

THAILAND ECONOMIC MONITOR

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OVERVIEW

The Economy

The economy in 2012 rebounded from the severe floods but continues to be affected by the slowdown in the global economy. Real GDP in 2012 is estimated to grow by 4.7 percent supported by the rebound in household consumption and greater investments by both the private and public sectors as part of flood rehabilitation and stimulating measures.

contract has been made by the end of 2012. Eligible cars are those below Bt1 million and with engine capacity more than 500 cc. Pick-up trucks of any engine size below Bt1 million are eligible. Each vehicle is non-transferable for 5 years. The rebate will be given 1 year from the date of purchase.

Incorporating the off-budget spending in both FY2012³ and FY2013, the overall spending envelope for FY2013 is 2.2 percent higher than that of FY2012.

in minimum wages on April 1, 2012, average wages in the country in the second and third quarters of 2012 rose by more than 10 percent year-on-year -- partly from the rise in minimum wages and partly from the tight labor market for skilled and semi-skilled workers. However, despite in the rise in wages, unemployment did not rise, but underemployment (number of workers who work less than 35 hours per week and seeking to work more) rose by 16.4 percent year-on-year in the third quarter of 2012. This is a reflection of a tight labor market in which employers adjust to the higher wages and the slower business activities by not firing workers but by reducing the number of hours demanded from each worker.

Developing higher skills is imperative not only for higher incomes and living standards for Thais, but also for Thailand to grow sustainably and inclusively. International evidence reveals a strong correlation between workplace skills and innovation, productivity, and growth. Moreover, skills are increasingly shown to have a major influence on income distribution and social mobility, not only in Thailand but across East Asia. However, major indicators of education outcomes for Thailand such as the PISA scores⁷ have shown that education outcomes for secondary school students have not improved over the last 10 years. Moreover, there is a large disparity between the outcomes in Bangkok and the other regions of Thailand with lower scores in the poorer regions of Thailand. As a result, several firm surveys in Thailand, including the World Bank's, have reported the shortage of skills⁸ is one of the biggest constraints to firm's operations. Improving skills through higher quality of education, especially in