Public Disclosure Authorized
Public Disclosure Authorized
Public Disclosure Authorized
Public Disclosure Authorized

WORLD BANK GROUP

BUILDING THAILAND'S FUTURE TODAY

OVERVIEW

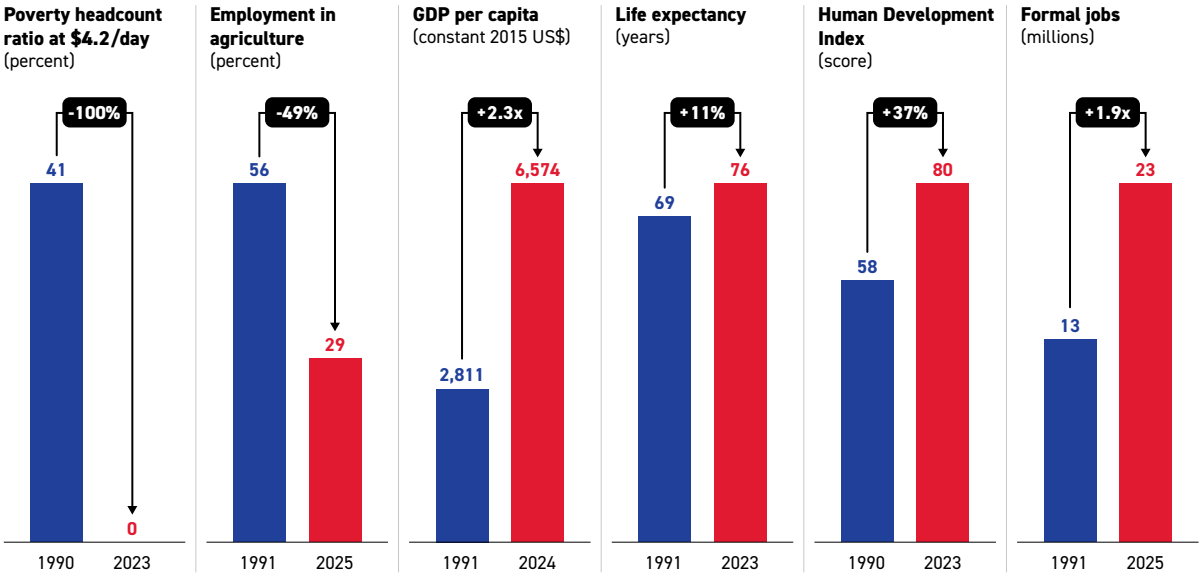
From 35 years of progress to the next frontier: more and better jobs for a high-income Thailand

Since the IMF-World Bank Group Annual Meetings were last held in Bangkok in 1991, Thailand has transformed from an agrarian, lower middle-income country into one of the region's most dynamic economies. The decades that followed reshaped the country's economy, labor market, cities, and human development outcomes. Over this period, Thailand created around 10.7 million formal wage and salaried jobs, GDP per capita more than doubled, and poverty at the US$4.2 a day lower-middle-income threshold was largely eliminated (Figure 0.1). Bangkok grew from a city of 5 million in 1991 to one of the world's largest megacities, with a population of nearly 18 million today, while the share of employment in agriculture halved. Improvements in education raised lower secondary completion rates from around half of the population in 1991 to near-universal levels today, while advances in healthcare and social protection underpinned substantial gains in human development. Thailand's economic transformation was enabled by strong fundamentals: macroeconomic stability was prioritized after the Asian Financial Crisis, supportive trade and investment policies enabled rapid global integration, and investment in physical and digital infrastructure supported significant socioeconomic progress.

> Thailand created around 10.7 million formal wage and salaried jobs, GDP per capita more than doubled, and poverty at the US$4.2 a day lower-middle-income threshold was largely eliminated.

