

Thailand's Public Debt Near the Ceiling: Not Yet a Crisis, but Increasingly Vulnerable

Key Takeaways:

- Thailand's public debt reached around 66.1% of GDP as of February 2026, moving closer to the 70% debt ceiling
- The government recently approved a THB 400 billion emergency borrowing decree amid rising economic pressures
- Thailand still retains fiscal space and investment-grade status, but policy flexibility is narrowing
- The key concern is not an immediate debt crisis, but a prolonged "low-growth debt trap"
- Rising interest burdens and continued borrowing are becoming increasing constraints on fiscal management. The quality of public spending may matter more than the size of borrowing itself
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Current Situation: Debt Remains Manageable, but Fiscal Space Is Narrowing

Thailand's public debt has re-emerged as a central fiscal concern in 2026, as the government moves to support the economy amid higher energy costs, global uncertainty, and slowing growth. In May 2026, the cabinet approved a THB 400 billion emergency borrowing decree following earlier discussions of a larger package.

The Ministry of Finance maintains that there is no immediate need to raise the debt ceiling from 70% of GDP, citing remaining fiscal space of around THB 800 billion. However, that margin is becoming increasingly narrow.

According to the Public Debt Management Office (PDMO), public debt stood at approximately THB 12.6 trillion, or 66.1% of GDP, as of end-February 2026. While this does not indicate an immediate debt crisis, continued borrowing combined with weak economic growth could gradually push the ratio closer to the ceiling.

Thailand also continues to run fiscal deficits and faces substantial annual debt repayments, requiring ongoing refinancing. Public debt is therefore becoming an increasingly important constraint on future fiscal policy.

From COVID-19 to Today: From Crisis Response to Structural Pressure

Thailand's debt trajectory changed significantly during the COVID-19 pandemic, when emergency borrowing led the government to raise the debt ceiling from 60% to 70% of GDP in 2021. At the time, borrowing was viewed as necessary to stabilize the economy and support households and businesses.

In 2026, however, the challenge is increasingly structural rather than cyclical.

Thailand is facing prolonged low growth driven by weak private investment, high household debt, slowing productivity, demographic aging, declining competitiveness in some industries, and a relatively narrow tax base. In this environment, debt continues to rise while nominal growth remains subdued, placing persistent upward pressure on the debt-to-GDP ratio.

At the same time, the government must continue spending to manage uncertainty, welfare obligations, and the impact of an aging society. The key risk is therefore not an abrupt debt crisis, but the possibility of a “low-growth debt trap,” where weak growth makes it increasingly difficult to stabilize or reduce the debt burden over time.

International Comparison: Moderate Globally, Elevated Regionally

At around 66% of GDP, Thailand's public debt remains moderate compared with many advanced economies. Global public debt averages are estimated at around 95% of GDP, while countries such as the United States and Japan maintain debt levels well above 100% and 200% respectively.

However, those economies possess stronger institutions, deeper capital markets, and greater revenue capacity, allowing them to sustain higher debt levels more comfortably.

Within ASEAN, Thailand's debt level appears relatively elevated. Economies such as Indonesia, Vietnam, and the Philippines generally maintain debt ratios in the range of 25–40% of GDP. This means Thailand now has less fiscal room relative to many regional peers, particularly in the event of future shocks.

Debt Structure: External Stability, but Internal Pressures Rising

One of Thailand's key strengths remains the structure of its debt. More than 99% of public debt is denominated in Thai baht and financed domestically, limiting exposure to exchange-rate volatility and reducing external vulnerability.

However, this also means the burden is increasingly concentrated within the domestic economy itself. Creditors include local financial institutions, pension funds, insurance companies, and households. As debt levels rise, the costs are increasingly transmitted internally through the fiscal and financial systems.

Interest payments are gradually consuming a larger share of the budget, reducing fiscal resources available for productive investment and long-term development. There are also concerns about crowding out effects, as higher government borrowing may reduce credit availability for businesses, particularly SMEs, and raise financing costs across the economy.

In the longer term, rising debt may also constrain future welfare provision and increase reliance on taxation, placing additional pressure on household purchasing power and living costs.

