

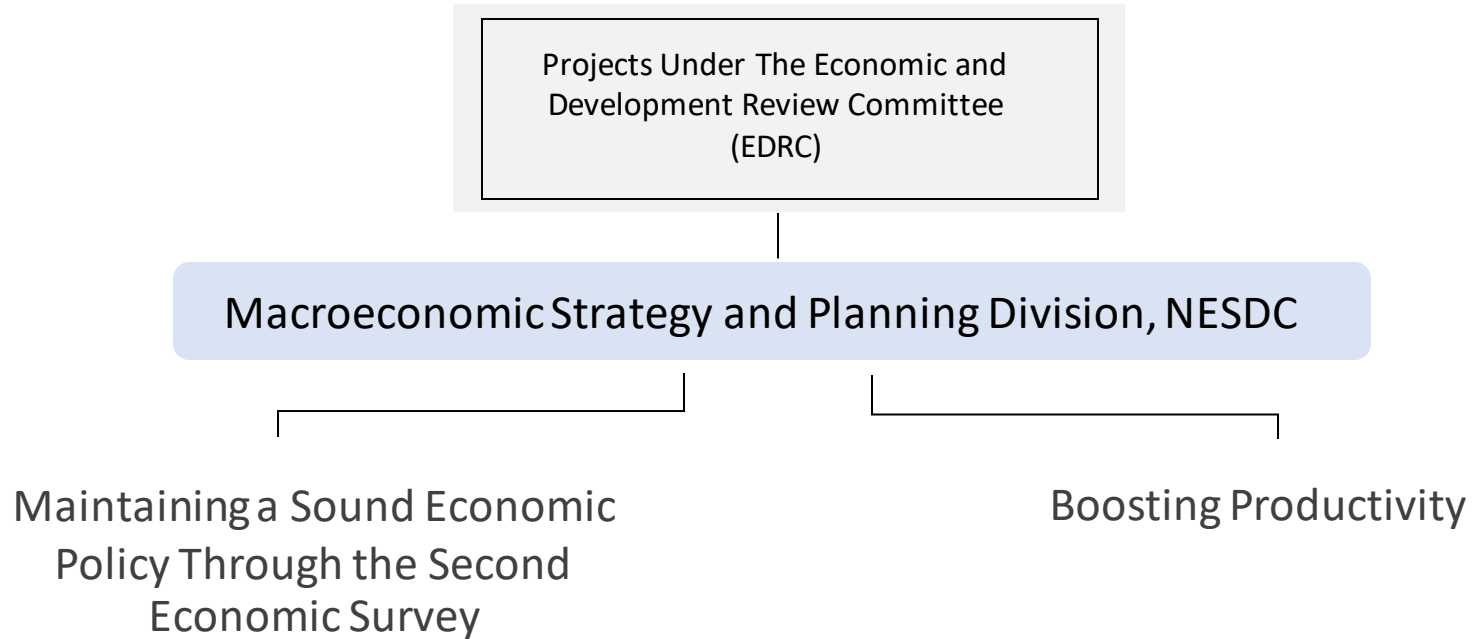
The OECD Thailand Country Programme Phase II

BETTER POLICIES
FOR BETTER LIVES

1 May 2025

PEERAPAT TANDAVANITJ

Thailand's Country Program II



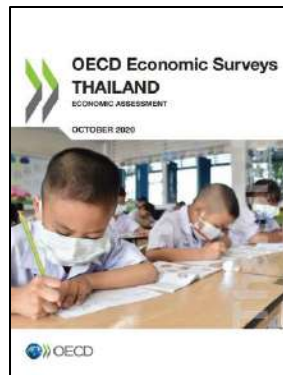
1. Economic Survey



OECD Economic Surveys are periodic reviews of member and non-member economies (Once every 2 years). Each Economic Survey provides a comprehensive analysis of economic developments, with chapters covering key economic challenges and policy recommendations addressing these challenges.

