

## **Agriculture and Food in the Era of Crisis**

### **The agricultural sector as a source of food security**

1. The agricultural sector is an important source of food production in Thailand. Development of the industrial and services sector is based on agricultural production. At present even though the agricultural sector forms only 10% of the gross national product, but it is a source of employment for about 40% of the population of the country, most of which are small scale producers living in the rural areas. In addition, the agricultural sector is a source of stability and a support in times of economic and financial crises, as shown during the 1997 crisis. Moreover, the sector is home to a rich and varied local culture intertwined in the way of life of most people in the community.

### **The current situation**

#### ***Access to food by poor people***

2. The increase in the inflation rate due to rising price of oil resulted in a continuous increase in the cost of food production. During January-March 2008, the price of basic foods in the global market increased 53% since 2006<sup>1</sup>. In Thailand, the key issue in the beginning of this year was that the price of rice increased by leaps and bounds, resulting from the fact that other rice exporters failed in their rice production because of natural disasters and fluctuations in weather conditions. Panic in the rice market and hoarding for profit speculation were also factors.

3. A survey of essential food prices during April to May in the Bangkok metropolitan area done by the Foundation on Labor and Occupational Development, by the Four Province Slum Network, and the Thai Labor Solidarity Committee showed that the increase in the price of products ranged from 6% - 103%, with the price of rice registering the greatest increase<sup>2</sup>. The increase in inflation rate and price of rice resulted in poor people having to pay more for food, whilst their income level remains the same. This meant poor people are consuming less, both in terms of quality and quantity.

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<sup>1</sup> FAO, 2008, Soaring Food Prices: Facts, Perspectives, Impacts And Actions Required, High-Level Conference On World Food Security: The Challenges Of Climate Change And Bioenergy, HLC/08/INF/1.

<sup>2</sup> The Foundation on Labor and Occupational Development, by the Four Province Slum Network, and the Thai Labor Solidarity Committee, 2008, "A survey of 9 consumer product prices important to people"

### ***The dependence on chemicals and food safety***

4. The import of pesticides has shown an increasing trend every year due to the policy of developing the country by expanding export of agricultural products. Between 1994-2004, the import of chemicals increased four times over, and even though the use of agricultural chemicals led to a productivity per Rai increase by an average 2.5% per year (1 Rai = 1600 sq. metres—translator) but farmers had to increase their usage of chemicals more than before i.e. by more than 13.2 % per year. The use of chemicals in agriculture has harmful affects on the health of farmers, resulting increasing risk of diseases. Data on surveillance of risk factors partly done by blood tests showed that farmers had their health risk increase from 16% in 1997 to 29% in 2002<sup>3</sup>. It has been estimated that expenses paid out by farmers for their health and other expenses which the state incurred in order to control and monitor the results of use of chemicals might be as high as 5.4 billion Baht per year, which is equal to the value of chemical fertilizer imports and pesticides each year<sup>4</sup>. The use of chemicals in agriculture in such large amounts has resulted in the forming of residues of agricultural chemicals or antibiotics, and this in turn led to frequent rejection of Thai agricultural products in foreign markets, not to mention the lack of safety that consumers in the country face.

### ***The deterioration of the resource base and conflict on resources***

5. The resource base is a key foundation in the agricultural sector, and is facing two basic problems. One is the deterioration in natural resources such as: contamination of the soil by chemicals and hazardous substances, deterioration of the soil, washing away of the topsoil, water and air pollution. The causes are production methods and consumption that is unfriendly to the environment. The result is persistent negative effects on food quality and safety. The other is the problem of conflict and competition for resources between the agricultural and industrial sector and within the agricultural sector itself, as well as the concentration of holdings of resources. All this is occurring particularly true in the case in land and water resources. That is:

5.1 In the case of land resources, there is a concentration of land holdings in the hands of people in the private sector and these lands have been left unused and neglected, without productive utilization. At the same time there are many farmers without land to earn a living, and the land reform program makes available for holding merely a small amount, and much of these are land in protected forests. In addition, there is the continuous encroachment of industry and urbanization into agricultural land, leading to higher food prices. And the higher the food prices, the more the pressure on the land held by the farmers, the pressure being from investors both domestic and international to buy the land and make profit from it.

