

## Thailand

# Thailand's economic growth slows to five-year low on weakening exports

Bangkok expected to announce \$10bn stimulus package and visa waivers for Chinese tourists



Thailand's tourism sector generates more than a fifth of the country's GDP © EPA

John Reed in Bangkok and Daniel Shane in Hong Kong 36 MINUTES AGO

Thailand's economy grew at its slowest rate in nearly five years in the second quarter, the government said on Monday, as slowing exports, a struggling farm sector and rising US-China trade tensions took their toll on south-east Asia's second-largest economy.

Gross domestic product grew 2.3 per cent in April to June compared with the same period in 2018, according to Thailand's Office of the National Economic and Social Development Council, after growing 2.9 per cent in the first quarter of this year.

The Thai government blamed flagging domestic demand and weakening export performance for the slowdown, news of which came ahead of the cabinet's expected announcement on Tuesday of a \$10bn economic stimulus package.

The [Thai baht](#) has been one of Asia's strongest performing currencies this year, hurting the competitiveness of Thai exports and its key tourism sector, which generates more than a fifth of GDP. Its farming sector is in the grip of a drought.

Thailand said on Monday that second-quarter agricultural output fell 1.1 per cent, exports dropped 6.1 per cent, and imports fell by 2.7 per cent year on year.

Veerathai Santiprabhob, governor of Thailand's central bank, said on Monday that the bank would lower its 2019 economic forecast of 3.3 per cent because of slowing growth. The Thai economy grew 4.1 per cent in 2018.

The Bank of Thailand earlier this month unexpectedly [cut the main lending rate](#) by a quarter of a percentage point amid concerns over the sluggish outlook for the Thai economy and for global trade.

“The sustained decline in export growth has spilled over to domestic demand growth,” Nomura said in a research note. The Japanese bank, which forecasts a 3 per cent growth for Thailand this year, said that given heightened uncertainty around US-China trade talks and the drought that has affected the agricultural sector, “we believe that the balance of risks to our forecast remains tilted to the downside”.

Thailand is the latest Asian country to report flagging economic growth. Singapore and Hong Kong in the second quarter both reported their worst quarterly GDP figures in more than a decade, with economists predicting that both will fall into recession later in 2019.

The Bt316bn (\$10bn) of government spending, the announcement of which is widely anticipated on Tuesday, will be aimed at reinvigorating growth. It is expected to include loans and debt forgiveness for farmers, cash handouts for poorer Thais and a visa moratorium for visitors from China and India, government officials said.

Tourist arrivals to Thailand grew by less than 2 per cent in the first half of this year, and the number of visitors from China dropped nearly 5 per cent.

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