

Thailand's External Debt¹ as at end-March 2012

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1. Thailand's Overall External Debt

At the end of the first quarter of 2012, Thailand's external debt outstanding amounted to US\$119.2 billion, an increase of US\$13.2 billion or 12.5% from the previous quarter. This was mostly due to an increase of short-term debt which was observed in almost every sector except for other financial corporations (ODC). Long-term debt increased slightly.

As short-term debt increased, the proportion of short-term debt to the total also went up to 50.1% when compared to 45.9% in the previous quarter. In terms of remaining maturity, short-term debt (due to be paid off within a year) accounted for 56.3% of the total, mostly in the form of loans and trade credits.

Table 1 : Thailand's External Debt (Original maturity)

unit : billion of USD

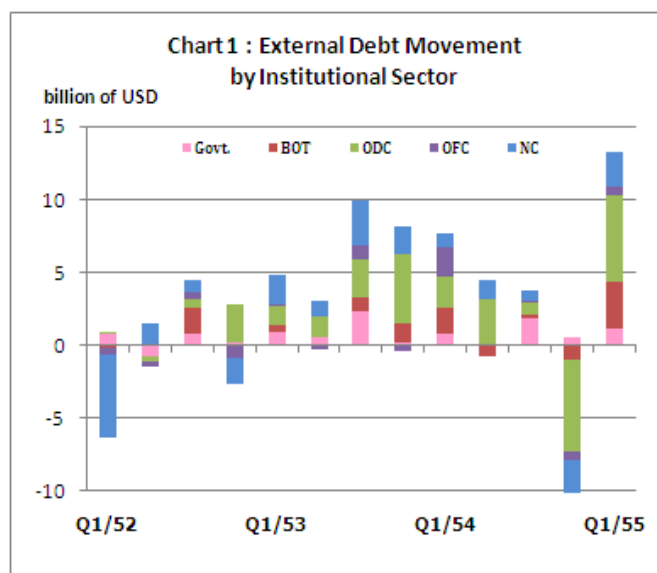
	2010				2011				2012
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Long-term	43.40	43.82	47.72	49.99	52.60	53.04	56.92	57.35	59.50
General Government	4.51	5.18	7.29	7.67	8.57	8.70	10.45	11.01	12.13
Central bank (BOT)	1.78	1.59	1.87	2.31	2.41	2.33	3.06	3.73	4.14
Other depository corporations	2.38	2.52	2.59	4.12	4.75	5.52	6.26	6.87	7.78
of which commercial bank	2.05	2.27	2.35	3.87	4.51	5.16	5.83	6.45	7.38
Other sectors	34.74	34.53	35.97	35.90	36.86	36.48	37.16	35.74	35.45
Other financial corporations	4.54	4.47	5.13	5.12	7.45	7.02	6.96	6.76	7.40
Nonfinancial corporations, Households, NPISHs	30.19	30.06	30.84	30.77	29.41	29.46	30.20	28.98	28.04
Short-term	36.75	39.08	45.11	50.57	55.67	58.94	58.69	48.60	59.71
General Government	0.23	0.10	0.31	0.11	0.05	0.00	0.00	0.00	0.03
Central bank (BOT)	0.84	1.02	1.69	2.57	4.22	3.56	3.17	1.45	4.29
Other depository corporations	9.60	10.92	13.48	16.69	18.26	20.55	20.72	13.66	18.59
of which commercial bank	9.58	10.90	13.46	16.65	18.20	20.52	20.69	13.64	18.56
Other sectors	26.08	27.04	29.63	31.20	33.15	34.83	34.80	33.49	36.80
Other financial corporations	2.32	2.07	2.37	1.97	1.67	2.12	2.11	2.00	1.94
Nonfinancial corporations, Households, NPISHs	23.76	24.97	27.25	29.23	31.48	32.71	32.73	31.49	34.86
Total	80.15	82.90	92.83	100.56	108.27	111.98	115.61	105.96	119.20
Long-term (%)	45.85	47.14	51.36	49.63	48.58	47.36	49.24	54.13	49.91
Short-term (%)	54.15	52.86	48.64	50.37	51.42	52.64	50.76	45.87	50.09

