



ธนาคารแห่งประเทศไทย

**BLP**  
BUSINESS LIAISON  
PROGRAM



# รายงาน ภาวะและแนวโน้มธุรกิจ Business Sentiment and Outlook Report

Quarter 2 / 2025

# About this Report

Recognizing the importance of real business insights from all stakeholders, the Bank of Thailand (BOT) established the Business Liaison Program (BLP) in 2004. Under this program, BOT has gathered the qualitative and in-depth information from those directly engaged in the field, as well as spanning across various regions and industries. With the information obtained, the "Business Sentiment and Outlook Report" is published on a quarterly basis on the BOT website.

Annually, BOT collects information through phone / online interviews and field visits from over 800 executives nationwide. This process aims to exchange information on current and long-term issues relevant to each participant, covering small to large businesses, as well as associations, organizations, government agencies, and financial institutions. Then the information is used by BOT staff to supplement the quantitative data for evaluating economic conditions, making our analysis more comprehensive and well-rounded, supporting Monetary Policy Committee (MPC) and other BOT policy formulations.

**Note:** This report assesses the views of surveyed businesses and organizations in Q2 2025. It reflects real economic activity that occurred but may not cover some economic sectors, such as agriculture. Views of surveyed businesses and organizations in this report may not necessarily align with macroeconomic indicators and forecasts and do not necessarily reflect the views of the Bank of Thailand.

# National Summary

(Survey result of business sentiment across Thailand during 1 April – 30 June 2025)

**Overall business sentiment in Q2 2025 slightly improved from the same period last year, led by accelerated exports during the U.S. government's 90-day pause on reciprocal tariffs. However, the trade and residential real estate sectors declined in many areas due to weakened household purchasing power and increased spending caution.**

## Northern Region

Overall, businesses remained stable from the same period last year.

- The service and tourism sectors slightly expanded, driven by local activities during festivals which were more bustling than last year. However, the overall purchasing power decreased, affecting not only low-income earners but also beginning to spread to middle and high-income individuals.

## Central Region

Overall, businesses slightly expanded from the same period last year.

- The export-oriented manufacturing sector slightly grew due to accelerated exports during the 90-day pause on reciprocal tariffs. The construction sector slightly expanded, owing to government construction and industrial factory projects. However, the service and tourism sectors contracted as the number of short-haul tourists declined.

## Northeastern Region

Overall, businesses slightly declined from the same period last year.

- The trade and real estate sectors declined due to slow recovery in purchasing power and high debt burdens, leading consumers to be cautious on their spending. Meanwhile, the manufacturing sector expanded from accelerated exports during the 90-day pause on reciprocal tariffs.

## Southern Region

Overall, businesses remained stable from the same period last year.

- The service and tourism sectors were stable, with the number of both Thai and foreign tourists being on par with last year. Meanwhile, the manufacturing sector slightly expanded due to accelerated exports during the 90-day pause on reciprocal tariffs and increased crude palm oil production in line with the large volume of oil palm fruits released to the market.

**Overall business sentiment in Q3 2025 is expected to weaken from the same period last year. The main concern is the outcome of tariff negotiations with the U.S., which will impact Thailand's competitiveness. Other concerns include foreign tourists' safety concerns, political uncertainty, and the Thailand-Cambodia border situation.**

### Key issues to follow:

- (1) Impact of uncertainty from the U.S. trade policy on Thai production and exports, as well as the intensified competition from foreign goods, potentially in both export and domestic markets.
- (2) Development of the tourism industry and safety measures to reassure foreign tourists' confidence.
- (3) Domestic political uncertainty and the Thailand-Cambodia Border Situation, which could affect both the business sector and households.



