

**SUGAR**

# Domestic cane prices to float

LAMONPHET APISITNIRAN B1

Thailand will revoke its 30-year-long quota subsidies system and domestic sugar prices control by the end of this year to avoid being challenged by Brazil at the World Trade Organization (WTO), says Industry Minister Uttama Savanayana.

Brazil has alleged at the WTO that Thailand subsidises its sugar producers, dragging down global prices.

Thailand will revoke its current 70:30 profit-sharing system between sugar millers and cane farmers that provides monetary support from the country's Cane and Sugar Fund to cane producers.

The system has been in use for more than 30 years.

"Thailand is prepared to defend itself against accusations by Brazil at the WTO meeting March 6 to 8," Mr Uttama said.

Thailand is the world's second-largest sugar exporter after Brazil.

A source from the Office of the Cane and Sugar Board said that, under its sugar industry restructuring plan, the board will float domestic prices in October and revoke

the 30-year-old quota system by the end of the year.

The government believes that floating domestic sugar-cane prices will help cane farmers grow sustainably, making the market fairer.

At present, the sugar quota system sets aside three amounts each year to prevent shortages: Quota A sets aside sugar for domestic consumption, Quota B is for state-run sugar exports, and Quota C sets the non-government quantity to be exported by private sugar millers.

The government will cancel the quota system to build a buffer stock.

The industry source said the government is concerned that traders will export sugar cane when global prices exceed the fixed retail price of 23 baht per kilogramme, set by the Commerce Ministry to keep food and drinks prices and the inflation rate under control.

"We have to work together with the Commerce Ministry to manage the system," the source said. "We won't lose the Brazil case about farmer subsidies. And we have to take care of the domestic impact as well."



**Uttama: Ready to take on Brazil charges**