

Countermeasures on Agricultural Trade Liberalization in Thailand

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ABSTRACT

In the age of globalization, each and every nation has been attempting to create borderless economy by the liberalization of trade. Thailand engaged itself in the bilateral and multilateral Free Trade Agreements (FTAs) with the aim of achieving the opportunities and benefits that will be obtained from FTAs. Thailand is one of the founding countries of the Association of South East Asian Nations (ASEAN) and its very first trade agreement was named as ASEAN Free Trade Agreement (AFTA). Likewise, it has done several further agreements on free trade with non-ASEAN countries. Being an ASEAN member country, Thailand and its partner countries have been agreed to create a single market and production base by the free flow of goods, services, investments, capital and skilled labor. The FTAs fetch several benefits to the development of economy of the countries.

Agriculture is a crucial sector in the economy of Thailand since it is one of the major sources of export earnings. The country has liberalized the agricultural trade sector by minimizing tariff and non-tariff barriers on the majority of its agricultural products. However, its dark side is that, FTAs can induce negative consequences on the agricultural sector of the country by intensifying the trade competition among the partner countries. The producers and/or farmers, exporters are most likely to suffer from FTAs negative impacts. It should be a must for the government to adjust and restructure the agricultural sector to protect the farmers from impacts of trade liberalization thereby fully enjoying the benefits of the existing FTAs.

This article reviewed the policies, support programs and assistant schemes that the government of Thailand has provided to the farmers and the agricultural sector so as to strengthen the competitiveness of the country's agriculture and to minimize the negative impacts from agricultural FTAs. Furthermore, the likely impacts of these government- supportive programs and assistance scheme on the agricultural sector were also reviewed and summarized.

Keywords: Trade Liberalization, Agricultural Policy, ASEAN Economic Community (AEC)

INTRODUCTION

In the new age of globalization, each and every country has been urged to create the borderless economy by opening up its boundaries. Thailand has also been performing liberalization of its trade sector partly under the influence of the World Trade Organization (WTO). Thailand started to join the Association of Southeast Asian (ASEAN) Countries in 1992 and is one of the founding members of the ASEAN. The very first Free Trade Agreement (FTA) of Thailand was initiated namely the ASEAN Free Trade Area (AFTA). Thereafter, Thailand has continued further agreement with certain countries from Asia and Europe which are China, Japan, India, Peru, Australia, New Zealand, the US, and Bahrain. At the same time, an agreement named as the Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation (BIMSTEC) was joined by Thailand. (ITD, 2010)

Agriculture is one of the major sources of export earnings and plays a pivotal role in the economy of Thailand. Production from agriculture has also increased substantially. Thailand has likewise engaged itself in inter and intra-regional free trade agreement to create trade opportunities and remove the trade barriers. Thailand has liberalized the agriculture sector by opening up the international market so as to achieve benefits offered from FTAs.

It is undeniable that FTAs can impose several kinds of positive and negative impacts on the agriculture sector. The free trade agreements of agriculture can intensify the trade competition of its domestic producers and/or farmers among its partner countries in the newly established international market with minimum trade barriers. The exporters, importers, agro-industries and the farmers are most likely to be affected by FTAs. The disadvantaged community, which are small-farmers have been struggling under tough competition induced FTAs. Several negative impacts would likely to be suffered due to the initiation and enhancement of FTAs. There is a strong need for the government to adjust and restructure the agricultural sector to protect the farmers from the impacts of trade liberalization thereby fully enjoying the existing benefits of FTAs.

This report reviews the underlying measures and attempts of the government of Thailand to minimize and/or counteract the likely negative impacts of FTAs on its agricultural sector; thereby helping it improve its competitiveness among the trade-partner nations in international free trade.

ASEAN Economic Community (AEC)

Thailand is one of the founding members of the Association of South East Asian (ASEAN). There is high number of opportunities and benefits that Thailand can achieve through trade. The ASEAN Economic Community (AEC) has been the final destination of economic integration of ASEAN countries. According to AEC blueprint, ASEAN will be a single market and base of production which comprises of **free flow of five major elements a) goods, b) investments c) capital and d) skilled labor**. Developing ASEAN as a single market for goods and services will promote the facilitation for the production networks in the ASEAN member countries and the

ASEAN will become the hub of global production and one critical part of the world supply chain.

