

Situation Report of MSMEs in 2023



Contents

2 Gross Domestic Product
of MSMEs in 2022

11 Economic Projection of MSMEs
in Thailand 2023 (As of April 20, 2023)

19 International Trade Value
of MSMEs in 2022

26 The MSME Business
Sentiment Index for 2022

38 The Number and Employment
of MSMEs in 2022

55 MSMEs Scoring

58 The Sales Situations of Products and Services
of MSMEs in Each Business Sector in 2022

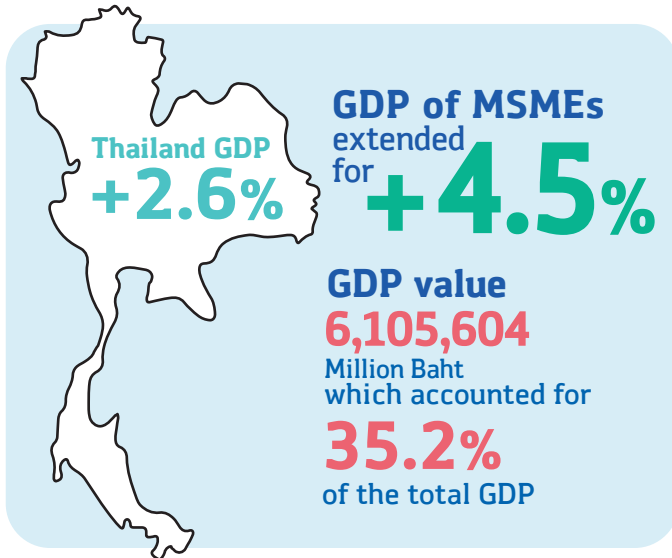


Gross Domestic Product of MSMEs in 2022





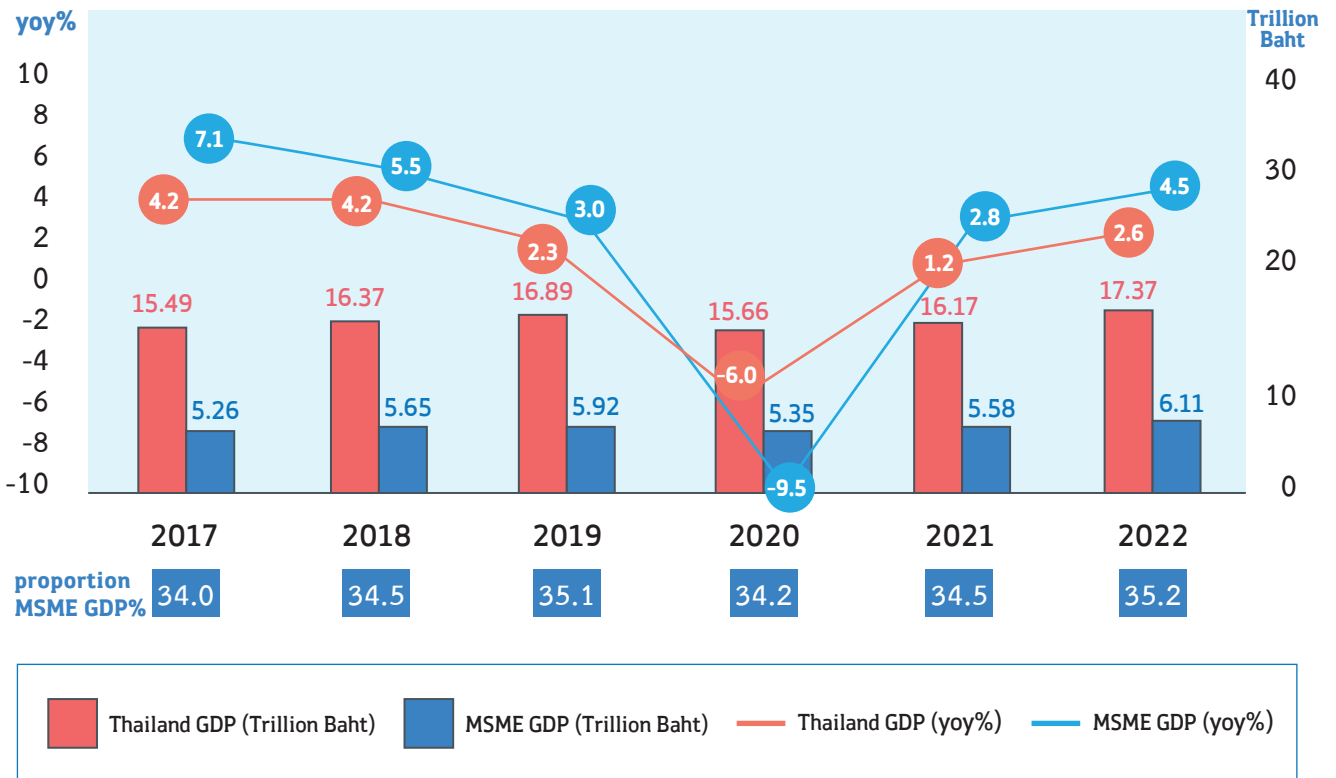
Gross Domestic Product of MSMEs in 2022



GDP of MSMEs in 2017-2022

Gross domestic product (GDP) value in 2022 amounted to 17,367,310 million baht, an increase of up to 1,200,713 million baht from the previous year. It could be said that the GDP value has extended for 2.6% or continued expanding by 1.2% in 2021.

In the meantime, the GDP of micro, small, and medium enterprises (MSMEs) in 2022 was equal to 6,105,604 million baht, which accounted for 35.2% of the total GDP. This represents an increase from the previous year, when the MSME’s contribution to GDP stood at 34.5%. The growth rate of MSMEs was sustained at 4.5%, building upon the expansion rate of 2.8% observed in 2021.



Source: Office of the National Economic and Social Development Council (NESDC): (17/02/2023); GDP of MSMEs Evaluated by Economic Analysis and Risk Warning Department (OSMEP)

Figure 1.1 GDP of MSMEs in 2017-2022

Factors Affecting MSMEs Economic Overview (2022) can be seen as follows:

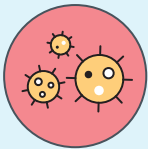
Negative Factors



Due to the Russia and Ukraine war, inflation has affected MSMEs' running costs, especially the cost of goods and raw materials, as well as petrol prices. Price hikes for goods or products were limited as the result of slow consumption recovery of customers in world markets. Consequently, businesses could not produce high profits as they had to maintain low productive costs.



As a consequence of global inflation, the Federal Reserve (FED) raised its policy rate several times. Meanwhile, the Bank of Thailand gradually raised its policy rate to maintain stability for economic recovery, aiming at vulnerable businesses.



Due to a COVID-19 (Omicron) outbreak, the economic recovery in the first quarter of the year was slow, lower than businesses' expectations as the pandemic had a large impact upon their operations.



A decrease of 6.0% in MSMEs' export value was the result of a slowdown in the world economy and a fluctuation of the Thai currency at the end of the year.

Positive Factors



A COVID-19 vaccination campaign targeting 100 million doses in 2021 resulted in the lifting of the lockdown in Thailand. The large daily numbers of infected patients due to widespread COVID-19 (Omicron) was dramatically higher than the numbers of those who were infected with the former COVID-19 variant.



The continuous stimulation based on people's expenses and travels was able to have a direct and significant impact on the economic recovery of MSMEs in Thailand.



A cancellation of Test & Go measures in May along with the lifting of lockdown in Thailand in October contributed to the rapid recovery of the country's tourism industry, and there were large numbers of tourists visiting Thailand again.

Gross Domestic Product Structures in 2022

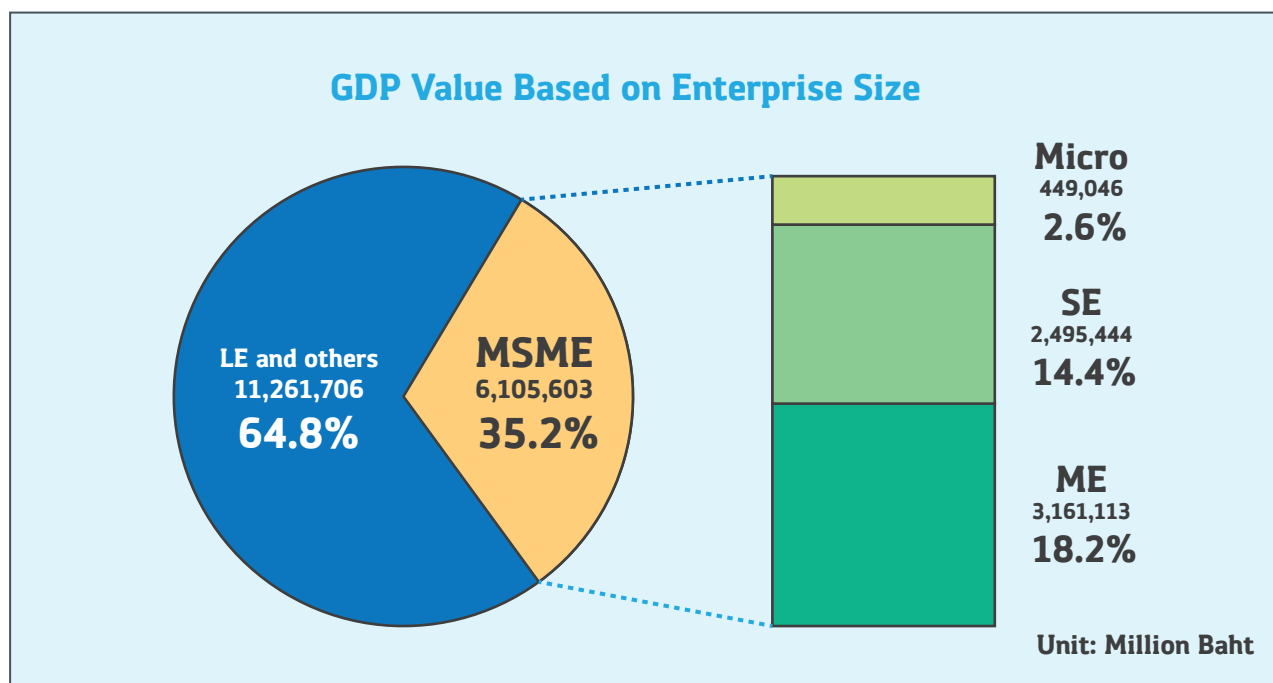


Figure 1.2 GDP Value in 2022 Based on Enterprise Size

According to the GDP breakdown by enterprise size, it was found that micro enterprises accounted for a GDP value of 449,046 million baht, representing a proportion of 2.6%. Small enterprises (SEs) contributed to the GDP with a value of 2,495,444 million baht, accounting for 14.4% of the total. In addition, medium enterprises received 3,161,113 million baht, or 18.2% of the GDP, as seen in the figure above.

Table 1.1 The Value and Growth Rates of Gross Domestic Product in 2022 Based on Enterprise Size

Enterprise Size	Micro	SE	ME	MSME	LE & others	Total
GDP value (trillion Baht)	0.45	2.50	3.16	6.11	11.26	17.37
Sector of GDP (in percentage: %)	2.6	14.4	18.2	35.2	64.8	100.0
Growth rates (in percentage: %)	14.1	2.0	4.5	4.5	2.1	2.5

Source: Office of the National Economic and Social Development Council (NESDC): (17/02/2023)
GDP of MSMEs Evaluated by Office of Small and Medium Enterprises Promotion (OSMEP)

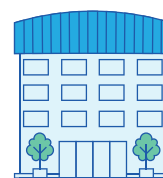
Factors Affecting MSMEs in 2022 Based on Enterprise Size



Micro
+14.1%



SEs
+2.0%



MEs
+4.5%

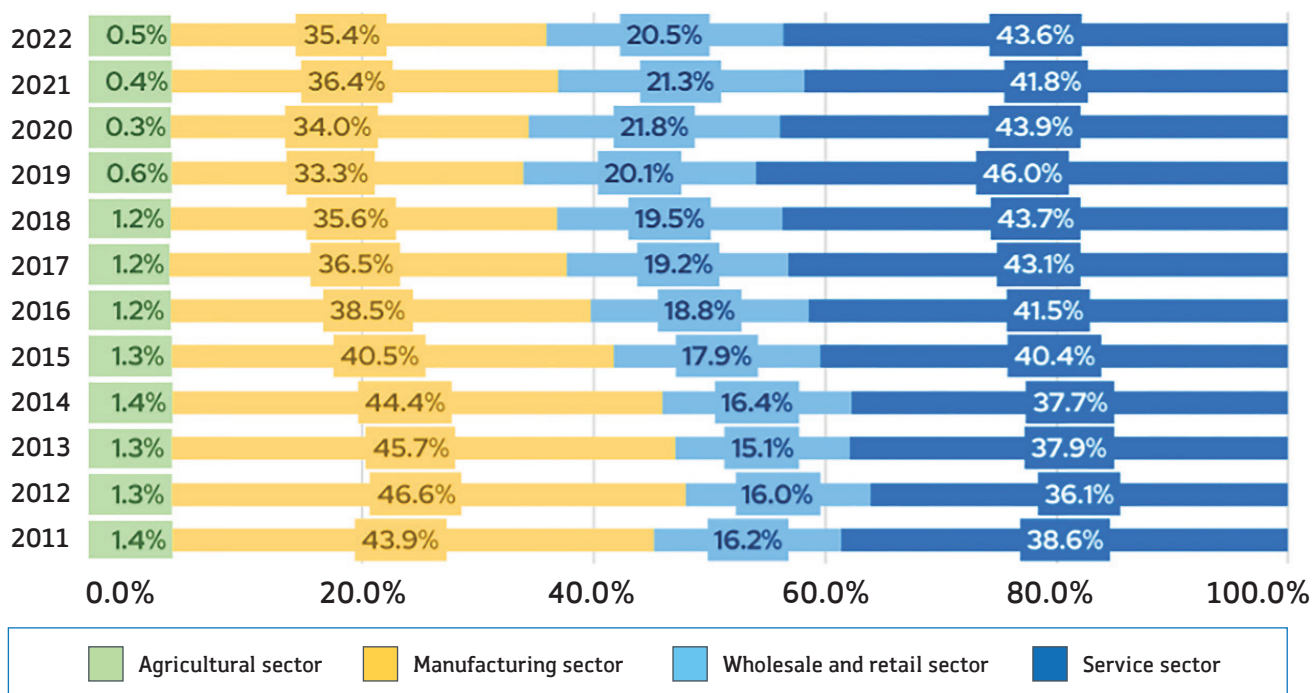
After the pandemic, people lived their lives normally, travelling and spending money, and purchasing goods or products. The co-payment scheme and 'we travel together' scheme drove people to spend more money. As a consequence, small and medium businesses made more profits, household money was spent together with higher rates of company recruitment, despite a dramatic increase in economic inflation.

In general, it seemed that the Thai economy was gradually recovering. However, some enterprises had encountered a rise in working capital. This problem occurred due to a termination of debt repayment measures issued by banks and a limitation on financial credit. The cost of producing goods and services also increased during the period of economic inflation.

Despite a decrease in the export of MSMEs by 6.0%, the MSME sector has demonstrated overall resilience and continued expansion. This decline in exports has particularly impacted MSMEs in the manufacturing sector. However, businesses in the trade and services sectors have been able to sustain continuous growth, in line with the overall economic recovery of the country.

Gross Domestic Product Structures and Gross Domestic Product of MSMEs in Thailand in 2022

MSME GDP Structures in 2011-2022



Source: Office of the National Economic and Social Development Council (NESDC): (17/02/2023)
GDP of MSME Evaluated by Office of Small and Medium Enterprise Promotion (OSMEP)

Figure 1.3 MSMEs GDP Structures in 2021 - 2022

According to the figure above (Gross Domestic Product Structures and Gross Domestic Product of Micro, Small, and Medium Enterprises of Thailand in 2022), it was found that service businesses were considered the most important sector (43.6%), followed by the manufacturing sector (40.0%), the wholesale and retail sector (20.5%) and the agricultural sector (0.5%), respectively.

All of the above structures presented in the figure (GDP of MSME) were consistent with Thai GDP structures as a whole. We all realized that the COVID-19 outbreak had tremendous impacts on the service sector. It was obviously seen that the proportion of MSMEs' GDP in 2022, particularly for the service sector, rose to 46.0%. Service businesses are expecting that, by 2024, their structure will return to the same proportion as in 2019.

Table 1.2 The Growth Rates of Gross Domestic Product of Small and Medium Enterprises Based on Economic Activities in 2022 (yoy%)

Economic Activities	Q1/22	Q2/22	Q3/22	Q4/22	2022
Agriculture, forestry and fishery	5.5	6.1	-0.2	5.8	4.6
Mining and quarrying	-46.0	-48.6	-43.4	-39.3	-44.5
Manufacturing	2.9	0.0	6.9	-4.1	1.2
Electricity, gas, steaming and air purification systems	16.1	15.3	19.0	14.1	16.1
Water supply, water system management and waste water treatment	-3.1	-4.4	-4.3	-3.4	-3.8
Construction	-7.7	-7.0	-5.3	-0.2	-5.4
Wholesale and retail sales, automotive repair	6.9	7.4	7.7	7.3	7.3
Transportation and warehouse storing	15.3	17.0	22.7	22.3	19.4
Accommodation and food service	32.9	45.5	54.1	31.3	40.1
News, information and communication	21.0	21.6	19.8	19.2	20.3
Financial and insurance activities	-21.0	-20.6	-21.0	-21.6	-21.0
Real estate activities	-0.1	1.0	1.7	0.5	0.8
Professional, science and technical activities	2.8	3.8	4.2	4.1	3.7
Administrative and supporting service activities	6.1	6.8	11.1	12.2	9.1
Education	-0.7	0.3	1.5	-2.1	-0.2
Health and social work activities	-33.5	-32.5	-34.8	-35.4	-34.1
Arts, entertainment and recreation	-2.3	-0.3	2.6	1.6	0.3
Other service activities	2.6	3.2	8.0	2.5	4.0
Individual household employment activities	1.2	-5.8	2.9	1.2	-0.1
Total	3.8	4.3	7.3	2.7	4.5

The expansion of MSME's GDP in 2022 was based on supporting factors and an increase of spending expenses deriving from domestic and foreign tourists as parts of the main income for the country. As a result, micro, small and medium enterprises, particularly service businesses, for example, hotels, restaurants, cargo and passenger transport, and advertising businesses, could bring back the same income as they had been making before the COVID-19 pandemic.

Table 1.3 Gross Domestic Product: Micro, Small and Medium Enterprises Based on Economic Activities of Thailand in 2022

Economic Activities	Overall country			MSME		
	GDP Value (Million Baht)	Proportions to GDP (%)	Expansion Rate (yoy%)	GDP Value (Million Baht)	Proportions to MSMEs' GDP(%)	Expansion Rate (yoy%)
Agricultural sector*	1,532,170	8.8%	2.5%	29,533	0.5%	4.6%
Industrial sector	5,639,769	32.5%	-0.3%	2,160,091	35.4%	0.2%
Wholesale and retail sector	2,686,683	15.5%	3.1%	1,251,196	20.5%	7.3%
Service sector	7,508,688	43.2%	5.1%	2,664,784	43.6%	6.4%

Source: Office of the National Economic and Social Development Council (NESDC): (17/02/2023)

GDP of MSME Evaluated by Office of Small and Medium Enterprises Promotion (OSMEP)

Note: In the agricultural sector, the GDP proportions of MSMEs were calculated from MSMEs business entities' added value.

The Growth Rates and GDP Structures Based on Enterprise Sizes and Economic Activities in 2022

• Manufacturing Sector

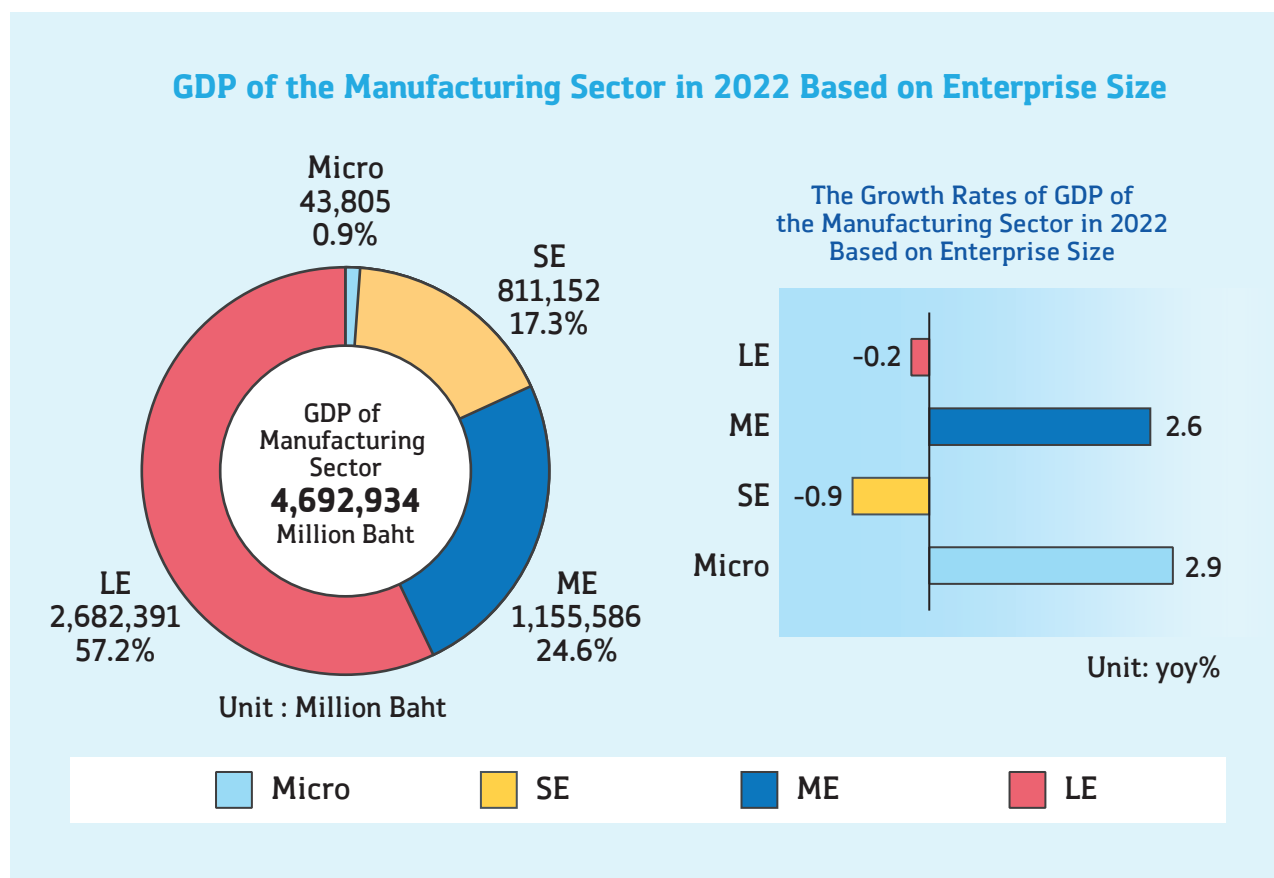


Figure 1.4 GDP of the Manufacturing Sector in 2022 Based on Enterprise Size

The total value of aggregated products in the manufacturing sector of the country in 2022 amounted to 4,692,934 million baht. This includes a GDP value generated by Large Enterprises (LE) of 2,682,391 million baht, accounting for 57.2% of the total. Additionally, the GDP value generated by MSMEs amounted to 2,010,543 million baht, representing 42.8% of the GDP in the manufacturing sector as a whole.

In terms of growth rates, it was found that micro enterprises and medium-sized enterprises in the manufacturing sector expanded by 2.9% and 2.6%, respectively. However, medium enterprises experienced a decrease in growth of 0.9%. Consequently, the GDP of MSMEs in the manufacturing sector expanded by 1.2%.

