

Thailand is Sleepwalking into a Crisis: A Demographic Crisis

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September 2025



Executive Summary

Thailand stands at a crossroads. Once powered by a young and growing population, the country now faces fewer births, a rising elderly population, and a rapidly shrinking workforce. This is not a distant problem but one already reshaping the economy, society, and future of the nation. The question is not when the demographic crisis will occur, but whether Thailand can adapt quickly enough to survive.



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The purpose of this report is to show the current demographic challenge and what must change to avoid collapse. It raises questions on how Thailand must secure growth and stability, in a future where the number of workers reduce, rising talents are leaving and investments are slowing.

Findings are clear. Birth rates have fallen below replacement levels, and a rising number of young talents are moving abroad for better pay and greater opportunities. Simultaneously, the education system is producing graduates who can memorise but struggle to adapt, resulting in a workforce unprepared for rapid changes. At a time where a shrinking labour pool and a growing dependent population are already putting a pressure on productivity and the wider economy, we must ask what can Thailand do in the face of this?

Proposed recommendations highlight the importance of a reform of the education system, building the skillsets of students beyond rote learning. Families must be supported with childcare and parental leave, allowing for women to balance a career with raising children. Skilled workers must also be retained, and the economy will need to diversify beyond tourism in creating high-value jobs that make staying an option. Further, technology and AI must be used to their advantage in covering labour shortfalls and attracting new investments.

There are solutions, but they require urgency. Thailand must decide whether they will delay and decline or act now and reform the nation in turning a crisis into an opportunity. Time is moving fast, and the future of Thailand will require steps to be taken today.

Once the home of a booming and youthful population driving decades of economic growth, the Land of Smiles is undergoing a sharp shift. Birth rates are falling as the number of elderly citizens rises and by 2029 one in every three Thais is expected to be over the age of 60.¹ With a consequent shrinking workforce, the question is no longer if Thailand's ageing society will impact the economy, but how this nation can adjust to such monumental changes. Can Thailand adapt quickly enough to avoid labour shortages, stagnant productivity and the long-term slowdown of economic growth? As this demographic crisis accelerates, so does the urgency for a national response.

It is not the sole issue facing the nation at present, however. Geopolitical tensions are rising both locally and globally, and the pressure on the future of the Thai economy is immense. The United States has introduced 19% tariffs on Thai exports,² whilst clashes along the Cambodian border in July have displaced thousands of workers from industries including construction, disrupting a key source of migrant labour, and putting added strain on the Thai economy.³

Findings from the latest Grant Thornton International Business Report (IBR) reflect the impact of these pressures through the sentiment and behaviours of business leaders. Business optimism in Thailand declined from 57% in Q1 of 2025 to 38% in Q2, the lowest since the COVID-19 pandemic. Furthermore, plans for businesses to invest in the workforce, technology and capacity have also decreased at a time when investment is crucial to drive productivity and help mitigate the demographic crisis.

When a pause in investment meets a shrinking workforce, productivity will inevitably weaken, and the path back to growth will become longer. Thailand's business and political leaders must understand that it is no longer an emerging market, but a mature economy. As such, it needs to prioritise increasing productivity to boost GDP, by embracing greater workforce flexibility, accelerating the usage of technology, and investing in new high-value industries. Political stability is also crucial, as without it, businesses as seen in the IBR findings will lack the confidence to invest in the solutions that will define future success.

Admittedly, on the surface, a smaller population may sound appealing. Lower birth rates lead to fewer demands for housing and other resources, resulting in fewer crowds and traffic. But this perspective risks overlooking the long-term costs of having a limited workforce to sustain the economy. Many assume that foreign labour will alleviate the shortage, but with this solution much of the income earned by migrant workers will flow back into their home countries without being circulated around the Thai economy.

Given the current local and geo-political tensions, the question arises as to how the nation can ensure that demographic crisis remains a national priority in an environment consistently impacted by short-term shocks. So, will Thailand be able to balance the current problems of today whilst resolving the issues that threaten the survival of the country, or will the economy inevitably collapse, in an environment without a youthful workforce to drive change and growth?



