of the most vulnerable

- Thailand has leveraged existing social assistance mechanisms and quickly set up new large-scale cash transfer programs to cover vulnerable individuals that were not previously registered in any social protection database.
- This allowed coverage of informal workers, who represent more than half of the employed in Thailand.
- Overall, assistance has been provided in a timely manner. Of the 555 billion baht authorized to be spent on cash transfers and relief measures, around 300 billion baht (1.8 percent of GDP) had already been disbursed as of December 2020.

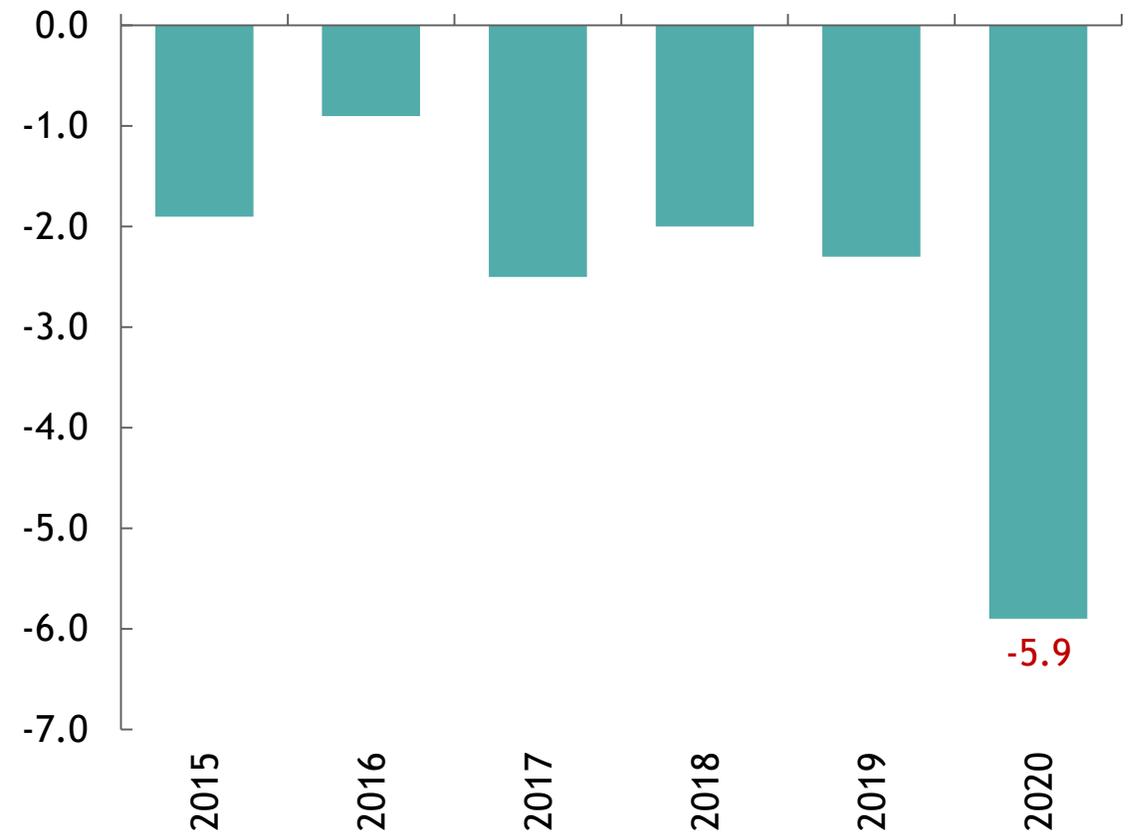
# The fiscal deficit is expanding as a result of the government's response to COVID-19 and declining revenue

