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Thailand

Grain and Feed

Thai Trade Barriers Could Clip U.S. Feedstuff Exports

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Report Highlights:
The Thai government seeks to control over the inflow of animal feed and ingredients through their new import regulation. This will likely hurt U.S. exporters if it is fully implemented.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Bangkok [TH1], BM

Summary

The Thai government announced a new import regulation effective in January 2003 governing feeds and feedstuffs that will hurt U.S. exporters if it is fully implemented. The latest move by the Thai Ministry of Agriculture and Cooperatives (MOAC) seeks to tighten its control over the inflow of animal feed and ingredients. A common practice in Thailand (and one of much contention) is the use of sanitary and phytosanitary import permits as de facto import licenses. Furthermore, MOAC wants to allow imports from foreign plants that have been inspected and approved by the foreign and Thai government officials. FAS/BKK urges FAS/W to look closely at this recurring phenomenon and to move quickly to stem the spread of Thailand's this sort of non-tariff barriers. End summary.

Permits, paperwork, and procedures

The new requirement addresses:

1. Requesting import permits
2. Issuing import permits
3. Extending import permits
4. Replacing import permits
5. Import procedures and mechanics

These requirements and their mechanisms leave considerable room for arbitrary and subjective use of the import permits to be used as means to slow down or even stop imports. Again, requirements like these are starting to be used against other imported commodities. In general, the requirements call for:

1. Each shipment will be accompanied by many documents, including certificate of origin; certificate of health or export; certificate of analysis; product information and use; manufacturing process chart; ingredient list; invoice; bill of lading; packing list; and possibly others.

2. MOAC Department of Livestock Development (DLD) has fifteen days to review the documents and make its determination to issue the import permit or not.

3. Only foreign plants that have been inspected and approved by the exporter's government and the Thai government will be allowed to export to Thailand.

4. MOAC/DLD has the authority to reject any shipment that does not fully comply with this regulation. Any rejected shipment will have to be removed from Thailand at the expense of the importer.

Conclusion

The Thai government is feeling the pressure from multilateral partners (ASEAN, WTO, *inter alia*) to open its agricultural market by lowering tariffs. Additionally, Thai government sources indicate that this new regulation is actually in response to tougher EU livestock product import requirements that could impact Thai poultry and shrimp exports to Europe. As a result, the Thai government seems to be shifting to non-tariff barriers as a means to protect its agricultural industry from the expected increase in foreign supplier presence, as well as to avoid losing access to EU markets.

MOAC is widely regarded as the segment of the government that is most vocal against increasing market access for foreign companies, while the Ministry of Commerce and the Ministry of Foreign Affairs seem to accept greater market openness.

FAS/Bangkok has already registered its displeasure with this new regulation governing feedstuff imports. Likewise, FAS in Thailand has made multiple representations to the host government in opposition to similar import regulations to be applied to meat, poultry, and foodstuffs.

Post would like to underscore that several aspects of the latest round of NTB's in Thailand are not in compliance with WTO agreements, e.g., national treatment, SPS, and others. Also, there seems to be a sense of anxiety on the part of the Thais regarding the effect of imports on their capacity as an agricultural exporter to Europe. Thai exporters complain bitterly to their government that European import regulations are untenable and unfair. However, realizing that the EU market is a huge one for Thai poultry and shrimp the Thai government and private sector want to avoid being penalized for not complying with EU import requirements.

Finally, Post will be submitting additional reporting which will hopefully form the base of a trade policy inquiry into Thailand's agricultural import regulatory process and its compliance with WTO commitments.