MiC | MATICHON INFORMATION CENTER

Subject Heading :

59463922

Source : BANGKOK POST

Date : 12 OCT 2016 Page : B2

No :

COMMODITIES

Cabinet approves sugar restructuring

CHATRUDEE THEPARAT B2

The cabinet yesterday approved a proposal to overhaul Thailand's sugar production and distribution systems for the first time in over three decades to ensure fairness to all stakeholders and avoid being challenged by Brazil at the World Trade Organization (WTO).

Kobsak Phutrakul, assistant minister to the Prime Minister's Office, said the current 70:30 profit-sharing system that has been in place since 1984 will be revoked to allow the floating of domestic sugar prices.

The Industry Ministry is expected to draft a new act to govern the cane and sugar industry, which is scheduled to be completed next year.

Mr Kobsak said the ministry already conducted a cane and sugar development plan for 2016-21 that covers a new Cane and Sugar Act and other related laws and regulations as well as requirements for the country to use cane and sugar in making other products such as ethanol, bioplastics, biochemicals and others.

The long-term plan also calls for an increase in cane and sugar productivity, upgrading production standards, stabilising prices and establishing a research and development institute to raise Thai competitiveness.

The 70:30 profit-sharing system between sugar millers and cane growers uses monetary support from the Cane and Sugar Fund to help Thai cane producers. The fund raises the money itself, largely from yearly sugar sales.

When the fund does not have enough money, it seeks loans from the state-owned Bank for Agriculture and Agricultural Cooperatives.

The new development plan aims to revoke the sugar quota system, which set aside three quotas each year to prevent a sugar shortage. Quota A sets aside 2.2-2.5 million tonnes of sugar for domestic consumption, quota B is for state-run sugar exports and quota C sets the quantity to be exported by private sugar millers.

Brazil is challenging Thailand over its subsidies for sugar producers that it says have dragged down global prices and allowed Thailand to win a larger market share at the expense of Brazilian producers, conduct that is not in line with international trade agreements.

In a related development, Nathaporn Chatusripitak, an adviser to Commerce Minister Apiradi Tantraporn, said the cabinet also approved yesterday draft amendments to the Trade Competition Act. The amendments aim to prevent unfair trade practices, ensure fair competition and attract more investment to Thailand.

The salient points are adjusting the degree of penalties to match the gravity of the unfair practices, setting up an independent regulatory body to oversee trade competition, and covering state enterprises that run businesses that compete with the private sector.

The amendments also redefine the term "market domination" to cover businesses run by subsidiaries under the same group both vertically and horizontally. The Act defines market domination as a market share in the previous year of at least 50% and annual sales of at least 1 billion baht.

Since the act came into force in 1999, 85 cases have been filed with the Office of Thai Trade Competition Commission for vetting, but no case has reached a ruling.