



**COUNTRY FACT SHEET ON FOOD AND AGRICULTURE POLICY TRENDS**

**Socio-economic context and role of agriculture**

Thailand has made remarkable progress in social and economic development. It became an upper-middle income country in 2011 and intends to reach higher-income status by 2032.<sup>1</sup> As such, Thailand has been widely cited as an example of development success, with impressive poverty reduction, particularly in the 1980s. However, average growth slowed to 3.5 percent over the period 2005–2015.<sup>2</sup> Economic growth has been the key driver of poverty reduction in Thailand, but income inequality and the lack of equal opportunities have persisted (the Gini coefficient is 39.4).<sup>3</sup> Thailand is currently ruled by the National Council for Peace and Order (NCPO), whose stated goals are to restore stability and to enact reforms. Agriculture, which employs 35 percent of the workforce, is a key sector of the Thai economy. Even though the contribution of agriculture to GDP has declined over time, Thailand is

still one of the world's top exporters of commodity crops. For most of the past three decades, Thailand was the world's largest rice exporter, although it lost that distinction a few years ago to India.<sup>4</sup> Although Thailand typically produces 3 to 5 percent of the world's rice, it accounts for nearly a quarter of global trade.<sup>5</sup>

Thailand has one of the world's largest fish and seafood industries and exports about 90 percent of its production. Furthermore, Thailand is the main tuna exporter on the world market, with a global market share of over 40 percent.<sup>6</sup>

Poverty has declined substantially over the last 30 years, falling from 67 percent in 1986 to 10.5 percent in 2014 thanks to rapid economic growth. More than two-thirds of the poor live in rural areas, mostly in the Northern and Northeastern regions. Thailand has achieved all 8 Millennium

|   |   | 2007                                     | 2011                                     | 2016            |  |
|---|---|--|--|-----------------|--|
| SOCIO-ECONOMIC                          | GDP (current million USD) *                             | 262942.65                                | 370818.74                                | 406839.68       |  |
|   | GDP per capita (current USD) *                          | 3972.2                                   | 5491.2                                   | 5907.9          |  |
|   | Agricultural value added (% of GDP) *                   | 9.4                                      | 11.6                                     | 8.3             |  |
|   | Agricultural value added (annual % growth)              | 1.9                                      | 6.3                                      | 0.6             |  |
|   | Total population (million)                              | 66.20                                    | 67.53                                    | 68.86           |  |
|   | Rural population (% of total)                           | 59.79                                    | 53.84                                    | 47.53           |  |
|   | Share of Agriculture in total employment (%)**          | 42.5 (2008)                              | 41                                       | 33.2            |  |
|   | Human Development Index*** (2016)                       | 0.740 (ranking 87 out of 188 countries)  |  |                 |  |
| Gender Inequality index (GII)*** (2015) | 0.366 (ranking 79 out of 188 countries)                 |  |  |                 |  |
| AGRICULTURAL PRODUCTION & TRADE         | Per capita cultivated land (ha)                         | 0.287                                    | 0.312 (2012)                             | 0.309 (2014)    |  |
|   | Area equipped for irrigation (ha)                       | 6415000.00                               | 645000.00                                | 645000.00       |  |
|   | Value of agriculture production (current million USD)   | 25024.50                                 | 40416.09                                 | 30209.8 (2014)  |  |
|   | Yield for cereals (hg/ha)                               | 30587.00                                 | 31847.00                                 | 31444 (2014)    |  |
|   | Cereal import dependency ratio (%)                      | -47.60                                   | -33.30                                   | NA              |  |
|   | Top 3 commodities                                       | Production quantity (2013)               | Sugar cane; rice, paddy; cassava         |                 |  |
|   |   | Production value (2013)                  | Rice, paddy; rubber, natural; sugar cane |                 |  |
|   |   | Import value (2013)                      | Cake, soybeans; soybeans; food prep nes  |                 |  |
| Export value (2013)                     |   | Rubber natural dry; rice; chicken canned |  |                 |  |
| FOOD SECURITY & NUTRITION               | Per capita food supply (kcal/capita/day)                | 2766.00                                  | 2760.00                                  | 2784 (2013)     |  |
|   | People undernourished (million)                         | 6.8 (2006–2008)                          | 6.2 (2010–2012)                          | 6.5 (2014–2016) |  |
|   | Prevalence of undernourishment (%)                      | 10.3 (2006–2008)                         | 8.8 (2010–2012)                          | 9.5 (2014–2016) |  |
|   | Obesity (body mass index > 30), age-standardized (%) ^^ | 5.7                                      | 7.4                                      | 10              |  |
|   | Global Hunger Index ^                                   | 10.6 (moderate) (2017)                   |  |                 |  |
|   | Access to improved water sources (% of population)*     | 95.2                                     | 96.8                                     | 97.8 (2015)     |  |