¹ Part of the external debt data was compiled from the external survey on private non-bank sector (details of the survey can be found in Appendix)

2. Thailand's External Debt Structure

2.1 External Debt Classified by Institutional Sector

The increase of external debt outstanding was observed in every sector, mostly in ODC due to the increase of short-term loans. This was primarily induced by customers'



hedging in foreign exchange, thereby triggering the need for commercial banks to square position by borrowing foreign currency to sell on spot.² The second largest was the increase in foreign holdings of the BOT's bond. Nonfinancial corporations, households, and NPISHs' (NC) external debt increased mostly in the form of trade credits, rising in line with the rebound of imports after the flood crisis in Q4 2011.

Note : NC : Nonfinancial corporations, households, and NPISHs
 OFC : Other financial corporations
 ODC : Other depository corporations

2.2 Instrument Type

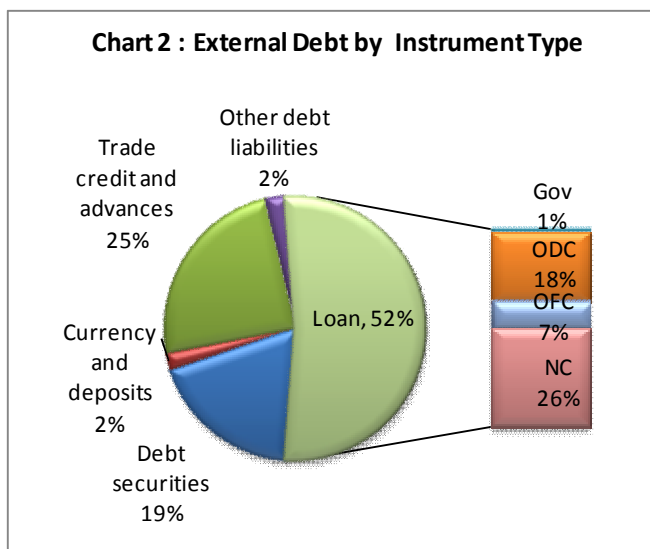
Table 2 : External Debt by Instrument Type

unit : billion of USD

	Outstanding		difference
	Q4/11	Q1/12	
Short-term	48.60	59.71	11.10
Loans	18.16	22.25	4.09
Trade credits	25.36	28.85	3.49
Debt securities	1.90	4.67	2.77
Other debt liabilities	3.18	3.94	0.75
Long-term	57.35	59.50	2.14
Loans	39.13	40.25	1.12
Trade credits	0.21	0.20	- 0.01
Debt securities	16.52	17.54	1.03
Other debt liabilities	1.49	1.51	0.01
Total	105.96	119.20	13.25

External Debt was attributed mostly to loans, followed by trade credits. Loans have increased (after a decline in the previous quarter) to US\$62.5 billion, largely in ODC. In term of sectoral breakdown, NC was still the largest borrowing sector (26% to total external debt), followed by ODC (18% to total external debt).

² Please find details in the article "Thailand's short-term external debt assessment" from the following link:
http://www.bot.or.th/Thai/EconomicConditions/Publication/Documents/WE_MPG_ShortTermDebt.pdf



Trade credit and advances were mostly short-term trade credits of NC which rose in line with the increase of imports. Debt securities amounted to US\$22.2 billion, an increase of US\$3.8 billion from that of the previous quarter. The increase in long-term debt securities was attributed to general government, while short-term debt securities were largely those of the BOT. This was