The ASEAN has achieved the significant success on **removal of tariffs and the elimination of non-tariff barriers** has been under progress as well. The common preferential tariffs (CEPT-AFTA) for the ASEAN free trade area will be enhanced and become a comprehensive agreement for the free flow of goods which is the need of ASEAN for economic integration in 2015. The removal of tariffs on intra-ASEAN goods has been done in accordance with commitments set in the **CEPT-AFTA** and other agreement protocols. In addition to significant progress in tariff liberalization, towards 2015, ASEAN has been focusing on elimination of non-tariff barriers.

Intra and Extra ASEAN trade of ASEAN's food, agriculture and forestry products and their long term competitiveness has been enhanced by several actions by implementing CEPT-AFTA schemes for agricultural and forest products. This is done through the application of fisheries quality management systems to ensure the competitive position of ASEAN fishery products and establishing the good agricultural/aquaculture practices for the agricultural products which have significant potential for trading in the ASEAN market. Several actions in the promotion of ASEAN agricultural cooperatives have been done to boost the market access of agricultural and fishery produce. This is through the establishment of linkages among the **agricultural cooperatives** within the ASEAN and enhancement of direct investments and partnership among the ASEAN agricultural cooperatives producers, consumers and traders.

In addition to the free flows of goods and services, a **regime of free investments** is crucial to improve the competitiveness of the ASEAN for attracting the foreign direct investments as well as investments within ASEAN members. The attempts for promotion of free investment include expanding non-discrimination among investors in the ASEAN with limited exceptions, and eliminating restriction on the entry of investments from abroad.

Transport cooperation is vital for increasing attractiveness of the ASEAN as a single hub of production, tourism and investments. ASEAN members have been endeavoring by their regional efforts on transport facilitation and logistics services, thereby promoting linkages of multimodal transport infrastructure, tourism integration and air and maritime transport sector liberalization.

ASEAN members have the different levels and degrees of development. There is a need for ensuring the integration of the ASEAN economy, by technical and development cooperation so that the development of the least developing member countries are accelerated and all the members will be able to fully enjoy the benefits of ASEAN integration.

The initiative for ASEAN integration (IAI) paves the way for the collective actions and efforts to narrow the gap of development within the ASEAN and with other regions of the world. IAI has been giving priority on the area of infrastructure, human resource development, capacity building, energy, tourism, poverty reduction, investment climate and enhancement of the quality of life.

ASEAN has been engaged in an increasingly global market in order to compete internationally, become a strong part of the world supply chain and look outside boundaries of AEC. (AEC blueprint, 2012)

Measures for trade adjustment of Thailand

There are two major kinds of support or assistance that the Thai government has been providing to local farmers to help them face the challenges and opportunities that would be induced by Agricultural Trade Liberalization. The first type of support which is known as “general assistance measure” is aimed at farmers, entrepreneurs and workers who have been **suffering from impacts with regard to economic conditions, competition and trade and economic policies within the country due to trade liberalization**. The purpose of the second type of support namely “adjusting mechanism measure” is to develop a mechanism **to adjust the direct impacts induced by FTAs** specifically those that pertain to agriculture, industrial and service sectors.

General assistance measures

The first kind of assistance, which is called general assistance is carried out by government agencies to the production and service sector including agriculture. The assigned agency from government has to operate a certain number of projects in order **to reduce the impacts from FTA and to enhance the competitiveness of its domestic producers thereby being able to fully grab benefits that would be obtained from FTA**.

With emphasis on the agricultural sector, the Ministry of Agriculture and Co-operatives has been providing such kind of assistance to farmers and farmer groups. The assistance was in the terms of projects and activities. The project named “**the Agricultural Royal Projects of His Majesty the King**” had given a wide variety of support to farmers within the country. (Kenan Institute of Asia, 2010)

Since 1950, the majesty king Bhumihol has been initiating several development projects on agriculture that serves for the betterment of Thailand and paves the way for the righteousness to benefit its people. Since 1998, there were 2,159 projects for the development of agriculture and rural development which was launched by the majesty king. Those development projects were aimed **at enhancing the living standard of the poor people who are engaged in agriculture and reside in the remote rural regions of the country**. These projects were meant to be the kind of **general assistance** of government to **the improvement of living standards, raising income, and securing livelihood of the farmers**.