• Wholesale and Retail Sector

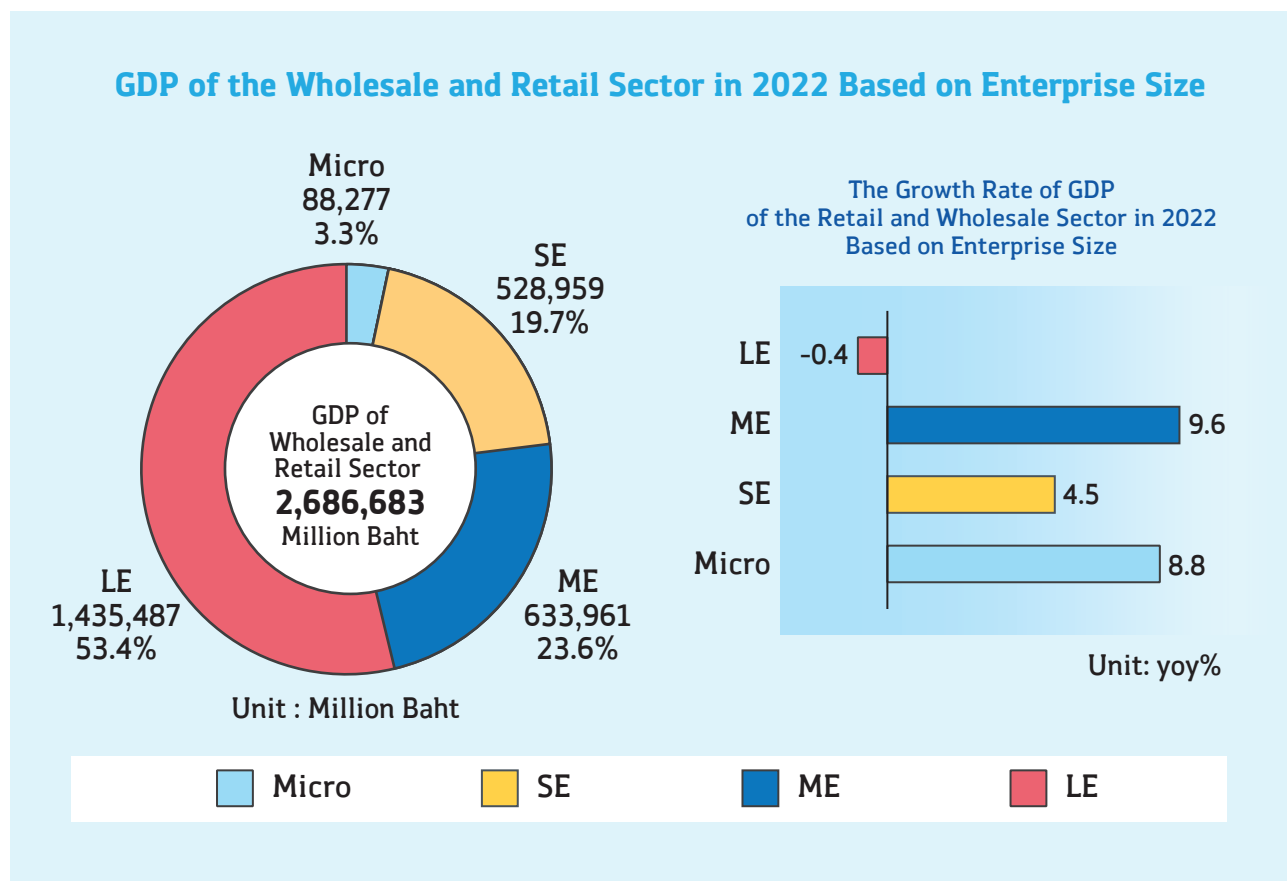


Figure 1.5 GDP of Wholesale and Retail Sector in 2022 Based on Enterprise Size

The value of gross domestic product based on the retail and wholesale sector was equal to 2,686,683 million baht. The amount of 1,435,487 million baht accounted for 53.4% and was received from large enterprises. Moreover, 1,251,196 million baht, received from MSMEs, was equal to 46.6% and was taken from the retail and wholesale sector as a whole.

For the growth rate, it was found that micro, small and medium enterprises, based on the retail and wholesale sector, could be extended up to 8.8%, 4.5%, and 9.6%, respectively. It can be said that the GDP of MSMEs has been enlarged or extended by 7.3%, in total.

• Private Service Sector

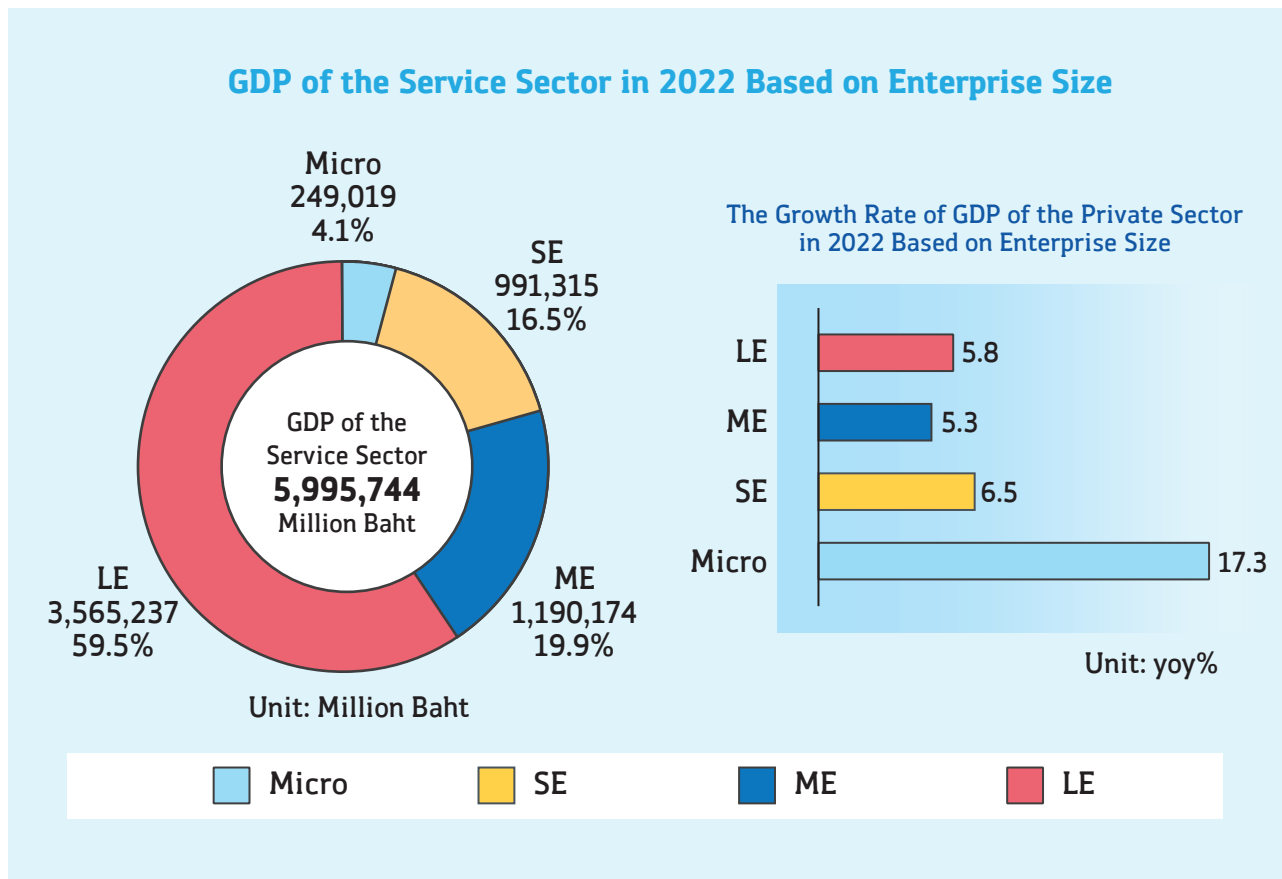


Figure 1.6 GDP of Service Sector in 2022 Based on Enterprise Size

The value of gross domestic product based on the private service sector was equal to 5,995,744 baht. This amount included the GDP of large enterprises which was equal to 3,565,237 million baht or 59.9%. Furthermore, the amount received from MSMEs' GDP was equal to 2,430,507 million baht, accounting for 40.5% of the entire GDP of the private service sector.

Micro, small, and medium enterprises extended their growth rates by up to 17.3%, 6.5%, and 5.3%, respectively. It could be concluded that MSMEs' GDP of the private service sector demonstrated an extension of up to 7.7%.

Economic Projection of MSMEs in Thailand 2023 (As of April 20, 2023)





Economic Projection of MSMEs in Thailand 2023 (As of April 20, 2023)

Significant challenges to global economic growth in 2022 arose from three main factors.



1. The Russia-Ukraine war resulted in intensified geopolitical tensions and greater uncertainty than anticipated, impacting energy and food prices which remain at elevated levels.



2. The stringent lockdown measures and strict control policies implemented by China under its Zero-Covid policy had profound effects. China, being a major producer and consumer, as well as a central transportation hub, influenced global supply chains. These policies affected China's intentions and exacerbated global supply chain vulnerabilities.

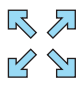


3. The Federal Reserve's (FED) tight monetary policy,

characterized by rapid and forceful tightening measures, aimed to combat inflationary pressures and stabilize the global economy. The FED's interest rate policy reached 4.25% by the end of 2022, a significant increase from the previous 0.25%.

These factors were crucial contributors to the economic slowdown experienced by key economies, including the United States, Europe, and China. Several economies faced an increased risk of recession. However, it is important to note that the outcomes of the Russia-Ukraine war, China's economic slowdown, and the tightening global financial conditions had adverse effects on Thailand, such as rising inflation, higher business costs, increased consumer prices, declining export performance, and volatile oil prices. These factors are anticipated to continue impacting the global economy into 2023.

The Economy of Thai MSMEs in 2023



The economic growth of 2.6%



Accelerating by 1.5% over 2021



11.8 million tourists in Thailand



The improvement in domestic demand both in consumption and private investment

It is expected that the Thai economy in 2023 will be able to return to a level close to or higher than the period before the COVID-19 pandemic. This recovery is primarily driven by the tourism sector, which shows clear and continuous signs of recovery, especially with an increase in Chinese tourists visiting Thailand. In the first quarter of 2023, there were 6.5 million foreign tourists entering the country, and during the Songkran festival in April 2023, there was a higher-than-expected influx of international tourists. Specifically, during the Songkran week (10-16 April 2023), the number of foreign tourists entering Thailand reached a total of 463,459 people. Additionally, there has been an increase in tourism-related activities in Thailand on social media, indicating that the tourism sector in Thailand in 2023 is expected to be stronger than before. This increase in tourism is expected to contribute to household spending, particularly in businesses related to tourism, and the overall investment sector shows positive signals due to the recovery of the service sector, continuous infrastructure investment, and expanding investment in the Eastern Economic Corridor (EEC). However, investment and exports may face risks from external factors, including the global economic slowdown, tightening monetary policies by the US Federal Reserve (Fed), the ongoing tensions in the Russia-Ukraine conflict, and political uncertainties, which may limit the growth of the Thai economy, especially in the tourism sector. There may also be delays in budget disbursement in 2023 due to the outcomes of the election held in May 2023 and the formation of a government, which can be considered a risk factor. Nonetheless, despite the global economic slowdown in 2023, factors supporting the growth of the Thai economy, particularly in the overall and MSME sectors, include the reopening of countries and the relaxation of travel restrictions, which support the trend of an increasing number of tourists traveling to Thailand. Moreover, the main tourist market from China is expected to recover significantly in the second half of 2023. It is estimated that the number of foreign tourists traveling to Thailand will reach approximately 30 millions. As for exports, there is a tendency for them to slow down in line with the economic slowdown of trading partner countries and the global economy.

The International Monetary Fund (IMF) has estimated the global economy in 2023 to grow at its slowest pace since 2001, at 2.7%, slowing from 3.2% in 2022, and about half of the European Union (EU) will enter a recession by 2023. In line with the World Trade Organization (WTO), world trade volume in 2023 is expected to grow by only 1.0% from 3.5% growth in 2022. In addition, the IMF and WTO warn that the trend against globalization may intensify amid the conflict between superpowers. However, Thai exports are still driven by economic growth in ASEAN, which is an export market that accounts for approximately 24% of total Thai exports and 28% of Thai MSME exports. The Asian Development Bank (ADB) expects ASEAN economies to expand at 4.7% in 2023, although it will slow down from 5.5% in 2022.

Table 2.1 Assumptions for forecasting economic figures for the year 2023 (As of April 20, 2023)

Assumption	Estimate year			
	Year 2022		Year 2023	
	Normal situation	Best assumption	Normal assumption	Critical assumption
Growth rate of MSME GDP	4.5%	5.2%	4.7%	4.1%
Growth rate of Thai GDP	2.6%*	4.3%	3.8%	3.3%
Private Investment	5.1%*	3.8%	3.6%	3.1%
Government Investment	-4.9%*	2.3%	1.8%	1.3%
Private Consumption	6.3%*	4.0%	3.5%	3.0%
Government Consumption	0.0%*	-0.7%	-1.2%	-1.7%
Exports	5.5%*	-0.5%	-0.7%	-1.0%
Imports	15.3%*	0.4%	-0.1%	-0.6%

Source: Economic forecast data, Fiscal Policy Office Ministry of Finance, Bank of Thailand, Office of the National Economic and Social Development Council
Analyzed by the Office of Small and Medium Enterprises Promotion

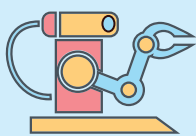
Remarks: * refers to the data retrieved from Office of the National Economic and Social Development Council

From the above factors, the Office of Small and Medium Enterprises Promotion (OSMEP) by the Economic Analysis and Risk Warning Department has revised the 2023 MSME GDP projection according to the direction of domestic and international situations that are likely to change due to various factors which have a profound impact on the overall economy of MSMEs as well. The OSMEP assessed that the year 2023 GDP of MSMEs is likely to increase to a higher level than the previous estimate of February 28, 2023, as a result of positive factors in tourism that still continue. Thus, there are still important risk factors related to the protracted government formation that may result in delayed budget disbursement, which will directly affect state investment. From the OSMEP's GDP of MSMEs projection, using the MSME IO Table and the Macro Model,

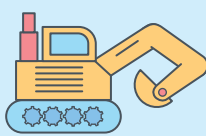
It is estimated that the GDP of MSMEs in 2023 will grow between 4.1% - 5.1%, which is an expansion in



the agricultural sector by 3.9%



the manufacturing sector by 2.9%



the construction sector by 4.0%



the wholesale and retail trade sector by 2.9%



the services sector by 8.7%

The details of economic projections in 2023 in various areas are as follows:

1. Tourism sector



In a normal situation, there would be around 30 million tourists traveling in Thailand according to the expected target without a new severe outbreak of COVID-19 to the point where countries, including Thailand, have to close their borders. In such a situation, Thailand would have more income from inbound tourists' spending in the country. This results in more household consumption due to increased income. In this case, the GDP of MSMEs would be 4.7%. However, in the worst-case situation, there may be a severe mutation of COVID-19 and countries have to lock down as during the previous situation, or

a new, violent epidemic may emerge and become a pandemic, causing travel restrictions in various countries. Then, the number of foreign tourists entering Thailand will decrease, possibly to around 28 million people. If this occurs, the export sector of Thailand's services will slow down. In this case, the GDP of MSMEs will be at 4.1%. However, if the situation improves greatly from the government's policy to stimulate tourism, attracting foreign tourists to travel to Thailand, this will cause foreign tourists to travel in Thailand in abundance, with an expected number of 32 million people. If a favorable situation like this occurs, it will greatly benefit the Thai economy, not only in the tourism sector but also in many related businesses, resulting in the expansion of service sector exports. In this case, the GDP of MSMEs will be 5.2%.

2. Household purchasing power



In a normal situation, people would begin to spend more as the economy started to recover from the COVID-19 epidemic, resulting in increased income, as well as the lifting of measures to control the spread of COVID-19, causing people in the country to start traveling more. Thus, people are still cautious and spend only as needed because they are still concerned about the economic situation and the outbreak of the disease. They still hold on to a financial plan in case the COVID-19 situation becomes more severe again, but inflation and household debt remained normal, resulting in household purchasing power growing at 3.5%.

However, if the situation worsens, the price of goods increases due to inflation which may disrupt the purchasing power of households, as people will not have the confidence to spend. Similarly, another COVID-19 outbreak could become critical again, causing people to be cautious in their spending. Consequently, the uncertain future situation will affect the private sector which may not recover as it should. In such a situation, it is expected to grow only 3.0%. On the other hand, if the situation improves tremendously, there will be factors supporting household purchasing power. The situation of the COVID-19 epidemic is not severe, causing employment to improve. Consumers have confidence to spend more, there is less inflation, and prices of goods and services do not increase. People's confidence to spend more benefits the private sector enabling its recovery, with an expected growth of 4.0%.

3. Private investment



In a normal situation, with an increase in private investment, confidence in the domestic economy would begin to recover after the COVID-19 outbreak with an expected expansion of 3.6%. However, if the situation worsens because the economy is still unable to recover due to various factors,

the private sector could lack confidence to increase investment, causing a lack of confidence to invest or a lack of financial resources for investment. In such a situation, growth would only be expected to be 3.1%. On the other hand, the situation of private investment could improve due to the recovery of confidence in the domestic economy. In addition, it could receive good investment support from government agencies, especially in targeted industries, which would assist the private sector to expand the market for goods and services to new economic zones, which increases private investment confidence, and the private sector would have the confidence to invest. In such a scenario, growth is expected to reach 3.8%.

4. Public consumption expenditure



In a normal situation, the government introduces measures to accelerate budget disbursement according to a plan, causing the spending for various aspects of the government to be least delayed and various government agencies to cooperate fully to allow the government to disburse on time as planned. Thus, due to the political situation that is about to lead to an election to change the government, there may be a delay in budgeting during the change of government, which in normal circumstances, would lead to a 1.2% drop in government spending. In a worsening situation, if the government's consumption expenditure is significantly delayed, things do not go as planned, especially regarding expenditure on large-scale projects or those with high budgets.

5. Public investment



In a normal situation, In a normal situation, the government invests more as the country's economy is recovering, and the upcoming political activity and transitioning of the government is as planned, allowing the government investment approval to occur at the specified time. As such, public investment would increase by 1.8%. However, if an unfavorable situation occurs, investment cannot be carried out as planned, especially for large-scale infrastructure investments, causing the government's investment to shrink dramatically. Considering the election

6. Export of goods and services exported



In a normal situation, the expansion of Thailand's exports of goods and services by goods export services is expected to contract by 0.7%. This is due to the global economic downturn affecting several economies, including key trading partners of Thailand, as well as the crisis of the Russia-Ukraine war, which has resulted in a slowdown in purchasing demand. In addition, the Thai Baht is fluctuating widely and tending towards appreciation, which directly affects Thailand's export sector, and exporters' income will decrease. However, Thailand's export services are tending to improve due to more flexible measures to open the country. Moreover, from the popularity of Thailand's tourism from social media, it is expected that 30 million tourists will visit Thailand in 2023. In the event of an unfavorable situation, the global economy has a recession for many economic groups that are Thailand's main trading partners. This would

Regarding the election that will take place in May 2023, if the election is protracted causing the establishment of the government to be delayed, the approval of government budget expenditures will be delayed. It is expected that in this situation, public consumption expenditure will decrease by 1.7%. If the situation improve, the government's expedited disbursement of budget according to the planned framework may be more effective. This would ensure that state expenditure for various consumption purposes does not experience significant delays, and it also contributes to a favorable electoral outcome. The incoming government would have the authority to approve the budget disbursement within the specified budget plan, including the implementation of policies aimed at economic recovery, for instance, projects that stimulate consumer spending, programs addressing household debt issues, and targeted assistance provided to individuals affected across all demographic groups. In this scenario, it is anticipated that government expenditure on consumer goods and services may experience a slight decrease of 0.7%.

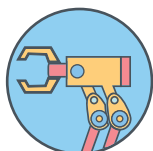
that will take place in May 2023, if the formation of the government is delayed, it will affect the announcement of the planned budget. Subsequently, public investment will be delayed, which, if the situation worsens, will increase public investment by only 1.3%. Conversely, in the event of a favorable situation, the government's investment can proceed consistently according to the planned framework, particularly for large-scale infrastructure projects, and the possibility of holding elections is high. The incoming government would be able to swiftly approve budget disbursements, along with implementing policies to stimulate economic recovery, such as initiatives to boost public spending and address household debt issues, as well as providing targeted assistance to affected groups. In this scenario, public investment by the government is projected to increase significantly, reaching 2.3% of the total budget.

be a severe recession, and the crisis of the Russian-Ukrainian war could intensify, which would result in high appreciation of the Thai Baht. As a result, exporters' income would decrease. If this happens, Thai exports will shrink by 1.0%. If mutations of current diseases or emerging diseases cause countries to order a lockdown like the previous situation, outbound travel from various countries will be restricted. The number of foreign tourists entering Thailand would drop to 28 million. On the other hand, if the situation improves, the global economy can adjust to a better level, especially in countries that are Thailand's main trading partners. Moreover, the crisis of the Russo-Ukraine war may not intensify allowing Thailand to export more products, and the Thai Baht would depreciate significantly. This would allow exporters to earn more income due to the exchange rate which is expected to cause Thai exports in this case to shrink by 0.5%. Furthermore, in terms of export services, the government's policy to stimulate tourism that can attract foreign tourists to travel in Thailand is very interesting and could result in tourists travelling to Thailand in numbers up to 32 million people.

From the aforementioned, the OSMEP estimates that in 2023, the GDP of MSMEs:



Agriculture sector



Manufacturing sector



Construction sector



Wholesale and retail sector



Service sector

Under normal circumstances, MSME will grow by 4.7%	expanding by 3.9%	expanding by 2.9%	expanding by 4.0%	expanding by 2.9%	expanding by 8.7%
In the critical scenario, MSME expected to grow by 4.1%	expanding by 3.4%	expanding by 2.4%	expanding by 3.5%	expanding by 2.4%	expanding by 7.9%
The situation improves, MSME will grow by 5.1%	expanding by 4.4%	expanding by 3.3%	expanding by 4.2%	expanding by 3.3%	expanding by 9.5%

In addition, there are supporting factors and risk factors that affect the estimation of all 3 assumptions, which are normal situations, critical situations, and improved situations, which can be classified as follows.

Contributing factors

- China's border opening after COVID-19 pandemic:**

China's border opening is an opportunity for Thailand in both tourism and trade. It is expected that Chinese tourists, who have not been out of the country for almost 3 years when the country opens up, will have more demand to travel. Thailand is still one of the first countries that Chinese people choose to visit. In terms of trade, when China opens the country, it will be a good opportunity for partner countries or countries that are in the regional production chain for China, one of which is Thailand. This includes products that China has increased demand for, such as electronic devices and semiconductors, and groups of products that China has limited production of, such as vegetables, fruits, and processed foods, in which case Thailand will benefit greatly from China's opening of the country since China is Thailand's second most important trading partner, accounting for about 12% of total exports.
- Relaxation of COVID-19 epidemic control measures in countries around the world:**

This will cause economic activities in various areas to begin to recover more especially in the service sector and related businesses. Large numbers of foreign tourists are interested in traveling in Thailand.
- The Thai Baht tends to appreciate:**

The Baht tends to appreciate against the US dollar. The factors include (1) the US dollar depreciating from the US Federal Reserve's interest rate cut; (2) the global economy is unthreatened and the opening up of China boosts investor confidence around the world; and (3) the growth of the Thai economy against global trends increases the confidence of foreign investors. If the Thai baht appreciates, this will benefit those who have an importing business. Whether for goods or services, they will be able to import products at a lower price.
- More foreigners are interested in investing in Thailand:**

In 2023, there is an increasing tendency for foreign investors to invest in Thailand due to conflicts between countries and geopolitics causing the business sector to search for alternative countries to manage production risks. Therefore, they search for a neutral country like Thailand, which is already preparing to improve its regulations to attract some foreign investors. In addition, Thailand is ready in terms of infrastructure, especially logistics and transportation, where the government has invested 2.4 trillion baht in this infrastructure, including Thailand's quality and skilled labor with reasonable wages.
- Thai tourism tends to grow continuously:**

This is due to the relief of the spread of COVID-19 from countries around the world. The TTB Analytics Center of Thai Thanachart Bank is forecasting that income from tourism in 2023 will grow at an accelerated rate of another 1 trillion Baht, reaching 2.25 trillion Baht. With China opening, the number of foreign tourists will increase. This indirectly results in a better situation for regional tourism in Thailand, especially in the main tourist cities. In addition, the influence of social media is another factor that can attract foreign tourists to travel to Thailand.

Risk factors

- **China borders opening up after COVID-19 epidemic**

China's opening up affects demand growth. This will affect the supply of commodities in the short term, which will increase prices and exacerbate existing inflation problems, especially energy consumption, as China generates 1/5 of the world's energy from oil. In addition, their consumption of iron, copper, nickel, and zinc is more than half of the world's. This could also result in a natural gas shortage in Europe as it cannot import China's surplus gas to replace imports from Russia.

- **Income from agricultural products of Thailand's 5 major crops decreased due to the global economic slowdown:**

Farmers will have lower incomes, especially for the 5 major economic crops of Thailand, which will have a significant drop in income. This is because prices of agricultural products used in the industrial sector fell, namely oil palm and rubber, which fell by 32.6% and 15.8%, respectively. Due to the global economic slowdown, durable goods slowed down, and the prices of these two industrial crops decreased as well, while farming income from crops used for cooking, namely sugar cane, rice, and cassava are expected to continue to increase.

- **Prolongation of the Russia-Ukraine War:**

The war between Russia and Ukraine is expected to continue its protracted trend, which will increase the price of energy or crude oil as Russia is the world's third largest exporter of energy or crude oil, thus affecting production costs. Almost all types of goods, including transportation costs, will increase according to the energy price mechanism in the world market, which includes Thailand. Nonetheless, there is a risk of raw material shortage and raw material prices fluctuate which includes primary products and raw materials for the main production of the global supply chain. Results in production in the supply chain may become more difficult, resulting in an inability for energy to be supplied to the world. In addition, the impact that most affects the Thai economy will be the result of countermeasures by economic sanctions from various countries, for example, oil prices reflect energy costs, business costs, product prices, and inflation. With the Thai capital market becoming more volatile, investors might decide to transfer their money to safer assets.

