



What carbon tariffs mean for Thailand

Global warming is becoming an increasingly critical issue for our world, prompting various sectors worldwide to take measures to minimize its impact. One of the most significant concerns is the reduction of greenhouse gas emissions, particularly carbon dioxide.

To address this problem, the European Union (“EU”) has implemented the Carbon Border Adjustment Mechanism (“CBAM”) to impose tariffs on products with high carbon dioxide emissions during their manufacturing process. This measure will take effect on 1st October 2023, requiring manufacturers to report their greenhouse gas emissions. Subsequently, from 1st January 2026, they will be required to pay a levy for the CBAM certificate.

Similarly, the United States of America (“USA”) has introduced the Clean Competition Act, which operates similarly to the EU's CBAM but covers a broader range of industries, including petroleum production, fertilizer, glass, pulp, and paper etc. This act will affect producers from 2023 and importers from 2026.

Thailand's manufacturers, particularly those in the iron, steel, aluminum, and cement sectors, will face trade barriers from both the EU and USA, placing additional burdens on their businesses. However, some experts view this as an opportunity for Thailand to focus on promoting renewable energy development and Bioeconomy,

Circular Economy, and Green Economy (“BCG”), which offer a plethora of interesting projects, including technology-based businesses. Additionally, businesses have the potential to generate revenue from carbon credit trading, where they can offset their carbon dioxide emissions by trading credits with other businesses.

In summary, global warming necessitates urgent action, and the EU's CBAM and the USA's Clean Competition Act are examples of measures taken by various countries to address carbon emissions. While Thai manufacturers may face challenges due to trade barriers, they also have the opportunity to explore sustainable and innovative alternatives, such as renewable energy and carbon credit trading, to mitigate the impact on their businesses and the environment.