

## FARMING

# Sugar industry bows to WTO pressure

CHATRUDEE THEPARAT 3

The cabinet has agreed in principle on four sugar-related regulatory announcements which pave the way for the revocation of the fixed retail price so as to meet World Trade Organisation (WTO) rules.

They were drafted by the Cane and Sugar Board.

A cabinet source said these announcements would set the stage for the floating of sugar prices, which will then move in line with the global market.

"These draft announcements will be forwarded to the Council of State [the government's legal arm] for urgent consideration and they are expected to be published in the *Royal Gazette* soon," the source said.

One draft announcement deals with payment for sugar cane and sugar production costs as well as the profit-sharing system between sugar millers and cane growers.

Another concerns storage, transport and sales.

The third involves regulations on exports and the final one involves reworking the operation of the Cane and Sugar Fund.

The fixed retail prices of domestic sugar will be lifted, according to the source.

The price is currently fixed by the Commerce Ministry, while the price of the commodity coming out of sugar plants is controlled by the Industry Ministry.

The Office of Cane and Sugar Board, the source said, will be responsible for surveying sugar prices in the market for one month before coming up with a calculation method for a monthly levy on sugar millers, which would be given to the Cane and Sugar Fund.

The Industry Ministry intends to align the domestic cane and sugar system to conform with WTO regulations and the Asean Free Trade Area.

Consumers are currently forced to buy sugar at above-market prices because the government added a five-baht per kilogramme surcharge to the domestic retail price in 2009.

This surcharge is collected by the Cane and Sugar Fund, which uses it to help subsidise farmers' earnings in years when the global sugar price slumps.

Including the five-baht surcharge, the domestic retail price is fixed at 23.5 baht/kg.

A floating retail price, the source said, would help reduce the domestic retail price so it falls in line with the global market, the source noted.

Thailand, the world's second-largest sugar exporter, has been accused in the World Trade Organisation by Brazil, the biggest sugar exporter, of subsidising sugar production and making sugar from other places relatively uncompetitive in the global market.