Sources: FAOSTAT; \*WB; \*\*ILO; \*\*\*UNDP; ^ IFPRI; ^^WHO

<sup>1</sup> Asian Development Bank (ADB). 2016. *Asian Development Bank Member Fact Sheet: Thailand Factsheet* [online]. Bangkok. [Cited 31 December 2017]. [www.adb.org/sites/default/files/publication/27802/tha-2016.pdf](http://www.adb.org/sites/default/files/publication/27802/tha-2016.pdf)

<sup>2</sup> World Bank. 2017. *Thailand Overview* [online]. Washington, DC. [Cited 31 December 2017]. [www.worldbank.org/en/country/thailand/overview](http://www.worldbank.org/en/country/thailand/overview)

<sup>3</sup> World Bank. 2017. *World Development Indicators 2013* [online]. Washington, DC. [Cited 31 December 2017]. <https://data.worldbank.org/indicator/SI.POV.GINI?locations=TH>

<sup>4</sup> Organisation for Economic Co-operation and Development (OECD). 2013. *Structural Policy Country Notes: Thailand*. Paris (available at [www.oecd.org/site/seao/Thailand.pdf](http://www.oecd.org/site/seao/Thailand.pdf)).

<sup>5</sup> United States Department of Agriculture (USDA). 2017. *Rice Market and Policy Changes over the Past Decade* [online]. Washington, DC. [Cited 31 December 2017]. [www.fas.usda.gov/data/thailand-rice-market-and-policy-changes-over-past-decade](http://www.fas.usda.gov/data/thailand-rice-market-and-policy-changes-over-past-decade)

<sup>6</sup> Seafish. 2015. *Thailand Profile* [online]. Grimsby, England. [Cited 31 December 2017]. [www.seafish.org/media/publications/thailandethicsprofile\\_201509.pdf](http://www.seafish.org/media/publications/thailandethicsprofile_201509.pdf)

Development Goals (MDGs), even surpassing some of the targets.<sup>7</sup> However, 10.5 percent of the population still lives below the national poverty line, remaining vulnerable to falling back into poverty.<sup>8</sup> From 1990/92–2010/12, the prevalence of undernourishment (PoU) fell drastically from 35 percent to just 8.5 percent.<sup>9</sup> However, there

has been an apparent reversal in trend, as the PoU for 2014–16 increased to 9.5 percent. Poverty and inequality continue to pose significant challenges, with vulnerabilities resulting from faltering economic growth, falling agricultural prices and ongoing droughts.<sup>10</sup>

## 1. Government objectives in agriculture, food and nutrition security

Thailand's long-term economic aspirations are laid out in Thailand's recent **20-year strategic plan (2017–2036)**, which contains reforms dealing with economic stability, human capital, equal economic opportunities, environmental sustainability, competitiveness and effective governance. To achieve inclusive and sustainable economic growth, the Government also launched the **Thailand 4.0** strategy at the beginning of 2016. Thailand 4.0 aims to create a value-based economy founded on creativity, innovation and intellect.<sup>11</sup> The **12th National Economic and Social Development Plan (NESPD 2017–2021)** will put the first five years of the 20-Year National Strategy into action and will support and align with **Thailand 4.0**. The 12th Plan aims to reduce income disparity and poverty, strengthen the Thai economy and enhance the country's competitiveness, promote natural capital and environmental quality and further boost the confidence of foreign investors in Thailand. It consists of 10 strategies for national development, which include reducing social disparities and promoting green growth, among others.<sup>12</sup>

Agriculture development objectives for the review period are listed in the Ministry of Agriculture and Cooperatives (MOAC)'s **Agricultural and Rural Development Plan (2012–2016)**, which focused on the **Farmers Development Strategy**,<sup>13</sup> the **Production Development Strategy**<sup>14</sup> and the **Agricultural Resources Development and Management Strategy**<sup>15</sup> and the recently approved **Agricultural Development Plan (2017–2021)**, whose main goals are to reduce production costs, promote high quality agricultural products and increase competitiveness in the agriculture sector. In addition, the MOAC formulated a

**Roadmap** in 2015 to implement the three abovementioned strategies, envisaging six schemes for: Farmers' Markets, Drought Relief; Water Sources Development; Prevention and Suppression of Illegal Activities; Legislation and Legislative Amendment; and Large Fields.<sup>16</sup> The Government has recently launched the **National Organic Agriculture Development Strategy (2017–2021)** and the **Agricultural and Cooperative 20 years strategy**, with the main goal of achieving a per capita income for farmers of more than USD 13 000 per year (approximately THB 416 000 per year).