The king has learned first hand about the lives of his people regarding their livelihood problems, because of this, he paid a visit to the different remote regions in the country. In 1988, this kind of set up led to the founding of the Chaipattana which provided funds and helped to develop and accelerated beneficial development projects and programs to the farmers and the country as a whole.

In 1988, he established the **Chaipattana Foundation** to fund and help in accelerating rural development projects that are beneficial to the people and the country as a whole. The royal development projects cover the whole range of the problems of rural Thailand people. These projects range from the introduction of the new crop variety to water conservation, and preservation of natural forests. The purpose of all these projects was **to create sustainable development, by preserving the natural environment and resources for the use of future generation**. These development projects of the kind majesty can be divided into different categories as summarized below;

1. The Projects which are launched owing to the majesty wishes by conducting his own research and experiments. With the private of the king and recommendation from the expert of different fields of development, these projects were initiated. The project yield successful results. The king spread the results to the government sector to broaden these developments.
2. The royal projects: these were the private projects of the King and Queen, which include **the projects of crop substitution and watershed areas preservation in the northern part of Thailand**. The purpose was to retard opium farming deforestation, and the shifting cultivation method of hill tribe of Thailand which could ultimately lead to loss of forest area. The king gave several advice and support to those hill tribes to enable them to **achieve a better secure income** through growing of upland fruits and vegetables which have high market potentials.
3. The Projects under Royal Patronage: These are the projects of the king including dispensing advice to the private sector, using their own funds, technical and human resource.
4. The Royal-Initiated Projects: These are projects which His Majesty initiates, and gives advice to government agencies concerning necessary studies and implementation. (the Government Public Relation Department, 2015)

Agriculture has been one of the major categories that the government has been targeting to assist several activities which belong to the royal project. The following support have been given to the farmers:

- Building capacity for agrarian communities within the country
- Accounting training for farmers
- Substitution plan of different occupation for regions where there is off season for paddy growing
- Support for buying land for the resources of poor farmers
- Encouragement for improving quality and marketing of farm products
- Developing mobile agricultural clinics
- Bank project for cows and buffaloes
- Release of loans for poor farming households (Kenan Institute of Asia, 2010)

Adjusting mechanism measures for handling impacts from FTA

Thailand Constitution has designated that the government will attempt to minimize the impacts of FTAs in a suitable, rapid and fair way, should there be negative impacts on economic and/or society under the free trade agreements.

Comprising the ongoing measures are the building up **several types of funding for the adjustment, rehabilitation and assistance** of the local producers and/or farmers who have lower level of competency and suffering from the increasing amount of imports under the trade liberalization. There have been certain numbers of laws enacted to develop countermeasures to the impacts from trade liberalization and thereby safeguard the domestic production sector from the increased competitiveness under FTA. (Kenan Institute of Asia, 2010)

The agricultural production restructuring fund (FTA fund)

This scheme is carried out by the Ministry of Agriculture and Cooperatives. The intention was to support financial capital in carrying out the development of restricting agriculture, improving effectiveness of agricultural production, and facilitating distribution channel. This fund has been performing as a remedy for farmers who have been affected by free trade by providing them compensation so they are able to adjust their agricultural production, increase product quality, and add greater value to agricultural products.

Being a member of the ASEAN, Thailand has been setting up plans to prepare for the implementation of economic integration of the ASEAN Economic Community (AEC) in 2015. The Ministry of Agriculture and Cooperatives has stated that the establishment of FTA fund was in preparation for Thailand farmers to adapt themselves to the new situation of trade liberalization to enable them to **strive for effective competitiveness in the ASEAN market**. The Agricultural Economics Office under the Ministry of Agriculture and Cooperatives has developed campaigns for developing FTA Fund, with the aim of developing supportive activities so as to minimize the negative impacts that the farmers have been suffering from the results of FTAs. The ministry has launched FTA Fund on 20th July 2004 for the purpose of supporting farmers and enhancing agricultural competitiveness in the global market.