<sup>3</sup> From National Health Commission 2008, “ Report on meeting 1/2008 of the National Health Commission on the agenda on developing a policy and strategy to decrease the impact on health of the usage of pesticides, 14 January

<sup>4</sup> Ibid.

5.2 In the case of water resources, the conflict arises in part due to state policy or projects which place greater importance to industry. Thus, water used by the agricultural sector is shifted more and more from the agricultural to the industrial sector or to factories, leading to conflict at the local level.

### ***Debts of the farmers***

6. The problem of farmers' debts arises from their taking out loans for both investment in agricultural production and for daily consumption. But they are unable to repay the loan on time because of falling agricultural product prices and high cost of production, especially the cost of agricultural chemicals whose prices have increased in tandem with the increase in oil prices. At the same time, in order to maintain the same level production as before, farmers tended to use, on average, more chemical substances. The result is farmers have to pay more for it and as a consequence are unable to pay back the debt. They then have to seek loans from sources both inside the formal and informal system to repay debts, leading to their debts increasing rapidly. The figures on farmers' debts collected by the National Statistical Office in February 2008 show that farmers owning land or renting it had an average monthly income of 12,103 Baht per month, but their debts were on average 107,230 Baht per month. As for hired hands in farming, their monthly family income was 9,759 Baht per month, but debts were 62,995 Baht a month. Problems of family debt has led to social problems such as theft and gambling.

### ***Social inequality between the agricultural and other production sectors***

7. The depressed state of agricultural products prices, the problem of farmers' persistent debt, the lack of welfare and guarantee of security, all this results in the social situation of farmers being lower than people in other sectors, even though the reality is that agriculture is a key sector underpinning the development of the country and a pillar to support food security. The farmers thus lack dignity and a sense of pride in their occupation. Part of their income or loans contracted is thus paid out to provide education for their children and grandchildren in order for them to leave agriculture for work in occupations in the industrial and services sector in the future. The result is a stagnant agricultural rural community with only elderly people and children remaining, and this leads to social problems because the family is thus not bounded up and living together. In addition, the average age of the current farmer population is rising, and there is a lack of support from the state in terms of budget allocation, studies and research, development of human resources, and the building of incentives.

### ***Trends and challenges for the future***

8. From the situation described above, if there is no agricultural and food policy that is at the same time pro-active and suitably reactive, the result will be that the agricultural sector will contract and the number of small-scale farmers will decrease, due to the loss of farming jobs and abandonment of the agricultural sector in favour of jobs in other sectors. At the same time, one will see the phenomena of agricultural investors and private companies expanding their role to become owners of the factors of production,

that is, land. They will then, in the farmers' place, take the role of food producer to supply the domestic and foreign markets. The factors that will accelerate this transition are:

8.1 The change in climatic conditions and trend of natural disasters occurring more frequently due to global warming will create higher risks to agricultural production. If no preparation is made in terms of augmenting the knowledge base and the resources needed for appropriated adjustment, the small scale farmers will suffer from losses and incur more debt.

8.2 The continuing increase in oil prices has resulted in increases in the cost of components in agricultural production related to oil such as chemical fertilizers, fuel used in agricultural mechanized equipment; these components' prices have increased. In 2007, spending on energy in the rural sector, mainly on fuel used in transport, comprised 30% of the total spending of families 4 and this affects their general spending pattern. In addition, the search for alternative energy derived from oil-based crops has generated increasing pressure on land use by the small-scale farmers.

9. Thus, the important questions for Thailand's agricultural policy and food in the future are: how to rehabilitate the agricultural sector; how to enhance the strength and quality of life of small-scale farmers such that there is a proper balance between supporting agriculture for the purpose of exports and supporting small scale farmers. The overarching goal being to preserve the resource base and maintain food security, to create a strong small-scale farming community and also a strong agricultural community.

***Action by the National Health Assembly***

The National Health Assembly is invited to consider the *Draft Resolution 1/5*.