1 in 3

people will be 60+ by 2029 in Thailand



Business optimism has fallen to **38%**

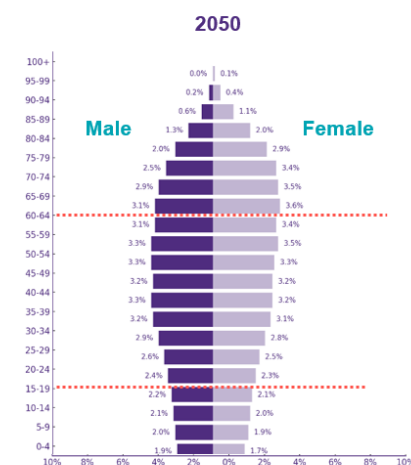
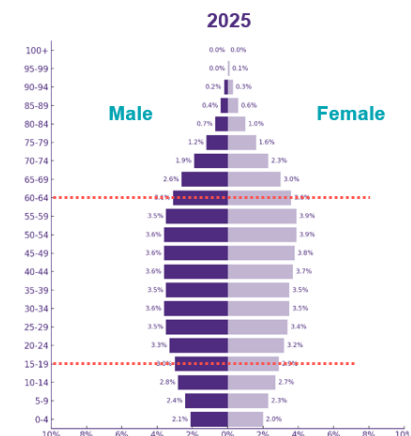
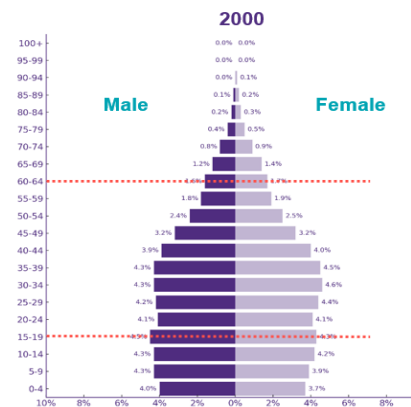
An Alarming Time

To grasp the urgency of Thailand's demographic crisis, the first step is to recognise the changes in the population structure and the shifts that are unfolding. A comparison of population pyramids illustrates that in 2000 the broad base reflected a large youth population where the majority of the population was under 30. It was the result of decades of high fertility. Between 1963 and 1983, Thailand recorded over 1 million births annually⁴ which increased the number of working-age individuals and underpinning the nation's economic expansion, GDP grew at an average annual rate of 7.5 % between 1960 and 1996.⁵

The same cannot be said today. The base is narrowing, and the largest share of the population is concentrated within the 30 to 49 age bracket, while those above 60 account for 20% of the population.⁶ Fertility rates have declined to just 1.0 as of 2025, far below the replacement rate of 2.1, with total births in 2024 dropping to under 500,000 for the first time since 1949. 2024 also saw 570,000, marking the fourth consecutive year in which the number of deaths exceeded births

The consequences of these figures are alarming, with population imbalances causing a burden on the nation's dependency ratio. For every 100 working-aged people, roughly 43 are now either under 15 or over 65 - too young or too old to contribute to the labour market, up from 41 in 2021.⁷ Similarly, the potential support ratio, measuring the number of working-aged people available for each dependent, has fallen from 10 in 2020 to 3.6 today, with a projection to reach 1.7 by 2050.⁸ This shrinking labour base, paired with a rising dependent population, threatens to strain productivity, public finances, and the broader capacity of the economy to sustain growth.

Projections for 2050 indicate Thailand is becoming a super-aged society, defined by the World Health Organisation (WHO) as having more than 21% of the population aged 65 or older.⁹ Recent findings reveal that this may occur as soon as 2029¹ if current trend persist. By 2083 the national population may be as low as 33 million, equivalent to losing one million people every two years.⁴ The fertility rate will drop to 0.5, with the 0-14 age group shrinking from 10 million to just 1 million. The working age population will reduce from 46 million to 14 million and the elderly population will more than double from 8 million to 18 million.¹⁰