**Fiscal and non-fiscal support (Percent of GDP)**



Source: World Bank East Asia and Pacific Economic Update, October 2020

**Fiscal deficit (% of fiscal year GDP)**



Source: Fiscal Policy Office, Ministry of Finance; World Bank staff calculations

# OUTLOOK AND RISKS

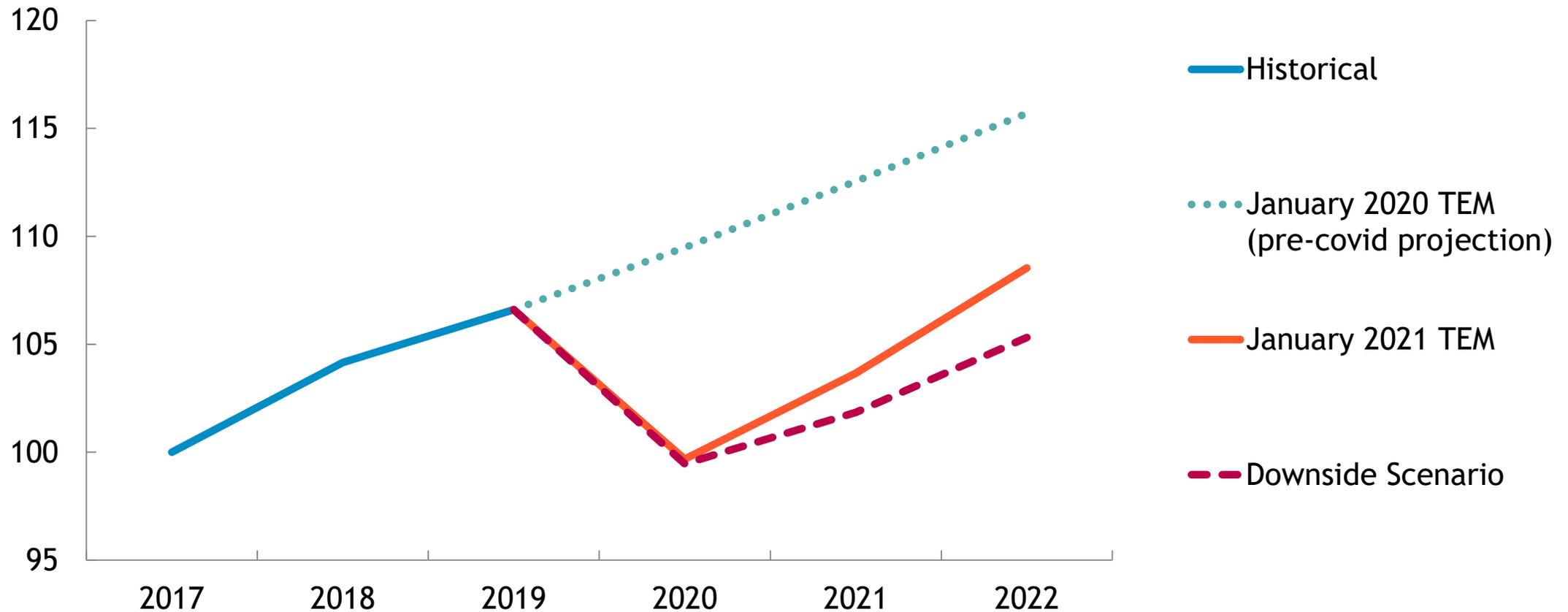
- ▶ **THE THAI ECONOMY IS PROJECTED TO CONTRACT BY 6.5 PERCENT IN 2020, WITH GROWTH FORECAST TO REBOUND TO 4.0 PERCENT IN 2021 AND PICK UP TO 4.7 PERCENT IN 2022.**
- ▶ **OUTPUT IS FORECAST TO RETURN TO ITS 2019 LEVEL IN 2022. BUT COMPARED WITH PRE-PANDEMIC FORECASTS, AROUND USD 127 BILLION IN GDP WILL BE LOST OVER THE THREE YEARS BETWEEN 2020 AND 2022.**
- ▶ **WITH COVID-19 CASES STILL SURGING GLOBALLY, OUTLOOK REMAINS HIGHLY UNCERTAIN; DOWNSIDE RISKS DOMINATE INCLUDING THE POSSIBILITY OF RETURN TO STRINGENT LOCKDOWNS OR SLOWER THAN ANTICIPATED PROGRESS ON VACCINE DISTRIBUTION**
- ▶ **OTHER SOURCES OF RISK INCLUDE PROLONGED POLITICAL UNREST AND RESUMPTION OF TRADE TENSIONS AND/OR SUPPLY CHAIN DISRUPTIONS**

