

[Sweetness & Power \(5\) - How Thailand became Southeast Asia's sugar bowl](#)

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SPECIAL SERIES: SWEETNESS & POWER

So far in our series Sweetness & Power, we've examined the [rise of sugar as a commodity](#) and the effects it has had on our [environment](#) and [bodies](#). In [Part IV](#), we looked at sugar in Southeast Asia, sugar consumption in Thailand, and how sugar became part of the discourse on taste and class.

In this part, we trace Thailand's rise to one of the world's sugar powerhouses. How did sugar become a dominant feature in the livelihood of millions, make up 16 percent of Thailand's current agricultural GDP and employ as many as 1.5 million people in the process?

PART V: How Thailand became Southeast Asia's sugar bowl

By *The Isaan Record*

Additional material by Teresa Montanero

In the world, Thailand's cultivation of sugarcane stands out beyond the fact that it is the fourth largest producer and the second biggest exporter of sugar; of all the major producers, it also exports the largest proportion of the sugarcane it produces: 81 percent in 2018.

Thailand wants to market itself as "the kitchen of the world," but is even more the sugar supplier of the world. It means that a sizeable proportion of Thailand's farmland is dedicated to producing sugar for other countries.

Is so much production of this quasi-food justified, when Thailand might be producing something more nutritional for itself and the world?

Thailand's fourth largest province: Sugarcane

[According to the Office of the Cane and Sugar Board](#) (OCSB), in 2017/18, sugarcane was grown on 11,542,553 rai or 18,468 km² (4.56 million acres) of land. If the area grown in sugarcane were a province, it would be Thailand's fourth largest.

(6.38%), while only 1.78 percent of the land is grown in vegetables. The most [recent report](#) of the OCSB puts the area of land cultivated in sugar significantly higher and might now be as much as eight percent of cultivated land.

Sugarcane's impressive employment record



“Thailand’s Sugarcane Industry in Numbers” Source: [Bonsucro](#)

Taking these numbers and other estimates provided by Bonsucro, Thailand's involvement in the sugarcane industry represents almost four percent of the country's working population. Sugar's contribution to the total gross domestic product would be more than one percent, and 16 percent of agriculture's portion of the GDP.

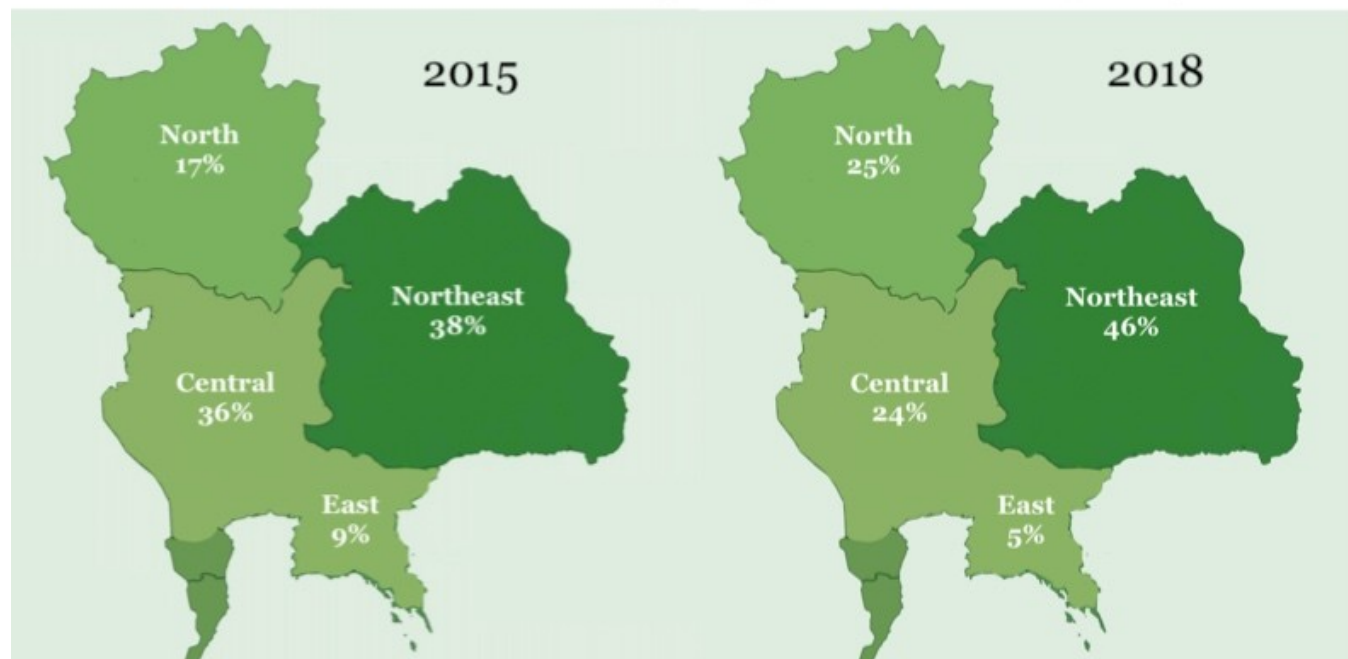
By 2016, Thailand had truly become the sugarbowl of Southeast Asia. It was the only country in the region that was sugar self-sufficient. It even produced three and a half times more than it consumed. Only the Philippines almost produced as much sugar as it consumes. The rest needed a lot of sugar: Vietnam and Myanmar produced 80 percent of what they needed, but Indonesia produces only a third of what it did. Cambodia and Laos as a whole had to import 91.5 percent of what they needed, and Malaysia and Singapore had to import all their sugar.