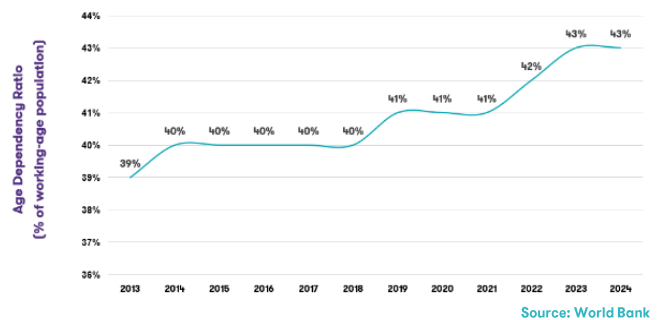


Source: <https://www.populationpyramid.net/thailand/>

The Implications

The implications are both clear and concerning: an increasingly longer non-working population will put an increasing burden on healthcare, pensions, and other forms of social support. Combined with a reduced workforce, this imbalance will result in less people paying tax to fund those respective services, which will necessitate the government seeking funds through alternative methods.

Thailand's Age Dependency Ratio



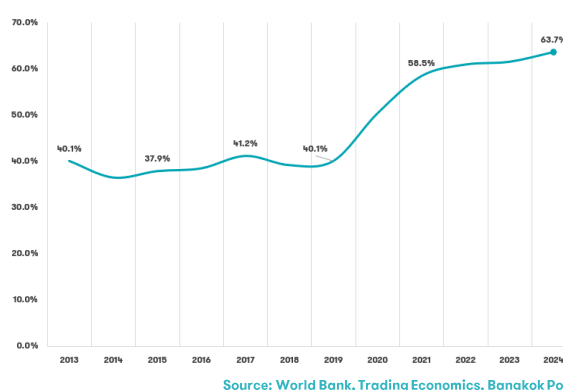
Whilst this challenge is not unique to Thailand, its severity stands out in Southeast Asia. Thai birth rates have fallen by 81% in the past 74 years, the third-largest drop globally, surpassed only by South Korea and China, and exceeding Japan.¹¹

Public debt figures show a similar pattern. Thailand's central government debt rose from 41.2% of GDP in 2019 to 63.7% in 2024, primarily driven by the COVID-19 pandemic.¹² While far below Japan's debt level of 234.9%¹³, Thailand has never operated under such high debt and lacks the financial capacity, infrastructure, and welfare systems that allow wealthier nations to sustain these levels amid demographic crises.

Unlike Japan or South Korea, high-income economies which have advanced resources and stronger productivity to manage debt, Thailand's path to funding increased social services involves growing its GDP through higher productivity and generating increased tax revenues on a broader basis than just taxing the working population. Yet with a shrinking and ageing workforce, achieving that growth becomes increasingly difficult.

In an era where political and economic disruption has already challenged stability, this demographic crisis intensifies the risk of backsliding. Understanding and addressing the variables influencing population levels within this nation is, therefore, a challenge of utmost urgency.

Annual Central Government Debt: % of GDP



Why is it happening?

Childcare Policies

Fewer babies, increased longevity, and policies that haven't kept up; that is what it boils down to. With improved healthcare and better living conditions, life expectancy has increased and currently stands at 76 years overall - 81 for females and 72 for males.¹⁴

Birth rates have also fallen to record lows. Research from Mahidol's Institute for Population and Social Research noted that 71% of adults view low birth rates as a national crisis, however only 35.8% of those who could have children plan to do so.¹⁴

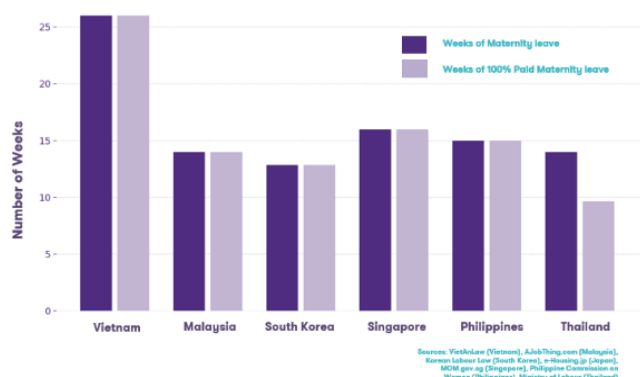
Why is this? Like other mature economies, Thailand's birth rates are especially low among the more educated. Reflecting a worldwide demographic-economic phenomenon: as education and income rise, family size decreases. On average, women with more opportunities will choose to prioritise career growth and aim for higher living standards, both of which raise the cost of parenting. Furthermore, 66% of working-age women between ages 25 – 34 years today have completed upper-secondary education, more than double the rate of women aged 45 – 55.¹⁵ This societal transformation highlights the need for modifying social policies to encourage more family-oriented reproductive choices.

