

Thailand's Epidemic Prevention and Control and Economic Recovery Policies

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ABSTRACT

Thailand, which was hit hard by the Covid-19 epidemic, has employed various economic policies in various stages to stabilize and revive its economy. When the epidemic was severe in the early stage, the Thai government, on the one hand, took strict epidemic prevention measures to prevent its spread, and on the other hand, supported people and enterprises affected by the epidemic financially. After the epidemic was effectively controlled, the Thai government emphasized social and economic recovery while continuing to implement epidemic prevention policies. As a result, socio-economic activity and the Thai economy were recovered.

Keywords: Covid-19 epidemic, Epidemic prevention and control, Economic recovery, Thailand.

1. INTRODUCTION

The sudden outbreak of Covid-19 at early 2020 has spread around the world, posing a serious threat to public health and medical systems in various countries, and significantly stagnating social and economic activities, which has brought about a significant impact on the global economic operation. Epidemic prevention and control and economic recovery have become a new issue facing governments around the world. Since the outbreak began in March 2020, the Thai government has taken strict prevention measures to prevent the circulation of the epidemic and provided financial support to the affected people and enterprises. With the epidemic under effective control, the Thai government has placed greater emphasis on social and economic rehabilitation while continuing its epidemic prevention policies. Thailand's economy showed signs of recovery in the third quarter thanks to earlier socio-economic measures. According to a report released by the Office of the National Economic and Social Development Commission (NESDC) of Thailand on October 16, Thailand's GDP shrank 6.4% in the third quarter of 2020 from 12.2% in the second quarter. The country's GDP is expected to shrink 6% in the whole year of 2020, better than the previous forecast of 7.3% to 7.8%. In addition, various economic indicators have also shown uptick, and the Thai economy has delivered

a clear signal of recovery. Based on the evolution of the epidemic in Thailand, this paper summarizes the policies of the Thai government on epidemic prevention and control and economic recovery, and points out the opportunities and challenges faced by its economic recovery.

2. COVID-19 EPIDEMIC AND GOVERNMENT CONTROL MEASURES IN THAILAND

2.1 General Situation of Covid-19 Epidemic in Thailand

The first case of Covid-19 outside China was reported in Thailand. As of 30 November 2020, Thailand has had a total of 3,998 cases confirmed, 3,803 cured and 60 deaths. Since the first confirmed case of Covid-19 appeared in Thailand on January 13, the outbreak in Thailand has gone through the development period (January to early March), the outbreak period (mid-March to late April) and the effective control period (early May to present). As for the development model of the epidemic ("Figure 1"), Thailand belongs to the inverted V-shaped model, that is, the number of new cases rises first, then drops rapidly when it reaches the peak, and the epidemic prevention effect is remarkable, which cannot be realized

without a series of measures implemented by the government.

