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Thailand's Proposed EV Trade-In Scheme Signals Policy Shift Toward Green Industrial Support

Thailand is preparing to introduce a car trade-in incentive aimed at accelerating the transition from internal combustion engine (ICE) vehicles to electric and hybrid alternatives. The proposed policy is expected to stimulate demand for battery electric vehicles (BEVs) and strengthen domestic supply chains, particularly as eligibility may be tied to vehicles manufactured within Thailand. This localisation requirement reflects a dual policy objective: promoting environmental sustainability while supporting domestic employment and industrial development.

From a regulatory standpoint, the measure aligns with Thailand's broader commitment to carbon neutrality and energy transition. By incentivising consumers to replace older vehicles with low- or zero-emission models, the government is effectively using fiscal and industrial policy tools to influence market behaviour. The scheme is also expected to complement existing investment promotion frameworks, particularly those encouraging foreign automakers to establish manufacturing bases in Thailand, as seen in recent investments in EV production facilities.

The proposed trade-in programme may also have implications for supply chain regulation and local content requirements. Encouraging domestic production and parts sourcing could strengthen Thailand's automotive ecosystem, but may require careful alignment with international trade obligations and investment agreements. Additionally, implementation details—such as eligibility criteria, subsidy structure, and compliance requirements—will be critical in determining the policy's effectiveness and legal clarity.

From a legal perspective, the initiative reflects a growing trend toward targeted industrial policy within Thailand's regulatory framework. While the scheme has the potential to revitalise the automotive sector and accelerate the green transition, it also raises considerations regarding regulatory design, fiscal sustainability, and market competition. If effectively implemented, the policy could reinforce Thailand's position as a regional EV hub; however, its long-term success will depend on coherent legal integration with environmental, trade, and investment laws.

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