## มองไปข้างหน้าและความเสี่ยง

- ▶ เศรษฐกิจของไทยคาดการณ์ว่าจะหดตัวลงร้อยละ 6.5 ในปีที่ผ่านมา ก่อนที่จะฟื้นตัวขึ้นมา ร้อยละ 4.0 ในปี 2564 และเติบโตขึ้นไปอีกร้อยละ 4.7 ในปี 2565 ซึ่งเป็นจุดที่ผลผลิตกลับไปอยู่ที่ระดับก่อนการระบาดของโควิด-19
- ▶ ด้วยจำนวนผู้ติดเชื้อโควิด-19 ที่ยังคงเพิ่มขึ้นในระดับโลก เศรษฐกิจในภาพรวมยังคงมีความไม่แน่นอนสูงและเผชิญกับความเสี่ยงในด้านลบ อาทิเช่น ความเป็นไปได้ที่จะมีการล็อกดาวน์อย่างเข้มงวดอีกรอบ หรือการแจกจ่ายวัคซีนที่ล่าช้ากว่าที่คาดไว้
- ▶ นอกจากความเสี่ยงที่เกี่ยวข้องกับโควิด-19 ยังมีความเสี่ยงจากภายในและภายนอกประเทศ ได้แก่ความไม่สงบทางการเมือง การกลับมาของความตึงเครียดทางการค้า และ/หรือห่วงโซ่อุปทานที่ชะงักงัน

# The economy is expected to recover partially in 2021 and return to its pre-COVID level in 2022

*Real GDP growth projections (Index, 2017 GDP = 100)*



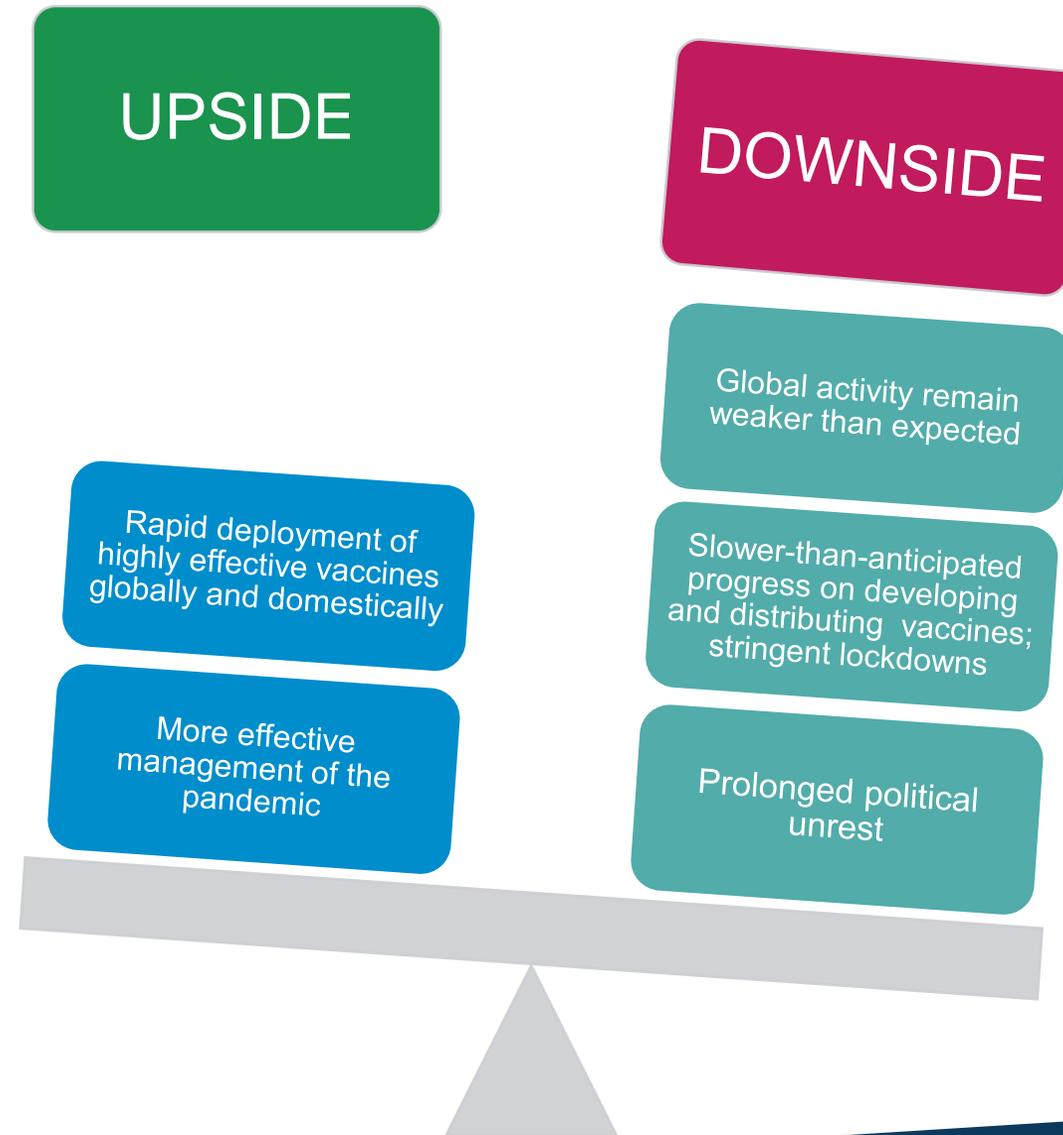
Source: NESDC; World Bank staff calculations