The Importance of Economic Survey

1	Benchmarking readiness
2	Identifying reforms
3	Credibility and trust
4	Policy alignment
5	Monitoring progress



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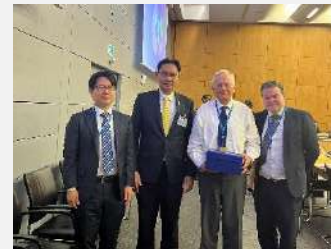


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1. Economic Survey II



oecd/thailand



Structural Mission

Policy Mission

EDRC of Thailand

Launching Event

1. Economic Survey II: Key Findings



2 Chapters

Chapter 1:

Key Policy Insights

Chapter 2:

Pursuing a strong and inclusive green recovery

Pursuing robust
and sustainable
growth

Enhancing the
Business Climate and
Strengthening Public
Integrity

Improving Job
Opportunities and
Social Protection

Designing effective
policies for the green
transition

Main Findings

- Inflation has fallen below the target range as monetary policy has tightened. Upside risks include the ongoing recovery and supply pressures from El Niño and geopolitical uncertainties.
- Fiscal buffers have declined, while population ageing and the green transition will require additional resources. Public debt has reached 61% of GDP.
- Tax revenues remain low due to narrow tax bases. A planned new property tax still awaits implementation. VAT was cut from 10% to 7% in 1997 and has stayed there.
- Competition remains limited in some sectors and entry barriers are high.
- Despite considerable progress in trade facilitation, fees and charges remain an obstacle to international trade. Bilateral agreements have been key for integration.
- Corruption indicators imply room for improvement. Anti-corruption agencies are decentralised without a focal point and the referral process among public integrity agencies is discretionary and lengthy.
- Around half of the workforce is in informal employment, with no contributions to and no coverage by social security benefits.
- The job recovery among young people is lagging behind.
- A social pensions programme has allowed substantial increases in pension coverage, but benefit levels are below the extreme poverty line.
- A new transfer programme established in 2017 delivers well-targeted benefits electronically and has alleviated poverty.
- Elderly people are struggling to find formal jobs and there is no legislation to ban job discrimination based on age.
- Many ministries and agencies are involved in the design of environmental policies, making intra-governmental policy coordination complex.
- Carbon prices are low compared with OECD countries. Plans for the introduction of a mandatory emission trading system still lack important details.
- Although energy subsidies are small, a cap on diesel prices weakens the effect of market prices and fossil fuel tax.
- Thailand's environmental policies operate mostly on a voluntary basis.
- Renewable power generation has advanced rapidly, mostly due to small scale producers, but the share of renewables remains low.
- The electricity market is dominated by state-owned enterprises
- A range of tax incentives for research and development is offered, but support to SMEs may not be sufficient compared with other countries.

Key Recommendations

- Maintain the current monetary stance while closely monitoring remaining inflationary pressures.
- Phase out remaining emergency measures. In the medium term, raise more tax revenues, reduce energy subsidies, and increase spending on social protection, education, and the green transition.
- Implement broad tax reform, including: Expand personal income tax base/ Implement the property tax/ Return VAT to 10% / Improve tax compliance
- Revive the comprehensive review of existing regulations
- Further improve trade facilitation by reducing fees and charges. Expand preferential trade agreements, including Thailand-EU FTA and the CPTPP
- Continue efforts to prevent and fight corruption and foster coordination among anti-corruption agencies.
- Take comprehensive measures to reduce informality
- Expand active labour market policies for young people
- Consider raising benefit levels of the Old Age Allowance, while continuing to strive for full coverage of all elderly persons in need.
- Strengthen targeted support for vulnerable households and improve targeting, building on a rising number of State Welfare Card registrations.
- Prohibit job discrimination based on age and ensure effective enforcement.
- Give a strong mandate to the newly created leading environmental agency, notably for the monitoring and surveillance of policy progress.
- Introduce a mandatory cap-and-trade system, complemented by a carbon tax for the remaining sectors, consistent with the planned emission trajectory to net zero.
- Allow retail fossil fuel prices to fluctuate more freely, while gradually phasing out the price cap on diesel.
- Make environmental regulations more stringent.
- Promote the use of renewable energy sources in large-scale producers through public tenders and renewable energy certificates.
- Reduce private entry restrictions in the retail electricity market.
- Allow carry-forward of unused allowances for research and development tax incentives.