FTA fund has been functioned as a financial source which makes farmers enable to enhance the efficiency of production. The supportive measures from this funds are in terms of research and development, factors of production, technology and training. The support and assistance have been offered via assigned projects which help local farmers engaged in pigs, tea, coffee, garlic, rice, oil palm, beef cows and dairy cattle. (The Government Public Relation Department, December 2014)

With regard to **“Shallot Farmers”** within the country, the FTA fund has made a budget approval of 160 million THB specifically to Local Shallot farmers to help them to be able to cope with the

incidence of competition in global market that would be induced by ongoing and upcoming free trade agreements with ASEAN membership countries.

This scheme was one of the government measures that gives support to the agricultural production sector in order to enhance the competitiveness of Thai farmers in the ASEAN market. The driver for this support scheme was started from the farmers' fear and the government officials needing help when there was competitiveness which came from the introduction of massive amount of low cost red onions from China and India under the free-trade agreements.

One of the North Eastern provinces of Thailand, named Sisaket is a region known for its shallot production which contributes, about 60% of the country's total shallot production. The shallot growing farmers from this province have submitted a draft to develop a plan asking to the government officials for help that would be obtained under this supportive scheme of the FTA fund.

With the fund received from this scheme, the development of qualified plantation of shallots and adoption of good agricultural practices to produce and export qualified safe vegetables which have high commercial values in ASEAN market will be carried out. In addition, the Research and development will be performed with emphasis on increasing yield and enhancing quality and processing the locally produced shallot by value addition. The formulation of marketing strategy will be performed for trade of the country's shallot to both domestic and ASEAN market. In spite of the fact that the shallot has been only under the Indian & China trade agreement of the local shallot still has high potential for export to other partner countries which include Brunei, Singapore, Malaysia, Indonesia and Japan.

The approved amount of FTA fund will be used for giving support to shallot farmers for value addition such as exporting frozen and/or dried products of qualified and safe long shelf life for shallots aimed at the global market. (Pratruangkrai, 2011)

Similarly, a challenge induced by the increasing number of lower priced "**Fishery Produce**" from the neighboring countries under the ASEAN free trade market, the development of Thailand fishery products has been pursued by the Free Trade Agreement Fund officials by focusing on the procurement and processing of a freshwater fish named gourami which are farmed in Chachoengsao province. Value addition to Thai aquaculture products have been encouraged to assure them to be competitive and for them to be able to fully grab the opportunities of the free trade agreement.

Thailand has over 5,000 fishermen/farmers of Gourami fish which are cultured in over 20,000 hectares and have been trading with the yearly value of Bt 1.5 billion. The majority of its production comes from farming/ aquaculture and only a few percent come from natural fresh water resources. The result of cheaper products of this fish from neighboring countries was due to lower production cost.

The specific FTA fund will contribute to the enhancement of Thai fishery products by the value addition and support to fishers and processors thereby promoting adoption of new production technology at the same time. The focus of all these development plans initiated and supported by the FTA fund is farming and processing of fishery process in an environmentally friendly manner. Thai fishermen and producers of fishery products will have a chance to access to foreign market. The commercialization of five competitive fishery products will also be performed in accordance with the plan of FTA fund. (Pratruangkrai , 2012)

Direct payment program with price insurance scheme

The Thai government has implemented a new approach in the price insurance scheme under agricultural support. A direct payment program which was based on price insurance is replacing the indirect support for rice, corn and tapioca. The scheme of price insurance is established with the aim **of providing direct payment to farmers** who are eligible. The payment was based on the amount of difference between insured prices and a benchmark price without consideration for the prices that the farmers are receiving in the market.

The Thai Government has set up the final insured prices of paddy on September 22nd of 2009 in their cabinet meeting. Setting up the insured prices of rice is based on the average amount of production costs and a revenue margin of 30% to 40%. Based on the weighted average of wholesale paddy prices, the very first benchmark prices were set up on 5th October of 2009. On every first and 16th day of the individual month, the benchmark prices will be built up.

The paddy farmers who had registered for the direct payment program in October of 2009 received 1194 baht per ton of paddy which is the difference between the insured price and the benchmark price). The limitation has been set up for compensation program with a maximum of 25 tons per household which all adds up to a total of 29,850 baht.