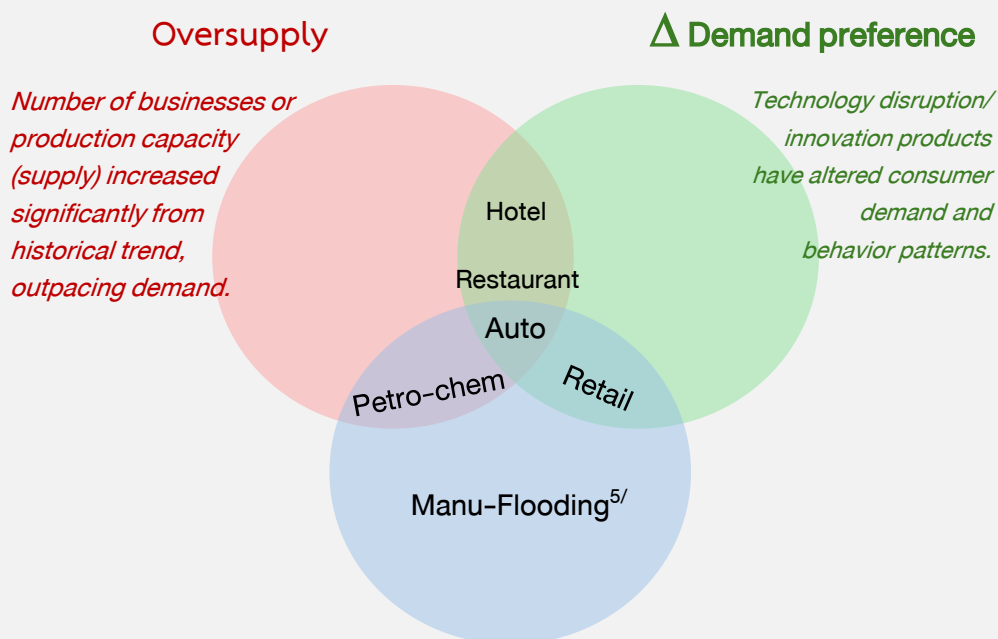
## Thai Business and Its Adaptation

### “When Uncertainty Becomes A Certainty”

The Thai economy faces challenges from both external and domestic factors. Although economic growth has continued at a gradual pace since the COVID-19 pandemic, Thai businesses still perceive that the operating environment in Thailand has become more difficult for many reasons such as slowing domestic demand and declining foreign

tourist arrivals. These issues have exacerbated existing structural problems among businesses, which have become more apparent and severe recently. There are three key structural challenges faced by Thai businesses: oversupply, shifting demand preferences among consumers, and price competition.





1. **Oversupply: Hotels** face increased competition from new entrants operating at lower costs through online platforms such as Airbnb. In 2023, Airbnb offered nearly 200,000 rooms<sup>1/</sup>, accounting for approximately 15% of total rooms, compared to 1.3 million rooms<sup>2/</sup> in traditional hotels. The decline in foreign tourist arrivals, especially Chinese tourists who are the main customer group of hotels rated below three stars, has worsened the oversupply problem in the hotel industry in the recent period. Similarly, **restaurants** face intensified competition, with the number of new establishments doubling compared to the pre-COVID period. Restaurants are now easier to open, with low barriers to entry and the growth of food delivery platforms having transformed the competitive landscape in the food industry, especially post-COVID. Meanwhile, consumers' purchasing power has not kept pace with supply, as partly reflected by the modest 12% growth in number of visitors<sup>3/</sup> since before the pandemic. This has led to oversupply problems in restaurants, especially in tourism areas.

2. **Shifting demand preferences among consumers:** In **retail sector**, online platforms have rapidly captured market share from offline retail channels. This is reflected in the share of e-commerce sales in total retail sales, which rose from 7% in 2019 to 25% in 2024<sup>4/</sup>, intensifying competition in the retail market. As a result, large companies based in the capital and its vicinity had to expand by opening new branches in regional areas, competing with local small and medium-size businesses.

3. **Price competition: Automobile and garment** industries lost market share to imported goods, which compete through lower costs. For example, clothes imported from China are up to 20% cheaper than those produced locally in Thailand. The share of Chinese-imported clothing in Thailand's total sales has risen from 36% during the pre-COVID period to 44% in the first quarter of 2025.

**Note:**

<sup>1/</sup> Source: AirDNA, calculated by BOT

<sup>2/</sup> Source: the Office of SMEs Promotion (OSMEP) and the National Statistical Office (NSO), calculated by BOT

<sup>3/</sup> Number of visitors refers to the total of Thai and foreign tourists

<sup>4/</sup> Source: Euromonitor

<sup>5/</sup> The influx of cheaper import goods includes electrical appliances, textiles and garments, iron and fabricated metals, and furniture.

Many businesses are prioritizing adaptation to enhance their capabilities and adjust their strategies in preparation for heightened uncertainties ahead. Their approaches vary depending on the severity of the problem, the size of the business, and their internal capabilities. Examples of how businesses in the four aforementioned sectors are approaching adaptation as follows:

## Business adaptation from interviews with Thai businesses

### Hotels

1. Increasing share of income from non-Chinese tourists, such as those from the European Union and India, in order to offset the decline in Chinese tourist arrivals amid safety concerns.
2. Expanding its customer base to include other market segments, such as MICE. (Meetings, Incentives, Conventions, and Exhibitions)
3. Upgrading to high-value tourism over the longer term such as wellness tourism for medical purposes, including the use of stem cell treatments and aesthetic services targeting anti-aging. These are services in which Thailand has strong capabilities and higher service standards compared to other countries in the region and thus have high growth potential over the longer-term.
4. Transitioning towards environmentally friendly operations (green operations), initially through low-investment measures such as installing chiller plates and solar panels, in order to reduce operating costs and respond to the needs of environmentally conscious consumers. Adaptation in this area has not reached the level of constructing green buildings, which require environmentally friendly materials and therefore entail large investments, as the cost of constructing such buildings are 10-15% higher than conventional buildings.

