

Thailand's Pathway to Energy Efficiency



The Global Climate-Energy Crisis

The progression of climate change urgently calls for global efforts to reduce the causes and attend to the consequences. Weather disasters have become five times as common in the past 50 years, with rising temperatures partially to blame. A higher frequency of floods, landslides, droughts, and fires are being observed globally. The catastrophic ramifications of these events have prompted countries around the globe to initiate plans and commitments to do their part in tackling climate change. The consequences of omitting to act could see 1.2 billion people at risk of being displaced due to climate change by 2050. Consumers and businesses alike are growing more conscious of prioritizing ESG concerns to enable more ethical consumption.

Thailand has developed a bio-circular green economy model (BCG model), which sets out four prolonged strategies to achieve a low-carbon economy with sustainable economic



development. More information on the BCG model can be found [here](#). Through this model, action has been taken to reduce GHG emissions with the promising goal of reaching carbon neutrality by 2050; however, there are also additional avenues to combat climate change issues effectively. Energy efficiency and conservation are becoming prominent in Thailand's environmental plan. Manufacturing processes, operations, and Thailand's industrial section is a valuable contributor to the country's economy. Therefore, implementing energy-efficient processes in those areas will be crucial in mitigating emissions and achieving Thailand's climate goals.

Today, energy conservation is needed for more than just environmental reasons. Economic incentives in the form of financial support are more important than ever due to rising oil prices. Oil prices remain volatile globally, with the conflict between Ukraine and Russia contributing to uncertainty. There has never been a more critical time to invest in energy efficiency. Consequently, the Thai government and relevant institutions are taking the lead in promoting investment in the energy sector, with current processes and plans already being observed, such as:

- ✓ Government agencies prioritizing campaigns in support of energy efficiency and conservation.
- ✓ Goals of a 20% reduction in energy consumption for companies.
- ✓ Goals of companies to implement a 10% reduction in fuel usage.

Thailand's Approach to Energy Efficiency

Thailand's approach includes a dedicated Energy Efficiency Plan (EEP 2018), which aims for a 30% reduction in energy consumption by 2037 (2010 is the baseline). BOI has also been extensively promoting Thailand's BCG economics model to facilitate energy conservation, savings, and efficiency. Furthermore, BOI has developed incentives for company investments that specifically relate to energy enhancement. There are six areas of investment that may be eligible for a three-year 50% CIT reduction. More information on the conditions and regulations of the scheme can be found [here](#). The types of investments that meet the BOI's criteria are as follows:

1. Alternative energy utilization
2. Energy improvement using machinery
3. Increased efficiency in research, development, or engineering design
4. Improving the efficiency of production lines to acquire an international sustainability certification
5. Adoption of digital technology that supports the EEP 2018
6. Supporting the industry 4.0 transformation

Benefits of sustainable energy

There will be a wide variety of benefits experienced because of improvements in energy efficiency. In Thailand, the National Energy Policy Council is taking proactive steps to plan and implement these improvements. Ultimately this entire process will be a driving force in fulfilling the goals within the industry 4.0 agenda. The benefits of energy efficiency include a reduction of costs for businesses in a variety of sectors. Energy conservation and efficiency will:

- ✓ Contribute significantly to productivity gains through the reduction of maintenance costs
- ✓ Improve the reliability of operations and processes to reduce the costs associated with machinery and equipment errors such as shutdowns and system failures.
- ✓ Optimize processes to reduce the human capital needed to assist operations and scheduling.

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