- **Debt problems of retail debtors:**

This includes both household debt and small and medium enterprises (MSME), especially in key sectors where recovery is still limited. Problems of debt repayment that cannot be completed within the specified period and problems with informal debt are limitations to the growth of domestic demand and the economy in the long term.

- **The vulnerabilities of trading partners:**

Thai exports face risks as trading partners' economies become more vulnerable due to the slowdown in commodity prices. In the main export markets of Thailand, there are different economic problems, especially the European Union's economy which tends to be more sensitive than other markets. The energy crisis and record inflation have reduced consumer spending on luxury goods, which account for nearly 30% of Thai exports to the EU.

- **The Thai Baht tends to appreciate:**

The Thai Baht tends to appreciate against the US dollar due to (1) the US dollar depreciating from the US Federal Reserve's interest rate cut; (2) the global economy is unthreatened and China's opening up boosts investor confidence around the world; and (3) the growth of the Thai economy against global trends increases the confidence of foreign investors which, if the Thai baht appreciates, will negatively affect export-related businesses, in terms of goods or services, because they will have less income.

- **Election uncertainty and the formation of the government:**

Regarding the formation of the government after the upcoming election in May 2023, if there is a delay, this may affect the approval of operations according to the normal budget arrangement. That will result in late disbursements affecting consumption and investment. It may also affect the approval of the draft budget bill for the year 2024. This will directly affect confidence and may be a risk factor for the Thai economic recovery in the next period because government spending is important to assist the Thai economy in the face of the COVID-19 epidemic situation. Nonetheless, Thailand still relies on government spending to revitalize the economy initially, so if disbursement is delayed due to the transitioning of government, this will affect Thailand's economic recovery in the next period.

Table 2.2 Projections of MSME GDP in 2023, classified by assumptions and business group

MSME by sector	Year 2023		Year 2023	
	Assumption	Good Assumption	Normal Assumption	Critical Assumption
	%YoY	%YoY	%YoY	%YoY
GDP MSME	4.5	5.1 (5.1)	4.7 (4.5)	4.1 (4.0)
- Agricultural sector	4.6	4.4 (4.4)	3.9 (3.9)	3.4 (3.4)
- Manufacturing sector	1.2	3.3 (3.6)	2.9 (3.1)	2.4 (2.6)
- Construction sector	-5.4	4.2 (4.4)	4.0 (3.9)	3.5 (3.4)
- Wholesale and retail sector	7.3	3.3 (3.7)	2.9 (3.2)	2.4 (2.6)
- Service sector	7.7	9.5 (8.3)	8.7 (7.7)	7.9 (7.1)

Analyzed by the Office of Small and Medium Enterprises Promotion
Remarks in parentheses refer to the original estimate as of February 28, 2023.



International Trade Value of MSMEs in 2022

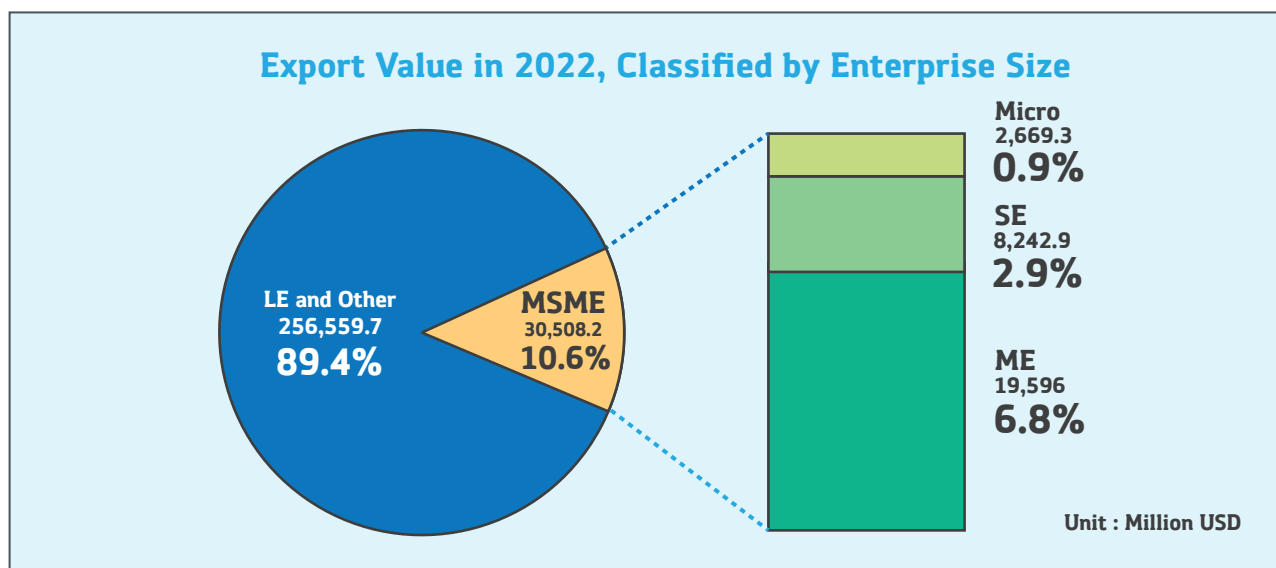




International Trade Value of MSMEs in 2022

The Export Value of MSMEs

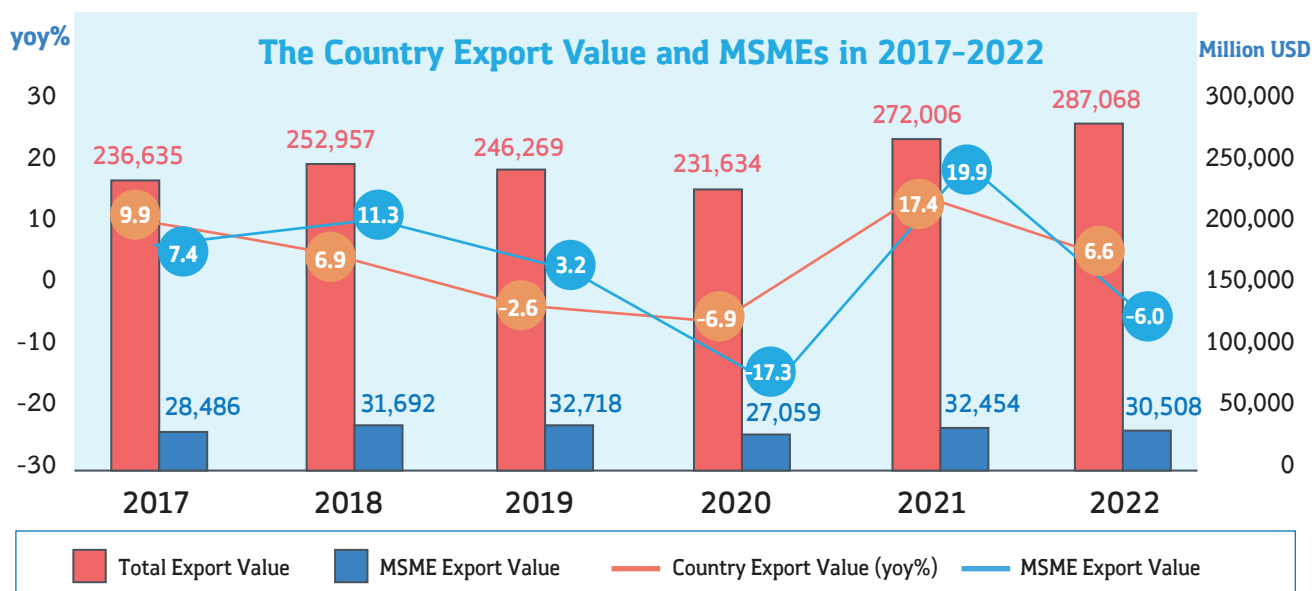
In 2022, the export value of MSMEs was 1,060,207.9 million baht which was equal to 30,508.2 million US dollars, or a proportion of 10.6% of exports. The export value of micro enterprises (Micro) was equal to 2,669.3 million US dollars, accounting for 0.9%. For small enterprises, the value export was 8,242.9 million US dollars (2.9%) whereas the value export of medium enterprises was equal to 19,596.0 million US dollars (6.8%).



Source: The Customs Department;
GDP of MSME Evaluated by Office of Small and Medium Enterprises Promotion (OSMEP)

Figure 3.1 The Export Value of MSMEs in 2022, Classified by Enterprises Size

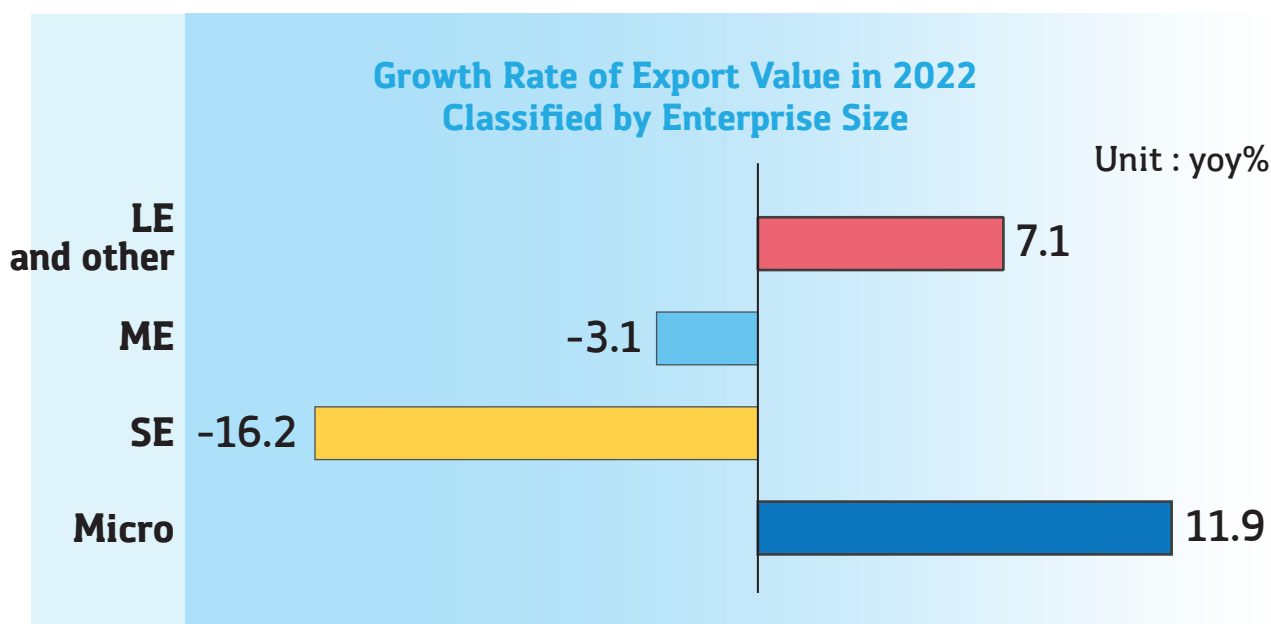
The Value and Growth Rate of Exports in 2017-2022



Source: The Customs Department;
GDP of MSME Evaluated by Office of Small and Medium Enterprises Promotion (OSMEP)

Figure 3.2 Thailand and MSMEs Export Value in 2017-2022

The expansion of export value within the country rose to 5.5%; meanwhile, the export value of MSMEs was reduced by 6.0%. The export value of MSMEs in the post-COVID-19 period was considered a drawback when compared with the pre-COVID-19 period.

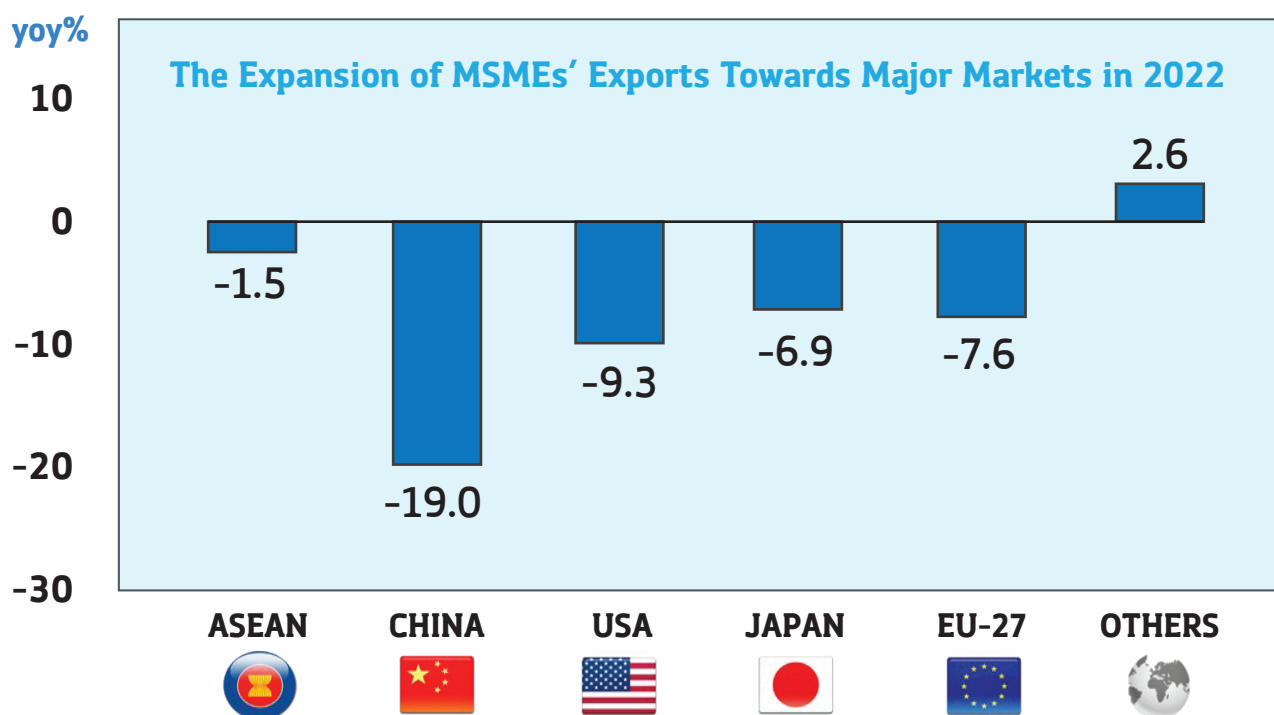


Source: The Customs Department;
GDP of MSME Evaluated by Office of Small and Medium Enterprises Promotion (OSMEP)

Figure 3.3 Growth Rate of Export Value in 2022, Classified by Enterprise Size

Having considered the sizes of enterprises, it was discovered that a decrease in MSMEs' export value was mainly an impact from small enterprises and medium enterprises. Due to the crisis of the downturn in the economies of world markets, demands for specific products or goods fell dramatically.

The main export value of small and medium enterprises, in Asia, China, United States, Japan and the European Union, accounted for almost 80% of MSMEs' export value. The value of all market exports of the stated regions and countries dropped heavily compared with the previous year. In China, the value of market exports significantly decreased by up to 19.0%, consistent with the Zero-COVID-19 measures of the country. Other export markets were directly affected by economic inflation which had a large impact on people's purchasing demands and product prices.



Source: The Customs Department;
GDP of MSME Evaluated by Office of Small and Medium Enterprises Promotion (OSMEP)

Figure 3.4 Thai MSMEs Major Exported Markets in 2022

Gems and jewelry products (HS 71) were significant export products of MSMEs in 2022, followed by sugar and baked goods that were made from sugar. Other kinds of food produced from vegetables were fruits and nuts. A significant decrease of other fresh products included fruits and edible nuts (HS 08), machines, computers plus other devices (HS 85), as well as plastics and goods produced of plastic (HS39).

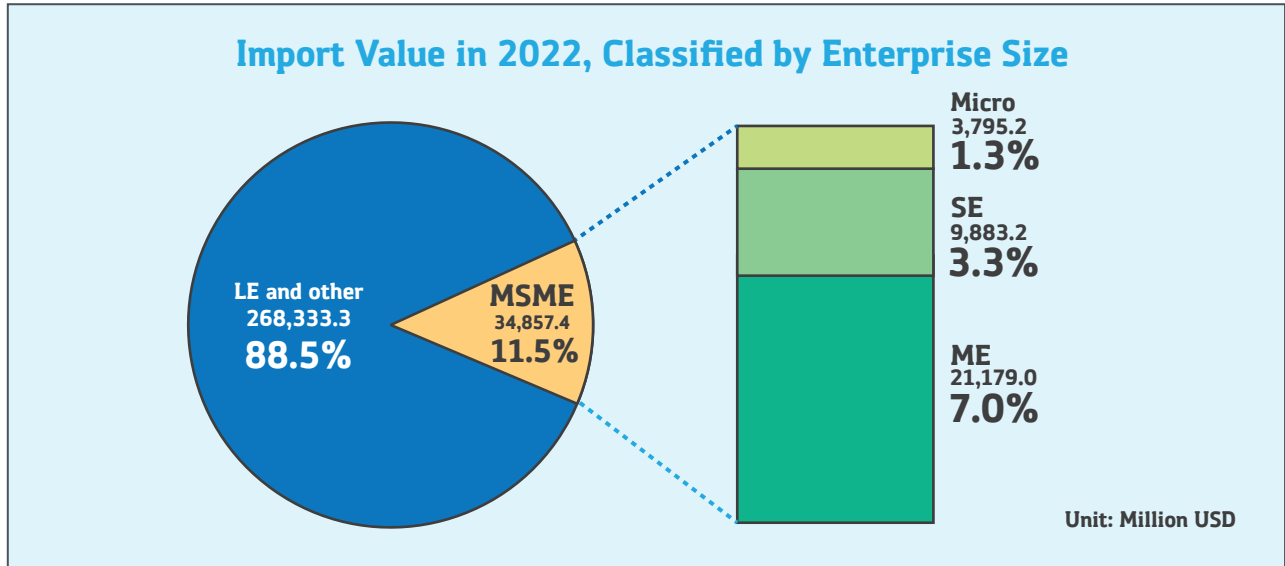
Table 3.1 The Major Exported Products of MSMEs in 2022

HS code	Export Product Groups	MSME	Total	MSME Export	MSME Share
		Million USD	Million USD	YoY%	%
71	Gems and jewelry	3,652.2	15,106.3	14.9	24.2
85	Electrical equipment and spare parts	3,159.7	45,744.6	1.4	6.9
17	Sugar and baked goods made from sugar	2,753.7	3,816.8	89.8	72.1
8	Fruits and edible nuts	2,444.2	5,745.6	-14.6	42.5
84	Machines, computers and other devices	1,760.2	44,443.9	-15.9	4.0
39	Plastics and goods made of plastic	1,172.9	15,273.0	-14.6	7.7
44	Wood and articles made of wood and charcoal	1,024.7	2,993.0	-14.4	34.2
87	Automotive and spare parts	988.9	31,583.3	-4.0	3.1
73	Products made of iron or steel	880.4	5,038.0	-7.2	17.5
20	Food items produced from vegetables, fruits and nuts	580.3	2,433.3	16.1	23.9

Source: The Customs Department;
GDP of MSME Evaluated by Office of Small and Medium Enterprises Promotion (OSMEP)

The MSME Import Value

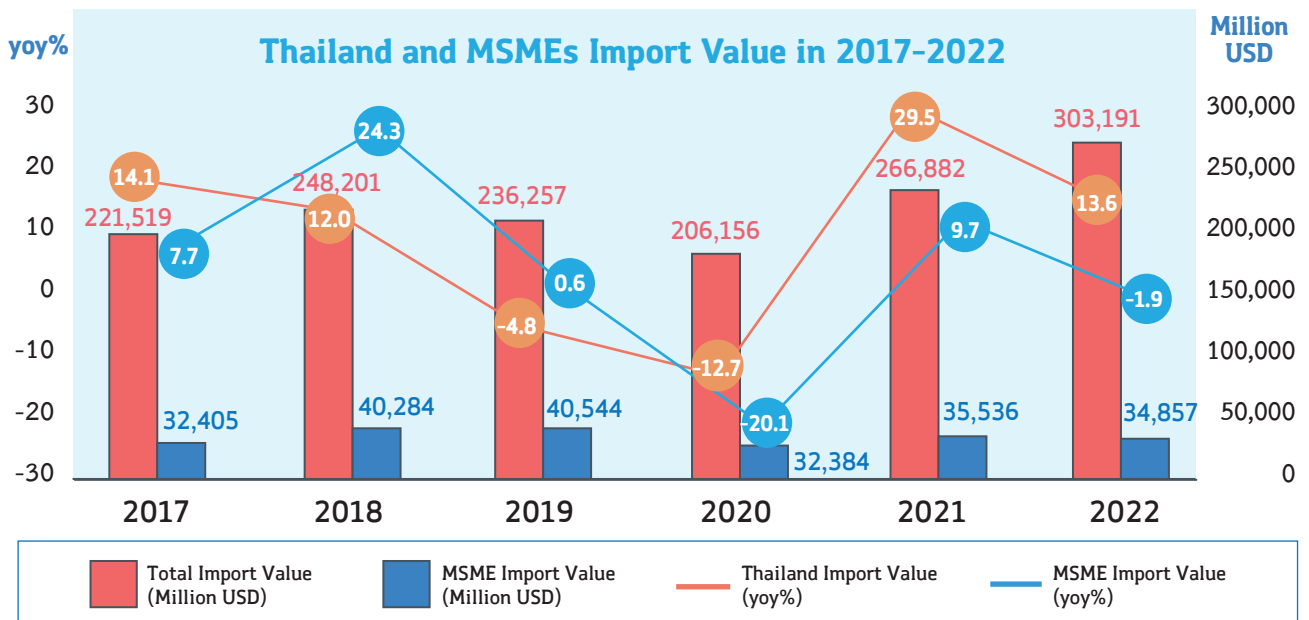
In 2022, MSMEs had a total export value of 1,060,207.9 million baht, which is equivalent to 30,508.2 million US dollars when converted into US currency. This accounts for approximately 10.6% of the overall export value. The export value breakdown by enterprise size is as follows: Micro enterprises contributed 2,669.3 million US dollars, accounting for 0.9%; Small enterprise (SE) contributed 8,242.9 million US dollars, representing 2.9%; and Medium-sized enterprise (ME) contributed 19,596.0 million US dollars, constituting 6.8%.



Source: The Customs Department;
GDP of MSME Evaluated by Economic Analysis and Risk Warning Department (SMEs)

Figure 3.5 Import Value in 2022, Classified by Enterprise Size

The MSMEs' Import Value and Growth in 2022

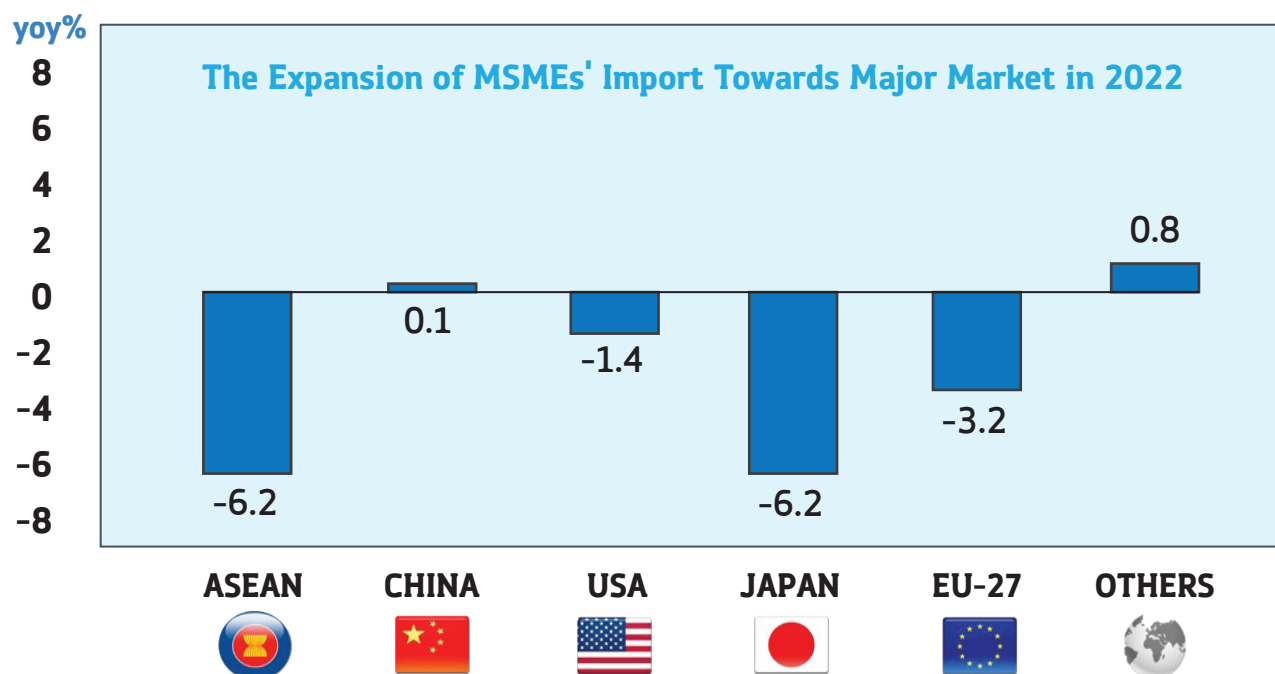


Source: The Customs Department;
GDP of MSME Evaluated by Economic Analysis and Risk Warning Department (SMEs)

Figure 3.6 Thailand and MSMEs Import Value in 2017-2022

The total Import value in 2022 expanded by 13.6%, which was in accordance with raw material products rising costs. Because of the Russia and Ukraine war, fuel prices increased. The Import value of MSMEs decreased to 1.9%, consistent with the decline in exports. It can be said that the figure demonstrates a significant decline of raw material imports and intermediate goods.

