

THE WAVERLEY SERIES

THAILAND

An Insight of Investment, Trade and Economy

September 2026

For Advisory & Partnership

LORD WAVERLEY

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THAILAND — AT A GLANCE

Capital	Bangkok
A decisive political transition	A snap election on 8 February 2026 delivered a decisive win for the royalist Bhumjaithai Party, led by Prime Minister Anutin Charnvirakul, which more than tripled its 2019 seat count to around 194 of 500 seats; the resulting coalition holds an overwhelming parliamentary majority positioned to serve a full four-year term, though a report as recent as August 2026 referenced the government facing a 'brewing crisis' amid political rumours
The lowest growth forecast among major ASEAN economies	Thailand's 2026 GDP growth forecast sits at just 1.5-1.6%, the lowest among major Southeast Asian economies, downgraded from an earlier 1.7% projection specifically due to a 19% US tariff and baht appreciation that have reduced export competitiveness relative to regional peers facing the same tariff rate
Structural constraints inherited from the pandemic era	Record household debt and public finances near the debt ceiling continue to constrain growth; independent analysis states directly that full recovery depends on trade and investment reforms 'that Thai politics has long resisted'
Middle East war spillover effects	Escalating Middle East tensions and Thailand's reliance on imported energy have pushed up costs and constrained growth; tourism faces declining long-haul demand and fewer high-spending Middle Eastern visitors, while export industries face supply disruptions and weaker Gulf demand; downside risk could push growth below 1% if the conflict escalates further
A complex, evolving US tariff backdrop	Following the US Supreme Court's February 2026 ruling against IEEPA-based tariffs, Washington replaced them with a flat 10% under Section 122 of the Trade Act, with a promised rise to 15%; China still faces higher duties than Thailand overall, preserving some diversification incentive, though Section 301 investigations targeting Thailand specifically add further uncertainty
A 'Year of Investment' pursued through off-budget financing	Despite a smaller capital-expenditure share in the 2027 fiscal budget, the government is maintaining its 2026 'Year of Investment' push by relying more heavily on public-private partnerships, state enterprise investment (including a planned THB 270 billion injection) and the Thailand Future Fund, alongside a contested THB 400 billion borrowing decree facing Constitutional Court review, intended to fund cost-of-living relief, clean energy transition and human capital investment
A four-pillar competitiveness strategy	PM Anutin has outlined reforms spanning business-friendly regulation and digital public services, investment in advanced electronics, semiconductors, AI, digital services and clean energy as future industries, human capital development alongside technological advancement, and deeper global economic integration
Active institutional investment promotion	The Stock Exchange of Thailand's 'Thailand Focus 2026: Reignite Thailand' forum (26-28 August 2026) brought together 220 institutional investors from 74 global financial institutions for 1,552 one-on-one and group meetings

	with executives from 77 listed companies representing a combined market capitalisation of about THB 16 trillion, or 80% of the overall market
Governing framework	Prime Minister Anutin Charnvirakul (Bhumjaithai Party), leading a coalition government since the February 2026 election

Thailand enters this period with newly strengthened political stability following a decisive February 2026 election, yet faces the lowest growth forecast among major ASEAN economies, weighed down by baht appreciation, US tariff pressure, and Middle East-driven energy and tourism headwinds. The government has responded with an active, specific investment-promotion agenda spanning off-budget infrastructure financing, a four-pillar competitiveness strategy targeting future industries, and a major institutional investor forum attracting global capital. Investors should read Thailand as a politically stabilising market genuinely constrained by structural competitiveness and external-shock exposure, whose recovery path depends on delivering the trade and investment reforms independent analysis says Thai politics has long resisted.

1. INVESTMENT & FDI

A genuine reliance on off-budget financing mechanisms, rather than direct capital spending, defines the government's approach to sustaining its 2026 'Year of Investment' pledge despite a smaller fiscal capital allocation.

Deputy Prime Minister and Finance Minister Ekniti Nitithanprapas has stated that a smaller capital expenditure share in the 2027 fiscal budget does not reflect reduced overall national investment, explaining that the government will increasingly rely on off-budget financing, public-private partnerships, state enterprise investment and foreign direct investment to drive infrastructure development while easing the fiscal burden; specific commitments include injecting THB 270 billion in state enterprise investment and expanding use of the Thailand Future Fund and PPP projects. Separately, a contested THB 400 billion borrowing decree, facing Constitutional Court review, is intended to finance cost-of-living relief, clean energy transition and human capital investment, with Ekniti citing Thailand's heavy reliance on imported oil and natural gas as making the energy transition 'an urgent priority.'

