

# IMPACT OF DEMOGRAPHIC CHANGE IN THAILAND

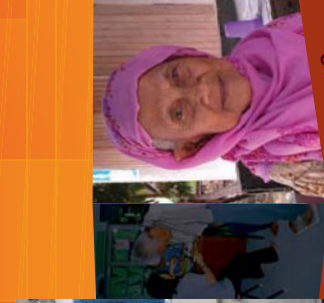
SITUATION AND POLICY RESPONSE

1960

2020



1970



2010



### A new era in Thailand's population and development

Thailand is entering a new era of slow population growth and probably eventual decline. The population is expected to grow, at most, by five million over its current level, and very likely by only one million or so. Decline is quite likely to set in before 2020. The reason is that fertility has been below replacement level for about 20 years, and is continuing to decline. Declining fertility rates have led to a declining number of births ever since the early 1970s, and to a changing population structure as these smaller birth cohorts move up the population pyramid. The proportion of children has been declining for decades. As these smaller cohorts of children grow older and enter the reproductive ages, a decline in the proportion of the population in the reproductive ages sets in. Indeed, the absolute number of women in the reproductive ages is already declining, and this translates into a decline in annual births, even if fertility does not decline further.

Of course, population trends can be greatly influenced by international migration, and future trends here are harder to predict, particularly given Thailand's porous boundaries with its neighbouring countries. In recent times, Thailand has been gaining more population than it loses through the balance of international migration.

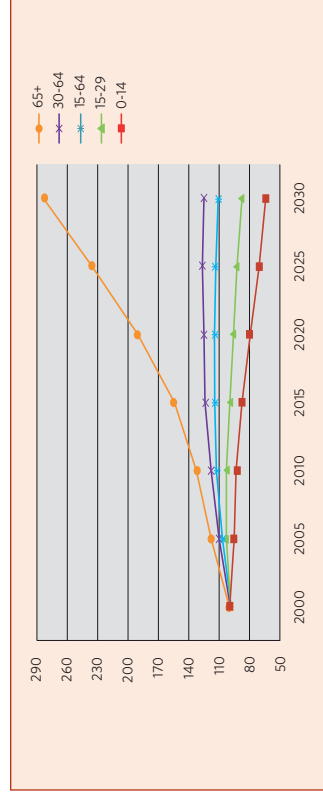
### Age structure changes and their implications

Although population size is not expected to change greatly in Thailand over the next two decades, this roughly constant size hides major changes in the structure of Thailand's population – both its age structure and its geographic distribution. This section will

deal with changes in age structure. Two graphical ways of showing these changes have been chosen, both of which give a clear visual impression. The first is the index of growth of different age groups; the second is the changing age pyramids.

Population aged 65+ will grow very rapidly. Numbers aged 30-64 will continue to grow for a time but then level off. The age groups 15-29 and 0-14 are already shrinking. These changes are reflected in the age pyramids. These show the massive changes over the period since 1960, with an undercutting of the pyramid at the young ages, a swelling bulge in the working ages and a very rapid growth in the elderly population, which is particularly apparent over the 2000-2020 period. After 2020, the only section of Thailand's population that is expected to be growing is the population aged over 45, and after 2040, only the population aged over 65.

### Thailand: Index of Growth of Age Groups, 2000-2030



Year 2000 = 100

Source: Calculated from World Population Prospects: The 2008 Revision, United Population Division, 2009 (low variant)

The views expressed in the publication are those of the authors of the Impact of Demographic Change in Thailand Report supported by United Nations Population Fund (UNFPA) and National Economic and Social Development Board (NESDB) (2011), and do not necessarily represent those of the UNFPA, the United Nations or any of its affiliated organizations.

### Implication 1. Continuing downward trend in births

The decline in annual births that has occurred since the early 1970s is expected to continue, and indeed to accelerate, unless fertility rates rise substantially from their present levels. Even the United Nations' low projection, which appears more likely to track emerging fertility trends than the United Nations medium projection, overestimates

the annual number of births in 2010, as the actual number recorded was around 800,000 rather than 970,000 as in the low projection. However, the sharp downward trend in births projected in the low projection to less than 500,000 in 2045-50 is not implausible and could well occur.

