The Slipping Tiger: How Vietnam Outpaced Thailand

**“Made in Thailand still means quality.
But made in Vietnam is becoming the new normal.”**

For decades, Thailand held the crown as the undisputed heavyweight of mainland Southeast Asia. With its sun-kissed beaches, export-driven industries, and world-class infrastructure, the kingdom wasn’t just a tourist magnet—it was a vital hub in global supply chains. From the Bangkok skyline to Laem Chabang’s cargo docks, the "Land of Smiles" symbolized opportunity, openness, and ambition.

But today, the winds have shifted. The once-dominant Thai tiger is being outpaced by a new, agile contender: Vietnam.

According to the latest IMF World Economic Outlook, Vietnam is projected to overtake Thailand in total GDP by 2029. That is not a distant future—it’s a five-year countdown.

Losing Momentum, One Growth Point at a Time

Thailand’s GDP growth has hovered at 2–3% annually since the pandemic—below the regional average. In contrast, Vietnam continues to expand at 6–7% even amid global uncertainty.

Demographics further highlight the gap. Vietnam’s median age is 30; Thailand’s is 40. Younger workers mean higher output, stronger consumption, and greater adaptability. Thailand, one of the fastest-aging societies in ASEAN, faces rising healthcare costs and a shrinking workforce.

Vietnam isn’t just younger. It’s faster.

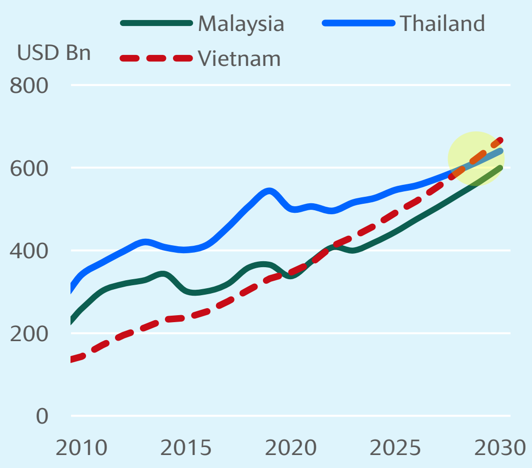
Fast Policy, Faster Progress

Vietnam’s growth is not built on low wages alone. What sets it apart is the speed and clarity of reform. Over the past decade, it has signed more free trade agreements than any ASEAN country—including with the EU, UK, and CPTPP partners. The result: preferential access to over 60 markets and rising investor confidence.

“Vietnam didn’t wait to get ready—it moved, and caught the world’s attention,” a World Bank economist remarked recently.

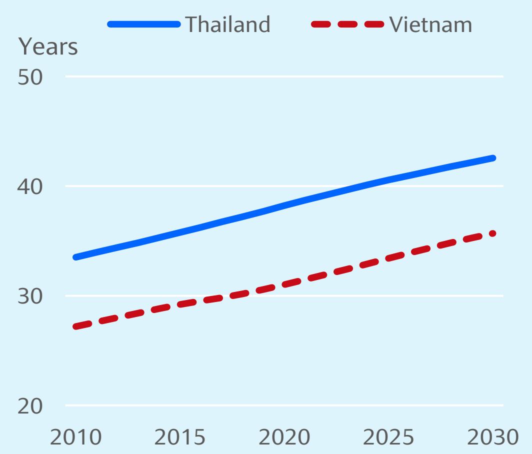
Thailand, by comparison, has been slower to act. Free trade negotiations, such as the long-delayed Thai–EU FTA, remain unresolved. Political gridlock and policy drift have hampered strategic execution. While Vietnam builds momentum, Thailand debates direction.

Chart 1: GDP Forecast: Current Prices



Source: IMF World Economic Outlook, April 2025

Chart 2: Median Age



Source: World Population Prospects 2024

Logistics Is Leadership—But Only If You Build It

Vietnam's 3,200-kilometer coastline gives it a natural advantage as a logistics hub—but more importantly, it has acted on it. Ports like Hai Phong and Cai Mep are expanding rapidly. Urban transport systems in Hanoi and Ho Chi Minh City are being modernized. Participation in China's Belt and Road Initiative has further deepened cross-border connectivity.

Thailand, at the geographic heart of ASEAN, should be the region's infrastructure pulse. Yet the flagship Eastern Economic Corridor (EEC) has struggled with delays in transport and logistics development. Ambition is not the issue—delivery is.

When the Factory Floor Starts to Shift

Once the region's manufacturing juggernaut, Thailand now faces serious competition. Multinational firms—including Samsung, Intel, and Nike—are investing heavily in Vietnam. They are drawn not only by cost advantages, but by trade access, execution, and clarity.

Thailand still leads in high-value sectors like automotive production, electric vehicles, and advanced electronics. But Vietnam is scaling faster in volume: textiles, furniture, electronics assembly. In 2023, Vietnam's exports equaled 93% of GDP; Thailand's were 64%.

"Made in Thailand" still means quality. But "Made in Vietnam" is becoming the new normal.

Vietnam Is Winning Travelers

Vietnam is also gaining ground in tourism. With over 12 million international visitors in 2024, it is rapidly rebounding. Investments in cultural attractions, new resorts, and digital visa services are modernizing its image.

Thailand remains a tourism giant, but cracks are showing. Overcrowding, inflation, aging infrastructure, and the March 28 earthquake have challenged its reputation as a safe and smooth destination. Today's travelers seek value, sustainability, and digital ease. Vietnam is responding. Thailand must adapt.

Trade Agreements Are the New Battleground

Vietnam's participation in the CPTPP and EVFTA gives it a significant edge. Thai exporters, in contrast, face higher tariffs and growing compliance barriers—especially in Europe, where the Carbon Border Adjustment Mechanism (CBAM) will penalize emissions-intensive industries such as steel and cement.

In this new era of conditional trade, market access is earned, not assumed.

Thailand's Strengths: Not Down and Out Yet

Thailand still has major advantages: world-class healthcare, resilient financial institutions, and Bangkok's role as a regional cultural and commercial capital. These assets matter. But without bold policy shifts, they may no longer be enough to lead.

Can the Tiger Roar Again?

Vietnam's rise is not Thailand's loss. It is a signal—a regional realignment in progress.

Thailand must act decisively. That means completing key trade deals like the Thai–EU FTA, fast-tracking EEC logistics, upgrading vocational and digital skills, and moving from cost-based competitiveness to value creation in green industries and advanced manufacturing.

The next phase of ASEAN growth will favor nations that are fast, focused, and future ready. Thailand has the assets. But it must match them with execution.

Southeast Asia is no longer a waiting game. It is a race—and the clock is already running.

The tiger still has claws. But it must do more than stretch. It must leap.

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Strategic Outlook and
Transformation Management
Office of the President