

THAILAND

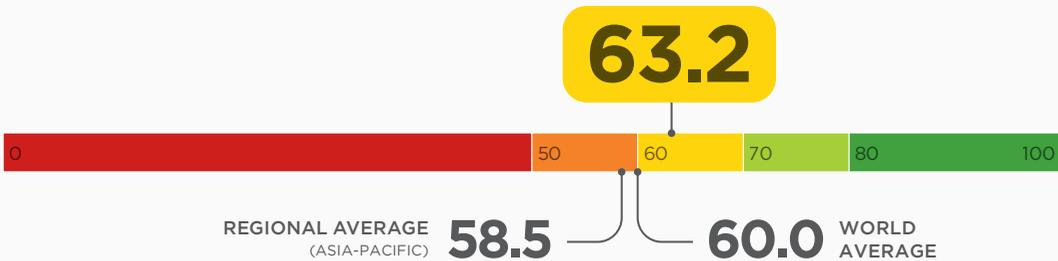
Thailand's economic freedom score is 63.2, making its economy the 70th freest in the 2022 *Index*. Thailand is ranked 13th among 39 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

During the past half-decade, Thailand's economy has gone from strong growth in 2017 and 2018 to slower growth in 2019 to contraction in 2020 and then to resumed growth in 2021. Dragged down by lower scores for **business freedom**, **trade freedom**, and rule of law, Thailand has recorded a 3.0-point overall loss of economic freedom since 2017 and has fallen from the top half to the lower ranks of the "Moderately Free" countries. Fiscal health is strong, but the rule of law is generally weak.

IMPACT OF COVID-19: As of December 1, 2021, 20,814 deaths had been attributed to the pandemic in Thailand, and the government's response to the crisis ranked 46th among the countries included in this *Index* in terms of its stringency. The economy contracted by 6.1 percent in 2020.

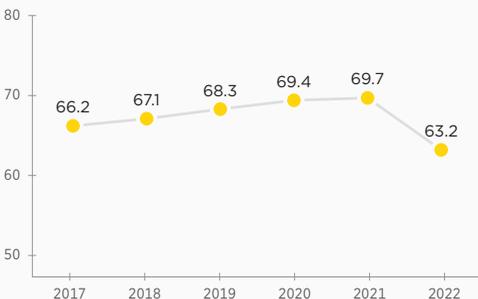
WORLD RANK: **70** | REGIONAL RANK: **13**
 ECONOMIC FREEDOM STATUS: **MODERATELY FREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -8.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
69.8 million

GDP (PPP):
\$1.3 trillion
-6.1% growth in 2020
5-year compound annual growth 1.6%
\$18,236 per capita