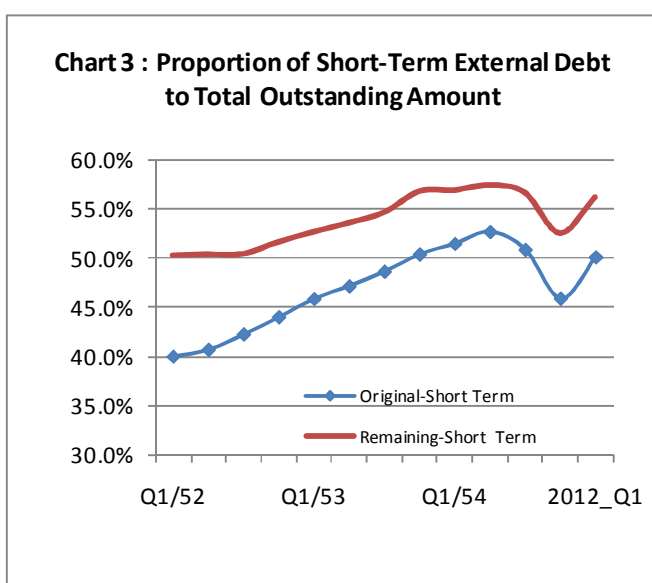
consistent with regional markets where influx of capital into both equity and securities market have recently been more apparent following a progress in the collaborative effort to resolve the Greek debt crisis, and monetary-easing measures by the Federal Reserves and the ECB.

2.3 Maturity

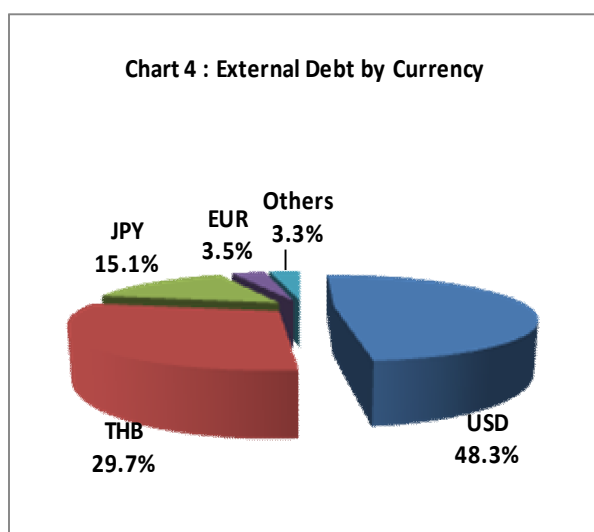
When classified by original maturity, short-term debt registered an outstanding of US\$59.7 billion, a sharp rise from that of the previous quarter. The proportion of short-term debt had therefore increased to 50.1% of the total. This uprise was mostly due to an increase of ODC's loans, followed by trade credits of nonfinancial sector and BOT's bond, respectively. Long-term debt registered a share of 49.6%, which were mostly

loans of NC (largely from telecommunication, petroleum, and electricity generating businesses), followed by government's debt securities and ODC's loans, respectively.

When classified by remaining maturity, short-term debt stood at US\$52.1 billion and accounted for 56.2% of total external debt, compared to 52.6% for the previous quarter.



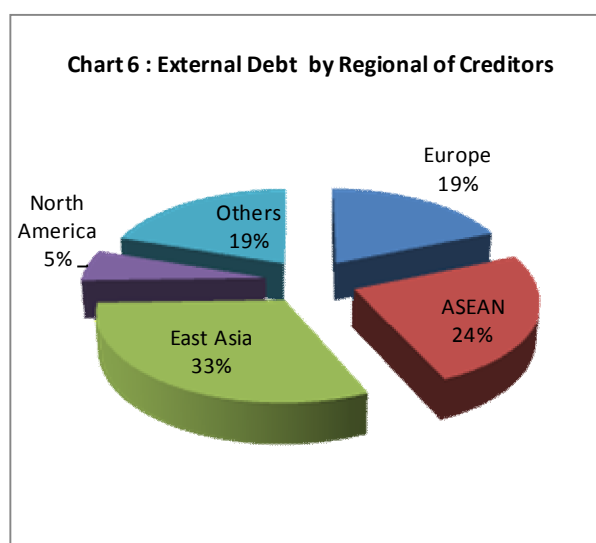
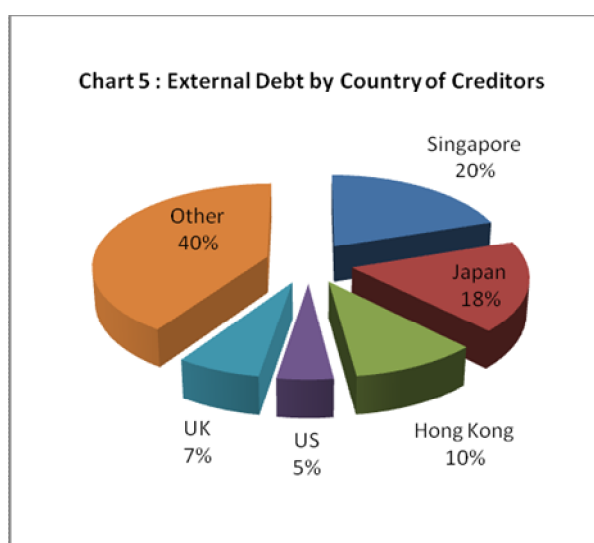
2.4 Currency Composition