# After contracting in 2020, growth will rebound to 4.0 percent in 2021

	2018	2019	2020e	2021f	2022f
<b>Real GDP Growth Rate (at constant market prices)</b>	4.1	2.4	-6.5	4.0	4.7
<b>Private Consumption</b>	4.6	4.5	-1.3	3.6	4.2
<b>Government Consumption</b>	1.8	-1.7	2.3	2.3	2.0
<b>Gross Fixed Capital Investment</b>	5.4	3.3	-4.4	1.5	2.1
<b>Exports of Goods and Services</b>	3.3	-2.6	-18.5	6.0	6.6
<b>Imports of Goods and Services</b>	8.3	-4.4	-15.3	4.5	4.7
<b>Inflation (Consumer Price Index)</b>	1.1	1.1	-0.9	1.0	1.3
<b>Current Account Balance (% of GDP)</b>	6.5	5.0	0.8	2.2	3.8
<b>Fiscal Balance (% of GDP)</b>	-2.0	-2.3	-5.9	-6.5	-3.1
<b>Debt (% of GDP)</b>	42.0	41.1	49.4	54.4	55.4

Source: NESDC; World Bank staff calculations  
 Note: e for estimates and f for forecast

# Risks to the outlook are skewed to the downside



A photograph of a worker in a blue shirt and shorts carrying a large white sack on their head. They are standing on the red metal frame of a truck. The truck is heavily loaded with stacks of white sacks. The background shows a building and a blue sky with clouds. The image is overlaid with a semi-transparent white box containing text. There are also decorative blue and white geometric shapes in the bottom left and right corners.

**PART 2:**

**THAILAND'S LABOR MARKET:  
CHALLENGES AND POLICY RESPONSES TO  
DRIVE A JOBS RECOVERY FROM COVID-19**

# CHALLENGES AND POLICY RESPONSES TO DRIVE A JOBS RECOVERY TO COVID-19

- ▶ **THE COVID-19 OUTBREAK HAD A STRONG IMPACT ON THE LABOR MARKET IN THE FIRST HALF OF 2020 BEFORE A RECOVERY BEGAN IN THE SECOND HALF**
- ▶ **BUT SOME VULNERABILITIES PERSIST, MEANING THAT THE LABOR MARKET IS NOT AT FULL STRENGTH TO CONFRONT FURTHER COVID-19-RELATED SHOCKS OR TO TACKLE CHALLENGES FACING THE LABOR MARKET THAT PRE-DATE THE OUTBREAK**
- ▶ **IN THE MEDIUM TERM, THE SMALLER LABOR FORCE IMPLIED BY POPULATION AGING CREATES ADDITIONAL CHALLENGES FOR THAILAND'S GROWTH PROSPECTS**
- ▶ **POLICIES ARE NEEDED TO PROTECT AND PROMOTE JOBS IN THE SHORT-TERM AND TO FACILITATE PRODUCTIVITY IMPROVEMENTS AND EXPAND LABOR SUPPLY IN THE MEDIUM TERM TO DRIVE A SUSTAINABLE JOBS RECOVERY FROM COVID-19**