### Population Pyramids of Thailand 1960-2030



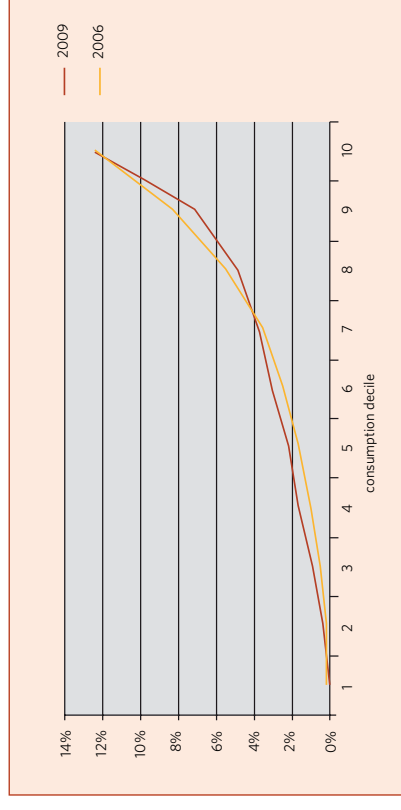
Source: Population in 1960-2000 from Thailand Population Census. Population in 2010, 2020, and 2030 from World Population Prospects: The 2008 Revision. United Population Division, 2009 (low variant)

### **Implication 2. Decline in the share of working-age population**

The **share** of the working age population in the total population is beginning to decline at present, and it will begin to decline **in absolute size** a little before 2020. This indicates the gradual closing of the demographic “window of opportunity” or “demographic bonus” that Thailand has been enjoying for the past 40 years, when the share of the working age population has been steadily rising, creating a favourable situation for rapid economic development. Analysis of the economic support ratio, or the ratio between the effective number of producers and the effective number of consumers, calculated using variation in productivity and consumption needs of individuals in different age groups, shows a fairly rapid growth of a negative dividend after 2010. Thus the closing of the window of opportunity is seen to be more rapid than the figures of age structure alone would indicate.

This serves to emphasize the need for improvements in the human capital of the Thai workforce, in order to enable the economy to keep expanding in the face of a decline in, and ageing of, the workforce. Despite considerable advances in widening educational opportunities, particularly at the secondary school level, in the past decade, various indicators of educational quality in Thailand remain unsatisfactory. Not all children in the compulsory education ages are in school, the performance of students at the secondary school level is quite low according to Ministry of Education tests in English, Science and Mathematics, and there are wide differences in opportunity to access quality education between students from different geographic regions and socio-economic backgrounds.

### **Percentage of households having members attending post-secondary education, by indicator of economic status**



Source: National Statistical Office, Socio-Economic Survey (2006 and 2009).

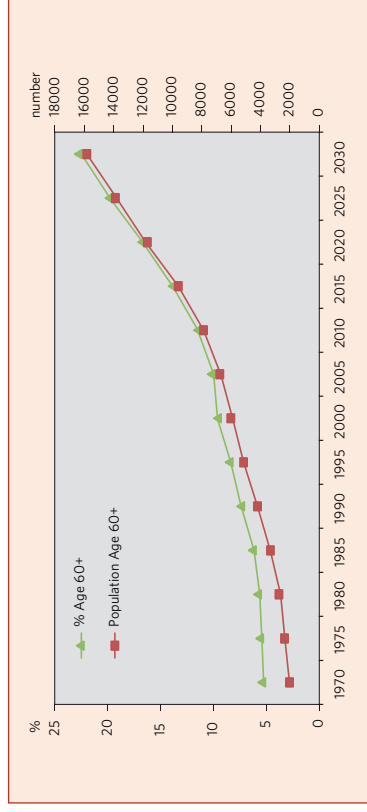
### **Implication 3. Ageing of the population**

Thailand's population is ageing quite rapidly, though by 2030 the proportion of elderly will still be below the level already reached today in Japan. Ageing in Thailand will be particularly rapid over the next 20 years, when the proportion of population aged 65 and over is expected to double. This has implications for family structure, for care of dependent elderly, for income maintenance of the elderly and for the dynamism of Thailand's economy.

