

The impact of global value chains on carbon emissions in Thailand Industrial Production



The Asian Development Bank (“ADB”) has urged Southeast Asia to accelerate the decarbonization of its global value chains (“GVCs”) due to the potential economic impact of climate change. GVCs refer to the complex networks of activities involved in the production of goods and services that are distributed across different countries. These chains can span multiple countries and involve various stages of production, such as raw material extraction, processing, manufacturing, transportation, and distribution. However, GVCs have also been associated with environmental degradation and carbon emissions that are not effectively addressed by existing regulatory frameworks.

ADB's report indicates that Asia, including ASEAN, is a major emitter of

greenhouse gases (“GHG”) during production, as it serves as the world's factory. GHG emissions are gases that trap heat in the Earth's atmosphere and contribute to climate change. GHG emissions can occur at various stages of the production process within GVCs, such as during energy production, transportation, and manufacturing activities.

To enhance long-term competitiveness and resilience against climate change, ASEAN economies need to prioritize decarbonization in their GVCs through policy measures. In recent years, Thailand has taken steps to address environmental concerns and GHG emissions through its legal framework. For example, the Thai government finalized a draft of the new National Plan for Economic and Social Development, covering the period from 2023 to 2027. The draft plan outlines 13 targets, including the incorporation of environmental and sustainable development considerations such as transforming Thailand into a circular economy with low carbon usage and reducing GHG emissions in industrial sectors. In addition, the Prime Minister of Thailand announced during the World Leaders Summit at COP 26 that Thailand is committed to reduce its greenhouse gas emission.

As Thailand is among the top ten most impacted by climate change globally, the country aims to achieve carbon neutrality by 2050 and net zero greenhouse gas emissions by or before 2065. The Prime Minister also highlighted Thailand's BCG (Bio-Circular-Green) economy model as a pathway for sustainable and environmentally-friendly economic development.