# ความท้าทายและนโยบายเพื่อผลักดันการฟื้นฟูการจ้างงาน จากการระบาดของโควิด-19

- ▶ ผลกระทบจากการระบาดของโควิด-19 เกิดขึ้นอย่างมากในไตรมาสที่ 2 ซึ่งทำให้มีงานหายไป 340,000 ตำแหน่ง ชั่วโมงการทำงานต่อสัปดาห์ลดลง 2-3 ชั่วโมง การว่างงานในกลุ่มวัยรุ่นเพิ่มขึ้นร้อยละ 9 ค่าจ้างลดลงร้อยละ 1.6
- ▶ ตลาดแรงงานกลับมาฟื้นตัวในไตรมาสที่ 3 และช่วงแรกของไตรมาสที่ 4 นั่นคือจำนวนงานเพิ่มขึ้น 850,000 ตำแหน่ง และชั่วโมงการทำงานเพิ่มขึ้น แต่ยังคงมีจุดอ่อนอยู่ คือ ชั่วโมงการทำงานและค่าจ้างภาคเกษตรยังคงต่ำกว่าระดับปี 2562
- ▶ จุดอ่อนที่เกิดขึ้นจากการระบาดของโควิด-19 มีความซับซ้อนยิ่งขึ้น จากความท้าทายเดิมของตลาดแรงงาน ได้แก่ การมีส่วนร่วมของกำลังแรงงานที่ลดลง การเติบโตของการจ้างงานที่อ่อนแอ แรงงานนอกระบบที่สูง และในระยะกลางยังมีภาวะประชากรสูงอายุ
- ▶ นโยบายที่ปกป้องและสนับสนุนการจ้างงานในระยะสั้นและอำนวยความสะดวกในการเพิ่มผลิตภาพของแรงงาน รวมทั้งการเพิ่มจำนวนแรงงานในระยะกลางจะช่วยส่งเสริมการฟื้นฟูของการจ้างงานได้อย่างต่อเนื่องจากผลกระทบที่เกิดจากการระบาดของโควิด-19 ภายใต้ภาวะประชากรสูงอายุ

# COVID-19 had a significant impact on the labor market in the first half of 2020 with a recovery in the second half

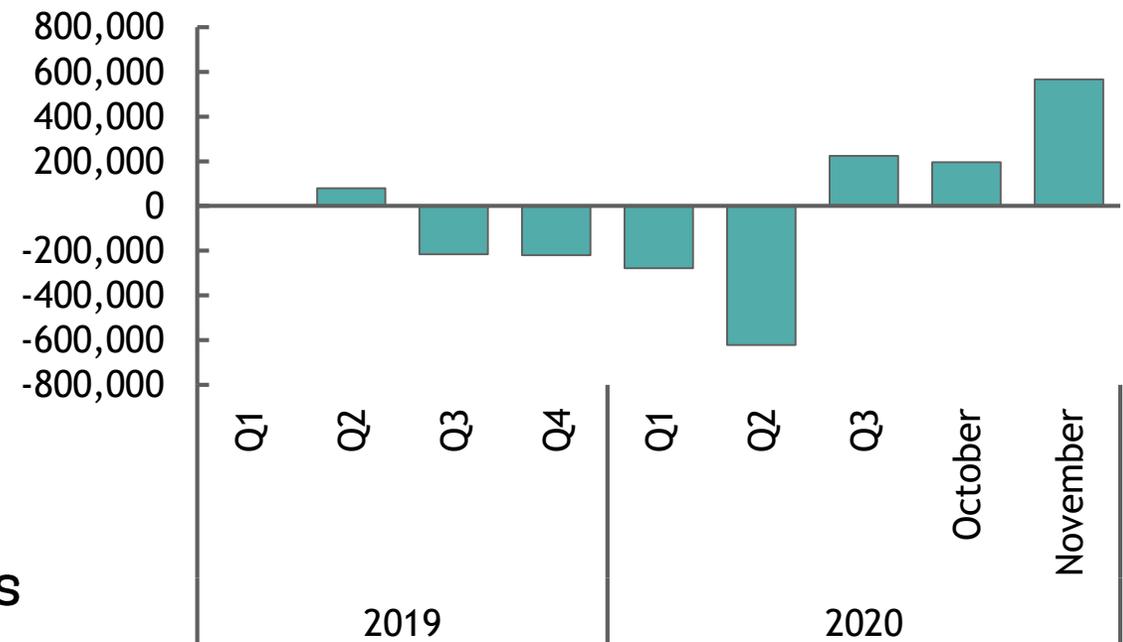
The main impacts were seen between Q1 and Q2 of 2020...

