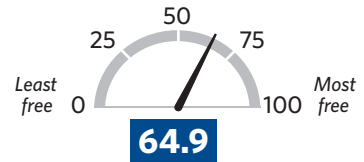


THAILAND

Economic Freedom Score



World Rank: **60** Regional Rank: **10**

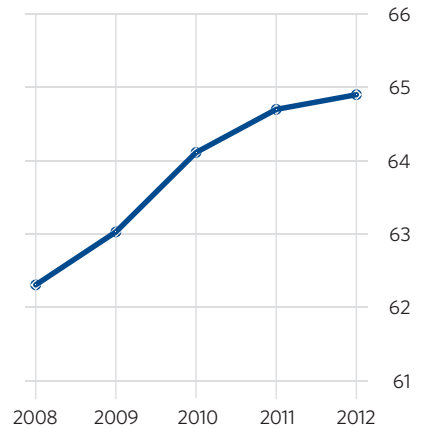
Thailand's economic freedom score is 64.9, making its economy the 60th freest in the 2012 *Index*. Its score is 0.2 point better than last year due to gains in four of the 10 economic freedoms, including business freedom and labor freedom. Thailand is ranked 10th out of 41 countries in the Asia-Pacific region, and its overall score is higher than the world and regional averages.

The Thai economy has rebounded quickly from the recent economic slowdown with strong export performance. Economic fundamentals remain relatively solid, and the main challenges are to strengthen investor confidence and move forward with institutional reforms. Lingering political instability is the major concern, undermining the investment climate and economic potential. In particular, the judicial system remains inefficient and vulnerable to political interference. Corruption, perceived as widespread, continues to be a problem.

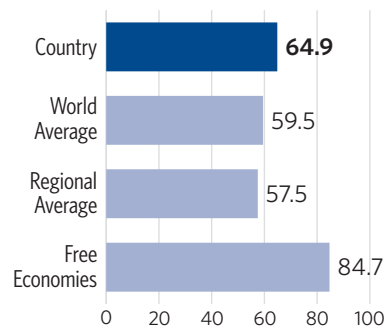
The overall regulatory framework continues to evolve gradually in ways that promote the emergence of a dynamic private sector and encourage broad-based employment growth. Thailand enjoys relatively high trade freedom, as tariff rates are modest, but the potential economic gains from trade are undercut by the absence of progress in reforming policies that restrict investment.

BACKGROUND: Thailand's turbulent political history since becoming a constitutional monarchy in 1932 includes 18 military coups. The government returned to democratic civilian control in December 2007 and after a year of political turmoil experienced a peaceful transfer of power. That government was toppled by military-supported street protests, and a pro-monarchy, pro-elite government headed by Abhisit Vejjajiva was installed. Nationwide parliamentary elections were held in July 2011, and the opposition party and vehicle for exiled leader Thaksin Shinawatra, Peua Thai, won an outright majority. About 40 percent of the population is engaged in agriculture, but a thriving manufacturing sector, including the manufacture of such high-technology products as integrated circuits, contributes significantly to export-led growth.

Freedom Trend



Country Comparisons



Quick Facts

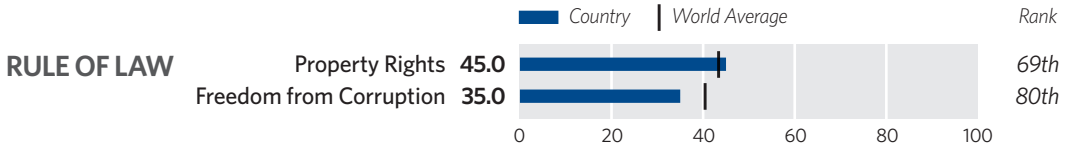
- Population:** 63.9 million
- GDP (PPP):** \$586.9 billion
- 7.8% growth in 2010
- 5-year compound annual growth 3.6%
- \$9,187 per capita
- Unemployment:** 1.2%
- Inflation (CPI):** 3.3%
- FDI Inflow:** \$5.8 billion
- Public Debt:** 44.1% of GDP

How Do We Measure Economic Freedom?

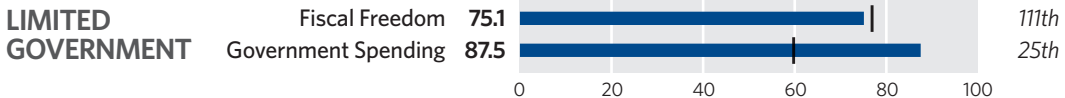
See page 455 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

2010 data unless otherwise noted.
Data compiled as of September 2011.

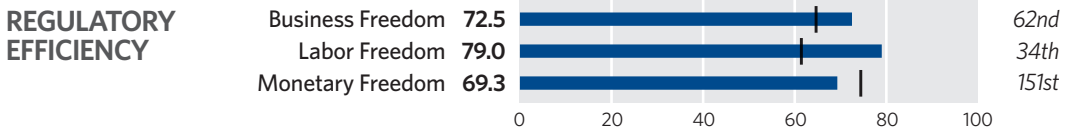
THE TEN ECONOMIC FREEDOMS



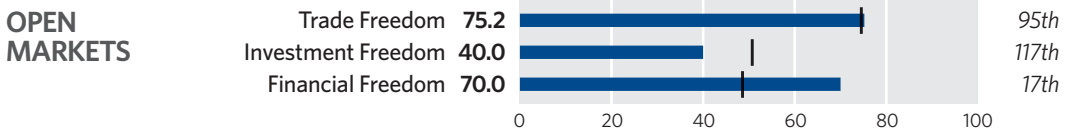
A well-functioning legal framework is not firmly in place. The judiciary continues to be vulnerable to political interference. Private property is generally protected, but the legal process is slow, and judgments can be affected through extralegal means. Infringements of intellectual property rights are substantial. In the absence of effective enforcement measures, corruption has become deeply rooted in society.



The top income tax rate is 37 percent, and the top corporate tax rate is 30 percent. Other taxes include a value-added tax (VAT) and a property tax, with the overall tax burden amounting to 14.9 percent of total domestic income. Government spending has risen to a level equivalent to 20.4 percent of gross domestic output. The budget balance has fallen into deficit, and public debt has reached around 45 percent of total domestic output.



Recent reforms have improved regulatory efficiency. With no minimum capital requirement, starting a business takes slightly less than the world average of 30 days and seven procedures. Labor regulations are relatively flexible, but informal labor activity remains substantial. Monetary stability has been maintained, but inflationary pressure lingers. The government influences prices through subsidies and state-owned utilities.



The trade weighted average tariff rate is moderate at 4.9 percent, but onerous non-tariff barriers add to the cost of trade. Although foreign direct investment is officially welcome, the government prohibits majority foreign ownership in many sectors. The overall investment regime lacks efficiency and transparency. The financial system has undergone restructuring in recent years. Capital markets are relatively well developed and dynamic.

Score Changes

RULE OF LAW		LIMITED GOVERNMENT		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	0	Fiscal Freedom	+0.3	Business Freedom	+2.6	Trade Freedom	-0.7
Freedom from Corruption	+1.0	Government Spending	-3.1	Labor Freedom	+2.7	Investment Freedom	0
				Monetary Freedom	-1.5	Financial Freedom	0