Co-residence with an adult child is declining among persons aged 60 or over, although the proportion living either with a child or in close proximity to one remains high. Filial material support has only modestly declined, though in future it may diminish due to the reduction in family size of the future elderly, and the clear evidence that the proportion of elderly who are childless will increase. The

accompanying figure shows that over the coming years, the average number of living children of those entering the younger elderly age groups will fall sharply. People need to prepare themselves for old age; they need a realistic expectation of how much financial support can be expected from the various measures and programs that the government is introducing.

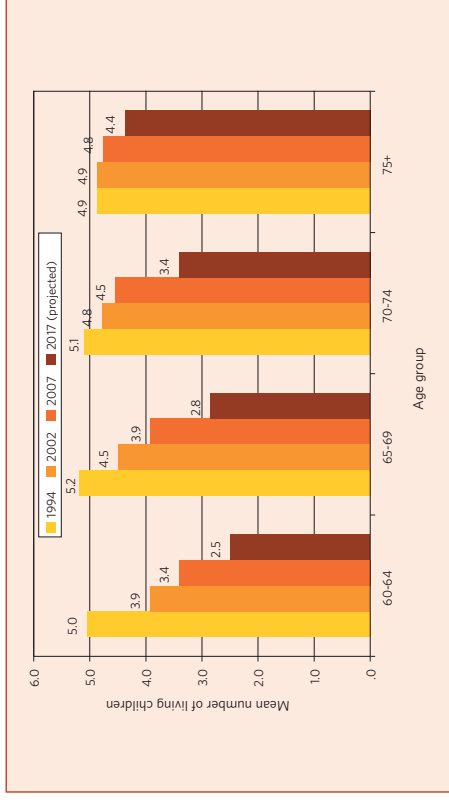
### Population Ageing and Growth of the Older Population, Thailand 1970-2030



Source: World Population Prospects: The 2008 Revision. United Population Division, 2009 (low variant)

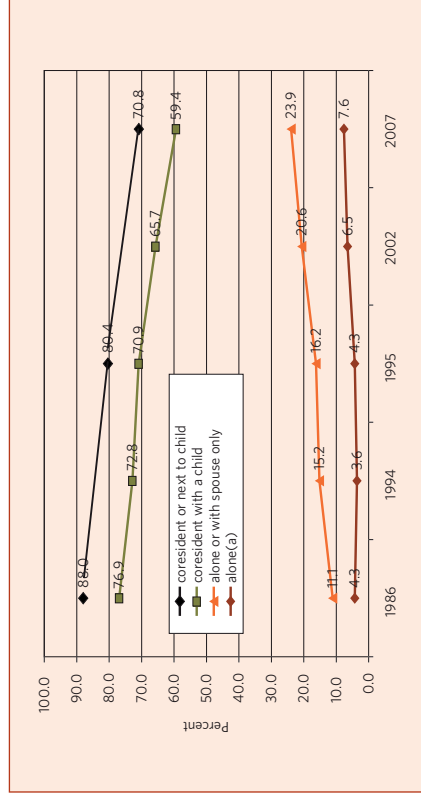
It is also important to note that the working-age population will be ageing over this period. The working-age population covers a wide age range. Its younger segment will be shrinking in size, while numbers aged over 45 will continue to increase until about 2030. This has important implications for productivity. Older workers on average have relatively low levels of education. Younger workers are those who tend to bring higher education and skills much needed in a globalizing and competitive world, but their numbers are shrinking. Thus it is particularly important that they be equipped with the best education and vocational training possible.

### Mean number of living children by age, 1994-2017



Sources: UNFPA, NESDB 2011, The Impact of Demographic Change in Thailand Report

### Living arrangements of persons age 60 and above, Thailand 1986-2007



Sources: UNFPA, NESDB 2011, The Impact of Demographic Change in Thailand Report.

The ageing of Thailand's population has important implications for the health care system. The main causes of ill health among the elderly are chronic conditions—cancer, cardiovascular diseases and chronic respiratory diseases. Disorders of the sensory organs such as vision and hearing loss and neurological disorders such as dementia are also important among the elderly, reflecting the frequent development of degenerative conditions during the ageing process. Important goals of health policy must include promotion of self dependence among the elderly (for example, through the cataract surgery program to help maintain vision), and keeping the pre-elderly cohort as healthy as possible, minimizing exposure to key risk factors such as tobacco, excessive alcohol consumption, unsafe sex, high blood pressure and high body mass index. Tackling these issues requires a range of approaches, from legislation and effective law enforcement through to health promotion campaigns and better urban design conducive to an active lifestyle. More effective collaboration between government and civil society can assist in these efforts.