- 340,000 net jobs lost and hours worked fell (~3 hours for women and 2 for men)
- Private sector wages fell 1.6% (mostly in Agriculture)

...before a tentative recovery took hold in Q3 and the first 2 months of Q4.

- Employers added nearly 850,000 net jobs in Q3 and more in November
- Hours worked increased

Change in total employment relative to Q1 2019



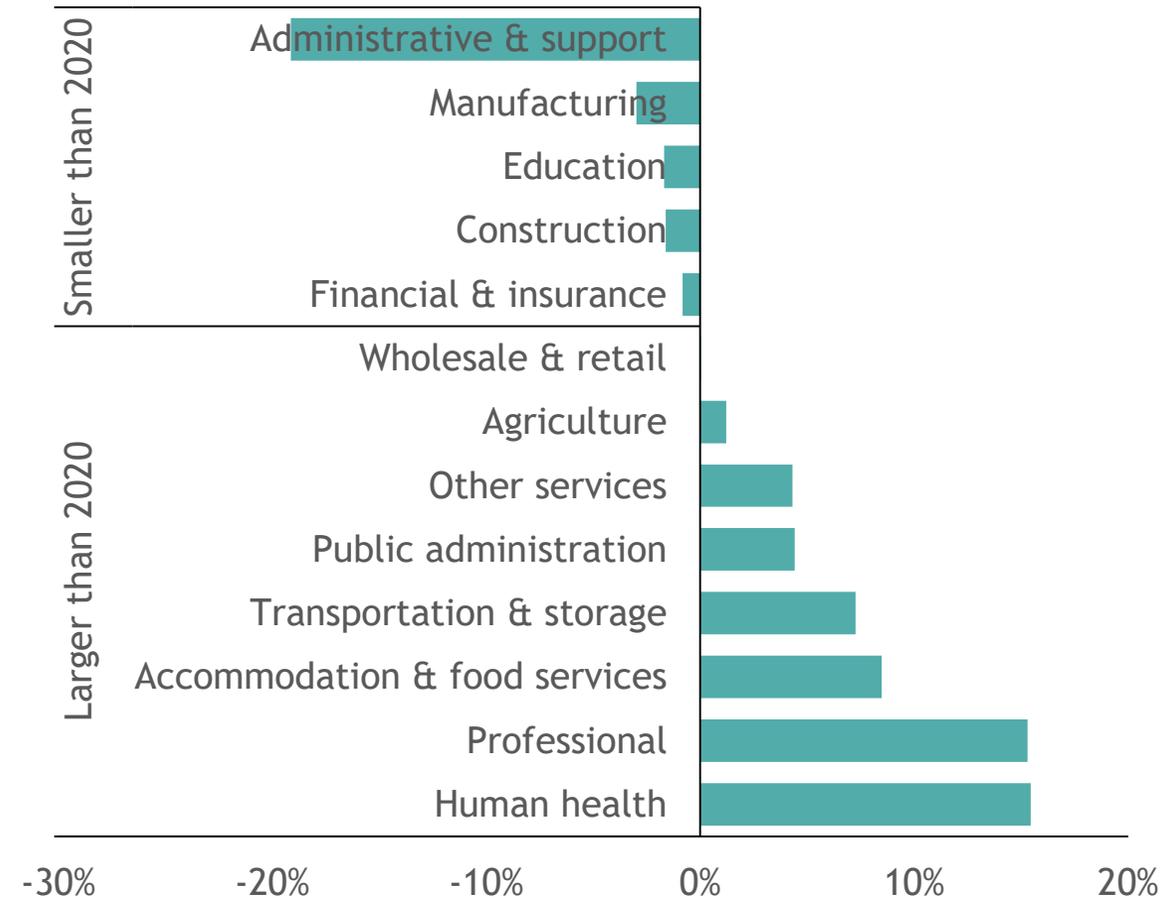
Source: Thailand Labor Force Survey 2019–2020

# But vulnerabilities remain as Thailand confronts a resurgence of COVID-19

Not all indicators suggest a full labor market recovery at the end of 2020

- Hours worked were still lower than a year earlier in November
- Several sectors, including Administrative and Support Services and Manufacturing, have fewer jobs than last year

