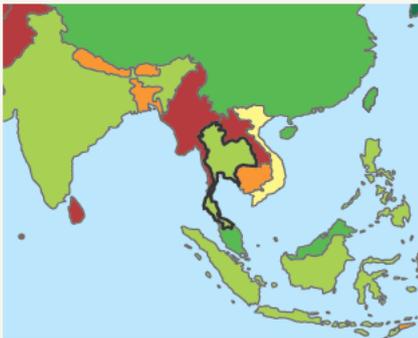


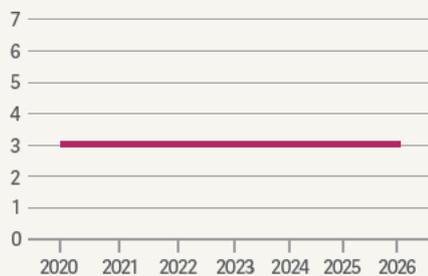
Basic facts (2025)

Population: 70 million
 GDP, nominal: USD 558 billion
 GDP/capita: USD 7 940



The country risk categories are arranged on a scale from 0 to 7. The lower the figure, the better the country's creditworthiness

Country classification history



Source: EKN

Strengths

- + Large domestic economy.
- + Credible fiscal and monetary policy framework.
- + Well-developed capital market.

Weaknesses

- Political instability.
- Low growth potential and weak productivity growth.
- High household indebtedness.
- Ageing population.

The economy exhibits different characteristics

Thailand's economic picture is twofold. With a GDP of approximately USD 545 billion, the country is Southeast Asia's second-largest economy and has advanced further in its economic development than many other countries in the region. Already in the 1980s, Thailand transitioned from a predominantly agricultural economy to an export-oriented economy with a modern manufacturing base. Poverty is low and, with GDP per capita just below USD 7,000, the World Bank has classified Thailand as an upper middle-income country since 2011.

Key macroeconomic indicators — including inflation, public debt and unemployment — have remained stable for most of the 2000s, supported by a credible fiscal and monetary policy framework. The banking sector is liquid and generally reports sound financial ratios, and the capital market is well developed. Manufacturing accounts for substantial exports of electronics, vehicles and machinery. The export sector is well integrated into global value chains, and merchandise exports correspond to just over 50 per cent of GDP. The United States (17 per cent) and China (12 per cent) are the largest export markets. Tourism constitutes another important source of revenue and accounts for 8–9 per cent of GDP.

At the same time, political tensions and structural weaknesses constrain the country's development. The economy is negatively affected by an ageing population, weak productivity growth, high household indebtedness and a strong dependence on exports and tourism. During the decade preceding the pandemic (2010–2019), Thailand recorded the lowest average growth rate in Southeast Asia, at 3.6 per cent per year.

The pandemic hit the economy hard

The large export and tourism sectors make the economy highly sensitive to global economic conditions. Pandemic-related travel restrictions resulted in a sharp decline in tourist arrivals, and GDP contracted by 6.1 per cent in 2020. Subsequently, weak external demand — primarily from China and the United States — dampened export growth. Large current account surpluses turned into deficits in 2021–2022.

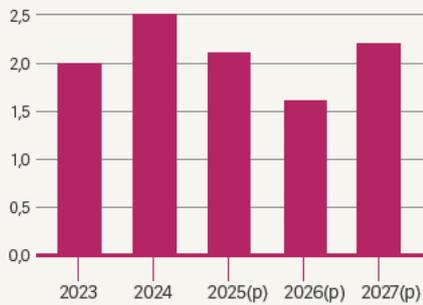
Despite this, the external position remains strong. External debt amounts to just under 40 per cent of GDP, and foreign exchange reserves correspond to slightly more than six months of imports. Given Thailand's high degree of trade openness, the reserve buffer is important as it strengthens resilience to external shocks.

The recovery remains slow

The post-pandemic recovery has been gradual. Tourism has not yet returned to pre-pandemic levels, and private consumption is constrained by high household debt. In 2025, uncertainty increased further. A long-standing border dispute with neighbouring Cambodia escalated, resulting in military clashes in contested areas. Several temporary ceasefires have broken down, and tensions between the two countries persist.

Thailand

Real GDP growth (constant prices, % per annum)



Source: IMFWEQ, Macrobond

Political uncertainty intensified further when Prime Minister Paetongtarn Shinawatra was removed from office in August 2025 following the leak of a conversation with Cambodia's former Prime Minister Hun Sen. New elections are scheduled for February 2026.

In addition, the United States imposed significantly higher tariffs on Thai goods in April 2025. Tariffs were initially raised to 36 per cent before being reduced to 19 per cent. Although Thai exports now face higher trade barriers, the ongoing tariff conflict may create some opportunities for Thailand to strengthen its position in US supply chains, as Chinese goods have been subject to even higher tariffs. This could benefit Thai exporters as US companies seek to diversify away from Chinese suppliers. However, uncertainty remains elevated and, given Thailand's substantial export exposure to the United States, the economy remains vulnerable to shifts in US trade policy.

Business environment



Ranking from 0 (worst) to 100 (best)

Source: The World Bank, Macrobond

Political instability shapes country risk

Thailand's political landscape is polarised and characterised by recurring changes of government. There are deep divisions between opposition groups and an elite with close ties to the military, as well as between the rural population ("Red Shirts") and the urban middle class ("Yellow Shirts"). Over the past two decades, tensions between these groups have repeatedly resulted in demonstrations, strikes and boycotts, at times disrupting public administration and economic activity.

Political tensions have led to two military coups in the 2000s, in 2006 and 2014. Although civilian rule was restored in 2019, the constitutional reform introduced during the junta period has ensured that the military retains significant political influence.