The guiding documents to support food security, food safety, food quality and food education in Thailand in the period under review were the **Strategic Framework for Food Management (2012–2016)** and the **Strategic Framework on Food Security (2013–2016)**. These documents were the first step in integrating the cooperation work of agencies from all sectors in order to maintain national food production and consumption and attaining food security at the community level. Thailand will soon approve the **Strategic Framework for Food Management in Thailand (2017–2021)**, which aims to: produce enough food to sustain domestic demand; support access to adequate food at all times; improve food quality; reduce food waste and use food correctly; promote sustainable food production; and support the development of food security and nutrition. Regarding nutrition, the Government developed the **Nutrition Action Plan** in 2009 and the **Thailand Healthy Lifestyle Strategic Plan (2011–2020)**, which provides guidance for a healthy lifestyle and eating habits to avoid overweight, obesity, and other Non-Communicable Diseases.

## 2. Trends in key policy decisions (2007–2017)

### 2.1 Producer-oriented policy decisions

From an economic perspective, rice is one of the most important commodities in the agriculture sector.<sup>17</sup> In past years, Thailand's measures to assist rice farmers focused on price support measures

and an insurance programme for rice against natural disasters and other unexpected events. The large fishery and seafood industry, which employs around two million people nationwide, has also undergone a transformation process to address illegal fishing and make the sector more sustainable.

<sup>7</sup> Government of Thailand. 2014. *National Voluntary Presentation* [online]. Bangkok. [Cited 31 December 2017]. [www.un.org/en/ecosoc/newfuncnt/pdf14/thailand\\_nr.pdf](http://www.un.org/en/ecosoc/newfuncnt/pdf14/thailand_nr.pdf)

<sup>8</sup> ADB. 2017. *Poverty in Thailand* [online]. Bangkok. [Cited 31 December 2017]. [www.adb.org/countries/thailand/poverty](http://www.adb.org/countries/thailand/poverty)

<sup>9</sup> FAO. 2017. FAOSTAT [online]. Rome. [Cited 15 October 2017]. <http://www.fao.org/faostat/en/#data/QC>

<sup>10</sup> World Bank. 2017. Thailand Overview [online]. Washington, DC. [Cited 31 December 2017]. [www.worldbank.org/en/country/thailand/overview](http://www.worldbank.org/en/country/thailand/overview)

<sup>11</sup> ADB. 2016. Asian Development Bank Member Fact Sheet: Thailand Factsheet [online]. Bangkok. [Cited 31 December 2017]. <https://www.adb.org/sites/default/files/publication/27802/tha-2016.pdf>

<sup>12</sup> Strategies: (1) Enhancement of human capital; (2) Ensure fairness and reduce social disparities; (3) Strengthening of Thailand's economy on a sustainable basis; (4) Green growth; (5) National stability; (6) Combat corruption and promote good governance; (7) Infrastructure and logistics development; (8) Develop science, technology, research and innovation; (9) Urban and economic zone development; and (10) International cooperation for development.

<sup>13</sup> Focus: stabilizing farmers' incomes through crop insurance programmes, supporting the National Farmers Council and encouraging young farmers.

<sup>14</sup> Focus: increasing agricultural productivity, quality, product management and food security through cost reduction, research and development and value added.

<sup>15</sup> Focus: expanding irrigated areas, developing fishery resources, soil improvement and land development.

<sup>16</sup> Institute for Global Environmental Strategies. 2017. *Thailand's Environmental Policies towards Sustainable Development Goals* [online]. Chiang Rai, Thailand. [Cited 31 December 2017]. <https://goo.gl/m9hdU8>

<sup>17</sup> World Bank. 2016. *Thailand Economic Monitor 2016*. Washington, DC (available at <http://documents.worldbank.org/curated/en/830261469638312246/Thailand-economic-monitor-aging-society-and-economy-June-2016>).

### From domestic procurement to price support to rice farmers

Between 1981 and mid-2014, the Thai Government's rice policy was primarily carried out through a series of rice pledging schemes, which provided price support to rice producers to prevent farmers from selling their crop when prices were low. Under these programmes, the Government lent the farmer a sum of money equivalent to the value of the pledged rice. After three months, participants could both repay the loan with interest and gain possession of their rice to sell on the open market, or forfeit their rice to the Government as full repayment of the loan. Thus, the loan rate effectively became a price floor which supported producers. These programmes were very expensive and caused the rice stock to rise considerably, which led to waste and losses as well as delays in the payments to farmers.<sup>18</sup> In June 2014, the new military Government abandoned the scheme as its cost grew.<sup>19</sup> Instead, in November 2014, an on-farm pledging programme, **Farmer Loans to Delay the Sales of Rice Paddy**, was launched targeting only fragrant and glutinous rice paddy. In late 2016, a series of rice pledging programmes were issued to prevent falling farm-gate prices of fragrant rice, white rice and glutinous rice. However, in the current scheme the pledged target is limited and intervention prices are lower than market prices.<sup>20</sup>