### Restaurants

1. Diversifying their income source to new customer segments to compensate for the declining income from existing customers, for example, by increasing sales of premium products.
2. Emphasizing value-for-money in their marketing strategies, such as launching new lower-priced restaurant brands, revising menus to offer novelty and better value for consumers, and running discount campaigns more frequently.
3. Downsizing rental space to lower operating costs.



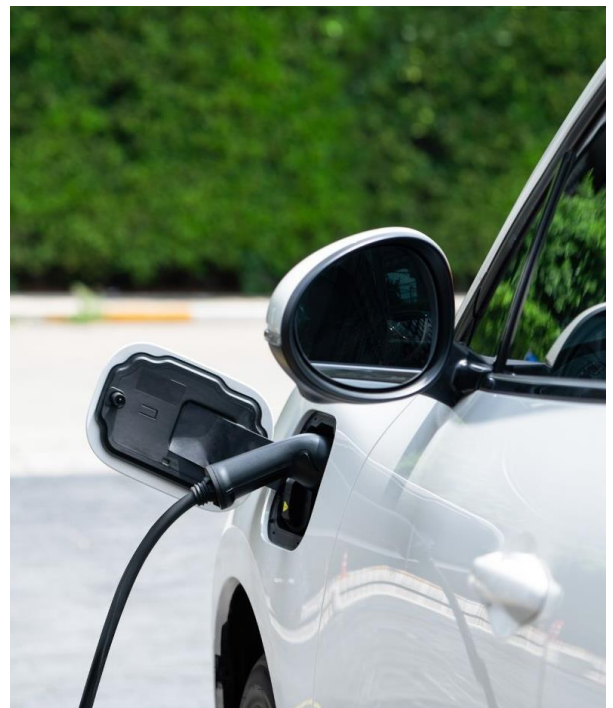
### **Retail: Large firms**

1. Introducing new products with greater variety and higher quality to maintain market share by competing with imported goods, which may be lower in quality, and to respond to the rapidly changing consumer preferences through multiple sales channels, both online and offline.
2. Creating differentiated customer experiences, such as hosting events or using artwork to decorate the interiors of department stores to attract customers.
3. Offering additional services, such as providing personal shopping assistants
4. Expanding new branches in both major and secondary cities.

Meanwhile, smaller firms in regional provinces are adapting by differentiating themselves from larger competitors, focusing on niche products that are distinct from those found in major cities, such as local foods and products, and agricultural products sourced directly from local farmers. These smaller firms also leverage online sales channels.

**Textiles and garment** Most firms in this industry are SMEs, totaling over 200,000 firms. Some of these firms have managed to upgrade and become producers of high-value products, targeting the upper-middle to upper market segments, or focusing on small-lot items with unique characteristics such as athletic wear (e.g. yoga apparel, hockey jerseys), and designer or influencer-branded clothing. These strategies help them avoid direct competition with mass-market producers like Vietnam, Africa, and China, which specialize in lower-priced goods.

**Automobile and auto parts** Firms in this industry are facing structural challenges on all three fronts. Auto parts businesses, which are mostly SMEs, tend to face greater difficulty in adjusting compared to larger firms. Currently, some companies are attempting to adjust their manufacturing models by transitioning from OEM (Original Equipment Manufacturing) production for major car manufacturers to REM (Replacement Equipment Manufacturing) production for the service and repair market. This shift requires the firms to seek out new export markets, especially in the Middle-East and Africa where demand remains strong and consistent. Some firms have transitioned into manufacturing products for other industries, such as medical equipment, agricultural machinery, electronics components, and rail systems, to offset the decline in domestic sales of internal combustion engine vehicles.



In current context where the Thai economy is facing multifaceted challenges, adaptation by Thai firms is crucial for enhancing their competitiveness and building resilience against the many uncertainties ahead. However, adaptation by firms alone may not be sufficient. On the whole, businesses still require assistance from the government and relevant agencies in tandem to help sharpen their competitive edge.

It is essential that the government and relevant agencies implement well-targeted measures and foster a business environment that supports firms in their adaptation efforts. This includes promoting fair competition, developing business know-how and labor skills, and expanding market opportunities. While economic stimulus measures may help mitigate some of the short-term impacts, they are not substitutes for targeted measures that could sustainably address structural problems, which are the root cause of declining competitiveness among Thai firms.