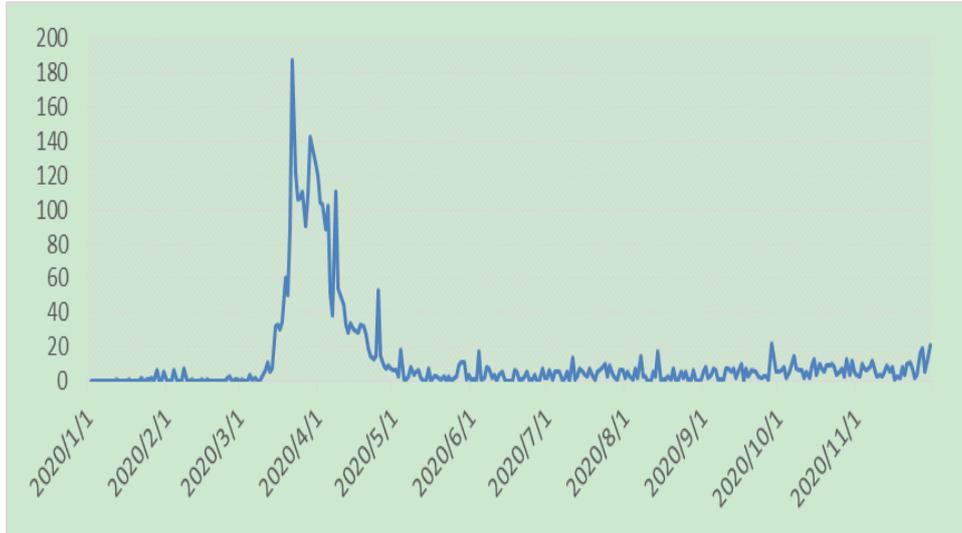


Figure 1 Evolving trend of Covid-19 epidemic in Thailand (Source: Thailand Department of Disease Control).

2.2 Thailand Government's Epidemic Control Measures

Thailand has gradually adopted control measures since the first case of Covid-19 was

confirmed. "Table 1" shows that Thailand's epidemic prevention policies have been adjusted in different stages.

Table 1. Major epidemic prevention policies of the Thailand government in 2020

Date	Major epidemic prevention policies
February 24	National Communicable Diseases Commission (NCDC) of Thailand lists Covid-19 as the 14th most dangerous infectious disease in Thailand under the Infectious Diseases Act
March 3	Prime Minister Prayuth Chan-ocha has issued a 14-point emergency order to deal with the Covid-19 outbreak
March 5	The Ministry of Public Health of Thailand issued a notice, listing China (including Hong Kong and Macao), the Republic of Korea, Italy and Iran as COVID-19 dangerous communicable disease zones outside Thailand
March 20	Thailand's Ministry of Interior issued an emergency announcement requesting the border government to temporarily close all border ports
March 26	Thailand officially implemented Emergency Law nationwide, and established an emergency command center of Covid-19 outbreak
April 3	A "curfew" is implemented throughout Thailand, prohibiting people from all over the country from going out between 22:00-04:00
April 4	The Civil Aviation Authority of Thailand issued a "ban on flights", banning all international flights from entering Thailand
May 3	The government began to unblock some industry activities in stages
June 15	Thai government cancels "curfew"

a Source: The author compiled information based on news websites and the website of the Thailand Department of Disease Control

In the early stage of the outbreak, NCDC of Thailand listed Covid-19 as the 14th most dangerous infectious disease in Thailand's *Infectious Diseases Act* (2015) due to the number of confirmed cases of Covid-19 discovered outside China and the increasing number of people infected in Thailand, so as to facilitate the government to formulate ministerial regulations, and announce a series of measures. Prime Minister Prayuth Chan-ocha issued a 14-point emergency order to respond to the Covid-19 epidemic, requiring state civil service departments and other government units to cancel or postpone their departure to visit, visit,

train or hold meetings in countries and regions in the Covid-19 epidemic and risk zone. The Ministry of Public Health issued a notice requiring flights to Thailand from four countries, including China, to implement new entry prevention policies, requiring passengers to show medical certificates when checking in and quarantine themselves for 14 days upon arrival. The epidemic prevention policy at this stage is mainly to prevent external imports.

The epidemic began to get serious in Thailand in mid-March, and the government adopted more stringent epidemic prevention policies to prevent

import from outside and spread from inside. Externally, the border government has been asked to temporarily close all border ports to the entry and exit of people, vehicles, and logistics, and a "flight ban" has also been issued to prevent all international flights from entering Thailand. Internally, *Emergency Law* was implemented, an emergency command center of Covid-19 outbreak was set up to facilitate coordination of outbreak control, and a "curfew" was imposed to restrict travel. Thanks to the anti-import and anti-proliferation measures, Thailand has achieved remarkable results in combating the epidemic and brought the epidemic under control in a short time.

