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Organización  
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para la  
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y la  
Alimentación

## FAO RICE CONFERENCE

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**THAI RICE: SUSTAINABLE LIFE FOR RICE GROWERS**

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1. Thailand's rice production 2003/04

1.1 Major and second crop rice

Planted area 26.1 Million acres

Paddy production 25.75 MMT

Rice export target 7.3 MMT

1.2 Major rice

Planted area 23.03 Million acres

Paddy production 19.5 MMT

1.3 Second rice

Planted area 3.2 Million acres

Paddy production 6.25 MMT

In Thailand, rice is a major grain of special importance. It is the main food for 64.24 million people. Each year, we consume about 55% of our production while the remaining 45% are exported to the world market. It has generated a large amount of income to Thailand, about 1,700 – 1,900 million US dollars in each year.

Last year has seen the highest export volume of 7.58 million metric ton (MMT). The total world market for rice is about 26-27 MMT. With this market demand, Thailand has a market share of around 25%. At least 50% of Thai exported rice is the high-grade quality of long grain rice (100%).

Although, Thailand has been the world number one rice export country for more than a decade, the Thai rice growers are still in the lower class and very poor. Specially, more than 4 million rice growing households or 16 million of Thai people are destitute. The total income from rice growing is low and sometime the growers are faced with the natural disasters both floods and droughts.

2. With the fact that world rice growers are still in a very poor living conditions and more than half of the world rice consumers are in the same situation,

What is the meaning of “ Rice is life”?

For more than 100 countries in the world, “ Rice is life ”. Especially in Asian countries when rice is mostly cultivated. Rice is a simple and cheapest staple food. Therefore, this can affirm everyone to become aware of the importance of a security food stock. It could let up starvation in some part of the world. For instance, in Africa, the food shortage is still a critical problem. Each year, many people have died from famine.

“ Rice is life ” in a meaning of the rice growers and labour income. From the FAO statistic, more than a million people are in this sector. Both women and men have participated in line production of rice. Rice cultivation is linked to many other activities. It also involves many people, rice grower, millers, post harvest operators and consumers. However, it is interesting to know that at the bottom and at the top chain are nearly in the same situation. A majority of rice growers have low income, on equipped with low planting technologies and have less opportunity to improve

their lives. Similarly, poor consumers, many of them are poor and rice is their cheapest staple food. Now, we are talking about the poor consumers who have little choice to choose what they would like to eat “person who buy is not the one who eat”. What group should we help: the poor consumers or the poor producers?

For more than half of humanity, “Rice is life”. Rice is the staple food of life in Asia and many other countries. In Thailand, the grain is not only eaten but also revered by ceremony as part of culture itself. It is the grain that has shaped a way of life, knowledge, belief and faith, custom, culture, and economy in Asia and some other part of the world. Even, this century has seen more changes in the world than any other time in history. The advent of electronic communications has made all geographic and cultural borders permeable, with nations eager to adopt the treats of other. In such an atmosphere, Thailand’s culture past is endangered, and with it, the many traditions which make the country and its people so unique. However, it is no doubt that rice is still an integral part of the lives and well being of Thai people. But with science and technology, belief and local wisdom have already disappeared and what remains is likely to follow the suit. The importance of rice and its culture must remain with Thai people. Thus, it is very important for Thai people to be aware of the rice history and culture, and makes it as a life country culture heritage for the next generation.

### 3. Trade barrier and rice subsidy

Today, rice growers lives are under the pressure from competition in the world market. Unlikely industrial products, where prices are set up from the factory. The commodity prices are set from the end link. Therefore, the export strong subsidy and trade barriers, where are prevalent in so called “free trade system” pass on their side effect to the poor growers. Today we can separate nations into 2 groups. developed countries, which have more capital and high technology capacities, and have power in the world stage. And, the agricultural countries which are both weak in capital and technologies, and bargaining power. Developed countries for political reasons have continues to support their rice farmers despite the fact that rice imported from other countries are cheaper. For instance, in America, the amount of subsidy to American rice farmers in each year is huge. However, it involves only 10,000 household of farmers. This is set against the 4 million of Thai rice grower households, who are much weaker both in economic power and in standard of living. Each grower in developing countries, for example; Thailand, has an average land per household of around 4 acres in the North - East and 12 acres in the Central plain. Income per family with 4 people per year is 523 US\$ for the North – East of Thailand and 718 US\$ for growers who cultivate a second crop.

Both tariff and non tariff trade barriers are applied in many countries.