Yet so far this has failed to happen in Thailand. With only 98 days of guaranteed maternity leave, and only 45 of them paid¹⁶, Thailand's policies are far behind the WHO's 18-week recommendation.¹⁷ A pending bill proposes extending leave to 120 days, of which 90 would be paid, and adding 15 days of paid spousal leave.¹⁶ Whilst this would be a step forward, the gap with neighbouring countries remains. In Malaysia, mothers get 98 days of paid maternity leave¹⁸ and in Vietnam, mothers get 6 months of fully paid leave.¹⁹

The decline of family-compound living since the 1980s has intensified the situation. Whereas previously, grandparents and extended families helped care for children. Today, smaller family units live on their own, lacking support, and Thailand offers no affordable universal childcare for those under 3.²⁰ This means that parents, often mothers, step out of the workforce or pay high fees to cover care. Crucially, these are often the most skilled women, with greater resources to prepare their children for higher education and promising skilled careers.

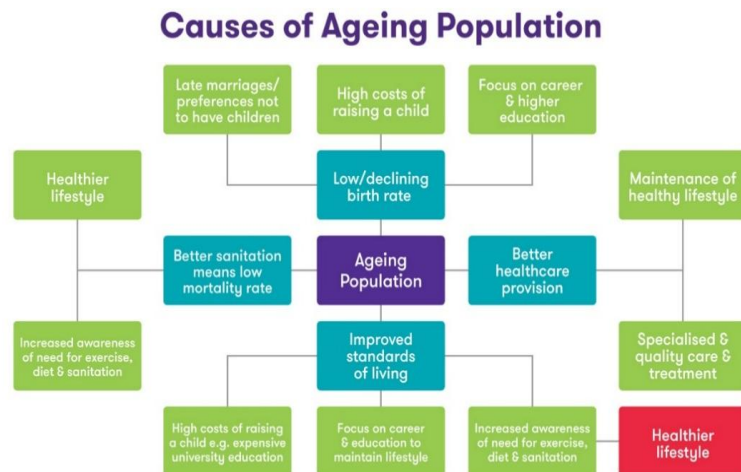
Suppose Thailand aims to grow both its population and its skilled workforce. In that case, it must adapt its policies to make parenthood possible for all women, ensuring careers are not penalised for growing a family. Coupled with inadequate parental leave and limited spousal leave, this system defaults caregiving duties to women, compounding gender inequality, and reinforcing the message that children and professional growth are incompatible.

Maternity leave across Asia



Why is it happening?

Numerous other factors also contribute to lower birth rates, as we see below:



Even if the policy shifts began today, higher birth rates will not provide an overnight solution to the problem, as a child born this year will not enter the workforce for another two decades. A more urgent question becomes how do we retain the highly skilled individuals we already have, and why are they leaving?

Brain Drain

Many highly skilled Thai individuals are choosing to depart to wealthier nations in the hope of finding better pay, stronger career paths and a more supportive social system. A survey indicates that around 60% of Thais under 30 and nearly half of those with a master's degree or higher are considering moving overseas. This pattern is seen across most professions, with the preference to work abroad being present in 19 out of 23 occupational groups.²¹

In 2021, the Thailand based "Let's Move Abroad" Facebook group, before it was shut down by the government, brought in over half a million members in 4 days.²² During this time, other countries actively called for Thai talent. Through this group, the Swedish embassy in Thailand pitched its labour rights, gender equality and social welfare, and Japan's and Norway's embassies also showed interest. As these countries are also undergoing a demographic crisis and needing to boost their population, it is only natural that they seek opportunities from countries like Thailand, which are doing little to compete.

Cultural and Generational Issues

Today's workforce has "a professional identity increasingly characterised by autonomy, merit-based advancement, and global mobility."²³ This mindset is in direct conflict with Thailand's rigid seniority-based hierarchies, where many leaders still assume loyalty can be secured through unquestioned hierarchy. Whilst this may have worked when job mobility was limited, in a globalised market, skilled individuals are able to take their knowledge anywhere. Thus, when organisations fail to adapt, they create a fundamental misalignment between the expectation of talents and what the system offers, ultimately incentivising people to leave.

