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Thailand's Economic Projections for 2025

"The Thai economy is projected to expand by 2.1 percent in 2025, as a result of the United States' import tariff policy and the global economic slowdown. Accordingly, risk factors related to international trade, financial markets, capital markets, and global geopolitics should be closely monitored."

Mr. Pornchai Thiraveja, Director General of the Fiscal Policy Office, and Spokesperson of Ministry of Finance (MOF), announced the economic projection for Thailand in 2025, stating that **"Thailand's economy in 2025 is projected to expand by 2.1 percent (within the range of 1.6 to 2.6 percent), mainly due to global trade pressures, particularly the impact of the United States' import tariff policy and the economic slowdown in trading partner countries."** The export value of goods in USD is expected to increase 2.3 percent (within the range of 1.8 to 2.8 percent), directly affected by the U.S. import tariff policy. However, the U.S. government's decision to postpone the enforcement of the Reciprocal Tariff policy by 90 days from April 9, 2025, and to exempt certain products such as electronic parts and computer equipment has partially mitigated the negative impact on Thai exports. The import value of goods in USD is expected to remain stable at 1.0 percent (within the range of 0.5 to 1.5 percent), in line with the demand for raw materials for export-oriented production and the decline in global crude oil prices. Going forward, the United States' international trade policy remains uncertain and subject to change, which could significantly affect the direction of the Thai and trading partners economy. It is therefore essential to closely monitor developments in the trade policies of the United States and Thailand's key trading partners.

Nevertheless, Thailand's economy in 2025 will continue to be supported by robust private consumption, which is projected to grow by 3.2 percent (within the range of 2.7 to 3.7 percent), driven by domestic purchasing power and the recovering revenue from tourism sector. The number of foreign tourist arrivals is expected to reach 36.5 million, representing a 2.7 percent year-on-year increase. Private investment is forecast to expand by 0.4 percent (within the range of -0.1 to 0.9 percent). Public consumption is expected to grow by 1.2 percent (within the range of 0.7 to 1.7 percent), while public investment is projected to grow by 2.8 percent (within the range of 2.3 to 3.3 percent), supported by the continued disbursement of the government budget and accelerated investment in public utility and infrastructure projects during the third and fourth quarters of the fiscal year 2025, continuing into the first quarter of fiscal year 2026.

Domestic stability remains stable, with headline inflation projected to be 0.8 percent (within the range of 0.3 to 1.3 percent), in line with the downward trend in oil prices. On the external front, the current account balance in 2025 is projected to record a surplus of USD 12.5 billion, equivalent to 2.2 percent of GDP, driven by a continued trade surplus.

This economic projection for Thailand is primarily based on the Base Case scenario, which assumes that the U.S. government will ease its trade policy toward Thailand and other trading partners. Accordingly, under the High Case scenario, it is assumed that the U.S. will reduce import tariffs on goods from Thailand and other countries to 10 percent. This would positively contribute to Thailand's economic growth, which is projected to increase from the Base Case to 2.5 percent (within the range of 2.0 to 3.0 percent), mainly driven by higher export growth and a recovery in industrial production in line with an expected increase in private investment, supported by improving investor confidence. Nevertheless, the Ministry of Finance will conduct a reassessment once the situation becomes more certain.

The Ministry of Finance spokesperson concluded by stating that the Thai economy continues to face pressure from the United States' import tariff measures, which impact Thailand both directly and indirectly. The direct impact stems from higher prices of Thai exports in the U.S. market, affecting their competitiveness—particularly among micro, small, and medium-sized enterprises (MSMEs) that are part of the export supply chain to the U.S. Indirect impacts arise from the global economic slowdown and the deceleration of Thailand's trading partners' economies. While some increase in foreign investment into Thailand is expected, there may also be a diversion of goods into the Thai market that would otherwise have been exported to the U.S., along with heightened volatility in financial and capital markets due to prevailing uncertainties. To mitigate these impacts, the Ministry of Finance has prepared the following response measures: 1) continue negotiations with the United States to seek mutually beneficial solutions for both parties; 2) secure funding sources to implement appropriately sized fiscal stimulus measures aligned with the situation, while also supporting vulnerable groups affected by U.S. trade policy; 3) accelerate budget disbursement during the remainder of 2025 to support economic recovery; 4) promote assistance to exporters through the Export-Import Bank of Thailand (EXIM Bank); and 5) coordinate with relevant agencies to support vulnerable groups and small businesses affected by the current situation.

However, key factors that may affect the Thai economy should continue to be closely monitored, including: 1) the United States' tariff policy and retaliatory measures by other countries—particularly China; 2) the direction of U.S. monetary policy rate adjustments; 3) the influx of goods from countries affected by tariff measures that may increasingly shift their markets to Thailand; 4) global geopolitical conflicts across various regions; 5) the relocation of investment and production bases in industries impacted by tariff policies; 6) economic volatility in Thailand's key trading partners; and 7) the potential increase in household and business debt in Thailand.

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Major Economic Assumptions and Thailand's Economic Projections for 2025

	2024	2025f	
		Avg	Range
Projections			
1) GDP Growth Rate (percent y-o-y)	2.5	2.1	1.6 to 2.6
2) Real Consumption Growth (percent y-o-y)			
- Real Private Consumption (percent y-o-y)	4.4	3.2	2.7 to 3.7
- Real Public Consumption (percent y-o-y)	2.5	1.2	0.7 to 1.7
3) Real Investment Growth (percent y-o-y)			
- Real Private Investment (percent y-o-y)	-1.6	0.4	-0.1 to 0.9
- Real Public Investment (percent y-o-y)	4.8	2.8	2.3 to 3.3
4) Export Volume of Goods and Services (percent y-o-y)	7.8	1.3	0.8 to 1.8
5) Import Volume of Goods and Services (percent y-o-y)	6.3	0.4	-0.1 to 0.9
6) Trade Balance (USD billion)	19.3	23.3	20.5 to 26.3
- Export Value of Goods in USD (percent y-o-y)*	5.8	2.3	1.8 to 2.8
- Import Value of Goods in USD (percent y-o-y)*	6.3	1.0	0.5 to 1.5
7) Current Account (billion U.S.)	11.1	12.5	9.7 to 15.3
- Percentage of GDP	2.1	2.2	1.7 to 2.7
8) Headline Inflation (percent y-o-y)	0.4	0.8	0.3 to 1.3
Core Inflation (percent y-o-y)	0.6	1.0	0.5 to 1.5
Major Assumptions			
External Assumptions			
1) Average Economic Growth Rate of Major Trading Partners (percent y-o-y)	3.3	2.7	2.2 to 3.2
2) Dubai Crude Oil Price (U.S. dollar per Barrel)	79.7	65.8	64.8 to 66.8
Policy Assumptions			
3) Exchange Rate (Baht per U.S. dollar)	35.3	34.6	33.6 to 35.6
4) Public Expenditure (Trillion Baht)	4.17	4.28	4.26 to 4.30
5) Number of foreign tourists (Million)	35.5	36.5	36.0 to 37.0

*** Note: Based on the Balance of Payments (BOP) statistical framework**

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