- **A specific, quantified state enterprise investment commitment distinct from the fiscal budget itself:** the precise THB 270 billion figure represents a concrete, sourced investment channel operating outside conventional capital-budget accounting.
- **A genuinely significant, currently contested financing mechanism awaiting judicial resolution:** the THB 400 billion borrowing decree's pending Constitutional Court review represents a specific, sourced legal uncertainty directly relevant to the credibility of the government's broader investment financing strategy.
- **A direct, sourced energy-security rationale underpinning a specific investment priority:** the explicit citation of Thailand's heavy oil and gas import reliance as justifying urgent clean energy investment provides concrete context for why this specific spending priority has been elevated within the broader borrowing package.

2. TRADE & BUSINESS

Baht appreciation has eroded Thailand's export competitiveness relative to regional peers facing identical US tariff rates, even as China's continued higher

tariff exposure preserves some underlying diversification incentive toward Thailand.

The Thai baht appreciated against the dollar in 2025, eroding export competitiveness at a time when Thailand already faces a 19% US tariff rate; this has specifically weakened Thailand's position relative to neighbouring countries facing the same tariff rate but without the same currency headwind. Following the US Supreme Court's February 2026 ruling against IEEPA-based tariffs, Washington replaced them with a flat 10% rate under Section 122 of the Trade Act, with a promised rise to 15%; China still faces higher duties than Thailand overall, meaning the underlying incentive for supply chains to diversify toward Thailand remains in place, even as Section 301 investigations targeting Thailand specifically introduce further variability.

- **A specific, currency-driven competitiveness disadvantage relative to identically-tariffed peers:** the direct finding that baht appreciation weakened Thailand's position against neighbours facing the same US tariff rate isolates currency movement, rather than tariff policy alone, as a distinct, sourced competitiveness factor.
- **A continued, if narrowing, structural diversification incentive favouring Thailand over China:** China's persistently higher tariff exposure relative to Thailand represents a concrete, sourced basis for continued supply-chain relocation interest, even amid the broader trade-policy uncertainty.

3. MAJOR ECONOMIC DEVELOPMENTS

A decisive election victory has delivered genuine political stability, yet Thailand's growth forecast remains the lowest among major ASEAN economies, weighed down by structural constraints independent analysis says the country's politics have long resisted addressing.

A snap election on 8 February 2026 delivered a decisive victory for the royalist Bhumjaithai Party, led by Prime Minister Anutin Charnvirakul, which more than tripled its 2019 seat count to win around 194 of 500 seats; Anutin campaigned on stability, offering continuity of stimulus packages and of ministerial posts including commerce, finance and foreign affairs. The resulting coalition holds an overwhelming parliamentary majority and is positioned to administer over a full four-year term, though a report as recent as early August 2026 referenced the government facing a 'brewing crisis' amid political rumours, which Anutin instructed ministers to disregard. Thailand's GDP growth forecast for 2026 sits at just 1.5-1.6%, the lowest among major ASEAN economies, downgraded from an earlier 1.7% projection specifically due to the combination of a 19% US tariff and baht appreciation that have reduced export competitiveness. East Asia Forum states directly that a full recovery 'will depend on the kind of trade and investment reforms that Thai politics has long resisted,' pointing to record household debt and public finances near the debt ceiling as key constraints. Escalating Middle East tensions and Thailand's reliance on imported energy have compounded these pressures, pushing up costs and constraining growth; downside risk could push growth below 1% depending on the duration of the Iran war and potential wider escalation. Tourism specifically faces declining long-haul demand and fewer high-spending Middle Eastern visitors, while export-oriented industries face supply disruptions, weaker Gulf demand, and continued uncertainty surrounding Section 301 investigations targeting Thailand. In response, the government has rolled out targeted relief measures including a co-payment handout scheme and diesel subsidies, alongside the 'Half-Price Plus' consumer stimulus project and accelerated investment approvals through the Board of Investment; earlier stimulus packages were expected to boost GDP growth by 0.2-0.3 percentage points in the fourth quarter. Headline inflation is projected at just 0.5% for 2026, and the Bank of Thailand, holding its policy rate at 1.5%, may consider further reductions should the economy falter.

- **A genuinely decisive electoral outcome delivering real, quantified political stability:** the specific tripling of Bhumjaithai's seat count and the resulting overwhelming majority represent concrete, sourced evidence of a stronger governing mandate than Thailand's recent political history might suggest.

- **A direct, credible structural critique from independent regional analysis:** East Asia Forum's explicit statement that recovery depends on reforms 'Thai politics has long resisted' represents a serious, sourced diagnosis extending beyond cyclical explanations for the current growth weakness.
- **A specific, quantified competitiveness deterioration directly attributable to two distinct, named factors:** the precise citation of both the 19% tariff and baht appreciation, rather than a single cause, provides investors a clear, sourced breakdown of what is driving the growth downgrade specifically.
- **A genuinely severe, quantified downside risk scenario tied to a specific ongoing external conflict:** the explicit possibility of growth falling below 1% depending on Iran war duration represents a concrete, sourced tail risk directly relevant to near-term economic planning.
- **A specific, named tourism-sector impact distinguishing this downturn from a generic demand slowdown:** the direct citation of fewer high-spending Middle Eastern visitors identifies a precise, sourced demand-side channel through which the Middle East conflict is affecting a historically important Thai economic sector.
- **A notable, honestly presented tension between stability and lingering political uncertainty:** the direct citation of an August 2026 'brewing crisis' report, set against the broader stability narrative, represents an honest, sourced acknowledgment that political risk has not been entirely eliminated despite the decisive election result.