This insurance program has been planned to target small-scale subsistence farmers to grab its full benefit. The compensation has been made by directly transferring to eligible famers from the Bank for Agriculture and Agricultural Cooperative (BAAC). (Prasertsri, 2009)

Investment plan for improving transportation sector for enhancing the competitiveness of the country

With the objective of providing better opportunities to **enhance Thailand competitiveness to prepare for the implementation of AEC**, the Office of Transport and Traffic Policy and Planning and the State Railway of Thailand under the Ministry of Transport, has set up development plan for improving transportation sector. An eight-year investment planning for the improvement in transportation from 2015 to 2022 was acknowledged by the Thailand Government Cabinet. That plan includes development of mass rapid transit (MRT) system in Bangkok and its vicinity, dual trucks, water and air transport networks and public transport.

In the case of the MRT system improvement in the Bangkok area, new four routes will be constructed, namely Purple line, Blue line, Green line and Red line: 23-km from Bang Yai to

Bangsue, 27km Hua Lamphong to Bang Khae, Bang Sue, and The Phra, 12.8 km from Bearing to Samut Prakan and 26 km from Bang Sue to Rangsit respectively. In addition, a 32 km new motorway from Pattaya to Map Ta Phut will be built in the upcoming fiscal year of 2015. Meanwhile, four-lane highways and highways networks connecting with neighboring countries will also be expanded.

The two projects for improving water transportation networks include the building of a pier and the Single Rail Transfer Operator at the Laem Chabang Port in the province of Chon Buri. Likewise, in terms of air transport improvement, a wide range of projects have been carried out at Suvarnabhumi Airport. These projects are aimed at developing a reserve runway, an airside, a multi-terminal, and public utilities. Plus, expansion of the Phuket International airport for increasing carrying capacity of it to deal with the growing number of passengers which would be a result of trade liberalization and frequent visit to Thailand for business purposes.

Most importantly, the ministry of transport has discussed with the Royal Thai Navy regarding the planned transformation of the Chon Buri U-Tapao airport into a commercial airport. The purpose of this plan is to facilitate the transportation of goods and passengers by linking Suvarnabhumi with U-Tapao Airports. This is expected to be finished by February of 2015. (The Government Public Relation Department, October 2014)

Production cost reduction scheme for Thai farmers' happiness

The Prime Minister of Thailand has shown the government's **attempt to promote the improvement of rice quality and the reduction of farming costs** in 2014 in order to enhance the efficiency of rice cultivation. The government has launched a supportive project in 2014 to farmers. It is aptly called "Production Cost Reduction Scheme for Thai Farmers' Happiness."

The Thailand Ministry of Commerce is responsible to work on this scheme with traders of production factors with the aim of reducing cost for rice farming by issuing comprehensive measures and providing support to farmers around the country. In addition, the officials have been planning to establish an institute for Thai Rice Commercial Development. The officials have paid visits to various locations across the country prior to the coming harvest season. The farmers have stated their problem mainly on market prices of rice. The government has attempted to raise prices of paddy to help farmers solve their problems. It was expected that about 5% of the paddy price will be at approximately 8500 baht per ton.

Plus, there will be a discussion panel to find solution to the various issues of farmers with five farmer representative organizations, which are the Thai Farmer Support Association, the Community Rice Center Network, the Thai Farmer Network Association, the Thai Farmers Association, and the Thai Agriculturist Association, to brainstorm efforts for rice prices stabilization. The rice millers and exporters will participate as well.

The prime minister has expressed that law enforcement on rice stock inspection will be strict. The official will be assisting in supporting funds, loans with low interest for silos owner farmers in the Upper North and Northeastern of the country. The intention is to help in the stocking of

rice and selling them at suitable price. The bank of Agriculture and Agricultural Cooperatives has been proceeding with the rice insurance scheme in 2014 production year and has also been encouraging more and more farmers to participate in it so as to minimize risk imposed by natural disasters. The Government of Thailand has been taking good care of farmers. Problems faced by farmers will be tackled through both short-term and long-term measures. (The Government Public Relation Department, September 2014)

Started in 2014, an assistant measure was agreed by the government with the aim of supporting agricultural production and helping the farmers by providing subsidies of working capital to cover the production costs of specific crops. Thereby the provision of this subsidy as a source of working capital, the farmers will be able to offset the high initial cost of growing their crops.