Since the beginning of May, the epidemic in Thailand has been effectively controlled, and the government has gradually introduced unlocking measures. Starting in early May, the government began to unlock some industries in stages, gradually resuming production and lifting the "curfew". Social and economic life gradually returned to normal in an orderly manner. However,

Table 2. Policy measures taken by the Thailand government to stabilize and restore the economy in 2020

Date	Main economic policy measures
February 5	Bank of Thailand cuts interest rates by 25 basis points, lowering the policy rate from 1.25% to 1.00%
March 19	Bank of Thailand spends more than 100 billion baht to buy government bonds
March 20	Bank of Thailand cuts interest rates by 25 basis points again, lowering the policy rate from 1.00% to 0.75%
April 23	Bank of Thailand launches "soft loan" assistance measures
May 20	Bank of Thailand cuts interest rates by 25 basis points again, lowering the policy rate from 0.75% to 0.5%
May 21	Thailand Industrial Park Administration introduced land and house rent reduction measures
May 31	Parliament passed 3 loan bills totaling 1.9 trillion baht
June 16	Cabinet approves "Travel Sharing Happiness" package to stimulate tourism industry recovery
August 4	Cabinet approved a loan of US\$1.5 billion of the Ministry of Finance from the Asian Development Bank (ADB) for economic and social recovery
September 16	Thailand's Economic Situation Management Center meeting passed the "Half Every Person" project
September 26	Covid-19 Outbreak Management Centre approves Special Tourist Visa (STV)
October 12	Cabinet passed the "shopping tax credit" project and the "government welfare card" project

3.1 Policy Measures During the Outbreak Stage: Economic Stability

When the epidemic was severe in Thailand, the government took active measures to prevent the spread of the epidemic. On the other hand, quantitative easing monetary policy and large financial support were adopted to stabilize the economy severely hit by the epidemic.

As for financial support, Thailand authorities have employed a loan package of 1.9 trillion Thai baht to restore the national economy and help people affected by the Covid-19 epidemic, including support for public health work and job creation, and soft loan incentives for enterprises. The Thai government has also issued relief

the public has been urged by the government to strictly abide by all measures to prevent a second recurrence of the epidemic.

3. THE ECONOMIC POLICIES OF THE THAI GOVERNMENT

Since 2019, Thailand's economy has been on a downward trend due to slowing global growth, trade disputes between China and the United States, and drought in Thailand. The Covid-19 outbreak since the beginning of 2020 has further dragged the Thailand economy. In order to stabilize the economy, Thailand has taken measures with diverse priorities at different stages, focusing on both epidemic prevention and control and economic recovery, and actively recovering the economy. The policy in the early stage was mainly to stabilize the economy, while that of the later stage emphasized economic restoration.

^a. Source: The author compiled according to the information on the news website

payments for three consecutive months to people who were unemployed due to the epidemic, each of whom distributed 5,000 baht/month. In addition, the Bank of Thailand spent more than 100 billion baht to buy government bonds in an effort to contain market volatility, ensuring the stability of market liquidity to the maximum extent possible. In terms of monetary policy, Monetary Policy Committee (MPC) of Bank of Thailand cut rates three times to keep the policy rate at 1.5% in response to the growing economic risks from the Covid-19 outbreak.

3.2 Policy Measures After Effective Control of the Epidemic: Economic Recovery

After the epidemic in Thailand was effectively controlled, the Thai government, while insisting on epidemic prevention, shifted the focus of economic policies to stimulate consumption and boost domestic demand, thus actively promoting economic recovery. To this end, the Thai Ministry of Finance loaned US\$1.5 billion from the Asian Development Bank (ADB) to provide support for the government's budget in controlling the spread of the epidemic, supporting businesses, and expanding social security beneficiaries. On the one hand, in order to stimulate domestic tourism, the government strongly supports the "Travel Sharing Happiness" project.¹ The project includes three major travel packages: (1) 'Incentive' program: To reward health workers, the government pays 2,000 baht per person from the budget for travel or training for health workers; (2) 'Travel Together' program: The government helps people pay 40% of the cost of accommodation, up to 3,000 baht per person; (3) "Travel Sharing Happiness" program: The government pays 40% of the cost of airfare or car rental. On the other hand, the Thai government has introduced a number of policies to stimulate consumption. The first is to provide relief funds to 10 million Thai citizens affected by the epidemic. Each person can receive a maximum of 3,000 baht per month. The relief funds are mainly used for the purchase of food, beverages and daily necessities. The second is to increase the consumption quota of the "government welfare card" to help some people increase their purchasing power. The third is to implement the "shopping tax credit" measure from October 23 to December 31. The consumption of goods and services purchased by taxpayers during this period can be deducted from personal income tax. The maximum deduction per person is 30,000 baht. This will bring 120 billion baht of liquidity to Thailand's domestic economy.² What's more, in order to attract foreign tourists, the Thai government has introduced STV for countries and regions with low risk of the epidemic. The visa costs 2,000 baht and allows the owner to stay in