Change in year-over-year employment, Nov 2019–Nov 2020



Source: Thailand Labor Force Survey 2019–2020

# The COVID-19 outbreak has exacerbated pre-existing labor market challenges

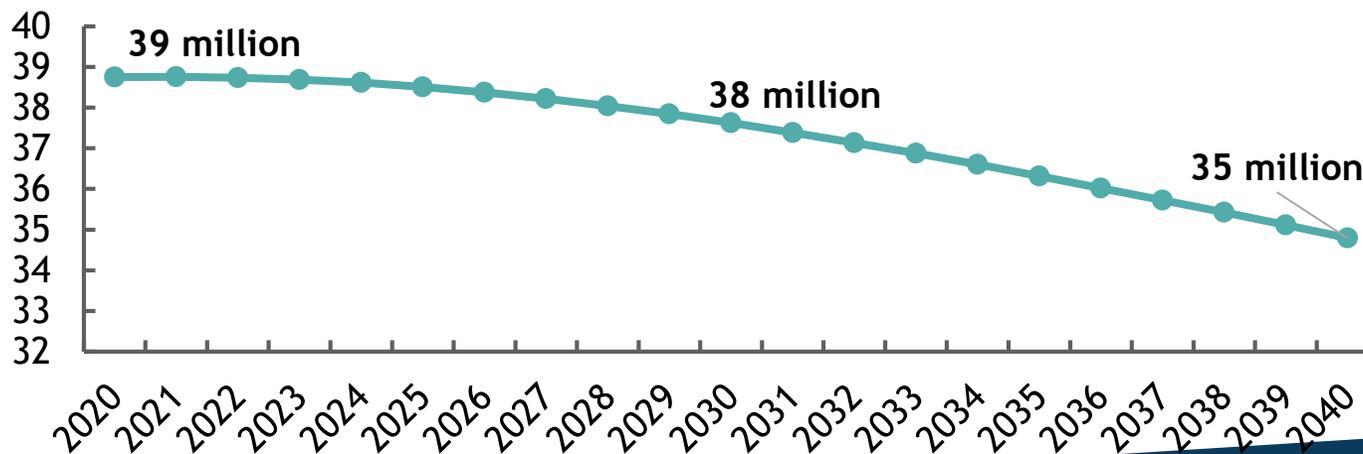
Thailand's labor market faced weaknesses before the COVID-19 outbreak...

- Weak job growth (zero or negative growth since 2013 except 2018)
- Prevalence of low-quality jobs (54% of jobs are informal)

Population aging will cause the supply of labor to contract

- The working age share of the population began shrinking in 2010

*Projected labor force (millions) given population aging, 2020-40*



Note: Assumes constant participation rates.

Source: Thailand Labor Force Survey and UN (2019)

# A sustainable jobs recovery to the COVID-19 outbreak will require policies to address short- and longer-term challenges

Policy area	Policy response
Protect and promote jobs in the short term	<ul style="list-style-type: none"> <li>• Expand employment retention policies</li> <li>• Link skills and self-employment training to financial support</li> </ul>
Stimulate productivity gains	<ul style="list-style-type: none"> <li>• Transition to results-oriented workforce development to fill skills gaps</li> <li>• Deploy upskilling/reskilling programs in growing sectors (e.g. old-age care)</li> </ul>
Increase female labor force participation	<ul style="list-style-type: none"> <li>• Improve access to childcare</li> <li>• Tailor training programs to women</li> </ul>
Extend working lives	<ul style="list-style-type: none"> <li>• Consider increasing the retirement age</li> <li>• Promote flexible working arrangements and age-friendly workplaces</li> </ul>

