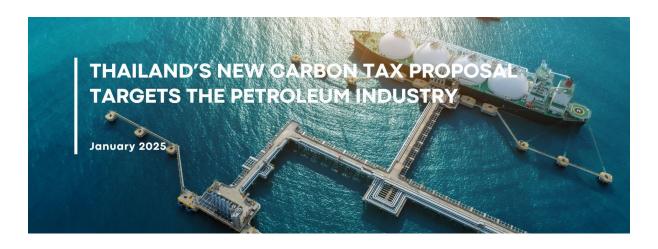
PDLEGAL



Background

In 2015, all United Nations Member States adopted the United Nations Sustainable Development Goals (UNSDG) as part of the 2030 Agenda for Sustainable Development. Aligned with this global commitment, Thailand, which currently emits approximately 372 million tons of carbon annually, has set an ambitious target to reduce its carbon emission by 30-40% by 2030.¹

Thailand's Current Sustainability Initiatives

Thailand has taken significant steps to achieve its sustainability goals. The government's promotion of electric vehicles (EVs) and procurement of surplus energy from household solar panels underscores its commitment to building a greener future. Recently, the National Energy Policy Administration Committee approved a plan to purchase a total of 90 megawatts of solar power from homeowners with solar panels over the period of 2021 to 2030.² These efforts not only showcase Thailand's dedication to sustainable development but also position the country as a leader in climate action within the region.

Thailand's New Carbon Tax Proposal

On 21 January 2025, Thailand's cabinet approved the Thai Ministry of Finance's carbon tax proposal to further reduce greenhouse gas (GHG) emissions.³ Under the new carbon tax, THB 200 per ton of carbon emissions is levied on petroleum products including benzene, gasohol, kerosene, jet fuel, diesel biodiesel, liquid petroleum gas, propane and fuel oil. Importantly, the Ministry is integrating the carbon tax into existing excise taxes on petroleum and related products as an internal structural change. The carbon tax scheme aims to not only increase public awareness of the importance of reducing GHG emissions, at the same time preventing additional financial burdens on consumers. For example, the current excise tax on unleaded gasoline is THB 6.5 per liter. The new excise tax would remain at THB 6.5 per liter, which includes the carbon price mechanism already integrated at THB 0.447 per liter.⁴

¹ https://www.reccessary.com/en/news/th-regulation/Thailand-carbon-tax-link-excise-tax

 $^{^2\} https://www.bangkokpost.com/business/general/2874608/solar-power-push-for-household-rooftops$

³ https://www.reuters.com/sustainability/thai-cabinet-approves-collection-carbon-tax-2025-01-21/

⁴ https://www.thaigov.go.th/news/contents/details/92607



This innovative approach ensures that the public is not directly impacted, while encouraging oil companies to reassess their carbon-related costs. By linking the carbon tax to excise taxes, the Thai government demonstrates a balanced approach to fostering environmental responsibility without compromising economic stability.

Leveraging Voluntary Carbon Markets for Cost Mitigation

Oil companies affected by the carbon tax have the opportunity to participate in voluntary carbon markets to offset their costs. These markets serve as decentralized platforms where businesses, individuals, and organizations can buy and sell carbon offset credits. For these markets to thrive, the accreditation of carbon credits must adhere to transparent, credible, and reliable methodologies.

In May 2024, Thailand's National Science and Technology Development Agency (NSTDA) partnered with the Asia Carbon Institute (ACI), Southeast Asia's leading voluntary carbon credit registry and standard organization. Together, they are developing advanced carbon credit methodologies aimed at mitigating GHG emissions across various sectors. By establishing robust accreditation processes and transparent registries, NSTDA and ACI aim to standardize the calculation and verification of carbon credits, enhancing investor confidence and accelerating green investments.

Driving Green Investments and Global Competitiveness

Thailand's proactive measures in carbon reduction, combined with private sector participation in voluntary carbon markets, are instrumental in achieving global GHG reduction targets. These efforts not only reinforce Thailand's commitment to the UNSDGs but also enhance its competitiveness in the global economy. By fostering innovation and collaboration, Thailand is positioning itself as a regional leader in sustainability and green technology.

As Thailand continues to implement bold policies and foster private-sector engagement, it remains steadfast in its journey toward a sustainable future. Through these initiatives, the nation is paving the way for a greener, more resilient economy that benefits both current and future generations.

Further information

Should you have any questions on how this article may affect you or your business, please get in touch with the following persons:

Gerard Quek Partner gquek@pdlegal.com.sg Papon Charoenpao Partner paponc@pdlegal.com.sg Lester Kuo Associate lesterk@pdlegal.com.sg

PDLEGAL

© PDLegal Thailand

This article is intended to provide general information only and does not constitute legal advice. It should not be used as a substitute for professional legal consultation. We recommend seeking legal advice before making any decisions based on the information available in this article. PDLegal fully disclaims responsibility for any loss or damage which may result from relying on this article.