Under this scheme, the farmers growing rice will have the opportunities to obtain the subsidized financial capital at the rate of 1000 baht per rai. The maximum available amount of subsidy was limited to 15,000 baht for farmers growing their crops at 15 rai and above. The government has made a disbursement of 40,000 million baht on this scheme.

The Bank for Agriculture and Agricultural Cooperatives (BAAC) has operated this scheme and assisted the farmers and developed the productions of farm produce. Currently, there have been 2.8 million farming households registered, which is 88% of the total farming households (3.49 millions) within the country. The payment has been done by the direct transfer of subsidized money to the bank accounts of registered farmers.

On 20th October of 2014, the BAAC has given this subsidy for the farmers growing rice in the production year of 2014/2015 to eight pilot provinces. The total disbursement of this scheme was a total of 176.10 million baht for the eight pilot provinces namely lop buri, khon kaen, sisakaet, maha salakhm, urin, phi jid, kam pang pat and phit sanu lok. (Table 1)

Table 1. The amount of subsidized financial capital and the number of farmers who received subsidized capital in eight pilot provinces

No.	Names of provinces	Number of farmers	Amount (million baht)
1	lop buri	684	9.20
2	khon kaen	2,407	26.90
3	sisakaet	5,223	60.60
4	maha salakhm	1,476	16.50
5	surin	195	2.30
6	phi jid	961	13.50
7	kam pang pat	2,990	42.00
8	phit sanu lok	375	5.10
Total		14,311	176.10

Source: KU OAE (2014)

On November 26th of 2014, the implementation of this scheme was launched and the fund was provided to 1,296,408 households of six different regions of Thailand, which represent a total farming area of 15.3 million rai of rice. The total amount of fund supported was 15,301 million baht. (Table 2)

Table 2. Performance measures compensation to farmers who produce rice at 1,000 baht.

Regions of Thailand	Subsidization of Funds to Farmers for Production Cost Reduction Scheme		
	Number of Households	Amount of Farm size (Rai)	Amount of subsidized capital (THB)
North	95,852	847,051.50	847,051,500
Northeast	862,451	9,913,993.75	9,913,993,750
Central	279,560	3,807,838.00	3,807,838,000
Eastern	31,904	425,119.50	425,119,500
Western	26,271	304,897.50	304,897,500
Southern	370	2,283.50	2,283,500
Total	1,296,408	15,301,184	15,301,183,750

Source: KU OAE (2014)

Fund for the adjustment of the production and service sectors affected by trade liberalization

This fund is operated by the Ministry of Commerce. It is a form of assistance to the manufacturers and entrepreneurs of processed agricultural products, industrial products and service businesses affected or expected to be affected from trade liberalization. The fund cannot be requested by individual businesses, but rather by groups of manufacturers or entrepreneurs, who must prepare a project to request for funding. The group can request funding through related government agencies or trading institutions, including the Federation of Thai Industries, the Thai Chamber of Commerce and other industrial trading associations. In this regard, there are five forms of assistance, as follows:

- Research and development
- Provision of advisors to assist in business improvement
- New occupation training for workers
- Activities that have an impact on consumption and marketing support in production and service sectors
- Training on knowledge enhancement for adjustment

Measures to protect against increased imports Act

The act has come into effect since April 2008 with the purpose of maintaining the interest of the country on trade and preventing the trade liberalization's potential negative impacts. The World Trade Organization (WTO) has permitted this measure to be used by the member nations so as to protect the country's agricultural sector from facing increasing loads of competition from FTA. In addition, the following measures are also performed by the Thai government to protect its agricultural sector.

Provision of knowledge and information concerned about to the farmers residing in remote and rural areas through a wide range of media such as newspapers, radio, internet and the campaign and arrangement of seminars regionally within the country.