UNEMPLOYMENT:
1.0%

INFLATION (CPI):
-0.8%

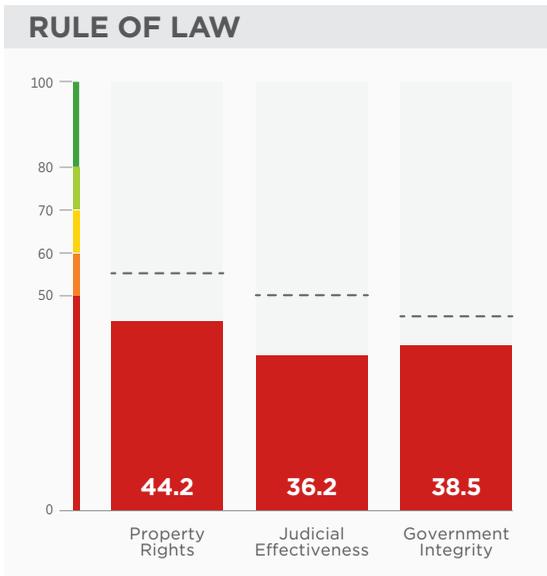
FDI INFLOW:
-\$6,100.0 million

PUBLIC DEBT:
49.6% of GDP

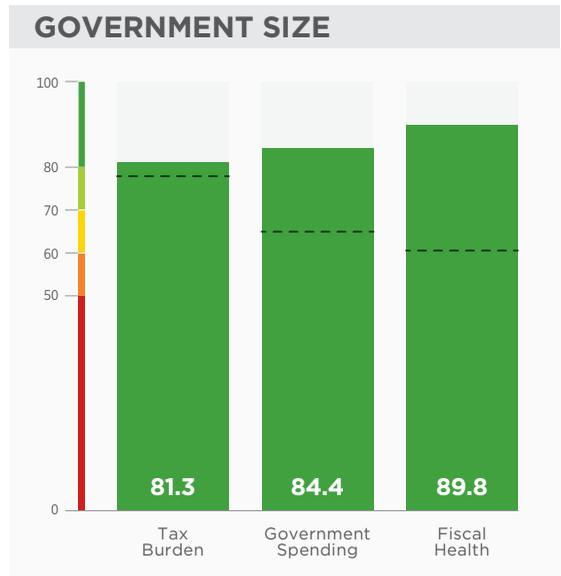
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Thailand has experienced 19 military coups since becoming a constitutional monarchy in 1932. The period since 2006 has been particularly turbulent and in 2014 resulted in a coup led by former army commander and current Prime Minister Prayut Chan-ocha. National legislative elections held in March 2019 solidified the power of the junta-aligned Phalang Pracharat party. After the death of long-ruling and much-loved King Bhumibol Adulyadej, his son, King Maha Vijiralongkorn, was crowned in 2019. In a rare challenge to the monarchy, pro-democracy protests that began early in 2020 have continued. Thailand's free-market economy benefits from relatively well-developed infrastructure. Exports of electronics, agricultural commodities, automobiles and parts, processed foods, and other goods account for approximately two-thirds of GDP.

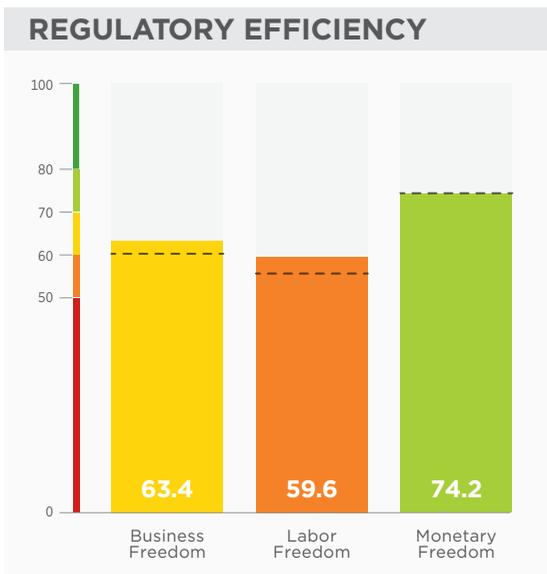
12 ECONOMIC FREEDOMS | THAILAND



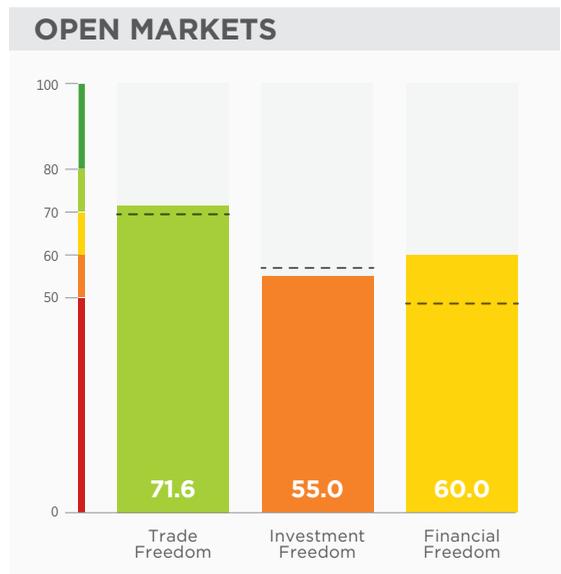
Property rights are guaranteed by law, and secured interests and contractual rights are generally well enforced. The judiciary is constitutionally independent. In practice, however, the courts are politicized, and corruption is common in the judicial branch. Anticorruption legislation is inadequately enforced, and bribes, gifts, cronyism, and nepotism are widespread in business, law enforcement, and the legal system.



The top individual income tax rate is 35 percent, and the top corporate tax rate is 20 percent. Other taxes include value-added and property taxes. The overall tax burden equals 15.8 percent of total domestic income. Government spending has amounted to 22.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.8 percent of GDP. Public debt is equivalent to 49.6 percent of GDP.



In drafting regulations, the government is known to consult more with NGOs than with owners of businesses. The “regulatory guillotine” initiative launched in 2017 to cut red tape has improved business freedom at a slow pace. Low birth rates, an aging population, and a skills mismatch cause shortages of skilled and unskilled workers. The government is scheduled to finish the phaseout of ethanol and biodiesel price subsidies in 2022.



Thailand has 14 preferential trade agreements in force. The trade-weighted average tariff rate is 6.7 percent, and 245 nontariff measures are in effect. Measures such as abolishing regulations on minimum capital for foreign firms have been adopted to facilitate foreign investment, but foreign ownership in some sectors remains capped. The financial system has undergone restructuring, and the stock exchange is active and open to foreign investors.