Although Thailand's progress remains impressive, it is becoming increasingly clear that reaching the next frontier of high-income status will require a new blueprint. Thailand's progress has slowed steadily over the past few decades. Between 1991 and 1996, Thailand registered annual GDP growth of 8 percent and created around 870,000 formal jobs in wage and salaried work each year. While successful in many ways, the imbalances of this era also

FIGURE 0.1 35 years of development progress in Thailand: strong job creation, rising incomes, significant poverty reduction, and human development



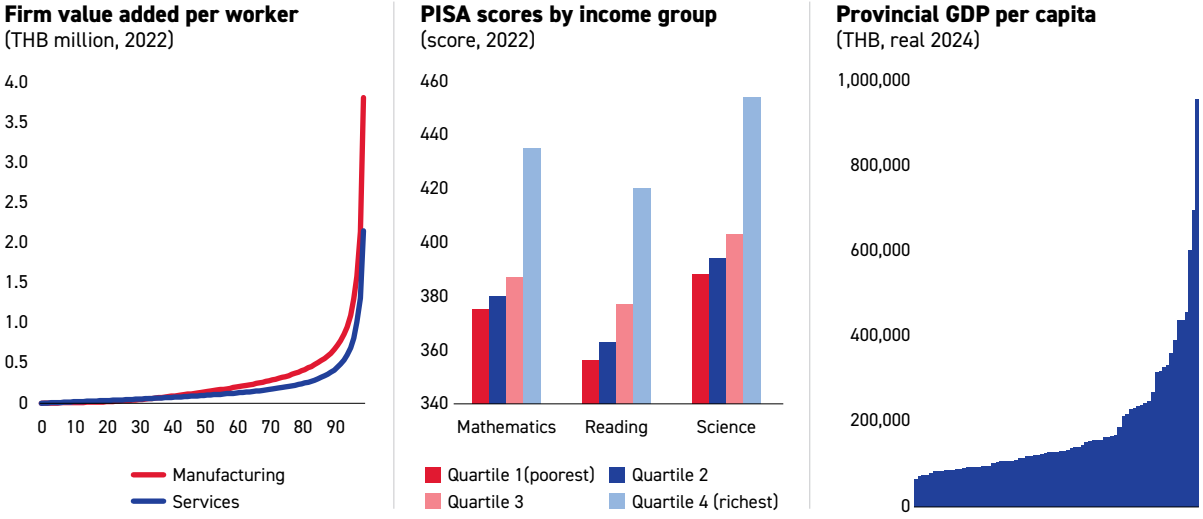
Source: World Bank analysis based on World Development Indicators, NSO data and ILO data.

contributed to the Asian Financial Crisis, which resulted in a severe contraction in Thailand, followed by a prolonged recovery. In the decade after the crisis, economic growth slowed to a more moderate 4.8 percent on average, while annual formal job creation notched down to 490,000. The loss of momentum became more pronounced after the Global Financial Crisis, and since the COVID-19 pandemic GDP growth has averaged 2.2 percent with limited formal job creation—highlighting the opportunity for a new phase of higher growth that generates more and better jobs. The slowdown has been broad-based across industries and expenditure categories, with limited investment in physical and human capital particularly weighing on activity over the past decade. With Thailand aiming to become a high-income country by 2037, a new blueprint is needed to reignite growth and job creation.

At the heart of this blueprint is the *upgrading imperative*: the increasing need to compete on skills, innovation, quality, and capabilities to seize opportunities from a changing global economy. Thailand's early development model excelled at building foundational infrastructure, attracting FDI and increasing exports, developing a strong manufacturing base, increasing tourist arrivals, and creating formal middle-class jobs. Progress has been slower in terms of shifting to a model based on capabilities: know-how, infusion of new ideas and technologies, innovation, and the creation of high-skilled jobs. This shift has become increasingly pressing as rising wages—a welcome sign of past success—mean Thailand can no longer compete on low labor costs and must compete instead on skills, productivity, quality, and innovation, which are also the drivers of higher-wage formal jobs. Thailand has seen only limited export upgrading over the past decade, while productivity growth has been low. Knowledge-intensive service industries that rely on skills, an enabling business environment and deep trade integration have seen slower growth in Thailand than in other markets. Part of the reason for these outcomes has been a more challenging global environment. But another reason has been policy-related with stalled reforms and limited focus on generating spillovers and building capabilities, along with limited crowding in by public investment in growth-enhancing activities such as R&D and education, and declining spending efficiency.

Also central to this new blueprint is the *dynamism imperative*: the need to extend top performance to a larger share of firms, schools, and cities. Thailand's early development model delivered strong progress for top firms, schools, and cities (Figure 0.2). Thailand's largest firms have productivity levels approaching those of high-income countries. Thailand's best schools

FIGURE 0.2 The dynamism imperative: extending top performance would boost productivity and create more better-paid jobs



Source: World Bank analysis based on Firm Business Census data, OECD data for PISA scores and NESDC and CEIC data for cities.