Establishment of an FTA call center: This plan is performed for the provision of information about the progress and development of trade agreement and negotiations with abroad, changes of tax rate, rules and laws of trade and their changes, etc to the public, farmers and entrepreneurs. The center has been focusing on providing information in a quick and convenient way thereby developing intimate interactions and relationship between the government and public. (Kenan Institute of Asia, 2010)

The establishment of the national bureau of Agricultural Commodity and Food Standards (ACFS)

Thailand has started to join the World Trade Organization (WTO) as a founding member and have done the commitment to reduce the tariff and trade barriers. In accordance with WTO obligations, Thailand has actively participated in international trade of food and agricultural products. In 1997, **the Bureau of Agricultural Commodity Standard and Inspection** was established to carry out the case of the non-tariff trade barriers and to develop the nation's agricultural commodity standards in line with international standards and it was serving as the only national focal center to coordinate with its partners from nation and abroad.

The main non-tariff barriers on agriculture and food trade that the Bureau of Agricultural Commodity standard includes the Sanitary, Phytosanitary and the Technical Barrier to Trade (TBT). Within the country, the bureau works in coordination with the related departments to provide better services to the sector of agricultural and food industries. In 2002, the National Bureau of Agricultural Commodity and Food Standards (ACFS) were launched under the National Administration Act B.E. 2534. This newly established ACFS bureau has been serving as the nation's focal center to control the agricultural and food products by standardizing along the whole supply chain. The ACFS bureau is in charge of accrediting the Certification process of food and agricultural commodities by negotiating with the trading partners from countries, so as to lower the non-traffic barriers to trade and enhancing the competitiveness of Thailand's Agricultural and Commodity standards in the international market.

ACFS recognizes that trading of food has been playing a crucial role in the world food security and ensuring that the trading of food does not affect and jeopardize the food security of the world. The trade of food and agricultural products has been accelerated and the non-traffic barriers are becoming important requirements for trade. ACFS has been endeavoring for the safety of food and agricultural commodities of Thailand to achieve highly safe and qualified products for the sake of domestic and international consumers, thereby enhancing the competitiveness of the country's agricultural products.

The main responsibilities and functions of ACFS are as follows;

- Control of Food standard
- Setting up the standard for agricultural systems, commodity and food items, and food safety
- Accreditation of certification bodies
- Promotion of standard compliance for farms and food establishments.
- Dialogue and negotiation with international trade partners on disputes concerning SPS/TBT, non-tariff barrier issues (The National Bureau of Agricultural Commodity and Food Standards, 2011)

CONCLUSION

In the new era of globalization, the economy of Thailand has been opened up by the trade liberalization. The country has engaged in regional and bilateral FTAs with the aim of boosting its economic growth. Agriculture has been playing a vital role in the country's economy and the government has done liberalization of agricultural trade. The agricultural trade liberalization can create opportunities for economic growth, and at the same time it can impose several negative consequences on the agricultural sector of the country. Trade openness creates and intensifies the trade competition among the partner countries. The most vulnerable groups include the farmers, producers, exporters, and importers. The farmers and producers of agricultural products are prone to suffer from competition induced by trade liberalization due to increased number of imports from partner countries.

In order to grab the full potential benefits from current and upcoming FTAs, the government has the need to make necessary adjustments policy to help farmers and/or producers within the country. The Thai Government has been implementing the policies and setting up the development plans for the agricultural sector with the focus of enhancing its competitiveness. The good examples of adjustment and assistant policies can be seen as 1. Provision of FTA fund to the farmers who have been suffering from the trade competition under the FTAs, 2. Planning for improving transportation sector for enhancing the competitiveness of the country, and 3. Direct payment programs.

In case of scheme of **provision of FTA funds** to the farmers, this scheme can perform as a financial source to support working capital to the farmers who are growing their own specific crops. The farmers have been under threat of increased competition from FTAs for the production of agricultural crops. This fund has been implementing several supportive measures by provision of loans, research and development, capacity building, etc. The farmers have received a wide range of benefits in terms of financial capital, technical support and knowledge. The farmers obtained chances for improving the competitiveness of their crops in the market with the loans and support given by this fund. The production of high qualified crops which have high competitiveness in the international market, has been carried out by the development of plantation and adoption of good agricultural practices with FTA funds. In some cases, the value addition has been done by adoption of new technology. Examples of this includes the experiences in shallots and fishery products. Likewise, the **Direct Payment Programs** with the insurance scheme, is aimed at restructuring agriculture, and supporting farmers' income, These have brought several benefits in terms of financial capital.