The Chinese rice market (excluded Hongkong) is a sample for the rice trade barrier which is not in the line with the true free trade system. Before the open market agreement, China had a quota for rice import due to control of the currency exchange. Thailand had exported Thai fragrant rice to China with the quantity up to 250,000 MT, although Chinese demand was far more greater than this figure. After China joined WTO, she has a commitment to open the door for rice. The Chinese rice import demand is more than 2 MMT. Thailand expected to export more Thai fragrant rice to China and hope to the increase quantity to 500,000 MT. The result of introducing Thai rice to the Chinese market, during the past 2 year, has increased the demand especially in the major cities of Chongqing, Quangtong, Chengdu, and Shanghai. However, this demand seems to be imagery: the total export volume to China still stays at the same level. Many additional conditions are the stone wall against one export to China.

Japan and South Korea, also use thoes barriers to minimize giving as the reason to protect their own farmers.

Therefore, the trade subsidy and inreasonable barriers are the challenge for the world rice market and also the challenge for the fair and free trade system. With a heavy rice subsidy from developed countries rice selling price in the world market is depressed to the lower level than it

should be. Currently, with the same political reasons, governments of developing countries, who are low cost producers, for instance, India, Vietnam, Cambodia and Thailand, have adopted schemes to support rice at higher price. For Thailand, rice is one of the most famous agricultural products but it needs billions of Baht through intervention programmes every year to help farmers – who are among the poorest people in the country.

On the other hand, globalization pressures under World Trade Organization (WTO) obligations to reduce both internal and export subsidies have prompted the government to implement measures that ensure competitiveness without any interventions. Moreover, the challenge in the free market system, which we hope is fair to every one, is how to bring greater well being to the growers.

4. In the tough rice trade, competing in the rice seed species, reducing production costs and achieving greater market share are exciting challenges.

In the world market, Thailand is not the only one player on rice business. The other players namely, Vietnam, USA, India, China, Pakistan and Australia and other newcomers also involve in this and that including the such as Myanmar are also involved. Last year, Myanmar exported up to 1 MMT of rice to the world market. In the near future, with greater political stability and business freedom plus a rich and virgin land and low production cost. Myanmar will be the one that we should keep a close attention to.

In the near future, rice growing countries in the South – East Asia who have production surplus and export to the world market e.g. Vietnam, Myanmar and Cambodia will expand their production capacity.

Thai fragrant rice (Thai Hom Mali Rice), for instance, is the premium long grain rice. At the price of 500-550 US\$/MT/F.O.B Bangkok, it attracts many exporter and importer countries. In China, Chinese fragrant rice is promoted in order to reduce rice dependence on Thai rice import. Vietnam, 4 new varieties of Vietnam fragrant rices, namely, KDM, JASMINE, VD20, and ST1. Therefore, the door to the fragrant rice market has now been opened to any countries who wish to import and export. This is an arduous trade.

What is Thailand plans for this changing?

Thailand has long been known to be the world's number one exporter who positions herself for the high-end market. However, with limited market of 26-27 MMT and tight margin, we need to look ahead with good plans.

Thai rice industry, how to achieve a sustainable development to the Thai rice industry and how to improve the living standard for Thai rice growers are the main key policies. Three groups of stakeholders are:

- Producer involving growers and farmers
- Milling sector involving millers
- And marketing sector involving exporters

The marketing sector

Thailand has a high export capability. More than 100 exporting companies have sales experience over 25 years. This is a very strong sector in Thai rice industry.

The milling sector

Over 10 years, about 900 large rice mills are developed and improved their technologies. Using new and high technologies both production and packaging lines. Many have attained GMP, ISO and HACCP standards.

However, the only weakness is the Production sector. This is a serious problem with more than 16 million of poor Thai people involved. The rice seed development is the main key project, which we think will be a door to better living life to our farmers. Using less rice seed and produce more grain in a limited planted area could help the growers. Strong government support to rice research efforts in order to improve rice production, higher yield, pest and disease tolerance, and adding more nutrition could benefit both growers and consumers.

The most important idea is “How to reduce production cost?” Both chemical fertilizers and pesticides become additive planting materials for rice growers and rice farmers. 3 R. ideals should be applied: Reduce, Recess and Refrain from chemical and pesticides. These should be the alternate answer, which is good for growers to cut production cost and become a strong-based grower.

The total chemical fertiliser market for rice is about 1.7 MMT. With a retail price is 7,000-8,000 Baht (179-205 US\$) per ton, this is a very large market of 304-348 million US\$. It is fascinating for multinational chemical companies. There are some research and experiment from the department of agricultural extension about the side effect of chemical fertiliser. In the long run, using chemical fertilizer is not only destroys physical and biological properties of the soil but also be endangers both human and animal lives. In addition, each year, Thailand imports more than 30,000 MT of the pesticide.

Moreover, the influence of rice is not felt at the level of ordinary citizens. It also prescribes the roles and highly responsibilities of government leaders including the King and members of the royal family. The Royal speech of His majestic the king on the rice farming system especially focused on the sustainable agriculture, green food and the self-sufficiency theory.

