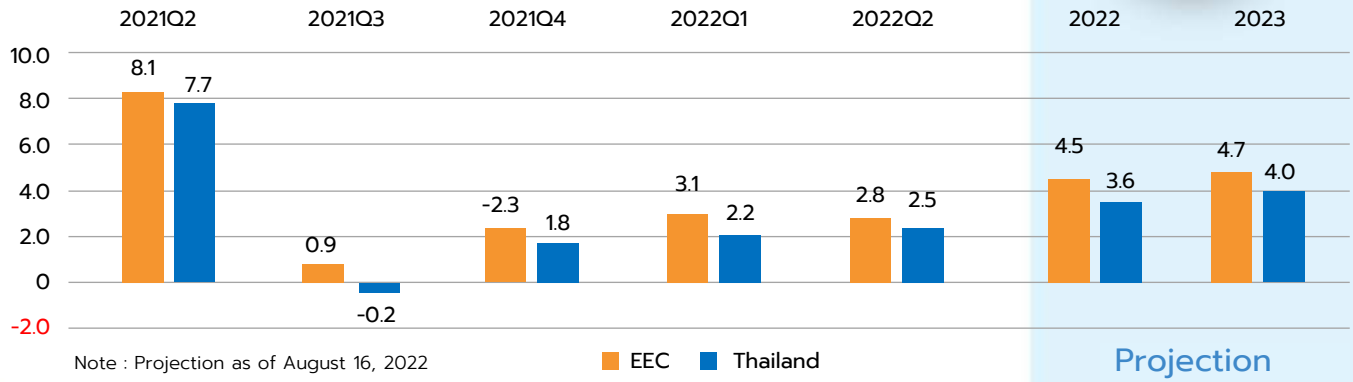
Thailand and EEC Focus

Q2 / 2022

Economic Growth Rate



Note : Projection as of August 16, 2022

Positive Factors

- Loosening Covid-19 restrictions, reopening policy for foreign tourists and domestic tourism promotion have resulted in a continuous recovery of tourism.
- The rise of manufacturing worker and farmer incomes boost domestic consumption growth.
- The global economy continues to recover, enabling Thai exports to grow well.

Negative Factors

- The domestic consumer prices are high and, on the rise, as raw material and energy prices increase.
- The conflict between Russia and Ukraine, including the global supply chain disruption leads to the global economy slowdown.

Thai Economy in Q2 2022

In Q2/2021, the Thai economy expanded 2.5% and 0.7% after seasonally adjusted from the previous quarter.

- **Private consumption grew well**, accelerating from the previous quarter, due to gradually easing infection control measures, resulting in normal consumption behavior, and a rise of income.
- **Exports grew at a slower rate** due to the slow-down of the global economy and major trade partners.
- **Private investment grew at a slower rate**, driven by investment in equipment and machinery, while investment in construction dropped, which was in line with weakening business confidence.
- **Government spending dropped** since government's investment decreased and since the government's consumption fell.

EEC Economy in Q2 2022

The EEC economy in the second quarter grew by 2.8%.

- **The service sector recovered** due to the easing of Covid-19 restrictions and the reopening policy for foreign tourists. However, the conflict between Russia and Ukraine led to a temporary slowdown in the recovery of tourism.
- **The agricultural sector expanded** from the previous quarter, supported by higher prices and larger volumes of agricultural products especially durian and mangosteen
- **The manufacturing industry showed a glimpse of a slowdown**, driven by the export performance of the manufacturing sector, stemming from limitations in the global value chain and world trade.

Economy Trend in the Next Period

Thai and the EEC economies are likely to grow, yet there are risk factors.

- **The Thai and the EEC economies in 2022 are projected to grow by 3.6% and 4.5% respectively. However, they are forecasted to be 4.0% and 4.7% respectively in 2023.**
- A full reopening policy for foreign tourists, and reviving domestic consumption support the recovery of Thailand's economy and tourism. In addition, the number of foreign tourists is expected to increase to 8.4 million in 2022 and 17.4 million in 2023
- However, the prolonged Russia-Ukraine war and sanctions from leading countries still had no conclusion and caused the production costs to surge. The Russia-Ukraine war continued to be a risk factor for Thailand's economic recovery in the future. The forecast shows that inflation rate will hit 4.8% and 4.3% in 2022 and 2023 respectively.

www.eeco.or.th info@eeco.or.th EEC WE CAN โครงการเขตพัฒนาพิเศษภาคตะวันออก - EEC +66 2033 8000

Corporate Strategy Division

Thailand and EEC Focus

Q2 / 2022

EEC Economic Outlook in 2022



Exports

Exports grow vigorously, but at a slower rate, as our trading partners show signs of a slowdown. Thailand's exports are expected to grow by 15.9 % this year. Consequently, exporting manufacturing and the EEC economy tend to expand. Still, the problem of supply chain disruption persisted in Q2 and led to a contraction of motor vehicles and parts exports. This could become a risk factor for the recovery of related sectors.