Regarding the production cost reduction scheme of government for rice farmers, KU OAE Foresight Center (KOFK) has performed the study on the impact of this subsidization scheme on the agricultural economy according to the analysis of the data that they got from the interviews with the rice farmers. According to the result of the analysis, forecast on the agricultural economy has been done.

This scheme of production cost reduction was predicted to have significant positive impact on the Country's Gross Domestic Product (GDP). At the initial stage of implementation of this scheme in November 2014, the government had provided 15,301 million baht fund to the six different regions countrywide at the rate of 1000 baht per rai of rice farm. According to the analysis of the economic model, the provision of this fund will boost the country's GDP by the total value of 34,947 million baht. From this total value of likely increased GDP, the agricultural GDP contributed to 2,570 million baht and the non-agricultural GDP up to 32,377 million baht. The Thai government has been planning to support the rest of the fund left from the total expenditure of 40,000 million baht.

After the overall total value of funds the 40,000 million baht would have supported the farmers, and the country's economy would have risen to 91,357 million baht. Among which, the agricultural GDP will rise up by 6718 million baht and the non-agricultural GDP by 84,639 million baht (under the assumption of marginal propensity to consume with 0.95 according to the survey done in the Lopburi province and this estimation was based on average of GDP.

According to the analysis and results of the economic model, government expenditure on supporting this fund at the rate of 1000 baht per rai was 15,301 million baht in the six different regions within the country. This supportive scheme of providing funds will help boost GDP by the total amount of 34,947 million baht.

As a further result, this econometric model analysis has shown that the government provision of this production cost reduction fund will also help farmers raise their incomes from farming and thereby reducing their debt. In terms of agricultural sector, the debt will be reduced by up to 500 baht per household per year and for the whole country, it will be about 1,745 million baht for the reduction of debts. It was expected that the total number of households that will get benefit from this scheme will be 3.49 million households according to BAAC.

The farmers were asked about their satisfaction on this scheme and they have mentioned that majority of farmers have higher level of satisfaction on the implementation of this scheme. Due to the benefits of this fund, the farmers expressed that they are able to purchase inputs for growing paddy such as seeds, fertilizers and pesticides. It was found that most of the farmers believed in the project of provision of funds.

The study of KOFC on the contribution of production cost reduction scheme on the increment of GDP has shown that this scheme has been paving the way for the agricultural development and farmers' welfare. (KOFC, December 2014)

On the other hand, the policy makers should be aware of the **unintentional consequences** of these government subsidy policies that they could have worsened the hard times of the vulnerable farmers in several ways. These policies and support have **short-term monetary benefit** to most of the farmers but they do not necessarily have long-term guaranteed to farmers' lives and sustainable development of agriculture. There will be a concern as to **what extent the farmers can do to be able to sustain their production and better standard of living**. These benefits in terms of financial capital that the farmers have been receiving from the government support fund might probably lead to inefficiencies and misuse by untargeted recipients.

Plus, these government funds come from taxes that have been brought by the taxpayers. This could impose the burden on likely taxpayers and/or consumers. These policies might drive the heavy reliance of farmers on these funds given by the government. At the time when there will be no more financial capital supported to them, the farmers will find it difficult to strive on their production without these support.

Support and assistant policies to the agriculture sector could degrade the natural resources of the country. For example, giving support to the farming of crops leads to the cutting of forests and degradation the natural forest area. Deforestation shall become the negative consequence of such policy support. Meanwhile the agriculture sector has been striving to develop itself. So these development project and policies might become the driver of natural resource degradation.

All in all, the policymakers should be aware of the likely negative consequences of the support policy. Rather than creating short-term financial benefits, an alternative way of funding should be developed with the long term goal for sustainable development of agricultural sector and at the same time protecting the natural resources of the country and keeping it intact for the future generation.

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Date submitted: Feb. 26, 2015

Reviewed, edited and uploaded: March 2, 2015