

Oxfam warns of FTA blow to Thai farmers

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The livelihoods of Thai farmers might be put into jeopardy if the free trade area agreement (FTA) between the US and Thailand is put in place, warned Oxfam America, a humanitarian organisation.

"The FTA, once implemented, would definitely induce an influx of Thai farm products into the US market, and vice versa," said Katherine Daniels, trade policy adviser of Oxfam America.

"But the key point is that local Thai farm products are unlikely to compete with US counterparts, as the US annually spends billions of dollars in subsidies to its farmers, of corn and maize for example, allowing US farmers to sell their products in the world market, including Thailand, at low prices."

According to Ms Daniels, Oxfam views that the US subsidies are not fair. The depressed market prices would affect Thai farmers as a whole, just like what Mexican cotton and maize farmers faced when the North American Free Trade Agreement (Nafta) took effect.

As a result, Mexican farmers had to migrate to work at factories in big cities and the United States in droves, she said.

"In the case of the Thai-US FTA, we expect the pact may result in a similar impact, with prices of Thai farm products experiencing a significant decline if the agreement is put in place," she said.

However, Robert Curtis, director of the Import Policies and Programme Division of the US Department of Agriculture (USDA), said the agreement would rather result in the expansion of Thai farm products to the US market, particularly fresh tropical fruits. The US authorities also expected higher exports of temperate fruits such as apples, cherries and strawberries from US producers to Thailand.

According to Mr Curtis, given the variety of fruits projected to cross the border, the Thai farmers and their US counterparts were unlikely to be affected.

Mr Curtis said Washington also expected higher exports of processed food and beef from the United States, to meet the demand of luxury restaurants in Thailand, as the US products have relatively higher production costs than the Thai products.

According to Somchai Channarongkul, deputy executive director of the National Bureau of Agricultural Commodity & Food Standards, Thailand currently remains unable to export fresh fruits to the US market due to food safety reasons.

The US imports are currently restricted to only frozen or processed fruit.

However, Thai and US authorities have recently signed an agreement on standard operating procedures and compliance related to irradiation of mangoes, longans, mangosteens, lychees, rambutans and pineapples in a bid to open the market.

The two parties are now drafting an operational plan, with exports of the six fresh fruits likely at the end of this year.