

WORLD TRADE ORGANIZATION

RESTRICTED

G/STR/Q1/THA/1

5 July 1996

(96-2583)

Working Party on State Trading Enterprises

Original: English

REPLIES TO QUESTIONS FROM CANADA¹, JAPAN² AND THE UNITED STATES³ ON THE ARTICLE XVII NOTIFICATION OF THAILAND⁴

The following communication, dated 25 June 1996, has been received from the Permanent Mission of Thailand.

Questions from Canada

1. *The current Thai notification refers to three STEs. However, the WTO Secretariat TPRM Report on Thailand, presented one month later in November 1995, refers to 22 STEs. Please provide further detailed information with regard to the 19 enterprises not notified, in order to clarify this matter.*

There are only three State Trading Enterprises in Thailand whose activities involve importation and/or exportation. These State Enterprises comprise of the Public Warehouse Organization (PWO), Liquor Distillery Organization (LDO) and Thailand Tobacco Monopoly (TTM). For other State Trading Enterprises not mentioned here, their functions primarily concern public services or other types of economic activities which have no links with import/export activities.

As for the 19 other State Trading Enterprises, their activities deal with domestic production and/or distribution under the Government policy. At the same time, private enterprises can openly and freely compete, in terms of production and import/export with these State Trading Enterprises without any restrictions. Additional information on these 19 State Trading Enterprises can be summarized as follows:

- STEs operating under the supervision of the Ministry of Defense: Glass Manufacturing Organization, Leather Tanning Organization, Textile Weaving Organization and Battery Manufacturing Organization. These STEs have been established primarily for the purpose of military utilization. None of them are engaged in the import/export undertakings.
- The Petroleum Authority of Thailand (PTT) operates as a normal private enterprise; receives no special privileges from the Government; and freely competes with other international and domestic enterprises.
- Forest Industry Organization (FIO): not responsible for export or import, generates income from forest industry and related activities, is without special privileges and freely competes with the private sector.

¹G/STR/W/13, ²G/STR/W/13, ³G/STR/W/2, G/STR/W/10.

⁴G/STR/N/1/THA.

- Rubber Estate Organization (REO): not responsible for export or import; objectives: rubber plantation; rubber production, is without special privileges and freely competes with the private sector.
- Fish Marketing Organization (FMO): not responsible for export or import; objectives: provide domestic marketing facilities for fishery products, is without special privileges and freely competes with the private sector.
- Cold Storage Organization (CSO): not responsible for export or import, provide services in the cold storage industry to the State and to the public, is without special privileges and freely competes with the private sector.
- Dairy Farming Promotion Organization of Thailand (DFPO): not responsible for export or import, provide training and disseminating dairy technology to dairy farmers, is without special privileges and freely competes with the private sector.
- Thai Plywood Company Limited (TPCL): not responsible for export or import, manufactures plywood, veneers and flush doors, is without special privileges and freely competes with the private sector.
- Marketing Organization for Farmers (MOF): not responsible for export or import, purchase and arrange for purchasing agricultural products and domestic commodities from farmers and distribute essential consumer goods to farmers at reasonable prices, is without special privileges and freely competes with the private sector.
- Provincial Trading Companies of Lampoon, Prachinburi and Surin - all are no longer in business.

2. *The Thai notifications of the administration of tariff quotas indicated the role of the Public Warehouse Organization (for potatoes) and the Thai Cane and Sugar Corporation (for cane or beet sugar) in administering certain tariff quotas (G/AG/N/THA/2 and THA/5, respectively). The first of these is dealt with in your state trading notification, while the second one is not. The Thai Cane and Sugar Corporation will be provided all allocations of imports under the access commitment. Could Thailand describe the other functions of this corporation, and their relation to its role in imports? Should this organization be notified as a state trading enterprise? If not, why not?*

The Thai Cane and Sugar Corporation Limited (TCSC) is an enterprise with a special organizational arrangement. The company's holdings are divided among three major groups, comprising sugar cane growers, millers and the Government (represented by the Ministry of Commerce, the Ministry of Industry and the Ministry of Agriculture and Co-operatives). The underlying objective in setting up the enterprise was to provide a mechanism to establish a reference export price which is to be used in the calculation of cane price under the revenue sharing system between cane growers and millers.

Prior to its designation with regard to the WTO obligations, the TCSC had never engaged in import activities. Besides the primary function of the agency which concerns the exporting of sugar and its limited role with imports under the access commitment, TCSC is not involved in any other functions or activities that would be related to imports other than what has been mentioned. By the nature of its organizational structure, although the Government has a role in the TCSC, its role, however, is limited to only monitoring the policy where all decisions are the result of compromised positions, based entirely on business standpoints, between millers and cane growers. The status of TCSC is, therefore, not considered as being qualified as a State Trading Enterprise as the organization is relatively free from Government intervention in terms of equity holdings.

Question from Japan

We note that Thailand states in the notification that the Public Warehouse Organization (PWO) has the sole authority to import potatoes and tea. Could Thailand elaborate on the criteria for the choice of these products as products to be handled by the PWO? Is there any possibility that the product coverage of the PWO be broadened in future?

With reference to Thailand's notification on administering tariff quotas under the Agreement on Agriculture, the Public Warehouse Organization has been designated as the agency responsible for the importation of certain quantities under tariff quota regarding potatoes, copra, coconut oil, palm oil, coffee and garlic. It should be reiterated that the right granted to PWO to import these agricultural products does not cover all, but is limited to only a specific quantity of tariff quota in each category.

In addition, the PWO's role on importation does not cover any agricultural products which fall outside the tariff quota scheme.

At present, Thailand has no policy or plan that calls for enlarging or broadening of product coverage under the PWO in the future.

Questions from the United States

1. *The notification regarding potatoes and tea could be further elaborated. The Public Warehouse Organization (PWO) was tasked with ensuring that local production of potatoes would not create an over-supply situation in the country, and that imported products were used only for planting and not for consumption. Regarding the import monopoly for tea, one of the main functions stated was to ensure that local content of imported tea products was maintained. As the consistency of these measures with WTO provisions might be in question, further information would be useful.*

Since September 1995, the Ministry of Commerce has designated the PWO to administer the importation of potatoes under tariff quota. The purpose of such an arrangement is mainly to facilitate the importation process under the Agreement on Agriculture. Regarding the importation of tea, the local content requirement regulation has been abolished since September 1995.

2. *We noted that Thailand reported that the "Thailand Tobacco Monopoly is authorized to be the sole importer of tobacco which is used for producing cigarettes in Thailand", but Thailand did not report on import activity of the Thailand Tobacco Monopoly. Could Thailand report on the quantity of imports by the Thailand Tobacco Monopoly and report on how the imported prices relate to domestic prices?*

Tobacco - Import Statistics

Year (1)	Quantity (2)	Value (3)	Average Price (4) = (3)/(2)
1991	8,800,500	1,381,860,000	157.0
1992	7,896,008	1,265,218,530	160.2
1993	7,700,965	940,500,014	122.1
1994	8,726,762	1,438,881,599	164.9

Year (1)	Quantity (2)	Value (3)	Average Price (4) = (3)/(2)
1995	9,702,295	1,597,428,042	164.6

Quantity: Kilogram

Price: Baht/Kg

Domestic Statistics: Domestic price and quantity bought by TTM

Year	Quantity	Price (average)
1991	36,669,826	36.2
1992	46,306,067	38.5
1993	42,614,243	38.1
1994	31,509,366	38.7
1995	32,065,534	39.5

Quantity: Kilogram

Price: Baht/Kg