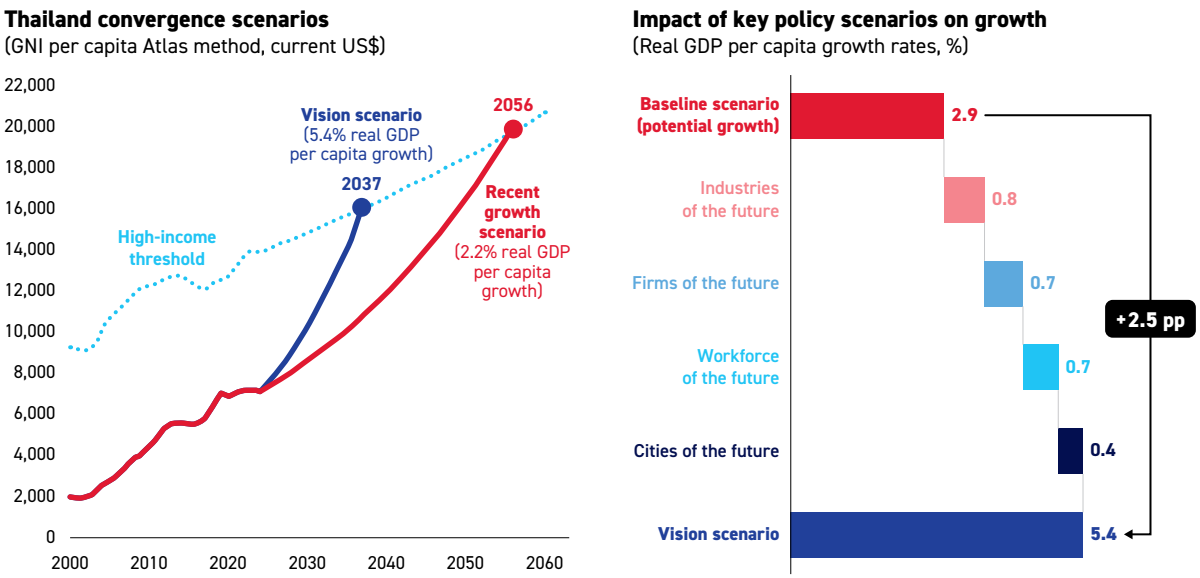
© tawanlubfah / istockphoto.com

deliver relatively strong learning outcomes, while Bangkok has a GDP per capita comparable to that of a high-income country. But move away from that frontier to the broad base comprising three-quarters of firms, schools, and cities - and progress drops. These patterns are symptomatic of weak economic dynamism, limited social mobility and regional disparities, which weigh on growth and the creation of high-quality jobs. At the firm level, Thailand has weak business churn, with few firms scaling to become large, reflecting entrenched market positions, limited competition, high regulatory burdens, and a slow pace of institutional reform. Disparities in educational quality result in low social mobility, which also impedes innovation, job creation, and economic growth. Regional disparities reflect fiscal, place-based, and infrastructure policies that concentrate resources in Bangkok despite diminishing returns; rebalancing them toward secondary cities would extend job opportunities beyond the capital.

A new vision for Thailand

This report lays out a new vision and a roadmap for Thailand's transformation into an inclusive high-income economy with more and better jobs for its citizens. The vision is anchored in Thailand's ambition to become a high-income country by 2037, which would require lifting GDP per capita growth to an average of 5.4 percent over the next decade (Figure 0.3). The vision was developed through extensive consultations with Thai stakeholders, including the private sector, industry leaders, academics, government, students, and civil society. The vision is structured around two reinforcing imperatives, spanning five chapters. Under the upgrading imperative, Chapter 2 evaluates how Thailand can successfully navigate global megatrends, while Chapter 3 zooms in on five industries of the future: advanced manufacturing, digital services, sustainable and wellness tourism, agrifood, and creative industries. These industries were selected based on Thailand's existing sources of comparative advantage, their growing role in the global economy, and their potential to contribute to high-quality job creation. Under the dynamism imperative, Chapters 4-6 lay out visions for Thailand's firms of the future (Chapter 4), the workforce of the future (Chapter 5), and cities of the future (Chapter 6). Modeling for this report shows that this vision, and the ambitious policy actions underpinning it, would put Thailand on track to achieve high-income status by 2037 (Figure 0.3).[1]

FIGURE 0.3 The vision scenario for Thailand



Source: World Bank analysis using data from the World Development Indicators.