Regarding the significant import sources for MSMEs, it was found that the import value has decreased from the previous year for almost all sources, except for imports from China, which accounted for over 40% of the total MSME imports and experienced minimal expansion.



Source: The Customs Department;
GDP of MSME Evaluated by Economic Analysis and Risk Warning Department (OSMEP)

Figure 3.7 Thai MSMEs Major Imported Markets in 2022

The major imported products of MSMEs in 2022 were extensively expanded, especially raw material products, for example, gems, jewelry, iron, automotive, and spare parts. Prices of these raw materials were much higher due to economic inflation.

Table 3.2 The Major Imported Products of MSMEs in 2022

HS code	Imported Product Groups	MSME	Total	MSME Export	MSME Share
		Million USD	Million USD	Million USD	Million USD
84	Machines, computers and other devices	5,233.9	29,187.4	-7.5	16.6
85	Electrical equipment and spare parts	5,085.7	57,512.0	-9.6	8.0
71	Gems and jewelry	1,943.0	16,729.0	19.0	13.8
39	Plastics and goods made of plastics	2,295.2	10,900.6	-5.0	20.0
73	Products made of iron or steel	1,445.2	7,885.8	21.3	22.2
90	Optic equipment	1,084.6	6,354.1	4.4	17.8
72	Iron and steel	1,328.2	14,558.4	-20.2	7.3
87	Automotive and spare parts	922.1	11,126.7	14.9	9.5
38	Miscellaneous chemical products	1,163.4	6,692.2	-9.8	15.7
3	Fish and crustaceans	645.2	3,930.5	12.5	18.5

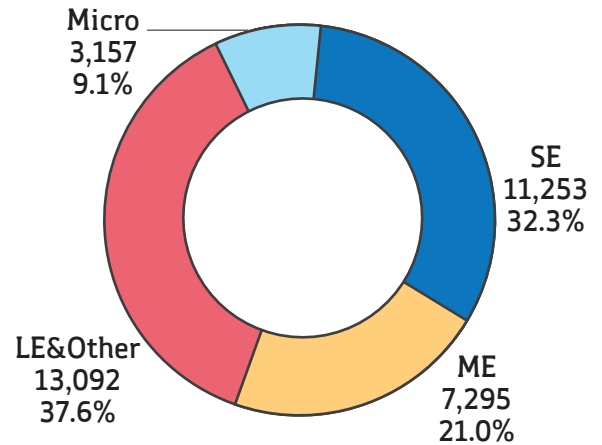
Source: The Customs Department
GDP of MSME Evaluated by Office of Small and Medium Enterprises Promotion (OSMEP)

The Number of MSME Importers and Exporters in 2022

The Number of MSME Exporters **21,705** exporters

- Accounted for 62.4% of the total number of exporters
 - ▼ **A decrease** of 218 exporters from the previous year (-1.0%)
- The average export value was 48.8 million baht/exporter
 - ▲ **An increase** of 2.1 million baht/exporter

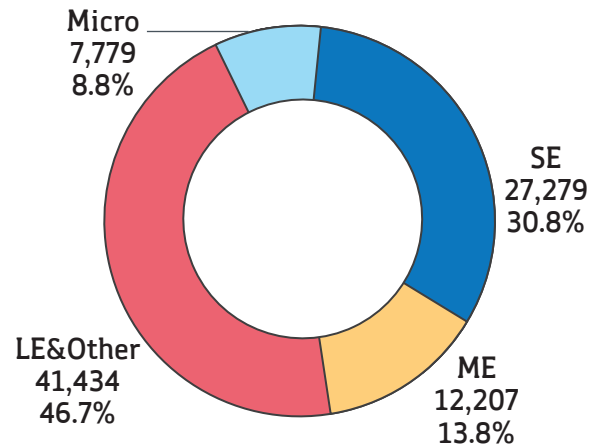
The Number of Exporters in 2022 (persons)



The Number of MSME Importers **47,265** importers

- Accounted for 53.3% of the total number of participants,
 - ▼ **a decrease** of -0.6% from the previous year
- The average import value was 26.0 million baht/importer,
 - ▲ **an increase** of 2.1 million baht/Importers from the previous year

The Number of Importers in 2022 (person)



International Trading Trends of MSMEs in 2023



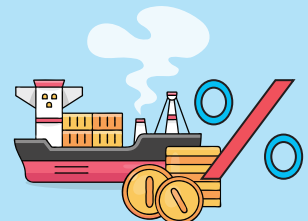
Financial institution issues taking place in the US and Europe might have impacts on the purchasing power of partner countries.



The average currency of Thai baht in 2022 seemed to be appreciated by many factors. Therefore, the issue might have an impact on food and agricultural products.



The import of products and goods from MSMEs is likely to expand again, especially for raw material product groups; this is consistent with MSME industrial export products.



OSMEP expects that the export value of MSMEs in 2023 will expand by approximately 8%-10%.

The MSME Business Sentiment Index for 2022

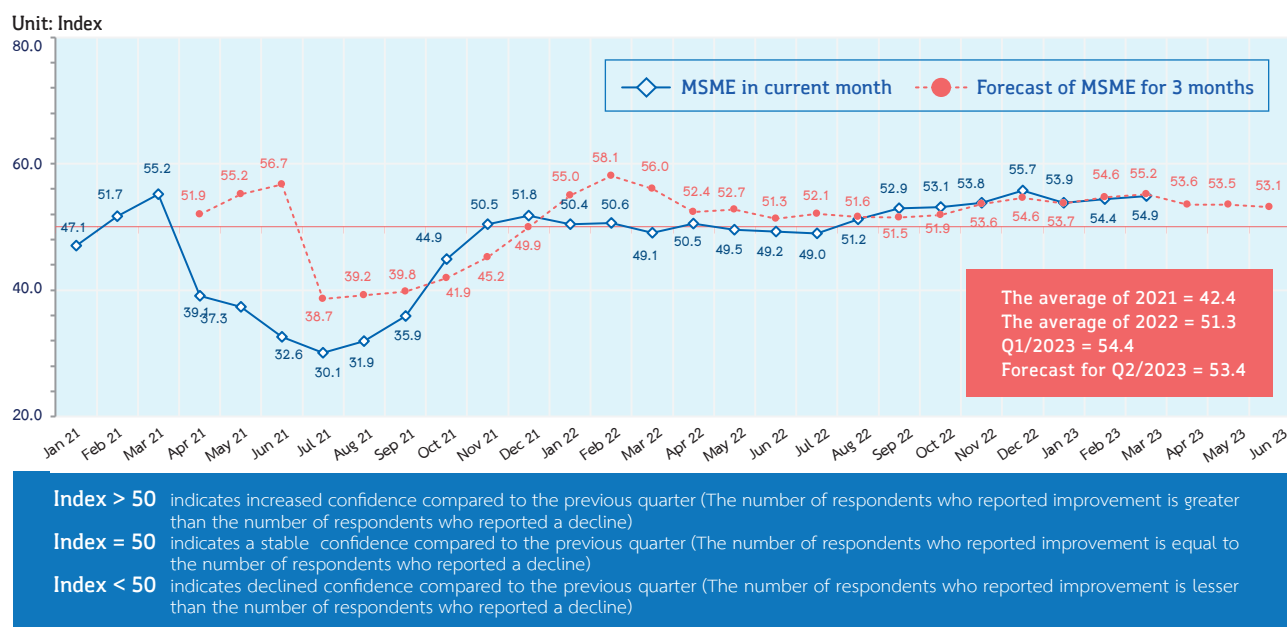




The MSME Business Sentiment Index for 2022

"The Business Sentiment Index of MSME Entrepreneurs in 2022 (average value from January to December 2022) was at a level of 51.3, showing a significant improvement compared to the average value of 42.4 in 2021. This improvement can be attributed to the easing of the Omicron variant of the COVID-19 virus, which allowed people to engage more in economic activities and tourism. This resulted in an expansion of both domestic and international tourism as the public started to travel more. Additionally, the government's stimulus measures for the tourism sector had a positive impact on the country's economy, which gradually began to recover. However, the accumulated impact of the COVID-19 pandemic over the past two years still affected consumer purchasing power, leading to a fragile consumer market. Moreover, the prices of raw materials, goods, and transportation increased due to the indirect effects of the Russia-Ukraine conflict, as well as inflationary pressures within the country. This, in turn, resulted in a higher cost of living for the general population and could potentially have implications for future business operations."

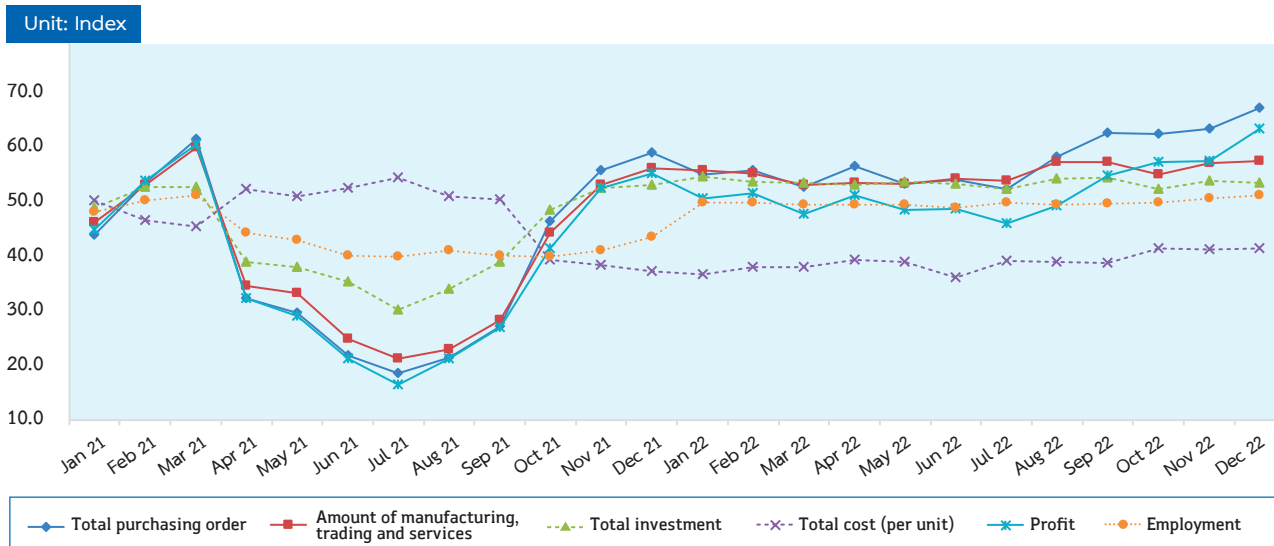
The spread of the COVID-19 virus, particularly the Omicron variant, has shown signs of easing. Although the number of Omicron infections has increased rapidly, the severity of the disease is not as significant compared to the previous outbreak in 2020-2021. Furthermore, the disease control measures have not been overly stringent, resulting in less impact on business operations. People have been able to travel and engage in economic and tourism activities more freely. This has led to an expansion of both domestic and international tourism. Additionally, government stimulus measures for the tourism sector have stimulated consumer spending and had positive effects on the country's economy, which has started to recover gradually.



Source: SME Sentiment Index Report for 2022 by the Office of SMEs Promotion

Figure 4.1 SME Sentiment Index for MSMEs in 2022 and the first quarter of 2023

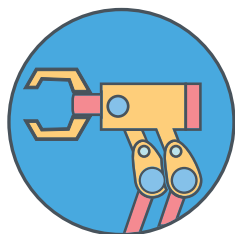
Components of the MSME Sentiment Index, with average values in 2022, in terms of order volume, production/trade/service quantity, profit, investment, and employment, improved. They were recorded at levels of 57.8, 55.3, 52.2, 53.5, and 49.8, respectively. These values indicate an improvement compared to the average values in 2021, which were at levels of 39.3, 39.9, 38.0, 43.7, and 43.5, respectively. On the other hand, cost-related components were at 39.0, indicating a decrease in confidence compared to the previous year's level of 47.4. Despite the business sector being able to resume full operations, increased cost factors, particularly related to the prices of goods/raw materials, fuel costs, public utilities, and transportation expenses, have affected business performance.



Source: Report on SME Sentiment Index (SMESI) for December 2022

Figure 4.2 MSME Sentiment Index Classified by Composite Index in 2021 and 2022

The MSME Sentiment Index classified by business sectors 2022 “Summary of Enterprise Sentiment in Business Operations in 2022 shows that business confidence has been improved in all business sectors. Especially in the service and manufacturing sectors which fully resumed operations after the reopening of the country when lockdown measures had been lifted. Another factor that contributed to the improvement of business sentiment is the government policy which was imposed to encourage both Thai and foreign tourists to travel to and within Thailand.”



The manufacturing sector

is experiencing a better expansion rate compared to last year. Many types of businesses are fully reopened after lockdown measures were lifted. This includes the increase in the organisation of social activities such as events, festival, trainings, and seminars. Despite such a positive outlook, operating costs could be viewed as a major obstacle for business operations, especially owing to lockdowns during the COVID-19 pandemic, Russia’s war on Ukraine and inflation in the country, while the higher cost of products, raw materials, fuel, utilities, and logistics could still affect business activities. All these factors could influence the purchasing decisions of consumers who are more cautious in their spending which could affect their business performance in terms of generating profits.



The service sector

has improved from the previous year after the reopening of the country. The government’s stimulus measures led to an increase in both Thai and foreign tourists. This had a positive effect on the tourism sector and related businesses, including tour operators, restaurants, tour guides, and hotels. Moreover, this has also had a good impact on contractors for construction work in which tour operator businesses have begun to repair and renovate their places of business as they are able to fully operate the business during the peak season when more people are travelling.



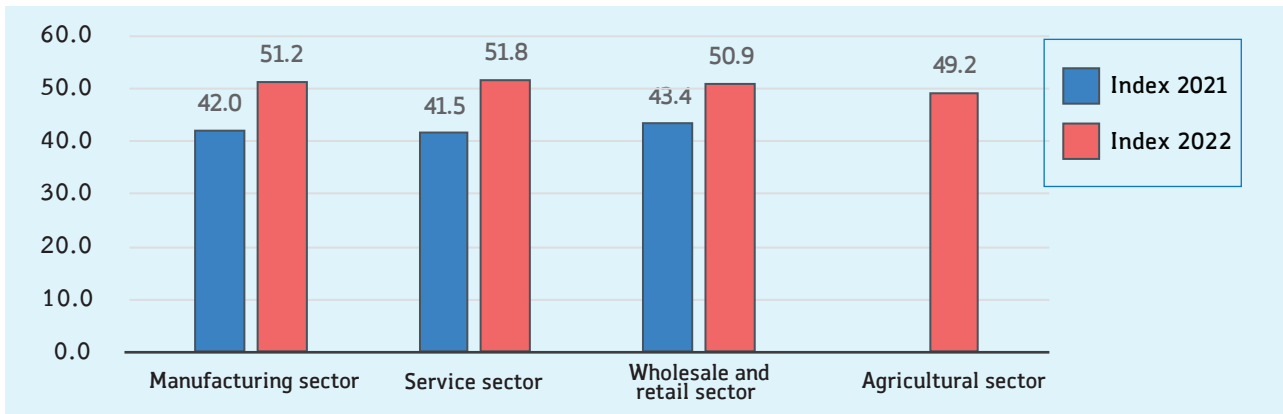
The trade sector

has recovered from last year, as a result of increased economic activities due to the reopening of the country, in addition to the increase in travel, which has boosted spending on consumer goods. As a result, this also boosted foreign purchasing power. The construction materials trading sector saw an increase in purchasing orders as there was increasing demand from construction contractors.



The agribusiness sector

the demand for agricultural products continues to increase. Assistance from the government resulted in improved income for the agricultural sector. However, the livestock farming business still bears the burden of higher costs of food-feed crops. The weather is one factor that affects the cost of farm animal welfare which seems to be increasing, especially the cost of livestock water use, animal nutritional supplements, fertilisers, and agricultural chemicals.



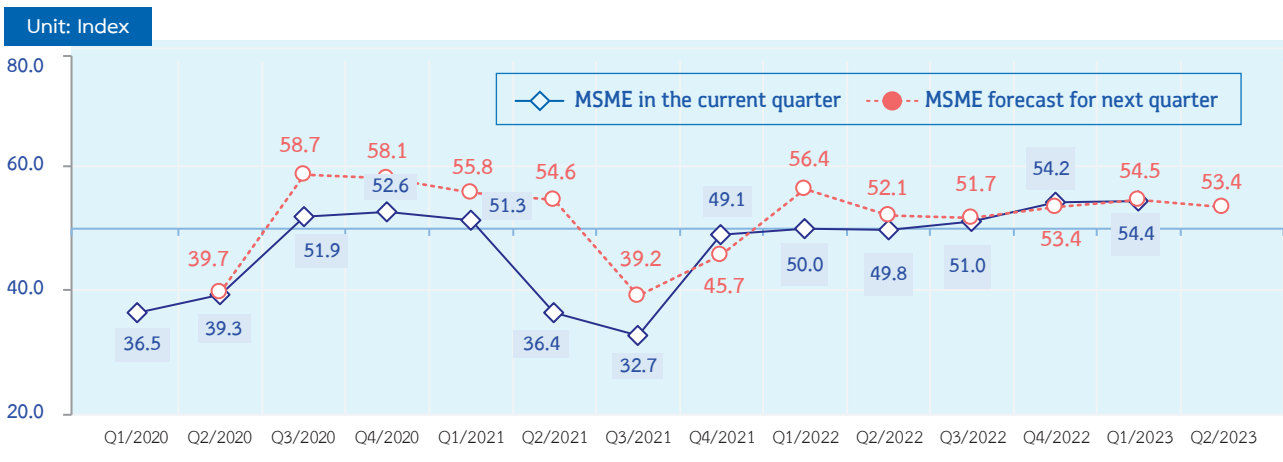
Source: 2022 SME Sentiment Index (SMESI) report, Office of Small and Medium Enterprises Promotion
 Note: The agricultural business sector began its survey in 2022.

Figure 4.3 MSME Sentiment Index Classified by Business Sector in 2021 and 2022

MSME Sentiment Index Quarter 1/2023 and Outlook for Quarter 2/2023

“MSME Sentiment Index Q1/2023 has been increasing for the third consecutive quarter due to increasing business confidence. There was a high demand for products in the market as consumer spending increased. The government’s measures to stimulate domestic tourism like “Rao Tiao Duay Kan (We Travel Together)” and the increasing number of foreign tourists also contributed to the recovery. However, the problem of high costs remains a challenge for business operations.”

The MSME Business Sentiment Index in the first quarter of 2023 was at 54.4, an increase from 54.2 in the fourth quarter of 2022, with an increase for the third consecutive quarter due to increased business confidence and from the expansion of product demand in the market following the recovery of tourists' spending from the increasing number of foreign tourists. In addition, the We Travel Together Phase 5 project (We Travel Together) which stimulated the spending of Thai tourists. However, operating costs are still a major problem that affects business operations, especially with the price of products in the fresh food category fluctuating during the festive season. Nevertheless, high fuel prices could affect shipping costs.

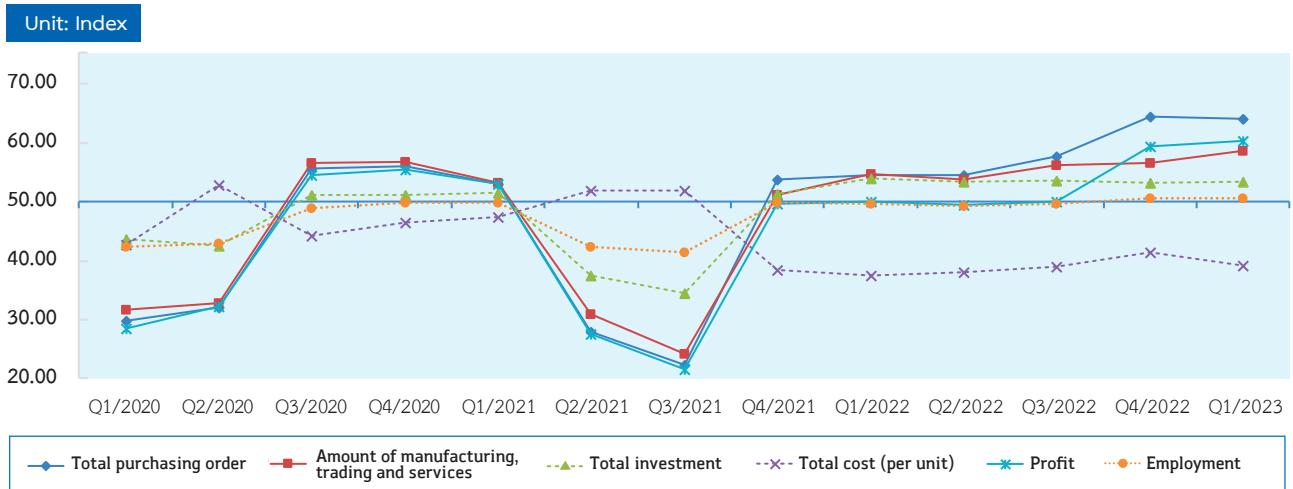


Index > 50 indicates increased confidence compared to the previous quarter (The number of respondents who reported improvement is greater than the number of respondents who reported a decline)
Index = 50 indicates a stable confidence compared to the previous quarter (The number of respondents who reported improvement is equal to the number of respondents who reported a decline)
Index < 50 indicates declined confidence compared to the previous quarter (The number of respondents who reported improvement is lesser than the number of respondents who reported a decline)

Source: Report of the Business Sentiment Index (SMESI) for the first quarter of 2023

Figure 4.4 MSME Business Sentiment Index for the first quarter of 2023

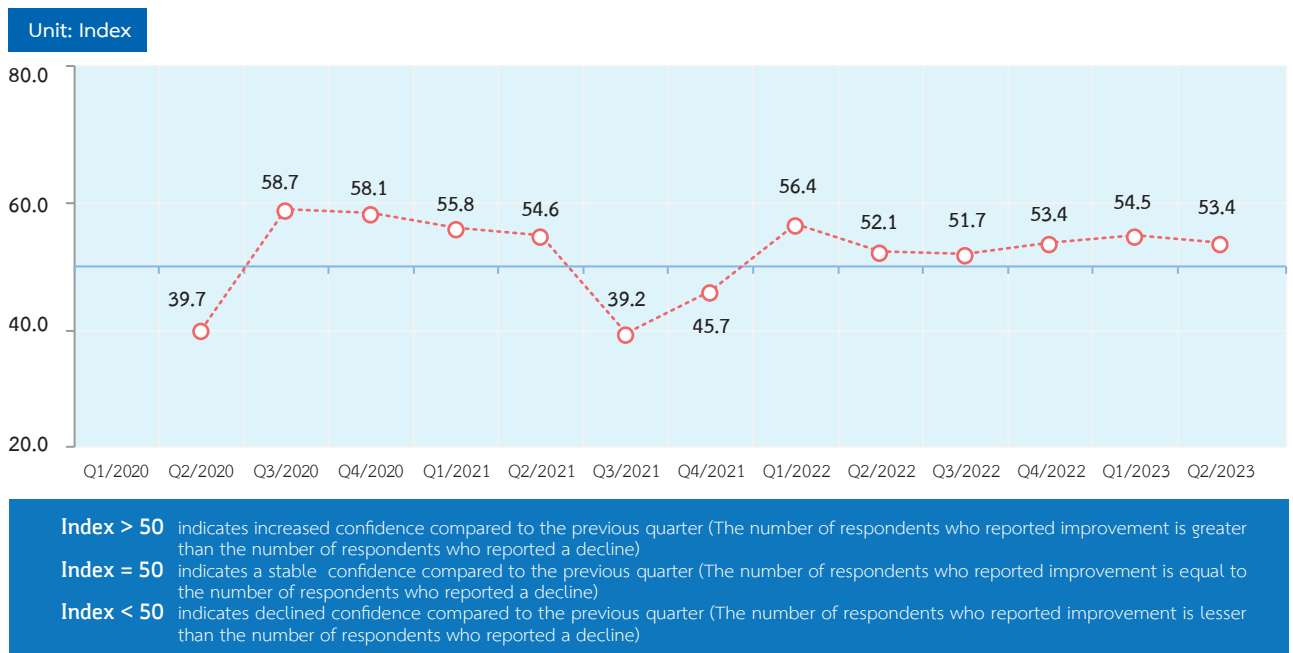
In 2023, the MSME Business Sentiment Indices Q1/2023 increased from the previous quarter owing to the economic recovery. The composite index consisted of indices of components namely, purchasing orders, production volume, trades and services, profits, investment, and employment. This was a result of attempts to increase the variety of products in response to customers' demands. However, the index for costs remains below the base index of 50 which was significantly lower than the previous quarter. The higher prices of certain raw materials as well as fuels could negatively affect business operators in terms of profitability and the conduct of businesses.