Fixing this problem will do more than keeping those already here. Suppose Thailand successfully evolves its structures to align with values of globally competitive workforces. In that case, it will not only slow the number of emigrants but become attractive to overseas workers, a strategy used by other ageing society.

The Road Ahead: What does Thailand Need to Change?

Looking ahead, Thailand's current strategy is yielding the desired results. While working to boost birth rates, the country must also prepare for a shrinking workforce and higher dependency as the elderly population grows. At the same time, the country's business and political leaders must adapt to a global market that is rapidly moving towards digital and high-skilled sectors.

Tourism

Tourism has played a crucial role in driving the Thai economy for a long period, contributing around 12% of GDP post-covid and employing over 20% of the workforce.²⁴ But patterns are changing. International arrivals have fallen by 6.9% this year²⁵, linked to factors of less disposable incomes, growing competition from regional countries, unfavourable headlines from the press and recent political uncertainty that raised safety concerns.

The problem, however, lies beyond the numbers, but rather the implications for the workforce which heavily depends on the sector as an economic driver. Relying predominantly on low-skilled labour, roles in the tourism industry limits productivity and offer limited opportunities for long-term growth. In the future that will demand innovation, adaptability, and advanced technical expertise, this is problematic. To compete in high-growth sectors like digital innovation, advanced manufacturing, and green industries, the nation needs a workforce with specialised skills and problem-solving capabilities.

Looking ahead, the road demands less reliance on tourism, as key solutions to the Thai economy sits in a radical overhaul of education and driving of productivity across all sectors.

Jobs Boosted by Tourism



The Road Ahead: What does Thailand Need to Change?

Education

With 64.7% of youth and adults lacking basic reading literacy, 74.1% falling short in foundational digital skills, and 30.3% underperforming in socio-emotional skills such as curiosity²⁶, Thailand's future workforce is far from ready.

Research conducted by the Organization for Economic Co-operation and Development (OECD) highlights that half of Thailand's 15-year-olds failed to apply math's learnt in school when solving everyday problems, whilst 44.5% could not explain real world occurrences using scientific reasoning. Compared to the OECD average of 24% for mathematics in practice and 22% for scientific reasoning, Thailand's figures are significantly higher.²⁷

This raises questions about the purpose of Thai education. If students leave school unable to apply their learning to practical solutions, what is the value of education? Rote memorisation and regurgitation might pass exams, but they do little to prepare students for a world where adaptability and problem-solving are essential.

This inability to apply skills stems from deeper issues. Thailand's education system has for a long-time prioritised conformity and obedience over independent thought, shaped by decades of hierarchical and authoritarian structures. Strict rules, from dress codes and hair lengths to classroom behaviour, result in teaching students to follow instructions rather than question them. While this uniformity may produce disciplined workers, it leaves them unable to think critically or adapt. Additionally, it damages confidence and lessens their sense of individuality, causing many young students to fear raising their ideas, challenging assumptions or taking initiatives, a liability in a future economy where success depends on innovation.



64.7% of Thai youths
lack basic reading skills



74.1% lack
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30.3% underperforming
in socio-emotional skills

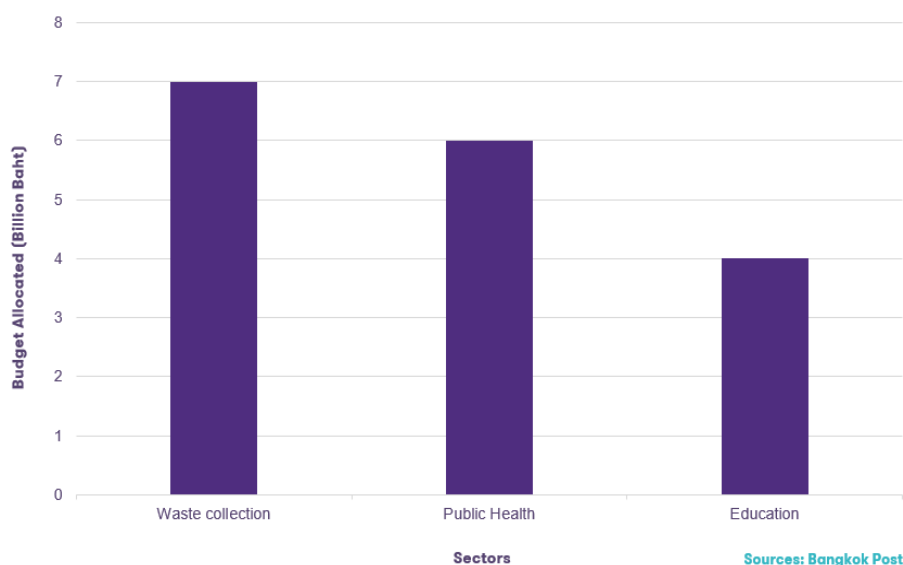
The Road Ahead: What does Thailand Need to Change?