The meaning is not only to teach the Thai growers to be self-retain but also to be an efficient cogwheel. Each a small self-reliant cogwheel could drive a firm and strong Thai economy. We should produce as much as our capacities and ability allow, for the excess production we sell, barter or exchange for something we could not produce. Beginning with a small efficient community, then we expand into the efficient country economy.

Furthermore, the rice-based ecosystems host a wealth of bio-diversify, and the planting material used by poor rice growers is derived from seeds that they produce themselves and that represent generations of local genetic resources. The integration between chemical fertilizer and self-made bio-fertilizer can cut the planting cost, reduce chemical using and be friendly with environment.

From His Majesty the King’s speech, the project of “Rice Seed Bank” is established. This bank exchanges the member growers’ grain with good quality seeds. The purpose is using clean and fine quality seeds to plant a higher yield. The growers will have higher net income.

For government project, “Rice Centre” is a good scheme. Aiming at the same purpose as Rice Seed Bank project, the objective of the Rice Centre project is a little bit different. Under this project, efficient growers, who are supervised by agricultural extension officials, are obligated to plant certified rice seeds. With fine caring system, these seeds will sell to member growers at just above break even price. Each year, 900,000-1,000,000 tons of rice seeds are needed. By doing this, the rice seed cost is much cheaper than the rice seed in the market.

5. The sensitive issues as following is now under the world attention:

The food security problem

The well being of rice growers problem

The environmental problems

The sanitary aspect of rice growers, farmers and consumers

Food security problem and rice growers' well being

For the Thai grower, rice seed has 2 important dimensions:

First dimension is the role of food security. Starvation is a major problem in this world. Today, the demand for food for world population is still increasing. However, the supply of food, especially rice which is the cheapest grain, is limited. Luckily, we have the International Rice Research Institute (IRRI). The supporting organization has its objective and takes a good responsibility to develop a high quantity rice seed such as super rice. Moreover, those major export and import countries also look up to the increasing yield rice. The export countries want to increase their volume. On the other hand, some of the imported countries want to rely on their own. It is no doubt that in the near future, the world rice market will become smaller than before.

Second dimension is the role of commercial food. Good quality and tasted rice could add a big amount of money to the country. For the growers, reduction of production cost is an easiest way to improve standard of living. Reduced application of chemical fertilizers and pesticides, and using self-made bio-fertilizers is good for the growers and environment. Do not look up to only high market price but look to how much you have got in your pocket. In Thailand, it is His Majesty's graciousness for Thai rice growers. Thailand is the 9<sup>th</sup> largest of the 20 bio-agriculture countries. Many of them can free themselves from their obligation. This is just a beginning of the self-sufficient story.

#### Health sanitation and environment problem

There are many critical questions waiting for us to find the answer. Environment problem, the using of chemical fertilizer and pesticide, the health sanitary of producers and consumers, all this problems are critical questions in Thailand. These issues have been set up as a priority for Thai rice industry standard.

Each year, we have to spend many million dollars to import all these products. Therefore, in Thailand, the Integration Pest Management (IPM) has attracted more attention in the farm level in order to reduce these chemical products or use them wisely. This could help the growers and farmers cut their production cost and be friendly to environment.

Moreover, rice research and development in some projects have focused only on commercial aspects. GM rice is a good sample. This topic has led to interesting discussions but seems to be far away from reaching a final answer. We do not know the effect from those products. Actually, the ecological balance of nature gives us essential resources. However, one thing that makes human different to other is to conquer the nature, although, it is not necessary to do that.

In Thailand, rice growers are influenced by some major agricultural multinational enterprises. These companies are in the agricultural planting materials business, such as seeds, chemical fertilizers, pesticide etc. In some ways, not only the growers are under their control but also the government officials, the politicians as well. Using chemical fertilizers and pesticides are the same as using drug. More often you use, more chemical you need. It seems like without all these chemical resources rice and all the plants cannot grow to a perfect condition. We have found that, today, production cost in Thailand is increasing rapidly and to a far high level than necessary. Growers and farmers health and sanitation are in critical condition. The pocket of resistance in some redemption villages in the North - East of Thailand, which now stop using all chemicals, said, "If Monsanto go back to USA and not come back again, our life will be safe."

The agricultural production trend now is to turn back to nature by using bio – fertilizers etc. In Thailand, there are many interesting activities such as Integration Pest Management (IPM), Good Agricultural Practice (GAP) and Organic Rice have become increasingly popular in many parts of the country, because we know the good ways to help our growers sustain their living life.

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I hope that, we who are embedded directly and indirectly in the rice business, are agreed that this is the good way which is good for the farmers, good for the consumers and finally good for the world.