Isaan: the sugarbowl of Thailand or a sugar bust?

There are indications that more and more land is being given over to sugarcane cultivation in the Northeast. The [“white paper”](#) on sugar commissioned by Bonsucro shows that in 2015, 38 percent of the country's sugarcane was produced

in the Northeast. In 2018, it was 44 percent. According to the [latest OCSB's numbers](#) for 2018/19, the Northeast now takes the lion's share in the country's sugarcane production at 46 percent. The North's share has also increased. Now the two regions produce 71 percent of the Thailand's sugarcane, perhaps part of a trend of production shifting to the periphery.

Share of Thailand's sugar production by region



Source: Adapted from [Bonsucro](#) and compared with the [Office of the Cane and Sugar Board](#) (OCSB), 2018/19

By far, all this sugarcane is coming from a lot more small landholders (67 percent) in the Northeast than elsewhere in the country. In the table below, a “small” landholder is working less than 62.5 rai of land, when the [average holding in the region](#) ranges from only 15 to 45 rai, and the typical size being 25 rai. The “small” holders in the Northeast, might be much smaller than what the table suggests.

Farm Size	Area (ha)	Rai	Metric tons/year	Northern	Central	Western	Northeast	Percent of all
Small	<10	<62.5 rai	<1,000	45%	47%	21%	67%	52%
Medium	10-32	62.5-200 rai	1,000-2,000	40%	35%	44%	20%	31%
Large	>32	>200 rai	>2,000	15%	19%	35%	13%	17%

Sugarcane production by farm size and region in Thailand (2014). Adapted from source: [White Paper Thai Sugarcane Sector & Sustainability](#)

Using Bonsucro's estimate of some 337,000 sugarcane growers in Thailand and Khon Kaen University's research from 2014, about 52 percent of Thailand's sugarcane farmers are classified as "small." The Northeast is disproportionately represented with two-thirds of small holders (about 88,000) which is about 49 percent of all smallholders in the country. In the region, another 26,000 would be classified as "medium" and 17,000 as "large," which is the second highest percentage behind the central region in which 37 percent are large holders.

[Given health concerns over pesticide and herbicide use connected to sugarcane farming](#), there is a worrisome concentration in several provinces.

In the North, Kamphaeng Phet and Nakhon Sawan have 14.8 and 13.3 percent, respectively, of their *entire* land area (and not just the arable land) is grown in sugarcane.

In the Central region, Suphanburi has the highest concentration with 18.4 percent, followed by Lopburi at 17.4 and Chai Nat at 10.6 percent. In the East, the highest concentration is in Sa Kaeo with 9.6 percent of its entire land area grown in sugarcane.

In the Northeast, the highest concentration of sugarcane growing is in Nong Bua Lamphu (13.1 percent), followed by Kalasin (10 percent) and Udon Thani (9.7 percent). Nong Bua Lamphu, in fact, may have seen the most dramatic increase in its area come under sugarcane production, [more than doubling](#) from 280,000 rai (44,800 hectare) in 2015 to more than 600,000 rai (96,000 hectare) in 2018.

Since 2010, the area under sugarcane cultivation has grown eight percent per year. However, there are many factors that may limit further growth.

Only ten percent of sugarcane grown in Thailand is in irrigated areas. The rest is rain-fed, making them susceptible to drought and the longer term effects of climate change. The way that sugarcane is mostly grown in Thailand is not kind to the environment. The monocropping of sugarcane, the cane burning, practiced by two-thirds of growers, lower ["biodiversity in the soil, leading to soil erosion and exhaustion over time."](#)

In addition, there have been increased concerns about the [adverse effects sugarcane growing can have on human health and the environment](#).

