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Legal Insight Vol. July 2025

Thailand's BOI Responds to U.S. Tariffs with Strategic Policy Shift

The Thailand Board of Investment (BOI) has introduced a series of policy measures to mitigate the impact of escalating U.S. tariffs and global trade tensions, particularly those affecting the solar energy sector. These initiatives are aimed at strengthening the resilience of Thai entrepreneurs and encouraging technological advancement within the industrial sector.

One key measure includes the withdrawal of investment promotion for photovoltaic (PV) panel manufacturing, a decision rooted in concerns over the sector's technological limitations and exposure to international trade risks. "We have discontinued support for PV panel production that lacks high technology and is vulnerable to evolving U.S. trade policies," stated Mr. Narit Therdsteerasukdi, Secretary-General of the BOI.

While the BOI no longer promotes the assembly of complete solar panels, it continues to provide tax incentives for the local production of components such as aluminium frames, tempered glass, and silicon solar cells. These incentives include corporate income tax exemptions and import duty waivers for materials used in manufacturing solar modules for export.

The policy shift follows the recent imposition of severe U.S. import tariffs—ranging from 375% to 3,521%—on solar panels originating from Thailand, Cambodia, Vietnam, and Malaysia. These tariffs are the outcome of a U.S. investigation into allegations that Chinese companies are using factories in Southeast Asia to circumvent American trade laws by exporting solar panels at unfairly low prices due to government subsidies.

In some cases, Chinese firms operating in Thailand have been accused of rebranding solar products for export to the U.S., while others have concentrated on domestic sales. According to Mr. Treerat Sirichantaropas, CEO of New Energy Plus Solutions, many Thai businesses also import and distribute Chinese solar products locally. For instance, solar panels produced in Thailand by Chinese manufacturer Trina Solar are now subject to a 375% tariff.

The BOI is currently monitoring industries suspected of engaging in rebranding practices that may provoke further trade restrictions from the U.S. These sectors include electronics, garments, furniture, and luggage. Mr. Narit emphasized the importance of ensuring that companies receiving BOI support demonstrate genuine and substantial transformation of raw materials into finished products.

In parallel, the BOI has expanded support for Thai small and medium-sized enterprises (SMEs), granting corporate income tax exemptions to encourage investments in digitalization and automation. These measures are intended to drive innovation and enhance competitiveness across Thailand's manufacturing sector.

Should you have any question, please do not hesitate to contact us via info@bgloballaw.com