The currency composition of external debt in Thailand remained relatively unchanged. Four dominating currencies were still US dollar (US\$57.6 billion or 48.3%), followed by Thai baht, Japanese yen, and Euro, representing 29.1%, 15.1%, and 3.5% of the total amount, respectively. The outstanding of these 4 currencies together accounted for 96.7% of total external debt.

2.5 Country (Location) of Creditor

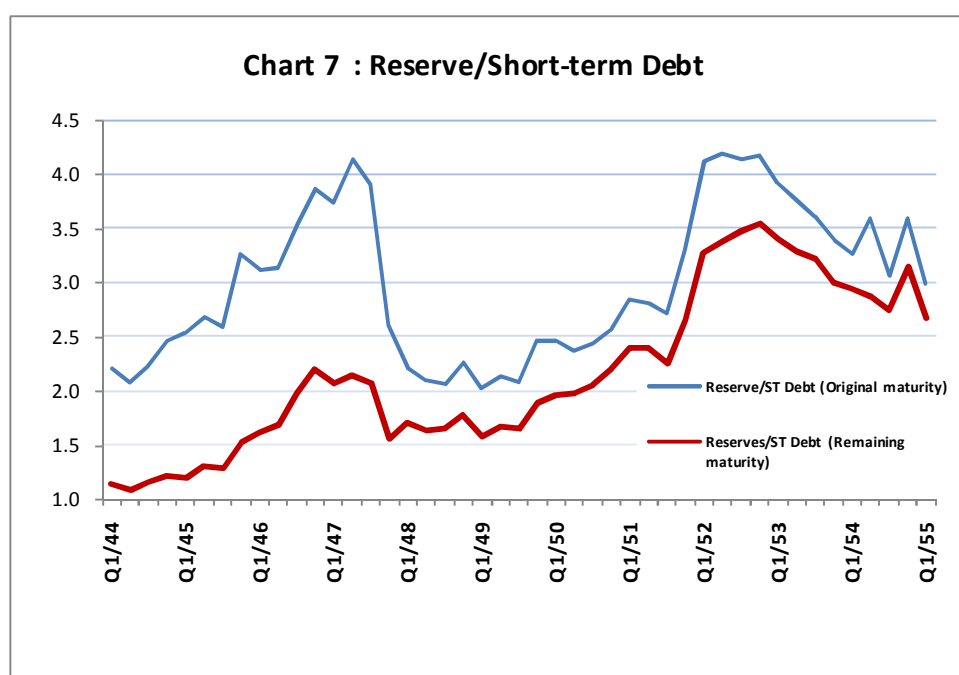
The largest creditor country was Singapore, with an outstanding of US\$23.6 billion (19.8%), followed by Japan, Hong Kong, United Kingdom, and United States with corresponding shares of 17.8%, 10.3%, 6.9%, and 4.6%, respectively.



Region-wise, East Asia³ was major creditor, accounting for 33.1% of total external debt, followed by ASEAN and Europe, respectively.