The most serious problem facing sugarcane farmers, especially in the Northeast, might be the land conditions under which sugarcane is grown. Bonsucro estimates that 70 to 80 percent of the land used is rented. For those who own and work their own land, even a majority of these smallholder farmers "would find it difficult to provide evidence" of outright ownership over the land they work.

With insecure land tenure, there is little incentive for sugarcane farmers to make the investments to improve productivity, safety, and sustainability of sugarcane growing.

Thai sugarcane growers (and sugar mills and traders) used to benefit by a scheme laid out in the Cane and Sugar Act in 1984. The [act has aimed](#) “to maintain the economic stability of the country and safeguard the interests of sugarcane farmers.”

It ensured a steady income to growers and sugar companies with a quota system that offered protection against swings in sugar prices in the world market. The Office of the Cane and Sugar Board, under the Ministry of Industry, has served as a “mediation body to bridge sugarcane growers and sugarcane mill” which “the control of sugarcane production, the allocation of sales quotas, the setting of prices for sugarcane and sugar, and a revenue sharing system.

As sugar mills do not generally grow their own sugarcane in Thailand, they are forced to contract out groups of farmers to grow it for them. The mill supplies inputs (the sugarcane plant, fertilizers, loans, and other services) and growers supply the mills with sugarcane under a “70-30” scheme where growers receive 70 percent of the sale of sugarcane and 30 percent goes to the mill.

But this profit-sharing system between sugarcane growers, mills and traders recently came under attack by Thailand’s global sugar exporting competitors.

A darkening future over Thailand’s sugar industry?

The Thai government had been serenely cruising along, seeing a sweet future of sugar. Growers were happy and seemed to enjoy a degree of power that many other grower associations did not. Big Thai sugar companies like Mitr Phol were investing in China and Australia.

The Thai government’s 12th National Economic and Social Development Plan for 2017-2021 gives sugar a central role. The plan acknowledges that, “Competition with the global economy will be more intense” and in response the government would implement a, “Strategy to enhance trade facilitation mechanisms for sugar to meet global standards by improving the regulatory procedures for imports and exports, such as licensing and certification approval procedures.”

But actually the military government had already come up with a more detailed [10-year Cane and Sugar Strategy Plan \(2015-2024\)](#) earlier. In it, the goal was to increase the area under sugarcane from 10.53 million rai to 16.1 million by 2024, a 53 percent increase while boosting sugarcane output from 105.96 million tons to 180 million tons—a 70 percent increase.

But then came Brazil, Guatemala and the European Union, [in a complaint to the World Trading Organization \(WTO\)](#), charging that the “profit-sharing system (along with export quotas and high fixed domestic prices)” was “an irregular subsidy” that was unfair to “other producing countries and in violation of global trade agreements.”

The government agreed to “overhaul its sugar production and its distribution system” which might include cancelling the decades-old 70:30 profit-sharing system and allowing domestic prices to be set by world sugar market prices.

At the same time, the floor of world sugar prices dropped drastically last year.

The expansion of sugarcane cultivation in the Northeast has caused concerns. Growers continue to burn their fields prior to harvest, polluting the air. Pesticide and herbicide use contaminate waterways and put sprayers at risk. Communities throughout the Northeast are wary of the adverse environmental effects of sugar mill operations.

At the same time, sugar as a food is getting a bad rap in public perceptions. As elsewhere, consumption of sugar has raised health concerns in Thailand. [A new sin tax on sugar](#) places it with the evils of cigarettes and alcohol.

Sugar companies are diversifying in an effort to find other ways to use sugarcane than producing sugar for consumers. [Only 55 percent of sugar giant Mitr Phol](#) came from sugar sales last year. The rest came from “greener” outputs like “renewable energy, wood-substitute materials, fertiliser and logistics.” A new sugar law under consideration of the government will, according to the [head of the Office of the Cane and Sugar Board](#), “particularly benefit the bio petrol and bio-chemical industries.”

A possible beneficiary of the new law might be Mitr Phol which plans to build a sugar-alcohol fuel factory in Khon Kaen’s Ban Phai district where local groups have voiced concern and protested against the lack of public participation or information about the project.

Sugarcane farmers always had to shoulder the risks, often when they were least able to. With the government control and subsidies gone, what will the future of sugar in Thailand look like? Can sugar mills get the sugarcane they need? Will farmers continue to grow sugarcane in an increasingly risky environment?

This part V of our series on Sweetness & Power has looked at how Thailand became a sugar powerhouse. In part VI, guest contributors tell the story of how processed sugar made its way into Isaan diets.

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