Thailand for 90 days after entering the country, which can be renewed twice. The policies indicate that the Thai government attempts to gradually open the country to the outside world while trying to boost domestic consumption, in order to increase national revenue and help the economy recover.

4. THE EFFECT OF ECONOMIC POLICIES: BASED ON THE OVERALL OBSERVATION OF ECONOMIC DATA

Since 2019, Thailand's economy has been on a downward trend, affected by the global economic slowdown, the trade war between China and the US, and drought. The outbreak of Covid-19 since the beginning of 2020 has further hampered the development of the Thai economy, resulting in a number of downward economic indicators. The epidemic in Thailand has been under effective control since May of the same year. The government has gradually introduced measures to lift the embargo, and introduced various measures to stimulate consumption and support enterprises, so as to restore social and economic activities. In the third quarter of 2020, thanks to the earlier economic policies, a number of economic indicators began to pick up, indicating an obvious momentum of economic recovery in Thailand. "Figure 2" shows that in 2020, Thailand's GDP contracted to 6.4% in the third quarter after a negative growth of 1.8% in the first quarter and 12.2% in the second quarter, indicating that Thailand's economy is bottoming out. Specifically, it can be observed from the "troika" that drives economic growth: exports, consumption and investment.

In terms of export, thanks to the improvement of epidemic situation in some countries, the gradual and limited opening of borders, and the active support of the Thai government for enterprises' resumption of work and production, such as loan concessions and tax reduction, the production of enterprises has resumed. With the gradual recovery of demand inside and outside the country, Thailand's manufacturing PMI also bottomed out and picked up, and exceeded the boom-decline demarcation line of 50 in October ("Figure 3"), indicating a favorable manufacturing development situation.³ In addition, driven by the recovery of

1. Thailand seeks US\$1.5 billion anti-epidemic loan from ADB, China.com Thailand, August 5, 2020. <https://thaizhonghua.com/2020/08/05/87820.html>, login time: August 6, 2020.

2. Thailand launches "shopping tax rebate" measures to stimulate consumption. China News Network, October 12, 2020. <http://www.chinanews.com/gj/2020/10-12/9311084.shtml>, login time: December 15, 2020.

3. Manufacturing PMI is a comprehensive indicator reflecting the overall boom and decline of a country's manufacturing industry, with 50 as the dividing line. It is generally believed that if the manufacturing PMI of a country is

the manufacturing sector and the policy of gradually opening up to the outside, Thailand's exports in 2020 improved in the third quarter in the wake of a sharp contraction in the second quarter. And it in October began to level with the same period in 2019. ("Figure 4")

In terms of consumption, Bank of Thailand kept the policy interest rate at a low level to cope with the impact of the epidemic on consumption and tourism. The Thai government also introduced a series of projects to promote consumption, such as "Half Every Person", "Travel Together" and "shopping tax credit".⁴ Since the second quarter of 2020, Thailand's consumer confidence index has gradually picked up ("Figure 5"), indicating that consumers have confidence in economic recovery. However, the rebound is slow and the increase is not large, which reflects consumers' concern about the economic outlook and domestic political situation.