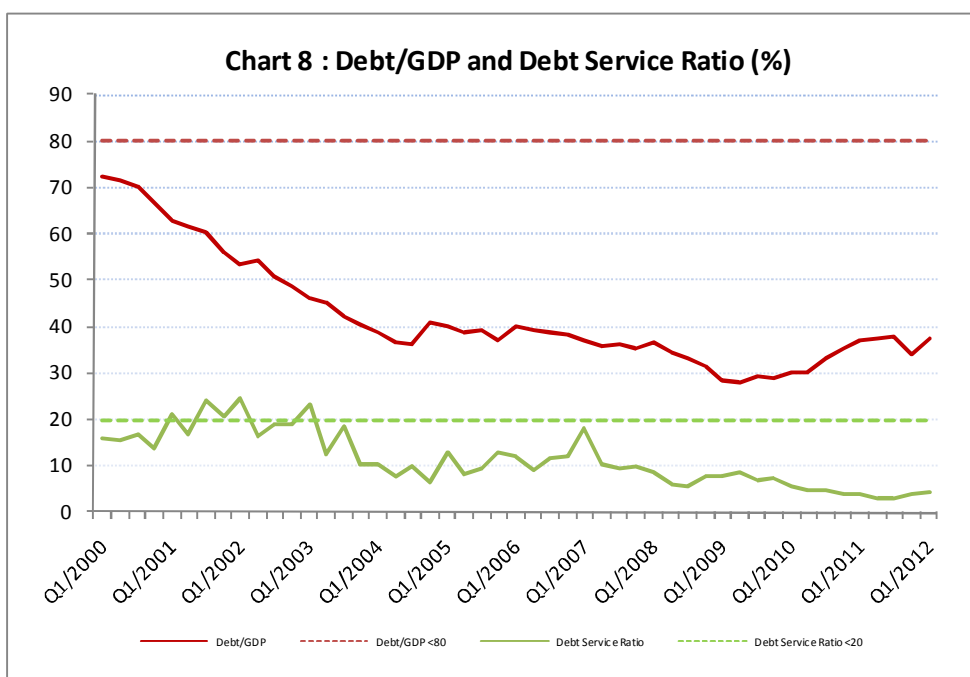
³ Comprises; China, Hong Kong, South Korea, and Taiwan.

3. Thailand's External Debt Indicators



3.1 Ratio of Reserves to Short-term Debt (Remaining Maturity) measures a country's foreign exchange liquidity adequacy in the short run (i.e., whether a country has enough reserves to cover repayments due within a year). This ratio for 2012Q1 was at 267% or 2.67 times, a decrease from 314% or 3.14 times for the last quarter. This was mainly driven by an increase in short-term debt which outweighed the increase in the international reserves. Still, the ratio stood well above the World Bank's recommended threshold of 150% or 1.5 times. Therefore, Thailand's liquidity adequacy in the short run and external stability were still in good shape and well above the international standard.

3.2 External Debt/GDP Ratio In this quarter, the ratio of Thailand's external debt to gross domestic product stood at 37.3%, an increase from 34.2% for the last quarter. The above ratio still met the World Bank's criteria which states that this ratio should not exceed 80%, indicating that Thailand's external debt stability was relatively low, given the current size of the economy.



3.3 Debt Service Ratio is a measurement of a country’s ability to repay its external debt due for payment, measured relative to the size of its foreign currency earnings. During this quarter, the ratio increased to 3.93%, which was largely a result of an increase in the private sector’s external debt due for payment. Still, the ratio was well below the World Bank’s suggested cap of 20%, indicating the country’s high capability to finance its debt service payments.

