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Thailand Faces Challenges under New U.S. Tariff and Regional Value Content (RVC) Rules

Thailand's manufacturing sector is grappling with the implications of new U.S. tariff regulations despite Washington's decision in August 2025 to reduce duties on Thai imports from 36% to 19%. The U.S. has tightened scrutiny on transshipment practices, targeting goods re-exported through Thailand from China to evade tariffs.

To prevent origin fraud, the U.S. is expected to require Thailand to increase its regional value content (RVC) to around 50%—meaning at least half of a product's value must derive from local inputs. Failure to meet this threshold could result in tariffs as high as 40%.

A survey by the Federation of Thai Industries (FTI) revealed that key sectors such as electronics (22.5%), steel (30%), and pharmaceuticals (35%) fall short of the expected RVC requirement. In contrast, industries like wood products, petrochemicals, and automotive manufacturing already achieve local content exceeding 60%.

The FTI and Joint Standing Committee on Commerce, Industry and Banking (JSCCIB) urged Thai exporters to strengthen compliance and increase local sourcing to maintain competitiveness in the U.S. market.

The RVC rule comes amid wider U.S. efforts to counter Chinese trade circumvention, including tariffs on solar panel imports from Southeast Asia. Some Chinese firms have reportedly used Thai facilities for rebranding before re-exporting to the U.S.

However, the electric vehicle (EV) industry is less exposed. Chinese EV makers such as Changan Automobile and GWM have committed to using up to 90% local components, supported by Thailand's EV3.0 and EV3.5 incentive schemes aimed at making the country a regional EV export hub.

Despite these efforts, the JSCCIB warned that export momentum may slow in the fourth quarter due to global economic uncertainty and a strong baht, projecting GDP growth of 1.8–2.2% and export growth of 2–3% for 2025.

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