### Scaling up insurance for rice farmers

Thailand is working to encourage farmers to insure their crops.<sup>21</sup> In 2010, following a pilot study,<sup>22</sup> the state-owned Bank for Agriculture and Agricultural Cooperatives (BAAC) and the Japan Bank for International Cooperation (JBIC), in cooperation with Sompo Japan, a prominent insurance company, developed weather index insurance for Thailand. In 2014, the Government introduced a new rice insurance scheme in which BAAC took the role of channel distributor to endorse the product and provide the financial incentives. Rice insurance buyers pay a fee of THB 90 per rai (0.16 ha), excluding tax and duty. The Government waives THB 54 per rai for farmers who are non-BAAC customers, while BAAC clients are exempted from insurance fees. In 2014, only 800 000 rai (128 hectares) were insured. However, in the 2016–17 harvest season, around 44 percent – 26 million rai (4.16 million hectares) of paddy fields are covered.<sup>23</sup> In July 2017 the Government increased the guaranteed compensation per rai to THB 1 260 (USD 37.07) from THB 1 111 (USD 32.69) offered in 2016 and a reduction of the insurance premium per rai to THB 97.37 (USD 2.86) from

THB 107.42 (USD 3.16) for smallholders.<sup>24</sup> The Government is considering making insurance compulsory – in the long run, this will help expand the programme in a sustainable way.<sup>25</sup>



©FAO / P. Johnson

Farmers of the plains of northern Thailand transplanting upland rice seedlings.

### Combating illegal fishing

The Government has moved towards a more sustainable and environmentally-friendly fisheries industry, including implementing measures against illegal, unreported, and unregulated fishing (IUU fishing). However, in April 2015, the European Commission issued a “yellow card” (an official warning) to the MOAC for not taking sufficient measures in the international fight against IUU and illegal labour and for rights abuses in the sector.<sup>26</sup> In response, in 2015, the MOAC established a regulation against trafficking and a **Roadmap for Eliminating IUU Fishing**, which consists of 6 action plans: Fishing vessel registration and fishing licensing; monitoring, control and surveillance (MCS); a Vessel Monitoring System (VMS); a traceability system; a new Fisheries Act; and a National Plan of Action to prevent, deter and eliminate IUU fishing, both in Thai waters and elsewhere. The new **Fisheries Act (2015)** introduced sanctions of up to THB 30 million (USD 904.44) to deter illegal fisheries.<sup>27</sup> As of February 2016, 28 Port-In Port Out Control Centers (PiPo) have been established. The PiPo Centers have so far inspected 25 476 fishing vessels and 474 334 seamen. An E-license system for fishing licensing registration has been developed. Moreover, Vessel Monitoring Systems have been installed in 93.7 percent of the 2 216 fishing vessels.<sup>28</sup> The Government's next step will be an amendment to the Act to align more closely with international standards for combating IUU fishing.<sup>29</sup>

<sup>18</sup> USDA. 2014. *Thailand Grain and Feed Update – November 2014* [online]. Washington, DC. [Cited 31 December 2017]. [https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Grain%20and%20Feed%20Update\\_Bangkok\\_Thailand\\_12-4-2014.pdf](https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Grain%20and%20Feed%20Update_Bangkok_Thailand_12-4-2014.pdf)

<sup>19</sup> OECD & FAO. 2017. *OECD-FAO Agricultural Outlook 2017–2026*. OECD Publishing, Paris (available at [www.fao.org/3/a-i7465e.pdf](http://www.fao.org/3/a-i7465e.pdf)).

<sup>20</sup> USDA. 2017. *Rice Market and Policy Changes over the Past Decade* [online]. Washington, DC. [Cited 31 December 2017]. <https://goo.gl/JTHKzM>

<sup>21</sup> Oxford Business Group. 2016. *The report: Thailand 2016*. London (available at <https://oxfordbusinessgroup.com/thailand-2016>)

<sup>22</sup> The Japan Bank for International Cooperation (JBIC) and the World Bank piloted a weather index insurance scheme for rice in one province and extended this to 17 provinces in 2014, but with limited success.

<sup>23</sup> Asia Insurance Review. 2016. *News release* [online]. Singapore. [Cited 31 December 2017]. <http://www3.asiansurancereview.com/News/View-NewsLetter-Article?id=37057&Type=eDaily>

<sup>24</sup> Malaysia Rice. 2017. *Thailand's government approves rice insurance scheme* [online]. Kedah Darul Aman, Malaysia. [Cited 31 December 2017]. <https://goo.gl/ACWkRV>

<sup>25</sup> Thai PBS. 2016. *Government mulls compulsory insurance on rice crops* [online]. Bangkok. [Cited 31 December 2017]. <http://englishnews.thaipbs.or.th/government-mulls-compulsory-insurance-rice-crops>

<sup>26</sup> The Guardian. 2017. *Thailand accused of failing to stamp out murder and slavery in fishing industry* [online]. London. [Cited 31 December 2017]. <https://goo.gl/62LMx7>