Table 3: Thailand's External Debt Outstanding

(in millions of USD)

	Q1/2553	Q2/2553	Q3/2553	Q4/2553	Q1/2554	Q2/2554	Q3/2554	Q4/2554	Q1/2555
General government	4,743	5,277	7,596	7,783	8,626	8,703	10,446	11,008	12,161
Short-term	234	99	352	195	51	0	0	0	32
Long-term	4,509	5,177	7,245	7,588	8,575	8,703	10,446	11,008	12,129
Central bank (BOT)	2,611	2,607	3,562	4,880	6,626	5,888	6,221	5,178	8,423
Short-term	835	1,017	1,692	2,574	4,217	3,557	3,165	1,447	4,287
Long-term	1,776	1,590	1,870	2,305	2,410	2,331	3,055	3,732	4,136
Other depository corporations	11,986	13,439	16,080	20,803	23,010	26,080	26,980	20,536	26,369
Short-term	9,605	10,921	13,485	16,688	18,260	20,556	20,723	13,664	18,586
Long-term	2,381	2,518	2,594	4,116	4,750	5,524	6,256	6,872	7,783
Other sectors	60,812	61,575	65,595	67,095	70,010	71,309	71,968	69,234	72,248
Other financial corporations	6,859	6,543	7,499	7,090	9,120	9,130	9,102	8,763	9,348
Short-term	2,316	2,068	2,372	1,966	1,667	2,115	2,134	2,000	1,944
Long-term	4,544	4,475	5,127	5,124	7,453	7,015	6,967	6,763	7,404
Nonfinancial corporations, Households, NPISHs	53,953	55,032	58,096	60,005	60,890	62,178	62,867	60,471	62,900
Short-term	23,761	24,975	27,255	29,232	31,478	32,715	32,668	31,491	34,856
Long-term	30,192	30,057	30,841	30,773	29,412	29,463	30,198	28,980	28,044
Gross External Debt	80,152	82,898	92,833	100,561	108,272	111,979	115,614	105,957	119,202
Short-term	36,751	39,080	45,156	50,655	55,672	58,943	58,691	48,602	59,706
Long-term	43,401	43,818	47,677	49,906	52,600	53,036	56,923	57,355	59,497
Debt / GDP (%)	29.9	30.3	33.3	35.2	37.1	37.6	38.0	34.2	37.3
Reserves / Short-term debt (%)	341.1	330.1	321.5	300.9	294.3	287.2	274.4	314.5	267.2
Debt service ratio (%)	5.65	4.88	4.55	3.68	3.87	3.02	2.97	3.74	3.93
Public sector	0.05	0.11	0.11	0.20	0.11	0.15	0.13	0.22	0.16
Private sector	5.60	4.77	4.44	3.48	3.76	2.87	2.84	3.52	3.77

Appendix

Survey on Private Non-bank External Debt as at end-March 2012

Survey Population and Samples

The survey population encompassed all private enterprises or individuals with external debt outstanding (6,034 companies). Of this, 378 companies were sample units (representing approximately 76% of total external debt outstanding), with details as follows:

- o There were 234 borrowers or lenders with outstanding amount exceeding US\$20 million as at end-December 2011.
- o Fifty companies with end-December 2011 external debt outstanding between US\$3.5 – 19.9 million were sampled for the purpose of statistical quality control.
- o There were 49 companies with other types of external debt outstanding.
- o New entries incorporated into this survey consisted of 45 companies whose transactions on debt incurrence, principal repayment, or interest payment/receipt were reported through ITRS in the previous quarter, but have never been covered in any of the previous surveys.

The BOT sent out survey forms to 378 private companies, of which 108 companies received the form by mail while the remaining 270 received via e-mail. Responses from 364 companies were obtained, representing a 96.3% response rate.

Data Verification and Estimation

The end-March 2012 external debt outstanding data obtained from the survey was crosschecked with corresponding records from foreign exchange reports (ITRS-FX) and non-resident baht account transaction (ITRS-NRB) reported by commercial banks. The expected end-March 2012 outstanding data used as crosschecking benchmark can be estimated using the equation shown below. If any inconsistency occurred, respondents were requested to validate the data and corrections would be made, accordingly.

$$\text{End-Dec. 2011 outstanding} + \text{Inflow}_{2012\text{Q1}} - \text{Outflow}_{2012\text{Q1}} = \text{End-Mar. 2012}$$

For non-sampled units and non-responses, the estimated external debt outstanding data based on the above equation were used.