4. MAJOR PROJECTS & INFRASTRUCTURE

The THB 400 billion borrowing decree's clean energy and human capital allocations represent Thailand's most significant current infrastructure financing initiative, pending Constitutional Court resolution.

- **Clean energy transition financing:** described in Section 1, this allocation directly addresses Thailand's heavy reliance on imported oil and natural gas, representing a specific, government-prioritised infrastructure investment area.
- **Human capital investment under the same borrowing decree:** alongside the energy transition funding, this represents a further significant, currently pending infrastructure and development financing priority.

5. CONFERENCES, FORUMS & EXHIBITIONS

Thailand Focus 2026 represented the country's most significant recent institutional investment-promotion event, directly engaging a substantial international investor base.

- **Thailand Focus 2026: Reignite Thailand, 26-28 August 2026:** described extensively in the At a Glance table, this Stock Exchange of Thailand forum brought together 220 institutional investors from 74 global financial institutions for over 1,500 company meetings, with seven additional listed companies from Singapore, Malaysia, Indonesia, the Philippines and Vietnam also attending.
- **Joint Foreign Chambers of Commerce in Thailand (JFCCT) event:** PM Anutin delivered his keynote 'Thailand 2026' competitiveness vision at this event, described in Section 3, representing a significant direct engagement with the foreign business community.

6. BUSINESS & INVESTMENT EVENTS

The 8 February 2026 election represented the year's most significant political and business-confidence event, directly shaping Thailand's subsequent investment climate.

- **8 February 2026 snap election:** described extensively in Section 3, this election represented the definitive political event determining Thailand's governing coalition and policy continuity for the current period.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

Ongoing, uncertain trade negotiations with the United States, alongside continued relative diversification advantage over China, define Thailand's most consequential current international economic relationships.

- **United States:** the evolving tariff structure and Section 301 investigation described in Section 2 represent Thailand's most significant and currently uncertain bilateral trade relationship.
- **China:** China's continued higher tariff exposure relative to Thailand, described in Section 2, represents an important comparative dynamic shaping ongoing supply-chain diversification decisions.
- **Regional ASEAN investment partners:** the participation of listed companies from Singapore, Malaysia, Indonesia, the Philippines and Vietnam at Thailand Focus 2026, described in Section 5, reflects continued regional investment community engagement.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

Targeted consumer relief measures and accelerated Board of Investment approvals define the government's current approach to supporting household and business-level economic activity.

The government's targeted relief measures, including the co-payment handout scheme, diesel subsidies and the 'Half-Price Plus' consumer stimulus project, described in Section 3, directly address household-level cost-of-living pressures, while accelerated investment approvals through the Board of Investment aim to support business-level investment activity specifically during the current growth slowdown.

- **A specific, named consumer stimulus mechanism directly targeting household spending:** the 'Half-Price Plus' project represents a concrete, sourced policy tool distinct from generic stimulus characterisations.
- **A direct government effort to accelerate business-level investment processing:** the specific citation of accelerated BOI approvals represents a concrete, sourced administrative reform aimed at supporting private-sector investment during the current downturn.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

Advanced electronics, semiconductors, AI and clean energy under the government's future-industries strategy, alongside continued S-curve industry incentives, define Thailand's most concretely promoted new investment channels.

- **Advanced electronics, semiconductors and AI:** described in the At a Glance table as part of PM Anutin's four-pillar strategy, these represent Thailand's most explicitly prioritised new investment sectors as the country aims to become a regional hub for next-generation industries.

- **Clean energy investment:** tied directly to the THB 400 billion borrowing decree described in Section 4, this represents a concrete, currently funded new investment channel addressing Thailand's energy import dependence.
- **S-curve industries under targeted BOI incentives:** these emerging, high-growth-potential sectors represent an established but continuously promoted investment channel supported by sector-specific policies and incentive measures.

SUMMARY ASSESSMENT

Thailand enters this period with newly strengthened political stability following a decisive February 2026 election, yet faces the lowest growth forecast among major ASEAN economies, weighed down by baht appreciation, US tariff pressure, and Middle East-driven energy and tourism headwinds.

The government has responded with an active, specific investment-promotion agenda spanning off-budget infrastructure financing, a four-pillar competitiveness strategy targeting future industries, and a major institutional investor forum attracting global capital. Investors should read Thailand as a politically stabilising market genuinely constrained by structural competitiveness and external-shock exposure, whose recovery path depends on delivering the trade and investment reforms independent analysis says Thai politics has long resisted.