Source: Report of the Business Sentiment Index (SMESI) for the first quarter of 2023

Figure 4.5 MSME Business Sentiment Index Classified by Index Components for Quarter 1/2023

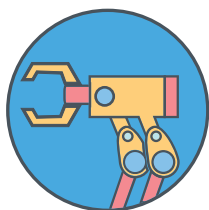
The prediction of the MSME Business Sentiment Index shows that there may be a decline in the second quarter of 2023 potentially as a result of a sharp rise in the volatility of the costs. This is causing concerns for business operators in relation to the high cost of living which could affect consumer spending in the future. Furthermore, there is a tendency for significant rises in electricity bills, aggravating both business costs and household purchasing power. These factors may also hinder the purchasing power of the tourism sector. Moreover, business operators are increasingly concerned about political instability and the economic situation after the election.



Source: Report on Business Sentiment Index (SMESI) for the first quarter of 2023

Figure 4.6 MSME Business Sentiment Index Trend for the second quarter of 2023

The MSME Business Sentiment Index classified by business sector in the first quarter of 2023 increased in almost all business sectors, especially in the agricultural sector and the manufacturing sector, owing to the recovery of the country’s economic condition. This was a result of attempts to increase the production of goods in response to customers’ demands for products in the market. The tourism sector was supported by the recovery of foreign tourists and measures to promote domestic tourism, encouraging more spending, especially in major tourist destinations.



The manufacturing sector

Business Sentiment Index increased from the last quarter, owing to the trend of product market demand which is expected to rise, especially in food and consumer products, which benefit from the increase of tourism and social activities. However, business operators still face cost challenges from high fuel prices.



The service sector

The business confidence increased from the previous quarter, especially in restaurants and recreational activities which have benefited from the expansion of various social activities, including concerts and music festivals. However, the tourism sector and related businesses saw a decline due to tourism surging to propel the economy during the high season in the last quarter (Q4/2022). However, in Q1/2023, the tourism sector has risen above the base index of 50 which was highest when compared to other business sectors. The factors that contributed to the rise in the tourism sector were the increasing number of foreign tourists, especially in important tourist destinations such as the North and South, including Bangkok, and more purchasing power from Chinese tourists. This includes the Rao Tiew Together Project Phase 5 (We Travel Together) which resulted in an increase in levels of local spending, increasing confidence for business operators.



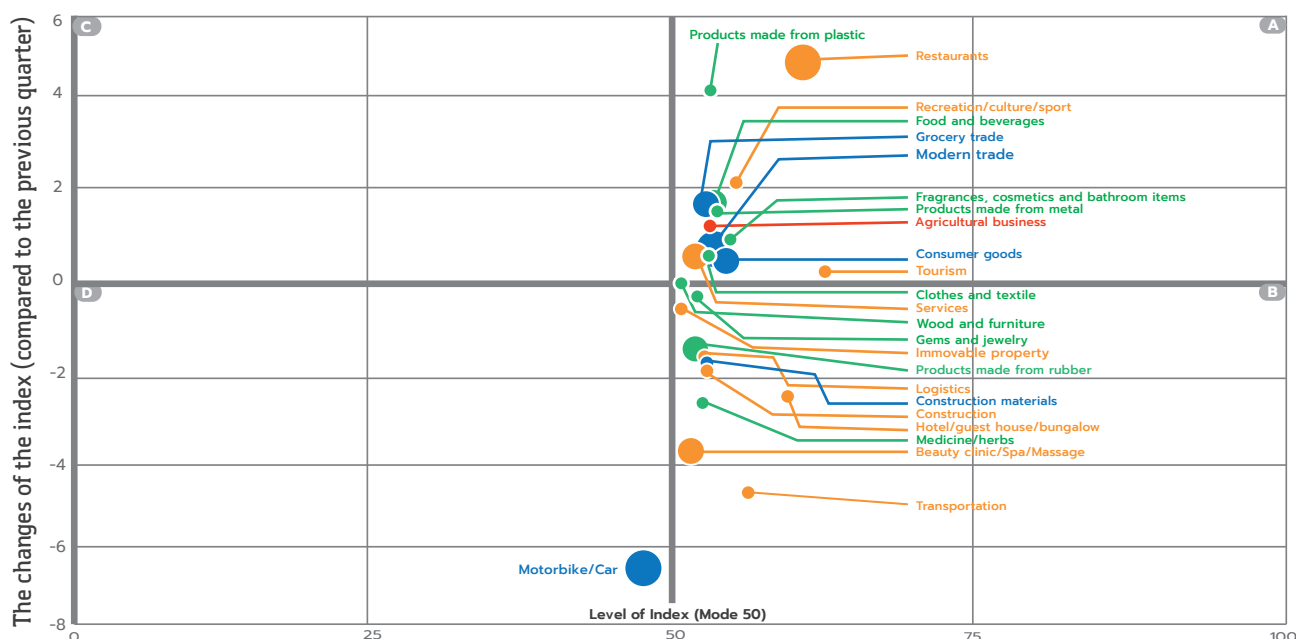
The trade sector

The sentiment has declined from the previous quarter, especially in the motorcycle and car trade sector. Moreover, construction material suppliers have been affected by rising shipping costs, causing the costs of purchasing goods to increase. In terms of consumer goods, both the wholesale and retail sector’s business sentiment continued to improve with favourable results, owing to the increase in travel and higher number of tourists which led to more spending.



The agribusiness sector

The business confidence increased from the previous quarter due to the tendency of low production costs, especially the price of fertiliser which has continuously decreased. Moreover, the selling prices for agricultural products have increased for field crops, vegetables, and fruits. With the demand for goods and raw materials in the manufacturing sector, entrepreneurs have seen better performance. However, the selling price of some agricultural products still needs to be monitored continuously, for example, the price of palm and rubber products.

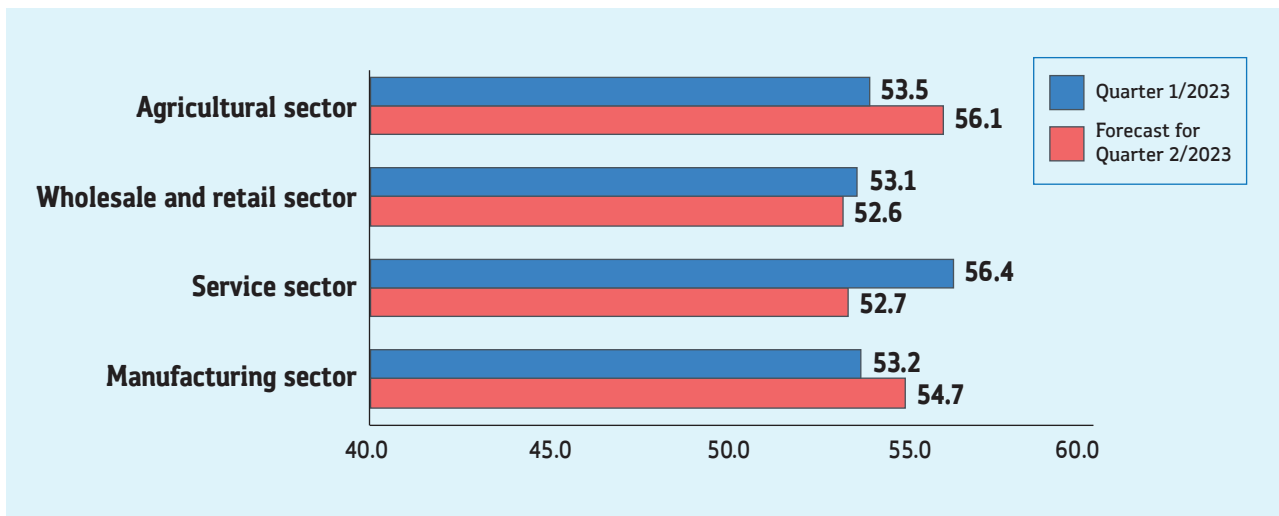


Source: Report on Business Sentiment Index (SMESI) for the first quarter of 2023

Figure 4.7 Changes and Values of the MSME Business Sentiment Index by Business Sector for Quarter 1/2023

Color: ● Manufacturing sector ● Trade sector ● Service sector ● Agricultural business sector

Size: ● Samples of less than 100 entities ● Samples of 100-200 entities ● Samples of more than 200 entities



Source: Report on the Business Sentiment Index (SMESI) for the first quarter of 2023

Figure 4.8 MSME Business Sentiment Index, Classified by Business Sector for the first quarter of 2023 and Forecast for the second quarter of 2023

Important problems, suggestions and urgent assistance for MSME businesses in 2022

The important problems, suggestions and urgent assistance for MSME businesses in 2022 obtained from focus group meetings of entrepreneurs in various business fields from areas in Bangkok, Chiang Rai, Khon Kaen and Phuket, can be summarized as follows :

From the perspectives of entrepreneurs in Bangkok



The key problems of SME businesses

- High operating costs due to fuel prices.
- Lack of skilled/expert labor.
- High turnover rate of labor, resulting in time lost for training new employees. High labor costs, but the productivity is not as good as it should be, leading to a greater need for foreign labor replacement.
- Medium and small-sized entrepreneurs face difficulties in accessing funding sources.
- Entrepreneurs and labor force lack knowledge and understanding of deep business data, leading to incorrect business decisions.
- Entrepreneurs lack knowledge and understanding in both traditional and online marketing.
- Increasing debt burden due to high loan interest rates.
- Entrepreneurs are unable to access government assistance measures and lack support from the government in transitioning their businesses to an online/technological mode.
- The problem of competition. Increasing prices is not feasible as it would result in a decrease in customer demand and intensify competition, especially from unregistered and improperly integrated businesses in the economy.
- The tourism industry has been adversely affected by border closures and abrupt flight cancellations.



Recommendations

- The government, educational institutions, and professional associations collaborate in a coordinated manner to provide integrated support for training, knowledge gathering, and in-depth information on SME businesses.
- Support is provided in terms of providing spaces for aspiring entrepreneurs to experiment and learn through trial and error before embarking on actual business operations.
- Support is given to SME entrepreneurs in obtaining professional licenses.
- The government provides training and information on marketing strategies, both offline and online, including advertising and promotion, on a regular basis.
- Support is given to SME businesses to access capital through soft loan measures, which have been effective in assisting businesses during the recent period. The government should maintain a continuous policy to support financial institutions in providing low-interest loans to SMEs and expand debt relief measures to enable businesses to allocate the capital intended for debt repayment towards business recovery.
- Implementing assistance measures that are appropriate for each business group, considering the varying impacts and challenges they face.
- Promoting business retention to maintain consumer purchasing power by encouraging businesses to continue hiring employees.
- Supporting health-related product groups.
- Establishing centralized labor resource centers to facilitate easier access to the workforce for entrepreneurs.
- Easing the requirements or conditions for hiring foreign workers.
- Promoting the development of workforce skills and personnel in the field of technology.
- Encouraging the adoption of technology in business operations as a substitute for hiring labor.
- Finding markets or customer groups for businesses, such as promoting marketing activities for Thai cosmetic brands by supporting centers that distribute Thai brand products and promoting the export of innovative product groups.
- The government provides financial support to alleviate the burden of business expenses, such as utility costs (electricity).
- Controlling the price of fuel, raw materials, and goods.
- Easing restrictions/conditions in the procurement processes of government agencies.
- Promoting tourism measures, especially in non-major tourist provinces, as they can help support other businesses in the area through funding, tourism promotion, or stimulating tourism projects.
- Measures to assist foreign travel businesses.
- Adjusting business laws to align with the current situation.
- Promoting coordination and communication among SME entrepreneurs to encourage the use of products or raw materials from various businesses instead of relying solely on large-scale enterprises.

From the perspectives of cross-border traders and wellness tourism businesses in Mae Sai District, Chiang Rai Province.



The key problems of SME businesses

- Domestic purchasing power has not fully recovered, resulting in a decrease in order volume. The number of tourists has not returned to pre-COVID levels, leading to a reduction in tourist spending per person.
- Perspectives on adventure and nature tourism are still not highly favored by Thai tourists. The majority of tourists at present are international tourists. The outbreak of COVID-19 has caused significant financial losses for entrepreneurs in this industry.
- State-sponsored projects aimed at stimulating tourism primarily target Thai tourists, while tour businesses with predominantly international clientele have not benefited from these initiatives, such as the "We Travel Together" and domestic tour projects.
- The export of goods has been hindered by restrictions and screening measures related to COVID-19 at border checkpoints. This has resulted in prolonged delays and damage to exported goods.



The key problems of SME businesses

- The level of assistance received from government agencies falls short of what is needed, particularly for tour businesses and agricultural enterprises.
- Labor shortages have necessitated an increase in wages for workers.
- Businesses are attempting to utilize technology as a substitute for labor shortages, but face challenges due to the high cost of machinery and equipment, which often need to be imported.
- The cost of raw materials and labor has risen, including the prices of fertilizers and pesticides for crop cultivation (in tea plantations), which cannot be passed on to the prices of goods. Additionally, businesses must offer promotions to stimulate sales.
- Access to funding is hindered by complex conditions and extensive documentation requirements. Lack of collateral for guarantees and unfavorable accounting records further exacerbate the issue. Following the COVID-19 pandemic, loan application criteria have become more stringent, making it challenging for businesses to secure the necessary capital for recovery. In the case of tour operators, accessing funding is particularly problematic due to uncertain income conditions. Financial institutions often require substantial evidence of bookings from major agencies, whereas current travel trends favor individual or small group bookings through online platforms. However, this type of booking data is insufficient as supporting evidence for income verification when applying for loans.
- The obstacle of requesting interest rate reductions as it requires the submission of extensive financial documentation.
- The lack of consistency in government assistance hampers business development, such as the project aimed at promoting Chiang Rai as a secondary tourism city, which was initially supported by the government but lacked sustained follow-up. Insufficient government agencies or personnel contribute to the limited promotion and expansion of cultural businesses, local products, and the engagement of younger generations in culturally-oriented products.
- The issue of importing goods across borders poses challenges for certain businesses that rely on importing raw materials or products from neighboring countries. Political issues in neighboring countries and the closure of borders to prevent the spread of COVID-19 have had an impact on importation, resulting in higher transportation costs for goods. Additionally, there are varying import tax burdens, such as the import tax on cotton, which differs at each border checkpoint, in the production of textiles.
- Business owners lack knowledge in package design/packaging that can effectively attract customers.
- Participating in government public relations platforms has proven ineffective in promoting and advertising tourism. The process of joining these platforms is complex and involves multiple steps. Foreign tourists are unfamiliar with tourist destinations in Chiang Rai or secondary cities, as they are only aware of major tourist areas such as Bangkok, Pattaya, and Phuket.



Recommendations

- Promoting communication and expanding market opportunities for businesses to raise awareness and foster a positive perception of adventure tourism. Additionally, disseminating information to tourists about the diverse range of tourist attractions in Chiang Rai province, emphasizing not only signature tourist sites but also highlighting adventurous and nature-based tourism activities.
- The government establishes an efficient tourism platform as an information hub for international tourists, promoting communication and market access to both international and domestic tourists, thus increasing awareness of tourist destinations in Chiang Rai province.
- Facilitating market access for local product businesses and promoting online marketing to expand sales channels and customer base. This includes advertising and promoting product information to reach a diverse customer group through activities such as trade shows. It also encourages the use of local products in other businesses, such as hotels and restaurants.
- Assisting businesses in accessing financial resources for business recovery and providing consulting services through dedicated agencies that offer guidance on business planning, accessing financial resources, conducting financial transactions, and providing information on assistance measures.



Recommendations

- **Reduce interest rates to alleviate debt burdens.**
- **Foster the creation of knowledge in business operations, business expansion, and continuous assistance programs/measures to enable businesses to develop consistently.** Promote innovation, taking into account the availability of raw materials and agricultural products in the region but the lack of readiness in product transformation through innovation. Encourage brand building and the development of packaging designs that can attract new customer groups. Provide assistance from government agencies, officials, and experts to offer guidance and solutions to businesses in need, such
 - as assisting the tea plantation businesses in Chiang Rai province that face challenges related to high mortality rates among tea plants, by sourcing specialized experts to conduct inspections and find long-term solutions.
- **Enhance the promotion of government projects or assistance measures to ensure widespread access for businesses.**
- **Reduce fees or import taxes on raw materials and products from neighboring countries to lower costs for entrepreneurs and establish uniform criteria for import duties and taxes across all border checkpoints.**

From the perspectives of entrepreneurs in the herbal cosmetics and fragrance production business group in Khon Kaen Province.



The key problems of SME businesses

- **The problem of quality control of herbal extracts** is attributed to the lack of quality machinery, resulting in non-standardized production processes. Moreover, there is limited access to machinery, equipment, and production tools for herbal product manufacturing from government agencies due to high equipment rental costs.
- **Certain types of herbal products are still relatively unknown among current consumer groups.**
- **There are legal limitations on the importation of certain herbal products in some countries,** such as cannabis and marijuana, as they are not permitted for importation. Furthermore, business entities face challenges in accessing regulatory information and laws regarding the export-import of products containing extracts from cannabis and marijuana to destination countries, making exportation difficult.
- **The prices of extracts from cannabis and marijuana are relatively high.**
- **Thai herbal products have a good reputation and are in demand by foreign markets.** However, the government does not provide support for the process of inspection and certification of standards. The process of seeking standard certification for each stage incurs excessively high costs. The expenses involved in analyzing beneficial substances from the products before exportation or distribution are high, making it difficult for small-scale business entities to access the process of substance analysis.
- **There is a lack of access to assistance from government agencies, particularly for small-scale business entities and those who are starting their businesses,** as they are unaware of consulting services and avenues for seeking assistance.
- **The delays in approving participation in organizational projects and obtaining product standard certifications** result in missed opportunities to sell products to customers.
- **Certain types of Thai herbal products are not yet standardized (FAD),** despite their long-standing presence in traditional medicine. This leads to businesses wasting time and resources in seeking approvals from regulatory authorities (FAD) to certify the properties of those specific herbal extract products.
- **The standards for applying for notification and registration with regulatory authorities (FAD) and the limitations in branding requirements vary across different regions.**
- **Marketers or public relations professionals lack knowledge and understanding of herbal ingredients in products.**
- **The complex conditions and restrictions for accessing loans create significant barriers.**



Recommendations

- Support knowledge development by providing guidance and information to entrepreneurs on quality control of extracts or supporting technologies/tools that ensure standardized and high-quality extract production. The government supports access to quality machinery through budget allocations or assistance programs, including facilitating lease-to-own options for machinery, enabling production processes that maintain standardized extract quality.
- Promote public knowledge about the benefits of herbal medicine by presenting research studies related to the benefits of herbal medicine, aiming to inform and educate consumers, thereby creating trustworthiness among consumers.
- Regulate the prices of cannabis and marijuana extracts as they are herbal medicines that require legal authorization.
- Provide flexibility in the standards application process by allowing small businesses to attain supportive design conditions, such as introducing sub-level certification standards, to increase their access to certified standards. Additionally, establish dedicated agencies to provide consultation and document preparation assistance to facilitate a more streamlined and efficient process for businesses to apply for standards.
- Control expenses associated with each stage of certification and ensure that they are appropriate for SMEs during the inspection and certification process.
- Support businesses in developing the capability to extract natural substances to meet international standards.
- Promoting events or creating campaigns that highlight the cultural heritage, local wisdom, and identity of the area, in conjunction with promoting locally-produced herbal products, to establish a central hub that genuinely attracts tourists and generates soft power.
- Providing business assistance that aligns with the needs of entrepreneurs, as herbal product manufacturers range from small-scale producers relying mainly on the domestic market to those exporting their products as Thai-land brands (requiring GMP and Halal standards). Entrepreneurs at each level face different challenges and require varying degrees of assistance.
- Promoting initiatives that support marketing for herbal products, including market research, public relations, and business support, with a focus on emphasizing the importance of marketing at the national and export levels, rather than limiting it to provincial markets. This includes tracking sales and providing continuous assistance in problem-solving.
- Facilitating long-term export development for businesses by connecting entrepreneurs with genuine interest in the products with suitable trading partners.
- Supporting small-scale entrepreneurs by reducing loan application requirements and providing flexible conditions, as well as streamlining the product certification process to focus on essential criteria.
- Reducing tax rates, particularly value-added tax (VAT) and income tax, to alleviate the financial burden on businesses.
- Reducing the budget for training programs and community enterprise funds, while increasing funding for entrepreneurs to revive and expand their businesses in response to the impact of COVID-19.
- Promoting business development by dividing groups into upstream, midstream, and downstream sectors to facilitate research and innovation that supports each stage, aiming for increased efficiency within each group.

From the perspectives of entrepreneurs in the tourism and related businesses group in Phuket Province.



The key problems of SME businesses

- Legal requirements that have not been adjusted to the current economic situation, such as certain hotels operating without the necessary licenses due to restrictive conditions for obtaining permits. This prevents hostel owners from conducting their business despite having a clear customer base, resulting in a lack of access to assistance from government agencies. There is also a lack of legislation regulating the establishment of hotels of various sizes.
- Insufficient assistance from the government and a lack of continuity in post-project support, such as participation in government investment projects to develop websites or online systems. After the projects end, the systems are unable to continue operating.



The key problems of SME businesses

- High airfare costs pose a barrier to both domestic and international travel.
- Small businesses lack opportunities to access large customer groups, such as their inability to participate in major events. This results in a missed opportunity to reach a large number of potential customers.
- ‘We travel together’ projects lead to some hotel owners increasing their room rates. Small business owners are unable to compete with larger businesses, such as 4-5-star hotels, which offer promotions to attract customers, resulting in smaller hotels losing customers.
- There is a shortage of skilled service-oriented workforce due to employees leaving the tourism sector during the pandemic and not returning due to a lack of confidence in the tourism industry.
- Insufficient investment capital hinders the recovery of businesses. Entrepreneurs who wish to reinvest and reopen their businesses after a two-year closure during the pandemic are unable to access funding sources due to limitations and conditions imposed by financial institutions.
- The registration and payment processes for Thai tour projects are slow, impacting the liquidity of businesses.
- Small businesses in the tourism sector and related industries are unable to benefit from the Phuket Sandbox program. Only large-scale businesses within international networks can receive benefits, as they require specific licenses to operate. Small businesses, especially hotels, face limitations in meeting certain conditions, which prevent them from obtaining the necessary licenses.



Recommendations

- Dissemination of information regarding government assistance measures and various projects to support businesses in a comprehensive manner.
- Promoting skill development for the workforce to enhance their capabilities and facilitate their entry into industries facing labor shortages. Establishing centralized hubs to connect businesses with potential labor sources.
- Supporting the recruitment of foreign workers by streamlining the processes and regulations for their entry.
- Improving the speed of payment systems in Thai tour projects, as they serve as beneficial initiatives for tour-related businesses. Delays in fund disbursement hinder further development.
- Implementing price controls on airline tickets to prevent excessive pricing and stimulate travel to Phuket.
- Providing financial support to the tourism sector businesses, designing conditions or measures to provide real assistance from the beginning to the end for small businesses.
- Expanding debt relief measures or assistance programs for businesses burdened with debts.
- Supporting financial institutions such as medium-sized and small-scale development banks in providing loans to businesses in the tourism sector.
- Supporting the creation of international events (expo hubs), which will greatly benefit the local economy, particularly hotels and accommodations.
- Supporting marketing efforts that link tourists from Bangkok, the main city, to various regions. The government should engage in aggressive marketing activities to promote the unique attractions of each area.
- Distributing information and promoting the participation of small businesses in large-scale expo events to generate income for small entrepreneurs and communities.
- Increasing the budget allocation from the central government to assist entrepreneurs in Phuket, as they have been heavily impacted by the tourism sector.
- Promoting the licensing of hotel businesses and improving the conditions or legal certifications to increase business growth opportunities and access to government assistance.
- Promoting knowledge on online business operations for small businesses that have limited access.
- Government agencies should intervene in controlling centralized pricing to reduce issues of price undercutting.