Note: The vision scenario assumes a 5.4 percent real GDP per capita growth rate from 2025 onwards. The recent growth scenario takes the average real GDP per capita growth rate from 2021 to 2024 of 2.2 percent. As the ratio of GNI per capita to GDP per capita has stayed broadly stable over the past two decades, it is assumed that a growth rate in GDP per capita would translate approximately one to one to a growth rate in GNI per capita. The high-income threshold is projected to grow at an average inflation rate of 1.1 percent annually. The projections modeling for the impact of key reforms follows Kose and Ohnsorge (2024) to evaluate the impacts of different policy actions from the vision scenarios on potential growth. More details on this approach are provided in the Appendix of the full report. Estimates of the impact of key policy scenarios on growth should be interpreted as illustrative, ambitious reform scenarios rather than forecasts. The modeled gains assume that reforms are fully implemented and that improvements in investment, human capital, and productivity translate into growth broadly in line with historical relationships.

[1] The framework closely aligns with the World Bank (2025) Development Committee paper Jobs: The Path to Prosperity, which focuses on industries that can support job creation and the three key enablers of foundational infrastructure and human capital, governance and the regulatory environment and private capital mobilization. Three of the industries of the future in this report overlap with those in the Development Committee framework: manufacturing, tourism and agrifood, while the two other industries of focus in the Development Committee framework of health and infrastructure and energy are included under this report's focus on sustainable and wellness tourism and Chapter 2.2, which focuses on energy security and the energy transition. Chapters 4-6 of this report focus on the enablers of physical infrastructure, human capital, governance and the regulatory environment,and private capital mobilization.

In this vision, a girl born today would graduate from high school in a high-income Thailand. She would receive an education comparable to that of OECD countries and build the foundational skills needed to shape her future. She would come of age in an economy powered by globally competitive industries, thriving businesses of all sizes, and a top-tier innovation ecosystem, with abundant opportunities to pursue her ambitions and build a rewarding career. She would live in a country with thriving cities, including a more livable, compact, and connected Bangkok, where her prospects would not be constrained by her gender or background. As her parents grow older, they would have access to affordable care that helps them to remain healthy and productive for longer. On weekends and holidays, she could enjoy Thailand's carefully protected natural heritage and the cultural and tourism assets that make the country unique. This future is ambitious but within reach, underpinned by two reinforcing shifts and decisive policy action. Thailand has achieved this type of transformative growth before, and other economies have shown that this level of prosperity can be reached within a generation.

The vision is anchored in Thailand's ambition to become a high-income country by 2037, which would require lifting GDP per capita growth to an average of 5.4 percent over the next decade.

© jamesteohart / istockphoto.com

Part I: The upgrading imperative

Successfully navigating global megatrends

Reaching Thailand's next frontier will require a successful response to three global megatrends: AI and disruptive technologies, climate change and the energy transition, and a changing global trade landscape. First, Thailand is expected to benefit substantially from the AI hardware boom, given its electronics manufacturing base, while the country is also gaining momentum in AI application startups in fintech and health. A new adoption survey conducted for this report shows that AI adoption and innovation remain modest, however. Surging data center investment also entails high demand for natural resources and risks generating limited domestic spillovers. Looking forward, Thailand will need to deepen AI innovation and strengthen domestic AI capabilities to seize AI opportunities, respond swiftly to the risks of labor displacement and resource pressures, and strengthen AI regulation. Second, Thailand also faces intensifying physical impacts from climate change, including rising temperatures, coastal erosion, and more frequent floods and droughts. Thailand has pledged to achieve carbon neutrality and net-zero emissions by 2050, while recent energy crises have refocused attention on energy security. With clean energy costs declining, solar power, e-mobility, and expanded forest cover offer solutions that can jointly advance emissions reduction, energy security, and broader economic benefits, including water security, sustainable tourism, and more livable cities. Finally, Thailand must adapt to rising trade fragmentation and to a global trade landscape increasingly driven by services and intra-bloc trade. Thailand's next trade transformation is an opportunity to move beyond goods-only competitiveness toward services-enabled manufacturing and digital services, diversify markets, and lower non-tariff and services-trade barriers—each a channel for more high-wage jobs.