Private Consumption

The growth of private consumption is accelerating and is estimated to reach 2.7% due to the relaxation of infection control measures, high level of vaccination coverage, the recovery of exporting manufacturing and decent prices of agriculture products. As a result, incomes of workers in the manufacturing sector and farmers increase and, hence, spending and domestic economic activities recover well.



Private Investment

Private investment is likely to rise at a slower pace and is expected to grow by 3.3%. In the second quarter investment in machinery and equipment expanded, while investment in construction declined. Investment in construction was affected by cost of construction materials, which continuously increased and was on a rising trend. Consequently, the number of applications for investment promotion in the EEC was down to 217 projects worth THB 104,580 million, falling by 17% compared to the same period last year.



Number of Tourists

The number of foreign tourists continues to rise and is estimated to be 8.4 million this year. Key supporting factors include Thailand's full reopening policy for foreign tourists, easing infection control measures and domestic tourism promotion policy. These measures will enable the tourism sector to recover further.

Future Risks



The risk of the spread of COVID-19 which newly cases are still high, and the Monkeypox virus which number of infectant increases overtime and has risk to mutation.



The uncertainty of geopolitics where the event of a prolonged Russian-Ukraine war or additional sanctions on Russia caused prices of commodity, energy and oil prices to become higher. The event of US and China may become more violent and may aggravate global supply chains problems.



The volatility in global financial market and international capital flows prompts the central banks in various countries to change their policy stance by hiking their policy interest rate quickly. This, in turn, leads to the fluctuation in financial markets as well as exchange rate.



The high level of private debts and possible burden from rising interest rates could jeopardize the recovery of domestic demand. On the other hand, the labor market has not fully recovered with a rather high unemployment rate.

www.eeco.or.th info@eeco.or.th EEC WE CAN โครงการเขตพัฒนาพิเศษภาคตะวันออก - EEC +66 2033 8000

Corporate Strategy Division

Thailand and EEC Focus

Q2 / 2022

Thailand and EEC Economic Projection

Thailand and EEC Economic Projection

Growth Rate %YoY	2020		2021		2022f		2023f	
	Thailand	EEC	Thailand	EEC	Thailand	EEC	Thailand	EEC
Real GDP	-6.2	-7.1	1.5	3.3	**3.6**	**4.5**	**4.0**	**4.7**
Agriculture	-3.5	-1.3	1.0	2.4	1.9	2.3	1.9	4.3
Industry	-5.9	-6.0	3.4	3.8	1.1	1.8	1.6	3.8
Services	-6.7	-9.9	0.7	-0.4	4.9	9.7	5.4	6.7

Investment Promotion
(Cumulative Value of Applications Received)

Targeted Area	Number of Projects		Investment Value (Million Baht)	
	Jan - Jun 2021	Jan - Jun 2022	Jan - Jun 2021	Jan - Jun 2022
Thailand	757	784	379,520	219,710
EEC (Million Baht)	226	217	126,390	104,850
(%YoY)		-3.98		-17.04
Rayong (Million Baht)	106	86	64,320	85,500
(%YoY)		-18.87		32.93
Chonburi (Million Baht)	91	110	40,690	16,690
(%YoY)		20.88		-59.98
Chachoengsao (Million Baht)	29	21	21,380	2,660
(%YoY)		-27.59		-87.56
Share of EEC compared to the whole country	29.85	27.68	33.30	47.72

Source: BOI as of May 4, 2022

Newly Operating Factories in EEC

Province	Q4/2021		Q1/2022		Q2/2022	
	No. of Factories	Value (MB)	No. of Factories	Value (MB)	No. of Factories	Value (MB)
Chachoengsao	23	1,519	24	679	11	2,043
Chonburi	46	3,020	49	3,785	42	2,270
Rayong	30	1,446	26	1,496	16	4,596
EEC	99	5,985	99	5,960	69	8,909

Source: Department of Industrial Works

www.eeco.or.th info@eeco.or.th EEC WE CAN โครงการเขตพัฒนาพิเศษภาคตะวันออก - EEC +66 2033 8000

Corporate Strategy Division