The Number and Employment of MSMEs in 2022



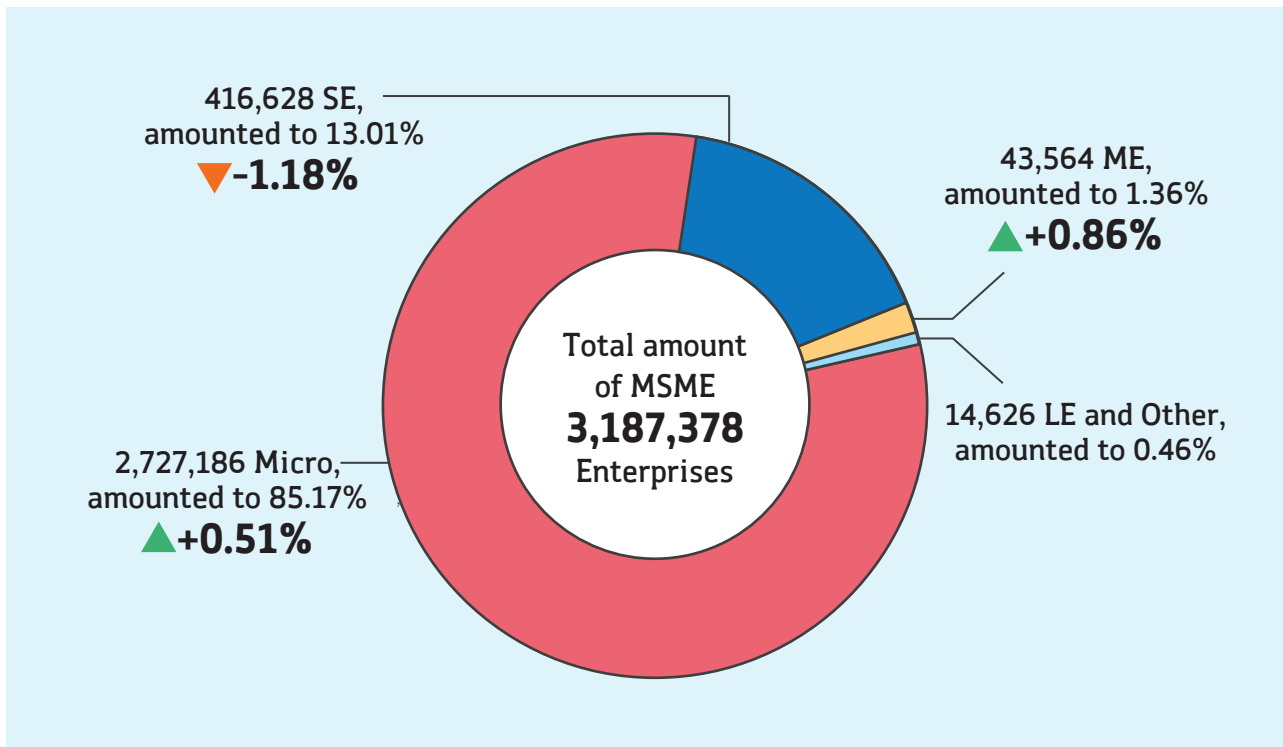


The Number and Employment of MSMEs in 2022

1 The Number of MSMEs in 2022

The total number of small and medium enterprises (SME) at the end of 2022 was 3,187,378. This represents an expansion of 0.29% compared to the previous year, accounting for 99.54% of the total number of enterprises nationwide. Among them, micro-enterprises accounted for 2,727,186 enterprises, representing 85.17% of the total number of enterprises in the country. This indicates an expansion of 0.51% from the previous year. Small-sized enterprises (SE) amounted to 416,628 enterprises, accounting for 13.01% of the total number of enterprises in the country. This reflects a decrease of 1.18% from the previous year. Additionally, there were 43,564 medium-sized enterprises (ME), representing 1.36% of the total number of enterprises in the country, an expansion of 0.86% from the previous year.

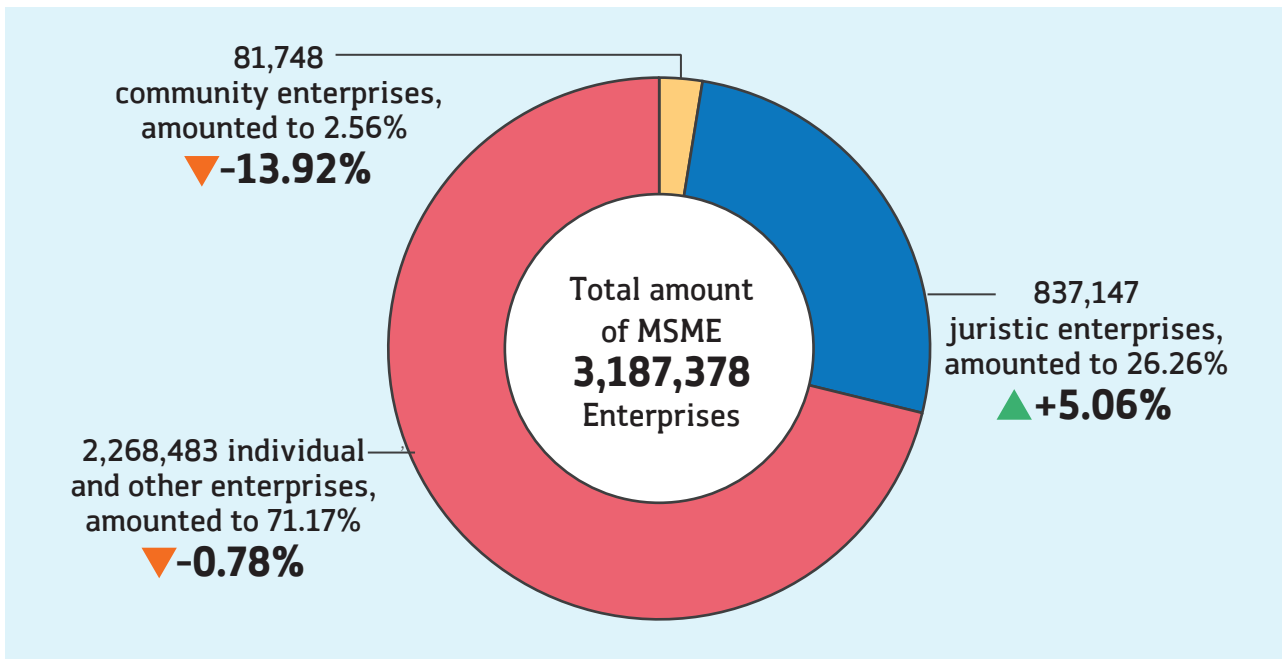
The Number of MSME in 2022, Classified by Enterprise Size



Analyzed by the Office of Small and Medium Enterprises Promotion (OSMEP)

Figure 5.1 The Number of MSMEs in 2022, Classified by Enterprise Size

The Number of MSMEs in 2022, Categorized by Type of Establishment

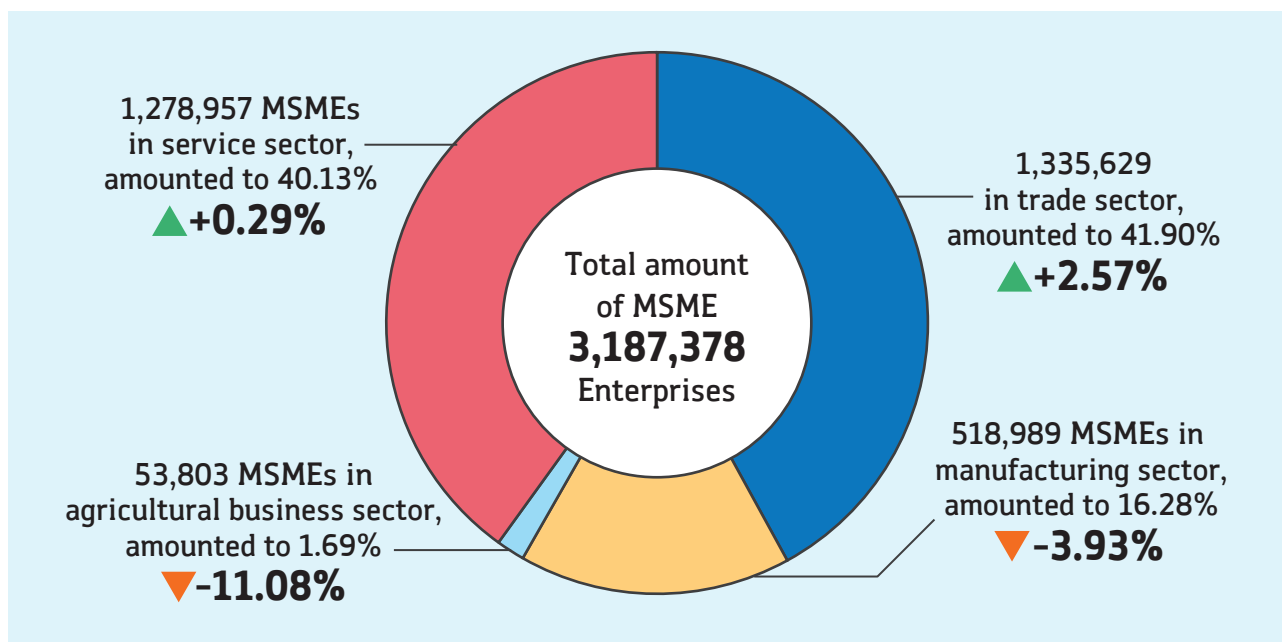


Analyzed by the Office of Small and Medium Enterprises Promotion (OSMEP)

Figure 5.2 The Number of MSMEs in 2022, Categorized by Type of Establishment

The number of MSMEs in 2022, classified by the type of establishment, can be categorized into three types. Firstly, there were 837,147 juristic person enterprises, accounting for 26.26% of the total number of MSMEs nationwide. This represents an expansion of 5.06% from the previous year. Secondly, there were 2,268,483 individual and other enterprises, representing 71.17% of the total number of MSMEs, reflecting a decrease of 0.78% from the previous year. Lastly, there were 81,748 community enterprises, accounting for 2.56% of the total number of MSMEs, a decrease of 13.92% from the previous year.

The Number of MSMEs in 2022, Categorized by the Type of Business

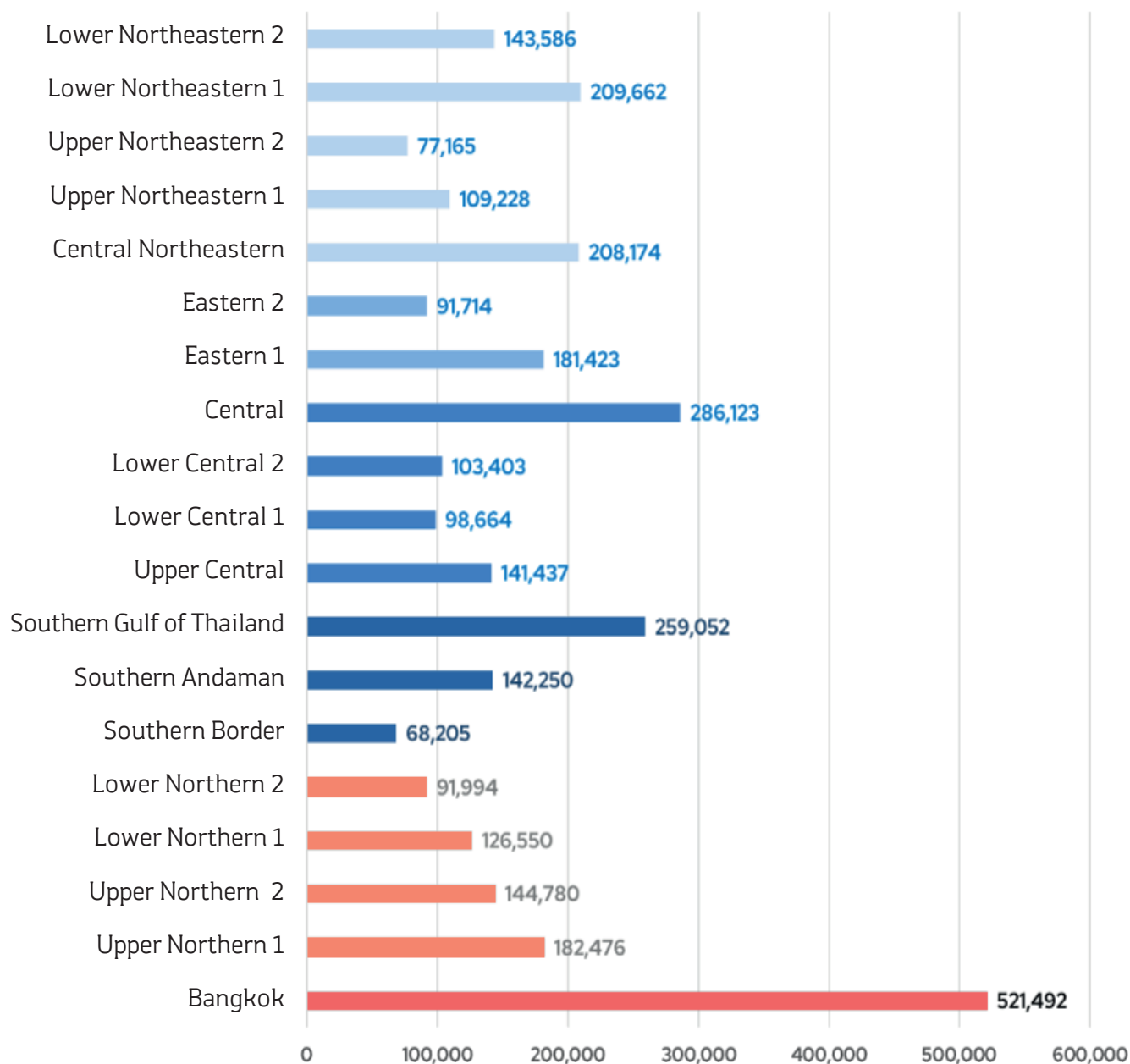


Analyzed by the Office of Small and Medium Enterprises Promotion (OSMEP)

Figure 5.3 The Number of MSMEs in 2022, Categorized by the Type of Business

It was found that MSMEs are primarily concentrated in the trade sector, with a total of 1,335,629 enterprises, accounting for 41.90% of the total number of MSMEs nationwide. Following closely is the service sector, with 1,278,957 enterprises, representing 40.13% of the total. The manufacturing sector comprises 518,989 enterprises, accounting for 16.28%, while the Agribusiness sector has 53,803 enterprises, representing 1.69%.

The Number of MSMEs in 2022, Categorized by Province Groups (Unit: Enterprises)



Analyzed by the Office of Small and Medium Enterprises Promotion (OSMEP)

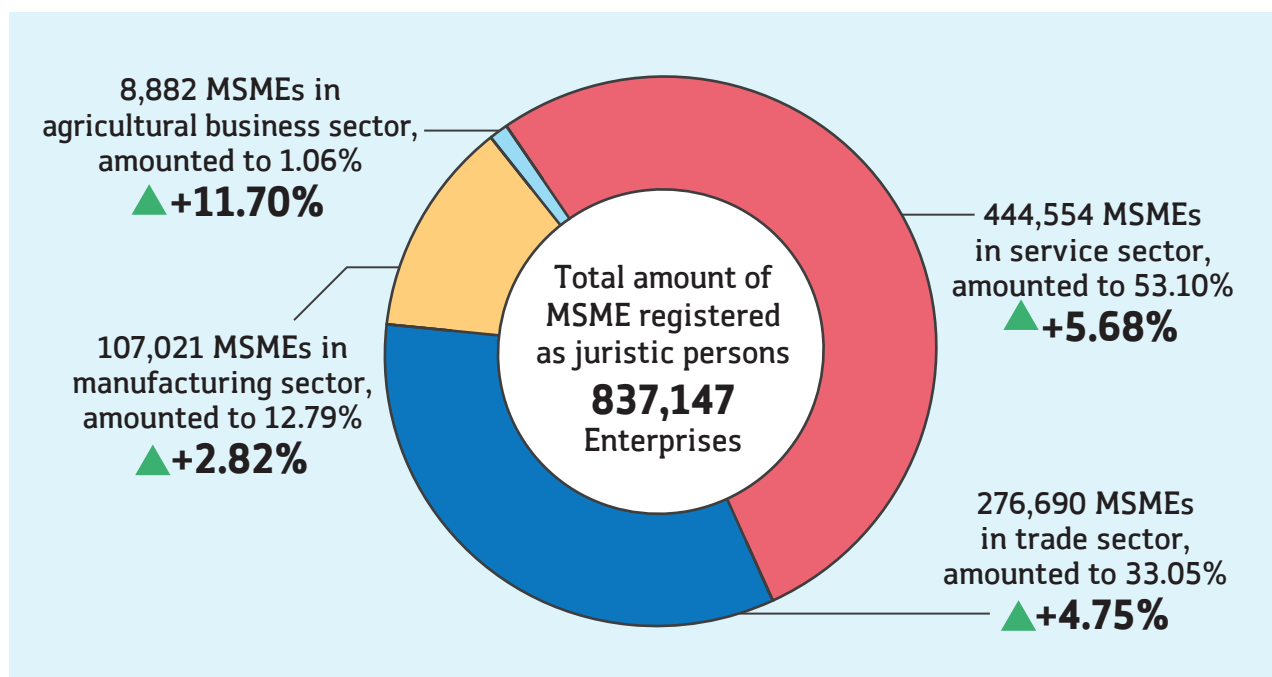
Figure 5.4 The Number of MSMEs in 2022, Categorized by Province Groups

In an overview of the number of MSMEs classified by province groups in the year 2022, it was found that the highest number of MSMEs is located in Bangkok, with 521,492 enterprises, accounting for 16.36% of the total MSMEs in the country. Following that is the group of provinces in the central and suburban regions, including Nakhon Pathom, Nonthaburi, Pathum Thani, and Samut Prakan, with a total of 286,123 MSMEs, representing 8.98%. The group of provinces with the lowest number of MSMEs is the border provinces in the southern region, with 68,205 enterprises.

The Number of MSMEs, Classified as Juristic Persons

In 2022, the highest number of MSMEs registered as legal entities was in the service sector, with 444,554 enterprises, accounting for 53.10% of the total MSMEs registered as legal entities nationwide. This represents a 5.68% increase compared to the previous year. Following that was the trade sector, with 276,690 MSMEs, representing 33.05%, which was an increase of 4.75% from the previous year. The manufacturing sector had 107,021 MSMEs, accounting for 12.79%, an increase of 2.82%. Lastly, the agribusiness sector had 8,882 MSMEs, representing 1.06%, which was an increase of 11.70% from the year before.

The Number of MSMEs Registered as Juristic Persons in 2022, Classified by Business Group



Analyzed by the Office of Small and Medium Enterprises Promotion (OSMEP)

Figure 5.5 The Number of MSMEs Registered as Juristic Persons in 2022, Classified in Business Group

Table 5.1 The number of MSMEs registered as juristic persons in 2022, classified into business activities

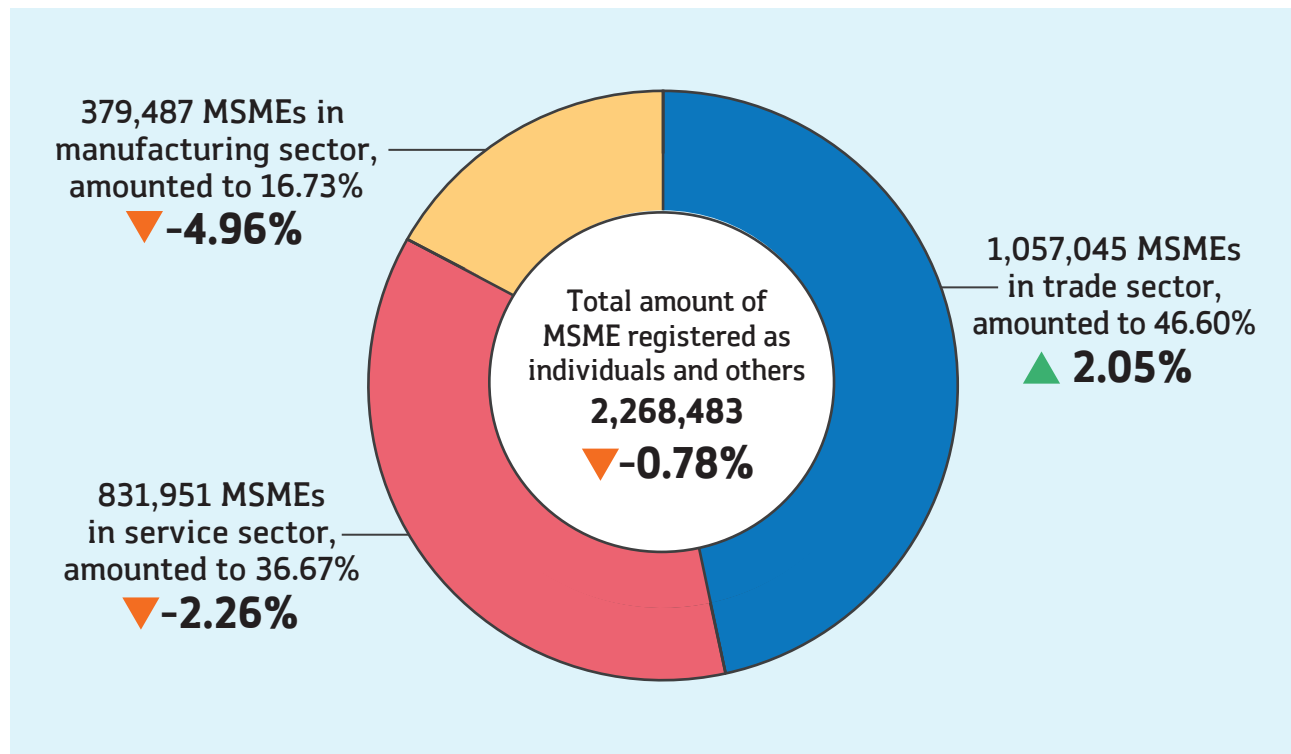
Activity	Amount of enterprises	Percent %
Wholesale and retail trade (excluding motor vehicles and motorcycles)	251,575	30.05
Real estate	114,045	13.62
The construction of buildings and specialized construction work	100,815	12.04
Transport and pipeline transportation	27,244	3.25
Wholesale and retail trade and repair of motor vehicles and motorcycles	25,115	3.00
The top five activities	518,794	61.97
The remaining activities	318,353	38.03

The highest number of MSMEs registered as a juristic person is found in the wholesale and retail trade (excluding motor vehicles and motorcycles) activity, with a total of 251,575 enterprises, accounting for 30.05% of the total number of legal entity MSMEs nationwide. Following this activity, the next highest numbers are observed in activities related to real estate, construction of buildings and specialized construction work, and land transport and pipeline transport. In particular, the top five activities with the highest number of legal entity MSMEs account for 61.97% of the total legal entity MSMEs.

In terms of the location of business establishments, it is noteworthy that the highest number of legal entity MSMEs is concentrated in Bangkok, with a total of 307,362 enterprises, representing 36.72% of all legal entity MSMEs in the country. The next highest numbers are found in Chonburi, Samut Prakan, and Nonthaburi provinces. On the other hand, Mae Hong Son province has the lowest number of legal entity MSMEs, with a total of 676 enterprises.

The Number of MSMEs Registered as Individuals and Others

The Number of MSMEs Registered as Individuals and Others in 2022, Classified by Business Group



Analyzed by the Office of Small and Medium Enterprises Promotion (OSMEP)

Figure 5.6 The Number of MSMEs Registered as Individuals and Others in 2022, Classified by Business Group

The highest number of MSMEs classified as individuals and others is found in the trade sector, with a total of 1,057,045 enterprises, accounting for 46.60% of the total number of individual MSMEs nationwide. This represents an increase of 2.05% compared to the previous year. Following this sector, the next highest number is observed in the service sector, with 831,951 enterprises, representing 36.67% of the total individual MSMEs in the country. However, this figure has decreased by 2.26% compared to the previous year. The manufacturing sector has a total of 379,487 MSMEs, accounting for 16.73% of the total individual MSMEs, which is a decrease of 4.96% compared to the previous year.

Table 5.2 The Number of MSMEs Registered as Individuals and Others, Categorized by Business Activities

Activity	Amount of	Percent
	enterprises	%
The retail trade sector, excluding motor vehicles and motorcycles	797,881	35.17
Food and beverage service activities	363,297	16.01
Other personal service activities	192,372	8.48
Wholesale and retail trade of motor vehicles and motorcycles	167,204	7.37
Real estate activities	112,402	4.95
The top five activities	1,633,156	71.99
The remaining activities	635,327	28.01

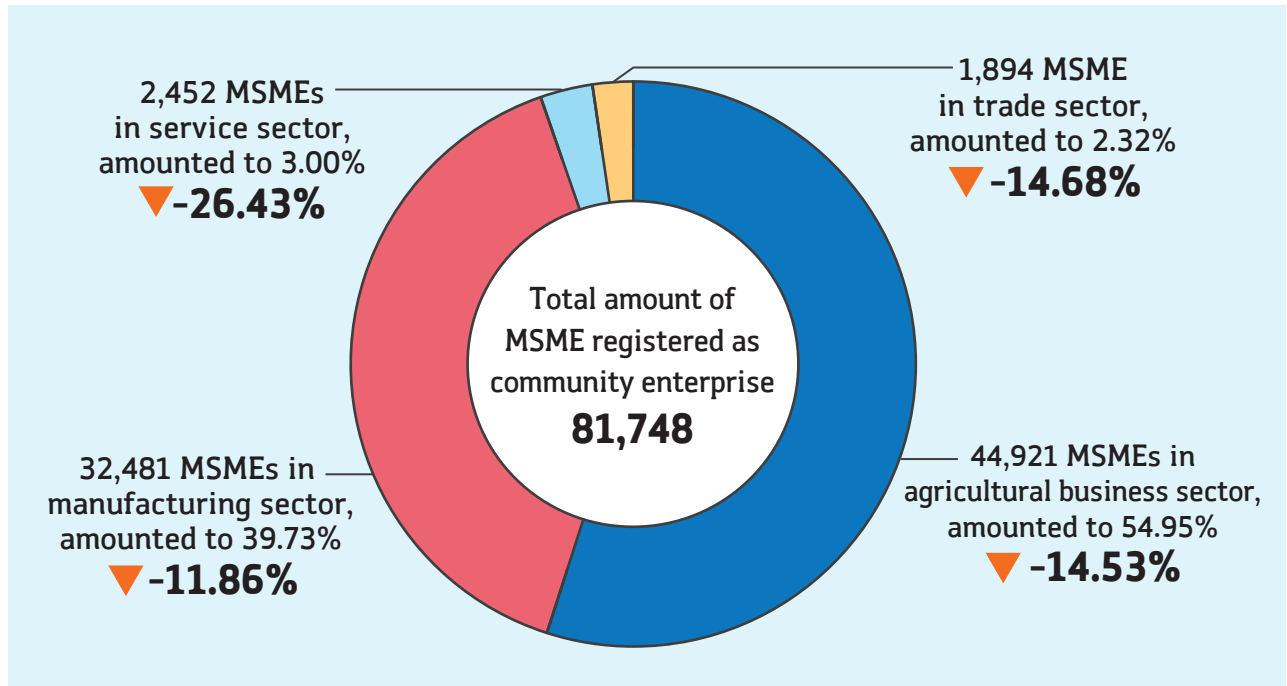
The highest number of MSMEs classified as individuals is found in the retail trade sector, excluding motor vehicles and motorcycles, with a total of 797,881 enterprises. This accounts for 35.17% of all individual MSMEs. Following this sector, the next highest numbers are observed in food and beverage service activities, other personal service activities, wholesale and retail trade of motor vehicles and motorcycles, and real estate activities. These top 5 sectors account for 71.99% of all individual MSMEs.