### **Changes in geographic distribution and their implications**

Thailand is gradually urbanizing, though the proportion urban (about 34 per cent) appears to be lower than in most countries at Thailand's level of economic development. To some extent, this is probably due to rather restrictive definitions of urban areas in Thailand. In any event, urbanization can be expected to proceed quite rapidly in Thailand, and based on recent evidence, urban growth is likely to be more rapid in Bangkok's extended metropolitan region than in the Bangkok metropolitan area itself, and more rapid still in other urban areas of Thailand.

Urbanization in a population that is barely changing in total size implies declines in population in many rural areas. This is what has happened in many countries as they reached more advanced

stages of economic development. Adjustment to population decline is frequently very difficult for populations in rural areas and small settlements, involving as it does declining numbers of students in local schools, contracting customer base for local shopkeepers, and frequently the loss of dynamic people who move to areas of greater opportunity.

Many Thais are working overseas and many foreigners are working in Thailand. Though many migrants are undocumented, there is little doubt that Thailand is making a net migration gain from this movement. However, many of those coming to Thailand are of low skill and work in low productivity sectors of the economy.

### **Policies needed to adjust to population trends**

#### ***The downward trend in births***

Maternity hospitals and other facilities providing pre-natal and postnatal care will be increasingly under-utilized over coming decades, and some of them can be retrofitted for other uses. However, an increasing proportion of total births are to teenage mothers (around 16 per cent in 2009). Some of these are to married teenagers; the proportion of these marriages triggered by the pregnancy is unknown. Better enforcement of the legal minimum age at marriage of 17 is needed, but this must be in conjunction with efforts to reduce pregnancies to unmarried adolescents. The rising number of adolescent pregnancies requires attention to provision of appropriate sexuality education and counselling to teenagers with adequate attention to male responsibility, to enable them to deal more effectively with their sexuality. Those young people who choose to be sexually active need access to effective contraception. Consideration must also be given to providing access to safe abortion in accordance with the existing policies for those who do not wish to continue an unplanned pregnancy.

### ***Decline in the share of the working-age population***

Decline in the share of the working-age population, its contraction after 2020 and the contraction in workforce entrants that has already been underway for some time, puts pressure on Thailand to ensure that productivity of the workforce is enhanced. Although lower and upper secondary education have expanded rapidly in Thailand over the past two decades, making up for earlier shortfalls compared to many neighbouring countries, the quality of education still leaves much to be desired. It is crucial for Thailand's continued development that young people entering the workforce are equipped with the knowledge and skills needed to meet the labour market needs of a Thai economy moving up the value-added chain. The quality of teachers must be improved, and differences in quality of primary and secondary education between rural and urban areas and between well developed and less developed regions need to be narrowed. With respect to the highly unequal access to higher education, student grants for the poor and student loans for middle income households should be extended.

### ***Population ageing***

A range of policies are needed to deal effectively with issues resulting from the continued ageing of Thailand's population. Self-dependence and positive life style practices need to be encouraged, for example through provision of assistive aids and modification of the physical environment to assist older people to maintain mobility and hence decrease the length of time when long-term care from others is needed. At the same time, the government should recognize its responsibility to provide assistance for needs that individuals, their families, and communities cannot adequately meet by themselves, targeting those groups of elderly with greater need, such as the poor, the oldest old, and the disabled rather than all elderly equally.

Long term care for severe disability or serious chronic illness presents the greatest challenge in the face of smaller family size, the greater dispersion of adult children, and increased proportion of elderly with no children. Government could be involved by promoting both family and non-family means. In terms of family means, government could promote 'elder care leave policies'. This should be done cautiously, making clear who will bear the cost and how to avoid abuse. In terms of non-family means, particularly for the increasing number of elderly who have fewer or no children or who have never been married, government could promote and regulate private agencies that offer full-time help with eldercare.

