

NESDB cuts GDP growth forecast to 1%

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The National Economic and Social Development Board (NESDB) has cut its 2014 growth forecast for gross domestic product to 1 per cent from its previous estimate of 1.5-2.0 per cent after GDP in the third quarter grew by just 0.6 per cent.

It has also cut its target for export growth to zero from its previous estimate of 2.0 per cent, as the economies of many of its trading partners have remained sluggish and the prices of agricultural products have dropped.

The board is also less than optimistic on next year's GDP growth, pegging it at 3.5-4.5 per cent, compared with the potential 4.5-5.0 per cent.

NESDB secretary-general Arkhom Termpittayapaisith has urged the Bank of Thailand to employ interest-rate measures to stimulate the economy.

"Personally, I could not tell you whether there is a need for a rate cut. But when the economy needs stimulus, it's a good thing if the BOT will take it under consideration to promote the economy to

expand at its full potential," he said. "We have to rush export expansion, otherwise it will definitely affect the economy, as exports contribute as much as 70 per cent of GDP."

Meanwhile, BOT spokesman Chirathep Senivongs Na Ayudhya said the NESDB's growth forecasts were lower than the central bank's expectations. Therefore the BOT will most likely trim its full-year economic-growth prediction as well next month. Its latest GDP growth estimate is 1.5 per cent.

Chirathep said the economy did begin to recover in the third quarter, and the central bank's Monetary Policy Committee believes domestic consumption has been continuing its recovery this month. Private investment expanded for the first time after contractions in the previous four quarters, which is better than what the BOT had expected. "Exports and government spending are still limited, and the real numbers are still lower than what the BOT had predicted in September. Therefore the BOT will revise down its prediction for whole-year expansion in December," he said.

Commerce Minister Chatchai Sarikulya said the government planned to go ahead with three economic strategies to prop up the economy. These are accelerating the disbursement of Bt147 billion from the fiscal 2014 budget and Bt130 billion from the fiscal 2015 budget before the end of December, assistance measures for farmers and others, and project approvals from the Board of Investment.