So, what must the country do to change this? The answer is not a secret. In 2022, the Office of the Basic Education Commission developed a new curriculum to replace the outdated framework from 2002, with a pilot ready to launch. It was cancelled over concerns about the cost of retraining teachers and producing new textbooks.²⁷

Yet, the government spends 7 billion Baht every year in Bangkok alone on waste collection, almost double the 4 billion Baht allocated to education.²⁸ This is a choice. Thailand is spending on problems that could be addressed more efficiently, while underfunding the development of its future workforce. What if instead increased funding was given to education, equipping them with the knowledge to potentially design strategies that would reduce waste and the budget to collect it?

At what point will the government take off their short-sighted glasses, and see beyond today's budget? Investing in education now may be costly, but it is guaranteed to be much cheaper than facing an economic collapse that will inevitably come without a workforce capable of driving growth in the decades ahead.

Bangkok's Budget



The Road Ahead: What does Thailand Need to Change?

Other Considerations

Beyond educational reform, Thailand must also strategies on various other areas to ensure they are not sleepwalking into a demographic nightmare:

1. Keep skilled workers in the labour force through publicly funded childcare allowing them to remain in work rather than exit for caregiving. With Thailand facing labour shortages and an ageing population, this strategy is key to raising birth rates. Universal childcare will protect tax base, motivate productivity and remove the career cost of parenthood.
2. Increase attractiveness on foreign direct investment (FDI). Thailand experienced the steepest decline in FDI across ASEAN in 2023, with a 59% decline from the previous year.²⁹ Countries like Vietnam face comparable US tariffs, but have the advantage of cheaper and larger workforces, which may lead investors to favour those markets. The Thai government must boost incentives, cut barriers, and attract high-tech investment that is less reliant on cheap labour and large workforces.
3. Attracting foreign workers and talent. Recent political conflict with Cambodia led to an estimated 300,000 to 500,000 workers return home. It has created shortages in agriculture, services and construction, risking GDP losses of up to 8.8%.³ Thailand must bring in more foreign labour, especially high-skilled professionals, as many low-income migrants work in minimum-wage jobs, spend little locally, and send most earnings back home. By 2037 the economy will require 44.7 million workers and will have only 40.7 million Thais of working age.³⁰ Therefore, a tailored immigration policy is required to maintain low- and mid-skill hires for efficient output, while attracting high-skill talent for fast-growing sectors where domestic skills are lacking, balanced with greater economic return through local spending.

Thailand cannot afford to cling to traditions and rigid systems in a world that is rapidly changing. Competing in a digital age requires not just knowledge but also its effective application, including adapting policies to help the country prepare before it is too late.



44.7 Million workers
will be required in 2037



40.7 Million Thais will
be of working age in 2037

The Future Mindset

Obtaining Talent

In an environment where skilled workers are increasingly scarce, companies must also invest to attracting and retaining individuals. They will need to offer competitive incentives, flexible work schedules, well-being packages and opportunities for development. If talent is unavailable locally, companies should also broaden their search and hire foreign talent.

Leaders need to recognise that recruitment is a two-way street. As companies assess candidates, they are also assessing you. In a globalised world, where opportunities are increasing, the best of the best have choices, and they seek companies which offer autonomy, purpose and growth. As businesses aim to grow in an ever-evolving society, passive hires risk stagnation in productivity. Companies must attract and leverage the creativity and innovation of those they bring on board to boost the productivity of their business and the nation as a whole.