<sup>27</sup> Frozenfoods.biz. 2015. *Thailand issues detailed roadmap to combat IUU Fishing* [online]. [Cited 31 December 2017]. [www.frozenfoods.biz.com/new/index.php/frozen-food2/item/352-thailand-issues-detailed-roadmap-to-combat-iuu-fishing](http://www.frozenfoods.biz.com/new/index.php/frozen-food2/item/352-thailand-issues-detailed-roadmap-to-combat-iuu-fishing)

<sup>28</sup> Thai Ministry of Foreign Affairs. 2016. *Press release: Thailand's Progress in Combating IUU Fishing* [online]. [Cited 31 December 2017]. <https://goo.gl/eHg7kU>

<sup>29</sup> World Trade Organization (WTO). 2015. *Trade policy review* [online]. Geneva. [Cited 31 December 2017]. [www.wto.org/english/tratop\\_e/tp426\\_e.htm](http://www.wto.org/english/tratop_e/tp426_e.htm)

## 2.2 Consumer-oriented policy decisions

There have been some impressive improvements in many areas of social assistance in Thailand in recent years. Social development achievements include universal health coverage since 2001 and pension cover for almost the entire population, while other forms of social security, such as cash transfers to the poor, have been extended and improved. Food safety is also improving and, thanks to changes in food labelling, good nutrition is being promoted.

### Expanding social pensions

Together with China, Thailand already has the highest share of elderly people of any developing country in East Asia and the Pacific.<sup>30</sup> Until recently, Thailand's pension system included several contributory schemes for public workers, private sector employees and informal economy workers. However, only 20 percent of older persons had access to some level of protection. In order to expand the coverage, in April 2008, the Government implemented the old-age non-contributory universal scheme as part of its stimulus package to mitigate the global economic crisis and accelerate recovery.<sup>31</sup> In 2009, the Elderly Act was amended to include the universal old-age allowance in national legislation. As a result, coverage expanded remarkably.<sup>32</sup> The allowance was designed at the national level, but was implemented through local authorities who are responsible for selecting beneficiaries and paying benefits. Registration takes place once each year. Payments are then either collected in person at the local authority's office or deposited directly into a bank account. Even though the benefit levels have increased steadily over time, the pension still does not provide sufficient income (i.e. it is below the nationally defined poverty line).<sup>33</sup> Informal workers can access additional income by means of voluntary schemes, such as the National Savings Fund, which was established in 2015.<sup>34</sup>

### Reintroducing cash grants to reduce poverty

In Thailand, around seven million people (more than 10 percent of the population) live below the national poverty line.<sup>35</sup> The Government is making an effort to reduce this number through its **Welfare Registration Programme**, an initiative to strengthen the Thai social assistance system launched in 2016 and to improve the targeting of previous programmes. People who earn less than THB 30 000 (USD 904) will be given THB 3 000 (USD 90.44) annually before the end of the year, while those who earn up to THB 100 000 (USD 3 014.8) will receive THB 1 500 (USD 45.07). This programme targeted 5.8 million people in 2016 and will be backed-up by measures such as free public transport to help some

of the poorest people. Rice farmers, who instead benefit from the rice support programme cannot participate.<sup>36</sup> This is not the first attempt by a Thai Government to create a database of vulnerable households. The difference with the other previous attempts is that, this time, there is a combination of political motivations on the part of the Thai junta government and the expertise of the Finance Ministry.



A Street vendor selling cooked food on the streets of Bangkok.

©FAO/Dan White / FAO

### Increasing food safety

Thailand started promoting food safety and consumer protection in the last century. Nutrition labels on foods were introduced following the first International Conference on Nutrition (1992) and have been evolving ever since. Since 2000, flavour enhancers and food sweeteners must be indicated on the label.<sup>37</sup> Since 2014, food additives have had to specify the International Numbering System (INS) code and labelling of pre-packaged foods has been mandatory (except for fresh, kiosk and wholesale catering foods).<sup>38</sup> In December 2016, the effective period for using old labels on pre-packed foods ended and compliance with the new rules is now mandatory. Allergen information labels were also required for the first time. In 2011, the Guideline Daily Amounts (GDA) label for certain ready-to-eat food products was announced by the Thai Food and Drug Administration (FDA). This information was introduced to help consumers understand nutrition better and to support better consumer nutrition and health. The FDA designed labels for foods containing high levels of sugar, fat and salt. Initially, five groups of snack foods were selected: potato chips, popcorn, rice crisps or extruded snacks, crackers and wafers. However, in one year, about 75 percent of snack foods quickly developed their

<sup>30</sup> World Bank. 2016. *Closing the Health Gaps for the Elderly: Promoting Health Equity and Social Inclusion in Thailand*. Washington, DC (available at <https://goo.gl/JTQM66>).

<sup>31</sup> The old-age allowance targeted the "underprivileged elderly", defined as persons of at least 60 years of age with insufficient income to meet necessary expenses or who are unable to work, those who have been abandoned or have no caregivers.

