

Source :

The Nation

Date : 3 MAR 2016

Page :

1B

No :

## BRAZIL TO CHALLENGE THAILAND OVER SUGAR SUBSIDIES

Brazil will challenge Thailand at the World Trade Organisation over subsidies for sugar producers that it says have dragged down global prices for the sweetener, the Brazilian Trade Ministry said yesterday.

Brazil said the Thai government has given support to cane growers and sugar mills that is inconsistent with international trade agreements, allowing the Asian country to win market share at the expense of Brazilian producers.

"These subsidies have been subject of several questionings at different committees in the WTO, but we saw no signs of changes," the Trade Ministry said in a statement.

Although WTO cases take years before a ruling is reached, the move could potentially shake up the global sugar market, given that Brazil and Thailand are the world's two largest exporters of the sweetener.

Last year, Brazilian sugar producers said they were gathering evidence to launch the case against Thailand and India for subsidies they say could cost them US\$1.2 billion (Bt42.7 billion) a year in revenue.

Brazil said Thailand's favourable policies towards its sugar sector had the effect of raising the country's exports as a share of the global market from 12.1 per cent to 15.8 per cent in the past four years.

Over the same period, Brazil fell to 44.7 per cent from 50 per cent, according to the ministry.

Thailand said Brazil's claim was baseless.

"There is no government subsidy. Everything is consistent with trade agreements," said Worawan Chitaroon, deputy secretary-general of the Cane and Sugar Industry Policy Bureau under the Industry Ministry. Monetary support received by Thai sugar producers came from the country's Cane and Sugar Fund, which raised the money itself, she said.

When the fund did not have enough money, it sought loans from the state-owned Bank for Agriculture and Agricultural Cooperatives, but the government did not have any role in this, she said.

Brazil's cane industry group Unica has been asking its government to take action against Thailand and India for some time.

It blames the policies of the two Asian countries for stimulating sugar production over a period when the commodity endured a long cycle of low prices that only now seems to be ending. - Reuters