© Sakorn Sukksemsakorn / istockphoto.com

Building Thailand's industries of the future

To reach the next frontier, Thailand will need to upgrade and transform its key industries to create more high-quality jobs and raise incomes. This report focuses on the potential contribution of five industry transformations to Thailand's high-income goal: advanced manufacturing, digital services, sustainable and wellness tourism, agrifood, and creative industries.[2] A 2037 vision for each industry was developed through a foresight process with

[2] Advanced manufacturing is defined in this report to include chemical products, pharmaceuticals, computer, electronics and optical products, electrical equipment, machinery & equipment, motor vehicles, and other transport equipment. Digital services are defined in this report as the ISIC Rev 4 categories for Information and Communication, Finance, and Insurance Activities and Professional, Scientific and Technical Activities. Agrifood is defined as agricultural production, processing, packaging, distribution, and retail. Creative industries are defined in this report using the World Bank's definitions of core or broad creative industries. Tourism is measured following the methodology of the Tourism Satellite Accounts of the Ministry of Tourism and Sports.

business leaders and other key stakeholders, which explored key factors shaping each industry's future, the implications for Thailand, and areas where Thailand could realistically build competitiveness. Table 0.1 presents these visions and the specific priorities for each industry, while Part II below examines cross-cutting foundations that will be critical across all industries (Table 0.2).

TABLE 0.1 Reaching Thailand's next frontier will require five industry transformations

Industry	The vision for 2037	How to get there: Priority policy directions
Advanced manufacturing	A larger, more innovative, and higher-skilled industry that creates more formal high-skilled jobs in electronics, electrical appliances, and Electric Vehicles, positioning Thailand as an Electric Vehicle export hub.	1. Compress the timeline and frontload execution of the National Semiconductor and Advanced Electronics Strategy. 2. Facilitate technology transfer by conditioning Electric Vehicle incentives on verifiable engineering and Research and Development requirements, with competitive allocation and sunset clauses; broaden the Electric Vehicle supply chain by encouraging Korean and Japanese supplier entry. 3. Tighten air conditioning standards to support technology upgrading, coupled with Research and Development support for Small and Medium Enterprise suppliers.
Sustainable and wellness tourism	A higher quality tourism model with more geographically diversified formal jobs and greater environmental sustainability, led by growth in the higher-spend sustainable and wellness segments.	1. Grow the sustainable tourism market through financial mechanisms, environmental standards, and site-specific management, with instruments piloted before scale-up. 2. Improve health and wellness tourism regulation and expand the supply of medical professionals. 3. Expand infrastructure to support new tourism destinations.
Digital services	A larger, more open, and competitive digital services industry that generate more formal high-skilled jobs, with an expanded role for ICT, fintech, and startups.	1. Lower digital services trade restrictions to grow high-skilled tradable-services jobs by reforming the Foreign Business Act, revising foreign work permits, advancing services provisions in trade agreements, and implementing the OECD good practices on services trade restrictiveness and digital trade regulation. 2. Improve the tax regime and exit pathways for startups, increase startup funding, and improve visa options for entrepreneurs. 3. Leverage data center investments for capabilities development and redirect incentives to favor AI startups over data centers.
Agrifood	A more productive, resilient, and sustainable industry that raises smallholder incomes and creates better-quality formal jobs along the value chain.	1. Modernize downstream agrifood value chains and build the trust infrastructure for premium market access. 2. Scale low-emission practices and ecosystem-service integration through credible Measurement, Reporting, and Verification (MRV). 3. Raise agrifood job quality and smallholder incomes through skills and inclusive business models.
Creative industries	A larger, digitally enabled, export-oriented creative economy that scales firms generates more higher-skilled formal jobs.	1. Scale creative firms by shifting support from project-based grants to enterprise growth and intangible-asset-backed financing programs. 2. Strengthen Intellectual Property monetization, rights management, and copyright enforcement. 3. Close skills and digital capability gaps through industry-led training tied to hiring and export markets.

Part II: The dynamism imperative

Building Thailand's firms of the future

Thailand's high-income transition will hinge on boosting firm dynamism, strengthening spillovers from foreign investment, deepening trade integration, and broadening innovation. The contribution of total factor productivity to economic growth fell sharply, from 2.2 percentage points over 1999-2008 to 0.4 percentage points after the COVID-19 pandemic. Weak firm dynamism has been linked to this decline, with Thailand recording a low rate of firm entry, an aging firm base and weak scaling. In manufacturing, Thailand's superstar firms, defined as the top 1 percent of firms by value-

While Thailand's innovation outcomes are relatively strong, innovation activity remains concentrated among a small group of large, globally integrated firms, while most Small and Medium Enterprises lag in technology adoption.