### Summary of assistance measures requested by businesses

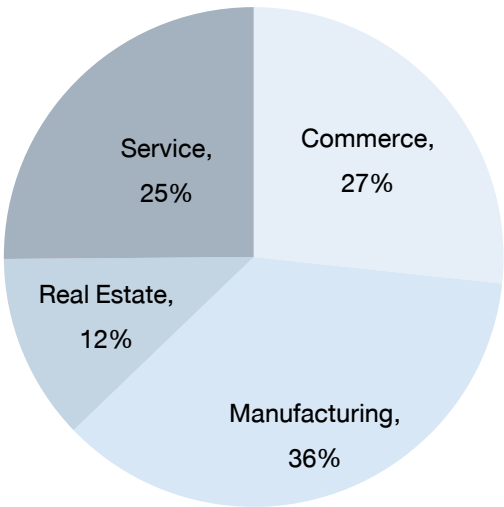
Measures Needed by Businesses	Details
<b>1) Measures commonly requested across business</b>	
Relief from the impact of imported goods that lack quality standards and are illegal	<ul style="list-style-type: none"> <li>• Strict enforcement of laws and inspections for product quality standards, border inspections to prevent goods falsely declared for custom benefits, in order to promote fair competition.</li> </ul>
Developing business know-how and labor skills to enable transition towards other businesses	<ul style="list-style-type: none"> <li>• Increase role of government agencies in providing advices to businesses</li> <li>• Design joint curriculum between businesses and universities</li> </ul>
Supporting expansion of market opportunities	<ul style="list-style-type: none"> <li>• Hasten progress in FTA negotiations, especially with the EU and the Middle East</li> <li>• Facilitate business matching with foreign partners, and provide consultation</li> </ul>
Loans for improving product quality standards and lowering costs	<ul style="list-style-type: none"> <li>• Investment in new machineries</li> <li>• Develop systems for managing the business, or for testing product quality standards</li> </ul>
Law enforcement	<ul style="list-style-type: none"> <li>• Strict enforcement to ensure fair competition for all parties.</li> <li>• Amend laws and regulations that burden or increase costs for the private sector to facilitate business efficiency</li> </ul>
<b>2) Sector-specific measures</b>	
Review BOI tax incentives for investment (automotive industry)	<ul style="list-style-type: none"> <li>• Impose domestic content requirements for raw materials and intermediate goods in order to create more value-added for Thai producers and the Thai economy</li> <li>• Monitor whether firms are complying with requirements after receiving benefits</li> </ul>
Concrete actions to address safety concerns and build tourism confidence (hotels and restaurants)	<ul style="list-style-type: none"> <li>• Strict enforcement of laws and implementation of safety systems, such as installing CCTV cameras and ensuring logistics services comply with relevant regulations</li> </ul>



# Appendix

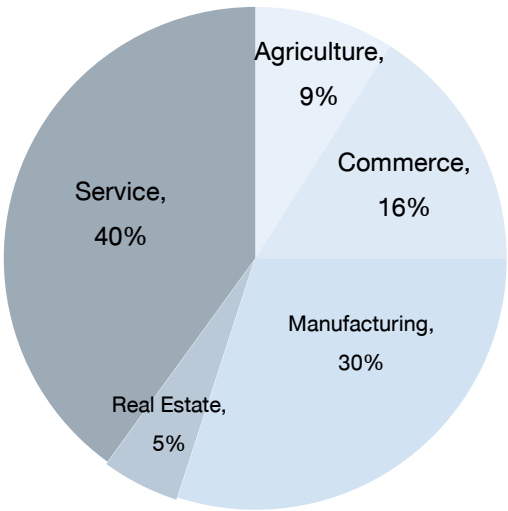
Composition of businesses participated in the BLP in Q2/2025

Survey result of 128 businesses nationwide on  
1 April – 30 June 2025 (Q2 2025)



Note: The sample emphasizes the business sector, while the views of agriculture stakeholders are partly reflected in the manufacturing sector, for example, through the agro-manufacturing sector.

## Thailand's Economic Structure



Source: Office of the National Economic and Social Development Council (NESDC),  
calculated by BOT



Other economic and financial data can be accessed from

**Thai economic and financial condition report (Monthly)**

<https://www.bot.or.th/en/thai-economy/state-of-thai-economy.html>

**Monetary Policy Report**

<https://www.bot.or.th/en/our-roles/monetary-policy/mpc-publication/Monetary-Policy-Report.html>

**Inflation rate**

<https://www.bot.or.th/en/thai-economy/economic-outlook.html>

**Interest rate policy**

<https://www.bot.or.th/en/our-roles/monetary-policy/mpc-publication/policy-interest-rate.html>

**Foreign exchange rate**

<https://www.bot.or.th/en/statistics/exchange-rate.html>

**Fraud-related information**

<https://www.bot.or.th/th/satang-story/fraud.html>

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