Persistent political uncertainty weighs on investor confidence. Foreign direct investment inflows have declined from 6.9 per cent of GDP in 2013 to 2.8 per cent in 2023. By comparison, Vietnam has recorded stable FDI inflows of around 4 per cent of GDP over the past decade.

Swedish export to Thailand

	MSEK
2025	na
2024	7 201
2023	7 275
2022	5 309
2021	5 462

Source: SCB

A robust policy framework supports resilience

Despite episodes of political unrest, macroeconomic stability has been maintained over the past 20 years, largely due to a credible fiscal and monetary policy framework.

The exchange rate is floating, the central bank operates a well-established inflation-targeting regime, and there is a statutory ceiling on public debt. This framework contributed to average inflation of around 2 per cent between 2000 and 2020, while public debt remained at approximately 40 per cent of GDP from the early 2000s until the pandemic.

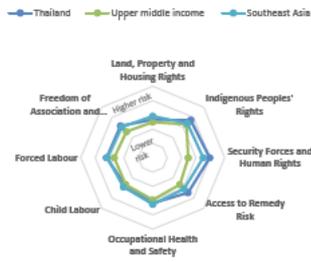
During the pandemic, fiscal policy was expansionary and public debt increased to around 60 per cent of GDP. Debt is expected to rise somewhat further in the coming years but remain below the statutory ceiling of 70 per cent of GDP.

A key strength is that government borrowing is primarily conducted in local currency on the domestic capital market. As a result, the majority of public debt is denominated in local currency, limiting exchange rate risk. Interest

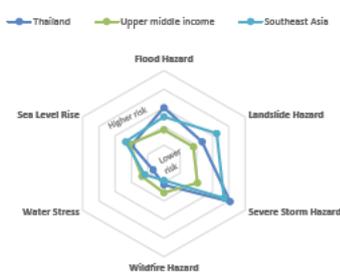
EKN:s exposure

	MSEK
Guarantees	151
Offers	150

Risk profile Human Rights



Risk profile Climate and Natural Disasters



The foregoing chart information was obtained from Verisk Maplecroft*

expenditure is also moderate, corresponding to around 6 per cent of government revenues, which is lower than in several neighbouring countries.

Structural challenges constrain growth

Thailand's long-term growth outlook is constrained. The IMF estimates average growth of around 2 per cent per year until 2030, significantly below the 4–6 per cent recorded in countries such as Malaysia and Indonesia.

This subdued outlook reflects several structural challenges. Productivity growth has been weak due to insufficient investment in education and skills development. At the same time, demographic trends are reducing the size of the labour force. Combined with relatively high wage levels compared with countries such as Vietnam and Cambodia, this erodes competitiveness. As a result, production has increasingly been relocated to neighbouring economies, leading to lost investment, employment and export revenues.

Very high household debt — equivalent to just under 90 per cent of GDP — constitutes an additional vulnerability. It increases sensitivity to higher interest rates and raises the risk of credit losses in the financial sector. High indebtedness also limits the scope for credit-driven consumption and thereby constrains future growth.

Business environment

According to the World Bank's Worldwide Governance Indicators, Thailand performs above the average for Asian emerging and developing economies, particularly in terms of rule of law and government effectiveness. Nevertheless, the business climate presents challenges. Permit procedures, licensing requirements and legal processes are often characterised by limited transparency and a complex regulatory framework. Trade barriers — including customs procedures, technical regulations and tariffs — remain common. Negotiations on a free trade agreement between the EU and Thailand, which could be concluded in 2026, have the potential to reduce these barriers and improve market access for foreign companies, including Swedish exporters.

Corruption remains a significant risk factor. It is widespread and has deteriorated in recent years. This development is reflected in Transparency International's Corruption Perceptions Index, where Thailand has fallen from 76th place out of 180 countries in 2015 to 108th place in 2023.

Thailand is significantly exposed to climate-related risks. Flooding and storms represent the main hazards. According to Maplecroft, the risk of storms and flooding is considerably higher than the average for upper middle-income countries.

Climate change is expected to increase the frequency and severity of flooding. The World Bank estimates that the number of people affected by extreme river flooding could exceed two million during 2035–2044. Coastal flooding caused by sea level rise could affect an additional 2.4 million people by 2070–2100. Densely populated coastal cities are particularly vulnerable.

A higher frequency of natural disasters may affect public finances and, consequently, country risk. According to the World Bank, annual fiscal costs

Thailand

related to flooding alone are projected to average USD 2.6 billion, equivalent to around 0.5 per cent of GDP.

EKN's assessment includes consideration of risks related to adverse human rights impacts. The focus is on the potential impact of the operations in which the exported goods are to be used. Issues such as working conditions, child and forced labour, excessive use of force by security forces, the rights of indigenous peoples and land rights are therefore of particular importance.

According to Maplecroft, the risk level for human rights violations in Thailand is somewhat higher than the average for upper middle-income countries and for Southeast Asia.

Risks are particularly elevated in relation to violations involving both public and private security forces. This may pose challenges for companies that rely on security providers to safeguard their operations.

EKN's policy

EKN classifies Thailand in country risk category 3 on a scale from 0 to 7. Normal risk assessment applies to all categories of obligors. There are no general restrictions on guarantee issuance. Transactions are assessed on their individual merits without special conditions.

EKN's commitment and experience

EKN's total exposure amounts to SEK 300 million, of which SEK 151 million consists of guarantees. During 2020–2025, EKN issued guarantees in approximately 50 transactions involving just over ten exporters, corresponding to just under SEK 900 million. Pulp, transport and construction equipment were the main sectors. Small and medium-sized enterprises accounted for the majority of transactions.

Claims experience is favourable. No claims have been paid during the past five years, although payment delays occur. Of guarantees issued during 2020–2025, around 10 per cent experienced delays, with an average delay period of 331 days.

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