In terms of geographical location, the highest number of individual MSMEs is found in Bangkok, with a total of 213,930 enterprises, accounting for 9.43% of all individual MSMEs in the country. The next highest numbers are found in Chiang Mai, Nakhon Si Thammarat, and Surat Thani. The province with the lowest number of individual MSMEs is Samut Songkhram, with a total of 6,223 enterprises.



The Number of MSMEs Registered as Community Enterprises

The Number of MSMEs Registered as Community Enterprises in 2022, Classified by Business Group



Analyzed by the Office of Small and Medium Enterprises Promotion (OSMEP)

Figure 5.7 The number of MSMEs Registered as Community Enterprises in 2022, Classified by Business Group

In 2022, there were a total of 81,748 community enterprises in Thailand which can be categorized as small and medium enterprises (SMEs). Among these enterprises, the agricultural sector had the highest number with 44,921 enterprises, accounting for 54.95% of the total. The manufacturing sector followed with 32,481 enterprises, representing 39.73%. When classified by geographical regions, the northeastern region of Thailand (Isan) had the highest number of community enterprises with 42,004 enterprises, accounting for 51.38% of total community enterprises.

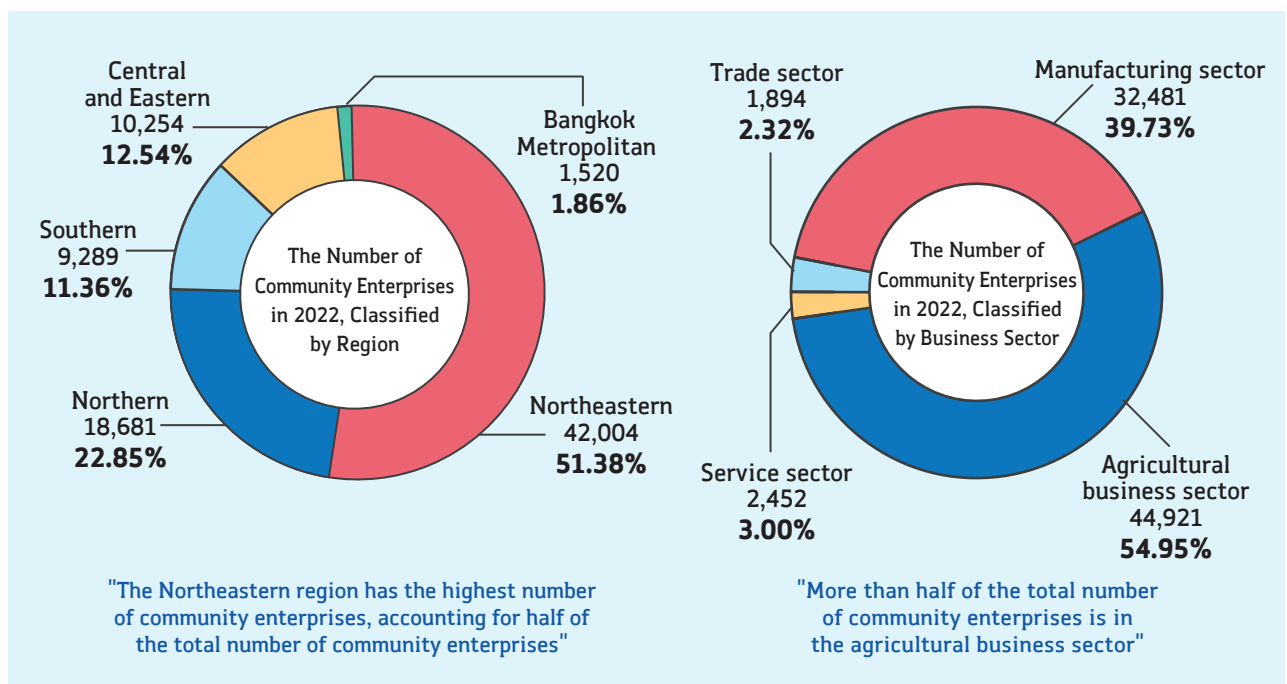


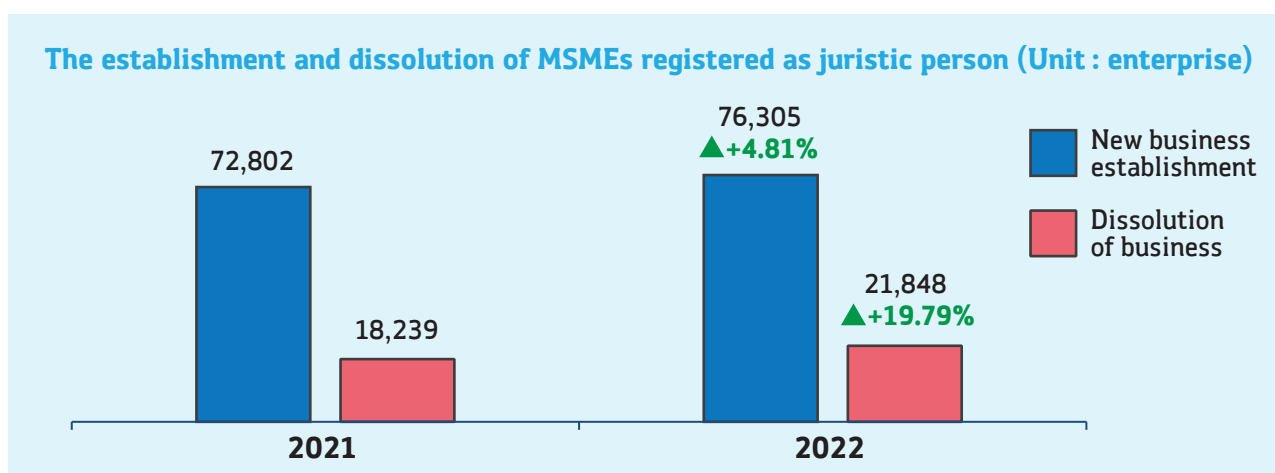
Figure 5.8 The Number of MSMEs Registered as Community Enterprises, Classified by Region and Business Sector

Table 5.3 The Number of MSMEs Registered as Community Enterprises in 2022, Categorized by Business Activities

Activity	Amount of	Percent
	enterprises	%
Farming and animal husbandry activities	41,203	50.40
The production of food products	12,868	15.74
Textiles	4,960	6.07
Waste collection, treatment, disposal, and recycling	3,590	4.39
Fishing and aquaculture	3,474	4.25
Wood production and wood-based products	2,167	2.65
Chemical production and chemical products	1,960	2.40
Beverage production	1,610	1.97
Production of other types of products	1,265	1.55
Production of clothing and apparel	1,228	1.50
The top ten activities	74,325	90.92
The remaining activities	7,423	9.08

The number of community enterprises engaged in farming and animal husbandry activities was the highest, with a total of 41,203 enterprises, accounting for 50.40% of all community enterprises in the country. The next highest category was the production of food products and textiles, with a proportion of more than 70% of the total number of community enterprises in the country. The province with the highest number of community enterprises was Sisaket, with 3,928 enterprises, while Samut Sakhon had the fewest community enterprises, with a total of 178 enterprises.

The Establishment and Dissolution of Juristic Persons in 2022



Source: Department of Business Development

Analyzed by: The Office of Small and Medium Enterprises Promotion (OSMEP)

Figure 5.9 The Establishment and Dissolution of MSMEs Registered as Juristic Persons

In the year 2022, there were a total of 76,305 newly established, legal entity MSMEs, representing a growth of 4.81% compared to the previous year. On the other hand, there were 21,848 legal entities that were dissolved or completed their accounting in the year 2022, showing an expansion of 19.79% compared to the previous year.

Table 5.4 The Establishment of Juristic Persons in 2021-2022

The Establishment of Juristic Persons, Classified by Business Sector and Size in 2021-2022 (Unit: Enterprises)														
Business sector	Micro		S		M		MSME		L		C		Total	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Agricultural business sector	2,787	774	426	453	4	2	3,217	1,229	1	-	-	-	3,218	1,229
Manufacturing sector	5,231	5,103	2,021	2,138	46	110	7,298	7,351	14	37	-	-	7,312	7,388
Trade sector	20,416	19,550	5,277	5,937	85	107	25,778	25,594	25	31	-	-	25,803	25,625
Service sector	26,119	28,269	10,102	13,496	288	366	36,509	42,131	109	103	-	-	36,618	42,234
N/A	-	-	-	-	-	-	-	-	-	-	2	2	2	2
Grand Total	54,553	53,696	17,826	22,024	423	585	72,802	76,305	149	171	2	2	72,953	76,478

Newly established legal entity MSMEs can be categorized into different business sectors. It was found that the trade sector had the highest number of newly established businesses, with 25,594 entities. This was followed by the service sector and the manufacturing sector, with 42,131 and 7,351 entities, respectively. The service sector experienced a growth of 15.40% in terms of new business establishments, while the agricultural sector saw a decline of 61.80%.

Table 5.5 The Comparison of Juristic Persons Closure in 2021-2022

The Comparison of Juristic Person Closure in 2021-2022, Classified by Enterprise Size								
Status of juristic person	Micro		S		M		MSME	
	2021	2022	2021	2022	2021	2022	2021	2022
Dissolution	9,471	12,203	1,643	2,245	77	82	11,191	14,530
Dissolution-Liquidation	6,299	6,543	718	755	31	20	7,048	7,318
Total	15,770	18,746	2,361	3,000	108	102	18,239	21,848

Regarding the registered closures of legal entity MSMEs in the year 2022, they were categorized based on the size of the enterprises. It was observed that small-scale enterprises and medium-sized enterprises had an increased rate of business closures compared to the previous year, with a percentage of 18.87% and 27.06%, respectively. On the other hand, medium-sized enterprises experienced a decrease of 5.56% in business closures compared to the previous year.

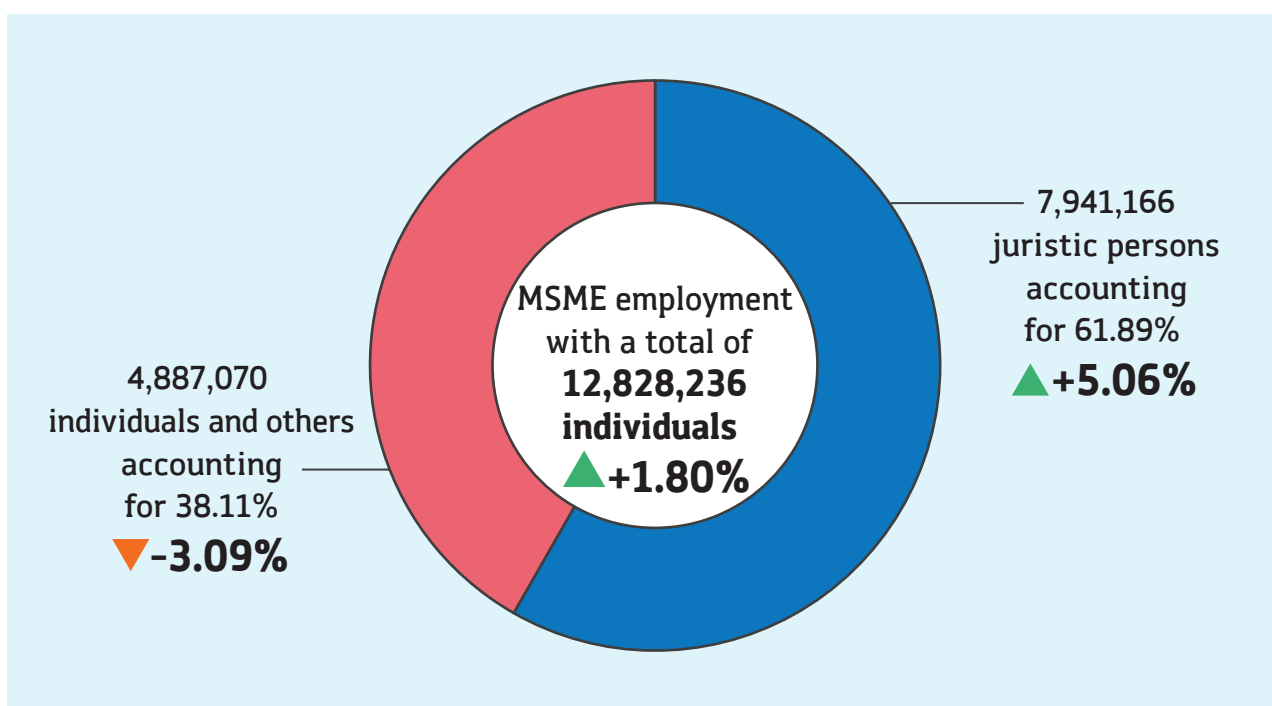
2 The Employment of MSMEs

Overall employment

In 2022, the total employment in businesses of all sizes was 18,070,067 individuals. This employment was divided into two categories: Large Enterprises (LE) employing a total of 5,241,831 individuals, and Micro Small and Medium Enterprises (MSME) employing a total of 12,828,236 individuals, accounting for 70.99% of the total employment. The micro-enterprises had the highest proportion of employment, amounting to 30.25% of the total employment and 42.61% of the total MSME employment. Moreover, there has been an increase in employment compared to 2020, where the total employment was 12,601,726 people, or an employment growth rate of 1.80%. This increase is due to the relaxation of various measures after the COVID-19 pandemic. When compared with the pre-COVID-19 period in 2019, there was an increase in employment in MSMEs 767,867 people from 12,060,369 people, or a growth rate of 6.37%. Among them, small-scale enterprises (SE) and micro-enterprises had an employment growth rate of 17.74% and 0.74%, respectively. However, there was a decrease in employment in medium-sized enterprises (ME) of 0.64%.

When considering the overall employment landscape of MSMEs based on their establishment type in 2022, it can be categorized into two main types. Firstly, there is employment in MSMEs as a juristic person, with a total of 7,941,166 individuals, accounting for 61.90 % of the total employment. Secondly, there is employment in other types of individually owned MSMEs, with a total of 4,887,070 individuals, representing 38.10% of the total MSMEs employment. When compared with the pre-COVID-19 period in 2019, it was found that employment in MSMEs increased by 13.16%, averaging 10 individuals per enterprise. As for employment in other individual MSMEs, there was a decrease of 3.09%, averaging 2 individuals per enterprise.

The Employment of MSMEs Based on Establishment Type



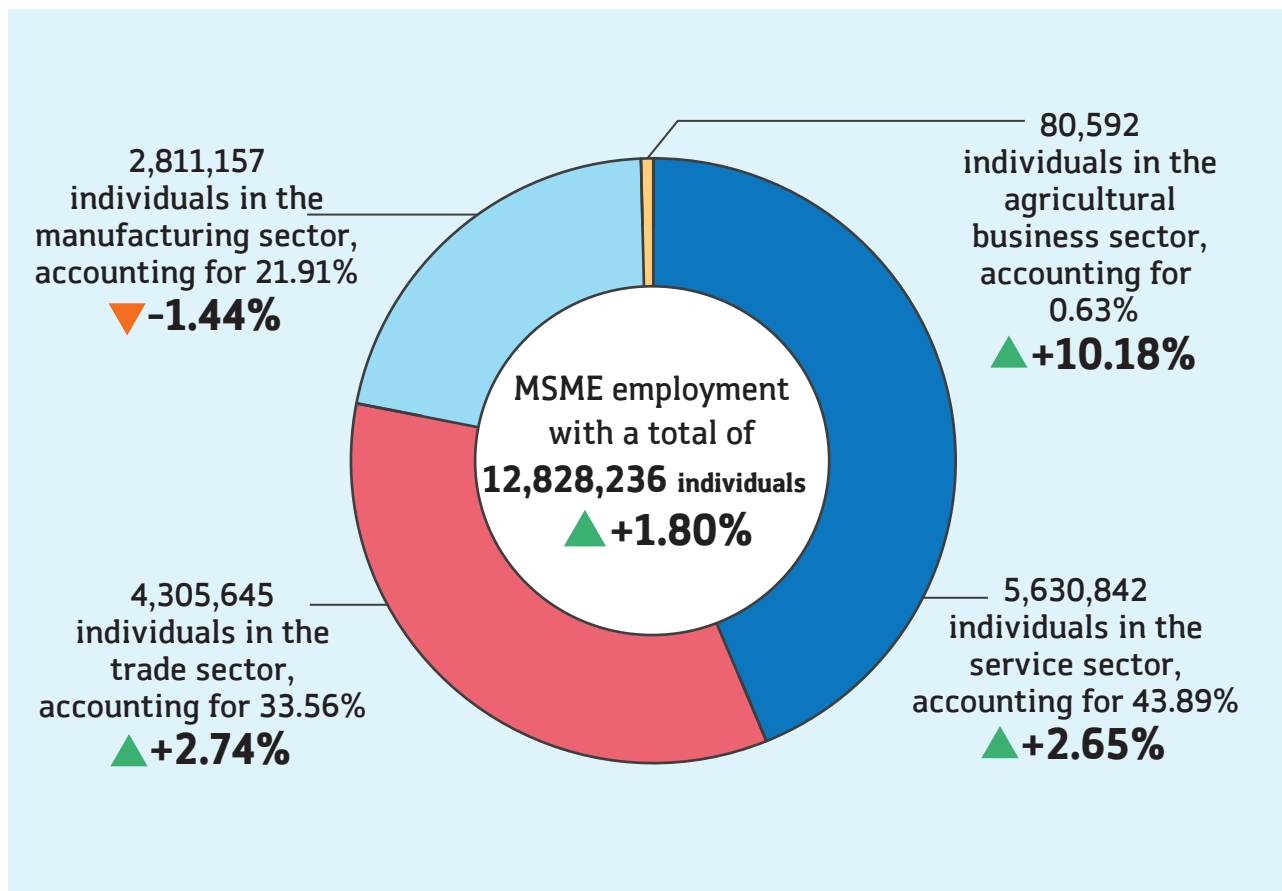
Analyzed by: Office of Small and Medium Enterprises Promotion (OSMEP) (as of May 30, 2023)

Figure 5.10 The employment of MSMEs, categorized by type of establishment in 2022

Employment in MSMEs is predominantly concentrated in the service sector, with a total of 5,630,842 individuals, accounting for 43.89 % of the total MSME employment. This sector has expanded by 2.65 % compared to the previous year's service sector employment in MSMEs. The second largest sector in terms of MSME employment is the trade sector, employing 4,305,645 individuals, representing 33.56% of the total MSME employment. This sector has seen a growth of 2.74% compared to the previous year's trade sector employment in MSMEs.

The manufacturing sector employed a total of 2,811,157 individuals, accounting for 21.91% of the total MSME employment. This sector has contracted by 1.44 percentage points compared to the previous year's employment in the manufacturing sector of MSMEs. On the other hand, the agricultural business sector employed 80,592 individuals, representing 0.63% of the total MSME employment. This sector has expanded by 10.18% compared to the previous year's employment in the service sector of MSMEs. Due to the decline in exports in 2022, the manufacturing sector was unable to operate at full capacity, resulting in a decrease in employment. On the other hand, the trade and tourism sectors, being more resilient, experienced an increase in employment. When comparing with 2019, it was found that the agribusiness sector had the highest employment expansion rate at 49.56%, followed by the trade sectors, service sectors and the manufacturing sectors which experienced employment growth rates of 9.85%, 5.39% and 2.45% respectively

The Employment of MSMEs, Catagorized by Business Sector in 2022

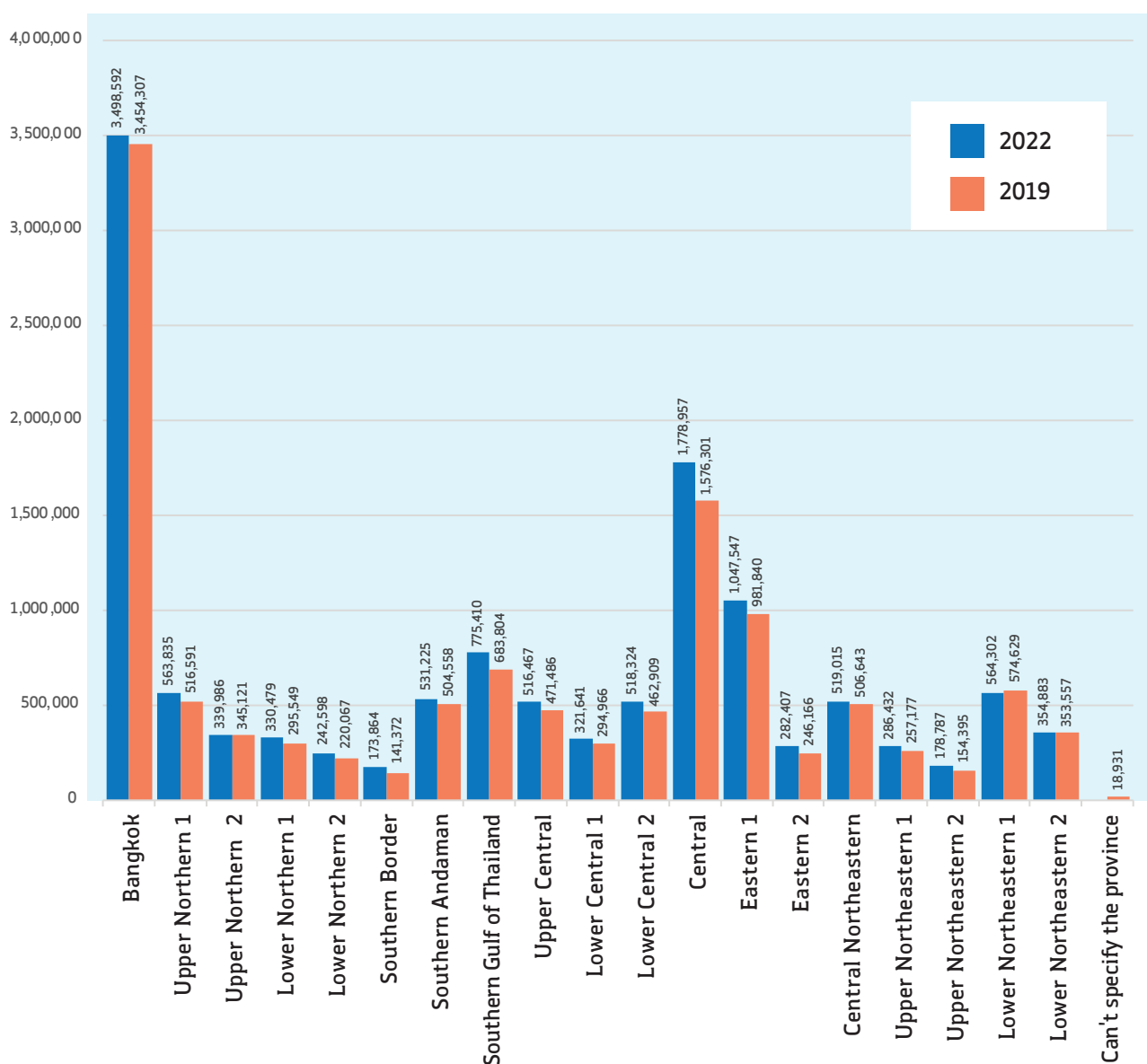


Analyzed by: Office of Small and Medium Enterprises Promotion (OSMEP) (As of May 30, 2023)

Figure 5.11 The employment of MSMEs, categorized by business sector in 2022

When considering employment in MSMEs categorized by provincial groups, it is observed that the highest concentration of employment is found in Bangkok, with a total of 3,494,938 individuals. This accounts for 27.24% of the total MSME employment nationwide. The second highest concentration is in the Central Suburban Provincial Group (Nakhon Pathom, Nonthaburi, Pathum Thani, and Samut Prakan), employing 1,783,709 individuals and representing 13.90% of the total. Lastly, the Eastern Region 1 Provincial Group (Chachoengsao, Chonburi, and Rayong) employs 1,049,001 individuals, accounting for 8.18% of the total. Compared to 2019, business recovery can be observed in the border provinces of the Southern region (Narathiwat, Pattani, Yala) with the highest employment growth rate at 22.92%. The next in line is the Upper Northeastern region (Nakhon Phanom, Mukdahan, Sakon Nakhon), and the Eastern region (Chanthaburi, Trat, Nakhon Nayok, Prachinburi, Sa Kaeo), which experienced employment increases of 15.74% and 14.81%, respectively.