### **Planning for regional balance in health personnel**

Thailand has always suffered from a shortage of health personnel in areas considered less attractive to work in, resulting in a ratio of doctors per 10,000 population in Bangkok that is 10 times higher than in the northeastern region. Planning for the health workforce is complicated by the rapid growth in the private hospital share in the healthcare market, resulting from rapid economic growth and government promotion of medical tourism, which drew doctors and nurses from rural public facilities to private facilities. The ratio of doctors who moved out from MOPH public facilities to new entrants increased from 22 per cent in 2001 to 80 per cent in 2008, and although an increase in financial incentives implemented in 2009 reduced this ratio to 63 per cent in 2009, continuing attention needs to be paid to measures to ensure a better balance between supply of medical personnel and needs for their services in different regions of the country.

### **Changes in geographic distribution**

Migrant workers provide much needed flexibility to the labour market. However, cross-border migrants tend to become permanent, even if they are undocumented or only granted a temporary work permit. The concentration of foreign workers in agriculture and fisheries, as well as construction, domestic services and other services, highlights their role in taking the place of Thai workers in low-skilled jobs in the agriculture sector and other "3D" (difficult, dirty, and dangerous) jobs. Ways of upgrading their skills are needed, and their children need to be provided with an education to prevent their becoming an "underclass" in Thai society. Policies are needed to effectively deliver social services, especially education and health, to these mobile groups, and to reduce their mobility-related risks, including malnutrition, unsanitary living environment, poverty, illiteracy, vulnerability to sexual abuse and exploitation and occupational hazards. Administrative data systems need to be further refined to enable better recording of mobile populations and their needs, and better data on the roughly over two million migrants from the Greater Mekong Sub-region who are living and working in Thailand.

Thailand should consider more aggressive and targeted policies of attracting more skilled foreign workers. There is considerable international competition for such workers, so a "laissez faire" approach is unlikely to bring many such workers to Thailand.

Urbanization brings with it many issues for effective urban planning, avoidance of environmental catastrophes, and better urban design to improve the wellbeing of urban dwellers. There is no need for interventions to prevent further growth of Bangkok's population, but effort should be made to provide a "level playing field" so that urbanization trends can follow the most efficient path.

### **Policies needed to influence population trends**

Over more than four decades, beginning in 1970, Thailand's policy was to reduce the birth rate through making family planning information and services readily available, in a context of rapid economic and social development which was making for lower desired family size. This policy was remarkably successful. Indeed, Thailand experienced one of the world's most rapid declines in fertility, thus averting the many problems that would have resulted from continued rapid population growth. In the Eighth Five-year Plan, the aim of lowering fertility was dropped, and the Ninth and Tenth Plans have specifically mentioned the need to maintain fertility at around replacement level. However, no specific policies have been adopted to achieve this goal, and meanwhile, fertility has continued to decline. The latest estimate of Total Fertility Rate (TFR) is 1.5, well below the 2.1 need to maintain population size in the longer run.

Thailand is therefore following the trend in East Asian countries - Japan, South Korea, Taiwan and Singapore - where TFR has fallen to even lower levels - around 1.0 to 1.3. Their governments are very concerned about the implications for the decline in the workforce and for population ageing. None of these countries took steps to modify policies from anti-natalist or neutral to pro-natalist until 15 or 20 years after fertility fell below replacement level. In South Korea and Taiwan, fertility was even lower than it now is in Thailand before significant policy changes were made. Governments in South Korea and Taiwan are now regretting this delay, because they are finding it very difficult to raise fertility from the very low levels that have been reached. Both countries have recently strengthened policies designed to raise fertility levels.



### What should Thailand do about its fertility rate?

In Thailand, it is also now 15-20 years since fertility fell below replacement level. The total fertility rate has fallen to 1.5. If fertility continues at this level or below, eventually the situation would be reached in which each generation was 30 per cent smaller than the preceding generation, and the population would be in a downward spiral that would be very difficult to reverse except through massive immigration. Thailand should therefore seek to find policies that would act to support fertility, in the interest of avoiding excessively rapid ageing, decline in the size of the workforce and eventual population decline. Policies should be sought that would at the same time strengthen the Thai family.

### Policy lessons from other low fertility countries

It is often argued that pro-natalist policies in other countries have failed to raise fertility, and that there is therefore little that a country such as Thailand can do. It is true that it is difficult to find the mix of policies that will raise fertility. However, in some Western countries, fertility remains close to replacement level (e.g. USA, France, New Zealand) or has risen substantially towards replacement after falling to very low levels (some Scandinavian countries, some countries of Southern and Eastern Europe). It is also true that policy measures in some low-fertility East Asian countries (eg. Japan, Singapore) have not gone as far as in many Western countries, and in others (South Korea, Taiwan) have been introduced so recently that they have not yet had time to demonstrate their effects, if any.