In terms of investment, the Thai baht has continued to strengthen in recent years, the cost of foreign investment in Thailand has risen, and the private investment in Thailand is weak. In March 2020, the Covid-19 epidemic spread worldwide, and the national industrial chain and supply chain began to be disrupted, resulting in a decrease in private investment in Thailand in April ("Figure 6"). After the epidemic in Thailand improved in May, the government began to gradually unfreeze and recover the economy. Thailand Industrial Park Administration introduced a series of rent reduction and rent-free measures to stabilize investment, and private investment returned to positive growth in June. Since mid-July, the anti-government demonstrations in Thailand have been frequent, which affected investor confidence. As a result, private investment dropped. However, the overall trend is optimistic. According to Survey on confidence of foreign investors in Thailand in 2020 recently released by Investment Promotion Council of Thailand, up to 96% of the surveyed foreign investors intend to maintain or increase their investment in Thailand.⁵ This reveals that, despite

the economic impact of the outbreak, Thailand remains an attractive investment destination.

higher than 50, the country's manufacturing industry is in a state of expansion and development, and if it is lower than 50, the country's manufacturing economy is in a state of decline.

4. Consumer confidence index increased to 52.4 in November. Thailand World Journal, December 5, 2020. <http://www.udnbkk.com/article-308987-1.html>, login time: December 5, 2020.

5. BOI: 96% of foreign companies intend to maintain or increase investment. Thailand World Journal, December 4, 2020. <http://www.udnbkk.com/article-308917-1.html>, login time: December 4, 2020.



Figure 2 Thailand's GDP growth rate from the first quarter of 2019 to the third quarter of 2020 (Source: Office of the National Economic and Social Development Commission (NESDC) of Thailand).

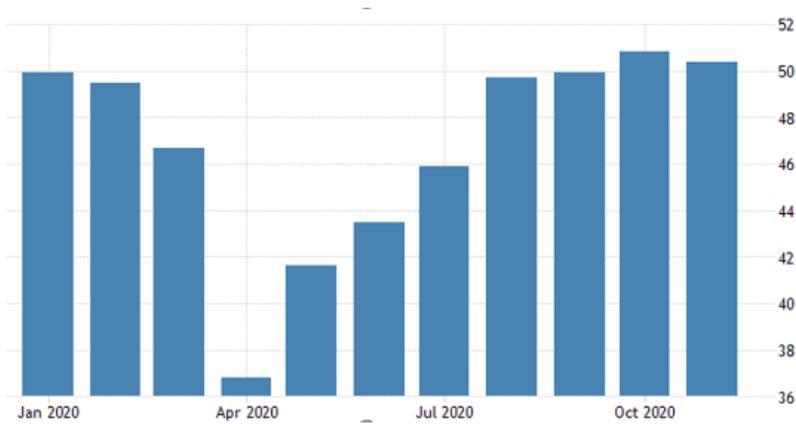


Figure 3 Thailand's manufacturing PMI from January to November 2020 (Source: Trading Economics).

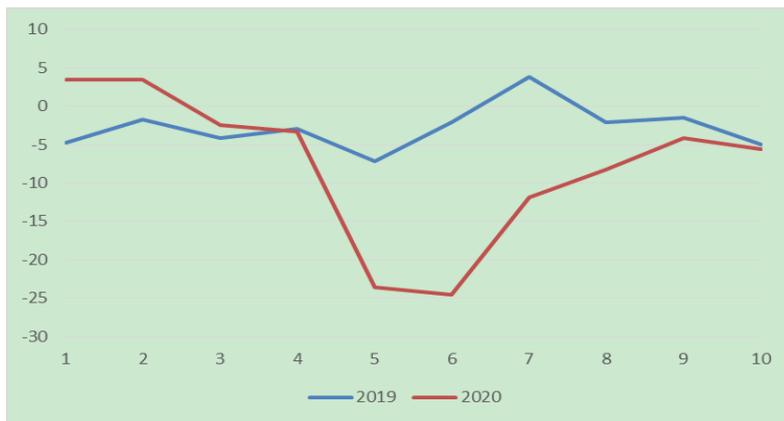


Figure 4 Trends in Thailand's exports from 2019 to January to October 2020 (Source: International Trade Department of Thailand).