Employment in MSMEs Categorized by Provincial Groups in 2019 and 2022



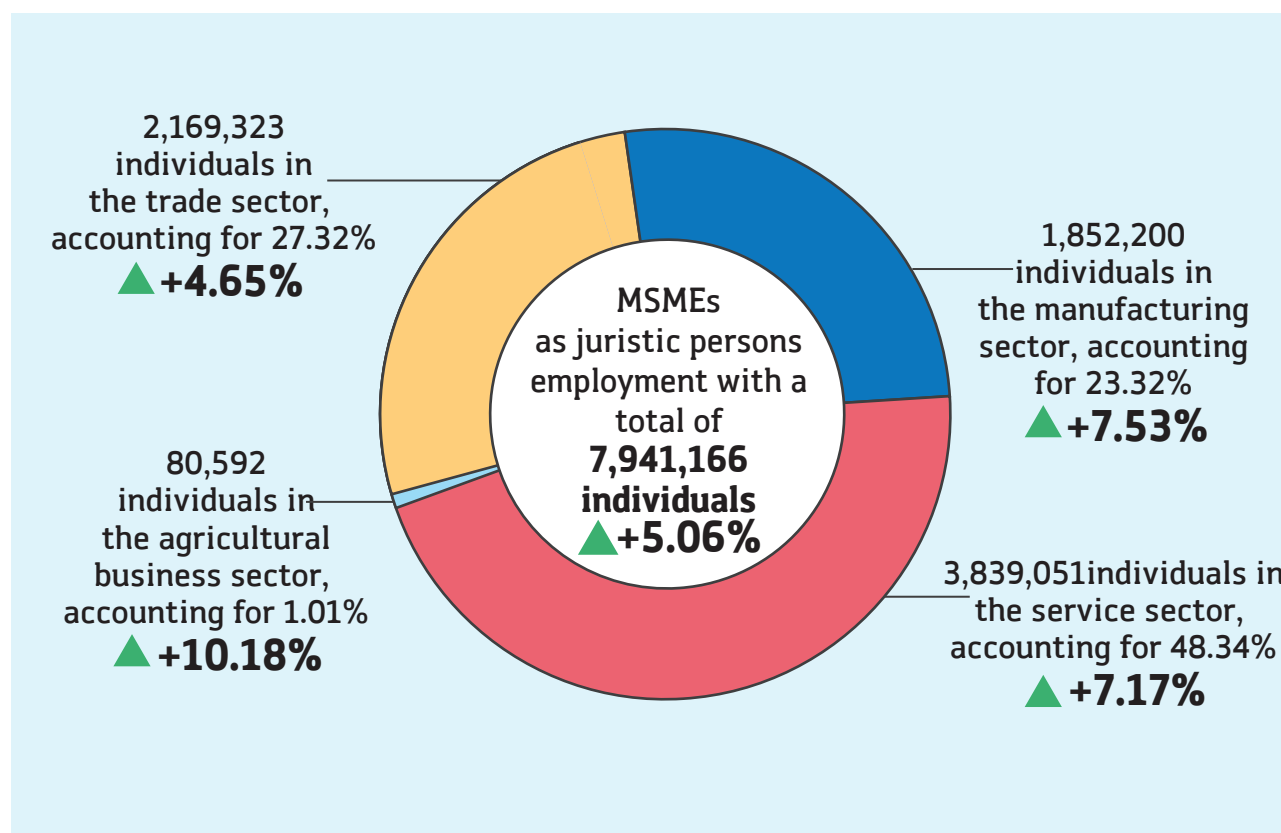
Analyzed by: Office of Small and Medium Enterprises Promotion (OSMEP) (As of May 30, 2023)

Figure 5.12 The employment of MSMEs, categorized by provincial group, between the year 2019 and 2022

The Employment of MSMEs Registered as Juristic Person

Regarding employment in MSMEs as juristic persons, it was found that in 2022, there were a total of 7,941,166 individuals employed. This represents an increase of 382,176 individuals from the previous year (7,558,990 individuals), indicating a growth rate of 5.06 %. Among MSMEs as juristic persons, the highest employment concentration was in the service sector, employing 3,839,051 individuals, accounting for 48.34% of the total employment in MSMEs as juristic persons. This represents a growth rate of 7.17% compared to the previous year. Following that, the trade sector employed 2,169,323 individuals, accounting for 27.32%, indicating a growth rate of 4.65%. The manufacturing sector employed 1,852,200 individuals, accounting for 23.32% indicating a growth rate of 1.17%. Lastly, the agricultural business sector employed 80,592 individuals, accounting for 1.05%, indicating a growth rate of 10.18%. When compared to 2019, there was an increase in employment by 923,533 people from a total of 7,017,633 people, representing a growth rate of 13.16%. In terms of employment by MSMEs, all business sectors experienced an increase. The agribusiness sector had the highest expansion rate at 49.56%, followed by the trade sector, service sector, and manufacturing sector with growth rates of 20.43%, 11.60%, and 7.53 %, respectively.

The Employment of MSMEs Registered as Juristic Person, Categorized by Business Sector



Analyzed by: Office of Small and Medium Enterprises Promotion (OSMEP) (As of May 30, 2023)

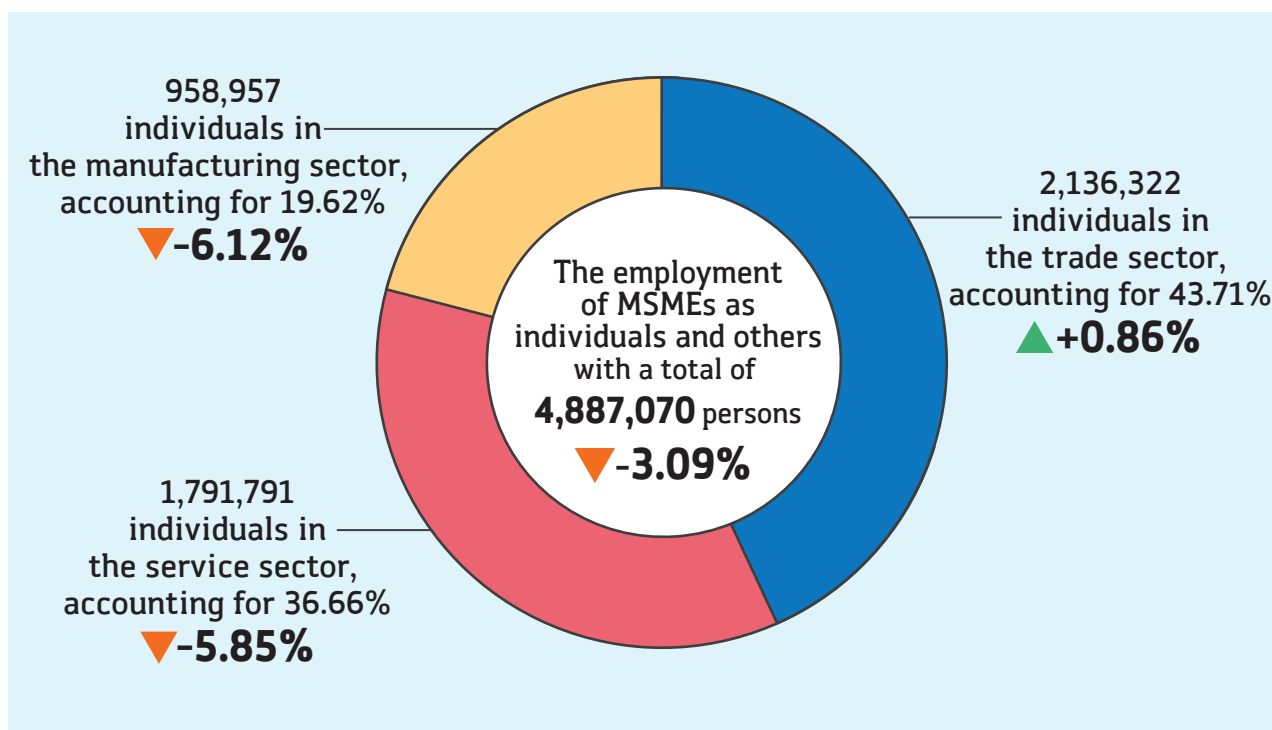
Figure 5.13 The Employment of MSMEs as Juristic Persons, Categorized by Business Sector, in the Year 2022

In terms of MSMEs, the highest proportion of employment is found in the wholesale and retail trade sector (Section G) with a total of 2,169,307 people, accounting for 27.32% of MSME employment. This is followed by the manufacturing sector (Section C) with 1,741,825 people, representing 21.93%, and the construction sector (Section F) with 812,289 people, accounting for 10.23%. Among the regions with the highest MSME employment, Bangkok has the highest number 2,974,223 people, making up 37.45% of MSME employment. It is followed by Chonburi province with 542,012 people, accounting for 6.83%, and Samut Prakan province with 539,308 people, representing 6.79%. On the other hand, the province with the lowest MSME employment is Mae Hong Son with only 4,305 people, making up 0.05% of the total MSME employment.

The Employment of MSMEs as Individuals and Others

For employment in MSMEs as individuals and others, it was found that in 2022, there were a total of 4,887,070 individuals employed, which decreased by 155,666 individuals from 2021, which had 5,042,736 individuals. This represents a decrease of 3.09% in employment in MSMEs as individuals and others compared to the previous year. The highest employment in MSMEs as individuals and others is in the trade sector, with 2,136,322 individuals, accounting for 43.71% of the total employment in MSMEs as individuals and others. This sector expanded by 0.86% compared to the previous year. Following that is the service sector, with 1,791,791 individuals, accounting for 36.66% of the total employment, representing a decrease of 5.85%. The manufacturing sector employs 958,957 people, accounting for 19.62% of the total employment. It has decreased by 6.12% compared to the previous year when considering the employment of MSMEs in the personal and other sectors.

The Employment of MSMEs as Individuals and Others, Categorized by Business Sector



Analyzed by: Office of Small and Medium Enterprises Promotion (OSMEP) (As of May 30, 2023)

Figure 5.14 The employment of MSMEs registered as individuals and others, categorized by business sector in 2022

The personal and other MSMEs are primarily employed in the wholesale and retail trade sector (Section G) with a total of 2,136,322 employees, accounting for 43.71% of the employment of personal and other MSMEs. The second highest sector is accommodation and food services (Section I) with 962,247 employees, representing 19.69%. The manufacturing sector (Section C) follows closely with 947,223 employees, making up 19.38%. In terms of geographical distribution, the highest employment of personal and other MSMEs is in Bangkok, with 520,715 employees, accounting for 10.65% of the employment of personal and other MSMEs. Chiang Mai ranks second with 171,644 employees, representing 3.51%, followed by Chonburi with 128,881 employees, making up 2.64%. The province with the lowest employment of personal and other MSMEs is Mae Hong Son, with 16,300 employees, accounting for 0.33%.

The Labor Market Situation and Employment Trends in 2023

After the easing of the COVID-19 situation, Thailand has gradually reopened its borders to welcome an increasing number of tourists. This has resulted in the recovery of various businesses, especially those in tourism and related industry. Additionally, in early 2023, China allowed its citizens to travel abroad, further contributing to the continuous growth of the tourism industry in Thailand, as Thailand is one of the main destinations for Chinese tourists. According to data from Office of the National Economic and Social Development Council, in the first quarter of 2023, the employment rate in both the agricultural and non-agricultural sectors increased by 2.4% compared to the same period in the previous year. The unemployment rate stood at 1.05%, indicating a gradual return to normalcy.

The domestic labor market situation has shown a positive recovery trend compared to the period of the COVID-19 pandemic. However, there are several factors that need to be monitored closely and taken into consideration. These factors include:

Labor shortage:



Labor shortage in the service sector: As the economy begins to recover after the COVID-19 situation, particularly in the tourism industry, there has been a rapid resurgence. With an increase in the number of tourists, businesses such as restaurants, hotels, and related industries need to continue their operations and increase employment to adequately meet the demand from tourists.



Digital and IT labor shortage: During the COVID-19 situation, there was significant growth in digital-related technologies and innovations. This has led to the need for the workforce and business owners to incorporate these digital elements into their daily lives or adapt to new, modern, and efficient work methods. As a result, there is a growing demand for professionals in the technology and digital fields, such as data analysts, digital media designers, digital communication system developers, and others.



Working behavior of the younger generation: There is a trend among the younger generation who aspire to become business owners rather than employees. They often start working at entry-level positions to learn and gain experience, with a high salary rate. Once they have sufficient knowledge and skills to be in managerial positions, they quit their careers to pursue their own business ventures. This behavior creates a shortage of labor in positions for senior employees, supervisors, and managers.

Increased labor competition:



Due to a limited number of skilled and immediately employable individuals, there is heightened competition for labor. Employers may need to accept higher compensation rates or increase remuneration for existing employees to retain them. On the other hand, there may also be an increase in illegal labor hiring practices to fulfill immediate workforce needs.

New government labor policies:



Following the mid-May 2023 election, political parties have focused on labor policy adjustments. These policies mainly aim to raise the minimum wage, increase starting salary benchmarks, and improve the quality and appropriateness of worker benefits. These policies have both advantages and disadvantages. The advantages include increased income for workers in line with rising living costs. However, the disadvantages may result in increased labor costs or wages for employers, which could lead to a reduction in workforce size to maintain sufficient capital for labor hiring and business operations. Consequently, the outcomes of the new government formation will impact labor-related policies, which must be aligned with the country's economic conditions and not negatively affect the costs of doing business for both domestic entrepreneurs and foreign investors seeking business opportunities in Thailand.



MSME Scoring





MSME Scoring

In 2022, it was observed that small enterprises (Index set 1) owned by individuals showed greater potential and growth opportunities compared to micro enterprises across various dimensions and throughout all quarters. Additionally, both micro and small enterprises demonstrated relatively stable levels of potential and growth opportunities throughout the four quarters studied. The average index level for potential and growth opportunities ranged between 0.53 and 0.56, suggesting that most of these enterprises had a moderate level of potential. In contrast, small enterprises had an average potential and growth opportunities index level ranging from 0.45 to 0.47, indicating a lower potential throughout 2022.

After examining the sub-index, it is indicated that the Potential Index of fundamental factors for enterprises and the Entrepreneurial Characteristics Index for both micro and small enterprises remained relatively stable throughout the four quarters of 2022. However, when it came to enterprise operations, a consistent decline in operating potential was noted for both micro and small enterprises from the first quarter to the fourth quarter of 2022. In contrast, both groups of enterprises experienced a continuous increase in their operating potential index from the first quarter to the fourth quarter of 2022.

Table 6.1 The Potential and Growth Opportunities Index of Micro and Small Enterprises in 2022 (Index set 1)

Index	Micro Enterprises				Small Enterprises			
	Q1/22	Q2/22	Q3/22	Q4/22	Q1/22	Q2/22	Q3/22	Q4/22
Enterprise Fundamental Factor Index	0.51	0.50	0.49	0.50	0.60	0.60	0.57	0.58
Entrepreneurial Characteristics Index	0.29	0.27	0.26	0.26	0.34	0.38	0.33	0.34
Enterprise Operating Index	0.58	0.56	0.51	0.51	0.70	0.65	0.62	0.63
Enterprise Revenue Index	0.49	0.51	0.57	0.62	0.59	0.61	0.62	0.67
Potential and Growth Opportunities Index	0.47	0.46	0.45	0.47	0.56	0.56	0.53	0.56

Note: Red refers to a low level on the Potential and Growth Opportunities Index / Yellow refers to a medium level on the Potential and Growth Opportunities Index / Green refers to a high level on the Potential and Growth Opportunities Index / Blue refers to a very high level on the Potential and Growth Opportunities Index

- The analysis of Small and Medium Enterprises under juristic persons (Index set 2) reveals that medium enterprises exhibited a noticeably higher level on the Potential and Growth Opportunities Index compared to small enterprises. Medium enterprises demonstrated average Potential and Growth Opportunities Index values ranging from 0.55 to 0.66, demonstrating that the majority of them possessed a moderate level of potential. On the other hand, medium enterprises had average Potential and Growth Opportunities Index values between 0.59 and 0.78, signifying a medium to high potential throughout the year 2022.

- **For the sub-index**, it was found that all four potential areas manifested a positive trend. In other words, the Enterprise Fundamental Potential Index increased from a moderate level in the first quarter to a high level in the fourth quarter. The Enterprise Characteristics Potential Index also rose from a low level in the first quarter to a moderate level in the fourth quarter, while the Enterprise Performance Potential Index increased from the first quarter to a very high level in the fourth quarter. However, when it comes to business performance, despite the aforementioned positive trends in potential, the business performance potential is expected to decline in 2022.
- **When comparing the first and second sets of indexes**, it is evident that juristic SMEs demonstrate significantly higher potential in terms of enterprise fundamentals, entrepreneurial characteristics, and operational aspects of the business. However, the potential for enterprise performance is noticeably lower. Several important factors contribute to this observation, including the following:
 - Enterprises owned by juristic persons possess the potential to maintain higher accounting standards compared to small enterprises owned by natural persons. Consequently, they are able to prepare comprehensive accounting and financial statements that accurately capture both monetary and non-monetary costs associated with the business operations. For that reason, the profit of juridical entities are lower.
 - Enterprises owned by juristic persons tend to exhibit high profitability, which subsequently leads to substantial corporate income tax payments. Consequently, there is a propensity to engage in profit manipulation in order to reduce the taxable profits and obtain tax benefits.
 - The calculation of the performance potential index solely for juristic SMEs incorporates an indicator reflecting the proportion of non-sales-related revenue. This indicator serves as a measure of business risk diversification. The analysis revealed that nearly all enterprises do not generate income from alternative sources.

Table 6.2 The Potential and Growth Opportunities Index of Small and Medium Enterprises in 2022 (Index set 2)

Index	Small Enterprises				Medium Enterprises			
	Q1/22	Q2/22	Q3/22	Q4/22	Q1/22	Q2/22	Q3/22	Q4/22
Enterprise Fundamental Factor Index	0.70	0.63	0.61	0.73	0.91	0.90	0.80	0.88
Entrepreneurial Characteristics Index	0.44	0.44	0.41	0.57	0.69	0.69	0.48	0.66
Enterprise Operating Index	0.71	0.65	0.73	0.80	0.80	0.80	0.80	0.87
Enterprise Revenue Index	0.50	0.48	0.58	0.53	0.71	0.70	0.27	0.42
Potential and Growth Opportunities Index	0.59	0.55	0.58	0.66	0.78	0.77	0.59	0.71

Note: Red refers to a low level on the Potential and Growth Opportunities Index / Yellow refers to a medium level on the Potential and Growth Opportunities Index / Green refers to a high level on the Potential and Growth Opportunities Index / Blue label refers to a very high level on the Potential and Growth Opportunities Index

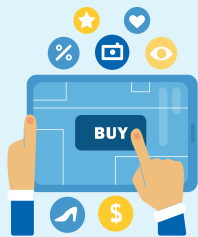
The Sales Situations of Products and Services of SMEs in Each Business Sector in 2022





The Sales Situations of Products and Services of SMEs in Each Business Sector in 2022

The sales situations of products and services of small and medium-sized enterprises (SMEs) in Thailand were evaluated by analyzing quarterly changes in sales data, with the 1st quarter of 2019 serving as the base period. This analysis utilized the quarterly revenue data provided by the National Statistical Office. The primary objective was to monitor changes in revenue data across various business sectors, encompassing 131 distinct business groups, such as retail, accommodation, television production, sporting activities, entertainment, and recreation, among others.



Sales via internet
65,534%

The COVID-19 pandemic, spanning the years 2020 to 2022, has spurred a notable increase in consumer engagement across **diverse sectors, including food, beverages, clothing, shoes, cosmetics, and computers**. This surge can be attributed to the widespread adoption of online shopping, which has become a prevalent phenomenon during this period. Referred to as the 'New Normal' or the transition to the 'Next Normal,' this behavioral shift has resulted in a paradigmatic change in consumer habits. The trajectory of this trend is expected to persist, particularly for commodities amenable to online ordering, such as food, household items, and clothing, respectively.



Handicraft and souvenir shops
3,924%

There has been a notable rise in the production of, and demand for, **handicraft products** used as souvenirs, including silverware, nielloware, brassware, silk-based crafts, and wooden artifacts. This increase can be attributed to the growing interest among consumers in cultural tourism and their desire to immerse themselves in natural environments. As a result, handicraft and souvenir shops have benefited from this consumer behavior. Additionally, the availability of gifts and souvenirs provided during the APEC 2022 event held in Thailand has further contributed to this trend.



Guesthouses
2,246%

The notable increase primarily pertains to **short-term accommodation activities**, encompassing guesthouses, bungalows, and budget accommodation. This surge can be attributed to individuals seeking solace and relief from the prevailing uncertainties arising from the COVID-19 pandemic. As a result, the tourism sector and related activities within the country have demonstrated a substantial recovery. This escalation can be attributed to the burgeoning consumer interest in cultural tourism and their profound inclination to immerse themselves in natural environments.



Grocery stores
1,883%

The observed surge primarily encompasses **traditional sales ventures (grocery stores)**, specifically fruit and vegetable stores. Consumer products deemed essential for daily life, such as rice, flour, canned food, sugar, and spices, have experienced a notable increase in demand. This trend can be attributed to the gradual improvement in household purchasing power, resulting from a combination of enhanced employment opportunities and increased income levels. Moreover, government measures aimed at bolstering purchasing power, including initiatives such as the Co-payment Scheme and projects targeting individuals holding state welfare cards, have provided additional support for consumer expenditure.



Program scheduling and television broadcasting (Free TV)
1,802%

There has been a discernible increase in **diverse media activities**, encompassing the production and consumption of movies, documentaries (which may be purchased from external sources), as well as live programs or a hybrid combination thereof. This surge can be primarily attributed to the evolving consumer demand, as individuals have become acclimated to accessing media content through online channels during the COVID-19 pandemic in the years 2020-2022. This behavioral shift has emerged as the prevailing paradigm and is anticipated to sustain continuous growth.



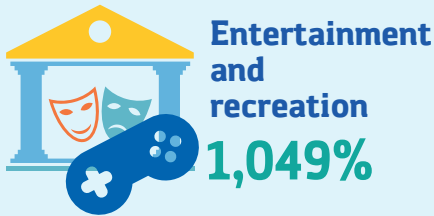
Pre-owned computer shops and telecommunication equipment
1,153%

The observed increase primarily pertains to product categories including **pre-owned computers, phones, and household electrical appliances**. This trend can be attributed to shifting consumer behavior characterized by a preference for cost-saving measures in the procurement of durable and semi-durable goods with medium to high price ranges. The augmented cost of living coupled with elevated energy prices has imposed constraints on household purchasing power, thereby bolstering the popularity of pre-owned products.



Sales of music recorders and video recorders
1,095%

The observed increase predominantly pertained to products falling within the **category of records, music tapes, CDs, and cassettes**. This upsurge can be attributed to the societal transition towards the 'New Normal' lifestyle, characterized by individuals spending more time in their accommodations and participating in fewer social activities. As a consequence, there is a heightened demand for leisure activities that can be enjoyed within the confines of one's living space, leading to the significant popularity of these products in 2022.



Entertainment and recreation
1,049%

The observed increase primarily pertains to activities within **game shops, vending machines, discotheques, and equipment rentals** for entertainment purposes. This surge can be attributed to the implementation of palliative servicing control measures in 2022, which aimed to mitigate the adverse effects of the COVID-19 pandemic. Furthermore, service users sought solace from the prevailing COVID-19 situation. As a result, entertainment and recreation activities that provide stress relief and foster happiness have exhibited a robust recovery over the past year.



Fragrance stores
-76%

The observed increase primarily pertains to the **perfumery industry, encompassing fragrances, essential oils, incense, scented candles, and aromatic salts**, among other products. This surge can be attributed to a significant rise in sales during the period of 2020-2021, amidst the COVID-19 situation. As individuals engaged in more activities outside their accommodations and sought to reduce expenses on non-essential items, the demand for fragrances experienced a substantial upswing. Consequently, sales of fragrances witnessed a significant decline in 2022.



Rice and products derived from rice-milling shops
-59%

The observed increase primarily pertains to **rice products** that have undergone processes such as milling, polishing, or steaming, and possess an extended shelf life, including varieties such as regular rice, sticky rice, and brown rice. This surge can be attributed to consumer behavior characterized by a shift towards cost-saving practices, entailing reduced expenditure and smaller purchase quantities per transaction. Consequently, the sales of rice products, particularly rice sacks, experienced a decline in 2022. Conversely, grocery store sales exhibited an increase, driven by the demand for rice bags and associated items.



Telecommunication equipment stores
-51%

The observed increase primarily pertains to the **category of wireless phones, mobile phones, and mobile communication equipment**. This surge can be attributed to consumer behavior characterized by a strategic inclination towards cost-saving measures for durable and semi-durable goods with medium to high price ranges. The prevailing high cost of living has placed substantial pressure on household purchasing power, resulting in a decline in sales of new telecommunication equipment and a concurrent rise in sales of pre-owned telecommunication equipment. These findings align with the aforementioned economic activities.

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