Economic Survey III



4 Chapters

Chapter 1: Maintaining macroeconomic stability

Chapter 2: Strengthening business-sector productivity

Chapter 3: Tackling informality

Chapter 4: Adapting to a warmer and more volatile climate

Why It Mattered for Accession?

- The Survey showed **Thailand's commitment to transparency and reform**.
- It provided **clear benchmarks** for the country to improve in key areas aligned with OECD principles.
- It helped Thailand **prioritize reforms** that directly affected its eligibility for OECD membership.
- The findings informed **technical reviews by OECD committees**, which made the final recommendation to admit Thailand.

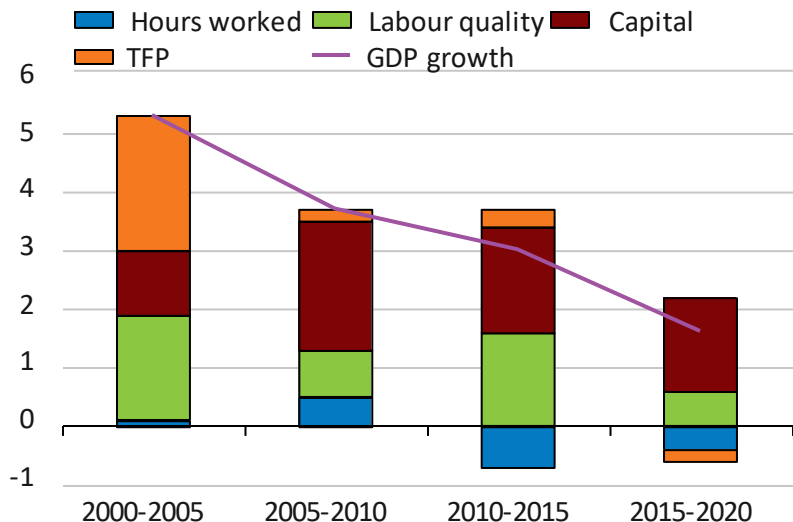


Thailand needs to be approved by OECD committee reviews as part of its accession process.
The Thailand Economic Survey III is scheduled to evaluate by the EDRC on September 16, 2025

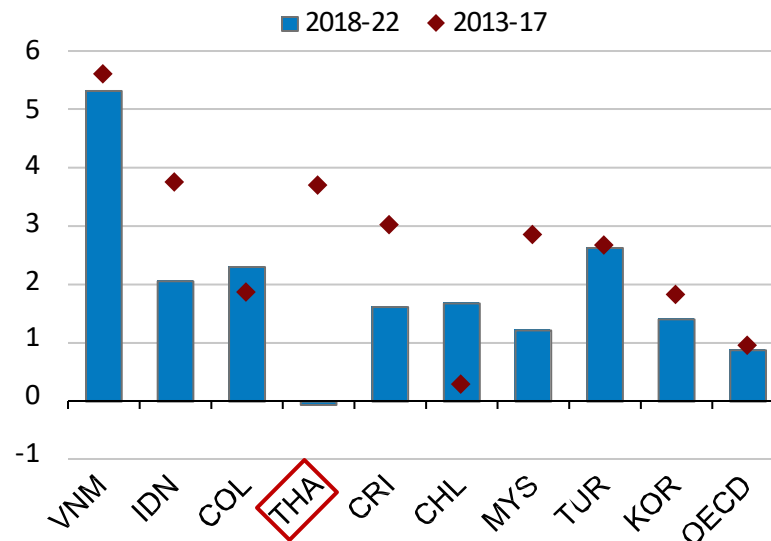
2. Boosting productivity: Concept and Key Research Question

Thailand's productivity growth has declined and continues to be held back by structural barriers

A. Factors contributing to the Thai GDP growth, annual average, %



B. Total economy labour productivity growth, annual average, %



Note: B. Countries sorted from left to right by ascending GDP per capita (US dollars per person, PPP converted)

Source: A: OECD Economic Survey of Thailand (2023^[2]) based on Asian Productivity Organisation, APO Productivity database 2022; B: OECD Productivity Statistics.