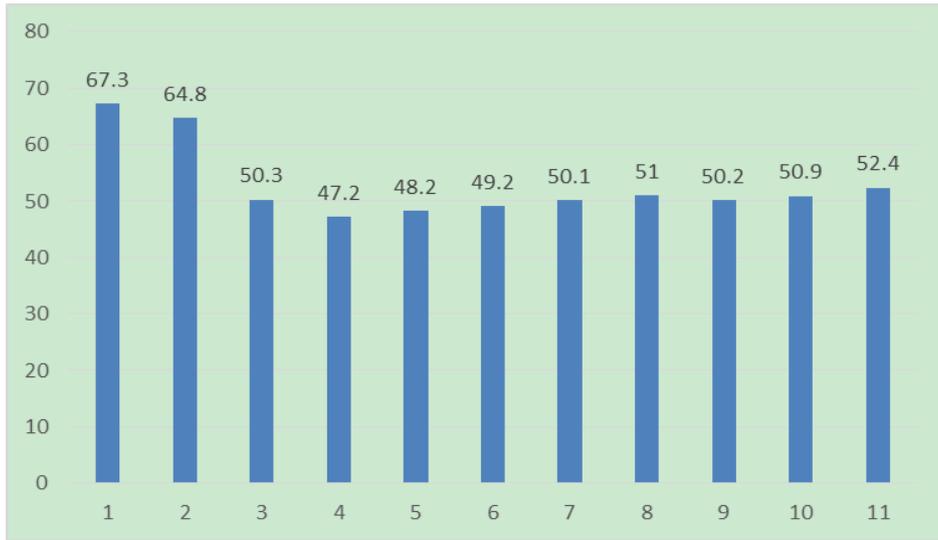


Figure 5 Thailand consumer confidence index from January to September 2020 (Source: Economic and Business Forecast Center, University of Thai Chamber of Commerce).

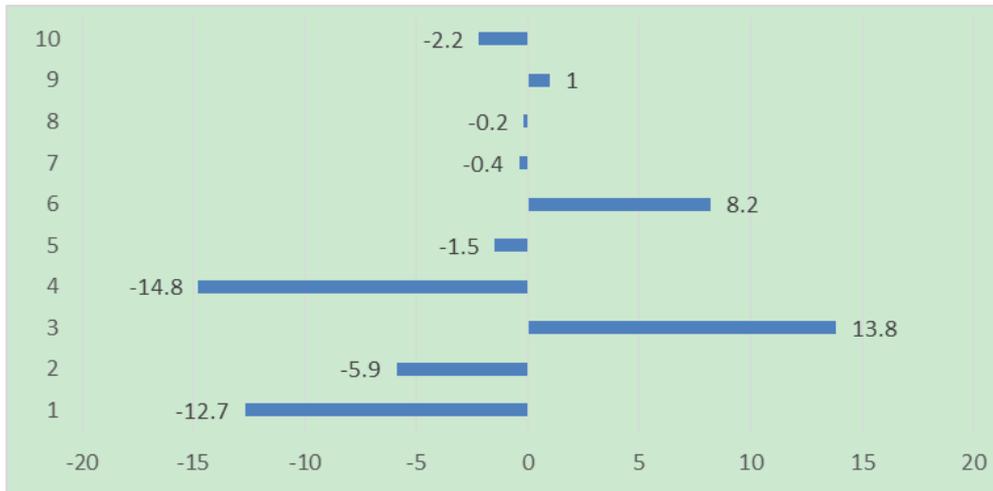


Figure 6 Private investment in Thailand from January to October 2020 (Source: Trading Economics).

5. OPPORTUNITIES AND CHALLENGES FACING ECONOMIC RECOVERY IN THAILAND

Thailand's economy recovered from the epidemic trough in the third quarter of 2020, but there is still a risk of future recession. To achieve a full economic recovery and return to the pre-outbreak level, Thailand should not only seize the opportunities, but also be prepared to deal with the challenges.

5.1 Opportunity

5.1.1 The Signing of Regional Comprehensive Economic Partnership (RCEP)

On November 15, 15 member states including Thailand signed the RCEP agreement, marking the official conclusion of the world's largest free trade agreement. Further market opening by member states will unleash huge development potential in all sectors of Thailand and help increase the competitiveness of Thai goods. Thai companies can speed up their study of import tariffs in the 15 member countries before the agreement comes into force to compete with them.