© Sunan Wongsa-nga / istockphoto.com

added per worker, account for more than half of value added and sales. A key contributing factor is limited competition. While Thailand has made progress on competition policy, the OECD's 2025 Product Market Regulation indicators indicate a competition environment that remains nearly twice as restrictive as the OECD average, with the widest gaps in administrative and regulatory burdens and in barriers to trade and investment. Thailand has also seen limited export upgrading over time, underscoring the need to increase spillovers from foreign investment, strengthen forward linkages, and deepen global integration. Finally, Thailand will need to expand technology diffusion and innovation from the top down. While Thailand's innovation outcomes are relatively strong, innovation activity remains concentrated among a small group of large, globally integrated firms, while most Small and Medium Enterprises lag in technology adoption.

TABLE 0.2 Reaching Thailand's next frontier will require three enabling transformations

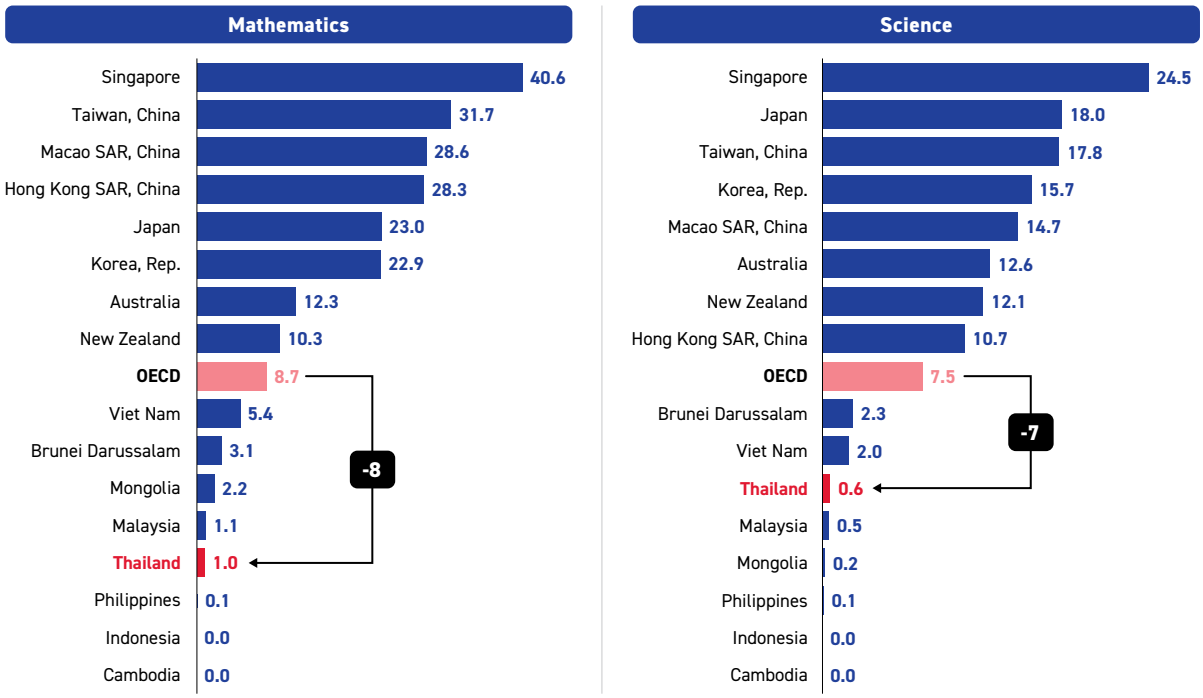
	The vision for 2037	How to get there: Priority policy directions
Building Thailand's firms of the future	**A more dynamic private sector supported by stronger competition, deeper spillovers from foreign investment, deeper trade integration, better access to finance, and broader innovation.**	1. Improve the business and investment climate, advance deep integration and raise domestic spillovers from foreign investment. 2. Improve governance and institutions by increasing budget transparency, strengthening external oversight and making firm-facing processes more predictable and rules-based. 3. Strengthen competition by improving contestability, competitive neutrality and merger control. 4. Reorient innovation policy from supply-side spending towards firm-level impact. 5. Enhance access to finance for Small and Medium Enterprises and startups.
Investing in Thailand's workforce of the future	**An education system with higher learning quality, expanded tertiary education, greater equity, and more lifelong learning, alongside a labor market with a greater share of formal employment, greater inclusion, and higher quality jobs.**	1. Strengthen foundational, vocational, and technical skills and cultivate and attract AI talent. 2. Boost female labor force participation through expanded access to childcare and balanced parental leave policies. 3. Enable productive longevity, strengthen retirement income and expand the care economy. 4. Address the drivers and consequences of informality.
Building Thailand's cities of the future	**A balanced urban model that creates good jobs in more places, driven by the expansion of secondary cities, along with Bangkok becoming a denser, more productive, greener, and more innovative city.**	1. Implement legislative reform on Local Administrative Organizations' fiscal authority and expand intercity rail and air transport connections to secondary cities. 2. Scale up solar energy, expand and improve flood management, protect standing forests and mangroves, and invest in mangrove restoration. 3. Tackle Bangkok's congestion by improving transit capacity and efficiency, optimizing demand management, and extending the network of elevated skywalks. 4. Support productive longevity with accessible urban design. 5. Develop a legal framework for corridor development outside the Eastern Economic Corridor.