Attracting talent is just part of the process. To thrive long-term, businesses will need to reimagine how they operate in a changing economic and demographic landscape. This will require more than just cutting costs; it will also involve creating value in the shifting market by anticipating the need of the rapidly ageing population and meeting demand in four main areas.

Specialised Healthcare

This market will move beyond general treatment to targeted services for increasingly prevalent health issues such as dementia, mobility loss, and chronic illnesses, through advancements in medical care and service innovations.

Social Support

As a shrinking workforce leaves less time to care for ageing family members, the demand for community hubs, and social support systems will increase to critical levels.

Housing

Age-friendly designs and assisted-living developments will be needed to ensure that the ageing population can live independently and safely without relying on relatives.

The Future Mindset

Technology Driven Services

Telemedicine, remote health monitoring, and AI-assisted care can mitigate the adverse effects of labour shortages by providing accessible and easy to use care services, supported by strong digital systems.

Meeting this demand will require businesses to rethink operations. Leveraging technology, particularly AI and automation, can streamline processes, speed output, enhance customer service, and cut costs by replacing repetitive manual work with faster, data-driven systems.

This shift also means job descriptions may need to adapt. Moderna's post-COVID expansion illustrates the point. During this period, the company merged HR and IT leadership under a new Chief People and Digital Technology Officer, who is redesigning teams around what work is best suited for people versus automated systems. Through partnership with OpenAI, Moderna built over 3,000 customised GPTs for various tasks, including clinical trial dose selection and HR queries.³¹

Moderna's restructuring is just the first of many examples:

- Kraft Heinz have used Google's AI tools to cut campaign development time from 8 weeks to 8 hours.³²
- Toyota enabled factory workers to build machine learning models using AI tools, saving over 10,000 hours annually.³³
- Uber have launched AI agents to support employees and customer service teams, allowing for improved response time, effectiveness, and employee output.³⁴

Processes like these will continue to create, eliminate and transform roles, highlighting technology in reshaping workflow structure to boost efficiency and output. As such, businesses must begin to challenge existing workplace norms, because if they want to grow, they must accept that adaptation and restriction are not options, but survival strategies.

Top 10 Trends Shaping Ageing in Asia



Source: Ageing Asia

First Steps

Thailand's demographic crisis does not have a one-size-fits-all solution; rather it requires a long-term effort between the public and private sectors that must begin today. It starts with accepting that the change will be disruptive and costly, but it will also fuel growth if opportunities are taken in the changing economic landscape.

The nation must act now to stop stagnation in the economy and productivity.

- Reforming the education system to replace rote learning with applied problem-solving.
- Removing hierarchical norms which limit critical thinking and individuality.
- Building skills for a tech-driven workforce.
- Reforming employment laws to support flexibility, productivity, and talent attraction.

In private sectors, adaptation should take the following forms:

- **Redesigning business strategy** for the change by aligning offering, operations, and customer focus with shifting demographics, economic priorities, and global competition.
- **Tracking and meeting emerging market** needs as an ageing population changes consumption patterns. From healthcare to financial products to leisure, new demand is forming; be ready to meet them.
- **Building an attractive brand**, as competitive pay alone won't keep talent. A strong workplace culture, development programmes, and clear growth opportunities will.
- **Leveraging technology at scale** by using automation, AI, and digital tools to boost productivity as the labour pool contracts.
- **Retraining and upskilling continuously** because the education system won't change overnight. Instead, equip your workforce now to use new technology and work in optimised, data-driven environments.
- **Reimagining job roles** by integrating functions, rethinking workflows, and designing positions that combine human creativity with technological efficiency.

Transformation will not happen overnight. Each step must be carefully planned, tested, and embedded in ways that align with Thai culture and market realities. The process will be challenging, but it is the only way to bring about a workforce and economy prepared for the future.

For help developing or implementing these strategies, get in touch with Grant Thornton in Thailand. Our experts can assist with everything from ideation to implementation and can even handle outsourced administrative tasks to let your organisation focus on its core activities. For more information, please visit our website at www.grantthornton.co.th, or contact Chris Cracknell, Chairman of Grant Thornton Thailand, at Chris.Cracknell@th.gt.com.

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