<sup>32</sup> International Labor Organization (ILO). 2016. *Improving the lives of older persons through universal social pensions – Thailand* [online]. Geneva. [Cited 31 December 2017]. [www.social-protection.org/gimi/gess/RessourcePDF.action?ressource.ressourceId=54115](http://www.social-protection.org/gimi/gess/RessourcePDF.action?ressource.ressourceId=54115)

<sup>33</sup> ILO. 2015. *Universal Social Protection. Universal pensions in Thailand* [online]. Geneva. [Cited 31 December 2017]. [www.social-protection.org/gimi/gess/RessourcePDF.action?ressource.ressourceId=53962](http://www.social-protection.org/gimi/gess/RessourcePDF.action?ressource.ressourceId=53962)

<sup>34</sup> International Monetary Fund (IMF). 2016. *Thailand, selected issues*. Washington, DC (available at <https://goo.gl/RGK4JJ>).

<sup>35</sup> World Bank. 2017. *World Bank* [online]. Washington, DC. [Cited 30 September 2017]. [www.worldbank.org/en/country/thailand/overview](http://www.worldbank.org/en/country/thailand/overview)

<sup>36</sup> Konbini. 2016. *Thailand Are Giving Cash To Low-Income Families To Help Fix Their Economy* [online]. New York, USA. [Cited 31 December 2017]. <https://goo.gl/NhnxDB>

<sup>37</sup> Royal Thai Government Gazette. 1979b, 1985, 2000, 2014.

<sup>38</sup> Royal Thai Government Gazette. 2014. Notification No. 367.

own GDA labels.<sup>39</sup> In 2016, Notification No. 374 of the Ministry of Public Health expanded the scope to include fish snacks, chocolate in all its forms, bakery products, semi-processed foods and ready-to-eat meals.

### 2.3 Trade- and market-oriented policy decisions

Thailand's naturally fertile land, combined with its increasingly well-developed infrastructure, serves as a strong foundation for propelling both small-scale farmers and larger agriculture companies into the forefront of global agri-business, with the country ranking among the world leaders in the exportation of rice, seafood, rubber and sugar.<sup>40</sup> Given Thailand's positive trade balance of 14.73 percent of GDP in 2016, the export sector has made a significant contribution to the country's continuous growth.<sup>41</sup>

#### *Changes in import tariffs on wheat and derivatives*

The tariff on imported wheat has been zero since September 2007. Meanwhile, the tariff applied to wheat flour is 5 percent, subject to a minimum of THB 0.50 per kilogram, except for members of the Association of Southeast Asian Nations (ASEAN) Free Trade Agreement and the ASEAN–Australia–New Zealand Free Trade Agreement for which wheat flour has been duty free since January 2010 as long as 40 percent of the content originates from the exporting country. Wheat flour imports from Vietnam have been duty free since the end of 2015 under the ASEAN Economic Community. The Government imposed new import restrictions on feed wheat in 2017 in order to protect domestic corn growers from cheaper feed substitutes. As of 19 January 2017, the new feed wheat import regulations require import permits for the importation of feed wheat. To secure a feed wheat import permit, the importer must demonstrate a 3 to 1 domestic corn absorption rate (i.e. to import a ton of feed wheat a mill must use 3 metric tons of domestic corn).<sup>42</sup>

#### *Increasing rice export quality*

Although Thailand produces about 4 percent of global rice output, a large amount of land suitable for growing rice, desirable rice strains and well-developed infrastructure have placed the country at the forefront of the international rice trade. Rising demand for

Thai organic goods in both local and export markets has prompted the Government to encourage a range of organic farming practices. Organic rice, such as high-grade Thai Jasmine rice and, in particular, the prestigious Hom Mali variety preferred by Asian and North American consumers, commands the highest prices. In 2017, Thailand launched a new programme to promote organic agriculture and encourage a shift from commercial varieties to organic strains.<sup>43</sup> Farmers who sign up for the scheme can receive financial support to buy organic seeds and will also be entitled to subsidies of THB 2 000 (USD 56.30) for every rai (0.16 ha) of land they cultivate for the first year, THB 3 000 (USD 84.50) per rai for the second and THB 4 000 (USD 112.70) for the third. The Government hopes that up to 400 000 farmers will take part in the scheme over the next four years, and that another 600 000 rai (96 000 ha) of organic crops will be cultivated.