Investing in Thailand's workforce of the future

Improving foundational, vocational, and technical skills will be a critical priority, while Thailand will also need to adapt to rapid aging by unlocking productive longevity and boosting inclusion. While Thailand has made significant progress in expanding participation in education, learning outcomes have declined over the past decade. Thailand's performance on Programme for International Student Assessment (PISA) deteriorated markedly between 2012 and 2022. Thailand's next education transformation will require a focus on improving learning quality, reducing disparities, and expanding tertiary education and Technical and Vocational Education and Training, while strengthening their labor-market relevance. Thailand will also need to expand and improve Science, Technology, Engineering and Maths education (Figure 0.4), which will be critical to the development of the industries of the future outlined above. Thailand faces a rapidly aging population, with aging approaching levels seen in high-income countries, while it has also joined the group of economies with ultra-low fertility, with the total fertility rate reaching 1.2 in 2024. As working lives lengthen, Thailand will need to expand opportunities for adults to reskill throughout their careers. Improving workplace inclusion through an expanded care economy, access to childcare, and balanced parental leave policies can help raise female labor force participation. Finally, addressing the underlying constraints and consequences associated with informality will be a critical priority to increase inclusion, increase the tax base, and improve the quality of jobs.

FIGURE 0.4 Strengthening Science, Technology, Engineering and Maths skills would open pathways to higher-wage jobs in advanced manufacturing and digital services

The share of high-performing 15-year-old students in Thailand by subject (percent of total 15-year-old students)



Source: OECD Programme for International Student Assessment (PISA).

Building Thailand's cities of the future

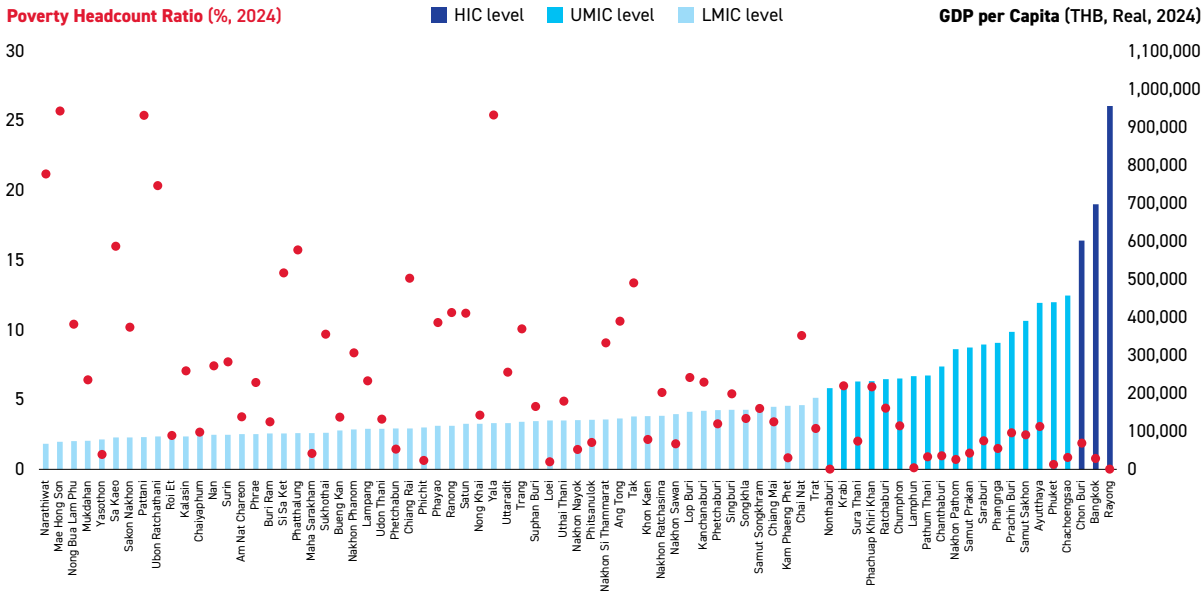
To reach the next frontier, Thailand will need to unleash the potential of secondary cities, while transforming Bangkok to be more livable, connected, and compact. Thailand saw rapid urbanization from the 2000s onward, with Bangkok becoming a top 20 global megacity and the world's most visited city. Urbanization has slowed since the COVID-19 pandemic, however, and remains far below levels in high-income countries. Thailand's urbanization has been primarily driven by Bangkok, resulting in one of the world's most extreme cases of urban concentration in its largest city. Although Bangkok's rise is a success story, the city is now struggling to expand productively, amid high congestion and mounting urban challenges. Unleashing the growth of secondary cities could be one of the most effective ways to boost growth, job creation, and inclusion (Figure 0.5). Looking ahead, cities are also becoming less office-centric and more focused on livability and accessibility,

