



Carbon Border Adjustment Mechanism (CBAM) and Its Implications for Thailand

Understanding the Carbon Border Adjustment Mechanism (CBAM)

The European Union has introduced the **Carbon Border Adjustment Mechanism** as part of the European Green Deal. This is a climate policy tool that makes sure that imported carbon-intensive goods face a carbon price equivalent to EU-produced goods. CBAM covers six main types of products: **iron and steel, aluminum, fertilizers, cement, electricity, and hydrogen**. It also covers other downstream items such as aluminum cables and steel fasteners (European Commission, 2025).

Austria's Experience with CBAM

Austria is a positive example of CBAM implementation. The Austrian Ministry of Finance is responsible for issuing, verifying, registering, and collecting fees for certificates through customs procedures, and the law went into effect in 2023. The Carbon Border Adjustment Mechanism (CBAM) helps the environment, but Austria's Chamber of Industry has warned that it could slow down the economy because it will raise production costs (DITP, 2025).

CBAM Implementation Timeline and Phases



Implications and Challenges for Thailand

CBAM brings both risks and opportunities for **Thailand**. Thai exporters operating in carbon-intensive sectors will face higher costs associated with carbon certification, and supply chains will be required to comply with stricter EU environmental standards. Industries adopting clean, low-carbon technologies will achieve a competitive advantage in the European market (DITP, 2025). The measure functions as both a trade barrier and a catalyst for enhancing Thai industrial production standards in accordance with global low-carbon trends. In 2024, only about **1.7%** of Thailand's **US\$3.41 billion aluminum exports** were shipped to the EU, underscoring both the market's limited size and the need for CBAM compliance (UN COMTRADE, 2025).



Pathways for Thailand's Readiness and Conclusion

In summary, CBAM represents a significant shift in global trade policy, merging environmental protection with economic governance. Thailand should modify industrial practices, improve carbon management, and implement low-carbon technologies to ensure sustainable participation in global markets. **Collaboration with Thailand Greenhouse Gas Management Organization (TGO)** and the active execution of carbon reduction initiatives are essential for maintaining competitiveness in the EU market. As an academic institution, **the Faculty of Environment and Resource Studies at Mahidol University** is contributing to Thailand's preparedness through its **Policy Lab on Carbon Footprint** and the establishment of a **Validation and Verification Body (VVB)** for organizational carbon footprints.

References

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