# Q&A

# BACKGROUND

# Implementation of Key Fiscal Measures under the 1-Trillion-Baht Emergency Decree

	Planned amount (Bln baht)	% GDP	Approved amount (Bln baht)	Disbursed amount (Bln baht)	Target recipients (Mln)	Total recipients (Mln)
<b>Relief measures for households, farmers, entrepreneurs</b>	<b>555.0</b>	<b>3.29</b>	<b>365.66</b>	<b>310.59</b>		
5,000 Baht cash transfer to the informal workers for 3 months - “No-One Left Behind”	170.0	1.01	170.0	<i>n/a</i>	16.00	15.30
Farmer assistance of 5,000 Baht for 3 months	150.0	0.89	150.0	114.31	10.00	7.59
1,000 Baht cash transfer to the state welfare card holders for 3 months	3.49	0.02	3.49	3.49	1.16	1.16
1,000 Baht cash transfer to the vulnerable groups for 3 months	20.35	0.12	20.35	20.35	6.78	6.78
Top-up of the state welfare card holders of 500 Baht for 3 months	20.92	0.12	20.92	<i>n/a</i>	13.95	<i>n/a</i>
15,000 Baht cash transfer to the formal workers by Social Security Office	0.89	0.01	0.89	0.89	0.059	0.059
Available for additional (as yet unannounced) measures	189.34	1.13				

# Implementation of Key Fiscal Measures under the 1-Trillion-Baht Emergency Decree

	Planned amount (Bln baht)	% GDP	Approved amount (Bln baht)	Disbursed amount (Bln baht)	Target recipients (Mln)	Total recipients (Mln)
<b>Recovery and rehabilitation measures</b>	<b>400.0</b>	<b>2.37</b>	<b>120.07</b>	<b>9.73</b>		
“We Travel Together” Program	20.0	0.12	20.0	<i>n/a</i>		
Uplifting large agricultural plots with new technology and market integration	13.9	0.08	13.9	<i>n/a</i>	0.26	
Co-payment program of not more than 3,000 Baht/person	30.0	0.18	30.0	9.22	10.0	8.77
Promotion of employment on new graduates in public and private sectors	19.46	0.12	19.46	<i>n/a</i>	0.26	
Other approved measures	36.69	0.21	36.71	<i>n/a</i>		
Available for additional (as yet unannounced) measures	279.93	1.66				

# Thailand's economic response packages are unprecedented in terms of size, coverage and variety of instruments

## Summary of Thailand's policy responses

	Billion baht	% GDP	Discretionary fiscal	Budget FY2020	SFIs and SSO measures	BOT credit measures	Notes
<b>Relief measures in Phase 1</b>							
Soft loans by Government Savings Bank	150	0.89			x		
Soft loans to promote employment by Social Security Office	30	0.18			x		
Measures to assist people affected by the COVID-19 from central fund	20	0.12		x			The government agencies propose aid measures for those affected by COVID-19 such as reducing service fees or rental for tenants or lowering management cost to employ more staffs.
Measures to postpone principal payments, reduce interest and extend repayment period for debtors affected by COVID-19						x	
<b>Relief measures in Phase 2</b>							
Emergency loans without collateral by GSB and BAAC	40	0.24			x		
Special loan with collateral by GSB	20	0.12			x		
Loans to the Office of the Government Pawnshop by GSB	2	0.01			x		
Loans to support SMEs by Small and Medium Enterprise Development Bank	10	0.06			x		

# The response packages are unprecedented for Thailand in terms of size, coverage and variety of instruments (continued)

## Summary of Thailand's policy responses (continued)

	Billion baht	% GDP	Discretionary fiscal	Budget FY2020	SFIs and SSO measures	BOT credit measures	Notes
<b>Relief measures in Phase 3</b>							
Ministry of Finance Decree to borrow to fund the government's relief cash transfers, medical response and economic and social rehabilitation in the aftermath of the COVID-19 pandemic.	1,000	5.92	x				555 billion baht has been budgeted for cash transfers to vulnerable households while 400 billion baht has been earmarked for projects to create jobs and build infrastructure in local communities. The tourism stimulus packages worth 22.4 billion baht will be funded from the 400 billion baht plan.
Bank of Thailand Decree to provide soft loans to SMEs via commercial banks and Specialized Financial Institutions (SFIs).	500	2.96				x	As of 15 June 2020, disbursement stood at 82.7 billion baht or 16.5% of total credit limit.
Bank of Thailand Decree to stabilize the financial market by setting up Corporate Bond Liquidity Stabilization Fund (BSF)	400	2.37				x	
<b>Total relief measures</b>	<b>2,172</b>	<b>12.87</b>	<b>5.9</b>	<b>0.1</b>	<b>1.5</b>	<b>5.3</b>	<b>-</b>

# Thank You

More information,

Please visit our web site at [www.worldbank.org/th](http://www.worldbank.org/th)

Thailand Economic Monitor series [www.wbg.org/tem](http://www.wbg.org/tem)