

Clean electricity bangkok

The call to action resonates through Thailand's corridors of power as demands surge for the nation to lead the clean energy revolution across the region, igniting economic growth.

Burin Adulwattana, the managing director and chief economist at Kasikorn Research Centre (K-Research), underscores the urgency of this endeavour, stressing its pivotal role in ensuring competitive pricing for clean energy within Thailand.

Burin issues a stark warning: failure to address this issue could lead to future trade obstacles for Thai products, arising from their greenhouse gas emissions. He points to the recent implementation of the Carbon Border Adjustment Mechanism by the EU and the US's Clean Competition measures as potential stumbling blocks for goods with high carbon footprints.

Highlighting the economic ramifications, Burin reveals that last year alone, these measures incurred an approximate loss of 18 billion baht, equivalent to 0.1% of GDP. Projections indicate this figure could skyrocket to 167 billion by 2026. If stringent measures are adopted universally by developed nations, Thailand may be staring at a staggering impact of up to 32% of GDP, said Burin.

Decarbonisation, digitisation, and deglobalisation are the key global trends. Capitalising on these trends could yield neutral outcomes, but neglecting them could spell doom for the Thai economy.

With generative artificial intelligence poised to drive demand for data centres, Thailand finds itself in a promising position, ranking third in Southeast Asia in terms of data centre size, trailing only behind Singapore and Malaysia. Forecasts suggest a substantial investment surge in Thai data centres, reaching up to US\$7.8 billion (approximately 279 billion baht) between 2024 and 2027, dwarfing Malaysia's anticipated investment of US\$23.4 billion.

This surge in data centre investment is anticipated to inject approximately 540 billion baht, equivalent to 2.3% of GDP, into the Thai economy by 2027. Burin advocates for Thailand to seize the opportunity and champion clean energy, leveraging potential advantages over regional counterparts and accelerating development timelines.

Economic growth obstacles

However, Burin flags educational barriers and ageing demographics as persistent hurdles to Thailand's long-term economic prosperity, necessitating sustained efforts for resolution. He underscores the critical role of energy costs in business operations, emphasising the ripple effect of transitioning to clean energy across various sectors.

The Thai government's inclination towards clean energy initiatives, such as green electricity development, is commendable.

Thailand's target of sourcing 30% of its electricity from renewable sources by 2030 aligns it with regional peers, albeit falling short of Vietnam's more ambitious goal of 50%.

Despite the potential to meet domestic electricity demand sustainably, Thailand grapples with comparatively higher electricity prices vis-à-vis regional counterparts like Malaysia, Vietnam, and Indonesia. Nonetheless, the plummeting cost of solar energy, now 76% cheaper than a decade ago, positions it as a compelling alternative to fossil fuels.

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