Policy Trade-Offs: Expanding the Ceiling vs. Improving Fiscal Quality

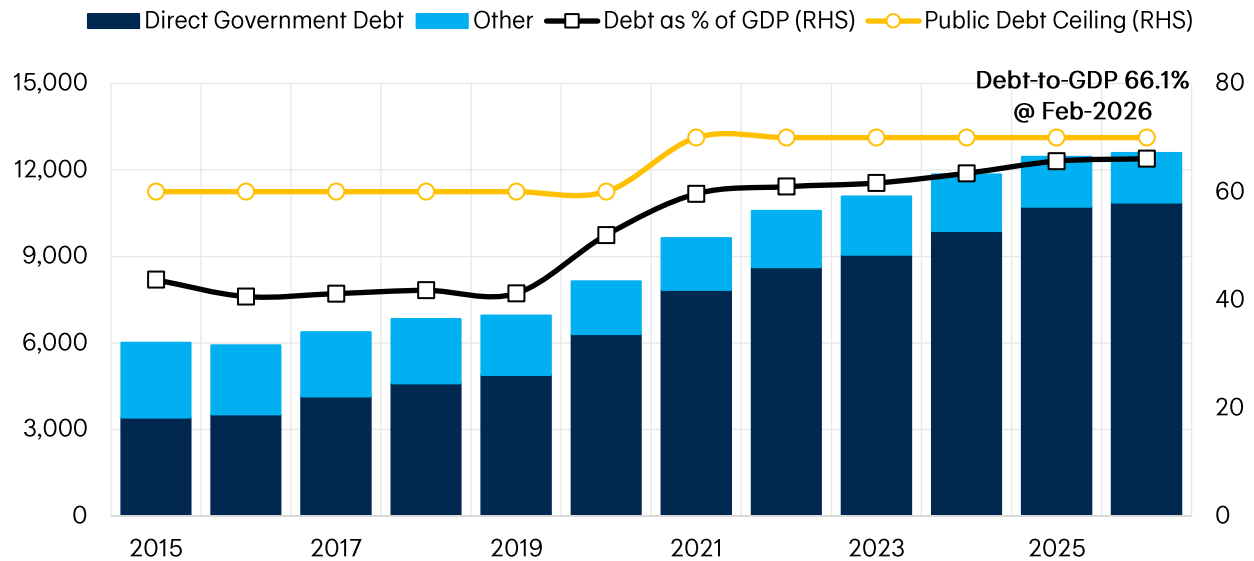
Debate has increasingly shifted toward whether Thailand should eventually raise its debt ceiling from 70% to 75% of GDP to create additional policy space.

The debate is ultimately not just about the size of borrowing, but about the productivity of fiscal spending.

If borrowing is directed mainly toward short-term consumption measures or broad subsidies with limited economic returns, it may not generate sufficient growth to offset rising debt burdens. In contrast, investment in infrastructure, clean energy, education, digital transformation, and human capital could strengthen long-term productivity and improve fiscal sustainability over time.

Thailand continues to maintain investment-grade sovereign ratings. In April 2026, Moody's Ratings reaffirmed Thailand's Baa1 rating and revised the outlook from "Negative" to "Stable." Nevertheless, concerns remain regarding Thailand's weak growth outlook and rising debt trajectory.

Chart1: Thailand's Outstanding Public Debt (Billion Baht)



Source: The Public Debt Management Office (PDMO).

Chart2: Thailand's Public Debt in Global Perspective

Global Ranking		
1	US	\$32.9 Trillion (88.5% of GDP)
2	China	\$15 Trillion (12.9% of GDP)
3	Japan	\$10.9 Trillion (106% of GDP)
4	UK	\$3.4 Trillion (293% of GDP)
5	France	\$3.4 Trillion (250% of GDP)
13	Korea	\$947.1 Billion (36.1% of GDP)
14	Singapore	\$888.3 Billion (383% of GDP)
18	Indonesia	\$543 Billion (28.4% of GDP)
26	Thailand	\$366.9 Billion (66.1% of GDP)
32	Malaysia	\$278.8 Billion (61.7% of GDP)
34	Philippines	\$246.8 Billion (27.5% of GDP)
48	Vietnam	\$141.7 Billion (27.5% of GDP)

Note: Public debt data is for 2024; GDP data is for 2025.
Source: World Population Review.

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