#### *Reforms in the sugar regime*

Thailand is the second sugar exporter in the world, after Brazil. The Thai sugar industry is highly competitive both domestically and in the world market due to its low production costs, low transportation costs given its proximity to Asian markets (especially Indonesia and China, where demand is increasing), and thanks to a package of support measure to sugarcane farmers, the most important of which is the price support policy.<sup>44</sup> These measures have led to sugar cane production doubling between 2007 and 2015. In March 2016, Brazil lodged a complaint with the World Trade Organization (WTO) concerning Thailand's support policies, claiming that it had caused a lowering of global sugar prices. Following this complaint, in October 2016, the Cabinet approved a restructuring plan for the cane and sugar industry whereby the government would eliminate the sugarcane price support program, domestic sugar price controls and the sugar sale administration. If implemented, from MY2017/18 cane growers will no longer receive domestic price subsidies and direct payments. Additionally, the current price controls which establish domestic sugar prices will be eliminated. However, exports are still expected to grow in MY2017/18 due to the growing global economy and Thailand's favoured access to ASEAN markets the under the ASEAN Economic Community (AEC) Free Trade Agreement which came into effect on December 31, 2015.<sup>45</sup>

## 3. Challenges

Despite Thailand's impressive performance in poverty reduction, a number of challenges threaten food security. Several reports have identified: the need to increase farmers' resilience against climate change; the importance of increasing agricultural productivity

and competitiveness; and the growing need to prepare the Thai economy, especially by enhancing social services, for the next big structural change – the rapidly aging population.

<sup>39</sup> Rimpeekool, W., Seubsman, S., Banwell, C., Kirk, M., Yiengprugsawan, V. & Sleight, A. 2015. Food and nutrition labelling in Thailand: a long march from subsistence producers to international traders. *Food Policy*, 56: 59–66.

<sup>40</sup> Oxford Business Group. 2016. *Thailand's agricultural exports strongly placed* [online]. London. [Cited 31 December 2017]. <https://goo.gl/11fdk>

<sup>41</sup> World Bank. 2017. *Thailand Trade at a Glance: Most Recent Values* [online]. Washington. [Cited 30 October 2017]. <https://wits.worldbank.org/CountrySnapshot/en/THA>

<sup>42</sup> USDA. 2017. *Thailand – Grain and Feed Annual – 2017* [online]. Washington, DC. [Cited 31 December 2017]. [https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Grain%20and%20Feed%20Annual\\_Bangkok\\_Thailand\\_3-16-2017.pdf](https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Grain%20and%20Feed%20Annual_Bangkok_Thailand_3-16-2017.pdf)

<sup>43</sup> Oxford Business Group. 2017. *Economic news* [online]. London. [Cited 31 December 2017]. <https://goo.gl/A5V347>

<sup>44</sup> KBank of Ayudhya Public Company Limited. 2016. *Thailand Industry Outlook 2016–18*. Sugar Industry Thailand [online]. Bangkok. [Cited 31 December 2017]. [www.krungsri.com/bank/getmedia/d81281c6-531f-48a0-8801-8f15c6402347/IO\\_Sugar\\_2016\\_EN.aspx](http://www.krungsri.com/bank/getmedia/d81281c6-531f-48a0-8801-8f15c6402347/IO_Sugar_2016_EN.aspx)

<sup>45</sup> USDA. 2017. *Thailand – Sugar Annual – 2017* [online]. Washington, DC. [Cited 31 December 2017]. [https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Sugar%20Annual\\_Bangkok\\_Thailand\\_4-12-2017.pdf](https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Sugar%20Annual_Bangkok_Thailand_4-12-2017.pdf)

## Climate change

In 2010 Thailand faced its worst drought in 20 years with the water level of the Mekong River falling to its lowest level in 50 years. In 2011, Thailand was under water: more than one million people were affected by severe flooding as a result of persistent rainfall. Again in 2015–16 Thailand again experienced one of the worst droughts in decades, leading to critically low levels in water reservoirs countrywide. According to the latest reports, it is likely that Thailand will continue to be adversely affected by the consequences of climate change.<sup>46</sup> In an effort to mitigate the negative effects of erratic weather conditions, the Government developed policies such as **The Strategic Plan on Climate Change (2008–2012)** and the draft **National Master Plan on Climate Change (2010–2019)**, later replaced by the **Climate Change Master Plan (2012–2050)**. In addition, in September 2015 a set of measures was launched to assist drought-stricken farmers, including: extensions of debt repayment terms for farmers; creation of new jobs for farmers; community drought relief programmes; better water efficiency measures and an increase in water resources through more dredging; artificial rain-making; and the further development of underground reservoirs. Another longer-term solution rolled out by the Government was to investigate new water sources in an effort to boost the supplies for 2016.<sup>47</sup>

## Low agricultural productivity

Although the Government has put a high priority on improving agricultural productivity in its **11th National Economic and Social Development Plan (NESDP)**, agricultural productivity levels still remain below regional averages, despite increased commercialisation and diversification in the last few years.<sup>48</sup> Thailand is shifting to organic and higher-value production, which aligns with the Government's objectives under the **Organic Agriculture Development Strategy, 2017–2021** to increase organic agricultural productivity and develop Thailand's organic

products, so that they will be recognized more widely by both local and international consumers. The Government is also introducing reforms to help transform the sector's cultivation, processing and marketing techniques. The reforms include a greater focus on agricultural cooperatives and support for growers to raise product quality.<sup>49</sup> In a bid to raise Thailand's competitiveness, the Government and the private sector have been increasing their efforts to help boost domestic agricultural production by tackling such issues as inefficiencies within small-plot farming; a lack of modern technology; and limited knowledge of modern farming techniques.<sup>50</sup> Improved productivity could have a direct effect on Thailand's agribusiness and food-processing sectors further increasing agriculture's contribution to GDP and food security.

