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CBAM and Thailand's Climate Change Framework

The EU Carbon Border Adjustment Mechanism (CBAM), which entered its definitive regime on 1 January 2026, may have a significant impact on Thai exporters of covered products, particularly iron, steel and aluminium. CBAM requires EU importers to account for the carbon emissions embedded in imported products, creating an additional cost for exporters where applicable.

From a legal and regulatory perspective, CBAM also highlights the importance of Thailand establishing a credible domestic carbon-pricing and emissions-reporting framework. Where a carbon price has already been effectively paid in the country of origin, EU rules may allow the corresponding amount to be taken into account in determining the CBAM liability, subject to applicable requirements. Therefore, a legally recognised carbon tax or emissions trading system, together with reliable and verifiable emissions data, could help Thai exporters reduce the risk of paying carbon costs twice.

Thailand's proposed draft Climate Change Act is relevant in this regard, as it contemplates mechanisms such as carbon pricing, greenhouse-gas emissions reporting, an Emissions Trading System (ETS), and carbon taxation.

Therefore, Thai businesses exporting CBAM-covered products should assess their HS classification, country of origin, embedded emissions, applicable carbon costs and supporting verification requirements. Establishing a clear domestic carbon-pricing and reporting framework could help Thai businesses manage CBAM exposure and retain more of the economic value of carbon pricing within Thailand.

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