### Is Thailand different?

- As in other countries of East Asia, delayed marriage has played an important role in Thailand's fertility decline.
- Unlike the East Asian countries, fertility decline was not accompanied by increases in the participation of women in the labour force. In Thailand, this had always been high. However, the structure of employment for women in Thailand has changed drastically, with the share of agriculture almost halving and the formal sector becoming much more important. These trends are likely to have impacted on fertility decisions of Thai women and their partners.
- Relatively low levels of urbanization in Thailand mean that significant increases in fertility would require that not only urban couples but also rural couples raise their fertility level. However, it should be noted that Thailand measures urbanization rather conservatively, and many people recorded as rural dwellers are actually living in environments that would be recorded as urban in many other countries.
- Thus although policy levers need to be found that will influence childbearing patterns in the particular context of Thailand, the seemingly wide differences between the context in Thailand and the other low fertility countries in East Asia may not be as wide as they at first appear.

### **Specific suggestions on fertility policy**

Taking into account the experience of other countries seeking to raise their fertility rates and to enable couples to deal effectively with issues of combining working with raising a family, the following set of policies is recommended for consideration:

- Paid maternity leave. In Thailand, maternity leave is provided for employees for 90 days at 50 per cent of previous earnings, from funds contributed by the government, the employer and the employee. More generous maternity leave provisions should be planned for. The new ILO convention stipulates cash benefits of at least two thirds of the woman's previous or insured earnings for a minimum period of 14 weeks.
- Paternity leave. This is provided in many European countries, and is currently being considered in Singapore.
- Flexible working hours - designed to assist parents to spend more time with family at times when this is needed.
- Eldercare. Greater government subsidization of frail parental nursing care, better community care and compassionate leave for eldercare may lessen the burden on working women and provide an environment more conducive to having children.
- Improved subsidized childcare. This is an important part of pro-natalist packages in many countries.
- Tax incentives and/or baby bonus schemes. The basic principle underlying such schemes is that the social contribution of those who produce and raise children justifies transfer payments to compensate them to some extent for the costs incurred in raising their children.

The aim should be to develop a package of policies that strengthens the coherence and wellbeing of the family as well as raising the fertility rate.

At the same time, Thailand's reproductive health program should continue to receive support. Though raising the fertility rate is in the national interest, the wellbeing of those wishing to avoid unwanted births should remain an important goal, requiring provision of effective family planning advice and services. Moreover, pockets of high fertility remain, affecting in particular some ethnic highland groups, the Muslim population in the far South, and some groups of cross-border migrants. Reproductive health programs targeted to their needs should continue to remain a priority.

### **Need for seminars to discuss in depth issues of population policy in Thailand**

In the 1960s, Thailand's government was considering the need to introduce policies to lower the fertility rate from very high levels. A series of three National Population Seminars were held at which a wide range of experts, officials, and members of the general public came together to consider population issues facing Thailand and make recommendations about objectives and policies. The National Economic and Social Development Board was then tasked with preparing specific recommendations on population policy and programs to be submitted to Cabinet.

Now, more than four decades later, Thailand's population situation has changed dramatically, and there is again a need to consider new developments in population policy. Again, wide consultation with experts, officials, and the general public would be desirable. Perhaps a new series of National Population Seminars should be planned.

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Office of the National Economic and Social Development Board  
962 Krungkasem Road, Wat Sommanas,  
Pomprapstrupai, Bangkok 10100  
Tel: (+662) 280-4085 Fax: (+662) 281-3938  
E-mail: [pr@nesdb.go.th](mailto:pr@nesdb.go.th)  
Website: <http://www.nesdb.go.th>



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### **United Nations Population Fund**

Country Office in Thailand  
12<sup>th</sup> B Floor, United Nations Building,  
Rajdamnern Nok Avenue, Bangkok 10200  
Tel: 66-2-687 0135 Fax: 66-2-280 1871  
E-mail: [unfpa.thailand@unfpa.org](mailto:unfpa.thailand@unfpa.org)  
Website: <http://countryoffice.unfpa.org/thailand>  
<http://www.unfpa.org>

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