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## **'Climate Action in Thailand: Business Opportunities and Challenges under New Policies'**

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Thailand is poised to become a leader in Southeast Asia's green economy revolution. The forthcoming Climate Change Act, introducing carbon pricing and emissions trading, signals a seismic shift in the country's climate change landscape. This bold move aligns Thailand with global sustainability standards, opening unprecedented opportunities for forward-thinking investors and businesses.

Industry leaders like Indorama Ventures PCL (IVL) and Bangchak Corporation PCL (BCP) are already pioneering innovative sustainability strategies, setting new benchmarks for corporate climate action. Their lesson learns, coupled with the government's commitment to providing robust fiscal incentives, create a fertile ground for green investments.

**Mr. Pavich Kesavawong**, Deputy Director General of Department of Climate Change and Environment

### *Regulatory Framework: Shaping a Green Economy*

Thailand's commitment to addressing climate change is forming into concrete policy actions. The government (DCCE) unveiled plans for a Climate Change Act, set to be enacted within the next two

years. This legislation represents a significant shift in Thailand's climate governance, introducing incentives and measures e.g. carbon tax and Emissions Trading Scheme (ETS). These measures are designed to align with international standards, particularly the EU's Carbon Border Adjustment Mechanism (CBAM), signaling Thailand's intention to remain competitive in the global economy.

The new regulatory framework aims to catalyze a transition towards low-carbon industries and attract foreign investment in green technologies. It establishes a system for emissions reporting, creating a structured and accountable approach to Thailand's climate commitment. This move demonstrates the government's recognition of the urgent need to balance economic growth with environmental sustainability.

#### *Fiscal Measures and Incentives: Facilitating the Green Transition*

Recognizing the challenges businesses face in adapting to new environmental standards, the Thai government is developing suitable fiscal measures and incentives to support companies in their transition to sustainable practices while maintaining competitiveness. Key initiative is from the Board of Investment (BOI) aimed at attracting foreign investors to Thailand's growing green sectors. To continually support businesses through this transition, the government highlighted the importance of public-private partnerships in achieving climate goals and indicated that the government is receptive to industry calls for a national green fund to mobilize low-cost development finance.

#### *Business Challenges and Opportunities: Industry Perspectives*

**Mr. Chaiwat Kovavisarach**, Group CEO and President, Bangchak Corporation

Bangchak Corporation offered a nuanced perspective from the energy sector, acknowledging the ongoing importance of traditional fuels while investing heavily in renewable energy and sustainable technologies. BCP's phased approach to sustainability, with increasing focus on green electrons, biomethane, and future technologies like Carbon Capture Storage and Utilization (CCUS) and hydrogen, illustrates the long-term strategic thinking required in this transition.

In the near term (2015-2024), BCP is focusing on energy efficiency, renewable energy integration, and biogas recovery. The medium-term strategy (2025-2028) expands to include biomethane production and the adoption of green electron initiatives through utility green tariffs. Looking further ahead (2029-2030), BCP plans to explore carbon capture, storage, and utilization (CCUS) technologies, pilot hydrogen projects, and engage in carbon credit offset programs.

The importance of balancing environmental goals with business realities is being stressed. While the energy sector is diversifying its portfolio, liquid fuels will continue to play a crucial role in energy consumption for the foreseeable future. To address this, BCP is investing in a diverse range of sustainable solutions, allocating 30% of efforts to efficiency and process improvement, 10% to green and blue carbon initiatives, and 60% to developing a green portfolio and future technologies.

A key challenge highlighted Thailand's comparatively high electricity costs, including the policies to incentivize green power development and enable third-party access to the grid, which would enhance competitiveness and accelerate the adoption of renewable energy.

**Mr. Yashovardhan Lohia**, Chairman of the ESG Council, Indorama Ventures

Indorama Ventures PCL, a global chemical company, shared its ambitious targets, including a 30% reduction in greenhouse gas emissions by 2030 and a shift towards 25% bio-based or circular feedstock. IVL's focus on advanced recycling, bio-based chemicals, and renewable feedstocks aligns closely with Thailand's Bio-Circular-Green (BCG) economic model, demonstrating how businesses can thrive by embracing sustainability.

IVL's approach aligns closely with Thailand's Bio-Circular-Green (BCG) economic model, focusing on four key areas: advanced recycling, bio-based chemicals and polymers, renewable feedstocks, and biodegradable polymers. The strategy not only addresses environmental concerns but also opens new market opportunities and enhances the company's competitiveness in a changing global landscape.

To support these initiatives, IVL has already installed approximately 35 MW of renewable electricity capacity in Thailand. However, the concerns on the country's high-power prices compared to neighboring nations, which poses a challenge to industrial competitiveness. Stronger government support has been called in developing renewable electricity infrastructure and policies that would allow for third-party access and power wheeling, which could significantly lower electricity costs and attract more investments.

The importance of a comprehensive approach to carbon footprint management is also being stressed, urging businesses to understand and measure their carbon footprint across all scopes of emissions, where IVL's focus on reducing Scope 1 and 2 emissions by 2030, with ongoing strategies being developed for Scope 3 emissions reduction.