Boosting productivity: Key Findings

Thailand has a rich network of pro-productivity institutions, but co-operation is limited

Economy-wide data, indicators and analysis

Office of the National Economic and Social Development Council

- Gather and aggregate national accounts
- Calculate capital stock and overall productivity trends
- Develop socio-economic development strategy

National Statistical Office

- Maintain macro statistical data
- Conduct surveys, incl. labour force
- Maintain censuses

Sector/policy area-specific data, indicators and analysis

Ministries

Agriculture and cooperatives

- Collect data on agricultural productivity
- Analyse productivity in agricultural sector

Higher education, science, research and innovation

- Collect firm-level data on R&D activity and innovation
- Analyse R&D and economic implications

Labour

- Provide indicators on aggregate labour productivity
- Analyse labour productivity across sectors and industries

Industry

- Collect plant-level productivity data
- Analyse manufacturing productivity

Research and analysis

Central bank

Bank of Thailand and PIER Institute

- Analyse productivity to inform monetary policy
- Conduct firm-level research on productivity trends and drivers

2. Boosting productivity: Key Findings

Analysis and policy advice focus more heavily on capabilities than on incentives

Frequency of policies in the recommendations of Thai pro-productivity institutions

Capability			Non-financial incentive	
Labour channel (e.g. promoting life-long learning, strengthening education system)	Capital channel (e.g. providing quality infrastructure and reducing barriers to private investment)	MFP channel (e.g. knowledge creation by funding public research, diffusion through FDI liberalisation)		For reallocation (e.g. fostering business dynamism by reducing barriers to entrepreneurship and improving insolvency regimes)
			Strengthening competition (e.g. through product market regulation reform, easing barriers to service trade)	Others (e.g. improving intellectual property regimes)
			Financial incentive	
			Fiscal and public procurement (e.g. tax credit for R&D, subsidies for technology adoption)	

Note: The figure shows the frequency of policies mentioned in the reviewed recommendations with a focus on public policy. Each recommendation is weighted based on the total number of recommendations in the source publication, assigning proportionately higher weight to publications with fewer recommendations.

Source: OECD elaborations based on (André and Gal, 2024) and the publications of Thai pro-productivity institutions.

2. Boosting productivity : Policy Recommendations

Strengthen the relevance of policy advice and develop a dedicated national productivity agenda, in tandem with enhancing productivity analysis at both macro and micro levels.

Pro-productivity policy recommendations

- **Apply the suggested productivity framework** to select suitable public policies to address identified productivity determinants.
- **Make recommendations specific** and assign responsible institutions.
- **Engage stakeholders** by discussing with recipients in advance and raising stakeholder awareness.
- **Integrate the agenda** into the 14th National Development Plan.
- **Ensure that the productivity agenda is specific** and comprehensive drawing on the council's expert analysis, advice and evaluations related to the current 13th Plan.

Macro-level

- **Enhance productivity measurement** by using international standards to measure both outputs and inputs.
- **Coordinate the dissemination of productivity indicators:** centralised access (e.g. GDC).
- **Provide in-depth analysis**, particularly in industry level.

Micro-level

- **Enhance measurement via data linkages:** unique business id, creating a SBR.
- **Streamline micro-data access** by enabling centralized sharing through physical sites and remote access.
- **Conduct granular analysis:** firm productivity, reallocation, business dynamics.

Thank You