## Increasing elderly population

Unlike many advanced economies, Thailand will likely age before attaining high income status. The proportion of people over 60 years of age will increase dramatically over the next 50 years, from 15 percent in 2010 to 35 percent in 2060.<sup>51</sup> The primary drivers of this rapid aging are the steep decline in fertility rates and the extension of life expectancy, which can be considered positive outcomes of development policies.<sup>52</sup> The changing demographics have so far been accompanied by a gradual expansion of the public social security system.<sup>53</sup> However, the demographics will pose a significant challenge for the social security system, whose health expenditure is already the highest among ASEAN countries.<sup>54</sup> To sustain the current level of GDP growth during the next 10 years, Thailand will have to double its productivity growth to compensate for having fewer workers.<sup>55</sup> In this context, Thailand will also face the dual challenge of continuing to increase the coverage provided by the social security system and ensuring its long-term sustainability. Possible policy actions proposed by external institutions include improving the monitoring of the overall fiscal cost, decreasing the informal work rates, reviewing the retirement age, increasing VAT and expanding co-payments from beneficiaries.<sup>56</sup>

<sup>46</sup> TransRe. 2016. *TransRe Fact Sheet: Climate Change in Thailand* [online]. Bonn, Germany. [Cited 31 December 2017]. <https://goo.gl/NjQ5p6>

<sup>47</sup> Oxford Business Group. 2016. *The Report: Thailand 2016*. London (available at <https://oxfordbusinessgroup.com/thailand-2016>).

<sup>48</sup> ADB. 2015. *Thailand: Industrialization and economic catch-up*. Bangkok (available at <https://goo.gl/UPqK2Z>).

<sup>49</sup> Oxford Business Group. 2016. *The Report: Thailand 2016*. London (available at <https://oxfordbusinessgroup.com/thailand-2016>).

<sup>50</sup> Oxford Business Group. 2016. *Thailand promotes organic agriculture new incentives* [online]. London. [Cited 31 December 2017]. [www.oxfordbusinessgroup.com/news/thailand-promotes-organic-agriculture-new-incentives](http://www.oxfordbusinessgroup.com/news/thailand-promotes-organic-agriculture-new-incentives)

<sup>51</sup> World Bank. 2012. *Reducing Elderly Poverty in Thailand*. Washington, DC (available at <https://goo.gl/3ZeZXF>).

<sup>52</sup> World Bank. 2017. *World Development Indicators 2013* [online]. Washington, DC. [Cited 31 September 2017]. <https://data.worldbank.org/data-catalog/world-development-indicators>

<sup>53</sup> World Bank. 2016. *Thailand economic monitor: aging society and economy*. June 2016. Washington, DC (available at <http://documents.worldbank.org/curated/en/830261469638312246/Thailand-economic-monitor-aging-society-and-economy-June-2016>).

<sup>54</sup> IMF. 2015. *Thailand, Selected Issues*. May 2017. Washington, DC (available at <https://www.imf.org/~media/Files/Publications/CR/2017/cr17137.ashx>).

<sup>55</sup> Siam Commercial Bank (SCB) Economic Intelligent Center. (EIC). 2015. *Insight. Staying ahead of Thailand's graying society* [online]. Bangkok. [Cited 31 December 2017]. [www.sceic.com/en/detail/file/product/1376/e4fr6fh4pb/EIC\\_ENG\\_aging\\_Q2\\_2015.pdf](http://www.sceic.com/en/detail/file/product/1376/e4fr6fh4pb/EIC_ENG_aging_Q2_2015.pdf)

<sup>56</sup> For example, by the IMF, 2015..



The FAPDA initiative promotes evidence-based decision making by collecting and disseminating information on policy decisions through a freely accessible web-based tool. For more information, please visit:  
[www.fao.org/in-action/fapda](http://www.fao.org/in-action/fapda)  
[www.fao.org/in-action/fapda/tool](http://www.fao.org/in-action/fapda/tool)



or contact us at: [fapda@fao.org](mailto:fapda@fao.org)

This fact sheet was prepared by the Food and Agriculture Policy Decision Analysis (FAPDA) team of the Food and Agriculture Organization of the United Nations, with contributions from the FAO Country Office in Thailand. The information reported in this brief comes from the review of primary and secondary data sources, accessible in the FAPDA Tool.