Unleashing the growth of secondary cities could be one of the most effective ways to boost growth, job creation, and inclusion.

while their role in supporting innovation through agglomeration economies is increasingly important. Reaching Thailand's next development frontier will therefore require building a portfolio of cities and an intra-city transport network that relieves pressure on Bangkok and promotes complementary specialization. It will also require efforts to promote greater urban density in Bangkok's core, expand and optimize its public transport network, and improve livability and agglomeration economies.

FIGURE 0.5 Growing secondary cities would create good jobs beyond Bangkok and help close regional income gaps

GDP per capita and poverty headcount rate of Thailand's provinces compared to country income thresholds



Source: World Bank analysis using data from NESDC and CEIC; and Household Socio-Economic Survey, National Statistical Office.
Note: Bar colors indicate World Bank FY2026 income classification thresholds (based on 2024 Atlas GNI per capita), converted to Thai Baht using the 2024 annual average exchange rate of THB 35.29 per USD (Bank of Thailand). Thresholds are shown for indicative comparison only: World Bank classifications use GNI per capita, whereas provincial data shown here are GDP per capita.

Ten no-regrets priorities to jump-start Thailand's vision

Achieving this ambitious vision will require fast and bold action. Of the recommendations presented in the report, ten 'no-regrets' priorities have been identified because of their high potential impact, the feasibility of implementation over the next 1-2 years, and the high cost of delays (Table 0.3). Implementing them within constrained fiscal space will require stronger domestic revenue mobilization, careful prioritization, and sequencing in line with fiscal and institutional capacity. Stronger governance and institutions will also be essential, with greater transparency, stronger accountability, less scope for discretion, and continued progress toward OECD standards. Ensuring that the gains from Thailand's transformation are broadly shared will also require effective support for workers, firms, and regions to adapt and capture new opportunities. Furthermore, the principles for effective industrial policy outlined in Box 4.1 of the full report will be crucial for the effectiveness of this agenda.

TABLE 0.3 Ten no-regrets priorities to jump-start Thailand's vision

Objective	Priorities
Building Thailand's industries of the future	• Leverage data center investments to build capabilities. • Improve the startup ecosystem and entrepreneur visa options. • Increase spillovers from Electric Vehicle investment and expand export-oriented Electric Vehicle production. • Grow the sustainable tourism industry for better jobs in more regions. • Lower digital services trade restrictions.
Building Thailand's firms of the future	• Enhance access to finance for Small and Medium Enterprises. • Improve the business and investment climate and raise spillovers from Foreign Direct Investment to grow formal jobs.
Investing in Thailand's workforce of the future	• Improve foundational skills & cultivate Science, Technology, Engineering and Maths and AI talent.
Building Thailand's cities of the future	• Boost growth in secondary cities to create good jobs beyond Bangkok. • Scale up clean energy and climate resilience to anchor green investments.

World Bank Group, 30th Floor, Siam Piwat Tower, 989 Rama 1 Road, Pathumwan, Bangkok 10330
E-mail : thailand@worldbank.org | **Tel:** 02-686-8300

worldbank.org/thailand **facebook.com/WorldBankThailand**