5.1.2 *The 10 ASEAN Countries Agreed to Establish a "Travel Corridor"*

In a declaration issued at the ASEAN Summit on November 14, the 10 ASEAN members agreed to take steps to establish a "travel corridor framework" that will remain open and promote business investment to facilitate critical business travel among member states, while prioritizing epidemic prevention.⁶ At present, Thailand is in a good position to prevent and control the epidemic, but some ASEAN countries are still in a serious situation. The Thai government should step up efforts to upgrade infrastructure construction and supporting facilities to prepare for the opening of business tourism.

5.1.3 *Utilizing the Tailwinds of China's "Dual Circulation"*

Despite the impact of the epidemic in 2020, the economic and trade volume between China and Thailand has increased steadily. In particular, in the first seven months of 2020, bilateral trade volume increased by 6.5%, showing a buck-trend growth, which proves their integrating point in economic cooperation. At present, China is speeding up the formation of a new development pattern featuring domestic cycle as the main body and mutually reinforcing domestic and international cycles. China will further deepen cooperation among Asian cities, and Thailand can rely on China's "dual circulation" to seize the opportunities of China's economic development, achieve industrial upgrading and help Thailand's economic recovery.

5.2 *Challenge*

5.2.1 *The Recurrence of Global Epidemics*

Many countries are still suffering from the epidemic, and the prospects for recovery are fragile. Thailand's economic recovery is subject to multiple constraints. Since the end of November, after six months of "zero new cases" in Thailand, new cases of COVID 19 have been confirmed in northern Thailand, all of which have come into contact with people smuggled into Thailand from Myanmar. The Thai Prime Minister Prayuth Chan-ocha said that if

there is a second outbreak of the disease in Thailand, the blockade will have to be reimposed, and the economy will be affected then. The back-and-forth between "control, relaxation and control" in economic activities will undermine the pace of economic recovery in Thailand.

5.2.2 *Continued Political Turmoil*

Anti-government demonstrations continue as Thai authorities struggle to revive the economy. Such demonstrations have raised foreign investors' concerns about investing in Thailand, fearing that political instability will affect policy continuity and affect foreign tourists visiting the country. Continued political turmoil will further hit the Thai economy. And a weak economy will lead to popular discontent and the likelihood that protests will continue, hampering Thailand's economic recovery.

5.2.3 *The United States Canceled Its GSP Treatment for Thailand*

In January 2021, the US cancelled the GSP treatment for Thailand, which directly led to the loss of the tariff advantage of Thai goods in the US market and brought great challenges to Thailand's commodity exports to the US. The continued appreciation of the baht has put more pressure on exports, hamstringing Thailand's economic recovery.

6. CONCLUSION

Thailand's economy has been hit hard by the continuing spread of the epidemic, but it has been recovering since the third quarter of 2020. A number of economic indicators have improved, but the risk of future recession still remains. The signing of the RCEP, the "travel corridor" agreed by the 10 ASEAN countries, and the "dual circulation" construction in China have driven Thailand's economic recovery. However, Thailand's economy has been dragged by multiple factors, including the recurrence of global epidemics, the continued political turmoil, the cancellation of the GSP treatment for Thailand by the United States, the appreciation of the Thai baht, and the trade disputes between China and the United States. Therefore, the Thai government is still facing the dual pressure of epidemic prevention and control and economic recovery. While controlling the spread of the epidemic, the government should continue to implement various economic policies. It should not only continuously expand domestic

6. 10 ASEAN countries agree to establish a "travel corridor" to promote key business tourism. Ministry of Commerce of the People's Republic of China, November 14, 2020. <http://www.mofcom.gov.cn/article/i/jyj1/j/202011/20201103015869.shtml>, login time: December 1, 2020.

demand, but also actively promote economic cooperation with the outside world, enhancing economic resilience and promoting the steady recovery of the Thai economy.

AUTHORS' CONTRIBUTIONS

Zhiyuan Ren wrote the manuscript and analysed data, Tao Jiang contributed to revising and editing.

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